APPS RUN THE WORLD

Utilities

Vertical Applications Market Report 2009-2014,
Profiles Of Top 10 Vendors

7/30/2010

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Summary

This applications market sizing report analyzes the 2009 performance of the leading 10 applications vendors in the utilities vertical, which has benefited from massive investments from government entities and the public at large to create a smart grid infrastructure.

Utilities are at the forefront of a new paradigm shift when it comes to power distribution and consumption. As smart grid projects are being rolled out around the world, applications vendors have become the power brokers that stand to benefit the most from the shift away from the conventional way of distributing power, water, gas and other energy sources to a sustainable environment where consumers are jettisoning their old habits as a result. The net effect could be a total remake of the global economy based on how people choose to live their daily lives. Applications, once again, could become one of the major enablers behind this lifestyle revolution.

Top Line and Bottom Line

On the top line, utilities are ratcheting their spending in order to better position themselves in the new world order as energy resources are becoming scarce. In addition to their planned smart grid projects, urban and rural utilities have been overhauling their front-to-back office systems as a part of their enterprise-wide initiatives to reduce costs and boost efficiency. Another major catalyst for applications vendors is the buildup of hydroelectric and coal-burning power plants in countries such as Brazil, China, Chile, and India, resulting in more technology spending to manage such production, transmission and distribution facilities.

The bottom line is that the utilities vertical has morphed from a perennially dependable holding for investors to a growth story because of increased demand and scarce supply and applications vendors will be instrumental in the transformation, which could play out in many years, if not decades.

Market Overview

The market for applications for the utilities vertical rose 5% in 2009 as smart grid infrastructure projects dominated the agenda of utilities in their efforts to transform the marketplace, an occurrence that mixed government funding and active involvement of many private-sector organizations.

Few companies have done it more adroitly than IBM, which has helped spark public imagination on the future of energy with its powerful Smarter Planet campaign. A Smarter Planet is a manifestation of that power by linking IBM software with best of breed billing, customer service, meter data management as well as other critical components to make such Advanced Meter Infrastructure projects possible at more than 100 major utilities, which are at various stages of completing these implementations with the help of the IBM Global Services organization.

Through system upgrades and replacements, utilities have generated considerable savings. For instance, ConEd started using Ventyx Generation Operations applications to reduce the cost to serve customer load in Long Island, a suburb of New York. The utility was able to yield $14.4 million in minimum avoided monthly operating cost by using optimized cable schedules.

In August 2009, Huntsville Utilities became operational with a full enterprise resource planning suite from SAP. The deployment replaced the utility provider's 30-year-old legacy COBOL applications for financials, procurement,

inventory management, work management, human resources, payroll and reporting, paving the way for improved visibility and productivity across its gas, water and electric services.

Such examples demonstrate that the utilities industry is bracing for wholesale changes that promise to have lasting impact on the role of IT in every aspect of their operations, not to mention how essential services will be rendered to consumers in the future.

Then there is the regular drumbeat of smart grid infrastructure projects reverberating around the world. Fortum, the largest utility in Finland, last year selected Telvent to implement smart meters connecting 550,000 customers in a nine-year project totaling €170 million. With two-way communication capability, smart meters serve as the intelligent device that allows utilities and consumers to monitor actual electricity demand and usage with the potential of altering people's behavior and ultimately prevent system overload and power outage.

Implications Of The Great Recession of 2008-2009

Unlike other verticals, the recession barely registered in the utilities industry. Even though some utilities decided to tighten their belts in their continuous drive toward cost containment, the impact of the recession on their operations has been negligible.

On the other hand, there were IT projects being put on hold because of the lengthy amount of time needed to apply and receive government grants to help usher in next-generation utilities, especially those that integrate the latest smart grid and distributed generation technologies for the so-called green and sustainable communities.

Still, the momentum is on the side of the utilities as well as the investor community, which has been throwing their weight behind many of these green projects in anticipation of outsized returns.

Silver Spring Networks, which has become one of the biggest players in the smart grid movement, pocketed $100 million in new funding in December 2009. Such show of support buttressed the growing conviction that the utilities vertical might well become one of the few remaining industries that could stay recession-proof.

Customers

The utilities vertical is made of a number of huge companies and many more small and mid-sized utilities owned and operated by municipalities and private entities that dot the landscape in different parts of the world. The number of power plants is also rising to meet surging demand.

In the United States alone, there are more than 2,400 power plants generating 50MW and above and more than 900 proposed power plants and nearly 200 plant expansions are at different stages of being approved and built.

Because of its regulatory nature, the utilities vertical will remain highly fragmented and that may result in mixed blessing for applications vendors.

Increasingly the big utilities have decided to standardize their applications roadmap as part of their infrastructure development, which may prevent niche vendors from making inroads into these giant utilities. The challenge for applications vendors is to start developing an ecosystem that allows them to sell into large and small utilities alike with the help of trusted ISV and channel partners.

On the other hand, the rise of smart grid infrastructure will kick off a new era for power production, transmission, and distribution. A good example is the nascent electric vehicle industry, which could spawn many new applications that have yet to be written.

For instance, e-Meter, a promising startup, continues to win mind and market shares with its innovative approach to helping utilities pursue their smart grid vision.

Top 10 Applications Vendors In Vertical

The following table lists the 2009 shares of the top 14 applications vendors in the utilities vertical and their 2008 to 2009 applications revenues(license, maintenance and subscription) from the vertical.

Vendor	2009 Share(%)	2009 Applications Revenues From Utilities($M)	2008 Applications Revenues From Utilities($M)
Oracle	8.9%	150	130
Itron	7.4%	125	135
ABB	6.4%	106.7	108
IBM	5.9%	100	90
SAP	5.9%	100	110
Trimble	3.0%	51	62
Constellation Software	2.4%	40	35
Telvent	2.3%	39.4	34
PSI	2.1%	35	33
Intergraph	1.7%	29	28
CGI	1.2%	20	25
Aclara	1.2%	20	15
Hansen Technologies	1.1%	18	15
Silver Spring Networks	0.7%	12	6
Subtotal	50.3%	846	826
Other	49.7%	835	782
Total	100.0%	1681	1608

Vendors To Watch

All eyes will be on ABB, the world's biggest equipment provider for utilities, following its acquisition of Ventyx to become one of the major contenders for the top spot in the applications market for utilities. Because of its wealth of experience in selling into utilities as well as the enormous resources of its Power Systems division, a $5-billion division of the $32-billion conglomerate, the acquisition could drive substantial cross-selling and up-selling opportunities for Ventyx.

Another possibility is whether the acquisition will spark ABB competitors such as Emerson, GE and Siemens to follow suit by picking up complementary utilities applications vendors that deliver near-term synergistic benefits. For example, Siemens and eMeter have already established a long-term relationship that could grow even tighter.

That could also spark a wave of consolidation in the utilities applications market with fast-growing vendors such as AMX International, BPL Global, and Ecological Analytics leading the parade for potential buyers eager to expand into the space.

Outlook

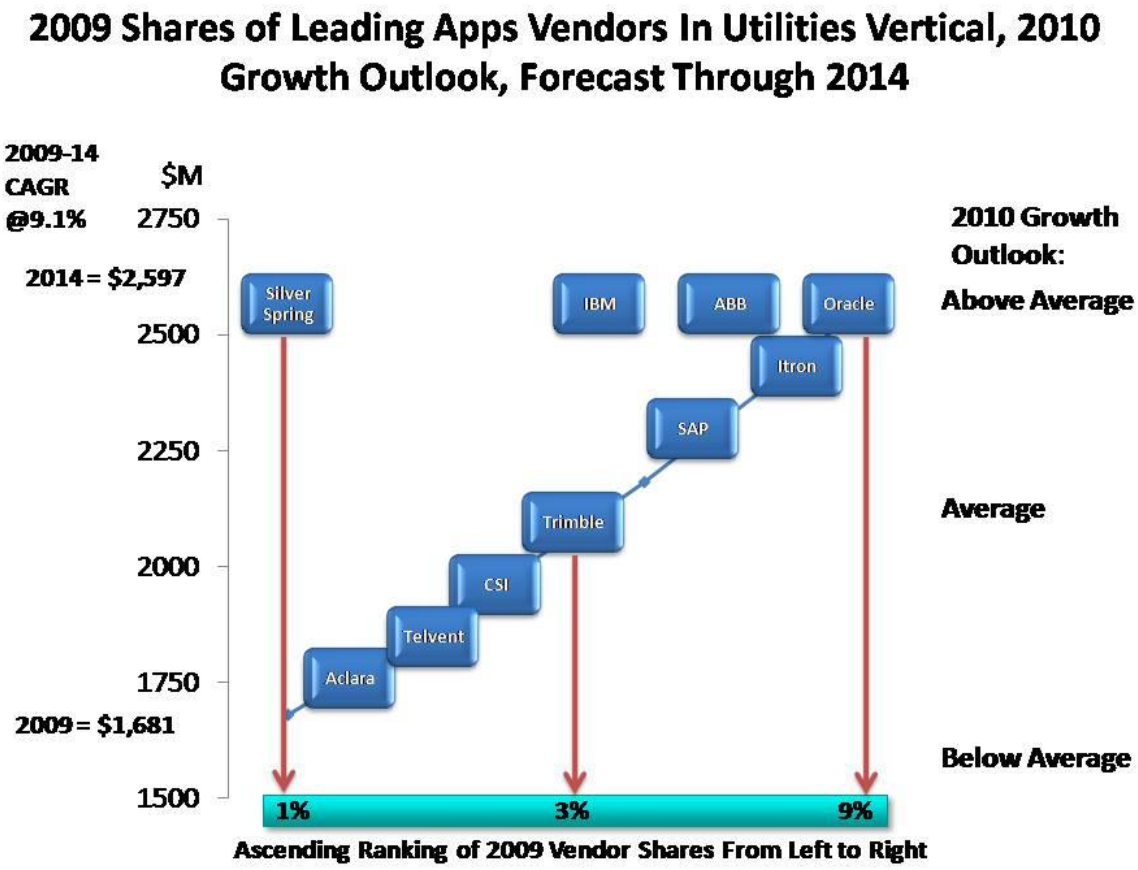
As applications for utilities become one of the hotly-contested areas for vendors and investors because of the frenzy over smart-grid movement, the future will depend on how expectations are being met.

