

2009 SMB IT Investment Insights

**Fueling Revenue Growth and Efficiency
from Intelligent Cost Reductions**

The Trigent Team

In 2009 Small and Medium businesses (SMBs) are being challenged as never before to maintain top-line revenue growth while maintaining bottom-line profitability in a volatile economy. SMBs know that increased demands from competitors and customers mean moving faster just to stay in place.

Based on a February 2009 study of 600+ SMB global businesses across North America who had business in EMEA, Central America, South America and India, SMBs still consider IT investment strategic with the vast majority (85%) dealing with flat to slightly reduced IT budgets in 2009.

Trigent believes that SMBs can work to judiciously reduce costs and then use these cost savings to fuel revenue growth. At the same time companies can become more competitive, more efficient and more able to respond to customer demands in real-time.

This Study highlights ways that SMBs can work to reduce IT costs and then use these cost savings to fuel revenue growth while at the same time becoming more competitive, more efficient and more responsive to customer demands in real-time.

SMBs are reducing overall IT spend – lower budgets, fewer personnel, lower travel and expense costs, greater IT consolidation, and less maintenance and support on licensed in-house application suites. Leading SMBs are using these savings to fuel investments in well thought-out IT initiatives in areas like Cloud Computing (Software-as-a-Service [SaaS] and Platform-as-a-Service [PaaS]), integrated CRM suites, Unified Communications, Collaboration, Business Intelligence and Mobility.

The Table below shows Cost Reduction Sources and Uses of funds to drive Revenue Growth and fuel Efficiency and Effectiveness:

Sources and Uses: Intelligent Cost Reductions Can Fund Revenue Growth, Drive Efficiency and Effectiveness

Cost Reductions	Revenue Generation	Potential Savings
Reduced Staff / IT Budget	Off-Shore / On -Shore Model	30 - 50%
Travel and Expenses	Unified Communications, Mobility	30 - 40%
Licensed CRM, BI, Telephony	SaaS CRM / BI / Unified Com	30 - 40%
Improved Productivity / Speed	Process Enablement - Collaboration	20 - 30%
Maintenance and Support	Integrated CRM Suites	20 - 30%
IT Landscape Consolidation	Virtual Software / Servers	10 - 20%

Source: Trigent Software, Inc. - 2009

This same study also provided critical detail on how SMB C-level executives were turning their strategy into actionable initiatives to drive revenue growth and increased effectiveness and efficiency:

- ❑ C-level executives are filling the gaps of reduced IT budgets and personnel by relying more significantly on partners to assist in identifying cost reductions and providing greater strategic value-added external advice and solutions.
- ❑ SMBs are examining Storage Virtualization, IT Consolidation, Software-as-a-Service and Mobile Solutions as four top cost-saving technology initiatives used to drive greater cost reductions and increased productivity while providing investment funding for business growth.
- ❑ A substantial thirty-nine percent (39%) of executives are looking at Business Intelligence technologies as a way to retain, find and develop profitable customers and product offerings.
- ❑ When C-level executives invest in new application technologies, Unified Communications and Integrated CRM suites are two of the most-demanded productivity applications. Their mantra for 2009 is 'customer, customer, customer.' They are seeking technologies that align Contact Center, Customer Service, Sales and Marketing and Back-office with underlying Analytics to provide a 360-degree view of the customer that allows for real-time response to changing customer demands.
- ❑ C-level executives are also examining collaborative technologies for customer, product, employee and partner collaboration to speed time-to-market and increase effectiveness of time-to-respond.
- ❑ Lastly, two-thirds (67%) of C-level executives reported dramatically increased IT investment to extend enterprise applications to remote workers and to mobile devices for employees and partners. They also reported 58% are expanding the roles of remote employees and partners to become more productive and collaborative.

