

Overcoming Barriers to Large Enterprise SaaS Adoption

*Opening Remarks and a Fireside Chat
at SIIA On Demand*



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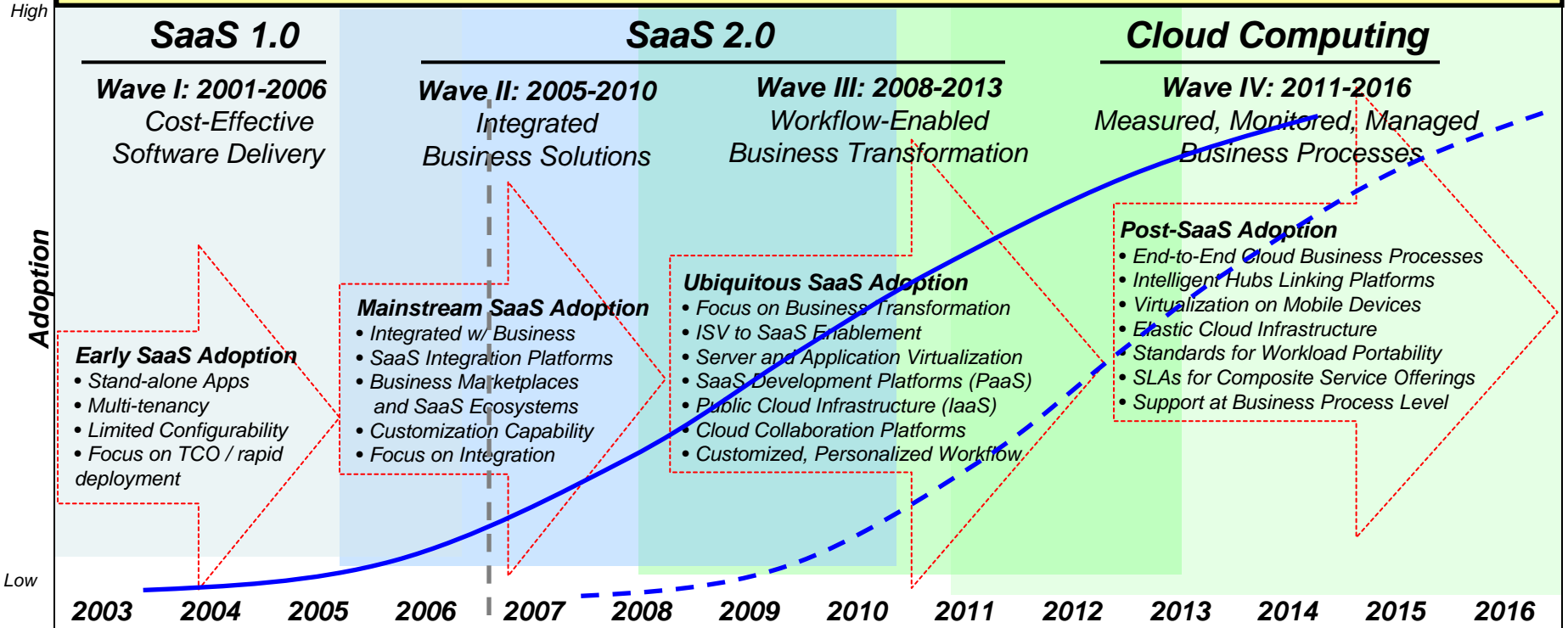
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San Jose, CA - USA

