

Market Landscape Research

*This presentation represents secondary research conducted for an early-stage SaaS company.
Confidential information has been redacted to protect the interests of the client.*

Executive Summary

- While <Client> may have some unique concepts and a focus on SMB, there are existing adjacent markets that threaten <Client>
 - IT Financial Management
 - Integrated IT Portfolio Management
 - Business Intelligence and Analytics
 - Identity and Access Management-as-a -Service
- These adjacent markets range from early-stage (<\$500M) to mature (>\$16B), with some vendors very well-backed by venture capital
- It appears no vendor is offering a [REDACTED]
 - However, it doesn't seem like a long putt to [REDACTED]
 - Further, many SaaS applications offer [REDACTED] to their customers already
 - [REDACTED] is available in some products
- Overall the market landscape doesn't appear attractive for <Client>
 - <Client> must figure out how to differentiate and find a market niche that makes it unique

<Client> Market Landscape

Though <Client> may not have any direct competition (yet), there are neighboring markets and vendors that could present threats, or opportunities.

IT Financial
Management
\$250M - \$350M



Integrated IT
Portfolio Analysis
\$2.5B - \$3.7B



BI / Analytics
\$16.0B



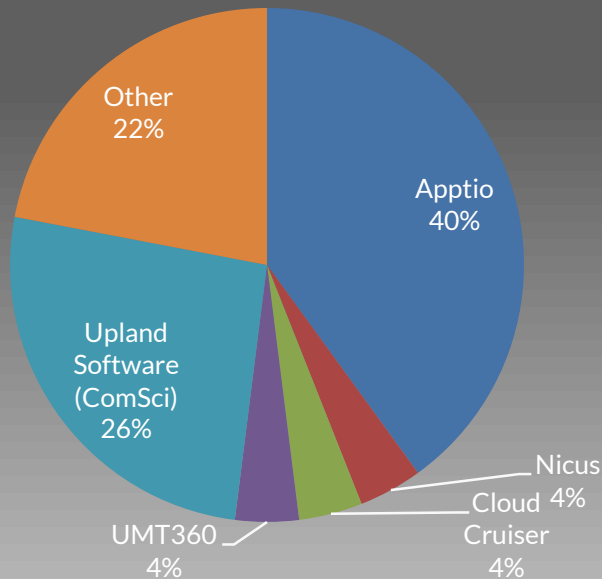
Identity and Access
Management as a Service
\$600M



IT Financial Management Market

ITFM is an emerging market, growing 20%+ annually, with \$250M - \$350M in annual revenue.

ITFM Market Share



- ITFM Definition
 - Single source for the total cost of IT
 - Analytics to support strategic IT planning / decision-making
 - Managing IT chargeback / show back and performance
- Market is crossing the chasm from early-adopter to early-majority
- Most customers are mid-sized to large organizations

ITFM Vendor Examples

Vendors include pure plays, services firms (e.g., managed services) and IT consulting firms.



- Market share leader; pure SaaS vendor
- Full suite of applications to help mid-to-large enterprises gather their IT spend data, analyze and report on it, forecast future spend, and overall make better IT financial decisions
 - Ingests and normalizes data from multiple sources
 - Manages application spend and usage
 - Rich reporting / BI tools
- \$100M annual sales; 600 employees
- 250+ customers; 40% of Fortune 100
- Typical deal is a 3-year subscription
- Backed by Andreessen Horowitz, Greylock, others (\$136M invested, 5 rounds)

- Monitors cloud computing (e.g., AWS, Azure, Google) consumption and cost
 - Ingests and normalizes data from multiple sources
 - Cost aggregation and comparison
 - Budgeting and forecasting
 - Reports, analytics, BI
- Under \$20M annual sales; 60 employees
- Annual subscription by number of cloud environments and Cloud Cruiser users
- Closed 5 rounds of financing totaling \$20M

- Professional services firm specializing in ITFM
 - Management consulting
 - ITFM software implementation
 - ITFM-as-a-service
- Team of 9 consultants; average tenure of 10 years, and at least 5 years of ITFM experience at Fortune 100 companies



- KillerIT is a spinout of Forsythe Technology, a \$1B IT consulting firm
- SaaS for ITFM
 - Application inventory management
 - Server management
 - Project and program portfolio management



ITFM Takeaways for <Client>

With a strong focus on the IT department, ITFM vendors have started the conversation around the need to [REDACTED].