In summary, SMB CEOs, COOs, functional VPs and CIOs are using the Funding Sources in Figure 1 to drive revenue growth, internal efficiencies and more-effective company operations. Clearly, for these companies the old ways of doing business have been significantly challenged. Perhaps the hardest part of this process is not assessing and driving the right IT technology investment, business process or customer relationship change but in managing the organizational change issues of thinking so radically 'outside the box.' Done well, however, these actions should produce measurable results in both reducing costs and increasing revenues. As one CEO put it so bluntly '2009 is the year that I either eat my competition or become road-kill. And I'm sure you can figure out where I stand.'

Action Items: Working Smarter to Grow the Business

1. 2009: SMB Partners Become Strategic

Tied directly to the decrease in IT staff and budgets in 2009 is the changing role of the SMB Partner: 27% of the Survey respondents indicate a dramatically increased reliance on trusted external partners to provide strategic outside-in cost reduction, effectiveness and efficiency recommendations. They are increasingly using their SMB partners (28%) to provide integrated, holistic approaches to business, process and technology challenges to fill holes caused by decreases in IT investment and staffing levels.

In short, the SMB partner is rapidly taking on the role of internal / external technical delivery and trusted external advisor. Figure 1 depicts this significant change in this SMB partner relationship:

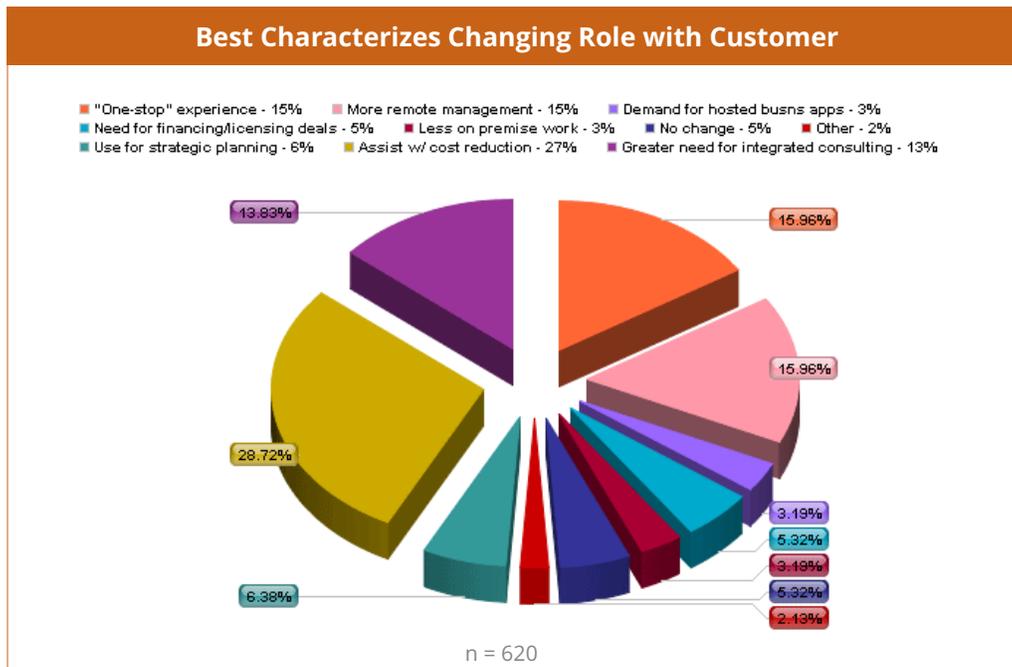


Figure 1: The Change Role of the SMB Partner; Source: TNS

2. Address Multiples in the IT Environment and Invest in SaaS and Mobility to Provide Cost Savings and Business Growth

SMB CIOs in 2009 want to intelligently invest in capabilities that provide for business growth while at the same time provide increased cost savings.

Two initiatives – the adoption of Virtualization and IT Consolidation – address the cost issues of 'multiples' in the IT environment: multiple databases, redundant applications, excess servers, etc. SMBs in 2009 like never before are examining what they have and keeping only what they need.

