

SIIA's **VISION** from the **TOP**



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.

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SIIA's Software Division serves and represents over 100 member companies and provides 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 meet to 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.

SIIA Software Division Staff

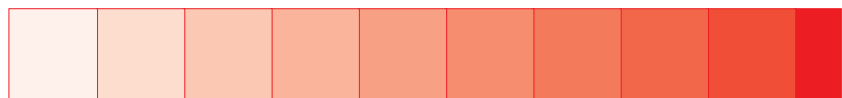
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Table of Contents

5	Foreword Rhianna Collier, VP, Software Division, SIIA	34	Mark Cunningham, Indicee
6	John Herr, Adaptive Planning	35	Robert Ried, Intacct
7	David Roth, AppFirst	37	Nick Mehta, JBara Software
9	Ray Solnik, Appnomic Systems	38	Michael Binko, kloudtrack®
11	Carl Theobald, Avangate	40	James Welch, Kronos
12	Kris Duggan, Badgeville	41	Edward Kwang, MySammy
13	Larry Cates, Bancroft Technology Group	42	Jason Blessing, Plex Systems
15	René Lacerte, Bill.com	43	Bob Rizika, ProfitBricks
16	Mat Ellis, Cloudability	45	Jim Whitehurst, Red Hat
17	Carson Sweet, CloudPassage	46	Frits Veltink, SaaSenergy
19	Kurt Michel, Content Analyst	47	Bill McNee, Saugatuck Technology
21	Feyzi Fatehi, Corent Technology	48	Lou Guercia, Scribe Software
23	Eileen Boerger, CorSource Technology Group	49	Jan Aleman, Servoy
24	Rick Nucci, Dell Boomi	50	Igor Soshkin, Shopping Cart Elite
25	Morris Panner, DICOM Grid	53	Sean Cook, ShopVisible
27	Steve Nola, Dimension Data	54	Taras Kytsmey, SoftServe
28	Ron Antevy, e-Builder	55	Shankar Krishnamoorthy, Techcello
29	Joe Payne, Eloqua	57	Guy Nirpaz, Totango
30	Audrey Spangenberg, FPX	59	James Messer, Transverse
32	Luosheng Peng, Gageln	60	Ned Lilly, xTuple
33	Roman Stanek, GoodData	61	Tien Tzuo, Zuora
		64	SIIA Software Division Members





Foreword

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 took the pulse of SIIA member executives driving innovative technology businesses. This publication offers the collective wisdom of 41 SIIA member executives. In less than 30 minutes, you can formulate your own opinion based on an examination of their points of view.

If you only have 1 minute, here's the general forecast:

Social media continues to redefine and enhance sales and marketing strategies. Social media is now a significant part of the B2C and B2B sales and marketing strategy. In fact, a survey of our CEOs showed that the majority felt social media platforms, LinkedIn and Twitter, were under hyped in business. Social media provides for an inexpensive touch point that can have a direct impact on building brand awareness and sales. A good social media strategy is one where you leverage the tools to engage directly with both existing customers and prospects alike. More and more companies are beginning to effectively master communication with their customers and prospects through social media channels.

Mobile will continue to change the way we do business. Today's always connected workforce expects to be able to carry out all aspects of their business regardless of location. We see more and more companies supporting increased mobile device usage with business applications. With IT departments now able to customize mobile devices to run their business/industry specific software, we will see mobile business increasing over the next few years. Companies who embrace mobile business see clear ROI as it reduces costs, boosts user productivity, and improves customer service, which ultimately leads to profit.

Companies are using data analytics to gain market share. Just as we see the impact of mobile and social on business, analyzing the data provided by trends like these is increasingly important. In today's information age, we are producing huge amounts of data every day. Companies are beginning to access and analyze this data, structured and unstructured, to make better business decisions, target customers, respond to changing market conditions and forge better business relationships. The point is that businesses are finally making sense of this explosion of data.

It is all about efficiency. To keep pace in an increasingly competitive world, businesses need to run as efficient as possible. Mobile allows employees to have access to business processes, customers and prospects, anytime, anywhere. Social allows businesses to track competition, customer and prospect behavior, and increase business collaboration. Data analytics allows companies and organizations to make better business decisions. From cloud to mobile to social media to data analytics, it is all about running businesses more efficiently.

I encourage you to take time during your travels or in a quiet moment at work to read through these interviews and absorb the perspectives of our industry's leaders. I'm certain you'll find insights that will inspire your thinking as you continue to grow your business and strengthen our industry.

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.



John Herr
CEO, Adaptive Planning

**What are your top 5 priorities for 2013?
How do you plan to achieve those goals?**

As the CEO of Adaptive Planning, a company that has achieved phenomenal growth and customer momentum in business analytics in the cloud, I am looking to drive three key fundamentals throughout the organization this year: focus, execution, and acceleration. We're coming off a year that saw 90+ percent growth in new software revenues, an 85 percent increase in headcount, and nearly 500 new customers. We are now asking ourselves, how do we sustain and even accelerate that growth? How do we maintain focus despite a rapidly expanding product portfolio, global sales force and partner network? And how do we keep our eye on the ball to continue to execute on delivering a superior product and serve our customers to maintain a high level of passion, retention, and loyalty?

At our recent 2013 global sales kickoff and partner forum, I laid out a set of five priorities that will help us achieve the necessary focus, execution, and acceleration this year.

1. Achieve a balance of high velocity, efficiency, and satisfaction

Last year, we closed a substantial \$22 million round of additional funding, led by Norwest Venture Partners (NVP). This funding was to help accelerate growth opportunities and expand our product portfolio. The reality is that we have achieved much of this growth and product depth with an efficient model of low levels of capital spending and better than expected sales that leaves us in a very positive financial position going forward. But we are also mindful to maintain the kind of customer support, service, and robust product that got us to this position in the first place. We have an incredibly strong base of loyal and evangelical customers – over 1,500 customers and 45,000 users in 80 countries and around the world. We also have over 400 global partners that are some of our biggest fans and committed to superlative customer satisfaction and retention. Our partners include NetSuite, who has chosen to include our application within their offerings as a best in class planning solution.

2. Embrace strong enterprise market forces: land & expand strategy

Our biggest growth over the last year has been in the larger enterprises, which accounted for 25 percent of our growth in 2012. In fact, customers with revenues over \$500M represent the fastest growing segment we have. We see ourselves at the center of a perfect storm of market trends and opportunities with strong tail winds at our back. The biggest of these trends is the market shift to the cloud. We're beyond the tipping point; the cloud is going mainstream, and that's helping us in a very big way. There's also a trend of data proliferation and big data. The third I'd highlight is the focus on cost savings and the benefits of speed to value. When we say, "No IT required," those are magic words to our CFO and line of business customers. Also, social enterprise and workplace collaboration is what budgeting, forecasting, planning are all about. Mobile computing and remote computing is another driver along with the consumerization of business software. All this is fueling our growth, particularly in the enterprise.

We're finding that the scalability, power and simplicity of our cloud offering is allowing us to land within business units or departments of larger organizations and expand as the enterprise sees the value of the solution. Knowledge Universe is a good example of this. What started as a couple dozen seats at the company's headquarters in Singapore has expanded into thousands of seats and 13 instances around the world for the multi-billion dollar global leader in education centers. Now they are using our solution to present results and information to their board. In addition, more enterprise customers are upgrading from on-premise legacy systems like Hyperion

and SAP to Adaptive Planning because they can get the functionality they need for less than the maintenance contracts on these older solutions, and they no longer require IT support.

3. Expand the portfolio of integrated solutions: planning, consolidations, and intelligence

Part of our acceleration strategy involves the expansion of our cloud-based product portfolio to enable finance and business to look at the past, see the present, and intelligently plan for the future. We have added visual discovery, which came through the myDIALS acquisition and incorporates stunning dashboards, drill downs, and visualizations of data. We're also launching financial consolidations, which takes our current capabilities up to a whole new level with a new integrated consolidations module.

4. Go global: more customers & partners worldwide

A big part of our expansion going forward is to capitalize on global opportunities. In 2012, our international business doubled – largely before we had any physical international presence at all! We already have customers and partners in 80 countries, due in large part to partner success abroad. We are expanding our internal staff in the UK and Australia this year to pursue growth in those regions. We also are investing more resource in the channel, and have just added Carolee Gearhart, a proven leader in channel strategy and success from SAP and PeopleSoft, to our exec staff. We are seeing very impressive win rates through our partners internationally, and feedback from them is there is substantive untapped opportunity for us together.

5. Growing organization: +80 employees, focus & execution critical

Finally, we will continue to expand our workforce to address the needs of growing and broadening markets. We expect high levels of additional hiring again this year, particularly in engineering, sales, and marketing, to continue on the path of acceleration that we started last year. We're laser focused on maintaining the customer-centric focus that has created a user base that loves the solution and service we deliver. With the fundamentals of cloud-based product excellence, strong market drivers, and a highly productive staff and sales force to service a growing customer base, we're geared up to keep the momentum going.



David Roth

CEO, AppFirst

Over the next 3 years how will the enterprise evolve to meet the greater needs for efficiency, scale, and execution?

Can Enterprises Really Have It All?

Federated Cloud Architectures and the Ecosystem Needed to Support It

Just two years ago for this publication I wrote about how over the next few years enterprise IT organizations would learn more about private, public and hybrid clouds, and that they would better understand their application architecture needs. I felt that a real trend was building toward hybrid clouds and eventually federated clouds, and that it would happen not overnight, but in evolved stages. Now two years later I will venture that my discussion then was pretty accurate given the growth in hybrid cloud adoption. Last year I wrote about how business and applications are indistinguishable and the critical need to align IT and business. This year let's take a look at where the enterprise is now and how it is evolving to satisfy the seemingly endless need for efficiency, scale and execution.

For the most part, enterprises have still not completely standardized on all things public cloud be it SaaS, PaaS or IaaS across their entire portfolio. Fundamentally, large enterprises continue to be run by

IT departments tucked behind a firewall. However, these IT shops are realizing the value in becoming the service providers of private cloud offerings: they can provide the agility that their departments require, while ensuring that their security and governance standards are being met. There has also been a push for these groups to bring value add benefits around some of the business selected cloud products such as Salesforce automation, marketing systems and HR SaaS ranging from providing data integration services, adding security and governance technology to ensuring that the entire portfolio of applications is living up to their firms' standards. In the modern IT enterprise there is a need for agility, efficiency, being more responsive to the business, and achieving scale not just going up to handle spikes in business activity, but scaling down so that departments can pay for just what they use. These benefits are darn attractive. So while two years ago we talked about how enterprises will be embracing the cloud in stages, now they've embraced a lot of great things about the cloud and are ready for technical execution of the benefits.

This has now raised the bar of what the enterprise requires of their partners that supply them with solutions for datacenter management. Today IT organizations are delivering the service levels of private computing in their enterprises, but wanting to manage how it interacts with public resources like SaaS applications and infrastructure. They are working on and managing in parallel what's in their control, and what's not. Has the ecosystem evolved far enough in the last two years to fully empower enterprises to build their private clouds? To leverage where appropriate public cloud solutions? And have an end to end clarity on how to perform the best combination possible to the business' benefit?

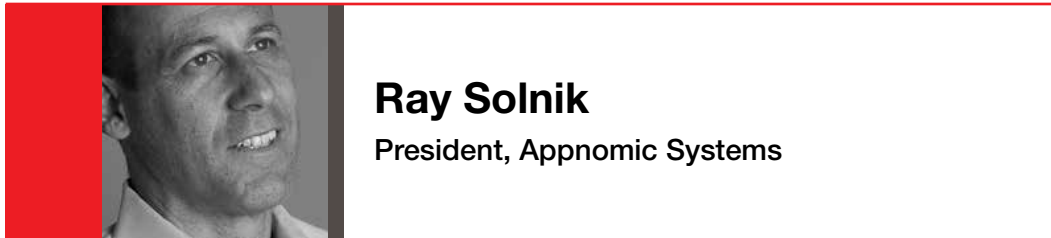
These enterprises are looking for more from the ecosystem – various tools that didn't exist a few years ago – to help them better manage and govern all of this. Unlike a business that can run entirely on a public cloud pretty painlessly, many large enterprise IT organizations have a responsibility not just for service levels inside and outside the company, but also for staying in compliance, staying within policy and staying auditable. So they really want the best of all worlds: the efficiency and cost benefits of the cloud along with the compliance, the ability to manage interaction with public resources, and the security of maintaining their own data center.

So is any one company offering a silver bullet for enterprises to have it all? Absolutely not – and my prediction is it won't happen. Gone are the days where monolithic software packages are purchased and adopted. Just because a large company has the resources to snap together different technologies for one giant solution, does not mean that they can make it all work together seamlessly. I feel pretty solid about this because I continue to engage daily with CIOs and the folks in enterprise IT shops – and I hear it over and over.

I believe the solution will lie in partnerships of companies that work together, weaving technologies together into an integrated, elegant, best-of-breed solution. For example, the role of my company AppFirst is to provide visibility into what's going on inside every application within every physical or virtual machine across multiple datacenters, public and private clouds, and then deliver actionable visual awareness of what's happening where and why, and how it's impacting business. This then evolves to event-driven knowledge based on this knowledge what actions are required to be support the business? To accomplish this for the largest enterprises you need to leverage sophisticated policy engines, which also provide the auditing and reporting against those policies to ensure that organizations are staying within compliance. When it's clear what drives certain actions, they often require automation which then drives remediation requirements: This could include setting up new server(s) or establishing a recovery of an entire stack in the case of a disaster, and these needs fall to a different set of players. There are several different sub categories of important solutions all from different companies that need to play nicely with each other through well-written APIs.

The ultimate goal is for the companies of all these solutions to partner together to automate the process so no one has to call anyone, or even fill out an online form. The systems are all integrating with each other across the ecosystem and in an autonomic fashion, ensuring that everything is running at its best no matter where the applications are running. It's a closed loop system from an alert in a monitoring system creating a help desk ticket, to problem resolution and then validating that the resolution is complete. These requirements are not met by one large provider (and probably won't ever be, in my opinion), but by best-in-class solutions working better together by providing complementary value. This is not a dream state it's the expectation of every modern enterprise that wants to leverage the best of cloud platforms, be they public, private or hybrid.

It will be interesting to see how this all shakes out. One company could eventually step up to be the 'ecosystem csar' – ensuring quality and integration. Or, and I think this will be more likely, it will be self-policing and worked out partnership-by-partnership. We're not there yet today, but we're darn close. And just like enterprises moving to the cloud, we're getting there in stages. I think the key to success is for all of us is to work together – with the customer and their needs always at the center. All of us need to step up to the challenge of being a good partner – both with another company and to our customers. When the dust clears, who will still be standing? It's going to be an interesting journey. But one thing is clear: the winners will be the companies committed to successful partnerships, and the customers who will achieve that control, efficiency and scale they need.



Ray Solnik

President, Appnomic Systems

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

Three IT Trends to Increase Profitability by 10%

IT's role continues to change in varied and compelling ways. These shifts have massive and exciting implications for investors and senior business leaders.

Nicholas Carr explains in his book, *The Big Switch*, how the data center is going the way of the electric utility. We may finally be witnessing the real transition of computing operations away from the enterprise's four walls to third-party service providers – many of which could become the utility computing service providers of the future.

This tectonic shift is fueling three key changes for today's IT department professionals and they must figure out where they will land in this evolution: (1) at the utility compute service provider, (2) as a key vendor manager for the enterprise, managing those utility and related relationships, or (3) "moving up the stack" as a better enabler of end user applications.

One: Putting the Lights Out On Day-to-Day Drudgery

Many of today's industry players bemoan how much time and energy IT employees or service providers spend "keeping the lights on" simply ensuring the employee-empowerment compute infrastructure works properly. Too much time is spent fixing bugs, hosting conference bridges when a network connection goes down, and rebooting servers when they fail. As computing moves out to utility providers, we finally have the opportunity to put the lights out in our own data center daily operations and have staff focus more on how to apply that utility service to applications we truly value.

I recently interviewed more than a dozen of the worst internal IT department critics at one of Appnomic's high tech enterprise clients (~\$1 billion revenues). One of my favorite interviews was with a pricing analyst. He is convinced that if he could simply trust his IT department to avoid getting sucked into the crisis of the day and spend a little more focus on fully implementing a pricing analytics application, he could increase company profitability by more than 1% of revenues. 1% of revenues equates to a 10% increase in this company's profitability. They are not proceeding at the moment because the IT department is too busy chasing day to day run rate ops of the infrastructure.

Enterprise IT departments must continue to push to emerge from day-to-day operations and shift the allocation of IT budgets from "keep the lights on" operations to more valuable application operations. The ideal? Outsourcing larger portions of "keep the lights on" operations, putting in

place vendor managers, and working with end users like this pricing analyst to make a greater and greater business impact.

Two: Manage the Vendor or Vice Versa?

Having been seated on all sides of IT operations, I am often befuddled as to why clients dig so deeply into vendor operations by requesting detailed reports, overly frequent review meetings, and the like. The buyers gaining the most from their vendors are the ones who leverage the focus, expertise, and resources of their vendors.

Perhaps it is not so befuddling. We are so confident running daily operations, it may be difficult to release and entrust it to someone else. Imagine how the Vice President of Electric Generation at the Burlington Coat Factory behaved when he was told it was time to shift the whole electric generation facility to the Edison Electric Utility? Well, it is time to let go and say hello to today's IT reality. The data center is transitioning and we better get on board with this massive change or we'll lose more than our pride of ownership along the way.

Why not take the expertise we have gained over the years to join the utility operation or ensure the outsource vendor is as good as they can be? Well, it may not be that simple.

It is both an art and a science to hammer down costs spent with outside vendors while garnering the most from those people serving you. Managing future IT utility and related vendors supplying required services or technologies to enable enterprise IT departments and better focus "up value," requires more than the typical procurement office or IT department is equipped to manage. Buyers need to be better informed and clients need to better ensure vendors fulfill their commitments without getting sucked into a black hole of operations – precisely what we are trying to avoid in the first place!

Three: Whip Open Your App for That!

Finally, it is way overdue for IT to get more out front with internal user clients on what they hope to achieve via technology. Instead of following the end user revolution where wallets are flipped open to present credit cards for cloud apps and operations, IT should be out there sharing best practices, culling out those apps they can help spawn throughout the organization, facilitating integrations with other SaaS and on-premise apps to enable better usability and productivity, etc.

Users want IT to lead, follow, or get out of the way. It is now time for IT to get out of the way of keeping the lights on and lead on application leverage for their enterprises – of course, that is where the greatest value lies.

The number one benefit of information technology is that it empowers people to do what they want to do. It lets people be creative. It lets people be productive. It lets people learn things they didn't think they could learn before, and so in a sense it is all about potential.

Steve Ballmer



Carl Theobald
President & CEO, Avangate

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

The Cloud Is Disrupting How Digital Goods Are Sold Customer Engagement Becomes a Critical Pillar of Any Corporate Strategy

While the emergence of Cloud infrastructures has facilitated widespread access to digital goods, it has also disrupted traditional marketing, sales, and support processes leaving digital goods vendors uncertain how to best attract, retain, and service customers in this new world. Thanks to the advent of SaaS delivery and to the Apple model of frictionless buying, customer expectations have grown and customer relationships have become more intimate. Vendors must work to meet these high expectations by providing an excellent customer-centric experience across all channels and touch-points in a consistent way.

