

# Perspektiven und Trends in der Software-Industrie

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**Thorsten Schäfer, Venture Partner Earlybird**

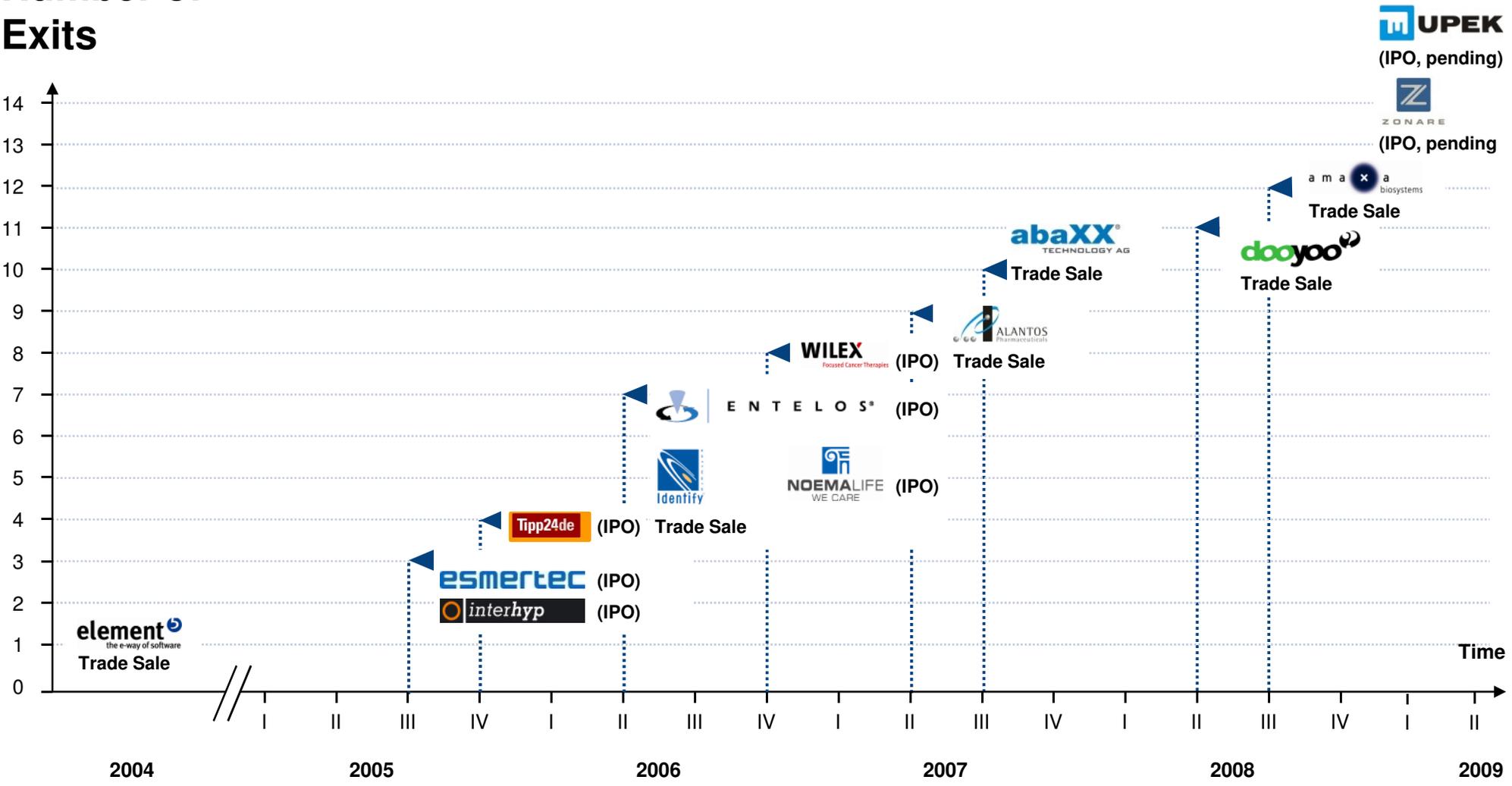
**EARLYBIRD**

## Earlybird Has an Outstanding 11-Year Track Record and Reputation in European Venture

- One of the top-tier European early-stage technology investors
- Independent partnership founded in 1997, with offices in Hamburg and Munich
- Stable team: Managing Partners have a joint VC track record of 11 years, plus previous PE and operating experience; high-profile Industrial Advisory Board of 12 Senior Executives
- Currently over €400 M under management; institutional investor base: EIF; Procific; Osaka Gas; KfW; GIC; VCM; various large family offices
- Previous funds with top-quartile (net) returns above 20% IRR, including 6 IPOs and 6 trade sales; 2 Nasdaq IPOs currently in pipeline

