the 451 group

ANALYZING THE BUSINESS OF ENTERPRISE IT INNOVATION

Search

ADVANCED >>>   SAVED >>>

HOME   SCOPE OF RESEARCH   PRODUCTS & SERVICES   EVENTS   ABOUT THE 451 GROUP

CONTACT US | CAREERS | **APPLY FOR TRIAL ACCESS**

>>> CLIENT ACCESS

MARKET INSIGHT SVC (MIS)

TECHDEALMAKER (TDM)

M&A KNOWLEDGEBASE

SPECIAL REPORTS

STRATEGIC COUNSEL

SPECIAL FOCUS AREAS

GRID ADOPTION (GARS)

OPEN SOURCE (CAOS)

SECURITY (ESP)

CLIENT LOGOUT

Recent Enterprise Software analysis

MIS

With $9m in series B cash behind it, SeaTab revs new SaaS BI service

CA enters IT governance, risk management and compliance space with new offering

Sun outlines xVM, its Xen-based bare-metal virtualization play

Get ready to bundle: NetSuite encourages partners to wrap up customizations

Head in the cloud: CohesiveFT now does component assembly for virtualized platforms

Can RIA scalability be lifted by a rising WebTide?

On-premise software is still the focus for Xythos, despite customer interest in SaaS

TDM

SaaS eats SaaS: Omniture wins out as new home for Visual Sciences

Trend Micro continues ADL consolidation, takes out itsy-bitsy Provilla

Is Cognos next in line to be acquired – if so, by whom?

You have successfully logged in.

451 MIS
Market Insight Service

Impact Report

Droplets thinks Cobol is more than a drop in the RIA ocean

Analyst: Vishwanath Venugopalan
Sector: Enterprise Software »»
Date: 26 Oct 2007
451 Report Folder: File report »» View my folder »»

Droplets started off as a RIA vendor well before the term Ajax came into vogue. After early customer relationships with the military, the company switched to deploying its thin-client, low-bandwidth technology toward modernizing Cobol applications. Most of the company's business today comes from customers of **Micro Focus**, a large Cobol vendor. Given the amount of Cobol code still being used in enterprise software, Droplets will likely not have problems having a steady revenue stream. However, expanding partnerships beyond Micro Focus would probably be a wise choice.

The 451 Take

There certainly appears to be more than enough space in the world of Cobol ADIS applications for Droplets. But the company may be concentrating on its Micro Focus relationship to the extent of putting all its eggs in one basket. Additionally, by so bucking technological and market trends in the dynamic RIA market, Droplets may be painting itself into a corner. But even if the company is content in staying its size and with its volume of its current business, it would be well advised to find more partners independently and get back in touch with its erstwhile military customer base.

Context

Droplets has been covered before by The 451 Group as a RIA vendor that makes a platform that brings together the uncommon duo of Cobol and RIA. The company was originally founded in 2000 as a Java RIA toolkit vendor and it acquired customers in the military and defense contractor industries. After the Iraq war began, the company began to face pricing pressures because of shifting budgets. It began to concentrate on what it saw as an underserved niche: legacy applications that could use its product to be modernized. It partnered with Micro Focus, a Cobol framework vendor to bring RIA to Cobol applications.

The company has nine employees, seven of whom are technical staff, and is headquartered in the Dallas area.

Products

Droplets' flagship product is the Droplets User Interface Server, which pursues a thin-client architectural approach to RIAs. The server has bandwidth optimizations that make it appropriate in bandwidth-impoverished situations such as mobile applications.

Droplets' primary focus for Cobol modernization using RIA front ends are so-called ADIS (accept/display interface system) applications. The company claims that there are far more of these applications in use than it would seem from the age of the technologies. For instance, some of the applications used to verify driver records in highway patrol cars are ADIS applications. Droplets makes an Adapter and an API to modernize these applications. The company said integrating the Adapter into an ADIS application requires no code changes and it can thus be deployed immediately. Deeper user interface modernizations can be performed using the Droplets API, which provides a more comprehensive set of user interface widgets.

The Droplets runtime is Java-based, and can successfully run Java code in addition to Cobol. The latest release of the product, version 3.0, is slated to come out in November 2007. Droplets has added a visual designer for designing screen layouts in the Eclipse IDE. Efforts are ongoing to add similar functionality to the Visual Studio IDE as well. Droplets said most customers start out by linking against its ADIS adapter for quick changes, and then move on to the more complete API if a deeper renovation is needed.

