Turning a Soft Market into Hard Profits

Feyzi Fatehi,

CEO, Corent Technology, Inc.

OpSource Webinar

December 10, 2008

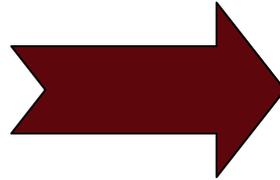# Agenda

1. Corent Inside™!

2. SaaS: From *survive* to *thrive!*
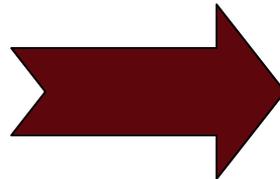
3. Two Paths to SaaS!

4. Case Studies

5. Q & A

Corent stand for **Cor**e **Ent**erprise

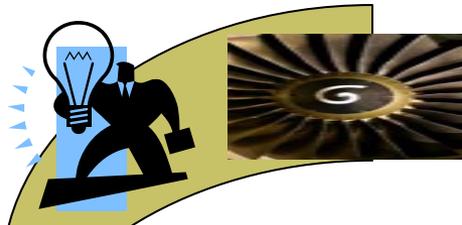What 'Intel Inside™' means to computers

Corent Inside™ means to SaaS

SaaS-Engine™

Corent Inside

SaaS Applications

Corent

From Concept to Completion
… in a fraction of the time!

One Concept, One Month, One Ready SaaS Solution!

1. SaaS Concept

A commercially viable idea for a software service.

2. SaaS-Engine™

Corent's SaaS enabling software at the heart of every application, provides a wide range of functions and rich capabilities.
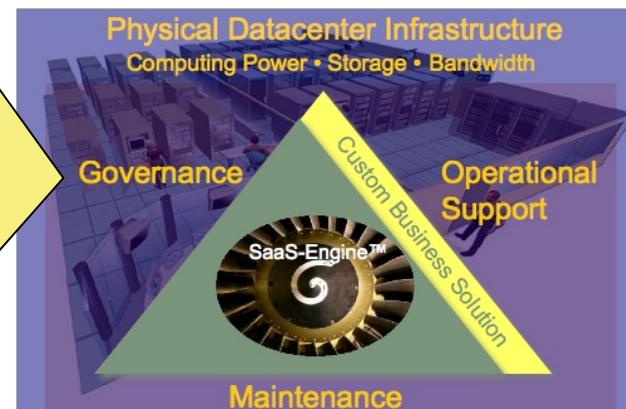
3. SaaS-Factory™

An integrated application development environment to efficiently build custom SaaS offerings powered by SaaS-Engine™

4. SaaS-Powerplant™

Operational application management services.

Physical Datacenter Infrastructure
Computing Power • Storage • Bandwidth

Governance

Operational Support

SaaS-Engine™

Custom Business Solution

Maintenance

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It is the Economy…!

S&P 500
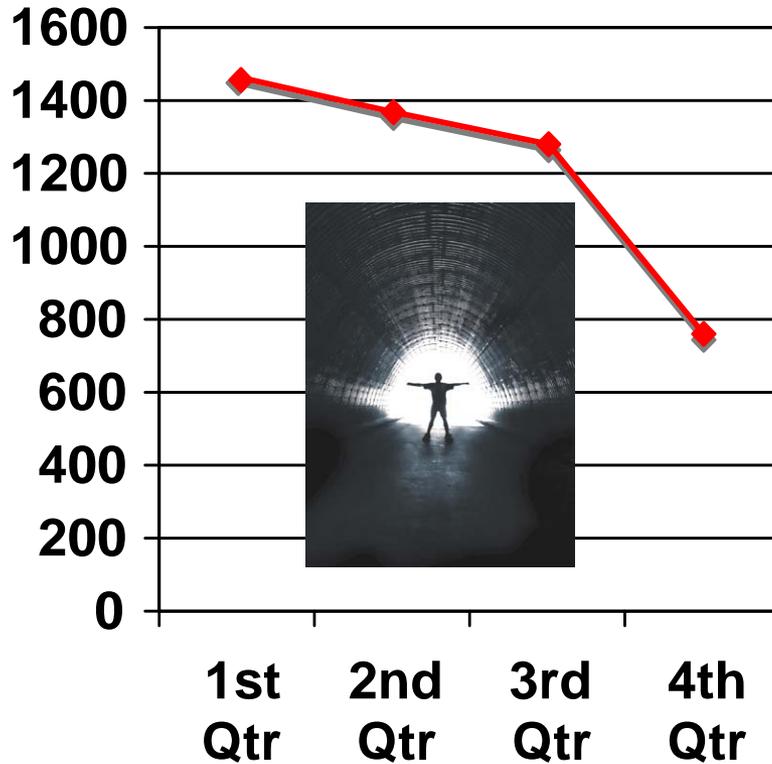
- Tightening of credit
- De-Leveraging
- Hunker down mindset
- Reduce capital expenditures

Is there a SaaS light at the end of the tunnel?

