

SAAS, SMBS & UKAPMP...

19-Nov-09

Alphabet Soup with a purpose

Personal Intro and thanks to UKAPMP / Frances = 1 mins

Maybe a show of hands around who feels net savvy and who doesn't

Total 1 mins

The landscape is changing...

- Globalisation and the pace of change
- Software as a Service
- So what?

The landscape is changing particularly for software.

Change brings chaos to some and opportunity to others. Consider your personal and work software as we discuss SaaS in general today.



Go to Video →

[Video shown here http://www.youtube.com/watch?v=N3rqW_n1Y8o] – Did You know **5 minutes**

Numbers of interconnected devices and spread of phones/texting is rising fast. One strange side effect of ubiquitous networks and connectivity means are that films from even recently seem very dated. Plot devices for writers are old and hackneyed – The hero can't warn the CIA about the presidential bomb plot because his phone is out of battery or 'out of area'!!

Can you imagine Jack Bauer in 24 trying to use 1990's technology?

The pace of change is accelerating, and doing so exponentially. Software is a good example of this change - old software versus new hosted online software – where do i install it – you don't, you just need a browser.



Change is fuelled by many things. Sometimes these drivers are less obvious

SaaS, a definition

- Not installed
- Accessed by a browser
- Your data is in a secure data centre **NOT** a cloud
- Centrally managed
 - provider can 'turn-off' access
 - No patching or maintenance required
- Subscription, pay per use model – No Version upgrades 😊
- Typically cheaper over 'normal' cycle

Not a precise definition - These are mostly guidelines
Most of you will be familiar with a SaaS provider of some sort.

New, improved, radically different

Traditional

- Front loaded costs
- Hardware needed
- Complex licence model
- Distributed
- Multiple data copies
- Copy
- Typically feels more secure

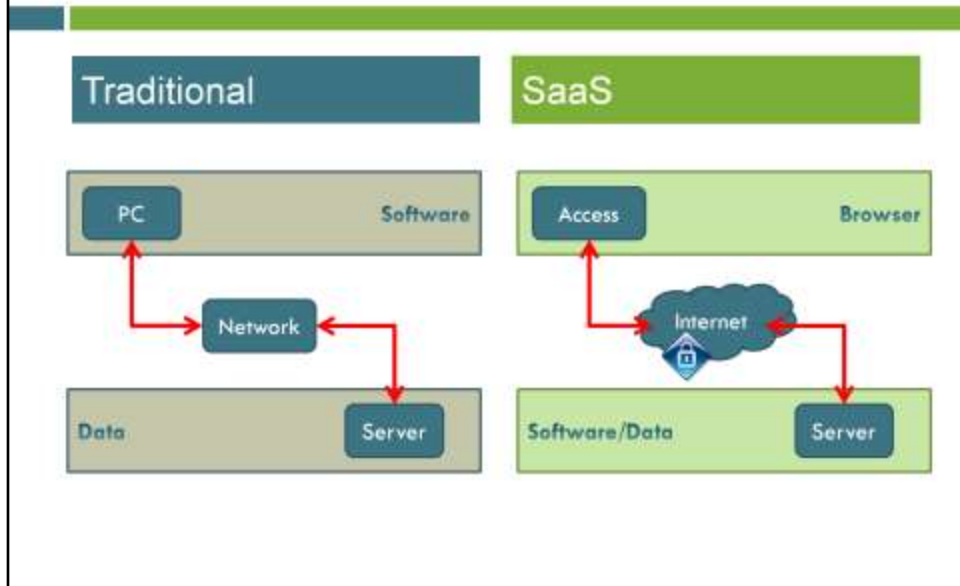
SaaS

- Flexible subscriptions
- No hardware needed
- Scalable subscription
- Centralised
- Single repository
- Share
- Typically is more secure

Some pretty fundamental differences here between traditional software and SaaS

These are the differences that people should understand in a buying decision.

