

Business Models in Software Ecosystems

Lecture: "Software as a business"

TU Dresden | 11.01.2019 | Dirk Röhrborn



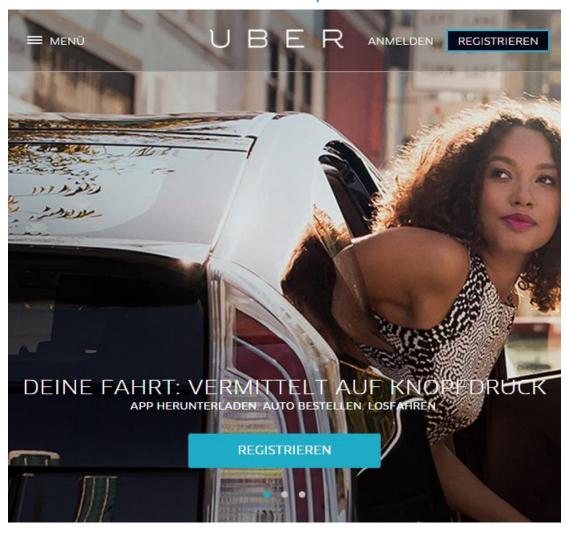
What are "business" models meant for?





Who will generate more profit in future?

Uber or the taxi cooperation?



or





Who will generate more profit in future?

Department stores or Amazon?



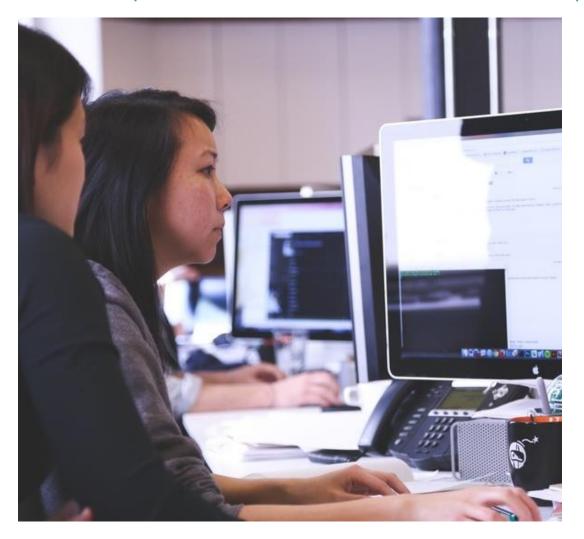






Who will generate more profit in future?

Developers of individual software or platform vendors?















How mature is the software industry?

How mature is the software industry

A comparison between the automotive and software sector

Custom Software development Packaged standard software

Software product lines (purchased)

Software product lines (rented)

SaaS / Cloud (pay per use)

Workshop



Mass production



Product platforms



Rental/Fleet





Mobility







What have Uber, Amazon, Salesforce & Co. in common?

What have Uber, Amazon, Salesforce & Co. in common?

Products/services serving serving real customer needs

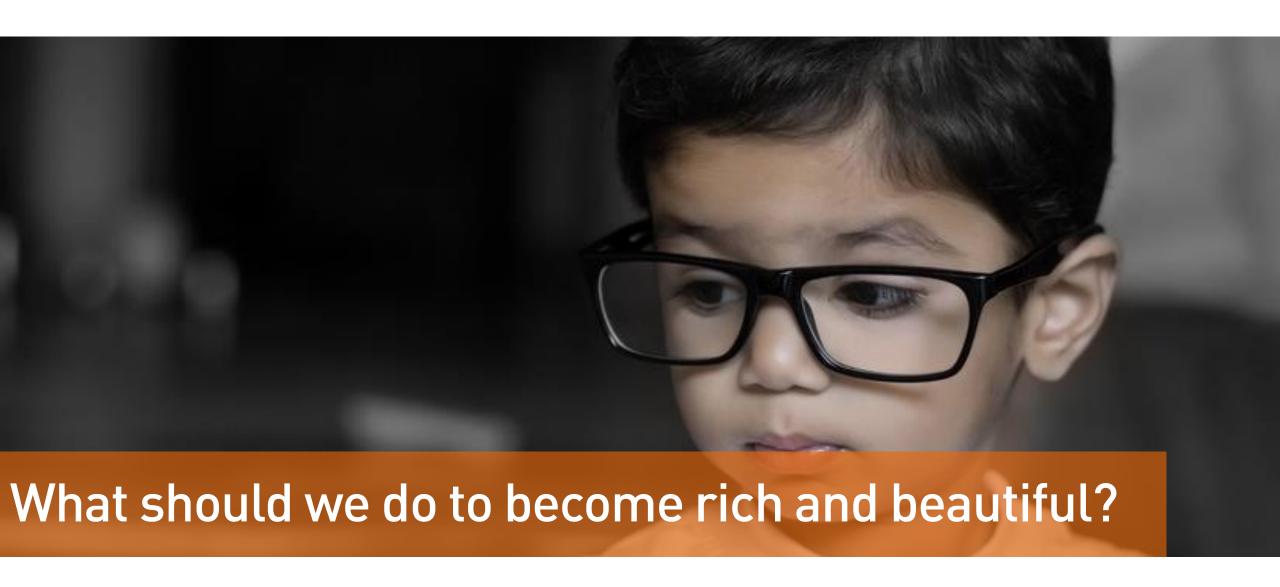
Superior software platform

Marketplace with low transaction costs

Ecosystem with multiple players and business models

Global scale through the internet





Agenda

Business Models in Software Ecosystems

- Introduction
- Software Ecosystems
- Software platforms
- Human factors
- Marketplaces
- Business Models
- Bonus: The Atlassian Stack for software teams
- Closure

Cases included: Atlassian + Communardo



Cases in this lecture

A ATLASSIAN



• Offering: Software vendor of collaboration

and software development tools

Founded: 2002 (Sydney, Australia)

• Offices: Sydney, San Francisco, Amsterdam,

Gdansk, Bangalore, Yokohama, etc.

• Revenue: >800 M US \$

• Growth: ~ 40+% p.a.

• Staff: > 2.500

• Customers: > 125.000

Enterprise communication and collaboration solution provider

2001 (Dresden)

Dresden, Bonn, Heilbronn, Dornbirn, Tirana

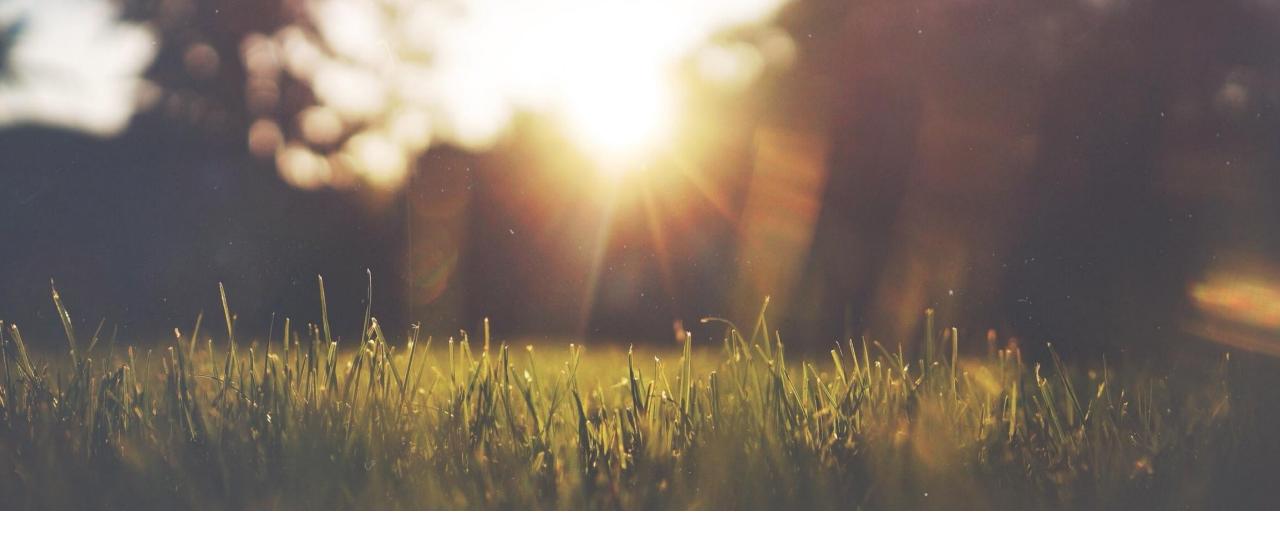
~ 25 M US \$

~ 15-25% p.a.

~ 160

> 1.000





Software ecosystems: what are the ingredients?

