

# HOW SOFTWARE-AS-A-SERVICE CAN LOWER YOUR MARKETING COSTS

Organizations large and small are flocking to the on-demand model for business applications. On-demand is the antidote to many of the headaches associated with the traditional on-premise software model. With no software or hardware to buy, install, maintain, or upgrade, the popularity of on-demand grows with organizations that are increasingly asked to do more with less.

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## SAAS AS A STANDARD

Software-as-a-Service or on demand applications have become a standard in many software environments, but Enterprise Marketing Platforms seem to have lagged behind this market. In Forrester Research's latest Enterprise Marketing Platform evaluation, not one company offered this application in an On Demand model. SaaS delivery models are not new to direct marketers. SaaS is the standard in the Email Marketing, Web Analytics, and Behavioral Targeting Applications. It is time for the On Demand model to come to the Enterprise Marketing Platform.

On Demand offers immediate time to value, lower cost of ownership and requires fewer IT resources than traditional software. In addition, companies benefit from the experience of the SaaS vendor and their ability to work across organizations to establish the best practices that lift all of the organizations to better marketing. All of this and more is what is making SaaS a model that cannot be ignored for Marketing.

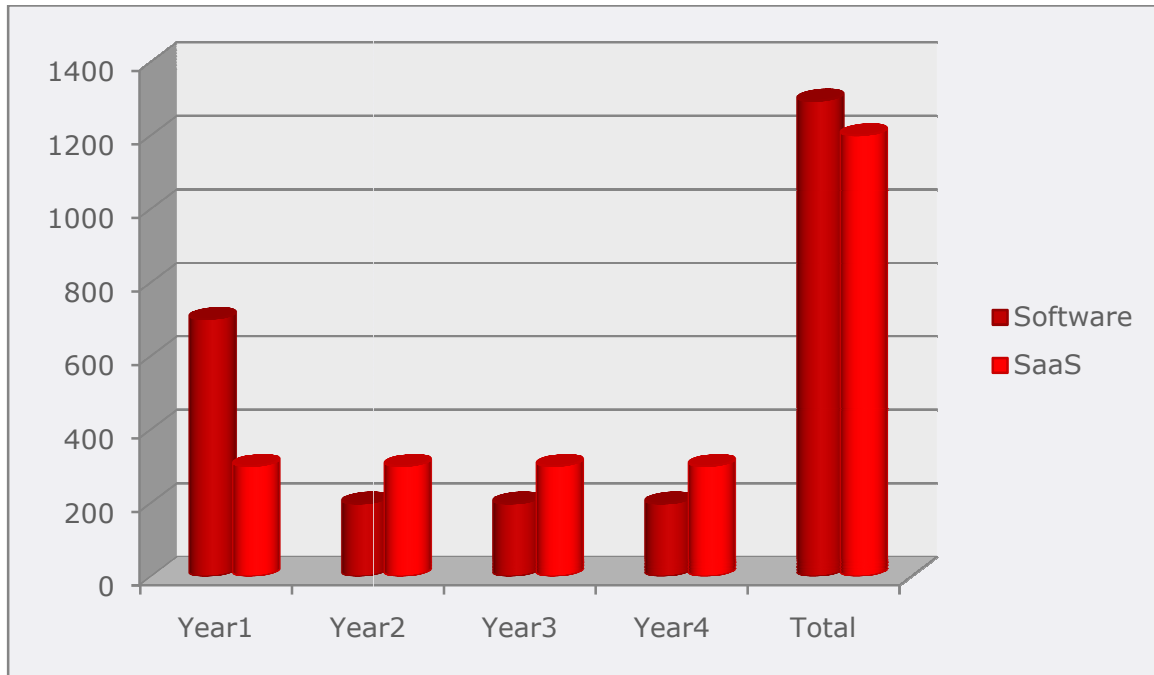
The megatrend that powers SaaS is the same one driving Web 2.0, SOA and every other expression of today's increasingly Web-connected world. Fundamentally, the infrastructure of the Web allows us to cut out much of the location-dependent friction that gets in the way of communicating, collaborating and trading. Software used to be delivered in boxes and had to be installed in the same building as the people that used it. The Web removes those constraints, enabling SaaS — and SaaS in turn becomes the foundation for innovative new ways of interacting and doing business.

The world is starting to wake up to the potential of SaaS. Analyst Jeff Kaplan has nailed this cogently in his own great post on [Top Ten Reasons Why On-Demand Services Will Soar in 2008](#). As Jeff points out, everyone is falling in love with SaaS.

