



ANALYZING THE BUSINESS
OF ENTERPRISE IT INNOVATION

Dealing with analysts, for startups @cote | 21 Jan 2014

NEW YORK · BOSTON · WASHINGTON DC · SAN FRANCISCO · SEATTLE · DENVER · LONDON · SAO PAULO · DUBAI · SINGAPORE

WWW.451RESEARCH.COM

I've been on both sides

1995-2006:

Developer (startups, BMC)

2006-2011:

Analyst@RedMonk

- <http://redmonk.com/cote/>

2011-2013:

Corporate Strategy, M&A (Dell)

2013-now:

Research Director@451

- <https://451research.com/biography?eid=735>
- cote@451research.com



@cote & <http://cote.io>

Quick Goals: Influence, Advice

1. Understand analyst motivations & types
2. Make us think The Company is rad
3. Get help making The Company rad
4. Make us talk about that radness
5. Access to our influence channel
6. Access network of contacts & partners
7. Manage relationship
8. Tell us about rad things



*** You're this guy.**

Reasons to talk with analysts

(for vendors)

Influence

Connect & Broadcast

- Buyers
- Sellers
- Press
- Investors
- Nerd Entertainment

Research

Market Education

- News & trends
- Competitive analysis
- Market-sizing & share
- How To's

Consulting

Direct your decisions

- Deeper research
- Product & strategy
- M&A, biz-dev, partners
- Messaging, kool-aid testing
- 3rd party mouth-piece for internal politics

Analyst work products

Reports

1/17/2014 Report View - Short
http://api.451research.com/ShortReport.php?clientid=003600001Y2IAQAAZ&entityid=79528

451 Research

MIS Impact Report

IBM goes bonkers for devops, highlighting how it's being interwoven with its portfolio

Analyst: Michael Coté 9 Dec, 2013

Compared with the speed of startups and other pioneers in the cloud and devops space, IBM seems to move at a glacial pace. However, Big Blue has been at cloud for several years now, with at least two or three 'pivots' under its belt, culminating in its acquisition of SoftLayer for an estimated \$2bn. Together with the acquisition of UrbanCode in April, and an in-house passion for devops, IBM is starting to lay out a credible vision (with results) for how it will help large companies take advantage of devops-oriented IT. The topic infused several sessions at IBM's recent software analyst summit in Stamford, Connecticut.

The 451 Take
These activities feel like the start of IBM kicking off a new multi-year initiative: enabling its usual large enterprise customer base to take advantage of devops to deliver software to market with faster feedback loops. IBM is one of few companies that have the track record, will and resources to invest in multiple-year strategies like this. After several previous attempts to apply cloud technologies and practices to its portfolio and customer base, this time it feels like IBM has finally settled on the right mix of plan, market timing and resources. Now the hard work begins – building it all and bringing the resulting portfolio to market year after year.

Context
IBM, as a company, has seen revenue declines in recent quarters, particularly on the hardware side – indications that business as usual is not cutting it. IBM has been building out new strategies and products recently, with many aligning with cloud technologies and practices, such as devops. Devops can seem like an early adopter market, despite the ever-growing interest we've seen since 2010. Once a vendor like IBM starts addressing devops as a core concern, the market tends to move faster. IBM's software portfolio has several areas that devops could fit well with: the portfolio is full of middleware that developers use to build applications, and the newly renamed Tivoli unit (please update the 'Tivoli' field on the Big Blue brand cheat sheet to 'Cloud and Smarter Infrastructure') is one of the 'Big Four' in systems management. The company's recent purchase of UrbanCode and SoftLayer are helpful imports, but IBM also highlighted several organic efforts that should help its customer-facing portfolio.



THE AUTOMATION SPECTRUM

From DIY Devops to Paid, Supported PaaS

Enterprises and service providers are realizing that their developers, teams and business units must adopt automation to accelerate their efforts around application delivery while improving efficiency and quality in order to stay competitive. The market demands more apps, more features and more updates more frequently than ever, and the traditional methods of application release aren't cutting it.



KEY FINDINGS

- Large enterprises and service providers are under increasing pressure from end users and internal sources to more rapidly develop and deploy applications and services, as well as infrastructure. The same pressures also dictate that quality and uptime cannot be sacrificed for speed, requiring efficiency and responsive capability from business teams and IT organizations.
- Automation of software development and deployment processes, as well as infrastructure configuration and provisioning, is a primary and proper response to market demands for speed, efficiency, quality and uptime.
- Standards and shared practices around automation of software release processes and infrastructure provisioning are lacking in the industry, yet demand for them is high.
- A growing number of organizations are taking proactive steps to automate more of their software development, deployment and IT provisioning processes or adopting devops methodologies. We are beginning to see more enterprise-wide implementations of automation that go beyond application delivery to encompass entire application release processes.

