FREEFORM DYNAMICS

SaaS based Email and Office Productivity Tools
A critical look at the promise and practicality for SMBs

Andrew Buss, Freeform Dynamics Ltd, January 2012

Much has been made in the media about the Software as a Service (SaaS) options challenging the traditional dominance of desktop office tools and the back-end systems that drive them. Indeed, a number of suppliers are promising to take away a lot of the pain and complexity, if only you move everything over to them – lock, stock and barrel. But why might you want to do this? And is the SaaS option really right for everyone?

Email and office tools are business critical, so decisions cannot be taken lightly

It's easy to dismiss the importance of email and office productivity tools when you think of them in isolation, but feedback gathered during a recent online survey of 348 IT and business professionals confirms that these facilities are ingrained in most core business processes, and critical to their operation. Major upgrades or migrations therefore cannot be taken lightly, and regardless of the 'subscribe and go' rhetoric of providers, this equally applies to any proposed move to SaaS.

Existing office capabilities do the job, and few are interested in a major switch

While everyone likes to gripe about various aspects of the office productivity facilities they use, such as word processing, spreadsheet and presentation tools, the results of our research suggest that most people are on the whole very happy with them – they are familiar, and get the job done pretty well. When looking at changes in this space, there is therefore little need or motivation to revolutionise the nature of this core capability, although extending them to include more advanced communications features such as collaboration, voice and video, is frequently of interest.

Benefits of the SaaS option are broadly acknowledged, but so are the migration challenges

Cost reduction is the most widely perceived benefit of moving to SaaS based delivery of email and office productivity capability, though more rapid access to new functionality and the potential boost to flexibility are also broadly acknowledged. The evidence suggests that SaaS adoption goes hand in hand with operational efficiency within IT, with better performing organisations being significantly more likely to be using hosted email and productivity services. However, it is generally perceived that moving core services such as email from on-premise to SaaS is a significant undertaking that should not be embarked upon without proper evaluation, planning and execution.

Requirements analysis and selection of the appropriate solution mix are key to success

With options ranging from pure on-premise systems at one end to pure web-apps at the other, it is necessary to take a requirements-led approach to solution selection, bearing existing investments and constraints in mind. The research suggests that for the majority interested in SaaS, the preferred architecture is likely to be a hybrid one, e.g. with locally installed desktop office applications running against hosted back-end email and collaboration hubs in the cloud. Pure web-app alternatives are generally seen as being complementary to this.

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Introduction

Email and office productivity applications – commonly including word processing, spreadsheets and presentation tools, and increasingly instant messaging, collaboration and voice services - are the glue that holds many organisations together. They allow companies to communicate, create and collaborate both internally and externally. Indeed, they have now become so ubiquitous, mature and ingrained in the fabric of business that their importance, reach and effect can often be overlooked.

In IT terms, email and office solutions have historically been based on a combination of applications that are installed locally on users' PCs, together with back end server applications running in the organisation's data centre or server room to provide functions such as email, document sharing and collaboration, or voice and video communications.

Today, however, alternatives to this traditional approach based on the notion of 'Software as a Service' (SaaS) are providing additional options for those looking to upgrade or enhance their email and office environment.

At one extreme we see service providers offering full web-based solutions requiring nothing more than a browser and internet connection to access applications, eliminating the need for much of the software that currently runs on desktops as well as servers. We then see 'halfway house', or 'hybrid' solutions in which locally running desktop applications hook into back-end services running in the cloud (i.e. in a service provider's data centre, and accessed over the internet or some other wide area communications link).

Each of the approaches, including the traditional, hybrid and web-based models, has its pros and cons. They also each have their advocates and sceptics that produce a confusing amount of propaganda and noise, which it can sometimes be difficult to cut through in order to make informed decisions about what's right for your business environment.

With this in mind, we attempt to provide some insight, advice and guidance in this report for those looking to make an objective assessment of what's available, how it might be relevant in their business environment, and some of the practicalities concerned with evaluating and implementing cloud based options in particular. To help us with this, we are drawing on feedback from a recent study in which experiences and views were gathered from 348 IT professionals and business managers from SMBs (companies of under 1,000 employees) via an online survey, along with other research studies conducted over the past year.

A note on methodology

The study upon which this report is based was primarily concerned with the issue of how industry trends are affecting email and office productivity solutions, to what extent businesses are dependent on them, and the potential role of SaaS, particularly to SMBs, as they look to improve their email and office productivity facilities. Information was gathered via a web-based survey hosted on a popular tech news site.

As with all online surveys, the resulting sample will almost certainly be biased towards those with more of a knowledge of and/or interest in the topic area. In this case, we would expect a bias towards IT professionals that have been recently active in upgrading or extending their organisations' email and office environment, or have such activity on their agenda. Those with an interest in or commitment to cloud computing are also likely to be overrepresented.

Rest assured, however, that these methodology limitations have been borne in mind while analysing and interpreting the data, and do not undermine any of the insights or conclusions presented in this report.

Understanding the email and office solutions marketplace

The starting point for any investment decision or commitment to services has to be your own requirements and objectives, and this is something we will get onto shortly. In order to provide context for our discussion in this report, however, it is worth taking a quick whirlwind tour of some

recent developments with regard to the types of products and services on offer. The reason for this is because it will help us broaden our minds with regard to how wide to cast the net when thinking about defining requirements and considering different delivery options.

Firstly, let's get specific about functionality; within this report we are concerned with capabilities in the following areas:

- Email
- Document authoring - word processing, spreadsheets, presentations
- Document sharing and collaboration - including versioning, workflow, etc
- Shared calendaring
- Shared contacts directories
- Instant messaging
- IP Telephony
- Audio conferencing
- Web conferencing
- Video conferencing

If you look around the market, you will find solutions that you can install on your own premises to deal with each of these individually, as well as suites that combine several of these areas of functionality into one integrated environment. Examples here include so-called 'unified communications' offerings that frequently have their roots in telephony, and focus on bringing various forms of real-time messaging and conferencing together. The major email and collaboration vendors have also been building out from their core capability to provide unified solutions that embrace social networking and real-time communications, again as an integrated environment.

Before even considering alternative deployment options such as SaaS, there is therefore a lot to think about in terms of the scope of capability you require, and how you mix and match suites and/or specialist point solutions to meet your needs. It's worth bearing in mind as well that there are differences in opinion when it comes to defining precisely what external or cloud services may or may not be. What is one man's hosted service is another man's SaaS, so for this reason when we refer to SaaS throughout this report, it includes hosted services.

Pretty much all of the functionality we have listed is available in the form of SaaS, with nothing more than a browser or a very lightweight piece of client software needed to access the service. Just as with on-premise solutions, web-based offerings from some of the larger players in particular combine several of the areas of functionality listed above into a single coherent service - essentially equivalent to an online software suite.

Lastly, we have hybrid offerings based on mixing and matching on-premise and SaaS elements designed to work together. In the context of email and office productivity, this generally boils down to having applications running locally on PCs or mobile devices that hook into back end services hosted in the cloud. The shared/hosted elements take care of things like communications, storage, data protection, access, security and compliance, as well as providing inherent scalability and resilience. Again, you will find examples of both specific point solutions and broader suites if you explore the market.
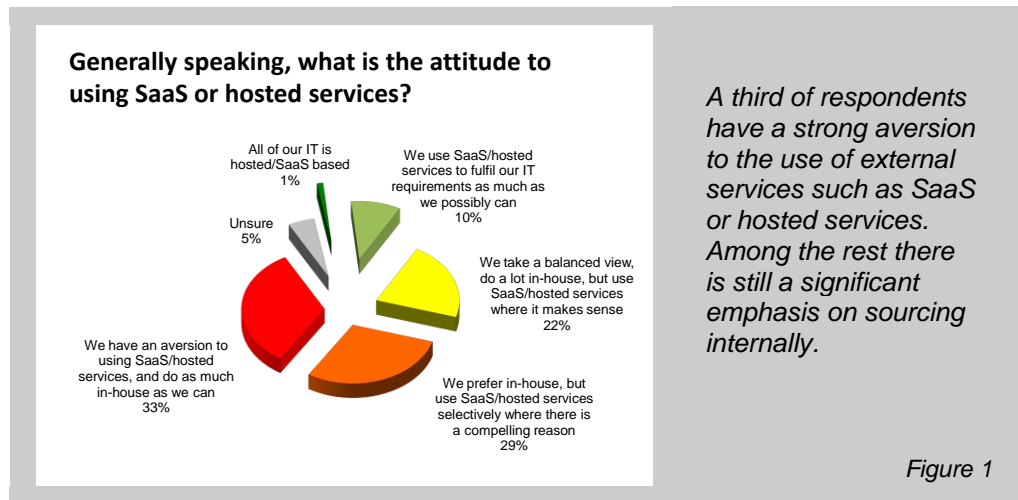
Of course none of these options are mutually exclusive; it is possible to mix and match delivery mechanisms as well as elements of functionality. But on what basis do you do this?