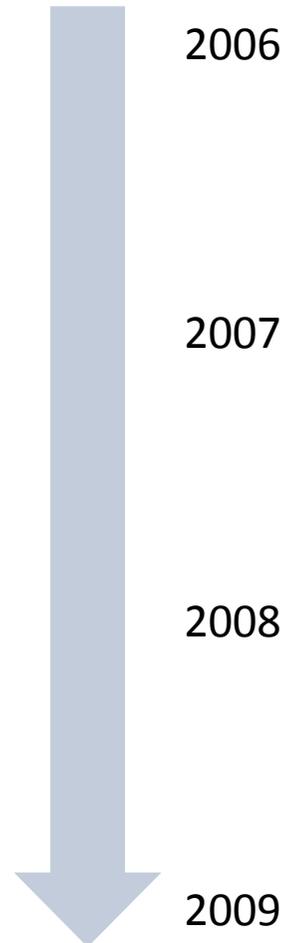
# Post-Bubble Exits Only – 6 IPOs and 6 Trade Sales Since 2004 and Strong Exit Pipeline

## Number of Exits

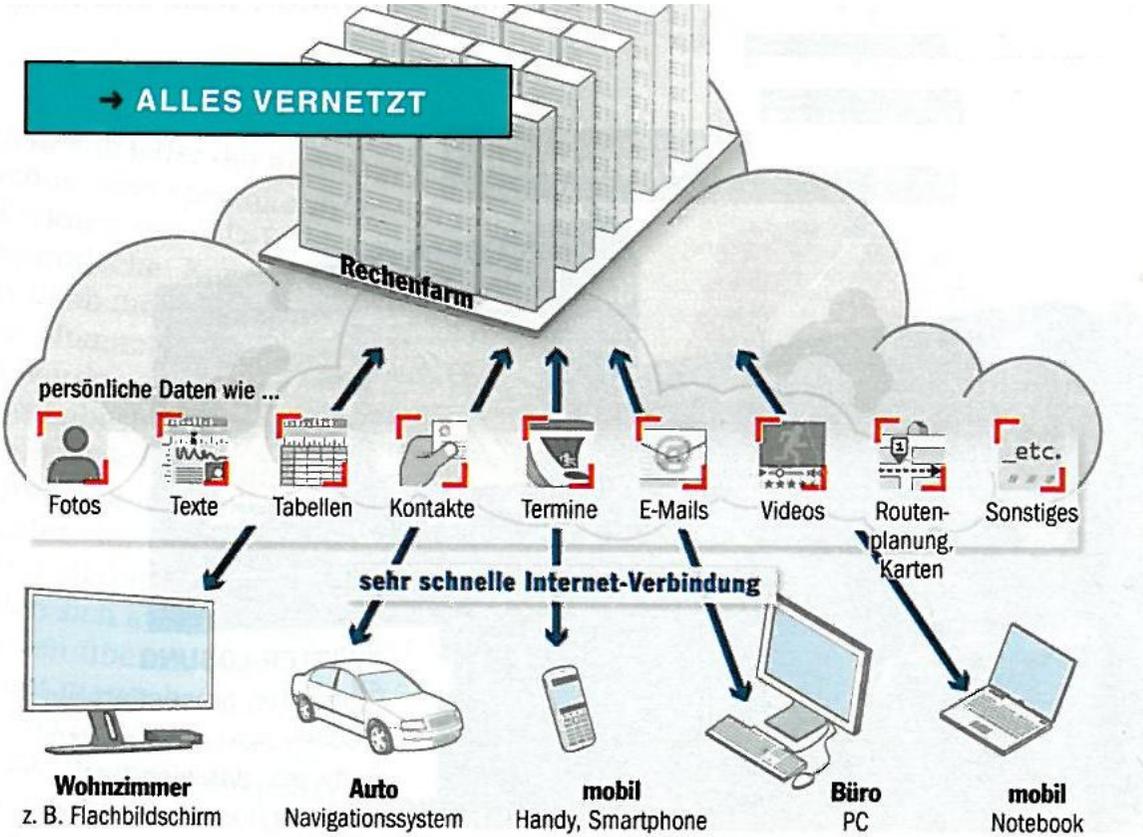


## Trends in the Software Industrie

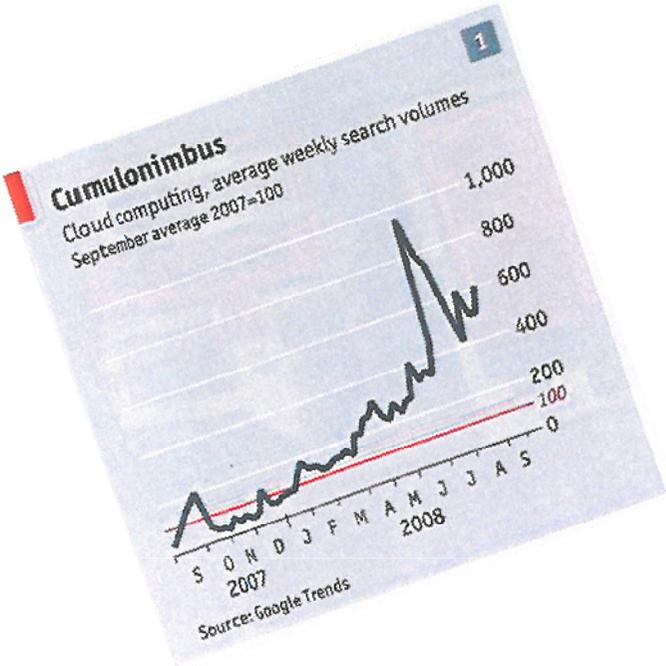
- Open Source Software
- Business Intelligence (BI): Corporate Governance, Sarbanes-Oxley etc.
- Business Process Outsourcing (BPO): accountancy, human resources, customer services and logistics
