

Truffle 100



In these difficult economic times, and in the face of very difficult social challenges, it is critical that we acknowledge the role of ICT innovation in addressing our problems.

We see great software ideas and products coming from European sources, but we don't see enough of them developing into high growth companies. There is a lot of money, but we don't always use it in smart ways to support innovators. We have 500 million consumers, but still are not able to service them in one digital market.

The Digital Agenda for Europe aims to create a better environment for ICT development and investments, by supporting roll out of high speed broadband, strengthening the digital internal market, investing in ICT R&D and innovation, supporting more open standards

and interoperability, and strengthening online trust and security. But this action plan will also attempt to develop the public markets where ICT plays an essential role in dealing with the policy challenges of our time, like energy efficiency, affordable quality health care, smart mobility and so on. All of these create opportunities for the development of new software applications, services and businesses.

To achieve these objectives we need to work in partnership with all relevant stakeholders. The private sector plays a pivotal role as the provider of the infrastructure, the services, the software, the capital and most importantly the many of the new ideas. But the Digital Agenda also depends critically on the EU Member States' governments, regional and municipal authorities, health care providers, educators, and others to embrace a new mind set, and acknowledge that ICT and especially the

Internet will fundamentally change the way we work and live.

Together, by investments in research and innovation, investments in new software products and by creating enabling environments for deploying, we can make the economic transformations required of us in the coming years. The transformation from dumb grids to smart grids, from high carbon to a low carbon economy, to a sustainable healthcare system, to investing in industries that create the most high-paying jobs.

In part we will be relying on the entrepreneurship of the Truffle 100 and the future members of the Truffle 100. I will do my share and am determined to do everything in my power to give you fertile ground to plough.

Neelie Kroes
EU Commissioner for Information Society & Media



This latest edition of the **Truffle 100** highlights the dynamism of the European software industry in a tough economic climate. Dynamism in terms of creating high value employment and dynamism in maintaining high levels of investment in research and development. This performance underscores the contribution the software industry can make to building a stronger Europe. To fully capitalize on this potential, the European Union must develop an innovative software industry policy as part of overall economic strategy.

The European software industry can make further contributions to the development of Europe. Software today drives innovation across all industries: from smart grid technologies through lean-carbon logistics to eHealth initiatives. Software today drives sustainable economic development through increased productivity and efficiency gains. This presents a huge opportunity for Europe to play a leading role in developing software solutions that address the major environmental, economic and knowledge-based employment issues of our times.

In grasping this opportunity the software industry itself must take the lead. To this effect, Software AG, alongside SAP AG and IDS Scheer AG, has been instrumental in establishing the Rhein-Main-Neckar region in south-west Germany as a cluster of business software excellence. One concrete result is that the German Federal Government, together with the companies in the region, will invest €80 million in developing the next generation of business process technologies.

But as an industry we do not operate in isolation. We call on the European Union to focus on the development of the software industry as central to its "Digital Agenda 2015". To establish eSkills as central to the education system from the earliest level onwards, to foster the collaboration of industry and third-level educational institutes and to implement tax policies to promote research and development.

These would be major steps in establishing Europe as the centre of the knowledge-based society, of securing higher levels of employment and in strengthening European industry to the benefit of all.

Karl-Heinz Streibich
CEO, Software AG

This 5th edition of the **Truffle 100** emphasizes the impressive dynamism and exceptional resilience of the European software industry. In a challenging environment, software vendors have demonstrated their ability to bounce back quickly (with 8.4% year-on-year growth) and remain profitable (€3.7 billion), while maintaining a heavy level of investment in R&D (€3.8 billion).



With over 54,000 highly qualified R&D jobs, software vendors constitute a strategic industry that is absolutely critical for employment & GDP growth in Europe.

With cloud computing and "software as a service" bound to radically transform the industry in the coming years, Europe's software vendors are on the verge of a major paradigm shift and deserve a lot more attention.

European governments must accentuate supporting measures so that more money is poured into R&D and thousands of added-value jobs are created.

The **Truffle 100** reveals that software vendors are clamouring for the implementation of R&D tax incentives (with the effect of leveraging investment in R&D), a European Small Business Act (whereby a fraction of public procurement is systematically allocated to small businesses) and publicly-funded R&D programmes with facilitated access and simplified procedures for SMEs.

I am convinced that Europe's industrial future, economic growth and technological independence rely on its ability to develop a sustainable, perennial software industry.

