Initially designed for small companies, Software-as-a-Service (SaaS) has gradually extended to multinational firms all over the world.

Due to its wide use, SaaS has become an established delivery model based on a full OPEX financial model. However, software providers are not always matching the buzz around SaaS with obvious benefits.

With shorter time-to-market, clear ergonomic value and the evolutivity of SaaS being now a reality, we believe the benefit of low costs coupled with a reversible and easy SaaS integration with Legacy systems is still to come.

Beyond usual promises, there are 2 additional major advantages: SaaS is a profitable opportunity to ensure process alignment in companies and to equip small subsidiaries of large international groups with an In-a-Box IT solution.

Having a clear and defined SaaS strategy, choosing your battles and retaining control are the key success factors in ensuring a great Software-as-a-Service journey.

This pack is intended to help you understand the myths and realities of SaaS and provide our convictions and key factors for a successful implementation.
Software-as-a-Service (SaaS) is a Cloud Computing Offering

**SaaS (Software-as-a-Service)**

Software that is **owned, delivered and managed remotely** by one or more providers. The provider delivers software based on one set of common code and data definitions that is consumed in a one-to-many model by all contracted customers at anytime, on a **pay-for-use basis or as a subscription** based on use metrics.

Source: Gartner

<table>
<thead>
<tr>
<th>Cloud Computing Services</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>SaaS</strong> (Software-as-a-Service)</td>
<td>User access the software in the cloud via the Internet without installation on the workstation</td>
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<tr>
<td><strong>PaaS</strong> (Platform-as-a-Service)</td>
<td>Services in the cloud for developers facilitating the construction and deployment (libraries, development tools, database, SOA)</td>
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<tr>
<td><strong>IaaS</strong> (Infrastructure-as-a-Service)</td>
<td>Services in the cloud for developers facilitating the configuration and the deployment of environments (servers, storage, networking, OS)</td>
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</table>
SaaS is no longer vaporware, it is already very much real

In 2018, 60% of software distribution for all sectors will be in SaaS mode. Cloud services continue their global growth at a rate of 16.6% per year

Source: Gartner

The SaaS market is expected to grow from $14.5 billion in 2012 to more than $22 billion in 2015

In Western Europe, the SaaS market was $3.2 billion in 2012 against $2.7 billion in 2011

60% of providers take advantage of the SaaS subscription model to generate a significant proportion of revenues

Most software providers are offering or preparing an “as-a-service” version of their traditional applications whilst a lot of small providers are also coming on the market

Source: Afdel (representative of the software editors and Internet solutions in France)
SaaS as a perfect answer to traditional IS challenges

### Traditional IS challenges

- **Slow time-to-market**
- **Lack of agility**
- **Difficult cost control**

### SaaS traditional promises

- Easy integration
- Immediate results, rapid prototyping
- Less expensive
- Automatic innovation through editor roadmap
- No infrastructure
- OPEX pay-per-use model
- No CAPEX, No depreciation
- Embedded mobile & collaboration features
- High availability, Best-in-class SLAs
- User-friendly & secured services
- Innovative and up-to-date technology
- Embedded mobile & collaboration features
- High availability, Best-in-class SLAs
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- Innovative and up-to-date technology
The promises of Software-as-a-Service

1. SaaS is Fast to implement
2. SaaS is Evolutive
3. SaaS is Cheap
4. SaaS is Ergonomic
5. SaaS is Safe
Myths or Realities?
Our convictions about usual sales pitch

1. SaaS is Fast to implement
   - Myth
   - Reality

2. SaaS is Evolutive
   - Myth
   - Reality

3. SaaS is Cheap
   - Myth
   - Reality

4. SaaS is Ergonomic
   - Myth
   - Reality

5. SaaS is Safe
   - Myth
   - Reality
Myth #1: SaaS is Fast to implement
SaaS is Fast to Implement

Even if SaaS boosts Time-to-Market, it still requires a structured way of delivering projects
Myth # 2: SaaS is Evolutive
SaaS is Evolutive

What is really evolutive?
- Seamless upgrades bringing in new functionalities, which don’t need a vigorous testing phase
- Real-time consumption monitoring and consequent adjustment of the level of service according to your needs (e.g. number of users)
- No management of IT infrastructures, related costs and HR (e.g. no need to increase your datacenter capacity)
- SaaS generally has a simple and efficient digital approach

Focus of attention:
- Rollback to internalize solution is difficult and expensive (skills, infrastructure, data migration...)
- Switching from one provider to another is not easier than on-promises solution when a roll-out situation is required
- Recurring complex negotiations are needed with SaaS providers that handle your Data and Services out of your company
- Still remains a market product that can’t match all new client needs in real time