Software ecosystems

Definition

- In nature: "An ecosystem is a natural system consisting of all plants, animals and microorganisms (biotic factors) in an area functioning together with all the non-living physical (abiotic) factors of the environment" (Christopherson 1997)
- In general use: "a complex <u>network</u> or <u>interconnected</u> system"² (Oxford Diction.)
- **Software ecosystem**:,,a set of businesses functioning as a unit and interacting with a shared market for software and services, together with relationships among them. These relationships are frequently underpinned by a common technological platform and operate through the exchange of information, resources, and artifacts." (Messerschmidt, 2003)
- 1) Christopherson, R.W. 1997. Geosystems: An Introduction to Physical Geography, 3rd, Upper Saddle River, NJ, USA: Prentice Hall Inc., ISBN 0-13-505314-5.
- 2) http://www.oxforddictionaries.com/definition/english/ecosystem
- 3) David G. Messerschmitt and Clemens Szyperski (2003). *Software Ecosystem: Understanding an Indispensable Technology and Industry.* Cambridge, MA, USA: MIT Press. <u>ISBN</u> 0-262-13432-2



Software ecosystems

Examples















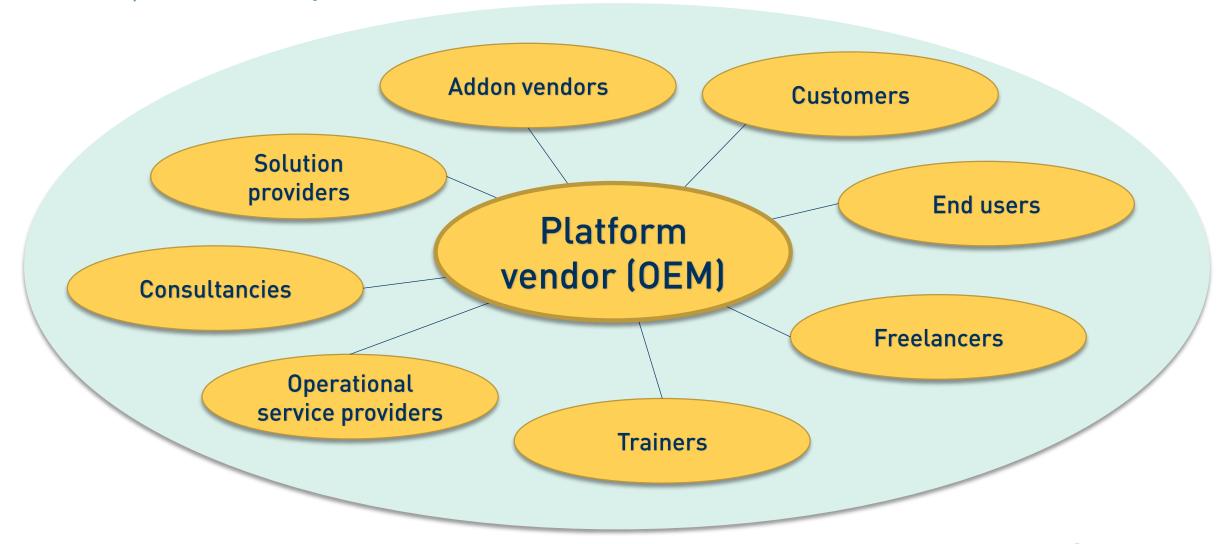


tbc.



Software ecosystems

Interdependent Players



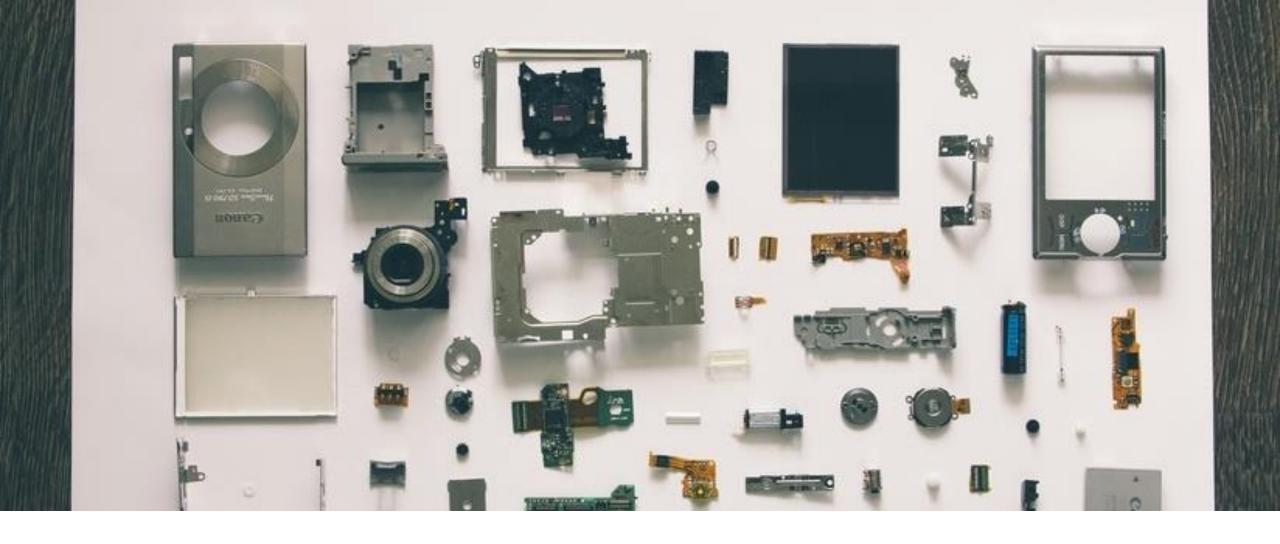


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- Introduction
- Software Ecosystems
- Software platforms
- Human factors
- Marketplaces
- Business Models
- Closure
- Cases included: Atlassian Inc. + Communardo Software GmbH





Platforms: what makes them ready for ecosystems?



Software platforms for ecosystems

What do they need?

Products/services serving real customer needs

Multiple, scalable use cases

Extensibility via rich interfaces

Open connectivity through APIs

Continuous improvement

Support



Software for every team

"Unleash the potential of every team"



Software for every team

	Software	IT	Support	Marketing	HR	Legal	Finance	
	TRACK & PLAN	√	✓	✓	√	√	✓	
	CREATE & COLLABORATE X Confluence		✓	✓	✓	✓	✓	
	снат QHipChat	✓	✓	✓	✓	√	✓	* discontinued
	CODE & HOST Bitbucket	TRACK & PI	-AN ervice Desk	✓	√	✓	✓	
	ADD-ONS XAtlassian N	Marketplace	✓	✓	√	✓	✓	

Image source: Atlassian



Open Software: Connectivity and extensibility

- Source code available for all Atlassian software
- APIs available for all software products
- Plugin interfaces for all software products

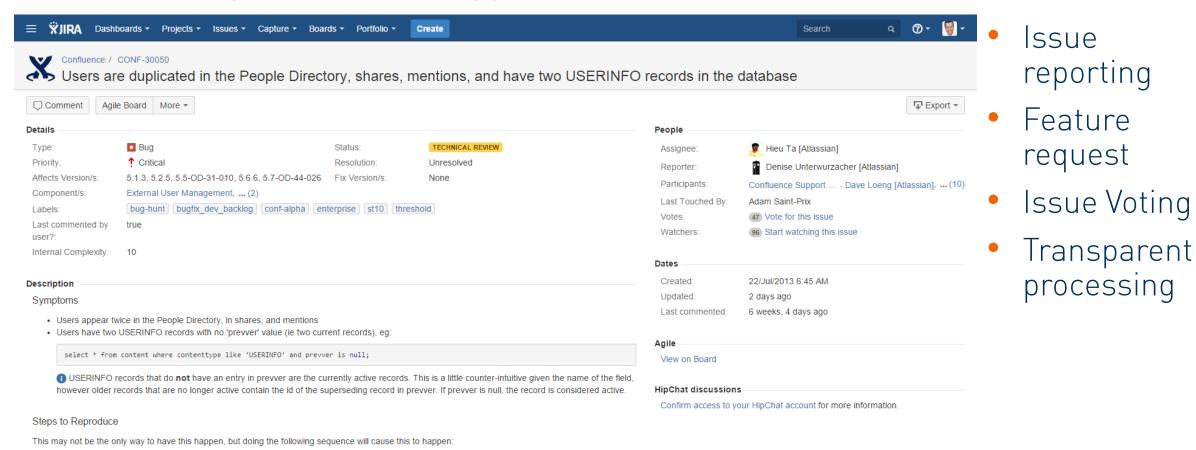
enables partner business



Image source: blogs.atlassian.com



Continuous improvement & support





3. Synchronise

1. Create a user in an LDAP server, which you want to test with

Image source: jira.atlassian.com

2. Set up the LDAP server in Confluence



Human factors: is this all just about technology? No!



