The Cloud Is The Corporation

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Executive Summary

Overview

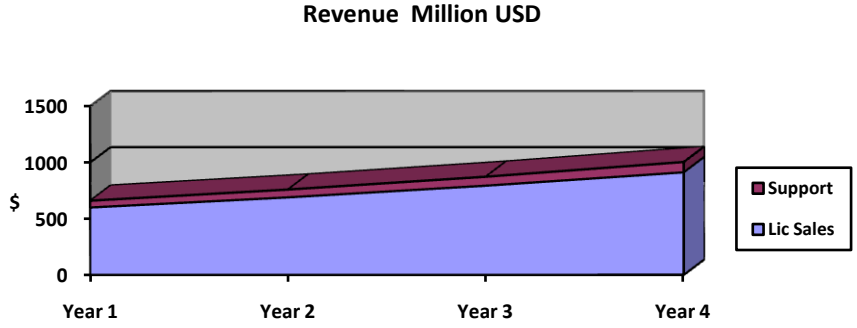
Enterprise Social Software; imagine an enterprise class or corporate level solution software of collaboration and communication with roots in social media, and social networking that are both wireless and pc accessed, yet exist within the cloud infrastructure. Yet again, imagine Enterprise 2.0, yet not quite Web 2.0 or knowledge management but greater than the sum of their parts. This is a solution that both address the user experience of corporate systems and applications, and on extracting business value from the social contributions and interactions of the organization and stakeholders. This is the foundation for the new world of work and this proposal, Enterprise Social Software. This new world of work is inevitable.

Product Statement

The product is a corporate social network and connection technology to enhance collaboration, and optimize communication that is an enterprise class solution and is both robust and secure. This solution connects employees and organizations across the corporate enterprise using the cloud and built upon [redacted] products, technology, and infrastructure.

Financial Projections

Projected sales are at 15 million licenses sold worldwide in the first year, and 15% world wide growth thereafter. This does not include small-medium businesses purchasing licenses in order to do business with the enterprise customer. Estimating that the average license fee of $40 USD, that calculates to $600 million USD of sales in the first year alone, and $912 million USD in year four. Finally, customers purchasing additional support beyond the standard support is expected to garner an additional 10% of software sales. Start up expenses are $5 Million with a start to launch of seven months.



Industry Environment- Enterprise Social Software

Overview of the Industry

The enterprise social software industry is emerging and in the growth stage. The most notable players are Microsoft Share Point Server 2007, and IBM's Lotus Connections. However, many others are making strides into the area, such as Cisco/WebEx, Oracle/BEA, and Novell/SiteScape through merger and acquisition, or via strategic partnerships such as Google Apps and Sales Force. Meanwhile, Amazon and GroupSwim has entered on a cloud level supply-side through its' computing power, data center and application hosting combined. Currently, the industry is fragmented without any clear industry leader or champion; however, both IBM and Microsoft are the forerunners of enterprise social software.

Again, incumbents include, but not limited to IBM, Microsoft, Cisco/WebEx, Oracle/BEA, Novell/SiteScape, Google Apps/SalesForce and Groupswim.com. Each offers innovation and business agility by a unified collaboration and communication experience on a software platform. IBM and MS as the forerunners, deliver a software platform presence that integrates e-mail, IM, web, voice, video, telephony, and business applications, often across heterogeneous software and IT environments.

Competitors/Incumbents

Industry rival among the incumbents is high. Each desires to cash-in on this emerging market and seeks to become the industry leader. Rivals are highly committed to the business and have aspirations for industry leadership, especially since each has goals that go beyond economic performance in this industry sector. Competition exists on dimensions other than price, such as product features, support services, security, delivery time, and brand image, thereby offering the customer a comprehensive value proposition. Finally, exit barriers are high due to highly specialized and dedicated assets and capital; in addition to management devotion to this business.

