



system and Workday's human capital management system, respectively.

Myth No. 4: SaaS is less reliable and less secure than on-premises applications. Although service disruptions experienced by Google or Salesforce.com get plenty of attention, those types of incidents don't happen very often, and they don't last as long as many enterprise outages. And there hasn't been a major compromise of a SaaS operation reported yet, even as we continue to read regular accounts of security breaches in traditional IT environments.

Myth No. 5: IT professionals are uniformly opposed to SaaS. While some might worry that SaaS is too risky or could threaten their livelihoods, the number of people who feel that way is dropping. More IT professionals are recognizing that SaaS not only rids them of the day-to-day hassles of traditional software, but also that a new generation of SaaS-based IT management software can actually help them better manage their own IT operations (see "Newfound Freedom," page 25).

While myths about SaaS linger, the realities are quickly overtaking them. ■ **Jeffrey M. Kaplan** is managing director of ThinkStrategies (www.thinkstrategies.com) and founder of the SaaS Showplace (www.saas-showplace.com). Contact him at jkaplan@thinkstrategies.com.

Jeffrey M. Kaplan

Five Myths About SaaS

DESPITE A growing track record of success, software as a service is still misunderstood by a surprising number of IT and business decision-makers. It's time to put to rest some misconceptions about SaaS. Let's bust the five most common myths.

Myth No. 1: SaaS is a peripheral trend. Take a look at the numbers, and you'll see that SaaS is becoming a mainstream movement. My firm, ThinkStrategies, has been conducting SaaS customer surveys in conjunction with Cutter Consortium for four years, and our latest survey, in October, found that SaaS usage had jumped from 32% of respondents in 2007 to 63% in 2008.

Equally important, over 90% of the survey respondents who were using SaaS said they were satisfied with the model and planned to renew their subscriptions and expand their use of SaaS offerings. Moreover, they said they would recommend SaaS to their peers. Those are satisfaction and referral levels that traditional software vendors can only dream about.

Myth No. 2: SaaS offers just one type of application. In

fact, SaaS tools vary in form and function as much as the overall assortment of software available today.

Although all SaaS, by definition, is available via subscription and is designed so a single code base can support multiple users, there are countless ways in which SaaS is packaged and priced. In fact, our online directory of SaaS providers now lists more than 950 companies that offer SaaS across 80 application, industry and technology areas.

Users can also configure a growing number of SaaS applications to meet their individual needs (see "SaaS Surprises," page 18). While SaaS can't be customized to the same extent as traditional applications, that isn't necessarily a bad thing. Many enterprises have customized their in-house applications to such a degree that the software can no longer be fully supported by the vendors, nor

can it be easily upgraded.

The business and IT decision-makers I talk with are recognizing that a high level of customization can be counterproductive.

Myth No. 3: SaaS just offers skinnier versions of more sophisticated applications.

There's no question that most SaaS applications have succeeded because they are simpler to deploy, use and maintain than in-house applications are. But that doesn't mean users are sacrificing functionality when they move to SaaS offerings.

Instead, we've seen a steady growth in enterprise adoption of SaaS. Indeed, large organizations are Salesforce.com's fastest-growing customer category.

Last year, GE and Flextronics International announced companywide SaaS deployments — of Aravo Solutions' supplier information management