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A Leading APM Vendor Helps Businesses Manage Critical Web App Performance with SaaS-delivered Monitoring Solutions

**Business Services
SaaS Solutions**

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**Jim Melvin
President & CEO**

BIO: Jim Melvin is President and CEO at AppNeta, a leading provider of SaaS solutions for next generation IT performance management. As CEO, Jim is responsible for guiding business strategy and has led the team to quarter-over-quarter growth since 2010.

Prior to AppNeta, Jim was the Vice President of Global Marketing at RSA, the Security Division of EMC. Jim also acted as the Executive Vice President of Marketing and Business Development at Network Intelligence (acquired by EMC), the President and President and CEO at Mazu Networks, and had a leadership role at Cisco after the acquisition of SightPath in 2000. Jim has been awarded three U.S. patents in fault tolerant systems design and holds a B.S. in computer engineering

and an M.S. in management from Worcester Polytechnic Institute.

About AppNeta:
AppNeta is the leading provider of Full Stack Application Performance Management (APM) solutions, offering integrated performance visibility into the application code, through the network, to the end user. AppNeta's SaaS solutions provide development and IT Operations teams with broad, detailed performance data to easily find and fix performance issues across the application environment. With AppNeta, customers have all of the performance data they need to assure ongoing and exceptional delivery of business critical applications and end user experience.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Melvin, would you tell us about AppNeta?
Mr. Melvin: AppNeta is a leading cloud-based service provider that helps major enterprise accounts make their business-critical applications much more cost-effective to run.

CEOCFO: Is there a typical customer for you?
Mr. Melvin: Absolutely. We deal with customers in a number of industry verticals. We deal with customers in financial services, health care, manufacturing, retail, and global manufacturing. However, one thing that all of our companies have in common is that they have at least one business-critical application that their business depends on. This can vary somewhat widely. For instance, this business-critical application might be their busi-

ness. It may be their e-commerce company, some online company or a media company, and the success of their application is directly linked to their business. Or, it could be a company that normally uses internal applications for basic business services. For instance, one of the current popular trends is moving to Salesforce.com for your CRM or client relationship. That is a cloud-hosted application, and call centers are highly dependent upon the performance of that. We help our customers make sure that those applications are performing well.

CEOCFO: What do you understand at AppNeta to make the processes for your clients easy?
Mr. Melvin: What we do that is fairly unique and differentiates us in the market is that we help our customers understand application performance insight all the way from the application to the network infrastructure out to the end user. We provide a unified interface with this information so that they can not only monitor from the end-user experience how the application is running, but when there is a problem in that application it can help them to quickly pinpoint where that problem is, wherever it is across the infrastructure.

CECFO: Would you give us a concrete example of how that might work?
Mr. Melvin: We have healthcare facilities around the United States if not around the world, that are moving electronic healthcare records (EHR) between facilities. There is a lot of government funding to get these records online because that would create a centralized repository so that whether I am in my doctor's office or at a remote office, the same commission is available. What that means is that

there is some application running in the cloud that doctors will be accessing from the practitioner's point to the hospital. The performance of that application is absolutely critical, not only to the efficiency of the doctor but also to the safety of the patient's data. The doctor needs information about you as the patient that may be time sensitive, and the EHR application has to work. Our capabilities and solutions help the hospital and their service providers to monitor the user experience of that application. If it is ever below what is required of the application, it can help them very quickly pinpoint where the problem is. In this case, the problem could be out at the remote hospital, it could be in the conductivity from the hospital back to the application delivery point or it could actually be in the data center where the application is being delivered right down into the different web delivery points. We can see all of that, and we can pinpoint and diagnose where the problem is occurring and why.

CEOCFO: Do you approach customers directly or do you work through channels or partners?
Mr. Melvin: It is a very exciting model that we have here. We have what is called a Sales 2.0 strategy. We tend to target and contact potential customers that we believe might have one of these performance problems. We then have the ability to demonstrate the technology via the web and to allow prospects to very easily try our technology prior to ever making a commitment to the purchase. We believe that this is the future of selling IT, and it works quite productively here at AppNeta.

CEOCFO: When you speak with a company, what is the "aha" moment where they understand that your solution is superior?
Mr. Melvin: One of the things I love about AppNeta is that we do live demonstrations to 20-30 different customers per day. With a large number of those demonstrations, at some point the prospect is literally going to

say, "Wow, I did not think that was possible. I have always wanted to do that. How are you doing that? I'm not sure I believe that." They say this because we provide insight into their infrastructure that they have never had before, either insight into their back end applications as how they are running or insight as to how their carrier is managing their application traffic. These are things that customers just have not been able to get before. They get that "aha" moment when they realize it is going to change their life if they have it.

CEOCFO: If you are doing 20-30 demonstrations a day, it seems that there is a lot of interest in your product.

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Mr. Melvin: If you think about it, how many businesses are dependent on applications? Everything has or is an IT application today, right down to the phones. If IT applications stop, the business stops; whether it is a sales or call center application, a trading application, a healthcare application or ERP, all of these things are IT services. The business impact of service failure and service disruption is very real. There are a lot of people that we can talk to, and it is a very broad market opportunity. We targeted a 10-20 billion dollar market opportunity in this area of application performance management and insight, and that industry historically has been the domain of the Fortune 100 to Global 2000. But with the

shifts in technology, these technologies are now available down to the mid-market and many relatively early-stage companies.

