

# Adaptive Planning



**Built To Last—For SaaS  
SIIA All About The Cloud**

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# Adaptive Planning Introduction

## Background

Founded by our CFO in 2003

Alternative to Both Excel and  
Complex/Expensive Software

First True SaaS Offering for  
Budgeting, Forecasting & Reporting

## Category Leader

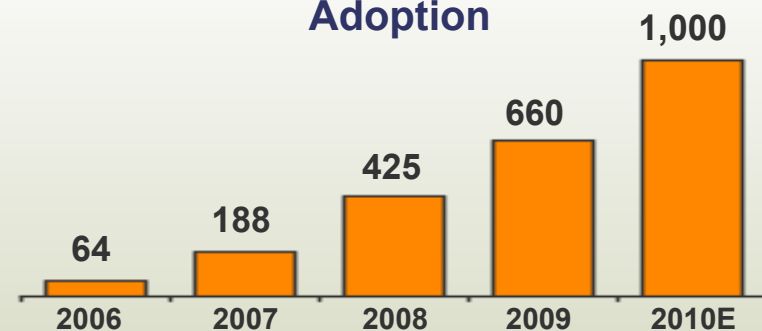
- The leading SaaS Vendor
- Free Software & Training
- First Online Community
- First with Collaboration
- Only Open Source Offering

## Industry Awards

<p>2010 Editors' Choice</p> 	<p>2009 Winner Best BI Solution</p>  <p>Best for Upgrading Your Spreadsheets</p>  	<p>2009 Finalist Best Business Software</p>  <p>Cool Vendor in Performance Management</p>  	<p>2009 North America 100</p>  <p>2009 Global 100</p> 
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## Growth