On the upside, the confluence of factors from public awareness and acceptance of the sustainability message to the actual cost benefits of overhauling the legacy power system infrastructure will give applications vendors plenty of opportunities to win major deals. The issue is whether they can focus on a defensible segment for massive buildup of customer installations covering everything from smart meters to demand response management systems.

On the downside, utilities are still taking their time when doling out large IT projects, a typical practice that elongates the investment cycle. Furthermore public outcry over the actual benefits of smart meter projects has forced some utilities such as PG&E to lay blame on underlying technologies for producing erroneous and often higher than actual consumption bills for consumers. Before applications vendors can claim their central role in helping make smart grids possible, flawless execution will be the gating factor for them to claim final victory.

SCORES Box Illustration

The following graphic shows the 2009 shares of the major utilities applications market with Oracle claiming the top spot at 9%, followed by Itron, ABB, SAP, IBM, Trimble and others. Based on our SCORES methodology, Oracle, ABB, IBM, Silver Spring are rated above average for their growth potential in 2010. The market is expected to achieve a 9.1% compound annual growth rate rising from $1.7 billion in 2009 to $2.6 billion by 2014.



Profiles of 10 Leading Applications Vendors In Vertical

- Oracle
- Itron
- ABB
- IBM
- SAP
- Trimble
- Constellation Software
- Telvent
- Aclara
- Silver Spring Networks

Oracle

Redwood Shores, CA

www.oracle.com

Overview:

Oracle has been expanding its presence in the utility vertical through acquisitions and extensions of its end-to-end solutions to meet the latest requirements of its energy customers. Typical customers are major utilities that have been using different Oracle applications and technology products.

Applications Revenues In Utilities:

	2008	2009
$(M)	130	150

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	75	50%
EMEA	52.5	35%
Asia Pacific	22.5	15%

2009 Applications Revenues In Utilities By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	45	30%
Large(1K-5K ees)	60	40%
SMB(1K ees and below)	45	30%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total
License	50	33.3%
Maintenance	100	66.7%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 9% share in the utilities vertical, Oracle's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

After buying utility apps vendor SPL Group in 2006 and Lodestar in 2007, Oracle has considered selling into utilities a major plank of its vertical applications strategy.

Over the past year Oracle has delivered on that promise by shoring up its offerings for utilities customers with industry-specific and complementary solutions such as those from JDEdwards Enterprise One. Prior to its purchase by PeopleSoft in 2005, JD Edwards had already secured a healthy number of ERP customers in the utilities vertical because of its extensive knowledge in asset management and financial accounting after years of serving energy companies in the Rockies where JDE was based.

Through such acquired assets, Oracle has started to assemble a solution map that meets the growing requirements of its utilities customers.

Smart Grid is the overarching theme for Oracle in addressing the future needs of utilities. And Oracle is expected to become the primary provider of different components that allow utilities to install smart meters and smart grids around the world to meet energy resource constraints.

New products include the newly released Oracle Utilities Network Management System 1.9.0, an integrated suite of real-time operations applications that provide a foundation to support smart grid initiatives. The second is Oracle Utilities Meter Data Management 1.5, which includes enhancements to help accelerate advanced metering infrastructure (AMI) integration and to lower implementation costs for utilities involved in smart metering programs. The MDM application will also help detect outages more quickly, drive energy efficiency initiatives and provide more accurate billing information to customers.

Key Applications For Utilities Vertical:

Oracle Utilities Customer Care and Billing, Oracle Utilities Billing, Oracle Siebel CRM, Oracle Utilities Rate Management, Oracle Utilities Quotation Management, Oracle Self-Service, Oracle Utilities Work and Asset Management, Oracle Enterprise Asset Management, Oracle Utilities Business Intelligence, Oracle Hyperion, Oracle Business Intelligence Enterprise Edition, Oracle AutoVue Enterprise Visualization Solutions, Oracle Utilities Meter Data Management, Oracle Utilities Mobile Workforce Management, Oracle Utilities Network Management System, Oracle Siebel Field Service, Oracle Utilities Portfolio Management, Oracle Utilities Load Analysis, Oracle Utilities Load Profiling and Settlement, Oracle Depot Repair, Oracle Service Optimization, Oracle Projects, Oracle Primavera Solutions

SCORES Analysis

Strengths

Oracle's strengths lie in the completeness of its solution offerings that encompass a cross section of industry-specific and general-purpose applications for operations and back-to-front office requirements of its utilities customers.

Oracle is also stepping up its efforts to deliver capabilities such as Micro Grid and Master Controller as well as tools to address the impact of multiple Distributed Energy Resources(DER) technologies, while helping utilities develop the strategy needed to address feeder automation technology. Other features will include tools and integration to handle load management and establish true enterprise scheduling scalability.

Increasingly Oracle is leveraging its strengths in database, analytics and consolidated reporting.

Over the past year, Oracle has been developing new products for utilities in areas such as distribution management and enhanced reporting and analytics. The latter is geared toward additional distribution management system portals that sync up with Oracle Utilities business intelligence.

In terms of integration, the Oracle distribution management system has continued its movement toward a Java-based front end with out of box integration to support other Oracle technology components.

In addition Oracle has placed great emphasis on feeder load management as one of its key differentiators by providing utilities with real-time analysis capabilities, continual assessment of power delivery and available feeder capacity in a distributed network that optimizes operations.

Customers

Oracle has more than 1,000 customers in the utilities vertical. SPL brought in 185 utility customers, while the purchase of Lodestar added another 114 to the original base of 700 mostly JDEdwards Enterprise One and World customers in the utilities vertical.

In 2009 its customer wins in the vertical included Green Mountain Energy, Groupe Atlantic (France), Acciona Energia (Spain), Cong ty Cap Nuoc Da Nang; Dawaco; EDP – Energias de Portugal (Portugal); Moesk (Russia); PT PAM Lyonnaise, PT Perusahaan Gas Negara (Persero) Tbk. (PGN); SIV.AG (Germany); Supreme Energi; xoserve (UK), Aboitiz Power Corp., Dayton Power & Light, EDF Energy, Endesa Servicios S.L., Hub Power Co. Ltd., PT PAM Lyonnaise Jaya, San Diego Gas and Electric, TrustPower Ltd., and Western Power.

Opportunities

Over the next year Oracle is planning to deliver a number of new applications for utilities in such areas as meter data management including head-end support for multiple devices including those from vendors other than Oracle. Mobile workforce, load analysis, and customer care enhancements will also be key components of these new product development efforts. The same applies to an expanded footprint that covers spatial applications, content management and its Exadata database machine to form a robust infrastructure for next-generation utilities.

These new technologies are expected to be made available through an intuitive viewer that leverages Oracle's business intelligence and spatial presentation capabilities to help utilities deliver visually rich outage management information.

Risks

While Oracle is making its way to sell an array of applications and technologies to some of the largest energy companies, integration challenges are ever present. While Oracle's solution map may well support the operations of a major utility, there are gaps such as Geographic Information System, Supervisory Command and Control, and energy trading and risk management applications that need to be filled by other ISV and technology providers. Some of these vendors may find prior constraints and obstacles partnering with Oracle because of the need of supporting the Oracle technology stack.

As a result, Oracle's success will depend on its ability to stay interoperable with others that do not share its middleware, database and hardware agenda in the utilities vertical.

Ecosystem

In addition to its long-standing relationship with systems integrators such as IBM Global Services, Oracle has been working closely with partners to tap into emerging areas such as electric cars and smart grids.

In fact the future will require much greater collaboration between Oracle and its ecosystem partners to develop breakthrough applications that are based on the vendor's expertise in spatial analysis and its database franchise.

For example, with Oracle Spatial Map Viewer, utilities will be able to leverage spatial analytics that covers rich land base and Oracle is expected to tap into an array of partner solutions to handle such requirements as Plug-in Hybrid

Electric Vehicles(PHEV), automated switching, distributed controls, smart appliances, and demand response systems.