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The SaaS Pie is Increasing
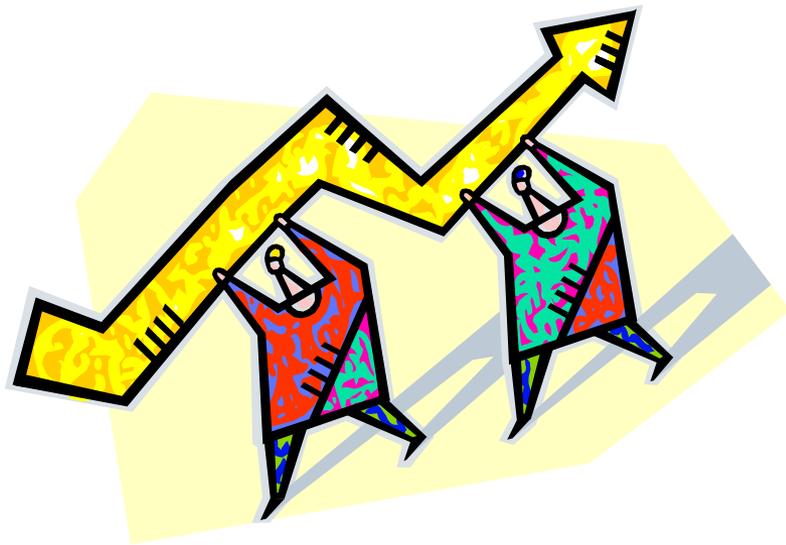
- SaaS is forecast to grow at a 35% CAGR the next four years and exceed $14 billion by 2012[1].

- The 2009 forecasts are mixed. Some believe adoption will accelerate.

Note 1: According to a 2007 Credit Suisse First Boston, and Gartner Group report

Why SaaS is Strategic for Adopters

- Eliminates capital expense
- Lower Risk
- Accelerates on-boarding
- Aligns expenditures with requirements
- Reduces IT demands

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Why SaaS is Strategic for Providers

IT expenditures

The SaaS slice of the pie is increasing

- SaaS expenditures are increasing
- Lowers cost of customer acquisition
- Lowers the cost per incremental customer
- Reduces demands for platform coverage
- *Multiplies the value of the company!*

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Why SaaS is a *Challenge* for Providers

News skills required!
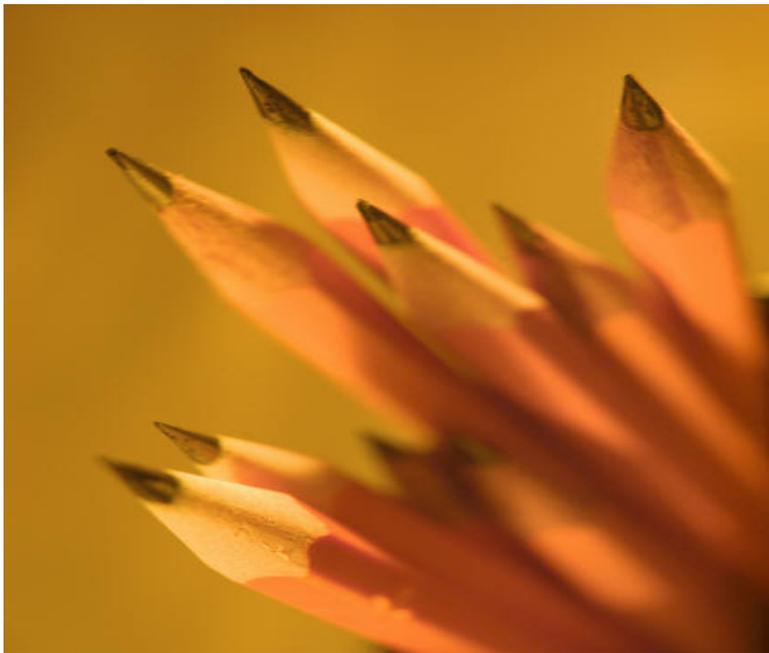
SaaS applications development
requires new approaches

- A new Business Model
- No "standard" SaaS application infrastructure
- Different architectural underpinnings for multi-tenant apps
- New skills, technologies, and approaches required

