

Buying your Software as a Service? Make sure you ask the right questions (sample).

Please note that this version of the document has had the detailed recommendations removed, for a copy of the full white paper then please contact CustomRM, details can be found at www.CustomRM.com

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What do we mean by Software as a Service?

What is the History?

Software as a Service, or SaaS^(Ref#1) as it is often written, is the in vogue^(Ref#2) name for the model of providing software from a remote location, over a network, where the organisation using the software does not have to be involved with the day to day running of it. The use of the word service is based on the association with other “services” that we just use without being concerned about the complexities behind the scenes e.g. the telephone, the supply of electricity, the use of our Visa card

The opposite of this approach is referred to as on-premise, where, as the name suggests the hardware and software are deployed within an organisations buildings. Today this is still by some way the dominant model for organisations to use software.

There is a long history of the IT industry providing models where software can be delivered as a service from a central location, and one could even argue that this goes right back to the mainframe days. Terms such as eBusiness, on demand, utility computing, ASP and so forth have been marketed since the mid 90’s, all with the same basic message that you should not have to worry about looking after the infrastructure for delivering your software, you should just get on and use it.

Despite the general similarity of the message there are some key differences that set SaaS apart from these other models:

- *The services are provided using web technologies and provided through a browser*
- *The services are delivered from central locations rather than the organizations premises*
- *The services are typically delivered so that multiple organizations share the same infrastructure (multi-tenant)*

The services delivered under the SaaS umbrella are typically separated into those directed towards consumers and those directed towards businesses, and a nomenclature is growing up to reinforce this. For example:

- *Microsoft use the “Live” brand to refer to the services they deliver that are primarily targeted at individuals and the “Microsoft Online” brand for the business orientated offerings^(Ref#3).*
- *The phrase “Web 2.0” is now used almost indiscriminately within the IT world to describe anything that is new or updated^(Ref#4), however its roots are in the technologies and approaches that evolved to deliver more compelling web based services for use by consumers e.g. social networking sites, wikis and blogs. There is however much debate about what Web 2.0 really means, with some suggesting it is a blanket phrase with little real meaning at all^(Ref#5).*

Naturally as time has passed, refinements are being offered to this simple, everything “On-Premise” or everything “SaaS” story. Microsoft in particular is developing the concept of a hybrid model that they refer to as Software plus Services. The idea is that the best solutions will combine the benefits of on-premise software with the advantages of services delivered via the web. A simple example of this would be an Outlook client on your PC (software) connected to a hosted installation of Exchange server (service).

For the sake of simplicity all variations on the SaaS model will be referred to as “SaaS” throughout the rest of the document, except where the situation benefits from referencing a specific variant.

So why should I be interested?

The SaaS evangelists would have us all believe that this is the only future and someday soon all software will be delivered as a service, so better get on the bandwagon now before you miss all the benefits. And looking at the huge investments that some of the largest “gorillas” in the IT industry are making, maybe there is something to this.

However putting on one side the hyperbole that always goes hand in hand with new ideas in IT, there are in fact many sound reasons to consider this approach.

Costs

By providing the service to multiple customers, utilising a common centralised infrastructure, the provider can achieve economies of scale and therefore provide the service at a reduced cost compared to an on-premise solution. Also by “outsourcing” the service provision there will be the potential for internal cost savings.

Enterprise capability at commodity costs

To deliver an infrastructure that can offer services to multiple clients, in a reliable and secure manner the provider will have invested in capabilities that typically go beyond what a business (especially SME’s) could or would deploy. For example, redundant servers, on-site spares, multiple data centres supporting disaster recovery, 24 hr security guards, enterprise versions of software (rather than standard), a team of technical specialists, sophisticated backup etc etc. And yet due to the economies of scale available by sharing this infrastructure across multiple clients this is still offered at commodity costs.

This basic concept is nothing new, with a long tradition of businesses outsourcing non-core activities to third parties who can offer reduced costs due to their economies of scale. After all how many companies run their own postal, telecommunications, transportation or electricity services?

Anywhere Access

Due to the centralised nature of the service, it no longer matters where you are as long as you can access the internet. Sophisticated mobile devices (Blackberry, Windows Mobile etc.) have further pushed this idea by providing access to email and company data wherever you are in the world.

The hybrid models such as Software plus Services are also providing answers to the “what happens if I am not connected to the internet” question by providing synchronised copies of your data, which is managed centrally by the “service”, to your local devices “software”.

