

Breaking Market Barriers

Actuate's Open Source
Business Strategy

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Java Group

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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

A large, white, sans-serif number "2003" is centered over a blue-tinted image of a computer keyboard. In the foreground, a silver and gold pocket watch compass is visible, with its needle pointing towards the top-left. The background shows various keyboard keys, including '7', 'G', 'H', and 'B'.

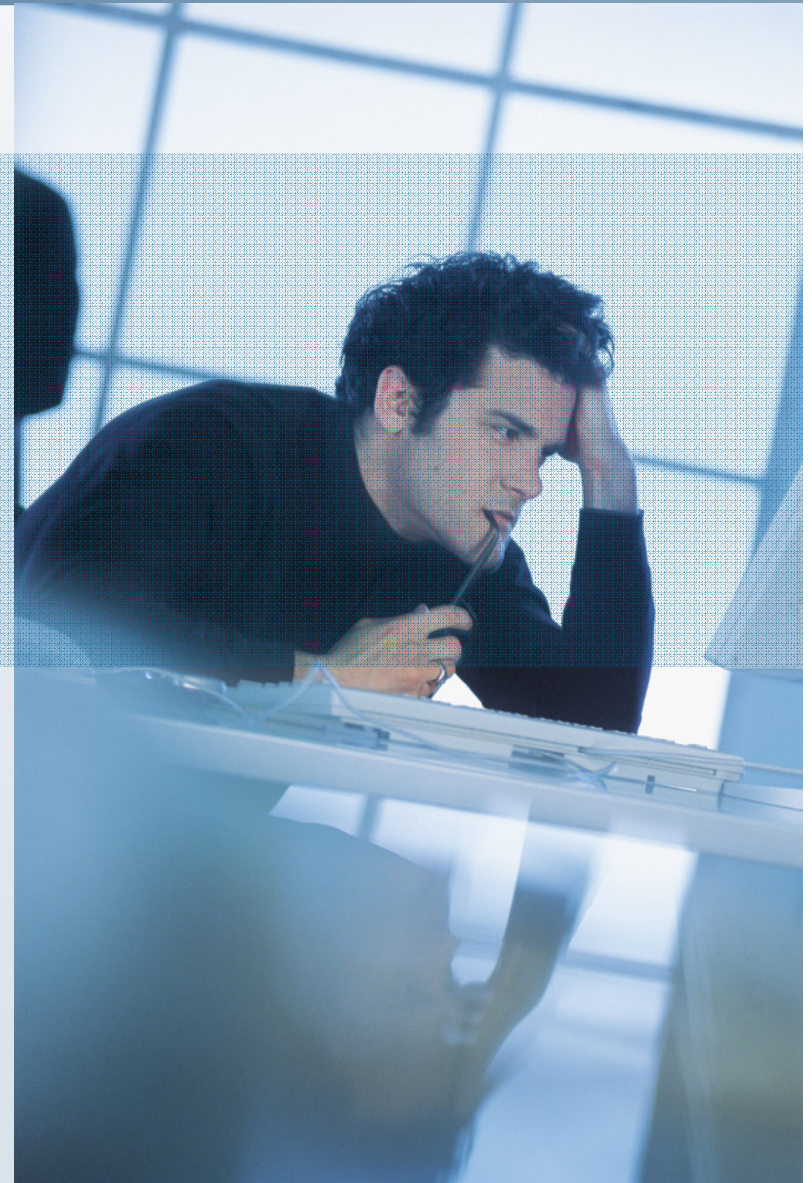
2003

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 hard 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?