In the remainder of this report, we draw on findings from the aforementioned research to provide a series of insights that will hopefully help. While doing this, we are going to focus on the merits, shortcomings, and practicalities of hybrid and web-based solutions in particular (which we collectively referred to as 'SaaS' solutions), on the basis that most readers will be able to make up their own minds on options available to upgrade or extend their email and office environment through on-premise solutions.

As we implied at the beginning of this section, though, all good decisions are anchored in generating a good understanding of your own environment, requirements and objectives. As we shall see, there is also often the need to overcome some historical prejudices.
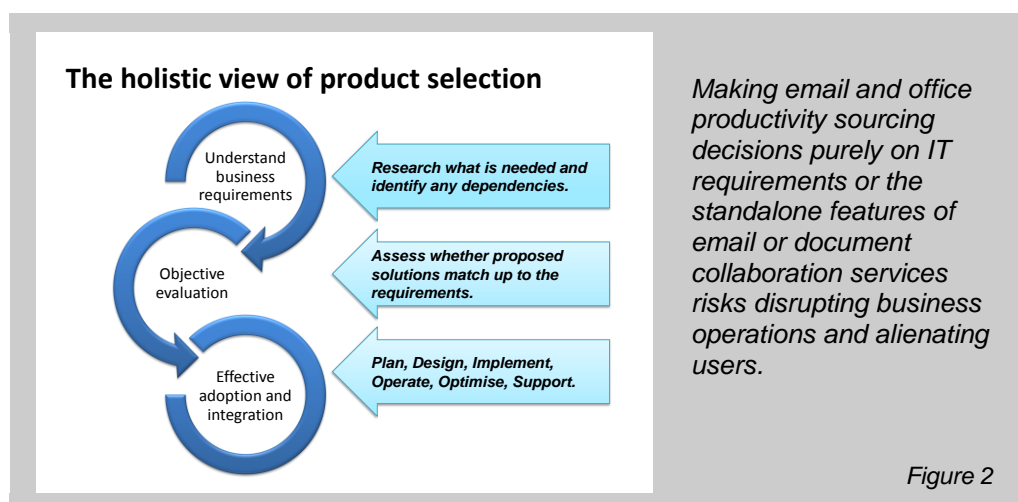
Understanding business requirements is the key to success

Cloud services, of which SaaS is a part, are essentially about outsourcing, and this can often be a contentious, even emotive, subject [1]. For a variety of reasons – including a lack of practical experience and fear about IT's role being undermined – around a third of respondent companies have an aversion to the use of SaaS or hosted services, effectively ruling them out of contention. Among the rest, there is still generally a preference towards doing things internally (Figure 1).

A third of respondents have a strong aversion to the use of external services such as SaaS or hosted services. Among the rest there is still a significant emphasis on sourcing internally.

Figure 1

This inbuilt bias towards deploying services on-premise is completely understandable. However, it does mean that many companies are not even considering whether SaaS or hosted services have a role to play when delivering IT services, which could translate to a missed opportunity. In order to avoid this, and begin understanding whether it's the right move to adopt SaaS for providing email or office productivity services, we need to go right back to first principles of product selection.

Success in selecting and implementing products or services ultimately comes down to understanding the requirements of the business – including the needs of the workforce – and what dependencies exist on the services under consideration. Once the requirements are well enough understood, proposed solutions may be offered up against them for consideration, from which a suitable candidate would be selected and implemented (Figure 2).

Making email and office productivity sourcing decisions purely on IT requirements or the standalone features of email or document collaboration services risks disrupting business operations and alienating users.

Figure 2

When it comes to email and office productivity applications and services, we can identify a number of core elements that need to be assessed and addressed in looking at whether SaaS options might be appropriate:
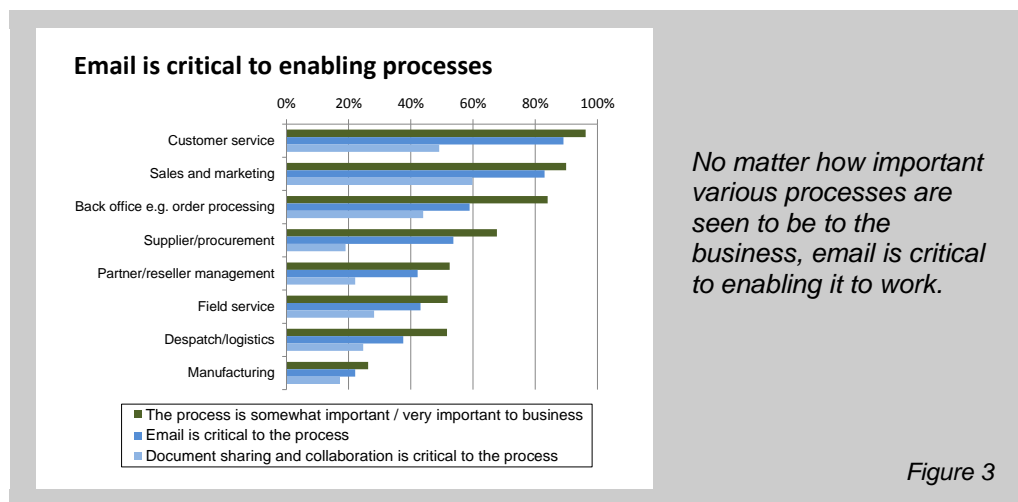
- Key dependencies between systems and processes
- The needs and expectations of the workforce
- The impact on IT costs and operations

Each of these warrants an in-depth treatment, and therefore we're going to look at each of them in turn in more detail.

Key dependencies between systems and processes

Most companies share a common core of similar processes, particularly functions such as customer support, sales and marketing and order processing. Other processes may be specific to an industry, such as logistics or manufacturing, and so do not enjoy the broad adoption of the core processes.

However important specific processes are to a company, email, one of the core elements of any office solution, is seen to be almost universally critical to effective process enablement (Figure 3).

No matter how important various processes are seen to be to the business, email is critical to enabling it to work.
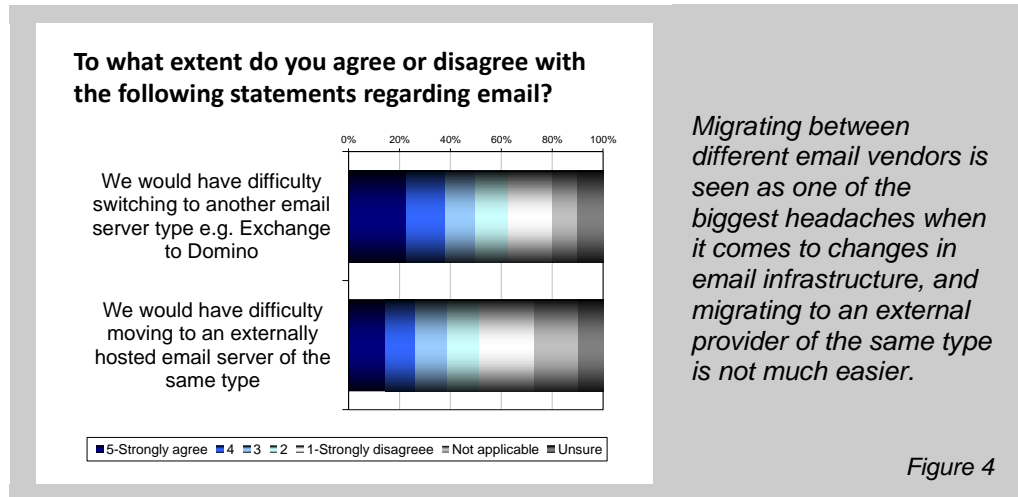
Figure 3

This deeply engrained role of email, together with a lesser but still important role for more structured document sharing and collaboration, means that businesses are highly dependent on these services for their on-going operations. It is important to recognise this when considering any investment or migration activity, as disrupting email and other office facilities has the potential to bring the company to a standstill, with a subsequent impact on customer perception, revenue generation and overall profitability.