I wish to thank IDC, CXP and the national trade associations for their commitment to and support for the **Truffle 100**.

With increasing awareness and a growing, targeted audience of over 30,000 unique visitors per month, the **Truffle 100** ranks and analyzes the top 100 software vendors in Europe and sheds valuable light on the industry's status.

The research is freely available on www.truffle100.com.

Bernard-Louis Roques
General Partner & co-Founder, Truffle Capital





Revenues 27.1 bn€

up from 25 bn€ last year

Total revenues for the Truffle 100 are 37.242 bn€

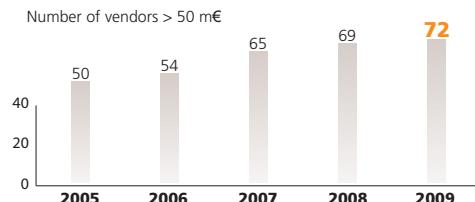
A concentrated industry : **79 % of revenues** come from the top 25 vendors (70 % last year)

% Revenues	2008	2009
SAP	42%	40%
TOP 3	55%	50%
TOP 5	59%	56%
TOP 10	67%	65%
TOP 50	91%	91%

47 vendors have revenues > 100 m€, they account for 96 % of Truffle 100 revenues



72 vendors have revenues > 50 m€, they account for 96.2 % of Truffle 100 revenues

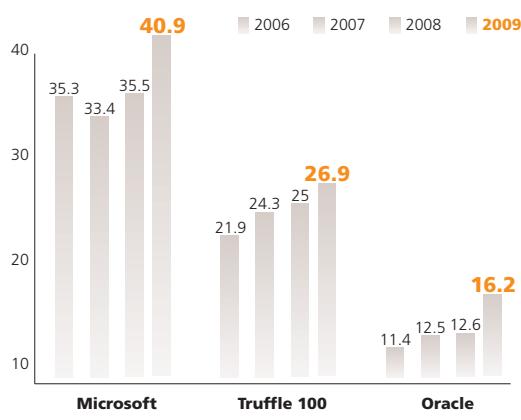


All Truffle 100 have revenues > 25 m€

World-class national champion

Vendor	Country	Revenues (m€)	% of Truffle 100
SAP	DE	10 672	39.7 %
Sage	UK	1 614	6.0 %
Dassault Systemes	FR	1 251	4.7 %
Software AG	DE	847	3.2 %
Autonomy	UK	820	3.0 %

Facing global competition



The ranking

Rank	Company	HQ	Revenues 2009 from Software activity (m€)	Total revenues 2009 (m€)	R&D headcount 2009
1	SAP	DE	10 672.0	10 672.0	14 813
2	Sage	UK	1 614.1	1 614.1	2 248
3	Dassault Systemes	FR	1 251.3	1 251.3	3 600
4	Software AG	DE	847.4	847.4	854
5	Autonomy	UK	820.0	820.0	670
6	Misys	UK	523.6	1 126.1	1 482
7	SWIFT	BE	471.6	586.1	*480
8	Asseco	PL	455.1	702.7	5 355
9	Micro Focus	UK	453.0	453.0	*255
10	Visma	NO	386.5	386.5	565
11	Unit4	NL	379.5	379.5	846
12	Exact	NL	323.3	323.3	*472
13	Sopra Group / Axway	FR	317.9	1 094.3	1 000
14	DATEV	DE	301.4	672.4	*1250
15	Compugroup Holding	DE	293.4	293.4	1 086
16	Fidessa	UK	267.5	267.5	*300
17	Temenos Group	CH	266.3	266.3	588
18	Murex	FR	265.0	265.0	200
19	Kofax	UK	255.8	255.8	445
20	Cegid	FR	219.0	248.6	500
21	Reply	IT	192.9	340.2	*525
22	Invensys	UK	191.7	2 991.4	*349
23	Aditro	SW	185.0	303.3	*320
24	Sophos	UK	184.6	184.6	600
25	Innovation Group	UK	174.8	174.8	468
26	SimCorp	DK	174.7	174.7	*275
27	AVEVA Group	UK	170.7	170.7	228
28	Civica	UK	163.8	163.8	*210
29	Intec Telecom Systems	UK	188.3	188.3	*425
30	Zucchetti	IT	145.2	220.0	*450
31	AVG Technologies	CZ	144.7	144.7	*125
32	Linedata Services	FR	144.5	144.5	270
33	Integralis	DE	141.5	173.7	290
34	Nemetschek	DE	135.6	135.6	480
35	Torex	UK	133.5	210.5	*255
36	IRIS Software	UK	133.5	133.5	243
37	Northgate Information Solutions	UK	131.6	751.5	1 509
38	RM	UK	129.9	389.0	270
39	LHS	DE	125.8	125.8	*213
40	F-Secure Corp.	FI	125.1	125.1	376
41	IBS	SW	136.5	170.6	*222
42	PSI	DE	121.9	146.9	29
43	Digia	FI	120.3	120.3	*294
44	IFS	SW	114.2	244.8	526
45	Panda Security	SP	113.6	113.6	*200
46	Avanquest Software	FR	104.1	104.1	150
47	GFI Informatique	FR	100.0	726.1	160
48	Swisslog	CH	94.0	430.3	*511
49	BasWare	FI	92.7	92.7	195
50	ERI Bancaire	CH	83.2	83.2	140

