



SIIA'S **Vision from the Top**



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**Software & Information
Industry Association**

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The Software & Information Industry Association is the principal trade association for the software and digital content industry. SIIA provides global services in government relations, business development, corporate education and intellectual property protection to the leading companies that are setting the pace for the digital age.

Principal Mission

Promote the Industry: SIIA promotes the common interests of the software and digital content industry as a whole, as well as its component parts.

Protect the Industry: SIIA protects the intellectual property of member companies, and advocates a legal and regulatory environment that benefits the entire industry.

Inform the Industry: SIIA informs the industry and the broader public by serving as a resource on trends, technologies, policies and related issues that affect member firms and demonstrate the contribution of the industry to the broader economy.

SIIA Software Division

SIIA's Software Division serves and represents member companies by providing a forum for companies developing the applications, services, infrastructure and tools that are driving the software and services industry forward. Through the division, executives of member companies brainstorm, collaborate, and discuss the industry's latest challenges. The division's many programs offer excellent vehicles for companies to develop partnerships, boost their profile, and gain strategic insight on key issues. The division shapes and supports the industry by providing advocacy, thought leadership opportunities, networking opportunities and critical industry information through publications such as this.

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Foreward

Rhianna Collier, VP, Software Division, SIIA

SIIA's Vision from the Top is a collection of interviews with SIIA member executives running some of the most exciting technology companies today. New technology trends are rapidly transforming our industry, making this one of the most exciting times in technology evolution. Our goal for this book is to provide insights into some of the challenges brought on by these new technology trends and how successful companies are addressing these challenges to continue on a path of solid growth. We also look at how these trends are not only affecting business today, but also what they will mean for the future of our industry. To do this we tapped into the minds of the SIIA member executives driving innovative technology businesses. Our members provide technology solutions or services across a spectrum of industries and their expertise can be applied to many verticals.

With interviews from industry experts, this book is an excellent resource for executives managing businesses and assessing future growth.

I would like to extend a special thanks to all the contributing SIIA members. I appreciate the time and the visions they shared to produce this publication.

I would also like to thank our sponsor, Grant Thornton, for providing their collective review of the interviews.

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Executive Summary

Steven Perkins, National Technology Industry
Practice Leader, Grant Thornton LLP

The technology industry is characterized by product innovation cycles measured in months, where more traditional industries measure their cycles in years. Innovation is an industry constant, as is the need to anticipate, drive and in some cases react to these cycles. Occasionally, a wave of innovation comes along that is large enough and fast-moving enough to alter the landscape. This drives growth, reprioritizes R&D spending, and stimulates both investment and M&A activity. On the economic front, we see the early signs of what we hope is a sustained recovery in the United States. Forecasts for IT spending by corporations are up. And despite well-publicized budgetary challenges in the U.S. public sector, forecasts suggest sustained IT spending by governments as they position themselves for gains in efficiency and continue to support their core missions.

When these trends combine, creating a wave of technological innovation and increased IT spending, the technology industry becomes even more dynamic. Emerging companies, broadening product portfolios, international expansion, rotations in sector leadership — the list goes on. Technology companies are constantly evaluating the best path for fostering their own growth and that of their customers. In this context, cloud computing continues to be top of mind for corporate executives. Indeed, it is a significant factor to consider in any technology organization's growth strategy. Emerging companies and mega-vendors both have an important role to play in innovation and value creation for customers. It's an exciting time to be moving to the cloud!

The 2012 edition of Vision from the Top conveys the collective thoughts and insights of 49 industry leaders. For this edition, the Software & Information Industry Association (SIIA) conducted interviews with CEOs and executives across a wide spectrum of technology companies. These executives readily addressed the challenges brought by the cloud, including the changing roles played by IT, sales and the customer.

This year's interviews highlight a number of emerging themes that were important for the majority of executives who responded:

- Social media will have a major benefit for those who know how to use it. Despite the proliferation of social media activity, many executives believe that companies are just now determining how to use it to their advantage.
- Mobility is a top priority for many of these executives. New apps will continue to proliferate, facilitating work on the go, purchases, other transactions, and even e-learning.
- Hybrid cloud strategies are evolving. Many CEOs believe that adoption of a hybrid cloud model will become the most cost-effective approach for their company. A carefully planned and well-executed integration strategy is paramount as companies shift to a hybrid cloud model.
- M&A and investment activity are growing as companies position and reposition themselves. Mega-vendors are acquiring pure-play software as a service (SaaS) providers on a regular basis. Respondents provide insight into some of these recent acquisitions, pointing to the need for a clear strategy and integration plan to achieve ultimate success.

When asked how the technology world would view innovation in 2020, many executives had some interesting observations about what the future may hold. Should we expect to see greater adoption of cloud-based services? The answer is a resounding yes. Other predictions focused on the enhancement of recent innovations and capabilities, and on the explosion of information both structured and unstructured. For example, some executives view business analytics as an area for increased innovation and business value. There is also a suggestion that identity management will become even more critical in the future than it is today.

Grant Thornton LLP is pleased to sponsor this informative publication. We see cloud computing and the related disruptive technologies of mobile apps, social media sites and "Big Data" to be the transformative force that fuels technology growth over the next five years. We hope you enjoy reading and assessing the interview responses of these senior technology executives as you look to your own company's future.

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Ezequiel Steiner

CEO, Acumatica

Are traditional on-premise mega-vendors really committed to Cloud, or is it just a strategy to perpetuate and protect their on-premise legacy?

All major analyst groups confirm high demand for Cloud services. In 2011, Gartner reported that the Cloud is the number one technology affecting IT. Forrester Research reported that over the next 12 months the majority of companies plan to increase cloud spending. In 2012, the Cloud is no longer a novelty – customers and vendors are rapidly adopting the technology.

Mega-vendors typically follow technology trends instead of creating them. Cloud ERP Software follows this behavior. Mega-vendors are committed to Cloud offerings, but lag the market in terms of releasing products. This causes the market to doubt their commitment, but the complexity of building an offering may be more to blame than the commitment of the mega-vendors.

Committing to the Cloud requires a full company effort. Cloud vendors such as Acumatica have been working on our software for many years, but more importantly, we have been developing a business around SaaS and Cloud offerings. In addition to software, the Cloud requires a new business model, new sales techniques, new partnership models, and new support models.

To cope with these challenges, some mega-vendors have developed hosted versions of existing legacy software. These efforts are mostly stop gap measures to enter the market. Hosted legacy software provides some of the benefits of Cloud such as outsourced IT and remote access, but doesn't deliver the same advantages as a web-based application that is designed specifically for the Cloud. A web-based solution has several advantages over hosted legacy software. First, it eliminates client software to reduce IT and maintenance costs. Second, cloud solutions provide access from anywhere without the complexities of VPNs or remote access software. Third, cloud-based systems are designed to minimize network traffic and deliver data to mobile devices. And finally, systems designed for Cloud have security models to ensure that a compromised client will not impact the integrity of the system.

The challenges associated with developing a Cloud application and changing organizational behavior cause mega-vendors to launch stop-gap products to get to the market quickly. This gives the appearance that they are not fully committed. But, commitment to the Cloud is a long-term undertaking. There are several things that mega-vendors can do to expedite their delivery process ...

The mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

There are two challenges associated with moving to the Cloud – software challenges and organizational challenges. Companies can solve the software challenge by purchasing a pure Cloud vendor or by utilizing a software development platform developed specifically for Cloud applications. The organizational challenges need to be solved through training, hiring, and incentive plans.

In the ERP software space, mega-vendors have taken different approaches building their Cloud solutions. SAP elected to build their software in-house, Microsoft is entering the market through legacy hosting, Sage has purchased ERP solutions, Oracle is biding their time, and Visma is building an offering by using a cloud platform.

Time will tell the best way to acquire a Cloud solution, but we can gather some initial insights based on events over the past few years. Building a solution on your own is difficult as the experience of SAP ByDesign illustrates. After years of work and a product re-launch, SAP has little to show for their efforts.

The most interesting approach is the one being taken by Visma. Instead of re-developing core accounting functions on the Cloud, they opted to OEM our platform technology to build a new line of software that will be targeted to small and medium sized businesses. The benefits of this approach include faster development timelines, lower costs, and faster market entry. This approach also ensures that Visma will have a complete understanding of the software that they develop which will help with support and maintenance activities.

Using a Cloud development platform will also help the mega-vendor face the equally important task of transforming their organization. Purchasing a separate SaaS company will create a new and growing revenue stream, but will not transform the existing organization. Using a Cloud platform will involve the entire organization in the development and planning process so people are more interested and knowledgeable of the Cloud solution. This will improve the sales, support, and adoption of the new products.

One of the most difficult issues facing mega-vendors is managing their existing installed base of customers. Many mega-vendor customers want the benefits of cloud such as reduced IT costs, browser-based access, scalability, current and up-to-date software, but these customers have already paid for their software as well as software customizations. A properly designed Cloud solution requires a completely new code base. This means the mega-vendor must convince customers to purchase their new solution, perform a data migration, and pay to rebuild their customizations. For many mega-vendors this seems like a lot of work, but the risk of not doing it is that customers will begin investigating different vendors.

With relatively little advantage associated with moving existing customers, mega-vendors need to sell cloud solutions to new markets. This is a difficult task – especially if the company purchased a pure-SaaS player. Sales teams that understand the intricacies of existing software will not know the new software or the new sales process. Training can help solve these problems, but unless the commission plans are changed and new people are hired, sales people will follow the path of least resistance and sell the legacy (non-Cloud) solution.

A combination of OEM development, intense sales training, new commission plans for recurring revenue, and partnerships with service/hosting providers will help mega-vendors market and sell Cloud solutions.



John Herr
CEO, Adaptive Planning

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

Looking back on this decade which started deep in a global recession, the importance of understanding the true financial picture of an operation became critical. Companies of all sizes needed the ability to conduct more what-if analysis, get real-time analytics, and operate with greater agility than they had in growth times. With these economic conditions in mind, two important technological advancements, cloud computing and mobile, have gained leadership as the platform for managing a company. Real operational management expands beyond the finance department to planning and analysis across all aspects of a company.

Structural changes in our global economy and the way we communicate are presenting a perfect storm for cloud and mobile to intersect. These two powerful platforms are disrupting the technology landscape and will prove to be the single most impactful advancement over the next eight years. The trend has already begun. Now all individuals need is an internet connection to access cloud applications anywhere and at any time. Couple cloud applications with mobile devices and this technology intersection will truly transform the way we live and work.

The explosion of tablets will drive increased demand for Corporate Performance Management (CPM) and a host of other applications necessary for business productivity in an increasingly complex, inter-related and uncertain economy. As conditions require daily access to key metrics, managers and executives will increasingly rely on dashboards and reports to access this information from anywhere and on any device, so they can operate effectively and make decisions swiftly. Either one of these trends discussed here, cloud and mobile, is capable of significant transformation, but the confluence of these technological platforms will disrupt the market as pressure to cut costs and make faster decisions continues to loom in this period of economic uncertainty.

What do you do as CEO to keep your organization focused on customers and value?

At Adaptive Planning we have built a customer centric organization by hiring people who are focused on customer success, by measuring success through metrics that matter to the customer, not just the bottom line, and by building an organization that is truly customer centric. As a SaaS provider our business is dependent on our customers renewing and continuing to expand their relationships with us. The value we deliver is critical. As a result, we continually seek product feedback in the form of Customer User Groups, online forums, annual surveys, and customer support cases.

Adaptive Planning's product development roadmap is not based solely on what strategy our executive team has come up with, but rather is a direct result of the requests and product feedback from our customers. Our primary objective is to build the best product that we can that will meet the complex and varied needs of our customers, so they can benefit in their professional lives and transform how they strategically impact their organizations.

Because we are a SaaS vendor, we are able to monitor customer usage activity, proactively reach out to customers before their renewal period, and provide open access to executive management. This customer driven culture has earned us stripes in the form of #1 in customer satisfaction awards and more importantly renewals. In addition, our satisfied ecosystem of customers is a self-perpetuating community and we benefit from frequent introductions and referrals.

Social media and social business are big themes for 2012. In which areas of business will the social movement have the most impact (or most potential for impact)? Why?

The broad technological shift towards the social enterprise is an important one. Collaboration and the consumerization of the enterprise are critical trends that are impacting how employees communicate and operations function. As the social enterprise explodes going forward, collaboration capabilities in any cloud application will be critical. The recent political movements in the Middle East propelled by the advent of mobile and social platforms signals that this transformation is only just beginning and is reaching further than first world economies.

Corporate performance management processes—including budgeting, forecasting and reporting—are some of the most collaborative processes in business. At Adaptive Planning, we have been a leader in embedding collaborative capabilities into our SaaS CPM solution from day one. By harnessing these collaborative capabilities, finance, management and executive teams are better able to evaluate the feedback, input, and current thinking of numerous people throughout the organization—resulting in better informed decisions that drive real competitive advantage.



Jeff Haynie
CEO, Appcelerator

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

It's clear to me that mobility will be the single most impactful technical advancement driving business growth in the next ten years ... and that's because mobility has been the single most impactful technical advancement in our personal lives over the past ten years.

Mobility is impacting humanity even faster than the web did. Think about it: there are 7 billion people on the planet, and 1.5 billion of them are on the web. But 5 billion of them have mobile phones! The reach of mobile phones is phenomenal – more than three times the reach of the internet even today.

Last Christmas more than half of all adults used their mobile phones to help them make decisions about in-store purchases. People now use mobile apps more minutes per day (94 minutes) than they browse the web (72 minutes). And we can interact with mobile devices in ways we could never interact with the web through features like touch, motion, and voice controls (welcome to my world, Siri!).

As you think about how much mobile has changed your personal life, it's barely touched how businesses operate. The current trend of "bring your own device to work" underscores how much business has not tapped the power of mobile ... workers would rather pay for and use their own devices at work than be hobbled by the current mobile options provided by their employers.

Mobile in the enterprise is unfolding in two stages: the first is improving existing business processes by mobilizing information and providing it to the employee or customer at their moment of need. For example, a salesperson walks into a client meeting carrying a mobile device equipped with all the account information, a complete order history, understanding of available inventory, and most current price list for that customer. Or a doctor has walks into an exam with all the pertinent patient information at his fingertips including x-rays, MRIs and other visual items. This acceleration of information enables faster, better decision making.

The second stage is where apps utilize all of the interactions and contextual elements that that mobile device and cloud can provide ... such as hyper-location, the customer's previous buying behavior, and the condition and location of perishable inventory. Imagine a mobile application that provides a vice president of sales a real-time performance metric of where his sales people are and their performance in the accounts they are visiting, enabling him to shift sales/pricing strategies on the fly, to close a higher percentage of business. Or imagine a packaged goods company sending a 25% off coupon to a customer who is browsing the frozen food aisle of a grocery store, encouraging them to switch from a competitor's product.

We are in the early days of companies tapping the power of mobile to improve business processes. Mobile will be even more transformative to business than the web was.

What's the future for hybrid cloud strategies?

Mobile + Cloud = More than the Sum of Their Parts

Two of the most powerful trends in technology are converging into the mobile cloud. Mobile provides massive reach through billions of devices, while the cloud offers the ability to scale quickly. The strengths of both of these elements combine to create a result that is larger than the sum of their parts ... mobile devices provide massive volumes of contextual information while the cloud is able to store, manage, and interpret this massive data.

Cloud-based services also enable enterprises to rapidly integrate functionality, such as check-ins, photos, authentication, and storage to their mobile applications, and then scale those functions rapidly. Enterprises only pay for the cloud capacity they utilize, as opposed to building up servers or storage that may lay unused for long periods of time. Given the current rapid adoption of new apps and innovation of new features, it's nearly impossible for an enterprise to plan for infrastructure to support. The cloud provides maximum and immediate flexibility to scale mobile applications.

By combining both mobile and the cloud, enterprises can transform their relationships with customers and further empower their workforces with flexible, device-optimized applications, quickly and easily.



Daniel Saks
President & CEO, AppDirect

What's your philosophy on maintaining a focus on innovation?

At AppDirect, we believe that one of our company's greatest strengths is our innovative culture. From our developers to our leadership team, nurturing creativity is at the core of our company philosophy. As we rapidly expand our team, our focus on cultivating innovation is the key factor behind our recruiting and hiring process success.

There is little doubt that recruiting and retaining top performers in the technology industry is more challenging than ever. While there is a competitive hunt for talent, hiring candidates simply based on prestigious education or big name experience will ultimately fail. Employers must look beyond a candidate's talent and consider if a person would be a cultural fit within the company. But in many organizations, culture is neither meticulously developed nor defined in the recruiting process.

Culture instead must be intentionally shaped to define the working norms and processes of an organization. Setting the right cultural infrastructure is what separates scalable start-ups from small businesses. Founders must be deliberate in establishing the cultural DNA and training team members to recruit based on a defined set of cultural values.

To implant culture into the recruiting process, brainstorm key ideas and define how those values can be converted into hiring criteria. Define your interview process, clearly mapping out each component and how it relates to your business and culture objectives. Your interview process should allow you to "test" for the values rather than have candidates simply regurgitate résumé bullet points.

We have defined our cultural values and created criteria to score potential candidates. Our company hires based on six core values: positive mental attitude, humility, true north, ownership, communication and intensity. Candidates are evaluated for these values using a four point scale, where four exceeds expectations and one is below expectations. Any candidate that falls below a two in any of the values will not be hired. The interview process then assesses these values. For example, to measure communication, candidates are given 5-10 minutes to present on any topic they're passionate about. This gives us an opportunity to gauge the candidate's passion and communication style. The responses have been incredibly engaging and entertaining with a wide range of subject matters that allow us to see the candidates' passions shine.

We also put would-be hires through a rigorous set of interviews to ensure they can maintain their intensity throughout the process. All candidates have a minimum of three rounds of meetings each of which last at least two hours and involve different staff members across business disciplines. This process ensures that candidates present consistently in different situations and that you're ultimately hiring someone who can maintain their level of excitement and focus when presented with challenging situations.

By focusing on cultural fit versus resume strength, we are attracting employees who want to work for a company that focuses on the bigger picture, allowing us to secure long term talent and foster innovation.

The technology industry can be intensely competitive, and start-ups in particular need people that will continue through all the obstacles. From day one you need people that will remain positive and inspire others on the team to become better. Defining shared values early on in the company is a critical step to ensuring your team can carry out the vision. Those values can be refined over time and will set up the company's evolutionary path. Deliberately shaping a cultural DNA enables you to attract talent that reflects your culture and understands the value of innovation.



David Roth

CEO & Co-Founder, AppFirst Inc.

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

The Complex Road to Business/IT Nirvana

The Application is the Business. And, the Business is the Application.

For companies that grasp and internalize the above, the road to Business/IT Nirvana becomes crystal clear. What is an application, really? It can be interpreted different ways by different people with different job functions. But at the most fundamental level, an application should be the business – and if it's not, then that application is probably weakening the business.

IT spent the last 10 years trying to align itself with Business – until last year. The economic downturn blew up the alignment myth. CEOs told their CIOs “You have no IT goals. IT goals are the business goals.” Simple. Crisp. Total Alignment. But what's the best way to help ensure that your applications are the business and vice versa? The goal of aligning IT to business goals is not new – it has been around for many years, and remains a ‘nirvana’ that organizations strive to achieve. In an October 2011 report by Forrester Research, Inc. titled “Transform Your I&O Organization Into an Innovation Machine,” report author Jean-Pierre Garbani writes, “In Partner Player organizations, technology and its leaders are viewed as critical to go-to-market offerings and provide a source of differentiation (the business is IT and IT is the business).”

Once Business and Applications are indistinguishable, risks to Applications are nothing but risks to the Business. This is an exciting time in business and technology. Private, public and hybrid clouds enable and support sensational new business capabilities. People are recognizing the differentiation Garbani notes, and want to more quickly align their IT capabilities and their business successes. Why? Consider a recent study by Aberdeen that found that 68 percent of the time, IT finds out about application issues from end-users. Enterprise Management Associates estimates that the amount of outages and application problems averaged out across mid-market and enterprise size operations cause 60 hours of downtime per year. The cost of that downtime is averaged at \$45,000 per hour (much higher for enterprises of course), and businesses spend nearly \$3 million a year identifying and solving application issues in the cloud. ‘What's so exciting about that?’ you're asking. Well, never before have tools and methodologies been so available to propel IT transformation from IT centric to business centric. Today's solutions assess and view critical business metrics, in a repeatable and highly consistent manner, providing enormous insight to leverage and work more successfully with cloud computing technology.

So, why are we still using system metrics as a proxy for business risks? We should not. The primary metrics should be application metrics that are synonyms for business metrics like ‘Sales in Past 5 minutes’. Traditional system metrics (like Network Latency) are still essential, but they now serve to support root cause analysis of business risks. Today, finally, there are solutions that provide critical business visibility through the technical operations. These tools can show not only that IT metrics are the business metrics, but that application metrics are business metrics. And I believe that companies that embrace this thinking will be successful.

This insight is elevating the responsibilities of CTOs and CIOs. They have always held responsibility for the vision and execution of a company’s IT organization, but today they are at the business table. This is a fundamental shift that has been evolving and which is well underway today. Finally, IT is no longer an ‘expense bucket’ but a true business peer. When asked what the IT goals are, the answer is “business goals” – they are, and should be, one and the same. IT departments at today’s successful businesses ensure everyone within IT has specific alignment in their roles with responsibility to those business goals. Whether an employee is a Sys Admin or in Dev Ops, the next generation IT operation has a clearer understanding of the department’s end-to-end alignment to the business goals, and just as critical, a way to measure it. But how does a company or organization get from start-up chaos to business/IT hand-in-hand nirvana? They need to recognize that it’s a process and have the right tools in place to know where they’re at in the process and how to keep business and IT metrics continually aligned.

