LIGHTSPEED

VENTURE PARTNERS

LIGHTSPEED TECH JOURNAL: A VC PERSPECTIVE

An Insider's View into Silicon Valley's Enterprise Startup Scene

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How Application Performance Management Helps CIOs Make the Leap to Digital Transformation

CIOs today are faced with a daunting task: providing infrastructure and innovation as their company radically transforms its entire business model. In nearly every industry, companies are racing to meet the demands of the digital age, and application performance management (APM) becomes increasingly critical to IT and the business.

The race to innovate has led to ubiquitous use of Agile teams, DevOps growth, the rise of microservices, and other technologies and methodologies to allow teams to create new products at a faster rate with more functionality. The consequence, however, is the backend application environment has become increasingly complex. If any critical system falters in any way, diagnosing (and resolving) the issue becomes like finding a needle in a very large haystack. Ultimately, end users will be the ones to suffer and can be the first to alert the business of the issue. End-to-end visibility, along with proactive resolutions, are no longer nice-to-haves, they're essential.

APM solutions have been around for a while now. It's important to analyze the tools in an RFP process with your specific goals and teams in mind. Quite simply, make sure the technology you go with was developed to address your specific use case.

Gartner's Critical Capabilities for APM

Gartner's Critical Capabilities report is designed to take a deeper look at the products themselves in a given industry and how well-suited each is for specific use cases. Over time, these became complimentary to their well-known Magic Quadrant reports. Within APM buyers, Gartner has determined there are five main use cases:

- Application Support

- Application Development

- IT Operations

- Application Owner or LOB

- DevOps Release

As enterprises increasingly embrace digital transformation, it's critical that they have an effective and unified application performance management solution and analytics solution in place — application intelligence is an essential pillar for success in this software-driven world.

Fireside Chat with a VC: John Vrionis

Venture capital veteran John Vrionis, a loyal fan of the Cleveland Browns football team and a professional soccer player for more than two years, sees himself as both a coach and a cheerleader in his efforts to bolster the fortunes of the companies in his

How do you see the venture capital market right now? What's changed recently?

Right now, we are in a bit of a correction period. It's been a tremendous eight years of mostly up and to the right. Like with most businesses, the venture capital party got a little bit over-heated. People were cognizant of that, but sometimes it's hard to stop. It comes to a point where people realize it's gone too far and they put on the brakes.

Why does the venture cycle keep repeating through booms and busts?

It's partly human nature, but technology also seems to happen in similar bursts. Investors see that a technology causes disruption on a massive scale, and then people chase it like crazy, to the point that they over-fund things. You saw it with the Internet, you saw it with clean tech, and now you are seeing it with mobile and cloud computing. It's like a neighborhood that has some good houses and bad houses. If too many people want to live in that neighborhood, even the bad houses will get purchase offers, will get money.

What is your typical day like?

I've been doing this for a decade, and no two days are similar. Today I had breakfast with the president of a very large public company which has a big balance sheet. They are in the storage ecosystem, and Lightspeed has several investments related to this company. It's in their interest, our interest, and the interest of our portfolio companies for these products to flourish. Then I had coffee with a VC looking at one of my portfolio companies. Then a VP of marketing. I'm recruiting that person hard to leave their

current job and get into a new venture. Later I have meetings with board members and a call with a CEO of one of our portfolio companies.

What are the latest trends in Silicon Valley that you're currently seeing?

I think Virtual and Augmented Reality will be the next wave of innovation from Silicon Valley. While you're hearing a lot in the media about Oculus Rift and other 'gear-related' technologies, at Lightspeed, we are thinking about applications for AR/VR, particularly as they relate to the Enterprise. Imagine if a stock trader could access multiple screens virtually in real time instead of being limited to his physical space; or if a doctor could virtually survey a patient's surgical area before a single incision. The computing power has finally caught up with the software capabilities so you will start seeing some really useful and cool AR/VR applications that stretch beyond the obvious gaming and entertainment applications.

What was the best investment you ever made? Worst?