The upshot is that it's important to get a handle on just what processes have been built on top of email and other office services when it comes to considering any changes to how these are delivered. This can be a challenge, as in many cases the processes have evolved in an ad-hoc manner over time, with many being undocumented, and without formal performance or service level agreements. Nevertheless, to plough ahead with major changes without considering dependencies can result in a high risk of unpleasant, disruptive and potentially costly surprises down the line.

Dependencies mean email migration is a major headache

Homing in on one of the most critical office applications, e-mail, the level of dependency and risk means that any change will require adequate planning and effort to ensure it comes about in a relatively seamless manner. When it comes to upgrading email servers, around a quarter of the SMB respondents resist upgrading, while almost 40% indicated that they upgrade quickly or very quickly to the latest release. This indicates that upgrades are a regular, perhaps even anticipated, part of email server management.

Moving from one email server vendor to another is a challenge. The servers often use different architectures, protocols and mail storage philosophies. They also tend to have distinct programming interfaces, or APIs, through which applications or systems exchange information or commands. It is not surprising, therefore, that migrating to a different vendor is seen by the respondents as a major hassle. So it's worth bearing in mind that migrating from an on-premise email server to a SaaS provider, even of the same type, is seen as not much easier than an email migration (Figure 4).

To what extent do you agree or disagree with the following statements regarding email?

We would have difficulty switching to another email server type e.g. Exchange to Domino

We would have difficulty moving to an externally hosted email server of the same type

■5-Strongly agree ■4 ■3 ▫2 ▭1-Strongly disagree ▫Not applicable ▩Unsure

Migrating between different email vendors is seen as one of the biggest headaches when it comes to changes in email infrastructure, and migrating to an external provider of the same type is not much easier.

Figure 4

Looking behind the data at some of the freeform comments received from respondents on changing email provider, a number of crucial issues came through. Among them are reasons that are common to many migration projects, including issues such as migrating large numbers of mailboxes, concerns about security and general uncertainty about using hosted services or SaaS providers. However, a number of respondents zoned in on the topic of integration when asked about the challenges of email migration:

> *"Integration with our many business apps would be hard to maintain with externally-hosted email."*
>
> *"Management tools, integration, add-ons currently in use (e.g. tools for signature management)"*
>
> *"Cost, functionality, integration with applications"*

Although challenging to deal with, these dependencies and integration issues are not insurmountable. A number of those that responded to the survey have managed to conquer them and migrate their email and other office functions successfully to hosted services or SaaS providers. Once the migration issues have been sorted, it can even provide greater flexibility to switch providers in future. One respondent expressed this particularly well:

> *"We don't have many issues - we've used an outside vendor before and could go back tomorrow with minimal disruption"*
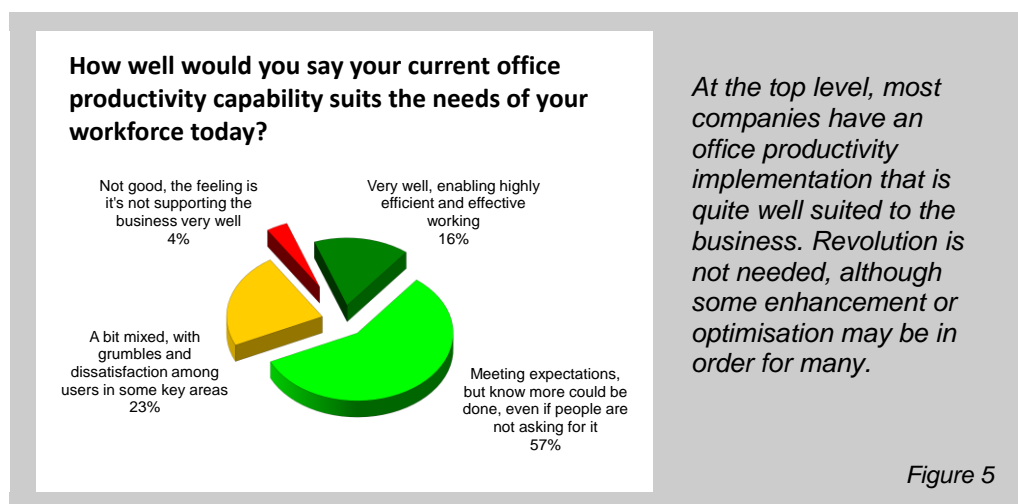
The tight business integration and migration challenges that many organisations experience have a bearing on how practical or cost effective it may be to move to a hosted or SaaS solution compared to staying put with – or upgrading - the existing solution.

It is clear that email in particular, but also other office services such as document sharing and collaboration, are vital parts of the circulation system of companies, helping information to flow between systems and people. Any proposed changes to how email is delivered can have a significant impact and therefore have a high potential risk for company operations. The implications of this need to be thoroughly understood and should be a primary decision criterion when assessing any potential changes - be they hosted services, SaaS or on-premise.

The needs and expectations of the workforce

When it comes to end users, what is usually most important is the usability and functionality of the apps that they interact with directly on their devices. In the past, these apps have been installed locally on a PC. The world of personal computing is changing, however, with the shift to highly portable notebooks combined with the explosive growth of smartphone and now also tablet devices. This growth has led many to claim that the new devices are the future and that the PC will no longer be so important. As a result, it has been argued that we should forget past ways of doing things and revolutionise the use of email or office productivity apps by moving to new systems that are delivered purely via SaaS.

However, a more realistic view is that the PC, in the form of notebooks, is becoming more important to business, not less so – and that the new devices will complement them in aiding employees to work more flexibly and productively [2]. This view ties in with how well office productivity capabilities suit the needs of the workforce: for the vast majority of respondents, things are seen to be pretty capable, although for most there is some room for enhancement and optimisation. Few are of the opinion that things are really bad and worth starting again from scratch (Figure 5).

How well would you say your current office productivity capability suits the needs of your workforce today?