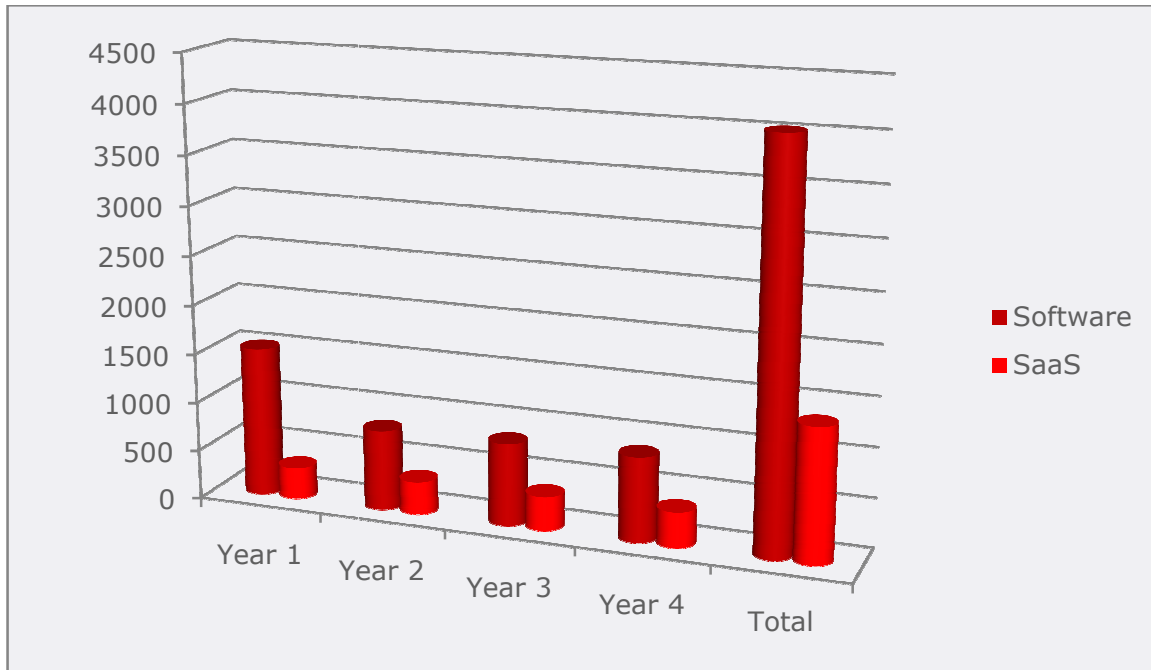
## SAAS VERSUS SOFTWARE IMPLEMENTATION

Often, when companies are comparing a software purchase versus an On Demand model, they compare only the total software cost to the monthly fee. In this case, it often looks as if a software purchase will become more economical after a 36-48 month period. For example, a company that has approximately 3,000,000 customers and purchases campaign management, modeling, and a reporting module will likely spend close to \$700,000 for upfront license and spend 28% per year for maintenance and support (or \$196,000 per year). Under this thinking, a total 4 year cost for the software would be approximately \$1,294,000. Conversely, a SaaS tool

that offers similar functionality may cost approximately \$300,000 per year or a four year total of \$1,200,000. The chart below illustrates this concept:



Looking at the case above, it is easy for any Marketer to rationalize that a software solution evens out to a similar investment over time. The problem is that this does not cover the entire cost story with a software application. With software, there is hardware to be purchased to support the software and IT staff needed to support that infrastructure. As any Marketing Automation provider will tell you, you will also need to build out a marketing database, which also requires additional hardware and IT support. These are not insignificant costs for a company to incur and dramatically increase the Total Cost of ownership of a software based solution. In truth, if we look at the Total Cost of Ownership, which includes hardware, software, ancillary software (e.g. database licenses, reporting licenses or web services licenses), and headcount costs to support the solution, the numbers are much more disparate than what is shown above. The chart below compares the four year Total Cost of Ownership of both a Software and a SaaS Marketing Automation Solution.



This discrepancy is why SaaS solutions have taken off so quickly in the past few years. Companies realize that they can gain value quickly and maintain that value over time with minimal impact to their current infrastructure.

## On-Demand Is in Demand—and with Good Reason

Beyond the cost advantage illustrated above, the On Demand model offers tremendous advantages compared to the traditional on-premise model:

**Unparalleled time to value.** On Demand minimizes the risk involved in implementing a Marketing Automation solution by eliminating the need for up-front capital investment, making the path to success exceptionally short. SaaS implementations usually take less than a month and rarely exceed three months, compared to 12 months or longer with client/server software. According to a recent study by Triple Tree and the Software and Information Industry Association (SIIA), on-demand deployments are 50 to 90 percent faster, with a total cost of ownership five to ten times less than installed software.

**Less expensive initially—and in the long run.** It's easy to see why a multitenant, on-demand solution is much less expensive initially. There is no hardware to purchase, scale, and maintain, no operating systems, database servers, or application servers to install, no consultants and staff to manage it all, and no need for periodic upgrades.

Even more important, however, are the long-term savings. Gartner estimates that two thirds of IT time and budgets is spent on maintaining infrastructure and dealing

with updates. That's a thing of the past with the on-demand model.

**On-demand deployments also have fewer hidden costs.** A fully-loaded, five-year total cost of ownership (TCO) model considers several often hidden cost factors, ranging from needs analyses to internal downtime. This study showed the TCO of a premise-based solution to be 2.5 times as high as that of an on-demand solution.

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

**Better service delivery.** Due to the on-demand model's tremendous economies of scale and our focus on service delivery, Entiera can provide higher service levels than the vast majority of companies can achieve on their own. We use the best technologies, policies, and procedures to ensure security at the facilities, application, and network level; to ensure maximum uptime and continuous availability; and to provide a performance record we're proud of.

**Better scalability.** Successful businesses are continually changing and growing: Employee growth, transaction growth, the launching of new products and services, mergers and acquisitions, or any number of business events can dramatically and suddenly alter business needs.

Solutions from large enterprise software vendors are expensive to scale because of the complexity and cost of scaling each layer of the hardware and software stacks, which often require messy system replacements and data migrations. Customer-specific systems developed with J2EE, .NET, or open source tools are similarly difficult to scale because of such infrastructure issues and changing or unforeseen business requirements. Thanks to multi-tenancy and meta-customizations, we offer the only platform that grows, scales, and adapts with your changing business.

**Users are more satisfied and productive.** A major reason on-premise deployments often fail is because of low user adoption—data that's cluttered or difficult to get to quickly results in user resistance. Entiera's easy-to-use interface has resulted in high user adoption.



## PERSONALIZE YOUR RETURN ON MARKETING INVESTMENT

To personalize your Own Total Cost of Ownership Model, [click here](#).