The best I've made so far was a company called Nicira Networks. They were bought for $1.3 billion in 2012 by VMWare. They make networking virtual. The worst bet I made was in a company called Boundary that was in technology monitoring. It eventually had to be sold, but for not enough money. We couldn't get the right team for the technology. It was the right horse but the wrong jockey.

APPDYNAMICS

AppDynamics provides visibility into all user interactions and application flows, along with real-time business impact and operational insights and the ability to identify and resolve issues even before the users are aware of them

Takipi

Takipi tells you when and why your applications break in production and enables you to fix them 10x faster so you can ship without risk. It makes your log files 10x smarter, 100x faster, and 20x cheaper with less than 3% CPU overhead. Works on-prem, off-prem, and hybrid cloud with JAVA or anything you can encapsulate in a .jar file (scala, go, clojure)

PLE✕ISTOR

Plexistor delivers over 7M random 4Kbyte write IOPS, at 1.7 usec latency on commodity servers, without requiring any application changes. 2x-5x faster than anything out there. Completely COTS and utilizing NVM (non-volatile memory). Tight relationships with Intel/Sandisk/etc who are bringing this media to market

Lightspeed CIO Spotlight: Michael Keithley

Michael Keithley is the CIO at Creative Artists Association (CAA), based out of Hollywood, CA. Michael is part of Lightspeed's CIO Innovation Advisory Network. To join the network, please email Saqib at saqib@lsvp.com

What is your philosophy as a CIO?

Hiring great people is my most important job so invest in the people and technologies that truly differentiate the business and outsource the rest.

Why did you choose a career in IT?

Ever since I got paid good money to program a Radio Shack TRS-80 in high school I was fascinated with technology and I knew that I wanted to work in IT.

How does the IT planning process work at your company? How closely tied is it to the business planning process?

Our planning is closely tied to the business planning process which is surfaced at our annual company retreat in the Spring. Upon returning from the retreat, IT develops the vision, strategies and executions necessary to implement the company strategy. Then, we develop the budget necessary to implement those plans which get finalized in the Fall for our new fiscal year.

What is keeping you awake at night these days?

Security continues to be the thing that keeps me up at night. Post Sony, Cybersecurity has become a board level priority and there is no realistic answer to "are we investing enough in security?" I do not think this will ever be "done" and the evolving nature of the threat makes it part of the "new normal" for CIOs and CISOs.

What are your top 2-3 initiatives for the next year?

- Evolving our cybersecurity platform
- Integrating mergers and acquisitions
- Driving analytics and insights into every facet of the business

What are some of the exciting emerging technologies that you think will be applicable to CIOs and their organizations?

In the near-term, I believe the shift to Containers and Microservices will have the most profound impact on CIOs. Mid-term I think the Internet of Things and Natural interfaces will be impactful. Longer-term, I think Robotics, 3D printing and Cognitive Systems will transform the CIOs' ability to differentiate their businesses.

What are your thoughts on the notion that IT is becoming a change agent for business rather than a cost center?

The role of IT has changed significantly over the last few years from a strictly technology related role to a role where technology is the driving force in most businesses today. We have moved beyond technology order taking to embedding ourselves into the day-to-day activities of our companies and we no longer only serve internal customers but serve the entire business' customers.

How would you describe the future role of the CIO?

In today's cloud-mobile world digital technologies are accelerating the pace of change such that the traditional ways CIOs have managed are no longer relevant. The need for speed and agility are paramount. Time to market is everything and therefore we need to adapt to agile processes and be open to more experimentation and failure. CIOs need to be constantly peering around the corner to identify the next trend or technology that will make a difference to our businesses. We must look to Silicon Valley startups for disruptive products, technologies and processes to effectively serve our organizations.

What advice do you have for new or aspiring CIOs?

Few businesses are immune from the disruption that new technology causes. It behooves most to weave technology capability and differentiation into the DNA of their operation. Great CIOs will recognize this as a moment of unique opportunity where they can elevate their organization from utility operational support to become a first class contributor to their company's success. To do so, they must possess clarity of mission and be deliberate in choosing the right strategic footing. They should not confuse their responsibility to keep the lights on with the aspiration to positively impact the bottom line through which they will earn their seat at the table.