Shares

With a 9% share in the vertical, Oracle has an above average chance of gaining share because of the synergy between its acquired products and its core competency in database, analytics and ERP applications.

On the upside, the move toward advanced metering projects is still evolving and Oracle is expected to play a key role setting the technology agenda on how utilities are going to implement such systems.

On the downside, utilities, especially those in emerging markets, may find Oracle's technology stack too complex for their needs and may even be turned off by any sign of locking them in with a proprietary approach, or an expensive database conversion project for that matter.

Itron

Liberty Lake, WA

www.itron.com

Overview:

As one of the largest pure-play technology vendors for the utilities vertical, Itron has come to represent the pervasive trend among energy providers to overhaul their operations through automation. Typical customers include electric, water and gas utility companies around the world.

Applications Revenues In Utilities:

	2008	2009
$(M)	135	125

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	75	50%
EMEA	52.5	35%
Asia Pacific	22.5	15%

2009 Applications Revenues In Utilities By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	45	30%
Large(1K-5K ees)	60	40%
SMB(1K ees and below)	45	30%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total
License	50	40%
Maintenance	75	60%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 7.4% share in the utilities vertical, Itron's ability to maintain and win share in the market segment in 2010	Average

Full overview:

One of the world's biggest names in meter manufacturing, Itron offers a full range of software systems covering everything from meter data management applications to the latest smart grid solutions.

Founded in 1977, Itron has been selling its meters, software applications and services to utilities in 130 countries. Its extensive product portfolio was boosted by its $1.7 billion acquisition of Actaris Metering Systems. The 2007 purchase of Actaris enabled Itron to add thousands of customers in Europe and other regions, further strengthening its installed base on the heels of its buyout of Schlumberger's electricity metering business in 2004.

Over the past year Itron has been extending its ecosystem by working with a number of partners in communications and energy consumption management, ensuring interoperability between its metering systems and a host of high-profile smart grid projects.

Additionally Itron has been bulking up its war chest by raising more than $430 million in stock offerings since May 2008.

Key Applications For Utilities Vertical:

Itron Enterprise Edition for integrated data management and analysis

SCORES Analysis

Strengths

Itron has been on the vanguard of the advanced metering infrastructure(AMI) movement by touting the benefits of its end-to-end solutions that are seen as the key enablers of the digital transformation taking place at utilities around the world.

Itron has been developing different automated meter reading(AMR) devices, precursors to the AMI, for more than 20 years and more recently sales of meters with AMI have skyrocketed. In a given quarter, Itron ships more than six million meters with at least 10% of them being smart meters that allow for AMI with two-way communication feature built-in between the devices and data collection systems over a wireless network. In 2009 it shipped 710,000 meters with AMI, compared with 20,000 in the year-earlier period.

The acquisitions of Actaris and Schlumberger have vastly expanded Itron's presence in the European market and other regions, which are expected to pave way for greater adoptions of AMI technologies because of government mandates as well as economic forces that drive utilities in emerging countries to pursue smart grid projects.

In addition to its own AMR and AMI meters, Itron has developed such products as advanced water leak detection system for water utilities as well as meter data management software for data collection and analytics.

In 2009 it released version 7.0 of Itron Enterprise Edition, its integrated data management and analysis applications. The latest release includes such features as an enhanced billing determinant calculation process for high volume interval data-based billing, an expanded set of web services that support two-way AMI communications, and new AMI operator dashboards. Itron has equipped more than 40 million meters with its meter data management applications.

The proliferation of its meters, which come equipped with its MDM and AMI applications for such features as demand response, has allowed Itron to have a greater say over the direction of smart grid creations than others that can only provide pieces of the puzzle.

Customers

Itron has more than 8,000 utilities customers around the world. Some of them such as CenterPoint Energy, DTE Energy, San Diego Gas and Electric, and Southern California Edison have entered into long term contracts with Itron to replace hundreds of millions of older devices with smart meters. So far only a fraction of those devices totaling several hundred thousands have been replaced because of the economic downturn and the extended timeline to incorporate pending government subsidies into large-scale rollouts.

In addition to these big deals, Itron also secured wins in 2009 from Alabama Gas Corporation, Canby Utility, Columbia Gas of Ohio, Consortium Genieau, Metropolitan District, Northeast Utilities, NW Natural Gas, Suffolk County Water Authority, and Yorkshire Water.

Opportunities

With only a tiny fraction of billions of meters having automated reading and two-way communication capabilities, the addressable market of Itron is immense.

The European Union, for example, has set a goal of converting 80% of its electric meters to smart meters by 2020. Already Itron derives more than half of its revenues from Europe and that figure could rise if such mandates result in large scale deployments. Other regions are equally enthusiastic about the benefits of replacing their aging metering systems with new ones that reduce operating costs substantially while ensuring sustainability.

With a vast installed base, Itron is poised to grow further given its ability to win big deals and extend its lead in the meter market with highly scalable products and extended ecosystem support.

Risks

With a well established business in the meter market, Itron's next phase of growth will depend on broad acceptance of its AMI products, which could result in significant uptake of orders for 2010. The increased acceptance will also be based on the performance of its OpenWay communication platform, which facilitates the real-time collection of data from the smart meter. Itron is expected to release an upgraded version of OpenWay with high transmission rates in the second half of 2010.

Itron is projecting an at least 25% jump in its North American revenues in 2010 largely based on the widespread deployment of its smart meters under contracts that have already been signed. Another contributing factor is the timing of the flow of government stimulus funds into the hands of some of its utility customers. Its international business, on the other hand, will only be growing in single digit in 2010.

What is less clear is whether its bullish outlook for the North American market where utilities are still wrestling with some of the issues from tax implications of government stimulus funds for smart grid projects as well as growing skepticism among consumers over the reliability and actual benefits of smart meters.

Ecosystem

Over the years Itron has built a robust ecosystem by building alliances with telecommunications, device manufacturers, software vendors, system integrators, and consulting firms. In fact Itron has been selling its meters with other vendors' AMR and AMI applications.

Recent alliances included the joint marketing and development pact with Arcadian Networks to incorporate Itron's smart meters into the broadband communication solution from Arcadian. Itron also made such interoperability requirements a centerpiece of its ecosystem by working with Verizon to certify its OpenWay relay technology for the carrier's wireless networks, while working with device makers such as Iskraemeco and Landis+Gyr to ensure interoperability among smart meters from different manufacturers.

Itron primarily sells its meter and application products direct, supplemented by distributors and resellers on deals targeting smaller utilities in North America and elsewhere.

Shares

With 7.4% share in the vertical, Itron is expected to gain share in 2010 and beyond because of a healthy backlog of large contracts.

On the upside, the growth of Itron will track the overall adoptions of smart meters among large and risk-adverse utilities, which have every reason to standardize on robust smart grid technologies from vendors such as Itron because of its long track record.

On the downside, Itron is competing with many less-established AMI vendors that are determined to change the rules of the game with disruptive applications and delivery models that could make it difficult for Itron to continue with its many legacy products and their associated recurring revenues.

ABB

Zurich, Switzerland

www.abb.com

Overview:

For more than a century, ABB, one of the world's largest conglomerates for asset-intensive industries, has been helping utilities transform their business through the use of the latest power and automation technologies. In May 2010 ABB acquired Ventyx, a major applications vendor for utilities vertical with an array of asset lifecycle management, mobile workforce scheduling and energy portfolio management products. Typical customers of ABB are major utilities and energy producers.

Applications Revenues In Utilities:

	2008	2009
$(M)	108	107

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	21.3	20%
EMEA	53	50%
Asia Pacific	32	30%

2009 Applications Revenues In Utilities By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	43	40%
Large(1K-5K ees)	43	40%
SMB(1K ees and below)	21	20%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total
License	22.9	22%
Maintenance	74.2	69.6%
Subscription	9.4	8.9%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 6.4% share in the utilities vertical, ABB's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

With 120 years of experience in power transmission and distribution, ABB has a long history of serving the utilities vertical. The $32-billion company makes everything needed to build a power grid from transformers to circuit breakers. Its power systems division offers turnkey systems for power transmission and distribution.

In May 2010 ABB made a big move into the applications space by acquiring Ventyx for $1 billion in cash and it plans to merge ABB’s network management business within the Power Systems division with Ventyx to form a single unit for energy management applications.

The collective power of ABB and Ventyx solutions could transform the energy market as it bolsters its offerings ranging from transaction management to demand response. The added benefits will come from the full spectrum of ABB's products and services that can help utilities tackle seismic changes to the industry through automation of every part of their organization. The folding of Ventyx into ABB is to give better shape to the future model of an intelligent utility that can balance the art of reduced operating costs and superior customer service with predictable outcome.

Prior to the acquisition, Ventyx already amassed applications in such areas as asset lifecycle management, mobile workforce scheduling and energy portfolio management with special emphasis on analytics.

