

# The Surge of “Software as a Service” and OnDemand Technologies

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The technology world is full of buzz words that make up a language all their own. With the turn of the 21st century, software as a service (“SaaS”) took its place in the dictionary of technology terms that are redefining the way many organizations plan for the future. With the web as the virtual foundation, SaaS providers can offer solutions that remove many of the obstacles created by traditional software. A number of companies have successfully deployed the SaaS model to hundreds of thousands of users, most notably SaaS blogger Phil Wainwright’s four horsemen of SaaS, and in the nonprofit world eTapestry blazed the trail. However, these benefits often come with limitations on flexibility and data access. At the same time, traditional software vendors with deep functionality are undergoing the transition to the web delivered software business model. Forward thinking traditional software vendors such as Oracle and Blackbaud have invested in technologies to deploy their solutions over the web by providing hosting services, often called “OnDemand” services, while retaining the ability to offer full-featured, customizable, and data rich solutions.

## EASY TO DEPLOY AND EASY TO ACCESS

There are key strategic benefits for organizations that make the move to this new generation of SaaS or OnDemand technologies. A significant challenge for traditional software, particularly for nonprofit organizations, is the lengthy implementation cycle, extensive IT staff resources, and investment in hardware to implement and maintain applications. OnDemand and SaaS solutions alleviate these concerns by offering a technology solution delivered on an internet-based platform, completely eliminating the need for IT investment. This is a powerful capability, because it provides the opportunity to deploy solutions very quickly, and speed to market is an important competitive advantage in today’s economy. Gone are the days when organizations have to worry about IT procurement cycles, servers, or capacity limitations — now they can simply log on and get to work! Also, pure web accessibility means that users, whether they are back-office users in the finance or development office or website users like donors, volunteers, and program specialists in the field, can access the applications anywhere they can get an internet connection. Now, that’s accessibility!

## PREDICTABLE TECHNOLOGY COSTS

OnDemand and SaaS technology is also changing the way organizations think about their financial investments in technology. With SaaS, they are not paying to own software, but are essentially “renting” the right to use it over a specified contract term. SaaS applications are often priced on a per-user or per transaction basis, which helps organizations match their costs to their revenue streams. The upfront cost is usually much less and ongoing expenses are more easily controlled, thus creating a low-risk model that many organizations find attractive. OnDemand solutions provide a hybrid approach. While typically the organization

will still purchase and “own” the software license, the remainder of the technology investment is paid on a flat rate subscription basis over the contract term. So, the organization can avoid significant upfront costs in hardware and other supporting technologies. Either way, the organization gets a more predictable cost structure which helps ease planning and budgeting.

However, despite all the benefits, there remains some hesitation to adopt the SaaS and OnDemand models. First and foremost, organizations are very sensitive to the security of their critical data. Top tier SaaS and OnDemand vendors have made substantial investments in security and other technologies that likely far exceed the capabilities of an individual organization’s IT department. Despite this fact, many organizations are just not comfortable moving their applications outside the walls of their buildings, while other organizations do not yet trust the reliability of the “virtual” infrastructure. Despite some natural trepidation, there’s no denying that SaaS and OnDemand is becoming a cost-effective option that is forcing organizations to at least begin to think about the technology roadmap for the future.



## About Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 19,000 organizations use one or more of Blackbaud products and services for fundraising, constituent relationship management, financial management, direct marketing, school administration, ticketing, business intelligence, website management, prospect research, consulting, and analytics. Since 1981, Blackbaud’s sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Canada, the United Kingdom, and Australia.

For more information about Blackbaud solutions, contact a Blackbaud account representative. In the United States and Canada, call toll-free 800.443.9441. In Europe, call +44 (0) 141 575 0000. Visit us on the web at [www.blackbaud.com](http://www.blackbaud.com).

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