Vendors are faced with an abundance of tools for managing all the elements of digital sales, from online marketing, to subscription billing, to payment processing. However, most of these tools are siloed in nature and only focus on one aspect of the broader problem. Digital goods vendors are then forced to spend significant time and money creating complex integrations between multiple tools as they strive to achieve a positive, customer-centric experience throughout the customer lifecycle. These tools include:

- Merchandizing and marketing tools
- Shopping cart tools
- Tax engines
- Global payment processing services
- Fraud detection solutions
- Subscription billing tools
- Multi-channel order management and fulfillment solutions
- Customer service solutions

The difficulty of integrating so many tools across so many different departments can drive any digital goods vendor mad, but what's truly maddening is that 9 times out of 10 these complex integrations still fall short of delivering on expectations. What's worse is the required ongoing maintenance and enhancement of these complex custom solutions. Each time business users want to try a new promotion, enter a new market, or try a new licensing model, they must wait for the IT team to make the requisite changes to the various tools and retest the integrations to ensure nothing has broken. It's not the cost of the change that is the issue, it's the opportunity cost of the delay in time to market. In the cloud economy, it's all about speed.

The customer-centric model also requires a shift from internalizing data to externalizing data—that is, making information transparent to the customer. In the past, customers endured the shortfalls of legacy systems that resulted in billing discrepancies, slow customer support response times, and order mishaps. Today, customers expect frictionless, self-service access and consistency in how they are serviced across all touch-points.

What's more, the disruption is not just transforming direct sales. The channel is becoming more important (check out Forrester's end of 2011 survey of tech companies) as it increasingly provides the marketing, solution selling, and support to customers in both the B2C and B2B markets. Digital goods vendors therefore need to equip channels — whether resellers, online marketplaces, managed service providers, or even affiliates — with the right tools to acquire, service and retain customers on the vendor's behalf in a consistent way.

In affirmation of the rising importance of customer-centric commerce, Gartner has identified eCommerce as the fourth “leg” of CRM, along with SFA, call center/support, and campaign management, as per several of their reports, including the recently released “The Gartner CRM Vendor Guide, 2013.” To stay competitive in this new world, digital goods vendors should seek out a complete customer-centric commerce solution that brings together the many required tools for customer engagement into a single platform. This kind of solution offers advantages not only from a cost perspective but most importantly helps digital goods vendors significantly reduce their time-to-market while providing their customers a consistent experience across touchpoints.



Kris Duggan

CEO & Co-Founder, Badgeville

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

Of Business Intelligence/Analytics, Customer Engagement, Mobile, Security, or Social, I think the absolutely clear driver of significant change in the market in the next year will be customer engagement, perhaps with a little help from Analytics. Two key factors play into engagement's increasingly critical importance: the explosion of mobile, social media and communications technology, and the rise of the cloud and SaaS versus on-premise software. Because of the former, it's getting more and more difficult for marketers to acquire, retain and convert customers — even though there are more options than ever for reaching them — because they're not paying attention. As of 2012 the average person's attention span was eight seconds. Regarding the latter: it's much less of a hassle for a customer to switch SaaS products than it is on-premise products. Taken together, this essentially means that it's harder than ever to get customers' attention and easier than ever to lose it. Thus, keeping customers engaged is incredibly important.

Other thought leaders and business leaders agree: Dr. Geoffrey Moore called engagement the “big idea of 2013” (<http://www.linkedin.com/today/post/article/20121211105523-110300724-big-idea-2013-engagement>). On the Yahoo! Q4 earnings call, Marissa Mayer acknowledged that engagement is that company's primary business challenge, and that the relaunch of Yahoo! Mail and Flickr were part of efforts to increase usage and “engagement which drives advertisers' attention and, in turn, ad spend and revenue.” Andreessen Horowitz wrote that, “Today, engagement is the better page view.”

In SaaS the need for customer engagement is most apparent, and that sector is rapidly eclipsing its on-premise sibling; Goldman Sachs has predicted 20%+ CAGR in the SaaS market from 2011 - 2016, vs just 7% CAGR for on-premise software. This is because SaaS revenues hinge upon renewals to stay steady and are deeply susceptible to churn. If a customer's end-users don't adopt a SaaS product, the customer will be hard-pressed to realize that product's value and be less likely to renew. That hurts retention rates, leading to increased churn. Engagement is the customer loyalty solution for SaaS: it drives end-user adoption, increasing the solution's value to customers and making those customers easier to retain. The impact of this is, without being hyperbolic, potentially enormous. A recent Goldman

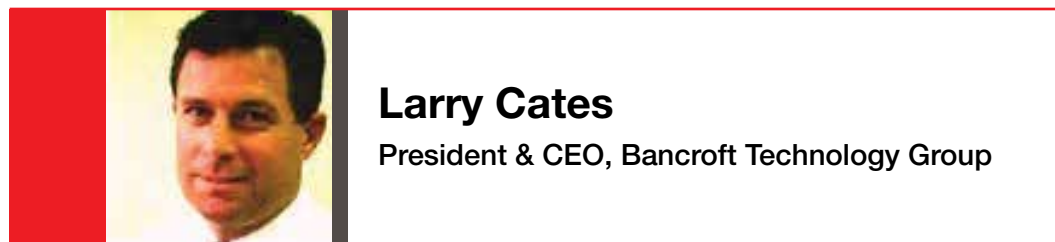
report found that for SaaS vendors, a 2% increase in customer retention results in a 28% increase in revenue and a 20% higher valuation.

Engagement adds value, and there is plenty of room for its increase. More than half (55%) of customers aren't active in loyalty programs. 72% of customers never log in to online communities and sites. Content served up by Facebook only reaches 16% of customers, and many of them never click on it. Overall, only 25% of customers are swayed by a brand, according to Ernst & Young. This, despite the fact that companies have been spending real money on ways to reach customers. Spending on community technologies, for example, is expected to reach \$1.3 billion by the end of this year.

There are several ways for companies to boost customer engagement, but one of the most effective and scalable is gamification. The underpinnings of today's social games — game mechanics, reputation mechanics and social mechanics — make them incredibly engaging. These same mechanics can be layered onto digital properties, including web sites, customer communities and mobile applications, making them stickier and more engaging. They can also be included natively within a SaaS product rather than being added afterward. Organizations have already recognized this, and Gartner predicts that over 70% of Global 2000 organizations will have at least one gamified application by 2014.

An important thing to note about gamification, and this is where analytics comes into play, is that the strategy behind and design of a gamification program contributes greatly to its success and value. Simply adding visualizations like badges and trophies onto a website may cause a bump in user behavior, but the novelty can wear off and users will abandon their engagement. A more thorough strategy that allows organizations to measure user behaviors, reward those that are of high value in helping achieve business results, and analyze the results of their efforts allows companies to fine-tune their engagement elements based on behavioral data. This becomes another lens through which to view the success of digital properties, and when combined with traditional web analytics it provides marketers with a more holistic view of customers. Gamification strategies that don't provide measurable data and actionable analytics don't provide this lens.

As the universe of customer choices continues to expand and cloud-based products that are highly susceptible to churn become more prevalent, the urgency of the need to deepen customer adoption of these digital tools grows accordingly. That's why customer engagement, along with the ability to fine-tune that engagement through actionable analytics, will significantly change the market in the next year.



Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

When considering your focus areas for the upcoming year, Customer Engagement needs to be on the top of your list. Many research firms have consistently reported that engaged customers provide long-term brand loyalty and continuous revenue, providing more value than your one-time customers. Specifically within the software industry, customer engagement is a critical factor that will determine your success with customer onboarding, adoption of your products and service offerings, and ultimately retention of that customer. In today's market, customers who are not engaged and do not feel connected to your brand, will quickly turn to a different product or solution provider. There are two areas within the software industry where I believe the greatest impact lies.

First, customer engagement as it relates to your software. Today's software users are looking for increasingly adaptive and intuitive programs, that anticipate what they want to do, and provide an easy way to get there with the least number of interactions. As we know, it is critical to step back and look at your software through the customer's eyes. Providing forums, multiple customer feedback avenues and other channels of communication for your customers to be part of your design & development process, allow them feel part of the process and gives them the understanding that their opinion matters. The impact of building a community of engaged users around your software, also has a direct impact on your bottom line through lower customer turnover or "churn" rates, resulting in stronger customer adoption and retention levels.

Second, customer engagement as it relates to your organization. Successful organizations focus on building a community of loyal members rather than a portfolio of users. Customers feel they are part of your community when you empower them to communicate and engage with your brand on a personal and organizational level, and as a result they become invested in your software. I'm not just referring to putting up a user forum for feedback with your development team and the creative process, although this can be part of building the culture.

To take it to the next level, you need to implement a proactive customer communication plan that provides value to your customers (product updates, new features, fun facts), responsive support services, and a clear understanding as to where your customers want to go with your product or service. This enables your business to grow with your customers' requirements and anticipate the changes and enhancements you need to make to meet future needs and market opportunities. Successful customer engagement will result in the customer becoming a loyal member of your extended team, as well as driving customer adoption of your software enhancements.

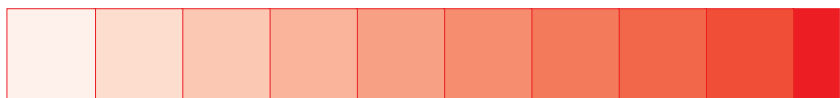
Now that I have briefly discussed these two focus areas that are impacting our market, I want to suggest an approach that will effectively engage your customers with your software products and implement your communication plan: eLearning and OnDemand Support.

Enterprise software solutions are continuously evolving, and with new developments and updates users need to be able to quickly access and understand these changes to effectively adapt with the software. Using OnDemand eLearning provides clients with a real-time opportunity to enhance their knowledge, productivity and satisfaction with your products and services. Effectively distributed eLearning within an OnDemand SaaS environment, linked to your product offering, rapidly engages customers so they build loyalty to your software, rather than detach from it due to a variety of competing influences on their time and focus.

For example, think of how many of your Facebook friends initially posted negative comments about the anticipated Timeline feature. Facebook, however, offered videos, articles, screenshots and gave its users education and time to adopt the new changes. They set dates and an implementation plan, allowing their users to start the changes before their profiles automatically updated. Facebook did not implement the Timeline feature overnight; they educated and engaged their users before the changes were made.

In summary, customer engagement through OnDemand learning, education and media-rich support materials, that are tracked and managed within a global SaaS based content management portal for your software support, will result in enhanced customer loyalty and retention. As noted earlier, this will also lower customer acquisition costs through marketing and sales, while increasing your top line growth by maintaining a loyal base of clients that want more from your product and service offerings.

We all know that the lifetime value of a customer is vital to organizational success, and a major part of building that lifetime value is by engaging our customers through awareness, education and targeted communication. If our customers don't engage with our evolving solutions, they will certainly feel disconnected and move on to another solution that meets their needs and requirements. This is why I feel customer engagement is critical and will continue to change our market, having a huge impact on our industry. It's up to us as to whether that change is positive or negative.





René Lacerte
Founder & CEO, Bill.com

Over the next three years how will the enterprise evolve to meet the greater needs for efficiency, scale and execution?

Paper is inefficient and doesn't easily scale. It is a pain to store, retrieve and share. And yet companies of all sizes are dependent on it to manage their businesses. This is about to end. The next three years will mark a sea change in not just how enterprises but how companies of all sizes manage the back office and all its paper. Businesses can't afford to be inefficient in any way. Cloud applications are eliminating inefficiency, enabling businesses the ability to scale and execute more effectively. Best of all, the Cloud has given companies of all sizes equal access to the technology needed to achieve all of these goals.

With the move to the Cloud has come a move to greater efficiency and effectiveness. This game-changing technology is freeing business leaders from old tiresome, error-plagued manual processes, and nowhere can this be better seen than in finance.

Across the nation and around the world – everywhere tech savvy founders, owners, finance leaders and executives operate – a new generation is using game-changing technology to replace time-consuming paper processes with fast, efficient cloud-based systems everywhere in their businesses.

These “No Check” CEOs aren't tied to their offices, but free to manage their companies from wherever they need to be, with instant, real-time access to their business and financial data from anywhere, 24 hours a day.

Many never use paper checks, because they send electronic payments instead. Their staffs never waste time printing invoices or stuffing envelopes, or spending money on supplies and postage because they invoice and process bills electronically. And because they also get paid electronically, you never see a pile of checks sitting in an office waiting to be deposited – customer payments go straight into their accounts.

Some “No Check” CEOs don't even have file cabinets in their businesses. That's because they don't need to save and store paper receipts, purchase orders, contracts or the paper invoices their old-school vendors still send – not when it's so much simpler and more efficient to scan all these items to a cloud based system where they're always instantly accessible from anywhere, whenever they're needed for making the right decisions.

But don't think they do all this just to save trees, although paper manufacturing is the third-largest user of fossil fuels in the developing world, and contributes significantly to deforestation, greenhouse gases and climate-change.

And they're not doing it just to save space, either, although getting rid of file cabinets, folders, shelves, microfiche systems and drawing cabinets does free up a lot of room, and eliminating the need for off-site document storage does lower costs.

These smart, innovative “No Check” CEOs know from experience that replacing paper with cloud-based technologies frees their time, speeds their responsiveness to competitive change, improves their customer service, drives down their costs, and gives them unprecedented visibility into business performance.

“No Check” CEOs have proved that eliminating paper wherever possible makes everyone in their companies more efficient and productive – including themselves. And because eliminating paper also eliminates the need to be near their file cabinets where the paper is stored, they're no longer tied down for long hours at the office. They're free now to access documents and manage their businesses from anywhere they want to be, via laptop, tablet or smart phone.

What has made this transformation possible? Finance in the cloud (also known as SaaS--- Software as a Service). This means that instead of an error-prone manual paper process, “No Check” CEOs can automate all their payables and receivables activity by using software which the providers host from the cloud.

The advantages are many. Their data is now more secure because, unlike paper documents and checks, electronic data can be protected with enterprise-level security systems. The “No Check” CEO can set approval authority and control access, eliminating fraud. And with one click they can sync all their activity with their accounting software and link with their bank account.

Cloud applications make it easy for groups to collaborate, no matter the geographical distance between members. For example the process of approving bills for payment goes much faster when bills and the associated documents are accessed electronically. And staff at distant offices can all access the same data simultaneously.

“No Check” CEOs never have to pay for a software upgrade, because cloud applications are upgraded continuously as part of the service. Their IT costs are lower, because they no longer have to purchase servers and the cloud provider handles all the maintenance.

Best of all, cloud applications can be used from anywhere, from any device with a web browser – another reason “No Check” CEOs and their staffs are no longer tied to the location where a critical application is available on only one computer.

So, the biggest change that enterprises will see in the next few years will be the changes that all companies are likely to see: the move to paperless, powerful solutions that help them be more efficient and effective than ever before.



Mat Ellis

CEO, Cloudability

Over the next 3 years how will the enterprise evolve to meet the greater needs for efficiency, scale, and execution?

For budget planning purposes enterprises view spending in two: either weighted towards capital expenditure (capex) or weighted towards operational expenditures (opex).

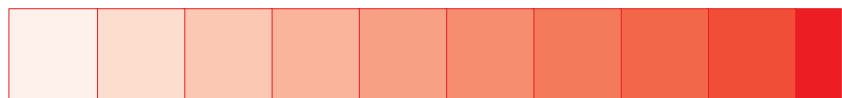
Projects with high capex requirements tend to have more predictable future spending than those with high opex simply because more of the spending is done up front.

Folks who work with capex heavy projects tend to talk like “we spend \$10MM per year on our data centers” whereas those with opex sound more like “we pay \$35 per new customer.”

Most importantly, opex weighted projects can be more closely tied to core business metrics: it’s not really feasible to return a few hundred computers if you miss your sales target.

Why is this important?

Well, the cloud is driving a massive change over the next three years from capex to opex spending on technology as companies learn how to use the cloud to make IT spending align better with the business plan.



This means three things:

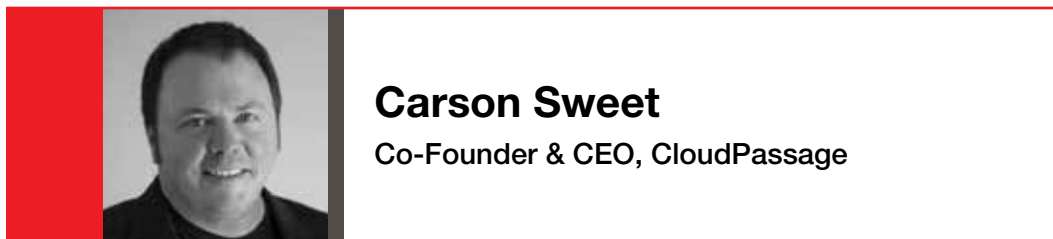
- First, IT budgets will become much less predictable. A significant portion of spending will shift to a cost-per-business action type of spending. For example, if the number of web servers you need varies with the number of users, your budget will shift from \$x per month for servers, co-lo, etc. to \$y per thousand users or page views.

This is a completely new phenomenon for most IT shops and will require new processes, thinking and tools.

- Secondly, technology projects will increase in number and variety, and reduce in size, as they move closer to the business. It will become increasingly easy and acceptable for business units to take over their own IT processes, in a shift that will feel similar to anyone who was around when workflows moved off mainframes and onto Windows powered PCs.
- Finally, the Chief Information Officer will begin to resemble the Chief Integration Officer as a fifty-year trend of eliminating variation and complexity begins to reverse. Companies that can join many disparate and varied systems together will have a considerable advantage over those who depend on large, monolithic and slow changing services.

Already we are seeing some very large corporations plan big changes to their IT spending. Their goals are a more customized, flexible and scalable approach to projects all across the organization. The main block are the humans, who are having trouble changing thought patterns and hard-earned skills to match this brave new world.

In three years time we will not be seeing the end, not even the beginning of the end of traditional, capex intensive IT spending. But we shall be seeing a change that is long term and permanent, and will take many more years to fully complete.



Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

Delivery of software products as a service (SaaS) continues to be a massive driver of change for the software industry. At CloudPassage we help software providers, including Fortune 500 software providers, make the transition. We're fortunate to have a unique vantage point in the industry from which we see a broad range of SaaS business strategy.

For your consideration, here trends we're observing and the security and compliance considerations for each. We believe that these trends and issues will be critical topics for software companies who seek relevance in the exploding SaaS market in 2013.

Migrating Traditional Software to SaaS

Traditional software delivery models involve deployment of product on the customer's equipment and premises. In these models, data protection and compliance are the clear responsibility of the customer.

Traditional software companies migrating to SaaS models now assume these responsibilities, squarely placing a new set of technical, operational and sales issues between the provider and market success.

An instinctive reaction is to assume that the security used to protect internal corporate I.T. assets can effectively meet security and compliance requirements for a customer-facing, multi-tenant SaaS offering. This is not the case. SaaS providers must address an extensive range of confidentiality, integrity, and availability issues for customer data and its processing. This is simply a core function of being a SaaS provider, and a core cost of doing business.

Existing and emerging SaaS providers should know that SOC2 is the new ISACA standard for security and compliance attestation, and PCI DSS or ISO 27002 are common benchmarks for reasonable control structures. Standards to be met are also driven by the type of customer data being handled (e.g. HIPAA for healthcare data) and the geographic location of your customers (e.g. European Union data privacy standards).

SaaS Market Entry via Merger & Acquisition

One approach for gaining ready-made SaaS market share is acquiring an existing SaaS provider in your current or a logically adjacent space. We see this happening more and more as large software companies seek to enter the SaaS market. Given that most innovative software startups today use a SaaS delivery model, this is a very logical approach for large enterprises to bootstrap a SaaS market presence and instantly add SaaS DNA to their organization.

Software companies taking this approach need to understand that startups often “get away” with less security and compliance. Their customers are often smaller and less demanding, and may not have the capability to impose and enforce strict compliance requirements. As acquired products are injected into larger marketing and sales engines, larger organizations will place higher security and compliance demands on products.