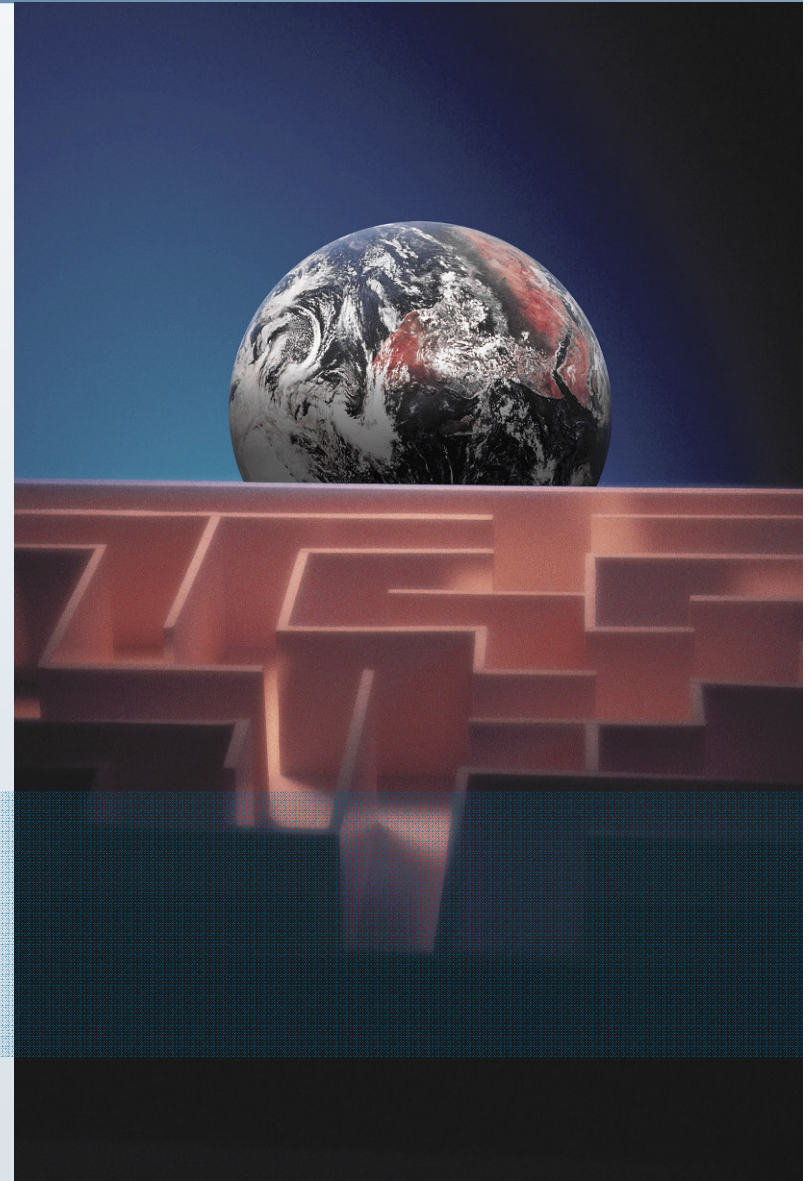
Build New Opportunities on Core Strengths



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

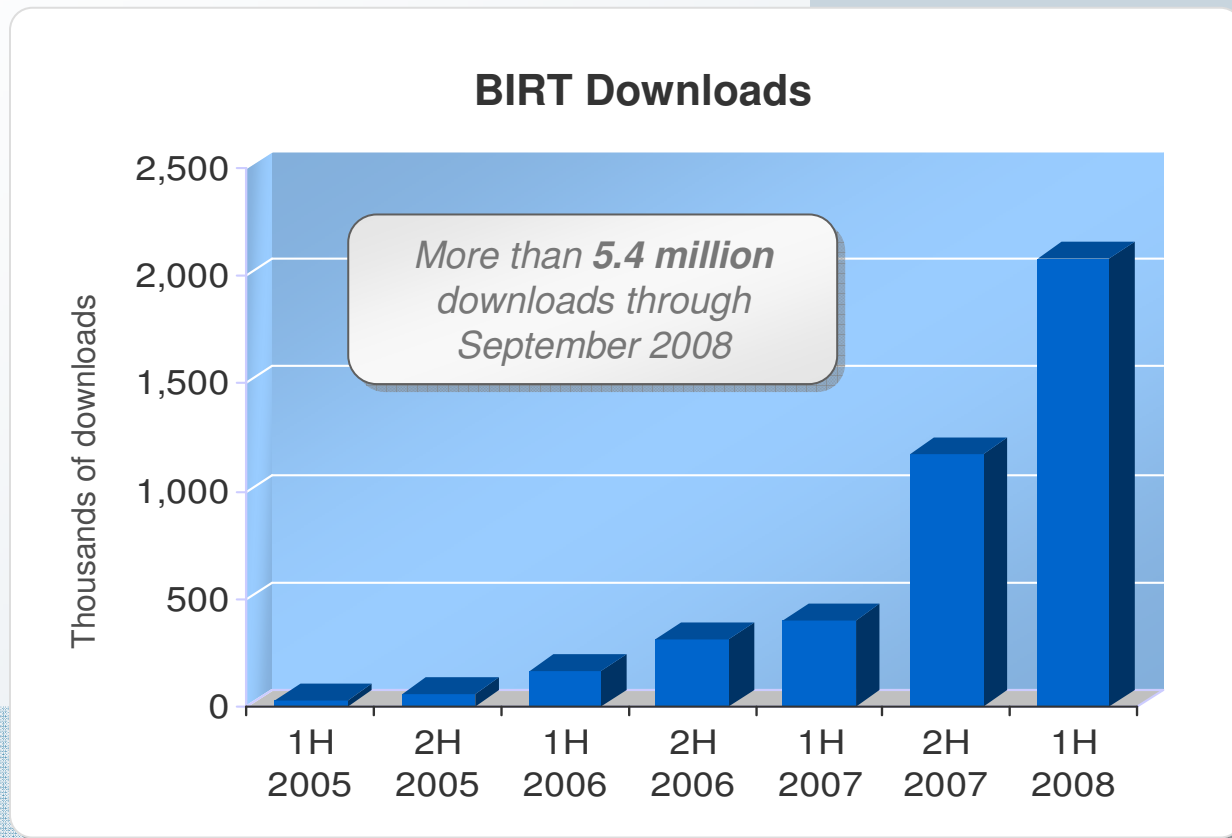
Eclipse Joins
Eclipse Foundation
as Strategic Developer
and Board Member