The Evolving Cloudscape

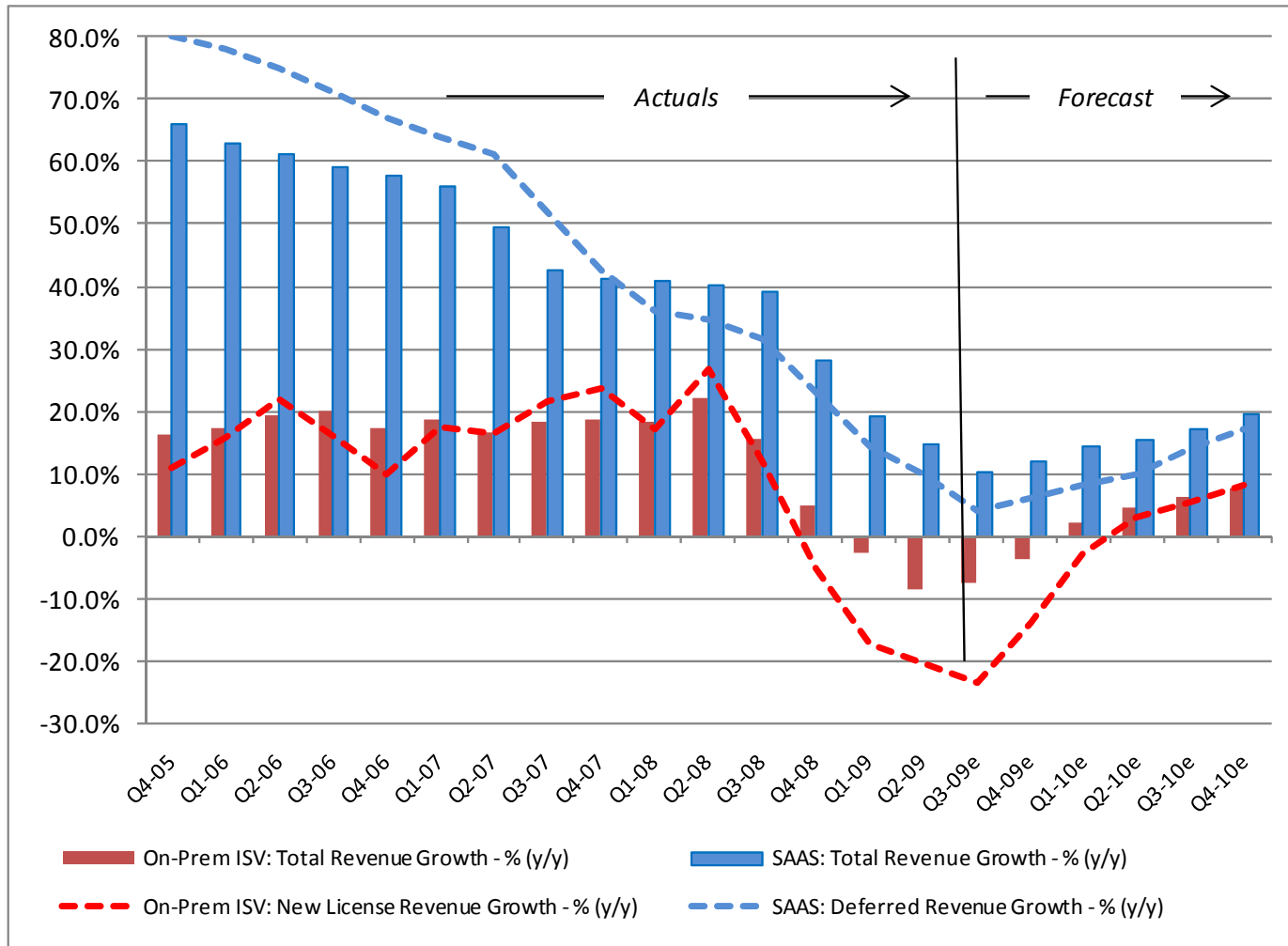
The focus of SaaS shifts over time from cost-effective delivery of stand-alone application services (Wave I), to integrated business solutions enabled by web services APIs and ESBs (Wave II), to workflow- and collaboration-enabled business transformation (Wave III), leading to measured, monitored and managed business processes (Wave IV).

By 2014, Cloud Computing will capture up to 40 percent of new IT spending growth.

Beyond Software-as-a-Service: Cloud Computing



SaaS vs. On-premise ISVs: After the Storm



Source: Company Reports, Edgar Online, Yahoo Finance, Wedbush, Saugatuck Technology. Data normalized to reflect non-standard fiscal years. Traditional ISV Market Basket: Autodesk (ADSK), BMC (BMC), Compuware (CPWR), Epicor (EPIC), Lawson (LWSN), Oracle (ORCL), SAP (SAP); SaaS Market Basket: Blackboard (BBBB), Concur (CNQR), DemandTec (DMAN), Kenexa (KNXA), NetSuite (N), RightNow (RNOW), Salesforce.com (CRM), SuccessFactors (SFSF), Taleo (TLEO), Ultimate Software (ULTI).