DECEMBER 2013



451 RESEARCH: INFRASTRUCTURE COMPUTING FOR THE ENTERPRISE
© 2013 451 RESEARCH, LLC AND/OR ITS AFFILIATES. ALL RIGHTS RESERVED.

Donnie Berkholz's Story of Data

Making sense out of information

Red Hat's CentOS "acquisition" good for both sides, but 'ware the Jabberwock

Red Hat and CentOS announced earlier this week (in the respective links) they are "joining forces" — whatever that means. Let's explore the announcements and implications to get a better understanding of what's happening, why, and what it means for the future of RHEL, Fedora, and CentOS.

LWN made some [excellent points](#) in its writeup (emphasis and links mine):

The ownership of the CentOS [trademarks](#), along with the requirement that the board have a [majority](#) of Red Hat employees makes it clear that, **for all the talk of partnership and joining forces, this is really an acquisition by Red Hat.** The CentOS project will live on, but as a subsidiary of Red Hat—much as Fedora is today. Some will disagree, but most would agree that Red Hat's stewardship of Fedora has been quite good over the years; one expects its treatment of CentOS will be similar. Like with Fedora, though, some (perhaps large) part of the development of the distribution will be directed by Red Hat, possibly in directions others in the CentOS community are not particularly interested in.

Plenty of benefits to go around

Whether it's the rather resource-strapped CentOS gaining more access to people and infrastructure, not to mention those pesky legal threats, or Red Hat bringing home a community that strayed since it split Red Hat Linux and created RHEL/Fedora in 2002-3, the benefits are clear to both sides.

I'm not convinced it had to go nearly as far as it did to realize those benefits, though — formalizing a partnership would have sufficed. However, giving three of the existing lead developers the opportunity to dedicate full-time effort to CentOS will be a huge win, as well as the other resources Red Hat is providing around infra, legal, etc. But the handover of the trademark and the governance structure are a bit unusual for the

About

Hi, I'm Donnie Berkholz, an analyst at RedMonk and our "resident Ph.D."

I quantify and analyze the art & science of software creation and its usage by developers, data scientists, sysadmins, and everyone in between.

My background is diverse, including stints in biophysics, open-source software development & leadership, IT infrastructure, and journalism.

Follow @dberkholz

Search for:
Search

Subscribe to Blog via Email

Enter your email address to subscribe to this blog and receive notifications of new posts by email.