In 2009 Ventyx acquired Structure's nMarket, which offers an integrated bid-to-bill transaction management solution for bidding, position management, nomination/scheduling, dispatch, settlement and reporting. One early adopter of nMarket saw at least $14 million in avoided monthly operating costs by optimizing cable schedules within one month of running the applications.

Key Applications For Utilities Verticals:

In addition to SCADA, EMS, GMS, DMS and OMS applications for general operations, transmission grid operations, generation operations, distribution grid operations and outage management, ABB also offers systems for Market Management and Utility Communications. Through its acquisition of Ventyx, the company also offers Ventyx Plant Operations Management and end-to-end enterprise workforce management applications.

SCORES Analysis

Strengths:

For years ABB has been selling a suite of outage management, distribution management systems and SCADA/EMS software for major utilities around the world. These utilities have also standardized on its extensive portfolio of power generation, transmission and distribution equipment and technologies to run their day to day operations.

The acquisition of Ventyx filled the ABB's product gaps in such areas as enterprise asset management, mobile workforce management, and portfolio planning and analysis.

With few exceptions, ABB is capable of meeting the end-to-end needs of a utility to run its back-office and front-line operations. Even for ERP, data warehousing and middleware products that it doesn't carry, ABB and Ventyx have maintained good relationships with a slew of ISV partners.

ABB was formed as a result of the merger between Asea, an industrial product company, and Brown Boveri & Cie, a major technology supplier to the power industry, in 1988. Since that time, ABB has directed its attention to utilities and automation by selling off its financial services and oil and gas divisions.

The acquisition of Ventyx has catapulted ABB into a major applications vendor, while leveraging Ventyx's products and installed base to expand in strategic markets such as the United States.

Ventyx's core competency was in enterprise asset management, allowing its utility customers to handle a variety of tasks from maintenance optimization to smart asset tracking and tagging, all in the hopes of creating a holistic view of the entire asset lifecycle management ecosystem to reduce costs and ensure uninterrupted energy supply.

Ventyx itself was formed in 2007 as a result of the merger between Indus - best known for its asset management solutions, and MDSI for it mobile workforce management applications, after Vista, a private equity firm, acquired both in successive purchases. In 2008 Ventyx purchased Tech-Assist to shore up its operations management software systems for power generation and other asset-intensive industries.

Customers

With more than 1,200 customers in utilities vertical, ABB and Ventyx have helped reshape the IT direction of some of the largest energy companies such as American Electric Power, Con Edison, Entergy, and PG&E.

In 2009 Ventyx's customer wins included EPZ, National Geospatial-Intelligence, Nuklearna elektrarna Krško d.o.o. (NEK) and Xcel Energy.

The EPZ win was significant because it reinforced the appeal of its mission-critical applications for asset and plant operations management.

EPZ, a Dutch electricity provider, last year licensed Ventyx Asset and Shift Operations Management (eSOMS) Suites to run its nuclear and coal-fired generation plants at Borssele, The Netherlands. Though the nuclear plant in Borssele had been scheduled to close in 2003, it finally gained approval to run until 2034 after proving it could be operated safely and reliably. The use of Ventyx applications would be instrumental in keeping that promise.

Opportunities

The ABB acquisition of Ventyx has drastically expanded the company's ability to deliver best-of-breed applications for energy and network management for a large number of utilities.

Analytics, for example, will become a low hanging fruit for ABB. Already Ventyx saw surging demand for its energy analytics products, which allowed utilities to better plan their operations by analyzing more than 30 years worth of forecasting data and simulation of energy delivery. The result is improved workflow and data management capabilities for energy companies to map their generation capacity against future demands.

That level of increased visibility extends to a rich repository of data derived from ABB's SCADA and operations applications, which will be augmented by Ventyx's asset, customer and mobile workforce management applications. When these analytics products are combined with the latest releases of Ventyx plant operations management and end-to-end enterprise workforce management, the benefits begin to multiply especially for energy companies that need to better position themselves against an onslaught of data as a result of different smart metering projects now under way.

Risks

The ABB buyout of Ventyx is likely to force customers to reevaluate Ventyx's positioning vis-à-vis that of ABB and it is far from certain these customers will be receptive to the integrated solution offerings from a giant power-equipment vendor. For Ventyx customers that are already using such equipment from ABB's rivals such as Emerson, General Electric and Siemens, the challenge is for Ventyx to frame the consolidation to its advantage by touting the intrinsic value of its asset and workforce management solutions.

Then there is the integration issue. ABB, which did not make any major acquisition since 1998, unleashed the power of its huge cash hoard of more than $9 billion to buy Ventyx for more than $1 billion in May 2010. That was followed by an $1.3-billion purchase of Chloride, an uninterrupted power supply system maker in the United Kingdom, in June. Since then, ABB has decided to abandon the deal to buy Chloride.

It remains to be seen ABB, which has been under pressure to reduce its operating costs in recent quarters, is switching gears to focus more on high-margin business such as applications. The twin acquisitions could portend a fundamental shift in ABB's strategies that carry as much risks as new opportunities.

Ecosystem

Both ABB and Ventyx have been relying mostly on their direct sales force. For the past few years, Ventyx has been ramping up its ecosystem by partnering with a range of technology and solution providers such as GridPoint. While Ventyx primarily sells its applications direct, it has been bulking up its channel by working with resellers in emerging markets such as Romania.

Shares

With a 6.4% in the vertical, ABB stands a better than average chance of winning share because of its established installed base and increased momentum with its acquisition of Ventyx.

On the upside, ABB's recent penchant for acquisitions will guarantee incremental and recurring revenues such as subscriptions that supplement its dependable equipment sales and maintenance fees.

On the downside, the challenge for ABB is to incorporate Ventyx's offerings in a seamless way that renders expensive integration unnecessary for its joint and prospective customers. In addition, both ABB and Ventyx offer overlapping applications for plant operations management, load and revenue forecasting, as well as market management, all of which will need to be converged at some point in order to boost the economy of scale of its development efforts. It also needs to accelerate the migration of legacy systems being used by its longtime customers. In order to allay customer concerns, ABB has indicated that it has no plans to eliminate any Ventyx applications following the acquisition.

IBM

Somers, NY

www.ibm.com

Overview:

IBM's fast-growing software division has been targeting utilities for a number of years and its desire to gain shares in the vertical has become more pronounced than ever with its Smarter Planet global marketing campaign. Typical customers include major utilities in developed and emerging countries.

Applications Revenues In Utilities:

	2008	2009
$(M)	90	100

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	45	45%
EMEA	38	38%
Asia Pacific	17	17%

2009 Applications Revenues In Utilities By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	55	55%
Large(1K-5K ees)	35	35%
SMB(1K ees and below)	10	10%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total
License	39.1	39.1%
Maintenance	60.9	60.9%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 5.9% share in the utilities vertical, IBM's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

Following its 2006 acquisition of MRO Software, IBM has wasted no time harnessing acquired applications assets to strengthen its utilities strategy. The $740-million acquisition of MRO Software, whose asset and service management applications were extensively used among utilities, was small change compared with the overarching Smarter Planet marketing campaign that IBM has been building over the past year.

While utilities around the world savor the combined benefits of IBM Maximo asset management and integrated service management applications running along with other IBM's acquired software assets including Cognos real time operations visualization reports, Filenet content management systems, iLog rules engine, Tivoli Security Operations Manager, Netcool network monitor & management, and Internet Security Systems SCADA security

solution, not to mention the underlying IBM databases and middleware, the real power of the Big Blue has never been more convincing.

The Smarter Planet is a manifestation of that power by linking IBM software with best of breed billing, customer service, meter data management as well as other critical components to make such Advanced Meter Infrastructure and other smart grid projects possible at 100 major utilities, which are at various stages of completing these implementations with the help of the IBM Global Services organization.

For example, the Maltese National Electricity and Water Utilities in 2009 awarded a 70 million euro, five year contract to IBM, which will help deliver a fully-integrated nationwide smart grid and water management implementation that will include IBM applications and those of its partners.

Such engagements are expected to proliferate as IBM seeks to transform the utilities vertical, or the planet for that matter, in what could be some of the crowning achievements in the vendor's long history of redefining the IT landscape.

Key Applications for Utilities Vertical:

IBM Maximo asset management and integrated service management applications, Cognos real time operations visualization reports, Filenet content management systems, iLog rules engine, Tivoli Security Operations Manager, Netcool network monitor & management, Rational System Architect, SPSS Modeler Premium and Internet Security Systems SCADA security solution.

Strengths

The linchpin of IBM's utilities strategy lies in its ability to integrate different moving parts from hardware to software and from its robust ecosystem to its global services operations.

Over the past year, IBM has made that into a platform play from which innovation and collaboration reinforce each other to drive scalability and customer acceptance.

The latest developments were announcements made in June 2010 of being selected in the winning Coalition for the government of Australia Smart Grid Smart City and Oncor joining the Global Intelligent Utility Network Coalition. The coalition also announced several projects including a smart grid carbon model, along with studies of microgrid and electric vehicles, customer behavior and smart grid regulatory models.