Where Are We, How Did We Get Here, and What’s Next? The Complexity Challenge

Having trivialized alignment as a red herring worth completely ignoring, let’s get back to reality. There is no silver bullet to immediate “Total Alignment.” We learned early on that businesses have a natural progression in terms of their business model and alignment with IT. No one moves quickly or painlessly from ‘survival mode’ of look-guess-fix-repeat to an operation where IT and business goals are fully aligned, where IT and business metrics are harmonious, and where business and IT are working hand-in-hand to manage business risks. Through our close work with customers, we have identified five stages of a business risk ‘maturity model’ – starting with ‘Survival’, then moving up to Reactive, Planning, Proactive, and finally full Alignment of business and IT. Forrester has recognized this progression also. The January 2012 report: “Develop An IT Service Management And Automation Strategic Plan” identifies it as a ‘Complexity Curve’ – companies moving along the curve transition from one state to the next. In the beginning they’re focused on applications and infrastructure, then as the business grows, so grows the number of applications, then the applications become more complex services, and then finally become integrated with the business. Both of these models help companies identify their current stage of business/IT alignment, and also help guide businesses and IT departments through the challenging path of progression to complete business/IT alignment.

Successful organizations such as Etsy and Zynga have already merged the idea of business and IT performance as one and the same. They have helped the world understand how this can be done. We now have platforms and services that emulate these leaders and allow all of us to reach that nirvana. A place where IT risks are nothing more than business risks. A place where an IT application is the business. And, IT goals are nothing but business goals.

Businesses and organizations cannot evolve from survival mode to business/IT nirvana quickly and still focus on running a successful operation. But today there is a platform and tools available that are easily optimized for any organization at any stage of progression toward business/IT nirvana. The successful business will take advantage of these capabilities to ensure that the application is the business, and the business is the application.



Ray Solnik

President, Appnomic Systems, Inc.

What's the future for hybrid cloud strategies?

The future of the hybrid cloud strategy is the all cloud strategy.

As Nicholas Carr will tell you in his very readable book, *The Big Switch: Rewiring the World, From Edison to Google*, the delivery of IT services is consolidating into centralized, utility-type organizations like today's electric power utilities consolidated the 30,000+ independent electric power plants run by enterprises across the U.S. 100+ years ago.

After decades of many in the high tech industry talking about utility or grid computing, we are finally approaching the day when enterprise CEO's will no longer be burdened with the difficult decisions of upgrading major ERP systems or making enormous capital expense decisions and hiring armies of people to run their underlying IT infrastructure. They will be able to look to their cloud utility service providers for much of what they are obligated to run today.

Before we arrive at this attractive future vision however, there is a migration and a long, often arduous path ahead. In some cases, it will be fraught with danger as enterprises cross the chasm to true utility computing and centralized IT services. That chasm is the hybrid cloud where enterprises are operating some applications in their own data centers, some at third party hosting centers, some purchased as complete end-to-end application service (e.g., salesforce.com), and balancing a variety of other types of hybrid operating models.

Just like the hybrid automobile, for example the Prius, helped us migrate from fossil fuels to battery operated, electrical cars, there is a very lucrative business during this interim hybrid phase of our industry evolution and it will extend for a while.

Many of our clients are telling us that they fear that the transition to this hybrid cloud state will introduce lack of control and visibility resulting in business, operating, and regulatory risks of concern. Similar to what car manufactures like Toyota did when they launched the Prius, by going overboard to make sure that the batteries last longer than any other component of a conventional car, I believe that those who are enabling this IT transition should proactively address the fear of lack of visibility and control during the hybrid stage as we head towards our desired future vision.

Of course some believe not all IT assets or applications will migrate to the Cloud and the same was true for power generation a hundred years ago. Many buildings, for example, have back up power generators today. Ultimately, however, there is a massive capacity utilization gain, economies of scale, and best practices benefits to be gained from the migration of IT assets and services to the Cloud. The real wins will be towards the end point.

While your hybrid strategy should be thoughtful and lucrative, its future lies in the 100% Cloud model.

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

The evolving role of the IT department may be at one of the most interesting stages of this function's history.

Given the migration of enterprise IT operations and data center operations to centralized outsourced providers or application providers, the IT professional has an opportunity to raise the bar of their role at their companies. Instead of being bogged down with lots of the administrative work associated with managing infrastructure or addressing device level performance, the IT professional now has an

opportunity to focus her efforts on how to leverage IT resources and applications to make a real impact on an organization, to be a game changer!

Many of our clients are currently shifting the IT role in two ways: (1) IT is increasing its ability to relate and deliver directly to business improving activities and (2) the IT professional is migrating into more of a project management role on the execution side.

While many large enterprise organizations are hiring MBAs to help with this first shift, I believe this may be a temporary fad. There is enormous value in having someone who understands the IT process and capabilities interface with the business users and it seems to me the MBAs would be the business users. Regardless, the IT professional does have an opportunity to evolve, moving up a series of stages of relationship to the overall business that the CIO Executive Council has defined as migrating from Service Provider to IT Partner to Business Peer and ultimately to Game Changer.

CIOs will continue to broaden their conversation at the management team level and bring more strategy to bear. They will spend less time worrying about daily operations that their vendors are managing and focus on how to best leverage those resources to move the dial on key performance metrics of the business – not of the devices deep in the guts of the IT utility.

On the execution side, IT professionals will need to get better and better at managing vendors, negotiating costs, facilitating the collaboration and implementation of these various vendors.

While all jobs have some “grunt work” associated with them, none are as lucky as the enterprise IT professional whose seeing the grunt taken out of their work and the interesting stuff ramping up like crazy!

Rock on!



Carl Theobald
CEO, Avangate

Given that the economic outlook in many parts of the world seems uncertain:

What's your philosophy on maintaining a focus on innovation?

The software market is undergoing massive change driven by the rise of cloud computing. Last year only a third of all software was distributed online either as a digital download or as a service in the cloud. By 2014, this figure will climb to over 70%. This is a sea change in the world of software – a change that is making the software market even more competitive. The key to survival is continuous innovation. The winning software vendors will be those that can successfully transition to a “frictionless” self-service transaction model, rapidly expand to new channels and markets, and be agile in their response to market feedback.

At Avangate, innovation stands out as a critical component not only for our success, but for the success of our customers. For that reason, innovation and customer delight are constantly at the forefront of our minds and an integral part of our company values and processes. One example of how we keep the focus on innovation is providing our development team a day a week to work on ideas they want to champion – whether it's a good idea they heard from a customer or an experiment with a new technology that has the potential to improve our platform capabilities. While some companies adopt a strategy of growth by acquisition, our strategy is to grow by innovation and excellent customer service.

How do you encourage and foster a growth mindset with your employees and partners?

Avangate helps software and SaaS companies market and sell their solutions online in exchange for a share of the revenue we generate. Our business model is therefore fundamentally based on the success of our customers. As such, we forge a strategic partnership with each of our customers, with Avangate's mission being to grow their business. We monitor the growth of our customers very closely and set key objectives against which we measure ourselves weekly.

Because our growth is dependent on the success of our customers, we are insanely focused on helping our customers grow their business. Leveraging our deep expertise in the software and SaaS markets, we go beyond simple online transactions to open up new markets for our customers - whether international, eMarketplaces, or rapidly emerging software and SaaS niches. We also help our customers improve sales by leveraging the rich set of best practices we have accumulated through measuring sales data across our thousands of customers.

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What do you do as CEO to keep your organization focused on customers and value?

As I mentioned before, our growth strategy is based on innovation and excellent customer service. A testament to our strong customer focus is our high client retention rate which in 2011, was an industry leading 98%. How have we been able to achieve that? Part of the answer is the strong customer loyalty program we have developed, but more importantly is the focus on customer service as one of our core company values.

As CEO, I take the time to speak to the entire company on a monthly basis. Along with updating the team on our achievements and progress against objectives, I make sure to call out key customer stories that highlight the value we provide and underscore the importance of making our customers truly happy. We regularly communicate with our customers to ask them how we are doing and how we can improve. Using metrics such as the Net Promoter Score, we set company-wide customer satisfaction objectives and regularly measure how we are doing against them.

As you look around the globe, which markets will provide the best opportunities for tech companies in the next five years? Why?

First, the software industry has extended its impact to nearly every industry. Coupled with the lowered barriers to entry enabled by selling online, opportunities are opening up for software companies to expand to new and emerging markets. The advent of software is transforming the automotive, healthcare, retail, government and financial industries, among many other industries. Both consumers and businesses are driving the need for software, and its use is showing no signs of slowing in the foreseeable future.

Second, with respect to what are the attractive geographic markets, we are seeing tremendous growth in the classic BRIC countries. We also see longer-term growth opportunities in the Middle East and Northern Africa. That said, one of the exciting things about the industry's shift to cloud commerce is that it gives software and SaaS vendors the opportunity to distribute their solutions anywhere in the globe, anywhere there is demand. Avangate helps vendors make this transition to the cloud providing the deep localization capabilities to penetrate global markets, including local payment methods, currencies, ordering interface languages, and local shopper phone support.

With various forces combining to transform the IT landscape, how do you see the role of the IT department developing?

I see two mega-trends continuing to impact the world of IT. The first is the "Consumerization of IT" which is not only blurring the lines between consumer applications and business applications but also driving businesses to buy more and more like consumers. Perhaps we can thank Apple for ushering in this trend, but the growing expectation in the workplace is that business applications are as easy to procure and as easy to use as an iPad app. The second trend is the increasing importance for IT to align with the business. Technology is no longer under lock and key by the high priests of IT - technology is available to anyone thanks to cloud computing. Therefore, it is critical that IT shift from their traditional

role as the keepers of technology to a business partner role focused on optimizing the use of technology, ensuring the infrastructure is available to leverage the technology, as well as integrating increasingly disparate solutions to achieve business results.



René Lacerte
CEO & Founder, Bill.com

What's your philosophy on maintaining a focus on innovation?

Maintaining a focus on innovation requires leveraging technology to do new things that couldn't be done before. Making sure your team understands that is critical. Porting software from DOS to Windows and from Windows to the Cloud requires no new innovation. While some basic functionality maybe ported, the more innovative approach is taking the manual process that exists today and moving it to an automated process.

The Cloud has provided a whole new platform for innovation. The sharing of data and services between customers and partners creates lots of opportunities to automate processes by using technology in ways that it has never been used before. Innovation in the cloud is not about using the latest technology but instead it is about how a specific technology can vastly improve the day to day processes that we all have. You can't deliver on innovation without a focus on customers, how they operate today and how to provide that leap forward that will transform their lives.

What do you do as CEO to keep your organization focused on customers and value?

I start with the basics. First we have an open environment where all the employees sit in a bullpen with no cubicles or offices. This allows information to flow from sales and customer service to marketing, product management and engineering. That constant energy between groups is where we see lots of collaboration focused around real customer pain points. In addition, we surround all the employees with customer testimonials and our core values painted on the walls. There is no escaping what we are focused on.

Great product management always starts with the customer. Whether it is a one on one conversation, a focus group or quantitative survey, the lessons learned are invaluable. Each of these is part of the fabric of how we do things. At a minimum, we screen for it when we hire and then we all lead by example; talking to customers and prospects whenever we can. Ultimately, when we are discussing strategies or product roadmaps, I always ask what does the customer think? As a result, employees understand our expectations and reflect this in their day to day work.

Finally, we offer stellar support. We love talking to customers via phone, chat and email. We build it into the application itself to encourage interaction with the customer and then we track customer satisfaction on every interaction. These numbers are reported weekly and monthly for all to see. Annually, we conduct a Net Promoter Survey where we take the data and use it to celebrate successes and evaluate areas of improvement with employees. I believe this is why we have an industry leading Net Promoter score in the mid 60's.

This type of focus and innovation leads customers to say that they save 50 – 75% of the time it takes to manage the back office while getting paid 2 – 3 times faster.

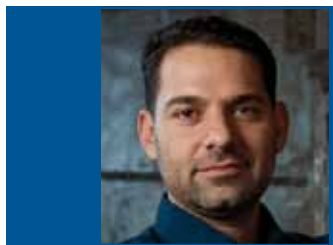


In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

I can remember hearing of the information economy as a kid and yet I think this will be the first decade where that phrase means something to everyone. At the core of the information revolution is the Cloud. At the core of the Cloud is Shared Data and it changes everything. It creates transparency across and between users and developers.

We have had central data before but the data was not shared. You only have to look at Facebook to see that people value transparency and are willing to give up some privacy to have better relationships and services. Extending the Shared Data concept to the business world will allow businesses to grow faster. It improves collaboration with their employees, their accountants, their customers and their suppliers, all in real time and accessible from anywhere. Being able to securely share payment information and documents between interested parties accelerates business transactions and overall growth. What is most exciting to me is that the applications of Shared Data have only just begun. By 2020, businesses and the world at large will be connected and doing things we never imagined.

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Gil Zimmermann

CEO & Co-Founder, CloudLock

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

The combined forces of Cloud, SaaS, Democratization, and Consumerization of IT are transforming the role of IT departments. The smart IT departments will move to focus much more on supporting and enabling business agility and end-user efficiency related functions, and a lot less on maintenance and infrastructure upkeep. The other IT departments will be replaced, or the businesses they are a part of will go under. More and more businesses will move in that direction and will do so faster.

I think the need for businesses to move faster and leverage new technology is much stronger and clearer now than it ever has been. With the exception of very few cases, there really is no justification for businesses to run operations that are not their core-competency. Just like the vast majority of businesses don't run their own power-plants for electricity, store their money in a vault in a basement, or operate their own telephone exchange, so too will the move their application and data consumption to service providers who can do it better, faster, cheaper.

IT isn't going away, it's evolving. The need to adapt technology and empower the business with the right mix of business agility and ability to focus on its core strengths through technical innovation while balancing the necessary controls and visibility are here to stay, and as we move ahead IT departments will be able to offer their businesses better and better solutions from more and more choices than they ever were able to, when they were chartered with building and running their own.

One example of IT department evolution is in the realm of Security where IT departments can allow businesses leaders the gain the benefits of cloud technologies and apply innovative offerings to balance the needs of security, compliance, regulation, and discovery without compromise, and in most cases even surpass existing solutions.

What's the future for hybrid cloud strategies?

Hybrid clouds are here to stay, and rightfully so. The definition of “Hybrid Cloud” is morphing from purely “on-premise vs. cloud” to on-premise, private cloud, public cloud, and I believe the definition of “hybrid cloud” should expand even further to include mobile and cloud-connected devices, as well as SaaS applications that connect to and host business data and applications.

More and more organizations will invest in hybrid cloud solutions like Dropbox, box.net, and Google Docs that perpetuate the justification for having infrastructure that isn't just virtualized and cloud, but also physical infrastructure that you can carry with you to use when you're on the go, off-line, or otherwise want offline access. I think that the balance will shift from mostly on-premise legacy systems doing the heavy lifting, to most of the workload being done by cloud vendors that specialize. Wherever possible (which is almost everywhere) the on-premise piece of the puzzle will be reduced to end-point devices focused on content creation and consumption and local mobile usage.

Increased awareness of the availability and variety of capabilities coupled with the reality of increased security in the cloud, will drive adoption exponentially. Public cloud will be the biggest piece in the hybrid-cloud equation within this decade, and Software-as-a-Service will be the biggest within the public cloud.

Are traditional on-premise mega-vendors really committed to Cloud, or is it just a strategy to perpetuate and protect their on-premise legacy?

The short answer is both.

There are two types of mega-vendors, those that refuse to accept that the world is changing and will continue to invest and promote antiquated solutions that have worked for years, and those that understand that there is a C-change happening. Those that “get it”, are faced with an interesting dilemma, do they wait-and-see how the market plays out and then make a move, or do they try to innovate. Most mega-vendors aren't great innovators and do so mostly through acquisitions of smaller more agile businesses that can traverse an emerging market.

Even if a mega-vendor “gets-it” and has the technology and business model to take on the cloud opportunity at hand, there is still the internal battle with those that are milking the cash cow and want to perpetuate and protect their on-premise legacy offerings.

When I was at EMC in the early 2000's, our CEO, Joe Tucci talked about seizing the opportunity of the changing landscape to innovate and cannibalize our own offerings, before somebody else would. He was right, and EMC was smart enough to embrace commodity hardware in storage, expand their software to heterogeneous platforms, invest in (through the acquisition of VMware) virtualization, which ostensibly erodes hardware sales, and come out stronger and faster, and better positioned to succeed in the market.

Mega-vendors are just as vulnerable to failure as smaller vendors, it just take longer, and makes a bigger sound when they hit the floor. It's usually because of a failure of imagination and failure of understanding what value they provide to customers. Customer don't want to buy specific technology, they want to buy technology-based solutions that fit their needs. Needs change and evolve.

Carson Sweet

Co-Founder & CEO, CloudPassage

Are traditional on-premise mega-vendors really committed to Cloud, or is it just a strategy to perpetuate and protect their on-premise legacy?

The short answer is “yes”. While SaaS is highly disruptive, mega-vendors cannot simply eject their on-premise legacy as these lines of business typically represent massive portions of revenue and earnings.

More broadly, the idea that cloud will completely displace traditional on-premise technology is far-fetched. At certain scales, the economics and other qualities of on-premise technology deployment outweigh the benefits of cloud-oriented technology strategies. Over time, the technology use cases most appropriate for cloud and on-premise delivery will find their levels. Some use cases will clearly fall into one category or the other, and the grey area in the middle is where technology vendors will fight for competitive advantage with a range of delivery models.

When the dust settles, the term “enterprise” will come less to describe a set of on-premise technologies, instead representing a spectrum of on-premise and cloud technologies that work together, but each delivering their own specific benefits, to address various needs within a single business or related lines of business.

What factors are driving the mega-vendors to buy pure-play SaaS/Cloud vendors?

For many (but not all) businesses, cloud and SaaS business models can offer agility, visibility and margins that are extremely attractive. Much more automated delivery models can be measured far more effectively and remove variability, which in turn increases predictability. Less variability and more visibility means that key components of marketing and distribution can be isolated, closely examined, and iterated to improve key metrics like conversion rates. This level of granular control and almost scientifically precise isolation of business factors can deliver almost unbelievably actionable business intelligence.

SaaS models often migrate towards self-service subscription models. This can often enable a business to penetrate smaller markets that would be prohibitive in terms of marketing and distribution costs. As a stand-alone marketing approach, this can be compelling. By adding such approaches to existing products, services or SaaS offers distributed to the higher end of markets via more traditional models, a business can enjoy engagement of a far larger addressable market, and can retain customers more effectively as their needs scale up or down. Subscription models are also attractive in that they offer the positive effects of accumulation and recurrence, making the long-term value of a customer much more compelling than traditional license-and-maintenance revenue models.

From a technical perspective, delivering SaaS offers can be far less complex and costly than delivering traditional on-premise software. Software upgrades happen to all customers at once, retroactive version support becomes simplified, and support organizations have far greater consistency in features that must be supported. Removing some or all hardware, operating system, network and dependent software requirements also makes customer onboarding and support faster and less costly.

The earlier mega-vendor adopters will move because they'll see the competitive advantages and the general business benefits of cloud-oriented models, especially SaaS. Later in the adoption cycle, their competitors will feel increasing competitive pressure to respond, and will follow suit. Across the board, I believe that very few mega-vendors will be able to remain competitive without cloud/SaaS/on-demand distribution and delivery models strategies.

The mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

This depends on a number of factors. Instead of answering “yes” or “no”, here is a list of considerations that will drive the degree of transformation that occurs as a result of a SaaS acquisition:

- What are the acquiring company’s goals for SaaS relative to their larger business?
- How effectively the acquisition itself is positioned and executed as a change catalyst? Is the acquisition truly the beginning of a transformation, or an extension of an existing, stable and non-SaaS-oriented business?
- What is the overlap between existing product portfolio and the SaaS offer itself? Does the SaaS offer displace or extend existing products?
- How effective and prepared is the company itself at and for affecting major transformation?
- When the acquisition being transacted relative to the SaaS adoption cycle within the acquirer’s specific industry? Has the acquiring company moved early enough to transform itself in time to dominate an emerging market or market disruption, or are they attempting to re-create themselves too late in the cycle for the effort to be sustainable?



Lonnie Wills
CEO, CloudTrigger

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

The movement of previously enterprise only technologies and business tools, such as analytics, to the cloud are game changers for mid-market and smaller sized businesses. The reduction in the total cost of ownership (TCO) provided by cloud solutions enable smaller organizations to compete on another scale if they take advantage of the SaaS applications to create more intelligent organizations. They now have the ability to analyze their data; host their data and services; create better customer experiences and have mobile access to not only their own, but partner, customer and market data to make informed, smart and effective decisions quickly. SaaS is about democratizing enterprise applications creating a new playing field for business to compete. If your company is not leveraging SaaS Analytics in the next 5 years you won’t be a leader in your vertical and most likely not be in business. IBM is investing over 7 Billion in Analytics over the next 5-7 years to support customers’ needs to become more predictive around buying trends, selling trends and market indicators. Ultimately moving the information downstream to the individual employee who can be empowered to make informed and timely decisions with reliable, intelligent analysis.