*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

Actuate's new generation of development technologies

BIRT-related revenues

\$8 million in 2007

Expected to double in 2008



BIRT is Penetrating New Industries and Geographies



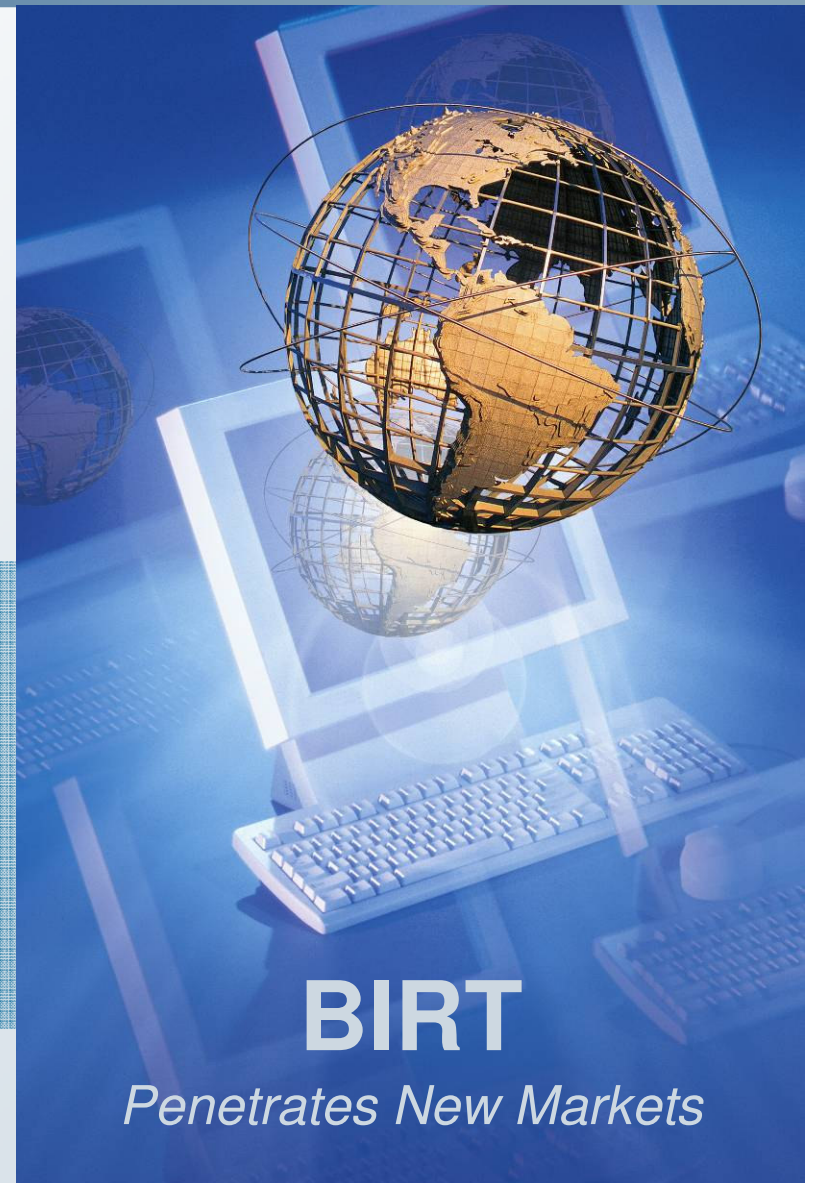
75% of BIRT users are in industries and geographies that are not traditional Actuate markets