In March 2010 an Energy & Utilities Solutions Lab in Beijing joined existing labs in Austin, Texas, and LaGaude, France where the vendor will bring together advanced analytics skills, industry-specific applications and best practices to make energy and utility networks safer and more efficient. One of the first products is a distribution network planning platform that supports decision-making for energy
savings, loss reduction and network reliability improvement. The platform is currently being used by a power company in China as a pilot scheme.

In 2009 IBM unveiled a new standards-based industry software platform called Solution Architecture for Energy and Utilities Framework(SAFE), which is based on a host of technology and applications offerings from IBM and a number of certified partners, to help utility companies operate more efficiently. The goal is to alleviate the testing and integration burden for utilities when implementing a new system that has been fully tested and validated by IBM and its partners under the program. The associated SAFE Partner Validation Program alleviates the testing and integration burden for utilities who implement a solution that has been fully tested and validated by IBM and its

partners. Currently validated partners are: Cisco, EIM, ESRI, Evergreen Energy, Itron, OSISoft, Powersense, SISCO Inc, Trilliant, Consert, Retriever Communications, KLG Systel, Space Time Insight.

These initiatives are consistent with the Global Intelligent Utility Network Coalition that IBM created in 2007 to accelerate the use of smart grid technologies. In 2009 CPFL Energia from Brazil and Liander from The Netherlands joined the coalition, which has grown to include 11 utilities covering more than 100 million energy customers around the world.

All these efforts could pay off handsomely for IBM as it capitalizes on its extensive technology stack from hardware to applications as well as complementary products from partners to create end-to-end solutions for the utilities vertical.

Customers

Following its acquisition of MRO Software, IBM's ability to leverage its asset management applications has reached a higher level. In addition to long-time Maximo customers such as DTE Energy and the Lower Colorado River Authority, IBM has won Tennessee Valley Authority over the past year.

The TVA go-live was the largest deployment to date of IBM's Maximo Asset Management software, including Maximo for Nuclear Energy, covering 8,000 concurrent users and nearly 1.4 million assets in more than 1.5 million operating locations such as pumps and pump sites.

Currently there are more than 1,000 utilities using different IBM applications to run their operations.

Opportunities

Over the past few years, IBM has been heavily promoting the key role that it plays in 50 or so smart grid projects, all of which are expected to yield dividends for the vendor's applications and other products and services. In 2009 it announced new or expanded smart grid wins at Energy Australia, Maltese National Electricity and Water Utilities, Oncor, and Western Power.

The collective sum of these smart grid projects will allow IBM to optimize the scalability and usability of its applications, while replicating best practices to ensure customer satisfaction.

In addition broad acceptance of its technology stack in these projects is likely to give IBM the first mover advantage raising the barriers to entry for others especially in emerging markets where IBM has already become a formidable player because of its global reach.

Risks

Being one of the premier vendors that straddles technology solutions and services, IBM faces the challenge of meeting high expectations of its products as well as those of its partners. In many cases it walks the fine line of delivering a conglomeration of solutions from different vendors targeting the utilities vertical. Hence its SAFE framework is designed to mitigate the risks associated with incompatible products. At the same time IBM needs to exercise utmost care and objectivity when deciding which products to validate.

To that end, IBM has got a good track record of adhering to industry standards and at least in one case turning over the stewardship of its smart grid maturity model to the Carnegie Mellon Software Engineering Institute.

As competitors become more adamant in becoming a suite provider for utilities, the risks of staying technology agnostic for IBM – especially for its services division – could be a steep price to pay for its software division.

Ecosystem

As shown in its early movement to create the Global Intelligent Utility Network Coalition as well as its recent introduction of the SAFE framework, IBM has built a thriving ecosystem consisting of major customers and ISV partners.

Under the SAFE framework initiative, IBM has already validated products from ESRI, SISCO, Retriever Communications and Trilliant. Additional partners including BPL Global, Coulomb Technologies, eMeter, Enterprise Information Management, Itron, OSIsoft, and PowerSense have already committed to becoming SAFE-validated.

Shares

With a 5.9% share in the utilities vertical, IBM's ability to gain share is above average because of its heavy investments in one of its strategic industries.

On the upside, the noticeable presence of IBM among some of the most technology-savvy utilities is blazing the trail for other laggards that may find it compelling enough to embrace the IBM technology stack and industry-specific applications for years to come.

On the downside, IBM makes money selling expensive integration and that may turn off utilities that are increasingly demanding less integration for their off-the-shelf applications whether they come from IBM or other vendors as long as they meet their functional requirements.

SAP

Walldorf, Germany

www.sap.com

Overview:

SAP has parlayed its leadership position in the ERP applications vendor to the utilities vertical by banking on capabilities such as asset management, delivery of key operating metrics and rich financial reporting and analytics that affect all aspects of energy providers as well as a robust ecosystem with armies of industry specialists. Typical customers are utilities in major markets.

Applications Revenues In Utilities:

	2008	2009
$(M)	110	100

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	30	30%
EMEA	60	60%
Asia Pacific	10	10%

2009 Applications Revenues In Utilities By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	30	30%
Large(1K-5K ees)	50	50%
SMB(1K ees and below)	20	20%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total
License	30	30%
Maintenance	70	70%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 5.9% share in the utilities vertical, SAP's ability to maintain and win share in the market segment in 2010	Average

Full overview:

With an extensive product portfolio that covers everything from AMI integration to plant maintenance, SAP has made the push into the utilities vertical one of the key initiatives of its services industry strategy.

After making major inroads into leading utilities and nuclear plants around the world since 2000, SAP ratcheted up its push by creating the SAP Lighthouse Council in 2007. The group was made up of leading utility companies in response to the need of developing efficient smart meter integration approach. SAP followed up with such a product for AMI integration in 2009.

Last year SAP broadened the approach by incorporating sustainability into its global marketing efforts. It also acquired Clear Standards, an on-demand carbon emissions tracking applications vendor.

Following a number of customer wins and strengthening its ecosystem with the right partners for the utilities vertical, SAP has emerged as a top contender in the applications market for the hearts and minds of the decision makers within the industry, helping them tackle future ecological challenges with the most effective and scalable applications technologies possible.

Key Applications For Utilities Vertical:

SAP ERP and other tools designed for utilities including the 2009 release of a SAP AMI integration product that allowed utilities to have easy access to metering data from their SAP applications.

SCORES Analysis

Strengths

In 2009 SAP introduced its AMI integration product that allowed utilities to have easy access to metering data from their SAP applications thanks to advanced integration technologies. The announcement was one of the major milestones for SAP and its customers, paving the way for intelligent reporting originating from millions of smart meters being installed, synchronizing the metering data through two-way communication with other SAP applications being used by SAP utilities customers.

That means these utilities will be able to start making sense of energy usage at the granular level, while optimizing customer value and service through careful analysis of their cost structure and demand response requirements.

As part of the new offering, SAP has partnered with StreamServe to deliver a dashboard that displays cost-to-serve modeling and related carbon emissions impact.

While the new product serves as the basis of its integration strategy to better connect its existing applications customers to their new AMI infrastructure, SAP is wasting no time to accelerate its push into different parts of the utilities vertical.

Over the past few years, SAP has earned a growing following among major nuclear plants delivering asset management and operational systems to these facilities such as Framatome ANP, a joint subsidiary of AREVA and Siemens. The latest one was the STP Nuclear Operating Company, which runs a two-unit nuclear plant that supplies approximately 7.5 percent of the electricity used in Texas.

In 2009 PricewaterhouseCoopers LLP was awarded the initial planning and design phase of a major SAP-enabled business transformation project by the STP. The project would cover upgrading the enterprise applications being used at the facilities to the SAP ECC 6.0 platform including the latest modules for Financials, Human Capital Management, Enterprise Asset Management, Supply Chain Management as well as a number of specialized nuclear plant applications.

In addition to back-office applications for these organizations, SAP has formulated comprehensive business maps that accommodate the needs of both regulated energy markets as well as those that are being privatized by covering a long list of scenarios and specific features from grid management to billing and from environmental and operational compliance to energy capital management.

All these underscore the fact that after years of continuous development and innovation, the utility strategy of SAP has become a major growth engine behind its services industry portfolio.

Customers

Currently SAP has more than 1,100 utilities companies as customers with most of them located in Europe, North America and parts of Asia Pacific.

Its 2009 customer wins in the vertical included British Gas/Centrica, Chongqing Electric Power Corp., Consumers Energy, EnWin Utilities Ltd., Northeast China Grid Co., and Singapore Power Ltd.

Opportunities

Based on its recent customer wins, SAP has been winning a good share of new business among utilities in China and fast-growing economies in Asia Pacific. Its recent global conference on utilities in October 2009 attracted a growing number of attendees from those emerging markets.

In terms of cross-selling and upselling opportunities, SAP is counting on its BusinessObjects division to drive more incremental sales into utilities that have long accustomed to using different BusinessObjects reporting tools to run their budgeting and planning processes.