Customers

The power of the enterprise social software customer is medium-low. Granted, there are few enterprise social software buyers relative to the individual retail customer and small-medium size businesses; however, these enterprise customers face high switching costs in changing vendors and they cannot credibly threaten to integrate backward and produce the product themselves. The product itself has little effect on the buyer's other costs and the buyer is price insensitive, instead demanding quality and security versus price.

Suppliers

The power of the suppliers is medium trending towards low with the suppliers consisting of CPU, gpu, keyboards, and towers manufacturers and datacenter providers. The switching cost to a new supplier is low and the suppliers themselves are largely undifferentiated, limiting the supplier's power. Next, the suppliers cannot credibly threaten to integrate forward into the industry and the industry accounts for a large portion of the supplier's volume or profit. Therefore, the power of the suppliers is medium-low.

Barriers to Entry

Entry barriers are extremely high at the enterprise level. Established incumbents enjoy a supply side economies of scale as each spreads its costs among more units, employ more efficient technology, and command better terms with suppliers. Switching costs are also extremely high, benefitting the incumbents as costs of moving to a new vendor are astronomical because of embedded data, the fact that internal processes have been adapted, major retraining needs, and the mission-critical nature of the applications.

The incumbents also have cost and quality advantages that are not available to most new entrants. These advantages stem from sources as proprietary technology, preferential access to the suppliers, geographic reach, and established brand identity. Next, the incumbents enjoy premier access to distribution channels, so much so that a new entrant may have to bypass or create their own distribution channel. Finally, the threat of retaliation is high as the incumbents have the resources to fight back, cut prices, exercise clout with suppliers all in attempt to retain market share and deter new entrants.

Substitute Product & Services

The threat of substitute products and services is low at the enterprise level because there exists a price-performance trade-off to the industry's product. While substitute products abound such as GroupSwim.com, MeetTheBoss.com, Face Book, Linden Labs, Open Office, and Google; however, none at present time offers the full and complete enterprise level portfolio under the same home application and as integrated products and services.

Company Strategy- Projected Position for the Future

The objective for the future is for [redacted] to become the premier provider of enterprise class social software. In order to achieve this, there is a three prong strategy. First is to exploit industry change drivers. Second, is to reshape the industry structure, and finally is strategic positioning [redacted] within the industry and market.

[redacted] strategic positioning: The software is secure and robust, a full and complete solution software portfolio to meet business system functional requirements from both an IT vantage point and management governance and control.

Change drivers: Adherence and attention to change drivers such as customer service, cost reduction, innovation, risk mitigation, market opportunities, workforce mobility, and changing communication patterns.

Shape industry structure; Ability to mix-and-match external services and products from a variety of providers to fulfill business system functional requirements.

Risks

This strategy and industry are not without risks. There are four risks, and their identification, assessment, and mitigation are as follows:

IT environment: The composition and architecture of this type of IT infrastructure that supports a sophisticated enterprise level of collaboration and communication presents a Medium Risk yet mitigation is highly probable. Risk mitigation consists of robust beta testing, allocation of top talent and resources with focus on composition and architecture of the IT ecosystem. Furthermore, there must be high level ability to mix-and-mach external services from a variety of providers to fulfill business system functional requirements. MEDIUM RISK. See Appendix A for architectural diagram.

Security breach and intrusion: The risk threat is extremely high for attempted unauthorized access. Both the opportunity and payoff for an unauthorized user to access a treasure trove of information is tremendous; however, mitigation is possible and must be constant and continuous. Mitigation and preventing unauthorized access is paramount and will consist of real time intrusion detection, double authentication passwords, challenge questions, ip address monitoring, and sms messaging of passwords and/or dongles for certain areas within the cloud and different levels of the corporate firewall. HIGH RISK.

Flawed Strategy: Low risk and mitigation highly probable. Extensive strategy analysis via Porters Five Forces, Porters Four Corner, strategic mapping, and blind spotting. Final testing of strategy via a Strategic War Game. LOW RISK.

