

SaaS Economics Summit

FINANCING, REVENUE
RECOGNITION, OPERATIONS
AND BILLING MANAGEMENT
FOR SAAS COMPANIES

www.SaaS Economics.com

April 3-4, 2008

SHERATON GATEWAY HOTEL
SAN FRANCISCO AIRPORT

Raising Capital • Managing Subscriptions • Revenue Recognition • Tax and Accounting Practices
Sales Compensation Models • Operations Financial Management • Market Analysis and Benchmarking



Christopher
Cabrera, Xactly



Lars Leckie,
Hummer Winblad



Lyle Fong,
Lithium Technologies



Brad Peters,
SuccessMetrics



Ed Sullivan,
Aria Systems



Lauren Kelley,
OPEXEngine



Bryan Stolle,
Mohr Davidow



Jeffrey Saling,
Callidus Software



Divakar Jandhyala,
eVapt Inc.



Todd Garner,
SaaS Capital



Jeff Kaplan,
THINKStrategies



Henrik Been,
QlikTech



Mark Trang,
Salesforce



Terry Coatta,
Vitrium



Ken Boasso,
KeyChain Logic



Ann Flynn, Tech-
nology Finance



SaaS Economics Summit is a two-day conference focused on the economics of managing, transitioning and starting Software as a Service companies. In comparison to Enterprise Software Companies, the economics of SaaS companies are very different. From the initial capital needed, to operations financial benchmarks, to revenue recognition and finally managing subscriptions, this conference will offer attendees the blueprint for managing their company.

Key Subject Areas

Raising Capital • Managing Subscriptions and Licenses • Revenue Recognition • Tax and Accounting Practices

Sales Compensation Models • Operations Financial Management • Market Analysis and Benchmarking of SaaS

Valuation of SaaS Sales and Exit Strategies • Case Studies of Leading and Emerging SaaS Vendors



These unique conferences for software industry are produced by Software Business, organizer of the leading industry event - Software Business 2008, which will be held October 30-31 in downtown San Francisco -- and Ecosystems Summit on July 25-26 in Denver. Go to www.SoftwareBusinessOnline.com

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◀ Two-Day Conference Pass: \$1095

◀ Team Discounts: If two or more people from a company will be attending the SaaS Economics Summit, \$100 will be deducted from each attendee's registration fee.

If three or more people from a company register, \$200 will be deducted from each attendee's registration fee.

◀ One-Day Conference Pass: \$595

Note: All Full Conference and One Day Passes include conference proceedings CD, admittance to exhibit hall, conference sessions and food/beverage, including cocktail reception

◀ Half-Day Conference Pass: Register for \$395

◀ Government Pass: Discounted rate for Federal, State, County and local entities (including military) - only \$495

◀ Expo Only Pass: Register for \$50

Note: Exhibit Only Pass does NOT include conference proceedings binder, admittance to conference sessions or food/beverage

◀ Workshop: Pricing is separate from conference

ATTENDEE PROFILE

Chairmen, CEOs, Presidents and Owners of SaaS Companies

CFOs, Accounting Team Members and Financial Advisors

Product Managers

Directors of Subscriptions and Licenses

Venture Capitalists

Integration Professionals

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CONFERENCE AGENDA

Thursday, April 3

7-8 Registration

8-8:15 -- Welcome – John Cargile, Conference Director, Software Business Media Group

8:15-8:50 -- From Funding to the Front Lines -- Christopher Cabrera, CEO, Xactly

9-10 -- How To Spend the Funding: A Round Table Discussion with Leading SaaS Companies -- Lars Leckie, Associate, Hummer Winblad Venture Partners; Lyle Fong, CEO & Co-Founder, Lithium Technologies; Brad Peters, CEO, SuccessMetrics; and Ed Sullivan, CEO and Founder, Aria Systems

10-11 – Networking Break in Exhibit Area

11-11:45 -- Strategic Operating Benchmarks for SaaS Companies -- Lauren Kelley, CEO, OPEXEngine

11:45-1 – Lunch

1-1:45 – The Changing Economics of the SaaS Marketplace – Jeff Kaplan, Managing Director, THINKStrategies

2-2:45 -- Billing Before Beta: Monetizing Your SaaS Solution -- Ed Sullivan, CEO and Founder, Aria Systems

2:45-3:30 – Networking Break in Exhibit Hall

3:30-4:15 -- How Can You Get Into the Volume Game of SaaS? -- Divakar Jandhyala, CEO, eVapt Inc.