Risks

Though SAP has reiterated the importance of its utilities strategy with integration offerings as well as the full backing of product development resources from its vertical industry group, it remains unclear how much of its utilities product roadmap will be developed by SAP or its partners. For example, SAP utilities customers rely on third party applications for functions such as radiation protection and outage management, which could have been developed by SAP as standard features through its Environmental Health and Safety and Plant Information Systems offerings because of their mission critical nature.

While its AMI integration offering is a step in the right direction, it may be time for the vendor to reaffirm its commitment to the utilities vertical by making substantial investments in key products that minimize any need of integration on the part of its customers in the first place.

Ecosystem

Over the past few years SAP has assembled a large base of systems integrators and consulting firms to help it expand in the utilities vertical. Chief among them are Accenture, Atos Origins, Cap Gemini, Deloitte, Fujitsu, HCL Axon, IBM, Logica, were PriceWaterhouseCoopers, Wipro, THI-Consulting, TCS, and Wipro.

In addition it has partnered with ISV partners such as Clicksoftware, ESRI, OSISoft, and Trimble to leverage their utilities-specific applications.

In 2009 SAP signed a software development cooperation agreement with Landis+Gyr to integrate the device maker's advanced metering infrastructure with SAP for Utilities applications using enterprise services. SAP has similar arrangements with eMeter and Itron.

Shares

With a 5.9% share in the vertical, SAP's ability to gain share is average because of gaps in its offerings as well as considerable integration requirements between SAP applications and third party products.

On the upside, its momentum is gaining in emerging markets where SAP can have a fresh start with new implementations that entail easier integration.

On the downside, SAP's cautious approach in the utilities vertical may prevent the vendor from exploiting one of the biggest applications market opportunities for years to come.

Trimble

San Jose, CA

www.trimble.com

Overview:

Trimble has expanded into the utilities vertical through a series of acquisitions and product enhancements to leverage its domain expertise in navigation technologies. Typical customers include large investor-owned utilities and small energy providers operated by cities and municipalities.

Applications Revenues In Utilities:

	2008	2009
$(M)	62	51

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	35.7	70%
EMEA	12.75	25%
Asia Pacific	2.55	5%

2009 Applications Revenues In Utilities By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	10.2	20%
Large(1K-5K ees)	25.5	50%
SMB(1K ees and below)	15.3	30%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total

License	9	17.6%
Maintenance	30	58.8%
Subscription	12	23.5%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 3% share in the utilities vertical, Trimble's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Trimble has built an extensive product portfolio with a series of acquisitions catapulting the vendor to the forefront of the utilities vertical with industry-specific applications ranging from mobile workforce scheduling to outage management.

Few years earlier Trimble was primarily selling geographic information systems after making its name in the Global Positioning System market with embedded devices for automobile navigation and military equipment. That all changed in 2006 when it accelerated its acquisitions by picking up a number of vertical applications.

Among the nine purchases it made that year, Meridian for its project lifecycle management applications and Spacient for its mobile workforce management applications were used extensively by the utilities vertical. The following year Trimble acquired UtilityCenter for its Workflow automation and outage management applications for

utilities. It also purchased @Road, a $100-million mobile workforce management applications vendor targeting electric, gas, water and telecommunications utilities.

In 2009 Trimble unveiled an initiative to deliver integrated applications for the utilities vertical. The Trimble Utility Suite covers the vendor's field work productivity and safety solutions for generation, transmission, and distribution utilities worldwide.

For the vertical, Trimble broadened its agenda in 2010 with acquisitions of Pondera Engineers LLC in Idaho and LET Systems in Ireland. Pondera is an engineering and development company offering applications and services for siting, designing, optimizing, and maintaining high-voltage power transmission and distribution lines. LET, on the other hand, offers incident and outage management applications for utilities primarily in Europe and North America.

The heavy investments underscore Trimble's desire to optimize the synergy between its core GIS offerings as well as acquired applications assets in order to dominate the utilities vertical.

Key Applications For Utilities Vertical:

Utility Center, AtRoad, Meridian Prolog and Proliance

SCORES Analysis

Strengths

Trimble is not a typical applications vendor that aims to transform the utilities vertical. In fact its extensive product offerings for the utilities could provide a glimpse into the future of smart grid development. By leveraging asset management, workforce scheduling, communication technologies and location-based information, Trimble aims to exert considerable control over a swath of industries from agriculture to construction and from engineering to utilities. Trimble has specific applications for any of these verticals. By aggregating such products Trimble also aims to transform how the world operates from the perspectives to where seeds are going to be sown to how energy will be distributed the most efficient manner. All these tasks can be done precisely with the help of Trimble applications.

That's a lofty goal for a technology vendor founded in 1978 to develop marine navigation technologies and then broaden its horizons by putting GPS systems in as many places as possible.

Still, through a series of acquisitions including some of the most popular outage management and mobile workforce management applications, Trimble has begun to transform many of the verticals that it targets.

For example, Tipmont Rural Electric Membership Corp. in Indiana is using an array of Trimble applications to give its field workers more accurate information on everything from GIS data to asset management of electrical pole inventory, thereby transforming how energy is transmitted to customers in the state.

Trimble is not standing still. In 2009 it introduced GIS-based office and handheld asset maintenance inspection applications for utilities to deploy field solution for improving asset maintenance inspection operations.

What it boils down to is Trimble is planning to harness its different products to help make its utilities customers more productive by improving their workforce performance and business processes.

Customers

Trimble has more than 700 utilities as customers, including 100 using its UtilityCenter applications, another 100 using its Prolog and Proliance applications from its Meridian division, and about 500 using its workforce management applications. The acquisitions of Pondera and LET have added scores of additional utilities customers.

In 2009 its customer wins included Blachly-Lane County Cooperative Electric Association, Inc., City of Springfield, Continental Divide Electric Cooperative, Inc. , Farmers' Electric Cooperative, Fayetteville Public Utilities, Harney Electric Cooperative, Inc., Jo-Carroll Energy, Oregon Trail Electric Consumers Cooperative, and Russellville Electric Board in Alabama.

Opportunities

With its acquisition of LET, Trimble is aiming to expand into utilities in Europe and Asia by leveraging its well-established international operations.

While much of its focus has been on cooperative and municipal-owned utilities, the increasing functionality and scalability of its incident and outage management should appeal to a wider range of utilities around the world.

Then there is the cross-selling and upselling of its utilities applications to the large installed base energy providers that have been using Trimble's GIS and GPS products.

Lastly for a vendor that has grown to achieve more than $1 billion in sales after several years of rapid growth, Trimble is poised to make additional acquisitions in order to round out its utilities product portfolio.

Risks

One of the key messages of the Trimble Utility Suite initiative has to do with the integrated offerings that the vendor plans to deliver. While that is long overdue, the challenge lies in the almost autonomous nature of its different business units loosely connected to the Trimble brand.

It remains to be seen how Trimble, which continues to add complementary and sometimes overlapping applications to its utilities portfolio, can manage to keep these moving parts on the same technology platform, while starting to build greater brand equity and cohesion into its acquired applications.

Ecosystem

Trimble primarily sells direct to utilities companies. Through the acquisition of LET, Trimble has picked up alliances with partners such as Siemens SIS, Siemens Energy Distribution, IBM, EG Strategy, Deloitte, Power Automation, Logica CMG, AMT Sybex, BT Syntegra, Acumen and Tekena Associates.

Shares

With 3% in the utilities vertical, Trimble's ability to gain share is average because of its strong presence in the GIS and GPS markets.

On the upside, Trimble could realize considerable cross-selling of its workforce management and asset management applications through its recent acquisitions.

On the downside, Trimble's heavy exposure to engineering and construction vertical, which is still reeling from the recession, could make for a sustainable recovery much more difficult, potentially diverting resources away from the accelerated development of its product and go-to-market strategies for the utilities vertical.

Constellation Software

Toronto, Ontario, Canada

www.csisoftware.com

Overview:

Over the past few years, Constellation Software has grown to become a major industry-specific software vendor following a series of acquisitions including applications for utility billing, customer information systems and financial management. Typical customers include municipal government-owned utilities as well as energy companies operating in tier 2 and 3 cities and counties.

Applications Revenues In Utilities:

	2008	2009
$(M)	35	40

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	40	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Utilities By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	0	0%
Large(1K-5K ees)	10	25%
SMB(1K ees and below)	30	75%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total
License	15	34.9%
Maintenance	28	65.1%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.4% share in the utilities vertical, Constellation's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Through relentless acquisitions, Constellation Software has placed big bets on state and local governments and utilities as its strategic verticals. The efforts are beginning to pay off with increased license and maintenance revenues, which in turn help fund the growth of Constellation in other markets.

Since 2004 Constellation has acquired more than a dozen applications vendors focusing on state and local governments and utilities. These products are organized within the Harris business unit of Constellation, but they are still being sold and marketed separately under their existing brands.

In 2009 Constellation acquired Tailored Business Systems, which offers financials and utility billing solutions for 240 government offices in Georgia, Florida, Tennessee, Alabama, Oklahoma, and Iowa.

The Tailored acquisition is similar to many others such as Application Software Products in 2005, Advanced Utility Systems in 2006 and PG Govern in 2007 by which they all target small to midsized utilities and public sector customers from revenue and customer information management perspectives.

