

REPORT REPRINT

FileMaker leverages parent Apple's retail channel to tap SMB need for app development

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The SMB market has been underserved by quality app development tooling. Veteran vendor and Apple subsidiary FileMaker wants to change that working with Apple Retail to bundle software and affordable professional services to entice SMBs.

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FileMaker, a wholly owned Apple subsidiary, released a new offering on August 2, labeled the Idea to iPad bundle. With a goal of growing its adoption in the SMB market, the application development platform vendor is using Apple Retail stores to appeal to smaller businesses looking for ways to digitize and potentially mobilize common but core business processes.

THE 451 TAKE

The veteran business software development vendor has in its Idea to iPad bundle a fairly singular way to target SMBs, which to date have been underserved by custom software development products. Combining its software with its developer partners and leveraging Apple Retail's in-store specialists as a channel will expose many more SMBs to the potential around custom application development. For Apple, it's another tool in its arsenal to pitch Retail as the IT department for SMBs. FileMaker still has some work to do to simplify its product for SMBs, and it should become less purist about not pre-packaging apps and building out more templates. However, it has a solid idea that, given Apple Retail's scale, could grow to become a nice cash cow for FileMaker.

CONTEXT

FileMaker has one of the more circuitous histories among development platforms. Originally called Nashoba Systems, it offered an MS DOS program in the early 1980s, and adopted a GUI interface. When Apple released the Mac, it launched a Macintosh version under the product name FileMaker.

It was acquired in 1988 by another Apple subsidiary Claris, which, when dissolved, had its non-FileMaker products absorbed directly into Apple's Mac software product line. FileMaker was kept as a stand-alone subsidiary, and has largely operated independently from its parent company. Although FileMaker won't confirm directly, we estimate it has approximately 300 employees with an annual revenue run rate of about \$30m. It is headquartered in Santa Clara, California.

PRODUCT STRATEGY

FileMaker's product lineup consists of its FileMaker Pro development platform running on Windows and Macs; its Server database that provides security, push, authentication, user administration and automated backups; the WebDirect tool for responsive browser-based apps; the Go app client that runs natively on iOS devices; and an SDK that allows the platform functionality to be used independently from its Pro and Server products.

The vendor claims it has over 50,000 self-identified developers, and roughly 1,500 in its Business Alliance program, with 50 Platinum partners (part of the Business Alliance) in North America. Over its history, it has shipped 24 million units with a current run rate of about \$1m annually. In May, it released version 15 of its platform with new features including Touch ID, iBeacon support, an updated UI and web-based help, and a number of new security and scripting features.

MARKET STRATEGY

In its recently announced Idea to iPad, FileMaker has packaged an annual five-person Team license with its FileMaker Pro Advanced software and accompanying server product, and 10 hours of consultation with a professional developer from FileMaker's Business Alliance. The developer hours are designed to provide expertise in identifying business pain points and developing apps to address them. The relationship between the professional developer and client is facilitated by one of FileMaker's Customer Success Managers. The bundle is priced at \$1,999 in the US, and is available directly through Apple Retail.

As an Apple subsidiary, the company has been working with Apple Retail to go direct to customers through Apple specialists in its stores. This plays well into Apple's strategy of going after the business market with its iPad Pro platform, along with Apple Retail's aim to be the IT department for small businesses.

FileMaker has run the program with Apple for several quarters already, and estimates that in events held in a number of stores, it has been in front of about 10,000 people. Early feedback from the initiative has highlighted particular interest from service businesses in digitizing delivery clipboards, invoicing and other common processes around which there is a lack of options for small businesses to easily and cost-effectively custom-develop a solution. Alongside this package, the company is also releasing a Service Bundle Toolkit combining a FileMaker e-book on custom app development and a starter app produced by one of its Business Alliance partners specifically targeting service-industry businesses.

FileMaker's ultimate goal is to exploit the SMB opportunity where it already has a solid presence. It has predefined starter offerings built into its software to automate common tasks around invoicing and meetings management, for example. It also advertises apps built on its platform by its partners. It doesn't see itself as offering pre-packaged, off-the-shelf apps; rather, it is looking to evangelize around the potential for 'citizen developers' to custom-develop apps specific to their own business requirements. In Apple Retail and its in-store specialists, FileMaker has the perfect channel to do this.

COMPETITION

SaaS-based application development platforms from companies like Canvas Solutions that have historically targeted SMBs with heavily templated propositions are making some good headway. A range of DIY tools are also aimed at smaller businesses including vendors like AppMakr, Bizness Apps and ViziApps. Beyond the Idea to iPad bundle, FileMaker will compete for enterprise business mindshare with a wider range of vendors – Kony, Magnet Systems and others.

SWOT ANALYSIS

STRENGTHS

A long heritage, support from its parent Apple, and a solid customer base has allowed FileMaker to weather uncertain market changes since the advent of mobile.

WEAKNESSES

The company punches under its weight when it comes to market mindshare.

OPPORTUNITIES

It can continue to fine-tune its proposition with Apple Retail and open up the program to other channel partners including carriers, explore bot building and messaging functionality for the product roadmap, and consider more templated if not fully packaged apps as part of its core proposition.

THREATS

It faces growing competition from large and small competition alike, and from adjacent market segments focusing on automation like bots and bot-building frameworks.