

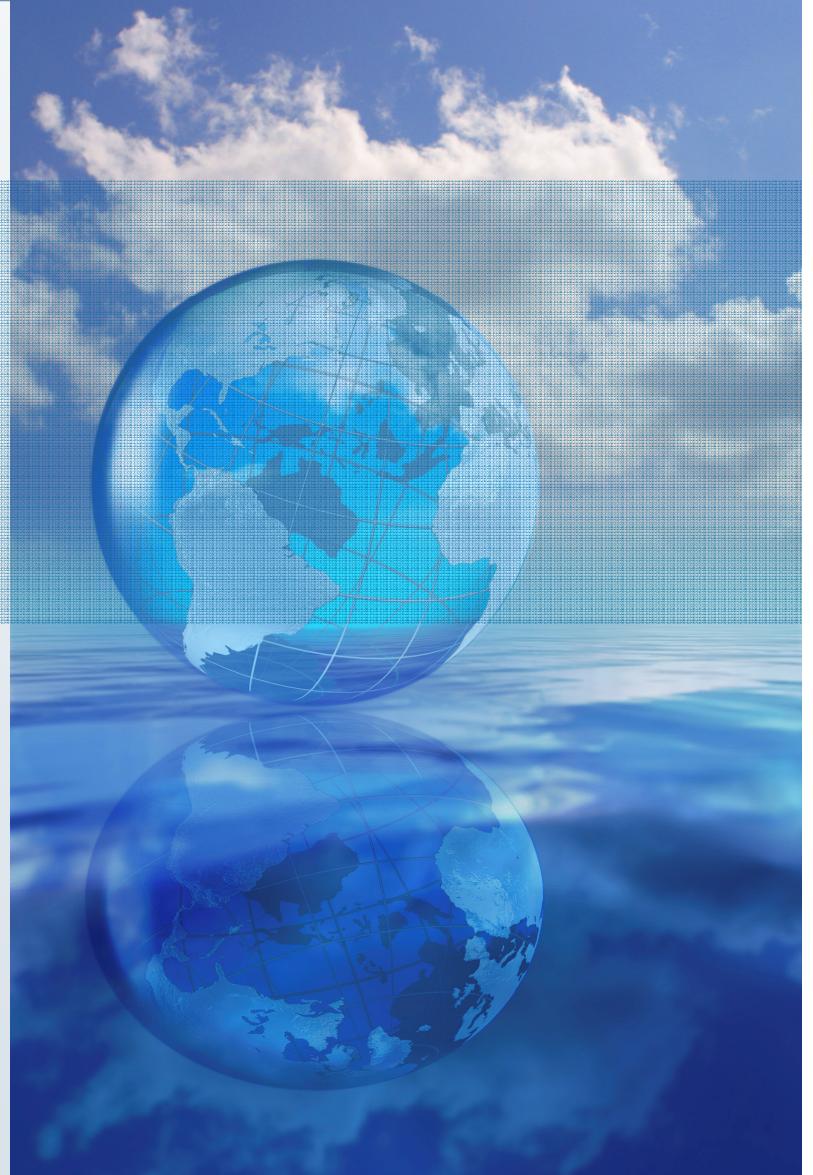
## ***Breaking Market Barriers***

Actuate's Open Source  
Business Strategy

**Richard Guth**

Vice President and General Manager  
Java Group

October 2008



# Actuate Corporation



Headquarters	San Mateo, California
Offices	Regional HQs: London, Singapore, Tokyo, Toronto R&D: San Mateo, Kansas City, Shanghai, Toronto
Employees	600 worldwide
Founded	December 1993
Financial Strength	\$140.6 million in 2007 revenues Profitable, strong cash balance and no debt
Traded as	ACTU on NASDAQ since July 1998
Customers	More than 4,200 customers globally Top-tier accounts in banking, insurance, securities, government, high tech, pharmaceuticals, healthcare and telecom
Services	Design, consulting, development, integration, training, support

