# The SaaS opportunity for SMBs

## Time to raise your game?

By Dale Vile, September 2013

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Software as a Service (SaaS) is potentially a great fit for small and medium businesses (SMBs). Consuming business applications as services delivered over the internet means you don't have to worry about buying, installing and running physical IT systems. This is great news if you have limited in-house IT skills and resources, and a keen eye on cash flow. For a monthly fee (with no up-front costs), a service provider takes care of delivering what you need. You can then get on with the things that really matter to you and your customers.

In a recent Freeform Dynamics study sponsored by Symantec, however, it became clear that the opportunity is often poorly understood among those responsible for IT in an SMB environment. This is particularly true when the person in charge is a business rather than IT professional. With this in mind, we thought it was worth spelling out the rationale for SaaS in a smaller business context, which also comes through clearly from the research.

A good place to start is with the question of how well IT needs are currently met. Based on the research, the chances are that if you are working in a smaller business you are doing a reasonable job on essentials such as accounting and other applications that you have to have in place simply to function and remain legal. However, you can probably identify a number of areas in which IT could enhance your business performance but in which your current capability is either weak or non-existent:
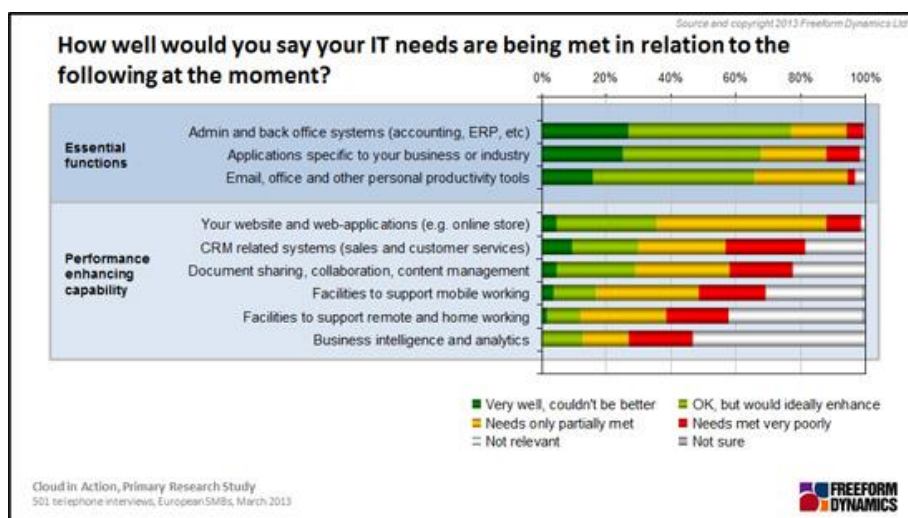
If you can relate to the picture we see, that's completely understandable. You are busy enough already, so spending time and effort looking at non-essential technology requirements can be hard to justify, particularly when you know from experience that doing anything new with IT generally consumes a lot of cash, time, and effort. You therefore live with what you have and avoid the cost and distraction of trying something "new".