Two Paths to SaaS

Existing S/W Product	→ Build Deploy →	SaaS version of S/W Product
Product Idea	→ Build Deploy →	SaaS Product
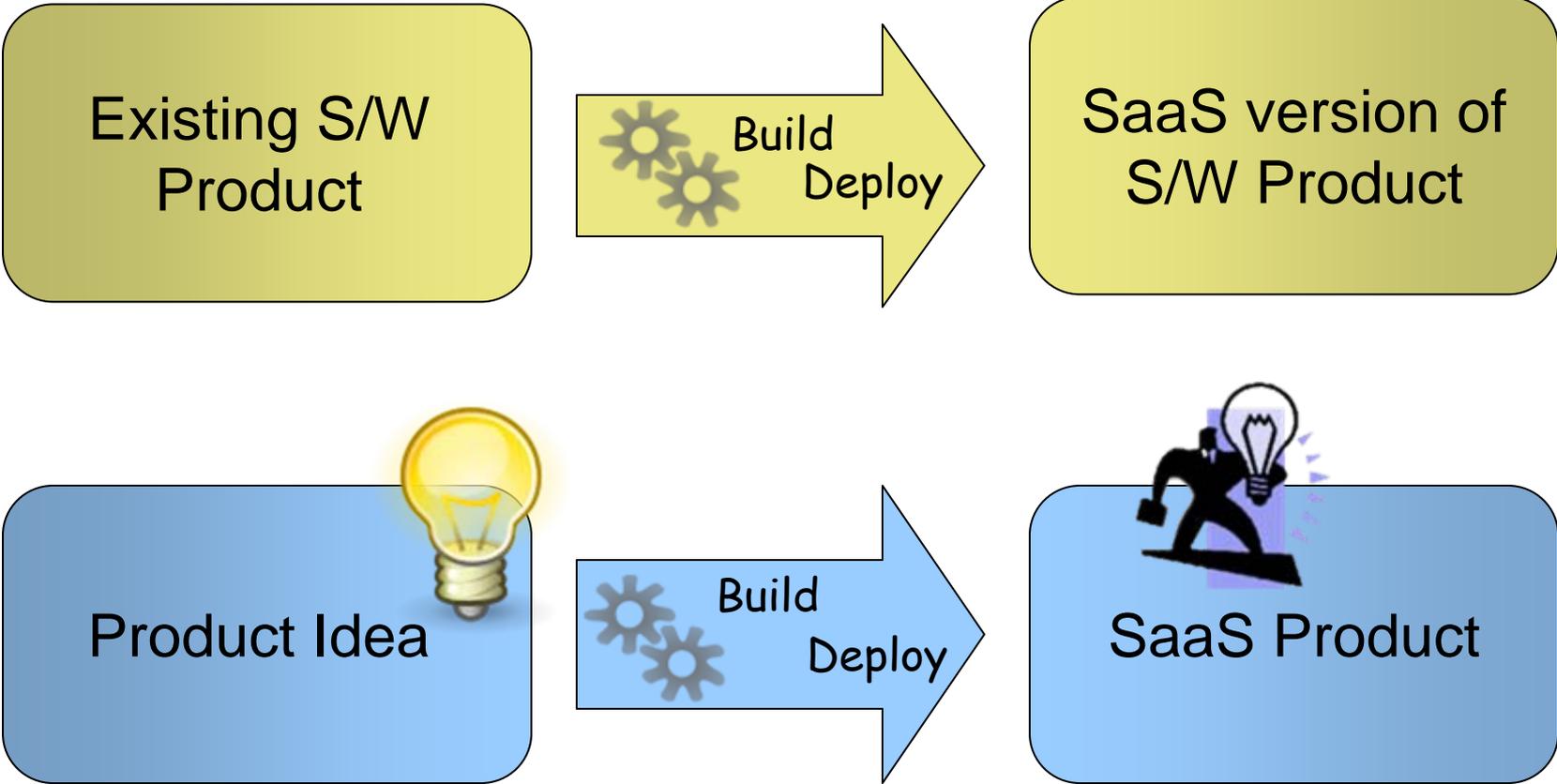
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One Path leverages the Present Into the Future

Existing Product	Build Deploy	SaaS version of Product
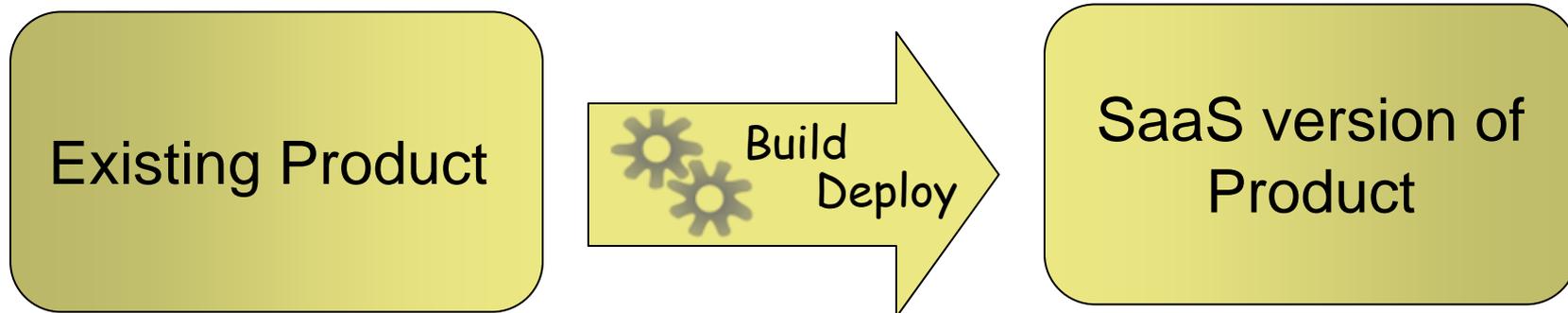
Desktop or Enterprise - Existing market share, customer base

• Can be any technology • Business concepts incorporated • Market is established	• Can use existing databases, code • New business concepts can be incorporated	• Can be partial functionality of original • Can be rolled out in useful phases • Multi-Tenant

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Other Path is Bootstrapping an Idea