(*) R&D headcount 2009 estimated
Software revenues: software revenues + related services

Rank	Company	HQ	Revenues 2009 from Software activity (m€)	Total revenues 2009 (m€)	R&D headcount 2009
51	SSP Holding	UK	81.0	81.0	120
52	ESI Group	FR	75.1	75.1	196
53	Comptel	FI	74.9	74.9	190
54	ENEA	SW	73.2	73.2	*126
55	Opera Software	NO	70.0	70.0	113
56	Generix Group	FR	70.0	70.0	164
57	Beta Systems Software	DE	68.1	81.1	175
58	Cegedim	FR	66.4	66.4	120
59	Gruppo Engineering	IT	65.9	697.1	250
60	Berger-Levrault	FR	64.9	85.7	228
61	Gemalto	NL	64.4	1 654.4	1 400
62	ORC Software	SW	63.7	66.3	*55
63	Personal & Informatik	DE	62.3	62.3	101
64	Vizrt	NO	61.6	61.6	*122
65	Kewill Systems	UK	61.0	61.0	*120
66	Aldata Solutions OYJ	FI	60.7	67.5	218
67	Alterian	UK	59.3	59.3	62
68	ReadSoft	SW	58.0	61.7	76
69	CAD It	IT	54.3	54.3	*120
70	COA Solutions	UK	50.5	66.2	*125
71	TXT E-Solutions	IT	50.1	50.1	*125
72	Anite Group	UK	50.0	79.0	*98
73	Lectra	FR	47.6	153.0	210
74	Smartstream	UK	46.4	62.9	*90
75	SDL International	UK	45.4	192.8	*292
76	InfoVista	FR	45.2	45.2	73
77	Groupe SAB	FR	44.2	44.2	320
78	Tekla	FI	44.1	50.1	*91
79	AFAS ERP Software	NL	43.6	43.6	*60
80	Bond International Software PLC	UK	43.3	43.3	
81	StepStone	DE	40.8	100.7	*68
82	ERDAS	SW	40.4	42.4	74
83	Fiducial Informatique	FR	40.0	46.0	93
84	UC4	AU	39.1	45.8	*52
85	Crealogix	CH	38.2	38.2	50
86	Orsyp	FR	37.8	37.8	56
87	Hogia Group	SW	37.6	37.6	*96
88	Delcam	UK	35.7	35.7	157
89	Mamut	NO	33.7	56.7	*94
90	SuperOffice	NO	32.3	40.0	*50
91	DL Software	FR	31.6	39.1	67
92	Norman	NO	31.5	33.3	*40
93	Lefebvre Software	FR	31.5	31.5	51
94	Update Software AG	AU	31.3	31.3	93
95	Emailvision	FR	29.3	29.3	25
96	Cylande	FR	29.2	35.1	118
97	proALPHA	DE	29.1	48.0	36
98	Idox	UK	28.2	36.1	83
99	GROUPE CEGI	FR	27.6	93.1	72
100	Esker	FR	27.5	27.5	48

Consistent profits

3.7 bn€ aggregated net profits, up from 3.6 bn€ last year

Profits bn€	2005	2006	2007	2008	2009
2.8	2.8	3.2	3.6	3.7	
% of revenues Truffle 100	2009	2008	2007	2006	
SAP	40%	46%	51%	60%	67%
TOP 3	50%	58%	62%	73%	83%
TOP 5	57%	66%	67%	75%	90%
TOP 50	91%	91%	92%	95%	97%

