



Customer Driven Value

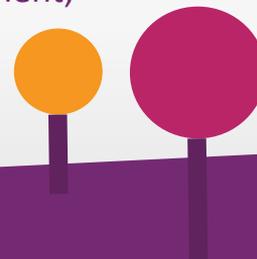


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Polling Question



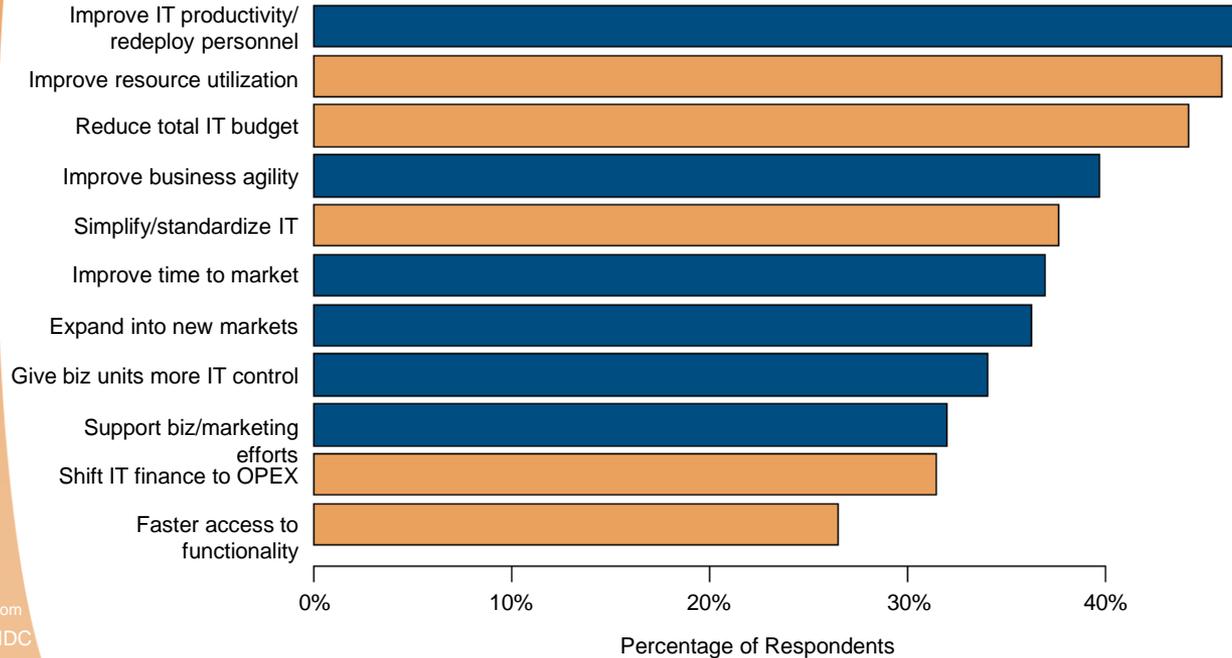
Top Cloud Drivers



IDC CloudView

Driving an increase in cloud adoption

Business-related drivers



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[Q8] Of the following potential reasons for moving to Cloud, which are considered IMPORTANT DRIVERS that you expect to achieve when moving to Cloud?

Source: IDC CloudView, January, 2016, n=6159 worldwide respondents; weighted by GDP and company size