Speed of availability

Because the service is already installed and waiting for use, much of the traditional time taken to plan, install, configure and deploy is removed. This can allow businesses to have rapid access to sophisticated services and start achieving the business benefits as soon as possible.

Always up to date

The centralised management of the services makes it easier for the provider to deploy updates and once deployed all users will have access to the new capabilities. This also provides the opportunity to have more frequent release cycles, which leads to a more rapid introduction of improvements, bug fixes and customer enhancement requests.

This is in sharp contrast to the traditional on-premise model with one or maybe two updates a year and many customers not deploying these updates due to the business disruption and overhead involved and hence not receiving the benefits of the new release.

Maturity

Although there is always room for improvement, the reliability, security and capability of the services, is in general, “good enough”. As the music industry has found to its surprise, people have been happy to accept the quality compromises of the portable MP3 format, because of the huge gains in convenience.

The presence of industry heavy weights such as Google, Oracle, Microsoft et al, further reinforces the maturity of the market.

Why is this happening now?

Given the comments in the earlier “History”, an obvious question is why is now the right time for the “service” based software delivery model to succeed. There are many reasons (with a selection listed below) and to provide some logical order, these have been grouped using the PEST^(Ref#6) analysis categories:

Political

The UK Central Government has increasingly taken the view that shared “hosted” services are a means of achieving significant savings, with the Greshon review^(Ref#7) being a key driver. Examples of this are the framework agreements managed by the Office of Government Commerce for eSourcing with BravoSolution and for eProcurement with ProcServe (known as Zanzibar^(Ref#8)), or the Shared Business Services^(Ref#9) initiative for the NHS from Xansa. This public sector drive is creating an environment of acceptance and use that helps drives the whole industry.

Economic

The UK has for some time been migrating to a knowledge economy, with the need to compete globally and increasingly with low cost economies. This has provided the impetus for solutions that offer low cost, global reach for both the clients and the software provider.

The lowered cost base has also opened up the opportunity to market and sell to the “long tail”^(Ref#10) and this is driving new business models within companies both large and small (Google, eBay, Amazon, Microsoft Live, Salesforce et al). The success of these businesses is in turn encouraging further adoption.

Social

People are now used to having access to sophisticated and reliable service offerings at home to manage their email (Hotmail, Gmail etc), social networks (Facebook), online purchases (Amazon), gaming (Xbox Live) and even commerce (eBay), without the requirement for “complex IT”. This social acceptance of the technology at home is in turn informing the debate at the office about why business cannot have access to reliable, easy to use, low cost (or even free) services.

Technical

Finally we have the technical environment that has underpinned this change. Without doubt the most significant driver has been the mass availability of low cost, reliable broadband. This has made reliable, high speed access to the internet achievable for all businesses and most homes.

Supporting this has been the rapid development of technical standards for data transfer, connectivity and development frameworks, and whilst as always there are competing “camps”, the core standards are common (XML, web services, AJAX et al). There has also been a commoditisation of core services (data centres, telecoms, server hardware), and the availability of “Off the Shelf” software that supports a multi-tenanted deployment.

Services are also now being designed to allow for mass customisation through configuration i.e. each customer can configure the service to their specific needs, but the service provider only has to manage a single common code base. This has helped to bridge the gap between a “vanilla” service that may be cheap, but is just too standard to be useful and solutions that are highly customised and unique to each customer, with the associated costs.

Sounds too good to be true, there must be a catch!

Although there are many potential advantages of having your software delivered as a service (whether Software as a Service or a hybrid such as Software plus Services), it is still a maturing delivery model and as such there are potential gotchas.

The Existing Software Ecosystem

Despite all the hype the dominant delivery model for software is still the on-premise one. This means that the majority of IT workers and those that can support your business will be familiar and experienced in managing software on your premises.

Reliability and Security

When your software is delivered from a remote location you may never physically see the facilities used to deliver the service. Although things are improving and industry standards evolving, there is little to stop a provider from taking shortcuts to save costs and hoping that problems do not occur. Security especially is a complex area to get right and can easily be overlooked or ignored.

Offline Access

In a pure SaaS model the service is only available when you are connected to the internet, so how do I work when I am offline.

Data Ownership

With the global availability of the internet, the location of the data centre where your data is stored may not be within your country or even geographic area. This may affect the rights of the local authorities to have access to your data, or to whether you actually retain title to your data at all.