Open source demand: Call for open source model versus closed system. Low risk and mitigation highly probable. Emphasize enterprise IT has not become a commodity and still requires closed system hardware to guarantee security, quality, and robustness. LOW RISK.

Marketing

Business Marketing Opportunity

There are four points that [redacted] may capitalize upon. First, leverage [redacted] name brand, distribution channels, and frontrunner status in enterprise social software as there are more than 400 million users of [redacted] programs (Greene 2008). Second, follow a marketing campaign to emphasize the Green aspects of [redacted] enterprise social software, saving energy by cloud computing and all [redacted] cloud data centers as LEED certified. Third, select US based non-profits and select third world governments will receive free licenses to the [redacted] enterprise social software to help them grow and succeed. Finally, Mac friendly, appeal to the growing use of Macs by academic institutions and its' students.

Company Impact

FAQ Sheet and general information to potential customers.

1. Help people find experts and the information they need to get their jobs done. A lower-cost way to get projects done.
2. 3D graphical visual computing offerings is next phase and pivotal to new world of work.
3. Solution gets out of the way of users.
4. User friendly online apps, scattered across cloud. Apps are simple, light, and modular, so users can install a few small add-ins as needed, and only when needed.
5. Lead on privacy, offering physical devices that sit on a key ring or reside as software in a cell phone, sending out new passwords daily, and/or enhanced user friendly privacy controls.
6. Treating upgrades as routine, just drag your app from your 2009 computer to the 2010 model, and all the data are swept along, automatically upgrading the software and refreshing file formats.
7. Own a virtual PC hosted within the Internet where you install any desired program.
8. You access your virtual computer through any browser, even on your smart phone; easily share data with colleagues and groups; and run Internet services like any other desktop app.
9. Clone the virtual computer back into your physical laptop, so you have the same environment and data available even when traveling.
10. Attention paid to how the product will get used by you, user friendly.
11. Products work together for you from Mashups to managing customer relationships.
12. Provide the tools that "net-gen" workers expect.
13. Opportunity to save money will be immense.

Marketing Strategy

The strategy will employ a combination of direct sales and strategic partnerships. Already, [redacted] has 2,250 [redacted] partners, providing distribution leverage ([redacted]). End-user direct sales demand will be created via print, media, and web. Also included are sponsorships, selecting US based non-profits and select third world governments to receive free licenses to the [redacted] enterprise social software to help them grow and succeed. The selling points are as follows:

1. The software solution enhances customer service, cost reduction, innovation, risk mitigation, market opportunities, workforce mobility, and changing communication patterns.

2. Security, quality, and robustness are guaranteed as enterprise class.

3. It's a full and complete solution portfolio to meet business system functional requirements from both an IT vantage point and management governance and control.

4. Its' Green IT, shifting applications from the desktop to the cloud, saving energy and all [redacted] datacenters will be LEED certified.

5. Its' Mac friendly, appealing to growing use of Macs by academic institutions and their students.

Operations

Organizational Structure

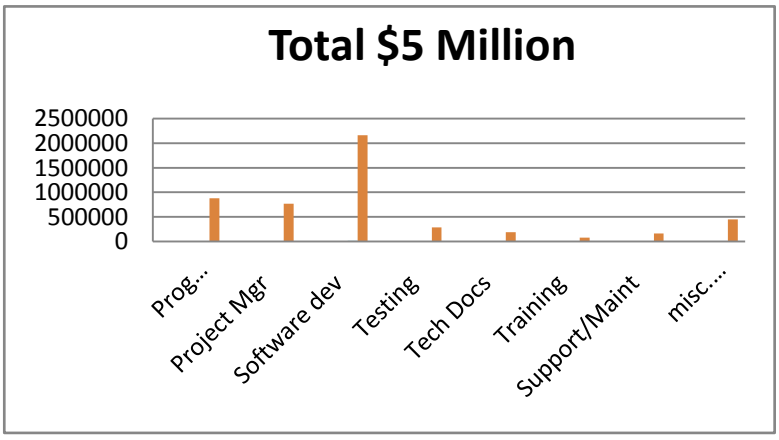
Initially, the organizational structure will take the form of a Venture Team; the venture team will be composed of two components: the core venture team and the virtual venture team. The core team will consist of seven to ten members who are assigned full time, while the virtual team will consist of an unlimited number of people who contribute as-need or on a part-time basis. Core team members will contain representatives from engineering, IT, marketing, finance, and other departments and specialties as appropriate. Recruitment will consist of hiring the top talent and visionary thinkers, both internal and external to the [redacted] organization.