### Rapid Customer Adoption



> 17,000 users

> 25 Countries

# Current Solutions Miss the Mark

## Adaptive Planning

Optimized for Mid-Market

Simple, Affordable  
and Fast

Free Test Drive Programs

Low End Tools



Enterprise  
Solutions

ORACLE Hyperion

Business Objects

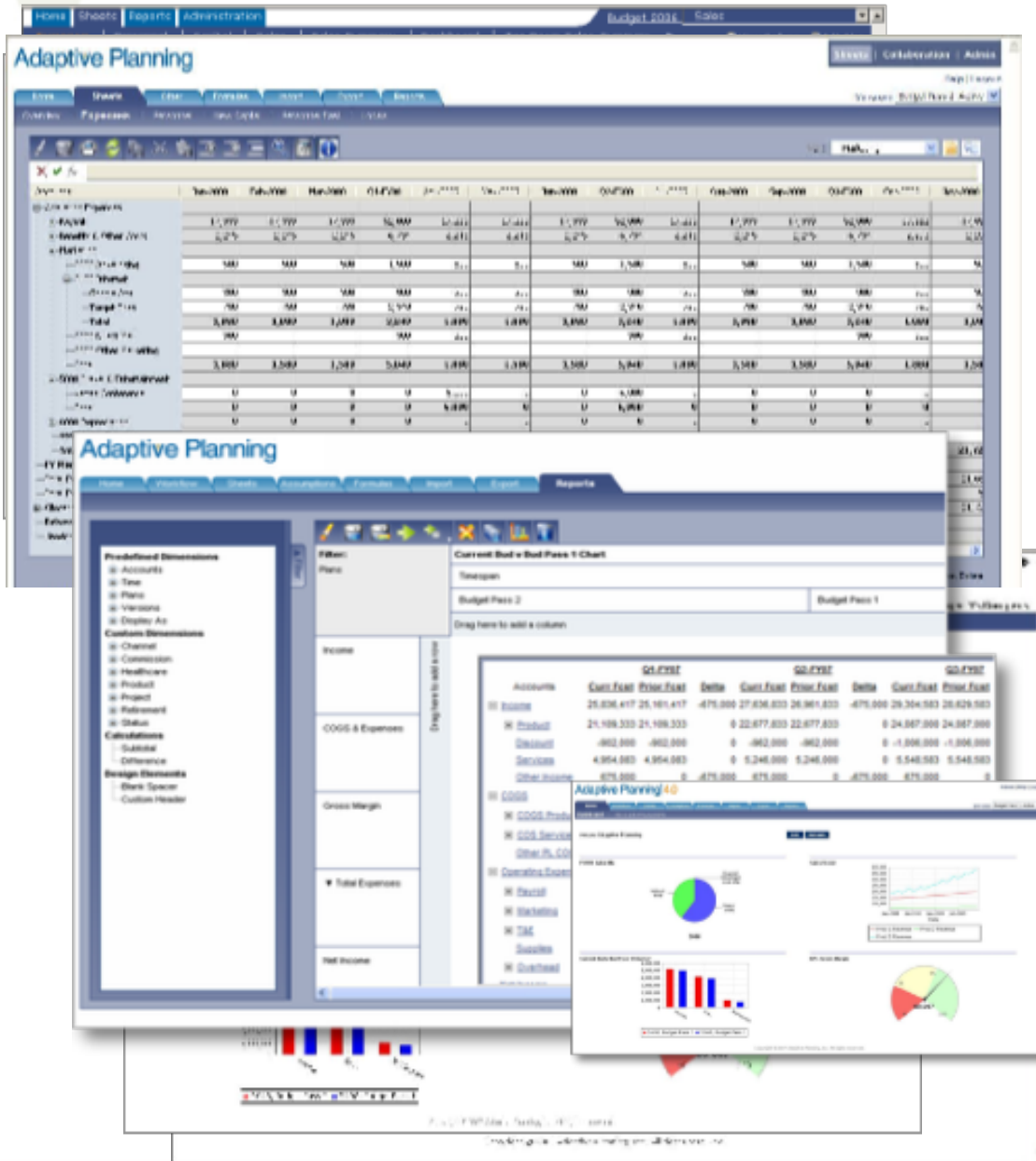
SAP

IBM

COGNOS



# Compelling Value Proposition, Especially in Today's Climate



## Budgeting and Forecasting

- Decrease Planning Times
- Improve Accuracy
- Enhance Alignment
- Increase Accountability

## Reporting and Analysis

- Improve Monthly Reporting
- Enable "What-If" Analyses
- Gain Timely Insight
- Make Better Business Decisions
- Drive Strategic Value