CEOCFO: What is the competitive landscape for AppNeta in general?
Mr. Melvin: It is a very active competitive landscape. Our industry has been dominated by a half dozen very large IT providers that have had what I would consider to be legacy solutions in this market. They have been successful in the past, and these are the blue chip names in technology that everyone knows. They have been successful in the past by targeting very large companies in the Fortune 100 and Global 2000, and launching extremely complex, extremely costly deployments. What I am talking about are deployments that take nine to tens of millions of dollars in costs, and take two to four quarters to get up and running. We are successful because we can go after those enterprise customers at the top of the market, but also mid-market customers with solutions that are a small fraction of the price, and it can get started in days or weeks. The time-to-value is dramatically different, and that is what has created a lot of excitement in this market that we are in today.

CEOCFO: AppNeta has been recognized in a number of different areas by a number of different awards. Does this validation help when you are talking with customers?
Mr. Melvin: It absolutely does. We try to work very closely with the media community, but more importantly, the analyst community is regularly reaching out to the customers at large. We are still relatively unknown as compared to some of the larger companies in the space. It is crucial to be able to talk about some of the customers that are being successful with us, and to talk about some of the recognition that we have received from people like Carpenter or some of the periodicals such as Network World or the 451

Group. And for how relatively unknown we are currently, there is a relatively long list of industry thought leaders that have recognized what we are doing as a next-generation approach. That helps build the reputation and reinforce our position giving customers executive confidence when they are considering acquisition of our technology. I will say that because we are a cloud-based service, and it is an annual contract, the dollar amounts tend to be much lower than ever perceived in the past. It is an annual service contract, so many of our customers, even if they are not completely sure, can take the risk on one year and see how it works.

CEOCFO: It says on your website that you are hiring. Most tech companies have told me how difficult it is to get the people that they would like to hire. Do you find that to be the case, and what do you look for in your employees over and above technical skills?
Mr. Melvin: We are actively hiring, and we are growing at a fairly brisk pace. Our development team is located in Vancouver, British Columbia, as well as here in Boston, Mass. Boston is our headquarters, which is where I have my sales and marketing hub. We are looking for people that are very interested in and excited about having an impact on an industry. We are not looking for people that are just looking for a job, and we are not looking for people who are asking what time they get to go home at night. We are looking for those people who have that spark in their eye when they see the opportunity of what we are doing. They recognize this major market that is beginning to shift, and they are hungry to be a part of it. I have been quite lucky in my career. I have worked at a number of top-tier companies, and I have worked at companies as they have become top-tier companies. There is really nothing like being onboard a company that is growing rapidly and creating excitement in the market. It is certainly hard work, but it is a lot of fun and very satisfying to watch.

CEOCFO: What is the strategy for the next year or so?

Mr. Melvin: The strategy for the next year or so is to continue significant innovation in our product offering in alignment with the needs of our customers. We as an organization think about customer success as one of our critical cultural icons, and I think the concept of cultural success is an interesting one. It is not about satisfaction, but it is about success in your economic endeavor in the office. The closer we can come to understanding how to make a customer successful with our technology, the better the opportunity we have to expand and move into other areas within that account. It is a real win-win for both us and our customers. We partner with them, not just to make sure that the user of our technology is happy, which is of course important, but rather to make sure that we are delivering economic value back into our customers.

CEOCFO: Are acquisitions part of your growth strategy?
Mr. Melvin: We made an acquisition about a year ago of another small technology company here in Boston that enabled another critical piece of our strategy in regards to application performance. That has worked out absolutely fantastically, and it has become a very important part of our portfolio. There is great team of technologists that came with it and that helped to grow our development team. Looking forward, we are assessing what other technology assets we want to add to our portfolio in order to help our customers be successful with their application delivery. We are always looking for new opportunities.

CEOCFO: What is your geographic reach?
Mr. Melvin: The bulk of our business, about 70%, is here in North America. We do have a broad and pretty vibrant international community in Europe, and we have a small-but-growing customer community in Asia.

CEOCFO: Is international growth a focus for AppNeta?
Mr. Melvin: It is a focus for me. At this point in time, we do not have dedicated sales offices outside of North America, but in our sales model it is quite easy for us to sell our service to customers outside of North America despite that. I would expect that 2014 might be the time that we start to expand geographically at least into Europe.

CEOCFO: How is business these days?
Mr. Melvin: Business is very good. We are relatively pleased with the stability of the economy that we have experienced this year. While I would not necessarily consider that an enabler, I do not think it is a distraction at this point in time. We continue to grow our business and we are on track to have another very positive year, mostly based upon the expansion of our solution and the continuing increase of our average selling price to our customers.

CEOCFO: You have raised some funds three or four months ago. Will that take you where you need to go; will you be looking for additional funding or is it too early to tell?
Mr. Melvin: It is too early to tell, and the interesting part about that is that as a fast growing company, it is all about the growth rate. We are looking at that very carefully, and we continue to increase the value of the enterprise, which my investors are quite pleased with. As we do that our cost and capital tends to go down. It would not surprise me if we might raise money again at some point in time, but we do not have any definitive plans to do so right now.

CEOCFO: Why should people in the business and investment community pay attention to AppNeta?
Mr. Melvin: AppNeta is part of a growing trend - delivering IT management services as a SaaS solution. There are a number of benefits of doing that in terms of ease of use, ease of deployment, economic value, and dramatically better insight. In general, that is part of the reason we are getting attention. In specific, the reason we are getting attention is we provide more detailed, accurate insight into the operations of business-critical applications than any other company. If your readers are operating business-critical applications that are either internal

applications for their own users or delivered to their customers via the internet, we can provide insight that can help them be more efficient and productive in delivering that service.

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