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Dynamic Content Software Strategies Consulting Service

June 2, 2004

Citrix: A Strategy for Access

A cable technician goes out of his way to stop at the office between installs to enter customer information into the network. A new employee is faced with writing down his account information on Post-it Notes stuck to his monitor so he can remember the confusing array of usernames and passwords required for access to the company's various applications and data. A company acquires another organization and must install software at the new branch; user accounts and permissions must be determined; and pipes between branches must be created. An IT department performs hours of rote tasks and maintenance to manage the many platforms and employee network access scenarios of the company, taking away time that could be spent improving the overall systems.

Situations like these play themselves out daily across the Globe. They all have at least one thing in common: access. Access to content, documents, and data, and access to applications creates numerous access points. Being forced to actively manage issues such as these contributes to the fact that an estimated 70% - 90% of IT budgets are generally spent on running and maintaining technical infrastructure. For organizations to switch from this "run" mode and put more IT dollars towards growing the business, a key area that companies must look at is access infrastructure.

It is important for companies to consider how workers access applications, especially with so many people needing to access applications and files while working outside the office, whether traveling, telecommuting, or providing services at a client-site (installations, repair, etc.). In fact, Citrix, an access infrastructure solutions provider, estimates that approximately 65% of workers roam in their daily jobs. Thus, remote access through the Web and increasingly wireless technologies has become a greater need for many organizations.

Access Strategy

An important first step in determining how an access infrastructure solution can help an organization is to devise an access strategy. Much as a content strategy applies to an organization's information, an access strategy addresses the ways an organization's critical applications and data will be accessed by workers. Any comprehensive content strategy includes stipulations and solutions for how to access content – if information can't be found, how can it be leveraged? – in the simplest manner possible.

Similarly, according to Citrix, an access strategy “must encompass a consistent and reliable user experience regardless of location or infrastructure; system scalability, security, and flexibility; and management, measurement, and oversight of all facets of access.”

Despite the access strategy recommendations, an array of usernames and passwords are often required for each separate function when accessing applications, whether working from the traditional desktop or outside of the office environment. This series of “pipes” is not only confusing for the user and difficult to manage for the IT department, but it can also be a serious security risk. Realistically, when one has so many usernames and passwords to remember, they generally get written down somewhere. They are also generally stored somewhere close to the workstation being used.

Thus, a main goal of an access strategy should be to eliminate the many pipes that different people use to access different applications from different locations. By shifting access of applications to a forethought, rather than the more usual afterthought, access related problems can be reduced before they become an issue. This is where Citrix comes in. Rather than focusing on remote windows and thin clients for each application, Citrix focuses on access infrastructure – access to applications from anywhere at any time.

Solutions

Citrix offers an array of solutions aimed at the access infrastructure market. Through its MetaFrame Access Suite, and Citrix Online, the company addresses many of the access issues presented in the examples in this analysis. This section looks at some of the more interesting examples.

Single Logon and Off

Having one logon to access all needed applications and data is a huge step in the right direction. However, access infrastructure involves much more than just a single logon. Looking into options other than traditional login/password access can be appropriate for companies with certain needs. In medicine, for example, doctors require a lot of information at their fingertips, yet are rarely at their specific desk or computer to access it. Therefore, more and more hospitals and clinics are outfitting exam rooms with computer terminals. Doctors, being occupied with patient issues, are prone to forgetting passwords and such login issues. With a solution from Citrix and partner Ensure Technologies, this login and security problem is easily fixed. With a proximity detection device, the doctor is automatically logged in to the system when approaching the computer. Personalized information and applications are then available to that doctor as if it were her own PC. With strict HIPAA privacy regulations in place, the logoff step is very important so that no patient data is left on the screen to be seen by others. Again, logoff can be a forgotten step, but when the proximity detector leaves the area, the doctor is automatically logged off. Although this example is focused on the healthcare industry, it is easy to see how automatic logon and logoff could be helpful in other fields.

Access to Multimedia Content

Citrix’s MetaFrame Access Suite 3.0 provides functionality to improve access in other areas as well. For example, multimedia on the desktop has exploded in recent years. Anyone who has attempted to utilize any sort of streaming video or audio, however, has experienced the frustrating skips, pauses, and jumps that the technology generally entails. One reason for these issues is that generally speaking, multimedia files are still played on the provider’s server and displayed on the client machine. This puts an inordinate amount of faith in the connection speed and server capabilities.

Citrix presents a different approach. The multimedia files are still stored on the server, but rather than being played from there, the reading application and media are sent separately to the client. It is there, on the desktop machine, that the data is decompressed and rendered. This allows for a multimedia experience equal to that of a native desktop application and has no impact on scalability.

Remote Access for Help Desks

Another interesting utility for access infrastructure presents itself in the help desk arena. Communication of issues that a user is having with software or hardware can present a serious disconnect between the user and customer support representative. Anyone who has called a tech support line has felt this frustration; explaining the problem in as detailed a fashion as possible and having the support rep tell them to reboot.

GoToAssist is a product from Citrix Online aimed at desktop support groups. The main problem of a support call is that the representative cannot see a user's screen and must blindly direct the user to complete certain tasks. This makes for the often frustrating experience for all involved. GoToAssist solves this problem by allowing the rep to access and control the user's screen (with permission). This way, the expert can do all the necessary exploring, updates, and fixes while the user looks on.