Company Mission: "Unleash the potential in every team"





Atlassian Values



Open company, no bullshit



Play, as a team



Build with heart and balance



Don't #@!% the customer



Be the change you seek

Source: http://blogs.atlassian.com/2015/06/great-place-millennials/

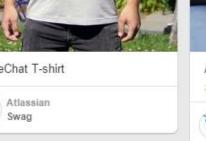


Community management: Events, Campaigns, Social Media











Atlassian Swag



- Blogs
- Social Media

"Open Company"

Atlassian

AtlasCamp

Usergroups

Partner Events

Summit

- T-Shirts
- Etc.

















Marketplace: what it takes to (really) sell.



Platform marketplaces

What it takes to really sell

Transparent offering of value add products & services

Integration of marketplace into the products

Self-service transactions with minimal effort

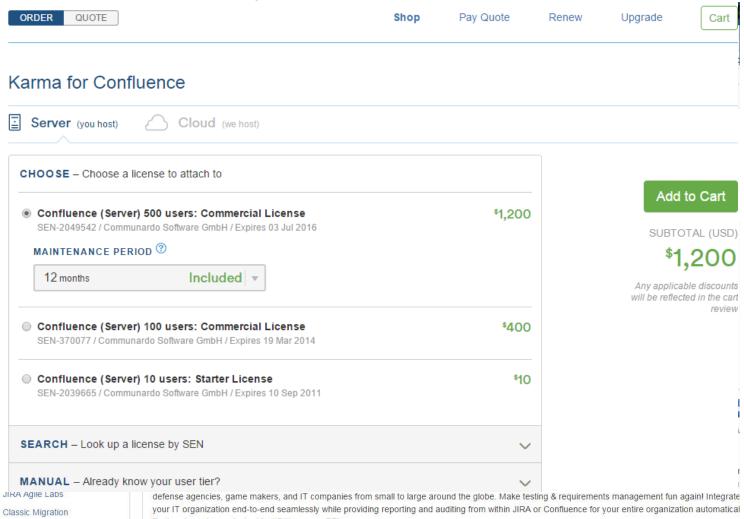
Adequate pricing with low entry barrier

Accountability and trust

Secure and automated payment



Atlassian marketplace



- Addon search
- Product listings
- User reviews
- Self-service
- Pricing with low entry barrier
- Online-shop incl.
 Payment etc.



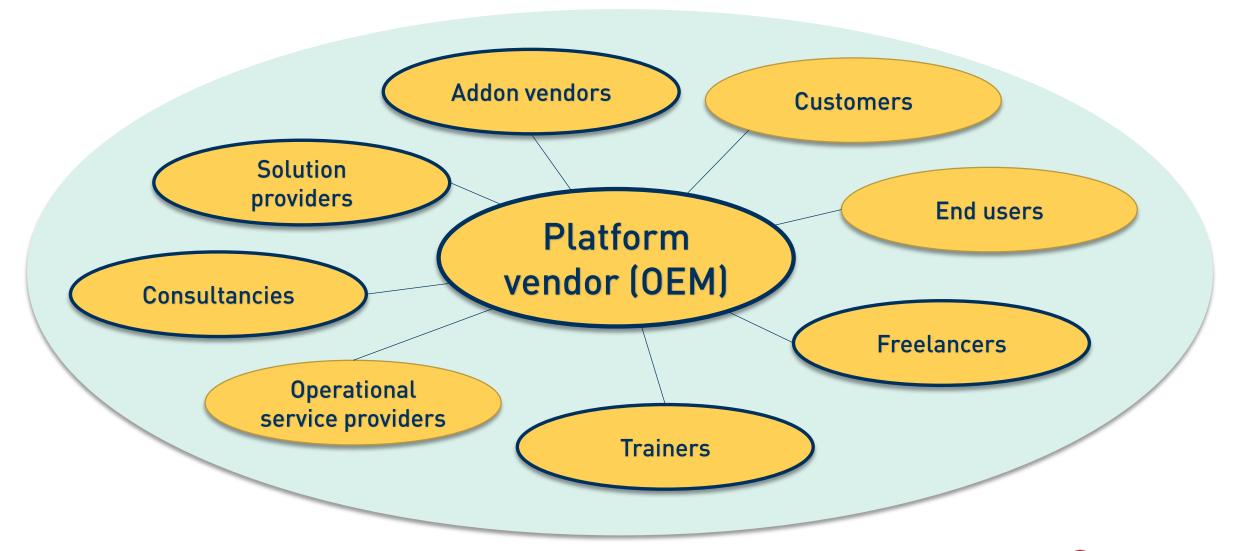


Business models: opportunities to grow and prosper.



Business models in Software ecosystems

Overview





The Business Model Canvas

Designed for: Designed by: Date: Version:

Key Partners	Key Activities	Value Proposi	tions	Customer Relationships 🖤	Customer Segments
		✓			
	✓				
	Key Resources			Channels (Fig. 1)	
	✓				
			Γ		
Cost Structure		•	Revenue Strea	ams	Ŏ
			√		



The makers of Business Model Generation and Strategyzer

Business models: Platform vendor

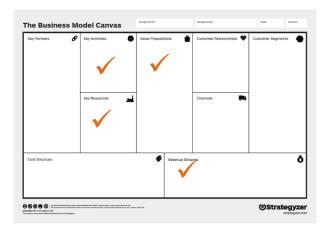
Case: Atlassian Inc.

Key activities

- Software development (platform, products, cloud services, marketplace)
- Online marketing
- Community management

Key resources

- Superior software engineers
- Community feedback
- Marketing experts
- Funding (from revenue or VC)





Value proposition

 Delivering software to unleash the potential in every team

Revenue stream

- License sales
 - New2new
 - New2existing
 - Renewals
 - Marketplace royalties



Business models: Platform vendor

Case: Atlassian Inc.



- 2500+ team
- 125.000+ clients
- \$ 880 M+ revenue
- \$ 5.9 Bn+
- Nasdaq TEAM



Business models: Solution provider

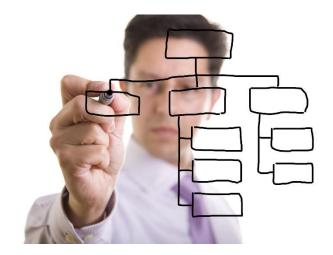
Case: Communardo

Key activities

- Solution development
- Sales + Marketing (online, direct)
- Customer projects

Key resources

- Consultants (subject matter experts)
- Software engineers
- Knowledge derived from client projects
- Sales professionals



Value proposition

- Delivering superior collaboration solutions based on leading technology platforms
- Making clients more agile and efficient

Revenue stream

- Solutions licenses
- Consulting revenue (T&M, hourly rate x billable hours)
- License sales royalties



Business models: Solution provider

Case: Communardo

Social Intranet





Collaboration Workplace









Enterprise Networking









Business Portals























Unified Communication

Knowledge Management











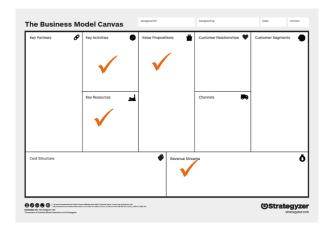


Business models: Add-on vendor

Case: Communardo

Key activities

- Software development of addon solutions
- Marketing to end users and partners

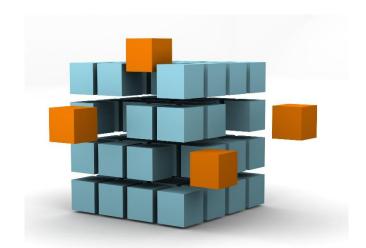


Value proposition

 Profoundly enhancing platform functionality for specialized (or general) use cases

Key resources

- Software developers
- Subject matter experts
- End user and partner feedback
- Marketing specialists



