

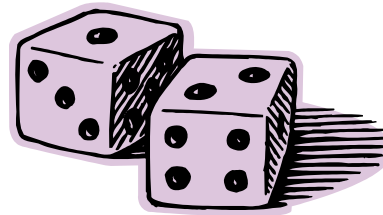
On-premise to on-demand

The hidden benefits for businesses of
software as a service

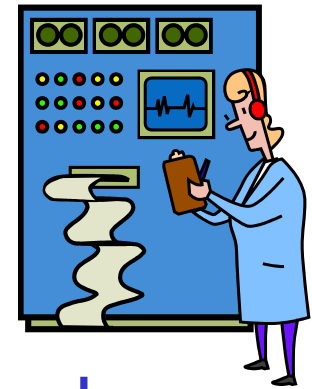
Bob Tarzey
Service Director
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Thursday 11th October 2007

- To add value
- To reduce risk
- To reduce costs



- Mainframe
- PC
- Client-server
- Internet/Web
- Service based computing/on-demand



- ...are hard to tie down
 - Niche usage
 - Low visibility
 - Specialist areas

Specialist Applications

Email

Content security

CRM

Collaboration

ERP

Supply Chain

Human Resources



And wannabes...



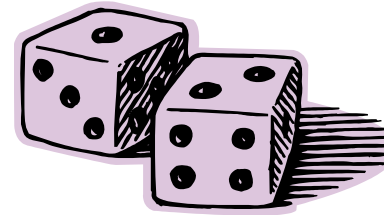
- 5-year cost of ownership
 - £50/user/month
 - 100 users
 - £5000/month
 - £60,000/year
 - **£300,000/5 years**
- A lot of money for a 100 user application



Hidden costs of on-premise

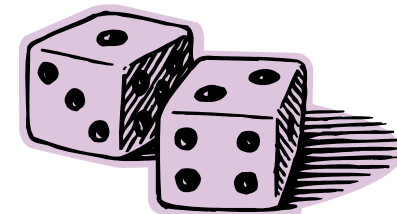
- Infrastructure costs
- Management costs
- Cost of failed deployments

- Need to look at
 - Business risk reduction
 - Business value creation alongside
 - Cost management



- Put all three together and the case can become overwhelming

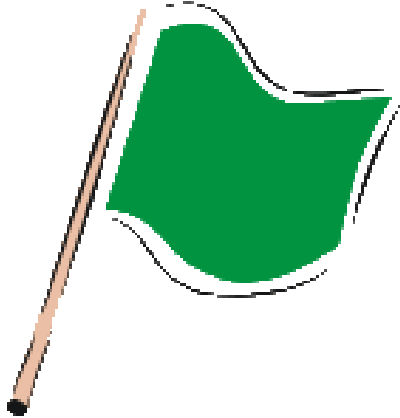
- When a critical application fails, business stops
- SaaS mitigates through
 - Enterprise class data centres
 - Enterprise class communications
 - Enterprise class IT management
 - Enforceable service level agreements



- New and enhanced business models
 - Mobile and flexible working
 - Collaborative working
 - Virtual teams
 - Cross organisational business processes



Environmental



Socio-economic



- Capex to opex
- Shared infrastructure
- Flexible payment
 - Subscription based
 - Usage based
 - Volume based
 - Even FREE



But cost is also the biggest challenge for application vendors making the move to SaaS

