



**Microsoft** | Cloud Services

# Making the Commercial Transition to the Cloud

## Monetising your IP

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**Microsoft** Partner Network

# The Opportunity for Microsoft Partners

- **Twenty million businesses and over a billion people already use Microsoft Cloud services.**
- **There is a significant services opportunity for ISVs for every \$1 of software sold in a Software-plus-services solution.**
- **IDC suggest the global opportunity for Cloud based applications is going to be worth approximately \$17billion in 2010 with a projected annual compound growth rate through to 2013 of 24%.**
- **Microsoft estimate that 70% of the business online represents new services opportunity for their Partners.**



# The Opportunity for Microsoft Partners

- **ISVs can develop new service offerings around migration, integration, customisation and managed services.**
- **Increase market reach and addressable market opportunity for Microsoft ISVs through an accelerated time to market;**
  - **New incremental geographical opportunities**
  - **Opportunity to enter new incremental customer segments in existing markets**
- **Sustain and drive additional competitive edge in your market delivering applications and services in a way that customers are really wanting to start to consume**
- **Focus on business logic not operational hurdles**



# Commercial Considerations

For an ISV/Custom Developer moving to a Cloud/hybrid business model is foremost a **commercial** decision

- Are we going to drive more profit?
- Are we going to increase market share and new customer acquisition?
- Is it going to drive our company valuation and/or shareholder value?
- How are we going to make the business transition?
- Are we going to sustain competitive advantage?



# InishTech Software Licensing and Protection Services

**Commercial Transition to the Cloud:  
Monetising Your IP**



InishTech

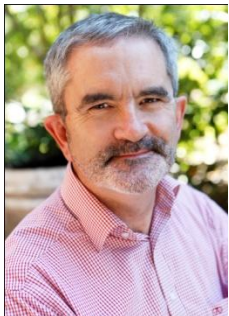
# About the presenters

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## **Andrew O'Connor, Head of Business Development at InishTech**

Andrew is a seasoned software business professional with over 15 years management experience. Specialising in mobile, web 2.0, cloud computing & e-security technologies, Andrew has served as Sales Director at Amdocs (plc) and as Director of Global Business Development at Baltimore Technologies (plc). Andrew founded and ultimately sold one of Ireland's most successful mountain hiking companies. Andrew holds a B. Sc. In Business & Services Marketing.



## **John O'Sullivan, CTO at InishTech**

John has more than 20 years senior management experience in the ICT sector including terms as Executive Vice President (EVP) of Product Development for Baltimore Technologies, as Head of Engineering for CSK Software and several senior technical management roles in the Irish Defence Forces. John has a proven track record at EVP level in all aspects of international software product development in start-up, turn-around and established software product companies. A Chartered Engineer, John also holds a MBS in Information Systems from the Michael Smurfit Graduate School.

# About InishTech

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- Spin-out from Microsoft
- Tech Startup
- Based in Dublin, Ireland

# 120 technology companies use InishTech



# About InishTech

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- Spin-out from Microsoft
- Tech Startup
- Based in Dublin, Ireland
- 120 customers
- Mature, stable proven technology
- Helping ISVs to monetize their IP
- Cloud-based service that allows the ISV to easily manage how his products are bought, used and consumed

# What is cloud computing?

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- Organisations invest time and money scaling their IT infrastructure to match their ever changing business circumstances
- With on premise / hosted infrastructure, this scaling can be slow, expensive and often inefficient in terms of resource utilisation
- Cloud computing is a paradigm shift where computing is provided over the internet as a service
- Organisations simply connect over the internet to highly optimised virtual data centres that provide software, hardware and information resources on a pay-per-use basis
- *It's a better way of doing things*

# What is cloud computing? (cont'd)

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- **Cloud deployment models**
  - Private cloud – dedicated cloud on a private network
  - Public cloud – multi-tenanted model, offers the highest level of efficiency & shared resources
  - Hybrid cloud – combines features of both, some resources are shared, others are dedicated
- **Cloud service models**
  - IaaS (Infrastructure as a Service) provides computing power & storage capacity from the cloud
  - PaaS (Platform as a Service) provides a platform, or runtime environment, with which to create & deploy applications
  - SaaS (Software as a Service) provides ready-to-go applications that use a combination of cloud based compute and storage services

# Microsoft – the right place to be

## 1 Cloud Computing Landscape



SaaS

Google  
salesforce.com®



PaaS

amazon.com.