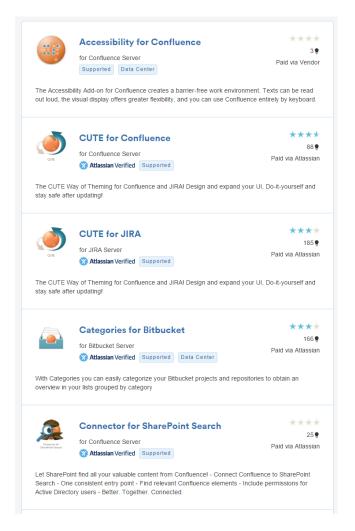
Revenue stream

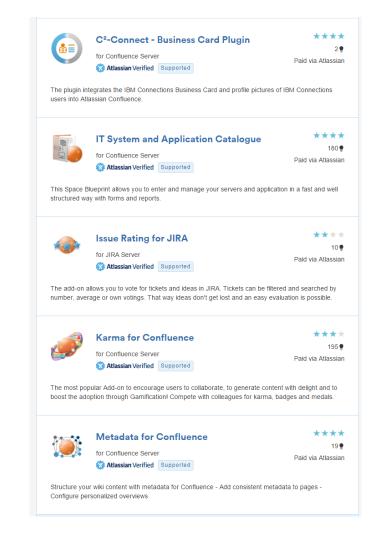
- License sales
- renewals

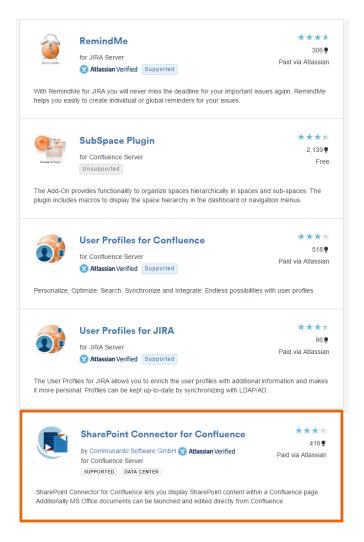


Business models: Add-on vendor

Case: Communardo. Selling 10+ addons to 1000+ clients in 60+ countries









Business models: Add-on vendor

Case: Communardo. Selling 15+ addons to 1800+ clients in 60+ countries



























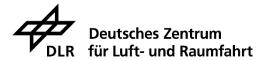
































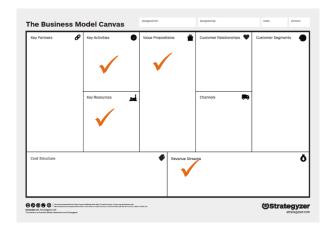


Business models: Consultant

Case: Communardo

Key activities

 Advising clients regarding the use of the platform, incl.
 Product selection, project management, use cases, introduction & change etc.



Value proposition

 Ensuring the optimal use of software solutions to achieve the clients business objectives

Key resources

- Business and IT consultants
- Subject matter experts
- Project managers



Revenue stream

 Time & material: billable hours x hourly rate

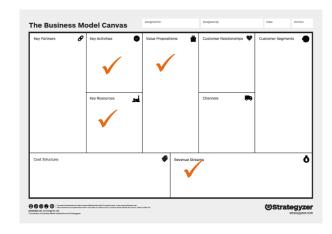


Business models: Training provider

Case: Communardo Academy

Key activities

- On-site training (classroom)
- Online-training
- eLearning
- Coaching
- Train-the-trainer



Key resources

- Skilled trainers / coaches
- Training resources



Value proposition

 Enabling end users (and organisations) to efficiently use software solutions for their purporses

Revenue stream

- Flat fees
- Time & Material billable days x daily rate



Business models: Training provider

Case: Communardo Academy

- We are trainers with consulting background.
- We are training real-world use cases.
- We are training work approaches not just features.
- We love to share our knowledge.
- We are open for your requirements.

Knowledge Bases mit Metadata for Confluence



Wir möchten Ihnen in diesem Webinar aufzeigen, wie Sie Knoweledge Bases in Confluence einfach aktuell halten und individuell nutzbar machen können.

Wiki mit Confluence – an einem Tag



Die Confluence-Schulung richtet sich an alle Mitarbeiter, die aktiv im Wiki tätig werden möchten.

Arbeit mit Confluence Teil1



Die Schulung geht auf die geänderte, offene Arbeitsweise eines Wikis ein und zeigt die Vorteile von Wiki-Arbeit für die Verbesserung der Zusammenarbeit.

Our training formats:

Inhouse

Open course

LiveTraining

Webinars

E-Learnings

... for:

End users
Lead users / coaches
Project leaders
System owners
developers

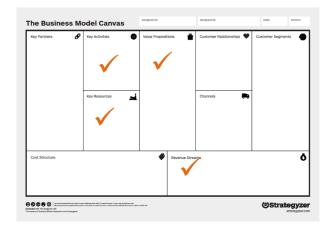


Business models: Freelancer

Case: N.N.

Key activities

 Supporting client companies with relevant serverices, e.g. administration, development, maintenance, testing



Key resources

- Own personal capacity
- Access to knowledge bases
- Personal networks



Value proposition

Superior competence at reasonable price

Revenue stream

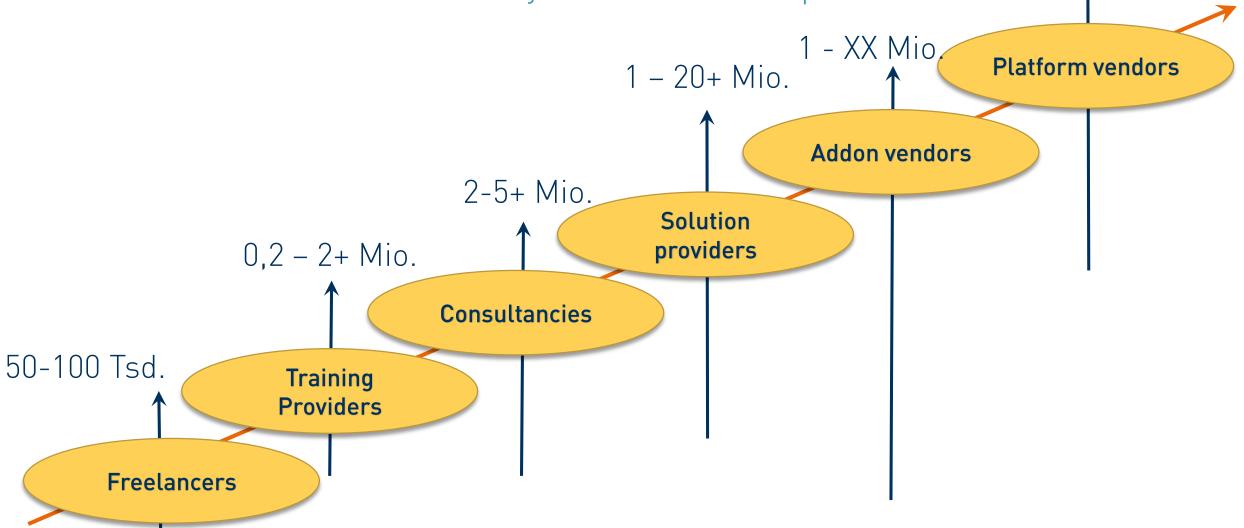
- Time & material billable hours x hourly rate
- Limited



Business models in software ecosystems

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The winner takes it all? Not always! A revenue comparison





100+ Mio



Bonus: The A ATLASSIAN stack for software teams



Products for Software Teams

Used by the Who-is-who throughout the world

FINANCE























MEDIA

CBSO CON



The Economist



Forbes







BBC























P&G

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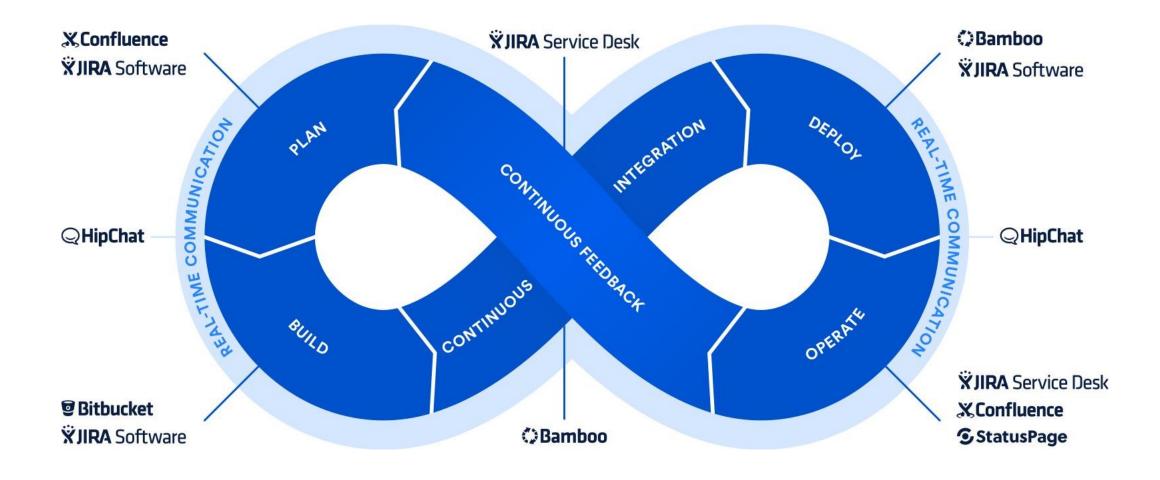