Two initiatives – the adoption of SaaS, PaaS and Cloud business models and investments in Mobile IT technologies – provide both business and technology efficiencies which provide competitive advantage, revenue generation and lower cost. At the same time, these technologies provide capabilities for future business growth.

Several independent Analyst Firms have generated average adoption cost-savings ranges of between 30% and 40% for the average SaaS IT project in reduced applications staffing, management, maintenance and integration costs in Year One of the project. One global financial institution has run the numbers, and over

an 8-to-10 year life for a CRM suite the cost savings of SaaS versus in-house is an astounding 10x.

These studies also show decreased time-to-go-live and significantly decreased time-to-benefit for these same project teams. Adoption of SaaS and PaaS are past the Early Adopter phase and have now reached critical mass for many application segments. SMB fears of exposing sensitive corporate internal and partner data are now being effectively managed with the proper security and audit-ability.

These statistics translate into company performance statistics which the SMB CEO, COO, functional VP and CIO in 2009 simply cannot ignore.

Figure 2 shows these cost-savings technologies that provide for business growth:

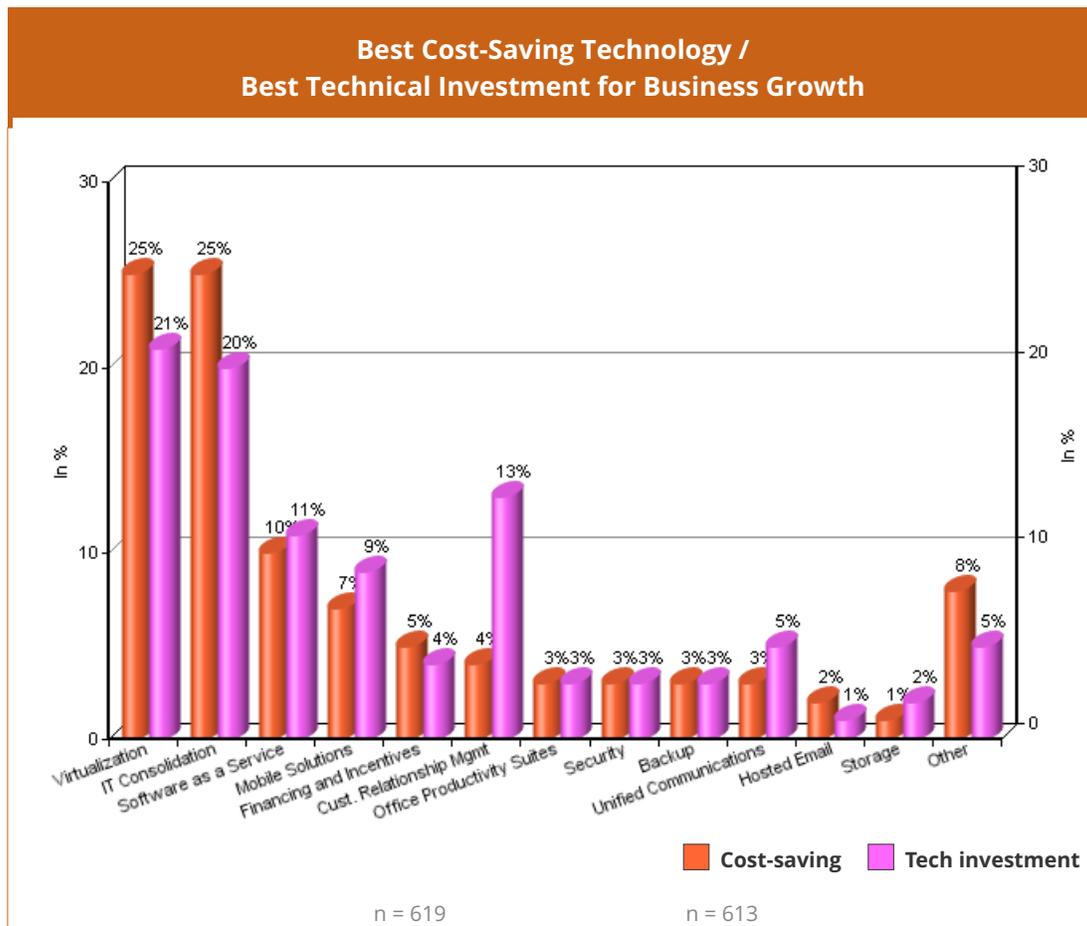


Figure 2: SMB Technologies that Drive Business Growth; Source TNS

SMB CEOs, COOs, Functional VPs and CIOs will also be examining and adopting the SaaS applications below over the next three years, according to Saugatuck Technology Inc. in Figure 3:

'Top Ten' SaaS Solutions Adoption Through 2011, WW and North America

Application	WW		North America	
	All SMBs	Under 1,000 Users	1,000 to 5,000 Users	Over 5,000 Users
Collaboration	1	1	1	1
Human Resources / Benefits Administration	2	2	2	2
Customer Service and Support	3	5	6	7
Payroll	4	4	7	3
Finance and Accounting	5	8	9	GT 10
Business Intelligence	6	10	8	5
Time and Labor Management	7	6	4	GT 10
Salesforce Automation	8	3	3	4
Talent and Performance Management	9	7	5	6
E-Commerce	10	9	10	10

Figure 3: SaaS Applications Adoption 2009 thru 2011; Source Saugatuck Technology Inc.

These SMB executives are examining a wide range of SaaS-based Collaborative, Customer Service, Support, Contact Center, Unified Communications, Sales Force Automation, Finance, Payroll, Accounting, Talent and Performance Management and E-commerce applications over the next three years.

Many SMBs will examine replacing on-premise applications which are too costly or at the end of their useful life and extending on-premise applications with a hybrid model consisting of both SaaS applications and on-premise applications, extensions and integration.

3. Strategic IT Projects: In 2009 It's About "Customer, Customer, and the Customer"

The overwhelming theme for 2009 strategic SMB IT investments are all about the customer: 43% of SMB respondents are making well-chosen IT investments to drive profitable customer retention, find profitable new customers, segment new and existing customers into segments to provide cost-effective sales and marketing programs, and provide exceptional customer experience based on these customer segments and profitability.

Figure 4 shows the overwhelming focus on finding, retaining and serving profitable customers:

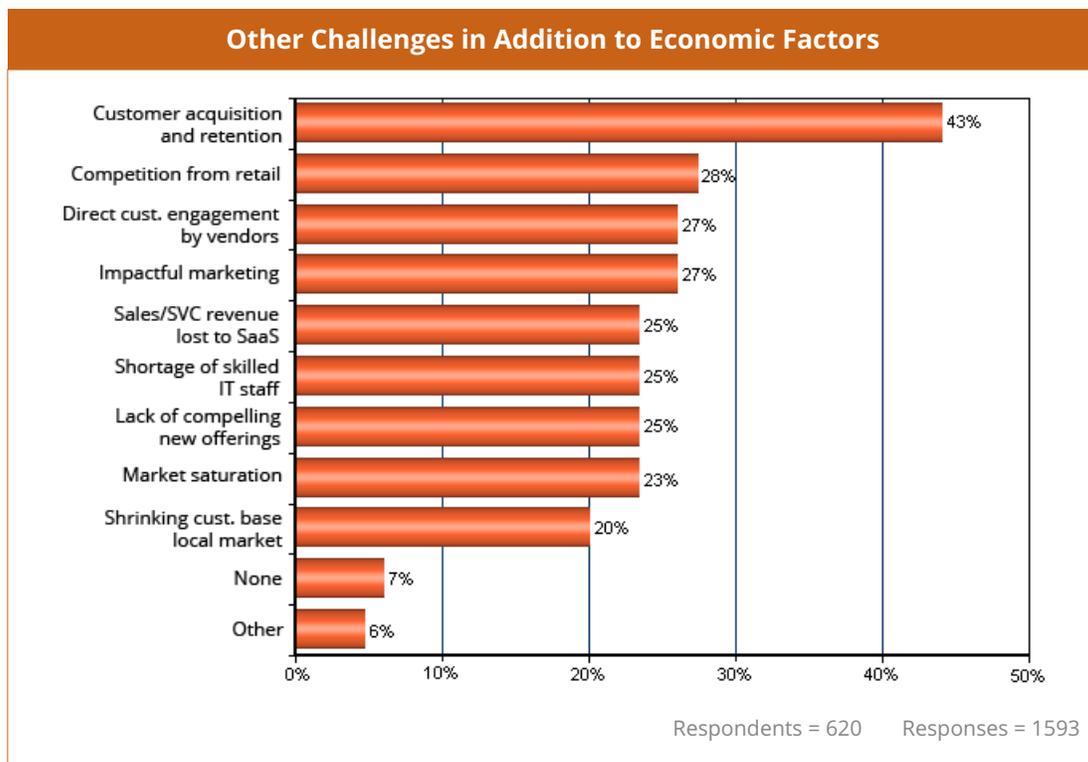


Figure 4: SMB IT Focus on Customer; Source: TNS

4. Business Intelligence: Retain, Find and Develop Profitable Customers

Thirty-nine percent (39%) of SMB CEOs, COOs, CFOs and CIOs are looking to increase their investment in Business Intelligence as a way to provide real-time feedback to the company on finding, retaining and developing profitable customer experiences.

These analytics projects provide management-level real-time summary Sales, Marketing, Customer, Financial and Operational data across multiple functional areas. Dashboards and Cockpits alert managers to exceptions while KPIs can be compared against external best-in-class benchmarks.

Figure 5 depicts this 2009 dramatic increase in Business Intelligence usage:

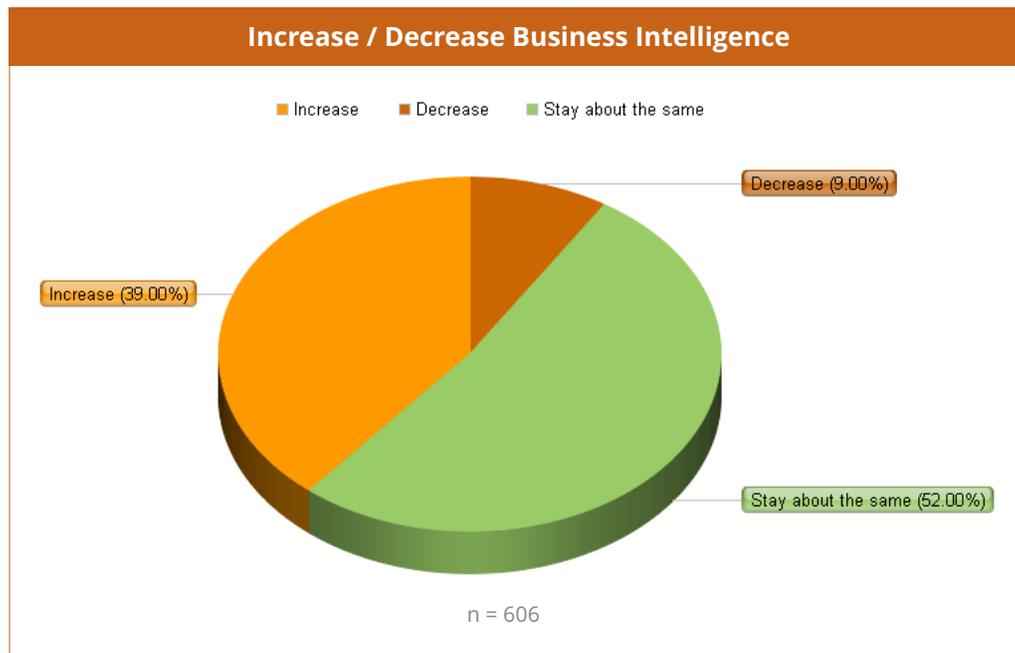


Figure 5: Business Intelligence 2009 Usage Summary; Source: TNS

5. Collaboration, Unified Communication, CRM Suites: Dealing with Customer Demands 'Anywhere, Anytime, by Anyone'

SMB CEOs, COOs, Functional VPs and CIOs are examining investments in collaborative technologies to allow people and process to share workflow-enabled content, data, documents and search in a personalized user portal experience. These collaboration enablers need to be designed to support specific business and customer processes and specific business interactions.