Partners



# Achieving Differentiation in a Crowded, Mature Market

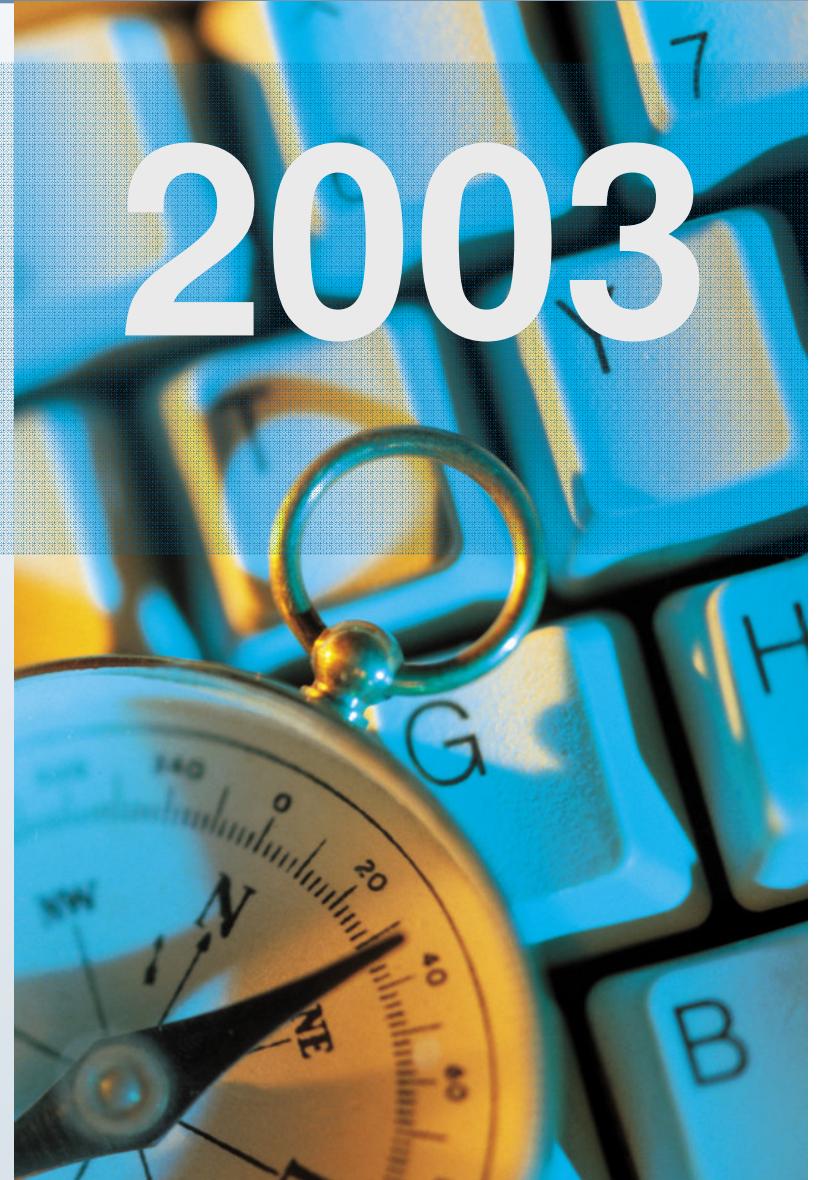


Welcome to Actuate in 2003...

- Customer base of 10,000 developers integrating reports and analytics into their applications
- New enterprise-class, highly available and scalable information server

We knew that Actuate needed:

- A next-generation application development tool to complement its new, world-class server
- A new go-to-market strategy to end-run older, established BI competitors



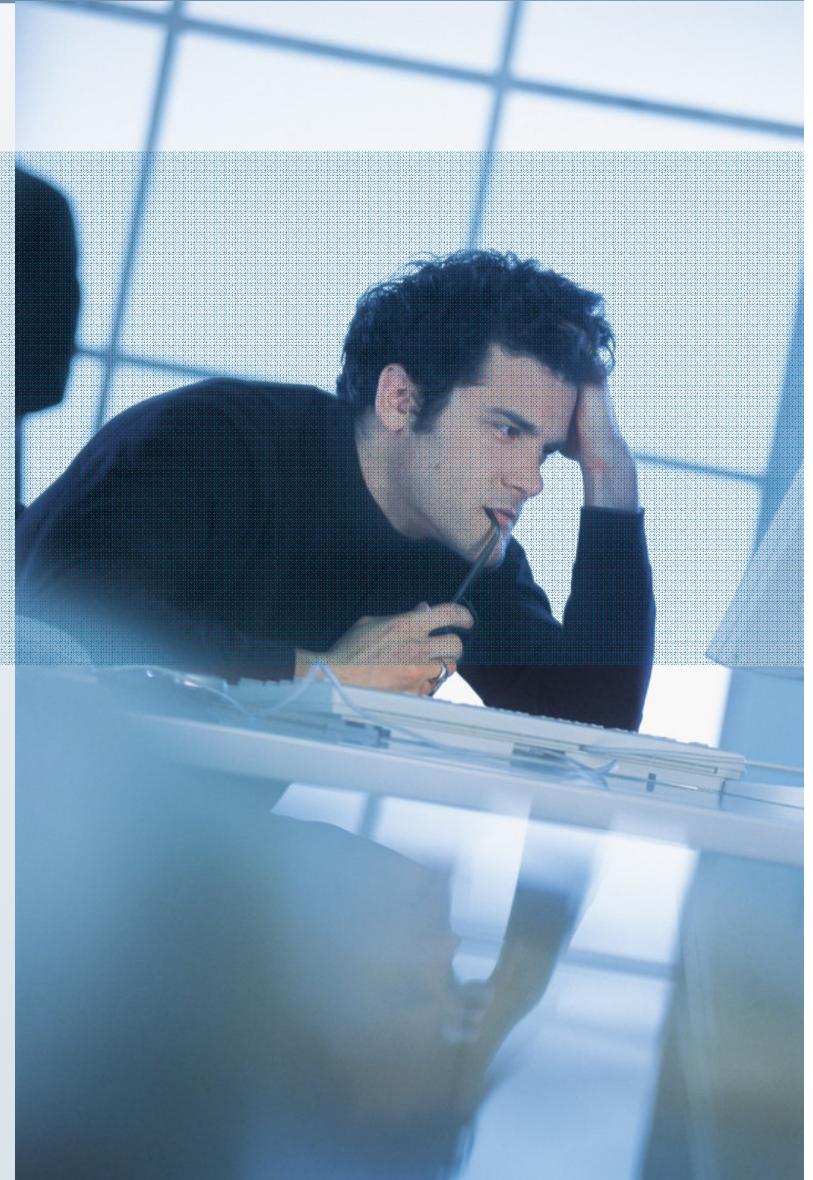
# *What Would a Startup Do?*

## Turn to Open Source Strategies



“Capturing the mindshare of developers is never easy. And in a mature market, it’s that much harder to attract and retain developer loyalty. We saw open source as a way of building a lasting community around our technologies.”