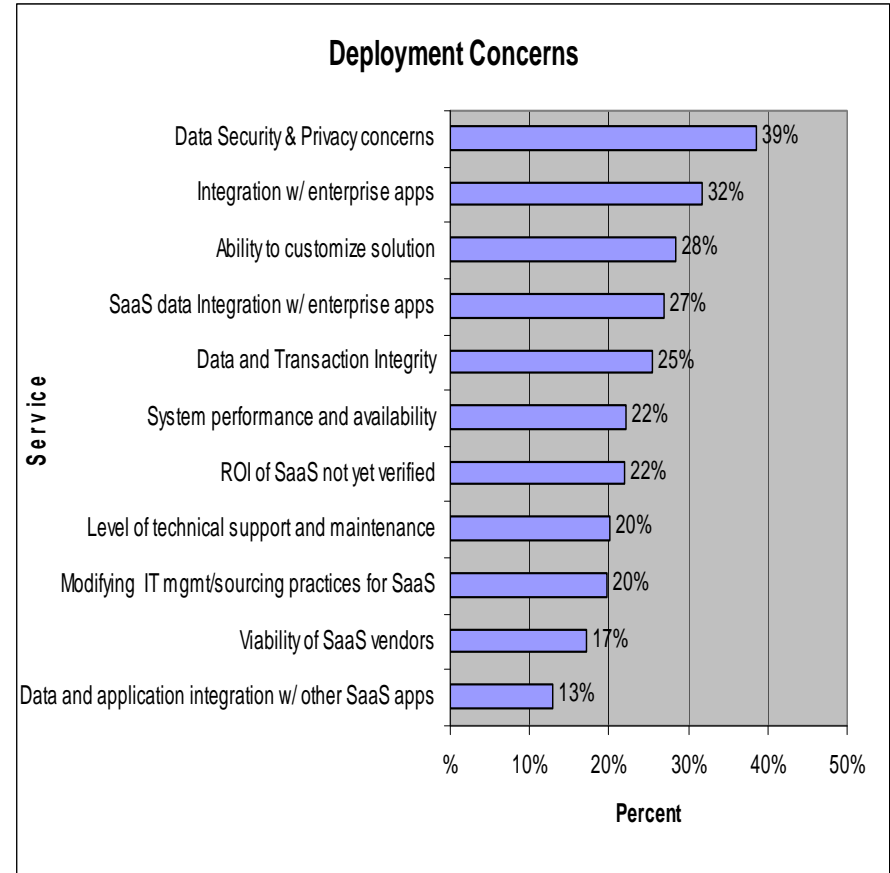
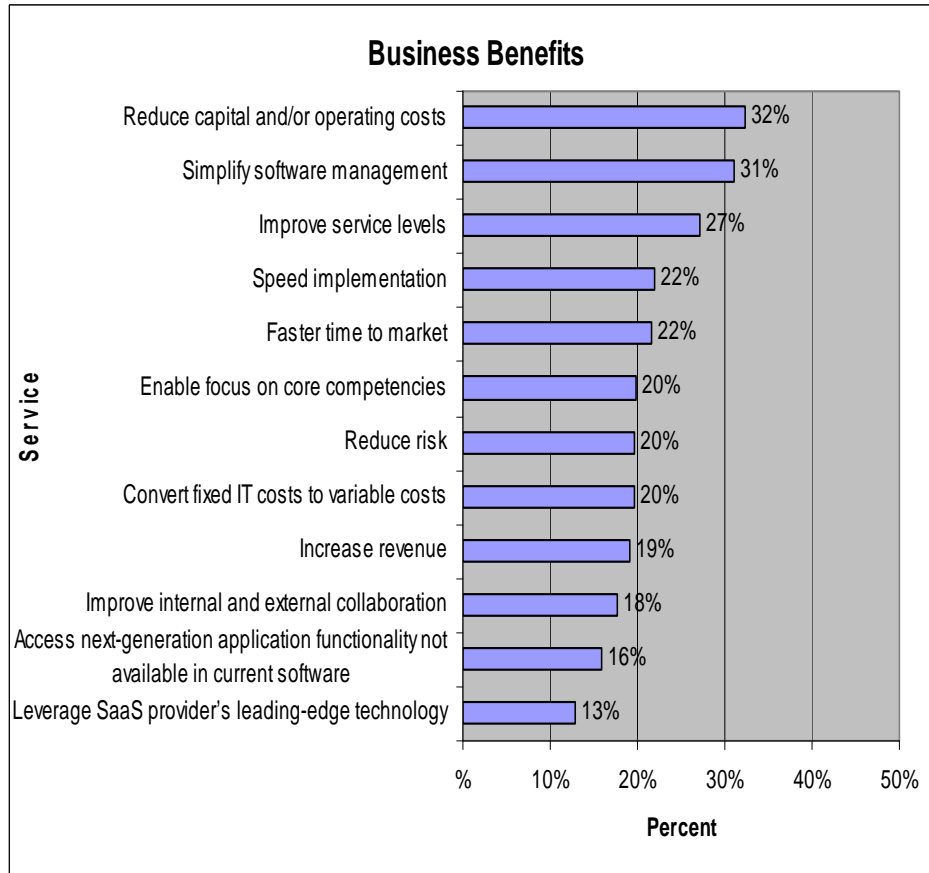
Top 3 SaaS Solutions by Company Size