# Growing and Diversified Customer Base

## Software / Services



## Manufacturing



## Healthcare



## Non-Profit



## Retail



## Financial Services



## Communications



## Other



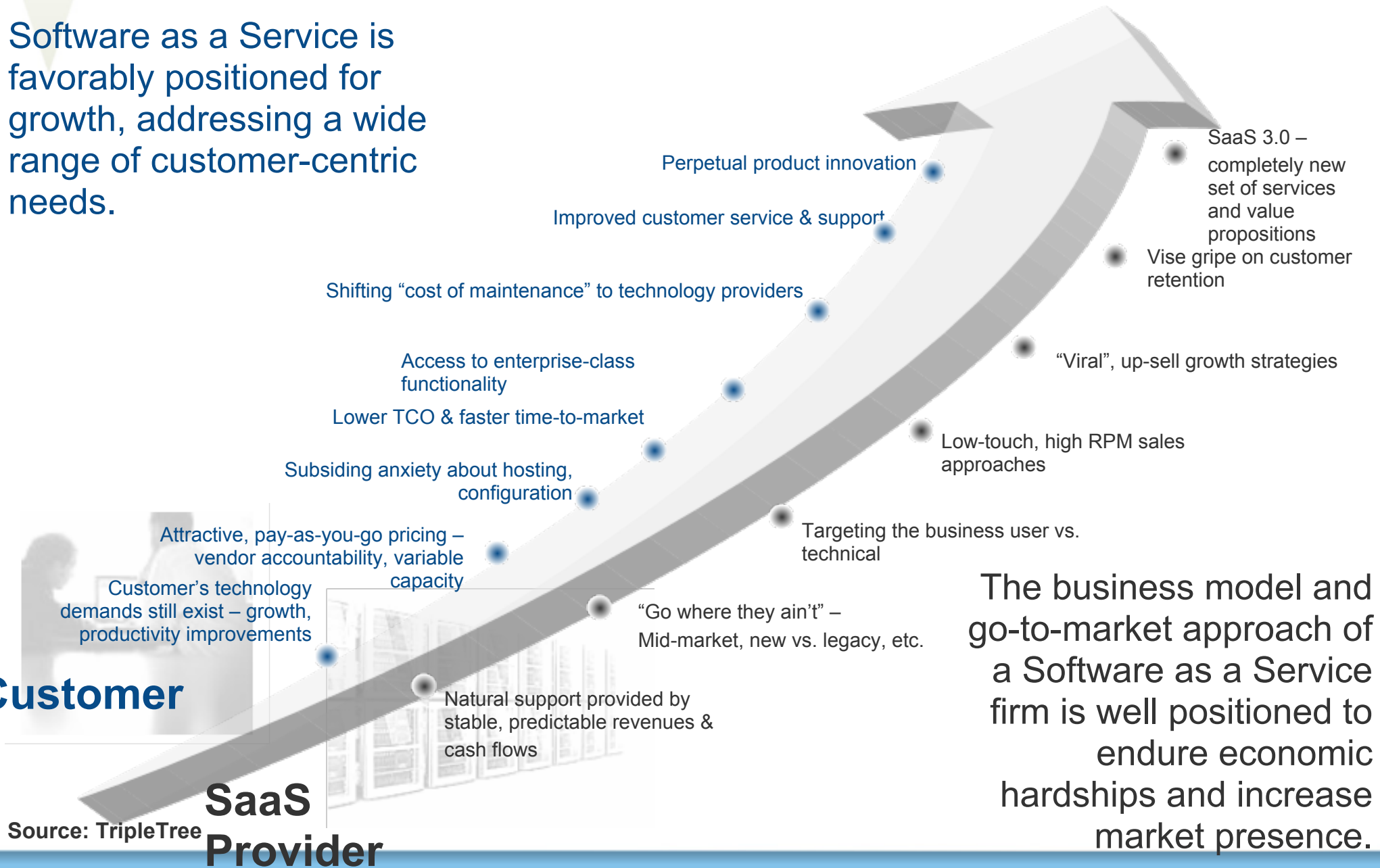
25%  
Enterprise Bookings

15%  
International Clients

700+  
Customers

# Many Drivers for SaaS Growth Even During Uncertain Economic Times...

Software as a Service is favorably positioned for growth, addressing a wide range of customer-centric needs.



Source: TripleTree

The business model and go-to-market approach of a Software as a Service firm is well positioned to endure economic hardships and increase market presence.

# Land and Expand Sales Model

- Extensive lead gen driving traffic to web site
- Ruthless qualification; automated nurturing
- Web-ex demo and follow-on custom demos
- Try-before-you-buy trial with pre-sales support
- One on-site visit often required for larger deals
- Low cost entry point; easy to buy
- Rapid, high quality implementation
- Periodic check-ups by consultants
- Farm installed base for add-on seats, modules and services

# People Buy From People

- Freemium model with online purchase does not work for enterprise application software
- Highly trained sales reps and pre-sales engineers are key
- Two staffing models
  - Call center based with low cost reps and lots of training
  - Higher cost remote sales reps with more extensive experience
  - Your mileage may vary depending on your target customer
  - Quota/compensation ratio rationalizes the debate

# Did Somebody Say SaaS?

## Customer Buying Priorities

1. Looking for a solution to their business problem
2. Rapid time to value
3. Easy
4. Lower risk
5. Lower TCO
6. How will it be deployed

# Payment Terms: What is Best?

- Big questions
  - Annual versus quarterly and monthly
  - Multi-year versus single year
- Multiple trade-offs
  - Capital efficiency
  - Pricing flexibility
  - Lock-in strategy
  - Differentiation against up front license vendor
  - Accounting issues
- Personal Favorite: Annual + multi-year option until cash flow positive

# Friends or Acquaintances?

Challenge: How do you create customer intimacy when you sell and install remotely?