3:30-4:15 -- The Management Systems You Need For More Rapid Growth -- Bob Norton, CEO, C-Level Enterprises and creator of THE CEO Boot Camp

4:30-5:15 -- Constructing Growth: Building Future Value Into the SaaS Product Roadmap -- Ken Boasso, Managing Director, Keychain Logic; Terry Coatta, CTO, Vitrium Systems; and more speakers TBA

5:15-6:30 – Evening Reception

Friday, April 4

8-8:35 -- From a Software License to Subscription: Achieving Success with SaaS -- Javier Rojas, Managing Director U.S., Kennet Partners

8:45-9:20 – Software as a Service -- An IBM View – Rado Nikolov, Director of Strategy and Emerging Business, IBM

9:30-10:15 – Seven Habits of Highly Successful SaaS Companies -- Mark Trang, Director ISV Marketing, salesforce.com and Kirk Krappe, CEO, Apttus

10:15-10:45 – Networking Break in Exhibit Hall (demo by Adaptive Planning)

10:45-11:20 -- Don't Underfund Your SaaS Business Model! -- Todd Gardner, CEO, SaaS Capital

10:45-11:20 -- Rationalizing Traditional Software Pricing to Software as a Service -- Ann Flynn, President, and Drew Wright, Co-founder, Technology Finance Partners

11:30-12:10 -- Making SaaS Pay: Operational and Accounting Issues of SaaS -- Dr. Richard Moore, Director of Revenue Management Solutions, Softrax

12:15-1:15 – Lunch

1:15-2 -- Welcome To Enterprise 2.0: The First 'Internet Generation' Brings Web-Based Solutions To Solving Business Problems -- Bryan Stolle, Partner, Mohr Davidow Ventures

1:15-2 -- Simplicity is What's Next In Business Software -- Henrik Been, Executive Director of Product Marketing, QlikTech

2:15-2:45 -- On-Demand: Adding it to Your Traditional Application Line -- Jeffrey Saling, VP of Callidus On-Demand, Callidus Software

2:55-3:30 -- The Convergence of Data, Voice and Video: The SaaS Opportunity -- Robert (Bob) Bye, Executive Vice President and General Manager, nGenX

Thursday, April 3

7-8 Registration

8-8:15 -- Welcome – John Cargile, Conference Director, Software Business Media Group

8:15-8:50 -- From Funding to the Front Lines -- Christopher Cabrera, CEO, Xactly

For years, Wall Street has had trouble coming around the SaaS way of thinking. But over the past year in particular, we have seen a shift in thinking, as more SaaS-based companies have received funding...and, in a few cases, successfully gone through an IPO. The true test, however, comes in taking the invested capital and moving towards a successful and sustainable SaaS model.

In this session, Christopher Cabrera, CEO of Xactly Corporation, will discuss his experience moving a SaaS start-up from funding to the front lines. In particular, he will address:

- Subscription model challenges and approaches
- Ensuring renewals, the lifeblood of any SaaS business
- Compensation-based approach to mutual referrals and integration
- The key metric is MRR (Monthly Revenue Recognition)
- No SaaS vendor is an island - building the right ecosystem
- Why customer success is the paramount issue

9-10 -- How To Spend the Funding: A Round Table Discussion with Leading SaaS Companies -- Lars Leckie, Associate, Hummer Winblad Venture Partners; Lyle Fong, CEO & Co-Founder, Lithium Technologies; Brad Peters, CEO, SuccessMetrics; and Ed Sullivan, CEO and Founder, Aria Systems

The SaaS model is not only disrupting the traditional software industry – it is also disrupting the way in which companies view their funding strategies. With the help of several successful SaaS company CEO's we will hear thoughts on the amount of capital to raise, how to allocate the capital to grow your business and why SaaS company management is different...and the areas it is not.