Email Address
Subscribe

Sponsor

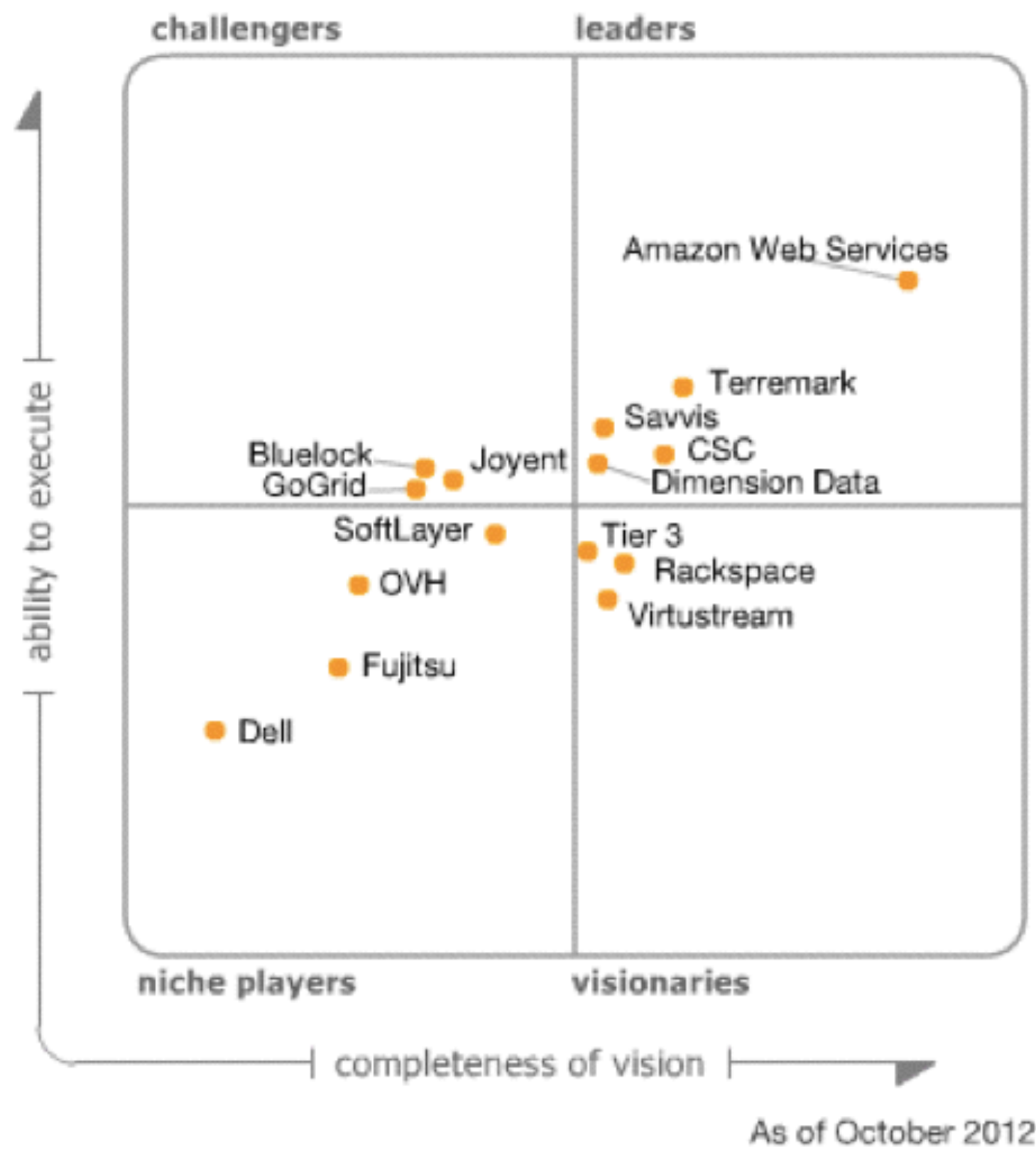


ANALYZING THE BUSINESS OF ENTERPRISE IT INNOVATION

Rankings

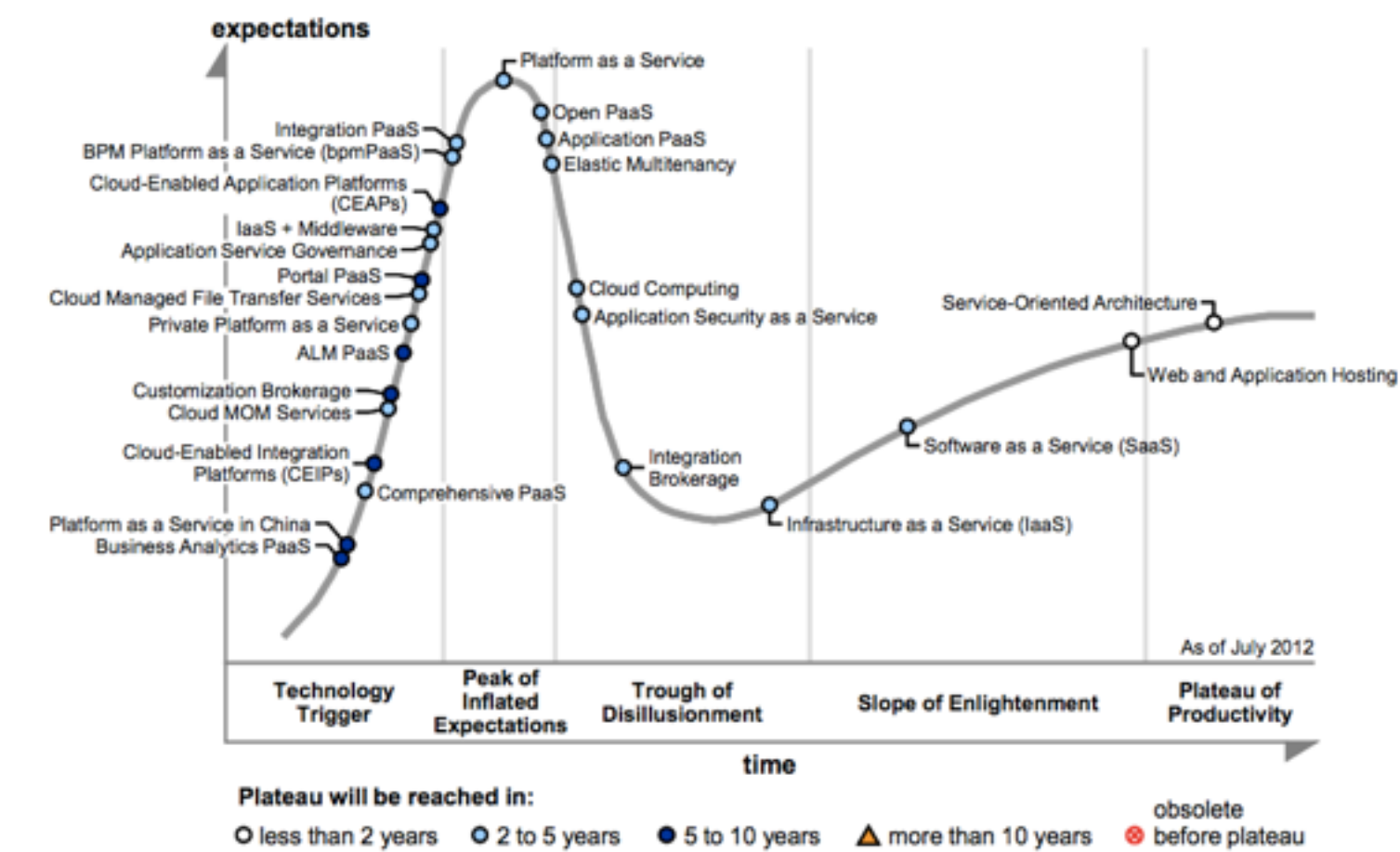
Magic Quadrant

Figure 1. Magic Quadrant for Cloud Infrastructure as a Service



Source: Gartner (October 2012)

Figure 1. Hype Cycle for Application Infrastructure Services (PaaS), 2012



Source: Gartner (July 2012)

Figure 3 Forrester Wave™: Enterprise Hadoop Solutions, Q1 '12



Source: Forrester Research, Inc.

Market analysis (sizing & share)

Pivot Table: All Enterprise Software Market Share, Worldwide, 2010-2012

List of Tables
2-1 Total Software Revenue for All Software Segment and Regions, 2010-2012 (Millions of U.S. Dollars)

(Front Page)

Table 2-1
Total Software Revenue for All Software Segment and Regions, 2010-2012 (Millions of U.S. Dollars)

Notes: Countries, subsegments and markets are sorted alphabetically. Vendors are sorted by share.
Gartner defines total software revenue as revenue that is generated from appliances, new licenses, updates, subscriptions and hosting, technical support, and other software-related services.
Source: Gartner (March 2013)

Excel Macros
This file contains macros that allow you to convert revenue to the current currencies in the currency converter immediately to the left, either enable a file to a "Trusted Location" as defined by your system.