- Social Software/Applications: Adoption of blogs, wikis, tagging, bookmarking services, folksonomies in social networking software
- Slowly but now definitely, replacement of Host applications even in banks and insurances are happen: e.g. [www.avalog.com](http://www.avalog.com), [www.adcubum.com](http://www.adcubum.com)
- **Software as a Service (SAAS), Virtualization and The Cloud**



# The Cloud has arrived at the Focus magazine reader "level"



Source: Focus 4/2009



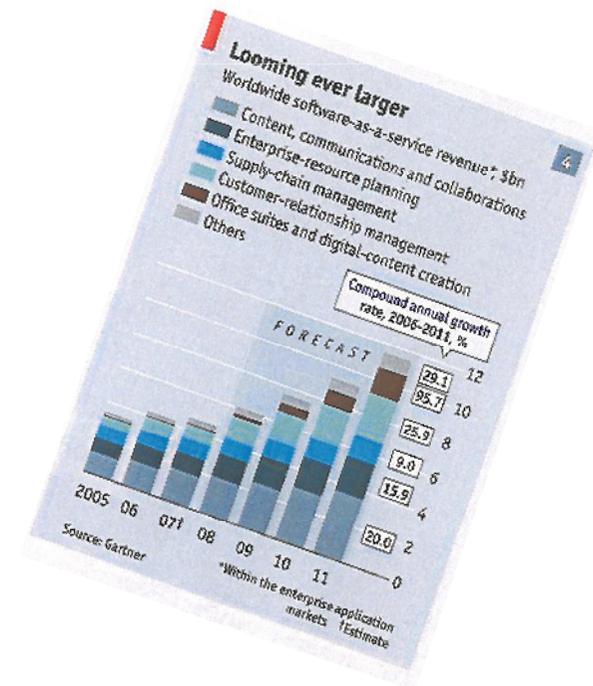
**Market Size of Cloud services (IDC):**