Moving to SaaS brought us the opportunity to downsize the workload of our last version upgrades from 1.700md (on-premises) to 50md (SaaS)

- A Financial Services Company

19% of CIGREF member companies considers the reversibility of applications as a major obstacle to the adoption of SaaS

- CIGREF, le SaaS dans le SI de l’entreprise
Myth # 3: SaaS is Cheap
SaaS is Cheap

### Reduced project costs
- **BUSINESS MODELING**
- **PARAMETERING**
- **INTERFACING**
- **DATA MIGRATING**
- **STEERING & MONITORING**

### Upgrading costs are very cheap which is a key differentiator
- With traditional solutions, a major upgrade can add significant cost (~30% initial costs)
- Take advantage of multiple add-on due to market enhancement
- Value creation with various upgrade versions per year for SaaS compared to on-premises

### Unplanned demands and extra features can add significant costs
- E.g. additional broadband, new customized functionalities

### SaaS is generally more expensive after 4 or 5 years
- “Running costs” are much higher due to the cost of annual licenses increasing (Pay-Per-Use)
- Thus both TCO will be equivalent within 3 or 4 years*
- However, SaaS will always be up to date with current technology trends

SaaS doesn’t mean “low cost” solution: Don’t move to SaaS for financials only
Myth # 4: SaaS is Ergonomic
SaaS is Ergonomic

- SaaS interfaces are definitely ergonomic and “user-friendly” as user experience is the key driver of solution conception
- “SaaS pure-players” are using a pragmatic and evolutive approach:
  - Functionalities are restricted to best-in-class and most valuable ones
  - Technologies are recent and innovative
- Traditional software providers are now providing SaaS solutions in order to follow the general trends. However they are usually moving their historical solution into SaaS instead of building from scratch a new software
- Standardized ergonomics avoid heavy customization. This is why we strongly believe that SaaS is a key lever to ensure people alignment in companies, making the change management easier and improving employees satisfaction
Myth # 5: SaaS is Safe
SaaS is Safe

- Security has been a key matter for SaaS for a long time, and so software providers have made significant efforts to improve their service offering

- Nowadays, the security level assured by SaaS providers is usually higher than the one companies set for themselves:
  - 99.9% service availability
  - High data protection level
  - Ability to store data through multi-cloud solutions in the most critical situations

- The main security topic that still requires a particular attention is regulation:
  - Understanding SaaS providers legal constraint is mandatory
  - A sufficient level of legal team involvement is required to ensure a comprehensive analysis, as regulation changes depending on subjects and countries
  - The regulatory coverage of software providers is unclear, as they often create their business abroad where regulation is more convenient for them

Examples:
- A SaaS solution can be appropriate for Mass Market data but not for Medical data
- Data privacy regulations in the USA and in Europe are different (e.g. Patriot Act and FISMA in the USA)

Data security doesn’t seem to be a killer concern for SaaS solutions any longer, even if regulation remains a focus of attention

We are 256 bit encrypted, which is double the 128 bit encryption that the Federal government requires banks to use

- A SaaS provider
What else about SaaS?
Beyond software providers promises, Saas as a transformation driver

- **SaaS is a real opportunity to boost company transformation leveraging the IS system:**
  - IS in-a-Box: Unmatched solution to rapidly equip small subsidiaries of large international groups with a state-of-the-art system that can be globally managed
  - Process harmonization: single instance for the whole company that allows to align both business process and IS across the world limiting local specificities
  - People convergence and acceptance:
    - State-of-the-art and “quickly testable” solution accelerates people convergence when moving to a new software
    - Ergonomics and “user-friendliness” interfaces for SaaS solutions eases the user acceptance when changing their processes and way of working with a new software
Due to the fast evolution of current SaaS landscape, it is absolutely key for CIOs to define as soon as possible a clear and robust Cloud strategy with SaaS as a major topic:

- Retain control of your IS strategy in an evolutive ecosystem
- Pick your battles and identify the right functional area to start your journey and master your SaaS impact
- Choose the right solutions… choosing the right partners in a fast-moving market
- Get ready for a significant orchestration of services located both inside and outside your company
- Start the journey as soon as possible using multiskilled joint teams with Business Analysts, procurement staff and the legal team
SOFTWARE-AS-A-SERVICE

BUSINESS CASE
Suppliers
Delivery Model
Agility
Plug and Play
Innovation

DATA PROTECTION
Digital
Integration

TIME-TO-MARKET
Client Satisfaction
Control
Cost Reduction
Financial Model
Outsourcing

SECURITY
IAAS
New Skills
Watch

INNOVATION
Roadmap
PAAS
Reversibility
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