Enterprise class application software



Splitting management functions



Multi-tenancy delivery



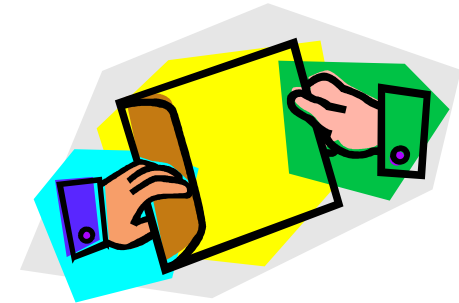
Application level security



Pricing



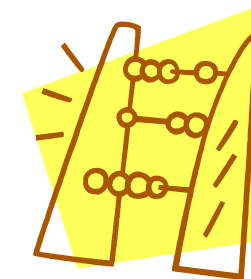
Service level agreements

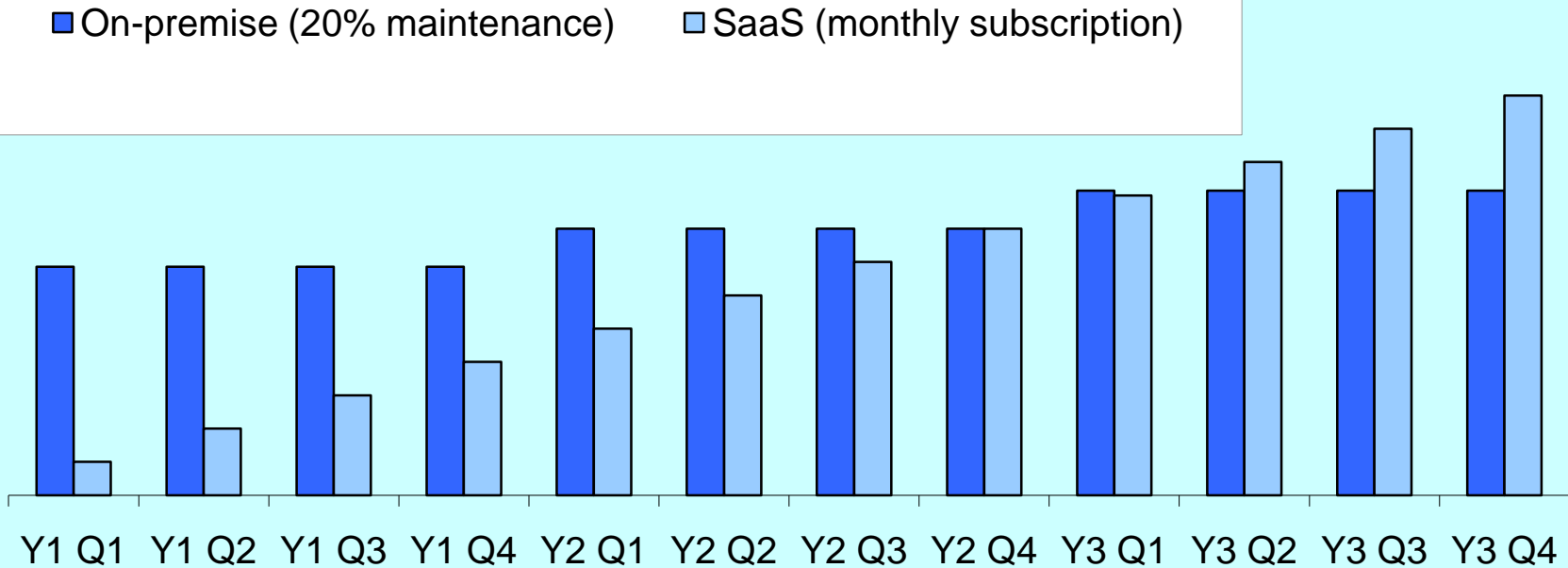


Compensating sales staff



Cash flow

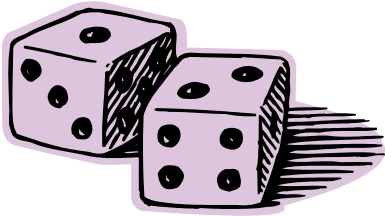




“The initial drop in profits has been more than recouped”
– Digital Union (3 years after implementing SaaS)

- Software infrastructure vendors
 - Microsoft
 - IBM Software
 - Open source
 - Oracle/BEA/VMware
- Managed service providers
 - Leverage software vendor offerings
 - Monthly fees
 - Deferred billing
 - Usage base pricing

- Businesses should consider SaaS because there are tangible benefits



- Moving to SaaS will fundamentally change the relationships you have with your key IT suppliers

Thank you
Bob Tarzey
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