- 2008: \$16.2 billion
- 2012: \$42.3 billion

## A world of Services: Anywhere and anytime

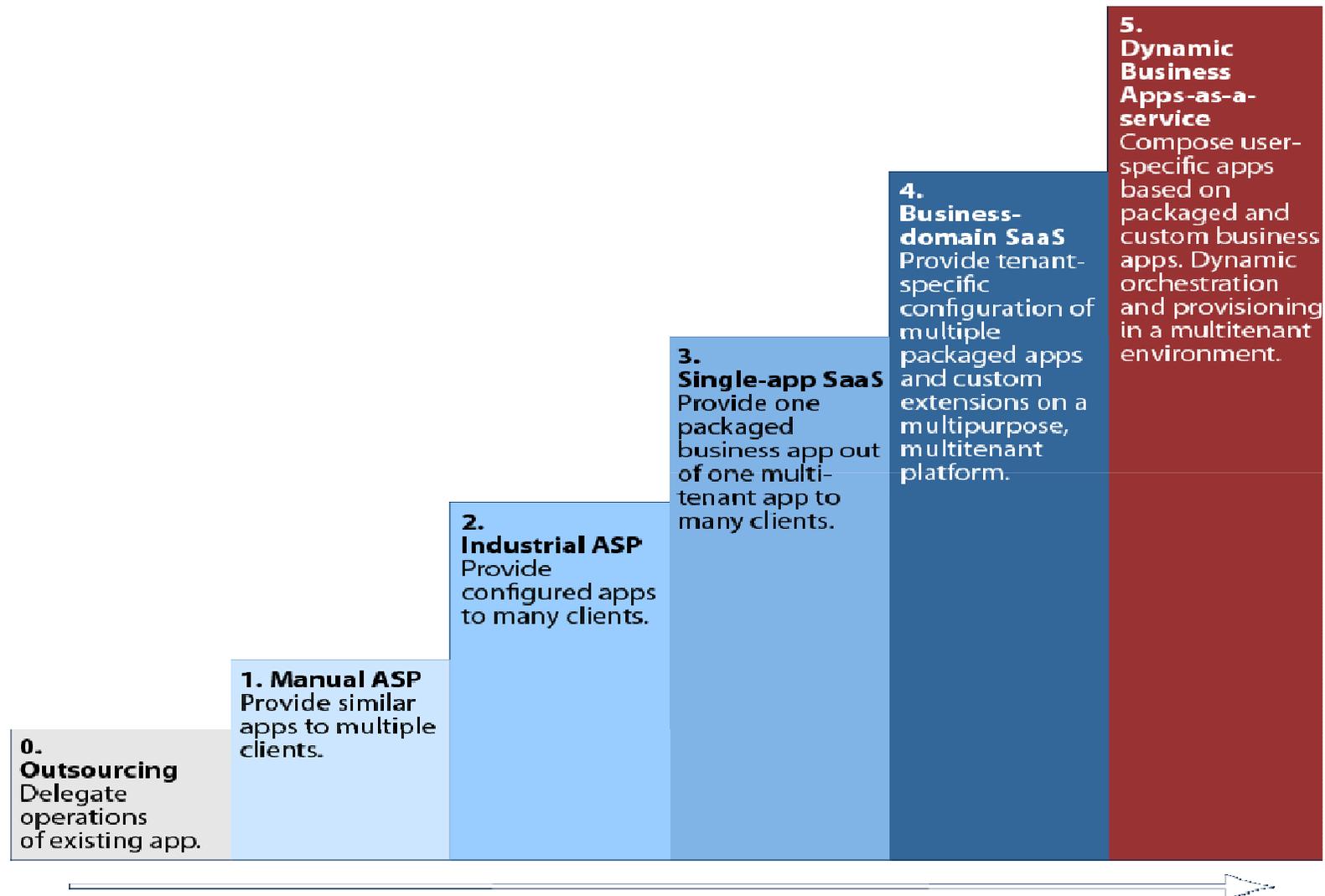
- The Cloud will undoubtedly transform the information technology industry, but it will also profoundly change the way people work and companies operate
- It will allow digital technology to penetrate every nook and cranny of the economy and of society, creating some tricky political problems along the way
- Most corporate data centre's today are complex warrens of underused hardware that require more and more people to keep them, going

➤ **The clouds main promise: More has to be done with less**



Source: The Economist, Special report on corporate IT

# Forrester's 2008 SAAS Maturity Model



Source: August 14, 2008 "Forrester's SaaS Maturity Model" report

# Cloud promises

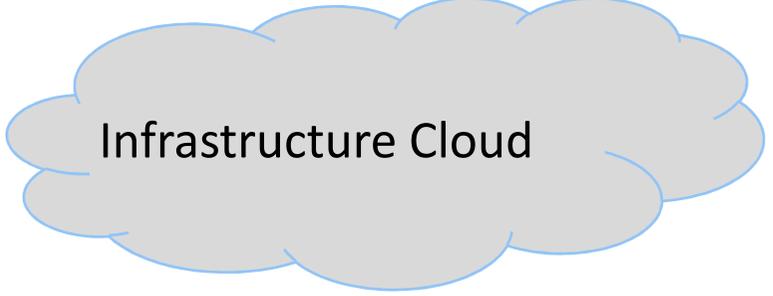


## Cloud Service Promise

- Business Driven Value
- Pay as you Use
- Broader Community Value

## Problem Addressed

- Out of control Data Center sprawl
- Rising Power Costs
- More effective/green IT demand
- Unpredictable capacity requirements