- Culture of transparency builds trust
- Great implementation and support team with names
- #1 in customer sat
- Vibrant on-line community
- Regional seminars with prospects, customers and sales reps
- Keep your partners involved

# The New Math: Key Metrics For SaaS Success

- # Qualified Leads
- Active Trials
- Deployment Activity
- Pipeline Build/Coverage Ratio
- Upgrade Conversion Rate
- Average Subscription Price
- Add-On User Growth
- Usage Rate
- Subscription Renewal Rate
- Customer Lifetime Value
- Monthly Recurring Rev/AE
- Customer Acquisition Cost
- Unscheduled Downtime

$$\text{CLTV} = \frac{\text{MRR GP}}{\text{Churn}} - \text{CAC}$$

$$\text{Magic Number} = \frac{\Delta \text{Revenue}}{\text{S\&M costs}}$$

$$\text{CAC Ratio} = \frac{\Delta \text{Gross Profit}}{\text{S\&M costs}}$$

# SaaS Company Margin Expansion

	<u>~\$25M<sup>(1)</sup></u>	<u>~\$50M<sup>(1)</sup></u>	<u>~\$100M<sup>(1)</sup></u>	<u>At Scale<sup>(2)</sup></u>
<b>Gross Margin</b>	<b>72%</b>	<b>68%</b>	<b>70%</b>	<b>82%</b>
<b>Sales &amp; Marketing</b>	<b>60%</b>	<b>47%</b>	<b>46%</b>	<b>45%</b>
<b>Research &amp; Dev.</b>	<b>23%</b>	<b>19%</b>	<b>12%</b>	<b>10%</b>
<b>General &amp; Admin.</b>	<b>15%</b>	<b>15%</b>	<b>17%</b>	<b>15%</b>
<b>EBIT Margin</b>	<b>(26%)</b>	<b>(17%)</b>	<b>(1%)</b>	<b>12%</b>
<b>FCF Margin</b>	<b>(13%)</b>	<b>(4%)</b>	<b>5%</b>	<b>20%</b>

(1) Source: PacificCrest

(2) Source: Bessemer Venture Partners

# SaaS Companies Ultimately More Valuable

## P&L Structure for ~\$1B company

100% =	\$1B	\$1B
EBIT	12%	25%
G&A	15%	8%
R&D	10%	16%
S&M	45%	35%
COGS	18%	16%
	SaaS	SW
<b>FCF</b>	<b>~20%</b>	<b>~16%</b>

- **Better GAAP financials for Enterprise Software...**
- **...but slightly better FCF characteristics for SaaS**
- **SaaS EV/Sales multiple should be higher :**
  - » Slightly better FCF margin
  - » Better predictability of future cash flows

# Long Term Value Creation

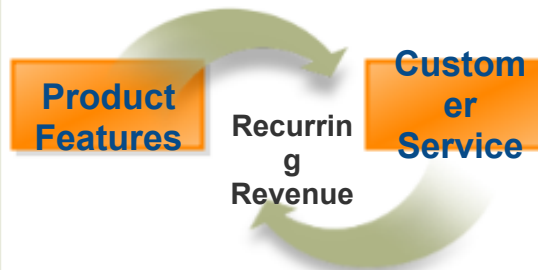
## Multiple Growth Drivers



Well  
Positioned

- New market spaces
- Viral, up-sell growth
- Rapidly scalable
- More resilient

## Better Customer Alignment



- Customer centric
- Renewal focused
- Compelling value
- Continuous innovation

## More Valuable Franchise



- Compelling economics
- More predictable
- Better cash generation
- Higher multiples

Thank-You