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Morning round-up

The journey to Utility computing and the net tightens on former Torex directors

We gave a presentation yesterday at an event organised by Cobalt Corporate Finance and hosted by Taylor Wessing in which we were asked to talk on the technology sector background to M&A trends. Our presentation, entitled 'The journey to Utility computing – M&A in the new decade', centred on the realities of Software and ICT services delivered as a utility service and the fundamental changes in the structure of the technology industry that will inevitably result as these realities bite. What was particularly interesting (and encouraging) was that we were approached by several CEOs in the audience after the presentation commenting on how they increasingly see these trends in their day to day life.

Certainly, we see an acceleration in the trend to utility computing, which we view as a 10 year journey (at least). One only has to look at the Government's ideas for G-Cloud to see that this thinking is becoming pervasive. As ever, the technology will take some time to work properly but, in our view, the biggest barrier to the move to Utility computing is not the technology; it is the structure and the culture of the incumbent supplier base. However, the big guys need to get their act together because there is an army of highly innovative new start-ups who are purpose built for the Cloud era and there will undoubtedly be some giant killers amongst them.

Which leads us nicely on to **Rosslyn Analytics**; a small but very interesting privately owned software company we met for the first time yesterday. The company provides spend analytics software and, after a couple of years in the proof of concept phase, is now growing exponentially with a Fortune 500 customer base. Revenues, which are essentially all subscription based pure SaaS revenues, will grow fourfold this year to £4.5m. As well as being an emerging British success story, Rosslyn is also a classic example of what we were talking about at our presentation yesterday where the integration of applications and content was one of our key themes. Rosslyn is not only a SaaS vendor from the ground up but also integrates related external content into its web delivered service; the CEO describes this as his version of the Bloomberg terminal. We'll have much more on Rosslyn for Premium subscribers in the next few days and we will be expanding on the Utility computing theme in the first of our quarterly Megabyte sector review presentations in early April, invitations to which will be going out in February.