The section above outlines the standards and requirements typically important to SaaS success. A strategy to assess how much will need to be done to close gaps in an acquired product’s security (and there will be gaps) is critical; so is having a plan in place to quickly gain visibility into an acquired product’s security, addressing major problems quickly, and closing remaining gaps in a scalable manner.

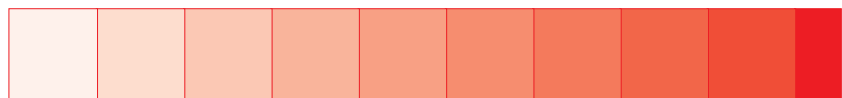
Big-Data Software Components

The combination of big-data / big-analytics technologies and utility access to massive compute resources has opened the door to previously unattainable product functionality. These capabilities are being rapidly developed by innovative startups and large enterprises alike, and in some cases the two are merging synergistically.

Aggregation of many users’ data in a central repository is one of the core architectural side-effects of multi-tenant SaaS models. Analysis of this data (depending on customer usage and licensing agreements) offers the ability for SaaS providers to enrich their products by analyzing raw data into intelligence such as benchmarks or predictive models. However, the integrity of this intelligence must be of the highest integrity in order to drive revenue-generating and/or customer retention value for the SaaS provider. Software companies who seek to extent their products through big-data methodologies have several items to consider.

Customer usage agreements must be closely examined to ensure that the SaaS provider has the right to include customer data in aggregations used for bulk analytic operations. In most cases, SaaS providers should anonymize and sanitize customer data being aggregated to prevent generation of additional copies of potentially sensitive customer information.

Once the SaaS provider has generated an acceptable, safe data set for analysis, protection of the analytics and results is paramount. Controls that assure the integrity of the code and models that actually perform the analytics are required to prevent corrupted intelligence from making it back into a core product. In addition, the models used will typically be a high form of intellectual property, making their protection in all locations (e.g. as implemented on cloud processing environments) a critical concern.



Being a SaaS provider ourselves, we firmly believe that these trends are only the beginning. In any SaaS model, regardless of where the product is hosted, protection of customer data confidentiality and integrity are critical components. And compliance demands from customers and regulatory agencies will not suddenly begin to wane -- you can count on those demands just growing.

So now what?

If you think this article applies to your business, we encourage you to share it with your product management and technology teams. There's no substitute for exploring how concepts apply in your environment, and your organization undoubtedly has its own unique nuances.

Security and compliance is our core competency at CloudPassage. If you have comments, questions or other feedback, we certainly look forward to hearing from you.



Kurt Michel

President & CEO, Content Analyst

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

Software companies whose applications manage unstructured content know that Big Data is very real, and the need to manage and effectively use the data provides an opportunity for all of us. What's less known is that there is a game-changing technology that's has been proven to address the challenges of managing the ever-growing collections of unstructured Big Data. The solution is designed to be integrated into existing solutions and has demonstrated its ability to manage large amounts of unstructured data in multiple markets.

CAAT from Content Analyst Company was built from the ground up to be integrated into existing solutions. CAAT uses patented mathematical algorithms to understand the conceptual meaning and relationships of terms and documents in any size collection. The technology is delivered as a partner embeddable platform and has been proven to handle the scale of today's document collections in the US Intelligence Community and the highly-regulated world of eDiscovery among other markets.

One of CAAT's popular capabilities is enabling solution providers to synthetically transfer human taxonomy knowledge across an entire organization's electronic documents and emails through our innovative example based auto categorization approach. Example-based auto categorization is faster, easier and far more accurate than traditional lexicon-based taxonomy alternatives. The application of example-based auto categorization has proven that it's no longer necessary to manually create -- and constantly maintain -- word-based taxonomies and complex rules in order to precisely and accurately classify large volumes of unstructured big data and improve "findability" of information.

Content Analyst Company partners with dozens of software companies and systems integrators who use the technology in their solutions to solve a wide-range of business problems. Partners in the areas of legal e-discovery, patent research, social media monitoring and U.S. Intelligence have demonstrated the fast, easy, and repeatable way to pinpoint only the most important documents and emails among collections spanning tens and hundreds of millions of files and messages. Two other key advantages to using CAAT are it is an in-memory technology delivering extreme performance and it is language agnostic; meaning it can work with any language because it learns from the data, not predefined word list or rules. The example-based auto-categorization capability powers predictive coding applications in eDiscovery that have been accepted by the courts as a sound, defensible method for efficiently handling the growing volumes of data in today's cases.

Software companies and content providers have come to realize that semantic advanced analytics technology can understand the ‘meaning’ of unstructured documents, and is a key in the drive to taming the unstructured content of Big Data. Software companies that have built enterprise content management, cloud and storage management, and archiving applications; to online content publishing or DaaS (Data as a Service) – all face the challenges of managing vast amounts of unstructured content. By taking a small number of documents as examples, and using example-based auto-categorization to say “go find more like these,” the potential impact on taming the issues associated with Big Data is actually manageable.

To put a finer point on it, here are some examples of how example-based auto categorization can drive value for enterprises struggling to reduce the burden of big data while increasing the benefit of big data.

- **Records Management and Content Management** – Example-based auto categorization can be used to enable greater precision in determining which category or categories a document or record should be in. The example-based approach makes it easy to add and maintain categories so manual methods are no longer needed. With CAAT’s conceptual understanding of the category it understands conceptually which documents are matches, even if the words are not used in any of the examples. This is why code words, abbreviations, or new terms are not missed or mis-categorized.
- **Storage and Archiving** – Clear rules exist for “Records,” but the majority of unstructured content is unclassified. In many cases, the documents (for example emails) quickly have no business value and have past the required retention requirements. By quickly defining categories for both “business valued” documents and “junk” (holiday emails, sport fantasy, old marketing documents, etc.), good information management practices can be applied and the defensible deletion is possible.
- **Content Publishing and WCM** – “Findability” is money for online information providers. When a new hot topic (i.e., a category) emerges, how quickly can you define the rules and words in your taxonomy so your customers can find this topic in their navigation and the related documents? By augmenting the workflow with an example-based auto-categorization step, content improves its “findability” and relevance, and makes it easy to create, maintain, and add new categories quickly, in any language; equaling revenue and satisfied customers.
- **Enterprise Collaboration** – Concept-based auto categorization makes documents much easier to find, dramatically improving collaboration, sharing and syndication of your valuable content. With internal research assets and intellectual property that can be leveraged elsewhere in the enterprise, or content generated for external consumption, auto categorization dramatically improves the ability of users to consume and properly apply these information assets.
- **Business Intelligence and Analytics** – There are numerous players in the structured analytics and visualization space, but how do you create “informational” structure from “unstructured” text? Example-based auto categorization provides rapid classification of unstructured content based on actual concepts contained within.
- **Social Media Monitoring** – With the volume and velocity of social media content exploding, new terms and meanings are emerging and changing daily, making it nearly impossible to keep up with terminology and common threads of the users’ messages/postings. With conceptual understanding of the information and how new terms are being used just like other known terms, companies can track the real time trends, versus missing key insights because they system did not understand the term, being used by customers.

Despite the hype around big data, few will disagree that it poses challenges and benefits if managed properly, and fewer still will disagree that it’s going away anytime soon. Relying on manual taxonomies is simply not practical, as the volume, velocity and variety of content comprising big data accelerates virtually at the speed of thought.

Concept-based auto categorization has proven itself as a highly effective, extremely fast and incredibly precise approach. The possibilities are endless for applying this technology to address the major obstacles

big data poses, while simultaneously harvesting the broad benefits big data stands to offer.

CAAT offers many other advanced analytics capabilities in the same partner embeddable platform. We focused on one capability to help describe what is possible in a few use cases. We, the computer industry, have created the Big Data opportunity by solving the limitations of computers and network bandwidth of a decade ago. Now sending and receiving digital content is the optimal way to deliver information, hence we now face the extreme volume, velocity and variety of information flowing over the high speed networks. We now need to augment or replace applications to keep up with the scale, performance and flexibility requirements of “Big Data”. Advanced Analytics is one approach that now can be applied in multiple areas to make Big Data a company asset versus a burden.



Feyzi Fatehi
CEO, Corent Technology

How will SaaS evolve over the next few years?

From our perspective, SaaS will evolve in six fundamental ways over the next few years.

To set the stage for discussing these six areas of transformation, first allow me to briefly discuss the many challenges that are currently facing software vendors who want to deliver their software as SaaS.

While some of the challenges facing software vendors are technical in nature, many are operational, administrative and service management related that software vendors never had to face when selling traditional software licenses. A SaaS provider, by definition, is a service provider, and that requires a level of operational capability and expertise in order to support the necessary business activities and manage their cost of service delivery. These are not capabilities that ISVs typically have available to them.

These capabilities include automated tenant provisioning, tenant management, subscription management, subscription-based billing, application usage metering and monitoring, business activity reporting, and application lifecycle management to name a few. In addition, many SaaS business models will best be optimized for low cost of service delivery and scalability by supporting multi-tenancy, another new, unfamiliar, and complex technology and architectural model for conventional software vendors to deal with.

These SaaS oriented, tenant centric capabilities must either be built into the original application, or built independently as a business model enablement and support system. Many refer to this next step in transformation as ‘SaaSification’ or ‘SaaS-Enablement’ of a software application, (that is very different than a simple and standard “Cloudification” of a software application to run on the cloud.) As many industry veterans have experienced, transforming applications to scalable SaaS can be very expensive, time and energy consuming, and distract a company from its core application mission, key differentiations, and main domain expertise.

Given the above challenges and opportunities lead us to our six key predictions about the way the SaaS industry will evolve in the next few years:

Software vendors will adopt SaaS Enablement technologies.

The ISVs who are transforming to be SaaS Providers will acquire SaaS Operations and Management capabilities to enable the SaaS specific business functions, rather than use their own scarce resources to develop those capabilities themselves. (will focus on developing their Core and acquire their Context).

This is primarily a function of speeding time-to-market and keeping focus on core application/industry competencies. SaaS Providers have additional responsibilities over their prior role as software vendors,

and must be able to provision and manage their tenants, define and manage subscription offerings, monitor and report operational status, perform metering and billing functions, and upgrade the tenant applications.

The buy vs. build decision for those SaaS-Enablement capabilities will tilt towards buy.

SaaS Providers will start with an Isolated-Tenancy then move to Multi-Tenancy model.

The proportion of ISVs who go to market as SaaS using an Isolated Tenancy model will increase. By avoiding the changes to make their software Multi-Tenant, ISVs can defer that investment until the right time. As their SaaS business expands and validates their market, the significantly lower cost of service delivery in multi-tenant mode may encourage them to make the investment to transform their software to support Multi-Tenancy.

Support of Multiple “Tenancy Models” will become the norm for SaaS.

In order to support existing customers and their application customizations, to differentiate offerings and to meet specific market requirements, SaaS Providers will support a hybrid approach where tenants can choose the SaaS tenancy model that suits them best.

This requires an approach to SaaS enablement capable of handling tenants simultaneously in both Isolated and Multi-Tenant modes in order to enable a smooth transition.

SaaS becomes multi-cloud and multi-geography.

The ability to manage a SaaS environment that extends across multiple Public, Private or Hybrid clouds will become increasingly important. Since SaaS offerings are inherently available worldwide, it is advantageous to be able to centrally manage tenants, while locating applications geographically in order to maximize performance for customers.

This capability will also be critical for locating instances of applications and their data in countries that impose compliance, privacy or other legal restrictions on the physical location of data.

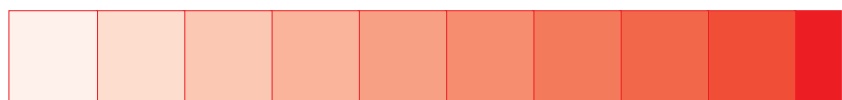
“Private SaaS” will emerge within the enterprise.

The techniques used to provide SaaS will be applied to large enterprise applications, especially those global ones who have many separate divisions, regions or countries that use the same software application. The SaaS model as applied in this context of Private SaaS can be offered by the office of the CIO and effectively treat the corporations’ sub-entities as tenants. Private SaaS will enable better insight and control of the provisioning, operation and management of the applications centrally by the office of the CIO resulting in significant cost savings and efficiencies across the enterprise.

The Private SaaS model can be extended to outside entities such as franchisees, suppliers and partners of the enterprise, to establish invitation-only communities to a SaaS application, and will become a mechanism to strengthen enterprise relationships.

Cloud Providers will offer SaaS-Enablement/Management Capabilities to attract SaaS Providers.

As the overwhelming influence of SaaS on total cloud usage becomes more apparent to Cloud Providers, they will increasingly be looking for ways to attract SaaS Providers to their cloud. This ability to attract ISVs, software resellers and integrators who wish to offer SaaS solutions, will become a key value proposition to attract more SaaS Providers, and thus, more users, to their cloud. To accomplish this, Cloud Providers will augment their standard PaaS services with new set of ‘PaaS for SaaS’ capabilities.





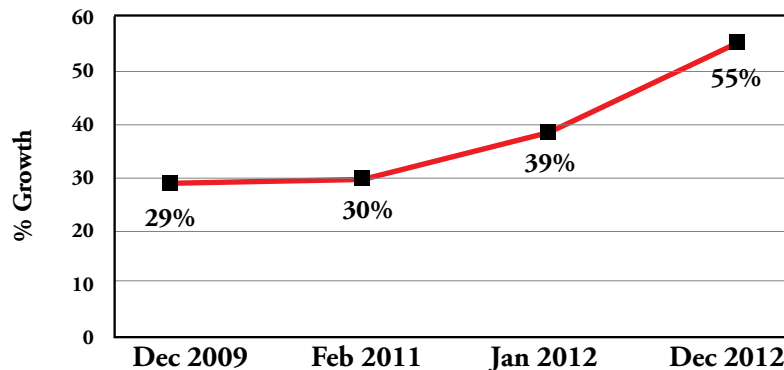
Eileen Boerger

CEO, CorSource Technology Group, Inc.

In the next five years, which software-related businesses will grow faster or slower than others and why?

I believe that software-related businesses that deliver products and/or services for businesses to effectively and efficiently access and analyze data will grow faster than other businesses in the next five years.

Let's first take a look at the business opportunity. Businesses are experiencing a large annual growth in the amount of data available to them as can be seen in the chart below.



Source: Aberdeen Research Report January, 2013

This chart represents data growth results reported by Aberdeen Research in January, 2013 from their December 2012 survey of businesses. These results indicate that not only is data growing – it is exploding! This means that businesses need to be able to effectively and efficiently analyze the appropriate data to help them make business decisions quickly and accurately.

Additionally, businesses that truly embrace data analytics outperform businesses that do not fully embrace data analytics. The following table shows the correlation between companies classified as “best-in-class”, “average” or “laggard” users of data analytics to business growth. Companies considered “best-in-class” users of data analytics are reaping the benefits of the knowledge gained through their timely data analysis. This allows them to make business decisions quickly and with confidence.

Company Classification	Operating Profit Increase	Organic Revenue Growth	Critical Data Delivered On Time
Best-in-class	23%	27%	94%
Average	9%	12%	77%
Laggards	3%	1%	41%

Source: Aberdeen Research Report July, 2011

The key implication of the explosion of data and that “best-in-class” companies are performing at a higher level is that businesses are exploring and demanding effective and integrated business intelligence (BI)/data analytics tools and services.

This business demand is why I believe that software-related businesses that deliver products and/or services for businesses to effectively and efficiently access and analyze data will grow faster than other businesses in the next five years.

The growth of these types of businesses has already started. In the past several months I have spoken to several companies that provide BI/data analytics software products. Every one of them has stated that they are achieving significant growth year-over-year. Some are reporting record growth! Their growth comes from three sources:

1. Implementation of their software products into enterprises and SMBs.
2. Embedding their software into other software products.
3. Providing BI/data analytics professional services (e.g., consulting, customization, implementation).

The growth doesn't stop there. These companies are also building eco-systems of companies to serve the BI/data analytics demands of their clients. The companies in these eco-systems are primarily Independent Software Vendors (ISVs) who embed BI/data analytics into their own products and companies that provide BI/data analytics-related professional services.

For example, more and more Independent Software Vendors (ISVs) are experiencing the demand to provide better data analytics in their software products. Instead of bringing in expertise to develop data analytics functionality, they are embedding already developed BI/data analytics software products into their own products. According to a report from Birst, Inc., "The addition of an analytics module to your product suite can add 20% to 30% revenue to your organization's top line." In my opinion, that is significant growth!

Companies that provide BI/data analytics-related professional services are also experiencing growth by partnering with BI/data analytics software product companies. Because the demand for their products is growing dramatically, BI/data analytics software product companies must either grow their internal professional services organizations or turn to professional services partners. Most are choosing to turn to partners thereby fueling the growth of professional services partners.

In summary, exponential growth of data and the realization that effective analysis of that data can help fuel business growth is driving the need for more and more BI/data analytics tools and services. Over the next five years, this need will continue to drive the significant growth of software-related businesses that deliver products and/or services for businesses to effectively and efficiently access and analyze data.



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?

There used to be a lot of rhetoric in the industry about how IT Departments would eventually go away due to a number of forces, including the proliferation of cloud technologies. But the industry has abandoned that notion, mostly because it's silly, it doesn't make sense. Instead, what we're actually seeing is that cloud technologies are making it possible for IT Departments to have a higher impact and add more value to the business.

Gartner refers to IT as an Internal Cloud Service Broker, and I think that's a very accurate description of how IT has evolved and will continue to evolve. What's starting to happen, with the combination of various forces and cloud being one of the bigger forces at play, is that a lot of the things that IT Departments used to do are being done with cloud technologies. These are largely tactical functions at the bottom of the stack where IT was dealing with physical devices such as servers, laptops, networks and storage. Most of that work is being moved to data centers. Today essentially everything from the OS level down is managed for IT with things like patches and automatic upgrades.

Then if you factor in BYOD (bring your own device), the IT landscape and the role of IT changes even more. Employees using their own devices at work were once viewed as problematic. Now that is helping so much of that can be managed seamlessly once security is applied IT move up the value chain even more. IT now gets out of "break-fix mode"; they no longer have to support devices that are foreign to the end user, which used to demand much of their time. For instance, if I'm a new employee and I'm familiar with my Windows phone the learning curve for getting me up and running on a BlackBerry will have an impact on IT. But if I'm able to use my own device, I don't need support from IT. This brings the amount of support work, and support costs, way down, freeing IT up to move away from the world of managing physical devices. Instead they are transcending to the notion of being the Internal Cloud Service Brokers in their enterprise that Gartner talks about.

With these shifts IT is purchasing, configuring, implementing, managing vendors, integrating, aggregating and customizing instead of reacting to "break-fix" scenarios all day. IT has been moving and continues to move up the value chain. IT is shifting into the role of making business processes run more successfully. It's a very exciting time to be in IT.



Morris Panner
CEO, DICOM Grid

Over the next 3 years how will the enterprise evolve to meet the greater needs for efficiency, scale, and execution?

Healthcare IT: Making Smart Business Decisions in an Industry of Necessity

There is no greater challenge today than trying to fix our nation's healthcare system. We spend more as a nation than others, but get no better or even worse results.

Entrepreneurs are drawn to great problems, so that may explain why I landed in healthcare IT.

Our last company was one of the pioneers in the SaaS movement, developing efficient and economical business software.

Our new company is all about bringing the efficiencies of the cloud to healthcare.

Technology, though, is not enough to change an industry. More commonly technology enables leaders to understand their enterprises better and then make changes. This is not an easy process.