Strengths of ITFM Vendors

- Focuses on CIO / CFO
- Establishes the idea of [REDACTED] for cost savings
- Works for on premises applications and a variety of other IT spend categories

Opportunities for <Client>

- ITFM vendors focus mostly on large enterprises
- Market is still early, with both SaaS, services and managed services all being offered

Threats to <Client>

- Leading SaaS vendors have a head start, and have built [REDACTED] apps and [REDACTED] tools
- Large IT services firms could enter the market

Integrated IT Portfolio Analysis Market

IIPA combines Application Portfolio Management (APM) and Project Portfolio Management (PPM) into one suite. Market size is \$2.5-3.5B, with expected 7-13% CAGR.



- IIPA Definition
 - Single IT portfolio management suite, encompassing applications, projects and infrastructure
 - Includes surveying / collaboration tools used between IT and business
 - Enables high-level planning for purchasing and decommissioning
- Both on premises and SaaS vendors play in this space, with SaaS targeting SMBs who are less-sophisticated in their IT portfolio processes

IIPA Vendor Examples

Vendors include traditional on premises stalwarts as well as up-and-coming SaaS players.



- Full suite of project, application and investment portfolio management
 - Manages application and infrastructure spend and usage
 - Strong analytics / BI tools
 - Can ingest and normalizes data from multiple sources
 - Forecasting
 - Delivered on premises or cloud
- \$180M annual sales; 700 employees
- 3,000 customers
- Has acquired four companies since 2013, including mid-market SaaS player Innotas on August 1, 2016
- Backed by Insight Venture Partners (amount undisclosed in 2013)



- Pure play SaaS provider, now part of Planview
- Full suite of project, application and investment portfolio management
 - Single repository for maintaining application details such as renewal and upgrade dates, functional attributes, and contractual documentation
 - Ingests data from JIRA, ZenDesk, and others
- \$540 / user / year, plus an up-front fee of \$20,000 - \$40,000
- 2014 revenues \$14M; 100 employees
- Raised \$23M in five rounds from ArrowPath, ComVenture and Velocity VC



- €873M annual sales, 4,000 employees
- Public (FRA: SOW); \$2.8B market cap
- Acquired Alfabet PPM product, June 2013
 - Full suite of project, application and infrastructure portfolio management
 - Delivered on premises or cloud
 - Premium pricing



- Small IIPA specialist SaaS vendor
- Gartner Magic Quadrant “Leader”
- Known for its configurability and data visualization

IIPA Takeaways for <Client>

With a major focus on [REDACTED], IIPA vendors provide some of the features envisioned for <Client>, albeit for large enterprises.

Strengths of IIPA Vendors

- Focuses on CIO / IT
- Synchronizes data across multiple IT investment / cost categories
- Enables strategic decision making regarding IT spend, rationalization

Opportunities for <Client>

- IIPA vendors focus mostly on large enterprises
- Many IIPA vendors started in Project Portfolio Management, and have branched into [REDACTED]
[REDACTED]
- Market is mature and big players are acquiring smaller SaaS pure plays

