2017

Quick Take

- **Small to Medium sized businesses can have excellent technology.**

- **SaaS has a low cost of entry**

- **Understand the hidden costs of SaaS**

- **Understand the possible downside of SaaS**

- **Great technology but think before jumping right in**

Considerations

Network reliablility

Increased celluar data usage

Industry growth plans—3 to 5 year budget?

Outage management in a tenant environment

Plug-in support

Integration APIs and costs

What are the Hidden Costs of SaaS?

Small to Medium sized companies(SMB) can have sophisticated Information Technology (IT) at a very reasonable cost. Technology once reserved for large companies is now available to SMBs. This is due to the maturation of cloud computing or specifically, Software as a Service(SaaS).

Software as a Service (SaaS) is the approach cloud computing has taken to give SMBs excellent technology at a low cost. There is no large up-front investment and typically the cash outlay is a monthly per user fee. Lower cost, no big checks, this must be a no-brainer. Well, there are a few caveats that should be considered before going to the cloud with SaaS.

When using SaaS, you constantly need a connection and typically you need a steady connection. First and foremost, you need reliable access to the internet when using SaaS. Hosted or computer based applications can run without the internet and power so remote places and unreliable infrastructure may opt for the traditional computer-based software program.

With this need for connectivity, a hidden cost that companies overlook is the cost of celluar plans. Typically, SaaS comes with an application for your mobile device. This app leverages your investment of SaaS by bringing the program to the phone too. What happens, is

that this use of the phone increases data usage on your cellular plan. Companies adopting SaaS need to review plans frequently during SaaS implementation to ensure that the right plans have been tailored to the new environment.

The middle to long term budgeting process of IT will find that purchasing the software as a computer based program will become less expensive than SaaS somewhere between year 2 and year 4 of use. If the software is a static, low user count type of program, using SaaS may not be your best approach.

Outages are a part of IT and the better departments plan such outages thus avoiding expensive, unplanned events. Although most SaaS providers provide a certain Service Level Agreement(SLA), most IT professionals would rather have control of their destiny for mission critical systems than to rely on a third party. In my experience, the larger SaaS providers are very reliable but in some cases I have found lower end providers having unexpected outages more frequently. The cost of an unexpected outage is something you should consider before bringing mission critical systems from on-premise to the cloud or even the migration to SaaS.

A commonly used technique used by SaaS providers are plug-ins. These little pieces of code run on your local machines to increase the functionality of the SaaS program. Not
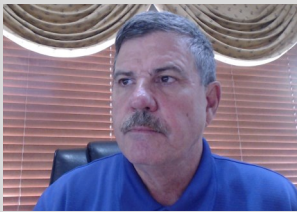
all SaaS offerings have plug-ins but if they use such little pieces of code be prepared to spend time and resources to keep the plug-ins up to date and local machines compatible to such programs.

Integrating software systems requires designing touchpoints and master file management in an enterprise environment. With an on-premise program, the company can use local resources with some guidance to design and implement touchpoints and ensure master file integrity is kept. IT has traditionally managed these interfaces to give the enterprise an integrated set of programs. When working with SaaS providers, you are typically a "tenant" in a multi-dwelling infrastructure. Simple master files uploads or downloads can be complicated with this tenant environment. Typically, the SaaS provider has developed a full application program interface (API) to allow companies to move data around for integration purposes. The problem is that the APIs tend to be unique to a particular SaaS vendor thus requiring the company to use their resources or spend the ramp up time for internal resources to program and test the documented APIs.

SaaS is one of the great leaps of productivity in the past decade. Low cost of entry, variable pricing, and immense functionality are positive benefits of SaaS. But before hurdling into this space, do consider some of the down falls of this technology.

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