Commercial Arrangements

The traditional on-premise world was simple, you paid for:

- *A perpetual license for your software*
- *An optional annual support and maintenance agreement*
- *The hardware to deploy the software on*
- *Professional services to install and deploy and manage the software*

With the SaaS world things are changing as fast as they are maturing and although there are some common threads, there are also many loose ends:

- *Charges are for the service as a whole and granular transparency is typically lost*
- *The definition of commodity costing may vary considerably across providers depending on their individual business models*
- *Although often based on a subscription to use for a period, there are variations of period and whether in advance or arrears*
- *The basis for the periodic charge also varies, some will have transaction fees, others percentages of throughput value, whilst others offer some sort of fixed fee.*
- *Advertising based funding for services, especially at the consumer end is also popular, allowing for the provision of “free” services that Google have made so popular*

Depending on the nature of your business some of these may be opportunities or challenges. For example, is advertising a good thing within the education sector, even if it means “free” services.

Maturing and changing marketplace

It is important to recognise that this is a rapidly maturing marketplace. Things that were complex, high value services yesterday could well be low cost commodities tomorrow. As the market has matured so the early

adopting, small business entrepreneurs have been joined by the industry gorillas and this in turn has driven the cost models downwards for the core services. CRM is a classic example, where until recently businesses could spend tens or hundreds of thousands or even millions of pounds deploying systems from companies such as Seibel. Now companies such as Salesforce and more recently Microsoft are offering alternative service offerings, based on a per user, per month, commodity pricing model.

So should I leave well alone?

It depends. Everything we do in business (and life) carries a risk, the key is to understand the risks that we are taking, so we can make informed decisions and put the appropriate risk management strategies in place.

Understanding the risks and your ability to manage them, may make a service based approach wrong for you, or it may be the answer to a maiden's prayer and reduce existing risks within your business. Critically however, there is a fundamental difference between risk management and risk aversion, with the later typically leading to stagnation, decay and failure.

To understand the risks, you need to make sure you ask the right questions, both internally and to your suppliers.

It is no good asking the supplier generic questions and accepting a tick box YES from a tender, on the assumption that if they are being "economical with the truth" you can sue them later. By then you will have invested time and crucially business disruption and will effectively be tied in. Unfortunately the IT industry (along with many others) is quite happy to say yes and then after the sale protest their innocence by claiming "if only you had told me you meant...". The harsh reality is CAVEAT EMPTOR (buyer beware).

Make sure you ask the right Questions

The rest of this document provides examples of “the right questions” that you may wish to consider. The goal is to help you ask the right questions both internally and with your supplier(s) so you can manage your risks.

The questions should certainly not be seen as an exhaustive and prescriptive list that must be followed to the letter, but rather as a guide to assist in the creation of a question set that is appropriate to your specific business.

You may wish to simply use it as an aide memoire by referring to the questions in column 1, or as a tool to provide a deeper understanding of the issues and priorities for your business by referring to columns 2 and 3.

The questions have been grouped into the following areas:

1. *What does my business need*
 - a. *Capability*
 - b. *Costs*
 - c. *Legal*
 - d. *Readiness*
2. *What should I ask my supplier(s)*
 - a. *What type of supplier*
 - b. *Commercial Models*
 - c. *Commodity vs. Customization*
 - d. *Legal*

What does my Business need?

SaaS is simply a marketing term to describe how software can be provided to your business. It is not an end in itself, it’s only purpose is to assist in meeting business goals or addressing businesses challenges or issues.

Therefore it is critical that you are clear about what your business needs and therefore what is driving you to consider a SaaS offering. Being clear about this will inform the questions that you ask your supplier(s).

Appendix 1 has a series of links where you will find case studies and examples of where real businesses are benefiting from the SaaS model today.

Capability

Costs

Legal

Readiness

What Should I ask the Supplier(s)?

There are suppliers of different shapes and sizes, offering a variety of solutions based on various commercial models. Now you have a clearer picture of what you need, you can have a more constructive engagement with these differing prospective supplier(s) and more quickly find one that aligns to your business requirements.

Of course if the supplier community did not see value for them in this SaaS delivery model then they would not be offering services. In Appendix 2 there are a few example case studies of where suppliers believe they can offer a better service to the market by using the SaaS or S+S model.