One of the greatest technology spends in recent history has been driven by the Federal Government's stimulus package, which directed \$19 billion to traditional software vendors who provide electronic medical record software. It has been an uneven ride, attracting criticism for how money has been spent, to concerns that the expected efficiencies of going "electronic" might not arrive.

The lesson is the oldest one in technology – that for all its wonders, technology in the enterprise is a double edge sword. Sound business process is a prerequisite for successful innovation. In healthcare, business process is driven to a remarkable extent by Government policy.

Healthcare is an extremely unusual enterprise with some unusual contradictions. Although people worry about the nationalization of healthcare, the Government influence is already great. By some calculations, more than half of every healthcare dollar is spent by the government. Obamacare still has very uncertain outcomes – it requires universal insurance, eliminates the ability for insurance companies to cap payout amounts and eliminates insurance exclusions for pre-existing conditions, but has little direction on how to control costs.

And, it is surely spiraling costs, which are threatening our competitiveness as a nation.

So, how do you innovate in this environment? Acclaimed healthcare journalist Atul Gawande wrote one version in a famous article for the New Yorker, called Big Med. He recommended that healthcare look to the Cheesecake Factory as a model for industrial efficiency.

It is interesting to think about how to bring about scale, efficiency and effectiveness in healthcare, but it is difficult given our societal imperative that all should receive care. In Houston, I drove past a restaurant (not the Cheesecake Factory) that featured the words John 3:65 in the logo. The citation is: “I feed all those who are hungry.”

The Cheesecake Factory may need people to be hungry, but it only serves people who can pay. The enterprise works because it has massive incentive to build a profitable enterprise, rather than making sure people don't go hungry.

Healthcare is struggling with this mix of charitable imperatives and profit incentives. In a powerful article, Steve Brill in Time Magazine “The Bitter Pill,” highlights how complex billing regimes, a not-for-profit status that is anything but and a set of complex rules that prevent effective negotiation by Government payers, leads us to overpay as a nation with the most vulnerable being hurt the most. Brill makes suggestion for change in policy, which also amount to dramatic change in business process.

The next three years will be a critical time for the healthcare industry. As more people enter the system, new processes will have to come to the fore to figure out how to drive more transparency in the system. For markets to work, there has to be real competition. Technology can play an important role. Software systems are uniquely good at sharing and moving large amounts of data across distributed enterprises.

Hospital systems still rely heavily on closed systems, effectively LAN-based architecture that works well within the four walls of a hospital, but poorly across a network. If the way hospitals did business were the norm, Novell would be the largest software company in the world.

The transformation to a networked architecture will take a transformation in technology, but also policy as business model and payment incentives drive the need for information sharing and efficiency.

There are no easy answers, but the increasing investment and focus in Healthcare IT reflects the direction of innovation. Understanding this new world may become priority one for emerging entrepreneurs and policy makers, alike.

A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.

Winston Churchill



Steve Nola

CEO Cloud Solutions Business
Unit, Dimension Data

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

Dimension Data has long had a global focus. With 15,000 employees and offices in 51 countries, we serve sixty percent of the Fortune Global 500 companies. In 2011, we acquired cloud and hosting providers OpSource (United States) and BlueFire (Australia) and later launched a suite of public and private cloud services. Our goal from the outset has been to create and offer a single, global platform for cloud services. As we move forward in 2013, there are three core regions that we expect to see the highest growth: the Americas, Australia and Asia Pacific. In September 2012, Gartner projected that North America would account for the highest percentage of growth in the cloud services market, but identified the highest regional growth rates in Asia Pacific and Latin America. In Australia alone, IDC Australia forecasted that public IT cloud services would register 24.8% growth from 2012-2016, amounting to an A\$2.33 billion market in 2016. We have witnessed an uptick in demand for cloud services in these regions as well.

Around the world, companies are becoming more sophisticated about their selection of cloud services and providers. At Dimension Data, we have seen a shift from businesses pursuing separate cloud strategies in specific regions to a more global consumption model. And as businesses continue to push beyond the borders of their current infrastructure, there will be many opportunities for technology providers to provide expanded services to fill in the gaps. Software already underwent this change, and many companies recognized this shift and leapt onboard, including Salesforce.com, Taleo, Google and Microsoft, who are now offering scalable Software-as-a-Service (SaaS) offerings extending beyond country borders. The next area for expansion that Dimension Data is preparing for is the globalization of cloud Infrastructure-as-a-Service (IaaS). Gartner recognized IaaS as the fastest-growing segment of the public cloud service market and projected it would expand by 45.4% in 2012.

Though more and more businesses each day leverage cloud computing for business critical areas, many concerns around cloud computing remain the same. The stakes are becoming higher and more global. As companies begin to migrate more of their business to the cloud, the providers that deliver the tools, technologies and services that are able to ensure the reliability and security of these global environments will have great opportunity for growth.

Since Dimension Data launched its cloud services February 2012, Dimension Data has expanded its footprint by adding six Managed Cloud Platforms (MCPs) throughout the world: Ashburn, Virginia; Santa Clara, California; Amsterdam, The Netherlands; Johannesburg, South Africa; Hong Kong and Sydney, Australia. Complementing its global presence, Dimension Data announced its OneCloud Partner Program that allows services providers to resell and white label public cloud services. By linking its MCPs and forming partnerships with service providers around the world such as BSNL, Indosat, NTT Communications, and XO, Dimension Data is able to offer continuity and easy integration for organizations leveraging the cloud globally, while tailoring services for clients' individual requirements.

For example, ClearBenefits, a provider of benefits management technology, support and integrated administration services, has engaged with Dimension Data Cloud-based Disaster Recovery to boost its SLAs and ensure its business continuity strategy meets their high standards for reliability. Aerohive Networks, a provider of Wi-Fi and routing solutions for enterprises, relies on Dimension Data for supporting the HiveManager Online, a cloud-based network management system for WLAN access points delivered as a SaaS offering to its customers around the world. One of the world's top consulting companies moves thousands of servers in and out of production every month by utilizing Dimension Data's elastic cloud for test and development.

The cloud market has and continues to change rapidly as businesses learn to leverage the flexibility and agility that a scalable IT infrastructure can offer. Dimension Data's approach to harnessing this growth will focus on offering a globally-accessible and consistent cloud platform backed by the services and expertise that Dimension Data has built its reputation on. We are optimistic about the future of cloud and IT services in 2013 and look forward to exploring new partnerships and services that add value to our clients.



Ron Antevy

President & CEO, e-Builder

In the next five years, which software related businesses will grow faster or slower than others and why?

Software companies like Facebook or Instagram that fundamentally change the behavior of people and subsequently experience meteoric growth will always make news. But for the most part, in the next 5 years, the fastest growing software businesses will be the ones that deliver the most value for enterprises. These fast growing software businesses will have four common characteristics.

Cloud Based

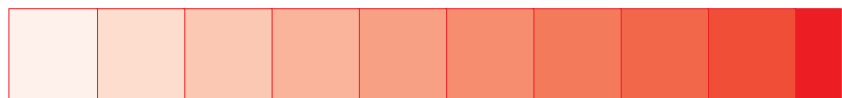
We are witnessing unprecedented levels of growth in cloud computing and this will continue to accelerate, especially for software delivered in the cloud or Software-as-a-Service (SaaS). The SaaS model delivers three distinct benefits. First, it allows companies to realize value in their software purchases very quickly. Second, SaaS frees companies to focus on their core business instead of IT infrastructure. Last, a SaaS company can innovate and deliver on its customer needs faster than a traditional client server product vendor. These benefits lead to more customers faster, more customers adopting faster and ultimately, faster growth for the software business.

Collaborative

One of the truly revolutionary aspects of the Internet is its ability to connect people, processes, systems, and data across boundaries. For example, with tiny computers attached to our hips, we are "connected" wherever we go eliminating geographic boundaries. Software that leverages our inter-connectedness and gives us the opportunity or even encourages us to collaborate – to work together instead of within our own silos – will provide the greatest value for enterprises. It's like the old adage, $1+1=3$. Software conceived from the beginning as a collaborative platform, as opposed to software that is nothing more than a web based version of an old desktop or client server system, will be the fastest growing.

Vertically Oriented

Too often, entrepreneurs develop software that can address a broad set of problems across a broad set of industries. The bigger the market, the greater the potential for large scale success . . . or so the thinking goes. The reality is in order for software to solve a specific business problem really well, it must be narrowly focused. The fastest growing software companies will be the ones that marry innovative technology with deep vertical or industry understanding to deliver real solutions to real business problems. The narrowly focused and successful software companies will also build momentum in their markets – the growth will fuel faster growth – creating the flywheel effect.



Productivity Focused

The world is still recovering from the hangover of the Great Recession and will be for some time. Business leaders haven't forgotten how painful it was to cut their staff, trim their costs and become more efficient as a matter of life or death for their business. Even as their businesses bounce back, these leaders want to remain focused on efficiency. They want to increase productivity. They don't want to add more staff than absolutely necessary out of fear of another downturn. Business leaders must remain focused on improving productivity, and software that can help do that will grow at a faster pace.

Our mission at e-Builder is to improve the construction process for building and facility owners thus freeing up time and energy for society's higher priorities. By embodying the characteristics described above, we've been able to grow at an extremely fast pace in one of the industries hardest hit by the recession. In the next five years, we will hear numerous success stories told about the vertically focused collaborative SaaS companies. It's the next big waves of success.



Joe Payne
CEO, Eloqua

In the next five years, which software related businesses will grow faster or slower than others and why?

I've been fortunate in my career to work with and lead several high growth software companies and undoubtedly the past 12-15 months has been an exciting time to be part of the burgeoning technology sector. With a surge in growth for many software companies, some have questioned if the technology and investing bubble might be ready to burst. While the economy hasn't been as strong as we would all like it to be, the software industry remains a definite bright spot. Companies are continuing to invest heavily in technology, specifically Software-as-a-Service (SaaS). SaaS related businesses will absolutely grow faster than others in the software space. The cloud is nothing new but businesses have finally reached the acceptance stage. Analyst firms including Forrester and Gartner forecast the SaaS industry to be around \$16 billion in 2013. From what we've all witnessed in 2012, this isn't surprising. Companies such as ServiceNow and Cornerstone OnDemand are experiencing tremendous growth with no signs of slowing down.

I think we'll see quite a few SaaS IPOs in 2013. Spunk and Workday had stellar IPOs last year – both companies are SaaS. At Eloqua, now a wholly owned subsidiary of Oracle, we had our own successful IPO in 2012, providing further proof that the investment community looks favorably on SaaS software.

Of these fast growing SaaS companies, I see a particular trend emerging around "openness" and the ability for applications from one company to easily connect or plug in to applications from several other companies. This happens often in the B2C world where, for example my Spotify account is connected to Facebook, sharing my music preferences with my friends and followers. Another example might be how Instapaper can automatically archive articles in Evernote. The B2B side has been slower to adapt and typically our applications live in silos. Google understands this open concept with its Google apps. At Eloqua we created something called the Eloqua AppCloud where a marketer can connect the applications they use every day with the Eloqua platform. For example, a marketer might connect their webinar platform (ON24, ReadyTalk, WebEx) directly with Eloqua. By connecting the applications, data can easily flow from one system to the next. Companies that embrace this kind of connectivity and integration will improve the overall user experience and are more likely to win their markets.

In the same vein of companies integrating to make life easier for end users, I see huge growth potential for software companies that address collaboration and productivity in the workplace. Okta is one such company. Okta, an identity and access management platform for SaaS applications, improves employee efficiency through single sign-on which grants employees access to all their web applications in one place. Box, another hot SaaS company, is a collaboration tool for content sharing. As our co-workers travel, telecommute and work around the world, Box provides an easily accessible file system for teams to instantly share information. These applications are drastically changing the way we work.

Telecommuting and travel instantly bring us to mobile. We frequently hear lots of amazing statistics related to mobile. There are more mobile phones in the world than toothbrushes! Or that 91 percent of U.S. citizens report having their mobile device within reach 24/7. It's obvious then that the software industry is focused on all things mobile and that there are tremendous opportunities for software companies involved in the mobile space to grow.

I look forward to the impending innovation that we'll see from SaaS companies. Five years from now, I hope to be easily collaborating with my fellow co-workers in a connected environment where applications speak to each other - most likely, on my mobile device.



Audrey Spangenberg
CEO, FPX

With growing concerns over privacy, cybersecurity and IP protections, do you believe that federal regulations or legislation will have a significant impact on innovation and growth in the next five years?

9/11 was a shocking wake-up call to America. Thousands of American citizens were killed on American soil. Obviously something had to be done. A little over a week later President George W. Bush declared a "War on Terror."

Everyone wants to defeat "the terrorists." But are we willing to sacrifice our right to privacy to beat the bad guys? Do we want the government reading our private emails and text messages, listening in on our phone conversations, all in the name of fighting terror?

It may be less dramatic than terrorism, but privacy concerns are also a big issue in the commercial sector. Consumers love free stuff – including Facebook and all those nifty apps for their smartphones. But consumers are increasingly wary of the way technology is being used to target advertising to individuals based on their activity and preferences. Google "Street View" is very cool – but what if it picks up a picture of you somewhere you are not supposed to be? Facebook's new "Graph Search" is also very cool – but do you want people to be able to find you based on who you work for and what newspaper articles you like reading? Or what food you like eating? Or the booze you like to drink?

Over the next five years, the US government is going to continue to grapple with how to balance conflicting demands for security and privacy. They'll examine conflicting interests between businesses and consumers. And forthcoming regulations in the areas of privacy, cybersecurity, and IP protection are liable to have a significant impact on the business community. The business community, however, does not have to be passive. Industry can have a big impact on how those regulations will play out.

Washington seems to be stuck in a state of perpetual deadlock. Partisan politics in the nation's capitol is at a level probably last seen during the Civil War. If one party says the sky is blue, the other party would argue the point. Such a situation makes it very difficult to see how Congress will ever be able to find a reasonable balance between security and privacy.

If one party takes up the cause of security, the other will accuse them of disregarding privacy concerns. If one party chooses to emphasize privacy concerns, the opposition will soon issue dire warnings of crumbling defenses and stifling innovation.

In Europe, governments are coming down on the side of protecting privacy. Facebook and Google have both been slapped hard by European governments, and both are concerned about the way legislation is evolving in the EU.

In response to the European Commission's proposed Data Protection Initiative, Facebook's Director of Public Policy for Ireland and the UK said "...but as drafted the current proposal risks introducing measures which are both unreasonable and unrealistic."

Many Americans see what's happening in Europe and are envious of how protective the European governments are of their citizens' private information. So it's not surprising that many Americans would like to see the same protections here – without considering the impact such an emphasis on privacy could have on either national security or the ready availability of very useful free apps and online services. The grass is always greener on the other side of the fence.

Making matters worse is the fact that like most representative governments, the US Congress is subject to the "seesaw" effect. Legislators always want to be seen as proactive in dealing with whatever the populace is most loudly complaining about at any given point in time – the "pain point du jour." The public is concerned about privacy? Congress wants to jump on it and pass some new rules. When the movement toward privacy results in a ground swell over security concerns, the attention of the legislature is diverted in that new direction and the seesaw then shifts – and nothing is accomplished.

Industry is not going to be able to change the way the US government works, and it's not going to be able to make concerns about privacy and security go away. Legislation will impact business. Instead of worrying about how the impact of legislation will be felt, industry – especially hi-tech – is better advised to think of ways to influence the debate.

These are complicated and difficult issues. Government is ill suited and largely unwilling to tackle difficult issues. After all, why would a member of Congress want to work hard on an issue only to have to face the challenge of defending it in a contentious reelection campaign?

If private industry is able to propose an effective solution to the privacy/security conundrum – and shows a willingness to invest in and implement those solutions – it may be able to drive the debate. If industry can position its products as the solutions that consumers are seeking, government will be more than happy to leave it to industry.

Representatives could "have their cake and eat it too." They could present themselves as supporters of industry and innovation (and therefore job creation) without having to actually come up with solutions of their own – solutions which no doubt would alienate some part of their constituency.

The industry innovators win too – they not only receive the support and blessing of the government to move forward, but they get the positive recognition of being seen as problem solvers on the leading edge of the technology area. You don't have to read too many press releases by "Big Tech" to realize that this is a classic win-win they lobby hard to achieve.

While the government may enact legislation in an effort to address critical issues, it will always be private enterprise that develops and markets the real solutions. When it comes to meeting the privacy/security challenge, those companies with the intelligence, skill and foresight to walk the fine line between making a consumer feel secure from outside harm while also feeling his or her data is protected against prying eyes will clearly seize the advantage.

At FPX, seizing this advantage is not a matter of fretting over how the government's traditional mishandling of difficult issues is going to impact us, but rather a matter of seeing this as an opportunity to influence the direction of innovation to simultaneously serve the consumer and facilitate growth. We welcome you to join us in this important discussion.



Luosheng Peng

CEO, Gageln

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

32

To 'significantly change the market', a topic must be a primary driver in growth and creating new opportunities. I nominate Mobile & Social, as they will continue to drive innovation and impact market dynamics in the coming year.

At the root of social's growth is the sheer number of people accessing social media from their mobile devices. According to Nielsen, the total time spent (minutes) on social media in 2012 was 121.1B, up from 88.4B in 2011. (Nielsen Report: <http://blog.nielsen.com/nielsenwire/social/2012/>)

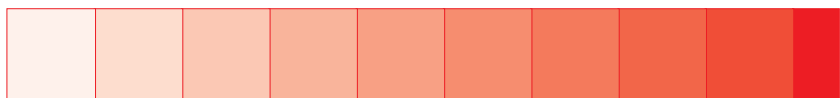
Social behavior, combined with mobile connectivity, will continue to influence how B2C and B2B business is conducted whether it's booking business travel and submitting associated expense reports, or gathering customer intelligence and finding connections to accelerate sales engagements. The ability to find and connect with economic decision-makers will determine top line growth. By supporting the mobile community of users, business applications expand audience reach beyond the company website thereby allowing them to benefit from referrals. Every social connection has the potential to open doors for your sales team.

Integrating social media while targeting a mobile audience as part of the business process will continue to challenge B2B companies over the coming year. Social media has played a large role in garnering fans and brand awareness for B2C companies; can it also help B2B companies keep an ever mobile workforce engaged? Or does the absence of a social presence also have a substantial impact? I try to keep in mind that the ability to navigate a complex and risk prone public approach to customer engagement is something every CEO considers, but at the same time, "The days when companies could tightly control brand messaging and progress consumers along a linear purchase funnel have long ended," according to Nielsen's U.S. Social Media Survey 2012

At Gageln, not only have we embraced social media to stay connected to our customer base, but more importantly, to offer them a 'view into the board room' so that they benefit from transparency. The business impact goes beyond simply calculating costs based on resources to revenue ratio – does this investment make sense? Will the market continue to adapt and change to accommodate a new class of social & mobile customers?

Companies will need to move beyond their traditional desktop-friendly approach to products and services in order to provide coverage for their increasingly mobile users. Data rich applications will require careful consideration of user experiences on compact mobile devices. Tablets, now becoming more viable business tools, allow businesses to engage their users with more interactive and socially aware applications. Keeping pace in the increasing competitive mobile application space while offering customers clear value, will impact how an organization prioritizes and allocates resources.

Investing in key market enablers is the fuel of great corporations. Social and Mobile are topics that present challenges and rewards when they are considered as part of the overall customer value equation. Innovate and adapt to customer expectations and they are likely to remain loyal to your company.





Roman Stanek

CEO, GoodData

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

By now, we all know that cloud computing is shifting roles inside companies to an extent we've never seen before: Business people are bypassing IT and subscribing to cloud-based apps that help them connect with customers with Zendesk, fine-tune marketing campaigns with Marketo and collaborate with Box.

