

A woman with curly brown hair, wearing a dark blazer over a light blue shirt, is seated at a desk in a modern office. She is holding a telephone receiver to her ear and looking down at a laptop. The desk also has a multi-line office phone and some papers. Large windows in the background offer a view of a city skyline.

# Carrenza.

WHITE PAPER

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## MAKING THE TRANSITION TO SAAS – KEY AREAS TO CONSIDER

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## INTRODUCTION

The IT market has undergone a paradigm shift with all major IT vendors now offering a range of cloud based “as-a-Service” offerings, responding to the increased uptake from end-user organisations increasingly looking to the cloud for on-demand IT services. Delivery models such as Software-as-a-Service (SaaS) have moved beyond the period of hype and are now seen by many firms as a critical part of their operations.

Companies of all sizes across all industries are getting involved in this. Figures from The 451 Group forecast overall growth for the cloud market of 36 per cent by 2016, while last year Gartner revealed more than seven out of ten enterprises have been using SaaS for less than three years.

This illustrates that the number of software providers looking to get involved with SaaS for the first time is booming. However, many of these are likely to find that the process of migrating critical operations from legacy on-premises tools to the cloud is much more complex than they originally anticipated.

There are many different factors that companies will need to be aware of if they wish to make SaaS a success – and these are not just limited to understanding the technology and how it will fit into an existing business. There are also a range of financial implications to consider as well, while organisations also need to be aware of any business and compliance issues that are likely to arise as a result. This white paper looks to address these key challenges and help steer Independent Software Vendors (ISVs) looking to successfully transition from a client-server to a SaaS model for their business.

SaaS is a wide-ranging sector – referring to any application that can be delivered through the cloud – whether this is a multi-tenant application, which fits into generally-accepted definitions of SaaS, or a single tenant application that is more similar to traditional client server environment.

What this means is businesses do not always have to go to the time and expense of re-architecting their software to support multi-tenancy, which is often an expense that puts ISVs off the cloud. But even if they opt for a single tenant approach, there are factors that need to be considered.

## TECHNICAL ISSUES

For many ISVs, the most obvious challenges that arise from the move to SaaS are those related to the technology itself. Moving from on-premises to cloud-based solutions requires a different set of delivery tools in order to be a success and firms will need to make sure they have the right ones in place.

One of the first questions should be what remedies are in place to ensure the transition to a SaaS model goes smoothly. Building cloud applications can be a complex and lengthy process – and this does not stop when solutions go into production, as there will be on-going maintenance and upgrade issues to take into account. If all of this is being completed manually, this will be a time-consuming and labour-intensive process that is prone to error.

Therefore, solutions that can automate as many of these steps as possible will be

vital. If ISVs are opting for a single tenant solution, key factors will be to make sure these automation tools can help deploy a project easily and quickly, as well as having potential for simple scalability and upgrading.

This ability to scale out will also be a prime consideration for multi-tenant options. Finding the right solutions can be tricky, which is one of the reasons why it can be so beneficial to seek out an IaaS provider whose infrastructure can enable this.

The question of flexibility is also one that needs to be answered. Firms that anticipate short-term spikes in activity – such as retailers dealing with seasonal traffic – will need a solution that can easily scale up quickly to meet these demands. And all firms need to have the ability to extend their SaaS solutions as their company grows.

Another key question that businesses need to be asking when considering SaaS is what security provisions are in place. This will be a key consideration for customers in the current environment, so it is essential that ISVs are able to offer reassurances in this area. They will need to prove that data extraction is as transparent as possible, while still being available on as many formats as possible – as old-fashioned solutions such as CDs will no longer be adequate.

In the wake of a series of high-profile data breaches and snooping issues in recent years, customer fears about security, data location and extraction are understandable, so ISVs must work hard to overcome these reservations about the cloud.



## FINANCIAL IMPLICATIONS

The move to SaaS will have an impact on a company's balance sheet. While many firms can expect to see a reduction in expenses as a result of migrating to the cloud, there are a number of vital differences between SaaS and traditional licensing models that ISVs need to appreciate.

For instance, the shift from upfront capital expenses to a subscription-based model will have a large impact on how an ISV organises its finances. There is can often impact the short-term profit as revenues are spread over a longer period instead of being received in one payment, but it should be remembered that due to the changing

way buyers are demanding service this is a transition that must happen for an ISV to continue to compete.

However, ISVs will need to know exactly what impacts this shift will have on their operations – and some of these may be less obvious than others. For instance, will you have to rethink how you compensate sales and business development staff due to wider effects on cash flow, as well as how and when revenue is recognised.

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## BUSINESS AND COMPLIANCE

There is also a range of business, contractual and compliance issues that need to be resourced before a company can get started delivering SaaS solutions. For instance, one issue that has become a top priority in recent years is the question of data sovereignty.

Companies need to ask questions about where the data will be physically located – particularly those firms that have cross-border operations and may host data

centres in different territories from where they primarily conduct their business. Different jurisdictions will have their own regulations on issues such as privacy and data protection, which companies must be aware of.

As well as ensuring that solutions will be compliant with any industry regulation companies also need to know what will happen to their information should they leave their cloud supplier in the future

– they will need some guarantees that their information will not be kept on cloud servers that are out of their control.

When becoming a SaaS provider you will also need to prepare for changes in contracts, such as updating their terms and conditions and whether they need to stipulate a minimum period. You will also have to look closely at their pricing structures to ensure they give an adequate return on investment.

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## HOW THE RIGHT PARTNER ANSWERS THESE QUESTIONS

Many of the complex issues that surround the migration to SaaS can be eliminated with the help of a knowledgeable partner to help guide companies through the process and provide a high level of support and reassurances to make the rollout a success.

Finding a supplier that can deliver the underlying technical requirements for the infrastructure that powers your SaaS solution is just one challenge, but whether or not they can provide the necessary help with other aspects could be the factor that makes or breaks a cloud deployment. Many providers may simply offer a technology solution and then leave customers to their own devices for the implementation and to deal with the wider impact. However,

the most successful deployments come when providers can form a long-lasting relationship with a business that sees them as a true partner.

Choosing a partner that understands all the challenges – including business and financial issues – is therefore likely to be the most important decision a company makes when deciding that cloud is the way forward for them. Mistakes at this stage of the process can have ramifications for years to come, but making the right choice can set up a firm to have the best chance at success for the future.





## ABOUT THE AUTHOR

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### MATTHEW MCGRORY

Sales Director, Carrenza

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Matthew McGrory was appointed Sales Director in October 2013, having joined Carrenza as Business Director in September 2012. As Sales Director Matthew is responsible for all of Carrenza's commercial operations and channel partners, as well as overseeing the development and delivery of new service offerings to clients and partners. He previously worked for Acora, formerly ADA, to shape the product it offers target customers in the mid-market.

Matthew McGrory brings a raft of experience to Carrenza having been an IT professional for over 15 years and comes from a background as an IT Director at Managed Services Provider, Logicalis, Fulham Football Club and The MotorSport Vision Group (owners of 5 race circuits including Brands Hatch and the PalmerSport Experience).

Matthew is an active member of the BCS and talks on a wide range of topics including bringing an honest perspective as to where 'The Cloud' fits into the corporate IT Strategy, both now and in the future. He is also a keen sportsman having played at Twickenham in his rugby career and he even wrote a Travel Guide for the Rugby World Cup in 2003.

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