This is where Software as a Service could come in. While many suppliers and pundits speak of SaaS as a way of saving money by shifting IT into the cloud, this not how early adopters are generally seeing it. The real value of SaaS stems from the removal of traditional barriers to investment and challenges to even 'getting started'. This in turn brings a lot of performance enhancing capability within your reach that you might otherwise not be able to exploit. Much of the SaaS activity we see, for example, is concerned with making better use of information, allowing employees to work together more effectively, and getting smarter about how you interact with your customers:
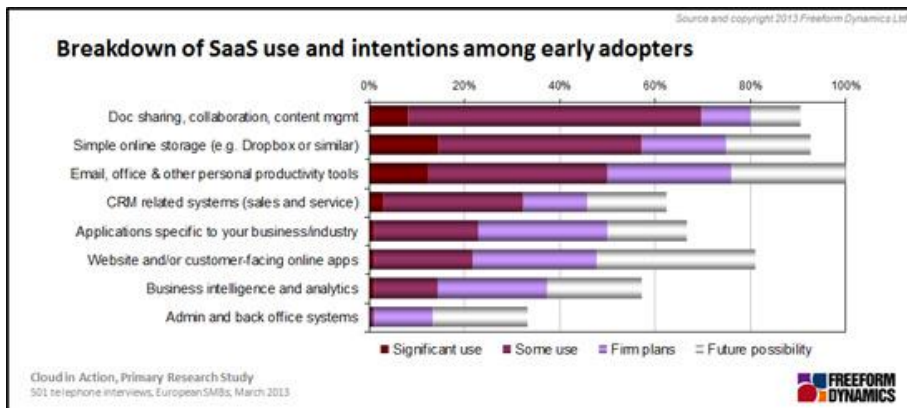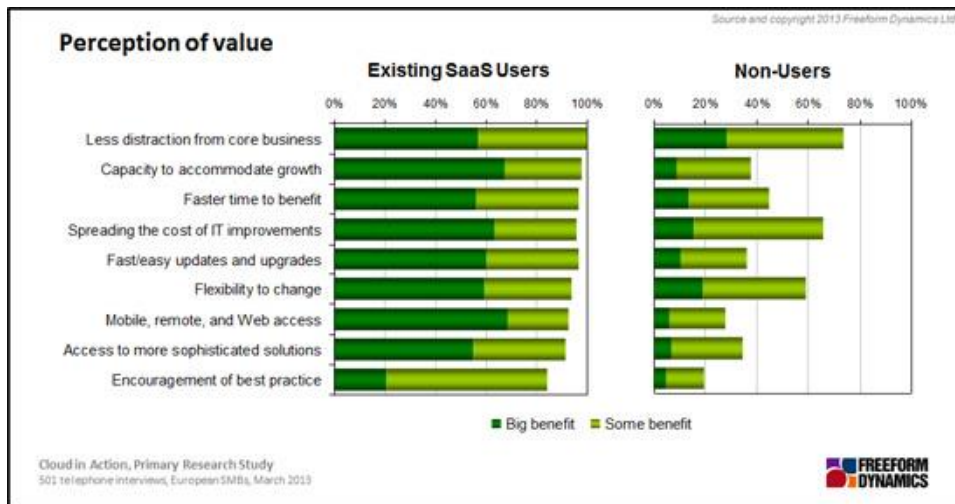


Beyond this, we also see SaaS being used plug some of the gaps in risk management that many business owners know in their hearts exist:
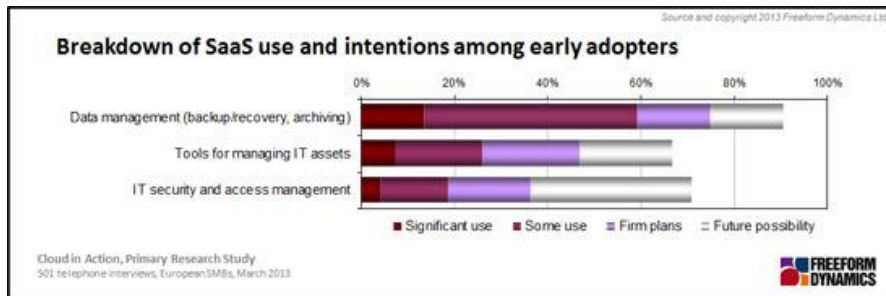


Again, focusing here makes absolute sense. It's easy to live with backup and security measures put into place many years ago and keep your fingers crossed. If we are honest with ourselves, however, we know that today we rely on IT much more, have a lot more data that's important to us, and are exposed to greater threats as our businesses have become more connected to the outside world. SaaS options allow defences to be strengthened cost-effectively without the need for in-depth data management and security expertise.

Sure, there are some concerns about trusting a third party with your data and relying on communications links that could fail, but a lot of the perceived problems are theoretical rather than real when you work through the detail. The main problem with SaaS is that most SMBs simply don't appreciate how it can benefit their business until they start using it. This becomes clear when we compare the responses of existing SaaS users, approximately one in five of our sample, with those relying on more traditional IT:

**Perception of value**

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Existing SaaS Users | Non-Users

- Less distraction from core business
- Capacity to accommodate growth
- Faster time to benefit
- Spreading the cost of IT improvements
- Fast/easy updates and upgrades
- Flexibility to change
- Mobile, remote, and Web access
- Access to more sophisticated solutions
- Encouragement of best practice

■ Big benefit ■ Some benefit

Cloud in Action, Primary Research Study
501 telephone interviews, European SMBs, March 2013

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Against this background, we would encourage all owners of small and medium businesses to take the time to investigate SaaS, not as a cost-saving alternative to the IT you currently have in place, but as a way of upping your game in terms of overall business performance.

For more information on the research and principles discussed in this article, please see our report entitled "Raising your game with Software as a Service; A guide for small and medium businesses" which is available as a free download (no registration required) from here.

## About Freeform Dynamics

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As part of this, we use an innovative research methodology to gather feedback directly from those involved in IT strategy, planning, procurement and implementation. Our output is therefore grounded in real-world practicality for use by mainstream business and IT professionals.

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