Industries

- Manufacturing
- Telecom
- Retail
- Hospitality

Geographies

- India
- China
- Other developing markets

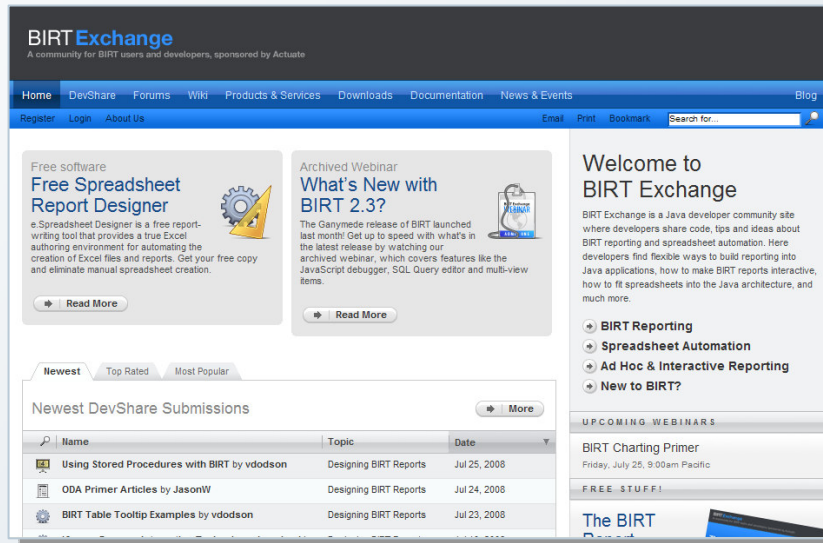


Our Online Sales Engineer BIRT Exchange Community Site



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



BIRT Exchange

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**

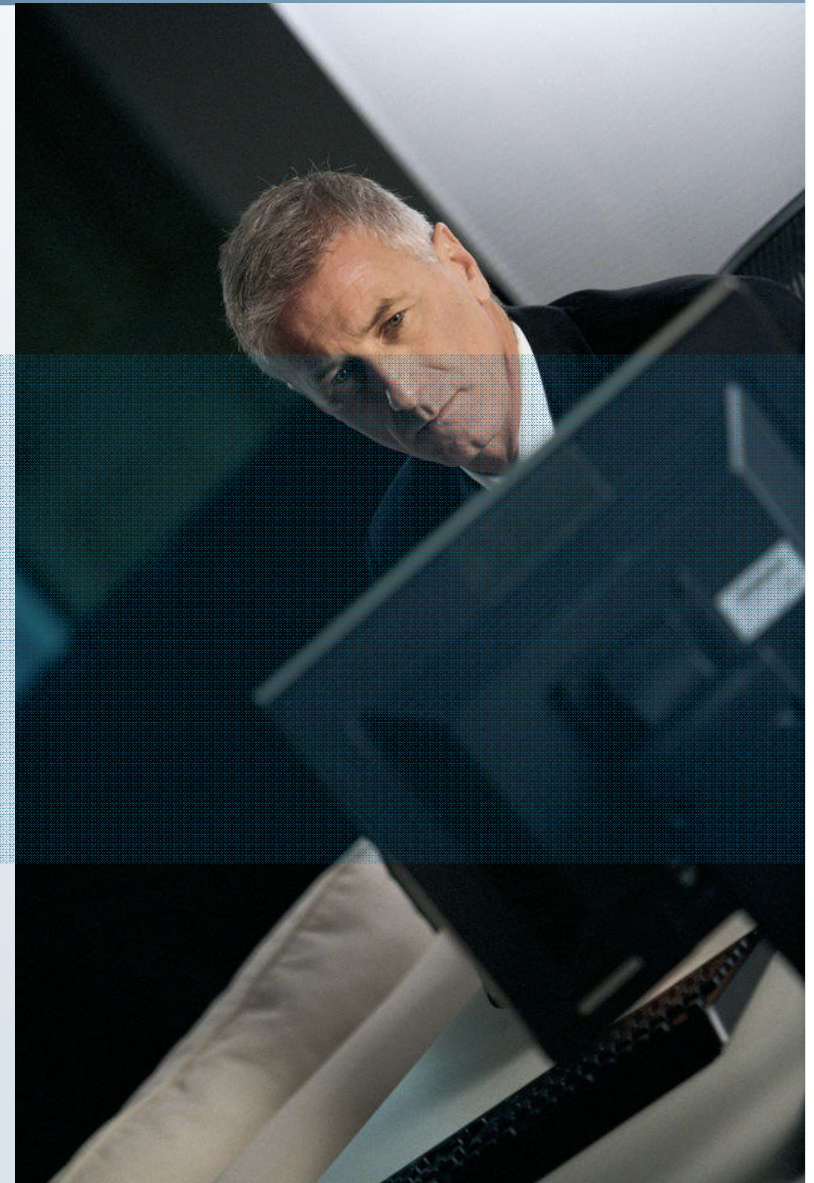


Investors are vitally interested in shifts in business models, so they want