Product and Architecture Matrix

[redacted]

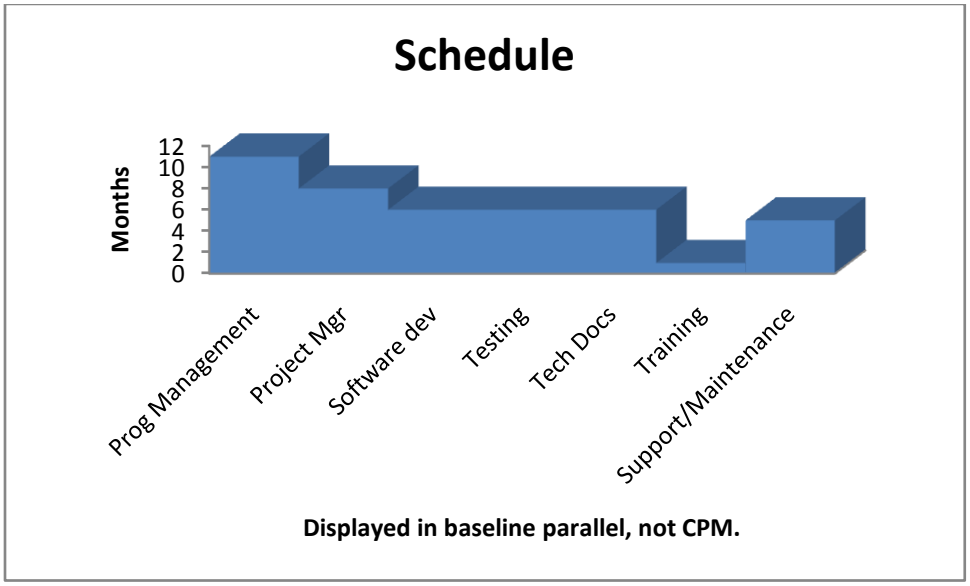
Capital Requirements

Capital funding will be required at $5 million to fund the stages from development, test, project management, tech docs, training, and support & maintenance. This represents only a small portion of [redacted] overall $8 billion R&D budget ([redacted]).



Schedule

Total time required is eleven months; however start to launch time is seven months. The remaining post launch time of four months is allocated for training and support and maintenance.



Financial Projections

Revenues are anticipated from three sources: (1) subscription revenues, subscription fees from customers accessing on-demand application service, (2) outright purchase of license, for hosting/server on their own or third party, and (3) customers purchasing additional support beyond the standard support that is included in the basic subscription such as training fees.

Based upon sales of [redacted] and two year sales growth ([redacted]), and the overall industry sales ([redacted]), project this software sales at 100 million licenses sold in the first year, and 15% growth thereafter. This does not include small-medium businesses purchasing licenses in order to do business with the enterprise customer. Estimating that the average license fee of $150 USD, that calculates to $15 Billion USD of sales in the first year alone, and 23 Billion USD in year four. Finally, customers purchasing additional support beyond the standard support is expected to garner an additional 10% of software sales. See chart from Executive Summary, Financial Projections.

WORKS CITED

Appendix A

[redacted]