



TRIDENT'S SAAS INVESTMENTS

Software as a Service (SaaS) is a new way of creating, delivering, selling and utilizing applications. This new model provides a novel approach to solving some of the biggest challenges that plagued earlier generations of software technology: cost, complexity, time-to-market and ease of use. Application developers and end-users are embracing SaaS as they seek to lower upfront development costs, to reduce the overall risk of creating new applications and to increase the probability of success of each new application being deployed.

The success of early SaaS pioneers—such as Salesforce.com, Rightnow Technologies, Kanexa, Netsuite and Qualys—coupled with the increasing user demand for software applications that are priced and delivered as a service is leading new and existing software vendors to embrace SaaS for at least part of their software business. In all, over 600 public and private companies have adopted the SaaS model as their sole route-to-market business model and delivery mechanism. Trident Capital has been investing in SaaS companies since 2000. Today our SaaS portfolio consists of Clarus Systems, eGistics, Infopia, Neohapsis (formerly KSR), Qualys, Royaltyshare, SeaTab Software, Vidavee and Xata.

More formally, SaaS is software that is designed to leverage the web, delivered as a service, managed by the vendor, and priced on a subscription basis. The initial SaaS applications addressed areas such as CRM, HR, ERP and targeted Small and Medium sized Businesses (SMB), as well as indi-

vidual departments within Global 2000 corporations. Today SaaS applications are also being used to address industry-specific needs in areas such as logistics, financial services, manufacturing and their use is expanding beyond the SMB market. For example, Merrill Lynch recently adopted Salesforce.com on an enterprise-wide basis.

SaaS applications are enabled by the following technologies:

- The ubiquity of broadband internet, which allows the worldwide delivery of feature-rich applications even in data-rich domains such as business intelligence.
- The decreasing costs of storage and computing, which allow SaaS vendors to set up and cost-effectively operate data centers to host and run their applications.
- Virtualization technologies that allow SaaS vendors to offer multi-tenant solutions, significantly reducing operating costs.
- Security technologies, such as identity management, that provide the users of SaaS applications with “peace of mind”.
- Web 2.0 technologies, such as Ajax, that allow SaaS vendors to offer Rich Internet Applications that are often more visually appealing and functional than their “fat client” counterparts.

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Trident Investments in Software as a Service

 CLARUS SYSTEMS® <small>Empowering Unified Communications™</small>	Enterprise software suite for VoIP telephone network management.	 RoyaltyShare	Outsourced solutions for the processing of royalty payments, royalty reporting, and tracking of the digital distribution of content.
	Scalable data archival solution for the financial services and healthcare industries.	SEATAB SOFTWARE	Developer of enterprise-grade, on-demand business intelligence solutions.
	On-demand, multi-channel ecommerce solutions to small- and medium-sized online retailers.		Patent-protected, video management software platform that enables a user to upload, archive, tag, search, share and distribute digital video.
	Delivers Managed Risk Services.		Provider of mobile information solutions to the private fleet segment of the commercial trucking industry.
	On-demand security solutions for computer network vulnerability assessment.		



TRIDENT'S SaaS INVESTMENTS (CONT'D)

SaaS continued from page 1

The demand for SaaS applications is driven by the problems customers have experienced with on-premise software. These problems fall in four categories: deployment challenges, high costs, low utilization rates, and slow release cycles. In particular, several studies have revealed that only a fraction of on-premise software applications are deployed on schedule, with many experiencing delays of six months or more. More alarming, over 25% of purchased applications are never fully deployed. On-premise applications often have high associated costs. These range from the costs to deploy an application, often as high as two times the license price, to the lifetime costs of maintaining and managing an application, often as high as 10 times the license price. Customers often prefer SaaS applications because they can be quickly deployed to a distributed workforce, they convert fixed IT costs to variable costs, and they enable the corporation to focus on its core competencies and business processes.

Software vendors are also quickly embracing the SaaS model because it offers them:

- Predictable revenue streams. Companies sign 1-3 year contracts with monthly payments based on the number of "seats" being used. These contracts are typically renewed at the end of each term. Companies can start with a small number of seats and grow their usage as necessary, lowering the barrier to an initial sale and easing incremental adoption.
- Access to new markets. The pay-as-you-go pricing of the SaaS model (versus the high-upfront-cost perpetual license) opens access to new industries and to additional market segments within in each industry. This is particularly the case with the (SMB) segment, which has aggressively adopted SaaS applications.
- Lower sales costs. Delivery of software over the Internet (in conjunction with selling tools such as webinars and web conferencing) allows customers to become familiar with an application and easily "try before they buy." This means that vendors can engage the prospect, and often complete a sale, without even having to send sales executives and sales engineers to a customer's site.
- Better control over engineering costs. The smaller but more frequent releases and the fact that the software does not need to be installed in diverse customer environments allow companies to achieve defined results with smaller engineering teams and to better utilize these teams.

