

VP's Den

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Atlassian - SWOT Analysis

Atlassian is started in 2002 by Scott Farquhar and Mike Cannon-Brookes with a basic product JIRA - Bug Tracker.

Today they have 400 employees and there are no sales people. They have products under the following category

- Project and Issue Management
- Collaboration and Content Sharing
- Distributed Version Control &
- Code Quality

Recently they have reduced the starting price of the their flagship product JIRA to \$10 per month for Ten users. They are concentrating on the customer satisfaction. After the reduction of the pricing, there is an increase in the customers count by 3000.

They have done 102 M in 2011. This is 35% increase compared to 2010 revenue (75 M in 2010). In that 50% of the revenue is from JIRA the Bug Tracking tool.

Strengths:

Their product is highly configurable. They have rest API that helps users to integrate it with any other third party product.

Their business model is a big strength for them. They have both open source as well as low pricing for the product.

They have both on-premise and on-demand products. 85% of their customers are using on-premise products.

The market place strategy is a major success. We are able to see a maximum downloads of paid plugins both directly from Atlassian and from the other vendors.

As many companies are releasing plugin for JIRA, their customer base will increase and in turn the revenue will grow.

The product is sold on its own due to the quality of the products and the brand name. They have a complete PDLC solution at an affordable price. They will replace Microsoft Projects in many enterprises during the downturn.

Their enterprise customer count alone is more than 21,000.

The current count as at 24-May-2012 is **20,113 customers in 129 countries**.

21,000 companies have purchased our **enterprise licenses**, and tens of thousands more own \$10 Starter Licenses

They count the customers as companies that have currently paid for subscription or licenses. **That means their ave. revenue per customer is around 5k.**

Their pricing model (user based license) is one of the reasons for the big revenue. Even the plugin cost is very high.

They have released the JIRA 5 in Feb-2012. Their revenue has gone more than 10M on the same month. May be 10M rev. in Feb is due to Enterprise release.

The revenue from Confluence & JIRA combination is selling considerably. In the market place the max. plugin sold through Atlassian is "Team Calendars for Confluence". For this JIRA integration is mandatory. At the same time there is a contribution from confluence as a standalone product.

They are going to increase the confluence on premise pricing from Nov 3rd 2012. The reason could be

- To increase the monthly subscription sale more (or)
- Product adds more value and users are ready to pay and so increase in the pricing

Weakness:

There is no vision in the future. **They are doing the same set of products for the past Ten Years.** They are all technical people and they don't have exposure on growing to the next level.

They don't believe in Sales people.

Opportunity:

As they have good tech talent and perfect issue management framework, they can integrate more collaboration tools such as Chat, etc and this will bring them more revenue.

They have raised fund with VCs. They will help them in moving the company to the next level.

Treats:

Not having good UI. They never give importance to it but in the social world it is going to be a big challenge for them.

The breadth of products they have are very less which may be a big concern for them. More companies are coming with the complete story like Atlassian.

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