Copy/Convert to Currency >>>

Region	(All)
Country	(All)
Macro Market	(All)
Market	(All)
SubSegment	(All)

Vendor	Data	2010 YR	2011 YR	2012 YR
Microsoft	Sum of Revenue (M)	54,710.8	58,884.1	60,068.3
	Growth %		7.6%	2.0%
	Share %	15.7%	15.5%	15.2%
IBM	Sum of Revenue (M)	25,436.0	28,219.0	28,722.0
	Growth %		10.9%	1.8%
	Share %	7.3%	7.4%	7.3%
Oracle	Sum of Revenue (M)	23,918.0	27,188.9	28,665.0
	Growth %		13.7%	5.4%
	Share %	6.9%	7.2%	7.2%
SAP	Sum of Revenue (M)	12,978.6	15,742.3	16,924.1
	Growth %		21.3%	7.5%
	Share %	3.7%	4.1%	4.3%
Symantec	Sum of Revenue (M)	5,655.0	6,351.3	6,445.0
	Growth %		12.3%	1.5%
	Share %	1.6%	1.7%	1.6%
CA Technologies	Sum of Revenue (M)	4,148.0	4,383.0	4,304.4
	Growth %		5.7%	-1.8%
	Share %	1.2%	1.2%	1.1%
VMware, Inc.	Sum of Revenue (M)	2,618.5	3,470.2	4,236.8
	Growth %		32.5%	22.1%
	Share %	0.8%	0.9%	1.1%
HP	Sum of Revenue (M)	3,933.7	4,534.9	4,994.1
	Growth %		15.3%	10.1%
	Share %	1.1%	1.2%	1.3%
BMC Software	Sum of Revenue (M)	1,835.8	1,960.8	1,972.6
	Growth %		6.8%	0.6%
	Share %	0.5%	0.5%	0.5%
Infor Global Solutions	Sum of Revenue (M)	1,252.7	1,342.2	1,980.0
	Growth %		7.1%	47.5%
	Share %	0.4%	0.4%	0.5%
Citrix Systems	Sum of Revenue (M)	1,533.9	1,753.4	2,020.3
	Growth %		14.3%	15.2%
	Share %	0.4%	0.5%	0.5%

