Communicating SaaS WCM Value

A Guide to Understanding the Business Case for Software-as-a-Service Solutions for Web Content Management

By Mary Laplante and Bill Trippe, Senior Analysts

January 2009

Sponsored by

Clickability

THE GILBANE GROUP

Executive Summary

Imagine that your company is not impacted by the economic issues that define the global business climate in 2009.

No spending freezes, no budget cuts, no staff reductions. No standing still amid uncertain and unpredictable external business factors. Upgrades and enhancements to critical business applications go ahead as planned. New web strategies for delivering content, increasing revenues, and satisfying customers are executed as top priorities, following executive mandate.

Now imagine that you can still move ahead with your web business programs, in spite of uncertainty. What would you gain by acting when others wait for recovery? What would that mean to your organization when the economy shifts around again?

This paper will help you understand how SaaS WCM fits into a strategy for making investments that create competitive advantage, even in unpredictable economies.

Worldwide economic issues are forcing companies of all sizes to reconsider strategies, tactics, and the budgets that drive them. At the same time, attracting and retaining customers with innovative web experiences is more important than ever, as top-line results get laser focus from executives, directors, and shareholders. How can your company manage the tension between the relentless pressure to innovate now and the need to operate with fiscal responsibility?

For a growing number of companies, the software-as-a-service (Saas) model for web content management (WCM) is the answer.[1] With exponentially faster time to business results, SaaS WCM is especially attractive when companies must scrutinize every investment for value. With lower upfront costs, SaaS can enable companies to move ahead when others cut spending, creating significant advantage that will be hard for competitors to match when the economic pendulum swings back the other way.

Within the contexts of the changing economy and the strategic value of WCM, the core benefits of SaaS—including faster time to market, agile innovation through capabilities enhancements, IT independence, and on-demand scalability—are especially compelling. Unfortunately, the path from considering to deploying to realizing business benefits with SaaS isn't straightforward within many

---

[1] Within the broader technology market, Gartner Group predicts that software-as-a-service will account for more than one-third of all software deployments by 2012.

organizations. A primary obstacle is often technology acquisition processes that are geared towards buying technology rather than services.

Gilbane Group believes that it's time to reframe the acquisition dialog to accommodate SaaS solutions for web content management. This guide is designed for business, IT, and content managers who need to start that dialog with a business case. Its purpose is not to sell you on the potential of SaaS for your organization; our premise is that you have already made a decision to consider SaaS options. Our focus is on helping you understand what matters most when considering WCM software solutions delivered as a service.

The framework for this guide comprises a series of questions that are typically raised during the information gathering stages of technology acquisition processes. These questions highlight business case considerations, including total cost of ownership, staffing requirements, and the existing IT environment into which the solution must fit. They are drawn from Gilbane's work with user clients and from a review of about a dozen business plans, RFPs and RFIs for WCM that have crossed our desks over the past year. The questions are designed to help you develop a business case based on a solid understanding of key factors that differentiate SaaS and licensed/installed software—and, in the process, determine the approach that best fits your business requirements.

As the result of reading this paper, you'll gain insight into the dimensions along which successful business cases are made, and you'll know how to talk with colleagues, executives, and suppliers about delivering WCM-enabled business applications without licensing or installing software.

The Need for a Different Conversation

Business case development and technology evaluation and acquisition are legacy processes within most organizations, tied to the licensed/installed model that has characterized the software industry for decades. These processes typically don't align well with the nature of and value propositions offered by SaaS. At best, the acquisition process becomes confusing and drawn out; at worst, solutions with optimum impact on business goals fall off the list because they don't neatly fit into legacy acquisition processes. What's needed, then, is a new and different conversation about evaluating and acquiring business solutions.

But First, Some SaaS Fundamentals

Today's buyers of WCM software can choose from two technology delivery models: as a service, or as technology in the form of software licensing with on-premise or hosted deployment.[2] The two

---

[2] Within the licensed segment, buyers can further choose between proprietary and open source software.

models represent fundamentally different approaches to addressing business needs. With SaaS, you access via a services agreement a ready-made (or nearly ready-made) business solution that includes software, applications, and infrastructure. With licensed software, you are granted rights to deploy and use technology that's proprietary to a vendor or developed by an open source community and supported by third parties or internal IT.

