

Software as a Service Delivers Advantages for Application Providers and End Users



Alan Snell, Managing Director, KCS plc

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If you think the hosted software (ASP) model has seen better days, think again. Reincarnated as Software as a Service, (SaaS) this Web-based method for delivering and maintaining business applications is experiencing a resurgence as the software industry adapts to changing business models and tough market conditions. Progress Application Partners and customers are reaping the benefits of SaaS.

KCS, plc, one of Progress's leading UK Application Partners, attributes a 10% increase in annual revenue directly to its SaaS offering. Kurt Geiger, a leading UK shoe retailer and KCS customer, manages payroll for 90 branches and nearly 1,000 employees with a two-person payroll team and the power of SaaS.

In its earlier incarnation, the hosted application model presented a sometimes costly and potentially risky investment for software providers. In its initial outing, there was great market interest around ASP, but that model didn't always work very well for application providers who were accustomed to a commercial model that charged large upfront fees for software and professional services. By changing the economic balance and spreading the costs of SaaS development over time, Progress and its hosting partner, 7 GLOBAL, a leading provider of SaaS to thousands of users in the private and public sectors, have made SaaS significantly more advantageous to a wider range of Application Partners and end user customers.

According to Martin Walker, Director of Marketing at 7 GLOBAL, “There is most definitely a dramatic resurgence of interest in SaaS and the number of ISVs receptive to the offering. In the past 18 months, we have spoken to over 150 Progress Application Partners.” 7 GLOBAL has found that software vendors who are focused on a particular market sector and whose applications have traditionally been outsourced, such as HR and Payroll, are particularly receptive to the SaaS model.

KCS Grows Revenue and Opportunities with SaaS

KCS provides over 450 customers with comprehensive HR and Payroll applications in a wide range of market sectors including Retail, Manufacturing, Housing Associations, Charities/ Non-Profits, and white-collar industries such as Legal and Professional Services. In business since 1979, KCS is creating new market opportunities by selling to new markets and also creating new sales opportunities within existing markets since launching their SaaS offerings.

Alan Snell, Managing Director, KCS plc, explained, “KCS first became interested in hosted software through the Progress ASPen program 4 years ago. We thought it was a good marketing tool, and having an online demonstration of an Internet delivery method won us some early adopters who were IT savvy and confident in the system’s security. Today, SaaS is a core competitive advantage for KCS. We have acquired an outsourcing bureau, and our KCS Connect offering lets us provide a full range of services to our customers.”

Leveraging SaaS, KCS can deliver all application functionality across the Internet. “In HR and Payroll, it’s very difficult for businesses to keep up with the complex and ever-changing rules and regulations governing employee wages and benefits. With KCS Connect, our SaaS offering, we can assume that responsibility for our customers, provide improved control of the data and the application, and deliver management reports that facilitate sound decision-making,” said Snell. KCS leverages 7Global’s multi-tenanted system for hosting multiple end user customers. “We run the payroll slips for many customers,” commented Snell. “They log in through the same ISP, which is a really exciting concept. We foster a high degree of confidence, provide whatever range of services they require, and help them adapt to business changes. We offer a full menu of options and supply both sides of the process.”

New Pricing Model Creates Value in the Currency of the Customer

A key element in KCS’s success with SaaS is the pricing strategy Progress and 7 GLOBAL have developed. “A monthly installment pricing plan is a wonderful approach for our customers, some of whom are very small. This makes their software expense predictable and affordable and the ROI is definitely there,” explained Snell. Equally important is pricing that reflects the “currency of the customer.”

Traditional billing practices would charge for HR and Payroll services at a certain number of pounds per user/ per processor – the traditional software licensing structure. “Throw that idea out and start with a clean sheet and bill on a per paycheck basis,” explained Martin Walker. “Progress is one software company that will consider pricing in that manner.” The Application Partner’s line of business helps determine the best way to value the software and Progress makes its licensing model flexible. Application providers and end users begin to think differently about pricing based on a managed service provided per employee per month.

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Managing Director
KCS plc*

SaaS fits Shoe Retailer Kurt Geiger's Needs Perfectly

For Meena Minstry, Payroll Supervisor at Kurt Geiger, KCS's hosted application and services deliver distinct advantages. "We can access our KCS application from any location, at anytime. 24/7 access means we can work remotely – even from home — whenever it's necessary. Compliance with labour regulations is never a problem for us now because our SaaS application contract provides automatic software upgrades. That eliminates any concerns we might have about staying current with compliance regulations," Ms. Minstry explained.

Kurt Geiger replaced a legacy system with KCS's software. "Our legacy system was not integrated with other systems, had no reporting capabilities and created a great deal of manual work for both payroll and HR," Minstry said. Since the advent of the KSC SaaS solution, Minstry and her team have seen a significant improvement in accuracy. "Our staff are compensated with fixed salary and commission on every sale, depending on style. The KCS system helps manage all this information accurately, and when it comes to payroll, accuracy is of paramount importance," stated Minstry. Advanced reporting capabilities that have improved organizational decision-making are another advantage of the KCS system.

"The system helps us analyze employees by hours worked, helps manage our pension scheme, and has proven itself an excellent labour management tool," Minstry added.

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*Meena Minstry
Payroll Supervisor
Kurt Geiger*

Stability and Data Security Assured

One of the biggest obstacles software vendors like KCS face when clients are considering SaaS is the concern about data security. 7 GLOBAL complies fully with BS77 99, a global standard for security that is widely known in the UK. They serve many government accounts and compliance with this global standard is a prerequisite to support them.

Another common concern is stability. "The stability of Progress is key to the success we've seen with SaaS," said Alan Snell. "Once it's installed, the Progress database just goes and goes. That database is the most solid thing around, and WebSpeed is a good tool for extending our application to the web."

Snell is equally positive about partnering with 7 GLOBAL. "They are a dream to partner with," he said. 7 GLOBAL focuses on working with Application Partners. They count as a major investor the firm of London Merchant Securities. That presence greatly adds to their credibility in the market. They have exceptional references that include BBC, Microsoft UK and Sainsbury's.

When it comes to ensuring client confidence, 7 GLOBAL takes no chances. Martin Walker explained, "The infrastructure that we operate in is completely secure. We acquired a former bank with a bullion vault for our location and our network operations are housed 40 feet underground in a completely secure environment. We use biometric technology for access to the facility. The building is as inherently secure as the data, so when ISVs see this, they are impressed and generally recognise that they could never afford the investment necessary for this infrastructure."

By partnering with 7 GLOBAL and Progress, Application Partners can have confidence in security, embrace new business models that create growth opportunities, and focus on their core businesses.

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