



The next big thing

It may not yet be mainstream, but thanks to a couple of potentially 'killer' applications, Software as a Service is enabling companies to do things they could only dream of doing before
By Martin Banks

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Forty years ago the laser was seen as a technology in search of an application. For many IT users, Software as a Service (SaaS) fits the same description. Yes, a growing number of companies (Salesforce, NetSuite, OpSource etc) are delivering SaaS, and most can boast some big name users. But the technology still has a long way to go before it can be considered mainstream.

Part of the reason for this lies in another historical analogy – that of the PC and its place on business desktops. Most users could not see a need for such machines until the arrival of word processors and the Lotus 1-2-3 spreadsheet. That, in particular, was the application that made sense of the PC as it enabled users to do something they couldn't do before.

From a user's point of view, the advantages offered by SaaS up to now have been secondary to the fundamental service delivered by the core application. Salesforce, for example, is the big name in SaaS-delivered CRM, while NetSuite is carving a name for delivering business management as a service. But the delivery mechanism can seem irrelevant when most businesses are using alternative ways to perform these functions. They are unlikely to see any compelling reason to switch to SaaS, despite its economic benefits, and some may be deterred by "fear of the new".

What SaaS needs is at least one, and ideally more, service equivalents to Lotus 1-2-3 – a "killer" service that every business can justify, and which

can be achieved no other way. The signs are they are starting to appear.

Take NetSuite's OneWorld. This enables companies to take financial and business figures from operations around the world, or from recently acquired businesses, and to consolidate them into a usable form. It can do this in real time – or, at least, what seems like real time compared with what has been possible up to now. Rather than simply taking a snapshot of the situation at a single point in time (which can cost a lot of money and effort) companies can access real, consolidated business data as and when they need it. Up to now, snapshots are all that IT has been able to offer; even the biggest businesses have had to rely on them for summaries of their cumulative performance.

Such companies can spend hundreds of millions of pounds trying to consolidate financial results from different divisions around the world; many spend five or more years building the applications and infrastructure needed, and still fail to achieve the goal. At best, they end up with a huge spreadsheet representing the business at a single instant, but with little guarantee that the snapshot it provides is remotely accurate.

This approach is still considered "state of the art" in the application of technology to business. But why should businesses settle for a single snapshot of past performance when what they want is full-colour, realtime video with slow-motion replay?

IT'S A KILLER

NetSuite's OneWorld service runs on top of the existing NetSuite business management services. So it might seem that you need to be "locked in" to this software or to "rip and replace" existing applications before you can gain any advantage. In practice, though, this isn't the case, and at least one early adopter has started to use it as a consolidation tool to a worldwide installed base of SAP ERP systems, which continue to do the day-to-day work. This shows how SaaS can fit neatly into the real world of "brown field" infrastructures, complementing rather than supplanting existing applications and systems.

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ESSENTIAL SUMMARY

- Software as a Service (SaaS)
- has found two "killer applications" that make its use compelling for many businesses
- NetSuite's OneWorld service enables companies to consolidate financial results of overseas subsidiaries or acquired companies in 12 languages and 170 currencies
- OpSource's Connect has been developed to integrate the SaaS-based services with legacy applications. This allows enterprises to create business quality mashups that use applications and services from both sides, while maintaining operational integrity between them.



➔ BUSINESS VIEWPOINT

- For SaaS to achieve mainstream acceptance, it needs a "killer application". This may come from the world of mashups – mixtures of existing legacy business applications with web browser-based interfaces.
- OpSource's Connect provides the necessary security and operational integrity to allow such mashups to be created without risking damage to the business.
- NetSuite's OneWorld SaaS application provides almost realtime consolidation of financial results across global subsidiaries, together with the ability to drill down into the figures of any or all subsidiaries.

mouse – and this is what gives it the potential to be a killer service for SaaS. The software works on just one model of the business, its processes and service requirements. This model can then be spun out to the subsidiaries, not only in their own language and currency, but using the particular tax regulations and other country-specific compliance factors relevant to creating usable financial results.

Having a single business model enables business managers to drill down into the data, in real time, to identify and resolve problems in the consolidation. This can be done across currencies, enabling business managers to get a clear picture of a subsidiary's performance in the currency of their choice. Other benefits follow from this fundamental approach. For example, the single business model can be used to hold and deliver the source material for all subsidiaries' web sites, each rendered in the language and pricing of the individual countries.

While the details of this approach will be of interest to business managers, many IT managers may be muttering, "So what?" To them it can be seen as just another business process to run. But an important part of IT's shift from a technology focus to a business focus is that, by providing business managers with services such as this, IT managers can boost the "hero" status of their department. If, through products such as OneWorld, they can offer services that have never been possible before, so much the better.

This alone is an important consideration for IT departments because of the way many companies are likely to implement SaaS. Most will have a baseline of applications that are critical to the business and will not be abandoned without good cause. SaaS is likely to work its way into a lot of businesses, so if it can interoperate with existing applications and infrastructures, as well as do something new and of core importance to the business, it could be just the tool needed to open up new markets. (See www.netsuite.com for details.)

MAKING CONNECTIONS

A step along this road is already available in the form of OpSource Connect. OpSource specialises in tools that can combine SaaS services that exist in the "cloud" into large, more complex services

– enterprise-class mashups in a way – as well as integrating them with existing legacy applications. Connect is built around the company's OpSource Service Bus, which it claims is the first multi-tenant enterprise service bus (ESB). This allows different services to co-exist and cooperate, while maintaining operational integrity and security between them. It provides what the company calls a "write once, integrate with all" capability for web services and the integration agents that support legacy applications, and this overcomes the common problem of having to continually re-engineer the code needed to integrate applications when a new application or service is added.

So OpSource Connect, too, has great potential as a killer application for SaaS as it could provide the glue needed to integrate applications or services in any way that meets the business objectives of a company. Being standards based, Connect can already work with most of the web services tools that are now becoming available. It can also provide at least part of the necessary security and operational integrity backbone for users looking to exploit Web 2.0 mashup technologies in an enterprise environment. Up to now, only a brave company would have allowed this to happen as the underlying processes are still so insecure and uncontrolled.

Long term, the software could provide the platform on which legacy applications, web services and service delivery mashups are

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integrated and delivered as SaaS-based services to any desktop in a business where it is needed. That's how new business processes will be generated in the future, whether they are customer-facing sales and marketing tools or back-office business management services. And those responsible for server and infrastructure management will need such a platform to configure, deliver and manage those services. (Visit www.opsources.net/connect.php for details on Connect.) ■