Nobby Akiha  
*Senior Vice President, Marketing*  
*Actuate Corporation*



# *Which Path is the Right One?*

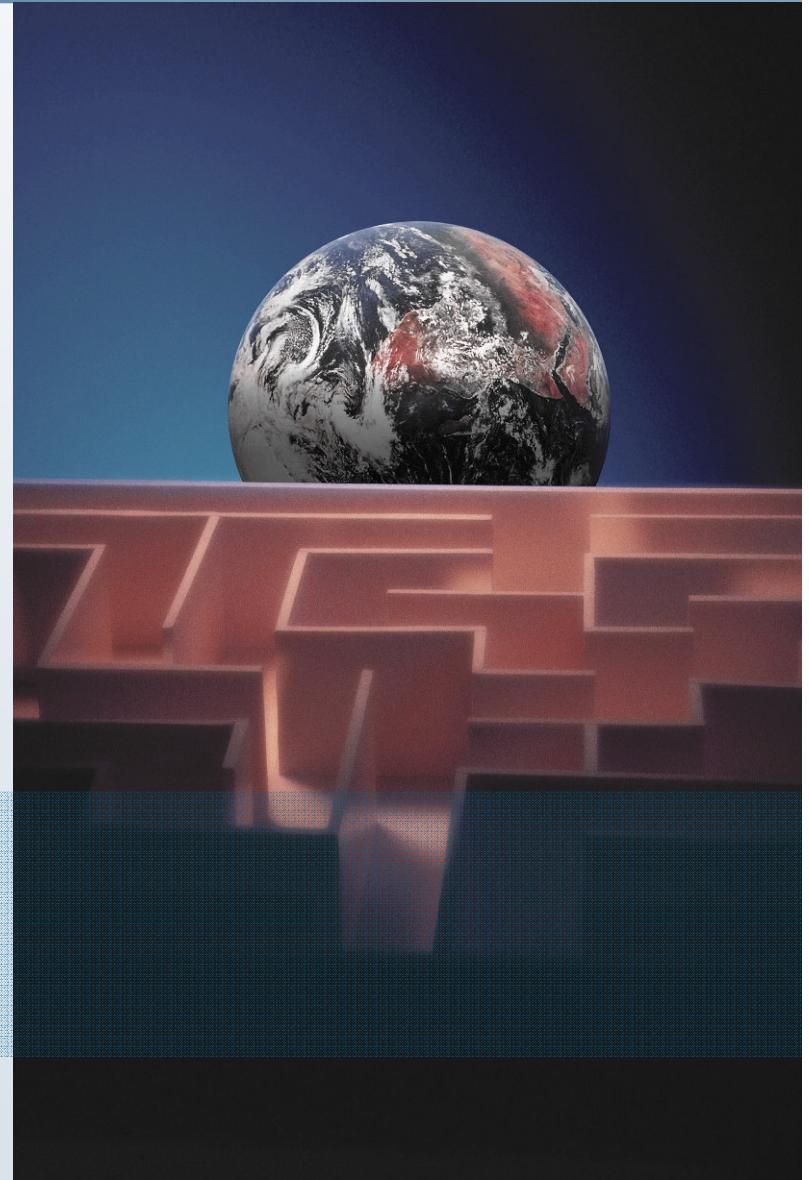
## **Build New Opportunities on Core Strengths**



We asked ourselves, how can we:

- Leverage our core competencies
- Pursue a value-add strategy that maintains Actuate's commercial software revenues
- Take full advantage of open source market momentum

*Do we start our own open source initiative or join an existing effort?*



# *Choosing the Right Path* Join the Eclipse Foundation



Instead of going it alone,  
Actuate chose to partner  
with the Eclipse Foundation

Actuate proposed and started

## **BIRT**

*Business Intelligence  
and Reporting Tools Project*

... a top-level Eclipse project

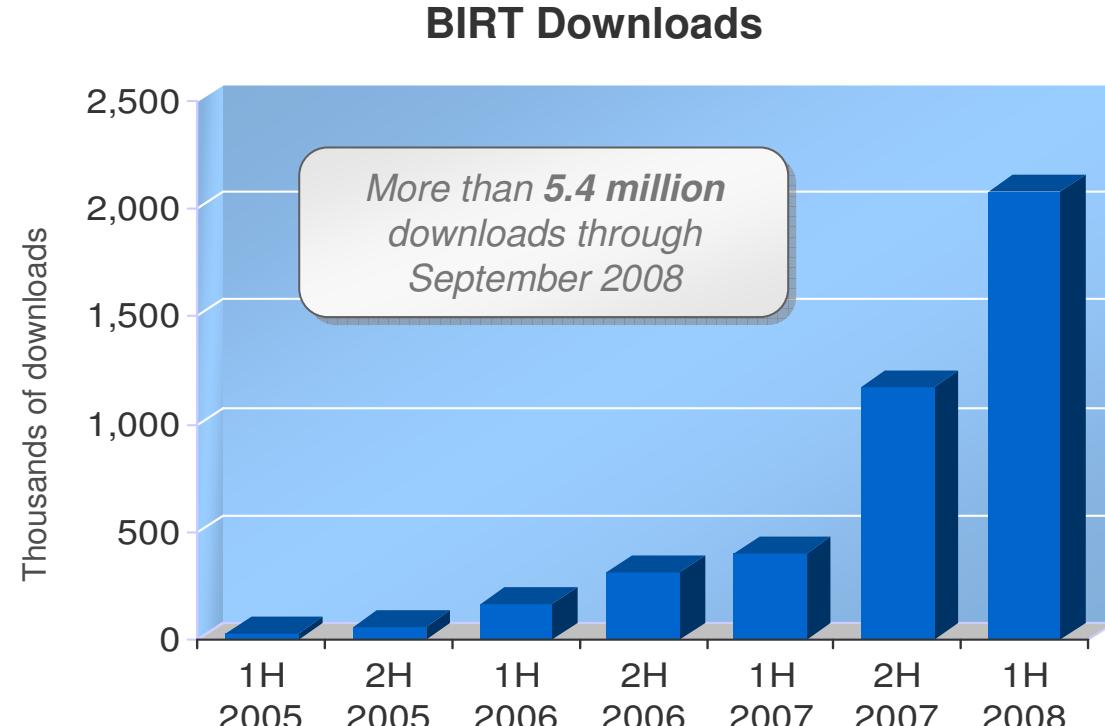
Eclipse Joins  
Eclipse Foundation  
as Strategic Developer  
and Board Member

*Adds BI and Reporting  
as Open Source Project*



AUGUST  
**2004**

# BIRT Continues to Penetrate the Application Development Market



*With five major releases since the BIRT project launched in 2004, BIRT technology is tried and tested in many applications*