Size matters but small vendors are catching up

Profits grow exponentially with size

The bigger, the richer

Profitability	m€	% of revenues
Top 3	2.172	16.0%
Top 50	3.417	10.7%
Last 50	350	6.8%
Last 25	87	8.6%

... Growth and Resilience

Revenues growth year on year: **+8.4 %**

Despite increased global competition

Annual growth rate



Dependant on capital markets

74 % of the Truffle 100 are listed on a stock-exchange. They account for

- 88.9% of revenues,
- 88.7% of R&D investments
- ... and 95.6% of profits

The Truffle 100 is compiled from survey & research conducted by IDC & CXP.

The Truffle 100 is compiled from survey & research conducted by IDC & CXP. Europe is defined as: EU 25 countries + Switzerland + Norway. The companies taking part have certified that they operate under European law and that their headquarters and R&D are based in Europe (as defined above). The ranking was made exclusively on the basis of the data declared and submitted by each company taking part and, at the exception of Italy, validated in some cases by external sources. Information of a confidential nature (e.g. net income), are only presented on an aggregated basis. The authors are not responsible for any content or error, omission or inaccuracy related to content communicated by third parties.

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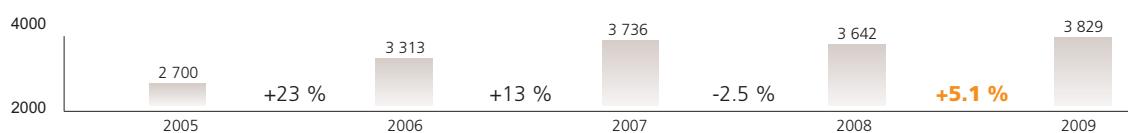


Breakdown by country

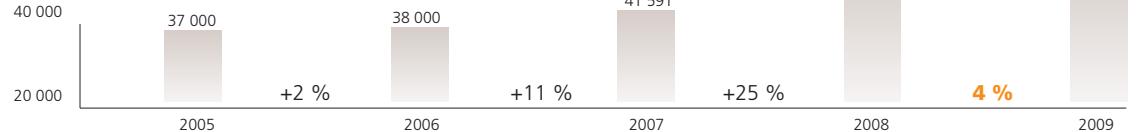
Country	Software revenues (€ millions)	% of total	# Software companies
Germany	12 839	47.6%	12
UK	6 037	22.3%	26
France	3 070	11.4%	22
Netherlands	811	3.0%	4
Sweden	709	2.6%	5
Norway	616	2.3%	8
Finland	518	1.9%	4
Italy	508	1.9%	1

Country	Software revenues (€ millions)	% of total	# Software companies
Switzerland	482	1.8%	4
Belgium	472	1.7%	1
Poland	455	1.7%	1
Denmark	175	0.6%	1
Czech Republic	145	0.5%	1
Spain	114	0.4%	1
Austria	70	0.3%	2

Strategic R&D firepower ~ 3.8 bn€ invested in 2009

Total R&D investments **3 829 m€**

Over 54 000 R&D jobs

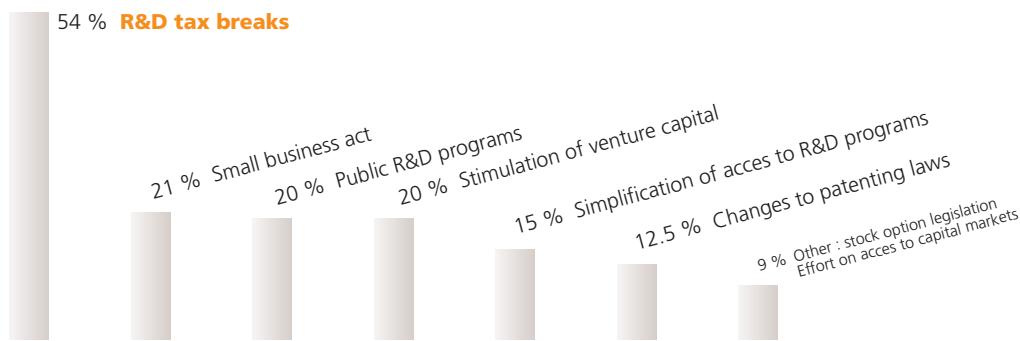
Truffle 100 total R&D headcount **54 180**

