



Press Release

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PwC's Global 100 Software Leaders driven by three key trends

Most recent ranking shows startup vendors disrupting the industry and challenging established software companies

New York, 22 June 2016 – PwC's new [Global 100 Software Leaders](#) ranking illustrates a rapidly shifting landscape and reveals three key trends among companies that are taking advantage of both evolutionary and revolutionary changes in the software industry.

Within this shifting environment, the interwoven trends of **digital innovation**, **Industry 4.0** and **convergence** are driving opportunities to create smarter, leaner and better software. As these trends fuel the industry, we're seeing an increasing number of startups coming to the forefront, adding to the challenges facing legacy software vendors and their customers.

The three key themes weigh heavily on PwC's overarching research findings:

- The software industry is experiencing a rapid expansion of its total addressable market (TAM) and a high level of turbulence.
- Cloud adoption is creating new software-as-a-service (SaaS)-based business models.
- The move to SaaS significantly impacts the revenue of traditional vendors.
- Connected devices and artificial intelligence are creating new business opportunities.

"Everywhere we look, software is defining what products do, and it's redefining how companies are categorised," said Raman Chitkara, PwC's Global Technology leader. "Analysing the changes between the new Global 100 Software Leaders and the previous ranking from 2014 indicates just how dynamic the market is—and will continue to be."

Fourteen companies fell off the current list since the 2014 ranking, and 10 of the previous bottom 12 are gone. "Several companies couldn't keep up their growth and, as a result, fell off the list," says Mark McCaffrey, PwC Global Software Leader, "There are others that are large enough to survive because they have the cash and the wherewithal to acquire cloud companies."

Key trend #1: Digital innovation

Startups are propelling much of the dynamic creativity in the software industry, and they are using the new world of technology as a blank canvas for software applications across industries.



Thanks to mobility and the cloud, software can now be consumed anywhere—and innovation can happen anywhere. But globalisation can be a double-edged sword when it comes to innovation. Government regulations, such as the European Union’s Safe Harbour rules governing data privacy, can create confusion, and regional companies in emerging markets can face scalability issues when it comes time to compete against companies launched from larger markets.

Established software companies are not standing still on cloud-based customer options. The top four companies on PwC’s list all made recent significant cloud acquisitions.

Key trend #2: Industry 4.0

Cloud continues to drive new capabilities in the Internet of Things (IoT) through the proliferation of devices, sensors and remote or mobile objects that automatically transmit information. In addition to a cloud-based data repository, intelligent device software also requires the ability to transmit and analyse data.

The cloud provides enterprises with a great deal of flexibility. SaaS vendors appreciate the efficiency they get from hosting software. For instance, all customers will be running the same software version. When it’s time to upgrade, they only need to change it once in their system rather than in each user’s system. Cloud adoption is accelerating but has not yet reached the tipping point. While users’ comfort with cloud is growing across the globe, there remains some lingering doubt related to security and 24/7 accessibility. In response, software companies are expected to increase investments for maintaining the security, reliability and 24/7 accessibility of their products and services.

Key trend #3: Convergence

Software is becoming more prevalent in more places, and this affects the revenues of major industry verticals, including financial services, healthcare, manufacturing and retail.

- **Financial services** – The banking industry is working hard to accommodate new digital and mobile payment systems, and to understand how to leverage the blockchain technology underlying bitcoin.
- **Healthcare** – The proliferation of networked medical devices as part of the IoT is targeting cost reduction—a key issue for the industry—as well as patient efficacy.
- **Manufacturing** – With the development of intelligent devices—from aircraft engines to appliances—manufacturers are reimagining their customer relationships, supply chains and business models.
- **Retail** – Retail firms—online and offline—are using software to change the way they interact with and engage customers, from offering promotions on smartphones to enhancing inventory transparency.

Given the importance of cloud, mobility and analytics for compiling and transmitting customer and partner information, software’s importance will increase—across all segments. The companies that best leverage software to incorporate industry knowledge with technology savvy will thrive.

What to watch for

While the cloud continues to underpin massive change, software vendors must determine what to buy, what to own and with whom to partner—and the partnership environment is percolating. While we’re already seeing some unexpected joint ventures between long-established corporations and startups, many companies that seek to use software for a competitive advantage may find the choices to be overwhelming.



“In the future, there will be no hardware without software, and software will become artificial intelligence,” says Chitkara. “Software will continue to be central to the fast pace of change—not only in the technology sector, but across all industries.”

About the Global 100 Software Leaders

This is the fourth edition of PwC’s Global 100 Software Leaders ranking since 2010. The current edition continues our tradition of monitoring and analysing the leading companies and trends in the industry. Our goal is to help our clients understand both the obvious and the underlying forces influencing the software industry.

The new PwC Global 100 Software Leaders list is based on corporate financial statements (GAAP-based where applicable), other public sources and estimates for privately held companies, as compiled for PwC by the Global Software Business Strategies Group at IDC. Learn more about the report’s methodology [here](#).

The initial article provides an overview of the trends impacting the global leaders and others. Future articles will examine issues impacting the fastest growing cloud-based companies and the larger software companies in emerging markets.

About PwC

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