

Clouds Do Have Silver Linings

A Business Perspective on SaaS

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Introduction

SaaS (Software as a Service) is the latest fad in the information technology industry. Is it a passing cloud, or the greatest advancement in this generation? Will information technology be the same again, and will it offer business a paradigm change?

For businesses investing in new software, we offer you our insights and provide valuable examples of successful service providers. We are proud to be associated with the SaaS companies featured in this report.

A Definition



B2B & B2C eCommerce web sites

Remote information processing, utility software and services, even cloud computing. However SaaS seems to be taking hold in this part of the world.

A general definition - the provision of software and associated services, remotely hosted and accessible via the internet.

We prefer the term 'utility computing' as SaaS is a significant step towards making access to information systems a utility, just as businesses view phones, power, water and sewerage as being standard services that should simply 'be there and work'.



Automated payment services

The New Revolution?

Actually for us industry veterans, hardly! Back in the golden era of the 60's and early 70's SaaS was all the rage. Many companies, especially the mainframe providers all offered SaaS, but in those days it was called teleprocessing. However the technology was slightly different and resembled mission control from The Man from Uncle! Huge mainframes, spinning disk and tape drives, flashing lights, and businesses accessing data via huge 'green' teletypes and terminals. Not to mention the white jacketed computer operators. Definitely the good old days.

So what has happened in the past 40 years to promote SaaS as high tech today? Simply literally hundreds of incremental steps in information technology, that when combined offer business a fresh approach to investing in information systems and services.

What did business previously want from teleprocessing? Lots!

However the key benefits were invariably:

- ✓ Access to raw hardware power and capacity either unavailable within their business or unaffordable
- ✓ Scope to accommodate peak workloads without purchasing extra hardware
- ✓ Secure services with “reserve capacity” (now termed disaster recovery)
- ✓ Lower operational costs and investment in IT specialists, as these were “outsourced” to the service provider
- ✓ A defined and capped cost or budget to work towards

This may sound very ‘legacy’ however great companies such as EDS started in this era and still provide their variation of SaaS to a worldwide audience, and earn billions of dollars annually.



Point of Sale software

So What Do SaaS Providers Offer Businesses Today?

Simply a wide range of applications (more about this later), but a whole new concept of service delivery. Based on the premise that any business is able to ‘engage’ with a SaaS company via the internet, the following benefits are readily available.

The service:

- ✓ can be accessed from any web-enabled PC anywhere in the world
- ✓ is available all the time, therefore no problem accessing the service at any time
- ✓ is invariably secure, and has available disaster recovery to offer total availability
- ✓ is fast, as long as your internet connection is decent and you have a PC more recent than an IBM XT!
- ✓ can be purchased with minimal upfront costs and obligations, many services based simply on a monthly fee and credit card payment
- ✓ offers super documentation, advice & guidance and help on-line
- ✓ is invariably easy to understand and use, requiring minimal training

Implied in the above list of benefits are key factors any business would be foolish to ignore. Using a SaaS may have a significant impact on a business’s

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investment in information technology and services. By using SaaS there may be less need to invest in new technology, less upfront investment in purchasing applications, quicker access to the benefits promoted by the service, and potentially lower investment in IT staff. These four factors alone make SaaS well worthy of investigation.



Strategic Planning & Execution
Software

Why is The IT Industry So Keen on SaaS?

Many, many reasons - all of which are valid. The two dominant reasons being that they save money and reach a wider, global marketplace! Bit of a no brainer! Looking deeper and in no particular order...

- ✔ Two major cost elements for traditional suppliers of 'software packages' are the cost of distribution and installation on the businesses computer. Both of these costs are eliminated with SaaS.
- ✔ The biggest headache for any successful software vendor is version release, and ensuring that all customers use the latest version. Naturally they charge the customer for this, but one huge headache which is very costly and demanding to implement well. With SaaS, new versions can be made available to all customers automatically and frequently.
- ✔ Literally millions of customers can be supported worldwide from anywhere with a mere handful of staff
- ✔ Resulting from the www, their solution can be available overnight anywhere in the world - and at no additional cost. No need to set up costly distribution channels and resellers and pay huge margins to get the application in front of potential customers
- ✔ Very low entry costs and monthly payments guarantee quality cash flow, and make SaaS vendors incredibly attractive for potential investors and a speedy and profitable 'exit strategy' for founders
- ✔ They can sell 'advertising space' on their site
- ✔ Payment by credit cards minimizes bad debts and reduces the administrative costs of running the service

Trust me there are more, but these alone help substantiate why SaaS, or 'the cloud' is in all the newspapers nowadays.

