



SnapShot...Got Picture!

CASE STUDY –GCSS1

Service:

Technology Diligence – SnapShot analysis and recommendation for C-round \$10 million investment.

Client:

Large Fund VI growth-capital venture firm focused on established technology companies.

Requirements:

Perform a limited (SnapShot) technology due diligence on the target Company's multiple software platforms. Review and assess the current state of the software product's architecture, development process, future product release schedules, technology direction, and staffing skill and capabilities.

Situation:

The company's primary and original product had been developed and deployed over a 10 year period as an on-premise (customer site) product and services solution. Accompanying the on-premise solution were the Company's professional services including implementation and/or installation, training, customizations, device configuration, third party integration, reporting, etc.

This cumbersome and expensive offering provided no EBITDA contribution. In 2008, the Company's business model changed and the product is now marketed as an on-demand SaaS-like service. The Company had implemented the necessary backend components to serve on-demand implementations and augmented applications to provide additional web-based access to features.

Scope:

Staffing: 4 person days

Deliverable: An oral presentation with follow up findings in a white paper format.

Discovery:

The on-demand model had been selected by 80-90% of new clients. The offering had grown over time into an extensive tool set that proved to be

daunting to new customers. In addition, different tools, and applications required additional skill sets, some more technical than others, including code development. The nature of the product demands device integration and customization requiring implementation services to successfully deploy.

The Company recently migrated software development to the Scrum process. As a result the staff was focused inwardly and little attention was given to the bigger picture such as architecture, performance, scalability, technology migration, etc., creating substantial risk of developing software that would not meet market needs.

Outcome:

1. Semaphore recommended a change in the company marketing strategy since the Company now had two products, on-premise and on-demand.
2. Semaphore recommended and mentored Company's implementation of processes to maintain active awareness of the "big picture" (the outside-in view while using Scrum).
3. The Company developed a new package of professional services that increased implementation success and contributed 23% new revenue and 29% additional profit in its first year.
4. A market assessment/analysis by Semaphore was undertaken to evaluate existing markets and analyze new market alternatives.
5. New market forecasts suggest a 40% increase in top line at normalized EBITDA rates within three years.