Given that the economic outlook in many parts of the world seems uncertain:

What’s your philosophy on maintaining a focus on innovation?

CloudTrigger has invested heavily in R&D since its inception, creating the G2 Product line of innovative, cloud based analytics solutions that includes G2 Maps and G2 Analytics. We partner with only best in

class companies that also focus on innovation, such as ESRI, IBM and Salesforce.com. CloudTrigger is focused on creating innovative solutions that compliment SaaS based solutions with the goal to enable every employee to have access to powerful, mobile tools that help them be more successful at what they do each day.

How do you encourage and foster a growth mindset with your employees and partners?

We work with our customers as trusted advisors in the Cloud Space helping them achieve change management throughout their organization by adopting new cloud technologies. This valuable insight helps our employees and partners stay in alignment with the needs of our customers to drive successful solutions to the market place. CloudTrigger and our partners see the gaps in current solutions and we think creatively and strategically about how to fill these gaps on a larger scale, evidenced by our products G2 Maps and G2 Analytics. Lastly, we encourage everyone in the company to bring their product ideas and suggestions forward and have weekly open forums to discuss product ideas and the company's priorities.

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What do you do as CEO to keep your organization focused on customers and value?

CloudTrigger is a solution company whose success is built on our customers' success; our ability to listen combined with our deep cloud domain expertise allows us to present our customers with fully integrated solutions. We reward our employees based on the metrics we drive around customer satisfaction and loyalty, incentivizing the right behavior to create a world class customer experience. We don't stop with our customers as we follow the same principles with our employees. We have a great culture built on treating employees with respect, giving them the support they need to do their jobs well, benefits so they can live well and even all expenses paid "Club" trips for exemplary employees.

Does Mobile fall into one of your top 5 priorities for 2012? If so, how will you be attacking it? If not, why not?

Absolutely, as mobile becomes more and more ubiquitous for consumer applications it drives the point home on how critical it is to have strong mobile applications to help run your business every day as well. Insight and access to your business data will be critical in the future as we will be expected to respond quickly to the daily demands of our jobs regardless of where we are physically. Companies need to adopt mobile solutions that extend the capability of their business applications to their employees providing them with the tools to be effective in the market place. More and more companies, including CloudTrigger, have employees located remotely all over the world or in the field for the majority of their job. The model of the worker at his/her desk at company headquarters for 8 hours a day is something of the past. People work from all over, across time zones and continents; therefore not only do we build custom mobile solutions for our customers, it is also part of all of our product road maps to incorporate mobile solutions.

As an example when we launched G2 Maps we worked in parallel to create a companion native iPad app and the road map includes additional mobile platforms like Android in 2012. G2 Analytics will launch officially in May and we have incorporated a powerful mobile platform for access to your analytics reports and dashboards on any mobile device, which easily moves the back office domain knowledge to the fingertips of all employees whether they are at HQ or in the field. This also allows C-Level execs access to mission critical data about their business anytime and anywhere. Helping them make better, more informed decisions to drive profitability and growth. Both solutions, G2Maps and G2Analytics provide powerful advantages for increasing your organization's efficiency and effectiveness that is not offered anywhere else.



Feyzi Fatehi
CEO, Corent Technology

What factors are driving the mega-vendors to buy pure-play SaaS/Cloud vendors?

Prospective software customers are increasingly demanding Software-as-a-Service (SaaS), seeking a “pay as you go” subscription model. Prospects want a cost model based on utilization instead of ownership with the advantages of no capital expenditures, faster implementations, elimination of long-term contract lock-in, predictable costs, improved system uptime and increased ROI. Increasingly, prospects are refusing to purchase software from vendors who only provide on-premise solutions.

Mega-vendors are buying “pure-play” SaaS/Cloud vendors for three key reasons. First, they don’t want to miss out on the rising client demand as they struggle to transition their on-premise applications to SaaS. Second, they have discovered that their attempts to deliver their on-premise applications with an inefficient multi-instance SaaS architecture lack manageability, scalability and cost effectiveness. Third, they have discovered the high value of highly efficient SaaS architectures based on multi-tenancy.

However, purchasing “pure-play” SaaS companies to capture market demand is a short sighted view. Although incremental revenue may be generated, the significant challenge of moving legacy on-premise applications to SaaS still exists. However, it’s inconceivable to think about scraping the entire legacy portfolio of applications and re-writing them for SaaS.

In some cases, a mega-vendor purchases a “pure-play” company because they have encountered many obstacles and have learned valuable lessons from the pains involved in delivering their on-premise solution as a multi-instance SaaS solution. They have discovered that there are scalability, manageability and operational issues, such as the complexity and difficulty of constant updating of hundreds or thousands of copies of application code. Phil Wainwright, a veteran SaaS evangelist, describes this type of SaaS deployment as “SoSaaS”, for “Same Old Software-as-a-Service!” While this approach gives each client (tenant) web-based access to their application via the cloud, the software vendor does not gain the efficiency of only having one centralized code base to maintain. Nor does it provide the efficiencies of utilizing a single software stack that exists in a true “multi-tenant” SaaS play. This highly inefficient SoSaaS play ultimately slows down the speed of innovation.

In other cases, a mega-vendor purchases a “pure-play” vendor for strategic reasons as in the case of SAP’s purchase of Success Factors. The incremental SAP revenue from the purchase is now only a drop in the bucket. For the longer term, they are looking at the upside potential in the future explosive growth of SaaS. In addition, they also hope Success Factors will be able to infuse the service oriented culture that is needed for a successful SaaS company. Most importantly, SAP hopes they will be able to leverage the key underlying technology element that made Success Factors successful, i.e., their core multi-tenant architecture.

The mega-vendors are buying up “pure-play” SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

It’s important to remember what Software-as-a-Service is, with a major emphasis on service. Beyond software maintenance contracts, traditional on-premise software companies have little experience in providing operational client service. The challenge for these software companies will be to utilize SaaS as more than a technology. In order for a mega-vendor to be successful with their acquisition, they will need to understand that delivering SaaS requires a cultural and business model change at all levels in the organization from Engineering to Sales.

First, the acquiring company will need to become a student of the “pure-play” SaaS company while driving the changes from the top. Second, they will have to accept taking a short term hit while

transitioning from a “pay up front” to a “pay as you go” revenue model. Lastly, they will need to figure out how to effectively leverage the multi-tenant SaaS architecture across their entire product line for long term and sustainable success.



Eileen Boerger

President, CorSource Technology Group, Inc.

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In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

In looking back at this decade, the ability for a decision maker to access all forms of required data, analyze the data, and use the analysis to make informed business decisions in a “just-in-time” manner will be considered one of the most impactful technical advancements driving business growth.

Businesses make decisions every day that affect the operations of their business and ultimately contribute to the success or failure of their business. Companies that effectively use data to make informed business decisions are outperforming companies who have not figured out how to use their data.

The following table is derived from two Aberdeen Group reports (“The Analytical Masses – Building Self Service Insight for Line-of-Business Decision Makers”, July 2011 and “Data Management for BI – Big Data, Bigger Insight, Superior Performance”, January 2012):

Company Performance	Annual Revenue Growth %	Days to Integrate New Data Sources	% Critical Info Delivered On Time	% Annual Increase in Accessible data
Best-in-Class	27%	21	94%	32%
Industry Average	12%	53	77%	16%
Laggard	1%	130	41%	6%

In my opinion, the above table shows a strong correlation between the ability to access and analyze required data and make timely business decisions to positively impact the growth of a company.

The problem of data and data analysis will grow throughout the decade. Today we are already seeing data volumes grow in size as well as complexity. According to 2011 research by the Aberdeen Group, organizations saw an average increase in data volume of 38% over the previous 12 months. In my opinion, the growth of data volume and complexity will not stop. Capturing, storing and managing data will continue to be an issue. How to effectively use data to gain insight to make better and quicker business decisions will become an even bigger issue that will become more important to solve. This means that businesses will realize that they must get a handle on their “big data” issues and will demand solutions to address these issues.

As these demands grow, solutions will emerge, and more and more companies will be able to make more informed business decisions and drive business growth.

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

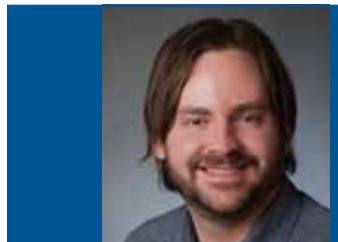
The various forces that are transforming the IT landscape are providing useful information to make business decisions, moving IT infrastructures to the cloud, and the effects of a more mobile workforce. As companies realize that they must address these forces, they will realize that not only will business processes need to change, but the role of IT must also change.

In my response above, I identified how solving the “big data” issue will be considered the most technical advance driving business growth in this decade. In solving this issue, the IT department will play a key role. However, their role will not be as the provider of the data and reports, but as the provider of a robust information infrastructure that provides access to many forms of data wherever they reside (for example, data on employee devices including mobile devices, data in the cloud, or data from public sources). And, the IT department must provide the right tools for the business decision makers to analyze and manipulate the data to make business decisions.

This requires the IT department to collaborate with the business decision makers to understand what data they need and how they use the data for decision making. Then the IT department must become experts at finding and integrating data into their information infrastructure, identifying analytical tools to use on the data, and educating the business decision makers as to how to most effectively use the data and tools to gain more meaningful business insight. In other words, the IT department will enable the business decision makers to be much more informed as they make decisions.

Moving the IT infrastructure to the cloud implies that the IT department will no longer be responsible for supporting the IT infrastructure (except for those parts of the infrastructure that are locally based such as desktops, laptops, etc). This will allow the IT department to focus more on being a strategic partner of the company’s business leaders. The IT department’s role will be to ensure that appropriate technologies are being effectively used to further the growth and profitability of the company. This means that the IT department must anticipate the evolution of technology in order to plan ahead for the use of new technologies in the company.

One key set of technologies that the IT department must ensure is being properly used are mobile technologies. Today, enterprises are under constant pressure to integrate the use of mobile devices such as smartphones and tablets into the IT environment. Years ago when the workforce went mobile with laptops and notebooks, the problem was much simpler. Most enterprises supplied laptops to their employees and managed those laptops carefully. In today’s environment, employees are buying their own mobile devices and demanding that they can use them for business (usually starting with e-mail access). The IT department must work with the company’s management to ensure policies and procedures are in place to guarantee the security of the company’s information regardless of how the information is accessed.



Rick Nucci

General Manager, Dell Boomi

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

This is one of the most exciting times to be in IT. The cloud is showing the promise of completely shifting the 80/20 paradox in which IT currently spends 80% of their time and money is spent on maintenance, and only 20% on innovation. The cloud enables a shift into IT being more innovative and agile, resulting in greater productivity and moving IT up the value chain into a much more strategic position. True cloud solutions are also proving that they increase time-to-value as compared to their enterprise equivalents, and are thus empowering IT to achieve their desired service levels while being more innovative.

Secondly, the traditional functions and skill sets of IT professionals will shift over time as well, with business process expertise becoming more of their emphasis. Some of the traditional blocking and tackling functions of IT, such as OS and database work, will shift to cloud services. This represents a significant new set of skills that IT will need to learn, providing them with an even richer skill set.

On the application side, IT will move away from installation and coding and into cloud solutions and vendor management. They are still on the hook for upgrades and change control but this is coordinated with the cloud providers vs. performed internally. The net result is that IT will evolve into an “internal” version what Gartner calls a Cloud Service Broker; aggregating, integrating and customizing will become their focus and imperative as IT moves into the cloud.

What’s the future for hybrid cloud strategies?

The hybrid cloud has at least a 10-year horizon. Companies really need to think about their business need and how to move from their current infrastructure to one that’s cloud-based.

The adoption of hybrid cloud strategies has a correlation to the size of the company. Small to mid-sized companies tend to have fewer applications that need to be integrated or moved to the cloud, so they can aggressively make the shift. Mid-market to enterprise companies tend to have a large number of applications and systems that are built on a more complex infrastructure; these companies need to move to the cloud in phases, which makes the timeline longer, and necessitates some type of hybrid cloud. For instance, larger companies tend to take their on-premise applications, move them to a private cloud infrastructure, and de-commission some of the old infrastructure as a phase one. This sets the stage for a move to a 100% cloud-based delivery model. The transition may take several years, but the hybrid cloud as transitional for moving to the cloud, as the full transition to the cloud, will yield the greatest ongoing value to the business.

The mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

No one knows the answer to this question for sure, but it seems to be a smart strategy, especially if the acquirers follow some key steps.

First, don’t mess with success. The mega-vendor made the acquisition for a reason, and with the assumption that the acquired company has figured out a model that’s working. The mega-vendor needs to allow the acquired company to manage itself and thrive as its own autonomous business unit to make this model work. It really comes down to the culture: if the mega-vendor allows its new business unit to continue to operate in a way that’s been successful - and if they can align their businesses from revenue recognition, go-to-market, marketing and sales perspectives - it works. If the mega-vendor expects the acquired company to assimilate into their culture, however, this business model is less likely to prove successful.

The mega-vendor also needs to keep the acquired company’s leadership team intact as much as possible, and then give them a seat at their table so they can have a high degree of influence over the direction of the company.

Of course all of this assumes that the mega-vendor is factoring in a few important considerations before making the acquisition, such as:

- They’re serious about the cloud
- They have a roadmap for success
- They have a strategy around the pure-play SaaS company they acquired, from a technology and platform perspective
- They truly embrace all that the acquired company has to offer



Morris Panner
CEO, DICOMGrid

Which markets will provide the best opportunities for tech companies in the next five years and why:

One of the most important emerging trends in software today is true healthcare IT innovation. Traditionally, innovation and healthcare infrastructure simply did not go together. Innovation in healthcare was in drug discovery and medical devices. Healthcare IT was the red headed stepchild, dominated by legacy vendors. It would be as if Siebel still ruled the CRM roost.

A new generation of companies is changing that, driving new investment dollars and interest into the sector. A combination of demographics and regulation are creating an appetite in the healthcare industry for change.

First, there is the unavoidable math of an aging population and expanding healthcare needs. The cost pressures are far outstripping anyone's budget expectations. As a result, innovation in how information is shared and used is a natural option for trying to control costs.

Second, the government has pushed the healthcare industry to develop more open standards and share more data. Putting aside the most controversial elements of the healthcare reform, the Government already pays more than 50 cents of every healthcare dollar in reimbursements. As a result, government mandates to share information and to provide more visibility in pricing and healthcare results will not go away.

As a result of these trends, hospitals are changing the way they think about the role of healthcare innovation and are starting to consider SaaS systems to give them the same flexibility that other enterprises have found with innovations in CRM and ERP.

The next five years will be a critical time as these innovations take root and find their own particular place in the healthcare universe, where privacy concerns and other factors make it a challenging, but very rewarding IT environment.

How I see the role of the IT department evolving:

In no area is the IT landscape changing faster than in healthcare. For years, healthcare IT was not considered the sexy part of healthcare. Drug discovery and medical devices captured the VC innovation dollars. Although IT supported these advances, the IT Departments were not center stage.

That is no longer true as the best and the brightest find themselves attracted to the challenges of healthcare IT and its critical role in controlling costs, improving patient access and ensuring lifesaving information can be delivered to and shared by those who need it.

As a result, the healthcare IT departments are finding themselves in uncharted waters. Most importantly, they are moving away from traditional enterprise systems and exploring cloud-based solutions. These take the form of SaaS software solutions as well as hybrid cloud solutions, where highly-available configurations enable large amounts of data to be available closest to the point of care.

Cloud solutions are essential for the reducing cost, but IT teams need to understand the privacy and access control implications of these solutions. Granular business rules and innovative authentication schema (think on-line banking) are enabling healthcare departments to grant access to those who need it, while safeguarding privacy. Regulatory mandates, such as HIPPA, require that healthcare providers not only abide by rigorous privacy regimes, but maintain audit records so that they can prove compliance.

Pure cloud solutions, however, do not always work for healthcare, simply because of the amount of data involved and the just-in-time nature of healthcare delivery. Although some healthcare record data

resembles any other piece of business data, healthcare information, such as diagnostic imaging, produces immense file sizes in complex formats. Imagine that you are a surgeon working in an operating room and you need to see an MRI right away. If that MRI was done at your hospital, the logical thing is for you to be able to access it locally. Alternatively, if you are working with a patient, who has been transferred from another hospital, you want to be able to access that image from the cloud, so that you can avoid physically transferring a film or CD from another hospital. This is the perfect kind of scenario for a hybrid cloud solution with business logic to ensure that images are always transmitted in the most intelligent way.

Challenges about data access and sharing are going to continue to accentuate the strategic importance of healthcare IT departments. Seeking innovative solutions is going to be a top priority. Successful implementation will be core to a hospital's success.



Joe Payne
CEO, Eloqua

Social media and social business are big themes for 2012. In which areas of business will the social movement have the most impact (or most potential for impact)? Why?

Let's Talk: Making B2B Apps More Social

Go to just about any business event, attend a webinar, download an ebook or whitepaper, and social media invariably comes up.

And it's for good reason. From a business perspective, social connects us to prospects and customers like never before. When people make decisions about where they are going to eat, what hotel they will book, what conference to attend, and, yes, what vendor they'll sign with, that decision is increasingly a social one. We want to know what our network of friends and colleagues think.

That has changed the game for app developers, who are increasingly designing in an interconnected ecosystem. Consider this: 20 million Facebook apps are installed each day. Clearly, people like it when their apps connect with their social world.

So our expectations have shifted. That apps work together seamlessly is taken for granted. My Spotify will tell my Facebook friends what I'm listening to. I can update Twitter and LinkedIn simultaneously from TweetDeck. Edits to a Google Doc can be done right from my Box account.

Our apps are not social simply because they push status updates to Facebook, but because they communicate with each other. I push a button in this app and it updates another app. It just works.

While this is the norm when it comes to consumer apps, the B2B industry has been slower to accept this change. The B2B infrastructure is fragmented. For too long, companies developed services as if they were in a vacuum, designing products that solve one particular pain point without thought for how it would work in the larger app marketplace.

That's too bad because if anyone needs social apps, it's B2B customers. We deal with long, often complicated sales cycles. To win these deals we deploy an always-growing selection of apps to grab buyers' attention, educate them and earn their trust. But when these apps live in a silo, unable to talk to each other, we're left with spotty data, a pile of spreadsheets and incomplete picture of the targeted buyer's behavior.

In other words, if the attendee data from the webinar I just ran doesn't connect with the platform I used to market that event and the CRM my sales team is logging into every day, I'm just painting by numbers. I can't see how the different apps I'm running are impacting the sale. And without knowing the revenue the app helps generate, the harder it is to justify paying for it.

The industry is adapting. Expect more announcements about developer centers and centralized marketplaces where apps work in concert. Features like social sign-on, which make life easier for the buyer and the seller, are taking root. An email sent from iPad can get recorded in my marketing automation and CRM systems.

Put simply, B2B apps need to be more social. The market demands it. As social media alters the professional landscape, apps give us the ability to adapt on the fly. But not if they only work boxed up in a vendor's platform.

It won't be enough to create a "cool" app this year. In 2012, the killer app is integration.



Jim Sheward
CEO, Fiberlink

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

The recent trends in consumerization and mobility are dramatically changing the role of IT. We've seen IT departments completely transform from dictating the technology employees can use to supporting more choices. Forrester recently cited in a report that almost 60% of firms surveyed already provide some support for employee-owned smartphones. Many companies are now adopting 'bring your own device' programs and this trend will continue across other areas of technology. CIOs are now facing a more sophisticated employee and an ever-increasing pace of change while losing control over the computing environment. The role of the IT organization is shifting from support and risk mitigation to one focused on competitiveness and employee return. At the forefront of this expanded role of IT will be developing an integrated strategy and operation that embraces employee use of personal devices, applications, and social media all within a constant mobile working mode.

Cloud computing is one of the fundamental building blocks for achieving this step function gain in productivity at a lower cost of operations. Today we see end-users and departments using software as a service (SaaS) and other cloud resources for a wide variety of applications, which dramatically changes the role of IT. In today's mobile and Internet-driven world, consumers can easily access applications and use them on their own. The delivery model has changed but IT will still play an important role to ensure security, reliability, compliance, and integration.

Are traditional on-premise mega-vendors really committed to Cloud, or is it just a strategy to perpetuate and protect their on-premise legacy?

The shift to the Cloud will have an even more profound impact on the industry than the shift from mainframe to client-server. We saw what happened to some mega-vendors during that transition. And as more clients move from PCs to mobile devices, an even larger set of opportunities will emerge for new companies to solve new challenges. Today, any mega-vendor who is not committed to a Cloud strategy will probably not be a mega-vendor for much longer. Some have done a good job of transitioning their strategies and business models but it will be a difficult shift. Mega-vendors are highly dependent on their traditional on-premise revenue models of selling large upfront licenses and annual maintenance. This is

one of the main reasons why some are more reluctant than others to commit fully to the Cloud. And any vendor trying to selling both approaches will probably have a hard time because they'll need to spend additional resources on different versions of their products.

IT buyers have come to the realization that evaluating cloud services as a first choice is fiscally responsible and, in many cases, more secure and reliable than their own data centers. Companies now have a choice between server-based or cloud services for managing just about everything. The Cloud will be the only long term, sustainable way to deliver IT. The Cloud is real and it's here to stay. With that said, a true commitment to the Cloud will require a focus on the real-time nature of business and agility of decision making and execution which has traditionally been difficult for some mega-vendors.