Not good, the feeling is it's not supporting the business very well
4%

Very well, enabling highly efficient and effective working
16%

A bit mixed, with grumbles and dissatisfaction among users in some key areas
23%

Meeting expectations, but know more could be done, even if people are not asking for it
57%

At the top level, most companies have an office productivity implementation that is quite well suited to the business. Revolution is not needed, although some enhancement or optimisation may be in order for many.
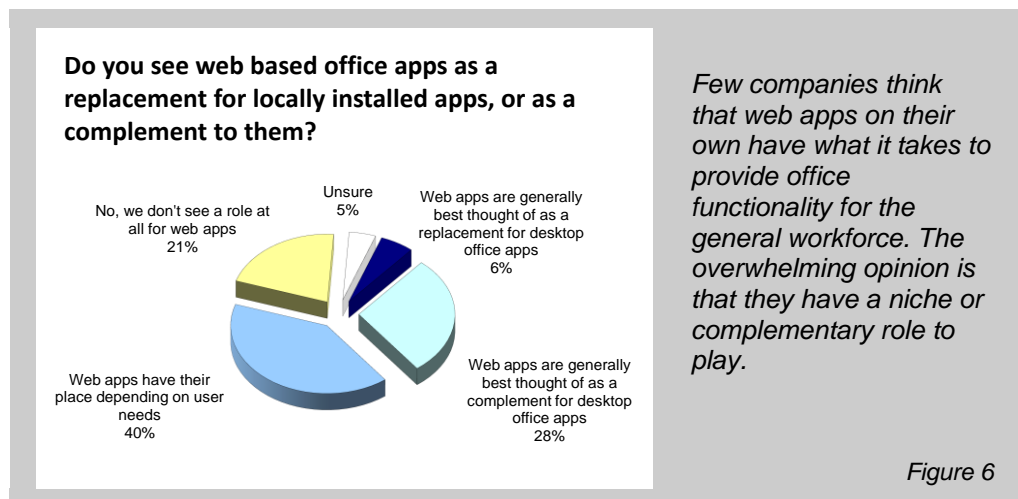
Figure 5

The situation for most companies therefore is that a revolution is quite rightly not on the agenda as the experience, maturity, features and functionality of applications has developed to such an extent that there is no compelling reason to throw it all out and start again. Therefore, in most cases, any proposed changes need to build on top of this solid foundation, while offering some tangible, though evolutionary, advances.

The role of web-apps in more detail

At this point, it's worth dealing upfront with one of the thorniest topics when it comes to looking at SaaS for providing access to email and office productivity applications. At issue is whether web-app only solutions, which have no application elements locally installed, are felt to be able to meet the needs of the general workforce and thus be suitable for broad adoption.

The result was a resounding no: only a very small proportion of respondents felt that the web-app only option would be a viable solution to replace their locally installed apps across the board. This is not to say, however, that web-apps have no role. The general viewpoint, however, was that a hybrid approach is best, where web-apps either complement local apps, or are restricted to sections of the workforce (Figure 6).
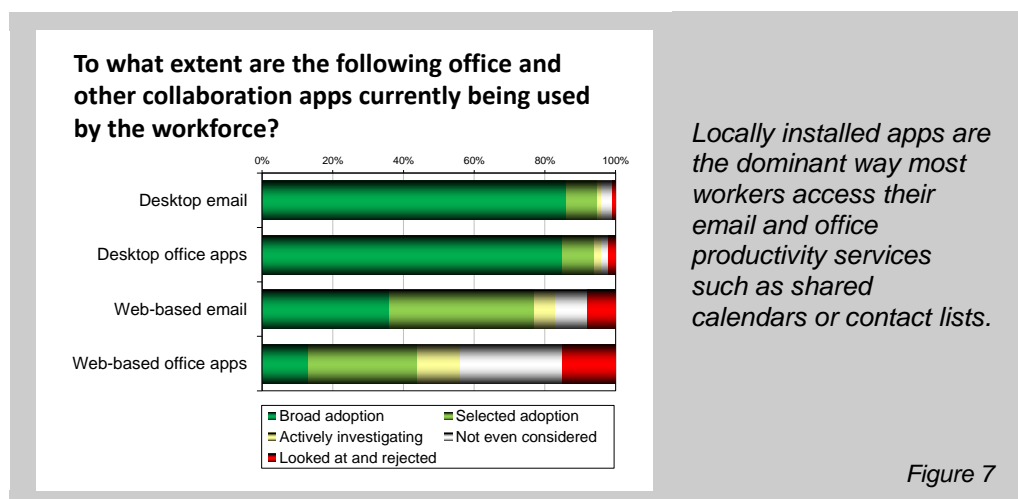
Do you see web based office apps as a replacement for locally installed apps, or as a complement to them?

No, we don't see a role at all for web apps
21%

Unsure
5%

Web apps are generally best thought of as a replacement for desktop office apps
6%

Web apps have their place depending on user needs
40%

Web apps are generally best thought of as a complement for desktop office apps
28%

Few companies think that web apps on their own have what it takes to provide office functionality for the general workforce. The overwhelming opinion is that they have a niche or complementary role to play.

Figure 6

This need for a hybrid approach, where web-apps are complementary to local apps, is reflected by many of the respondents:

> *"Web-apps still have inferior user experience, and grind to a halt when offline, or just on a bad network connection."*
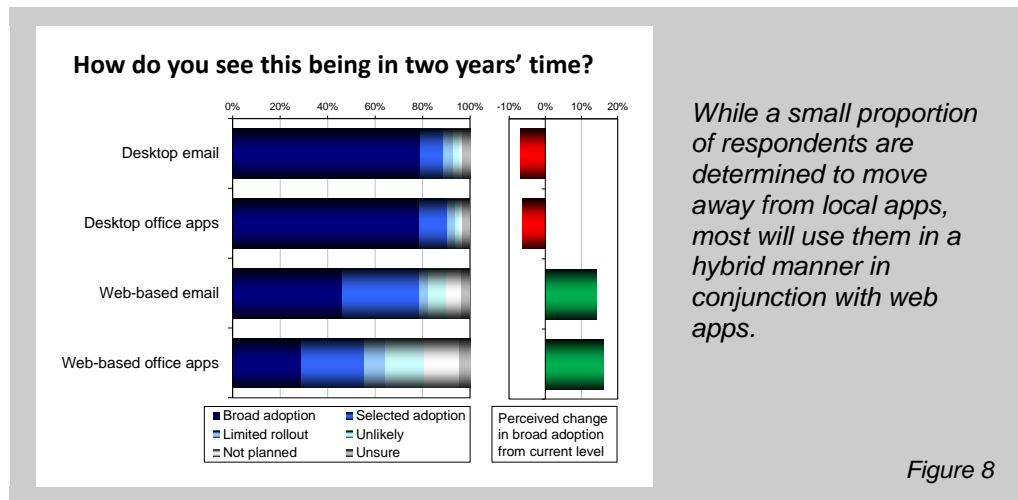
> *"Users are used to the 'luxury' of local applications; they would lose functionality and familiarity."*

Where SaaS is under consideration, moving to a web-app only approach could be a shock for many companies, especially given the pervasive nature of desktop email and office suite installations. To have a good chance of successful adoption, a SaaS solution will need to support a hybrid approach that allows the continuing use of local apps, which are very widely licensed, installed and in regular use (Figure 7).

To what extent are the following office and other collaboration apps currently being used by the workforce?

0%   20%   40%   60%   80%   100%

Desktop email

Desktop office apps

Web-based email

Web-based office apps

■ Broad adoption   ■ Selected adoption
■ Actively investigating   ■ Not even considered
■ Looked at and rejected

Locally installed apps are the dominant way most workers access their email and office productivity services such as shared calendars or contact lists.

Figure 7

This may make it a very easy decision to exclude web app only approaches very early on in the evaluation cycle. Even if a decision were made to proceed further down the evaluation path, it would be prudent to perform extended functionality and user testing with a number of user groups that are representative of the makeup and diversity of the company to ensure that their needs are met.

Looking to future expectations, most respondents feel that desktop apps for email and office will remain by far the most appropriate way for users to work, even though new functionality will be brought in alongside them (Figure 8).

How do you see this being in two years' time?

While a small proportion of respondents are determined to move away from local apps, most will use them in a hybrid manner in conjunction with web apps.

Figure 8

It's worth highlighting the adoption of web-based email, because of all the office-type web apps, this has the most widespread adoption to date. This comes despite desktop email having a very high adoption, and it is likely to become even more widely used as time goes on.

