Pervasive Introduces Cloud-Hosted Data Metering: Precise Data Usage Measurements for Cloud ISVs and Enterprise Chargeback

Abstract

Pervasive Software® Inc. (NASDAQ: PVSW, www.pervasive.com), (Pervasive), recently announced an innovative solution for metering and reporting database usage on a very granular level. Pervasive UseaBiLLity™ introduces a new level of precision to usage-based pricing for Cloud service providers and, potentially, enterprise IT as well.

Officially unveiled on December 18, 2012, and initially aimed at Software as a Service (SaaS) Independent Software Vendors (ISVs), Pervasive UseaBiLLity provides metering metrics based on MySQL database access. The resulting data can be applied to a wide variety of use cases, including billing, intelligent provisioning, capacity planning, and similar usage-based activities. Via a Cloud-based control system communicating with a database plug in, Pervasive customers receive fine-grained usage data enabling them to bill based on actual usage, as opposed to more traditional subscription and enterprise licensing models.

This solution also presents an opportunity for Pervasive to engage in partnerships with Cloud vendors in adjacent markets. Usage-based metrics can provide new revenue opportunities for companies engaged in Cloud-based billing, for example, and introduce a new level of billing precision for SaaS-based Enterprise Resource Planning (ERP) and Enterprise Management vendors, to name a few.

The introduction of this service also has significant implications for enterprise CIOs who, until the introduction of this product, had few options for accessing hard metrics supporting chargeback based on end user consumption of IT resources.

Pervasive Announces Pervasive UseaBiLLity

Pervasive UseaBiLLity is a product of Pervasive's hefty ongoing investments in Research and Development (R&D) and is being offered as a hosted public Cloud service. This new platform automates the process of instrumenting and metering usage of MySQL applications initially, and Pervasive executives indicate that support for additional databases will follow over time.

It requires no code development by customers, and is initially aimed at providing SaaS vendors with an easy-to-implement solution for accurately quantifying and billing data usage by user.

Although aimed at vendors, the solution also has potential value in the enterprise. UseaBiLLity provides the basic data necessary to implement departmental chargeback, the perennially elusive goal of many enterprise CIOs seeking to bill IT customers based on usage versus a fixed budget allocation. For many CIOs, this approach has long been considered to be the "Holy Grail" of IT budgeting. Not only does it enable application usage to be quantified by user, group, and department, it also provides a basis for billing out IT services. The impact of this approach is that IT transforms from being a cost center to becoming an internal service provider delivering quantifiable business value.

Additional use cases could include price modeling, capacity/infrastructure planning, and application design/support.

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For Traditional ISVs, Transitioning to SaaS brings Challenges

Founded in 1994 and based in Austin, Texas, Pervasive markets both on-premise and Cloud-based data management solutions focusing on Business Intelligence (BI), Big Data, Business to Business (B2B), and application integration.

Based on the rapid growth of public Cloud and conversations with ISVs transitioning to SaaS delivery, Pervasive's data scientists recognized that the transition to SaaS was, for most, an expensive and time-consuming proposition. Not only were they faced with the need to re-vamp marketing, sales, and supply/delivery chains, they were also confronted with technical challenges related to adapting software to a SaaS model.

Issues relating to multi-tenancy, scaling, and hosting typically require significant time and effort to solve; however, one of the biggest hurdles facing ISVs is on the financial side of the business. Every company is in business to make money, and transitioning from a 100% licensing-based revenue model to subscription- and usage-based pricing is both a business and financial challenge. It is also time- and risk-intensive, particularly for public companies that ultimately report to stockholders.

With the introduction of UseaBiLLity, Pervasive is helping to solve this problem. Application use by customers is variable; however, tracking usage over time gives vendors a way to monitor, meter, and bill based on accurate, verifiable usage data. As an added benefit, utilization quantification can also be used for infrastructure and capacity planning.