Given that the economic outlook in many parts of the world seems uncertain:

What's your philosophy on maintaining a focus on innovation?

We have very talented and smart people in our company who are highly motivated to succeed. You really need to surround yourself with the best and brightest people. We like to describe our culture as 'innovation angry.' We're always pushing to find better ways to deliver value to our customers. We have been very fortunate to be part of the two of the most innovative trends in the technology industry —mobility and cloud computing. But that doesn't mean innovation came easy to us. We allow our employees to take risks and make mistakes because we know this is ultimately how great innovations are born. It is important to look ahead and think about how the business world will work 3-5 years ahead and plan a corporate strategy accordingly.

How do you encourage and foster a growth mindset with your employees and partners?

As a global and diverse organization we've created teams that foster collaboration and take calculated risks. To inspire this type of thinking we provide meaningful rewards for those employees and partners that experiment and drive growth. It's important for us to keep everyone involved in the direction of the company and empower them to make decisions. By enlisting their ideas and thoughts on how to grow the business we motivate them to be engaged in the process. Participation and accountability define their expectations. You also need people that are honest with each other about what's working and what's not, but who are also fun, hardworking, and want to win. Confidence and enthusiasm is infectious and as a leader, you need to set the tone.

What do you do as CEO to keep your organization focused on customers and value?

Expectations from customers on value and being responsive to their needs have changed dramatically. We operate in an instant-on world so we are working hard to build an active online community. This gives us a platform to constantly engage with customers, prospects and partners across multiple channels using forums, webinars, and blogs. The mobile IT world moves fast and change is constant. So the key here is to be available in real time to respond to customer input, questions, or problems. Our product is cloud based so we have the ability for customers to provide instant feedback and the capability for them to benchmark themselves against their peers across key mobility metrics. Fostering an empowered employee is important—ones that are able to respond quickly to the customer and educate are key to delivering value.



Jeremy Roche

President & CEO, FinancialForce.com

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

This year, a majority of cloud spending is coming from the corporate IT budget rather than business unit people buying SaaS on the side, which you saw in years past. More and more, FinancialForce.com is being introduced to customers by the IT department. A number of years ago, the IT group saw the cloud as a threat, but now IT actually sees the cloud as strategic and something that they can evolve around as well. They are clearly starting to embrace it. I see that there is a distinct move towards corporate budgets buying these cloud solutions now, not departmental budgets trying to work their way around IT departments. This starts to take us close to a tipping point, where people are using cloud technologies, not as a sideline, but as a mainstream part of their business. From an IT spending perspective, I suspect that we are going to see more spending on cloud technology and we're going to see IT budgets increasingly allocated to it, rather than cloud expensed ad hoc against departmental budgets.

Social media and social business are big themes for 2012. In which areas of business will the social movement have the most impact (or most potential for impact)? Why?

Social media, enterprise social media in particular, is coming along at the right time. Companies today are increasingly leveraging virtual business models utilizing more subcontractors, home workers and geographically dispersed employees. Social media apps like Chatter do a great job of connecting people and the business information held in your business applications, regardless of where they sit in the world or where they sit on the organization chart.

That's almost an expectation in something like the professional services space. I think this is why you will see professional services organizations lead in the adoption of social media in businesses. They have the killer use case for social media. They operate virtually and work in teams. In that business, your teams need to be in synch and collaborate in real time across sales, services and finance. The project work is social by nature, so the lines need to blur across teams and encompass the customer. We are very focused on this area and are delivering innovative applications to help our customers collaborate not just internally, but also collaborate more closely with their customers. For instance, FinancialForce.com's professional services customers are using Chatter to follow project activity on a project wall, so that disparate teams can monitor a project's progress and gain visibility to project management conversations.

When you think about it, most companies are working "socially" already, but they are doing it the hard way – conference calls, voice mail, IM and email. Worse, those conversations are all disconnected from core business systems, with no audit trail and no connection to customer or project data. It is difficult to run a virtual company this way. Companies are using really expensive, hardworking people to bridge the technological data gaps with phone calls.

So, I think we will see collaboration and social apps become even more mainstream inside companies in the coming years. I think business people had a hard time grasping why they would need Facebook or Twitter-like functions inside their companies. I fault the industry for selling it that way. Tools like Chatter are encouraging collaboration inside companies in ways we haven't seen before and it is paying off in a big way. FinancialForce.com customers are breaking down the barriers between sales and accounting, for instance, to help collect cash and reduce bad debt as a team, and essentially providing a better service to their customers.

Does Mobile fall into one of your top 5 priorities for 2012? If so, how will you be attacking it? If not, why not?

Without question, mobile is now part of enterprise IT planning. Mobile devices will soon become a primary way people consume cloud applications. We're going to see a lot more action around tablets with mobile applications and analysts predict that there will be more than 20 times the current amount of mobile cloud based applications by 2014. Technology is changing the way we socialize and the way we socialize is influencing the way we build and use technology. We have several apps on the drawing board for 2012, including some designed exclusively for senior managers and some for field employees, such as doing project time entry from your mobile phone.

As such, I see the conversations on cloud as a topic going down, and the conversations on mobile and social applications coming up, although the cloud is the enabler. There is much more to these applications than just being in the cloud in an IT sense - there is genuine business value in them and there are genuine ways for people to innovate.

Our customers may be visiting a client, for example, and want to know the current payment status before they walk into the meeting; or they may be on the road, but need access to the latest KPI's and financial reports. FinancialForce Mobile leverages the Force.com mobile application platform, enabling customers to use a variety of mobile devices including Blackberries, iPhones and iPads to access financial and project data. Essentially, FinancialForce.com mobile applications enable customers to access accounting and project services information anytime, anywhere, boosting productivity and saving valuable time.



Karthic Athreya
CEO, ForteHCM

As you look around the globe, which markets will provide the best opportunities for tech companies in the next five years?

Most of recent growth trajectory and net job addition seems to be coming from mobility/ social space. With more and more people accessing their social, email and other day to day functions/ applications via their mobile, app development in mobile is a given. India as a target & growth market cannot be ignored. Tele-density has been increasing at a rapid pace and the telecom sector itself has been growing at more than 25%. Some interesting dynamics include land line adoption of only ~ 35 million whereas cell phone adoption at ~ 882 million. Recent McKinsey study revealed that India's internet users will increase fivefold by 2015 and more than 3 quarters of them will choose mobile access. Gartner sees the penetration reaching 82% in 2014.

Yet with all this growth, infrastructure is a challenge and it isn't going to be easy. Of the country's 100 million Internet users, just 12.5 million have broadband, compared with 450 million households in China. Internet speeds are sluggish compared to international average of 5.6 mbps. Policymakers are trying to solve this by utilizing cable TV lines. However there are couple challenges to this approach—most of the subscribers only have analog connection and upgrading infrastructure isn't going to be cheap. Secondly it isn't going to be easy to up convert an analog box to digital box. Given the demographics, companies might have to push the box at real low price.

**Now, where there is a challenge there is an opportunity.
Mobile content and applications could be the answer.**

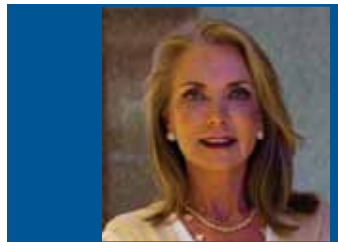
There are over 850 million registered mobile numbers (these numbers are skewed as there are multiple accounts registered to the same user). Average revenue per registered number has fallen over the years and service providers are constantly looking for ways to up that. Mobile apps if delivered at affordable prices and with the right content will deliver attractive returns to content and application development companies. As long as the applications are compelling and tuned to local demographics (more so with all the different languages spoken and read) and the pricing right (in order to attract the low end of the demographics), all players can make some money. With mobile advertising picking steam, local ads could be another money spinner.

If email takes a backseat to Facebook, Twitter, and SMS for business communication in 5 years, how will that change your business strategy? What are you doing today to prepare for that possibility?

It is true that new channels have come up but I think there is a synergy between new channels and email. You still need an email to login to Twitter and Facebook. You still get notifications via email for updated info and new followers. It is true that web based email is starting to take a back seat but that is web based. Mobile email usage is skyrocketing. In fact comscore's own numbers show that about 30% of American mobile users regularly access email via smartphones / mobile devices.

Numerous studies have shown that email is still one of the most effective ways to drive online and offline sales, and is the preferred method by which consumers are notified of offers. Sure, there are better ways to communicate a single line or a short message but the way twitter and Facebook is set up, it is difficult to imagine that someone would send a contract via social sites.

While in about 5 years Facebook and the probably likes may take over intranet communications, for all external communications email still might make sense. I wouldn't change the business strategy yet...



Audrey Spangenberg
CEO, FPX

**Does Mobile fall into one of your top 5 priorities for 2012?
If so, how will you be attacking it? If not, why not?**

Mobile remains a top priority for FPX in 2012. FPX's core business centers on enabling sales teams to be more successful by responding quickly, if not instantly, to the needs and requests of their prospects and customers. Since every sales situation today is highly competitive, buyers have the power. FPX is committed to equipping our customers to serve their prospects whenever and wherever those customers expect; enabling them to take action immediately. Only a solid mobile component of a greater sales process system can do that.

When sales people have the solutions they need at their fingertips, they have the information they need to give their prospects the confidence needed to buy.

Our commitment to providing superior mobile solutions, beginning with the Budgetary Quotes Mobile App that we released in late 2011, means platform agnostic apps. Our strategy is to continue to develop mobile apps for people, not for a specific device. Our core competency is to exceed the expectations of our customers, allowing them the ability to access their sales systems and solutions from any mobile device.

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

Cloud computing, and the Software-as-a-Service model, will prove the single most impactful technical advancement driving business growth today and for the foreseeable future. The transformative power of the cloud is driving innovation virtually everywhere, but its most significant impact will come from bringing to bear the power of solutions previously only available through on-premise systems without the inherent expenses.

This is already creating a movement away from on-premise software installs to SaaS solutions, especially under certain conditions. In the CRM and Configure-Price-Quote® marketplace, SaaS provides undeniable benefits including lower initial cost and total costs of ownership, higher ROI, and reduced strain on IT resources to name a few.

FPX is committed to this model. As one of a very limited number of providers of SaaS-based, multi-tenant sales process solutions, we are increasingly attracting enterprise customers who, in the past, would have had to select a big-box on-premise software provider.

This demand is already pervasive. Adoption to the Cloud empowers companies to transform their business models and gain a competitive advantage. The Cloud allows companies to be agile and enable the development of effective virtual business processes, which will facilitate their employees, customers, partners and suppliers to connect and conduct business seamlessly.

According to a recent study by Bain & Company, the cloud computing share of the tech wallet will quadruple by 2020, growing nearly six-times faster through the end of the decade than spend on legacy hardware and software.

Social media and social business are big themes for 2012. In which areas of business will the social movement have the most impact (or most potential for impact)? Why?

Social media and social business will impact sales and marketing more than any other area of business. In B2C selling situations, consumers have always had access to the thoughts and opinions of those they trusted. This provided consumers a limited degree of power in making personal purchase decisions. For the most part, however, retailers have held most of the power.

Online social media has radically shifted the power in the B2C space from retailers to consumers. Consumers in the early stages of the purchase process now have ready access to others who are farther along in that same process. They can search out reviews, polls, comments, and can even engage in conversations about retailers, products and brands with those they choose and trust. This arms them with knowledge long before they enter a store or engage with an online retailer. Further, the input of others can either undermines or substantiate the claims made by expensive advertising and marketing campaigns.

In the same way, those responsible for making purchase decisions in B2B environments now have access to the opinions and experiences of those with similar responsibilities. Using social media including LinkedIn, salesforce.com's Chatter, Twitter and a myriad of other specialized networks, decision makers have access to credible sources of information prior to and during the vendor selection process.

The use of social media among business professionals levels the communication playing field. A buyer in a B2B situation can quickly investigate any claim made by a sales person or contained in a company's marketing collateral. Companies who exaggerate their claims do so with a high degree of peril. However, companies that are committed to customer success will be rewarded for their efforts. As the use of social media increases among business professionals, companies selling to other companies must remember that they are ultimately selling to people. Social media has the potential to push the phrase B2B into obsolescence, making P2P the new reality.



Jim Corgel

General Manager, ISV, Academic,
Entrepreneurs and Developer Relations, IBM

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

While there are many areas that will shape the IT landscape of the future, such as cloud computing, mobile business and security, when we look back on this decade the most far-reaching technical advancements driving business growth will be in the area of business analytics.

Today, businesses are struggling with a growing problem: they are drowning in data. Extensive digitization and advances in microprocessor, storage, sensor and communications technologies has resulted in a wave of unstructured data that is growing exponentially.

This data is packed with meaningful information about ways to improve products, services and customers' experiences, but businesses lack the tools or skills to quickly make sense of it all. Business analytics fills this void by enabling organizations to rapidly mine vast amounts of data and uncover hidden insights and patterns, which offer a roadmap for business growth.

We are already seeing major advances in this technology, such as IBM Watson's deep analytics capabilities. Hundreds of universities around the world have started developing curricula to address the growing need for business analytics skills, which help students to understand how analytics can be applied to their field of study. IT developers are busy improving their skills in business analytics as well, identifying it as the most "in demand" area for software development in the coming years (Source: IBM 2011 Tech Trends Survey)

Industry analysts predict that enterprise data will experience a 29-fold increase in the next 10 years, so business analytics tools will continue to advance in the coming decade as businesses turn to this new and seemingly limitless source of insight.

Social media and social business are big themes for 2012. In which areas of business will the social movement have the most impact (or most potential for impact)? Why?

From the apps on our mobile phone to the way we get news and work with colleagues around the world, social media tools are everywhere. Now, businesses are starting to realize the power of bringing social concepts into the enterprise. From building communities of influencers to gaining customer insight and analyzing external social networks with social analytics tools, the results of this social business revolution are wide spread. Our clients are seeing positive changes to their culture, processes, risk management, leadership development, and overall strategy.

This revolution also presents great opportunity for people with social business skills.

With the adoption of new internal and external social business tools, there is a growing need for people to manage the new processes and communities, to measure their effectiveness, and to educate and enable the workforce to participate. Organizations are quickly realizing they need employees with social business skills to take on the role of building, maintaining and activating members online around common interests and topics. Does your organization have the skills it needs to take advantage of social business technologies?

Does Mobile fall into one of your top 5 priorities for 2012? If so, how will you be attacking it? If not, why not?

Mobile has been and continues to be a priority for IBM and our clients.

According to IDC, the burgeoning mobile workforce is expected to reach more than one billion people by 2013, and nearly one trillion Internet-connected devices will be in the market by 2012. This growing mobile workforce means that people are bringing their smart phones and tablets to work and expecting enterprise connectivity. The “Bring Your Own Device” (BYOD) to work trend is exploding and companies need to be prepared to meet the demands.

IBM is supporting these organizations and our employees by providing new social networking and collaboration mobile apps designed with enterprise, security and compliance requirements in mind. Now, businesses can put enterprise-class social networking, real-time collaboration and online meeting capabilities into the hands of their employees.

The result? A mobile workforce that has moved far beyond just gaining access to email and calendars, to being able to collaborate and generate new ideas and be more efficient anytime, anywhere.

What's the future for hybrid cloud strategies?

Hybrid clouds are rising in popularity as more companies embrace cloud computing. After keeping the cloud at arm's length, CIOs are starting to embrace cloud computing to provide broader access to resources, house huge amounts of data more efficiently, streamline operations, and spot new market or product opportunities.

According to IBM's 2011 Tech Trends report, during the next two years more than 75 percent of organizations will be engaged in cloud computing and close to 60 percent of respondents cited flexibility and scalability as the top motivators for embracing cloud technology. Hybrid clouds combine flexibility, scalability and security with openness, while providing unique opportunities to connect with partners and clients and ferret out unexpected insights.

As companies jump into the cloud, they're realizing that while they want to be able to tap into applications and services available through the public cloud, they also want to securely manage and integrate those applications with their own in private clouds or elsewhere. Organizations want an easier way to share and manage their business critical information, no matter where it sits. A hybrid cloud computing model helps companies do just that.

Pioneering companies lead the way with hybrid clouds, but they are projected to quickly become the cloud of choice for many organizations as they blend cloud computing with legacy systems and services. More than half of business executives believe cloud computing enables business transformation, and leaner faster business processes. Through cloud computing, businesses can create new marketplaces, smarter business services and profitable new revenue streams. Using hybrid clouds makes it just that much easier to attain those goals.



Mark Cunningham
CEO, Indicee

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

The IT department is already undergoing a radical transformation. As cloud computing reduces the need for in-house infrastructure, IT becomes more “consumerized”, and an increasingly tech-savvy generation of workers evolves, the traditional IT department is being forced to make the transition from behind-the-scenes technical support to core, strategic team.

For years, the IT department has been burdened with the mundane and operational: lengthy software deployments, server maintenance, report creation and user support. But with the advent of cloud

computing, many of these routine activities are simply disappearing, freeing up IT resources to focus on more strategic initiatives. Today's CTOs and CIOs are worrying less about maintaining the status quo and more about fixing real business problems with technology.

A reduction in infrastructure maintenance is clearly playing a part in this shift, but much of this new-found freedom is thanks to a new breed of user-friendly business applications. These SaaS-based web apps, together with a more tech-aware workforce, means there is less reliance on IT teams to identify, implement and troubleshoot new software. Business users are now able to do a lot of the everyday tasks that used to belong to IT, and they're telling IT decision makers what tools they need so they can do their jobs better.

The business intelligence (BI) industry is a great example of this. Traditionally, the IT team would spend months, or even years, setting up a BI solution in order to provide reports on a standard set of data. It was a time-intensive and expensive process that created ongoing reliance on the IT team to pull the monthly numbers and change the query for each new report. No wonder penetration rates for traditional BI tools have remained at just 20% for over a decade! With the emergence of cloud BI tools however, it's now possible for more tech-savvy business users to do these things themselves, from solution deployment to data modeling, building dashboards to ad-hoc queries. And it can be achieved in hours, not years. Over the coming months, this reporting function is likely to move even further away from the IT team as more cloud ISVs embed out-of-the-box analytics into their applications.

Put simply, not all projects that involve IT are run by the IT department anymore, and tangible benefits can be realized much more quickly. This is leading to greater collaboration within the business around technology purchasing decisions and less of the siloed, "IT-decides" approach.

The speed and accessibility offered by the cloud, and the prevalence of SaaS delivery models, is impacting IT-run projects in a similar way. The IT department can be far more agile and experimental with SaaS-based tools because the risks involved with trying something new are far lower than with on-premise alternatives. Trialing different SaaS solutions are cheap, quick and usually commitment-free. As a result, we're going to see many more IT decision makers that are happy to experiment with new technology and have greater confidence in ditching products that stop being the best tool for the job.

So, as cloud computing continues to gain traction over the coming years, I see the IT department becoming increasingly business-focused, more integrated with traditionally "commercial" teams and far more agile.

And, while a technical user support function will remain, it's likely to move from "how do I connect to the Internet?" to "why can't I access reports on my iPad?"

The mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

The short answer is "maybe". Very few on-premise companies have successfully moved wholesale to SaaS delivery models. Many have launched smaller add-on SaaS services like analytics, that don't compete with their core on-premise offerings. Others have launched SaaS versions but find it very difficult to promote and sell both side-by-side.

Simply acquiring a pure-play SaaS company will not turn an established, on-premise vendor into a SaaS superstar. The change from one to the other impacts how a business is run at every level, not just on the technology side but on financial models, marketing techniques, customer onboarding methods, support policies... the list goes on.

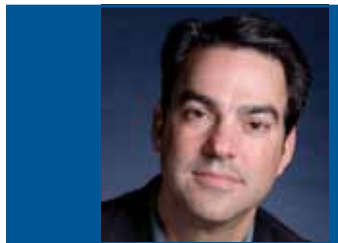
In addition, the business culture is very different to that of traditional software companies. Deal sizes tend to be smaller with fewer upsell opportunities, and customers are more easily able to move vendors if they're not satisfied. As a result, today's SaaS companies tend to have a deep-rooted culture of customer service and a habit of continuous innovation.

Transitioning an enterprise sales team from large, upfront commissions to smaller subscription contracts is another huge challenge for vendors. Compensation could be a major sticking point for any company

attempting an incremental move to the new model. The majority of salespeople will chose to keep selling what makes them the most money, and that's not likely to be SaaS.

Bringing on employees from acquired SaaS companies will go some way to addressing the cultural gap, but as mega-vendors, such as Oracle and SAP, continue to snap up vertical-specific pure-play SaaS companies to extend their reach, they'll need to get a combination of technological, business and cultural elements right if they're to succeed.

We should note, however, that these recent acquisitions aren't necessarily intended to signal a wholesale shift to the cloud, at least not immediately. Most of the mega-vendors are currently running various types of on-premise/on-demand hybrids, although no doubt this will change in the future. It's a delicate position. While they're are pitching a model where customers seemingly get the best of both worlds, they'll need to some smart messaging to keep hold of the on-demand customers they've acquired and convince an existing customer base that SaaS is more than just the latest fad after all.



Juan Carlos Soto

**Senior Vice President & General Manager
Cloud Data Integration, Informatica**

What's the future for hybrid cloud strategies?