Product Idea

Build
Deploy

SaaS Product
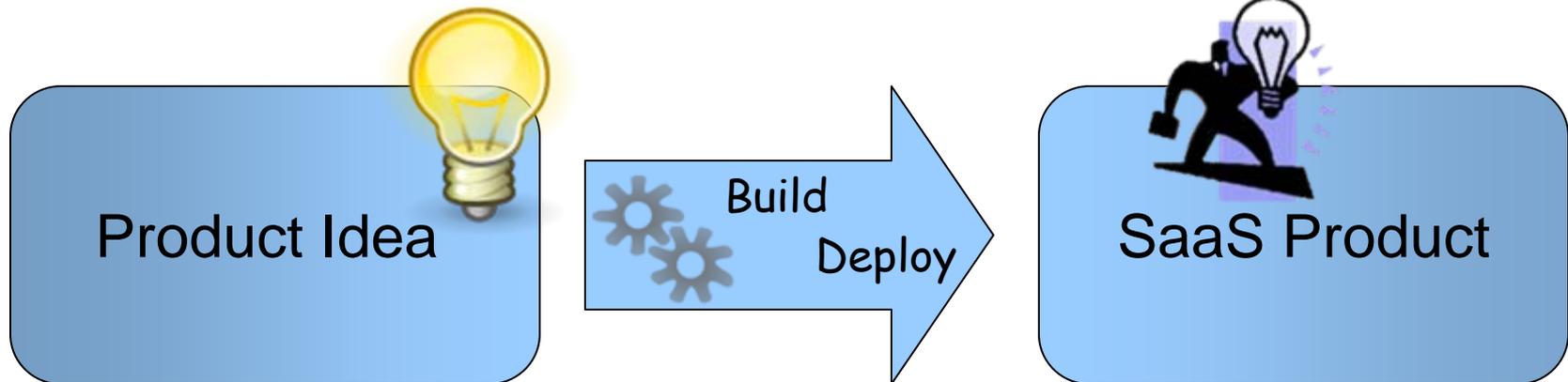
Business Expertise - recognized market opportunity

- Can be any app idea that can be delivered on the internet
- Business concepts incorporated

- Can use platform and templates
- Sharing can be incorporated to share risk and reward among parties

- Can be simple functionality first to test market
- Can be rolled out in phases
- Multi-Tenant

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Risk and Reward Alignment

Traditional Model Cost Profile

Revenues

Shared Alignment Cost Model

$

Time
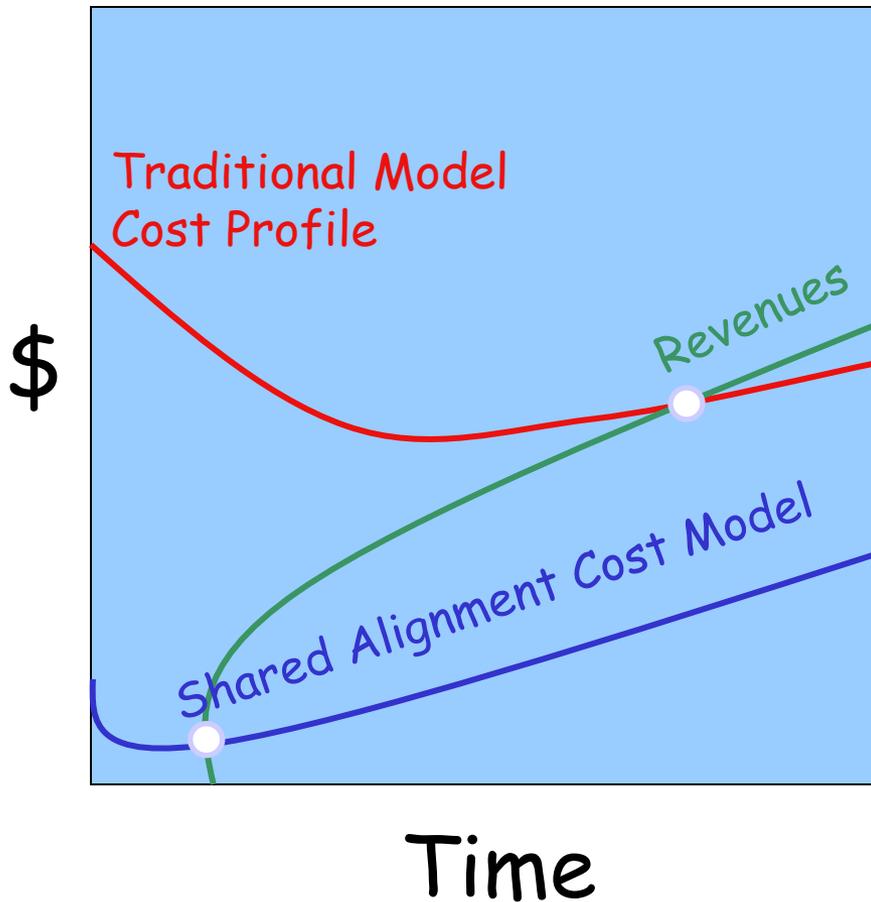
- SaaS solutions generate annuity income streams instead of upfront license fees
- Development costs can be aligned to use annuities rather than upfront fees
- The SaaS Vendor can enjoy the same benefits as their customers, paying as they go

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Corent Inside™ approach offers many Case Studies

- BOEING

- Micron Technology, Inc.