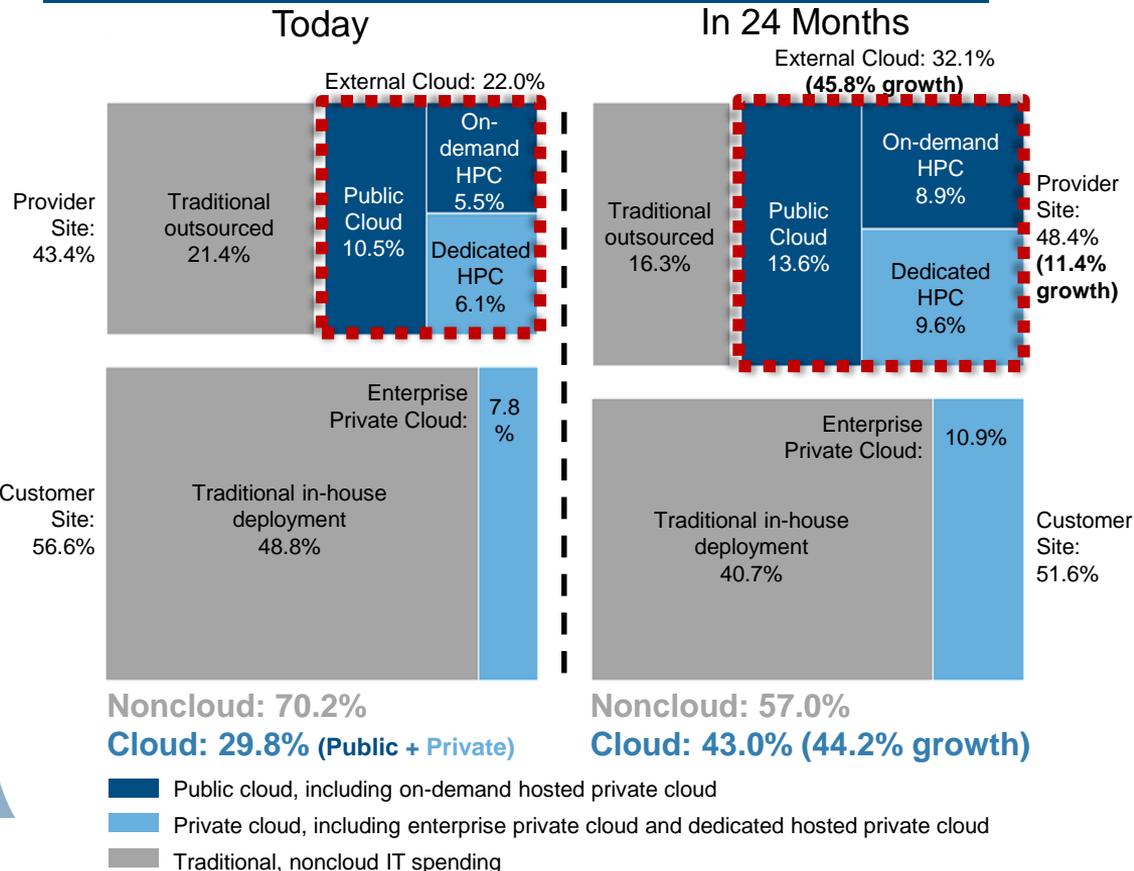
IT Budget Distribution



Large shift in IT spend to provider site clouds over next 2 years



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TRANSFORMATION DRIVEN CHANGE

THREE NUTS & BOLTS ISSUES THAT ARE TIGHTLY ENTWINED

OFFERING MODELS	PRICING MODELS	LICENSING TECHNOLOGY
<ul style="list-style-type: none">▪ It is easy to describe a software license/business model in a few sentences▪ It requires a great deal more work for each function to understand what it means to them▪ Developing detailed policies is part of that process	<ul style="list-style-type: none">▪ Having multiple models requires attention to pricing coherency▪ No longer being able to evaluate deals based on “gross margin” requires rethinking deal processes, discount governance, etc.	<ul style="list-style-type: none">▪ Licensing technology becomes a central aspect of both monetization and customer experience▪ Driving a win-win balance between the two has many nuances and intricacies, but is absolutely crucial

- Transformation touches everything: culture, P&L, systems, processes, selling, marketing, and every aspect of doing business
- Developing a new muscle while not diminishing the old muscle takes material discussion, alignment, and change management

THE LONGER TERM JOURNEY

BUSINESS MODEL STRTAEGY: ACTIVITIES, CAPABILITIES, RESOURCES, SYSTEMS, PROCESSES, ORGANIZATION, PARTNERSHIPS,...

Summary

- **Product companies have a unique set of challenges**
 - Monetizing software products that may not have been “valued” like this in the past
 - Existing set of expectations around the value of software
 - Systems and processes not optimized for software monetization
- **Increasing your focus on software monetization can result in numerous opportunities**
 - Competitive advantage
 - Operational advantages
 - New market opportunities
 - New ways to derive value from products and services
 - Transform your business around the customer experience
- **Business model transformation is multi-faceted:**
 - Involves almost every aspect of your business and takes time
 - Success requires a focus on people, process, and technology





Q&A

