



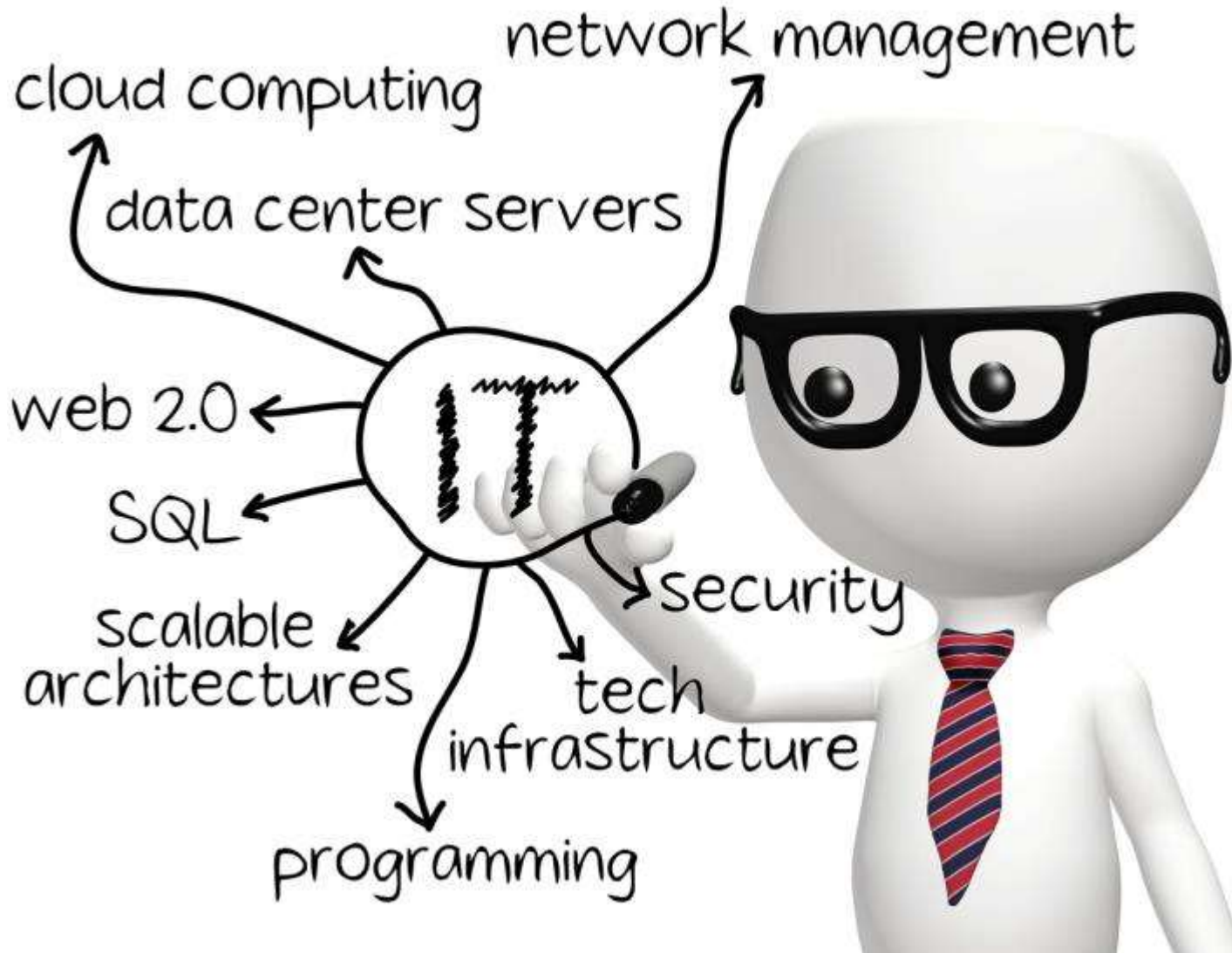
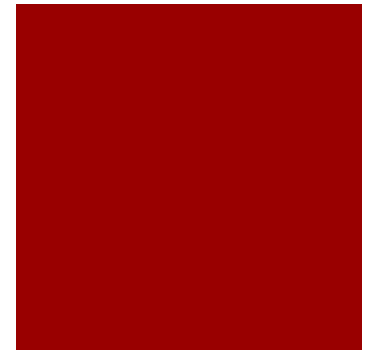
SaaS –

A Cost Reduction Strategy
or a Source of Strategic
Advantage?

Paul Selway – Solution Architect



The Architect



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The Architects Role

I doubt we will ever all agree what an architect is!

Sometimes we are called:

- Business Architects?
- Solution Architects?
- Technical Architects?
- Data Architects?
- Enterprise Architects?
- Magicians?



Software as a Service (SaaS)



Regardless of what we are called the reality is that we are all being asked to help businesses embrace **strategic challenges**.

We do this by leveraging technology trends while **keeping costs under control**.

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What I think SaaS is

- *Software that is owned, delivered and managed remotely by one or more providers.*
- *Based on one set of common code and data definitions.*
- *Consumed in a one-to-many model by all contracted customers.*
- *On a pay-for-use basis or as a subscription based on use metrics.*
- *Multi-Tenancy public cloud.*

Common SaaS Applications

- **Marketing Automation** (Pardot, ExactTarget, Eloqua, Marketo, Hubspot, Salesforce.com Marketing Cloud)
- **CRM** (Salesforce Sales Cloud, Sugar CRM, ZOHO)
- **Call Centers** (Salesforce Service Cloud, Desk.com, ZenDesk)
- **Office** (Google Apps for Work, Office 365)
- **ERP** (Workday, NetSuite)
- **Document Management** (Google Drive, DropBox, Box.net)
- **Development Platforms** (Force.com, Google Engine)
- **Communities** (Salesforce Community Cloud)
- **Finance** (QuickBooks Online, Financial Force)

Cost Reduction Drivers

- **Lower Initial Costs** – Low capital expenditure (CAPEX) as no hardware/OS needed and is mostly expense expenditure (OPEX).
- **Flexible** – No need to build for peak load or have redundant demo, development, training or test environments. Elastic solutions that scale and you pay for what you use.
- **Business Continuity Planning** – No need to build or pay for cold, warm or hot disaster recovery facilities.
- **Painless Upgrades** – Software updated regularly throughout year – no costly upgrade projects.
- **Risk Containment** – Quick to spin up capability and options for short contracts. Try before you buy options. Elastic solution.