What type of Supplier

Commercial Models

Commodity vs. Customization

Legal

Data Centre

Others

Glossary

Ad funded	Most “free” services are funded by Advertising revenue. Google is the most prominent example
AJAX	Asynchronous Javascript and XML - One of the technologies that allows for richer, more functional user interfaces within a browser
API	Application Programming Interface
ASP	Application Service Provider
Blog	Web Log
Browser	Software such as Internet Explorer and Mozilla Firefox that display web sites
Caveat Emptor	Buyer Beware
CRM	Customer Relationship Management
HMRC	Her Majesty's Revenue And Customs
ITIL	Information Technology Infrastructure Library
The Long Tail	A marketing term used to describe the large numbers of “low spend” customers
Multi-tenant	One installation of software that can be used by multiple customers
On-premise	Software installed within a customer’s organisation
PEST	Acronym used to group assessment of the marketplace – Political, Economic, Social, Technical
SaaS	Software as a Service
Software plus Services	A hybrid model combining hosted services (SaaS) with integration to local software
W3C	World Wide Web Consortium. An international industry consortium founded in 1994 by Tim Berners-Lee to develop standards for the Web.
Web 2.0	Term used to describe the new generation of user driven web sites e.g. Blogs, Social Networking, Wikis
Wiki	A collaborative website whose content can be edited by anyone who has access to it
XML	eXtensible Markup Language. An open standard for describing data from the W3C

References

Wikipedia (<http://www.wikipedia.org>) is a great source of information in this subject area.

An independent view on Microsoft's Software plus Services initiative can be found at <http://softwareplusservices.spaces.live.com>

1. *Software as a Service*
(http://en.wikipedia.org/wiki/Software_as_a_service)
2. *SaaS and Enterprise ASP Competitive Analysis, Oct 2004*
(http://www.oracle.com/ondemand/collateral/idc_ww_saas_2003_vendor_shares.pdf)
3. *Microsoft Software plus Services*
(<http://www.microsoft.com/online/saas/default.aspx>)
4. *Dell 2.0*
(<http://blogs.zdnet.com/BTL/?p=4405>)
5. *Tim Berners-Lee on Web 2.0: "nobody even knows what it means", Sept 2006*
(<http://arstechnica.com/news.ars/post/20060901-7650.html>)
6. *PEST Analysis*
(<http://www.quickmba.com/strategy/pest/>)
7. *Sir Peter Gershon Efficiency Review*
(http://www.hm-treasury.gov.uk/media/C/A/efficiency_review120704.pdf)
8. *Zanzibar - Public sector eProcurement*
(<http://www.zanzibaronline.gov.uk>)
9. *NHS Shared Business Services*
(<http://www.sbs.nhs.uk>)
10. *The Long Tail*
(http://en.wikipedia.org/wiki/The_Long_Tail)
11. *Salesforce Editions feature comparison*
(http://www.salesforce.com/uk/assets/pdf/datasheets/pdf_en_right_edition.pdf)
12. *John Liscombe – 20% growth*
(<http://www.microsoft.com/casestudies/casestudy.aspx?casestudyid=53722>)
13. *HMRC Document retention (see section 19.2)*
(http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_InfoGuides&propertyType=document&id=HMCE_CL_001596)
14. *Document Retention – Don't Shred that Statement*
(<http://www.hphonline.co.uk/businessmatters/Issue26/2.pdf>)
15. *Salesforce AppExchange*
(<http://www.salesforce.com/appexchange/>)
16. *Microsoft Office Live Small Business Marketplace*
(<http://office.microsoft.com/en-us/officelive/FX102051381033.aspx>)
17. *ISO 27001 Security Standard*
(http://en.wikipedia.org/wiki/ISO_27001)
18. *ITIL the Information Technology Infrastructure Library*
(<http://en.wikipedia.org/wiki/ITIL>)
19. *Salesforce AppExchange Marketplace*
(<https://www.salesforce.com/products/appexchange-applications/>)
20. *7Global – Partner Hosted Microsoft CRM*
(http://www.7global.co.uk/Services/microsoft_hosted_crm.aspx)

Appendix 1 – Examples of why SaaS makes sense for businesses

There are a growing number of businesses that are embracing the SaaS model. The following links provide a small sample of these businesses and the benefits they are seeing:

1. *Salesforce – a provider of CRM solutions and one of the poster children for delivering hosted software*
(<https://www.salesforce.com/customers/>)
2. *Zanzibar the eProcurement marketplace for the UK public sector*
(<http://www.procsolve.com/customers/>)
3. *Microsoft Office Live customers in the UK*
(<http://office.microsoft.com/en-gb/officelive/FX102204081033.aspx>)
4. *Hosted email from Ceryx*
(<http://www.ceryx.com/>)

Appendix 2 – Examples of why SaaS makes sense for suppliers

The following 3 case studies are from the Microsoft Software + Service Partner Opportunity Whitepaper that can be found at <https://partner.microsoft.com/US/40044198>.

