



SaaS Opportunity for Indian Channels

A vibrant, futuristic graphic featuring a blue and white Earth in the lower right. Several bright, multi-colored streaks (green, yellow, orange, red) radiate from the top left towards the center. The background is dark with scattered white stars and large, semi-transparent bokeh circles in various colors. White, glowing lines representing data or network connections are visible on the left and right sides. The word 'SaaS' is prominently displayed in large, white, 3D-style letters at the bottom center.

SaaS

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Channels accelerate business, broaden market reach and help grow market share and lower cost of sales. How does this rule apply to the new SaaS industry?

Demystifying SaaS



SaaS is an acronym for Software as a Service, SaaS is a software delivery method that provides access to software and its functions remotely as a Web-based service. SaaS allows organizations to access business functionality at a cost typically less than paying for licensed applications since SaaS pricing is based on a monthly fee. Also, because the software is hosted remotely - 'in the cloud' - users don't need to invest in additional hardware.

SaaS aka On-Demand removes the need for organizations to handle the installation, set-up and often daily upkeep and maintenance. SaaS lowers cost of business solution ownership, and provides predictability of costs over time while allowing companies to focus more towards providing their core products and/or services to customers. SaaS provides improved security, performance, and availability with reliable access to data anywhere, anytime via an Internet browser.

In short, it provides more rapid time to production and value while avoiding the technology lock-in of licensed applications.

The most basic feature of SaaS from a business perspective is its on-demand flexibility relative to on premise systems. For small businesses with fixed capital constraints, a SaaS model can unlock value that would typically be stifled by either expensive IT infrastructure implementations or insufficient support by home-grown IT solutions.

Software-as-a-Service significantly reduces the cost of technology ownership enabling SMBs and Enterprises to re-deploy their investments into building their brand, product or channel, and not on

SaaS - Technology Tenets

- The ability to access and manage software over the Internet.
- The applications are stored on a central site or repository. App Delivery is largely standardized and made available to multiple users or companies, commonly referred to as a “multi-tenant” model.
- The back-end is managed and monitored by the third party software provider. This ensures timely upgrades and involves zero effort on the customer’s side

SaaS Benefits

- ❖ Rapid Rol - Pay as you go (as opposed to CAPEX) -
- ❖ Low Cost of Ownership - Low start-up and operating costs
- ❖ No Legacy Bindings - Lower switching costs
- ❖ Predictable Costs - Easy to budget
- ❖ Enhanced Scalability - Easy to adopt and expand - Faster Implementation timeline
- ❖ Rapid deployment - Faster time to Market / Production
- ❖ Concurrency of Application - Centralized Upgrades and Fixes
- ❖ No Surprises; No Hidden Costs.

SaaS Drivers:

Cost: The “Pay-as-you-go” model makes it extremely attractive for SMEs to have Enterprise like software. (This is akin to using of utility services such as electricity, water, phone etc)

Connectivity: The proliferation of Broadband with ever-increasing speed has been a major influencer for the heightened interest in On-demand Services aka ‘Cloud computing’, SaaS et al.

Convenience: The convenience of shifting to an alternate service is as easy as a mouse-click. Unlike in conventional software, there is no exit barrier for the customer to Rip & Replace without incurring additional charges.

SaaS Projections:

SaaS is one of the hottest topics in the IT world currently and has attracted phenomenal attention from Customers, Vendors, Channel Partners, Analysts et al.

Research backs up the widespread adoption of SaaS in business:

- IDC reports that it expects customer spend on SaaS to increase to \$14.8 billion by 2011.1
- Gartner Group reports that SaaS revenue in enterprise application software alone will grow 21% in 2007 ▫ to reach \$11.5 billion by the end of 2011.

- Further, SaaS is forecast to grow at 22.1 percent until 2011 -- more than double the 9 percent growth rate expected in the market as a whole.
- McKinsey reports that the proportion of CIOs considering adoption SaaS applications in the coming year has gone from 38% a year to 61%.
- By 2012, 30 percent or more of all new business software will be deployed and delivered as SaaS.
- SaaS usage within mid-size and large enterprises will more than double by 2010 - averaging more than 7 SaaS solutions in production.
- By 2010, at least 65 percent of businesses will have deployed at least one SaaS application

SaaS Checkpoints for Customers

Here are some important checkpoints for the Customers to consider before choosing their SaaS vendor.

- Does the SaaS Platform offer a good choice of Services via their Catalog?
- Does the platform support Open Standards?
- Does the platform offer a secure payment gateway?
- Is there a Support infrastructure to handle Post sale queries?
- How long would it take for the Service to be provisioned after the buy decision?
- Does the vendor offer training for the Services purchased?