# Real Results and Business Benefits from Actuate's BIRT Strategy



BIRT has enabled Actuate to:

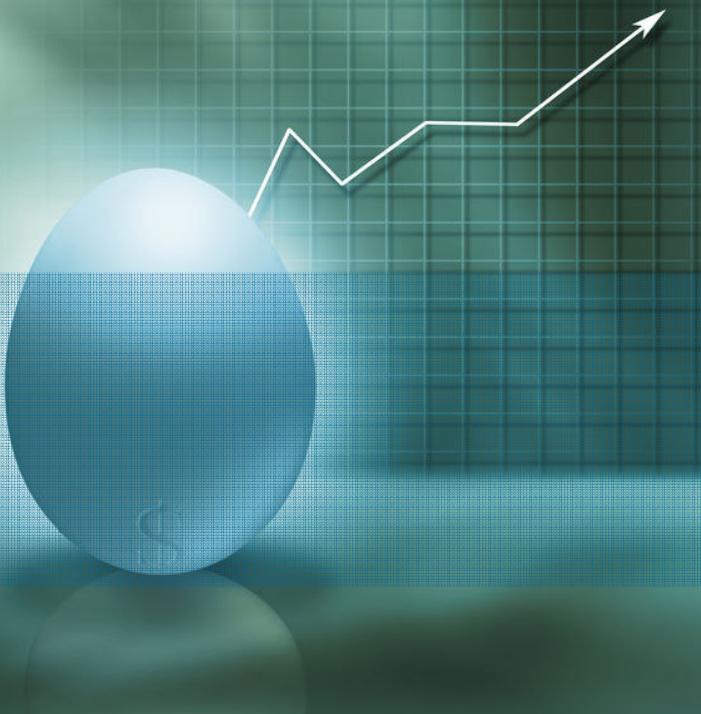
- Penetrate new markets
- Extend reach into traditional markets
- Strengthen the Actuate brand
- Increase sales and operating margins well above software industry norms

## *BIRT-related revenues*

\$8 million in 2007

Expected to double in 2008

**BIRT**  
*Actuate's new  
generation of  
development technologies*



# BIRT is Penetrating New Industries and Geographies



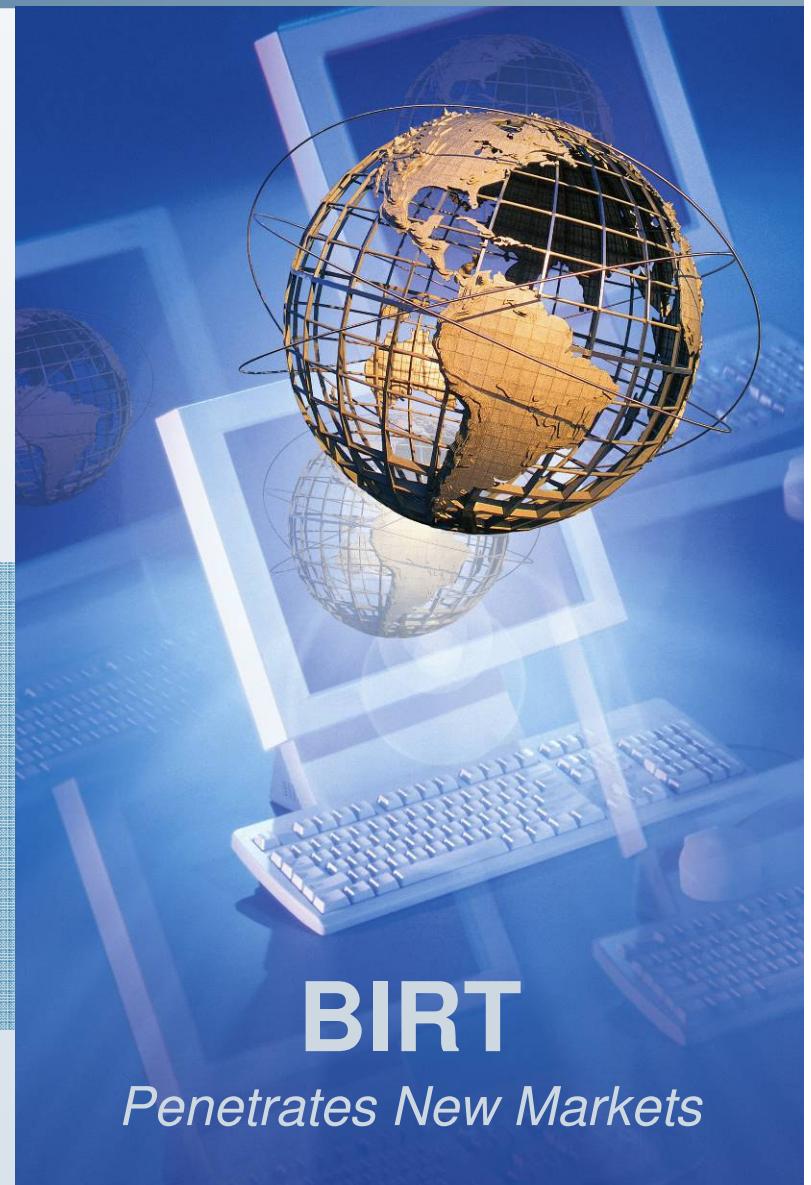
75% of BIRT users are in industries and geographies that are not traditional Actuate markets

## *Industries*

- Manufacturing
- Telecom
- Retail
- Hospitality

## *Geographies*

- India
- China
- Other developing markets



# *Our Online Sales Engineer* **BIRT Exchange Community Site**



## Centralized hub for BIRT developers

- Access demos, tutorials, tips, techniques and documentation
- Contribute code and content
- Share knowledge
- Become more productive and build applications faster

A screenshot of the BIRT Exchange website homepage. The header includes the 'BIRT Exchange' logo, a tagline 'A community for BIRT users and developers, sponsored by Actuate.', and a navigation bar with links for Home, DevShare, Forums, Wiki, Products &amp; Services, Downloads, Documentation, News &amp; Events, Register, Login, and About Us. A search bar is also present. The main content area features several sections: 'Free software Free Spreadsheet Report Designer' with a gear icon, 'Archived Webinar What's New with BIRT 2.3?' with a video camera icon, and a large 'Welcome to BIRT Exchange' section with text about the site's purpose and upcoming webinars. Below these are sections for 'Newest DevShare Submissions' and 'UPCOMING WEBINARS'. A sidebar on the right contains links for BIRT Reporting, Spreadsheet Automation, Ad Hoc &amp; Interactive Reporting, and New to BIRT?.