Our panelists have all raised a significant financing round from top tier venture firms and are all fresh from the 2008 budget allocation cycle.

10-11 – Networking Break in Exhibit Area

11-11:45 -- Strategic Operating Benchmarks for SaaS Companies -- Lauren Kelley, CEO, OPEXEngine

In this session, Lauren Kelley, CEO of OPEXEngine, Operating Benchmarks for the Technology Industries, will discuss key operating benchmarks for SaaS companies. She will review various operating models for different strategic goals – fast growth, or profitability with slower growth, or transitioning from a traditional, perpetual license business model to a subscription model – and the different benchmarks associated with each model.

What are the target expense and other operating ratios along the way to growth and profits for SaaS companies? What operating benchmarks, such as expense-to-revenue ratios, profit margins, product/service revenue ratios, numbers of customers, customer renewal rates, and other important metrics, are other comparable companies achieving? What are the critical metrics for SaaS companies to be watching as they build out their budgets and strategic plans? Looking at the right operating metrics and comparable companies' benchmarks provide important context for building your company's strategic plan.

11:45-1 – Lunch

1-1:45 – The Changing Economics of the SaaS Marketplace – Jeff Kaplan, Managing Director, THINKStrategies

As SaaS gains acceptance among companies of all sizes, the competitive landscape is rapidly changing. The proliferation of new players, both start-ups and established ISVs, is creating greater price competition and channel confusion. The changing marketplace is also putting pressure on SaaS providers to reassess their

strategies, internal investments and third-party relationships. This presentation will examine these trends and provide perspective on their business implications for SaaS providers.

2-2:45 -- Billing Before Beta: Monetizing Your SaaS Solution -- Ed Sullivan, CEO and Founder, Aria Systems

Software as a Service applications have unique billing requirements that exceed the scope of most traditional billing solutions. Careful planning is required to successfully manage subscriptions, activation, payments and billing processes for a recurring/subscription business model. Ideally this planning should start during product engineering.

If billing process definition is left to the 'last minute' before product launch, and not treated as 'core' to the product design, long term business success can be significantly compromised.

2:45-3:30 – Networking Break in Exhibit Hall

3:30-4:15 -- How Can You Get Into the Volume Game of SaaS? - Divakar Jandhyala, CEO, eVapt Inc.

The SaaS model of software delivery causes a host of operational and revenue generation challenges for businesses. This talk will illustrate the different scaling issues SaaS vendors face, and the monetary impacts of these issues. It will elaborate on the recurring revenue subscription model, and how it forces SaaS vendors to be mindful of ensuring client success for contract renewals.

The talk will then explain the telecom industry approach to selling subscription services in large volumes, and the similarities of this in the SaaS industry. This will include an architectural overview of the various Telecom OSS/BSS (Operational Support Systems/Business Support Systems) components needed to efficiently deliver the services. The presentation will then elaborate how and why SaaS vendors should be thinking about a similar model for servicing their customers. It will describe the key components of the architecture that SaaS vendors must build, which will include the service catalog, order fulfillment, and billing like the telecom industry has done for several years.

3:30-4:15 -- The Management Systems You Need For More Rapid Growth -- Bob Norton, CEO, C-Level Enterprises and creator of THE CEO Boot Camp

To scale a business we need to move from "seat of the pants", raw entrepreneurship to more professional management. This session is for executives in small businesses that have from 7 to 150 employees and want to better control their focus, people, growth and planning. Anyone who gets a big chunk of capital also needs to implement them all immediately. We will discuss the five different management systems needed and how they support each other. Using just one of these has been proven to increase a company's value by 56% ! Using all these systems will help you avoid fire drills and drive shareholder value up much faster. These slides are available only to people who attend.