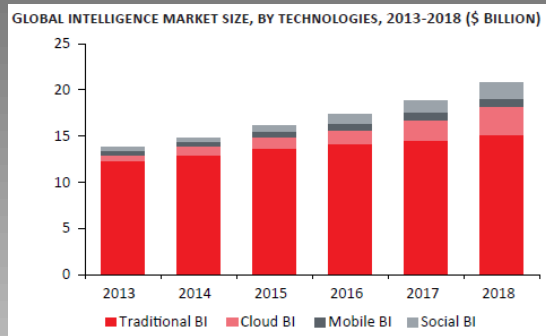
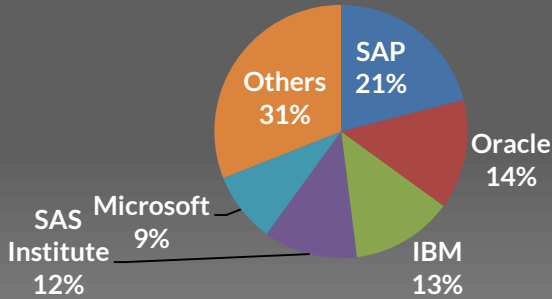
Threats to <Client>

- Large software vendors have mind share and install bases, offering both on premises and SaaS
- The [REDACTED] [REDACTED] piece is just one small aspect of IIPA overall

Business Intelligence / Analytics Market

BI / Analytics software is a crowded market, transitioning from on premises to SaaS, due to improved data discovery, pricing and business unit purchasing. Market size \$16.0B, CAGR 5.8%.

2013 WW BI/Analytics Software Market Share



- Traditional market share leaders are losing favor, as they have not adjusted to the agile needs of customers
- New Magic Quadrant “leaders” are *Tableau*, *Qlik* and *Microsoft Power BI*, cited for their visual data discovery tools and ease of use
- Market growth driven by larger-and-larger data volumes and the demand for self-service
- Cloud based BI is estimated to grow nearly four-fold, from \$0.75B in 2013 to \$2.94B by 2018, for a CAGR of 31%.

BI / Analytics Vendor Examples

Cloud vendors are the most-watched, including publicly-traded Tableau and Qlik.



- Microsoft Power BI 2.0 is their latest offering, running on the Azure cloud
 - Desktop and browser clients
 - Can connect to on premises data sources
 - Prebuilt connectors to Facebook, Salesforce, Dynamics CRM, Google Analytics, Zendesk and Marketo
 - Attacking the BI market with very low pricing @ \$9.95 / user / month
 - 90,000 customers
 - Separate SKU from Office 365
- Legacy Microsoft SQL Server Reporting Services has very large install base
- Strong BI pure-play with on premises and cloud offerings
- Touted for ease-of-use and data visualization / exploration capabilities
- Can connect to hundreds of data sources, and offers a web SDK to enable extraction from web sites
- Increasingly winning large enterprise deals, with IT and procurement heavily involved
- Stock dropped 50% in February 2016 due to the market's perception of increased competition in the BI space, as well as overly-aggressive sales hiring in 2015
- IBM Watson Analytics introduced Dec '15
- SaaS offering for individuals and enterprises
 - Free, \$30 and \$80 / user / month packages
 - Over 1 million users gained to date
 - Automated smart data discovery
 - Interactive visualization
 - Natural language query interface
 - 20 data connectors, including Twitter
- Has large install base of IBM Cognos customers

BI / Analytics Takeaways for <Client>

Though unlikely to attack the problem [REDACTED], BI vendors have huge inroads and awareness already, and could present market adoption and pricing threats to <Client>.

Strengths of BI Vendors

- Rich data ingestion APIs and visualization capabilities
- New SaaS players are easy to use and purchase for business unit buyers
- Large vendors have lock-in with their core apps (e.g., SAP w/ERP; Microsoft w/SQL Server)

Opportunities for <Client>

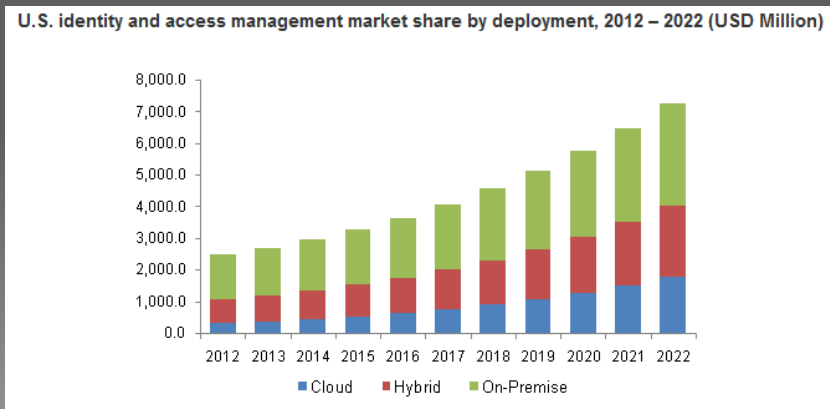
- BI / analytics is popular and continues to be a priority for organizations
- Most apps require some manual work for [REDACTED]

