

SaaS : Can the Clouds Host Some Green Drops?

Software-as-a-service has the not-so-tapped potential of Software-as-a-Green enabler too. Is that just a new marketing spiel for vendors or something worth a thought...

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What happens when a business user is offered a new scenario of using ERPs, software and applications? SaaS versus the subscription model? A model which lets users move away from the hassles of ownership, management and traditional full-time license and upgrade costs that existed in a subscription model, by allowing them to move to a pay-per-use rental model delivered through the Web?

Well, not much is left to guessing.

Back-of-the-envelope calculations become attractive as one figures out lower TCOs for applications, scalability without new infrastructure costs, risk reduction on new acquisitions in case of SaaS in contrast to high capital expenditure, direct and indirect investments, ballooning costs with long implementation time, that has to be lived with in case of conventional software models.

SaaS on the contrary has no capital expenditure, no investments and is touted as a low-subscription model with implementation done in weeks. But are there any other by-products of going for a SaaS model besides the usual considerations?

When the customer does not take ownership of the software, but instead rents a total solution that is delivered remotely, it surely brings down the erstwhile hardware, server infrastructure and people costs, even if in just a relative sense. If the application provider is taking up the responsibility for the deployment, operation, and maintenance of the IT infrastructure, there

is high probability of the scope of reducing power consumption and consequent carbon footprints.

It is hence not a surprise that vendors of SaaS model are not only talking about financial ratios but also the green rationale as the new pitch.

Pitching the Green Tents

How do you go green when you go SaaS? The first obvious answer is on reduced maintenance.

SaaS is very relevant from the green perspective because the biggest thing in traditional ERP models is maintenance. As Ganesh Subramanian, head, sales, OnDemand ERP, Ramco Systems puts it, the client server might not be green as you are stuck with some vision. Every year you need to be adapting and working the AMCs, the patches, the documentation etc. But green comes along if all that is always available on a latest platform through a plug-n-play model.

With SaaS, which can be accessible from anywhere via the Internet, there is apparently no need of expanding scarce in-house resources on further updates and patches. Traditional ERP biggies ranging from Oracle to Microsoft are now underlining SaaS in a big way, with stuff like hybrids and SaaS versions of the bloated applications turning a natural member of the new Menu cards.

Imagine a restaurant switching to e-bill that comes straight to your phone instead of printing a paper-bill out, asks Shashank Dixit, CEO, Krawler Networks, the \$10 mn ERP start-up, that has in its portfolio CRM and ERM offerings built around search analytics on-demand/SaaS as its basic model.

He reasons, Assuming tens of thousands of people eat at any such restaurant, it would mean saving millions of sheets of paper, thereby saving trees, saving energy that goes into producing paper and so on. A good ERP implementation reduces paperwork tremendously. Krawler is working with Greenbills in Singapore, which is bringing the invoicing and billing to mobiles and desktops. We have an Energy Module in our ERP that can estimate the cost of energy per dollar earned.

Another ERP player MAIA Intelligence with about two and half years of existence has sought its niche in the BI market, and doesn't miss the opportunity to label SaaS and Cloud Computing as green. The argument springs from reduced data center investments, chance for employees to reduce their time commuting, and thus reduced carbon footprint.

No doubt, SaaS and cloud computing or desktop-as-a-service become potent carbon-reduction tools when offered through large-scale operations asserts CEO Sanjay Mehta.

Well Nailed?

Cloud computing, that Gartner defines as a style of computing in which massively scalable IT-related capabilities are provided as a service using Internet technologies to multiple external customers, is gaining ground steadily.

Incidentally, as per a Gartner study in December 2008, 90% of organizations surveyed expect to maintain or grow their usage of software SaaS, while more than one-third of respondents indicated plans to transition from on-premises to SaaS. The main reasons cited were cost-effectiveness and ease/speed of deployment. In fact the survey indicated that more than 40% of organizations have used SaaS for more than three years, implying a growing fluency with the model within the end-user base. In terms of transitioning from a current on-premises solution to a SaaS indicated a 70% conversion. But talk about the green argument, and the proverbial pinch of salt surfaces.

For Nareshchandra Singh, principal research analyst, Gartner the green connotation is realistic only for large set-ups as enterprises with economies of scale only can reap the green crop.

He admits the obvious green virtues like less space utilization, less infrastructure on IT and power, etc. Technology is definitely helping but we are still a little far off from proving the green cost returns of SaaS.

The benefit of efficient use of product remains, more so when the shareability issue is addressed when the product is centralized with SaaS, thus improving the efficiency, he says. The IT equipment is also taken care of but the green view is more relevant when the external SaaS model is used and not when an internal one is used.

There are two aspects of SaaS. Internal is where the company's internal IT department becomes a service provider for the whole organization from a centralized location allowing remote users access from anywhere. If you go for external model, instead of buying your own product and deploying it, you take the service from an external provider with a per-use-charge. This is even better from both cost optimization and green perspective because you share the same infrastructure with multiple users.

A Contrarian View

A candid account from Arvind Joshi, CIO, Mphasis, an EDS company shows that SaaS still has a long road to cover on practical experience and the green terrain.

I don't see any technology leader adopting SaaS for green pursuits. Financial reasons are still the key driver rather than the green cause, asserts Joshi who has his doubts on the new-fangled SaaS buzz. SaaS fundamentally has kicked off much before, during the Dotcom era. We shied away from it then and are now repackaging it as SaaS, while the same has been around for quite a while.

He reckons Salesforce.com as a classic example that has matured with time and gives an entire hosted scenario. Green surely is helped when precious power is consolidated instead of distributing it along with hardware efficiency maximization. SaaS is definitely green but more so for the vendor as it paints the wall for him green overall, when we think of his servers, hardware, efficiency ratios and centralized models.

Will it Deliver?

It might be too early to judge SaaS from a green prism but only time and future numbers on carbon scores and balance sheets of users can substantiate the confidence doing the rounds right now.

As MAIAs Mehta stresses confidently, companies are finding that going green isn't just good for the environment, it's good for business as well. Sustainable green practices can be a huge selling point to both partners and customers. By gaining a hold in this market while it is still relatively new, companies can start establishing themselves as green even before it becomes the norm.

Seems at least it's worth the test.

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