But while business people are embracing the flexibility that cloud computing gives them, companies' IT organizations currently find themselves caught between two opposing forces. One of those forces is IT's love of control and complexity, a mindset that chains them to jobs focused on "keeping the lights on." The other force is the transformative role of cloud computing.

Forward-thinking IT organizations have already begun transforming what they do and how they think to take advantage of cloud computing. Instead of owning the infrastructure — and spending 90 percent of their time just to "keep the lights on" — these IT organizations are assuming new responsibilities related to governance, capacity planning, security, workflow across apps, and the rise of BYOD. I believe this is the path all IT departments will eventually follow. I emphasize the word "eventually."

That's because many IT organizations still remain mired in the legacy-systems mindset. The reasons are varied. For some, it's the mistaken belief that delegating hands-on responsibility is the same as abdicating it. For others, it's the personal fulfillment they get from flipping switches, writing code and overseeing server-filled rooms. And for a few, it's the conviction that IT complexity ensures job security.

No matter what the reason, these IT organizations still operate as isolated islands— unable to take a leading role in their companies' strategic initiatives. This must change.

I believe it's imperative for SaaS providers to help IT people recognize how cloud-computing can make them strategic partners with their business colleagues. I like to call this mindset the age of IT enlightenment.

It starts with psychology: convincing IT folks that that they are not abdicating responsibility. They are delegating it. This will be easier said than done, since IT craves control -- especially when something goes wrong — as it inevitably will. The solution?

Deliver excellent SLA: Google Gmail, the world's biggest cloud-based e-mail system, has an average uptime of 99.99 percent. Amazon targets 99.95 percent uptime for AWS. I challenge any IT organization to come close to those levels of reliability. They know it. Even so, we as SaaS providers need to reassure IT that our levels of reliability are at least the match of their legacy systems. Statistics offer that reassurance.

Be secure: Security is a hot topic as evidence mounts of persistent, targeted attacks of cyber-espionage. That's why cloud-computing providers need to check off all relevant legal, security and governance requirements -- such as SOC2, ISO/IEC 27000, PCI. Certificates like these are the best way to clear away the misperception that cloud-computing isn't secure.

Show IT how cloud computing can make them heroes. The days of touting cloud computing as the way to save money or increase flexibility are behind us. Cloud computing will replace legacy systems because it can transform IT into a strategic arm of business and, in the process, help their companies increase productivity, become more competitive and find new sources of revenue.

I can't think of many instances where IT organizations have the potential to directly boost the economy. With cloud computing, they can -- which is why I believe their transition to the age of IT enlightenment is inevitable. It's too important for it not to happen.



Mark Cunningham

Founder & CEO, Indicee

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

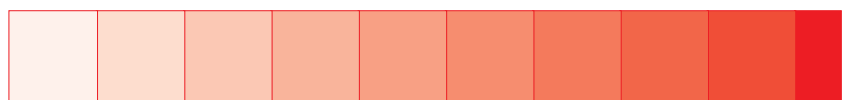
The confluence of analytics and social media will continue to drive significant change within the workplace this year. I believe that 2013 will be the year of social business analytics, which means we'll see a marked rise in the perceived importance and prevalence of analytics on the social tools driving greater collaboration within the enterprise, as much as on external channels such as Twitter and Facebook.

As companies strive to become more social, there is a real need to be able to define success. We must be able to measure it, analyze behavior, and then identify the tools and strategies that reap the highest rewards. "Social" applied to the workplace should be a no-brainer, but it's those companies that have clear success metrics and are able to leverage the right social forces that will enjoy a competitive advantage. For example, we see many enterprises that have collaboration tools already in place but have no idea if anyone is using them. And, without a baseline for adoption, these companies are stumbling around in the dark when it comes to tracking any other social initiatives. If we go a step further, it's clear that analytics can also be the key to unlocking much of the inherent value in social business. For example, getting a window into the conversations happening across the company, without having to manually sift through every feed, can surface innovation, provide early indicators of problems, and give insight into where social activity is leading to improved business performance. Unfortunately, we too often see social investment without measurement and an over-reliance on anecdotal evidence for success.

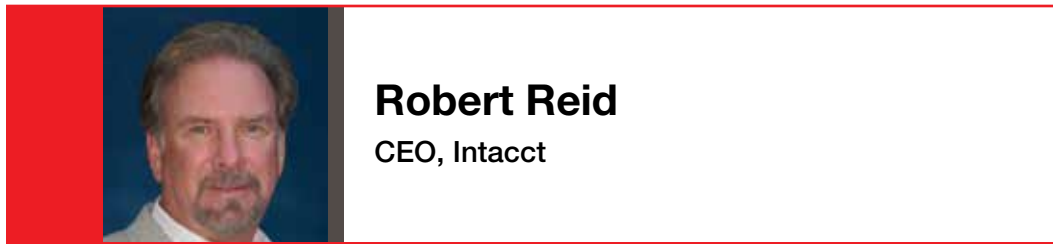
However, this is beginning to change. Social business is transforming the landscape for every company, in every industry. We've already seen how analytics for externally-facing social channels has brought about a greater sophistication in our understanding and expectations of this media over the last few years. Introducing better social analytics to workplace collaboration is the logical next step, and a sizable gap in the market right now. Those companies that started rolling out social business tools 18 months ago or more, are now going beyond the experimental stage and want to get empirical evidence on their social effectiveness.

In addition, the accessible nature of the SaaS marketplace means that the typical workplace has multiple collaboration tools in use at any given time. As the benefits of social business are widely evangelized, many companies are starting to focus in on the tools that best fit their workforce and represent the greatest value. The need to link social investment with tangible business objectives is something we hear all the time.

Clearly, the growing demand for social analytics is changing the landscape for software vendors too. Whether it's Social CRM, pure-play collaboration vendors, or any one of the hundreds of app providers that now incorporate social elements into their core design, providing powerful analytics is a pressing concern, as well as a challenge. Social data is high velocity in nature, and a combination of complex structured and unstructured data means it cannot easily be handled by your average in-house business intelligence (BI) tools, spreadsheets or guesswork. It requires deep BI expertise to bring together the different data streams to tell a useful story. As a result, we'll see many independent software vendors (ISVs) turn to business intelligence specialists to develop the social analytics portion of their products in the coming year.



In summary, while a huge percentage of social business transformation is cultural, having the right tools to support it is critical. This year, we will all get more serious about measuring our internal social initiatives and spend more time looking from the inside out, to understand how well social activities are impacting productivity, innovation, customer satisfaction and revenue.



Looking back on your career, what advice would you give to a startup CEO?

So many ambitious new CEOs are all about the numbers and how they relate to the opportunity that lies ahead. They focus on how much capital they should raise, how much they should charge for their product/service, and most importantly, how much revenue they expect to collect. All of those numbers and strategy decisions are important, but there are other – less tangible – considerations that can have a much larger impact on success. In my experience, there are four concepts that can help turn a good start-up with a good opportunity into a great one.

- Focus
- Customer Psychographics
- Prioritization
- Curiosity

If a new CEO studies these concepts and masters them, the numbers will come.

Focus

New CEOs are under a tremendous amount of pressure. From developing strategy and managing cash to hiring the right team and exciting investors, their attention is scattered and their time is limited, making it difficult to meet the needs of a broad set of responsibilities. The trick is to focus – to take an opportunity, focus on a niche, and do it better than anyone else.

When researching target markets, determine which segments present the best chance of success and focus the company's efforts there. The goal is to be the big fish in the small pond instead of the little fish in the big pond. Once established as a leader in a niche market, it's easier to pursue the next segment and grow the overall opportunity.

Customer Psychographics

When introducing disruptive technology or solutions, it's critical to look at customer psychographics in addition to demographics to understand which customers give you the best chance of closing a deal.

In general, there are many types of technology buyers, but it's important to recognize the visionaries and pragmatics. Visionaries are game changers. They are confident – less worried about risk and eager to reap rewards. They are comfortable taking a raw, unproven product and customizing it to fit their needs, both to prove that they can and to gain a competitive advantage. Pragmatics, on the other hand, worry about unproven technology for fear it will put their jobs at risk. They want to implement best practices that are backed by references, case studies, and a solid ROI.

Understanding buyer personalities and knowing which type of prospect you are targeting during the varying phases of the product lifecycle will help shape your marketing strategy. New start-ups will be

targeting visionaries first, as they are the buyers that facilitate initial market penetration. As the product matures, selling efforts switch to pragmatics. During this phase of the product lifecycle, the technology is proven and thus poised for revenue growth. The differences between these buyers will require almost opposite marketing strategies.

Prioritization

It's a fact: startups have way too much to do. An effective CEO must understand this and prioritize both strategic and tactical initiatives. Without direction, employees get frustrated when they are faced with multiple initiatives, don't know which to do first, and aren't able to do all well.

Effective prioritization involves making a list of high priority initiatives. Most CEOs stop here, but the real value comes in when each priority is weighted. Doing so empowers employees to make decisions about trade-offs during the normal course of their day and enables a more efficient organization when the CEO doesn't have to get involved in every miniscule decision.

Objectives, priorities, and weights should all be formally written and agreed to by both the CEO and his/her staff to gain a two-way commitment and eliminate any ambiguity. For the employee, this reduces stress. For the CEO, it allows the corporation to be more predictable when specific results are expected.

The most fascinating part of prioritization is the culture it creates. Instead of attacking each other when someone is asked to do something outside of their objectives, the culture trains employees to look for answers by evaluating the process:

- Does that request support our objectives?
- Did we change priorities?
- Is there something that is more important today than what had been agreed to before?
- How can we improve the process to improve our results?
- Do we need more education on our priorities or process?

A great majority of employees come to work to do their best. Creating a culture with clear, prioritized objectives and a way to manage conflict enables them to do it, thus maximizing their input on company performance.

Curiosity

Most CEOs are pretty smart – but the best ones know they do not have a lock on knowledge. It's imperative that new CEOs make a conscious effort to remain curious. It would be a shame to limit the potential of a company's success to the CEO's vision alone.

The best way to do this is through consistent and ongoing questioning of customers, employees, and investors. Ask open-ended questions such as:

- What can we do to grow the business faster?
- What more can we do for our customers?
- How can we improve our processes?
- How can we make you (our employee) more productive?
- What would be an ideal solution?
- What do you think?
- Can you tell me more?

The compounding of ideas from these sources is the path to true innovation. An added benefit is the effect it has on employee satisfaction. If a culture of curiosity is established by the CEO, employees love going to work because they feel that they are respected and contributing to the company's success. Furthermore, exploring new ideas creates business value for customers and a higher return on investment for investors.

As technology continues to accelerate at breakneck speeds, start-ups will continue to emerge – and to fail. CEOs have a blank slate on which to build their business. Product and numbers matter, but so does the way the company is structured. Start-ups with a CEO that focuses on the target market, identifies the type of prospects they are targeting, sets clear objectives and continually seeks new ideas are positioned to be a company of distinction.



Over the next 3 years, how will the enterprise evolve to meet the greater needs for efficiency, scale and execution?

Social Media Killed The Enterprise Sales Star

Amazon, Facebook and DropBox have inadvertently and irrecoverably broken enterprise software. In a lot of ways, the 1990s were great for technology vendors. You could sell to customers, get paid huge license checks upfront and capture even more services revenue over time. And out of the goodness of your own heart, you might have cared about your customers being successful – but your pocketbook didn't depend on it. No matter what happened, your customers couldn't leave you.

Fast forward to today. As consumers, we have become accustomed to:

- Paying for what we need and getting it when we want it (e.g., Amazon.com). This has let to business models like SaaS, pay-per-transaction, freemium and others where payment is more closely tied to customer value.
- Being understood by the products and services we use (e.g., Facebook) – sometimes a little too much! This has let to B2B companies collecting tremendous amounts of data on their customers.
- Taking the best of what we use at home to work (e.g., DropBox). This has let to IT departments getting more comfortable with users “bringing their own” mobile devices, computers and applications.

The Crossroads

So our business model has shifted, our data model has shifted and our customers' expectations have shifted.

How have we reacted?

- We have become much more adept at “customer acquisition,” using data, analytics and automation and implementing systems like Marketo, Eloqua, Salesforce.com and NetSuite to understand our prospects. We can tell at any time where customers are in our “funnel” and identify how to move them to the next step.

- In addition, we have a Digital Breadcrumb Trail about our customers – from product logs to customer survey responses to social media information to CRM data to help desk tickets to billing records. We leverage this information actively in customer acquisition.
- Yet with all of this, our approach to working with our existing customers remains stuck in the 1990s. We don't use the sophisticated approaches we've come to love in customer acquisition. We don't use all of the data we've collected – it sits in silos. In fact, at best, what we do is throw money and people at the problem, futilely growing Account Management teams in an effort to manually stay on top of our customers. But this approach doesn't scale and we're left with high post-sales costs, unexpected churn and missed up-sell opportunities.

Where Do We Go From Here?

Technology vendors – and B2B companies more broadly – are recognizing that it's not sustainable for your pricing, data and customers to change without changing themselves

As such, B2B companies will evolve in the following ways:

- Traditional Account Management functions will be replaced by a Customer Success orientation that will permeate the company. Instead of calling customers once a year for a renewal, Customer Success strategies will align the company across Services, Sales, Marketing and Product to drive adoption and satisfaction for customers.
- In this vein, companies will invest in technology to integrate the customer Digital Breadcrumb Trail and provide a unified 360-degree view of their customers across what the company knows about the customer (CRM), what the customer is saying about the company (surveys and social media) and what the customer is actually doing (usage, help desk, billing, etc.)
- Finally, companies will leverage predictive analytics to provide early warning alerts about customers that might be at risk of churning or, on the other extreme, might be good candidates for new services. In this way, companies will move to a “just-in-time” model of customer intervention – from the “just-too-late” model that is so common today.

The 1990s were good while they lasted. But times have changed and we as an industry have to change with the times.



Michael Binko

President & CEO, kloudtrack®

Do you expect to see more mergers and acquisitions in 2013, and if so, what types of deals/trends do you expect to take place?

The Decade the Internet Grew Up™ – Emergence of Cloud 2.0®

In last year's Vision From the Top I introduced the Decade the Internet Grew Up™ theme with a “what if” crystal ball discussion of innovations and technology drivers that will likely emerge during the ten years from 2010 to 2020.

This year we continue the dialog with a bit more focus on what is the current state of innovation – particularly the recent pervasive adoption of cloud computing – and how vendors and their customers are taking solutions to entirely new levels.

This progression can be summed up essentially as a migration from basic Cloud 1.0 offerings to more sophisticated approaches that are referred to widely as the emergence of Cloud 2.0®.

To-date, the horizon for cloud impact was primarily relegated to basic office productivity applications – examples include hosted e-mail, CRM, online storage, social media, etc.

Moving forward, critical needs like governance | risk | compliance (GRC), transparency, workflow, data integration, secure collaboration, best-practice management, and process automation are the anchor tenets of Cloud 2.0 approaches with regards to enterprise scenarios. Additionally, mobility/BYOD, cyber-security, identity management and big-data/analytics are also bubbling-up to the surface as Cloud 2.0 themes cut across both enterprise and consumer sectors.

These advances in “where” and “how” cloud solutions are being offered give CxO suite executives greater power and flexibility when looking for ways to utilize information technology as a front-line driver for bottom-line improvement. Sure, total-cost-of-ownership (TCO) will keep the CFO and CIO ranks interested in cloud for some time; nonetheless, execs from Compliance Officers, to Chief Operating Officers, to General Counsel attorneys and up to Chief Executives and Boards all will start to realize that more intangible value can be realized by employing sophisticated Cloud 2.0 capabilities for critical enterprise functions.

While any industry sector stands to benefit, a few are poised to be the earliest beneficiaries of Cloud 2.0 ROI. Obvious industry stalwarts include financial services, healthcare/medical, manufacturing, energy, education, retail, pharma/life sciences and supply chain/logistics. However, one old guard IT-centric sector that truly stands to leverage Cloud 2.0 most effectively could be public sector/government.

In the age of fiscal cliffs and sequestration a complete overhaul of the “business of government” is occurring at a scale unseen since the transitions from centralized big-iron mainframe computing to distributed client-server in the late 1980s/early 1990s or the rampant rush toward the Internet in the late 1990s/early 2000s.

No matter how slow one might believe governments are to adopt change, the last couple of years (particularly since 2010) have seen Presidential mandates, Congressional legislation as well as state/local/municipal government policy-makers embracing innovation as a game-changer. Cloud computing has been in the driver's seat from the beginning of this transition as data center consolidation was quickly realized as a necessary step to drastically reduce IT expenditures in the public sector.

Looking ahead through 2020, it is fair to say we are merely scratching the surface.

Cloud migration strategies impact all aspects of government and enterprise efficiency and a Start Small ... and Scale™ approach allows even skeptical decision-makers a path forward with low risk. Roadmapping these (r)evolutions in enterprise IT will require organizations to do some true soul-searching in the form of assessments of current systems and business processes.

From these assessments, the true targets for innovation and automation can be identified and prioritized.

Indeed, all legacy IT assets need not be on the chopping block. In fact, a cloud roadmapping stance that allows good assets to remain in place is essential for most organizations. This is a critical consideration for cloud vendors. Cloud 1.0 vendors have typically invested little in GRC, analytics or legacy integration while Cloud 2.0 vendors have embraced these challenges and created pricing models and go-to-market strategies that accept the ecosystem aspects of Cloud 2.0.

More and more, enterprise customers will be looking at teams of providers to work together to solve problems and, less and less, will these customers be looking to one large vendor for solutions.

This diversity and fast pace of innovation is the domain of Cloud 2.0 and will be the main reason 2010-2020 will likely be referred to historically as the Decade the Internet Grew Up.



James Welch

Chief Product Officer, Kronos Incorporated

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

40

The Impact of Analytics

With the technological advances in the past several years, organizations around the world are collecting more and more data. The topic of “big data” has been getting increasing attention, but there has also been so much overuse and misuse of the term big data that organizations have begun to question precisely how big data capabilities and initiatives will help them solve specific business issues. The key to a successful big data strategy is that it’s not just the data itself that creates value – it’s what you do with it. To generate value, you need to combine data with effective analysis and take action based on information-driven decisions.

But how do you make data accessible and easier to consume? How do you identify what is relevant? And how do you get the information you need to make decisions? This is where analytics comes into play. Fundamentally, analytics solutions make information easier to access, understand and act upon. It’s not just pretty reporting where you can see stale data. As part of a complete workforce management solution, analytics provides a closed loop system that presents actionable information so that you can continuously improve your business, particularly in the areas of controlling labor costs and improving overall workforce productivity.

Previous generations of analytics tools focused on backward-looking reporting, like looking out the rearview window of your car. But now you can transform mountains of raw data into nuggets of valuable information to gain immediate insight. An interactive analytics dashboard enables managers to understand what’s happening in their labor pool in near real-time so they can take immediate action to impact status. Increasingly, managers will use this dashboard view to make projections of what will happen in the future. It’s like having the ability to see in the rearview mirror, out the windshield, and around the corner — all at the same time.

Visibility to this ever-growing body of data will increasingly be delivered anywhere at any time. Advances in mobile technology will continue to drive a frontline manager’s ability to “manage in the moment” while in the field. They can proactively address future challenges on-site rather than reviewing stale reports that deliver no actionable insight.

In the coming year, we believe that more and more organizations will take advantage of analytics solutions to prevent themselves from drowning in a sea of “big” labor data. We also believe that over time, rather than seeing analytics as a separate category of products and solutions, users will come to expect that analytics capabilities will be embedded in the products and services they already use, giving organizations the visibility they need to make intelligent decisions that lower labor costs, improve workforce productivity and boost profitability.