## Cloud Promise

- Capacity as needed - Elasticity
- Pay as you Grow
- Reduced outsource Costs

# Managed services examples 1/2

- Highly generic services
  - IP telephony
  - Web Conference
  - Managed security
  - Managed Backup
  - Managed data (majorly in the private Cloud)
  - Managed datacenter
  - Application development Support
  - Pricing and Billing for Services
  - Deployment of services



Amazon Elastic Compute Cloud (Amazon EC2)

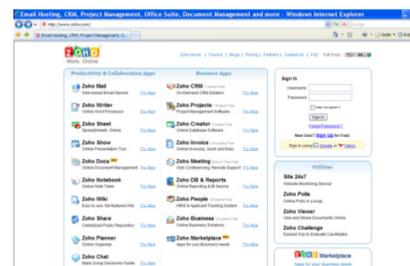
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## Managed services examples 2/2

- Business specialists
  - Virtual data room for construction projects
  - HR Services
  - Housingmaps.com (Mash-up of Google maps and craigslist real estate)
  - Address service
  - CRM
  - Online Business Optimization
  - One Touch Business Travel
  - ON demand applications

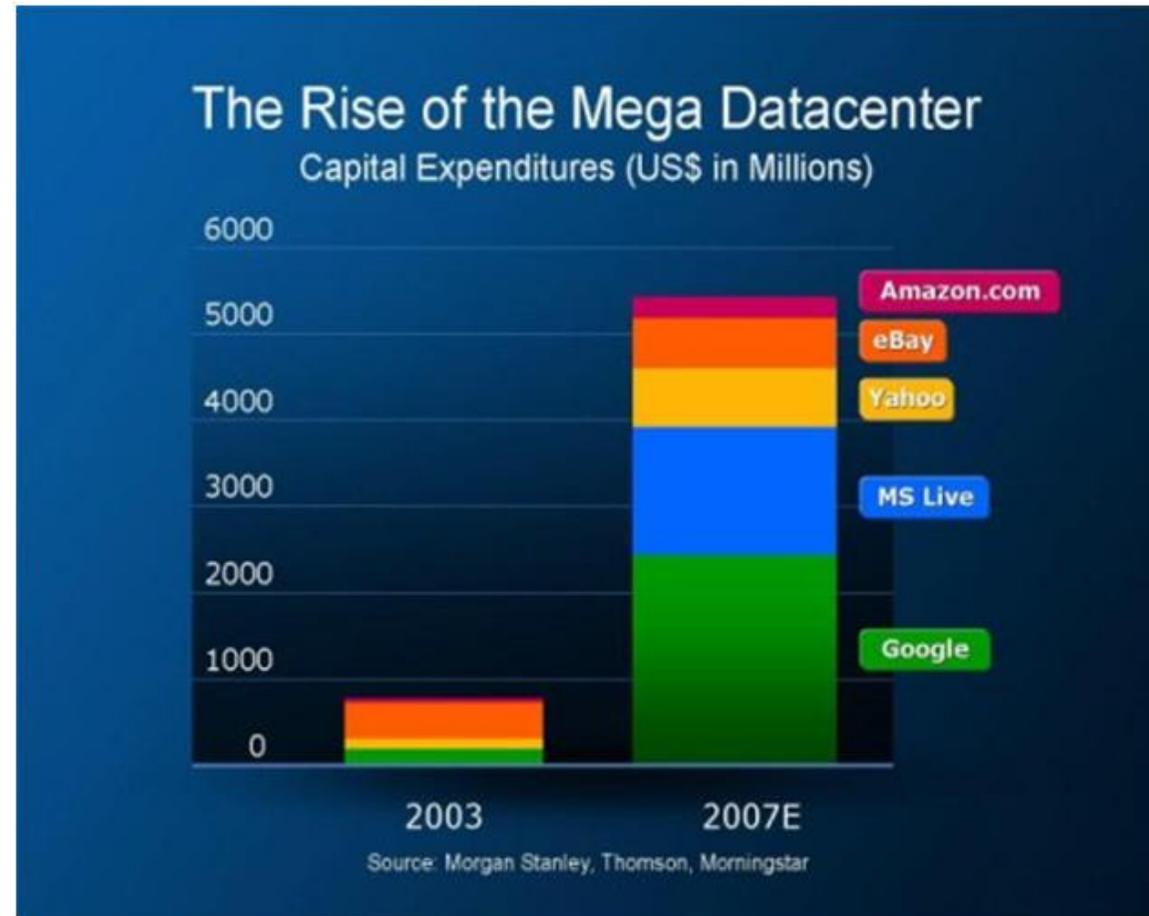


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# The Cloud: Gigantic virtualization of computing power

