

Top 10 Reasons to Select Software as a Service (SaaS) Applications

- 1. Lower cost of ownership.** Recent studies reveal that SaaS offers IT buyers savings of up to 30% versus traditional installed software. The most significant line item savings are in the areas of lower back-end hardware/software costs, data center expenses, associated on-going operations, and professional service fees for system implementation.
- 2. No installation or maintenance of hardware/software.** With SaaS, there is no need to install or maintain hardware or software. The SaaS vendor is responsible for all hardware/software installation and maintenance activities. Clients connect to the hosted application via the internet.
- 3. Enhanced data security.** SaaS vendors generally partner with SAS 70-certified outside data centers whose business is data security. Infrastructure redundancies, 24/7 physical security, and localized fire suppression coupled with multiple firewalls and intrusion detection/vulnerability scanning keeps a client's data safe, secure, and confidential. These measures are more than what typical asset management firms can deploy to protect their IT infrastructure and data.
- 4. Affordable bandwidth costs.** Because of a continuous drop bandwidth costs, companies can now afford to purchase enough connectivity that allow online SaaS applications to perform gracefully.
- 5. Disaster recovery/business continuity.** In a hosted environment, your applications reside "off-site" with the SaaS vendor. In the unfortunate event of disaster, simply access your applications over the Internet from your home or your company's hot site to ensure business continuity.
- 6. Improved customization and rich user interface.** New software design and delivery models allow SaaS providers to customize applications to meet each client's unique needs – no longer does "one size have to fit all". Further, new SaaS software provides rich, desktop-like, user interfaces and integration with Microsoft Office.
- 7. Ease of upgrades.** With SaaS, the vendor is responsible for all software and hardware upgrades. Contrastingly, in the world of traditional, installed software, upgrading is a tedious, time-consuming, and risky task. Generally, 3-5 years after the initial installation of software, you'll need to upgrade hardware, install new versions of foundation software, and new releases of the application itself. Steps need to be taken to ensure that what is working does not break and that existing data is not compromised. Under the SaaS model, these burdens rest with the vendor – instead of the client.
- 8. Continually have access to new features.** SaaS vendors typically offer version upgrades more often and in smaller chunks versus the traditional approach of a major revision every 3-5 years. The frequent upgrades enable you to always use the "latest and greatest" version of the software. The smaller upgrades also reduce upgrade risks as well as the need to retrain users on a completely new version of the software.
- 9. Reliable service levels.** System outages and application accessibility are legitimate concerns born out of the early days of SaaS. However, as the SaaS industry has grown, and IT infrastructure, including the Internet, has become more robust and standardized, providers are able to ensure a level of service that is on par or better than installed software. Further, SaaS providers typically monitor their software 24x7 to proactively identify and fix potential problems.
- 10. Growing industry acceptance.** Though traditional software is not dead yet, the trend to SaaS across multiple industries cannot be disputed. SaaS revenue continues to grow at impressive rates, investor enthusiasm is high, buyer surveys indicate a dramatic jump in the number of companies considering SaaS applications, and many providers of traditional installed software are now introducing or migrating to online versions of their applications. Clearly, the value proposition and viability of the SaaS model has been proven.

SaaS enable you to focus on growing your business instead of focusing on underlying technology, system integration projects, and on-going application maintenance. Even if you have dedicated IT staff, SaaS allows these personnel to become more strategically aligned with your business needs. Your IT personnel can focus on purchasing technology that supports the business and managing vendor relationships instead of building and maintaining applications.

Statistics cited are based on *The McKinsey Quarterly*, "Delivering Software as a Service", Web Exclusive, May 2007.