They’re thinking, ‘If I or my organization were to adopt this new technology, how would it change our competitiveness?’

Geoffrey Moore



Edward M. Kwang

President, MySammy

Looking back on 2012, what technology news or event surprised you most and why?

Social media has been taking the world by storm, with consumers eagerly on board and companies trying to figure out how to use it to broaden marketing outreach. But from a different angle, we see that social media is having a negative impact from a human resource and IT perspective. Companies are struggling with setting policy and measuring the impact of lost productivity of their employees due to social media.

A survey our company, MySammy, created and published in late 2012 highlighted a lot of surprising findings. The survey results show concerns regarding everything from threats from social media, lack of corporate policies, impact on recruitment and the effects on productivity.

Firstly, the two biggest factors on why companies block access to social media websites were “security threats” (77% important) and “decreased productivity for employees” (67% important). And while 76% expressed concern that employees are using social media to harm their reputation, only 38% block access at work to social media websites. Of the ones who aren’t blocking access, two-thirds (66%) aren’t even monitoring the time employees spend on them either.

Secondly, and somewhat surprisingly, if employees use social media on behalf of a company, only a little more than half (57%) consider that information company property. Looks like companies may need to look at modifying their social media policies, which we show 69% of respondents already have. But the vast majority (86%) do not have limits spelled out on the time employees can spend on social media, likely leading to confusion or lax enforcing of existing policies.

Thirdly, our survey respondents didn’t feel that blocking access to social media will hurt them when recruiting job prospects (66%). But a past study by Cisco showed that more than half of college students globally (56%) said that if they encountered a company that banned access to social media, they would either not accept a job offer or would join and find a way to circumvent corporate policy. This highlights the conflict between what a company thinks and what prospective employees think.

Fourthly, more than 3 in 4 believe that social media hurts employee productivity, yet they have no way of knowing by how much; two-thirds of respondents (65%) don’t have a way to measure employee productivity while on the computer. Yet more than half (54%) felt social media was useful for employees to perform their duties. These somewhat conflicting findings show the struggle of companies when it comes to social media and its impact on employee duties and productivity.

Finally, since almost all respondents’ companies (87%) allowed their employees to bring their own smartphone to work, it is conceivable that employees are circumventing website blocking by accessing social media with their personal devices. More than half of respondents (58%) worry that they use it to access social media during work.

So what are the implications of these findings? It looks like social media will not be going away any time soon. Thus, companies need to be proactive in terms of setting clear guidelines for employee use of social media, and be clear in communicating and enforcing the policies to their employees. Just as important, companies cannot be lulled into a false sense of security that simply blocking access to social media websites at work is the answer.

Rather than using brute methods of global website blocking, a more effective answer is enacting solutions to measure productivity. If harnessed properly, social media can benefit organizations through increased collaboration, real-time monitoring and online evangelism.

To check out the survey results in its entirety or download a PDF version, please visit <http://www.mysammy.com/survey-social-media>.



Jason Blessing
CEO, Plex Systems

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

2012 saw the widespread acceptance of cloud computing, including the validation of the model by some of the largest software companies in the world. This acceptance comes as cloud pioneers continue to demonstrate that the cloud can exceed the highest standards around security, business continuity, and application functionality.

Companies are incorporating cloud services and platforms into formal IT portfolios, including business intelligence (BI) and analytics. In fact, the cloud has elevated the role of business intelligence and analytics to a whole new level. A recent study by Gartner predicts a significant increase of BI spending in 2013 and beyond due to the desire for department-specific and personal BI tools to drive even more productivity gains.

Business Intelligence integrated within an existing system adds more value

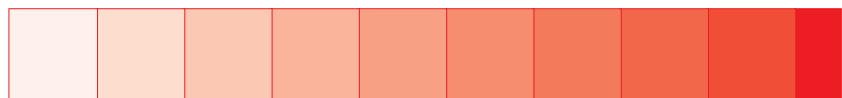
It's a daunting task for companies to manage and leverage immense amounts of data efficiently enough to make timely decisions. This is especially true in a manufacturing facility where collection and analysis of data at every single step is crucial, and often overwhelming.

Enterprise resource planning (ERP) systems contain the essential data and information needed to make decisions and run the manufacturing facility in an efficient fashion. But data without insight has no value. There are still difficulties in actually making use of the available data to derive meaningful conclusions. According to an Aberdeen report, "ERP in Manufacturing 2012: The Evolving ERP Strategy," about 33 percent of organizations reported more and more decision-makers want or need analytical capabilities.

More organizations prefer to pair their existing ERP solution with BI. When BI tools are integrated within the existing solution, they extract data from the system, add value to the information and transform it into business intelligence, which is critical for swift decision-making.

More vendors are now offering BI tools as an added value to their customers. This feature enables top-level executives to more easily leverage the data housed within the ERP system. Also, embedding BI into ERP adds a strong emphasis on the importance of analytics in making business decisions. Employees begin to cultivate the data-driven approach to problem solving.

The added advantage of cloud ERP with BI is that data can be accessed securely, easily, anytime and from anywhere. It acts as a one-stop shop for data access and analysis, enabling everyone in the organization to extract reports and charts specific to their particular roles and responsibilities.



In the years to come, executives and managers will increasingly rely on integrated BI tools to gain visibility into operations, improve collaboration and establish transparent processes to reduce errors and costs.

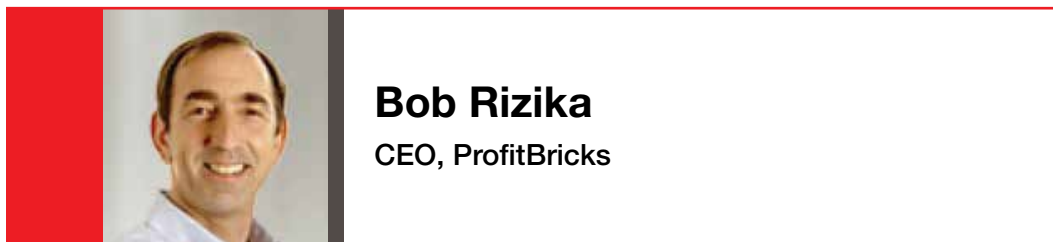
BI and analytics will drive customer engagement

As more enterprises wake up to the potential of business intelligence and analytics, the solution will evolve to accommodate the complex needs of the users. BI tools will not only be built based on customer feedback, but will also be used as crucial tools to engage customers. Organizations have begun to leverage data to gain insight into customer intelligence, a key driver of revenue. Business intelligence and analytics will have a huge impact on customer engagement.

According to a 2012 Forrester research report, leaders will begin to leverage BI tools to efficiently access, interpret and exploit both structured and unstructured data to enable customer engagement processes.

Plex Systems is one of the first vendors to provide a cloud BI tool to the manufacturing enterprise which allows customers to fully realize the data captured in their ERP system. Our customers use the BI tools to slice and dice data to create department-specific reports as well as executive dashboards. These reports identify gaps and help users engage in an ongoing, meaningful communication with customers.

As enterprises are becoming more agile and lean, they have to utilize the powers of emerging technologies to their competitive advantage. With the abundance of data circulated within an organization, executives will leverage BI and analytics to increase collaboration and visibility, drive innovation and improve efficiencies.



Bob Rizika
CEO, ProfitBricks

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

Big Data, Software and Cloud Computing 2.0 – A Key Theme For 2013

Ever since the timeshares of mainframes and the arrival of PCs – the power of massive computing remains in the hands of the few. However, the world is different now.

The vast amount of data tracking everything (transactions, sensors, etc.) each of us does has exploded. For example, credit card purchases, business loyalty cards, frequent traveler accounts, websites, mobile apps, electronic toll transponders (E-ZPass Network, Fastrak, etc) – all offer brief snapshots of information about each of us. When combined with a company's CRM data, the picture becomes much more vivid, offering predictive intelligence.

Data sources, like those mentioned above, are available today on a single-use or subscription basis and can be easily integrated with your organization's data stores with API calls to learn more about your customer. As recently as a few years ago, it would have been necessary to work with a project manager in your company's IT department, purchase large amounts of IT equipment, get it installed, and wait for the sys admins to get around to running the job.

The "consumerization of IT" – where employees are bringing not only their own mobile devices, but they are bringing their own laptops and, in some cases, software to work, is a big part of today's data revolution. The IT teams built the data warehouses of the 80's and 90's and then leveraged the easy to use Business Intelligence tools of the first part of this century. Employees in many departments are now curious. Very curious, and no IT department or budget is going to get in their way.

Data is flowing within their organization at an ever increasing rate. They want to apply their “consumerization” of IT to the data at their fingertips.

What’s different now? Cloud computing? No, not first generation difficult-to-use, costly, slow and limiting – but second generation Infrastructure as a Service (IaaS). We now live in a world where instances can be connected at 80Gb/s, and instances can have 196GB of RAM and 48 cores. The real clouds are arriving. And despite what some might think, they are priced and packaged for the masses.

Competition in every industry is stronger and growing faster now too. It’s fueled by data. The early adopters of cloud computing had a competitive edge.

“Now, it’s time to democratize compute power.”

Data is all around us and should be available when and where we need it. Used efficiently and effectively, data can greatly improve how business is done. It improves product development and increases the bottom line.

EDI Streams. Retail Transaction Data. Flickr. Amazon. WorkDay. Salesforce.com. Citibank. YouTube. Data is constantly moving into the cloud and being absorbed at a record rate.

How is this possible?

Instead of running on a physical machine, today’s modern applications work with data run on the cloud in giant compute and storage clusters of virtual machines, created by software and controlled by APIs.

At some point, cloud computing becomes physical. For anything to happen, a CPU will have to load instructions and process the data. To initiate the processing, the data has to arrive at the server containing the CPU and will then be sent somewhere, often to another server. This is where the physical network connecting the computers comes into play. It is in the switching layer that data flow challenges will appear as the computing world becomes “virtualized.”

However, for all of the great strides in virtualization and decreasing hardware costs, for many organizations High Performance Computing environments have not been an option. CPUs, Memory, Storage and Network interconnects were simply too costly to acquire and maintain.

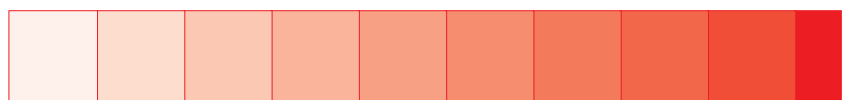
The promise of cloud computing in its first generation did not improve the performance, cost or ease of use to the HPC market. The biggest stumbling block to date has been the cost in both performance and I/O for networks in the cloud.

The main impact to the increased usage of cloud computing is reduced dependency on in-house IT infrastructures. Offering the ability to implement services in a matter of minutes using a self-service web-based platform, cloud computing allows companies, both large and small, to move away from capital-intensive IT expenditures to an operating expenditure/pay-as-you-go business model. The business advantages of cloud computing include the standardization and streamlining of operations, and since all parties have access to the cloud, stronger collaboration among external entities and the organizational ecosystem.

Cloud Computing 2.0

HPC in the cloud is a more cost-effective and efficient way to improve computing performance is available now. It was the vision of ProfitBricks’ founders to offer the second generation of cloud to every organization. And now that it’s here, there’s no stopping it

Cloud computing has clearly emerged as an alternative computing platform that bridges the gap between engineers’ growing computational demands and their computing capabilities. The cloud allows engineers, scientists, researchers, and other big data crunchers to obtain massive computing resources within minutes, compared to a number of days or even weeks it normally takes under traditional business processes.



A cloud with moderately better network (vs. EC2) will deliver a significant performance improvement. Newer HPC-friendly “engineering cloud” platforms will be equipped with much better processing and networking capabilities such as InfiniBand, the platform behind the US Department of Energy’s Magellan and cloud computing IaaS providers like ProfitBricks.

HPC in the cloud is a proven advantage for many industries like research, engineering, BioPharm, and others, but it won’t stop there. This more cost-effective and efficient way to improve computing performance is available now. It was the vision of ProfitBricks’ founders to offer the second generation of cloud to every organization. And now that it’s here, there’s no stopping it.



Jim Whitehurst
President & CEO, Red Hat

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

There are various forces coming together that will have a transformative impact on the IT landscape and forever change the role of the IT department. IT has moved from a business function responsible for making sure ERP systems work, pushing bits to customers, and providing support, to a strategic department that influences products and capabilities. As software continues to be provided as a service, where the R&D department begins and the IT department ends will be blurred.

This transformation is a result of what I refer to as the Information Revolution. Now more than ever, information flows freely. Technological advances have helped build channels where information can be shared across the world in real-time. If you want to buy a red sweater, you can jump online and in a matter of seconds, find a variety of options and avenues through which to make your purchase. Information flows so freely that companies are now becoming more focused on storing the information. Storage of these large volumes of unstructured and structured data is propelling the big data trend.

But it’s not about how well you collect or store the information or big data you gather, although that’s an important challenge to overcome. It’s about what you do with it once you have it. Big data is intelligence, and organizations are using it to influence their customers and better understand their needs. Analyzing this information and data will allow for businesses to positively influence a number of their operations including how they build their products, offer services to customers and meet customer demands. The challenge for the IT department will be to figure out if they will own storage and analysis of this data or if that will sit with another part of the business, say the marketing department.

We could see something resembling the current IT organization taking responsibility for the data and then passing it off to the Line of Business owner. Or, we could see Chief Marketing Officers buying the technology they need from big data solution providers directly. Either way, the data scientists who extract the value from the information and data will be in charge and where they sit will greatly impact the future role of the IT department.

But where they sit will be dependent on who does a better job of leveraging the data. It becomes a question of whether it’s easier to teach tech to marketing or to teach business to IT? CIOs will have to bring in business people and adjust their organizational structure to reflect this new reality or they risk being pushed away from the business table.

The role of the IT department could come down to the role of the CIO. A CIO who has a seat at the business table is vastly different than a CIO who doesn’t have a role in strategic business decisions.

Strategic CIOs are focused on business planning and not simply resource planning. Their time horizon is different; they think and talk in terms of 5+ year cycles. For IT departments to stay at the business table, their CIO will need to be a strategic thinker who can provide the capabilities needed to extract the value being gathered by the influx of information.

Regardless of whether IT departments choose to make choices based on the status quo or step into the mainstream and take an analytical role with big data, the IT department as we know it is evolving in a way that it will never be the same.



Frits Veltink

Managing Director & Co-Founder, SaaSEnergy

With growing concerns over privacy, cyber security and IP protections, do you believe that federal regulations or legislation will have a significant impact on innovation and growth in the next five years? And if so, in which area(s)?

Trust in the Cloud driving innovation and growth

“Hi dad, can you spare me a moment” my 13 year old daughter asked me. “Sure honey, what can I do for you”? “ Well I need your credit card for download purposes, it’s actually a free service, and they say it’s necessary within your account set-up”.

“Hi Son, can you help me with my online media invoice”, my 77 year old mom asked me. “ I do not understand the total amount which was charged, it’s much higher than usual”. “And do I get my money back if so?”

These are ordinary daily examples of different generations using services on the web. Both have complete different perception levels in relation to privacy, security and the use of IP. This is certainly the case when (potential) money loss is at stake or abuse of privacy.

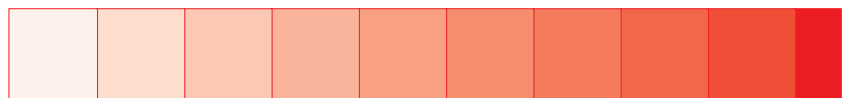
The young generation is growing up “almost online themselves”, being educated from the day they are born. And they believe they do not exist if not present on the web. Their real world and virtual world are seamlessly integrated. Where the combination of convenience and socially expected behavior prevails over potential abuse.

Whereas potential abuse of privacy and potential lack of security rules the behavior of the older generation and causes them to lose confidence. And they have the money to decide to move to the cloud or not (not my Mom).

Trust

Within our Industry we feel and often say that we are trusted, but are we? How do we know, how do we check and what is a good reference commonly accepted, which will drive the growth of our industry?

Since we are moving towards a complex process based industry, where we are all tapped in producing, editing, operating and consuming content 24*7, it’s fair to state that gaining “Trust” is a hard ball game.



3Controls + 1

Money is the main driver, technology the enabler and often the cure, but not without providing trust within the fast changing and flexible value chains. Where all parties are in search of 3 main controls: Controlled Access, Controlled Distribution and Controlled Duplication. For you as a provider the problem is you can't control these alone if you do not manage the whole stack, with all its dependencies out of reach and out of control. Managing these dependencies is often opportunity and incident driven, governed by lack of knowledge and ignorance. The real control issue is within the diverse value chain interfaces of cloud services. Customers and end-users are becoming more aware of that, which translates into increased warranty demands on showing the level of control against measurable frameworks and legislation. This 4th control "Controlled Compliance" will become a business requirement the coming 5 years.

Transparency

On one hand government regulations and legislation will drive this in order to gain more measurable compliance. On the other hand the Industry will drive this in order to gain more trust with customers and end-users. To succeed on both sides more transparency and co-operation is needed within the cloud value chain on processes, procedures and risk mitigation. Already many initiatives have been taken on diverse certification levels. So far, from a customer perspective, none seem to cover an end-to-end "assurance" throughout the chain.

Growth

Innovative and supportive standardized services, supporting measurable "trust assurance" and compliance, therefore will become mandatory in providing the trust necessary for sustainable growth. Not only growth within the high potential governmental and corporate market, but especially within the SME and consumer space.

So at the end customers and even my daughter and mom could say "we feel protected" by an appropriate "trust assurance" at the level I need."



Bill McNee

Founder & CEO, Saugatuck Technology

Which of the following current topics will significantly change the market in the next year? And what is the impact?

Mobility and BYOT

Hand-in-hand with the Consumerization of IT is the rise of "Bring-Your-Own-Technology" (BYOT). We are using this term, rather than the popular "BYOD," as what is happening in the enterprise – and what ISVs need to enable and support – is not just about mobile devices, but also personal applications, Clouds, services, and data within the enterprise.

Our research shows that BYOT is poised to become the next major development in the way enterprise IT is delivered, following closely on the heels of a complicated, loosely-coupled new Master Architecture built on top of hybrid Cloud environments, Collaborative and Social IT, Analytics, and enterprise Mobility. What sets BYOT apart within the enterprise is that it marks a relinquishing of hardware ownership in addition to software and business process ownership. The shift to BYOT then is part of a continuous and broader change in the role of IT, from hardware and software delivery to business enablement.

ISVs – really, any providers of device management software and cloud applications – are key enablers of BYOT. As enterprise IT departments become more focused on the loosely-coupled Master Architecture, they will rely more heavily on close partnerships with their vendors to help maintain and deliver these solutions.

An increasing number of conversations in our research indicate that CIOs and other enterprise leaders want more robust relationships with their vendors. A critical aspect of BYOT then, is that due to the customers' constantly-evolving needs, vendors need to step up and position themselves as partners to Business leaders, and allies to IT groups.

In that “new partner” role, it will be up to the ISVs to provide users with further best practice guidance, as well as keep their IT departments updated as to the various security threats, new versions, and new devices that need to be identified within an organization. Also, as vendor capabilities expand to include more systems, devices, and capabilities, it will be important to help IT clients understand how these changes can and should affect their existing strategies for BYOT, as well as company-owned software and devices.



Lou Guercia

President & CEO, Scribe Software

Is your company integrating social media into your business development and/or business-to-business communications?

At Scribe we have embraced social media for both business development and business-to-business communications and so far we are pleased with the results. We started slowly, learning how the different channels could impact our business and help us initiate new relationships and we've expanded from there. With presence on Twitter, Facebook, LinkedIn, Slideshare, Vimeo and YouTube, we've seen our brand recognition increase, we've established relationships with over 200+ influencers and we've initiated a significant number of new partnership opportunities.

