

Adaptive Planning widens gaze to sales, large enterprises; gears up for fresh funding

Analyst: Krishna Roy

Midmarket performance management is where **Adaptive Planning** cut its teeth. But over the past year or so, deals with companies with more than \$500m in sales have reportedly become a growing part of its business. It is therefore now serving up specific functionality to cater to this audience in the form of multi-instance support, which is available in the latest release of its hosted multi-tenant performance management service: Adaptive Planning Spring 2011 Release.

The 451 take

Larger corporations seem to feature more frequently in Adaptive's customer roster, so it makes sense the company should deliver features to serve this segment. Multi-instance support is a good start. We think it could also introduce financial consolidation and XBRL reporting capabilities – as these features are also required by large enterprises. We welcome Adaptive's moves to target sales executives, and think its sales planning and analysis offering is likely to be well received by existing customers in particular, which are already using it in the finance department. Similarly, multi-instance support should engender good upsell in existing accounts, as well as the opportunity to acquire new customers. Although both moves open it up to more competition from behemoths of this sector: IBM et al. From a business perspective, the company has been growing a fair clip since 2007, and clearly wants to grow more aggressively this year, aided by additional venture capital.

Multi-instance support essentially enables organizations to build a number of individual models for planning and analysis, so that divisions in different geographies and lines of business, for example, can create their own model and link it to others in the corporation. Adaptive is also making its first foray beyond finance departments to target folk in sales, through the delivery of a sales planning and analysis offering. In another key feature of the Spring 2011 Release, the new offering is designed for driver-based sales modeling and sales forecasting using historical sales analysis and sales pipeline analysis, and it comes with pre-defined templates and reports.

We're told accelerated revenue growth is the financial goal du jour. The game plan is to ramp up growth in 2011, so that it exceeds the previous three years, when it reportedly grew sales by 50% or more every year. We're told it will start looking for additional capital to help achieve this higher growth target toward the end of the year.

Multi-instance support and a new sales and planning offering are probably the most notable aspects of Adaptive Planning Spring 2011 Release, in that they aim to broaden the

company's target market. But they are not the only new features. The latest release of the company's hosted planning, analysis and financial reporting suite – which is underpinned by an internally developed in-memory analytic database with full write-back capabilities and an interactive data entry model – also now includes a hosted connector and the ability to configure the user interfaces, plus end-user and administration enhancements.

The hosted connector is the latest integration option Adaptive has delivered. It is designed to enable connectivity to applications in the cloud such as **salesforce.com**, **WorkDay** and **Intacct**, via the delivery of a suite of connectors for cloud-based applications, which we're told can be customized to suit each customer's needs. Adaptive also continues to license **Pervasive Software's** Data Integrator for integration needs and has an internally developed Web services API for integration purposes, including hooking into **NetSuite**.

Configurable user interfaces in the latest release aim to further its appeal to partners, which can now add their own skins. Partners are playing an ever-larger role and influence over 40% its business, the company says. Adaptive has more than 200 partners, which include OEM customers and resellers. One of the most notable is NetSuite, which has been a reseller since July 2009. The Spring 2011 Release also aims to improve integration with NetSuite via a new capability to 'sandbox' NetSuite instances. Adaptive now reportedly has over 100 joint customers with NetSuite, and is approaching 1,000 paying clients in total.

The new multiple-instances capability is available as a two-instance and three-instance version, although organizations can deploy any number of instances, with any level of hierarchy. The two-instance version enables the creation of two models and costs \$10,000 a year. The three-instance version adds the ability to create a third model and is being priced at \$12,000 a year until the end of September, when it will rise to \$15,000. The two-instance version consists of two administrator seats for admin rights to both instances and four multi-instance full seats, which enables users to perform data entry and reporting in either or both instances. The three-instance counterpart comes with three multi-instance admin seats and five multi-instance full-use seats. We're told each instance has its own financial model, organizational structures, dimensions, permissions and fiscal years, and that drill-down is supported between instances, as is the ability to link and share selected information within each instance.

Designed specifically with sales executives in mind, the new sales planning and analysis is designed to enable users to take data related to a sales forecast by opportunity out of salesforce.com, say, and augment it with other information such as quotas and revenue inside its hosted performance management suite, which takes a snapshot of the data that can be used for historical trending and analysis to create a detailed sales instance. We're told sales reps can also input data directly into its hosted performance management stack, so that it becomes the system of record for sales forecasting. The sales instance can then be incorporated in a separate corporate financial model, as a separate instance.

One reported objective behind the new offering is to provide a more structured way to create and manage accurate sales forecasts using Adaptive's ability to provide historical close-rate data going back six to nine months, which isn't a strength of most CRM systems. Another aim is to provide an accurate window into sales pipelines, including the ability to

drill down by customer or sales, to understand changes in the pipeline, and to use historical trend analysis in the form of waterfall charts to get a window into pipeline coverage metrics, say, via the graphical depiction of this information in bar charts, which support drill-down to underlying data.

The sales planning and analysis offering has been packed up in a two-instance version, although it is available for more instances. The two-instance package consists of two multi-instance admin seats, four multi-instance full seats, 10 full seats, pre-defined templates and reports and one connector to a hosted CRM system. It costs \$15,000 a year until the end of September and \$17,500 thereafter.

On the business front, Adaptive continues to expand its geographic reach and says it now sees 15% of sales from outside of North America. Average deals are north of \$20,000 for the first year of a subscription – around the same level as last year – although new functionality is likely to increase its ASP. Management tells us it is also on a recruitment drive as part of growth plans – headcount is currently around the same level as 2010 at about 70 employees. We're also told it doesn't require additional capital for growth. Adaptive has raised approximately \$33m so far from **Clairmont Capital, Cardinal Venture Capital, Monitor Ventures** and **Onset Ventures**.

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