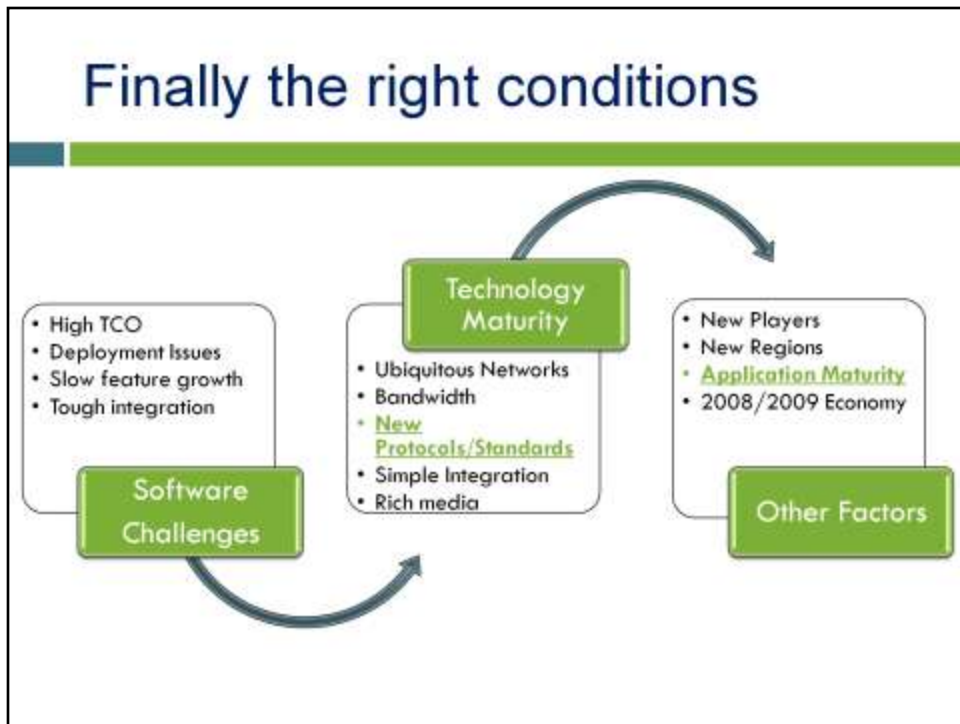
Hmm...not so different after all



There are also some key similarities.

When we click Save and save it to a server...do we really know/care where that is?

Governments will reduce the barriers to SaaS on certain data types by using only data centres with Safe Harbour status and increase controls on others.



Software Challenges

Traditional challenges – some software really sucks

Technology maturity is now feeding SaaS growth. Primary growth factor here is fast, ubiquitous networks. Cheap, fast and available for a wide range of devices.

Other Factors New players from India such as the Zoho Corporation are really punching above their weight. Using the web as a platform increases their advantages and erodes those of the larger players in this space.

Recession is another strong driver. Who cares that the 5-7 year TCO may be higher than for traditional software when the 1-3 year TCO is what everyone is focused on?

Lets not forget that many of the applications being moved to a SaaS environment are very mature like MS Office. This app has been ‘good enough’ for most users for about 5 years now. So much so that more than 85% of new feature requests for MS Office releases are already in the current version – just cannot be found.

These mature applications are almost ‘**over developed**’ so that new ‘versions’ can boast new features, features that 95% of users do not require. So a slimmed down, fully functional, but not bloated web version makes sense.



Growth areas

Sectors

- Enterprise Resource Planning
- Customer Relationship Management
- Office Productivity
- Project Management

