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Accelerating Time-to-Market for SaaS Solutions:

Clearing the Hurdles for Integrated, Cost-Effective Product Development and Delivery

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It's a common experience among software companies today: increasing cost pressure, high customer expectations, and global competition all placing new demands on development and delivery processes. Software as a Service, or SaaS, is proving to be the wave of the future, enabling software companies to significantly reduce their time-to-market and time-to-profitability. But getting SaaS applications to market introduces a new set of issues requiring software companies to not only change their delivery platform, but also their development mindset. That's a daunting prospect, to say the least.

Yes, it may be a little scary when we start talking about changing mindsets. Yes, there are hurdles to get over to bring on-demand products to market in a SaaS environment. But the benefits are well worth the effort. Customers are flocking to the SaaS model because SaaS offers reduced investment risk and a lower total cost of ownership, as well as greater flexibility in terms of technology choices. For the software company, SaaS adoption broadens sales opportunities, provides recurring revenue streams, and enhances differentiation. And the good news is, there are software development and delivery solutions now available that can ease the mindset transition, and jumpstart SaaS initiatives.

Nevertheless, there are several important hurdles that software companies must get over before they can fully realize the rewards of SaaS.

The first key hurdle is the roller coaster of traditional development cycles. It is very difficult to gain a competitive advantage, or act responsively to customer needs, with the peaks and valleys of most development processes. Typically, in the traditional development world, we see a rudimentary roadmap, long planning cycles, and annual or semiannual product releases. Meanwhile, SaaS customers expect rapid and iterative product development, product

planning, and customer interaction. The challenge, then, is to reduce the time between releases and optimize the scope of functionality going into each release, working toward a "just-in-time" approach much like what the manufacturing industry adopted 15 years ago. The SaaS model provides the flexibility and responsiveness necessary to fulfill this challenge.

The second hurdle is the patchwork of tools used in the development process. Time-to-market is critical and these patchworks introduce gaps in process, information, and decision making. Addressing this requires someone to select appropriate tools, integrate them, and have the process knowledge to make everything flow smoothly. For some companies, this is simply beyond their skill set. But even where in-house expertise exists, there remains the time and expense to make the patchwork process work. The fact is, software companies need to focus on what they do best—developing high quality software with rich functionality. Wrestling with piecing together disparate tools within a fragmented process is a drag on the company and, ultimately, not sustainable. Instead, software companies need to bring everyone together, regardless of location, into a common development platform with an integrated process framework to plan, develop, and deliver SaaS products to market.

The third hurdle is lack of executive governance and customer feedback loop. It is critical that priorities, processes, and people are aligned well with the overall business strategy, yet remain responsive to ongoing customer feedback. Delivering software as a service exposes the weakness in many company's decision making processes and may cause friction when frequent and timely decisions are required. Many companies are finding that their existing infrastructure leaves executives without the real-time knowledge they need to make effective decisions and ensure that their company focuses on the projects with the highest possible return on investment. At the same time, SaaS business success is wholly dependent on producing products and capabilities that customers want and need. Therefore, it is also essential to systematically capture, assess, and integrate user feedback into development.

Both sides of this coin must come together and be made part of a seamless development and delivery process.

The fourth major hurdle is on the delivery side because service delivery introduces a completely new set of disciplines and issues for software vendors, like 100% uptime, lock-tight security, and performance guarantees. SaaS requires a highly scalable, reliable production operation, a laser focus on the underlying infrastructure, world-class application management, and 24x7 customer service. Otherwise, end users can simply walk away. Since SaaS generates recurring revenues (unlike old-fashioned perpetual license-based software models) customer retention is paramount. That means you need service-oriented operating measures to ensure quality of service, delivery excellence, and-most important-customer satisfaction.

So, what is the answer for leveling and streamlining release cycles, implementing an integrated development process, gaining visibility and governance, and meeting SaaS delivery objectives?

The initial capital investment and ongoing expense of building a SaaS infrastructure in-house are simply untenable. To truly maximize the benefits of SaaS, software companies should work with a SaaS development and delivery provider that can take them from idea to market in a seamlessly integrated process. This is the most expedient and cost-effective way for software companies to focus 100% of their resources on their core competencies, while exploiting the full value of the SaaS model.

A complete, end-to-end SaaS development and delivery solution can get software providers safely over the hurdles and into the SaaS marketplace. An essential component to this total solution is an on-demand product lifecycle management platform-a common development framework that brings together cross-functional groups and provides them with the integrated tools to enable more effective product planning, agile release management, pipeline governance, and process optimization. This is the foundation for software companies to tune and optimize their entire development process.

By enabling a more coordinated development environment, it is possible for software companies to reduce time to market by up to 50% or more, reduce development expenses as much as 20%, and increase productivity by 2 - 4 times. As part of a complete SaaS infrastructure, though, software companies can leverage these tools even further. For example, SaaS provides visibility into how customers are using the software product-what features they use the most, patterns of usage, etc. This information can be harvested to inform decisions about product enhancements that are fed back into the product roadmap. With a streamlined development process, combined with an integrated customer feedback loop, software companies can quickly advance their development efforts beyond "how to get to market" to much more proactive front-end product planning and portfolio management. As a result, they have both the tools and the insights to bring out more focused and frequent releases in a much smoother and controlled fashion.

Just as important as providing the product features that customers value highly, is delivering products with the performance,

reliability, and security they can count on. Customers will expect the software company to provide availability and security guarantees via Service Level Agreements (SLAs). As stated above, the infrastructure demands for SaaS are intense. Therefore, it is critical to work with a SaaS delivery solution that can meet the requisite performance, availability, and security requirements. Ideally, software companies should look for a complete, market-proven, scalable SaaS delivery solution that enables them to deploy SaaS quickly, effortlessly, and without risk. Customers treat SaaS services as mission critical so a 100% uptime guarantee and continuous application monitoring is essential. In addition, they need to be able to resolve issues when and where they happen so a 24x7 call center becomes a standard operating practice.

There is one more key facet to getting the most out of SaaS - costs. As we discussed, SaaS produces recurring revenues, but how does that balance with a software company's cost of SaaS development and delivery? The fact is, a SaaS company's success grows as more and more customers use its SaaS product. Revenues are deferred, so software vendors need to identify a way to defer operational expenses so they remain in balance with revenue. Therefore, the ideal scenario would be a cost structure that is tied directly to the software company's success-a model that allows companies to begin with a minimum commitment, and incur additional expenses only as the software company grows its customer base and revenue stream.

The challenges to developing and delivering SaaS products are significant, but with the right SaaS partners, software companies can reap the rewards and avoid the pitfalls. By adopting an integrated and coordinated SaaS development platform, coupled with a rock-solid SaaS delivery platform, software companies are in a strong position to continuously respond to customer needs with efficiently produced product capabilities, building customer loyalty and ensuring a steady, recurring revenue stream.

About the authors

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