## **BIRT Exchange**

[www.birt-exchange.com](http://www.birt-exchange.com)

### *Explore*

- Search/sort
- Rate
- Comment

### *Download*

- Documentation
- Software

### *Contribute*

- Report designs
- Code samples
- Technical tips

# BIRT Promotional Costs Much Lower than Traditional Sales Costs



## ***Low Promotion Costs***

BIRT Exchange's high-volume, light-touch approach to promotion:

- No sales call required
- Bi-weekly technical webinars

*Costs \$3 per unique visitor to the site and \$50 per qualified lead*

## ***Growing Conversion Rate***

- Currently converting 1% of BIRT users into customers who purchase plug-ins, drivers and services
- Plan to raise purchase rate significantly



# *Crucial Success Factor* Achieve Buy-In from All Stakeholders



Open Source rules are very different...

## ***Define Success Conservatively***

- Revenues do not occur overnight
- There are no guarantees
- There are valuable intangible benefits
- Define and measure realistic goals

## ***Focus on Long-Term Value***

As momentum builds over time, you can:

- Raise awareness significantly
- Strengthen brand
- Build revenues to respectable levels
- Sustain high profitability

*Get everyone's buy-in from the beginning*



# *Open Source Can Help Everyone Setting Sales Force Expectations*



Sales teams are focused on short-term revenues, so they don't get excited about long-term, open-source benefits

## ***Starting Point for Entry-Level Accounts***

Initiate and maintain relationships with small customers by starting them with BIRT and growing them into a large sale a year or two down the road

## ***No-Cost, Highly Qualified Leads***

Sales engages ~1% of BIRT users who need mission-critical solutions, large deployments, complex integration and professional services

*Set sales expectations early and often*



# *Open Source Can Help Everyone Setting Customer Expectations*



Customers who have already invested in your software can feel burned or confused

## ***Maintain Your Commercial Business***

- Maintain commercial software that offers more than open-source versions
- Offer professional services that complement open source and commercial software
- Show how your open source offering complements their existing software investments and how they can use it

*Don't be bashful and make sure customers understand how they benefit*



# *Open Source Can Help Everyone Setting Investor Expectations*

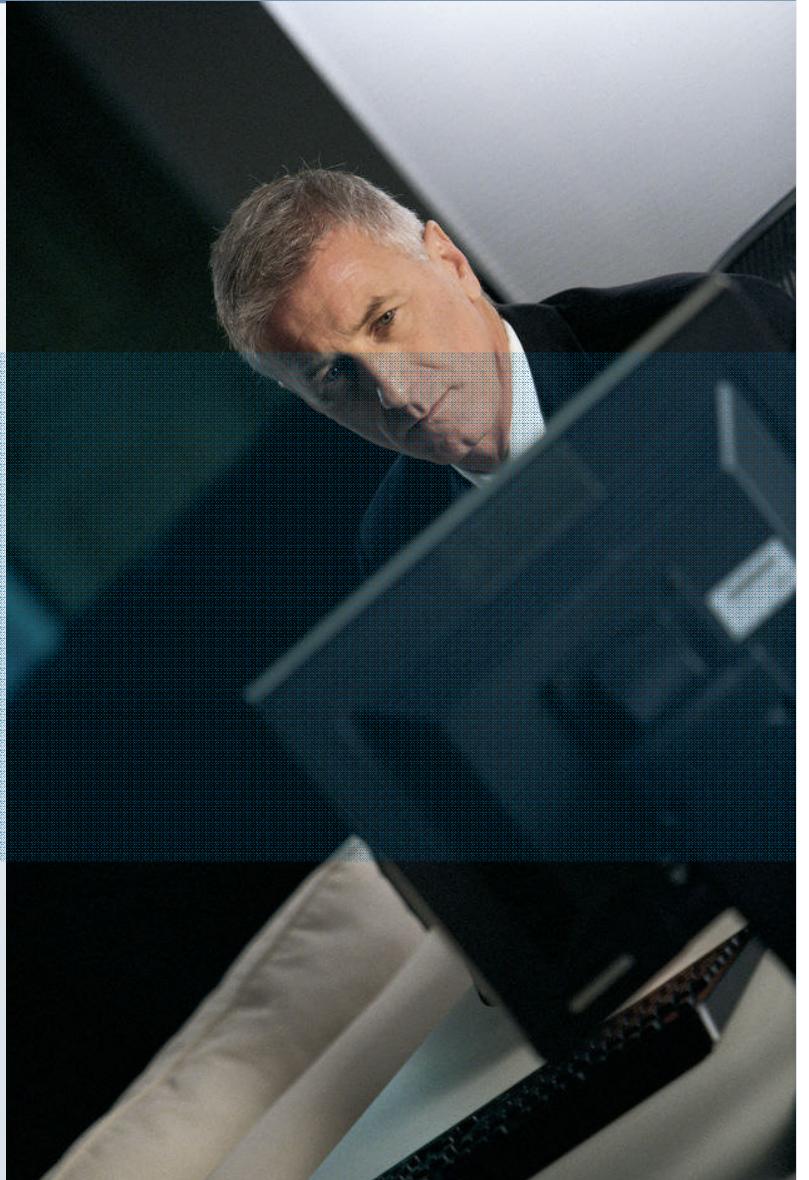


Investors are vitally interested in shifts in business models, so they want to understand how an open source strategy will benefit rather than hurt your business.

