

ARR SOFTWARE EXPANSION 2025 PROJECT STRATEGY

INVESTMENT THESIS

Our strategic initiative targets vertical SaaS solutions with the following key performance metrics: - Gross retention rate: >90% - Annual Recurring Revenue (ARR) mix: >60% - Direct attach to existing Rockwell install base - Focused expansion of software and control segment lifecycle value

STRATEGIC RATIONALE

Market Positioning

- Accelerate transition from hardware-centric to software-driven revenue model
- Leverage existing customer relationships in industrial automation
- Create scalable, high-margin recurring revenue streams

Key Strategic Drivers

1. Vertical SaaS solutions with deep industry-specific functionality
2. Predictable revenue generation through subscription models
3. Enhanced customer lifetime value through integrated software ecosystems
4. Reduced sales cycle complexity with modular, cloud-native offerings

Investment Criteria

- Minimum viable product (MVP) with clear technical differentiation
- Strong integration potential with existing Rockwell platforms
- Scalable architecture supporting multi-tenant cloud deployment
- Demonstrable customer pain point resolution

TARGET PROFILE

Ideal Software Investment Characteristics

- Vertical-specific SaaS platforms

- Complementary to industrial control and automation domains
- Strong recurring revenue potential
- Minimal professional services dependency

Technical Requirements

- Cloud-native architecture
- API-first design
- Robust security and compliance frameworks
- Seamless integration capabilities

Financial Expectations

- Gross margin: 75-85%
- Customer acquisition cost (CAC) payback: <12 months
- Net revenue retention: >120%
- Total addressable market (TAM): >\$500M

Target Segments

- Manufacturing execution systems
- Industrial IoT platforms
- Predictive maintenance solutions
- Process optimization software
- Edge computing management

IMPLEMENTATION ROADMAP

Phase 1: Discovery and Validation (Q1-Q2 2025)

- Market research
- Technology assessment
- Initial investment screening

Phase 2: Proof of Concept (Q3 2025)

- Prototype development
- Initial customer validation
- Technical integration testing

Phase 3: Scaled Deployment (Q4 2025)

- Full platform launch
- Comprehensive go-to-market strategy
- Aggressive customer acquisition

RISK MITIGATION

1. Maintain flexible investment approach
2. Prioritize solutions with clear Rockwell ecosystem alignment
3. Establish robust technical due diligence process
4. Create modular investment tranches

SUCCESS METRICS

- ARR growth rate
- Gross retention percentage
- Customer expansion velocity
- Platform integration efficiency

Confidential: Internal Strategic Planning Document