



BITBOOK® 2009-12e

December 2009

**C-enterprise 2020**  
**The Emergence of the Cellular Enterprise and its impact on the IT software industry, part 1**  
**SOA and the De-Verticalisation of the IT Software Industry**

*A strategic brief by Bernard Dubs and Hans-Josef Jeanrond*

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**Update December 2009**

**LEXINGTON, Massachusetts (December 2009) – WinterGreen Research announces that its European Partner Bit Group has a new study on the future of negotiations between software companies and their customers. Vendor bilateral offerings shift to ecosystem process. The ecosystem is comprised of the software company and its partners. The ecosystem is comprised of the vendor, solution providers, service companies, hardware manufacturers, network companies, and financial services. Customers are able to develop proprietary positions in concert with the vendor. De-verticalization of the IT Software Industry is detailed in this quarterly update.**

**Companies Mentioned**

**Market Leaders**

**IBM**  
**Oracle**  
**SAP**  
**Business Objects**

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## **CHECK OUT THESE KEY TOPICS**

### **PART 2: TABLE OF CONTENTS**

1. THE COMPLEXITY OF PRICE LISTS
2. THE CONTRADICTORY DEMANDS OF USERS (SOFTWARE CUSTOMERS)
3. CLASSIC PRICING MODELS
4. ADDITIONAL COMPLEXITIES IN THE SOA WORLD
5. THE COST OF MAINTENANCE AND SUPPORT
6. SAAS: THE "SIMPLE" SOLUTION?
  - A. THE COST OF REPLACING AN SAAS SOLUTION
7. PRICE LIST VS FREE NEGOTIATION
  - A. WHAT CAN SMES DO WHILE HAVING RATHER LITTLE WEIGHT IN NEGOTIATIONS?
  - B. WHAT LEEWAY FOR SALES PEOPLE OF SOFTWARE COMPANIES?
- I. MAINTENANCE WILL REMAIN UNTOUCHABLE FOR MOST
8. CONCLUSION: NECESSITY OF LEARNING TO MAINTAIN BALANCED ECOSYSTEMS

### **Ecosystem Impact on Software Offerings**

**Beware of the risks inherent in prices linked to and modulated by value!**

**In summary, determining the price of a SOA solution becomes naturally more complex, proportionally to the degrees of freedom users wish to have.**

**The influence of the stock market on maintenance prices**

**Can you negotiate anything, and how far can you push in negotiations?**

**Are the maintenance rates open for negotiation?**

**The "bed-rock" of maintenance revenues is a stable element in the balance sheet of a software company.**

**The necessity of learning how to maintain the equilibrium of ecosystems**

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**SOA and the De-Verticalisation of the IT Software Industry****Quarterly Update December 2009****REPORT METHODOLOGY**

THIS IS THE 419 TH REPORT IN A SERIES OF MARKET RESEARCH REPORTS THAT PROVIDE FORECASTS IN COMMUNICATIONS, TELECOMMUNICATIONS, THE INTERNET, COMPUTER, SOFTWARE, TELEPHONE EQUIPMENT, HEALTH EQUIPMENT, AND ENERGY. THE PROJECT LEADERS TAKE DIRECT RESPONSIBILITY FOR WRITING AND PREPARING EACH REPORT. THEY HAVE SIGNIFICANT EXPERIENCE PREPARING INDUSTRY STUDIES. FORECASTS ARE BASED ON PRIMARY RESEARCH AND PROPRIETARY DATA BASES. FORECASTS REFLECT ANALYSIS OF THE MARKET TRENDS IN THE SEGMENT AND RELATED SEGMENTS. UNIT AND DOLLAR SHIPMENTS ARE ANALYZED THROUGH CONSIDERATION OF DOLLAR VOLUME OF EACH MARKET PARTICIPANT IN THE SEGMENT. INSTALLED BASE ANALYSIS AND UNIT ANALYSIS IS BASED ON INTERVIEWS AND AN INFORMATION SEARCH. MARKET SHARE ANALYSIS INCLUDES CONVERSATIONS WITH KEY CUSTOMERS OF PRODUCTS, INDUSTRY SEGMENT LEADERS, MARKETING DIRECTORS, DISTRIBUTORS, LEADING MARKET PARTICIPANTS, OPINION LEADERS, AND COMPANIES SEEKING TO DEVELOP MEASURABLE MARKET SHARE. OVER 200 IN DEPTH INTERVIEWS ARE CONDUCTED FOR EACH REPORT WITH A BROAD RANGE OF KEY PARTICIPANTS AND INDUSTRY LEADERS IN THE MARKET SEGMENT. WE ESTABLISH ACCURATE MARKET FORECASTS BASED ON ECONOMIC AND MARKET CONDITIONS AS A BASE. USE INPUT/OUTPUT RATIOS, FLOW CHARTS, AND OTHER ECONOMIC METHODS TO QUANTIFY DATA. USE IN-HOUSE ANALYSTS WHO MEET STRINGENT QUALITY STANDARDS. INTERVIEWING KEY INDUSTRY PARTICIPANTS, EXPERTS AND END-USERS IS A CENTRAL PART OF THE STUDY. OUR RESEARCH INCLUDES ACCESS TO LARGE PROPRIETARY DATABASES. LITERATURE SEARCH INCLUDES ANALYSIS OF TRADE PUBLICATIONS, GOVERNMENT REPORTS, AND CORPORATE LITERATURE.