These utilities, many of which are owned by local governments, are in the business of collecting predictable revenue streams in exchange of providing essential services and they in turn have no trouble paying Constellation annual maintenance fees as long as the software keeps running. Those maintenance fees now make up the lion's share of Constellation revenues every quarter.

Key Applications For Utilities Vertical:

Tailored Business Systems, Application Software Products, Advanced Utility Systems, and PG Govern

SCORES Analysis

Strengths

Constellation's strengths lie in buying up assets that may prove to be highly valuable for their long-term revenue potential. Utilities are a good example of locking up those precious assets as many of these companies are leveraging new technologies to help them strengthen customer relationship, reduce operating costs, while rolling out smart grid projects to eliminate waste.

The long-term relationship with many utilities is further strengthened by the high switching costs of its customers because of a lack of functionally equivalent alternatives from others. That in turn requires them to pay a premium for continuous support and maintenance.

Despite its rapid expansion in the utilities vertical, customer retention has remained high. Constellation estimates that its retention approaches 99% suggesting that not only has it been able to keep them around, it has also been able to sell them more products to meet their changing needs.

Customers

Constellation has more than 1,500 customers in the utilities verticals. The following lists provides the number of customers each of the following utility brands has been able to secure.

Advanced Utility Systems - 60

Cayenta - 100

i-nHance - 800

NorthStar - 200

PG Govern - 90 out of 900 public sector customers

Spectrum Software Solutions - 300

Recent wins included City of Atlanta Department of Watershed Management, City of San Buenaventura, Clarksville Gas & Water Department, Detroit Water & Sewerage Department, Guyana Power & Light Inc., Midwest Energy Inc., Mobile Area Water & Sewer System, Public Utility District No. 1 of Cowlitz County in Washington, SEMCO ENERGY Gas Co., and Valencia Water Company.

Opportunities

Having acquired different applications for utilities, Constellation has started optimizing its domain expertise under a separate professional services organization called Situs Consulting. The standalone professional services business unit specializes in solution integration and system utilization in the areas of billing, workforce management, Advanced Metering Infrastructure (AMI), Meter Data Management (MDM), business process reengineering and customer relationship management.

Such a setup should allow Constellation to tackle bigger opportunities as some of its utilities customers are going to standardize their systems in order to take better advantage of best practices being developed by larger energy provider in their pursuit of smart grid projects.

Risks

Constellation is likely to encounter the same R&D, branding, and execution difficulties that have bedeviled other vendors taking on the same role as the market consolidator.

Constellation faces extra burden in the utilities vertical since it has acquired multiple utility billing and customer information management applications from different vendors with competing technology platforms.

Tailored, for example, sells its billing software that is based on the IBM platform. On the other hand, inHance, another Constellation division that sells into governments and utilities, also offers billing applications that are based on the Microsoft platform.

Ecosystem

Through the Harris business unit, Constellation has been partnering with technology vendors such as IBM and Microsoft, while leveraging third party solutions such as ESRI for geographic information systems, K2 for spatial applications, Somum Solutions for automated notifications, and Speedware for mainframe migration.

Shares

With a 2.4% share in the utilities vertical, Constellation's ability to gain share is limited on its own. However it is fair to assume that the vendor will continue to make acquisitions to augment growth.

On the upside, the trend for Constellation is to go after the international markets especially in Europe. That is likely to bring additional utility applications and customers to its fold.

On the downside, its lack of technology direction and reluctance of creating a cohesive branding strategy could make the sum of its parts less valuable than individual applications assets over time when the utilities industry is going through structural changes, which could render some of the existing applications obsolete.

Telvent

Madrid, Spain

www.telvent.com

Overview:

Telvent, a diversified IT company with a long history of serving energy and transportation markets, has experienced increased momentum in the utilities vertical especially with its smart grid applications and technology offerings. Typical customers are major utilities in North America and Europe.

Applications Revenues In Utilities:

	2008	2009
$(M)	34	39.4

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	17.3	44%
EMEA	20.8	53%
Asia Pacific	1.1	3%

2009 Applications Revenues In Utilities By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	15.76	40%
Large(1K-5K ees)	13.79	35%
SMB(1K ees and below)	9.85	25%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total

License	12	30.5%
Maintenance	27.4	69.5%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.3% share in the utilities vertical, Telvent's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Telvent has been on a roll after embarking on a global expansion plan through acquisitions and product and integration enhancements.

Since 2004 Telvent has acquired and added geographic information and distribution management systems to its product portfolio for electric utilities. In addition it shored up its offerings in systems integration and computer security through acquisitions. It also bought other assets for its transportation division.

The result is a growing powerhouse that spans all parts of the world selling a full range of applications from operations management to meter data management as well as other key communication and remote terminal unit components that help utilities build an Advanced Metering Infrastructure.

After chalking up major AMI wins in Europe and elsewhere, Telvent saw a 40% jump in its revenues from its electric utility business unit in North America in 2009. Around the world Telvent was on track of adding one new utility customer every week.

Key Applications For Utilities Vertical:

Telvent SCADA and DMS

SCORES Analysis

Strengths

With its domain expertise in smart metering, substation automation, geographic information system(GIS), and Supervisory Control and Data Acquisition(SCADA), Telvent has created a set of compelling software and networking solutions all assembled together by its systems integration and IT outsourcing divisions.

The end-to-end solutions have caught on among major utilities such as Sempra Energy and Progress Energy that are determined to boost their network performance, while reducing system peak and overall operating costs.

Telvent has also been helped by high-profile AMI projects at Vattenfall, the utility in Sweden. Using devices from Echelon and AMI applications Telvent, Vattenfall launched one of the first major AMI projects in Europe in 2005 installing more than 500,000 smart meters.

In addition to its electric utility business, Telvent has been selling its Water Management Suite

for simulation, operational management and leak detection to water districts and utilities. In addition its GIS offerings have helped water utilities better manage their assets.

In March 2010 Telvent unveiled its latest release of Distribution Management System (DMS), which

enables utilities to quickly identify faults, isolate them and achieve restoration. Telvent said utilities using its distribution system demand response system have been able to anticipate peak demand reductions of 5 to 7 percent, thus preventing outage throughout the system.

Its core competency, coupled with proven results, has enabled Telvent to gain an upper hand in the Smart Grid movement by positioning itself as the brain that allows utilities to leverage the best available applications and integration support.

Customers

Telvent has secured more than 565 utilities customers including 465 on the electric side and 100 water companies. Its customer wins in the electric utilities have grown at a steady pace of adding a new utility to its roster every week.

Sample customers include Alliant Energy, Maui Electric Co., National Grid, NStar, Prague Gas, Public Electricity Corp. of Thailand, and Suncor Energy.

One of its biggest wins in 2009 was Fortum, the largest utility in Finland that planned to implement smart meters connecting 550,000 customers in a nine-year project totaling €170 million.

Opportunities

Telvent's North American electric utility business, which saw a 40% sales gain in 2009, is showing no signs of slowing down. The two major AMI projects that Telvent is involved in the United States are cases in point. Sempra Energy has embarked on a $60 million Smart Grid project including at least $10 million in software and implementation from Telvent and its partner IBM. Progress Energy, on the other hand, has launched a $10 million Smart Grid project by using Telvent SCADA and DMS applications. Both projects underscore the desire of these utilities to use the latest Smart Grid technologies to help them become more competitive.

Telvent has set its sights on emerging markets. In particular, Telvent has been making inroads into China, India and Australia. Recently it won a deal to sell DMS applications to Guizhou Power Grid in China.

Risks

As Telvent expands around the world, building its brand equity will be a priority for a vendor that has been relying heavily on the Spanish market. In 2010 Spain is expected to contribute to 38% of sales of Telvent. Still much of its growth is expected to come from areas like the United States and Latin America.

While turning Telvent into a global brand will take some time, the near-term challenge is to better position the vendor as a key enabler of Smart Grid initiatives, which may have been overshadowed by its oil and gas pipeline automation business, as well as a series of acquisitions of transportation and agriculture-related assets, including toll-collection systems and weather information provider.

For Telvent to stay competitive, Telvent may have to double down its investments in the utilities vertical by boosting R&D in order to raise its profile as a major applications and services provider for next-generation energy companies.

Ecosystems

In addition to Echelon and IBM, Telvent has been working with a number of ISV partners including ESRI.

Shares

With 2.3% in the vertical, Telvent's ability to gain share is average because of its heavy reliance on the Western European market where a sputtering economy could drag down any gain it receives from other regions.

On the upside, its strong momentum in the Americas will help it land more high-profile AMI projects for Telvent in the next year or two.

On the downside, Telvent appears to be favoring its own systems integration operations in a move that could alienate its current and future ecosystem partners. What customers are looking for is the need for Telvent to deliver turnkey solutions from its own product portfolio in conjunction with its partners without resorting to expensive integration procedures.

Aclara

Hazelwood, MO

www.aclara.com

Overview:

As a part of a spin off from Emerson, Aclara has positioned itself as complete solution provider offering networking, applications and services for the utilities vertical. Typical customers are utilities with large-scale advanced metering infrastructure(AMI) deployment over the next few years.