The use of web-based email is different from other office web-apps, because in most cases it has not been driven by a move to an external SaaS provider, but rather because the on-premise email server provides this as a standard feature which can be enabled and configured very easily.
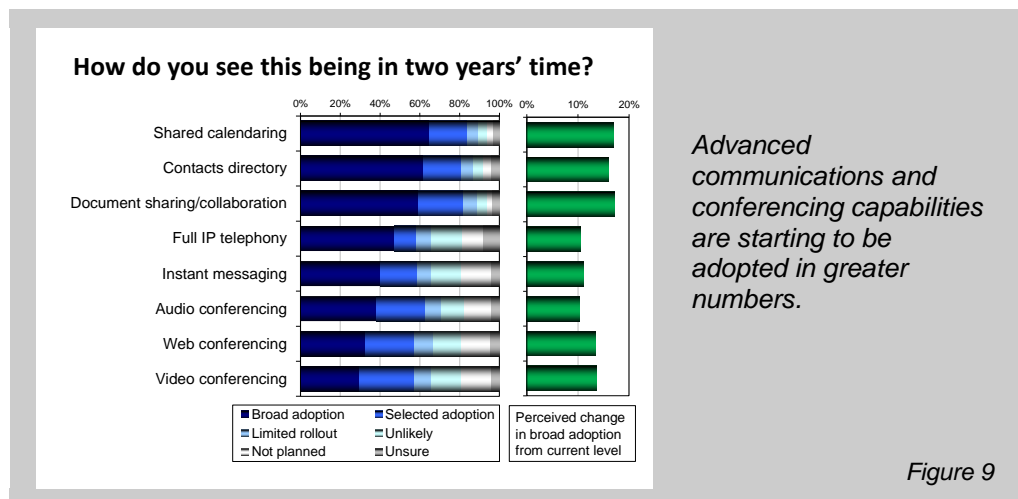
This has allowed easy access to email from various devices without needing to install a local app or to configure each device. An additional benefit is that email has been accessible on other devices such as smartphones or tablets that may not have a native client.

This functionality has existed for many years now, and is very capable, mature and accepted. And yet, it has not resulted in a shift away from the local app for doing email. What this shows is that where web-apps show an advantage in flexibility and have good functionality, they are adopted and even welcomed, but this not at the expense of the desktop app. Again, this highlights the value of a hybrid approach when considering SaaS services.
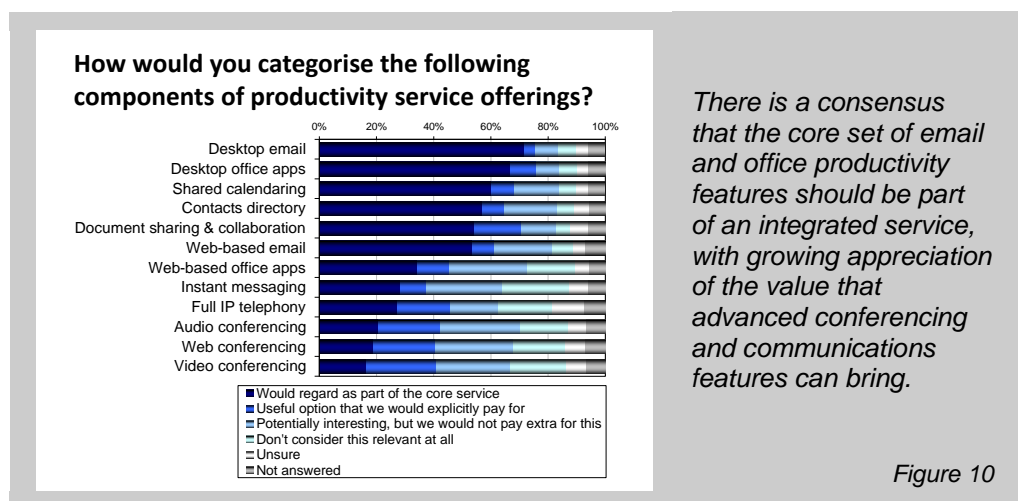
Conferencing and collaboration are the next frontier

So far, we've been talking about core office functionality, with which everyone is familiar, and which works well. But there are many changes happening in how people work particularly as companies become more distributed and workers are more mobile or home based. Our research [3] highlights that a lack of effective tools to enable collaboration on projects or problem solving is a big time waster.

Getting to grips with this will require implementing new and emerging capabilities – such as IP Telephony or audio, web and video conferencing - which for most will be a relatively new experience, even if the self-selecting sample that we have here may be running ahead of the market as a whole (Figure 9).

How do you see this being in two years' time?

Advanced communications and conferencing capabilities are starting to be adopted in greater numbers.
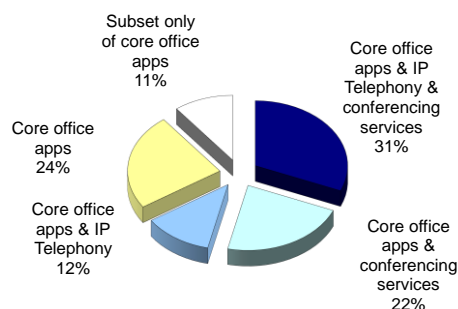
Figure 9

Turning to the scope of services, even though advanced communications and collaboration options are not widely seen as part of the core offering a good proportion of respondents indicated that these are seen as useful and something worth paying for. A further number felt that these features would be interesting, but they would not want to pay extra for them. This indicates that once in place, the respondents feel that these services should become part of an expanded, integrated core offering (Figure 10).

How would you categorise the following components of productivity service offerings?

There is a consensus that the core set of email and office productivity features should be part of an integrated service, with growing appreciation of the value that advanced conferencing and communications features can bring.

Figure 10

Looking a little more deeply into the actual adoption of these services shows that this is mirrored in reality. Bearing in mind that self-selection means that they are probably over-represented in the sample, around two-thirds of respondents make use of advanced communications and collaboration services over and above core email and office applications (Figure 11).

To what extent are the following office and other collaboration apps currently being used by the workforce?

Subset only of core office apps
11%

Core office apps & IP Telephony & conferencing services
31%

Core office apps
24%

Core office apps & IP Telephony
12%

Core office apps & conferencing services
22%

Even considering the self-selecting nature of the sample, a good proportion of companies have moved beyond the core functions of office applications and are adopting new communications and collaboration technologies.

Figure 11

While SMBs are starting to make use of these advanced communications and collaboration services, there is a lot of variety in how they bring it all together. Some try to use single vendor solutions; others bring together products from a variety of vendors. Some run it on-premise, while others choose a hybrid approach or move it all into the cloud.
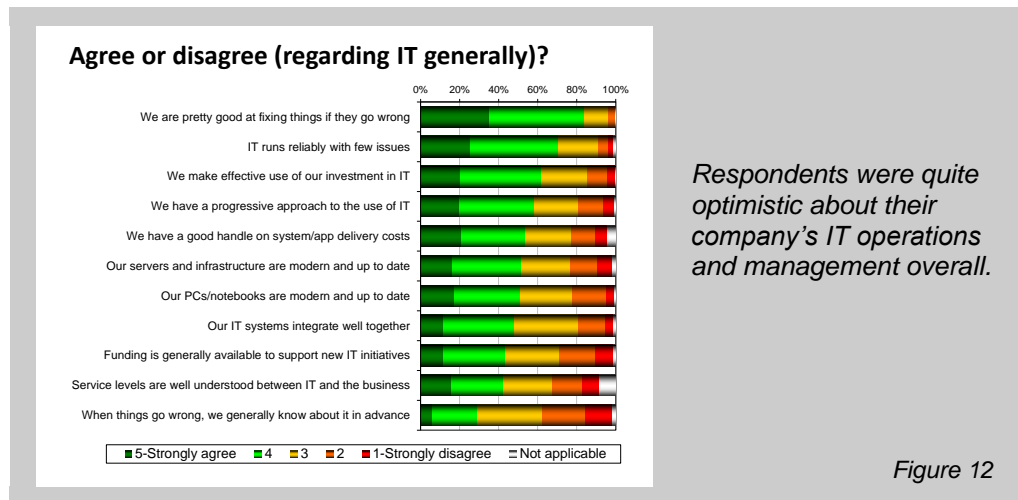
Moving from a point solution to a suite approach can have advantages by bringing a critical mass of what was previously considered optional functionality to bear on the business. In this way, users and the business can take advantage of new technologies that may be difficult or impossible to cost justify when looking to invest in and implement them individually.