IDC Analyze the Future

5. Forecast

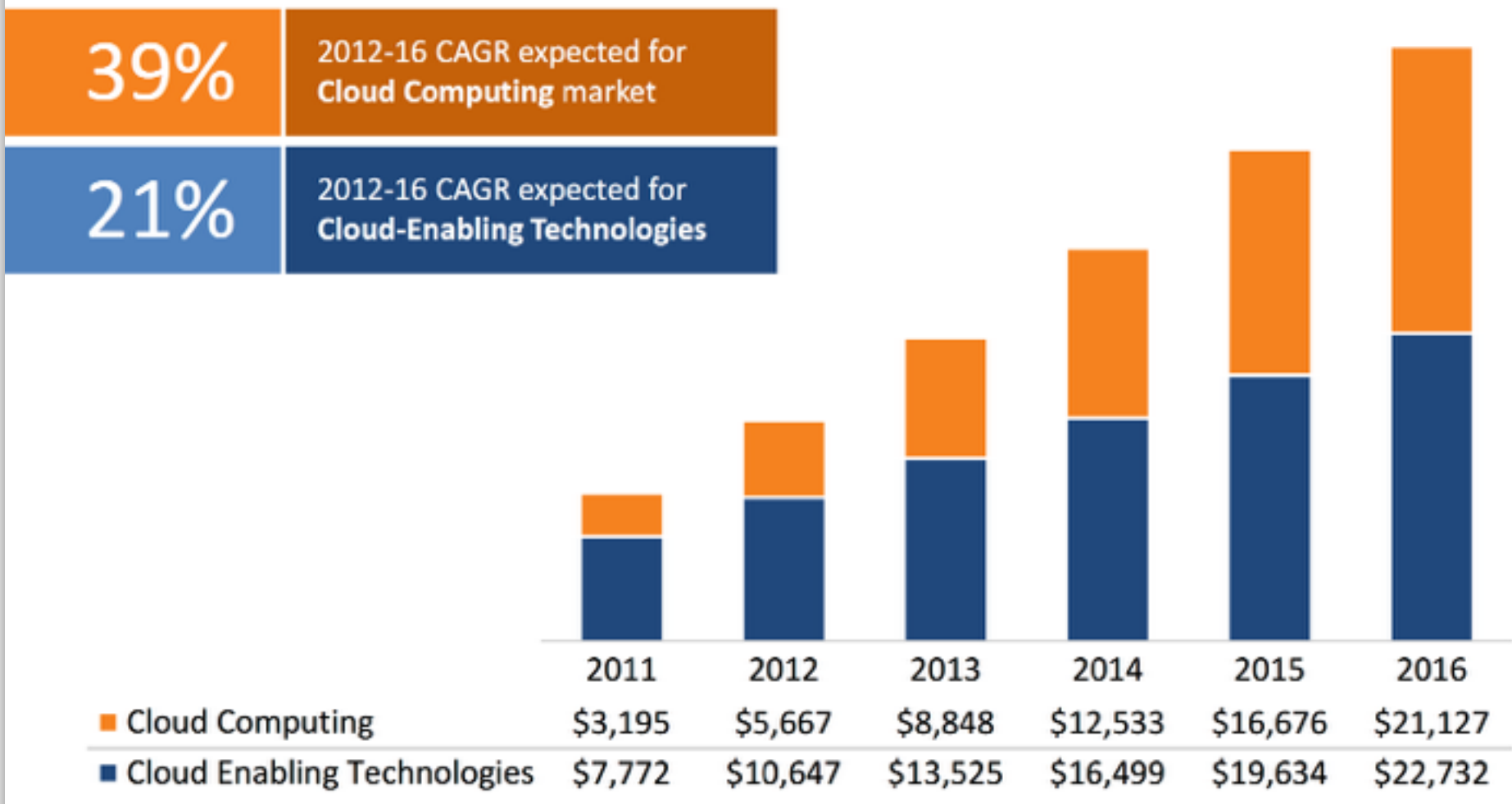
List of Tables

- Worldwide Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)
- Worldwide Public IT Cloud Services Revenue by Region, 2010-2017 (\$M)
- Asia/Pacific (Excluding Japan) Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)
- Canada Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)
- Central and Eastern Europe Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)
- Japan Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)
- Latin America Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)
- Middle East and Africa Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)
- U.S. Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)
- Western Europe Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)