*“When investors see the margins on BIRT-related sales, the brand awareness, the new industries and geographic markets we’ve opened, and the compelling prospect of future growth, they are very impressed.”*

Nobby Akiha  
SVP Marketing, Actuate

*Make sure investors understand open source benefits and achieve their buy-in*



# Shifting Development Culture

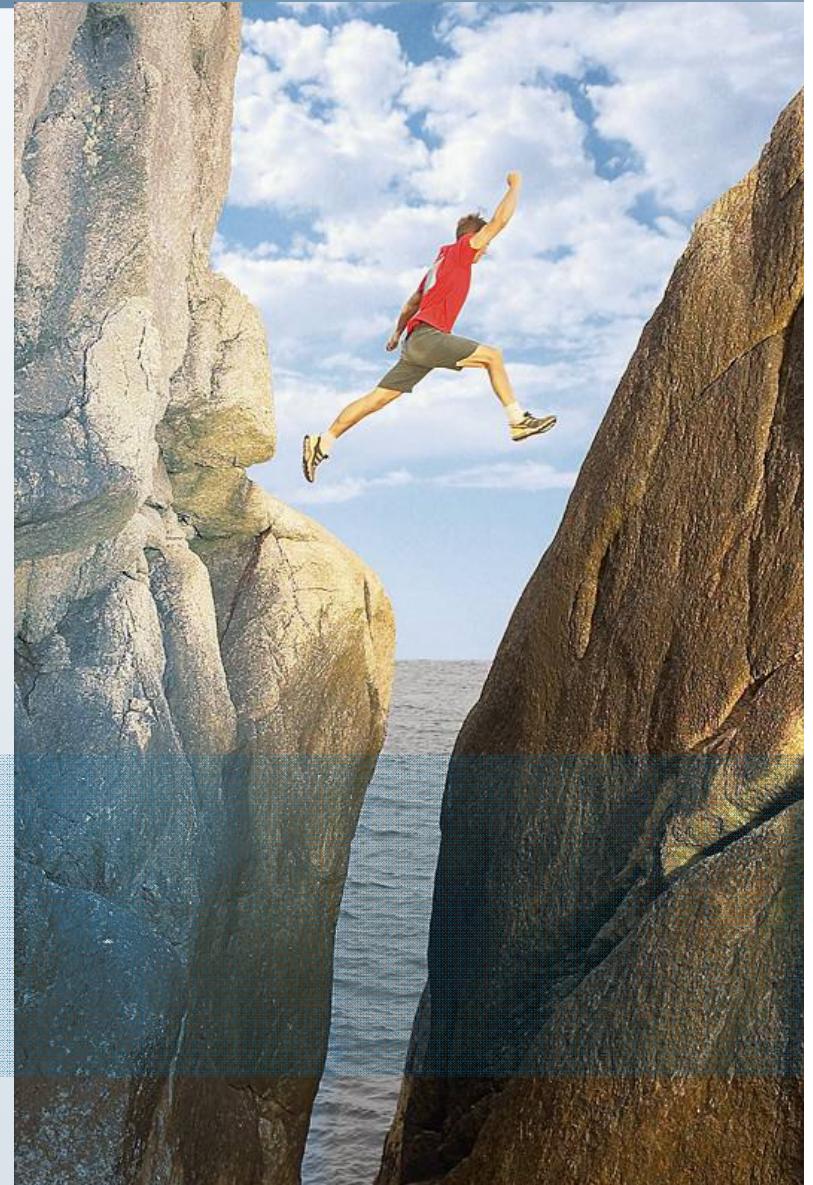
## *Letting Go and Embracing the Future*



To realize all the benefits of open-source strategies, you must learn to:

- Be transparent and non-proprietary
- Admit outsiders into your QA and bug-tracking process
- Invite and manage engineering contributions from all over the world
- Instill and enforce rigorous product management and development processes

*Because it requires logistical and even emotional adjustment, moving to open source development takes time... and can require a leap of faith*



# How Eclipse Has Helped Actuate A Powerful, Productive Partnership



Eclipse has enabled Actuate to:

- Leverage the large community of Eclipse IDE developers
- Encourage customers and partners to build applications using Actuate
- Get helpful support in managing its open-source projects and processes
- Find new networking and OEM business opportunities

*"BIRT would have been a challenge to set up from scratch. Being part of Eclipse gave us a template for all the project scaffolding."*