Building on this, the fact that in a SaaS environment taking advantage of the advanced options is often just a case of 'switching on' or provisioning capability via the Control Panel, with little or no infrastructure implementation effort, any interest in advanced conferencing solutions could be a reason to put more emphasis on the SaaS option during selection.

Going forwards, the simplicity of being able to source all the services from a single source may start to offer real benefits in terms of being able to buy it all together and have it just work with little integration required.

The impact on IT costs and operations

The final element to consider when looking at whether using SaaS for email and office productivity solutions is a suitable option relates to the impact on the IT department and infrastructure [4]. To understand this, it's worth taking a look at how IT operates in general. Respondents, reflecting the nature of the self-selecting sample, gave their organisations fairly high scores overall when we asked them about various aspects of their IT operations (Figure 12).

Agree or disagree (regarding IT generally)?

Respondents were quite optimistic about their company's IT operations and management overall.

Figure 12

However, when looking a little deeper, some issues start to emerge. Notably, many respondents indicated that they are good at fixing problems, and feel that this is their strongest attribute. But conversely, few companies get warnings of impending failures in advance, meaning that in many cases they have had to become good at fixing things by necessity. Some investment in IT systems or service monitoring would probably not go amiss for many respondents. Other issues of note are the relatively low scores for IT systems integration and funding available for new IT initiatives.
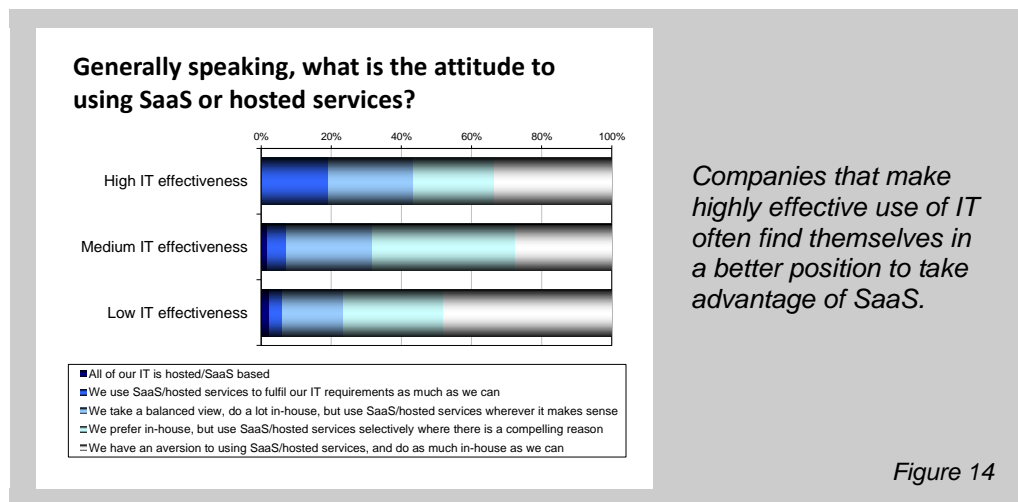
To look in more depth at some of the outcomes that emerge due to differences in operational capabilities, we aggregated the scores across all responses to the question shown in figure 12, and then divided them into three approximately equal groupings (please refer to Appendix B for the details and methodology behind this):

- High IT effectiveness
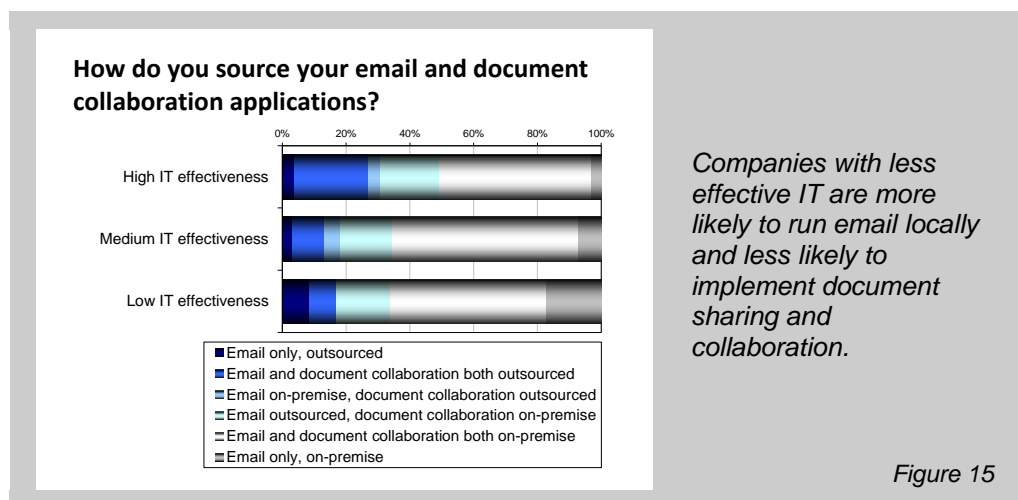- Medium IT effectiveness
- Low IT effectiveness

If we do this, we can look and see what difference this makes to how IT relates to the business. The picture that emerges is one of stark contrast. Companies of all types make a similar number of requests for change. However, it is the ability to respond to this effectively that separates the most effective IT organisations from the least. It's also important to recognise that there is a steep increase in the perceived level of end-user happiness with the services that IT provides where IT is used more effectively (Figure 13).

How much would you agree with the following statements with regards to the business?

Companies that make effective use of IT have a more agile IT department and users that are much happier with IT.

Figure 13

If improving IT operations and user satisfaction is a goal, then making more effective use of IT may help to do so. While many vendors may claim that SaaS can automatically enhance operational effectiveness, it is not safe to assume this will apply across the board. Companies that make highly effective use of IT often find themselves in a better position to take advantage of SaaS (Figure 14).

Generally speaking, what is the attitude to using SaaS or hosted services?

High IT effectiveness

Medium IT effectiveness

Low IT effectiveness

- All of our IT is hosted/SaaS based
- We use SaaS/hosted services to fulfil our IT requirements as much as we can
- We take a balanced view, do a lot in-house, but use SaaS/hosted services wherever it makes sense
- We prefer in-house, but use SaaS/hosted services selectively where there is a compelling reason
- We have an aversion to using SaaS/hosted services, and do as much in-house as we can

Companies that make highly effective use of IT often find themselves in a better position to take advantage of SaaS.

Figure 14

If we drill down a bit more to look at what impact this has on running email and document collaboration services specifically, a number of differences in how these are sourced emerge. Companies with highly effective IT are more likely to use SaaS for sourcing email and document collaboration applications. Not only that, but they are also much more likely to be running not only email services, but document collaboration functionality too (Figure 15).

How do you source your email and document collaboration applications?

High IT effectiveness

Medium IT effectiveness

Low IT effectiveness

- Email only, outsourced
- Email and document collaboration both outsourced
- Email on-premise, document collaboration outsourced
- Email outsourced, document collaboration on-premise
- Email and document collaboration both on-premise
- Email only, on-premise

Companies with less effective IT are more likely to run email locally and less likely to implement document sharing and collaboration.
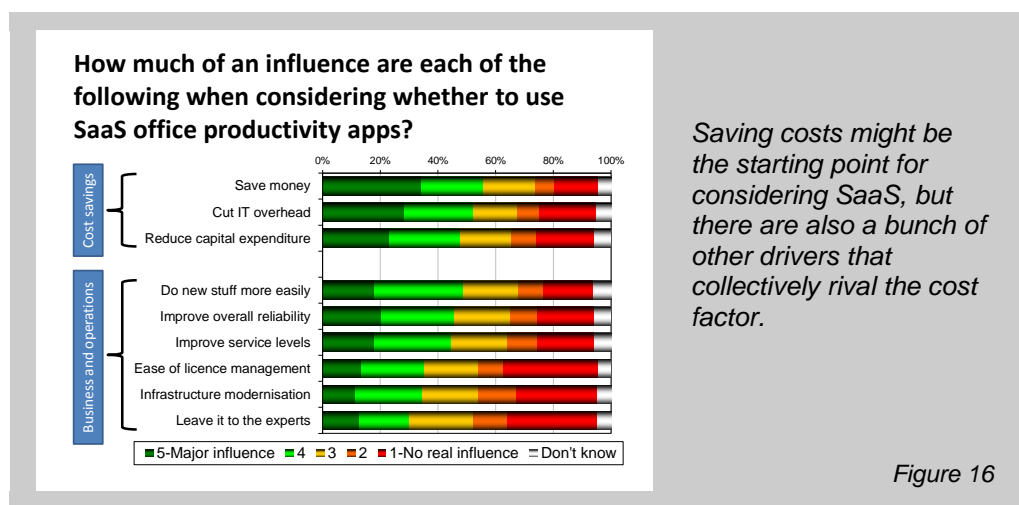
Figure 15

It is important to realise that it is not an all or nothing approach when it comes to considering the role of SaaS. There is nothing wrong with having your e-mail server in-house and running SharePoint and other services via SaaS.