There is no doubt that the accelerating rate of Cloud Computing adoption is here to stay. The benefits of Cloud are compelling to small and large enterprises in powerful ways. For small companies, Cloud offerings provide both a much faster and economical way to build out their IT infrastructure and offer a more level playing field by enabling them to have access to computing resources and technology, 'for rent', previously only available to the very large, capital rich companies.

Cloud has also opened up the way for new and faster innovation. For larger companies, the benefits of Cloud are equally compelling by providing access to innovation more easily, quickly and inexpensively. Cloud allows larger organizations to reduce their costs by providing access to newer systems operating at higher utilization.

There are two potential interpretations of hybrid cloud. The first interpretation is based on employing a mix of public and private cloud technologies. The typical justification is that organizations will be comfortable using public cloud resources (SaaS, PaaS or IaaS) for some IT systems, but not for all. For IT systems that would also benefit from the Cloud model, a private cloud can provide a good alternative to mitigate concerns around security, latency, data governance and control.

One other nuance of this interpretation of hybrid cloud is to enable "cloud bursting," the overflow of private cloud computing activities to a public cloud during peak loads. Some companies embark into private cloud computing by repurposing existing IT resources which for a time, given sunk costs of the equipment, may provide a lower cost than current, rented, public alternatives. This interpretation of hybrid (public + private) cloud will likely continue to have a growing role in IT strategy.

A second interpretation is more common and likely to have a larger, longer term impact. We call this Hybrid IT. This is the blend of IT between cloud-based systems (inclusive of both public and private Cloud) and traditional, on-premise, typically single tenant IT systems.

One of the reasons why I believe this interpretation will have a longer term impact is that despite the secular trend toward more and more Cloud, all but the smallest, newest companies can afford to be entirely in the Cloud. Most large enterprises will not find it economical, even when considering all the potential hidden costs, to rip and replace all their existing IT systems and infrastructure in order to move to the Cloud. This should come as no surprise as we still have a great deal of mainframe and even mini-computer based IT systems in use in enterprises today. The costs of switching are too high compared to the expected return.

In addition, concerns around security, data governance, latency and control will continue to throttle Cloud adoption. Moreover, regardless of how efficient Cloud systems can be, an IT system whose load is constant or grows at a predictable, steady rate (i.e. not spikey) will cost less in the long run than general purpose Cloud alternatives whose design points are typically based on a utility model optimized to accommodate variable workloads, elastic provisioning and total aggregate consumption. The agility and elasticity provided by Cloud comes at a cost.

Still, there is no doubt that the most progressive enterprises will adopt more and more Cloud-based IT solutions (SaaS, PaaS and IaaS) across the board while continuing to maintain legacy systems and those that are best operated on-premise. We firmly believe that IT is changed forever to a Hybrid IT model. This model necessarily increases data fragmentation and drives the need for integration solutions.

Solution from Informatica, such as the Informatica Cloud are at the forefront of this trend of delivering products, services and solutions for Hybrid IT that bring seamless connectivity across systems in the Cloud as they have historically provided for on-premise systems. In addition, Informatica enables this integration to take place where it makes most sense – on-premise traditional IT, on-premise private Cloud and in the public Cloud.

Are traditional on-premise mega-vendors really committed to Cloud, or is it just a strategy to perpetuate and protect their on-premise legacy?

The mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

The past few months have seen at least four major acquisitions in the SaaS space by mega-vendors. For several of these mega-vendors, these moves represent a major course reversal as they are dragged into the Cloud. Despite the positive claims in the news, these acquisitions will pose major challenges to integrate and for the foreseeable future will likely remain as separate stand-alone businesses. The acquiring companies will also face difficulty to rationalize their product portfolio and explain to their customers when to buy which solutions.

A good question to ask is why these acquiring companies, with their seemingly unlimited access to leading technology and large pools of talent, failed to build Cloud versions earlier. From Informatica's vantage, many successful companies are saddled with what Clayton Christensen famously calls "The Innovator's Dilemma" – their focus on near-term license revenue targets and fear of cannibalizing their highly profitable product lines ties their hands from being able to make the necessary investments on disruptive, but necessary innovation.

Moreover, it takes more than just technology to become a successful Cloud vendor. Cloud requires different sales, marketing, financial and accounting, and support models than the mega-vendors' existing competencies. In addition, while these mega-vendors generally have large services arms and deep experience hosting applications for their customers, this does not necessarily qualify them to operate multi-tenant cloud services.

The irony is that it is often easier to make an acquisition, at least from a finance perspective, than it is to fund the incremental hiring and upfront investment ahead of revenues needed to become a Cloud vendor. A key advantage from these SaaS acquisitions is that they come with Cloud sales, marketing, support and operations experience, along with established routes to market, to help the mega-vendors start to catch up and if properly integrated, to inject the Cloud mindset into their DNA.

What factors are driving the mega-vendors to buy pure-play SaaS/Cloud vendors?

The mega-vendors have been forced to make these acquisitions in response to customer demand and the lack of progress on their internal attempts to offer Cloud versions of their products. Cloud Computing has tipped and is now widely accepted, mainly driven by its compelling technical and business benefits. Several industry analyst firms estimate a permanent shift of billions of dollars of software revenues from perpetual license to subscription each in the past few years and the consensus across top tier analysts is that the growth rate of spending on Cloud computing is four to six times the overall growth rate of IT spending.

Increasingly, forward looking public and private enterprises are implementing “Cloud First” IT policies where they evaluate Cloud alternatives for new IT services and investments up front and have to go through exception processes to justify non-Cloud based purchases. These are enterprises looking to tap into the latest innovations and maintain the greatest agility going forward.

Informatica has had such a policy in our IT department for several years and the result today is that the majority of IT systems used by the company for operations and by our employees are now from Cloud vendors. This includes HR, CRM, Support, Marketing systems and more, which we integrate into coherent IT processes using data integration solutions. This results in significantly lower total IT costs as a percent of expenses and a significantly improved overall user experience as we benefit from the latest innovations and access these always-on systems via the Cloud.

Although it is early in the evolution of Cloud Computing, there is no doubt it has permanently changed the IT landscape. For today’s information age enterprises, including the IT mega-vendors, time is running out to adopt Cloud Computing or be left behind.



Umberto Milletti

CEO, InsideView

Which tech trends do you think have been overhyped in recent years? Will they ever live up to the hype?

It’s hard to say when things are “overhyped,” but there is obviously a lot of buzz around the Social Enterprise. The technology industry has proven over and over again that it can “grow into” the hype – I think it is more a matter of timing than of delivery. It is important for businesses and individual professionals to look beyond the industry chatter, and adopt specific use cases of social solutions that support their business goals.

Social constructs will dramatically change the way businesses relate to customers and prospects. But social paradigms have to be thoughtfully integrated into existing ways of doing business rather than being viewed purely as something new and different. Social technologies are driving a shift in the way we relate and communicate. But, at the end of the day, every business interaction still comes down to people dealing with people based on trust, knowledge and brand—all concepts that existed before social networks. At InsideView we focus on how social changes one-to-one customer conversations—not in isolation but as an additional knowledge and interaction dimension. The social enterprise concepts will live up to the hype the day we’ll no longer talk about social as a trend, and instead blend social into the way we do business every day.

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

By 2020 businesses will be focusing beyond infrastructure and workflow automation, onto the analytics that bring insights and intelligence. We have already gone through this transition as consumers. (Ten years ago I used computers for communication and computation. Today I mostly use them as information systems that help me figure out where to go, how to get there, what my friends are thinking, what the key stories are in the world, which movie I should watch next and the best television to watch it on.) While businesses are still mostly using computing as infrastructure and workflow automation, many are increasingly focusing on analytics as a way to extract business insights and improve performance.

As an industry, we can only automate our businesses and improve costs and efficiency for so long. Most of those gains have been achieved. Moving forward, competitive advantage won’t come from having a better CRM or ERP implementation; it’ll come from having more informed employees who have

the relevant business insights at their fingertips. A company's value is no longer defined by hard assets. It's defined by how effectively employees spend their time, and by their ability to be more relevant to customers. Analytics will become required infrastructure because it enables employees to be more relevant and effective.

**Social media and social business are big themes for 2012.
In which areas of business will the social movement have
the most impact (or most potential for impact)? Why?**

I think the biggest impact will be in 3 areas: customer acquisition, collaboration (intra- and extra-enterprise), and customer service.

In all three cases, engagement and collaboration are the keys to productivity increases and success, and the social paradigm is ideally suited to facilitate better engagement and collaboration. In the areas of customer acquisition and service, the social web has broken down information barriers and facilitated better customer relationships. Today, customers and prospects put themselves, their ideas, and their needs out there for all to see. This social information makes customer interactions more relevant and productive.

Social insight is everywhere on the web, but only a tiny percentage of businesses know how to find and leverage it systematically. Those that do so first will have a huge competitive advantage over the laggards.



Robert Reid
CEO, Intacct

**Given that the economic outlook in many parts
of the world seems uncertain:**

- **What's your philosophy on maintaining a focus on innovation?**
- **How do you encourage and foster a growth mindset with your employees and partners?**
- **What do you do as CEO to keep your organization focused on customers and value?**

Innovation is a key driver to many critical components of our business, including the motivation of employees and the satisfaction of customers. Innovation keeps employees interested and performing at the peak of their abilities. They are driven by helping customers derive more business value for their company. Innovation is also the driver for our customers to achieve new efficiencies and competitive differentiators. A perfect example of innovation is our cloud-based systems, where information is available real time, and from anywhere, for fast decision making with the critical facts and metrics at hand.

Cloud-based systems enable the roll-out of new features exponentially faster than on-premises solutions, driving the rate of innovation to new levels. Traditional on-premises software requires testing of multiple configurations with sometimes hundreds of combinations of operating systems, databases, applications, browsers, hardware, etc. Inevitably, the software will work well with one subset of combinations but not with others, causing endless testing cycles and slow or delayed product launches.

The cloud eliminates that barrier as solutions only need testing on one platform, so solutions hit the market faster and customers are able to take advantage of the benefits earlier. Most cloud-based solutions are not satisfying new green field opportunities. These systems are improving on existing business requirements with increased productivity effectiveness through better ways to interact, automate and

report information – which leads to enhanced business results. So the innovations are more focused on driving additional value and ROI.

From a human perspective, cloud-based systems encourage employees and partners to think out-of-the-box to develop solutions that solve old problems in a completely new way, keeping innovators motivated to develop new solutions while helping to build up their skill sets for the future. Because cloud-based systems are pay-as-you-go, they also inspire employees to provide higher levels of customer value as they work to consistently exceed customer expectations. At Intacct, for example, we specifically tie all employee bonuses to customer satisfaction goals.

The cloud is a natural place to go to drive innovation throughout the organization. Whether the company is a cloud software provider, a client company, or a user in the company, the speed in which the cloud delivers solutions benefits every level of the value chain.

What is the future for hybrid cloud strategies?

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Although many on-premises companies have chosen hybrid cloud strategies to offer their software solutions, hybrid models are really only effective as a stop-gap in the short term. A hybrid cloud model is best suited for transitional periods but at some point these companies must commit fully to the cloud or they are doomed to fail.

Some of the main benefits of cloud computing, such as scalable capacity and lower capital expenditures, are lost in hybrid deployments. The development activity behind the firewall requires a large capital investment and IT resources, yet still faces limited elasticity due to infrastructure constraints.

Perhaps the most devastating effect of the hybrid strategy is the drag on the release cycle. As mentioned earlier, the cloud enables rapid innovation and faster releases of new technology by only requiring development and testing on a single platform. Companies that have both on-premises and cloud versions of their solutions get stuck having to test for all configurations, which ends up putting a ball and chain on their cloud offering. Often, up to six new releases of an application can be released on the cloud in the same amount of time it takes to release one new on-premises version. This either results in a large gap between the functionality of the two solutions or the dual strategy will slow the innovation of the cloud system. With the hybrid model IT resources within a company are stretched thin managing the on-premises implementation and configuration, instead of focusing their efforts on creating strategic process flow differentiators.

Companies who have had the best results with a hybrid strategy are those that only use it in the short-term to establish themselves in the cloud. A common practice includes first developing a solution behind the firewall, and then deploying it in the cloud – with the ultimate goal to convert totally to a cloud solution. On the other hand, companies who have tried to deploy solutions in both arenas, long term, have failed to gain a true foothold in the cloud space due to the additional cost and resources required to maintain both a cloud and on-premises solution. In these cases, cloud solutions end up being limited to small projects or to address niche requirements.

One reason companies often cite for resisting deploying solutions in the cloud is because of perceived security risks. However, it has been proven that successful cloud providers are better equipped to handle security issues than most organizations would be able to do on their own because they can amortize the costs and resources over thousands of companies. Not only are they able to protect data better and deliver increased accessibility via service level agreements that are superior to those that can be obtained internally, they are also able to invest in all best practices because of the amortization of costs. Cloud companies have proven they plan and implement security practices such as SSL, encryption, failover, backup and access controls better than can be done by typical in house IT resources and the results are highly secure, state-of-the-art data centers with outstanding availability.

As software providers more swiftly enter the cloud market, they will quickly see that hybrid models will only hinder their success and that growth and innovation can only be achieved with a full commitment to the cloud.



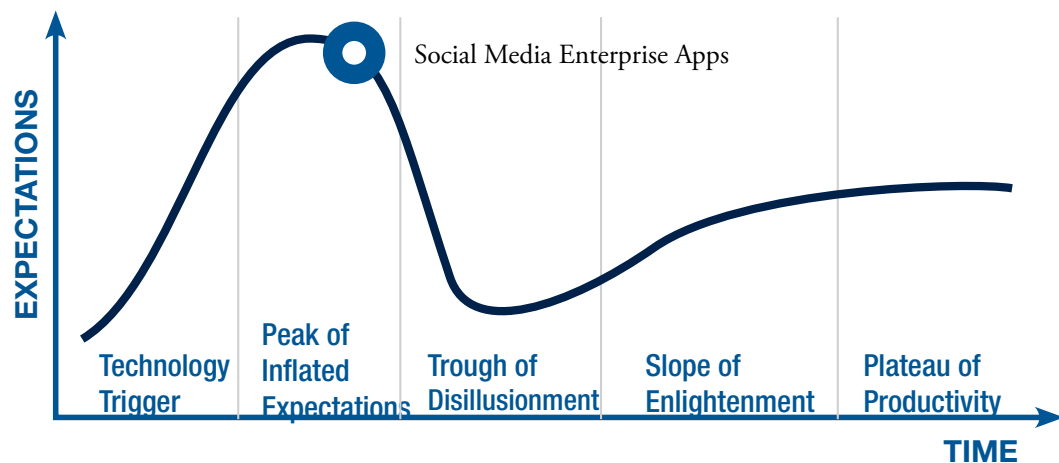
David Lloyd
CEO, IntelliResponse

Which tech trends do you think have been overhyped in recent years? Will they ever live up to the hype?

Over the past two to three years, the hype factor surrounding social media has been extensive. Suffice to say, the social media bandwagon is now full – and in many ways rightfully so, but when it comes to scalable customer service, the evidence suggests that we are asking too much of social media. Specifically, I am referring to the promise and impact of social media as it relates to customer experience management and engagement.

Today, there are a myriad of social media tools and technologies, ranging from those that enable the conversation (Twitter) to those that attempt to make sense of the conversation (Radian 6). However, as illustrated by Gartner's Emerging Technology hype cycle, we have rapidly reached the top of the curve, heading for the trough of disillusionment and this is especially true when it comes to online customer service.

Social Media Disillusionment: Emerging Technology Hype Cycle



Customer Service or Complaint Management?

A deep dive into the actual use of social media solutions such as Twitter would reveal that they are often the virtual “dumping ground” for spurned customers who ended up there because the core customer experience channels failed miserably. Sadly, the “United Breaks Guitars Guy” and others have relied on these social media environments to resolve issues that weren’t resolved through the primary interaction channels.

In my opinion, the amount of investment companies are making in social media as a customer engagement strategy is at present, misguided. Based on our analysis of real customers and their volume of interactions across current channels such as the web, we find that less than 0.02% of exchanges in social media are actionable from a customer experience point of view when compared to the number of interactions taking place on the corporate website. I am not referring to whether someone “likes” or “dislikes” a product, but whether there is truly an opportunity to engage with the customer. I often ask our clients whether they are truly delivering customer experience through core channels such as their website, as we typically find that massive customer engagement problems usually originate there. We also ask our clients whether allocating a disproportionate part of their budget to address 0.02% of the problem is the best use of their resources, when 99.98% of customer interaction volume is demanding their attention on the web.

The final question that often arises is this: “Why spend all that time, effort and budget to bring your customers to your website, only to turn and dump them to a 3rd party like Twitter?”

**Does Mobile fall into one of your top 5 priorities for 2012?
If so, how will you be attacking it? If not, why not?**

Yes, absolutely. For the past three years, we’ve been keenly focused on enhancing and delivering customer self-service mobile applications starting with the iPhone, then moving into native solutions for Android. Now our mobile solutions encompass other devices that are capable of participating in a mobile environment (tablets, eReaders and others). Mobile itself is such a broad category, often blurring the lines around what mobile truly constitutes. IntelliResponse approaches the mobile market by focusing on the fundamental notion of “un-tethering” the customer, whereby the customer experience must be delivered where the customer is, regardless of the channel they choose to interact through. With the rapidly expanding mobile market, consumer adoption and expectations of technology will continually change the concept of “place.”

These changes will continue to accelerate and require organizations of all sizes to adapt. Markets today that find mobile technology cost prohibitive, can expect the rapidly declining cost of the device and service accessibility to accelerate adoption, thereby driving the ubiquity of mobile.

From IntelliResponse’s perspective, it is about engaging the customer in the channel of their choice at a time and place that is convenient for them. Delivering customer experience within the mobile environment will be critical, not only to all our clients, but more importantly, to the end consumer. The heightened expectation of 7x24x365 delivery will fuel this expectation and we will continue to provide the solutions that meet our clients and the end consumer at the point they need to interact, creating a powerful level of customer engagement.



Larry Cates
President & CEO, KeyStone OnDemand

**Does Mobile fall into one of your top 5 priorities for 2012?
If so, how will you be attacking it? If not, why not?**

As a global provider of SaaS based training and development software and solutions, one of our top priorities in 2012 is to address the needs of a growing Mobile workforce. We will be attacking these challenges on several levels. We understand the need to effectively enable the workforce to access key information and training resources quickly, on-demand, using a variety of mobile technology ranging from smart phones to tablets and other mobile devices.

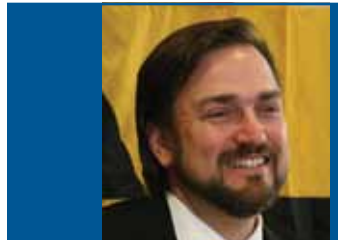
As we look at current trends in learning and how users are accessing information in today’s environment, we see a growing demand within the mobile learning community. Our goal is to enable users to have unlimited access to the critical information they need, regardless of time or location and more effectively access and utilize the information they need to be productive in today’s mobile environment.

In regards to specific initiatives around enabling mobile technology, we are continuing to develop new applications that allow mobile users to seamlessly connect with our software and content in a cloud environment. Mobile users can already access various forms of our media-based training from their iPad or tablet. Going forward, we will continue to focus on offering solutions that enable users to quickly have access to the training resources they need on a variety of mobile devices and software applications.

In addition to helping organizations make their information quickly available to their Mobile workforce, we are also sensitive to the new challenges and risks associated with the use of mobile technology. As a

global provider of information security training and awareness, we continue to monitor these threats and develop solutions to help organizations implement best practices, by securing their sensitive information and intellectual property in the growing mobile environment.

Mobile learning technology and devices provide on-demand access to the global workforce in today's business environment. We are therefore continuing to focus on the development of new user-friendly technologies and services that enable users and their organizations to leverage the benefits of mobile technology.



Mike Binko

President & CEO, kloudtrack ®

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

What's your philosophy on maintaining a focus on innovation?

2010 – 2020: The Decade the Internet Grew Up™

In 2020, the generation growing up with social media, rampant texting and cloud computing will be the entrepreneurs and business leaders driving technology's next great innovations.

So, what will be the water-shed technologies that will survive and drive the next decade?

The answer might depend on whom you ask. Futurists would likely point to the Internet and mobility/wireless communications and that's great – no one can deny the benefits that mobile communications and internetworking have provided in the past 25 years from 1985 - 2010.

However, if you are looking at the 10 year period between 2010 and 2020 and ask entrepreneurs, consumers, CxOs, investors as well as other business leaders across all major industry sectors, the answer will more likely be the quick and pervasive advent of cloud computing.

Sure, many folks will quip that cloud is just the next IT marketing buzz-term but if you dig a little deeper that sheen of marketing hype is actually based on a fundamental shift in the way data, process and collaboration are being delivered. From 2010 to 2010 the tip of the preverbal cloud ice-berg was seen through the haze of dot.com bombs and the rush to Internet business in the prior decade.

Moving forward, the period extending until 2020 might well be viewed as The Decade the Internet Grew Up™ and prove just how massive the cloud “berg” is under-the-surface. From infrastructure, to mobility, to virtualization, to on-demand applications the true value of cloud is making its presence known throughout the entire IT ecosystem.