In 2009: Top 3 SaaS Solutions by Company Size					
100-300	300-500	500-1000	1000-2500	2500-5000	>5000
Collaboration	Finance/ Accounting	Collaboration	HR/Benefits	Payroll	Collaboration
Customer Service	Sales Force Automation	Customer Service	Collaboration	Collaboration	Time & Labor Management
Finance/ Accounting	Payroll	Finance/ Accounting	Customer Service	Customer Service	HR/Benefits
Thru 2011: Top 3 SaaS Solutions by Company Size					
100-300	300-500	500-1000	1000-2500	2500-5000	>5000
Collaboration	Customer Service	Collaboration	Collaboration	Collaboration	Collaboration
Customer Service	HR/Benefits	Customer Service	HR/Benefits	Customer Service	Time & Labor Management
Finance/ Accounting	Finance/ Accounting	Payroll	Finance/ Accounting	HR/Benefits	HR/Benefits

Source: Saugatuck Technology Inc., 2009 SaaS Survey (Dec '08), N=1788

Saugatuck Insight: In 2009, Collaboration, Customer Service and Finance & Accounting are top priority SaaS purchases. By 2011, HR/Benefits becomes a key solution priority as well – across virtually all customer segments – reflecting a growing emphasis on efficiency and process improvement in core business systems.

Business Benefits and Deployment Concerns



Source: Saugatuck Technology, Web Survey December 2008, N=1788

Select Key Issues / Best Practices / Advice from Recent Interviews with Large Enterprise Business and IT Execs

- “Focus first and foremost on the business problem (including IT cost savings as a business problem).”
 - “Make sure the offering is truly unique and compelling, as it isn’t always about cost.”
- “SaaS / Cloud is a tool, not a panacea. It doesn’t always work for all problems. Hybrids are fine if that’s the answer. Recognize that and work toward it.”
- “Four words: Security, performance, availability, integration . . .”
 - “With the Cloud clearly moving to a hybrid model, invest heavily in providing a variety of flexible integration methods and capabilities – data, process, identify.”
 - “The only Cloud providers that we bring in are those that invest heavily (or partner to support) key compliance initiatives / certifications for our global business (e.g., SAS 70, PCI)”
 - “Be open. Standards are a good thing for the Enterprise – as it helps simplify integration and implementation, and increases ROI.”
 - “I want and need one main throat to choke. Integrated SLAs are critical.”
- “IT is a partner, but not the driver. Adoption must come from the business; but IT can’t be afraid of it. If you can’t convince the business of the value, ‘forgetaboutit’.”
 - “Build trust with the IT teams, even if not selling directly to them.”
 - “We have continuing concerns about loss of control / influence – with shift from running apps/infrastructure internally, to a mix of internal and cloud services.”

Select Key Issues / Best Practices / Advice from Recent Interviews with Large Enterprise Business and IT Execs (cont . . .)

- “I really need to understand how niche firms and large platform players are going to fit into a holistic architecture.”
 - “I really need to understand how a offering or platform is going to fit into broader release / upgrade cycles in our Enterprise.”
 - “Leveraging custom Cloud development environments brings is an inherently riskier proposition – as I can’t pick up and move my code . . . But I also recognize that the risks with custom SaaS / Cloud development are not much more than they are with traditional On-Premise Solutions.”
- “Less is more. Solve small problems before looking to change the world. Quick wins can build confidence.”
 - “Start small and scale versus going forward with a ‘Big Bang’ approach. Demonstrate value 1st.”

Expert Panelists

Basil Fedynyshyn VP, Platform Management Home Equity Group Wells Fargo



- Responsible for defining strategies, preparing platform roadmaps and leading delivery of technology capabilities.
- Over the past 4 years, has defined and directed the deployment of Salesforce.com across multiple business units, creating a best practices center of excellence to facilitate a scalable, integrated environment to meet the complex needs of both Business and IT.
- Prior to Wells Fargo, Basil held senior IT management roles with Providian Financial and NextCard.