- **The Datacenter paradigm shift**

- 7000 corporate datacenters in the US
- 30% are no longer in use
- Only 6% in average of the server capacity per datacenter is used (McKinsey)
- Facebook needed 3.500 new servers to be ready in 72h



# The elephants in the Cloud: Microsoft

- MS Datacenter Northlake

- 2500 Servers per container
- Setup time: 4 days
- 35.000 new servers a month
- Capacity: up to 200 containers with more than 400.000 servers
- Cost \$ 500m
- Fully carbon emission controlled



- Windows Azure

- cloud services operating system that serves as the development, service hosting, and service management environment for the Azure Services Platform
- Windows Azure provides developers with on-demand compute and storage to host and manage web applications on the internet through Microsoft data centers

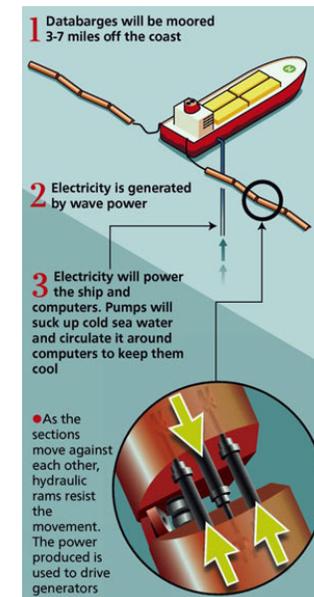


# The elephants in the Cloud: Google

- Google datacenters
  - 2m Servers in Place
  - Patent pending for water-based datacenters
- Google App Engine
  - Application runtime environment linked with Google authentication, data storage and messaging infrastructure
  - Easy web application development environment
  - Could run on public cloud (appspot.com) or private cloud



Google  
Code



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## Where is the Beef ?

- Metering and charging
  - » per customer
  - » per application
  - » per user
  - » per user by application
  - » per transaction
  - » per volume



# Challenges and Trends in the cloud

- Challenges:

- Business models and revenue streams often unclear
- Controlling where data is stored: data as well as content will eventually travel with security, location and expiry policies attached

- Trends

- Enterprises will build mini-clouds
- Service Providers will move into higher revenue cloud models
- Service Providers will scale their cloud managed application/hosting offerings out initially by taking 'low hanging fruit' applications
- Workload portability between Enterprise Clouds and Service Provider Clouds
- The Value of Virtualization is compounded by the number of devices virtualized
- Wide Area Cloud - VPN services for globally disperse cloud partitioning, management, migration and security

## Investment opportunities

- Cloud service applications: e.g. Metering and Billing, Transparent integration of private and public cloud services
- Deployment support software for cloud applications on virtual datacenters
- Managed Security
- Data Security and privacy for workload portability
- Cost cut managed services: IP Phone, Travel, HR, Payroll

# Valuations of some public listed cloud companies



Concur: Promise to cut operational cost by 37% in less than 90 days

Source: CortalConsors 17.02.2009

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## Cloud Transactions

- Webex acquired by Cisco for \$3.200m, revenue multiple 6,4x (Mar 07)
- Zimbra (email, calendar) acquired by Yahoo for \$350m Rev. mult.: 17,5x (Sep 07)
- Employease acquired by ADP for \$160m Rev. mult.: 3.6x (Aug 06)
- Postini was acquired by Google for \$625m Rev. mult.: 7-8x
- Intranet (Knowledge-Base-Management-Lösungen für Call-Center ) acquired by Salesforce for \$ 31.5m (Aug 08)
- SearchAmerica (leading provider of payment prediction data and analytics to the US healthcare industry. 50 employees) acquired by Experian for \$90m (Dez 08)
- SourceLabs (Storage in the cloud) acquired by EMC (Jan 09)

## Summary

- The Cloud will undoubtedly transform the information technology industry, but it will also profoundly change the way people work and companies operate
- The advantage of data, application and process access anywhere and anytime with unlimited data capacity and computing power, needs far more sophisticated technologies for data protection and security
- Businesses are able to grow 200% per week e.g. Facebook
- Datacenters will be commoditized
- Seamless integrations of private and public clouds is key for the enterprises

Thank you !

Questions ?

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