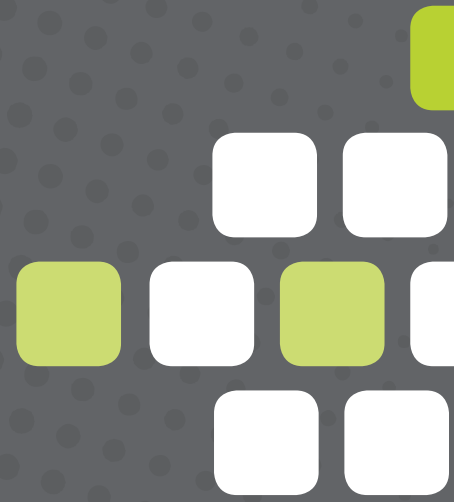


The ProStix logo features the word "ProStix" in a bold, sans-serif font. "Pro" is in white and "Stix" is in a light green color. The logo is set against a black rounded rectangular background.

**ProStix**

Building Software Solutions  
[www.prostix.com.au](http://www.prostix.com.au)



# Whitepaper: What is Software as a Service?

## What is Software as a Service (SaaS)?

Software as a Service (SaaS), also known as 'On Demand' is a model of software deployment where an application is hosted as a service and provided to clients across the Internet.

SaaS is generally associated with business software and is typically thought of as a low-cost way for businesses to obtain the same benefits of commercially licensed, internally operated software without the associated complexity and high initial cost.

For many businesses the SaaS model provides them with the ability to adopt new applications they may not have previously considered or been able to afford.

## Key Characteristics of SaaS

The key characteristics of SaaS include:

- Network-based access to, and management of, commercially available software
- Activities that are managed from central locations rather than at each customer's site, enabling customers to access applications remotely via the web
- Centralised feature updating, which removes the need for downloadable patches and upgrades
- Generally priced on a per-user basis, sometimes with a relatively small minimum number of users.

	SaaS Software	Enterprise Software
<b>Type of relationship &amp; what is being delivered?</b>	Service model with applications created and designed for Internet delivery and hosting by the provider	Technology / product relationship; selling packaged software products
<b>What is being provided?</b>	Hosted software with services	Packaged software products
<b>Where is solution provided?</b>	Internet application service delivered and accessible over the Web	"On-premise" software application that is deployed behind the customer's firewall and resides within the client's own IT infrastructure
<b>What is the nature of the client relationship?</b>	Client rents or leases the use of the software application with hosting services all performed by the technology/services provider	Client buys software application; typically under a perpetual license with ongoing maintenance
<b>What is the type of expenditure for the client?</b>	Pay-as-you-go, recurring operating expense; can be multi-year arrangement	Upfront, one-time capital expenditure for a perpetual license with ongoing maintenance and periodic upgrades
<b>What are the components of the expenditure incurred by the client?</b>	Upfront professional services deployment. Periodic payments including subscription, data hosting, support, etc. all lumped into one payment	<ul style="list-style-type: none"> <li>• Software license &amp; upgrades</li> <li>• Implementation &amp; integration</li> <li>• Maintenance</li> <li>• Hardware</li> <li>• Training</li> <li>• IT Support</li> </ul>
<b>What is the level of flexibility?</b>	Application configurability but limited customisation	Packaged with customisation, if needed

## Software as a Service in World Demand

The growth of SaaS business solution deployment is a worldwide phenomenon. Researchers IDC and Merrill Lynch forecast that in the America's in 2008 alone SaaS expenditure will be close to \$8 billion dollars . In a similar vein, THINKstrategies has found that enterprises of all sizes are rapidly adopting SaaS solutions to overcome the hassles and costs of implementing traditional packaged applications .

Industry research strongly supports the widespread adoption of SaaS in business:

- IDC reports that it expects customer SaaS spend to increase to \$14.8 billion by 2011
- 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
- Two out of three businesses are either buying or considering buying software via the subscription model.
- McKinsey reports that the proportion of CIOs considering adoption of SaaS applications in the coming year has gone from 38% a year to 61%.

