

# Software as a Service (SaaS)

**Software as a Service (SaaS) - meaning delivering software over the Internet** - is increasingly popular for its ability to simplify deployment and reduce customer acquisition costs. It also allows developers to support many customers with a single version of a product.

The combination of ever-more-abundant bandwidth, increasingly powerful processors, and inexpensive storage is broadening the choices for designing, deploying, and using software: in devices, in computers, on servers in corporate data centers, and on the Internet. Business solutions can be delivered and consumed in all of these ways -either singly or in combination - to provide the best user experience and the most business value. For decades, companies ran their software on their own infrastructure. Software as a Service is a new delivery model where companies pay not for owning the software itself but for using it. In the SaaS scenario, a software provider is responsible for its availability (maintenance, scalability, disaster recovery, etc.).

SaaS has an advantage over the traditional On-Premise model in terms of licensing cost, location, and life-cycle management. A typical SaaS application is offered either directly by the vendor or by an intermediary party that bundles SaaS offerings from different vendors and offers them as part of a unified application platform. In contrast to the one-time licensing model commonly used for on-premise software, SaaS application access is frequently sold using a subscription model, with customers paying an ongoing fee to use the application. Fee structures vary from application to application; some providers charge a flat rate for unlimited access to some or all of the application's features, while others charge varying rates based on usage.

## SaaS: Key Benefits

SaaS offers substantial opportunities for organizations of all sizes to shift the risks of software acquisition, and to move IT from a reactive cost center to being a proactive, value-producing part of the enterprise.

- **On-demand delivery model:**

Because SaaS applications don't require the deployment of a large infrastructure at the client's location, this eliminates or drastically reduces the upfront commitment of resources. With no significant initial investment to amortize, an enterprise that deploys a SaaS application that turns out to produce disappointing results can walk away and pursue a different direction, without having to abandon an expensive on-premise infrastructure.

- **Short time-to-value:**

If custom integration is not required, SaaS applications can be planned and executed with minimal effort and roll-out activities, creating one of the shortest time-to-value intervals possible for a major IT investment.

- **Try before you buy:**

The short time-to-value provided by SaaS has also made it possible for a number of SaaS vendors to offer risk-free (and often literally free) "test drives" of their software for a limited period, such as 30 days. Giving prospective customers a chance to try the software before they buy it helps eliminate much of the risk surrounding software purchases.

- **IT staff can focus on other important activities:**

With SaaS, the job of deploying an application and keeping it running from day to day — testing and installing patches, managing upgrades, monitoring performance, ensuring high availability, and so on - is handled by the provider. By transferring the responsibility for these "overhead" activities to a third party, the IT department can focus more on high-value activities that align with and support the business goals of the enterprise.