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Through Local Experience and Knowledge**

VISIONS

Software Publishing on a Global Scale

By Michael Cahlin

Naturally, many software developers have global ambitions: expanding sales into foreign markets is an enormous opportunity. In fact, the largest U.S. software makers earn half their revenue overseas. For a smaller company, however, trying to establish a beachhead in Europe for that award-winning e-mail software or utility program invites an onslaught of obstacles: linguistic, cultural, legal, regulatory and tax-related. And that doesn't even factor in current geopolitical flare-ups burning in hotspots around the world.

Certainly, there are a multitude of software distributors, publishers and republishers, covering every major market in the world, who can bring a company into a new country. But this tactic dictates that new markets be penetrated one at a time, meaning companies can't quickly find and capitalize on opportunities in new markets. A crucial factor in the race to develop global sales, speed to market, can easily be lost in this way.

Still greater concerns include which markets to target first. England? Germany? South Africa? Which products are best-suited to the specific needs of each market? How can relationships with distributors be developed and expanded when consolidating retailers are shrinking the shelf space right out from under your product?

In an ideal world, software developers would be able to expand almost immediately into virtually every major software market in the world at one time. One company, Paris-based BVRP Software, is trying to make this a reality through what it calls the Global Publishing Network. By blending together a series of acquisitions and partnership agreements in major software markets throughout the world, BVRP is striving to develop a global outlet for software, with local experience and knowledge across all channels of distribution in each market.

It's an interesting idea. But is there a market for this global publishing model? BVRP executives maintain there is.

"We began as a software developer," explains Bruno Vanryb, BVRP's founder and chairman. "When we wanted to go global and we needed publishing services, there was no one there. So our goal initially was to publish for ourselves and solve our own problem. But we realized that we could solve this problem for other companies at the same time, and we know there are a lot of other companies out there that need these services. So we absolutely feel that there is a strong market demand. We believe in our strategy. We believe we've

found something that the software industry needs and wants."

CEO Bob Lang of BVRP USA, the company's American subsidiary, echoes these sentiments. "We represent nearly 500 titles for close to 100 different developers throughout Europe, America and the rest of the network -- products like JASC's Paintshop Pro and Elibrium's MySoftware line. Supported by BVRP's strength in development, publishing, marketing and distribution, the network is already finding great success placing software into multiple markets, very quickly, via a multitude of channels."

Industry analyst Ken Bender, managing director at Software Equity Group, L.L.C., describes the strategy as new and ambitious. "I'm aware of no other publisher that has embarked on this type of worldwide publishing strategy before. BVRP appears close to fulfilling this promise, which may portend a new option for many smaller software companies with superb products but no international visibility or distribution capacity."

Acquisitions and partnership agreements have fueled BVRP's pursuit of this strategy. After building a mid-size software business in France from the mid-1980s to the mid-90s, in the late 90s BVRP sold off a series of assets and began buying small companies with experience and skills in critical areas. In January 1999 the company completed the purchase of Kommunikate, a 17-year old British company with expertise in corporate software sales in the United Kingdom. In March 2001 BVRP bought a French company named AB Soft with experience and relationships in a vast array of distribution models: retailers, distributors and VARs, corporate sales, mail order and catalogue, e-commerce, and partners in French-speaking countries sustaining export activity. Four months later BVRP strengthened its knowledge and relationships in the U.K. retail software market when it acquired Guildsoft, a company with 15 years of experience in that segment.

Now much more than just a software maker, BVRP has begun to see its multinational publishing strategy bear fruit over the past year. In early 2002, American firm Internet Security Systems (ISS) approached BVRP about BlackICE PC Protection, its intrusion detection system software for personal computers with integrated firewall technology. Used to selling enterprise security software to large corporations, the company needed a partner with retail experience. On March 21st, 2002, BlackICE PC Protection was announced as BVRP's first partner product to be sold under license. BVRP agreed to make and sell the software and to localize the product to support all major European languages. BVRP, through its



BVRP's Founder and Chairman
Bruno Vanryb



BVRP's USA CEO Bob Lang

newly added AB Soft and Guildsoft subsidiaries, began marketing the product throughout the Middle East, Scandinavia and the rest of Europe by the end of the same month.

At the same time, BVRP was able to announce that it was developing a small-business version of the product, which it could sell immediately upon completion through its long-established retail distribution and OEM channels (BVRP has OEM relationships with a number of manufacturers including Dell and Motorola).

Then in the fall of 2002, the company announced two strategic partnerships which gave it additional strength and experience in Europe. A September agreement with German software maker MicroBasic GmbH began to show some of the synergies the Global Publishing Network could provide: while BVRP gained access to MicroBasic's strength in the German retail software market to sell its BVRP-branded and third-party software, MicroBasic could insert its products into BVRP's Global Publishing Network to begin distributing them in France and the United Kingdom.