Countries	Number R&D employees	% of total	R&D investment (m€)	% of total
Germany	19 395	35.8%	1860	49%
UK	11 104	20.5%	727	19%
France	7 721	14.3%	591	15%
Netherlands	2 778	5.1%	87	2%
Sweden	1 495	2.8%	80	2%
Norway	984	1.8%	46	1%
Finland	1 364	2.5%	83	2%
Italy	1 470	2.7%	58	1.5%

Countries	Number R&D employees	% of total	R&D investment (m€)	% of total
Switzerland	1 289	2.4%	67	1.8%
Belgium	480	0.9%	79	2.1%
Poland	5 355	9.9%	76	2.0%
Denmark	275	0.5%	19	0.5%
Czech Republic	125	0.2%	24	0.6%
Spain	200	0.4%	19	0.5%
Austria	145	0.3%	13	0.3%

Measures: Tax breaks and SBA needed

What measures should be adopted to serve the cause of european software industry?
(multiple answers possible)





Truffle 100²⁰¹⁰

interview of Commissioner Kroes



Bernard-Louis Roques: General policy on IT

The latest data from the Truffle 100 show European IT, and particularly the software industry, is lagging way behind its US counterpart, and shows no tangible sign of catching up. While US software vendors are recovering from the global crisis and have the financial strength to become predators again, it is getting more and more difficult for their European counterparts to keep up with the challenges.

Software vendors are not considered a priority industry, which is all the more so regrettable that they are one of the most efficient, profitable and powerful engine for qualified job creation.

As the new European IT Commissioner, do you have a plan to curb the trend and promote European software vendors? Any short term plans to channel more resources into European IT research and development?

Neelie Kroes

Yes! I am pushing very hard for a significant, but affordable, increase in the European Commission ICT R&D spend. Now is not the time to cut back on these sorts of very efficient investments.

Why? Because investing in ICT research is one of the most fundamental ways we can continue to increase our standard of living and keep the economy in good health. ICT innovation boosts productivity in all sectors.

But the answers are not always about more money. And the money we do spend need shouldn't necessarily come from government,



Neelie Kroes - EU Commissioner for Information Society & Media

especially not the kind of money that leads to subsidy dependency. We have seen the effects of that in some other industries. I believe that the European software sector is better off on a different path.

What we do need is more partnerships to share risk. We do need better and more innovation-friendly public procurement to boost fledgling markets. We do need the EU to help make collaboration easier

and to ensure SME can participate in our programmes without going through administrative hell.

In other words - people can't expect the EU to do everything, we are never going to match either at national or EU level the sorts of money the US puts into defence research. But we can be smarter, by pooling our resources with Member States and by procuring research in new, more competitive ways. ■

Bernard-Louis Roques: R&D Programs

The Truffle 100 is highly representative of the European software industry. All but 3 top 100 vendors have revenues below €1bn. 80% of the Truffle 100 have revenues below €250m. This is an industry of SMEs, that are creating value and thousands of qualified jobs year after. They invest massively in R&D, mostly in their home markets.

R&D Programs are considered to be one of the key drivers for growth. Increases in commitments to ICT under FP7 have been announced (from €1.1 billion in 2010 to €1.7 billion in 2013).

What is your program in this regard and what actions do you intend to take? Can you give a few figures?

Neelie Kroes

We have to take concrete action - that is what I am pushing for, and the standard I should be held accountable to. As someone who has been involved in small businesses my entire life - either working or teaching or regulating in the field - this is something I take very seriously.

Our first concrete action is to pilot a new "light and fast" access scheme for SMEs in the 2011 FP7 funding call, totalling some 780 million euros. And we will be investing hundreds of millions in the next generation network and service infrastructures, in robotic systems to help

with ageing, in electronic and photonic components, and in digital content technologies. There is funding for pressing socio-economic challenges too.

In the longer term our actions must be about supporting a better ecosystem for ICT entrepreneurship. Our first piece of work must be in improving the attractiveness for venture capitalists to invest in European SMEs. Our SMEs can do brilliantly - 7 of the 25 firms that went public or were acquired for over US\$1bn since 2004 are European. They also tend to be more efficient in using the capital they do

attract. But not enough capital is on offer and sometimes it is not available at the most important stages. The guys at Skype went to 26 different European VC firms and couldn't even get €1.5m. So we can't pretend this isn't a known problem.

