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**Software as  
a Service  
(SaaS):**

## Software as a Service (SaaS):

Software and business professionals generally associate the term SaaS with business software, and as a possibly lower-cost way for businesses to use software as needed rather than license all devices with all applications. When well-designed implementation and properly priced licenses, on-demand SaaS provides license benefits without associated complexity and the potential high cost to equip devices with applications they may not need.

Software as a service includes everything from running enterprise applications like CRM software and business intelligence (BI) software in the cloud, to productivity applications like email in the cloud, and databases in the cloud as well as custom apps in the cloud.

Software as a Service (SaaS) is a software distribution model in which applications are hosted by a vendor or service provider and made available to customers over a network, typically the Internet.

SaaS is becoming an increasingly prevalent delivery model as underlying technologies that support Web services and service-oriented architecture (SOA) mature and new developmental approaches, such as Ajax, become popular. Meanwhile, broadband service has become increasingly available to support user access from more areas around the world.

SaaS is closely related to the ASP (application service provider) and On Demand Computing software delivery models. IDC identifies two slightly different delivery models for SaaS. The *hosted application management (hosted AM)* model is similar to ASP: a provider hosts commercially available software for customers and delivers it over the Web. In the *software on demand* model, the provider gives customers network-based access to a single copy of an application created specifically for SaaS distribution.

## Benefits of the SaaS Model include:

- easier administration
- automatic updates and patch management
- compatibility: All users will have the same version of software.
- easier collaboration for the same reason
- global accessibility.

- Save money by not having to purchase servers or other software to support use
- Focus Budgets on competitive advantage rather than infrastructure
- Monthly obligation rather than up front capital cost
- Reduced need to predict scale of demand and infrastructure investment up front as available capacity matches demand
- Multi-Tenant efficiency
- Flexibility and scalability

The traditional model of software distribution, in which software is purchased for and installed on personal computers, is sometimes referred to as *software as a product*.



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