Table 6
Worldwide Public IT Cloud Services Revenue by Segment, 2010-2017 (\$M)

	2011	2012	2013	2014	2015	2016	2017	2012-2017 CAGR (%)
	6.10	17,886.40	21,636.30	25,931.10	31,022.40	36,520.70	42,516.60	18.9
	3.00	6,285.80	8,150.50	10,232.80	12,771.00	15,827.90	19,563.30	25.5
	9.00	24,172.20	29,788.80	36,163.90	43,793.40	52,348.60	62,079.90	20.8
	1.10	3,817.60	5,259.20	7,020.30	9,070.00	11,472.70	14,011.90	29.7
	0.70	4,698.90	6,317.30	8,104.50	10,290.70	13,038.80	16,326.70	27.2
	2.20	4,439.60	6,031.00	8,198.10	10,387.00	12,550.40	14,798.50	27.2
	2.80	9,338.60	12,348.30	16,302.60	20,677.70	25,589.20	31,125.10	27.2
	2.90	37,328.40	47,396.40	59,486.70	73,541.10	89,410.50	107,216.90	23.5

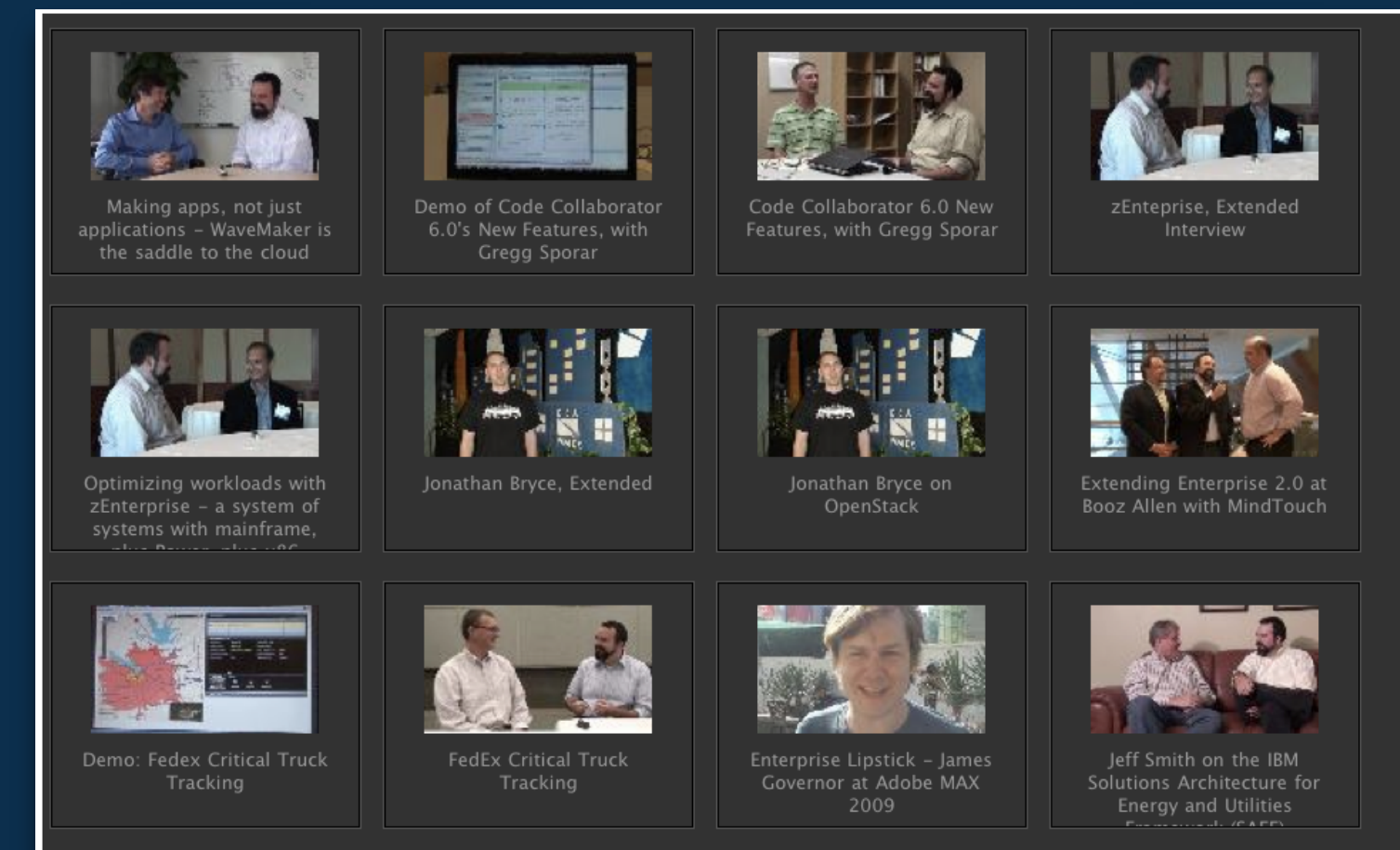
CET vs. Cloud Computing 'As a Service' (\$M)



