

SaaS as a **SOLUTION**

While Software as a Service (SaaS) has so far been most successful as a model for delivering point solutions and serving the needs of SMBs, the advantages of the usage-based pricing model are now proving more and more appealing.

SaaS has gathered such momentum in the market that Gartner has recently suggested around 10% of all IT is now delivered using these alternative methods.

Since emerging nearly a decade ago, the concept of Software as a Service (SaaS) has received a great deal of attention among IT decision makers looking at outsourced models. Indeed, SaaS has gathered such momentum in the market that Gartner has recently suggested around 10% of all IT is now delivered using these alternative methods.

Its proposition is a clear and compelling one: businesses are able to buy services and the associated IT as a utility, benefitting from a standard rate of cost that can flex up and down depending on usage.

This comes with several advantages, including rapid deployment of applications and high scalability, plus access to the latest technology.

Shift in IT

Nicole France, Fujitsu's Head of Application Services Marketing, says the huge interest in SaaS has been driven by the fact that businesses are able to get specific functionalities that answer immediate business requirements, but at an acceptable price.

"The usage-based pricing associated with SaaS moves IT services from being a capital expenditure to an operational cost. With that shift, we're seeing business units within companies taking procurement matters into their own hands and purchasing the business solutions they require through SaaS applications. In many cases, IT departments – and IT procurement – are completely circumvented in the process."

This is at a time when IT departments are coming under increasing pressure to be more transparent around costs. Clive Keyte, Fujitsu's Applications Strategy Director, highlights, *"There's a great deal of pressure on IT departments to be more responsible to their internal customers. Cross-charging within an organisation has become a real challenge."*

A new dynamic

SaaS rises to the challenge by providing business owners with standard unit pricing, flexed according to usage. Solutions can be implemented with the certainty of pre-defined and predictable long term expense.

This situation increases pressure on CIOs to make the – often difficult – transition to an environment where 'corporate applications' are no longer necessarily their own software licences running in their own data centres.

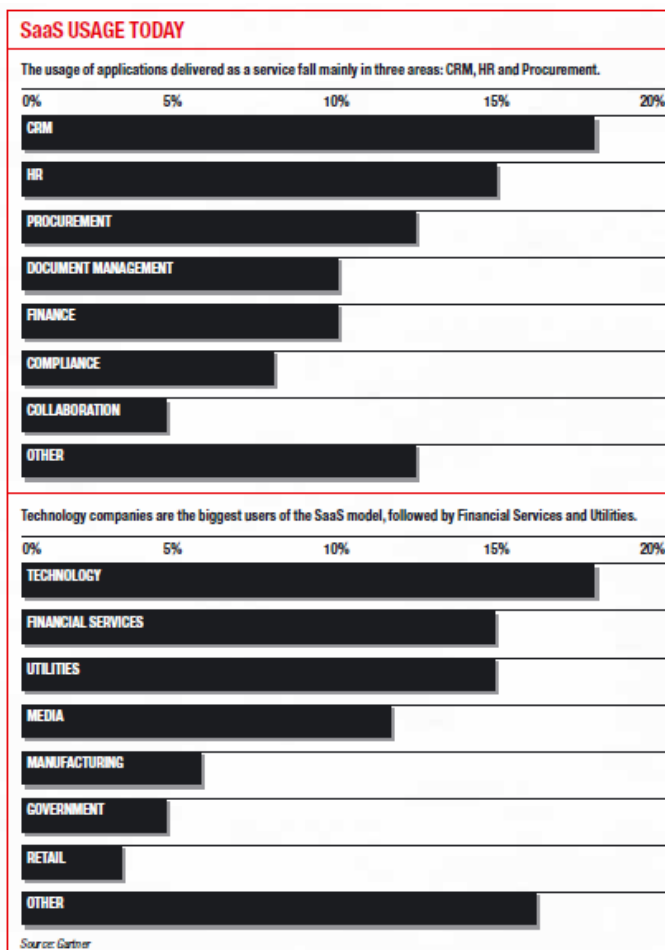
By paving the way for a move from legacy applications to a SaaS delivery model, CIOs and their team can focus on changes in demand from the business for new functionality.

“A major challenge is no longer one of integrating internally managed corporate systems, but orchestrating a variety of legacy applications and SaaS functionality into a cohesive set of business application functionality. This is a fundamental shift in the way most IT departments operate,” France adds.

Whilst Keyte acknowledges that some CIOs may be sceptical about handing responsibility to a third party, he is adamant that this is the direction a lot of businesses need to be moving towards. Equally, he suggests that new kinds of applications outsourcing engagements can help CIOs to bridge the gap between traditional approaches to corporate applications and one in which SaaS has a prominent role.

“It is possible to take on a business’s existing application landscape, provide on-going application management services and deliver a usage-based pricing model. While this model may not be a true SaaS solution from day one, the package contains a technology transformation element to create a SaaS architecture over time,” Keyte adds.

By paving the way for a move from legacy applications to a SaaS delivery model, CIOs and their team can focus on changes in demand from the business for new functionality. ■



WHAT NEXT?

To find out more, contact Nicole France nicole.france@uk.fujitsu.com.