IaaS

vmware®

GLOBAL PROVIDERS

SERVICE PROVIDERS

CUSTOMER

# Microsoft – the right place to be

## 1 Cloud Computing Landscape



SaaS



PaaS



IaaS



# Why should the ISV be interested in the cloud?

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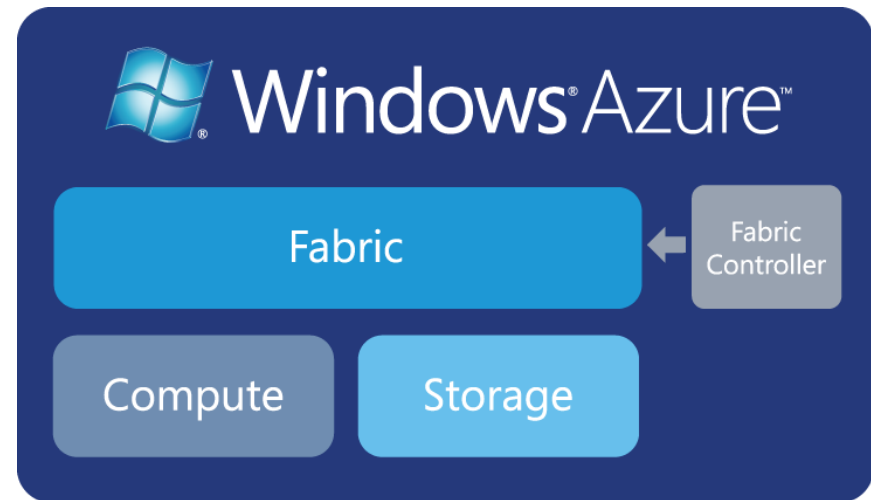
- Because your customer is
- Because the cloud open up a much larger addressable market
- Because it will have a real commercial impact on your business
- Positives and negatives



# What is Windows Azure?

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- Microsoft's flagship cloud platform technology
- Build or buy decision has been made, allowing the ISV to focus on the business logic of their application and not on the platform and infrastructure
- Massively scalable, secure, robust, highly available
- Suck-it-&-see options
- Natural platform evolution
- Pay-as-you-go model



# Transition to the Cloud: ISV strategies

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- Cloud storage
  - Reliability
  - Cost
  - Availability
- Data processing
  - Elasticity
  - Efficiency in collaborative apps
- Creating a SaaS version of your application
  - Drive sales
  - New types of customer
  - Revenue assurance

# ISV transition to SaaS: Simple example

ISV with 25 deployments p.a. @ GBP 200K average value

<b>On Premise Solution</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
License Rev (1000 users @ £100 p. seat)	100000			100000
Service Revenue	85000			85000
Support & Maintenance	15000	15000	15000	45000
<b>Average Revenue per Customer</b>	200000	15000	15000	230000

<b>SaaS Solution</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
Number of users	500	700	900	
License revenue (£7 per user per month)	42000	58800	75600	176400
Service Revenue	50000	20000	20000	90000
Support & Maintenance	Included	Included	Included	
<b>Average Revenue Per Customer</b>	92000	78800	95600	266400

Revenue lag in year 1 of GBP 1.35M

# Commercial Impact: ISV transition strategies

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## Potential Costs

- Operational overhead
- Development cost
- Services impact
- License revenue lag
- Customer lock-in

## Potential Benefits

- Revenue uplift
- Revenue predictability
- New business revenue
- New market revenue
- Reduced cost of collection
- Upgrades
- Customer relationship