Sources: "Market Share: All Software Markets, Worldwide, 2012," Gartner; "Market Monitor Sector Review: Virtualization," 451 Research, Dec 2013; "Worldwide and Regional Public IT Cloud Services 2013-2017 Forecast," IDC, Aug 2013

Other work products

- Webinars - book-ending a pitch for lead-gen
- Speaking - conferences, customer events, “kick-offs,” etc.
- New media - screencasts, podcasts, videos



Engaging with analysts

Establish goals with analysts

- Inform yourself - trends, competitive, market data, etc.
- Feeding/brainwash - material for one of their reports, hustle them to write one
- Influence & Word-of-mouth - investors, reporters, buyers, competitors
- Marketing - generating social objects
- Get advice - help you make decisions



Sorting analysts

- Coverage area(s)
- Cynics vs. Optimists
- Journalists vs. Practitioners
- BigCo vs. “Boutique”
- Vendors vs. end-user centric
- Potential impact
- Cost

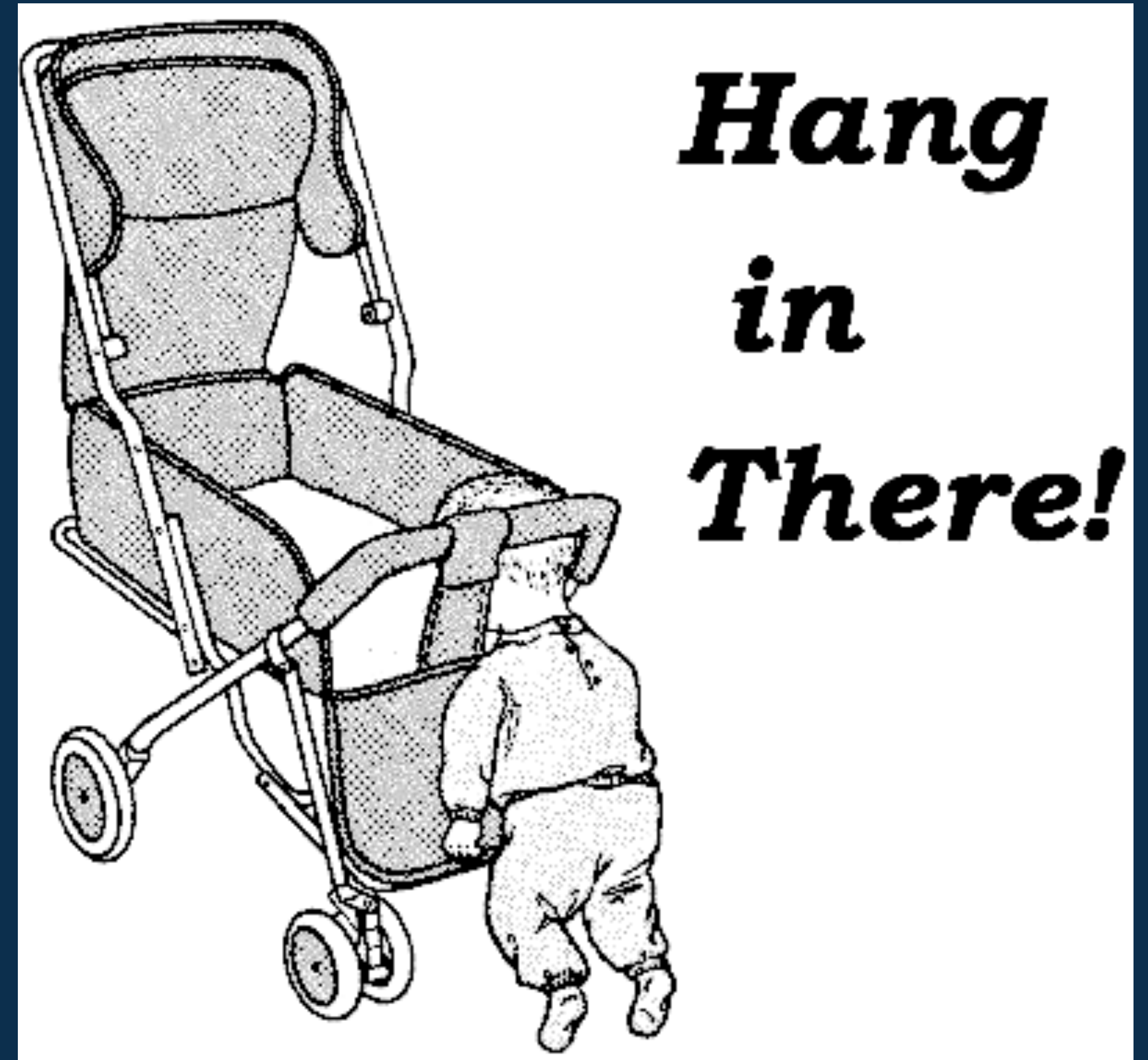


Figure out how analyst get paid

- Be aware of when engagements are free vs. paid
- Paywalls
- Consulting
- Conferences
- Sponsoring & underwriting
- “Content” - re-prints, commissioned papers



Briefings

Briefing analysts

1. Company overview
2. Problem solved
3. How it's solved
4. Market you're targeting
5. Business mechanics
6. Road-map
7. Strategy
8. Vision

451 Analyst Guide Template

Product/Technology

Q: What problem is being solved?

Q: Where is it and this category going in 2-3 years?

Q: How long does it take to get up and running?

Q: What's the licensing model?

Subscription, perpetual, etc?

Company/Overview

Q: Who's the customer, size of company that buys?

Q: How many paying customers?

Q: How many trials/pilots?

Q: Customer to speak to as a reference?

Q: Number of employees?

Q: Are you hiring? What type, how many?

Q: Geographic locations?

Sales

Q: Revenue?

Q: Average deal size?

Q: Expectations for next year/quarter?

Q: Revenue mix across products?

Q: Revenue mix across geographies?

Q: Revenue mix across market segments?

Partner/Channel

Q: Partner approach?

Q: Indirect/direct mix?

Q: Looking for partners?

Competition

Q: Who do they see in deals?