CASE STUDY: NIMBUS PARTNERS



Partner Profile

Company size: 65 employees

Annual revenues: US\$12 million

Headquarters: United Kingdom

Markets served: North America, Europe, Middle East, and Asia Pacific

Microsoft technology: Windows Server, SQL Server, SharePoint Server, PerformancePoint Server

Web site: www.nimbuspartners.com

Key performance indicators:

- Subscription revenue growth
- Cash flow
- Customer-to-employee ratio
- Infrastructure utilization

Nimbus Partners develops and markets a process-mapping and performance management solution called Control 2007, which can be deployed on-premise, hosted by Nimbus, or delivered as a hybrid model that uses a combination of the two approaches. Nimbus was recently named a "Cool Vendor in Business Process Management (BPM)" by Gartner.

Business Challenges Before the Software + Services Transformation

Nimbus sold on-premise software licenses and provided deployment services like a VAR. Nimbus was faced with long sales cycles and frequent roadblocks by clients' IT departments due to workload or server capacity, the clients' outsourced IT providers, or the perceived risk of deploying.

After the Software + Services Transformation

Nimbus now provides hosted, on-premise, and hybrid implementations of its solution to Fortune 1000 customers. The transition to a Software + Services business model has resulted in:

- **Exceptional revenue growth.** Revenue grew 48 percent and 52 percent in 2005 and 2006, respectively, as compared with 5 percent annual growth four years ago.
- **A shorter sales cycle.** On average, sales cycles were reduced by three to six months because business decision makers can sign up for (and expense) Nimbus's solution instead of going through their IT departments. If they like the solution and want to roll it out broadly, they can continue to have it hosted or migrate it in-house.
- **Happier field employees.** With IT hardware and software hosted at Nimbus's datacenters, Nimbus has better control of that infrastructure. Field professionals at Nimbus can access and troubleshoot the system from anywhere, which decreases travel time and employee burn-out.

Value of Microsoft Partnership:

- **Microsoft Service Provider Licensing Agreement (SPLA).** The SPLA has enabled Nimbus to link its Microsoft software costs directly to customer revenue. The SPLA significantly reduced the financial risk Nimbus had to take when adding hosted services to its business portfolio, with significant advantages in terms of cash flow and inventory cost.
- **Familiar technology.** Microsoft technology is already familiar to every client that Nimbus serves. Nimbus's sales teams almost never get pushback on the technology.
- **Access to resources like Microsoft Technology Centers (MTCs).** MTC visits are used to help integrate Nimbus solutions with Office PerformancePoint™ Server and SharePoint Server in only a few weeks. Access to Microsoft experts reduces development and integration times for Microsoft technology and thus reduces risk.

CASE STUDY: NITROSELL



Partner Profile

Company size: 25 employees

Annual revenues: Proprietary

Headquarters: Cork, Ireland

Markets served: Small and midsize independent retail merchants in the United States, United Kingdom, Europe, Australia, and Asia

Microsoft technology: Microsoft Dynamics Point of Sale, RMS, GP, NAV, and CRM; Microsoft Office Live; Windows Live Search; Windows Live Product Search; and Windows Live Local Search

Web site: www.nitrosell.com

Key performance indicators:

- Combined traffic across all customer WebStores
- Number of product impressions (drives ancillary ad revenue)
- Number of retailers
- Number of Microsoft Dynamics RMS, CRM Live, Web design, and search engine marketing partners
- Search engine page rankings
- Performance on Windows Live Search, Windows Live Product Search, and Windows Live Local Search

NitroSell helps small to midsize brick-and-mortar retailers implement and run integrated online stores. When NitroSell e-Commerce is used with Microsoft Dynamics Point of Sale, Microsoft Dynamics Retail Management Solution (RMS), Microsoft Dynamics GP, or Microsoft Dynamics NAV, the result is a single, integrated solution for managing both in-store and online sales channels. NitroSell's solution was recognized with an "Outstanding Web Store for Microsoft Dynamics RMS" award in May 2008 by the Microsoft Dynamics RMS team.