They are also examining Unified Communications and integrated CRM suites to complement collaborative technologies to provide a 360-degree real-time view of the customer for employees and partners to deal with customer demands 'anywhere, anytime, by anyone.'

These technologies align Contact Center, Customer Service, Partners, Sales and Marketing, Mobile Employees, Back-office and underlying Analytics to provide a 360-degree view of the customer and allow for a collaborative, real-time response to changing customer demands.

Figure 6 depicts the 2009 investments to manage these real-time customer demands:

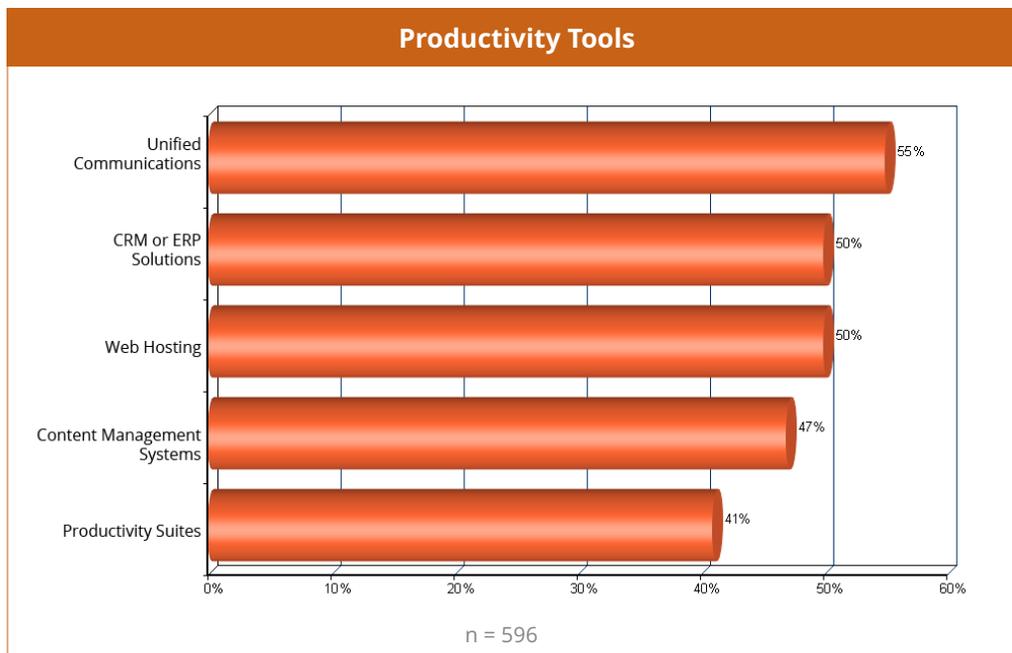


Figure 6: 'Anywhere, Anytime, by Anyone'; Source: TNS

6. 2009: Mobility and the Road Warrior

Tied closely to the increased investment in Unified Communications is significant increased investment in mobile solutions that allow for business to be conducted 'anywhere, anytime, by anyone' - employees, customers and partners. An astounding 67% of SMB survey respondents indicated they are increasing spending for mobility applications in 2009.

This IT mobility investment means that every company employee or partner - Sales, Marketing, Customer Service, Product, and Engineering - becomes a virtual road warrior, able to solve problems wherever they are in the world, whenever and wherever the need arises.