Q: Are there different people in low, mid, and high-dollar deals?

Q: Has the competition changed?

Finance

Q: Total amount of funding and funding stage/history?

Q: Who are the investors?

Briefing tactics

- 30-60 minute presentation
- NDA tagging
- Bullets, not clipart
- PDFs over WebEx
- Demos
- Don't fight, just discuss
- We don't like feeling dumb, or "exposed"
- Ask for and/or offer something
- Allude to future work, carefully



Startup briefings: seem bigger

- Assisting pattern matching: disruptor, SMB pulldown, Enterprise, etc.
- Funding history & connections
- Keep the visuals fancy so you seem new
- Source of sustaining money, revenue
- Why will it make money? (Or get bought?)



Check the Kind of Body You Want

Above all else, avoid “computers are awesome”

**Charles
Atlas**



... and I'll Show You How
EASILY You Can Have It!

Just tell me, in coupon below, the kind of body you want—and I'll give it to you **SO FAST** your friends will be amazed. “*Dynamic Tension*,” my easy, 15-minute-a-day method, will make

Ongoing engagement

- Consistent set of contacts at your company
- Consulting - small & large
- Emailing interesting info, press releases
- (Pre-)briefing for all upcoming events
- Food and beverages



Thanks!

cote@451Research.com | +1-512-795-4307
@cote | <http://cote.io>

Consulting

- Survey - What's going on out there?
- Tactical Strategy - How do we make money with this technology? Build adoption? Are our methods good? (E.g., going open source).
- Big Strategy - Portfolio management, corporate, future plans.
- Planning - new ventures, waking up dead ones.
- Validation - Is the “offering” itself good? Are we drinking our own Kool-aid? How is it?
- Biz-Dev - Who else should we be working with?
- Messaging - How do we say this? Bullet-proofing.
- Sometimes, a company won't listen to its own good ideas, but will listen to those same ideas from an analyst

Getting a 3rd party perspective, input, & crafting

Additional credits, citations, etc.

- Jonny Brentwood's AR Hitler: <http://www.youtube.com/watch?v=gjG8KivYFZ0>
- Cocktail notes: <http://www.flickr.com/photos/spine/146779420/>