



# The Great Indian SMB Story Starring SaaS

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## Starring SaaS

Not long ago, there was a time when the tools and tricks of business automation were the privilege of a select few enterprises. While there was an unbridled aspiration with SMBs to acquire the tools of the big boys, the sheer economic consideration made it difficult, nay impossible, for them to implement business automation solutions.

Like all revolutions however, there is a great technology leveler that promises an egalitarian platform irrespective of Organization size. SaaS aka Software as a Service has been burning the newswires and blitzing the IT community for some time now with its assurance of low cost-high performance play.

CRM, ERP, HRMS, BI, Dashboards and other dizzying acronyms & jargons are no longer the exclusive domain of big budget and big muscled enterprises. The advent of SaaS and Cloud Computing has given a huge impetus to SMBs to look for productivity, efficiency enhancing solutions while operating in Spartan budgets.

There are reams of newsprint and terabytes of blogs that have been used to argue the benefits or liabilities of SaaS, there is one thing that cannot be ignored. SaaS is here to stay and thrive it will.

Is SaaS a new technology trend? Firstly, it is not new but a trend whose time has arrived. SaaS rocks because it appeals more for its all encompassing trait than for the sake of technology per se.

While there is a chorus of encouraging "Aye's" for SaaS, there is an equally strong "Nay-sayers" lobby. SaaS has been hugely successful in stirring-up extremely passionate debates. Traditional Software vendors understandably are finding it difficult to give away the leverage of lock-in, upfront annual subscriptions, lucrative upgrades et al. The ensuing turf wars between on-premise and on-demand vendors and practitioners to woo clients have reached epic proportions globally and the rumblings have started touching our market too.

A head-head comparison between On-Demand (SaaS) and On-Premise makes it eminently clear which side the balance is tilting towards.

On Demand (SaaS)	On Premise (Traditional)
<b>No Upfront Cost</b>	<b>Substantial Upfront Cost</b>
Simple Usage based fee	Hardware investment
Easy to deploy & implement	Software Licenses
<b>Reduced IT Concerns</b>	<b>High Management Costs</b>
Minimal IT involvement	Dedicated IT resource
Enterprise Class SLA	In-house monitoring
Secure & Reliable	Cost of Maintenance
<b>Buy only what you need</b>	<b>Buy more than what is needed</b>
No minimum commitment	Minimum Order Quantity
Easy Scalability	Additional Cost of Upgrades, New Versions
Pay as you Go	'Shelf-ware' liability

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There are many more dimensions that make SaaS viable and attractive to Organizations. While economics certainly favor the SaaS model, the on-going recession that has brought a pall of gloom to businesses has only added muscle to the SaaS proposition as organizations desperately look towards cost cutting measures.

SaaS and cloud computing are proving to not only be more cost-effective but also delivering superior functional capabilities which are better geared toward meeting the changing economic, competitive, workplace and ecological (Green IT) requirements of today's world.

One can hear strong murmurs of lack of security, lack of customization, connectivity issues, unclear business model etc. Whilst these are significant parameters, the objections are merely a mirage as the SaaS juggernaut rolls on and transforms multitudes of organizations.

### Mull it over!

How may enterprises are able to boast of security such as this?

- Retina scans for physical access to the data center.
- Fortress like physical security.
- Multiple data-center mirrors in different continents.
- State of the Art encryption standards

These are seldom seen even for large enterprise data centers. For instance, Iron Mountain's Digital Record Center for Images provides encrypted data transmission, user-access control and secure storage in a data center that's 200 feet below ground.

There is no denying that there are a few instances of outages, breaches etc but given the intense scrutiny that any disruptive technology goes through, every slip is magnified, analyzed and disseminated before reaching mass acceptance.

Attention to security detail has reached paranoia levels with SaaS vendors, simply due to the fact that any breach in a global data center used by multiple entities would be far more magnified than in the relative insular of a single enterprise.

This has worked well for SaaS by ensuring a continuous quest for better security, ever increasing service levels and competitive service offerings.

As with the evolution of any new technology model, the early adopters are bound to take a cautious first step before fully trusting sensitive apps and data with SaaS/Cloud computing vendors. The natural progression is to entrust non-tactical, non sensitive data before moving to operational data and thereon business sensitive information, IP etc in subsequent phases.

Some CIOs have been vocal in their disregard for SaaS as there is a perceived loss of control and diminishing span of their influence. However there has been a welcome change in their perspective in these trying times. They have always known that business unit demands for customized solutions were a major factor in the high costs and failure rate of legacy applications. CIOs are seeing SaaS as a way of reshaping the expectations of LOBs.

CIOs recognize the financial benefits of SaaS in today's recessionary climate. Its subscription pricing model permits companies to shift their software acquisition costs from tightening capital budgets to more flexible operating expenses. No doubting whatsoever that in a dark economy, CAPEX is a swear word and OPEX is a favored kinsman.

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### **Emergence of SMBs as Disruptive Players.**

Small Organizations have never had it so good ever. They are now in a position to take on the mighty Goliaths. Innovative small organizations are snapping on the heels of the market leaders while operating within manageable costs.

Take the case of a small business that has registered meteoric growth over the last 2 years and are holding on to their triple digit growth projections for this year too. To quote their CEO

*"We have no in-house IT. Email is hosted, website is hosted, employee database on SaaS, we enjoy the advantage of Analytical tools, Automated Sales order processing, Inventory management, Business Analytics, Dashboard et al"*

*My sales team is fully connected wherever they are with a SaaS CRM and mobility tools.*

*I can be operational in less than an hour even if there is a calamity due to hosted back-up and business continuity services.*

*A few years ago, all the above would NOT have been possible for small businesses due to closed systems and complex on-premise hardware/software that costed a fortune.*

*Today, we pay as we go ... monthly, predictable costs for reliable enterprise-class IT systems. And there are thousands of businesses like mine that would not have been possible without SaaS.*

*I've never seen our database server. I've never seen our email server. I've never seen our e-commerce systems.*

### **Raison de etre**

*I plan to keep it that way because our commitment to SaaS is a commitment to predictable cash flow and growth"*

What is Cost-effective, Scalable, Quick to implement, Pay-as-you-Go, No minimum order quantities, No vendor lock-in and Green with reduced carbon foot-print?

SaaS is the closest that comes to answering the above Wish list and more so in turbulent times.