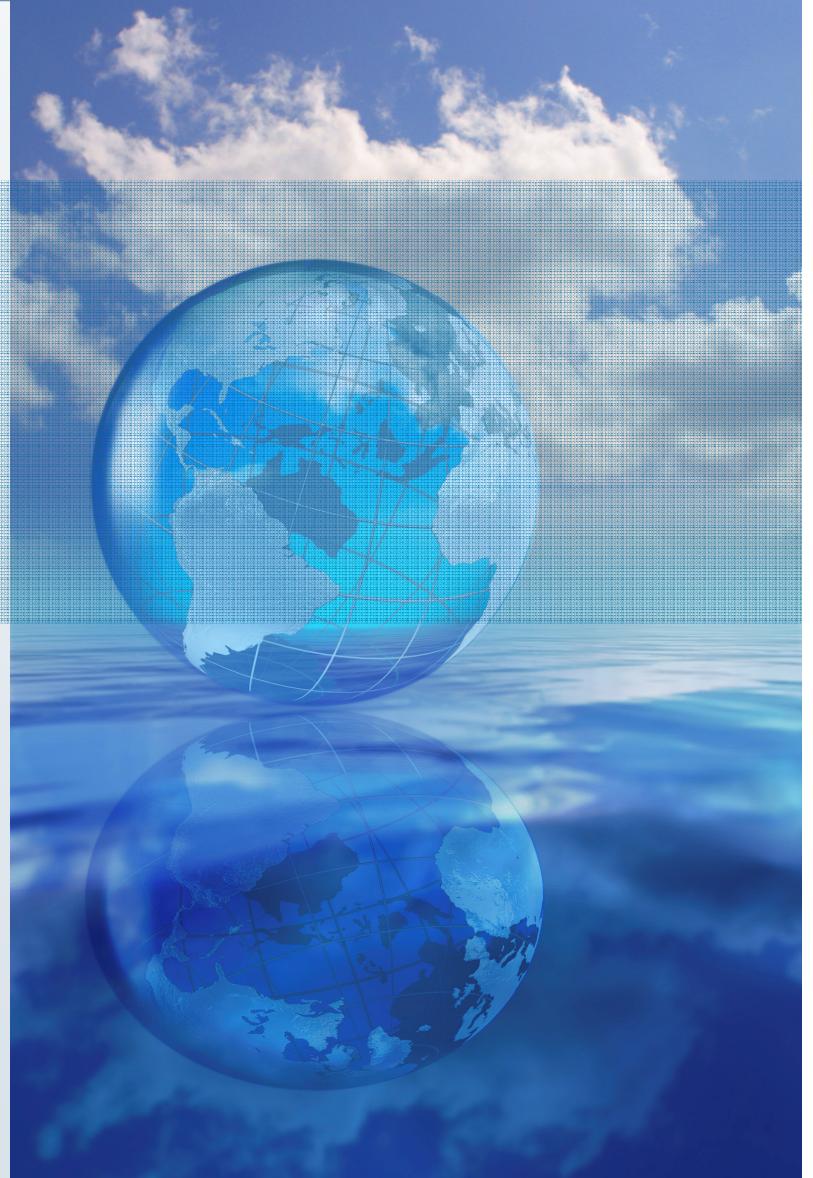
Mark Coggins  
SVP Engineering, Actuate



## ***Breaking Market Barriers***

Actuate's Open Source  
Business Strategy

***End of Presentation***



## ***Breaking Market Barriers***

Actuate's Open Source  
Business Strategy

***Background Slides  
on BIRT Technology***



# BIRT Report Technology Family



## Eclipse BIRT Report Designers

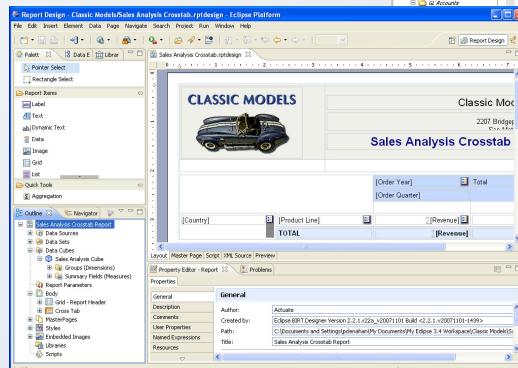
- Open-source desktop report-development tools

## Actuate BIRT Report Designers

- Versions for power users and professional developers

## Actuate BIRT Report Studio

- Web tool for report creation by business users

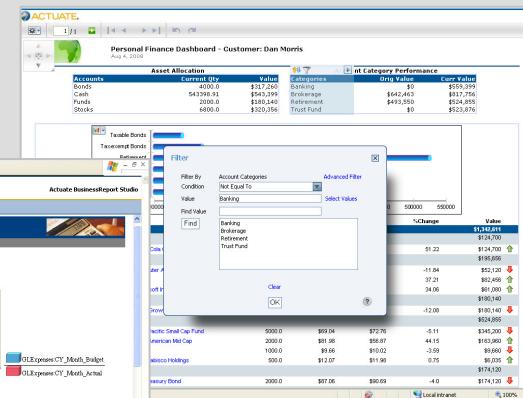


## Actuate BIRT Report Option for iServer

- Quickly run and view BIRT Reports

## Actuate Interactive Viewer for iServer

- Explore and customize BIRT Reports



# Actuate BIRT Goes Beyond Eclipse BIRT



## *Data Sources*

- BIRT Report documents
- DataDirect data connectors for common SQL databases
- Information Objects

## *Visualizations*

- FlashChart, FlashGadget and FlashObject report items
- 266 Flash visualizations
- HTML button report item

## *Ease of Use*

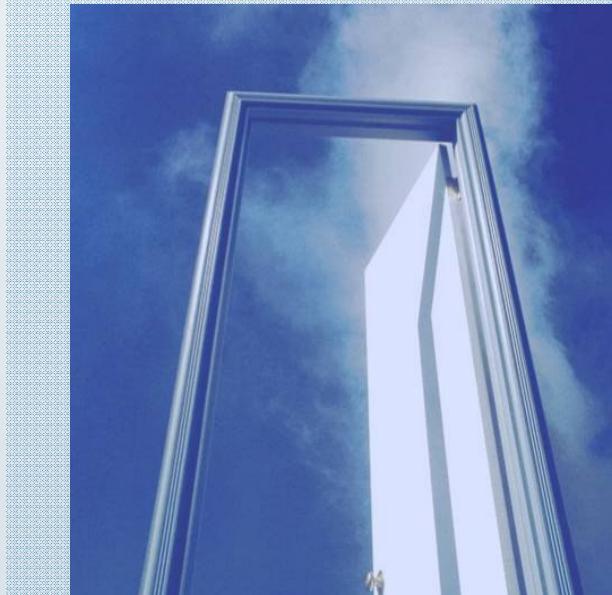
- Simple installer for BIRT Report Designer
- Addison-Wesley books