Figure 7 depicts the increase in mobility investments:

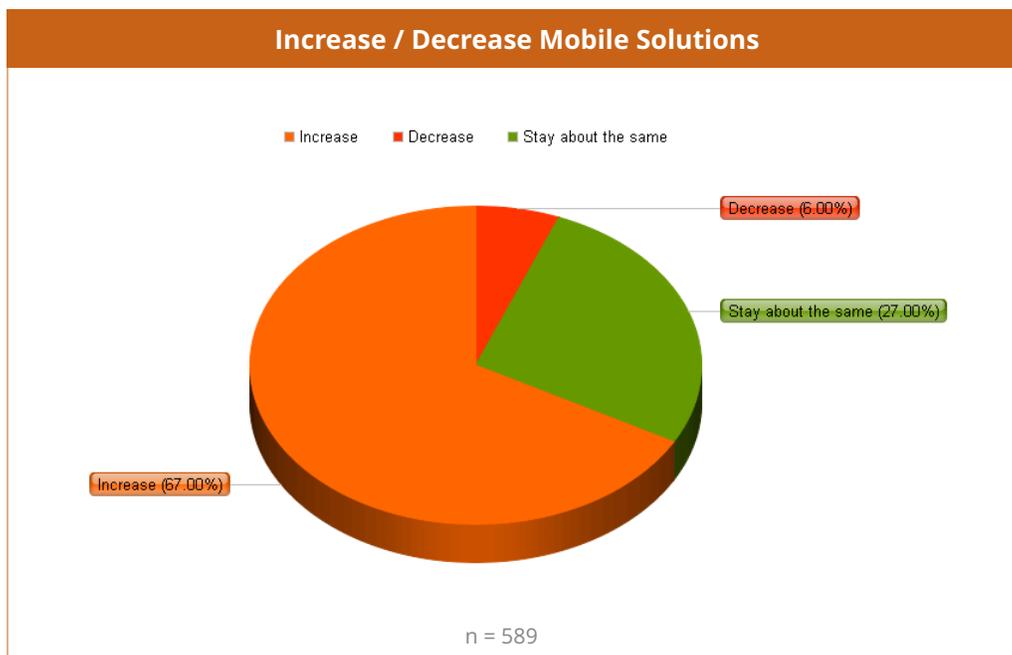


Figure 7: 2009 Increase in Mobility Investments; Source: TNS

Summary and Trigent's Representative Experience

Trigent's experience shows that realizing cost reductions and reinvesting the savings gained from intelligent cost reductions will provide funding to drive increased revenue and allow SMBs to work smarter and beat their competition in a down market. At the same time, these investments should also provide an investment foundation for business growth. There are six critical Action Items for SMB CEOs, COOs, functional VPs and CIOs to drive this transformation.

Below are specific projects where Trigent has provided significant experience and value in delivering on the Action Items to SMB customers:

1. Experienced SMB Strategic Partner

A Fortune 100 global transportation manufacturer has outsourced development and maintenance of mission-critical order-management applications to Trigent since 2003. Trigent has provided applications customization, routine bug fixes and support for a global helpdesk operation using a hybrid on-shore / off-shore model for Level 2 and Level 3 support. The team uses call cascading, software alerts, and tools to monitor the health of the applications in real-time as well as provide call / chat-based support according to Service Level Agreements. Annual savings from outsourced operations are 30%-40% on the Help Desk and 50% on technical support.

Trigent has also worked with this same global transportation manufacturer to assess the IT budget for a department that used legacy technologies for Parts and Master Data Management. Within fourteen months Trigent replaced a legacy system with an easy-to-maintain Windows Parts Management application that eliminated an annual \$1M software license cost and expensive hardware with Windows based desktop systems. Annual costs to maintain the in-house managed application are a fraction of license fees paid earlier.

2. SaaS and PaaS Models for Customer-Facing Applications

Trigent developed a SaaS-based application for the Financial Services industry. This SaaS- based application replaced a legacy green screen application and provided the vendor flexibility in billing models, infrastructure utilization, the ability to quickly deploy new functionality and the ability to rollout customized services to various customers without extensive changes to the code. Customers in Financial Services and other industries will benefit greatly from the rich UI experience, customized functionality and lower time-to-deploy to place the application in the hands of end users quickly, effectively and efficiently. This customer estimates that the SaaS model provides delivery to their customers 40% cheaper and 50% faster.