to understand how an open source strategy will benefit rather than hurt your business.

“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

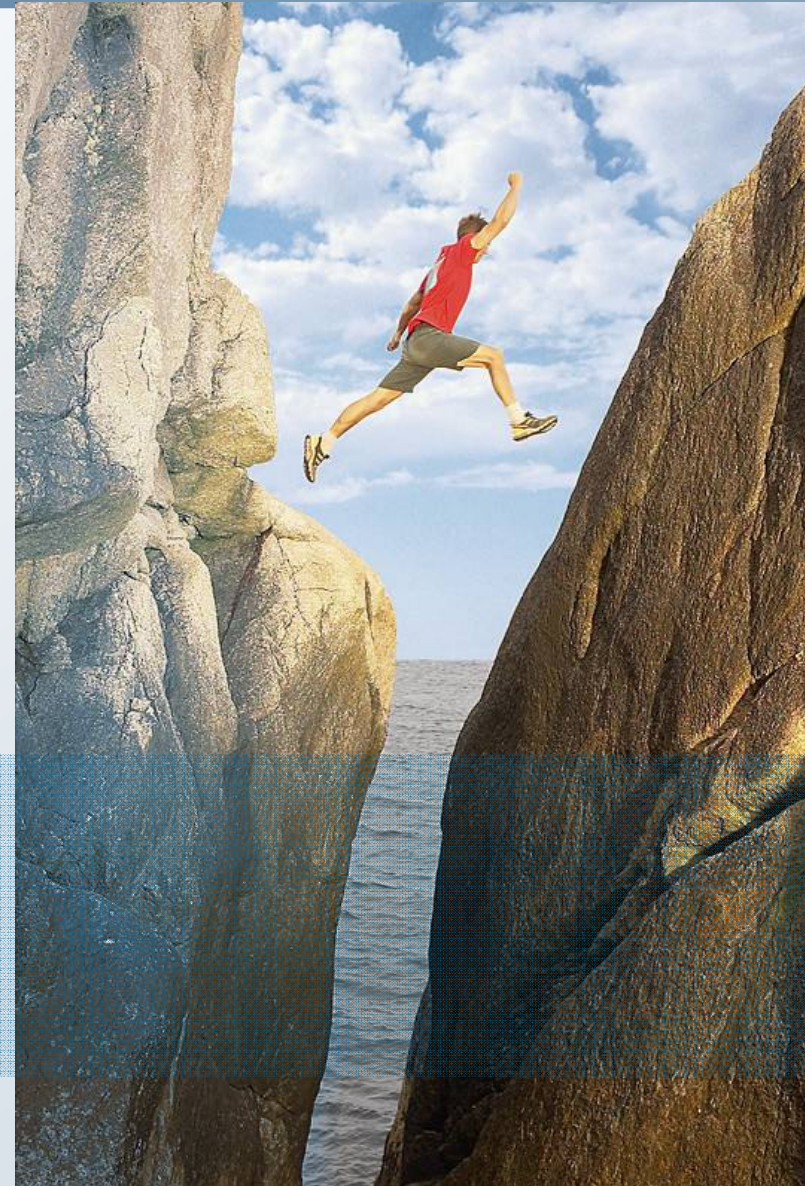
Letting Go and Embracing the Future



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



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End of Presentation



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***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