# Mitigate cloud negatives / Exploit cloud positives

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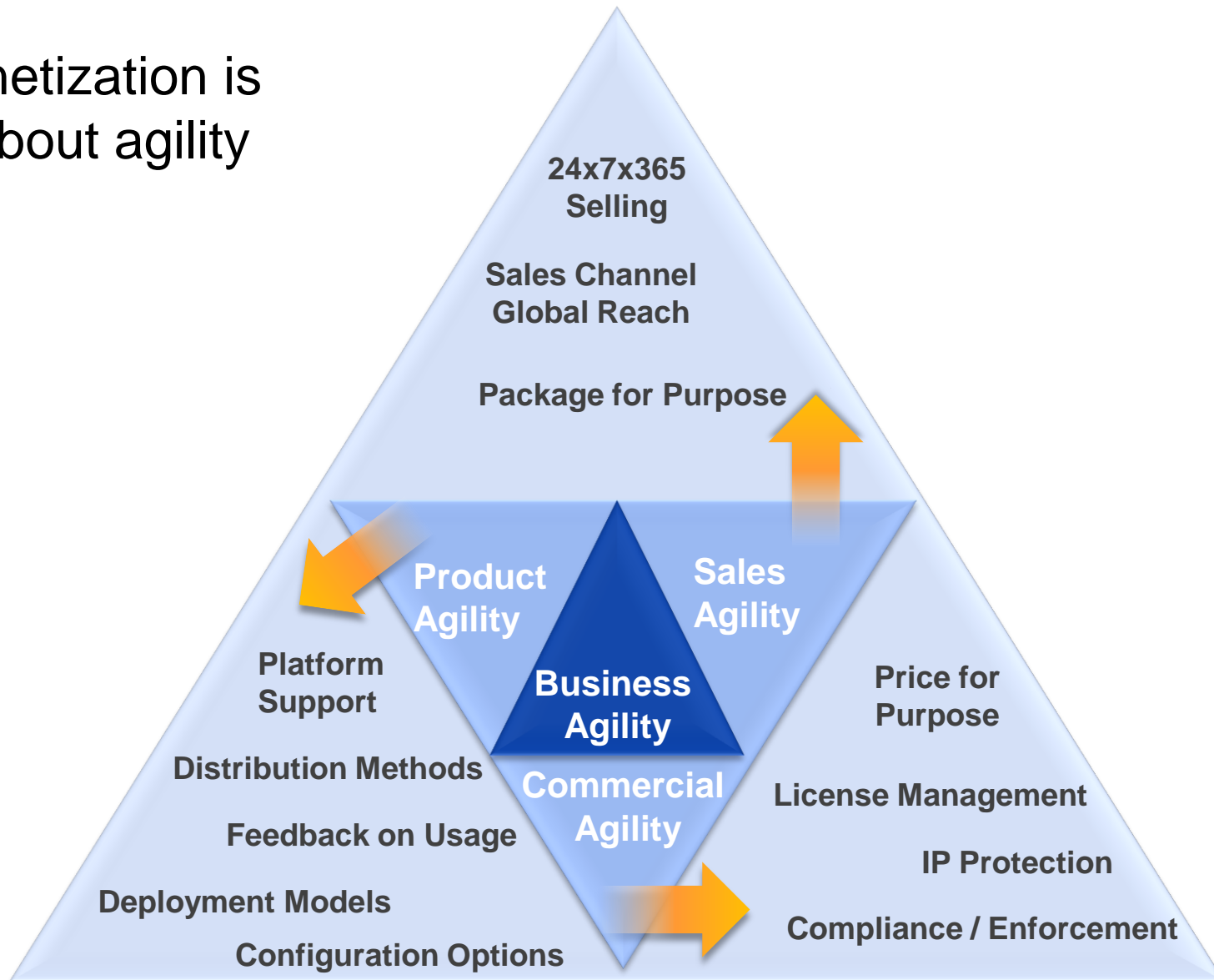
= Higher Cost Base (short term)  
Lower Revenue (short term)

- Phased approach to the cloud
- Hybrid approach to the cloud
- Purpose-based funding
- IP Monetization

# The Changing Face of the Software Business



# Monetization is about agility



# Summary

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- The Cloud - a better way of doing things
- Agility is the key
- IP monetization should be part of a well planned transition strategy

## Conclusion

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- Please drop me an email [info@inishtech.com](mailto:info@inishtech.com) and I will send you a link to access this LM including the audio
- Learn more at <http://www.inishtech.com>