The Beauty of UseaBiLLity

Pervasive's latest solution measures actual database usage by user, essentially delivering a measurable unit of work based on the translation of database events into application events that can then be converted into business metrics. UseaBiLLity consists of a MySQL plug-in and Cloud-based Pervasive Control Center (see Figure 1).
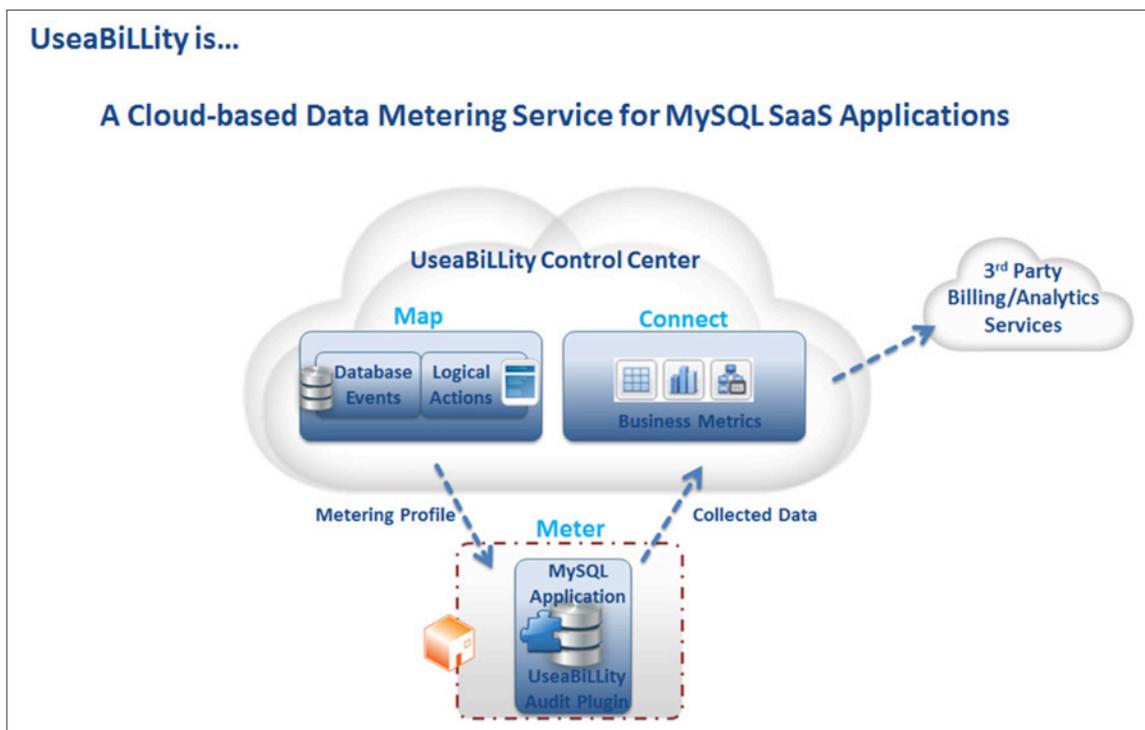

Figure 1: Pervasive UseaBiLLity Product Architecture

Once Control Center is instrumented for UseaBiLLity the two begin to communicate, with Control Center directing the plug-in as to what data to capture, on what port to report, etc. The plug-in resides physically with the database engine, which can be on the customer's premises or in the Cloud.

With no coding required on the part of the UseaBiLLity customer, the product analyzes patterns of usage derived from user actions against the database supporting the application. It tracks user behavior through the application and into the database, then translates user actions into business-relevant metrics.

Data metering can be configured based on the goals of the customer. For subscriber billing, Pervasive UseaBiLLity can be configured with a simple metering profile. For customers doing more in-depth data analysis for business analytics, for example, a more detailed set of profiles can be developed. SaaS vendors can see each instance of actions such as "create," "insert," "update," and "delete," giving them insight into application features used, by whom, when, and how often.

Application managers have long understood that specific interactions with an application translate directly to business activities. For example, an insert into a database table could mean that a credit card has been swiped, a product has been purchased, or a new customer has been added to the Customer Relationship Management (CRM) system. An update to a table could mean that an order has been changed or a customer has requested a change of address. With the introduction of UseaBiLLity, each activity is given a meaningful name, and billing becomes a straightforward matter of determining prices for each activity, then calculating actual usage for each SaaS customer.

Although each database action is individually meaningful to the SaaS customer, it is also meaningful to the SaaS vendor. From this perspective, UseaBiLLity helps to identify the application features that are actually getting used and therefore offers a chance for SaaS vendors to align billing with what the customer values.

EMA Perspective

Enterprise Management Associates® (EMA™) analysts have been aware of this service and following its progress for some time. The primary reason for this interest has been because historically, there have been few good options to link billing for a Cloud service (or an on-premise-delivered service, for that matter) to actual work performed. Pervasive UseaBiLLity provides an intelligent answer to a long standing problem for service providers and enterprise IT alike.

Many vendors bill monthly by user, by transaction, or via a "blanket" enterprise license. Pervasive UseaBiLLity offers an attractive alternative. With this solution, Pervasive enables a new billing model that can be easily implemented by any SaaS vendor whose application runs on MySQL.

Aside from a small software plug-in which is co-provisioned with the database, the bulk of the solution—the analytics engine—is delivered via a Cloud form factor. The beauty of this approach is that it enables Pervasive to easily extend the value proposition of the solution to the entire public Cloud ecosystem, which is characterized in part by its partnerships. In contrast to traditional ISVs, the vast majority of public Cloud vendors have chosen to extend the capabilities of their solutions by partnering rather than by traditional "build versus buy."

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In fact, Pervasive has already partnered with Transverse, a Cloud-based billing company also located in Austin, TX, to pair Pervasive UseaBiLLity with Transverse TRACT®. The combined solutions deliver an all-in-one activity-based billing and subscription management platform, offering an end-to-end solution for service providers seeking new ways to quantify and bill for offerings.

Although Pervasive is not the only vendor in this space (BillingPlatform (www.billingplatform.com) also advertises metered billing, as one example), it appears to be the first to market with a solution that plugs directly into MySQL. This is an exceptionally innovative approach that may well drive SaaS to a new level of operational maturity. It puts the ability to reduce or eliminate customer billing complaints directly into the hands of service providers, and one idea might be to provide dashboards showing each customer's usage during the billing period. This approach has worked well with mobile service providers and could easily be adapted to SaaS delivery as well.

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