Although simple at face value, the differences are profound for the organization implementing solutions. With SaaS, you do not "buy" technology as you do with licensed software. As services, SaaS solutions are "technology agnostic" to your organization. The implications as they relate to identifying suppliers and evaluating offers are significant:

- Many of the usual questions aren't relevant when evaluating and choosing SaaS-based WCM. As examples, what hardware does it run on? Does the data model support a certain SQL database? These questions don't matter because you are not licensing and installing software.

- IT doesn't have to painstakingly analyze the underpinnings of the potential offers because, again, they aren't being installed on company servers. Business analysts can select solutions based exclusively on the needs of your end-customers and the people using the solution to deliver value to them. IT is free to focus on higher-order questions of usability and suitability to the tasks and roles.

- With this mindset, Service Level Agreements and issues related to support and partner ecosystems are much more important considerations.

- SaaS applications are booked as operating costs rather than capital expenditures. SaaS also eliminates IT infrastructures that are capital intensive, since there's no internal deployment. In many cases, business managers can engage SaaS vendors out of departmental operating budgets, dramatically reducing the extent to which IT needs to be involved in the acquisition of new technology at all. Be sure to have a conversation with your Chief Financial Office to understand the full implications and benefits of SaaS from an accounting perspective.

The questions that matter and those that are no longer relevant reflect the fundamental difference between buying technology and accessing it through a services agreement. They move the conversation away from narrow issues about the right technology approach to broader issues about how the potential solution can help the organization meet business goals. Before examining those questions in detail, however, we address one more fundamental issue.

Is It Really SaaS?

If you have decided that deploying WCM software as a service is a good potential match for your business needs, then you will want to make certain to distinguish true SaaS from SaaS pretenders.

The core concept is *multi-tenancy*, the software model that makes a single instance of the software accessible to multiple customers through standard web browsers. True SaaS providers develop and

enhance a single code base; all customers access the same software, configuring rather than customizing it to drive their business applications.

A detailed discussion of multi-tenancy is outside the scope of this guide. Several key value propositions that derive from the concept are important, however, as they shape some of the relevant and irrelevant questions that we explore below.

- First, *working with a single code base exponentially accelerates the delivery of new capabilities.* Updated software can be available to customers within hours rather than months or even years, as is the case with minor and major releases of installed software. The result is the potential for constant innovation of the applications that you deliver to your end-customers. It can be challenging—but not impossible—to articulate this payoff in a business case.

- Second, the best SaaS suppliers are responsive to the *needs of their most demanding customers*, those who lead their industries and seek to deliver what competitors can only imagine. When the single code base is updated to meet the needs of such organizations, every customer benefits because those capabilities are available to all in a kind of "solution democracy."

With this understanding of SaaS fundamentals, we turn our attention to questions and related issues that are relevant—or not—when creating a business case for and evaluating SaaS-based WCM.

Questions That Don't Matter

As discussed above, many questions and checklists that are included in business cases and functional specifications are artifacts of traditional procurement processes. They apply to technology that is licensed from a supplier, installed on servers behind the organization's firewall, and customized and maintained by internal or external IT resources. These issues aren't relevant because, simply put, you're not buying software when you consider SaaS WCM solutions. A sample of the questions that no longer matter because of this fundamental difference includes the following:

What technology infrastructure is required—hardware, operating systems, and database support?

Irrelevant because no software is being installed at your site. In most cases, the SaaS solution will be accessible for all users through one or more of the standard, widely supported browsers. The dramatic reduction or even elimination of investments in WCM infrastructure is often where companies receive immediate ROI in SaaS solutions.

Does the solution offer clustering?

Irrelevant because software is delivered as a service. The provider is responsible for ensuring availability. With this and other technology details, the focus shifts from questions about how the solution is architected, deploys, and runs to the terms under which your organization has access to the solution. These are spelled out in a Service Level Agreement, or SLA, which specifies in detail (or should, anyway) the services that the SaaS vendor commits to providing.

You can think of the SLA as the agreed-upon services you "buy" from the SaaS provider. SLAs are discussed in detail later in this guide.

What amount do we need to budget for maintenance and upgrades?

Irrelevant because software is delivered as a service. You are not licensing a product that needs to be maintained and upgraded. The service fee that you negotiate with your SaaS provider includes the current state of the software and any enhancements and upgrades that are routinely made to it over the course of your contract. See below for the corollary question about what matters with regard to financial planning.

What is necessary to deliver the application to the end-user customer?

Irrelevant because, here again, your customers—the end-user of the business solution enabled by SaaS WCM—access the application through a standard web browser. The focus shifts to the SLA.