SaaS drives costs down?



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Strategic Advantages

- **Time to Value** – Can rapidly spin up tailored versions in timeframes hard to achieve using on premise technology.
- **Scalable** – You can scale SaaS solution up or down quickly in response to changing market conditions.
- **Agile** – SaaS solutions are easier to change enabling a business to adapt more easily to market inflection points.
- **Mobile** – SaaS solutions are accessible via mobile browsers and responsive mobile apps, untethering business processes.
- **Seamless Integration** – Most SaaS solutions support open APIs (SOAP, Restful, CTI) and data (XML). They also support middleware ETL tools. They are easily integrated with legacy and other SaaS Solutions to expose Source of Record (SOR) data.



Strategic Advantages ...

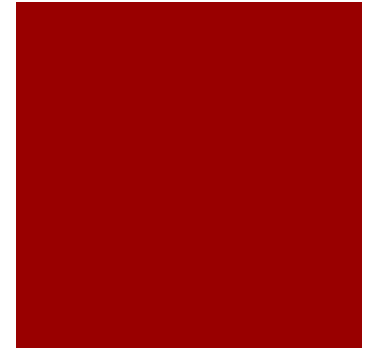
- **Environmentally Friendly** – Computing power utilization is maximized in custom data centers.
- **High Adoption** – SaaS applications are available from any computer or any device—any time, anywhere. Web users are familiar with the user interfaces.
- **Secure** – Teams of security experts and hired hackers are used to ensure data security. Typically as SaaS vendors control the hardware, firmware, operating systems, and software they can harden the security model.
- **Audit & Compliance** – SaaS solutions typically audited by 3rd parties for 508, Sarbanes & Oxley, HIPAA, ISO2001, ITIL, Sas Type I & II compliance. This reduces the cost and burden from IT and the business.
- **Systems of Engagement (SOE)** – SaaS solutions typically get closer to customers, partners, and employees than Systems of Record (SOR). This drives social collaboration, integration of SORs, and innovation.



Why SaaS is Popular with IT?

A recent survey of a thousand IT professionals by Forrester Research found that they are turning to hosted (SaaS) products as a way to off-load management of non-mission-critical applications such as HR and CRM.

Plus, the subscription-based SaaS pricing model can keep IT capital budget costs consistent or lower than packaged or homegrown software.



Why is SaaS Popular with the Business?

The popularity of SaaS is steadily increasing because it simplifies deployment and reduces customer acquisition costs.

With SaaS, developers can support many customers with a single version of a product. This approach, called multi-tenancy, allows companies to scale as fast and as much as needed without replacing costly infrastructure or adding IT staff.

Businesses can stand up SaaS solutions with minimal help from central IT services.



Strategic Advantages?



Trends – Internet of Things



- **Internet of Things** – More and more products are connected to the internet and SaaS solutions.

Trends – BYOD



- **BYOD** – Over 5 billion smartphones are in use – think of all those super computers in your employees, partners, and customers hands.

Trends – Wearable Devices



- **Wearable Devices** – More and more wearable devices are connected.

Trends – Mass Personalization



- **Mass Personalization** – Ability to deliver a tailored product or service based on the unique need of the individual customer.

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Trends – SIPS

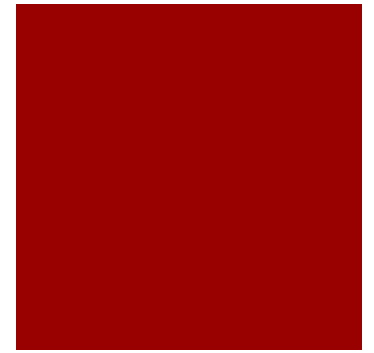


- **SaaS Integration Platforms** (or SIPs)

Saugatuck Technology calls this the “third wave” in software adoption: when SaaS moves beyond standalone software functionality to become a platform for mission-critical applications.



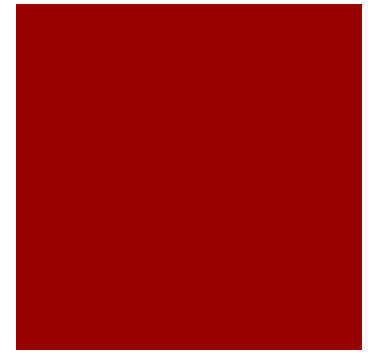
Trends – Rapid Mobile Apps



SaaS Disadvantages

- **Server Huggers** – There are many business and IT leaders that simply feel happier with having their own servers to hug.
- **Vendor Lock in** – Expensive data migration when you swap vendors.
- **Internet Dependence** – SaaS solutions are accessed and used from web browsers and mobile apps that require an internet connection. A few have some offline capabilities.
- **Reliability** – You are dependent of the SaaS solutions reliability – if they are down then so are you and all of their customers. Set SLAs.

Vision



- **Architects and Business** – Enabling the future faster!

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Questions



Paul_Selway@redpathcg.com @selwayp 612 843 3362 redpathcg.com