Ashwin Rangan Chief Products Officer MarketShare Partners



- Since 2007, serving as Chief Products Officer for LA-based MarketShare Partners (MSP), a strategic decision sciences firm that leverages advanced analytics.
- MSP's customers are typically Chief Marketing Officers (CMOs) and Brand-stewards of some of the world's most valuable and prestigious Brands.
- Previously, Ashwin served as the GM & CIO of Wal-Mart Global and walmart.com in Brisbane, California.
- Prior to Walmart, he served as the CIO for Conexant Systems in Newport Beach, California.

Saugatuck Technology Inc.

- Saugatuck Technology provides market strategy consulting and subscription research services to senior executives, IT vendors and services providers and investors
- Strategy and marketing experts in enterprise software and business / IT services, and IT infrastructure / platforms
- Mission: To help our clients make better business decisions through *trusted insights* – especially around the key trends and emerging / disruptive technologies driving change in enterprise computing
 - For vendors: Help accelerate growth through *strategic intelligence*, with a focus on identifying new market opportunities and strategies that help WIN, KEEP and GROW customers.
 - For business and IT users: We help save time and money when making decisions about emerging technologies, including understanding vendor roadmaps, key market trends and evolution, as well as implementation / adoption best practices.
 - Saugatuck *fills* the gap between high-cost strategy consultants & traditional IT market research firms.
- Headquartered in Westport, Connecticut with 2nd US Research / Sales office in Silicon Valley (Santa Clara), plus regional presence in Europe (Germany) and Asia Pac (Australia)
- Strong team of professionals with deep IT industry experience
 - 20 core-team members, research analysts and consultants, and support staff
 - Average 25+ years experience with leading vendors / think tanks such as Gartner, Forrester, KPMG, Giga Group, Accenture, IBM and HP



Saugatuck Consulting and Research Services

Vendor Market Strategy Consulting and Execution Services

- Market Assessments
- Strategy Validation
- Opportunity “White-Space” Analysis
- Positioning / Messaging
- Scenario Planning
- Competitive Analysis
- Thought Leadership Research Studies
- Read / React Review Marketing Plans
- Alliance Marketing Program Support
- M&A Support

User Consulting Services

- Executive Workshops - key industry trends, directions & disruptive technologies (e.g., SaaS, Open Source, SOA, IT Utility)
- Business architecture review
- Technology architecture review
- Deployment / Management Best Practices

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- Subscription access to all on-going Saugatuck research
- Focused on emerging and disruptive technologies
- Independent, unbiased insights / guidance
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- Strategic “Analyst Days”

Supported by Fact-based (Primary and Secondary) Market Research

- Buyer Profiling
 - Market Opportunity Assessment
 - Demand Estimation
 - Competitive Intelligence
- } ➤ Web or Traditional Print/Mail Surveys
➤ Executive Interviews (Expert-led), especially “C”-level

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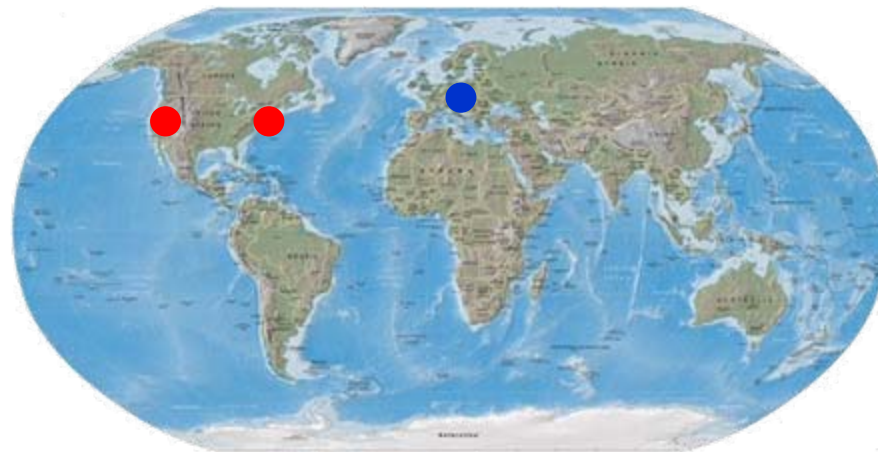
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