

Full Cycle Cloud Solution for Legacy Applications



Stefan Hetges - CEO

smartShift Technologies is a cloud transformation company with a suite of unique, automated tools that optimize complex technology environments and offer companies a competitive edge. smartShift Technologies' patented products let customers harness the power of the cloud by providing integrated migration, management and security services for custom business software applications. In addition to comprehensive and secure cloud enablement for SAP and other enterprise products, smartShift Technologies' software provides automatic and error-free code correction that keeps systems compliant and up to date while improving productivity and performance. Major customers include 10 of the top 20 global financial firms as well as BMW, Shell, Kimberly-Clark, BP, OfficeMax, Scotts and dozens of mid-market and startup companies. For more information, please visit www.smartshifttech.com.

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

CEOCFO: Mr. Hetges what is the focus at smartShift Technologies?

Mr. Hetges: We are a cloud transformation company. There are many existing applications out there; including legacy and ERP applications that need to be moved to the cloud to make use of the advantages that cloud computing offers. CFOs are especially interested in the cloud because of the significant costs savings they can achieve in the long run and the Opex vs. Capex advantage. We cater to such companies through our solutions that take legacy applications to the cloud. Our products

and services offer a full cycle solution from cloud strategy, transformation, and later 24X7 management for such companies.

CEOCFO: Would you give us an example of how that works in reality? When does a company to come to you for help? How would the project be handled?

Mr. Hetges: When a company has a legacy application, some of them are easier to move to the cloud than others. If the cloud architecture has some specific needs such as a database, you might want to use a more commonplace database instead of a relational database or you have a memory intensive application an in-memory database would be the right solution. We typically conduct a strategy session or workshop and provide a proof of concept that shows what the architecture would look like in the cloud. The strategy session provides us the opportunity to understand our customers' business needs as well as analyze the application that need to be moved from a technical perspective. We look at all the components of the application and check if a software component needs to be replaced. Not all legacy databases for example run in the cloud. For example we can take a legacy mainframe application and move it to the cloud by taking an IMS database, move it into either a relational database or a column based database which runs in the cloud and move the business functionality over in a phased manner. After the strategy session with our customers, we move to the design phase where all technical components will be addressed. We adjust our tools; plan the transformation and testing, like in any IT project. Our tools help us to transform technical components to the cloud environment. After the transformation is done, we help our customers train their team to be able to further enhance and maintain their application in the new environment, and later deploy the application to the cloud – thereby making it production ready on the cloud. We have the ability to help mid-sized entities focus on their core business while we transform and move their applications to the cloud. With our 24/7 Network Operations Center (NOC) we also manage our clients applications and cloud environments.

CEOCFO: Why does it make sense to move the application rather than switch to one that might be more easily available? What are the advantages to the company?

Mr. Hetges: This is a great question. Applications can be distinguished in 2 categories: tactical and strategic applications. Here is an example how this is meant:

Companies need an HR system. They buy the components that are easily available in the market from ERP vendors or from SaaS vendors. That we refer to as a tactical component because if their competition buys the same software, they

have the exactly the same basis and the same processes. The same applies to Material Management, logistics, and other vertical market offerings.

But many companies established over the years have their own business processes that give them the competitive edge. They choose to further invest into making such readily available systems their own through programming. They write their own business processes in addition to the tactical components. That separates them from their competitors.

Moreover companies keep building such customized programs as business needs evolve over the years to adapt to market needs and customer requests.

For example, Mercedes has a different business process from that of BMW. Mercedes, promises that a spare part is made available in at most two days. They have built their whole warehousing and supply chain based on this promise. That business Process needs to be reflected in the system because in the end the spare part needs to be tracked through a logistics system.

On the other hand, BMW relies on other promises. So even if they are using the same ERP system, they will still need to build custom programs to achieve their own business results which are different than that of the competition.

Now, when the time comes to transition such systems to new environments or upgrade them to a new release, organizations want to retain their customization investment that differentiates them.

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We see many companies that have millions of lines of code developed over time. This code, if you will, contains the treasure of the company. The customizations need to be transformed into new technology environment to help maintain their market differentiator.

