

Impact Report

Oracle's Primavera buy could create opportunities for Skire

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Sector: [Enterprise Software >>](#)

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Skire isn't just another project and portfolio management (PPM) software vendor using the software-as-a-service (SaaS) model. It targets complex, capital-intensive industries and often sells into facilities departments before going anywhere near IT. And it uses a more traditional perpetual license model rather than the more common subscription model used by most SaaS providers. The result to this point has been an impressive customer roster and a large average deal size. While Oracle's recent acquisition of Primavera Systems could create some exciting new opportunities for the company, we think its software may be too expensive to bring much growth in the current economic climate.

The 451 Take

Clearly, Skire has found a lucrative niche in PPM, a niche we think could expand thanks to Oracle's recent acquisition of Primavera. We do, however, remain a bit skeptical of Skire's hybrid license/SaaS model. We think a lower-cost subscription model could help the company win more deals and improve its growth prospects (which is always an issue with niche vendors, anyway), especially in a consolidating and increasingly competitive market.

Context

Skire was founded in 1998, spinning off from Quasar Engineering, an engineering and consulting services company. Both companies were founded by Skire CEO Massy Mehdipour, a longtime engineer and project manager at Bechtel who eventually ran that company's Microelectronics Business Unit. Paul Verveniotis, the principal engineer at Quasar, also worked with Mehdipour at Bechtel, and is Skire's VP of industry solutions. Mahesh Gupta, who previously ran software development operations at Redwood Software, is Skire's VP of engineering. The company has just over 100 employees at six different US offices, with headquarters in Menlo Park, California. It claims more than \$20m in annual revenue and profitability. Skire has raised \$17m in funding over five rounds since its inception. Although the company does not disclose its investors, published reports have identified Walden International, Acacia Capital Partners, Hummer Winblad Venture Partners and Asset Management Company as some of its backers.

Products

Skire's flagship product is a SaaS application called Unifier. Unifier is built on a proprietary workflow engine known as Process Automation Platform, which automates and integrates the complex processes involved with managing projects, programs, resources and assets. Users can create their own forms for data capture and process workflows. Modifiable templates are provided.

Unifier itself contains applications for cost, schedule, scope and resource management; program and portfolio management; document and communications management; risk management; procurement management; asset and facilities management; real estate management; and administrative management. It also includes reporting, dashboards and alerts. All applications are built on the workflow engine. Skire also develops uDesigner for configuring processes and workflows, and uLink for integrating Skire with other enterprise applications using Web services.

Customers

Skire claims about 150 customers, most of which are either Fortune 1000-sized companies or public agencies. They typically license Skire initially for their facilities departments, and then use of the SaaS offering spreads to IT. Skire claims an average deal size of \$600,000. Even though it makes its software available as a browser-based, remotely hosted service, it uses a per-named-user perpetual license model rather than a monthly or annual subscription model, with a base license fee of \$3,500 per user, based on 100 users. Per-user license fees decrease with larger implementations.

The company typically has more than 1,000 users at each customer. Reference customers include General Electric, the University of Texas, Bank of America, Anheuser-Busch, the US Department of Energy, the State of Ohio, the City of Fort Worth, Texas, Kaiser Permanente, MGM Mirage, Genentech, Dow Chemical, Kansas City Power & Light, Boise Cascade, Royal Bank of Scotland, Verizon, Samsung and John Wayne Airport. In addition to the license fee, customers pay annual fees for maintenance and upgrades. Although Skire focuses on capital-intensive industries such as power and utilities, construction and engineering, and transportation and heavy manufacturing, it seems to have fairly horizontal penetration.

Partners

'Co-opetition' characterizes many of Skire's partner relationships. It recognizes Primavera as a competitor, yet integrates with its scheduling engine. It recognizes SAP and Oracle as competitors, yet has integration partnerships with both so that Unifier can be used with those vendors' enterprise business applications. SAP's Business Objects provides the reporting software in Skire, which is Crystal Reports. Microsoft is a technology partner, and Skire supports both the Internet Explorer browser for front-end access and the SQL Server database on the back end. Agile Software's Cimmetry Systems provides its AutoVue collaborative visualization tool integrated with Unifier. Deloitte is Skire's chief implementation partner.

Competition

Skire considers SAP and Oracle its primary competitors and acknowledges some competition with Primavera, although as we mentioned, it partners with all three. Other SaaS project management software companies are also competitors, especially Daptiv, Innotas, CA Inc, Serena Software, LiquidPlanner, Clarizen and AtTask, although none of these enter customers through the facilities department, as Skire does, but focus rather on IT or marketing/new product development. Skire does seem to have a niche, although its license model, which is unusual for a SaaS offering, makes it much more expensive, at least initially, than the subscription model the other SaaS PPM vendors use.

SWOT analysis

Strengths	Weaknesses
Skire has some staying power after 10 years in business. It's well-funded, claims profitability and has some impressive customer references and a large average deal size.	We don't doubt Skire's capabilities or its differentiation, but it's an expensive PPM offering that could find deals hard to come by in the current economic climate.
Opportunities	Threats
Oracle's acquisition of Primavera effectively turns two competitors into one for Skire and should raise the company's profile as an Oracle alternative.	Oracle and SAP are big competitive threats that Skire still depends on for integration and OEM partnerships, which might not be the best position to be in. There are a lot of strong (and lower-cost) competitors in SaaS PPM.