## *Enterprise*

- Page Level Security
- iServer Navigator
- Built-in Information Object Designer

## *Deployment*

- BIRT Report Interactive Viewer
- BIRT Report Option for iServer

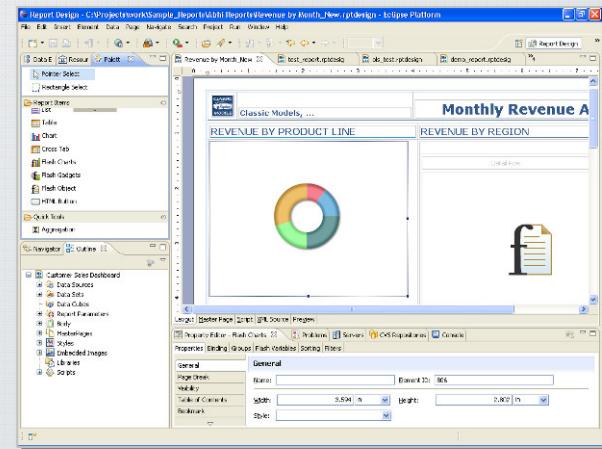


# Business Intelligence and Reporting Tools



## *A New Generation of Reporting and Data Visualization Technology*

- Easy to use for all types of developers
- Modern, web-page design metaphor
- Open and standards-based
- Flexible with rich programmatic control
- Full support for libraries and reuse
- Foundation for a range of Actuate products



**Simplicity**  
*that makes  
simple reports  
easy*

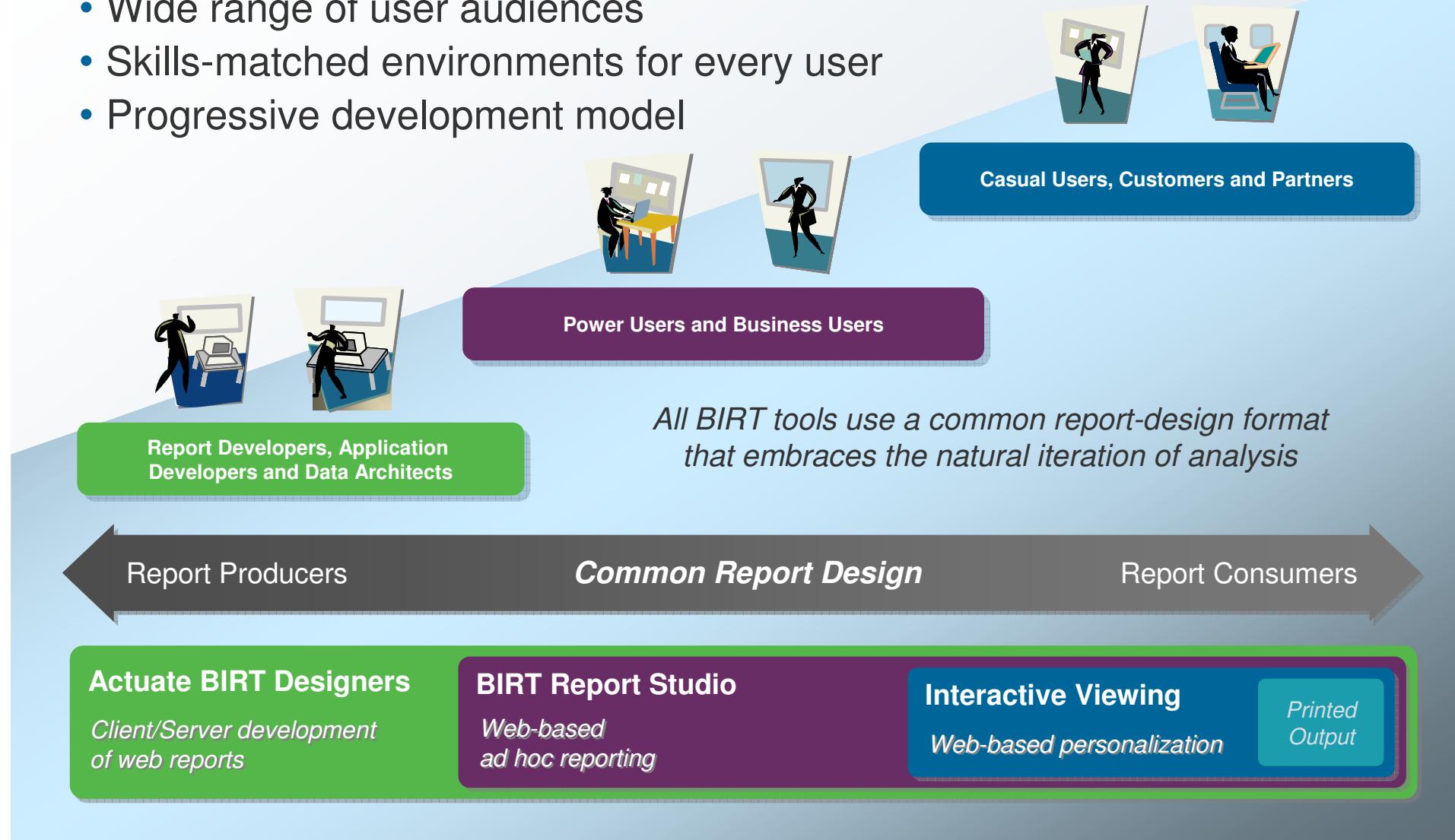
**BIRT**

**Power**  
*to create  
very complex  
report layouts*

# Who Can Use BIRT?



- Wide range of user audiences
- Skills-matched environments for every user
- Progressive development model



# Reasons to Use BIRT Now

## *New Technology with New Benefits*



- Easy to use for all types of developers
- Modern, web-page design metaphor
- Open and standards-based
- Flexible with rich programmatic control
- Full support for libraries and reuse
- Foundation for a range of products
- Strong integration with Eclipse platform

***Actuate BIRT Product Family***  
*The New Generation of Actuate  
Application Development Solutions*