Applications Revenues In Utilities:

	2008	2009
$(M)	15	20

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	17	85%
EMEA	2	10%
Asia Pacific	1	5%

2009 Applications Revenues In Utilities By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	12	60%
Large(1K-5K ees)	4	20%
SMB(1K ees and below)	4	20%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total
License	10	50%
Maintenance	10	50%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.2% share in the utilities vertical, Aclara's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Aclara, a subsidiary of ESCO Technologies, is a diversified technology provider focusing on the utilities vertical with a wide range of products from fixed-network advanced metering infrastructure and automated meter reading (AMI/AMR) systems to meter data management applications. It also offers customer care applications that allow energy consumers to access and analyze bills online and to visually track usage.

ESCO, a spinoff from Emerson in 1990, has gone through a series of acquisitions to supplement Aclara in such areas as transformer monitoring and diagnostics, creating an end to end solution from energy generation to transmission and from distribution to demand response. ESCO also has business units for filtration and RF shielding and test.

In 2009 ESCO made a minority investment of $4 million in Firetide, a wireless networking vendor that is going to incorporate radio technology and network management software into the Aclara Smart Communications Network. Introduced in 2009, the Aclara Smart Communications Network serves as the interface between utility and IT resources and back-office applications for such functions as control and monitoring, AMI, home-area networks and mobile workforce applications.

Key Applications For Utilities Vertical:
Nexus Energy MDM, Energyprism Customer Care Suite

SCORES Analysis

Strengths

The centerpiece of Aclara applications strategy is the meter data management and customer care products from its Aclara Software business unit as a result of its 2005 acquisition of Nexus.

Aclara Software provides both energy and water utilities with applications for meter data management, AMI/meter device records and asset management, revenue assurance and distribution asset analysis.

The strengths of Aclara applications lie in its analytics capabilities allowing more than 100 major energy organizations to develop a holistic view of energy utilization among their customers.

The other major pillar of its applications lies in its Energyprism energy management and customer care solutions, which have been implemented at 65 utilities in North America.

Its applications can be used alongside with its AMI solutions or separately. The flexibility of its applications offerings, coupled with their proven results, has allowed Aclara Software to be a major contender for high-profile AMI projects.

Customers

Aclara Software has more than 100 utilities using its applications with considerable presence on the East Coast covering millions of metering devices.

In 2009 one of its major customer wins was the utility company of the City of Tallahassee, which awarded a $5 million contract to Aclara Software to implement a meter data management system and customer care applications for its AMI project that covers more than 240,000 electric, water and gas meters.

Another 300 utilities are current customers of Aclara Power-Line Systems and Aclara RF business units. In addition to winning big fixed network system wins from customers such as the gas division of PG&E and New York City Water, Aclara has also established a major presence among cooperative and municipal utilities, which will help boost sales of its MDM applications once these customers roll out their AMI projects.

Opportunities

Aclara Software is expected to continue its push into cooperative and municipal utilities, along with its growing successes in selling into water utilities. The other growth area is in the international market with heavy emphasis on Central and South America.

Risks

Aclara relies heavily on major energy providers such as PG&E, which accounted for 17% of its revenues in 2009. Other major customers include Puerto Rico Electric Power Authority, Duke Energy and Oncor Electric.

As the AMI project with PG&E is winding down in 2010, Aclara's top line will be adversely impacted.

Aclara's another challenge has to do with the mixed results of cross-selling its MDM and customer care applications to customers of its power-line and RF business units. Boosting the attach rates will be increasingly important for Aclara Software to compete at a time when its competitors are capable of winning multiple-product deals in key AMI projects.

Ecosystem

Aclara has been working with a number of systems integrators including Accenture, Cap Gemini, Honeywell Utility Solutions, IBM, Infosys, Tata and Wipro. Aclara is also a Microsoft partner.

Aclara has been expanding its ecosystem through these partners. For example, Honeywell was the prime contractor for the City of Tallahassee AMI project, which runs Aclara MDM applications with implementation help from Enspiria Solutions, a consulting firm that partners with Honeywell.

Shares

With a 1.2% in the utilities vertical, Aclara's ability to gain share is average given the limited visibility into a large-scale AMI and MDM projects.

On the upside, Aclara appears to be gaining momentum among water utilities, a highly fragmented marketplace that offers considerable opportunities for Aclara's MDM and customer care applications.

On the downside, its heavy reliance on its power line and RF business units may cast doubts about the future product roadmap of the Aclara Software division and its ability to continue to innovate.

Silver Spring Networks

Redwood City, CA

www.silverspringnet.com

Overview:

Silver Spring Networks has amassed a growing base of major utilities customers as well as a sizable war-chest that enables it to expand in the utilities vertical with a treasure trove of technologies and applications that help make large-scale smart grid deployment possible. Typical customers are large utilities with millions of customers.

Applications Revenues In Utilities:

	2008	2009
$(M)	6	12

2009 Applications Revenues In Utilities By Region:

Region	2009($M)	% of total
Americas	10.8	90%
EMEA	0	0%
Asia Pacific	1.2	10%

2009 Applications Revenues In Utilities By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	7.8	65%
Large(1K-5K ees)	4.2	35%
SMB(1K ees and below)	0	0%

2009 Applications Revenues In Utilities By Revenue Type:

Type	2009($M)	% of total
License	8	66.7%
Maintenance	4	33.3%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1% share in the utilities vertical, Silver Spring's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

Silver Spring has become the poster child of smart grid technology wave and that says a lot about the high expectations investors and its customers have placed on the vendor.

After securing new financing from major investors, Silver Spring is flexing its muscle to help transform the utilities industry with its smart energy platform. The products from Silver Spring include advanced metering, demand response, distribution automation as well as network and security technologies. It also reaches into the homes with the CustomerIQ web portal to offer consumers an immediate view of their usage and cost patterns.

All these mean that Silver Spring could become one of the dominant technology vendors in the new era of energy utilization. In December 2009 it received $100 million in new financing from its investors led by Google Ventures, Foundation Capital, Kleiner Perkins Caufield & Byers and Northgate Capital. That was on top of the $75 million investment it received from Kleiner Perkins Caufield & Byers a year earlier.

Recently Silver Spring announced that it won a major deal to sell its network infrastructure, smart grid applications and hosting services to Bluebonnet Electric Cooperative, which serves 80,000 meters and owns and maintains 11,000 miles of power lines in Texas.

Key Applications For Utilities Vertical:
CustomerIQ web portal

SCORES Analysis

Strengths

After winning deals from some of the biggest utilities in the United States, Silver Spring has capitalized on its early gains to zero in on large-scale deployments around the world as well as far-reaching alliances and acquisition opportunities.

Already its network technology has been placed inside more than 1.5 million smart meters allowing for two-way secure communications with data collection systems used by the utilities.

In addition to its networking products, Silver Spring offers applications for meter data management, demand response, outage detection and isolation.

That explains the growing appeal of Silver Spring with its seamless connection between its networking technology and applications, a key differentiator that guarantees high performance for large-scale deployment. Other meter data management vendors need to work with a range of networking solution providers to replicate Silver Spring's performance.

Customers

Silver Spring has signed up more than 50 customers including some of the biggest energy providers in the United States and elsewhere. The list includes American Electric Power, CitiPower & PowerCor, Florida Power & Lighting, Jemena, Modesto Irrigation Project, OG&E Electric Services, Pepco, PG&E, and Sacramento Municipal Utility District.

Sacramento Municipal Utility District, for example, is replacing 600,000 standard electric meters with smart meters that allow SMUD to remotely read the meters.

Opportunities

While Silver Spring's momentum has been strong, its future is looking even more promising because of the onslaught of encouraging customer feedback coupled with a large war-chest to help it expand organically and through tucked-in acquisitions to shore up its product portfolio.

Over the next year its growth is likely to come from the international markets where early deployments in Australia and other countries have yielded positive results.

Risks

While the smart grid movement has been kind to Silver Spring, the question is whether the vendor can leverage its first mover advantage to lock in its customers and others in the pipeline. What has worked for Silver Spring, namely its entrepreneurial spirits coupled with the bravado of its Silicon Valley roots, may turn out to be its liability because of sky-high expectations of what it could deliver in a compressed timeframe. It remains to be seen whether its networking and security technologies can handle the daunting task of rolling out millions of smart meters without causing severe strain on its platform and infrastructure.

Ecosystem

Silver Spring has partnered with an extensive list of technology providers from Cisco on the networking side to conglomerates such as GE Energy. It also partners with meter makers such as Itron and Elster.

Silver Spring primarily sells direct and has not established a channel partner program.

Shares

With a 1% in the utilities vertical, Silver Spring is gearing up for major gains because of its deft marketing and partnering strategies.

On the upside, its early successes with key customers such as Florida Power & Lighting, PG&E and Pepco are paving way for greater commitments from other major utilities.

On the downside, it remains unclear whether it plans to compete in multiple parts of the smart grid movement without jeopardizing budding relationships with its partners from both the device and applications sides.