The increased, though balanced, use of outsourced services generally marks out those companies with more effective IT. Those IT organisations looking to improve their performance and relations with the business may look to migrating a number of services, including email and document collaboration, to a SaaS or hosted service provider to help enable this, but what is it that they need to be aware of when looking to do so?
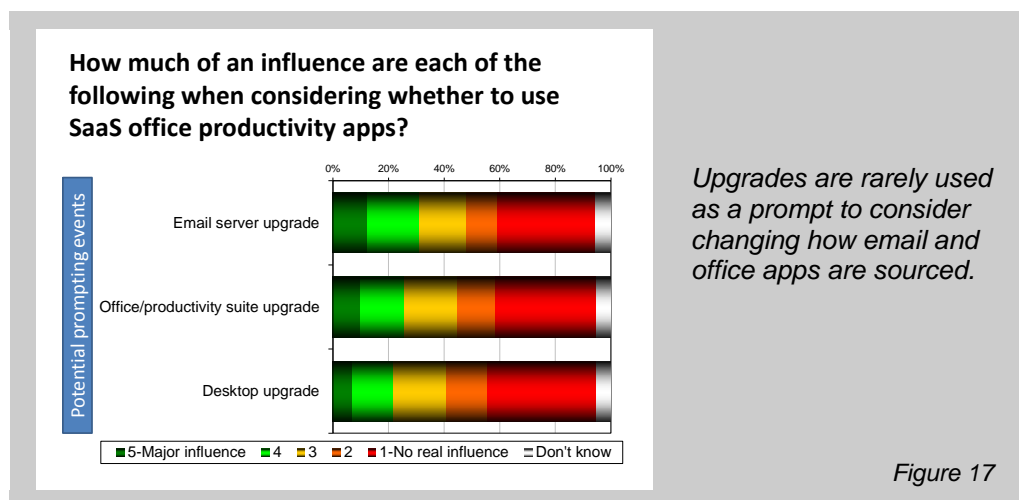
Money saving is a hook, but the real benefits are flexibility

Few SMBs have extensive experience of using SaaS, and this can mean a big problem is often knowing where or how to start to build a business case. The most obvious driver for many is cost reduction, and is always a good place to begin. Cost efficiencies are important to strive for across IT - whether it's on-premise systems or services from an external provider. When it comes to cost reduction, there is a general desire to cut both the on-going overhead of IT operations as well as to reduce capital expenditure.

However, cost is only part of the equation, and the business case for SaaS office productivity apps can be strengthened considerably if we consider drivers that are more value-based. We've seen already the importance of responsive IT in this context, and indeed the ability to do new things more easily figures prominently in the consideration of SaaS. Benefits here are highlighted by many respondents, as are advantages in terms of boosting reliability, improving service levels and easing the burden of licence management. While the specific value-based drivers that are relevant will vary depending on individual circumstances and objectives, when we look across them all, they are collectively at least as important as cost-related benefits (Figure 16).

Saving costs might be the starting point for considering SaaS, but there are also a bunch of other drivers that collectively rival the cost factor.

Figure 16

While the potential benefits are clearly appreciated, the role of prompts that we might expect to precipitate action is not as well acknowledged, Major disruptive upgrades that generally involve a lot of planning and testing, and consume significant budget, would be an ideal time to check out alternatives to running services on-premise. Such upgrades appear to be less of a trigger in most cases at the moment, however (Figure 17).

Upgrades are rarely used as a prompt to consider changing how email and office apps are sourced.

Figure 17

This is most likely due to the fact that on-premise services have existing hardware, software and expertise. They are also quite likely to be on a maintenance contract that covers upgrades to future versions, and therefore the upgrade could be perceived to be already covered from a cost perspective. Therefore the planning cycle is built on an inherent assumption that an upgrade is naturally the most appropriate way to go.

Objective evaluation and supplier selection

There are a number of criteria by which providers can be measured, and taking the whole solution into account, and independently verifying the claims made will be an important step. What stands out here is that, despite the hard time given by the press to failures in cloud or SaaS availability, service level agreements do not come anywhere near the top of the list, while security, recovery and support figure highly (Figure 18).

Security remains a top concern overall, as does resiliency, ease of migration and overall quality of support.

Figure 18

This is what one respondent had to say about what they would look for when selecting a SaaS provider:

> *"Less time spent on IT support, greater reliability of services, better scalability, less backup problems. But we'd have to be sure that our SaaS or hosted service provider could enforce confidentiality and information security for a price more or less comparable to current operating costs."*

This also confirms that confidentiality, as part of security, is an important consideration when looking to SaaS. However, concerns about data security do not extend so far when it comes to the question of where geographically the data is held, despite this being a hot topic in the press. As we can see above, data geo-location is the least important criteria in our sample when looking at SaaS providers.

It's important that due diligence is performed, as not all outsourcing providers can offer the same level of service or support, despite what they might claim to be able to do or offer in SLAs. Even global providers have off-days, so it's important to understand there is risk involved and be comfortable the provider can cope with bringing services back to normality.

Discussion

Following a period of intense, and often chaotic, development there are now a variety of different SaaS solutions able to provide email and office productivity solutions to SMBs. These have started to reach a level of integration of features that on-premise solutions can be challenged to match. Advanced features like telephony and web-conferencing are now available alongside more traditional features such as email, calendaring and document creation and collaboration.

Email and other office productivity services are now very firmly embedded in many business processes. This can create dependencies on back-end email and document collaboration services that may not be directly visible to IT. Attempting to migrate these services to an external provider without understanding the dependencies may cause unforeseen consequences throughout the organisation, potentially removing any advantages of moving to a SaaS provider. A successful migration will identify the integration points and make sure they are addressed as part of the requirements gathering and planning process.

One of the biggest claims that many make of SaaS is that local software is not required. When it comes to email and office productivity apps this will not work well at all. This is due to a variety of issues with running everything as web apps, including offline access, latency, interface speed and the lack of functionality that the web apps may be able to deliver. This fact alone is probably sufficient to knock back any proposal that does away with local apps and relies only on web apps. This is especially acute for companies where there is a high proportion of mobile or knowledge workers.

In the mid to long term the indications are that the performance, features and maturity of local apps will result in them remaining the most important interface in use. However, as the web apps become more feature rich and polished, they will find more favour and become broadly adopted alongside the traditional local apps, but will not end up usurping their role.

When it comes to making the choice of running services internally or to migrate externally, many factors come into play. One of the most important comes into play even before requirements gathering and evaluation, and that is there is still a lot of uncertainty, doubt and resistance to the idea of using hosted service providers or SaaS vendors to provide IT capabilities.

Many IT staff - and business managers too – are wary of giving too much away or do not trust the credentials or capabilities of service providers. Yet it is actually the companies that are more effective at IT that are willing to put SaaS in the mix and use it to help maximise the usefulness of IT to the business.