This coming second generation of cloud computing is being referred to as Cloud 2.0™ and will be the period during which most cloud innovation will be cultivated. That said, an important question for entrepreneurs and emerging companies is, “How can I best leverage innovation while also bringing a strong value proposition to IT stakeholders?” The answer is not as straight-forward as it was before the advent of the Internet, social networks and cloud computing.

Traditional enterprise software models placed a premium on “up-front economics.” Customers would spec-out infrastructure and user rosters and then contract for hardware and software upfront for 12 months at a minimum with hefty ongoing maintenance expenses.

The cloud model turns that on its side as it affords considerable flexibility for folks in both the IT and finance executive suites. Now, organizations can outsource infrastructure on a transactional or unit-of-cloud basis and can Start Small ... and Scale™ with regards to user onboarding and data migration. Vendors who realize the fact that cloud is an economic model more than a technical solution will reap the rewards.

Furthermore, cloud vendors who quickly move beyond basic Cloud1.0 offerings will also garner a premium in license fees and better multiples if strategic players come calling for M&A.

All-in-all it is once again very exciting times to be an information technology provider or consumer. Coming out of the worst economic downturn in two generations the landscape in all directions is fertile ground for innovation.

Looking into my crystal ball I see the decade from 2010 – 2020 inflecting upward considerably for opportunities in technology ranks across all industry sectors and a more mature Internet and cloud ecosystem will be a primary driver.

Billions in early-stage and high-growth capital has been on the sidelines for quite some time and these investors are anxious and motivated to put that money to work for themselves and their general/limited partners. While disruptive offerings will always be attractive to risk-taker in the investor ranks, a back-to-basics approach has also settling into the psyche of venture investors.

As cloud vendors can make the leap from cultivating great ideas to delivering high-margin, high-value and profitable solutions with tangible results; this Decade the Internet Grew Up will be a fun place in which to exist – ENJOY THE RIDE!!



Kevin Dobbs

Owner & Managing Partner,
Montclair Advisors, LLC

Are traditional on-premise mega-vendors really committed to the Cloud or is it just a strategy to perpetuate and protect their on-premise legacy?

ISV's New Reality

Based on my experience with our clients and other executives running large ISV's, I believe that they are now starting to realize that their customers are very interested in leveraging the power of the Cloud for their own businesses. Recent Gartner research on the SaaS market projects a 17% growth rate between 2011-15, which is 5 times the growth rate of the traditional on-premise software. Customers are now buying all types of on-line software solutions with more confidence and the recession has only intensified these growth rates. Reasons for SaaS popularity include:

Ease of Use

SaaS solutions are designed to be much easier to use than their traditional on-premise predecessors. With a 'land and expand' sales model, most SaaS providers are quite focused on building and delivering products that are easy to adopt. SaaS adoption is especially important now because a large percentage of users would prefer to access and use their products using a mobile device like an iPad or phone instead of a PC.

Rapid Time-to-Value

For most businesses, time is money. SaaS solutions are increasingly attractive to buyers because they can be implemented and deployed quickly. This time-to-value advantage is critical because many customers are trying to increase the velocity of their own businesses. By deploying SaaS solutions quickly, customers can often realize competitive advantages as well as improved operational efficiencies.

Total Cost of Ownership

Part of the leverage that customers are looking for from their software providers is to lower the Total Cost of Ownership associated with their solutions. This doesn't necessarily mean reducing pricing but better articulating how a SaaS-based solution can eliminate the need for hardware, facilities, power, dedicated personnel and painful upgrades. By better equipping the buyer's business leaders with this information, this in turn helps them to sell the value back to their organization, because most companies are very focused on reducing operational costs and improving efficiencies.

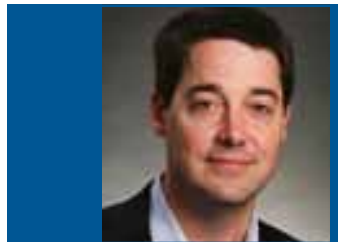
Because of these changing market dynamics, traditional ISV's are not only committing to the Cloud, but realizing that their futures are tied to how well they can leverage it for their customers.

The mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

Large ISV's now realize that building a profitable SaaS business is much harder than they originally thought, which is one reason for the increased SaaS M&A activity over the past 6 months by companies like Oracle and SAP. One major realization is that SaaS is not just a software delivery approach, but also a different business model. Key elements that are needed to build a successful SaaS business include:

- Fielding an experienced team
- Solid SaaS product and platform
- Strong sales and marketing engine
- Growing subscription revenue stream
- SaaS customers

As it turns out, all of these ingredients take time to locate and develop, so there are now new strategies.



Brooks Borcharding
President, Navisite

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

We are in the midst of a dramatic, multifaceted technological revolution that is significantly and permanently transforming our traditional perspectives of information technology. Be it the explosion in mobile devices and ubiquitous access, the exponential and seemingly endless expansion of bandwidth and computing capacity, or the adoption of social networking concepts...we are rapidly embracing change to drive our business success. But looking back in 2020 across the IT landscape, this will be the decade

that Cloud Computing delivered the single most impactful technology advancement to drive business growth. Why? Simply put, cloud computing will free business from the legacy foundation that burdened them with the intense capital, operational, and human capital expenses tied to building, operating and managing traditional data centers. Over the coming years, we expect enterprises to accelerate their adoption of consumption based services as “cloud” rapidly becomes the standard operating paradigm for the entire IT stack of services spanning across colocation, networking, compute and applications. Ultimately, companies of all shapes and sizes will no longer have to own their own IT infrastructure or applications but will rely on third party cloud service providers to supply their IT-as-a-Service on demand when they “flip the switch.”

So why cloud computing and why now? First, cloud based solutions offer significant cost and operational benefits versus legacy deployment methodologies which provide the basis for a persuasive business case. These benefits are extremely compelling and most often enable companies to reduce their IT related capital expenditures and/or operational expenses by 50% or more. And even when a company has already fully embraced virtualization technologies, the “as-a-service” model leverages advanced provisioning features, greater scale, and a true consumption based methodology that individual companies cannot achieve on their own. Second, cloud based services build upon the evolution and maturation of several parallel technologies bringing us to the precipice of rapid adoption. I’ve already referenced virtualization which has clearly been a catalyst not only from an infrastructure perspective but also psychological endorsement of a multi-tenant architecture. In addition, we have seen significant evolution in the design and capacity of next-generation datacenter server platforms purpose built for the deployment of large cloud computing utility nodes. And finally cloud computing leverages the ubiquitous availability of high-speed, secure transport enabling companies to connect effectively, efficiently and securely to remote data center facilities operated by cloud providers.

The adoption of cloud based services is well underway and, in my opinion, already moved well beyond the early adopters who were the first to embrace the new capabilities. We are now witnessing a massive shift as the majority of companies are either considering, trialing, or wholly embracing cloud computing for their specific needs. For some companies this may simply be to relieve the burden of deploying and supporting separate IT environments for their development, test and quality assurance procedures. Others are pushing their non-mission critical applications to cloud service providers so they can focus on their core business or leveraging the cloud for new business continuity and disaster recovery services. While others are getting out of the data center business completely and rapidly adopting the compute-as-a-service model for their entire infrastructure needs. A recent report by IDC predicted that more than 25% of all IT expenditures will be cloud related by 2014. I would be surprised if this was not a very, very conservative projection from my perspective “at the top.”

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

As companies embrace cloud computing they are rapidly transitioning the operation of their core data center services to cloud providers. These services could range from Infrastructure-as-a-Service (IaaS) and Software-as-a-Service (SaaS) solutions to emerging Desktop-as-a-Service (DaaS) and Recovery-as-a-Service (RaaS) offerings. The swift adoption of these cloud based services will not only deliver significant cost and operational benefits but will also enable companies to redirect their IT resources toward their core business applications and services. IT is now in a position where priorities are based on the business strategy and goals thus directly tied to the competitive differentiation of the firm and the overall success of the business. The IT department is now moving out of the traditional infrastructure and support role and refocusing on business enablement and application enhancement. This is a dramatic change from the legacy view of IT as a cost center often perceived as an extension of the facilities department. In fact the IT department has arguably never before been in a more pivotal role.

For IT professionals it’s an exciting period as they are more closely tied to business drivers that enable organizational success. The IT department is moving away from managing infrastructure and, instead, moving significantly up the technology stack to focus on core business applications and services. For cloud service providers it’s equally exciting as we are building new computing delivery models enabling companies to acquire core IT capabilities “as a service” and removing them from the burden of managing complex and expensive data centers. The adoption of new cloud based services is accelerating quickly, and we are witnessing the dramatic shift first hand for companies of all sizes.

ConnectEDU (www.connectedu.com) is a great case study that captures the potential of cloud based services but also the evolving role of IT. ConnectEDU is the nation's web-based leader in using data to connect students with colleges and employers through the nation's largest college and career planning network. ConnectEDU was looking to accommodate seasonal demand for their applications and web-based tools and also establish a new elastic infrastructure to more efficiently support their accelerating growth. Rick Blaisdell, ConnectEDU CTO, was an early adopter of virtualization technologies and convinced the executive team that a cloud based approach would not only be more efficient but also provide a competitive differentiation in the market. ConnectEDU displaced all their legacy infrastructure with NaviSite cloud based services and now leverage NaviCloud for their core application, SuperApp, as well as a rapid state-by-state rollout of a new student portal. Rick and his team simplified the business process for student applications, provided a more elastic and scalable infrastructure for applications, and standardized and automated a service based deployment across the country. In this new world, the ConnectEDU IT department no longer spends time worrying about infrastructure availability and performance. Instead they focus all their efforts on the enhancement of core business applications to differentiate their company and position ConnectEDU for long term success...something all businesses are striving to achieve.



Treb Ryan

CEO, OpSource, A Dimension Data Company

What's the future of hybrid cloud strategies?

From small businesses to multinational enterprises, cloud computing adoption among companies continues to shoot upward, through public or private cloud services, virtualization, or other cloud models. In enterprises, piecemeal adoption of cloud services left many companies attempting to manage several different architectures with varied levels of security and shared compute or storage capacity. As these companies start to closely examine hybrid cloud models, they will finally start to recognize that the cloud can reduce complexity, not just add it. With cloud computing there is an opportunity to transform business models, drive innovation and increase business agility.

To realize these benefits, companies need to consolidate their services and leverage a hybrid cloud model. This is easier said than done – once companies choose to deploy a hybrid cloud infrastructure, they must navigate how to piece their existing cloud architectures together efficiently.

As those of us in the industry have witnessed the shift toward managed networks, I believe that companies will be forced to look to service providers to help them both identify the best service mix for their business, ultimately navigating the cloud. From experience with our own clients, Glassbeam, an innovative product analytics vendor, initially began partnering with us for a dedicated data center environment, but later made the decision to leverage the cloud more fully. It started looking at hybrid clouds; some in private cloud environments and some in public cloud environments. However, after a while they all move to a hybrid cloud.

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

IT has already jumped on the SaaS bandwagon. They've realized that it is easier to use a SaaS application than to build and support a custom application in-house. As cloud computing becomes increasingly pervasive, businesses will move more and more of their infrastructure into a public or private cloud, initially looking to benefit from the economics and efficiency. As end users become more familiar with consuming infrastructure on-demand, the role of IT will change from being more project-oriented to being more service-oriented, essentially delivering IT-as-a-Service.

Historically, IT initiatives have been implemented on a per-project, integration basis—essentially, the antithesis of how cloud consumption models operate. How, then, would organizations rectify their business and IT objectives to ensure they remain on similar paths?

The answer is to take IT to the cloud as well.

This transition, though, will require a fundamental shift in thinking with IT breaking out of a project or department-centric model and moving toward a more strategic, business-oriented approach. Like other applications being taken to the cloud, IT must be nimble, drawing from the market for proven solutions it can implement and customizable on the fly. Additionally, organizations must expand beyond simply focusing on delivering an IT project to enabling business outcomes, speeding development and being flexible enough to scale quickly.

The result is an IT structure that is no longer a cost-center, but a core driver of activities that bring in revenue and support the overall business' success. It may sound like a radical change today, but businesses that carefully guide this transformation will stand to reap significant long-term benefits.



Judson Althoff
SVP Worldwide A&C and
Embedded Sales, Oracle

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

This decade has been, and will continue to be influential in the way companies and partners alike conduct business for years to come. From vertically engineered systems to achieving extreme performance, there is no denying partners are looking to reach great milestones in these areas. Vertically engineered systems are changing the game for data centers today, spanning to such areas as performance and footprint.

As we look towards the future, it will be necessary to offer engineered systems as a more efficient way to capture ideal market segments. When building a car, why would you buy each individual piece from a separate vendor when you can purchase all the car parts from one? The same idea has been true when looking at advancements to vertically engineered systems.

It is no surprise that ISVs are looking for improved scalability and security. Knowing this, Oracle has tied together a complete package of server, storage and networking software to ultimately deliver extreme performance to our partners. Oracle has also developed the Oracle Exastack Program for ISVs which enables ISVs to leverage a scalable, integrated infrastructure to deliver applications tuned, tested and optimized for high-performance. Through this program, ISVs are now able to demonstrate support for Oracle software on Oracle hardware, including Oracle Exadata Database Machine and Oracle Exalogic Elastic Cloud; these platforms have already helped to shape the industry as we know it.

What's the future for hybrid cloud strategies?

Movement into the cloud has proven to be a move in the right direction for countless companies. For organizations looking to take advantage of the benefits associated with both private and public clouds, the hybrid cloud is the route to go. The hybrid cloud is typically seen as a logical adoption model for customers and partners as they evolve from on-premise or private cloud deployments, into public cloud deployments. One approach to the hybrid cloud would be to allow companies to effectively leverage new cloud-based offerings and capabilities, but only when it makes sense for that business to do so. It is this type of flexibility that facilitates choice and offers investment protection in other deployment models.

It is imperative that the future for hybrid clouds is one which is complete, open and integrated, giving partners a choice when it comes to deployment. The industry today has seen an enterprise evolution to

cloud computing; because of this, companies should begin to develop products that are able to fit into this ideal blended model, as customers and partners start to more comfortably adopt the cloud.

Oracle has found variation in customer cloud requirements, including use cases, implementation needs, and deployment models that incorporate advanced cloud concepts such as self-service and hybrid clouds. This is yet another reason why it is important to let customers evolve and transform to cloud at whatever pace makes sense for their business.

Today, ISVs can use the same Oracle infrastructure and platform technologies (including Java, Solaris, Oracle Linux, Oracle VM, Oracle Database and Oracle WebLogic), to build, deploy and manage their own applications, either in private, public, or hybrid clouds. These technologies are also available in the form of Oracle engineered systems which ISVs can leverage as a common architecture across multiple deployment models.

As is evident with the many different public cloud offerings available today, public clouds are evolving, but the ultimate evolution will be the movement into a hybrid cloud model. It will be important to have the standards of interoperability, portability and technology in place for this shift, as companies continue to pioneer in this cloud based environment.



Andre Durand

Chairman & CEO, Ping Identity

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

We're in the midst of a major shift in how IT thinks about managing people, applications, data and devices. In our not so distant past, each of these items were placed behind the firewall where they were easier to integrate and control, but cloud, mobile and social computing are spreading these assets around the Internet, creating quite a challenge for IT. How will IT centrally manage and secure things that are inherently distributed and heterogeneous? And how will IT evolve to take advantage of what's new without throwing away or re-architecting what they already have? The operative word in the near-term is "hybrid," but long-term, it's all about identity and coordination.

What's the future for hybrid cloud strategies?

We have 30 years of legacy on-premise infrastructure and most of today's users, applications and data reside within the enterprise datacenter. However, as SaaS (Software-as-a-Service), IaaS (Infrastructure-as-a-Service) and PaaS (Platform-as-a-Service) become ever more popular, IT's challenge is to bridge today's private infrastructure with both private and public clouds. To do so will require a hybrid approach to cloud adoption, where assets live in both places at once, but where IT extends their internal users, security policies and business processes to the cloud. This won't be easy, but that's where identity comes in.

The role of Identity in hybrid cloud computing is critical. Where "distributed" is the new norm, we believe identity will quickly emerge as the one constant capable of providing security and convenience. After all, when the device isn't yours, when the infrastructure isn't yours and when the application is outsourced, what's left to control other than who has access to what?

Leveraging identity in this manner will allow us to stitch together disparate applications run from private and public clouds so they function like a single application. In the process, we'll eliminate redundant logins and passwords, and we'll provide IT a way to centrally manage access even though it won't own the device or the infrastructure running the outsourced applications. In this view of a hybrid world, APIs take top billing, because they're the mechanism by which we'll loosely couple applications and data

and within those API's, we'll leverage identity to determine the user as they traverse the Internet, moving seamlessly from one domain to another.

Does Mobile fall into one of your top 5 priorities for 2012? If so, how will you be attacking it?

Personal mobile devices are creating a myriad access, security and control issues for the enterprise. Users want access into corporate resources and are forcing IT to figure it out or make security and control compromises. As it turns out, knowing the user, not just the device, is critical to how enterprises will secure and manage this new trend as well. That's where Ping fits in. We provide enterprises with the needed identity infrastructure to know the user and secure the enterprise apps running not just within the browser, but on the iPhone or Android device as well.

In terms of our big vision, we believe the mobile phone will become the physical token (or key) to our digital world. As a powerful digital identity device, the mobile phone will help us secure and manage access while providing us the convenience of single sign-on and the control to say who sees what of our identity.

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Mark Symonds
CEO, Plex Systems, Inc.

What factors are driving the mega-vendors to buy pure-play SaaS/Cloud vendors?

SAP, Oracle, Infor, HP, IBM all face a great deal of pain as their business models become more and more stressed by cloud computing. Enterprise customer preferences are changing rapidly. Cloud computing just makes sense for businesses of all sorts and all sizes. As compelling cloud solutions become available in each new space, they are gaining market share quickly. Companies like Workday, Taleo, Netsuite and Ultimate are taking customers away from the established vendors. There are countless smaller, fast-growing vendors doing the same thing.

Most cloud products were created after the turn of the century. They were written because of the Internet, to take advantage of it. The legacy products were written before the Internet came of age. The first generation enterprise software vendors like Cullinet, McCormick & Dodge, Dun & Bradstreet, and Walker didn't survive the market shift to minicomputers and client-server architectures. We are now seeing some big brands from the 80s and 90s falter and get rolled up into oblivion.

The cloud computing model puts pressure on current quarter revenue, cash, and profits for the traditional vendors. It is very hard for a public company to make the switch. RightNow did it years ago and was punished for quite a while during the transition, but ended up with a great result. The larger the company, though, the more difficult and painful is the transition. Highly-levered private companies face a similar challenge. They need cash flow to service the debt. Making a big move to subscription pricing would not be popular with debt holders.

All these factors combine to make the idea of buying a significant SaaS business appealing.

Are traditional on-premise mega-vendors really committed to Cloud, or is it just a strategy to perpetuate and protect their on-premise legacy?

I think it's a mixed bag as to whether the mega-vendors are committed to the cloud. They are all highly incented to protect their legacy maintenance revenue stream as I outlined above. Some are adding Cloud solutions as window dressing, to assure customers and investors that they are "cloud-ready". They will promote legacy systems as true SaaS. In truth they are offering a hosted version of the same old stuff. In

some cases they offer “limited multitenancy” where similar businesses are in the same instance. They still don’t fully understand what it takes to move in a big way to the cloud provider paradigm. This “faux-SaaS” approach has bought them some time.

It’s possible that SAP has learned that they need an external stimulus to create a “Cloud Culture” within the behemoth. ByDesign debuted in 2007 as “the most important announcement in the history of the company”. The company has struggled with it ever since then. The current version of the platform gets great reviews. However, the bigger challenge is with all the other aspects of the business. Everything is different – the sales approach, pricing, deployment, service, new feature development. It seems to be proving impossible for larger scale vendors to make the change organically. There is just too much momentum behind the status quo.

The mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

It is still to be seen whether the mega-vendors can buy their way to transformation. The prices they are paying certainly incent them to get that kind of value from the acquisitions. It is possible that SAP or Oracle can build a significant cloud business from the seeds of their acquisitions if they back the management of those businesses and let them flourish, if they learn from those who have lived it and have SaaS DNA. It is also possible that innovation at those acquired companies will die as they are assimilated into the larger whole.



Greg Gianforte
CEO, RightNow

Mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

The recent acquisition of RightNow by Oracle gives us a unique perspective on this question. RightNow solutions were and are recognized by the top industry analysts as market leading in call center and web service, important components for a customer experience strategy. However, e-commerce, sales, marketing, intelligence and search capabilities are also required to support the entire customer experience (CX) lifecycle. RightNow customers were looking for a more comprehensive approach to address the end-to-end requirements that can support great customer experiences.

Oracle is a leader in many of the functional areas for CX and has recently made additional investments in web commerce and search. Oracle is moving aggressively and offers customers a full range of Cloud Solutions including sales force automation, human resources, social networking, databases and Java as part of the Oracle Public Cloud. For these reasons, and because of Oracle’s ability to continue to invest and grow the RightNow technology and business, the potential for the match was obvious.

Ultimate success will depend on continued execution. During our recent closing webcast we announced that Oracle will keep RightNow’s staff to maintain and grow a client facing team with focused domain expertise in customer experience and the practices associated with a SaaS business. This dedicated investment underscores the focus and importance that the combined organization is placing on the CX segment of the Cloud industry. Together, the combined products and talented staff from Oracle and RightNow will enable a superior customer experience at every contact and across every channel.

