



2008 AICPA Information Technology Conference

Making Money As A Consultant In The World Of Software As A Service (SaaS)

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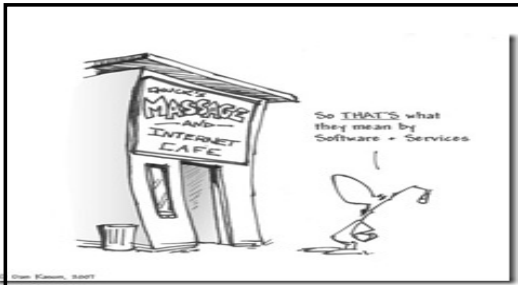
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Agenda

- > Where are we?
- > SaaS business overview
- > Making money in the new world
- > Questions to ask yourself
- > Q&A





SaaS Overview

- Industry standard applications
- Minimal customization
- Multi-tenant – multiple customers on the same instance
- Delivered over the web
- Monthly or subscription basis
- Reality is that it stretches from managed hosting of an individual application to multi-tenant multi-version

- Is it a delivery model or a pricing model?



Why Should CPA's Care About SaaS?

- Opportunity to sell value – not time
- It requires domain knowledge and accounting knowledge
- It's growing fast!
- Most VAR's won't make the transition successfully
- It's not about technology – it's about process
- Clients are adopting SaaS applications



Where Are We?

New Generation Of Applications – Technology Explosion

- iPhones/Blackberry
- Twitter
- Virtualization
- Facebook
- Second life
- Customer portals
- LinkedIn
- Tagging
- Fireball
- WebEx
- VOIP – Skype
- Web 2.0
- Blogs/Podcasts
- Business intelligence
- Alerts/dashboards
- GPS
- RSS feeds
- Tivo



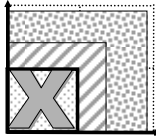
Today's Enterprise Software Market Reality

- Software industry is maturing and consolidating
- Everyone already has one of everything
- Evolutionary market
- Enterprise software is expensive – discounting is rampant
- Users only use a small amount of software's capability
- Customers and economics are driving the market
- Publishers are looking for recurring revenue
- Over Budget and Late!



What's Wrong With This Picture?

- To survive, vendors must continuously push new products and features, making software more costly and complex to obtain and manage
- Customers believe that they only use 16% of the capabilities of their software
- These customers are *overserved*



- Because software is so costly and complex, a population of *underserved* customers exist
- *Overserved* and *underserved* customers are attracted by a solution that provides most if not all of the features they need at a fraction of the cost and complexity

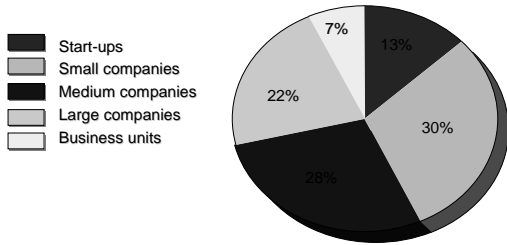


Who's Using SaaS? Your Clients & Competitors!

- | | |
|-------------------|----------------------|
| ➢ Corporations | ➢ Accountants |
| • Payroll/HR | • Tax returns |
| • CRM | • Engagements/Audits |
| • On-line banking | • XBRL |
| • Accounting | • Google apps |



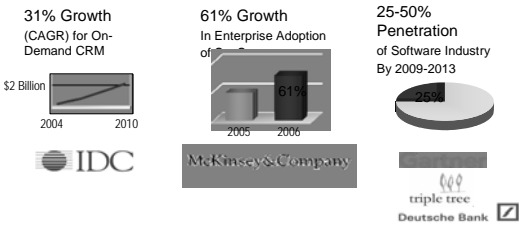
Who's Using SaaS Applications?



Notable SaaS Vendors



SaaS Is Slowly Replacing On-Premise - But At A Faster Pace Than Predicted



Gartner: On Demand TCO Lower Over 5 Years

On-Demand Costs						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Subscription	\$336K	\$336K	\$336K	\$336K	\$336K	
Subtotal	\$336K	\$336K	\$336K	\$336K	\$336K	\$1.7M
On Premise Costs						
License	\$500K					\$500K
Maintenance		\$100K	\$100K	\$100K	\$100K	\$400K
DBA Support	\$135K	\$135K	\$135K	\$135K	\$135K	\$675K
Upgrades				\$150K		\$150K
Hardware	\$100K					\$100K
Subtotal	\$735K	\$235K	\$235K	\$485K	\$235K	\$1.825M



Why Are People Using SaaS?

- Lower up-front investment
- Lower total cost of ownership
- Accessible anywhere/anytime
- Lower hardware costs
- Less time between versions
- Less complexity
- Quicker deployment
- Disaster recovery/business continuity/security
- No IT department
- Easier to manage



Why SMBs Are Stumbling on SAAS Adoption

Why SMBs Should Still Go for SAAS

Ungluing SMBs from their on-premises predilections is going to take a lot more emphasis on SAAS' selling points, Forrester says.



SaaS Services That Won't Play!

- Installation
- Set-up and configuration
- Modular training – i.e. Accounts Payable check writing
- Software support
- Anything that is done repetitively



SaaS Services That Will Play

- Selling the software – annuity revenue!
- Data conversion
- Integration with other applications
- Vertical knowledge/client knowledge
- Classroom training
- Project management
- Management consulting
- Business process consulting
- Accounting knowledge
- ROI based projects



Making \$ - Data Conversion

- Always \$ to be made in data conversion
- It is done behind the curtain
- Critical to changing applications
- Value pricing opportunity
- Technical service



Making \$ - Multi-System Integration

- Requirement of most SaaS deployments
- Integration to other legacy systems
- Integration to other SaaS applications
- Value pricing opportunity
- Higher technical skills required



Making \$ - Business Process/Workflow

- Combine client knowledge, industry knowledge, accounting knowledge
- Project management skills
- ROI based projects
- Value added business consulting leads to greater profitability

- What are some examples of these projects?



Questions To Ask Yourself

- Is SaaS for real?
- Are my customers using these applications?
- What services can I offer them that no one else can?
- Am I going to miss this opportunity?
- What services can I cannibalize before someone else does?
- How do I get started?