The bottom line when it comes to email and office productivity for SMBs is that developments in the area of SaaS office means there are potential benefits for most organisations, at least in theory. Regardless of your situation it's worth considering SaaS - whether you're looking at upgrading what you already have or are thinking of extending your capabilities. Just make sure you do your homework and make decisions on an objective and informed basis.

References and Further Reading

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First signs of more mainstream acceptance?
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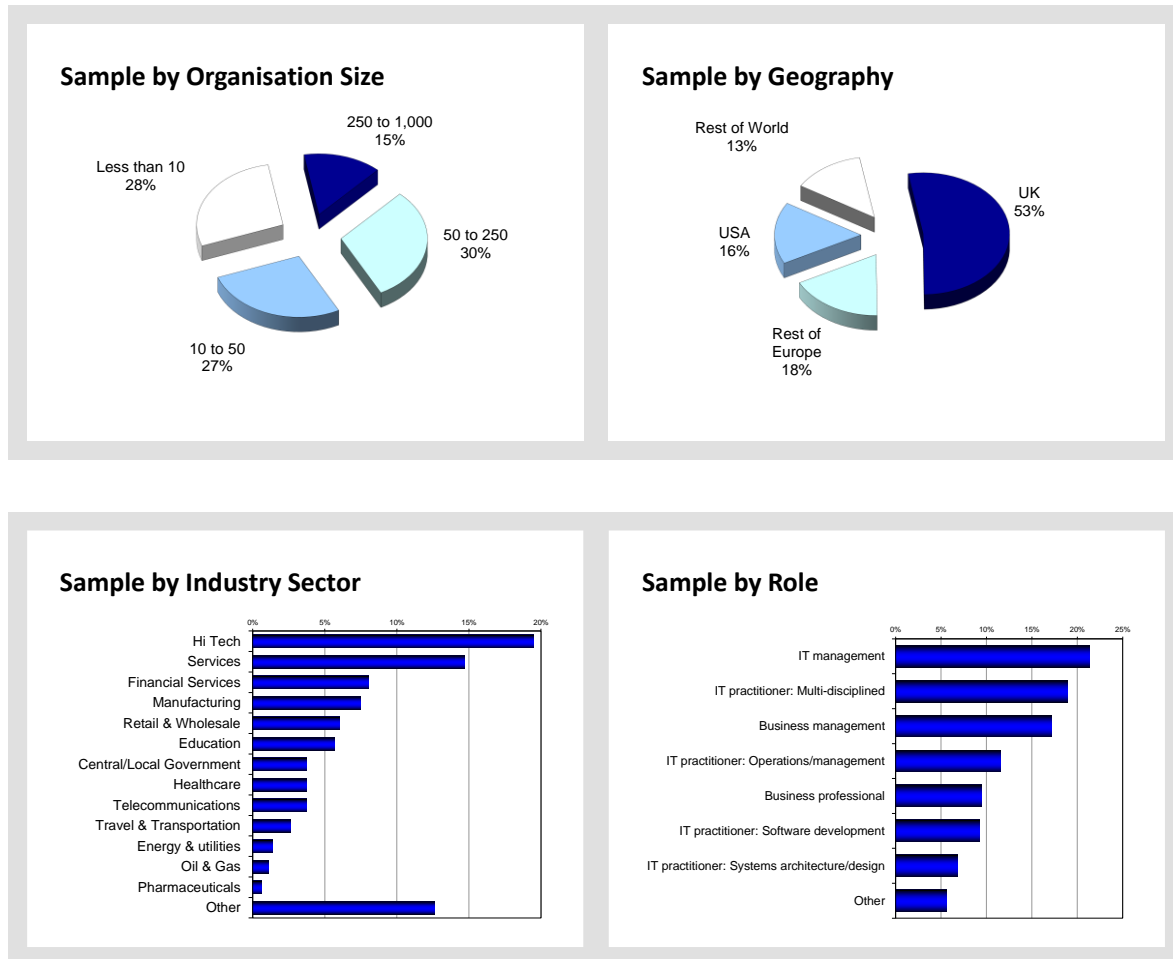
Appendix A: Study Sample

Feedback was gathered via an online questionnaire published on The Register news and information site (www.theregister.com). The respondents, totalling 348, were IT and business professionals representing a good cross section of job functions and working in a range of different industry sectors.

The sample distribution was as follows:

Sample by Organisation Size

- 250 to 1,000: 15%
- 50 to 250: 30%
- 10 to 50: 27%
- Less than 10: 28%

Sample by Geography

- UK: 53%
- Rest of Europe: 18%
- USA: 16%
- Rest of World: 13%

Sample by Industry Sector

- Hi Tech
- Services
- Financial Services
- Manufacturing
- Retail & Wholesale
- Education
- Central/Local Government
- Healthcare
- Telecommunications
- Travel & Transportation
- Energy & utilities
- Oil & Gas
- Pharmaceuticals
- Other

Sample by Role

- IT management
- IT practitioner: Multi-disciplined
- Business management
- IT practitioner: Operations/management
- Business professional
- IT practitioner: Software development
- IT practitioner: Systems architecture/design
- Other

A note on methodology

The web survey approach used in this study is subject to the 'self-selection' principle, which basically means that people with a greater knowledge of or interest in the topic are more likely to have responded.

Such self-selection does not undermine the analysis we have presented here as we have focused on the relative emphasis of different perceptions and types of activity. Indeed, in fast moving areas it is often useful to investigate the views and behaviour of those that are ahead of the curve. It does, however, mean that it would be inappropriate to regard any of the statistics we have used as a representation of the absolute level of need or activity across the business community as a whole.

The study was completed in November 2011, and we would like to take this opportunity to thank all of those who took the time to participate. Your help is very much appreciated.

Appendix B: IT effectiveness index

During the study, respondents were asked about various aspects of their general IT environment. A 1-5 scale was used to gather feedback and the raw results were as follows:
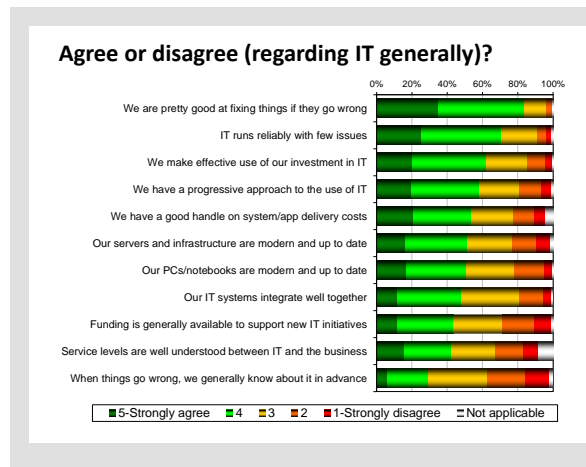
Each response was then converted to a 0-4, with 'Strongly Agree' assigned a value of 4, and 'Strongly Disagree' a value of 0. Each respondent's individual answers were then summed up, and used to segment the sample according to their IT effectiveness as follows:
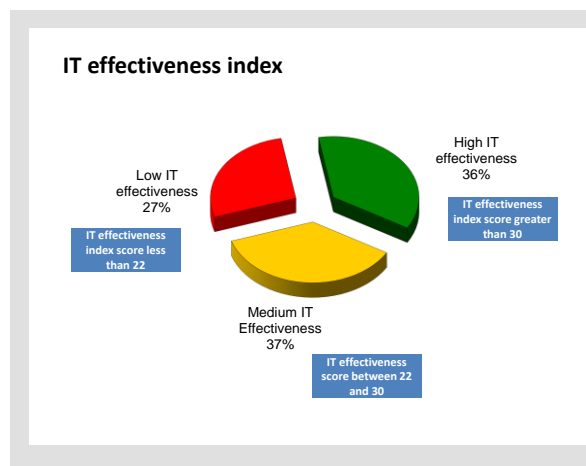
Note that the groupings used are not meaningful in absolute terms. Convenient breakpoints were identified that allowed the sample to be divided into three reasonably sized groups. The aim was simply to facilitate analysis based on relative perceptions of IT effectiveness.

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