

White Paper :

What is Software as a Service? How can it benefit your business?

NOTES:

By Julian Shaw, August 2008

Abstract

Software as a Service (SaaS) is commonly touted as the “next big thing” in software circles. The normally circumspect commentators of the IT world are predicting ubiquity in the not too distant future.

SaaS is predicted to be the next wave of software **innovation**.

This paper seeks to address the questions “What is it?” and “Why is it being given such rave reviews?” Also, exactly what sort of implementation suits SaaS?

Finally, the paper addresses the bottom line, asking “How can SaaS benefit my accountancy business?”

What is Software As A Service?

It may be easier to look at an alternative description, “On-demand” software. As the name implies, this is software that you have when you need it. You want to use it and you call it up on your computer.

“On-demand”
On demand software allows you to access software when you need it.

Traditional software needs to be installed on your own computer. You have instant access to the program, and any data is saved on your hard drive. However, there are drawbacks to this model.

The software sits on your computer, and can often take up a lot of space and memory. It is possible that the settings on your computer will be affected to allow the software to run. There is also the problem of the program becoming outdated – once you have installed it, you work on that version unless you update it. Many programs do this automatically, but it can involve a lengthy download from the internet.

Traditional software becomes **outdated** quickly unless you update it.

SaaS works differently. The crucial difference is that the program is held centrally, on a large server. A web browser is used to access the program - the user opens up a program such as Internet Explorer and simply browses to the website that holds the program.

SaaS is held on a central server and is accessed using a **web browser**.

This may seem an inefficient way to use software. Surely, the argument goes, it is more efficient to access software on your own computer, rather than downloading it every time?

In some ways this is true, and was especially so before the advent of universally available broadband internet connections. Nowadays though, download speeds are so fast that they approach the internal speeds of a computer running its own software.

But, logically, how can a downloaded program be more efficient than one already on a computer? This leads us to the second major difference between SaaS and traditional software. Rather than opening the whole program, SaaS only opens the relevant part of the software. You access it “on demand”.

As an example, let us compare two Customer Relationship Management (CRM) suites, and how they work when you record a sales lead.

In the version installed on your computer, you would open fully the program and access the Sales Lead module. You would then record all the details which would be saved to your computer.

In the SaaS version, you would access the menu page (similarly to a standard web site) and choose the Sales Lead page. Again you would save the details, but the data would be held on a web based server.

The crucial difference is that the data can be accessed from anywhere. You can use any web browser to get to it, which has major benefits for flexible working. Not only that, more than one person can gain access to the data.

Assuming security is tight – and with SaaS systems it is usually tighter than the average PC – this brings huge potential changes to the way software is used.

This method of using software is particularly suited to financial systems. It has in fact been around for quite a while with online banking. Essentially, when you view your account details online you are using SaaS. You download the software to your browser, it accesses the bank's database, and you view the information. You can take this one step further and make changes to your details, request services and transfer money.

The latest 'on demand' software takes this principle one step further and allows you to interact to a far greater extent. You can manipulate the information in a more sophisticated way, with many more options available to you.

For financial systems it is ideal. One of the limitations of SaaS is that you are only able to perform one process at any one time. (A web page can only send and retrieve data in single steps.) In financial terms, this is actually a benefit as record keeping and entering figures has to be done in a logical progression.

Take Double Entry as an example. Done correctly, this involves a series of entries being made, in a set sequence. Because SaaS allows you to do only one thing at a time, it makes entering a business transaction easy for even a beginner.

This principle, this ease of use, means that you can have a computer program that is

- easy to get started
- easy to use
- easily accessible from anywhere
- has very few overheads
- needs no maintenance

Not only that, for accountants, it becomes even better as the flexibility of SaaS allows access to clients' records. Your client can make the bookkeeping entries, and you will be able to view them from your own computer.

CRM

Some software lends itself to SaaS. CRM software is a good example.

The SaaS model is more **secure** than traditional software as it has based on high level security measures, not those in your PC or Mac.

Online Banking

Your online bank account is a type of SaaS.

Financial software

also fits the SaaS model perfectly.

Benefits

On demand software has a number of distinct advantages.

Flexibility allows you to access client records from your computer.

The improvements this brings to customer care are clear, but there are also additional benefits in terms of time savings in your practice (and thus cost savings).

Summary

Software as a Service, SaaS, is the next step in computer software. It is gaining momentum as more developments are brought to the market.

The model has many benefits – flexibility, ease of use, security and cost. These are being recognised as more businesses see the potential in using software on demand rather than traditionally installed systems.

And there is particularly good news for accountants. The way SaaS systems are designed and built lends itself to financial processes, and accounting programs fit perfectly into the model.

Implementing 'On demand' software, especially if clients are using it, could bring major benefits to accountancy practice.

The Future

On demand software is set to expand as more systems are placed online.

Accountants

Progressive practices are beginning to see the benefits of SaaS.

Using an SaaS system can bring major **cost savings**.