Business Challenges Before the Software + Services Transformation

NitroSell was founded in 2005 to deliver a multichannel sales management system to a global mass market. To make this work, the company had to deliver a price point below the current threshold for such systems and hide all technical complexity from its target customers, which typically do not have IT departments. NitroSell also had to find and leverage a virtual sales network with an existing presence in its target customer base and support those sales partners using an efficient one-to-many model.

After the Software + Services Transformation

NitroSell partners with Microsoft Dynamics resellers to deliver "bricks and clicks" (traditional store fronts + e-commerce) solutions for retailers. The solution is a hybrid model, with online storefronts hosted on NitroSell eCommerce clusters and other parts (Microsoft Dynamics and NitroSell add-on) running at the customer location. NitroSell partners are supported through a self-service Web portal. The transition to a Software + Services business model has resulted in:

- **Rapid market traction.** NitroSell has enabled more than 500 retail businesses for the Web in less than two years. More than 920,000 customers have online accounts on NitroSell's customer Web stores.
- **Highly competitive pricing.** By investing in a robust back-end billing and provisioning system and recouping costs from subscription revenue, NitroSell can deliver a solution that costs significantly less than the competition. Recurring revenue is based on the success of a NitroSell WebStore and is thus a compelling value proposition for the target customer base.

Value of Microsoft Partnership:

- **Partner-to-partner opportunities.** NitroSell has recruited and trained a network of more than 190 Microsoft Dynamics resellers as its virtual sales network in less than two years, and this channel is now delivering a steady flow of new customers. Partnering with NitroSell enables Microsoft Dynamics partners to offer a more complete customer solution, thereby increasing their own sales success.
- **Ability to deliver greater customer value.** NitroSell looks for ways to deliver more value to customers by working with partners in the Windows Live ecosystem, such as Microsoft adCenter users and Microsoft Silverlight Web designers.

CASE STUDY: PROCSERVE



Partner Profile

Company size:
50-plus employees

Annual revenues: Proprietary

Headquarters: London,
England

Markets served: Customers typically include business process outsourcing providers, governments, public sector organizations, private enterprises, and suppliers.

Microsoft technology: Windows Server, SQL Server, .NET Framework, and Virtual Earth

Web site: www.procsolve.com

Key performance indicators:

- Recurring revenue
- Customer growth
- Renewal rates

ProcServe provides innovative electronic procurement and supply chain automation solutions and professional services to deliver secure, fast, and flexible connectivity among buyers, suppliers, and their back-office systems.

Business Challenges Before the Software + Services Transformation

ProcServe founded its business on a services-based model to allow the company to rapidly obtain a global reach with a minimum of resources and costs. After using the hosted service, customers requested on-premise software to enable supply chain integration with back-office systems.

After the Software + Services Transformation

ProcServe's hosted marketplace service facilitates catalog management and e-procurement document processing and exchange, while on-premise software enables deep integration with back-office systems.

The adoption of a Software + Services business model has resulted in:

- **Increased customer loyalty and value.** As customers continue to see value in deeper supply chain integration, ProcServe can now offer value-added services such as back-office integration and traditional professional services.
- **Predictable revenues.** A subscription model provides a strong annuity stream that helps improve revenue and cash flow planning.
- **Low operating costs.** A Software + Services model enables ProcServe to support lower-spend customers with an automated self-service approach and shift sales resources to higher-value customers.
- **Rapid response to new opportunities and customer needs.** A hosted model supports a two-month product update cycle and ensures that all customers are using the latest version and thereby receiving maximum benefits and support, leading to increased customer loyalty.

Value of Microsoft Partnership:

- **Lower capital expenditure (CAPEX) costs.** The Service Provider Licensing Agreement turns traditionally high CAPEX costs for software into an OPEX model by enabling ProcServe to license Microsoft products expansion as required.
- **Lower infrastructure costs.** Support for database mirroring in SQL Server 2005 reduced the cost for ProcServe to implement a high-availability database cluster by an order of magnitude.
- **Richer solution offerings.** Windows Live services provide easy solutions to traditionally complex requirements. For example, the Virtual Earth mapping software service enables data to be graphically mapped, providing a low-cost geographic information system solution.