Our tools and services help companies to preserve their legacy assets that they built over time by transforming from an old, source system to a new, target system. That way they can make use of the new technology, without having to throw out their customization investment of their mission critical systems. In fact, we optimize that code in the process of transforming it.

CEOCFO: Are there many companies in your space?

Mr. Hetges: There are a few companies in the transformation space that perform specific types of transformations. For example, changing applications from one language to another or take a database to the cloud.

When it comes to ERP system solutions, there are many companies that perform analysis to find errors within the coding and usually they are successful in finding certain types of problems.

But when it comes to automated code correction, we are pretty much the only company that remediates automatically with such high precision and volume. Our solutions are based on a patented technology, so while our competitors perform this task with a skilled workforce, we use the automated tools to achieve code optimization. So in a nutshell, our biggest competitors are companies using inexpensive labor with a manual approach. In fact, our automated remediation approach to transform to the cloud is unique.

CEOCFO: How do you reach potential customers? How do they find you?

Mr. Hetges: We have a rich partner network. For ERP solutions, we partner with almost all the major system integrators on a global level including IBM, Accenture and Capgemini. SAP also refers customers to us, in addition to using our tools. Partners that are confronted with a project to manually remediate the source code, approach us to support them with our automation tools.

Another way we get business is by word to mouth from successful transformed customers.

With regard to the cloud, Amazon Web Services (AWS) is our biggest partner. We have helped numerous AWS clients migrate to the cloud and manage them 24X7. Just a few weeks ago we were recognized as one of AWS' 22 Premier Consulting Partners - from a network of around 2000 partners. We appreciate the trust that AWS places on us. That's got to bring us more customers, right?

CEOCFO: *When did you recognize the opportunity and start to develop the company?*

Mr. Hetges: The Company as it is today was established in 2010. But smartShift has a long history. Beginning of the 90s i-Cube was founded in Boston, MA. We transformed legacy mainframe applications to client server. After the company was sold, I did a management buy-out in 2001 and founded smartShift. We started with SAP migrations, upgrades, and consolidations etc. in 2005. When the cloud started becoming popular in 2010, we embraced cloud migration and transformation as part of our service offering using the same technology.

But transformation business is a one-time business. It is a complicated project that needs a great deal of skills but they run for a short period of time. So we started looking at the opportunities that will generate us recurring business. In 2010 that opportunity presented itself with the rise of AWS.

It was clear to me back then that the cloud is the future. Our transformation technologies are of great value to reduce project time and budget. In addition the cloud presented us the opportunity to manage cloud architecture so that Companies do not have to worry at 2.00 AM if their CPU has a problem. It was this vision in 2010 that had given birth to what is today's smartShift Technologies.

CEOCFO: *How is business these days?*

Mr. Hetges: Business is going well. In the last 3 years, we made some hard decisions to focus on cloud opportunities which are paying off today. We restructured the company to focus on pure cloud transformation even if that meant to give up some of our other businesses even though they generated nice revenue. Yet, we have managed to make up for that revenue and keep growing. Currently we are investing in sales and marketing to generate direct business. Now that we have a strong foundation, we are very well positioned for growth.

CEOCFO: *Why should smartShift Technology be a community to recognize?*

Mr. Hetges: It is simple. If you have strategic source code and strategic applications, you are going to need a technical refresh. You may also want to consider running in the cloud. If you want to do it right and with somebody who has successfully done it numerous times before with the right technology tools, you should work with us. We are a cloud specialist with over 55 million hours of up time in the cloud. We have also passed the security gauntlet of major financial institutions. Our proven tools help clients do it right the first time while saving them time and money.

BIO: Stefan Hetges is the CEO of smartShift Technologies. Stefan founded smartShift GmbH in 2001, and subsequently merged that with Cambridge Technology Enterprises in 2010 to form smartShift Technologies. Stefan started his career as a technology consultant at Cambridge Technology Group. He was part of the founding team of i-Cube, and was instrumental in the company's growth, spearheading the expansion into Europe as their European business CEO. He helped the company grow to over \$100M in revenue, launch a successful Nasdaq IPO and get acquired by Razorfish for over \$1.5B. He then led a successful management buyout of the i-Cube transformation technology in 2001 to form smartShift GmbH. Stefan has a Masters in Computer Science from the University of Applied Science in Constance.



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