For business development we use social media to identify technology influencers as well as possible strategic partners for our cloud-based integration platform, Scribe Online, and engage them in conversations. We monitor their blog coverage, Twitter and LinkedIn posts and we actively comment on them as well as share relevant posts with our followers. This has led to a number of meetings and new relationships for Scribe based on the exchange of ideas through social media.

In addition, we actively use social media for industry events, such as SIIA's All About the Cloud, Microsoft Convergence and Salesforce Dreamforce. We monitor conference chatter before, during and after events to identify possible business development contacts, schedule meetings and engage in partnership discussions. It allows our team to engage in real time onsite with people that we otherwise may not have connected with at the event. Additionally, it allows us to share what is going on at the event with those unable to attend in person, often generating follow on opportunities. Social media at events has enabled us to broaden our reach and provided an opportunity for us to identify partners that are attempting to solve similar business problems.

We also ask our executives to contribute articles and industry points of view to relevant industry resources such as CustomerThink.com. In those articles we not only share industry relevant topics but we also acknowledge our partners, share benefits and call out their successes. For example, Peter Chase, EVP Business Development, and I have shared a number of blogs on CustomerThink including posts about the Importance of Making Integration Easy, SMB Integration Trends and how our partner Harvest Solutions helps customers achieve business success through integration. These posts educate but they also create the foundation for discussion among people with similar challenges and opportunities.

Social media is not just for business development, we have a number of initiatives around social media that impact our business-to-business communications as well. We actively use LinkedIn and Twitter user groups and channels to engage business analysts and IT professionals using the Scribe platform for integration. These groups generate conversation around solving business problems, opportunities for integration and resolving implementation challenges.

Our team provides integration insights and relevant industry information through our blogs – Tips & Tricks and CRM Trends and our industry reports, like our State of Data Integration, which are available on social channels such as LinkedIn, Twitter, Facebook and Slideshare. We create industry relevant videos and make them available on Vimeo and YouTube. Through the exchange of information and ideas on social media channels, people are able to self-select in to the topics and conversations that interest them, allowing us to provide more relevant and targeted communications to them.

Social media has become an integral part of how Scribe communicates with the market, engages with influencers and builds relationships with partners. We, like many others, are now integrating that information with our overall customer data infrastructure to help us better respond to customer, partner and influencer needs in real time.



Jan Aleman
CEO, Servoy

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

‘Mobile First’ strategies and ‘Cross Device Journeys’ are the areas where software companies are challenged. Mobile and portable devices, started by smartphones and tablets have been driving IT’s biggest disruption in the last 10 years. Mobile Banking is driving most of the innovation and adoption of ‘mission critical’ applications. In 2012 we have seen at the customers of larger sized banks that for the first time mobile usage exceeding the use of the desktop version of the same online banking application. Banks and business that have ‘mobili-fied’ there business are now optimizing customer journeys that roam over multiple devices; for example applying to an application through a desktop app, and tracking progress and providing additional information through a portable device while using the branch as the fulfillment center (still).

Both developers, security specialists, IT architect are challenged from application architecture, frontend and server technologies, the way APIs are exposed, but most of all the use cases have become agile. And the next frontier is business applications.

We are entering the second wave of mobile application that blends ‘single codebase’ deployments based on hybrid technology combined with a ‘person first strategy’ (besides mobile first, the needs of a user remain leading) that enhances the cross channel user experience, as we know it.

In a nutshell, ‘Mobile First’ means: design (and develop) an application for a portable device first, instead of traditionally making the mobile version a stripped down version of the initially developed desktop version.

Mobile applications require very different usage, development and deployment patterns. Interestingly they force us to grab the essence of the user interactions and make them fairly easy to use.

So when (and how) do we start? Should you go research for another year what to do? Most successful companies in mobile business applications use the approach: Start today and start learning immediately. Of course your first apps won’t be perfect, deploy them to your loyal users (or friends and family first) and get their input to improve.

What’s great about mobile apps is that they are ‘fit for purpose’; optimized for the job and mostly limited in functionality. There is a high probability that you can easily extend or reuse on what you already have: the more advanced mobile platforms will connect directly to your existing systems: both business logic and data.

Just some success factors that other companies have seen in the field:

1. start today
2. select an end to end platform that covers the full lifecycle of your application.
3. reuse the business logic and data you already have in your systems/
4. focus on user centric and process optimized applications
5. make sure the UX (User Experience) is top notch, and the app desirable
6. follow a ‘mobile first’ and ‘user-first’ strategy: when you start thinking about new functionality visualize how this would work on a mobile device, then build it first on mobile. You will find this will lead to great improvements in user experience on your desktop products
7. experiment with different pricing models; there is no golden standard for pricing but a lot of opportunities around. Try a few different models and see what works in your market and we have seen successfully in consumer markets.

This is an excerpt of a whitepaper that I have published on my blog that highlights success stories executed by ISVs that have adapted mobile technology in their business application domain. blog.servoy.com



Igor Soshkin
CEO, Shopping Cart Elite

Looking back on your career, what advice would you give to a startup CEO?

If you are a startup of an ecommerce business, you will soon find yourself working 70 hours each week, and not getting anywhere with your business.

When you first started your business, you wear all the hats. You are CEO, salesman, customer support representative, and even the janitor. Your official title was “the entrepreneur”, the position with no title and all the titles.

Every business has many different operations. I am not going to get into great detail, but here is a list of the main operations of any business:

- a) Product or Service – Whatever you are selling
- b) Marketing - Getting customers to your website
- c) Sales - Closing the sale after you get the customer to your website
- d) Operations - Customer Service
- e) Finances - Paying bills and budgeting

Here is what happens a typical CEO of a startup. When you first started you probably did not even consider Operations or Finances. You thought you were good in sales, and you were confident you got the right product to sell. The main thing that was on your mind was marketing, and your answer to marketing was SEO! Your perception of successful SEO was to hire someone for a couple of hundred dollars per month and everything will be done for you. Unfortunately, that didn't happen.

So you wonder how is it possible that one year later you are working 70 hours every week and you are not seeing any growth. There is nothing wrong with working 70 hours per week. In fact, I usually say that if you are not working 70 hours every week, than you're not working. However, if you work 70 hours per week, earning less than minimum wage and not seeing any growth, then there is a big problem that you need to solve.

Let me shine the light from the end of the tunnel at you, and hopefully it will give you a direction of where to go.

You are one person, and you have 100% capacity of how much work you can do every week. Some people say I can work at 110%. In reality, 110% is impossible because if you do that extra 10% than something else out of the 100% has to suffer.

When you first started your business you might have been working part time 20 hours per week, and you were mainly focusing on marketing. Soon you realized that you can't finish anything in 20 hours per week. So you took the risk and went into your business working full time at 40 hours per week. You used the extra hours to do more marketing, which in result your business started getting more sales. Just when you found yourself excelling towards bursting through the ceiling and expanding your company to the next level, you had to start to wear other hats in order to sustain your business.

When a product sells, you need to order it, make sure it ships, answer customer service emails, etc. When this happens all your attention shifts from marketing to operations. So you start putting more hours to accommodate for operations of the business. You are now putting 50 hours per week to catch up to everything that you have on your plate. Then as, more orders come in, you have to invest even more time in operations and finances. Finances are important because if you don't pay your bills, check orders for fraud, and pay your suppliers then the company operations can't function. All of a sudden you are working 60 hours per week, but you are producing the same volume of sales as when you were working 40 hours per week. In other words, you put more hours every week into your business without getting paid more and instead of growing you are standing still. This all happened because you underestimated how much time all the different operations will really take and you didn't prepare to scale them. Now you are stuck because you need to learn how to scale them, but you have no time.

Today, you are running around like a chicken without a head. You are doing redundant and boring tasks, and for the few hours that you have available every week you wonder what you are doing wrong and why you are not growing. You try to get help from others expecting them to give you a magic bullet, unfortunately, no magic bullet will help you. Does this sound like you?

Regardless of your company size, we all try to work at 100% of our capacity. It is normal for the owner of a startup to do absolutely everything in their business. It is also normal that as the business grows, the owner will experience their full work capacity which is called "the ceiling". In order for the company to expand the owner must burst through the ceiling in order to reach the next level.

Growing a company is like playing a video game, you need knowledge and tools to get past level 1 and into level 2. REALIZE the fact that you are working at 100% capacity and that you are a human being. Which means you can't work more than you can handle. ADMIT that you don't know everything because if you did, you would be running a multimillion dollar company by now. Once you come to the realization that you need help because you can't do this on your own. Here is my advice to you:

Most of us do not have time to read books, but everyone has time to listen to one. If you have a smart phone (If not go get one), you can download an application called Audible. For \$7.50/mo, you can subscribe to receive one audio book per month. For \$7.50/mo, you can get a book that can cost as much as \$40.00.

A typical audio book is 10 hours long. Audible has an option to speed up the audio by 100% or 200%. This means you can go through the whole marketing book in 3-5 hours. Instead of wasting your time on CNN, reading about politicians and psychos killing everyone, instead of spending hours on Facebook or watching a pointless sitcom, go and read a marketing book that will actually change your life and your business.

I personally listen to one marketing audio book every two weeks. When I can I try to listen to one audio book every week. Most of the books I read are best sellers written by very successful business owners. If I had to pay some of these authors for consulting, it would've cost me thousands of dollars.

These books are my mentors, and I am grateful that I can listen to them on my free time using a service like Audible. You can take the audio book anywhere with you, shopping, driving, waiting, business trips, vacations, etc. To start I recommend that you get this book. Take a leap of faith and read it, I promise you that you will be thankful that you did. If you prefer to buy this book on Amazon, here is a link.

Once you know what needs to be done, you need to automate absolutely everything. To automate your online business, you need tools. Shopping Cart Elite core features are 100 times more advanced than from competitors such as Volusion, BigCommerce, Shopify, but this is not a deal breaker. Most companies prefer to stay with their shopping cart because they are so busy running their business that they rather work around the problems they have instead of migrating to another shopping cart that can solve those problems.

What is a deal breaker is the lack of marketing tools that you don't get with your shopping cart provider. For example, Shopping Cart Elite has a tool called Traffic Quality Analyzer, it's a traffic quality management solution that provides actionable insights for click traffic performance. Unlike Google Analytics, Clicktale, and Clickly, Traffic Quality Analyzer provides a visitor threat score for all the visitors and an engagement score only for real visitors. It can identify invalid and low quality traffic which can be traced back to the source giving you instant access to specific and actionable information allowing for swift decision making and increased return on advertising spend.

Another tool Shopping Cart Elite has is called Visitor Generated SEO, Visitor Generated SEO is for companies who are looking to automate their SEO. Visitor Generated SEO is a native application included in Shopping Cart Elite that will turn your visitor keyword search phrases into SEO friendly indexable webpages that customers will find in the Google search results. Unlike Volusion, Big Commerce, and Magento that promotes this application through a third party partner called SLI System, Shopping Cart Elite has this application built-in for all Shopping Cart Elite customers, and it comes with a dozen other SEO applications.

Many companies go with just a Shopping Cart without marketing tools because they feel that it is good enough for them. Their reasoning is that they will stay with it a while and wait to outgrow it before moving to another more advanced shopping cart. The problem is they never outgrow it because they don't have the knowledge or the tools to get it off the ground.

I can go on and on, the point I am trying to make is that a better Shopping Cart might not be a good enough reason to switch, but a better Shopping Cart with game changing marketing tools that can take your company to a whole new level, marketing tools that you would otherwise never be able to afford, is a VERY GOOD REASON to move your website to a better platform like Shopping Cart Elite.



Sean Cook
CEO, ShopVisible

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

This year, we will continue to see an increase in customer engagement across multiple touch points in both physical and virtual environments. Omni-channel consumers continue to gain greater power and control each year and they are navigating the information they consume, the offers they redeem, and the products they buy across channels. Certainly, online retail sales in the US are growing strong and they are expected to exceed \$327 billion by 2016. At the same time, Forrester analysts are predicting that B2B Commerce will reach over \$559 Billion dollars by the end of 2013. The opportunities for companies supporting commerce with both consumers and enterprises are tremendous. Such opportunities fuel optimism and energy, but we must harness that potential by engaging our customers in the ways that they want to be engaged. No other time in our history has this been such a crucial endeavor.

While the volume of activity in business-to-business transactions is more than double the revenue of the B2C market, the enabling technologies and user experience are lagging far behind. We believe that the expectations of the business customer, coupled with the opportunity to dramatically improve sales, drive down costs and increase efficiencies will create a rapid adoption curve of business-to-business buyers emulating and deploying the kinds of solutions that are considered commonplace in the online consumer channel. In fact, the lines of B2C selling and B2B selling will continue to blur as each is learning from the other. Distinctions, from a user experience, will fade. We should not be thinking in terms of B2B or B2C – and we should instead be thinking about creating efficient and rich user experiences that enable complex transactions for any customers and the discreet B2B/B2C labels will converge to simply, B2X.

Those companies that will be applying consumer facing technologies and processes to a business buyers' environment will be required to take complex business requirements into account including, but certainly not limited to: complex business processes and workflows, unique pricing tiers and rules, multiple buyer permissions, and integrations with legacy systems. On the other side of the coin, we are also seeing and will continue to see B2C retailers starting to adopt some B2B concepts moving forward including tiered pricing, subscriptions, buyer tiers and more.

As the importance of contextual customer engagement continues to rise, so will the prevalence of mobile. Across the ShopVisible platform client base, 25% of overall traffic is coming from mobile devices. In 2013, consumers will continue to engage with companies through multiple touch points and will expect each interaction to be consistent, relevant to the medium, and user friendly. For example, a customer very well may browse a retailer's site on a mobile device, then place an order on their laptop computer and request that the item be shipped to store for pickup. At each of these interactions, the customer expects a seamless experience and flow of information. This emergence of multiple touch points is due, largely, to the influence that tablets and smartphones are having on product research and product purchasing lifecycles.

However, it's important to keep in mind that even as mobile commerce is on the upswing, transactions are going to continue to happen across a variety of different mediums (including the personal computers) for quite some time. Companies need to make sure that they are paying attention to all of their channels and finding ways to put the right content out on the right channels at the right time.



Taras Kytsmey

President & Co-Founder, SoftServe Inc.

Which of the following current topics will significantly change the market in the next year? And what is the impact? (Business Intelligence/ Analytics, Customer Engagement, Mobile, Security, or Social)

54

Driving flexibility and efficiency, Mobile devices have become an integral part of people's professional and personal life, and the role of mobility will become even more strategic in 2013. Mobile access to company software and information delivers improved workforce productivity, greater business ROI, and qualitative improvement in sales and marketing communications. This means that development of a complete mobile strategy, investing in mobile software solutions, and successfully executing business mobilization, should be among the top priorities for organizations worldwide.

Mobile technology trends will have a significant impact on consumers and enterprises in 2013. Mobile devices are becoming as strategic and common as PCs for web access. The Corporate Operating Systems application target list will now include Mobile Operating Systems along with the usual Windows versions and MacOS. With HTML5 adding on more capability, we will undoubtedly see more and more applications implemented as mobile web apps.

The growth in the number of enterprise mobile applications will drive organizations to create new enterprise methods for deploying apps to employees' devices. Also, many companies will look to the cloud for their mobile app deployments to simplify the delivery and activation process.

Driving change in the technology marketplace at a rapid pace, Mobility remains one of the fastest growing technology sectors today, and an increasing strategic priority for SoftServe. With more than 10 years of Mobility experience and more than 200 mobile projects delivered, SoftServe will continue to leverage sophisticated and innovative mobile solutions to empower businesses and their global clients.

SoftServe empowers Independent Software Vendors (ISVs) and technology-enabled businesses with mobility strategies, as well as the development of mobile roadmaps providing solutions along with recommendations on the benefits and risks. We also help businesses in the architecture, development, and deployment of applications from desktops and laptops to mobile technology, platforms and devices.

Another technology trend that gained a lot of momentum in 2012, and is sure to stay top of mind in the industry in 2013, is Business Intelligence (BI), Analytics, and Big Data. Enterprises have reached the point where making the proper business decision requires complex data analysis and simulation. Defining a BI strategy becomes extremely important to remain competitive. The Business Intelligence and Analytics solution becomes a strategic resource that enables access to and analysis of information to optimize decisions and manage performance. Successfully collecting and managing the ever increasing amounts of data, at higher and higher velocity, and of various types, can lead businesses to strategic insights into customer behavior and new market opportunity.

With the BI/Big Data trend gaining sudden momentum in the market, many companies are hurrying to take full advantage of all their structured and unstructured data to optimize their businesses. Big Data is especially useful for businesses that are heavily digital, while Business Intelligence and Analytics can help manage the business complexity and cost optimization. What we are seeing is that Big Data requires thorough analysis, and solutions that sometimes are based on a mix of different vendor products. Among multiple domains that utilize BI, we are likely to see a boost in Healthcare. Finally, we will most probably witness a rise of the Agile Business Intelligence trend that leverages Self-Service BI, Cloud BI and data discovery dashboards to accelerate the time it takes to deliver value with BI projects.

Having successfully completed numerous projects extracting business insight and strategic advantages from data, SoftServe empowers technology oriented enterprises and ISVs by providing BI/Big Data

consulting and development services helping clients overcome related challenges. SoftServe assists businesses in creating a BI strategy and roadmap; provides assessments and recommendations for existing BI applications, as well as assists with the application development, quality control and operations.

To fit the business needs of each client that vary greatly, we use our experience and expertise gained in dozens of projects successfully completed for our clients, including Fortune 500 companies. No doubt that in 2013, BI and Analytics will be among SoftServe's top priorities in order to help our customers transform their data into strategic assets.



Shankar Krishnamoorthy

CEO, Techcello

Over the next 3 years how will the enterprise evolve to meet the greater needs for efficiency, scale, and execution?

The Evolving Enterprise Efficiency, Scale, Execution... What's next?

Over the last few decades, enterprises grew by increasing efficiency, scale and execution capabilities. Emerging economies still have a large scope for applying these levers to extract further growth. But most of the enterprises in developed economies have reached the limits of cost cutting and productivity improvements. Increase in spending by consumers and businesses is the only source of growth and it does not look very promising in the near to medium term.

Now let us take a step back and ask, why is growth so very important for an enterprise?

Who wants Growth?

Growth expectations from financial markets and investors are one reason. But the aspiration of people is another important reason. An organization that is growing in a stagnant economy, feels dynamic, lively and a cool place to be. And so such organizations are able to attract, retain, motivate and inspire people, who innovate and create disruptive solutions, allowing these enterprises to grow further, thus exceeding the expectations of the financial investors.

While financial stakeholders want financial growth, people in an organization aspire for growth that is multi-dimensional: money, career, responsibilities, challenges, cool things to work on, social impact, self actualization and more..

The levers of efficiency, scale and execution are available to everyone, but inspired and innovative people gravitate towards some companies, at the cost of the others.

Human Resources?

It is difficult to imagine how any enterprise can achieve growth, without standardizing all its resources, including the human resource.

Using tools such as competency frameworks, skill development, behavioral training and goal based performance management, enterprises have been able to successfully transform any human being who enters the job market in to a standardized resource that can be sourced, consumed and replaced at a predictable cost.

The corollary of this is that, Human Resources like any other raw material, energy or financial resource,

has also become commoditized. The market place ensures that, specific competencies and skills can be acquired for a price, by anyone who needs them. So human resources in the conventional sense can no longer be a source of competitive advantage.