What Applications are Ideal for SaaS?

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Many, however the focus of the industry is on utility computing more than specialist, vertical, or enterprise computing. What is utility computing? Simply a range of applications of general deployment and of value to a very wide range of businesses regardless of industry sector or size.

- ✔ Generic office administrative tools e.g. word processing, spreadsheets, desktop publishing
- ✔ Single function professional tools e.g. project planning, human resource management, psychometrics, eMarketing software
- ✔ Business applications, e.g. B2B web sites, accounting, warehouse management, automated payments



What do all these applications have in common? The one key success criteria that one version of the software will cater for the general marketplace - same software but feed your variable data in and sit back and enjoy the results.

*Warehouse Management
Logistics*

When Does SaaS Fall Short?

A number of critical areas:

- ✔ When the business has a need for specialist applications that need considerable modification to support the unique needs of the business. This is still the heart and soul of 'enterprise application vendors'.
- ✔ Where the business needs software functionality not available in a hosted service.
- ✔ Where world class security and confidentiality is a non negotiable. Unlikely to see too many banks, government departments and airline businesses working remotely over the internet for a while.
- ✔ By definition where each SaaS service becomes a 'silo' for business data and seldom caters for the automated import and export of data between in-house or other SaaS services. Any need to rekey data introduces delays and additional costs, introduction of errors, and impacting the timeliness and integrity of information.
- ✔ Where telecommunication services are poor.

The Real Business Dilemma

In most businesses there is already a three tier investment in information

technology and applications. Desktop, server, and remote. Sadly tons of important data resides in an unstructured nature on individual PCs. Thousands of reports, presentations, letters, documentation, spreadsheets and improvised databases.

Many produced to aid the individual worker, many produced after a frustrating delay waiting for the IS team to respond to requests.

At the server level a range of applications aiding the complete business. Once upon a time a simple accounting or ERP application under the control of the finance manager, nowadays more likely to be arranged of 'best of breed' applications covering finance, B2B web, CRM and business specific tools for manufacturing, retail, health etc.



eMarketing services

At the remote level, most businesses take electronic banking for granted, but one of the earliest and most successful SaaS capabilities. Chances are that you use a SaaS remote service for your courier and transportation services. EDI with your trading partner is a remote service. With the number and variety of SaaS providers increasing by the week, expect the proportion of remote services to increase as a percentage of your applications uptake.

Software Integration is No Longer a 'Nice to Have'

There is only one real dilemma still to be addressed - with businesses using a range of in-house and SaaS services, how do you ensure that the right data is automatically in the right place at the right time? How can they all talk to each other? The answer - invest in integration software capable of delivering the following benefits :

- ✓ Able to integrate with a diverse range of software applications, regardless of whether they are hosted by a SaaS vendor, used by a different business, or located in-house
- ✓ Able to eliminate the rekeying of data already available in electronic form
- ✓ Able to work in both a "real time" and "batch" capacity therefore able to support systems where timeliness of data is critical and where vast volumes of data can be processed in bulk
- ✓ Able to integrate data directly into the application's databases
- ✓ Able to accommodate all your integration needs, especially electronic trading such as EDI
- ✓ Able to be configured quickly and inexpensively to respond to agile

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businesses

- ✔ Able to be used without the need for computer programmers or expensive IT support and operations staff
- ✔ Able to be installed with no extra investment in technology
- ✔ Able to work and transmit data in a secure manner

Welcome to Flow Software, the integration software for SaaS vendors and business alike.

Whether going down the SaaS path for the first time, running a series of in-house applications, about to benefit from engaging in EDI with your trading partners, Flow Software provides a proven, versatile and incredibly cost effective solution. One superb tool, many diverse uses.

At the end of the day, you have just one business regardless of how many applications you invest in and where they are based. Maximising the flow of your data and reducing costly overheads associated with data entry and correction of errors, whilst ensuring the integrity and timeliness of data is absolutely crucial for the business to maximise the value and use of its information and keep IT costs under control.

In-house or SaaS? - a matter of choice.

Flow Software to move and integrate your data - no choice!

Flow Software's main objective is to provide leading edge integration software that gives our customers a competitive advantage, by enabling faster, smarter business results. Flow is an innovative New Zealand software company that specialises in designing, developing, and supporting middleware integration and EDI technologies. Operating from offices in Auckland and Sydney, Flow is utilized to undertake EDI with dozens of national traders and integrates seamlessly with all the popular accounting packages.

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