4:30-5:15 -- Constructing Growth: Building Future Value Into the SaaS Product Roadmap -- Ken Boasso, Managing Director, Keychain Logic; Rado Nikolov, Director of Emerging Business, IBM; Terry Coatta, CTO, Vitrium Systems; and Daniel Durker, VP of Marketing and Business Development, Intacct

Optimal product development in a SaaS environment is largely iterative (as opposed to incremental), which means that vendors are architecting tomorrow's functionality on today's application. This presents expanded development challenges and also requires a deeper understanding of how users may want to leverage the application to anticipate and resolve business issues. We will discuss - from the perspectives of infrastructure supplier, chief developer, and marketer - how SaaS vendors can maximize development investment and support value-added services growth.

5:15-6:30 – Evening Reception

Friday, April 4

8-8:35 -- From a Software License to Subscription: Achieving Success with SaaS -- Javier Rojas, Managing Director U.S., Kennet Partners

As corporations become increasingly open to buying SaaS solutions, application vendor's revenues are growing rapidly. At the same time, public equity markets are placing a high premium on SaaS vendors, with market values averaging 5x forward revenues. This dramatic shift has led private investors to focus more on promising SaaS vendors. While the SaaS model offers significant incentives to enterprising entrepreneurs, the operational challenges of making this shift are significant and impact every part of an organization. As well, this transition can have a dramatic impact on cash collection which, if not managed appropriately, can sink the business. This discussion will outline four important steps to ensure success in transitioning from a software license to subscription model.

8:45-9:20 -- Software as a Service -- An IBM View -- Rado Nikolov, Director of Strategy and Emerging Business, IBM

Attendees will learn how IBM, the world's largest information technology company, is embracing the SaaS market. Rado will discuss three primary ways that IBM plays in the SaaS market. He'll cover IBM's view of the SaaS business model, the stages of SaaS adoption and available resources for each stage, key go-to-market challenges as well as some of the underlying technical challenges that the SaaS business model presents.

IBM works with hundreds of ISVs who are delivering their applications via the SaaS model. Rado will highlight some of the criteria that make these partners successful and will also discuss some of IBM's recent acquisitions of SaaS related businesses.

9:30-10:15 -- Seven Habits of Highly Successful SaaS Companies -- Mark Trang, Director ISV Marketing, salesforce.com and Kirk Krappe, CEO, Apttus

So you're ready to start an on-demand company and exploit the SaaS opportunity -- but don't know how to begin. Can you answer Yes to the following questions?

- Is there a leader that owns success metrics for your on-demand business?
- Can you make product decisions based on real-time customer feedback?
- Do you offer a free trial of your solution that converts to qualified leads?
- Are you truly selling a service or just a product?
- Do you have programs that drive continual adoption of your products?
- Can your CFO forecast renewal rates and what their impact will be to revenues?
- Do you have an API or mashup strategy?

This session will help you extend the SaaS DNA throughout your company.

10:15-10:45 -- Networking Break in Exhibit Hall (demo by Adaptive Planning)

10:45-11:20 -- Don't Underfund Your SaaS Business Model! -- Todd Gardner, CEO, SaaS Capital

Software as a Service (SaaS) business models are attractive because they deliver predictable, high-margin revenue streams that Wall Street, corporate buyers and CFO's love. In the early years of the company, however, the business model is very capital intensive because revenue and cash flow are pushed out into the future. While many of the enabling technologies and services for SaaS are relatively inexpensive compared with the large investments required to build and support legacy applications, the costs of acquiring and supporting SaaS customers is significant - particularly as a percent of revenues. In addition, SaaS companies can take 50% to 70% more cash to build than traditional perpetual license software companies. Todd Gardner, CEO of SaaS Capital, will share with the audience strategies for capital planning and address the common spending pitfalls unique to SaaS business models.