- Mentor Graphics

- The Emmy Awards

- Clinical & Management Solutions, Inc.

- uPhotoMeasure, Inc.

In 18 days Corent built a solution for Boeing It was expected to take12 months!

MISSION: Corent, headed by CEO Feyzi Fatehi, left, and Chairman Mark Nielsen, has a slogan: "We create on dem... software" is a common industry term for computer-based service delivered over the Internet. And "on demand" m...

billion hits.

The term "corent" returns more than 85,000 results; the top one is Corent Technology.

Corent also needed a tagline to further describe itself, Fatehi said. "One of my favorite new conclusions is that the name is important but the tagline is even more important."
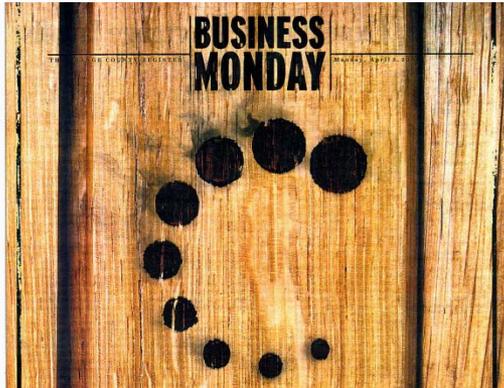
Corent settled on the tagline: "We create on demand business applications on demand."

"On demand software" is a common industry term for computer-based service delivered over the Internet. And "on demand" means the customer can have it immediately.

U.S. companies waste $78 billion a year on faulty customized software, according to CIO Magazine. Half of it fails to perform as needed. Half costs more than expected, and 90 percent is deliv-

Corent Technology Inc.
- **Phone:** 949-235-9344
- **Web site:** www.CorentTech.com
- **Offices:** San Diego, Orange County, India
- **Founders:** Mehrdad Tabrizi and Shafi Syed
- **Management team:** Chief Executive Officer Feyzi Fatehi; Chairman Mark Nielsen; Chief Technology Officer Michael Oliver
- **Type of business:** Customized enterprise software on demand
- **Number of employees:** 32
- **Customers:** Boeing, Micron, Flowmerics
- **Founded:** 2000

of that software to take 12... With Corent's platform, Nie... it was ready in 18 days.

Part of Corent's branding... been to focus on a couple of s... dustries to prove the effecti... its platform. Even if every cu... the world can use a product,... like Corent doesn't have en... sources to market to and serv... customer.

Many small companies ta... gun approach, seeking cust... many different industries,... said. "I insisted we focus to p... the platform can be used to... application for a business ve... ly."

The Boeing project, for exa... poses hundreds of defense co... to Corent's tool, Nielsen said.... use Boeing's application, but...

RONEN ZILBERMAN, THE ASSOCIATED PRESS

STAR CLIENT: Boeing Co. needed software to manage tens of thousands of parts for the C-17 aircraft. It expected development of that software to take 12 months. With Corent's platform, the software was ready in 18 days.

Cover Story OC Register April 2, 2007

Case Study -1: uPhotoMeasure - Existing Product made SaaS

Proprietary algorithm allows accurate measurements of any object to be calculated from a digital photograph.

Saves time and expense of going on-site to make measurements for estimates.

- Application quickly re-written for SaaS
- New concepts incorporated for extending the value with workflow and social networking
- Readily deployable within large global organizations

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Case Study - 1: uPhotoMeasure
- Existing Product made SaaS

UPHOTOMEASURE
Photograph It. It's Measured.™
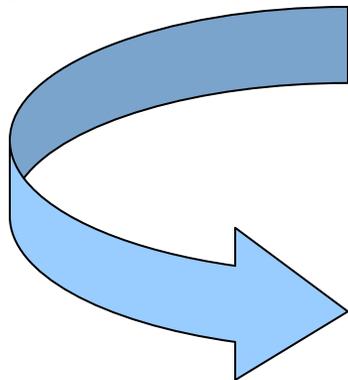
Boxware
to Webware

- New market channel
- New features
- Pre-empts competitors in the SaaS market
- Increased flexibility
- Increased opportunity for cross selling
- Developed for a small upfront cost
- Small rev sharing to support and maintain

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Case Study - 2: CMS
- Product Idea realized as SaaS

CMS

Clinical & Management Solutions

Innovative home healthcare management applications targets companies that provide home health services.

Lowers the cost of providing healthcare while improving the quality of care .

- Application built specifically for SaaS
- Complies with U.S. healthcare regulations.
- Implemented user interfaces that are an easy transition from paper forms
- Full charge capture, including medicare, medicade billing

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Case Study - 2: CMS
- Product Idea realized as SaaS

CMS
Clinical & Management Solutions

Idea Commercialized

- Application built specifically for SaaS
- Flexibility of SaaS platform maximizes market potential
- Developed for a small upfront cost
- Small rev sharing to support and maintain

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Profit Opportunity in a Soft Market

- Enhanced appeal of SaaS in a difficult economy
- SaaS development costs can be managed
- Lower costs of marketing and sales for SaaS
- Profitability quickly increases with scale
- Success based pricing model (Pay as you grow)

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In a Risk Averse Market, the Bold can Gain Share

Step up to the SaaS Opportunity

- SaaS solutions have key advantages
- A Soft Market Highlights the SaaS Advantage
- Gains made in a Soft Market are Accelerated when the Markets Recover!