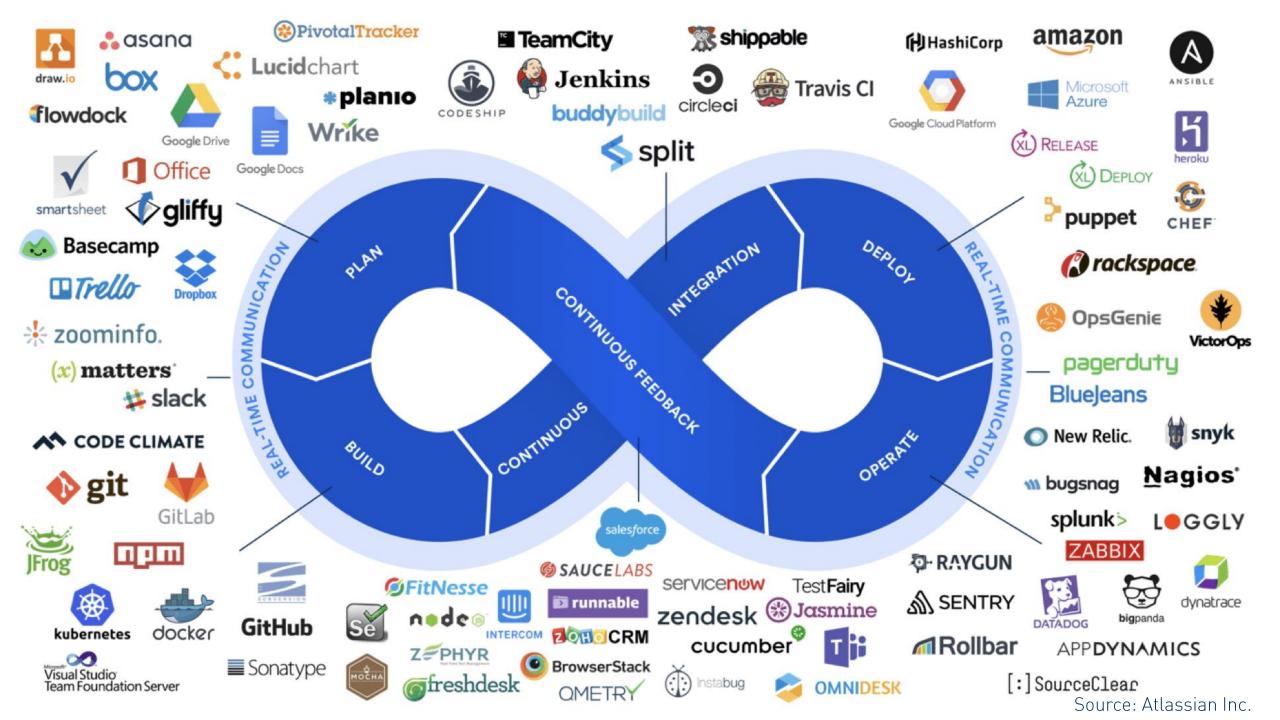
Source: Atlassian Inc.



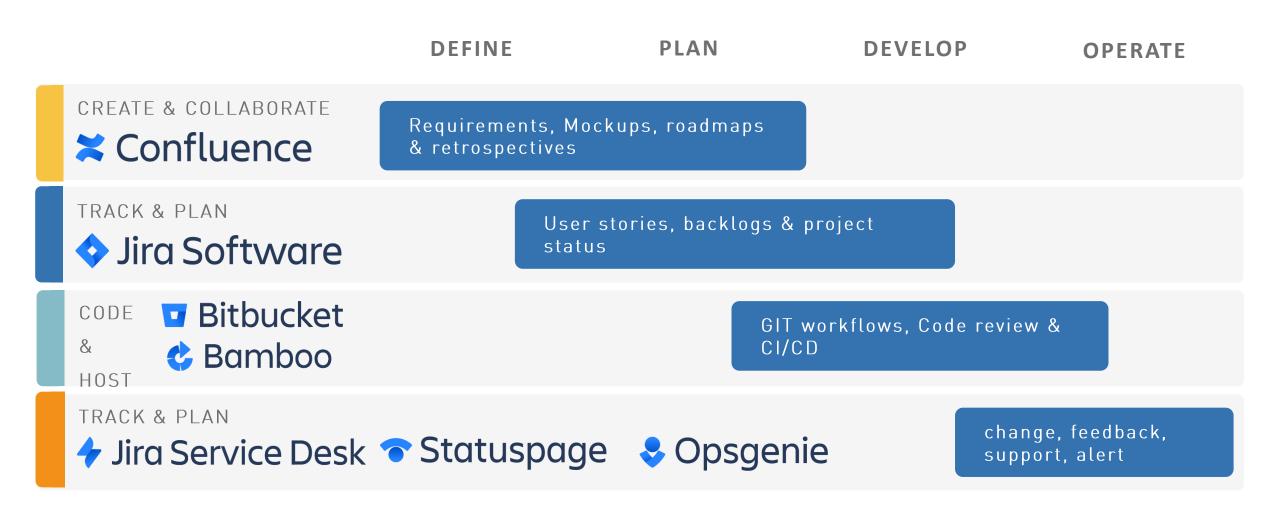
The Atlassian Stack for Software Teams







Atlassian Stack for Software Teams

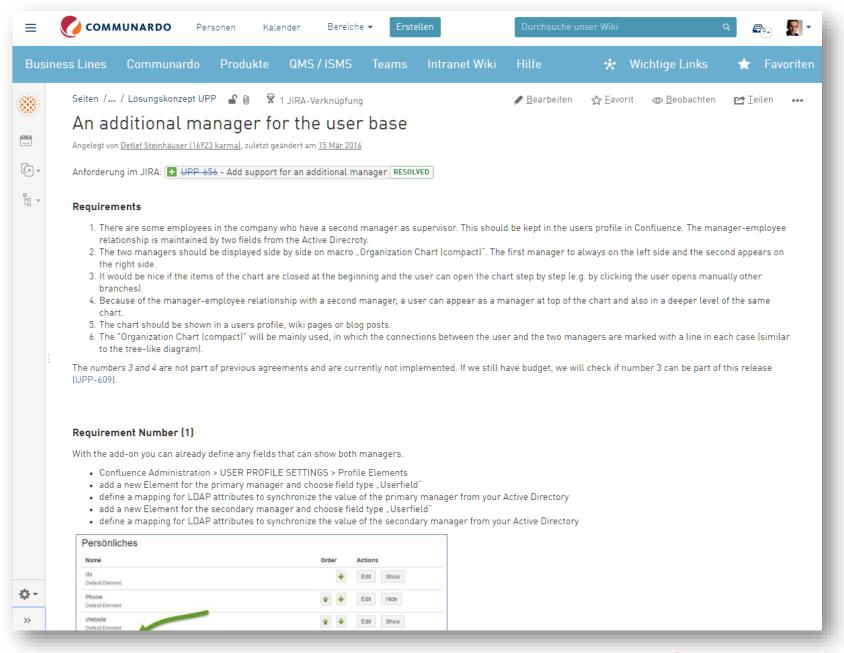




Define: Requirements Management



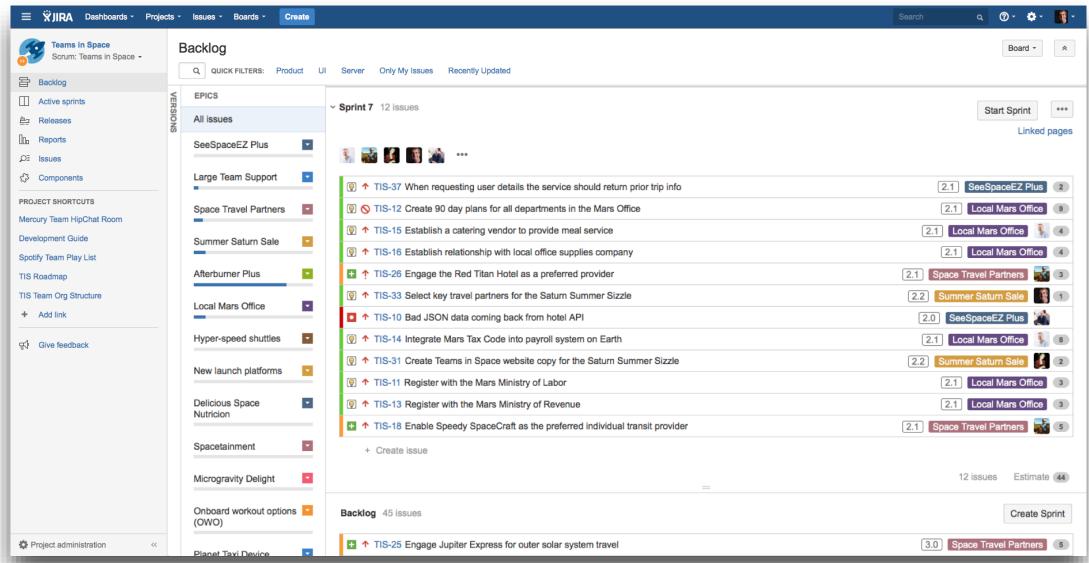
World-class enterprise wiki platform used for specifications, documentation and internal collaboration.





