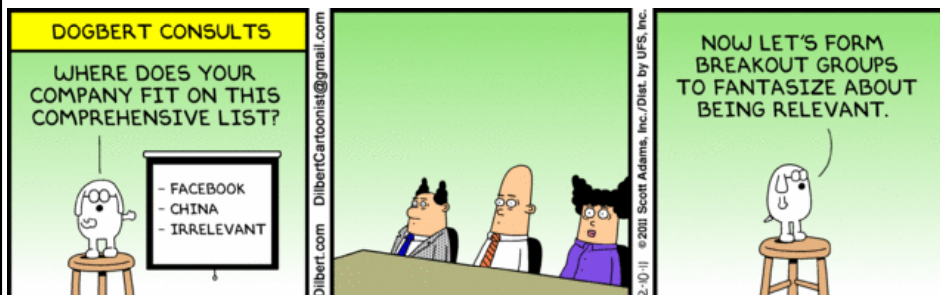

International Conference on Software Business

8 june 2011

10. Is Europe's software sector relevant ?



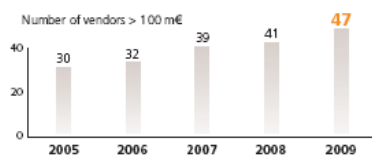
9. Yes, just ask the Truffle 100

- Resilience: 8.4% year-on-year growth in 2009
- Profitability: 3.7 B€
- Employment: 54,000 jobs in r&d
- Innovation-driven: circa 15% on r&d

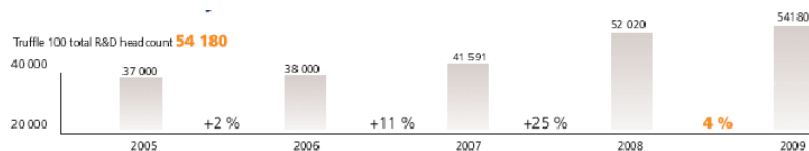
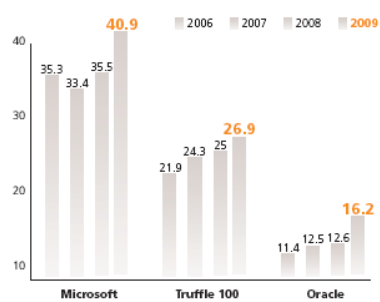


<http://www.truffle100.com>

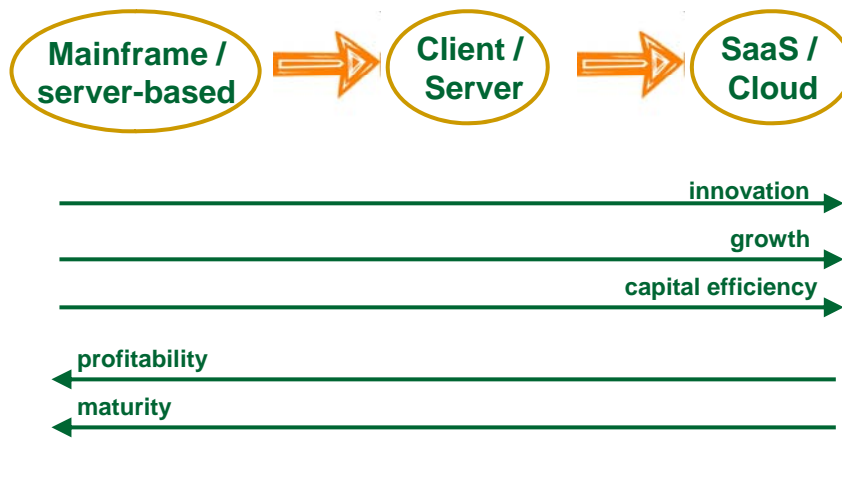
8. Truffle 100 cont'd



Profitability	m€	% of revenues
Top 3	2.172	16.0%
Top 50	3.417	10.7%
Last 50	350	6.8%

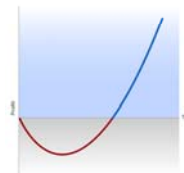


7. Evolution of software models



6. VC perspective on SaaS

- SaaS model attractive for VC investing
- low initial investment with opportunity to deploy more capital over life
 - investments: less on development and more on marketing / user experience
 - real options approach to investing
- rapid development cycles
- recurring revenue model
- valuation premiums



5. SaaS opportunities

- start from scratch (“incubation”)
 - transform a traditional software business (“migration”)
-

4. Case 1: “Project William”

- Vision: the optimization domain is perfect for SaaS
 - requires intensive computing resources
 - applications vary by industry
 - responds to French funding initiative
 - Project: incubation of “Project William”
 - multi-tenant architecture, agile scrum development
 - focus on optimization of employee staffing
 - hospitals vertical first, then horizontally to other sectors
-

3. Case 2: “Project Kate”

- Context
 - Software for workspace scheduling
 - Fortune 500 enterprise clients
 - > \$10m revenue, profitable, but on-premise model
- Vision: migrate to SaaS model
 - revenue predictability
 - tap into mid-market
 - accelerate sales cycles
 - position for a premium exit



2. “Project Kate” cont’d

- Migration process
 - gut-wrenching
 - re-align incentives
 - re-align organization
- Positive interim outcome
 - funded migration from legacy business
 - predominantly recurring model
 - returned to profitability (finally!)
 - module mindset, upselling
 - innovator in its space
- End game ?

1. Food for thought

- The software sector matters
- Software is attractive for investors
 - Maturing component → private equity
 - Innovative component → venture capital
- Software reinvents itself as a industry
- Incubation vs. Migration

Thank you

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