Venture investors have embraced SaaS application companies for the following reasons:

- Ability to penetrate new markets, particularly the SMB.
- Unique opportunity to disrupt the stranglehold of the large IT vendors in the corporate IT budget, particularly in the Global 2000.
- Capital efficiency, particularly through lower marketing and sales costs.
- Recurring revenue model that leads to predictable revenue streams.
- Realization that the success of the SaaS model is not limited to a single application but applies equally well to several different application areas, as well to IT infrastructure.
- Improved rewards in the public markets, as demonstrated by the performance of companies such as Salesforce.com, Omniture and Kenexa.

Trident has been investing in SaaS companies using two investment theses:

- Invest in companies whose industry-independent SaaS offerings address large markets across horizontal segments, such as security, business intelligence and e-commerce. We have invested in Infopia, Neohapsis, Qualys, Seatab and Vidavee under this thesis.
- Invest in companies that target markets that can best be addressed via SaaS offerings rather than by large on-premise applications. We have invested in Clarus, eGistics, Neohapsis, and Royaltyshare under this thesis.

PORTFOLIO COMPANIES



Clarus Systems provides enterprises,

systems integrators and managed service providers with scaleable IP communications solutions that maximize ongoing operations and ensure increased end user confidence and efficiency. The company's solution validates that all aspects of a VOIP communications environment are operating as expected, ensuring system availability and performance by combining automated, end user testing and management applications with strategic services for financial services, oil and utilities, communications and media, and public sector customers. Trident invested in Clarus Systems in May 2004. www.clarussystems.com



eGistics provides on-demand image and

data archival, management and delivery for the financial services market. Founded in 1994, eGistics has unparal-



TRIDENT'S SAAS INVESTMENTS (CONT'D)

led experience and expertise in providing tailored services supporting mission-critical payments applications for financial institutions and corporations, enabling significant business process improvements and reducing friction in financial transactions. Trident invested in eGistics in August 2004. www.egisticsinc.com



Infopia is the leader in on-demand eCommerce solutions, helping to power the growing number of online marketplaces today. Infopia provides a complete eCommerce platform to help online sellers optimize product merchandising, manage the shopping experience and maximize their presence through premier online marketplaces and search engines. Trident invested in Infopia in March 2006. www.infopia.com

Neohapsis (formerly KSR) is the first Managed Risk Services Provider to expertly align organizations' unique risk profiles with a new breed of managed and professional services designed to mitigate corporate and personal liability. The company's holistic approach to enterprise risk management blends security, information technology and operations management with an innovative set of services, ensuring ongoing confidentiality, integrity, availability and efficiency. Neohapsis' Centris™ Services Platform is a purpose-built risk management services platform accessible 24x7 via a secure online portal that delivers on-demand reporting, incident management and event correlation for all devices and applications under management. Trident invested in Neohapsis in January 2006. www.neohapsis.com



Qualys, the leading provider of on-demand vulnerability management and policy compliance solutions, helps organizations of all sizes discover vulnerabilities, ensure regulatory compliance and prioritize remediation according to business risk — with no infrastructure to deploy or manage. QualysGuard®, the company's flagship service, conducts automated security audits and provides the quickest route to neutralize worms and other emerging threats. Trident invested in Qualys in December 2000. www.qualys.com



RoyaltyShare provides comprehensive royalty accounting services to record labels, music distributors and music publishers. The music industry has experienced a dramatic platform shift from the sale of physical CDs to digital distribution, and RoyaltyShare's solutions were built to manage the complexities inherent in digital distribution. The Company's on-demand software allows customers the freedom to pursue new revenue streams by providing the back-end support required to manage multiple and inconsistent data sources and accurately compensate artists, publishers and songwriters. Trident invested in RoyaltyShare in July 2005. www.royaltyshare.com



SeaTab Software is a rapidly growing provider of enterprise-grade, on-demand business intelligence solutions. The company's PivotLink platform puts the full power of business intelligence in the hands of people who need it, with tailored environments for each user—from CEOs to rank-and-file employees, from vendors to customers. SeaTab's unique self-service capabilities provide users with complete analytical freedom without requiring IT involvement. Trident invested in SeaTab Software in December 2006. www.seatab.com