Plan: Agile Planning

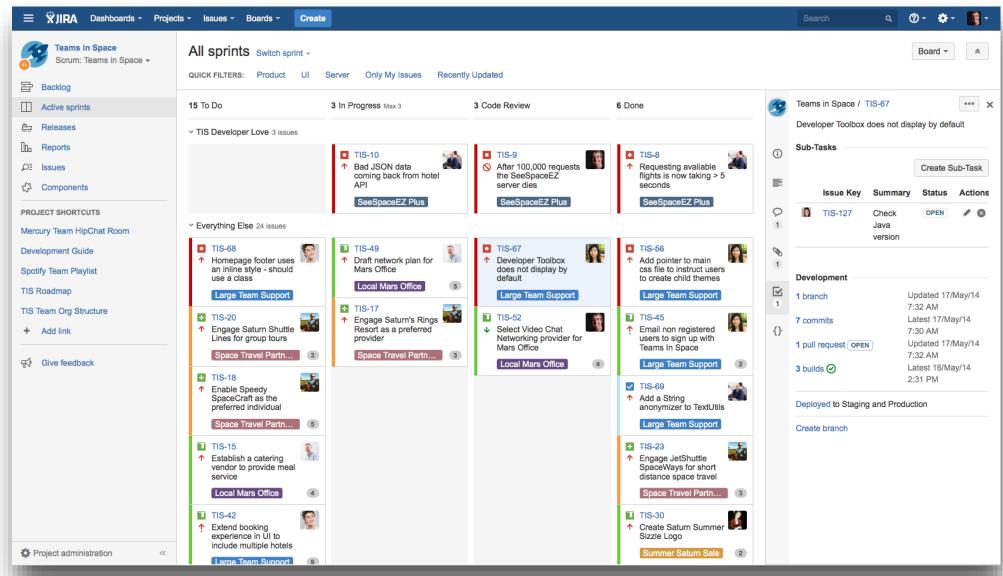






Plan: Agile Planning

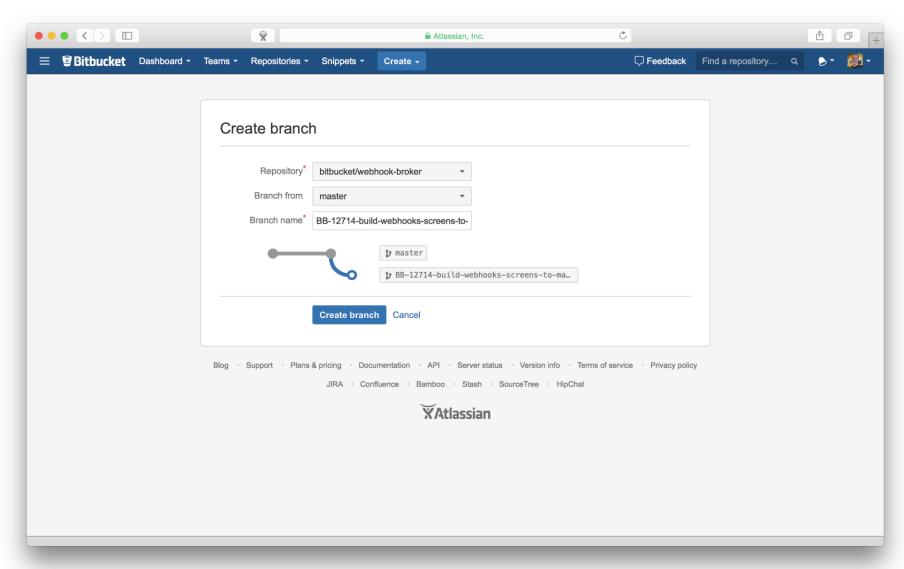


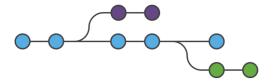




Develop: Code Repository







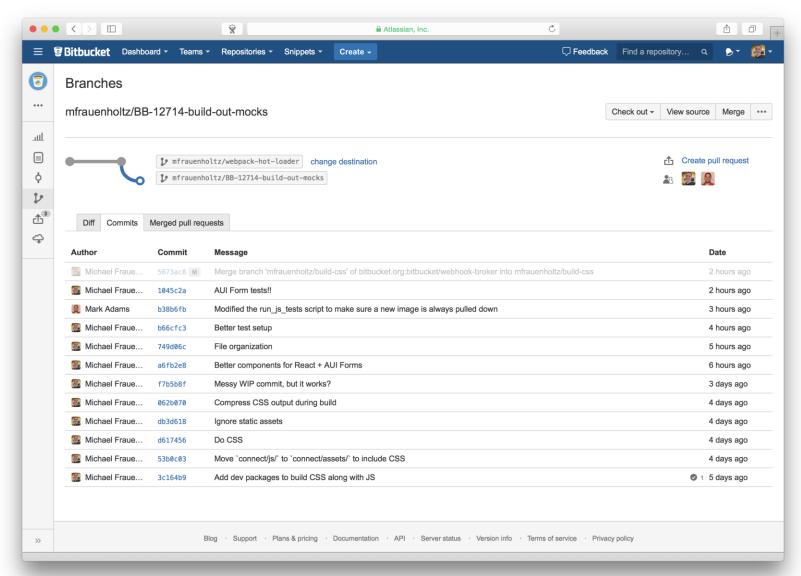
Bitbucket is more than just Git code management.
Bitbucket gives teams one place to plan projects, collaborate on code, test, and deploy.

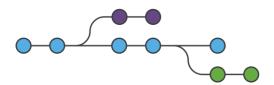
Example: branching



Develop: Code Repository







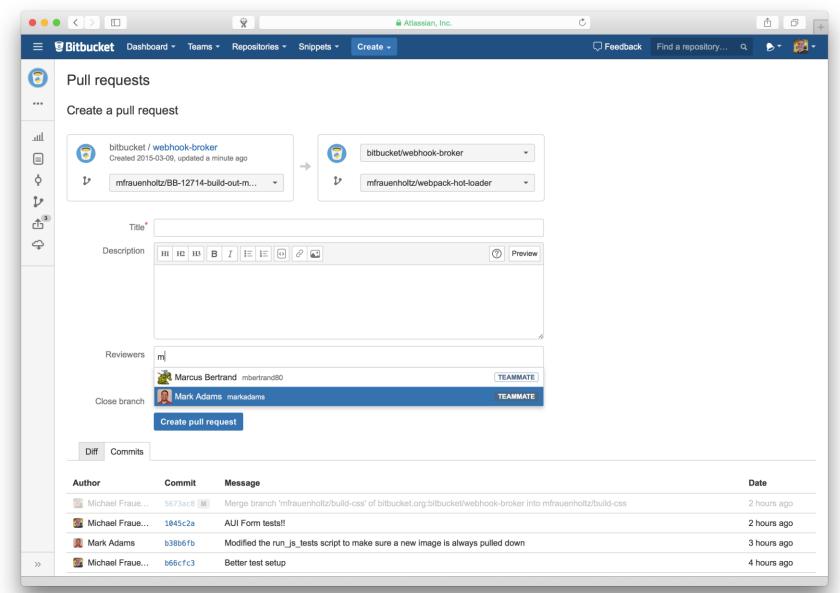
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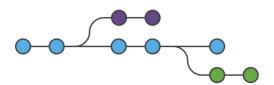
Example: committing



