COMPUTER SYSTEMS INTEGRATION
Checklist: Software as a Service revenue opportunities
Jeffrey M. Kaplan, Contributor
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Service provider takeaway: *Value-added resellers are worried that Software as a Service (SaaS) will cut into their bottom line. But by accepting that SaaS is here to stay, VARs can adapt to the trend and provide important services.*

The advent of Software as a Service (SaaS) has created plenty of apprehension among value-added resellers (VARs), who are concerned about being "disintermediated" by this new generation of Web-based services that can be delivered directly by software vendors.

For many years, VARs made a lucrative living deploying and maintaining complex applications and the system infrastructures that support them. In fact, many VARs generated fees that far exceeded the original software price over the lifetime of the application.

But that dynamic is changing. THINKstrategies' research and consulting engagements have shown that customers are increasingly interested in and are rapidly adopting SaaS solutions to meet their business needs. Our survey, in conjunction with Cutter Consortium, of over 100 IT professionals worldwide found approximately one-third are already using SaaS solutions and another 40% are considering SaaS alternatives. Of those companies that are using SaaS solutions, more than 80% are happy with these Web-based applications, plan to increase use of SaaS, and would recommend SaaS to others.

So it's not surprising that VARs are afraid that SaaS will undercut their traditional business model. And while there is no question that SaaS poses a threat, there are still plenty of opportunities for VARs to play a useful and profitable role in this brave new world.

	Four revenue opportunities for VARs in the SaaS market
✓	Serve as a "trusted advisor"
	Because many SaaS solutions are still relatively untested, organizations need advice selecting the right SaaS solutions to meet their needs. VARs can help their customers determine operational requirements and evaluate SaaS alternatives. VARs can also help their customers negotiate effective service-level agreements (SLAs) with SaaS providers to ensure the availability and performance of their Web-based applications.
✓	Customize the software
	Most SaaS solutions have been designed to satisfy the needs of the average user and may require additional customization to meet the specific requirements of individual organizations. The ability to customize SaaS solutions is becoming more common, but the customization process may require specialized technical skills or industry-specific knowledge. VARs are in a good position to respond to these needs.
✓	Offer data integration and migration services

		Although there is a growing assortment of mechanisms that permit SaaS solutions to interoperate with one another and even legacy applications, application program interfaces (APIs) and Web services don't ensure that multisource data can be integrated or migrated easily to meet an organization's needs. This has created a significant opportunity for VARs to design and deploy integration and migration methods to satisfy customers' requirements.
✓		Implement change management and training programs
		As SaaS solutions become easier for customers to adopt, the key to properly using these Web-based applications shifts from overcoming technical issues to improving organizational processes. This means developing implementation plans that ensure that the SaaS solution is absorbed into the organization in a smooth fashion and is fully accepted by end users. This also requires that the users be properly trained to take full advantage of the application. VARs can help with both of these essential tasks and monitor the ongoing usage patterns to identify potential problems and fine-tune the way SaaS solutions are utilized.

A growing number of new and established VARs are responding to these opportunities. These VARs recognize that the SaaS movement is not a fad but rather a real trend that is fundamentally changing the way software is packaged and delivered by vendors and acquired and absorbed by customers.

While SaaS is disrupting the traditional role of VARs, it will not eliminate the need for trusted third parties to help software vendors distribute and customers adopt software solutions.

For more information on Software as a Service, be sure to check out our SaaS Prep Guide.

About the author:
Jeffrey M. Kaplan is the managing director of THINKstrategies, a strategic consulting company based in Wellesley, Mass., and the founder of the SaaS Showplace, a vendor-independent online directory of SaaS solutions and best practice information.