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"Truly Game Changing."

- Jennifer Cook, Former Intel Global Software Solutions Manager

Corent Technology, Inc.
26895 Aliso Creek Road,
Suite B-654,
Aliso Viejo, CA 92656

Phone: (949) 874-5399

Fax: (949) 249-1926

Sales
E-mail: sales@corenttech.com

General Inquiries
E-mail: info@corenttech.com

Corent's SaaS-Suite™

SaaS-Suite™ is a set of **software** products for *rapid* development of sophisticated *turnkey* custom SaaS applications that are easily *configurable, maintainable,* and *extensible.*

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SaaS-Suite™ enables Build, Run and Manage Capabilities

SaaS-Suite™ includes **SaaS-Factory**™, **SaaS-Engine**™ and **SaaS-Powerplant**™ products

SaaS-Factory™ IDE

Advanced Application Editor
- Schema editor
- GUI editor
- Rules editor

SaaS-Suite™ Architecture

Internet Web Services

SaaS-Engine™

Applications

Shared Services

Rules Engine	Business Intell.
Workflow Engine	Security
	Content Mgmt.

Storage and

LDAP   JDBC

SaaS-Powerplant™

BUILD
The factory is where applications are defined, configured and built.

RUN
The engine runs the applications that are built. It consists of the core application components and interfaces to shared services.

MANAGE
The platform is a collection of applications & utilities that assist in managing applications.

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SaaS-Suite™ Services

SaaS-Suite™ Services Stack

Internet Web Services

| Ajax | GWT / GUG / Chrome | Flash / Flex / Air | JavaFX | iPhone |

User Interface Services

XWiki

SaaS-Factory™ IDE

Application Development Services

SaaS-Engine™

Custom Application

Shared Services

Rules Engine	Business Intell.
Workflow Engine	Security
State Engine	Content Mgmt.

SaaS-Powerplant™

Operational Application Management Services

Multi-Tenant Services

Storage and Content Services

Database and File Systems

Architecture Benefits and Value

- ✓ SaaS and SOA Compliant
- ✓ Open Architecture
- ✓ Robustness of SaaS Toolkits to accelerate application development
- ✓ Proven methodology and toolkits

Architecture principles
- Loose coupling
- Highly cohesive
- Service oriented
- Metadata

User Interface principles
- Rich Internet App - RIA
- Cross-platform
- Multiple target devices
- Templates

SaaS-Engine

Open Source

Web Services

Commercial Apps

In-house Apps

Search
Content repository
Metadata Data Model
State Engine
LDAP
Business Analytics
Application Services

Security
Templates
Workflow
Integrated Blogs
Integrated Wiki
Integrated Collaboration
Mashup server

MVC Framework
Internationalization
Rules Engine
Service Oriented Architecture
Multiple User Interfaces
Taxonomy

Social Networking
Web 2.0 concepts
Conversion
Service Bus
Notification
Database Independence
Taxonomy
Reporting

Design principles
- Extensibility
- Scalability
- Re-use
- Components

Framework principles
- Model View Controller
- Design patterns
- Re-use
- Ability to Integrate

Solution Processes
Agile Model Driven Development (AMDD) , Frameworks, Components

User Interface
Rich Internet applications, multiple UI options

Concept RAD prototyping in model driven engine

Application schema layered onto SaaS-Engine™ infrastructure

Interactive application screen & navigation design based on business processes

Implementation of business rules via Rules-Engine™

Design and implement application Reports and Analytics

Deployment

Data
Database independence
Content repository
Document Mgmt
Taxonomy
Search
LDAP
Wiki
Blog

People
Identity Mgmt.
Personalization
Social Networking
Groups Mgmt.
Rights & Privileges

Process
Workflow
BPEL
Notification
Rules Engine
State Engine

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Why Buy the Cow?

- "….based on my venture capital experience and deep knowledge of the SaaS market place, ***Corent Technology*** is a company that **HP, SAP, Oracle, IBM, SunGuard, Unisys, …** should all have on their radar screens…"