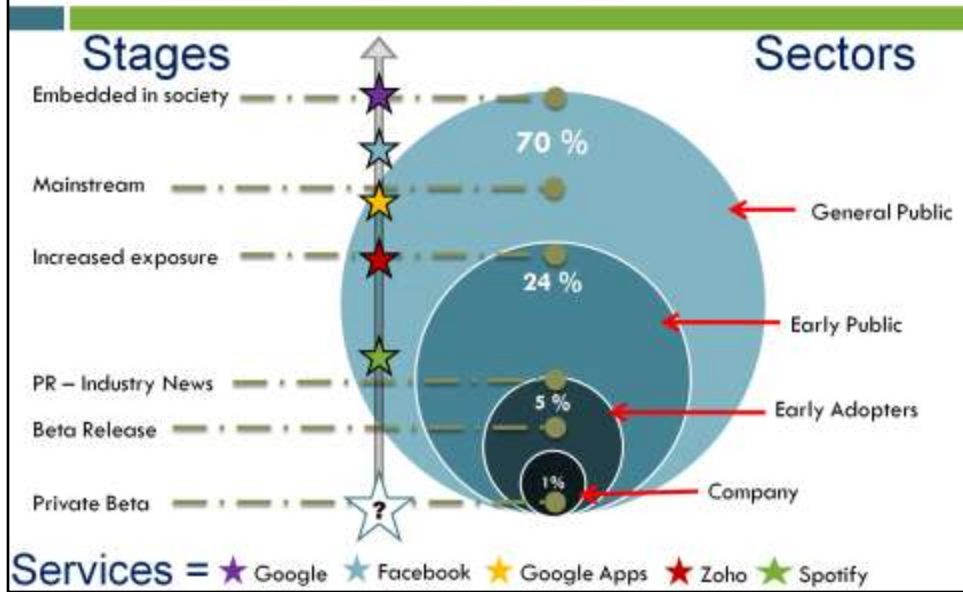
Forces for change

- Emerging Economies
- Dynamic/Adaptable Companies
- First to market
- Integration via new standards

Here we see the types of applications that are ripe for a SaaS version.

On the right are the drivers for these to appear, many already have.

Success = being known



So how do web applications come about and gain popularity. Click through to see how these popular apps align to both size and exposure.

Today's front runners

- Basecamp
- Facebook
- Freshbooks
- Google Apps
- Spotify
- Netsuite
- Salesforce.com
- Zoho



You will know some of these applications from your everyday work/home life.

I use about half of these every day and this is a small sample. I run a huge chunk of my business on Zoho.com. Next we are going to have a closer look at <http://www.zoho.com>.



If you would like to try Zoho for free you can follow the link here to sign up for a free account that allows access to all of their software. Free sign up:
<http://tinyurl.com/n88b8p>

Zoho is a full suite of web applications running on Zoho's own platform in the cloud. Zoho is a true cloud computing provider – SaaS at its best.

They offer a full office productivity suite as well as numerous business applications – ALL applications have a FREE version typical of SaaS providers.

Freemium - a made up word?

Traditional

- MS Office 2007
 - Std = £270
 - Ultimate = £365

Freemium

- Free
- Very very cheap
- Still pretty good



Another differentiator of SaaS is the price.

Almost always cheaper in the short medium term, and very often free accounts are provided. These free users are supported by users wanting more space, transactions or other service element. The Premium users support the free users.

Offering free accounts – giving away your service ensures fast take up, critical in these exponential times. Free users may also upgrade to premium in the future as well.

Turners' Law

Moving to SaaS solutions
decreases the solution
market worth by a factor of
10

A close friend and I were talking about how Microsoft seems to be dragging its feet in the move to SaaS.

Alex, a very intelligent chap summarised his view like this:-

If the market for MS Office is worth a \$1bn, then moving it to the web will mean prices drop to the extent that the market is only worth \$100m, or 1/10th of the size.

So if MS delays implementing a SaaS strategy for a year and only loses 40% of its market in that time it will have lost \$400m of revenue....but of course it has also taken \$600m and that teh equivalent of 6yrs trading in the SaaS space.

Its new competitors in the middle tier do not care about \$1Bn market, but \$100m will them just fine...they know that because of the differences in creating and delivering their product they will be fine.



So What?

The landscape is changing

- Are you aware of the changes to the software you already use?
- Is it 'good enough'?
- Are there any new players?

- The landscape is changing...
 - ...do you need a map?



Questions

THANK YOU

Mark Thurman