

What is SaaS and how could it help you?

News

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There is a lot of hype about SaaS (Software as a Service) in the market – primarily about its advantages and disadvantages from the customer's point of view. So in this feature we explain in detail about SaaS so that you will be better informed to take a decision about whether SaaS can help your business. Software as a Service (SaaS) is a method of using the software, by businesses and interested parties, where the software is hosted by the vendor of the software and is delivered to the customers via a web browser on the Internet. The same piece of code is used by hundreds of users distributed globally and is hosted in a central location by the vendor. There are many names for this like "on-demand", "remotely-hosted" and "Application service providers (ASP)". The customer who is using this service pays the vendor or host of the software on a per-use basis. The concept Software as a Service was first coined in the late 1990's and since then it has gained much importance and acceptance among the users. Now, it looks like every major software company is providing such service in one form or another like antivirus software which is installed on the user's PC and gets updated via web, or any software for that matter. According to Gartner, 30 percent of new customer service and support application investments will be through a SaaS model by 2012. It also predicts that all forms of SaaS-delivered customer service applications in Call Centres will grow by more than 20 percent per year through 2012. This shows the potential the SaaS business model has and its acceptance by the users.

Features and Benefits of SaaS

- 1. Infrastructure costs:** The first and foremost advantage of this model is that someone else is hosting your software, and you are saving on the upfront license and ongoing maintenance fees to run it on your own infrastructure. This is the primary reason for many companies to shift to this service.
- 2. Human capital:** Less human resource is needed to maintain the software - thus saving costs. This also helps SaaS providers as they need to use fewer resources for a larger number of customers as the servers are located in a central location.
- 3. No maintenance headache and thus less risky:** It is the responsibility of the vendor or service provider to keep the software (and servers running it) up-to-date with patches and updates - thus providing maximum uptime and fewer overheads for the customers who use the services.
- 4. Low cost of implementation:** There is some disagreement over this among the users, as even though it looks like a low cost option, it may be expensive over time as the service is paid for on an on-going basis. This is probably more of a benefit for the companies offering this kind of service as revenues are predictable and more sustained for the long term.
- 5. Less customisation:** Customers using this service have less scope for customisation as they use the same code base as multiple other users. Even though the companies offering these services boast that they are highly customisable for each user (according to their needs) it is debatable whether genuine custom applications can be provided via SaaS.
- 6. Security:** There may be concerns among customers in terms of security for their data and systems; particularly if their business-critical applications are hosted and maintained by external companies. In such a case, one can avail these services for less business-critical tasks such as partner management software, Human Resources management, etc.
- 7. Integration and Scalability:** Often it is found that these services are not easy to integrate with other applications. There may need to be some work done to integrate SaaS applications with other applications as each has its own set of standards and business processes. Furthermore, as these services are not customised for each user, they may need to be modified to integrate them with other applications in the business - and this is not a simple process. Therefore, these services are probably best suited for micro and SME businesses rather than the larger organisations.

There are many providers of SaaS services and there are SaaS applications covering most areas of a business - HR management, accounting, legal services, partner management, customer relationship management, Email, IT security and content management services. In fact, the choice and range of SaaS applications and providers can often be overwhelming and confusing – particularly to the smaller business. If you would like to know more about SaaS and how it could benefit you, why not give us a call? As part of our totally free IT Gap Analysis we will help you identify whether SaaS may be appropriate for your business, and even source the best solutions for you. IT Gap Analysis

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