SaaS - A Dynamic Business Model

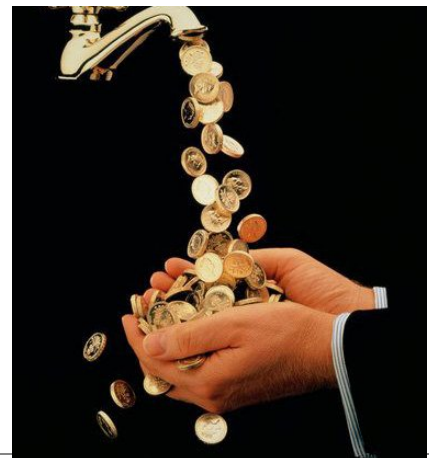
“The Power of R2*”

“Today’s successful VARs are built increasingly around service and support and less about merely selling point products. With margins dwindling rapidly on point products it is becoming increasingly important for VARs to seriously consider emerging business models such as SaaS and its incumbent opportunity”

Channels in the SaaS industry are fundamentally different from the conventional software world.

In the SaaS domain, VARs have to get used to the concept of no inventory, zero logistics, no contractual reselling activity, no repair service and no physical goods to install or connect. This in effect means a change in the fundamental business model.

The main focus for VARs in the SaaS world is on business process alignment, optimizing the use of the information, solution deployment, application support and integration with existing systems.



The most important value a VAR can add is to provide business-process-relevant implementation and integration services to the customers. They help customers become quickly productive and ensure the service is fully embedded into organizational processes. In order to do that successfully, a VAR needs to understand their customer's business processes. A CRM, HR, Project Management or Marketing Application can be used in variety of ways, but the VAR helps orchestrate the configuration and implementation to shorten the "time to value."

SaaS solutions are sold bearing in mind an opportunity for ongoing services and Recurring Revenue aka R2. Successful SaaS VARs are those who quickly adapt to the idea of a 'Recurring Revenue' model and build it up the value chain with a "Recurring Services Model".

*R2 - Recurring Revenue

Resellers as Value-creators

"From a Seller to a Consultant"

Given there is nothing to resell, nothing to technically install and no opportunity to provide any kind of logistics, what can a VAR contribute?

SaaS enables even very small companies who don't have IT departments or capabilities to leverage software to better run their business. SaaS vendors effectively become part of the IT organization of their customers. This augurs well for the SMB segment given that most organizations do not have an IT Team to evaluate, select, deploy and maintain the Applications. VARs are expected to assume a huge responsibility as customers look up to them for turn-key solutions.

Because of the different structure and services in the SaaS model, channels are no longer "mere resellers delivering hardware/software". They play the role of Consultants and are expected to understand typical business needs in terms of all-round organizational improvements in multifarious areas such as sales, marketing, HR, operations, logistics etc. Successful SaaS VARs are able to understand the advantages of SaaS-based applications translate them into Customer Benefits and help their small, medium or large enterprises to transform their "IT" into "Information Management".

Successful VARs enjoy the role of Business Consultants to their Clients as opposed to being mere resellers.

Opportunity Galore!!

Small, Medium & Large Businesses alike are realizing the business benefits of SaaS and are actively considering SaaS deployment

- According to Gartner, SaaS represented approximately 5 percent of business software revenue in 2005 and, by 2011, 25 percent of new business software will be delivered as SaaS...”
- McKinsey reports that the proportion of CIOs considering adoption SaaS applications in the coming year has gone from 38% a year to 61%.
- By 2010, at least 65 percent of businesses will have deployed at least one SaaS application
- According to Springboard Research, the Market for SaaS in India is expected to touch US\$ 165 Million by 2010 (over Rs 700 Crores)

Besides the existing market opportunity, there is a clear emerging opportunity for the Indian VARs. A recent study organized by the Access Markets International (AMI) partners stated that software and hardware vendors might see an increase in demand as over 40 percent of SBs (small businesses) in India decide to invest in computers for the first time in 2008. Currently, the size of the SBs that do not own any computers (also termed as non-PC SBs) is almost around 2.6 million.

Whilst this is a huge opportunity for Hardware business, the ripple effect of this massive opportunity would also encompass software. It is important here for us to consider how SaaS influences the economics of this segment. The “pay-as-you-model” enables the small businesses to pay less up-front compared to “traditional license sale”. As a result, there is a natural bias and built-in appeal for smaller businesses (personnel) to consider and quickly deploy SaaS.

This translates in massive business potential for VARs.

SaaS - Top Picks

- Communication & Collaboration Solutions
- CRM / SFA Solutions
- Human Resources Management Solutions
- Security
- Business Tools

The Mantra for profiting from the SaaS opportunity

Today we see that not only is there a place for partners, the SaaS industry may actually provide more partner opportunities than the traditional IT industry ever has. Given the roughly 5 million+ small and medium businesses in India that may not have purchased any business software because of their size, SaaS will provide an opportunity for them to automate their business. Resellers will need to align with new SaaS vendors in order to develop a symbiotic relationship of expertise of business processes and application functionality.

