

## Straight Talking – The truth about software as a service

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If a supplier is lagging behind competitors in a particular area, one way for it to regain lost ground is to redefine that area to suit its strengths, give it a new name and then claim a lead.

If it works, competitors will be chasers again - at least for a while. To achieve this the conniving supplier needs to have either such a great idea that it is a genuine breakthrough, or enough marketing muscle to ensure people hear about it and make yesterday's news sound like tomorrow's dream.

Microsoft, the world's largest software vendor, generally resorts to the marketing muscle approach when some upstart turns up with an exciting new idea that challenges the behemoth's profits.

So last year when Microsoft started talking about software plus services, there was much cynicism - especially from proponents of the now widely accepted model of software as a service (SaaS), which has made real headway as an alternative way of delivering software applications in the past decade.

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With SaaS, in theory at least, no software is installed on the premises of the purchaser: access to applications is provided on demand over the internet and it is the supplier that manages the whole thing in a secure central location.

This model has led one of the leading proponents of SaaS, Salesforce.com, to adopt the slogan "death of software". What it actually means is the end of software installed on the customer's premises - apart from the web browser, of course.

Microsoft is trying to define a new category with software plus services that says sure, on-demand is a good thing and a big part of the future, but you will always need something more than a web browser on the premises to have fully functional software applications.

Well, it turns out that Microsoft may have a point and, while Salesforce.com would be unlikely to concede this, in fact it provides some supporting evidence.

A few years ago Salesforce.com released its Off-line Edition for its popular customer relationship management (CRM) product.

This application allowed salespeople to update their records and forecasts in places where internet access was unavailable or was too much hassle to arrange - and everything was resynchronised when the salespeople were back online. This is a tacit admission that the concept of on-demand is not practical to all people at all times.

Salesforce.com is not alone. An even bigger name, Google, has also admitted to the problem as it tries to make a name in selling business applications.

For Google, applications mean office tools: calendars, spreadsheets, word processors and so on - a direct challenge to Microsoft's hugely popular Office products - but all delivered on-demand via a web browser from one of Google's glistening data centres.

But there is a problem, even more than for a CRM system: being unable to access a word processor from an internet-less plane or café will not suit many people.

Google's answer to this is Google Gears, a generic web browser extension that allows developers to create an offline mode for on-demand applications. Google plans to use Gears to do just this for its own office applications.

In fact the concept of a mix of on-premise and on-demand has been around for years. For antivirus vendors it is old hat. The software is installed on the desktop and updates regularly when the user is online.

Other SaaS vendors such as WebEx, Citrix Online and iLinc, all specialists in online conferencing, provide their applications on-demand but only

once a local agent has been downloaded and installed.

In other words, the ability to provide the best customer experience requires delivering components on-premise as well as on-demand.

Microsoft itself is both an antivirus vendor and online conferencing vendor and is doing all this too. Furthermore, if online updates count, then through its Windows update service Microsoft must surely count among the largest providers of software on-demand.

But this is a moot point. The reality now is all software vendors are providing a mixture of on-premise and on-demand components. And increasingly it is possible to mix and match on-demand and on-premise components from different suppliers.

In the future, distinguishing between the two will not be necessary. In fact for many this is already the case. Ask the average office worker where their email comes from and they probably won't have a clue. They may say they use Microsoft Outlook or some other email client - both installed on-premise - but as to how the emails are served up to them they will have little idea.

The reality for many is it will be a Microsoft Exchange email server, perhaps in the employer's own data centre or perhaps provided over the internet by a hosted Exchange email service. Or, it may just be that their employer has seen the attraction of cheap on-demand business email services from Google.

Either way, all they want is their emails to turn up reliably and free of viruses and spam - interestingly both Microsoft and Google are happy to assist with this last point as both have now acquired on-demand services for email security.

So Microsoft's attempt to redefine SaaS as software plus services is not simply smoke and mirrors - it is describing reality. So much of the delivery of software infrastructure and business applications relies on an online component that software plus services does not really need defining at all. It is just the way the world is.

But at the same time it is perhaps time to stop pretending that SaaS itself is something special too. Buyers of software will review their options and decide themselves which bits are best served up on-demand and which are best kept on their own premises.

## About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, Dell, T-Mobile, Vodafone, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at  
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