"We were focused on our domestic market," says Gunter Eibl, CEO of MicroBasic. "This is a real opportunity to sell our products into the French and English markets via BVRP's powerful distribution network."

A month later, a similar agreement was made with Questar, the Italian distributor of best-selling software titles like Crystal Reports, PaintShop Pro, and Scansoft.

One of the BVRP customers benefiting most from these two partnership agreements is Datawatch Corporation. The Lowell, Massachusetts-based company, which makes business intelligence, enterprise reporting, data transformation and service management solutions software, including its popular Monarch report mining software, had successfully sold its products through Guildsoft in parts of Europe and the Middle East since the mid-1990's.

But with BVRP's acquisition of Guildsoft and the utilization of BVRP's Global Publishing Network, the company has nearly doubled its sales in France in just three years by being able to take advantage of BVRP's local knowledge and experience.

Datawatch senior vice president of Desktop & Server Solutions John Kitchen says, "It wouldn't be cost-effective for us to put our people into the field to do what BVRP is doing, but they act just like our subsidiary. They are our eyes and ears, they know the distributors, the resellers, the publications and trade shows, and we leverage that knowledge and expertise. They do our overseas marketing, our distribution, our technical support, and our training."

More recently, BVRP has helped the company extend its reach even further. "We have been able to expand our sales into Eastern European countries as a result of our relationship with BVRP," Kitchen explains.

At the same time, BVRP is further expanding its Global Publishing Network. In December 2002, the company announced a majority investment in Elibrium, a San Mateo, California-based SO/HO (small office/home office) productivity software company with access to over 10,000 US and Canadian retail outlets at leading chains such as Wal-Mart, Staples, Office Depot, Office Max and CompUSA. Including Elibrium's substantial contributions, estimates now put BVRP's total worldwide retail presence at over 15,000 outlets.

Already following a similar strategy to BVRP, Elibrium had begun offering publishing services to third-party developers in early 2002. BVRP's Chairman Vanryb maintains "that experience dovetails perfectly with the network's goals. Providing access to the North American retail market, by far the world's biggest, improves our value proposition immeasurably."

Boomerang Software, Inc., a provider of security software and applications for Web and E-commerce site creation, publishing, and management located in Belmont, Mass., recently inked a deal to publish ten titles with Elibrium. Boomerang's president, Richard Bezjian, pointed to Elibrium's ability to take Boomerang's products not just into new channels, but into new countries, as a significant factor in that decision. "We already publish in seven languages, but we are very keen on the international part of this deal. That capability and that bridge to take our products to international markets is a definite plus."

But boxed software cannot be the whole story. There is an Internet component to all of this, of course - the title of this article notwithstanding, the Internet simply cannot be ignored in any discussion of software. This may be an area where BVRP will have difficulty differentiating its services, although it does have an e-commerce platform on which it sells all of its BVRP-brand and third-party software. E-commerce currently represents 10 percent of sales across the Global Publishing Network, according to Chris Thompson, UK Regional Manager at Guildsoft, which handles the Network's e-commerce platform responsibilities.

BVRP points to its localization team that can translate products into 30 languages. It touts its ability to assist with critical aspects of a developer's business, "from product development through customer service and every step in between," as BVRP's Chairman Vanryb puts it. And there is little doubt that by choosing a company with people already on the ground in multiple locations, and thereby launching simultaneously in multiple territories, a company can improve its speed to market and reaction time.

But despite the success BVRP's Global Publishing Network has had thus far, the fact that no one has tried to do it before still raises the question: will it work? Is there a large enough market for a global software publishing company to succeed? Do enough companies need these services? And of those companies, do enough realize they need them? Is this a breakthrough concept, as BVRP and others believe, that will help all types of developers take their software overseas, from "two-guys-in-their-garage" start-ups to large companies?

Clearly BVRP is betting it will. The company's strategy lies in the belief that "the bigger our network grows, the bigger our customers have the opportunity to grow," according to Vanryb. As a result, BVRP has indicated that it is planning to further extend its publishing network to other countries in 2003 through partnership agreements and possibly via new acquisitions or equity investments.

Either way, one thing most people in the software business can agree on, as Software Equity Group's Ken Bender points out, "Whether this idea works or not will certainly have an impact on how software is sold in the future, so it will be very interesting to watch and see." Stay tuned.

♦ *Michael Cahlin has been writing about technology since the Jurassic Park days of CP/M. His articles, features, insider tips, how-to's and daily e-columns have appeared in PC World, Smart Computing, and The Los Angeles Times. Contact BVRP Software at www.bvrp.com*