3. Customer-Facing Business Applications to Find, Retain & Service Profitable Customers

A POS software vendor catering to the needs of retailers and wholesalers of mobile handsets and airtime plans was facing serious delays and complexity in reporting sales, margins and billing for their customers, whose needs varied by location and type of business. Trigent deployed an onsite – offshore hybrid team to analyze business needs, design and develop a customer self- service billing system and an ad-hoc reporting system that helped the vendor reduce support costs by 80% and helped a majority of customers use self- service portals for billing and reporting. The vendor's response time to service their clients and corresponding costs were reduced by 75% due to the customer self service functionality.

4. Business Intelligence Applications to Gain Customer Insights

A leader in salary and compensation surveys for the Financial Services industry needed to substantially improve the user experience, personalization and customization for each client report in addition to

speeding time-to-market for these reports. Trigent used Microsoft's SQL Server Reporting Services (SSRS), Business Intelligence (BI) capabilities and Rich Internet Applications (RIA) functionality to provide on-the fly customization over the web to global users and bring a rich user experience for complex and quick report generation. This project brought the benefits of Business Intelligence to end-user customers to speed time-to-market.

5. Assess Collaboration Enablers to Reduce Time-to-Respond and Increase Productivity

A Fortune 1000 global electronic parts manufacturer builds engineering parts; a collaborative, iterative process to refine and enhance the final customer-ready product using global contracting partners is a mission-critical capability for this company. The manufacturing process involved taking data manually from a Product Data Management (PDM) application which includes engineering data such as Computer Aided Design (CAD) models and inserting the data into their SAP ERP application to generate the Bill of Materials (BOM). Employees and partners found the manual process of coordinating, keeping track of the changes, and changing the BOM was a time-consuming and error-prone process.

Trigent built a new collaboration platform on Microsoft SharePoint that acts as a portal interface between the PDM and the SAP system and is used by employees and partners. The collaboration platform uses the BI component of SharePoint 2007 for gathering and collating critical information across systems.

The integration of the PDM and SAP systems automates the management of all activities with complete support of Materials in the PDM system and Bill of Materials in SAP. Drawings, models, interchange formats and view files can be provided across the organization as a "single true version". Productivity is drastically improved as end-users and partners can now view and search all information from the organization through a single interface. This Fortune 1000 global customer estimates annual productivity savings of over \$500,000 and quicker time-to-delivery for these engineered parts of 30%.

6. Mobility Investments to Extend to Employees and Partners

A major objective of a Public Interest Advocacy organization was to increase the voting population amongst youth between 18-24 years during the 2008 Presidential election. Periodic surveys by canvassing field personnel were planned as a part of this effort across seven states in the U.S. Trigent was engaged to build a Palm PDA-based survey application that contained the survey questions and instead of paper carried by surveyors, Palm PDAs were used on field trips to ask questions and record answers from 750,000 target respondents. The data was synchronized every evening by canvassers at a dock at regional field offices. This investment in a mobile application and the data synchronization server software saved effort, time and costs for the organization and increased registration by 350,000 voters. The reduction in calendar time for the survey itself was estimated at 2 critical months before the election.

Read more about how Trigent can provide SMB results at www.trigent.com.

About Trigent Software Inc.

Trigent is a privately held, professional IT services company and a Microsoft Gold Partner with its U.S. headquarters in the greater Boston area and its Indian headquarters in Bangalore. We provide consulting services in various technologies including Microsoft Solutions. Our operating model is to conduct sales, customer relationships and front-end consulting (e.g., business case, requirements, architecture) onsite with our clients and perform the detail design, development, integration, testing and quality assurance offshore at our world class development and support center in Bangalore. We are a SEI CMM Level 4 company and is ISO 9001:2000 TickIT certified organization.

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