Pitney Bowes Business Insight

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Where is SaaS?

Figure 1: Four Waves of SaaS and Cloud Computing

Beyond Software-as-a-Service: Cloud Computing

<table>
<thead>
<tr>
<th>SaaS 1.0</th>
<th>SaaS 2.0</th>
<th>Cloud Computing</th>
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**Adoption**

- **Early SaaS Adoption**
  - Stand-alone Apps
  - Multi-tenancy
  - Limited Configurability
  - Focus on TCO / rapid deployment

- **Mainstream SaaS Adoption**
  - Integrated w/ Business
  - SaaS Integration Platforms
  - Business Marketplaces and SaaS Ecosystems
  - Customization Capability
  - Focus on Integration

- **Ubiquitous SaaS Adoption**
  - Focus on Business Transformation
  - ISV to SaaS Enablers
  - Server and Application Virtualization
  - SaaS Development Platforms (PaaS)
  - Public Cloud Infrastructure (IaaS)
  - Cloud Collaboration Platforms
  - Customized, Personalized Workflows

- **Post-SaaS Adoption**
  - End-to-End Cloud Business Processes
  - Intelligent Hubs Linking Platforms
  - Virtualization on Mobile Devices
  - Elastic Cloud Infrastructure
  - Standards for Workload Portability
  - SLAs for Composite Service Offerings
  - Support at Business Process Level

Source: Saugatuck Technology Inc.
The net effect for this report is this: *The nature of SaaS is changing user business, and user business is changing the nature of SaaS – and so our view of where both are going is also changing.*
SaaS is Game Changing!

- Reduced total cost of ownership
- Reduces time to market
- New time to market expectations
- New vendor options – low barriers to entry
- Accelerated pace of innovation
- Awareness and intolerance for shelf-ware
- Shortage of skilled IT resources
- Improvements in internet security reduces barrier to adoption
- Rising maintenance cost from ISVs encourages search for options
- Margin pressure drives less capital intensive alternatives
- Technology spend shifting from IT to line of business
Why is PBBI moving to SaaS?

• Saugatuck sees three fundamental criteria being used by IT organizations when evaluating replacement of traditional software:
  – **Cost.** SaaS enables the flexibility of on-demand use and cost, coupled with the ability to shift significant software investment and spending from a capital expense (CAPEX) to an operating expense (OPEX);
  – **Function.** Most SaaS offerings are in a state of continuous improvement and enhancement by providers, enabling state-of-the-art functionality and user interfaces; and
  – **Ease of use.** The use of SaaS enables reduced implementation requirements and ongoing staffing and skills requirements for use and maintenance/upgrade.
• PBBI is moving to SaaS because we believe our customers will want to consume our offerings this way
PBBI Mission

To help our customers acquire, serve and grow their customers and citizens.

Data & technology to ensure accurate efficient use of location, demographic, customer and identity information

Locate

Connect

Communicate

End-to-end, multi-channel, personalized communication to and from customers via any medium

Unique perspectives on location, identity and communication intelligence for effective insight into market opportunities, customer relationships and strategic opportunities.
PBBI Current Offerings

- Small portion of revenue driven by OnDemand today
- Current offerings hosted in co-location (PB, Sungard etc.)
- Discrete web service based offerings to provide services like data quality, geocoding and routing
- More tool-based offering instead of solution and offered in both on-premises and OnDemand model
- Launched (early availability release) first SaaS-only product in January, 2010
New Offering Strategy

• New services will all have UI and be a solution
• New services will be SaaS only or cloud-connected unless a good business reason to buy only on-premises
• Many new services in design / development – rapid launch in 2010
• Hosting strategy will be determined on a service by service basis
• Determine whether service fits best on PaaS
• Non-PaaS Strategy
  – Deploy new service in IaaS (Terremark) so that operating profile can be easily changed / adjusted
  – Evaluate operating profile as service stabilized in production
  – Determine most cost effective operating environment for long-term production operation
Why IaaS?

• Ability to scale easily
  – Compute, Storage and Memory can be scaled up and down in almost real time
  – Easily cloud-bursting for spike usage
• Operating expense vs. capital expense
• Smaller initial investment
  – Can more easily divest if needed
  – Costs can grow with the business
Questions?