FINDINGS AND CONCLUSIONS OF THIS REPORT ARE BASED ON INFORMATION GATHERED FROM INDUSTRY SOURCES, INCLUDING MANUFACTURERS, DISTRIBUTORS, PARTNERS, OPINION LEADERS, AND USERS. INTERVIEW DATA WAS COMBINED WITH INFORMATION GATHERED THROUGH AN EXTENSIVE REVIEW OF INTERNET AND PRINTED SOURCES SUCH AS TRADE PUBLICATIONS, TRADE ASSOCIATIONS, COMPANY LITERATURE, AND ONLINE DATABASES. THE PROJECTIONS CONTAINED IN THIS REPORT ARE CHECKED FROM TOP DOWN AND BOTTOM UP ANALYSIS TO BE SURE THERE IS CONGRUENCE FROM THAT PERSPECTIVE.

THE PRIMARY CONTACTS COMBINED WITH UNDERSTANDING OF THE KEY MARKET DRIVERS AND THEIR IMPACT FROM A HISTORICAL AND ANALYTICAL PERSPECTIVE. THE ANALYTICAL METHODOLOGIES USED TO GENERATE THE MARKET ESTIMATES ARE BASED ON PENETRATION ANALYSES, SIMILAR MARKET ANALYSES, AND DELTA CALCULATIONS TO SUPPLEMENT INDEPENDENT AND DEPENDENT VARIABLE ANALYSIS. ALL ANALYSES ARE DISPLAYING SELECTED DESCRIPTIONS OF PRODUCTS AND SERVICES.

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## **ABOUT THE AUTHORS AND COMPANY**

**Bernard Dubs** is the Founder, CEO & Research Director, BIT Group. Bernard has founded the Business & Information Technology (BIT) Group, an independent and international Analysts & Experts firm specializing in economic intelligence, enterprise transformation, organization and ICT strategies, taking forward the Value Proposition of META Group to which he has been collaborating from 1995 to 1998: "Bridge the gap between Business & IT". Bernard has authored the strategic vision of the evolution of economic models and organizations "V-Enterprise 2020" : from the industrial enterprise to the cellular, networked, and ICT-powered enterprise, driver of the 21st Century Digital Economy and Knowledge Society.

Bernard has more than 25 years of professional "Business & IT" experience in Europe and in the USA in such large industrial and services groups as National Semiconductor USA, BASF Germany, Shell Europe and Thales France, as well as in IT services companies, including aforementioned Strategic Advisory firm, Meta Group.

Bernard is an Adviser to France 2025, the French Government long-term strategic plan, and external Expert for the European Commission. He is often quoted in the press and a sought-after speaker for "21st Century enterprise" keynotes at Top events such as CeBIT. Bernard is a Graduate (MS) from the University of California at Berkeley.

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