Everybody understands that SaaS is a great emerging opportunity. While the IT industry is abuzz with Analyst Projections about Market opportunity and vendors of all sizes launching new SaaS services practically every day, the foremost questions in the minds of Indian resellers today are

- What is in it for me?
- How does the business model look like? What is the RoI?
- What do I need to do to become SaaS ready?



What is in it for the Resellers?

SaaS presents a very attractive opportunity for hardware and software resellers alike. The Market Opportunity is estimated to be over Rs 700 Crores by 2010 with the potential of scaling up even higher. Analysts have waxed eloquent on SaaS as a disruptive model that makes economic sense to the customers. Given that customers are looking

at enhanced functionality at ever reducing costs, SaaS is poised to be the software deliver model of choice for customers.

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Customers in India are in the cusp between Awareness and Consideration, and are demanding cost effective solutions namely SaaS et al from their IT Partners. Small businesses do not have a IT legacy and neither do they have an IT team to boast of. They are likely to look up to their hardware/software supplier to guide them. This provides a golden opportunity for Resellers to don the mantle of consultants thereby winning the customer’s confidence and consequently a bigger share of the customer’s wallet.

SaaS VARs enjoy the role of Business Consultants to their Clients as opposed to being mere resellers.

How does the Business Model look like? What is the Return on Investments (RoI)?

SaaS presents a great opportunity of scaling up on Revenues and Profitability without effecting any major changes to the existing business model of the resellers. Does this mean that Resellers can start on SaaS immediately? Yes Indeed. A reseller can be SaaS certified and ready to sell in less than 24 hours. Visit www.jamcracker.com/india for details on how to become a SaaS reseller.

The SaaS Reseller Mantra is 'DO MORE'.

- Sell MORE to existing Customers
- Acquire MORE customers with enhanced portfolio

A typical reseller with about 100 clients can easily profit from SaaS. Just look at the business case scenario below.

Value Proposition to Resellers

Jamcracker WebStores provide all the essential services you need to start selling on demand, including:

- Your own branded WebStore for selling SaaS to your customers.
- Automated billing and settlement of subscription-based services.
- Level 1 and 2 end-user support for all services you resell.
- A world Class support team of well trained Sales and Support personnel
- Sales training, technical support, and marketing support programs.
- Attractive margins on subscription-based revenue.
- A fully enabled e-commerce experience for Small and Medium enterprises

Business case Scenario - The Power of R2 (Recurring Revenue)

At an average penetration rate of 2-5% of existing customers, a typical SaaS reseller can generate profits of over Rs 18 lakhs without making any major investments.

Products	Selling Price (Rs)	Units	Total Revenue (Rs)
MS Exchange (4GB) Mail box	555	50	27750
Sharepoint v3-512 (512 MB/ Month)	425	30	12750
Webex (1 host 5 attendees)	2795	20	55900
Arsenal (off-site data back-up & recovery) 3GB/PC	395	40	15800
Blackberry Access	475	20	9500
Box.net (3 users with 15GB storage)	1935	20	38700
		TOTAL	160400
Average penetration rate of 2-5% of existing customers			
Monthly Revenue	160,400.00		
Margins (@ average 15% of Revenue)	33,484.00		
Add an average of 4-5 Clients every month			
Yearly Revenue	12,511,200		
Yearly Margins	1,876,680		

Considering an investment of Rs 4 lakhs p.a, the RoI is a whopping 469%

FAQ on leveraging the SaaS Opportunity

What do I need to do to become SaaS ready?

There are 3 Steps to become SaaS ready

1. Signup for your own logo branded WebStore on Jam-Mart India, India's first SaaS Marketplace
2. Build your own catalog of Services
3. Start reselling Microsoft, IBM, Webex, Blackberry, Synage, Viewfinder, HR Mantra and many more services. All this without needing any technical engineers or certifications.

Do I need to have Technical Manpower to become a SaaS reseller?

You do not need to have any Technical Certified Personnel to become a SaaS Reseller. You will be provided SaaS Primer and SaaS Selling Techniques on becoming a Jamcracker reseller.

Who Supports my Customers?

Jamcracker has a fully equipped support infrastructure operating between 8AM to 6.30 PM IST Mon - Fri and 8AM to 1PM on Saturdays for handling and resolving Customer queries.

How can I sign up to become a SaaS Reseller?

Visit www.jamcracker.com/india and sign-up.

Please visit <http://www.jamcracker.com/india/> and click on Rol Tool to create your own personalized Rol Model.

To know more about existing services, pls visit <http://www.jamcracker.com/india/> and click on Marketplace.