Strategy

Droplets has about 26 customers, with about 90% of its revenue coming from indirect sales to customers of partners such as Micro Focus. Deal sizes range from $50,000 to $250,000. About half of the company's revenue comes from Asia, where it has direct customers relationships with **Samsung** and **Hanssem**, South Korea's largest furniture distributor. Samsung uses Droplets products in its factory floor control systems, materials management and IT asset management systems for its plasma display and semiconductor manufacturing facilities, as well as in its credit card and insurance businesses. The other half of the company's revenue is split evenly between North America and Europe.

Droplets was awarded a patent for its RIA-related technology in February 2004, right about the time public interest in RIAs was beginning to spike due to Ajax. Droplets chose not to compete in a market that quickly saw several new entrants, and instead focused on leveraging its intellectual property and the opportunity in outfitting legacy applications with RIA user interfaces. In the near-term, the company plans to stick with the Micro Focus relationship because it has little head-to-head competition standing between itself and up to 2,500 of Micro Focus' large client base, which Micro Focus says numbers 15,000 worldwide. Droplets filed a lawsuit against **Adobe** in July 2006, alleging infringing intellectual property in Adobe's Flex RIA platform; the lawsuit is ongoing.

Although Droplets said it is in a desirable position with its Micro Focus partnership, it is looking to expand its international operations and possibly revive its relationship with the military and defense contractor verticals. Droplets said it would be open to forging relationships with systems integrators. We think that, as with other 'boutique' RIA vendors including Curl, the company's best bet to acquiring business outside its Micro Focus relationship is to build and maintain a developer community. Given the company's current size and deal flow though, that is probably easier said than done.

Competition

Droplets competes with **Veryant**, an Italian firm whose isCobol product fits an Ajax interface on ADIS-style Cobol applications. Other notable RIA vendors in the enterprise, and contemporaries of Droplets, are **Curl Inc** and **Altio**. Curl uses a client-side runtime with the Curl programming language to render applications aimed at processing large enterprise datasets. Curl too derives most of its revenue from Asia and is owned by **Sumitomo**, a Japanese systems integrator. Altio's AltioLive uses a server-side approach like Droplets does, but is targeted at Java EE applications. Another enterprise RIA vendor whose messaging has been around integrating with legacy server systems is **Nexaweb Technologies**. The company also views Ajax toolkits from the likes of **Backbase** and Adobe's Flex as competing products.

CA Inc offers its Legacy Renewal Solution along with its AllFusion Gen product, which handles Cobol-to-J2EE and Web services conversion. Because of natural architectural parallels between Web services and RIAs, large vendors with offerings that integrate Cobol into service-oriented architectures (SOAs), such as **BluePhoenix Solutions** and **Liant Software** can easily compete by adding a RIA front end.

SWOT analysis

Strengths	Weaknesses
Droplets' thin-client, low-bandwidth approach opens up several usage scenarios for enterprise RIA, which may not be possible with chattier Ajax RIAs that don't scale as well.	Although the legacy application segment might be underserved by RIA technology, Droplets' offerings are highly targeted to one platform and one kind of application on that platform. Direct sales are also a very low percentage of its revenue.

Opportunities	Threats
Droplets has little competition standing between itself and Micro Focus' vast client base.	It's relatively easy to front-end a Web services or SOA back end with a RIA. Several large vendors help integrate Cobol into SOAs. If end users modernizing legacy systems go with SOA directly, will anyone miss Droplets?

Related analysis

451 Market Insight Service

Skyway Software aims to send projects into hyperspace with app delivery platform
New tools enable developers and business analysts to build and deploy enterprise Java business applications without writing a single line of code. How well will developers take to such a platform? (24 Aug 2007)

Genuitec and eCube link up to extend reach of maintenance-focused developer tools
(15 Aug 2007)

Curl looks to comb over bald spot in US RIA market
After mixed success in the US market the first time around, Curl found success in Asian markets and is looking to reenter the US market as a RIA vendor. Will this player that weathered the economic downturn be able to catch on again in the US? (27 Apr 2007)

Nexaweb's Enterprise Web 2.0 Platform is on track for a November release
With fresh money and new ideas at the top, the company is gearing up for the release of its platform – complete with a zero-install client framework designed to give programmers a choice of Ajax or Java on the front end. (19 Oct 2006)