We are excited about what the future holds for the combined organizations, our customers and the industry.



Kalle Palomäki

CEO, RM5 Software

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

Online business and e-Commerce have been growing at a very fast pace during the beginning of the 21st century and at RM5 Software we see this growth continuing strong for the next ten years as well. However, one of the main consumer challenges in e-commerce today, is the fact that consumers have to remember multiple usernames and passwords to various e-services like e-Commerce sites. Furthermore, they need to maintain caution e.g. in providing credit card numbers during payment.

Development in identity management and federation techniques enables the emergence of identity provider business. Identity providers first build a Circle of Trust by partnering with multiple e-Commerce sites. Then they act as a central authentication point for the consumers and federate these users within their Circle of Trust. Successful identity provider operations requires a flexible, easy-to-use and multi-tenant Identity Management software and increased adoption of industry standards, such as SAML, XACML and OpenID. For consumers the emergence of identity providers, means a safer and easier e-Commerce experience, whereas for e-Commerce services identity providers can provide improved customer statistics and buyer behavior data leading to increased customer flow. Already today Google and Facebook act as identity providers as they provide federated identities to various websites.

In the next few years, we will see identity providers also entering the banking business as they will guarantee consumer purchases on e-Commerce sites. This significantly reduces or may even completely eliminate many financial risks like credit card thefts or fraudulent use of credit cards. When identity providers partner with each other, users can transparently move from one Circle of Trust to another with federation. Eventually, this will enable a single online identity for online consumers – and the need to remember only one password. This will result in increased business as e-services providers can syndicate more personalized offerings per customer segments and consumers can finally buy online with trust and convenience.

Does Mobile fall into one of your top 5 priorities for 2012? If so, how will you be attacking it? If not, why not?

Definitely it does. We are looking at RM5 the development of Mobile very closely and we see it as a major identity provider platform for two reasons. First of all, mobile phone is becoming a more important device for day-to-day operations and secondly, mobile operators are in a central place for becoming a real identity provider.

Let us first have a look at the development of Mobile phone during the next few years. Some mobile phone models already carry near field communication (NFC) chip. NFC enables smartphones, PDA devices, or even product tags to establish close range communication and “in the air” transactions and data exchange. The growth in NFC enabled devices will increase NFC based services and eventually NFC devices will challenge many traditional businesses. Potentially NFC enabled device could e.g. replace physical tickets or even cash and credit cards. Furthermore, SIM card based authentication mechanisms enable strong authentication and people can use their mobile device as identification method for both offline and online services.

Secondly, operators are aggressively seeking new services to compensate the reducing mobile voice and data revenues. Mobile operators have today several advantages over the likes of Google and Facebook if they decide to assume the position of an Identity Provide. Although most mobile operators do not have even nearly as many users as Google or Facebook, they can differentiate by the quality of users. By this I mean that mobile operators can guarantee that a user in their network is a real life person.

Furthermore, mobile operators maintain accurate and up-to-date customer contact data, such as their home address and they have a direct billing relationship with their customers. With the help of these advantages mobile operators can build their own Circle of Trust networks and federate user information with certified e-Commerce sites efficiently and securely.

A central technological component needed to enable identity provider functionality is identity management. RM5 Software's role in Mobile business is to provide fast-to-deploy identity management software for operators planning to become identity providers.

As you look around the globe, which markets will provide the best opportunities for tech companies in the next five years? Why?

Looking at Mobile and identity provider business, the most interesting geographical markets for new business opportunities are Asia and Africa. As most of the new internet users in these regions are experiencing the internet through a mobile phone, it is easy to understand that in these regions mobile operators have the biggest opportunity to claim the ownership of an online user identity and build significant business with e-commerce as an identity provider. Alongside with operators embarking the identity provider opportunity, technology companies can seize the opportunity and become part of the identity provider ecosystem – either as a technology provider for operators, e-commerce platforms or consumers.



Bill Loss
CEO, SaaShr.com

Given that the economic outlook in many parts of the world seems uncertain:

- **What's your philosophy on maintaining a focus on innovation?**
- **How do you encourage and foster a growth mindset with your employees and partners?**
- **What do you do as CEO to keep your organization focused on customers and value?**

On maintaining a focus on innovation, an organization's culture has significant influence. Given culture is generally driven from the top down, executive-level planning should be centered around information exchange and idea sharing among employees, business partners and customers. This approach will lead to stronger collaboration and help facilitate a growth mindset among all stakeholders. Whether improved job satisfaction for employees, a stronger overall business relationship for partners or greater value-driven consumption by customers, everyone involved shares in a common goal that's better defined and easier to obtain.

In following this mindset, however, an organization should first consider focusing on a talent acquisition strategy. This will identify the most appropriate candidate profiles by position and then carry out a unified process that offers a structured approach to ongoing performance reviews, which ensures an employee's skill sets maintain alignment with their specific job function over time. To continually foster innovation, most successful organizations focus a portion of management's energy on evaluating the various tools that will best assist with information exchange between employees, business units

and customers. Advancements in technology and differences in execution strategies change as leading market indicators, competitive pressures and other factors weigh in on management decision-making. Taking these factors into account, automation of workflow should be a key component of exchanging information and sharing ideas in a timely, accurate and complete way.

Once a free flow of information and ideas has been established, further consideration must be placed on formulating an objective analysis methodology to ensure the ‘innovation pool’ is managed appropriately based on realistic benchmarking data. This includes the organization’s ability to bring such an idea or concept to market, specific internal subject matter experience in the area, overall business risk, time-to-market and other factors that offer a closer view at the probability of a successful rollout. Adoption of social technology at the enterprise level is significantly changing the landscape in which innovation is born and brought to market, and is a driving force behind much of today’s collaboration and decision-making in the business community.

If an organization remains focused on improving a product’s or service’s extensibility in the marketplace, increased consumer demand will drive profitability, which, in turn, will continue to spur innovation and sustain a growth mindset.

Social media and social business are big themes for 2012. In which areas of business will the social movement have the most impact (or most potential for impact)? Why?

As the number of users on social networks continues to grow, an increasing number of people, at both the business and consumer level, are being exposed to the social movement. Facebook noted that its social network had 845 million active users at the end of December 2011, and according to ZDNet, the network is expected to reach the 1 billion active user mark by August 2012. As the social movement continues to spread, technology will work its way into more aspects of everyday life that extend well beyond today’s current uses. With consumer-driven market demand driving innovation, social technology will continue to augment how we interact with one another, make buying decisions and collaborate on new ideas.

As this transition occurs and creates a more virtual-centric society, there is an overall broader exposure to information not otherwise readily available. With this extension of information not only comes facts and figures, but publishing of personal opinions and beliefs about the products and services we seek out, and the people we know. This expanded view requires us to process more information in our daily lives, but offers greater insight into an array of social, cultural and systemic aspects of the world we live in. These additional facts, figures and viewpoints continue to change buying behavior and the manner in which we interact with one another. Those of us using social technology are more heavily influencing the overall direction in how we interact with technology. Because the social movement is predominantly user-driven, it is likely to evolve in parallel with changes in society, while driving innovation and advancement in software, hardware, infrastructure and related technologies.

So, what does this all potentially mean?

- Organizations that deliver product and service offerings centered around building an online presence for clients will flourish. By keeping these clients connected with their prospects and existing clients in a more meaningful way, these organizations will be reaping a greater piece of many sales and marketing budgets.
- Due to the social movement’s ability to drastically shorten geographic boundaries between businesses and consumers, a greater demand for improved Internet backbone performance, speed and throughput will create a reinvestment of dollars into infrastructure, which is good news for the fiber, telecom, and other related industries.
- Whether purchasing an “app” or connecting with a friend, users are seeking immediate gratification. This will require further creativity in software, firmware and related technology development that focuses on enhancing usability and delivering a more intuitive user experience with little to no training or documentation required. To accomplish this, most software developers will need to adopt an agile approach to research and development with shorter intervals between software releases.

- The 'always connected' mentality of today's society will force device manufacturers of smart phones and tablets, and those that manufacture screens, memory, electrical components and other gadgets, to shift even further down the path of a just-in-time approach to inventory management. This will create significant changes in logistics when it comes to the distribution of raw materials and finished product.



Chris Fedde

President & CEO, SafeNet, Inc.

What is the future for hybrid cloud strategies and the role of the IT department?

Corporate data compliance policies are under pressure from the ease and the lure of cloud technologies as well as the runaway mobilization of the workplace. Hybrid strategies offer some respite from the relentless drive to the cloud – but long term for the true economies and benefits of the cloud to be realized there must be innovation in and delivery of cloud friendly security solutions.

Many companies are operating a hybrid cloud strategy today – in fact, they may have been for some time – it's not really anything new. A hybrid cloud means that you have some technology and infrastructure that you operate and manage in house – and some that you rely on 3rd parties to operate and manage for you. Payroll functions have, for many companies, been handled and processed by 3rd parties – but other HR functions have been kept in internal IT systems. There are real economies and benefits that can be derived from operating IT services on public and shared infrastructure – as well as some risks. Companies have access to elastic, instant and easy to manage services that reduce the burden on IT operations as well as increase employee productivity and communications. However, in an unregulated manner, employees inadvertently allow sensitive information to sit in potentially exposed areas outside of corporate policies and enforcements for data.

The drive to maintain corporate compliance as well as benefit from the economies of the public cloud will drive more innovations around solutions that provide compliance in these environments. Therefore the strategy will be for the hybrid cloud to continue a shift away from the private infrastructure in to the public infrastructure. The hybrid will be more public. Mobile and remote access, instant provisioning and more manageable IT costs provide inevitable momentum that will force the market to deliver solutions to the problems around governance and compliance of data.

This momentum will also drive more generalized cloud oriented solutions for businesses. Software startups today rarely consider developing software for on-premise deployment – because they know that business will prefer to acquire new solutions and innovations as a service. Large businesses today already rely on cloud based collaboration, CRM, payroll, accounting, data archival, anti-spam and anti-malware technologies. The next wave will come in the form of more generalized desktop applications such as presentation, document editing and, importantly email solutions. Cloud based solutions naturally solve problems of access in every corner of the globe and on every device.

These trends also reduce the complexity and costs of managing software licenses. SafeNet helps companies manage licensing for the products they build – their customers also have to manage the costs and complexities of the licenses they consume. The ability to be nimble and to shift software platforms are hampered not only by data migration, security and training factors – but also because of license agreements that entrap companies financially. Moving to cloud based software solutions reduces the financial constraints of traditional on premise software – and greatly relieves the burden of managing deployed software. Cloud based software solutions provide easy, centralized and instantly variable options – they also shift the compliance burden on to the vendor and away from the customer –

relieving customers from the constraints of an audit and so on. However the ease in which software can be accessed on demand has to be tempered with the ease at which sensitive data can fly out of a company.

Solutions to both cloud data governance (an enterprise problem) and cloud software access control and security (an ISV/service provider problem) will accelerate the already rapid move in favor of the public side of the hybrid equation.

How will this affect IT departments? Over the long term the focus of the IT department will be much less around managing equipment either in the server room, the desktop or the employees pocket and more on accessing control interfaces that manage security, policy and governance of data. The era of controlling data by firewalling, end point control and physical access will give way to authentication, policy/key management and solutions for virtual machine security. Public cloud providers will deploy more sophisticated security technologies that enable strong, cryptographically provable protection while their customers retain the electronic keys that govern their data. Data compliance solutions will shift from the end-point to the server side (in the cloud) – providing IT with more effective means for controlling and managing policies. This inevitably leads to greater compliance with less complex tools for the IT department. IT departments will therefore re-focus on their core mission on solving higher level business problems and delivering greater efficiencies and opportunities for their business – without spending resources on buying, managing, replacing and controlling complex software and sensitive data across thousands of globally dispersed desktop and mobile devices.



Bill McNee

Founder & CEO, Saugatuck Technology

What's the future for hybrid cloud strategies?

The future of IT and business – and we must consider the two together – is one of varying levels of hybridization.

Back in 2007, before the current Cloud boom, we suggested to our research clients that most user IT organizations would be migrating to hybrid IT infrastructures over the next five to seven years, keyed in large part by aggressive adoption and expansion of server virtualization. “Hybrid” IT environments combine in-house and outsourced technologies, systems, and services to enable more flexible business environments – and, just as importantly, enable the reduction of IT management costs.

As part of this evolution in IT management and sourcing, our research indicates that a growing number of user enterprises are learning that simply trading an infrastructure of real servers for one consisting of virtual servers (i.e., implementation of server virtualization) also requires important changes to their existing IT management processes and skills.

And it may be somewhat of a temporary thing. Our February 2012 global survey and interview program indicates that most IT and business executives expect that their hybridized environments will peak within the next two to four years, and then shift more and more toward a Cloud-dominated model thereafter.

Such significant changes, whether real or expected, bring massive management challenges – and create fertile opportunities for vendor-supplied tools and services, Cloud-based or otherwise. Enterprises' hybridized IT+business management needs are going to drive more aggressive growth of enhanced, hybridized IT management offerings, including SaaS-based management offerings that are enhanced to enable management of a virtualized IT infrastructure.

Given that the economic outlook in many parts of the world seems uncertain: What's your philosophy on maintaining a focus on innovation?

The pace of IT and business change, driven in large part by the changes in what Cloud is and does and how it is used, means that innovation, especially in developing new ways of doing business, and in developing new businesses themselves, is the only way that any type or size of business will sustain itself competitively. We're seeing niche operations, devices, technologies and applications infiltrate and revolutionize all types and forms of business faster and more deeply than ever before – and then sometimes being supplanted within months by even newer, more varied technologies, devices, services, operations, you name it. It makes managing a business, and managing IT for that business, increasingly challenging and costly. That in turn drives new and more innovative ways of managing business and IT.

Saugatuck's position is that innovation is not only key to any and all aspects of business and IT today – it is core to being able to sustain, let alone grow, any business, and therefore to managing any form of IT.

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

As enterprises look to the Cloud to provide IT services that have been traditionally managed internally, they must also deal with new dimensions of risk. Managing Cloud partners and the quality and evolution of their business solutions will soon become a high priority in IT organizations, according to our February 2012 global Cloud survey, as more and more of the business applications portfolio shifts toward the Cloud. Managing integration between and among Cloud business solutions and on-premise applications will be for the next several years, through 2014, a key priority, but soon after 2014 the hybrid solution will begin to decline in influence as the Cloud assumes the primary role in support of enterprise business functions. The quality of data used in both Cloud business solutions and on-premise systems assumes the highest priority of all. The increasing complexity of data usage in support of on-premise systems, Cloud business solutions, mobile and social business solutions will soon demand attention, as it has at various nexus points in our technology platform evolution, e.g., from mainframe to PC, to Client/server, to the Web and to Cloud, mobile and social.

IT departments are evolving and will have to continue to evolve in support of these new priorities: managing Cloud partners, managing integration among Cloud and on-premise hybrids, and managing data quality and accessibility. IT will still be playing an important role, even as more and more resource utilization shifts toward the Cloud. However, in many cases, the new roles will demand new skills – and many of today's IT leaders are not all that well prepared.



Lou Guercia
CEO, Scribe Software

Given that the economic outlook in many parts of the world seems uncertain:

What's your philosophy on maintaining a focus on innovation?

In my view, an uncertain economic outlook is precisely the right time to focus on innovation. At times like these, there tends to be a healthy pressure within companies to increase business impact using fewer resources. It pushes all of us to be creative, to find ways to do more with less. Therefore, within my organization I encourage our entire team from the executives to the analysts to be open to new technologies and new ideas to improve organizational dexterity. An openness to and focus on innovation helps the organization maintain a higher level of energy and focus, which in turn helps employee morale and productivity during tougher economic times.

How do you encourage and foster a growth mindset with your employees and partners?

My belief is that it all starts with open, honest and direct communication. During my years leading start-up companies, I learned that keeping employees and partners, informed and educated on company goals, progress, failures and successes helps them invest professionally in the company. Once invested, employees and partners work harder and take more risks to achieve the desired business outcomes. They know intuitively that growth is the ticket to career opportunities, new resources, improved skills, etc... Creating an ecosystem of invested, talented employees, partners, innovative technologies and forward thinking customers – that's when business is at its best and it all starts with open, honest and direct communication.

What do you do as CEO to keep your organization focused on customers and value?

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Two words - customer interaction. The most important thing is to get everyone in the company to interact with your customers in one way or another. Asking software developers to attend customer presentations or resolve support issues is important. Having finance and accounting listen in on webinars, press calls or analyst meetings, changes their perspective on the business. Hearing customer feedback directly can have a transformative effect on non-customer facing parts of the business. When everyone in the organization understands the impact of our software and cloud services on a vital operation for a customer, they value that customer more, they increase their focus and they commit at another level to that customer's success – they're invested.

What's the future for hybrid cloud strategies?

Right now, everyone talks about hybrid in the context of infrastructure – hardware and software, things they can touch and feel. But I believe the future of hybrid is bigger than that encompassing the solution development, performance, data integration, security of business applications. Regardless of where business applications are deployed, they will need to deliver a similar experience to the user – similar performance, similar security, etc... Users don't care where it is, just that it works. The next evolution of hybrid will be that business applications themselves will be flexible and componentized, such that they can run on premise, in the cloud or anywhere in between as needed to meet the expectations of the user and the needs of the business. It's already starting...

Which tech trends do you think have been overhyped in recent years? Will they ever live up to the hype?

Trends like social business or virtual worker have been overhyped. There are a couple of simple axioms in today's age. One, we want to use similar technologies and tools regardless if we're working or playing. Two, the idea that we're virtual is an anachronism. Most friends of mine that are professionals work all the time. That is they're tethered to mail, IM, phone and files at night and during the weekends. Instead of this being a ball and chain, it's liberating because it gives us the ability to get more done when we want to and by the means that suits us best. I'm not sure they'll live up to the hype but they will be how we live.



Daniel Odio
CEO, Socialize, Inc.

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

We believe in the power of Application Programming Interfaces (APIs). As businesses implement service oriented architectures to modularize their data, it becomes easier and more beneficial for the data to be offered and consumed as an API — even between internal departments in the same organization. Exposing a business' core products as APIs allows them to be mashed up in new and unexpected ways by other organizations. The potential loss of control in this repurposing of a company's traditional offerings can be a large roadblock that must be carefully managed by the organization, but the potential benefits are huge and only now beginning to be exploited. I have a 45 minute screencast on the power and growth of APIs and the rise of mobile devices at <http://go.DanielOdio.com/waybigger> with more thoughts on the topic.

Social media and social business are big themes for 2012. In which areas of business will the social movement have the most impact (or most potential for impact)? Why?

Social media gives the user the opportunity to stay connected with their interest on various platforms. Each user is connecting with their social interest, while there is no way to connect users with a shared passion together.

And it's incredible that 1) this is happening, and 2) this is not obvious to brands. Once I show brands how they are missing out on a huge opportunity to connect with everyone who shares an interest in their brand, regardless of 'friendship,' a light bulb typically goes off. An easy way to illustrate this is by using mobile apps as an example: "If a million people download your mobile app, they will never all be friends on Facebook. But they all care about your brand, because they downloaded the app. How do they talk to each other today?" (Typical answer: they can't.)

Focusing more deeply on mobile apps for a second, this also makes empirical sense to most people: How many apps have you downloaded to your smartphone, used once, and never used again? And no wonder — it's a very lonely experience right now. When you open an app, you can interact with the content of the brand, but you can't really interact with the other million people who also are interested in the brand. So if the app's content doesn't grab your attention every time you open the app, you don't have a reason to stay in the app.

But humans are social creatures! We enjoy engaging with others who share an interest with us. We enjoy being around people that share a language, or a culture, or an interest in the same types of wine. We like to hear tips about the best mountain biking trails, or learn a new skill. Humans use shared interests to connect. Downloading an app where you can't do that is like walking through life without ever talking to anyone. It's simply not natural.

Does Mobile fall into one of your top 5 priorities for 2012? If so, how will you be attacking it? If not, why not?

Yes we are betting on a majority users going "mobile first," meaning they consume and create content on mobile devices (primarily smartphones and tablets) rather than a desktop or laptop computer. The mobile distribution channel is much more intimate than traditional methods like TV, print and desktop web. The mobile device is rapidly becoming an 'extension of self' for many users.



Taras Kytsmey

President & Co-Founder, SoftServe

Given that the economic outlook in many parts of the world seems uncertain:

What's your philosophy on maintaining a focus on innovation?

Innovation is core to the services and products we offer our clients. Our associates are highly motivated to provide innovative ways to enhance improve, or expedite the Software Development Life Cycle. Since market conditions are constantly changing, and our clients focus – or lack thereof – on innovation may become a decisive factor in their success, we fully realize how important it is to advance innovation and to continuously improve, increase, and move forward our services in there behave. Our annual Innovations Conferences as well as a number of various networking events proved to be extremely valuable in that respect; and the effectiveness of our strategy has been repeatedly confirmed by multiple industry awards. At present, innovation alongside with the operational excellence is central to software development market.

How do you encourage and foster a growth mindset with your employees and partners?

From the very beginning our company's philosophy on the importance of growth has been a driving factor. As a result of this culture, it's our employees and partners that are the catalyst behind our company's growth. Our strong commitment and investments in open dialogue, mutual trust and strategic partnerships has resulted in a consistent growth year over year of our business and partnerships. Last year was very successful for our company: we greatly expanded our services in the focused areas of the SaaS/Cloud and Mobility solutions and launched vertical software solutions into the Healthcare and Education domains. We also launched a comprehensive service for Operations and Product Infrastructure management, our partners and clients in Eastern Europe were among the first to benefit from this offering. With over 2 thousand employees we are a large and fast-growing company. In 2012 we plan to further continue our expansion and increase our market presence.