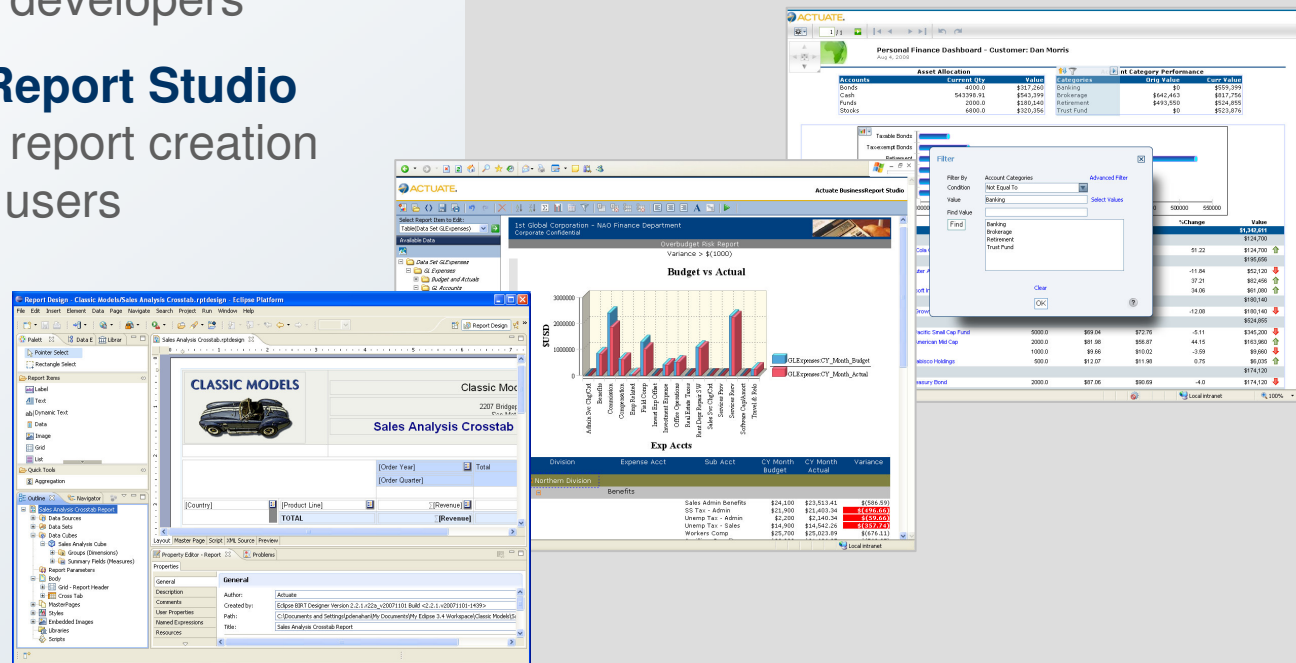
- Web tool for report creation by business users

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

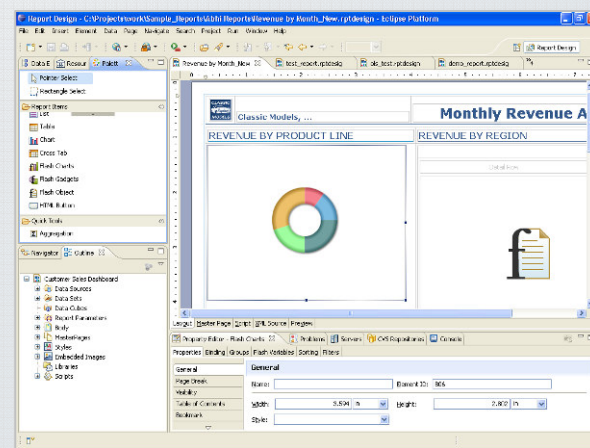
Deployment

- BIRT Report Interactive Viewer
- BIRT Report Option for iServer



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*

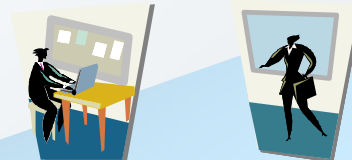
Who Can Use BIRT?



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



Casual Users, Customers and Partners



Power Users and Business Users



Report Developers, Application Developers and Data Architects

All BIRT tools use a common report-design format that embraces the natural iteration of analysis

Report Producers

Common Report Design

Report Consumers

Actuate BIRT Designers

Client/Server development of web reports

BIRT Report Studio

Web-based ad hoc reporting

Interactive Viewing

Web-based personalization

Printed Output

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*