Vidavee has developed a video management software platform that enables consumers to easily upload, archive, tag, search, share and distribute digital video. The millions of devices with digital video-recording capability (digital cameras, camcorders and wireless phones) that are in consumer hands today along with the increasing penetration of broadband has created strong demand for the capability Vidavee provides. The Company sells to enterprises with large consumer-based businesses that want to use web-based video to extend their brands. Trident invested in Vidavee in March 2006. www.vidavee.com



Xata is the fleet optimization and operations expert. The company's proven fleet intelligence systems and expert professional services help customers reduce expenses, achieve 100% regulatory compliance and improve driver safety. Xata offers hosted solutions for large private fleets and leasing companies, including BP Amoco, Coca Cola and Penske. The company's on-demand offerings include: XATANET, for turnkey fleet management; and OpCenter, a comprehensive enterprise fleet management tool combining the best in fleet intelligence, management and utilization capabilities. www.xata.com ❖



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TRIDENT INVESTMENT ACTIVITY

During the second quarter, Trident led a \$12.75 million financing for **AccountNow, Inc.**, a leading provider of financial solutions for the 40 million US consumers who do not have established credit or traditional banking relationships. The Company, which is one of the fastest growing players in this market, offers a highly-differentiated offering that effectively replaces the traditional checking account and includes all essential services such as direct deposit, electronic bill pay, branded prepaid cards and a credit builder solution. The management team is comprised of seasoned executives from Providian Financial and NextCard who have significant experience providing financial services to this target market. The market is growing very rapidly with one analyst estimating that consumers in



the United States who have no or limited banking relationships will load \$29.3 billion onto prepaid debit cards in 2007, up 49% from an estimated \$19.7 billion in 2006. This number is expected to grow to over \$200 billion by 2011.

This investment was the result of Trident's focus on opportunities to provide transaction processing services to unbanked and underbanked consumers globally. The AccountNow investment follows Trident's earlier investment in Advanced Payment Solutions, the leading prepaid card issuer in the United Kingdom. As part of this investment,

Trident Entrepreneur in Residence Steve Galasso will join AccountNow as a strategic advisor and Director. Prior to joining Trident as an EIR, Mr. Galasso served as chairman and CEO of NetSpend, the largest prepaid card solutions company in the US, which was recently sold to CapitalOne. Prior to that venture, Mr. Galasso was the President and CEO of Bank of America's credit card company. He grew that company to be one of Visa's largest issuers worldwide. Mr. Galasso will leverage his domain expertise to help AccountNow's management drive its business development and customer acquisition strategy.

AccountNow is headquartered in San Ramon, California. For more information please contact Woody Marshall or visit www.accountnow.net. ♦

PricewaterhouseCoopers has ranked Trident Capital a top venture capital firm for entrepreneurs in *Entrepreneur Magazine's* VC 100 for 2007.

In May 2007, Trident invested \$4 million in **DepotPoint**, a provider of technology services for the foreclosure industry. U.S. foreclosure rates have hit record levels and are expected to increase during the next two years as ultra-low adjustable rate mortgage loans expire and reset to their fully amortized rate. During the first six months of 2007, there were 925,986 U.S. foreclosure filings and 573,397 U.S. default notices, auction sale notices and bank repossessions, an increase of 55% from the first six months of 2006.

DepotPoint's ForeclosurePoint.com solution is leveraging technology to create a more efficient marketplace for purchasing foreclosure properties. The purchase price of foreclosed homes has historically resulted in an average discount to market value of 25%, but this market



has traditionally been limited to experts that have experience navigating the complex foreclosure process and who could afford to put down 100% of the purchase price at the auction. ForeclosurePoint enables many more homebuyers and real estate investors to participate in the foreclosure market. It lists and tracks in real time all foreclosure properties and provides updated sales schedules and auction details, title and lien research, bridge financing, and guidance from local real estate agent foreclosure experts. ForeclosurePoint also features a Real Estate Agent Partner program, which enables local real estate agents to intro-

duce the foreclosure market to their clients by using tools similar to the Multiple Listing Service. Thus far, the company has launched ForeclosurePoint in San Diego and Riverside counties in California and in King, Snohomish, Pierce and Kitsap counties in Washington State. DepotPoint is currently working on launching Orange County and Los Angeles County.

DepotPoint is based in Bellevue, Washington. Co-Founders Prakash Kondepudi (CEO) and Dipan Dewan (VP Technology) bring technology experience from Microsoft and InfoSpace, and the company also has veteran trustees from national foreclosure firms on its senior management team. Trident Managing Director Venetia Kontogouris joined the Board of Directors. www.depotpoint.com ♦



TRIDENT INVESTMENT ACTIVITY

In August 2007, Trident invested \$1 million in **Solexant, Inc.**, a developer of high efficiency, low cost solar cells that can harvest energy from the entire solar spectrum. Using nano-crystal material technology and device know-how exclusively licensed from leading universities, Solexant is developing printable, flexible solar cells that integrate infrared light-absorbing materials with ultraviolet and visible light-absorbing nanostructures.

