

Software As A Service (SaaS)

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Abstract

Software as a Service (SaaS, typically pronounced 'sass') is a model of software deployment whereby a provider licenses an application to customers for use as a service on demand.

1. Introduction

When the Internet burst upon the scene in the early 1990s, the concept of software as a service (SAAS) seemed an idea whose time had come. It got hyped along with everything else about the Internet and reached a massive peak of inflated expectations in early 2000 as venture capitalists funded dozens of nearly identical companies that provided various SAAS offerings [1]. As venture funding dried up in mid-2000, the cracks in the SAAS model began to appear.

Software as a Service (SaaS, typically pronounced 'sass') is a software that's developed and hosted by the vendor and which the end user customer accesses over the Internet. Unlike traditional packaged applications that users install on their computers or servers, the SaaS vendor owns the software and runs it on computers in its data center. The customer does not own the software but effectively rents it, usually for a monthly fee. SaaS is sometimes also known as hosted software or by its more marketing-friendly cousin, on-demand [2].

SaaS software vendors may let the application to download by the customer on their devices and disabling it after use or after the on-demand contract expires. The on-demand function may be handled internally to share licenses within a firm or by a third-party application service provider (ASP) sharing licenses between firms [1].

1.1. SaaS and SOA

Considerable confusion arises in distinguishing between software as a service (SaaS) and service-oriented architecture (SOA). The difference between SaaS and SOA is that the former is a software-delivery model whereas the latter is a software-construction model [3].

2. The Benefits

For many companies large and small, SAAS is the best way to roll out new technology. The staying power of SAAS has arisen for several reasons [1]:

2.1. The cost of entry is low.

Instead of paying lots of money to roll out complex technology across the entire company, customers can roll out just one test department of, say, 20 people. The risk is very low if it fails, and the company doesn't have to involve its busy IT staff.

2.2. The onus is on the vendor.

If the vendor's software is broken, the vendor won't be getting money from any customer for long. The vendor is motivated to fix the problem.

2.3. The vendor works for the buyer.

Customers don't have to rely on their IT departments to install an application. Everything is running securely at the vendor's location.

2.4. Less-risky investment.

Instead of spending \$60,000 all at once, for example, customers pay for the software monthly. The monetary risk is lower and less scary.

2.5. Vendors must provide a secure data environment, or they're out of a job.

Most vendors understand that data must be backed up religiously, and security is the top priority. Customers' IT departments are typically pulled in many directions and can't be as focused on one technology. Customers can assume their data security is probably safer when it's hosted.

3. The Vendors

The example of success companies are Salesforce.com Inc. [1], [2], RightNow Technologies Inc [1], LeanLogistics [2] and Katera [2].

4. The Examples

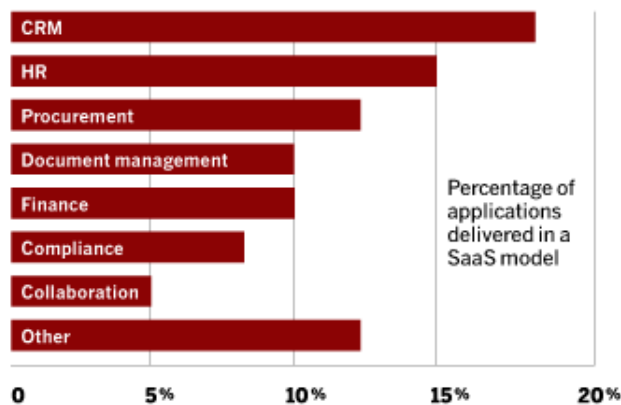
Some example of the SaaS are [4]:

- Customer Relationship Management(CRM) Software
- Human Resource
- Procurement
- Document Management

SaaS Usage TODAY

The usage of applications delivered as a service fall mainly in three areas: CRM, HR and procurement.

BY APPLICATION



Technology companies are the biggest users of the SaaS model, followed by financial services and utilities.

BY VERTICAL MARKET

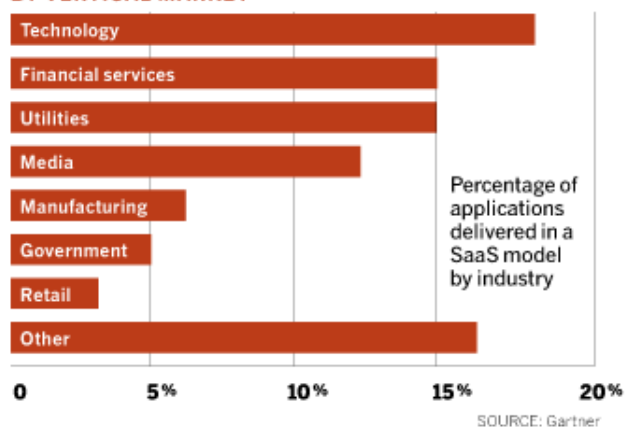


Figure 1. SaaS Today

The rank of application used as SaaS depicted in Figure 1. It shows that the largest application using SaaS is Customer Relationship Management (about 18 percent), followed by

Human Resource (15 percent) and Procurement Software (12 percent).

The figure also shows the industrial sectors that used the application. The highest sector is technology industry (18 percent), followed by both financial services and utilities (15 percent) and the media (12 percent). This figure shows that Government in the sixth place by vertical market.

5. Conclusion

The conclusion is using the SaaS will cut cost to the customer because they do not have to build their own data center and the cost of application development will much more reduced [4].

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