Develop: Test and Review







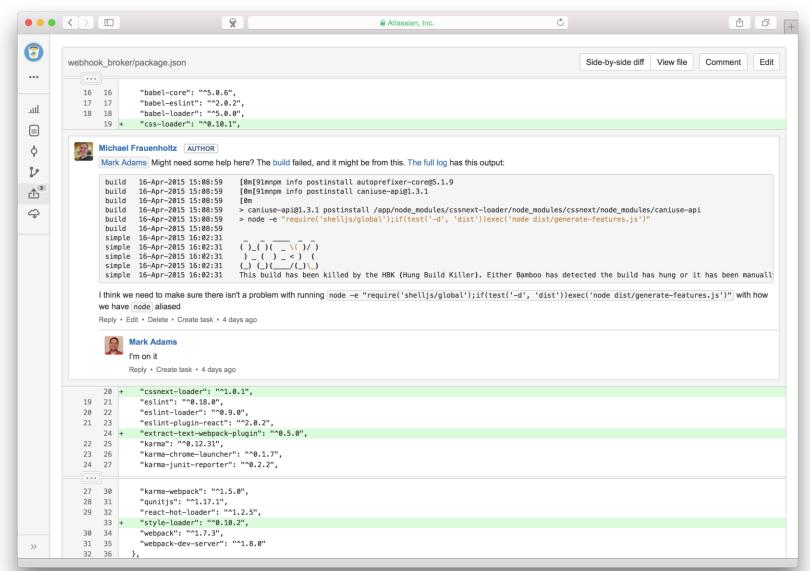
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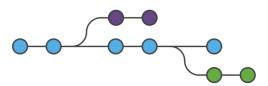
Example: pull request



Develop: Test and Review







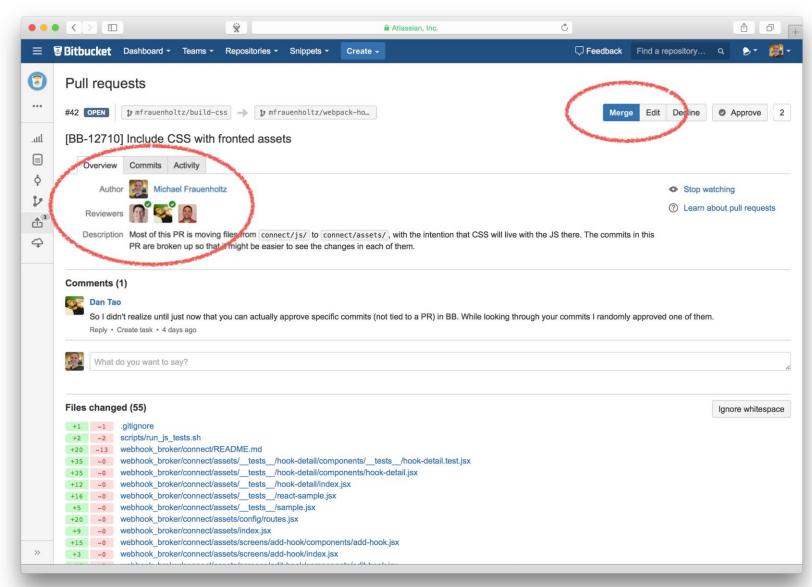
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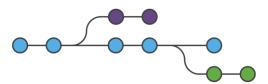
Example: code review



Develop: Test and Review







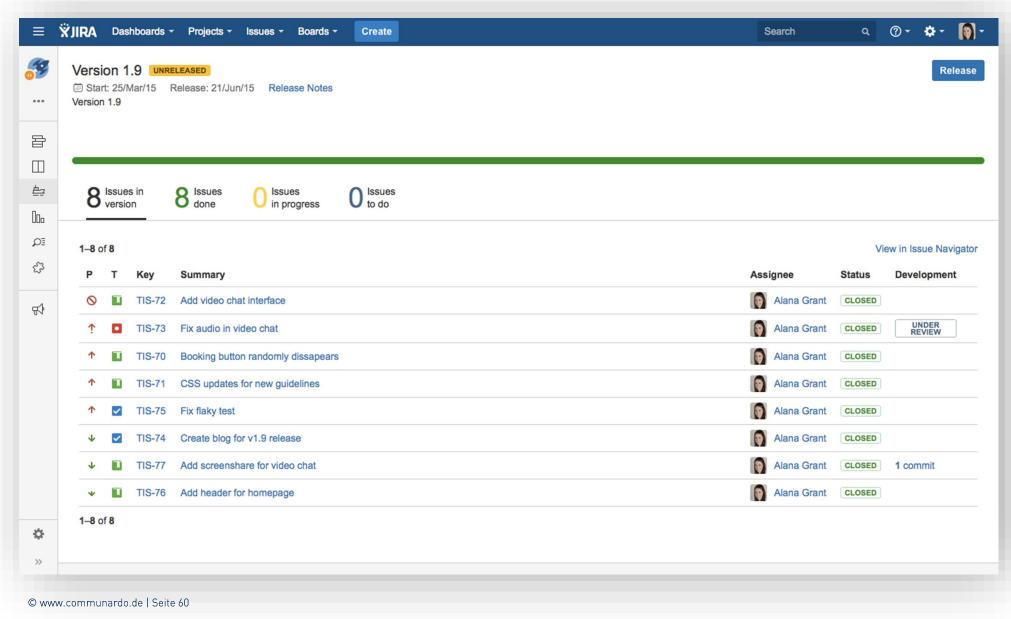
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Example: code review