Solar energy is a \$7 billion dollar per year market growing at greater than 30% per year due to increasing demand and subsidies for renewable energy sources. First generation (crystalline silicon) and second generation (thin film) solar cell technologies are expensive and dependant on government subsidies to achieve return on investment.



The advancements in multi-spectral, nano-particle based third generation PV technologies have significant potential to dramatically increase cell efficiency and reduce production costs, therefore enabling the commercialization of products that are not dependent on government subsidies.

Solexant was founded in 2006 by Dr. Damoder Reddy along with scientific founders and scientific advisory board members Prof. Paul Alivisatos, U.C. Berkeley; Prof. Paras Prasad, SUNY Buffalo; and Prof. Sue Carter,

U.C. Santa Cruz. Paul Alivisatos is one of the world's leading researchers and innovators in nanotechnology and solar energy. Dr. Alivisatos is Professor of Chemistry and Materials Science and Professor of Nanotechnology at U.C. Berkeley and is a member of the National Academy of Sciences. Damoder Reddy has a Ph.D. in physical chemistry and has held various management positions at Rockwell, Raychem and Dow Chemical. Dr. Reddy's expertise includes research, engineering and manufacturing process development of printable electronic thin film technologies.

Solexant is based in Sunnyvale, CA. Trident invested in the company alongside X/Seed Capital, Medley Partners and Firelake Capital.

www.solexant.com ❖

TRIDENT LIQUIDITY EVENTS

In August 2007, RSA, The Security Division of EMC (NYSE: EMC), announced its intent to acquire Trident portfolio company **Tablus Inc.**, a leading provider of data loss prevention solutions based in San Mateo, California.

The Tablus solution will add industry-leading data discovery and classification, monitoring, and data loss prevention capabilities to RSA's data security portfolio, helping to enable the company to better meet the market's need for information-centric security by finding and identifying sensitive data; preventing that data from "leaking" outside the organization; and simplifying the management of data security through policy-driven controls.

"Information security has clearly become an information management problem: today, many organizations struggle to establish exactly what data they have and where it all is - let alone how sensitive it is," said Art Coviello, Executive Vice President at EMC and



President of RSA. "Once completed, this acquisition will significantly expand our ability to help organizations of all sizes truly secure their data - and accelerate our mission to bring information-centric security to life."

RSA will combine Tablus' products with the EMC Infoscapse intelligent information management solution to create a common "platform" that is engineered to enable organizations to discover, classify and take policy-based action on all of their data. Specifically, Tablus' expertise in quickly and accurately locating and protecting valuable intellectual property, sensitive personal information and security-related content will be combined with Infoscapse's solutions for managing data according to specific governance require-

ments regarding retention and archiving, as well as preparation for litigation support through e-discovery. RSA plans not only to integrate the Tablus offering with its existing data control assets in the fields of encryption, key management and information rights management, but also to partner openly with industry leaders to enable policy-driven enforcement of data security where it makes the most sense.

"We are excited to be joining forces with RSA, an organization that has set the standard in data security for decades," said Anne Bonaparte, President and CEO of Tablus. "I am confident that Tablus' employees, solutions and services will make strong contributions to RSA's offering and both companies' customers can look forward to reaping the benefits of this exciting combination."

The acquisition of Tablus is expected to be completed early in the fourth quarter of 2007. For more information, visit:

www.tablus.com. ❖

TRIDENT CAPITAL

Trident Capital was founded in 1993 to invest in information and business outsourcing companies. By consistently helping entrepreneurs build industry leading technology and services businesses, Trident has become one of the most successful venture capital firms in the country. The firm leverages a partnership that has invested in over 120 companies

and has held senior operating, consulting and investment banking roles at organizations such as AT&T, IBM, Dun & Bradstreet, Morgan Stanley and Bain. To date, Trident has raised six funds and manages \$1.5 billion in committed capital. The firm operates out of investment offices in Palo Alto, CA and Westport, CT.

Trident invests principally in the following sectors:

- Communications & Wireless
- Enterprise Software
- Healthcare & Insurance Services
- Innovation & Robotics
- Interactive Marketing Services
- Internet
- IT Services & Outsourcing
- Payments & Transaction Processing
- Security

Investment Sizes: Up to \$30M

Transaction Types:

- Early Stage Growth Capital
- Expansion Stage Financings
- Management Buyouts
- Spinouts

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