## The Business Benefits of SaaS

Organisations large and small are embracing the on-demand model for business applications. SaaS is the answer to many business owners' headaches. With no software or hardware to buy, install, maintain, or upgrade, the popularity of SaaS continues to grow at a rapid rate.

The benefits of SaaS solutions are extensive and too many to cover here. But here are what our expert team consider to be the top 5 benefits:

### 1. Low upfront costs

With no need to license costly software, hardware or hire expensive implementation consultants, initial solution fees are less than half those of installed software.

### 2. Low total cost of ownership

With no technology to maintain, total cost of ownership is 5 – 10 times less than installed software.

### 3. Fast deployment

Ready to go, SaaS solutions can be deployed in days versus weeks or months.

### 4. Rapid adoption

SaaS applications use familiar Web interfaces that are easy for administrators and end users to use. This drives rapid adoption, reduces training costs and increases the overall value and ROI of the solution.

### 5. Easy upgrades

Customers of SaaS applications benefit from instant deployment of new versions, which means the entire customer base is always on the latest version. Since customisations and integrations are maintained through upgrades, management discussions can focus on taking immediate advantage of the new features and innovations available with each release.

	SaaS Software	Enterprise Software
<b>First year costs</b>	Pay as you go First year total cost of ownership 5 -10 times less than installed software	Application license Large, upfront costs
<b>Implementation cycles</b>	Days to weeks	3 - 6 months
<b>Implementation fees</b>	10 -25% of subscription	1 – 4 times the cost of the initial license
<b>IT Infrastructure/hardware</b>	None	18 – 25% of license fee
<b>Maintenance Fees</b>	None	18 – 25% of initial license
<b>Frequency of upgrades</b>	3 - 4 times a year	1 every 9 -12 months

## ProStix: Delivering Building Supplies Business Software On Demand

ProStix delivers best in class business software for the building supplies industry including an innovative SaaS offering; ProStix SmartStore.

The ProStix SmartStore solution combines industry-leading functionality, proven integration and a great user experience. SmartStore has empowered innovative building supplies businesses to achieve self-sufficiency and impressive business results.

The sophistication of this SaaS solution lies in its flexibility and agility. The practical, industry specific nature of ProStix SmartStore has resulted in an extremely easy to use tool that works across retail and trade, and a range of complex pricing structures and contracts.

Centrally hosted and priced on a simple monthly subscription fee, ProStix SmartStore is the first Australian system to give small and medium sized building supplies businesses access to enterprise level functionality, at a price they can afford.

## Conclusion

Software as a Service (SaaS) is changing the way organisations do business. It provides small and medium sized companies with the ability to access sophisticated, state-of-the-art technology like that the industry leader's use in their businesses. It is well-suited to growing businesses in that it provides the flexibility to support agile, rapidly-changing companies, while being scaleable to accommodate rapid growth.

SaaS solutions lower the cost of business solution ownership and provide predictability of costs over time. It provides rapid deployment and value while avoiding the technology lock-in of licensed applications.

As a market leader in the development of business software for the building supplies industry, ProStix SmartStore is setting a new standard for SaaS solutions.

The sophistication of ProStix SmartStore lies in its flexibility and agility. The practical, industry specific nature of the product has resulted in an extremely easy to use tool that works across retail and trade, and a range of complex pricing structures and contracts.

Purpose-built for the building supplies industry ProStix SmartStore features all the benefits of a SaaS solution while retaining all the functionality and tools you need to take care of the day-to-day management of your business!

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- I. Figures from IDC and Merrill Lynch, 2006.
  - II. Jeffrey M. Kaplan, Managing Director, THINKstrategies. "Will Software-as-a-Service Grow Significantly in 2006? If So, What Apps Will Be Hot?" Smart Biz. Jan 09, 2006.
  - III. Erin TenWolde, Research Analyst, IDC. August 2007.
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  - V. "Businesses Get Serious About Software-as-a-Service." InformationWeek Research. Reported in InformationWeek, April 14, 2007.
  - VI. InformationWeek, April 14, 2007.
  - VII. Abhijit Dubey. McKinsey. Panel at the SIIA OnDemand Summit. San Jose. November 8, 2006.