10:45-11:20 -- Rationalizing Traditional Software Pricing to Software as a Service -- Ann Flynn, President, and Drew Wright, Co-founder, Technology Finance Partners

Whether you are a traditional software vendor looking to offer flexible options through subscription pricing or a SaaS start up looking to dethrone the traditional vendor, correlating a perpetual license model to a subscription or utility offering can provide substantive management insight or relevant competitive intelligence that will improve sales success and optimize transaction revenue.

This session will provide a rational approach to converting traditional software pricing to subscription pricing, highlighting key pricing factors and tactics to consider when developing your SaaS positioning strategy. Methodologies for analyzing the potential impact on corporate performance and sales operations will be discussed. The various economic impacts based on degrees of hosting versus outsourcing will also be explored.

11:30-12:10 -- Making SaaS Pay: Operational and Accounting Issues of SaaS -- Dr. Richard Moore, Director of Revenue Management Solutions, Softrax

You developed the killer SaaS application and built a scalable IT infrastructure -- but how do you actually make your SaaS business pay for itself? Find out how to address some key economic, operational and accounting issues of the SaaS business.

In the SaaS model billing your customers accurately and timely is critical to your success. Pricing is often highly variable and may include customer specific pre-payments, base fees, subscriptions, usage or transactional charges. Each account requires a periodic bill that takes into account the entire range of possible charges and will be different from period to period. Of course critical for cash flow, billing now also moves to the forefront of customer interaction. Too often it is an area of significant dissatisfaction and complaint from the customer. As a frequent and regular customer touch point, an accurate bill is a key to customer satisfaction and retention. Additionally the SaaS model breaks new ground in revenue recognition reporting, challenging some traditional practices and putting further strain on the processes, audit and documentation required in the post Sarbanes-Oxley world.

12:15-1:15 -- Lunch

1:15-2 -- Welcome To Enterprise 2.0: The First 'Internet Generation' Brings Web-Based Solutions To Solving Business Problems -- Bryan Stolle, Partner, Mohr Davidow Ventures

As the first US generation to come of age accustomed to daily use of the Internet, the corporate world is about to witness its own version of a "perfect storm": businesses have been underspending for the past several years; a new generation of Web-savvy entrepreneurs are entering the workplace; and a new set of Web-driven technologies is becoming available for businesses to use in moving from a transaction-based to an interaction-based model. The new wave of entrepreneurs are bringing with them a disposition to look first to the Web for solutions to business problems and incorporate these innovations -- such as Software as a Service (SaaS) as enhancements to business IT infrastructures.

In this presentation, Mohr Davidow Ventures Partner and experienced entrepreneur Bryan Stolle will draw upon companies active in the SaaS market - such as Genius.com, Infusion Software, and Sabrix - in examining the emergence of an "Enterprise 2.0" business model and how a new wave of entrepreneurs is bringing with them a disposition to look first to the Web for solutions to business problems and incorporate these innovations -- such as Software as a Service (SaaS) as enhancements to business IT infrastructures.

1:15-2 -- Simplicity is What's Next In Business Software -- Henrik Been, Executive Director of Product Marketing, QlikTech

The problem facing business software companies historically, is that their company sales model was designed to sell services to support the complexity and specialized skill-set needed to administer their software. Companies today are smarter when they purchase software and are looking for solutions that have a faster time-to-market and ROI with higher end-user adoptability. This trend is reflected by the

advent of an increasing number of SaaS solutions that preach lower upfront investment and fewer technical resources to support. Most companies will be unable to change their entire business model overnight but there are ways to evolve into a simplicity model by partnering with an innovative software vendor who is already set up with this goal in mind

2:15-2:45 -- On-Demand: Adding it to Your Traditional Application Line -- Jeffrey Saling, VP of Callidus On-Demand, Callidus Software

For established software vendors, the transition to a pure on-demand model can be daunting. The financial, engineering and customer service issues aren't anything to be taken lightly. But even vendors that aren't looking to make the transition are likely getting inquiries from their customers about how or when a SaaS version of their product will be available.