Remote Access to PCs

Citrix Online, formerly ExpertCity, also offers a product with similar functionality that allows users to access their PC from anywhere via the Internet, GoToMyPC. While corporations are increasingly seeing the value in having employees store important information in corporate repositories, there are any number of reasons why a user would want and need access to her personal computer, whether it be to access a rough draft of a document not yet entered into the Document Management system, or to retrieve contacts that are stored locally.

Of course, the PC has to be left on for this to happen. But, if the machine is left running, a remote worker can access it as if he were sitting in front of it. This has definite uses in telecommuting and remote working, as well as simple oversights such as forgetting a contact name and having to look it up. Citrix believes that eventually GoToMyPC will become as pervasive as e-mail, with virtually everyone able to access their desktop PCs from anywhere. The thought of everyone leaving their PCs on all the time is a bit frightening, but that doesn't diminish the overall utility of the software. It is a useful tool and could see growth from the 200,000 PCs that are connected now.

A key takeaway from all these examples and solutions is that while on the surface "access" may seem like an afterthought when an organization is considering technology investment, it should really be a forethought. Without efficient and secure access to applications and data, the products are worthless. An access strategy is the first step in reigning in access issues, with access infrastructure solutions completing the puzzle.

Citrix at a Glance

Headquarters: Ft. Lauderdale, FL

URL: www.citrix.com

Stock Symbol: CTXS (NASDAQ)

President and CEO: Mark B. Templeton

FY 2003 Revenue: \$588.6 Million

Employees: 2,100 in 22 countries

Partners: 7,000 in 100 countries

Customers: 120,000+ for MetaFrame Access Suite

Products: Citrix MetaFrame Access Suite 3.0

- Despite the fact that Ft. Lauderdale is not Silicon Valley, Citrix has been able to recruit many senior-level executives away from other firms.
- Citrix considers itself to be in a peer group with such companies as Siebel Systems, Adobe, and BEA based on its revenues (between \$400 Million and \$1.4 Billion). As of now, Citrix is in the lower end of this revenue group, with an obvious goal of surpassing its peers.
- 50% of 2003 revenues came from the Americas, 41% from EMEA (Europe, Middle East, Africa), 9% from the Pacific region.
- Licenses make up the majority of revenues, but Subscription Advantage revenues are growing at the greatest clip. Professional services, despite the recent focus, continue to lag, providing less than 10% of the company's revenues.
- The Citrix Online division, formerly ExpertCity, has been fully integrated into Citrix and offers GoToMyPC, GoToAssist, and GoToMeeting (conferencing software).

Citrix's Strategy

Citrix has a number of interesting solutions aimed at the access infrastructure market. Its strategy in getting these solutions to customers has been undergoing a change recently. One sales strategy taking off is the subscription model, and now Citrix is also offering it as a way to pay for its software. Like many others, it is being met with enthusiasm from customers. Dubbed "Subscription Advantage," it now accounts for approximately 1/3 of Citrix's revenue. This represents a growth rate of almost 60% from 2002.

In general, customers like the extra option of subscription service for a few reasons. One is that it locks in costs. High initial installation and then upgrade costs are replaced with a flat fee depending on the number of users. This cost certainty has proved popular and more vendors are offering it as an option.

Like other vendors, Citrix is focusing on selling solutions rather than just software. Professional services accounted for just over \$40 million in the last year, representing less than 10% of revenue. Nevertheless, Citrix sees this as a great potential revenue stream. To this end, the company is looking to its accessPartners to become "Solutions Advisors," which Citrix describes as "customer-focused value-added resellers and consultants who plan and implement innovative, high-performance access infrastructure solutions." Citrix will also be offering technical assistance for a fee. This fee is currently annual, but the company is exploring other models as well.

InfoTrends/CAP Ventures' Perspective

Judging from the attendance at Citrix Analyst Day, interest in the company is high. The company has just launched a major marketing campaign that includes radio advertisements and in major publications, as well as more traditional outlets for a software company. If successful, this campaign would make Citrix more of a household name, rather than being known in largely IT circles. The greater visibility should help the company further grow into markets such as finance and health.

The access infrastructure market does appear to be a dynamic one. Remote access to applications will become increasingly important as the workforce becomes more mobile. Wireless access, especially, looms large. Citrix is already seeing customers who are eager to have their workforce wirelessly enabled to access company resources from anywhere while on the go. This trend should continue.

Citrix reports that subscription renewal rates are almost 70%. While this is up from 2003, it still seems a bit on the low side when compared to the ECM market, where InfoTrends has seen renewal rates greater than 80%. This can be explained by the fact that the Subscription Advantage program is still relatively new. As Citrix works the kinks out, ideally that rate will go up. Another factor that could help keep subscription renewal rates up is the development of Citrix's professional services area. Customers who receive good service, even when paying for it, will be more likely to re-up in the future. The software as a service market is projected to grow over 25% annually for the next few years (*Information Week*, June 2, 2003), so Citrix did well to jump on the bandwagon relatively early.

Overall, access infrastructure is not an area that InfoTrends has specifically focused on in the past. However, with the growing importance of multi-channel communications, multi-channel access is certainly an interesting area. Citrix is an acknowledged leader in the access infrastructure market, a market that includes hundreds of companies. Citrix estimates that access infrastructure will grow to be about a \$10 Billion industry in the next five years, a growth rate that Citrix claims is 100% greater than that of the software market as a whole. If these statistics are true, Citrix seems to be well positioned to take advantage of this increase.

Jon Franke