Inspiring Innovation

If innovation, passion, commitment, involvement, inspiration, creativity etc. are competencies that could be bought and sold at a market determined price, then there should be 100s of Googles and Apples in this world.

So we now come to a source of competitive advantage that is not available to everyone.

People. People as distinct from Human Resources.

People cannot be standardized and they cannot be put in to boxes. They have to be inspired. They have to bring their entire being to the job, not just their competencies and skills. They are motivated by many drivers (not just money) and their growth aspirations are multi-dimensional.

Many enterprises are aware of this. But the challenge is, Enterprises cannot be run with such unique and difficult to replace People. You need standardized Human Resources to keep the machine oiled and running.

So, should we look for a lot of human resources and a few People to run an enterprise?

Or should we bring the “Standardized Resource” dimension and an “Inspired People” dimension to every role and job across the enterprise, from the machine operator to the CEO?

Learning from the Fine Arts

In dance and music (particularly in the classical traditions), there is a lot of rigor, standardization, rules and structured behavior that are inviolable. But a great artist is one who masters and excels with practice and then reaches a level, where beauty, aesthetics and creativity emerge effortlessly from the same underlying structures that were once seen as stifling.

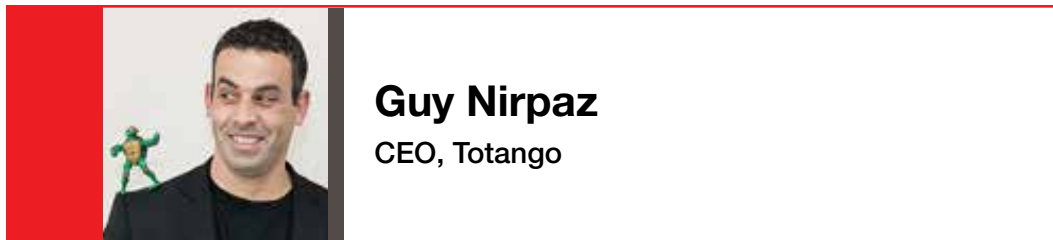
Similarly the “inspired human” and the “standardized resource” can co-exist in the same person. And the enterprise should pay equal attention to both.

People centric enterprises, the next growth engine.

People centric enterprises are those that provide opportunities for multi-dimensional growth to its people. Inspiring Innovation is considered as a source of competitive advantage. An enterprise that superimposes a “People” paradigm over and above its traditional “Human Resource Paradigm”, can not only compete with others on efficiency, scale and execution, but can also out-compete others on innovation and value creation.

The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.

Bill Gates



Guy Nirpaz

CEO, Totango

In the next five years, which software related businesses will grow faster or slower than others and why?

2013: The year of the customer centric enterprise

Software companies, which are successful in transforming their organization and business processes around customers, will grow faster than others over the next five years.

It is obvious that a customer centric transformation is required.

Most software companies intuitively understand that they should pay more attention to their existing customers. On average 61% of software revenues now come from existing customers and with the widespread adoption of pay as you go pricing and land and expand selling models this percentage will grow further in the years to come.

There is much research to back up a claim that customer centric companies will grow faster than their peers. Aberdeen research shows that companies which collect, analyze and act on customer events from multiple sources have 3x greater customer retention, 20x greater account value growth year-over-year, 17x better revenue preservation from existing customers, 5x larger customer lifetime value and 2x greater overall revenues. Those are some pretty compelling numbers.

The transformation to a more customer centric organization is well underway.

In a survey conducted by Totango in the fourth quarter of 2012, we found that 57% of software executives are implementing more customer centric metrics such as 'customer retention' and 'customer lifetime value'.

Software companies are also transforming their organization chart. The most recent Totango 'Customer Centric Scorecard', conducted in February 2013, found that of more than 100 early adopter software organizations, 57% have a dedicated customer marketing function, 69% have a dedicated customer success team and 63% have a dedicated account management (or former sales) team. It is not difficult to see how five years from now 100% of software organizations will have these functions.

Customer facing business processes are lagging behind.

Whereas new teams are being established to focus on the customer, the tools and processes that these teams work with are lagging behind. The same February 2013 Totango 'Customer Centric Scorecard' revealed that significantly less than half of companies were able to provide their customer success team with a prioritized list of accounts at risk and an equally low percentage of companies were able to give their account managers a prioritized list of customers which are most likely up sell candidates. A recent report by [source] on Customer Lifecycle Marketing shows that most companies struggle to know who their most loyal and profitable customers are, let alone know how they can influence customers to become more loyal and profitable.

At Totango we analyze and manage the customer engagement with over 10 million software end users. From this we know that, on average, half of users are not using the software they paid for. Software non-use is a major factor in churn, yet most customer facing personnel do not have access to such information. For example, when we recently signed up for the free trial of ten well known software companies we found that seven out of these ten did not have a way to alert their sales team to the fact that we were totally passive during the free trial.

So if you want to become a customer centric enterprise, what should you do?

So what should you do after establishing new customer facing functions such as a dedicated customer marketing, customer success and account management team? Here are five steps to take to ensure that these teams (and your company) will be successful:

- 1. Define the customer journey(s)**

A good place to start when designing your company around customers is to map the journey your most loyal and profitable customers are making to reach the ultimate value of product or service. Churn often starts with customers getting stuck somewhere on this journey.

- 2. Create a central customer engagement database**

Next, create a central database, shared by all customer-facing personnel, where you collect customer events from multiple sources. The first thing to monitor is whether customers are on track or off track on their journey to value.

- 3. Use predictive analytics**

New big data and predictive analytics technologies make it possible to cost-efficiently process customer events at a large scale and tease out buy or churn signals in real time. For example, you can create risk (churn) or opportunity (up sell) alerts based on correlating customer events from disparate sources, behavioral trends or customer benchmarks.

- 4. Define the appropriate action for each customer alert**

Collecting customer insights is good, but only if you also define the right follow-up action for each alert. A follow-up could be a call checking in with the right customer at the right time or a special offer delivered automatically via e-mail.

- 5. Automate as many of the follow-up actions as possible**

Even when customer follow-up involves a (sales/customer success) person, automate the creation of a task and where possible use marketing automation and personalized email campaigns. Only when you automate some of your customer facing processes, can you be sure that they are executed consistently.

Customers are not names in a database. Customer actions speak louder than words. If you listen to customer actions in real-time you will find opportunities (for up sell) and risks (of churn). It is your job to proactively act on these signals and you too can create customers who will love you for life and, in doing so, outperform your peers.

Quality is more important than quantity. One home run is much better than two doubles.

Steve Jobs



James Messer

Co-Founder, President & CEO, Transverse

With the abundance of competition in the marketplace, what innovative tactics will companies be taking to differentiate themselves (i.e. price cutting, vertical focus, channel development)?

Innovative Products and Services Need Innovative Billing

59

Consumers are dynamic. Their preferences, habits, and lifestyles are constantly changing. In addition, the way in which customers are buying products and services has evolved from one-off purchases and simple subscriptions to more complex, activity-based models with greater appeal to businesses and consumers alike. Smart companies will realize that there is a critical touch point between a business and their customers when a purchase is being made and that above all, customers want choices and a personalized experience.

How a company anticipates, recognizes, and responds to changing dynamics and customer preferences is a real competitive differentiator. With a flexible billing system, organizations can respond to shifting preferences by offering customers customized billing plans in real-time to reduce customer turnover, improve efficiency, optimize revenue capture to prevent profit loss, and leverage business intelligence reporting to accrue and analyze vast amounts of valuable customer data.

Billing is the intersection of CRM, finance, marketing and operations. In other words, it touches all aspects of a business. Unfortunately, most companies brush off billing as just a finance issue rather than treating it as a strategic tool across groups. All segments of the business can greatly benefit from this critical juncture, as it provides employees from all aspects of a company with easy and secure access to subscriber data and most importantly, detailed purchase/consumption history. Access to this kind of data can make a significant impact on customer service satisfaction, help improve upon marketing efforts and allows companies to capture additional revenue streams.

Billing can also help improve efficiency and prevent profit loss. A big source of profit loss in many organizations is a lack of accurate and efficient entitlement management. Today, most businesses use costly manual, time-intensive processes to manage billing systems. What they don't realize is that these processes can be automated to ensure efficiency, accuracy, guard against revenue loss, and grow profits. An automated entitlement management system can measure, track, and bill for subscriptions, activities, promotions, and renewals. By implementing an automated activity-based billing system, companies can track user purchasing information in real-time, ensure requested activities are authorized, and offer renewal and upgrade opportunities at critical times to optimize revenue capture and maintain a more loyal base of customers. Businesses no longer leave money on the table because their systems cannot support complex billing plans.

There is also tremendous opportunity for companies to use business intelligence reporting systems to capture valuable customer purchasing behavior data, which they can leverage to drive revenue growth. By understanding customer analytics, companies get deep views into customer data and gain insights into trends such as what price point typically triggers a purchase from specific customers in real-time. A flexible billing system ensures the customer data is not hidden in a black box; it's open and available for analysis across the business.

Your company is (hopefully) creating innovative products and services. But if you are not also innovating how you monetize your customer base through pricing and billing, you might just have an expensive hobby instead of a competitive business.



Ned Lilly
CEO, xTuple

With the abundance of competition in the marketplace, what innovative tactics will companies be taking to differentiate themselves (i.e. price cutting, vertical focus, channel development)?

60

Everybody likes competition until they're the ones that have to compete. That seems to be the case in many corners of the enterprise software market, but most definitely in the well-travelled world of Enterprise Resource Planning (ERP).

Once upon a time, there were hundreds of players in the ERP market, through multiple generations of computing technologies, but recent years have seen more and more inductions into what I call the "ERP Graveyard." Driven in part by the abundance of private equity money looking for someplace safe to park, dozens and dozens of legacy ERP systems have been folded into a handful of mega-aggregators and put into what's charitably known as "maintenance mode." Of course, this has the effect of ensuring less competition in the marketplace – which a cynic might suggest is exactly the point. But, as often occurs, there are market reactions to even this, which are inuring to the benefit of end-user consumers.

Our company, xTuple, has sought to differentiate itself by aggressively championing the needs of the end-users in this conversation – and harnessing one of the primary market reactions to the ERP vendor consolidation. That reacting force, which has already made a huge impact in other areas of the enterprise software market, is open source software.

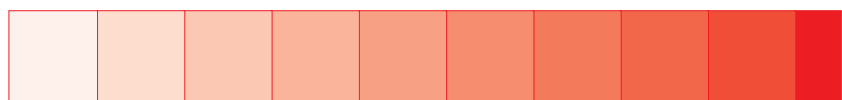
As a young, self-funded software vendor in a space dominated by multi-billion-dollar giants, we're obviously an extreme case of David and Goliath. And this is where open source has helped xTuple to differentiate ourselves, in three major ways.

First, like a growing number of companies, we take advantage of open source components at the infrastructure level. For years, the open source PostgreSQL database has been a core technology for us – and the PostgreSQL community has thrived, even as proprietary database platforms have receded. The latest affirmation of this trend has been the well-publicized news that Salesforce.com is hiring a large number of PostgreSQL engineers, presumably with the aim of reducing their dependence on Oracle, a competitor in the application space.

xTuple also built a new Mobile Web client with an all open source, all-JavaScript toolset that includes the Node.js server, the Backbone.js model system and the Enyo HTML5 framework. The ability to ride the leading edge of the innovation curve with these fantastic open source projects is a major differentiator for us – in controlling costs, reducing risk and improving software quality.

Second, we embraced open source for the ongoing development and distribution of our own product. Those are actually two distinct, yet interrelated points. By embracing a global community of business software professionals, actively including them in the development, QA and support of our software, we dramatically improve our internal business processes. Again, we benefit in the areas of cost, risk and quality – and there is the added benefit of a direct connection with customers, partners, and other users of the software.

Why – or better yet, how – do all those people participate in our product development process? xTuple makes the source code of the core product freely available through open source distribution portals like GitHub, SourceForge, and Google Code. The ability to leverage these communities as inexpensive distribution channels is another great benefit of open source – and one tightly aligned with the process of community-driven product development. One cannot work without the other; there have been



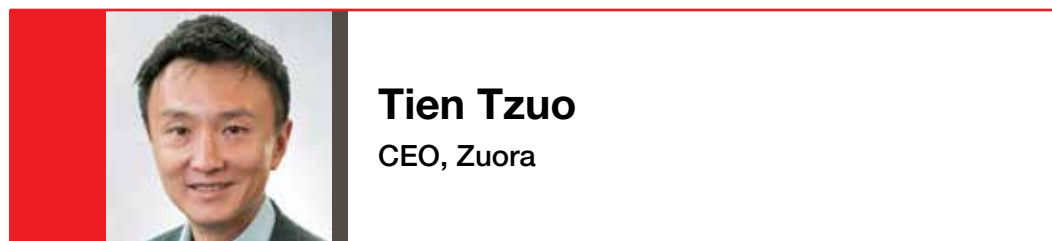
numerous cases of so-called “abandon-ware,” technology which companies have thrown over the fence into open source –often as a strategy of last resort – years after their core market moved on. Simply making the source code available isn’t enough; software vendors who wish to succeed in open source must engage their communities with vigor, transparency and clarity of purpose.

xTuple, and our entire ecosystem, actually experience an accelerator effect. Better, faster, cheaper – and despite what you might have heard from engineers in the past, you can actually pick all three.

Finally, open source has helped us differentiate ourselves in a difficult market with the development of a robust commercial open source business model. SIAA members are doubtless well aware of the suitability of different business models for different technologies, markets and/or layers of the information technology “stack.” Commercial open source companies can build businesses that are primarily services-based. They can leverage open source in hosted/cloud settings, with subscription or usage-based models. Or they can build what’s known as an “open core” model, selling commercial licenses to functional add-ons and supersets of the free, open source, core functionality.

xTuple has done all of these – and, consequently, has a diverse set of revenue streams, with the ability to offer customers a varied menu of offerings from which they can pick and choose the products and services that best meet their needs.

When we first walked down this path, we followed in the wagon trails of open source pioneers such as Red Hat. In those early days, we were often drawn into long discussions of this curious and somewhat alien-sounding approach. It’s telling that we almost never have those conversations today; open source has become a mainstream business concept, accessible and understandable to even the least technical professional consumers. Open source is simply a better way of making a product; the product just happens to be software. And commercial open source companies will continue to reap the rewards of a market evolution that rewards quality, transparency and clear alignment of value between software vendors and their customers.



With the abundance of competition in the marketplace, what innovative tactics will companies be taking to differentiate themselves (i.e. price cutting, vertical focus, channel development)?

There is a major disrupting force transforming many multi-billion dollar industries including manufacturing, technology, media, retail and telecommunications. What is it? It’s the shift from product-centric to customer-centric business models and from an economy based on ownership to one based on subscribing. Some call this The Sharing Economy, The Consumption Economy, or The Intent Economy. We call this revolution “The Subscription Economy.” Whatever its name, the idea is the same: success is no longer about delivering the best product at the best price and hoping that customers come back and buy more. Today, the winner in any market space is the one that owns the customer relationship. The new leaders of the Subscription Economy are focused on creating mutually beneficial, long-lasting relationships with customers, who pay revenue commensurate with the value they receive over time.

As a backdrop, in the pre-internet, and pre-global logistics 20th century, a vast distance existed between the manufacturer and an often anonymous consumer. In this world, competitive advantage came from scale – determined by who could build the biggest factory, the broadest distribution system, the most

stores. The goal of a company was to drive as many units as it could through its part of the supply chain, and drive down the marginal cost of the product, thus gaining a price or quality advantage over competitors.

But, with the rise of the Internet and with a global logistics system, the supply chains of the past century are fast becoming obsolete. The abundance of real-time market information on everything from product reviews, pricing and availability has pulled back the curtain on the buying process for customers. Customers now have more choices, aren't tied to localism, and can instantly take their business elsewhere. As a result, the power in the vendor/customer relationship has shifted to the customer, leveled the playing field and created new game rules for companies. Competitive advantage now comes not from scale, but from the ability to create enduring customer value through relationships built over time.

That's why the leaders in the Subscription Economy are focused on staying relevant to customers and continuing to deliver real value to them on an ongoing basis. And in this new world, here are three innovative ways to own the customer relationship:

1. Build direct access to customers to disrupt traditional product distribution channels.

The best way to own customer relationships is to get direct access to your customers. Thus, the companies that have the most open and direct relationship with their customers will have the most success. A few years ago, could you imagine a company with 5 employees threatening to take share from Proctor and Gamble? Today, Dollar Shave Club is gunning to make a serious dent in the \$12.5B shaving industry. They started with an innovative idea – that customers hate buying razor blades and feel gouged by retail prices, and built a direct subscription delivery model where you can get a month's supply of razors for \$1 a month. Great idea but, until recently, they wouldn't have been able to amass a large customer base without having the retail distribution and shelf space, nor the advertising budget. But an entertaining video that cost only \$4k to produce went viral and gained 4 million views on YouTube in a month while driving 12,000 paid subscribers to the service in just two days after launch.

In the mobile space, carriers used to be kings. Customers had to go through them for everything – to purchase content, change plans. Now the vendors that interact more directly with the customers by delivering them substantive value, e.g. Apple (and app developers), earn more customer loyalty and revenue over time. When a customer downloads and updates an app, they do it through the app developer and Apple, not the carrier. This builds loyalty and stronger relationships with these parties than with AT&T. Apple has effectively cut AT&T out of the equation and has stolen control of their customers.

2. Broadening your offering value with product line extension is the best way to expand customer relationships.

Often the best way to expand customer relationships is to evolve your offerings to fit a customers' broader needs. For example, DriveCam started out selling a video camera for vehicles but as they expanded their business they began to better anticipate their customers' needs. They saw their core value proposition as increasing driver safety for fleets. Now, DriveCam has extended their line to invest in software that analyzes drive behavior and flag bad driver habits even before an accident has happened.

In the security sector, BI Incorporated initially saw its business as selling ankle bracelets, limiting the scope of their customer relationships. But, when they expanded their offering to more broadly serve correctional facilities, they shifted their company identity to a larger security focus and began to target adjacent needs. BI now also sells breathalyzer tests – enabling a new opportunity to interact with and expand their customer relationships.

3. Develop flexible pricing and packaging models that keep customers coming back.

Don't just optimize pricing and packaging to acquire new customers. Also focus packaging to retain and monetize your customers over time. The media industry has been significantly disrupted over the past decade by strong competitive forces and the proliferation of free content that has threatened the entrenched advertising model. To stop the bleeding, many publishers put

up paywalls as a tollgate to extract revenue from readers. But customers don't want a one-size-fits-all payment plan. Some publishers have figured out how to nimbly offer the right content packages for customers. The Times, for example, offers subscription tiers that cater to different customer segments. Do you only want digital content that can be read on all your devices? Want paper delivery but don't need the tablet app? Want full access to print and digital? There's a package tier to keep you hooked.

Meanwhile, in the tech industry, Box.net has evolved to a B-to-Any model, offering packaging and pricing models for different segments of consumer and business customers. They offer a freemium model to seed new customers for its collaboration service, which starts free for up to 10gb of sharing and then has more advanced package options for higher usage demands. For consumers, the service is free, but for businesses, the company charges based on usage. Box has customers covered with flexible packages that meet a diverse set of needs.

Conclusion

Owning customer relationships is the model of success in the new economy. Whether you're an upstart manufacturer hoping to disrupt a major market leader or a cloud application vendor hoping to launch new adjacent services, your ability to meet and continually service the needs of your customers ultimately determines your results. Every business, regardless of industry, should find ways to build direct access to their customers, deliver valuable content, and create flexibility in their packaging and pricing models.

**When you innovate, you've got to be prepared
for everyone telling you you're nuts.**

Larry Ellison

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