What programming language or languages does our IT staff need to know to implement the solution?

Irrelevant because the solution is functionally complete, and most customers can use it without customization or extension. No special skills are needed on the front-end, as users access the solution through a standard browser. IT involvement is minimal.

When will we need to buy new servers and what is the cost as we grow?

Irrelevant because you buy no hardware. Your SaaS vendor is responsible for scalability and capacity, on-demand. The negotiated service fees should spell out exactly what the cost is as your usage grows.

What mandatory and "nice to have" features and functions from our checklist does the software support?

Irrelevant because the exact feature and function checklist is less important than the overall capabilities of the SaaS solution to address your business need. A SaaS solution is successful when it meets the vast majority of requirements for a given problem space, not when it can be built or customized to mimic every feature a customer might anticipate using at some point in time. It's about business goals.

How much should we budget for contingencies, delays, and other problems with the launch of the solution?

Irrelevant because while delays are certainly possible in any project, a delay in deploying a SaaS solution does not tie up expensive IT resources with scoping and re-scoping features and capabilities. If this question were to be asked in an RFP for SaaS, the answer would be "nothing." The burden is on the SaaS provider to get the customer's data and users onboard and productive with an existing solution.

What is the level of effort—people, time, and money—that is necessary for customizing the application?

> *Irrelevant because all* SaaS customers have access to the same software. The software is not installed on site, and therefore it is not customized to the needs of individual customers. Rather, if it's based on a contemporary architecture and is designed for true multi-tenancy, the solution is highly configurable and is tailored to suit your needs.

Who are the provider's implementation partners?

> *Irrelevant because* there's no implementing the software. SaaS specifies an onboarding process, bringing your organization and users onto the platform. A more appropriate way to think about the process is *time to productivity*, or perhaps *time to utility*. Once the customer data is loaded into the SaaS solution, the next step is getting users onboard and productive with the solution.

Does the provider offer a managed service or "hosted" version?

> *Irrelevant because* these terms are commonly used to refer to outsourcing certain aspects of licensed software, such as managing the software installation and maintenance or renting external servers to run licensed software. SaaS offers are total solutions that enable customers to retire any legacy software and hardware that supports current operations.

What contingencies are made for server performance, e.g., failovers and load balancing?

> *Irrelevant because* the question relates much more to a traditional hosted model where an IT organization needs to understand the details of hardware and network configurations and how these factor into the overall availability of their infrastructure. In a SaaS model, customers instead need to only focus on the availability of the solution as specified in the service agreement with the SaaS provider.

And Now, the Questions That Matter

With SaaS-based WCM, your organization enters into a services agreement with a company that provides a business solution, including software, hardware, applications, infrastructure, and even subject matter expertise in business practices such as web content management. Unless your company uses other SaaS solutions, you probably haven't considered how the questions that drive business and technical evaluations are different from those that are relevant to technology purchases. Most organizations aren't aware that their business cases and functional specifications need to be recast to specify the issues related to services-based relationships.

A Service Level Agreement is the primary contract vehicle between you and the SaaS provider. In simplest terms, it specifies the level of service that will be provided to your organization. SLAs differ from relationship to relationship, but most include cost, usage levels, and other data points that will enable the provider and user to agree on the level of services delivered and received. They attempt to

"[balance] . . . customer desire with operational reality."[3] In your business plan and functional specification, you will want to include issues and questions that help you evaluate the performance of potential SaaS suppliers, such as:

What is the minimum performance specified in the SLA?

> The minimum performance is just that—the minimum performance criteria that a SaaS provider promises to meet when delivering services. The uptime specification can be as high as 99.9% with SaaS WCM options. The SLA should also outline specific remediations if the provider fails to meet the criteria.

What kind of turnaround can be expected on change cases, requests for enhancements, or bug fixes?

> *Relevant because* turnaround time is a key performance indicator of supplier responsiveness. A response time of 24 hours is reasonable for non-critical items. Faster response times may be offered through paid support packages.

What are the support processes of the SaaS WCM supplier?

> *Relevant because* SaaS WCM vendors may offer a full range of support processes and options. Issues should be able to be logged online 24/7 through a customer portal. A community site that leverages the experience of other customers may be available to provide answers to many technical questions. Paid support packages can include the option of a designated technical account manager who may offer a higher level of support and more familiarity with your site and your business.

What measures are taken at the data centers to ensure business continuity? What are the business continuity provisions in the agreement?