What do you do as CEO to keep your organization focused on customers and value?

The corporate culture at SoftServe is very strong, and all the employees share the same beliefs and core values. "Client-fist, partnership-oriented" has become our slogan and mantra. We have developed an extensive system for professional development which includes our corporate SoftServe University, a full-scale educational institution with its own Certification Center and Training Center. Our commitment and steadfast approach towards professional development has not only earned us the title of the Best Employer 2011 in Central and Eastern Europe, it's also enabled us to maintain excellent work ethic with the main focus on delivering value to our partners and customers.

Does Mobile fall into one of your top 5 priorities for 2012? If so, how will you be attacking it? If not, why not?

Mobile has been one of our top priorities for a long period of time: SoftServe has been dealing with mobility for more than 10 years; we have delivered more than 200 mobile projects, influenced Android and Silverlight technology improvements and created successful applications, which nowadays help millions of people throughout the world.

The impact of Mobility on business is huge, easily comparable to the PC impact 20 years ago; and all the possibilities of greater ROI, improved sales and communication are far from being exhausted.

In 2012, we'll continue perfecting our Mobile software solutions and related consulting services for Independent Software Vendors (ISVs) and technology-enabled businesses. This includes: measuring businesses maturity from a mobility perspective; assisting companies create mobility strategies and roadmaps; mapping the best processes, providing recommendations on benefits and risks; as well as developing and deploying applications from desktops and laptops to mobile technology.

What's the future for hybrid cloud strategies?

Software as a Service implementations running on cloud computing infrastructure and deployed in hybrid configuration...accurately describes the trend in many current enterprise IT deployments. Hybrid aspects include:

- Periodic data integrations between SaaS and on premise applications
- Intelligent shifting of on premise work load to low cost public cloud facilities for compute intensive tasks
- Integration of user directories between on premise and cloud applications
- Cloud based storage and back up of on premise data
- Cloud based disaster recovery for on premise systems

A wide variety of on premise systems and services are being monitored and controlled by new SaaS management applications running in external clouds. SaaS based CRM is frequently integrated with existing on premise ERP systems.

Large enterprises running multiple data centers are also seeking greater efficiency in the management of computing resources by migrating existing systems to private cloud configurations. The majority of these new private clouds are connected through a variety of mechanisms to external cloud computing platforms and services. The enterprise IT landscape includes significant investment in a wide range of on premise applications and services. SaaS and cloud computing vendors, systems integrators, and value added resellers continue to invest significant effort in smoothing the way for adoption of new services by delivering integration with the in place IT inside the enterprise. Hybrid cloud computing implementations often require professional services, particularly if the implementation involves custom developed in house legacy systems. Integration patterns for popular applications can be re-used, but often still require customization around workflow or enterprise specific data models.

Another established pattern in hybrid cloud computing is coming from the vendor side. ISVs have leveraged SaaS and cloud deployment for software distribution requirements to on premise solutions for the last ten years. Desktop anti-virus database updates for the largest security vendors are driven by large scale cloud computing solutions. Collaboration applications rely upon the delivery and re-delivery of heavyweight browser components which deliver rich graphical user experience. Next generation mobile devices include cloud file storage and cloud backup. On premise appliances often receive daily configuration and database updates using purpose built cloud computing services.

At SoftServe, we expect 2012 to be a year of continued rapid growth in all aspects of hybrid cloud computing. We are set for continued high growth in the demand for our consulting and development services that facilitate hybrid implementations. As a response to market demand we propose our intellectual property that allows an end-to-end delivery of hybrid cloud services. We introduced Cloud+Appliance deployment platform and Infrastructure Management Framework to provide the ability for our partners to put their hybrid cloud solution on a market with the maximal efficiency.



Tony Knopp
CEO, SpotlightTMS

**Social media and social business are big themes for 2012.
In which areas of business will the social movement have
the most impact (or most potential for impact)? Why?**

The social customer and its growing influence is forcing business to change. Just ask Netflix or Bank of America.

In 2012, social media and social business will have the greatest impact on customer relationship management and employee relations.

Until recently, most planning and execution of social media resided in marketing and communications departments. But social media has now become more than a marketing tool. If leveraged properly, it can be a business engagement model that creates a significant competitive advantage. It can drive customer loyalty, brand advocacy, employee satisfaction and even product innovation, if it's integrated across multiple business functions.

While most forward-thinking corporations have integrated social media into their marketing mix, the concept of social business is still relatively new. The ways businesses connect with colleagues, customers, partners and employees changed significantly over the past year as more mid-to-large enterprises began to adopt social business applications, particularly social CRM. Some CRM vendors are now taking social CRM to the next level to enable organizations to leverage best practices for creating social businesses. In the coming year, we will see explosive growth in social CRM as organizations recognize the value of having all customer-facing departments engage in social media.

As organizations take steps toward social business integration, savvy social businesses will include employees across all departments in the organization to establish social media policies and guidelines. By involving employees in shaping policies that govern their own behavior on the social web, employee morale will increase and positive perceptions of transparency and trust will follow.

**Does mobile fall into one of your top 5 priorities for 2012?
If so, how will you be attacking it? If not, why not?**

Mobile is definitely among the top five priorities at SpotlightTMS for 2012. SpotlightTMS™ is an SaaS application that enables companies to measure the business impact of their sports and entertainment ticket and suite assets. Our focus is on growing a platform that is capable of interacting with users wherever they may be, in ways that are familiar to them. Increasingly, mobile environments are both familiar and ubiquitous.

Indeed, mobile devices are beginning to replace traditional PC hardware as the preferred communications/collaboration medium in the enterprise. Our plan is to meet the user with compelling offerings integrated into the applications they currently use. Although a standalone SpotlightTMS application will continue to be offered, we prefer to grow the product around the applications they already rely on day to day — their Outlook or Google Calendar, mobile CRM applications, iPhone or Android email, and the like.

As the SpotlightTMS platform matures, users will have access to all of their firms' tickets and assets — and information surrounding those assets — on their mobile devices. According to Juniper Research, mobile ticketing (including tickets for sporting events) reached 4.5 percent of mobile phone users worldwide in 2011, and will grow to 12.7 percent — or 750 million users — by 2015.

This trend gives us another compelling reason to provide a mobile offering. Corporations that use sports tickets and luxury suites as business development tools will be able to order tickets and invite prospects directly from their mobile CRM applications, enhancing their opportunities to generate sales and establish solid customer relationships.



Kirk Simpson
CEO, Wave Accounting

Given that the economic outlook in many parts of the world seems uncertain:

What's your philosophy on maintaining a focus on innovation?

Despite three to four years of economic turmoil, the pace of global innovation has sped up. At Wave we believe that keeping a focus on innovation isn't just a "nice-to-have" — it's essential to economic survival. If we take our eye off innovation, a new entrant will be nipping at our heels before we know it. So, while there are always other demands and To-Do items that compete with innovation for our attention and resources, innovation always rises as the top priority.

Incumbents like multi-billion dollar software companies have plenty of advantages: size, capital, resources, and brand power, just to name a few. As a start-up that is developing seamless online accounting and payroll services for small businesses, our advantage is the rate at which Wave can push out innovative technology and business models. And based on what we see in the market around us, in every segment of the industry, innovation can trump those other advantages and carry a company to success.

How do you encourage and foster a growth mindset with your employees and partners?

Growth feels good. The momentum associated with it is addictive, so that the drive to grow is self-sustaining: The more we innovate and grow, the more we're driven to do it again.

At Wave we try to ensure that the company is not putting rigid processes or protocols into place that will stifle our momentum. The same goes with our partners: we make our values, our culture and our goals very clear. If they don't share our core vision we move on to the next. We try wherever possible not to settle for less than what we are capable of.

What do you do as CEO to keep your organization focused on customers and value?

Most of us at Wave have been small business owners or self-employed contractors and consultants at some time. We have an advantage in knowing — at all levels of our company — the pain that our customers feel when it comes to back-office tasks like accounting and payroll. We have a built-in sympathy and understanding for what our customers are experiencing, and therefore strive to make their businesses run easier.

In other organizations even if you haven't walked in your customers' shoes, you can still find easy, agile and continuous ways of zeroing in on how they feel. We just implemented NPS (net promoter score) for Wave Accounting. It's a very useful snapshot of what our customers think about our products, and what pain points they still experience. With NPS data in hand, we can know that our efforts are focused on relieving customers' pain wherever possible.





Duane Albro

President & CEO, WVT Communications Group

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

With the panoply of cloud-based systems and applications we no longer need a staff of programmers and developers to the extent that we used to. Essentially, we are able to get our systems developed and hosted for us and the only development work is the middleware integration, and even that can easily be outsourced to the SaaS provider. As a result, we are able to downsize the programming side of our IT group while retaining the customer side. Consequently, our IT group becomes almost entirely a “help desk” group rather than a development group. Of course, the help desk skills are very different from programming skills so retraining is necessary.

Another interesting offshoot of cloud-based solutions is the cost accounting impacts. Essentially, previous systems that required on-premise hardware/software were capitalized costs, thereby being accounted for on the balance sheet...not the income statement. So, those costs previously had no impact on earnings (except for the maintenance costs). However, with cloud-based solutions there is no on-premise hardware/software and the per-user SaaS fees now hit the income statement. As the use of cloud-based SaaS grows this impact will have a diminishing effect on earnings. This will ultimately have to be dealt with in accounting standards.

If email takes a backseat to Facebook, Twitter, and SMS for business communications in 5 years, how will that change your business strategy? What are you doing today to prepare for that possibility?

As a publicly-traded company we are required by regulatory bodies to retain all written/electronic communications. Because company email is provided via a server we can easily retain the emails. However, if social media and/or texting communications were to become used for business communications we would have a serious issue with retention since these types of communications are typically web-based with no central server. Consequently, there needs to be a technology solution to the retention of all electronic communications before publicly-traded companies can incur wide-spread use of alternate communications media. In the interim, we cannot endorse the use of social media/texting for company communications.

What factors are driving the mega-vendors to buy pure-play SaaS/Cloud vendors?

Our company is a medium-sized business and we have traditionally not been a target for the mega-vendors. As a result, we have used smaller vendors that are more targeted to our size. However, the cloud-based SaaS providers have a distinct advantage over the mega vendors because they can so easily scale their services up or down market. Consequently, the SaaS providers can reach a significantly broader market than the mega-vendors. Further, with the up-scalability of SaaS platforms, the mega vendors are seeing increased competition in their space and must build or buy the SaaS capability if they are to remain competitive. In many ways, it is much like the transformation our company is undergoing in the cloud-based telecommunications space.



Chris Cabrera

CEO, Xactly

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

When we look back on the '10s, it will be clear that the full embrace of cloud-based services has not only changed our businesses but our lives.

True cloud computing makes many mobile software innovations possible, changes what we expect from our business and personal tools, re-orders the way products are developed and alters the core of customer relationships.

The cloud is more than a buzzword. It changes the way we live and work. That change will be at the core of innovation.

Without cloud solutions remotely providing services – from your personal radio stations on Spotify or Pandora to access to your customer relationship or sales compensation data – there would be no mobile radio or business intelligence.

The beauty of the cloud-empowered mobile services is that we now expect to take everything everywhere. We expect to be able to tell in a tap or two if a particular restaurant is highly recommended or if we are going to make quota.

That mobile access changes our response. Do we eat at the restaurant? Do we work later to close the deal?

The same cloud revolution – and it is more than a delivery system – that teaches consumers and businesses to demand constant anywhere access, also empowers developers.

With cloud-based platforms, they can jump on existing infrastructure and begin innovating right now. Salesforce, Microsoft and Amazon are just a few examples of existing systems they can tap into.

Now developers can create new tools and get them to market faster than ever with less cost than ever. Cloud-based platforms and delivery increase the speed of innovation.

Xactly built its small business offering on the Force.com platform using a single code base, a move that allowed us to quickly launch a successful means for small-to-medium sized businesses to automate sales compensation and track commission in real-time.

Cloud platforms also help make innovations stick by allowing entrepreneurs to stretch early investment dollars. Rather than wasting cash on expensive hardware, they can focus on developing better products with successful go-to market strategies.

This increasing innovation will mean more choices for those mobile customers I mentioned earlier. They want everything everywhere, but they also expect it to be the best.

If it isn't, they'll leave you. That's due in part to increased cloud-powered innovation. It is also because cloud-based tools lower the cost of change for consumers.

Users are no longer chained to expensive on-premise equipment. Think of it this way, two decades ago switching from the VCR to DVDs required users to repurchase hard copies of all of their favorite movies. Today, switching between Netflix and Amazon streaming services requires a few clicks.

That means companies have to innovate in better ways to keep customers. They must provide the best products coupled with the best customer service. Innovations in the way businesses treat clients are driven by cloud revolution.

At Xactly, we stay customer-focused, always applying user input into our innovations so we can provide the best products and service.

In the next decade use of the cloud will spread, lowering the cost of innovation, increasing the mobility of software services and changing customer relationships.

It's no wonder Xactly has been in the cloud since our beginning.

Does mobile fall into one of your top 5 priorities for 2012? If so how will you be tackling it?

Mobile is absolutely a priority for Xactly in 2012.

As I mentioned before, the cloud-based revolution is driving increasing mobile innovation. In a mobile world, our users need access to the information we provide – data on quota attainment, payout tracking and more – from anywhere.

If we don't provide that, our customers don't succeed. If our customers don't succeed, we fail.

Luckily for us, we have always been a cloud-based company.

We were founded on the principle that vital business data should be available in real-time from anywhere.

As hardware has improved – better smart phones and now tablets – we've been right there. We created native apps that combine the best features of the equipment with our SaaS applications.

We believe that by putting sales compensation information – particularly quota attainment data – in the hands of sales people on the road will push them to better performance and their companies to better success. Xactly allows sales reps on the go to check into the potential value of a deal to their paycheck – and to run what-if scenarios on pricing and product mix that help maximize the value to them and their employer.

In 2012, we plan to continue to exploit these technologies to deliver the intuitive usability and real-time access to important business data that users expect.

Being where people need you is a big part of making them a success. As a cloud-based company, it is even easier for us to get there.



Paul Lambert
CTO, xAssets

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

In my opinion, when we look back on this decade eight years from now, the “single most impactful technical advancement driving business growth” will be the combination of new chip technologies and the advancements in cloud-computing that enabled the mobile revolution to become a reality. Let me explain.

The development of the full function and energy-efficient chips based on ARM® designs and similar technologies enabled the creation of powerful mobile devices such as the iPhone®, iPad® and Android®-powered devices. The availability and proliferation of these devices led to what the late Steve Jobs termed the “Post-PC era.” Considering how quickly the mobile platforms have been adopted, I have no doubt that by 2020 they will be the dominant end-user computing devices. The “post-PC” devices have already

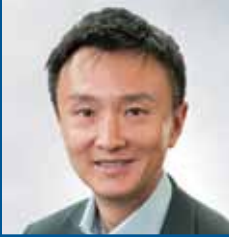
changed the way corporations and individuals access, process and handle information, and there is every reason to believe their impact will expand. Mobile computing gives more personnel access to critical information and improves efficiencies, both of which drive growth. In addition, as compared to using traditional PCs, the overall cost of using hardware based on the new chips, including mobile devices and servers, reduces overall computing costs which in turn can drive corporate profits and growth.

Cloud computing also changed the computing paradigm and already has had a significant impact on corporate and personal computing. The cloud naturally enhances the value and functionality of mobile devices as it provides access to information and applications without the constraints of a closed network or packaged software. This in turn makes corporate operations more efficient, both on an operational and cost basis. However, the impact of the cloud far transcends mobile computing. Cloud applications tend to be scalable and flexible. Whereas traditional applications typically have a fixed set of features and capabilities, cloud-based software can often be tailored to meet the needs of the specific enterprise, regardless of its size. For example, large enterprises, and mid-sized enterprises have begun to realise that “out of the box” solutions really do not fit their businesses requirements closely enough, and the savings from deployment of “out of the box” solutions are a false economy. Companies such as xAssets represent a new wave of easily configured enterprise solutions that solve the problems without substantial investment in services or product acquisition. Beyond the flexibility and scalability of cloud applications, the software tends to be priced in a manner that is more economical than standard software licensing models, providing another platform that enables growth.

The combination of the mobile devices and cloud-based apps will surely be looked on as technology's contribution to business growth in the second decade of the 21st century.

With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?

The IT department may be one of the most dynamic areas of an organization. Over the decades it has transformed from a group that developed custom applications and hardcopy reports needed to run the business on highly centralized systems to a group that oversaw the acquisition and management of server farms, networks, end-user devices and packaged software. Now, with the advent of the “consumerization of IT”, cloud-computing and the “post-PC era”, the role of the IT department will undergo another radical change. In the past, the IT group literally owned the computing hardware and provisioned the software. Today, as employees continue to bring their own mobile devices to work, the IT group needs to adapt. It will be required to create policies that accommodate personal devices, particularly in the areas of data access, approved software and supported devices. As more tablets and smart phones find their way into the office, the IT group will have less of a role as a technology provider and more of a management and oversight role. Likewise, with the advent of infrastructure as a service (IaaS), the actual computing hardware, including the servers and hard drives, need not be resident on the company's premises. The IT department moves from operating and maintain the actual physical devices to managing the relationship and service level agreement with the computing service provider. With the changes that IT landscape is undergoing, and the overall direction it seems to be headed, I think the IT group will assume more of a management function and less of a direct provider of computing and data resources.



Tien Tzou
CEO, Zuora

In 2020, looking back on this decade, what will be the single most impactful technical advancement driving business growth?

New business models are emerging from the cloud and new players are emerging with them. The cloud finally does away with the need for significant investment in licenses and thanks to the power of the Internet and cloud computing, many products are moving to subscription services delivered online—everything from music and DVDs to software and infrastructure to groceries and cars. Every day, more and more traditional players are joining the “subscription economy,” often in response to changing consumer habits and demands. Why pay big bucks for something just to get stuck with one model, or one style, when you can pay a low monthly fee and get access to the whole collection? For most companies, this shift means relearning a lot about selling, pricing, packaging, and building customer loyalty. As we move to this new economy, companies need to move away from a manufacturing-oriented, product-focused way of thinking, and embrace a world of services that fundamentally changes customer relationships.

But, what will it take to succeed in this new world? Right now, business leaders need to gain a more nuanced understanding of the strategic, financial, and operational implications of a subscription-based model or they risk losing share in the time-to-market sprint. The same way the Web rocked the bricks and mortar world of business 15 years ago, enterprises need to manage the shift to a subscription economy. They need to understand that the competition will be governed by new rules, and if you cannot provide the right service at the right price, your competitors will. Make no mistake, some businesses will step up and flourish, and others will get left behind.

Mega-vendors are finding they have no choice but acquire in an attempt to stay competitive. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

The market has embraced the cloud and even traditional on-premise vendors are jumping in the cloud camp. Dell is one obvious example. Known for selling low-margin “boxes” for most of its history, Dell recently made the move into offering services via the cloud. Dell’s shift is clearly paying dividends if its Q3 numbers are any indication “pricing our products based on value rather than based on cost,” according to Michael Dell. And, it’s working. In the recent Q3 earnings call, he stated “This is a new Dell...in Q3, our enterprise solutions and service business grew 8% to a record high \$4.7 billion.” And, make no mistake: SAP acquired SuccessFactors with the intent of offering its large customers cloud-based, mission critical applications such as those for project management, ERP and HR.

Companies now live in a world in which success is not gauged by counting how many units of your product you’ve sold but, rather, how many customers are using your service on a recurring basis, and how successful you are monetizing those recurring relationships. According to a recent Gartner Group report, “by 2015, 35% of Global 2000 companies with non-media digital products will generate incremental revenue of 5% to 10% through subscription-based services and revenue models.”

As an economy and a culture, we are rapidly moving away from owning tangible goods and, instead, gravitating towards becoming members of services that provide us with experiences — such as listening to a song, watching a movie or collaborating with our colleagues.

What factors are driving the mega-vendors to buy pure-play SaaS/Cloud vendors?

Clearly, traditional vendors are just trying to stay competitive by purchasing cloud vendors. For example, much has been discussed about SAP's recent \$3.4B acquisition of SuccessFactors. Rightly, SAP has been praised for trying to bolster its cloud offerings with this move — it's because of a fundamental shift that is taking place regarding how people consume products and services. I'm referring to the shift we are experiencing away from a 20th century product-based, "buy once" economy to a 21st century services-based "Subscription Economy" centred around recurring customer relationships.

For example, there's a very good chance you're one of the exploding number of consumers who now access their music via subscription such as Pandora or Spotify. You may even be one of the many people who have stopped renting DVDs in favor of streaming your movies over Netflix. Or, you could be one of the growing number of consumers who have eschewed owning a car to accessing one via a subscription company such as Zipcar. Or, maybe you are one of the growing list of companies who are voting "no" to buying hardware and software and instead are using apps and computing power served up from the cloud.

The cloud finally does away with the need for significant investment in licenses and thanks to the power of the Internet and cloud computing, many products are moving to subscription services delivered online. An increasing number of traditional players are joining the "subscription economy," often in response to changing consumer habits and demands.

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