Threats to <Client>

- Crowded market (i.e., “... another BI tool?!”) with large software vendors owning mind share and install bases, both on premises and SaaS
- BI vendors can work with any data set, not just [REDACTED]
- Sets low bar on price

Identity and Access Management as a Service (IDaaS) Market

IDaaS is a sophomore market at \$600M, but projected for \$1B in 2016. The broader IAM market is \$7.2B, growing to \$12.8B by 2020 (12.2% CAGR).



- IDaaS Definition

- Cloud-based identity and governance administration
- Secures access to corporate applications and data whether on premises, in the cloud, on mobile devices or in the data center
- Analytics ... “who has accessed these systems and when?”
- Customers are small and mid-sized businesses, who predominantly use SaaS

IDaaS Vendor Examples

Leading vendors are well-funded, growing fast, and have robust products.



- Leader in IDaaS
 - Universal directory
 - Single sign-on
 - Multifactor authentication
 - Connectors to over 4,000 applications
- \$100M annual sales
- 500-1000 employees
- 2,500 customers as of Sept '15
- Backed by Andreessen Horowitz, Sequoia and Greylock; \$1.2B valuation (\$228.5M in 6 rounds)



- Launched Azure Active Directory May '14
- Comes in three packages: Free, Basic (\$1/user/month) and Premium (\$6/user/month)
 - Single sign-on
 - Self-service password resets
 - Integration with on premises Active Directory
 - Enterprise mobility management
 - Excellent scalability since built on Azure cloud
- Growing well as partners upsell existing Office 365 customers



- Leader in IDaaS, with strong enterprise mobility and Mac management
 - Full identity security for employees, customers, partners, privileged IT admins and outsourced IT
 - Integrates with 1000's of apps and systems
- \$50M 2013 sales, growing 40%
- Inc. 5000 2014, 2015 and 2016
- 400+ employees
- 5,000 customers, including 50% of the Fortune 50; 97% retention rate
- Backed by Accel Partners, Mayfield Fund, Samsung Ventures and others (\$94M raised over 5 rounds)

IDaaS Takeaways for <Client>

IDaaS providers already have 1000's of pre-built connectors to SaaS applications, used to track basic login/access events. [REDACTED] may be a short putt.

Strengths of IDaaS Vendors

- Built with security as top priority
- Large and growing list of SaaS app connectors already built
- Encapsulates SaaS, on premises and mobile apps

Opportunities for <Client>

- IDaaS is growing fast and continues to be a priority for organizations
- Most apps don't [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED] features are fairly basic

Threats to <Client>

- Well-funded players could look to differentiate with [REDACTED]
[REDACTED]
- Vendors also connect to on premises and mobile apps, not just SaaS
- Pricing is already quite low, with freemium models prevalent

Conclusions

- There are multiple existing markets that touch on what <Client> will offer; this is positive, in that those markets validate there are certain problems that need solving, and capital and vendors have sprung up to meet those needs
- It appears no vendor is offering [REDACTED] along with their current offerings
 - However, it doesn't seem like a long putt for some vendors to add this
- Overall the market landscape presents more of a threat to <Client> than an opportunity
 - There are many established vendors who have large install bases of SMB customers (e.g., Microsoft, Okta, Innotas)
 - There is much richer functionality in vendors' products, with [REDACTED] appearing to be just another small feature that could be added
- <Client> must figure out how to differentiate and find a market niche that makes it unique
 - SMB? Adoption / pricing model?
Managed services?

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Thank you

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