Halosys mobile platform provides parent Sonata Software an asset for growth

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Halosys gives parent company Sonata Software a stand-alone mobile platform to compete with other mobility pure plays, as well as a mobile capability to enhance its vertical applications and new capabilities to bolster its professional services business. These are welcome options as Sonata Software looks to deepen its real estate in customers' digital transformation strategies. For IT services firms, the shift from systems integration to value-based pricing makes owning their own technology a smart move. With its Halosys acquisition – one of four acquisitions over the past three years – Sonata Software has gained a mobile capability that gives it several options as it makes this shift.

THE 451 TAKE

IT services firm Sonata Software has been on a buying spree, making four acquisitions over the past three years. Rezopia, Xyka India and Interactive Business Information Systems (I.B.I.S.) deepened its vertical focus, while its acquisition of mobile application platform Halosys gave it a mobile capability. Although Halosys was small when Sonata acquired it in 2015, as Halosys builds its platform, it will give its parent new options: as a stand-alone technology sell, a mobile extension for its own applications and third-party applications it manages on behalf of its customers, or as an asset for Sonata's consulting business. Halosys has work to do to expand the functionality of its platform – some of that will come from integrations and some natively, but the combination of strategy consulting, lifecycle platform technologies, innovation labs and vertical focus should prove to be a strong play.

CONTEXT

Sonata Software is an IT services provider founded in 1986 in Bangalore, India; it is publicly listed on the National Stock Exchange of India. It has more than 3,200 employees and provides business application and software development services focusing on companies in retail, travel, distribution, supply chain, ISV and consumer packaged goods. It has a long-standing relationship with Microsoft as a development partner, and it has its own intellectual property on Microsoft's Azure stack. It deepened this expertise with its 2015 acquisition of supply chain software provider I.B.I.S., which had its own strategic partnership with the Microsoft Dynamics team. Its 2014 acquisitions of SaaS provider Rezopia bolstered its traction in the travel sector.

In 2015, it also acquired mobile application platform provider Halosys, now a subsidiary of Sonata Software. Halosys was founded by Avinash Harsh (formerly at Cisco), Sriram Chavali (formerly at AppSense) and Srikanth Chavali (formerly at Juniper and Ericsson.) Harsh is now Sonata Software's head of global mobility. We estimate that Halosys' 2016 revenue was less than $1m.

A recent 451 Research Voice of the Connected User Landscape survey shows that mobile technologies are anticipated to have the highest overall impact on business process transformation over the next 12 months. The majority of companies, however, are still at the early stages of their mobile journeys. They cite security, lack of budget and lack of vision as the top obstacles. In our research, we have found that addressing the lack of vision typically unlocks budgets. This is why there is growing interest in having common application technologies as the foundation for an apps strategy beyond individual app projects. For example, a 2014 451 Research custom survey showed that as businesses deployed more apps from a platform, their perceived ROI increased correspondingly.

THE HALOSYS PLATFORM

Halosys provides a range of lifecycle services that it markets as an enterprise mobile platform and as the central hub for companies' mobile strategies. It provides prebuilt integrations into back-end systems, including into SAP Hybris, NetSuite, Microsoft Dynamics, Salesforce and common databases. It provides protocol-aware connectors leveraging REST, SOAP and OData for legacy and other homegrown systems, and connectors into key authentication and notification providers. It also has its own iOS, Android, Windows, JavaScript and HTML5 SDKs.

In addition to integrating with notification providers, it layers on its own capabilities, offering notification templates, as well as a patented smart, context-aware notification engine for messaging, the delivery of which can be contextualized to location, time, users and data. Apps can be deployed via private email and SMS links, through its own white-labeled app store, or through public app stores. Although functionally is still basic, the platform has its own zero-code app builder for prototyping apps. It also has two production-ready off-the-shelf apps: one is a sales management app integrating with NetSuite, the other an event app.

For security, the platform allows for the remote lock and wipe of data from applications; roles and permissions-based access; a choice in how data is exposed to the app and where it is stored; data encryption; the blocking of compromised devices; integration with popular LDAP, SAML and OAuth tools; and its own native authentication. For post-launch operations, it provides a range of capabilities including performance and audit logs, analytics, and the ability to test the internal logic and services integrated into applications, and make changes within the application.

Halosys initially priced its platform on a per-user basis, but customers were concerned that they would be stung on cost as their applications' usage scaled and asked for a cap. Halosys consequently added the option of using a per-app model – billed either monthly or yearly – allowing an unlimited number of users (but with limits on data usage and overages billed at cost), and packaged with AWS or Azure hosting.

HALOSYS IN SONATA SOFTWARE

We forecast a healthy if not exciting CAGR of 25% for the mobile application platform market out to 2021. It's a market that has been on a slow burn because technologies need time to mature, mobile development best practices need time to emerge, and enterprise appetite and budgets need time to grow. We estimate that Halosys has about 10 customers, and although we believe it can find growth with net new customers, it will have plenty of routes to market through its parent company's wider set of assets.

Sonata Software's Microsoft Dynamics and other application provider customers (it also resells Oracle and SAP systems) should be a source of business for Halosys as those customers mobilize their data. Halosys recently won deals with a large manufacturer and with one of the largest logistics companies, connecting to SAP Hybris and Microsoft Dynamics, respectively. Another construction industry client has launched a number of apps connecting to SAP HANA and NetSuite where NetSuite was one of the draws. Often the poor quality of mobile applications from these large business application providers deters adoption, but also equally those from some of the newer SaaS providers. In our research, we have come across enterprises using third-party tools to mobilize data from Salesforce and Workday when their own mobile apps weren't deemed optimal for specific use cases.

There is obvious potential for tie-ins with Sonata Software's Rezopia and I.B.I.S. acquisitions; enabling mobile workflows and engagement is a bigger deal for travel and supply-chain firms than for some other verticals. The same goes for retail companies with which Sonata Software has existing customer traction. Halosys cites mobile commerce and sales and marketing as its sweet spots.

There are a few other areas of potential synergy. Halosys has a partnership with Zebra where Halosys' platform can be used to migrate legacy Windows CE apps deployed on Zebra devices onto Android devices that could ultimately connect to Sonata's infrastructure.

COMPETITION

Halosys has stated that it competes with other mobile application platforms such as Kony and Kinvey, SAP's own Fiori apps, and the combination of Microsoft's PowerApps and its Azure Mobile Services. It also has customers with Mulesoft technologies with which there is some competitive overlap. There is a long tail of vendors in this space that have built similar platform capabilities – companies such as OutSystems, Mendix and Progress Software, along with application vendors such as Red Hat that have acquired their own mobile platform capability, and Oracle, which has built its own.

SWOT ANALYSIS

STRENGTHS
The combination of strategy consulting, a lifecycle platform, innovation labs and vertical solutions gives plenty of scope for Halosys to grow within its parent company.

WEAKNESSES
In order for it to deliver on its 'end to end' narrative, Halosys needs more integrations with tools it doesn't provide itself (and will likely never provide), such as testing automation (Sonata does provide managed testing services) and payment gateways.

OPPORTUNITIES
Halosys has the benefit of access to use Sonata Software's existing enterprise customer relationships to get in early on mobile initiatives.

THREATS
The growing number of vendors and of competing approaches in the application platform space will make it difficult for all parties to cut through the clutter.