Plan: Agile Planning

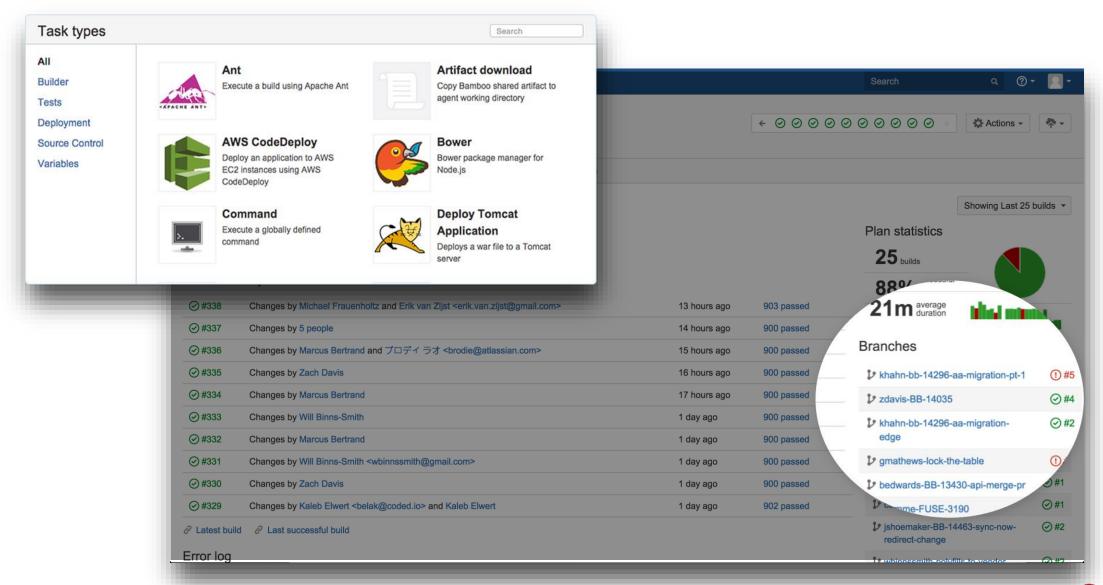






Develop: Integrate and Release

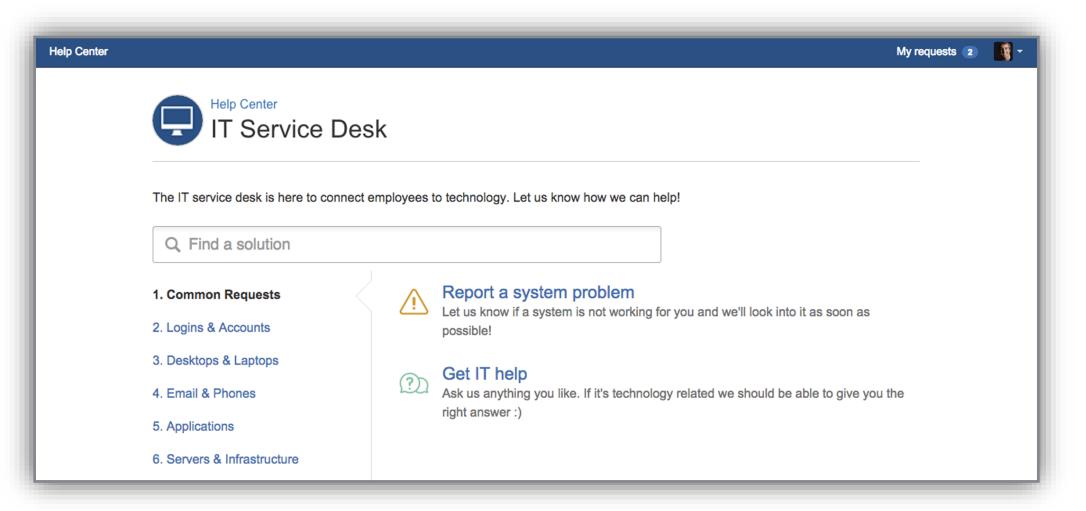






Operate: Feedback & Support





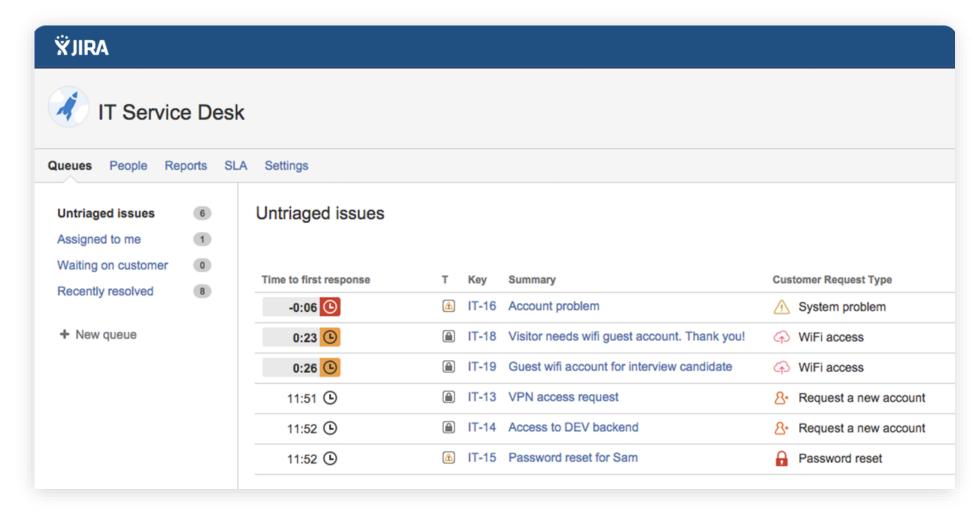


Simple Self-Service



Operate: Feedback & Support



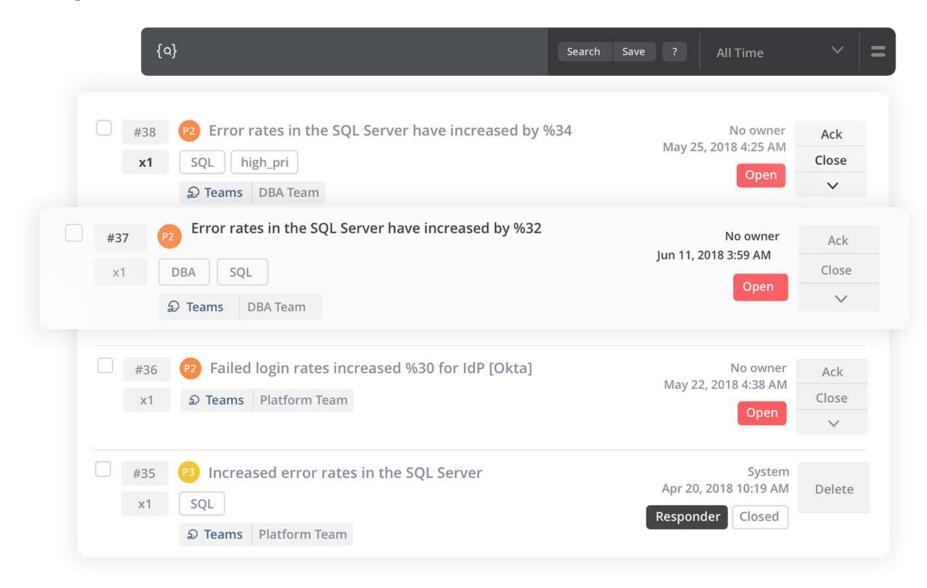






Operate: Alerts and notifications





Centralize alerts and notify the right people at the right time



Operate: Incident communication







SUBSCRIBE TO UPDATES

Site Instability

Monitoring - The API servers are beginning to stabilize. We're continuing to monitor the situation.

03:32 EDT

Identified - The cause of the API timeouts has been identified and a fix is currently being deployed 03:19 EDT

Update - The API servers are seeing a higher-than-normal rate of timeouts.

03:12 EDT

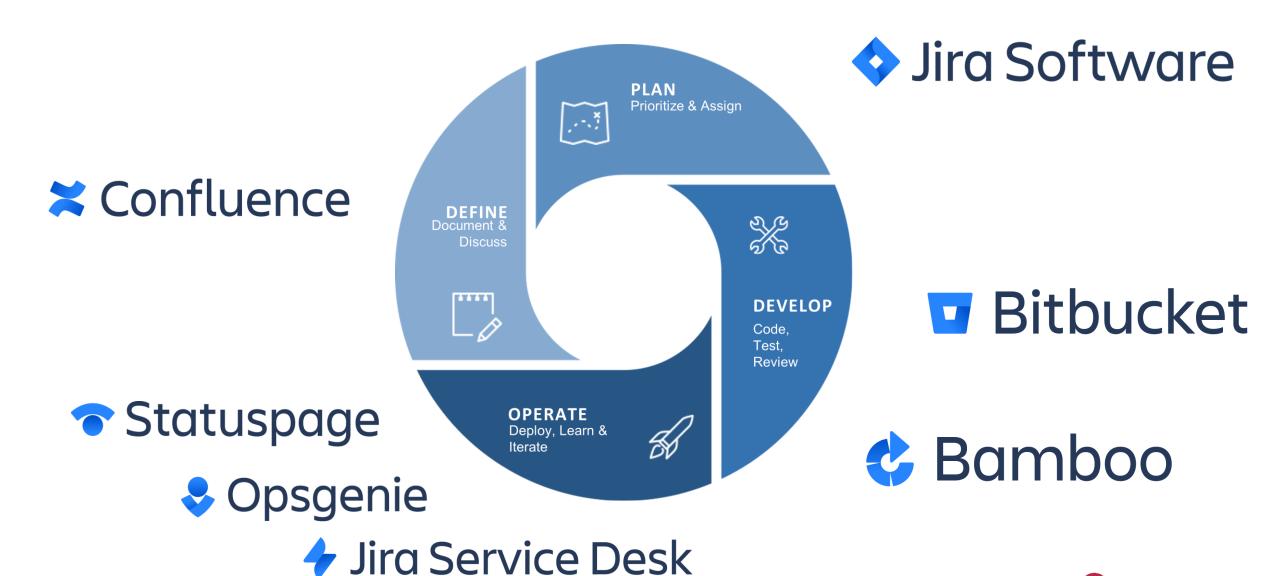
Investigating - We're investigating some site instability after a recent code push.

03:01 EDT

The best way to keep customers and employees informed during downtime



Atlassian Stack for Software Teams







Closing remarks: Software ecosystems provide great business opportunities



Communardo – Company Overview



Founded in 2001 in Dresden / Germany

Today 4 additional locations: Bonn, Heilbronn, Dornbirn, Tirana



Specialized software and services vendor for enterprise communication and collaboration



Full service provider: strategy, solution design, development, roll-out, application management, hosting, licensing, support



> 160 employees



ISO 9001:2015 certified quality management, ISO 27001 certified information security management





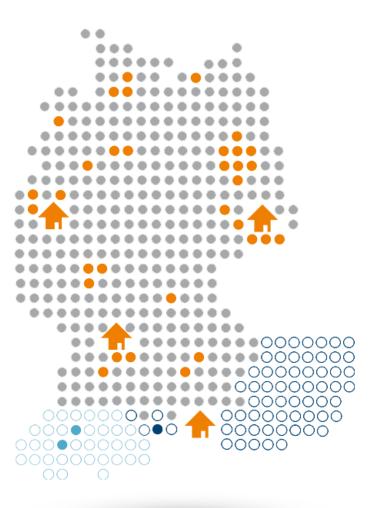


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Contact



Dirk Röhrborn
Co-CEO

- ✓ dirk.roehrborn@communardo.de
- +49(351)83382-210
- **y** aDirkRoehrborn



Ilja Hauß
Co-CEO

- ≥ ilja.hauss@communardo.de
- +49(351)83382-220
- **Y** Gihauss

Standort Dresden Kleiststraße 10a 01129 Dresden +49 351 833 82 0

Standort Stuttgart Leinfelder Straße 64 70771 LeinfeldenEchterdingen +49 711 220 469 61