Second, we need to build new linkages between finance and SMEs. Those offering grants, Business Angel / Venture Capital support, loans and public procurers need to communicate better. Without more coherent support we won't get enough SMEs going global. They will die or hit national ceilings. ■

Bernard-Louis Roques: Simplification of processes

Unlike their US counterparts, the vast majority of SMEs find it too difficult and complicated to access the European R&D programs. They have very limited resources to dedicate. They are reluctant to get involved in the process because they think the administrative workload is too heavy. The process is considered too lengthy, while the chances of getting through are extremely low. There has been very little increase in the participation of the SMEs until now.

What set of actions could you take so as to redirect more of the R&D to the small vendors who need it the most and who represent the most efficient use of funds? Any short term plans measures for simplifying the implementation of the EU R&D Framework Programs?

Neelie Kroes

I agree that the EU paperwork is currently too much. We want the paperwork to be lighter and that is starting as of 2011. But in trying to improve we also have to remember recent progress. We already have set amounts of the money reserved for SMEs. In FP7 SMEs can claim 75% of costs for a given project, up from 50%. And in state aids provided by national governments, there are now dozens of

categories of aid that do not require pre-approval from the Commission. These range from consultancies to participation in fairs, from industrial property rights costs to costs of adapting to environmental standards and support for start-ups run by female entrepreneurs.

In trying to change the system to better exploit our ICT potential, we need close

cooperation with the research community. There must be an understanding that in the current economic climate all public investments will continue to require clear justification. Essentially, I am arguing for increases in spending at a time when most other budgets are being cut. We won't win that funding without a strong case, and no-one should expect miracles. ■

Bernard-Louis Roques: Small Business Act

Year after year the Truffle 100 reveals that the vendors view the Small Business Act ('SBA') as the 1st set of public measures that could stimulate the software industry. The competition with US vendors is unfair because they have been boosted by a very efficient SBA framework for 60 years. Until now the role of the Commission has been limited to inviting Member States to consider local legislation, or issuing a Communication on the pre-commercial procurements.

What are your views on the matter, and what are your intentions and plans?

Neelie Kroes

It is absolutely true that many of the actions most helpful to SMEs are in the hands of the Member States. I don't have the powers to change labour or tax laws, for example. I can only flag the issues, which - I have to admit - can be frustrating.

But what I have always done - when at DG Competition and now with the Digital Agenda - is try to make access to state aids and other public funding as flexible and open to SMEs as possible. I also

acknowledge that software is one of Europe's relative weaknesses and I have observed that administrative burdens and differences in legal systems can contribute to holding European SMEs back. This means that the public sector carries a clear responsibility for making the changes required to allow the EU software industry to breathe and grow.

It is important to bear in mind the "virtuous circle" I am trying to stimulate

across all digital markets, and not just software. Better networks drive demand and create new opportunities for software use. A real digital single market opens new doors for the software industry. New content and new services, such as software, drive the other forces. And the field of software is expanding well beyond the traditional packages - the world of apps is fascinating and exciting and I hope entrepreneurs use their initiative to lead those trends. ■

Bernard-Louis Roques: Venture Capital

Most European vendors are too small also because they are undercapitalized. They need more Venture Capital and bank financing. This is an area where today's dominant world leaders, mostly American, were start-ups financed by Venture Capital less than a generation ago.

In the past the commission has developed specific "financial instruments" under the CIP to support equity investment. The 2007-13 CIP has several schemes and a budget of over €1billion to facilitate access to loans and equity finance for SMEs. Are there any plans to bolster Venture Capital?

Neelie Kroes

As you say, the Commission is working hard to develop innovative financing solutions including ways to support venture capital. I must stress that the process of improving the venture capital environment is a long one. It's a cultural issue as well as a policy issue, and here as well we find fragmentation and an absence of a true internal market. The VC industry itself may also need to develop more specific expertise in the ICT markets. I recently spoke to SMEs and start-ups

in the area of healthcare, eHealth and Ambient Assisted Living. They complained of the difficulty to get funding and the shortage of specific knowledge of their market among VC firms. I hope this is not a widespread problem, but I suspect it might be.

We can't go on with our firms getting less than 1/3 of the funding that similar firms in the US, but we also need to find ways to ensure European firms remain more

efficient than US and other firms in using the capital they do get offered. We are more efficient now, and that is an advantage we can't afford to lose. And we also need European firms to think bigger - they should have global ambitions. If we scale up the vision and offer those visionaries more cultural support, the pitch becomes more attractive to investors. ■