On-demand is gaining in popularity these days. Many vendors are so focused on proselytizing the model that they neglect to sell their application. The reality is that enterprises need discover the solution that's right for their unique environment. There are financial, security and business considerations that keep many enterprises from leveraging the advantages that a software-as-a-service (SaaS) or an on-demand model can offer. And while an on-premise, license-based model can seem old-fashioned to those who have joined the on-demand bandwagon, the pay-once, in-house method offers business value and comfort to many CIOs.

What is the right strategy? Go hybrid. That's the conclusion many established software vendors are coming to. Offering both on-premise and on-demand solutions enables vendors to best meet the immediate and long-term business needs of their customers - and avoids the religious fervor that can sidetrack many sales efforts.

2:55-3:30 -- The Convergence of Data, Voice and Video: The SaaS Opportunity -- Robert (Bob) Bye, Executive Vice President and General Manager, nGenX

Technologies and vendors exist today which would allow a software company or ISV to bundle applications with business class VoIP (Voice over Internet Protocol). Since VoIP is essentially an application, integrated features and functionality can be programmed into existing software making a change of service providers unattractive. In the near future, video will also become an option as broadband connections become capable of handling streaming video with quality of service. Integration with video will also be a compelling reason for business customers to avoid switching to a telecommunications carrier.

In 2005, the FCC issued a Policy Statement commonly referred to as Net Neutrality, and this policy may soon become law pursuant to a pending rulemaking. This is the regulatory framework that opens up opportunities for service providers to bypass the telco, fiber company or cable provider and provide bundled services directly to the customer. SaaS providers considering offering voice and video services should be aware that telecommunications and cable companies will seek to restrict access and increase regulation on competitive services despite the favorable treatment applications and content providers have been afforded via Net Neutrality.

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◀ **Team Discounts:** If two or more people from a company will be attending the SaaS Economics Summit, \$100 will be deducted from each registration. If three or more people from a company register, \$200 will be deducted from each.

Pre-conference Workshops

Tuesday, April 1-2 -- Price \$1,495

C-Level Executive and Vice President Bootcamp

This two day program on April 1st and 2nd is designed for senior executives of small companies that want to grow into large companies. Bob Norton is the creator of THE CEO Boot Camp we ran in 2006 and 2007. Attendees have been very pleased and now he offers a version customized for the C-Level executives and VPs. You will learn about the natural stages of business development and how your management style must shift from raw entrepreneurship to professional management as your company grows. Bob Norton has grown two software companies to over \$100 million in sales from startup. He spent over a year of full-time work compiling what he learned as a high-tech CEO over the last 18 years into this intensive seminar. Expect twice as much information as your typical seminar.

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By special arrangement this session is only \$1,495 with regular registration. testimonials and more information available at: www.CLevelBootCamp.com or call (508) 381-1450.

Register at http://www.softwarebusinessonline.com/saas_conf2008_reg.php

April 2 -- 1-5 Channel Sales Cycle Workshop -- Free to SLAM and SaaS attendees

The software industry seems to be in a perpetual stage of change. New distribution methods, SaaS, licensing, managed services, recurring revenue streams, and the increased focus on the SMB marketplace have created havoc and opportunities for software vendors. This leads to two big questions:

- 1 What is the role of the IT Channel in this new paradigm?
- 2 How can software vendors effectively leverage the Channel?

Attendees will benefit by learning about:

- How the channel is structured including its primary strengths and weaknesses.
- How to successfully work with the channel.
- The importance of developing complete end-to-end channel sales procedures.
- How to develop strong brand awareness/preference in a rapidly changing product focused industry.

Under Robert Cohen's leadership, mar.com has become an international IT channel marketing company that has developed and implemented strategic go-to-market programs for 350 IT companies.

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