> *Relevant* because your business depends on the reliability of the SaaS provider. Business continuity is "the ability to maintain operations and services in the face of a disruptive event."[4] It's important that reliability levels be specified in the service agreement with the SaaS provider. Since business continuity is the goal, you will want to ensure there are mechanisms in place for failover, redundancy, and data backup. Companies that offer multi-tenancy must provide a high level of reliability. The SLA should include the assurance that the provider will assess the security of the service against virus attacks, hacking, denial of service attempts, and fraudulent misuse. The provider should implement industry-standard security measures designed to prevent unauthorized persons from accessing web controls (including data publishing and content management functions) and from using or altering user data in an unauthorized manner.

---

[3] Service Level Agreements Come of Age, Michael Biddick, *Information Week*, Nov 29, 2008.

[4] Glossary definition published by the Civil Contingencies Secretariat in Great Britain.

In addition to issues related to the SLA, there are other questions essential to evaluating SaaS that are independent of performance agreements between you and your provider.

What will the solution cost this year, next year, and over the life of its use?

> *Relevant because SaaS* solutions have grown in popularity for many reasons, but perhaps two of the biggest are price predictability and price transparency. While traditional software acquisition and integration projects are prone to cost overruns and hidden costs, SaaS adoptions are much more predictable in terms of cost. Ask for detailed price list information to understand the overall cost structure and any detailed unit costs that might be incurred.

What is the model for extending the solution, and what kind of flexibility does it afford?

> *Relevant because* although the SaaS solution itself should be functionally complete or near complete, you will want to understand the solution's capabilities to integrate tools, technologies, and resources that meet end-customer needs today and tomorrow. Integration *does* matter. Since many SaaS solutions have been developed recently, they likely benefit from a contemporary integration approach such as Service Oriented Architectures.

Same Questions, Different Answers

Some questions regarding SaaS WCM solutions are important no matter which technology delivery model you choose. The answers are just different.

Where, how, and when can we expect ROI?

> *Always relevant.* ROI in IT projects is traditionally measured by *payback*, or when the technology investment pays for itself in increased efficiencies combined with new revenues. But SaaS offerings present a different—and indeed compelling—model for ROI that promises to accelerate payback and allow organizations to increase the overall use of technology while adopting industry best practices as embodied in the SaaS solution.

How do we work with the supplier as a partner?

> *Always relevant.* SaaS vendors are business partners, not technology partners. They have created a solution to fit a certain need; their value is not in the technical details of how they built this solution but in how well it fits your needs as well as those of their many other customers. Vendors should be experts at best practices within your business domain.

What kind of partner ecosystem exists around the solution?

> *Always relevant.* Make sure that the solution can be integrated with a variety of specialist partners offering both SaaS and traditional installed solutions.

Using the Questions

The questions outlined in this guide are by no means a complete inventory of issues that you should cover when investigating WCM solutions. They are designed to highlight those factors that often cause the most confusion when comparing SaaS and licensed/installed solutions. We created the guide as a tool to use in several scenarios:

- To help you steer internal conversations from focus on technology to focus on business problems and solutions. A common pitfall during the acquisition process is a tendency to default to tactics rather than strategy. When stakeholders gather, the first questions often are about which technology the organization should choose (tactics) rather than what business problem needs to be solved and how the solution will deliver value to you and your customers (strategy). The questions posed herein will help you draw attention to the real business goals and objectives behind any new solution.

- To help you develop acquisition artifacts (such as business cases, requirements documents, and RFPs) that enable you to fairly consider the strengths and weaknesses of all possible solutions, SaaS and licensed (including open source). Incorporating the appropriate issues into the funding and acquisition processes can help bias the chosen solution for a positive outcome—finding the best fit from the broadest range of options.

- To help you look at your internal resources in new ways. SaaS changes the roles of IT, marketing, support, and line-of-business managers, potentially enabling each group to deliver new value to the organization by focusing on what it does best. The issues and questions raised in this guide can help IT and business people reconfigure their relationships in positive ways that benefit your company and your customers.

- To help you drive innovation that creates competitive advantage. Your customers aren't standing still. Neither can your business. Regardless of which delivery model best fits your company, the solution has to be able to drive innovation. As the first decade of the 21st century comes to a close, innovation has to be rapid, value-driven, and sustainable. The questions and issues posed in this guide are meant to help you think through how your organization is going to step up and meet that challenge.