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
7. Evolution of software models

Mainframe / server-based  ➔  Client / Server  ➔  SaaS / Cloud

- innovation
- growth
- capital efficiency
- profitability
- maturity

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 \( \rightarrow \) private equity
  - Innovative component \( \rightarrow \) venture capital
- Software reinvents itself as an industry
- Incubation vs. Migration

Thank you

- Mark Bivens
  Truffle Capital
  Blog: [http://markbivens.com](http://markbivens.com)