    Dr. Cindy Gordon, co-author of best seller "Why Buy the Cow?" a book on SaaS co-authored with Subrah Ayar, the founder/ CEO of WebEx
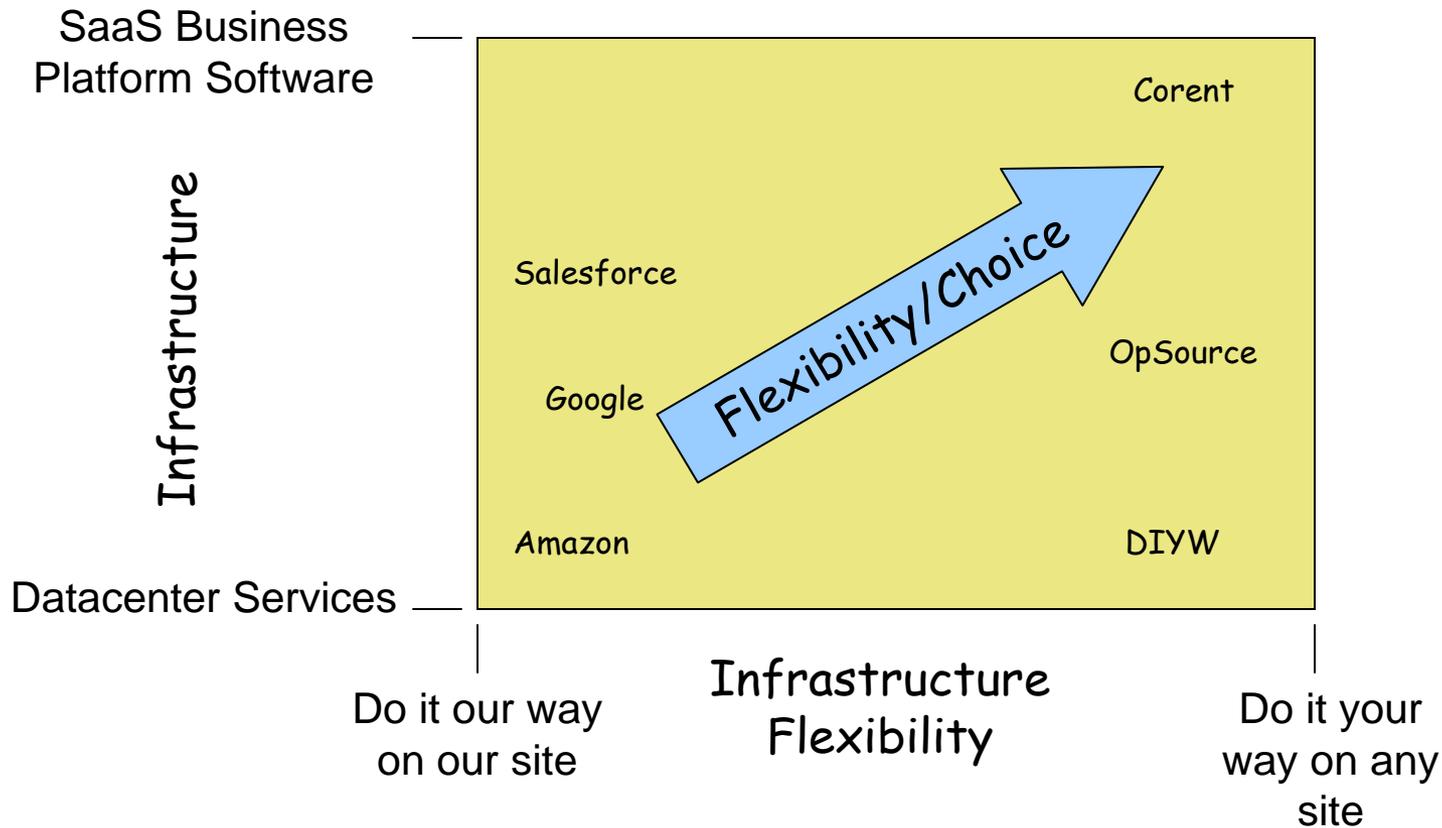
SaaS Platform Dimensions

Emerging dimensions to measure SaaS platforms.

Low Cost	**Infrastructure**	Higher Cost/ Value add
Amazon		OpSource

Open source based	**Development Tools**	Big Vendor/Proprietary
		Microsoft, Salesforce

Basic	**Development Tools, SaaS Power and Extensibility**	Sophisticated
Google		Corent

Open Source Community	**Community**	Vendor Sponsored Community
Google		Salesforce

Niche	**Market Power**	Big Community
		Salesforce, NetSuite, Quicken

Low - can run anywhere	**Lock-in**	High - Must run on their site
Corent		Salesforce, Amazon

Low - Self-service	**Support Services**	High - Support, Billing, etc
Google		**Corent + OpSource**

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SaaS Infrastructure Continuum

Infrastructure (vertical axis)

SaaS Business Platform Software (top)
Datacenter Services (bottom)

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Salesforce

OpSource

Google

Flexibility/Choice

Amazon

DIYW

Infrastructure Flexibility

Do it our way on our site

Do it your way on any site
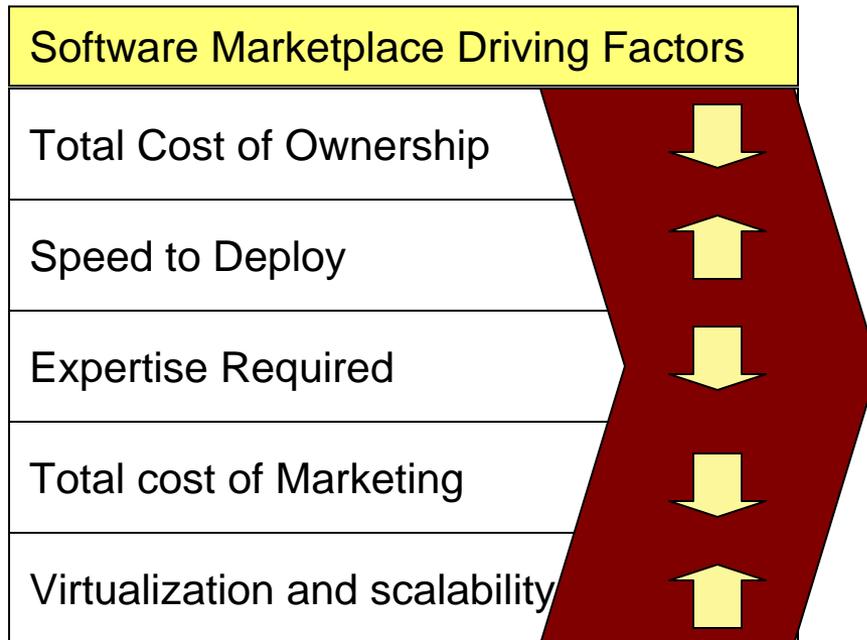
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The SaaS Potential

The key drivers propelling Software as a Service (SaaS) into the marketplace are also creating blockbuster *new companies* with SaaS offerings.

Software Marketplace Driving Factors
Total Cost of Ownership
Speed to Deploy
Expertise Required
Total cost of Marketing
Virtualization and scalability

SaaS is a new paradigm in software deployment that has the potential to **establish new market leaders**.

Potential SaaS vendors, whether they have existing software or not, can create the **new generation of SaaS solutions.**

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What's so Sassy about SaaS Anyway? [TCO]

There are several key drivers that are propelling Software as a Service (SaaS) into an increasingly significant factor in the marketplace.

Software Marketplace Driving Factors
Total Cost of Ownership
Speed to Deploy
Expertise
Total cost of Marketing
Virtualization and scalability

SaaS reduces the total cost of ownership by transferring many costs that would normally be incurred to implement and support and maintain the application to the SaaS vendor, where they can be shared most efficiently across the whole set of customers.

SaaS reduces capital investment, both in computer hardware and software, and in expensive IT personnel needed in-house.

SaaS reduces capital needs by transferring the capital costs for the software, hardware infrastructure and space for personnel into an expense budget item.

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What's so Sassy about SaaS Anyway? [Speed to Deploy]

There are several key drivers that are propelling Software as a Service (SaaS) into an increasingly significant factor in the marketplace.

Software Marketplace Driving Factors
Total Cost of Ownership
Speed to Deploy
Expertise
Total cost of Marketing
Virtualization and scalability

SaaS reduces the total time required to deploy software in the enterprise by having the hardware, software and support personnel and processes already established. SaaS applications are internet applications, eliminating time consuming installation of software to desktops. SaaS' common practice of self-registration aids in distributing the workload to the many users, enabling on demand access for the users.

SaaS can significantly reduce deployment times in organizations where the workforce is globally distributed and normal practice would be to proceed serially with a rollout. Scalability and knowledge of support staff enable organizations to by-pass the practice and pilot rollouts.

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What's so Sassy about SaaS Anyway? [Expertise]

There are several key drivers that are propelling Software as a Service (SaaS) into an increasingly significant factor in the marketplace.

Software Marketplace Driving Factors
Total Cost of Ownership
Speed to Deploy
Expertise
Total cost of Marketing
Virtualization and scalability

SaaS applications are oriented around a domain of expertise. SaaS application support and maintenance does not require high levels of in-house expertise for the organizations that use it, either in the business focus area of the application or the technologies used to implement it.

That means even small organizations that could otherwise never afford to have such sophisticated applications, can have the same access to them as large organizations.

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What's so Sassy about SaaS Anyway? [Marketing]

There are several key drivers that are propelling Software as a Service (SaaS) into an increasingly significant factor in the marketplace.

Software Marketplace Driving Factors
Total Cost of Ownership
Speed to Deploy
Expertise
Total cost of Marketing
Virtualization and scalability

SaaS applications are oriented around a domain of expertise. Because the SaaS market model lowers TCO, the number of organizations that can afford to use software increases.

SaaS lowers the barriers to entry and lowers the risk to capital and resources for organizations. This lowered risk means the marketing needed to overcome the risk aversion is lower. Lower costs result in a higher value marketing proposition, creating a virtuous circle.

SaaS enables organizations that could otherwise not afford to have such sophisticated applications, to have the same access to them as the most sophisticated organizations. And they can try them out without expensive costs associated with in-house trials.

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What's so Sassy about SaaS Anyway? [Scalability]

There are several key drivers that are propelling Software as a Service (SaaS) into an increasingly significant factor in the marketplace.

Software Marketplace Driving Factors
Total Cost of Ownership
Speed to Deploy
Expertise
Total cost of Marketing
Virtualization and scalability

SaaS applications are shared among many user organizations, resulting in large concentrations of demand. The high levels of demand are well suited to infrastructure investments that lower the overall costs of providing the services.

SaaS applications are internet applications, and as such are well suited to virtualization technologies. These technologies are expensive to implement and operate effectively, but are very well suited to the types of scalability issues facing SaaS vendors, further driving down costs.

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