



# **The Impact of Virtualization**

## **- for Independent Software Vendors**

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# Agenda

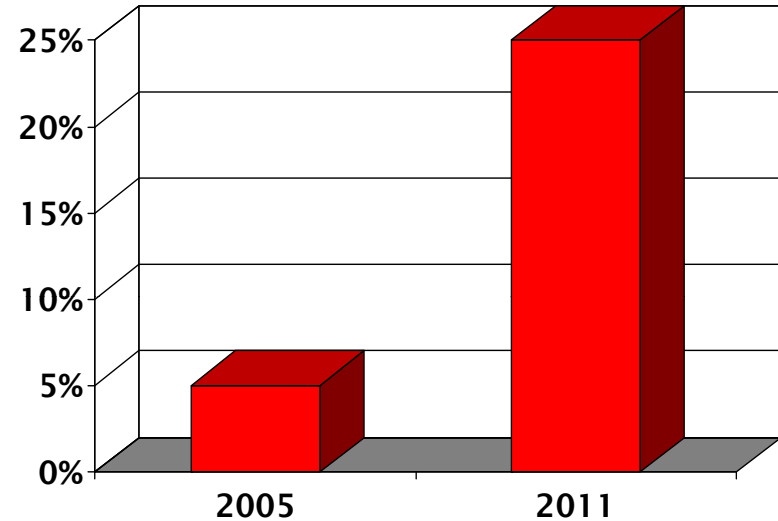
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- **The SaaS Opportunity**
- **What Virtualization Offers**
- **Success Stories**
- **Summary**

# SaaS Opportunity

- **2005 – 5% of new business software deployed as a service**
- **2011 – 25% of new business software deployed as a service**
- **Opportunity**
  - \$8B (2006) -> \$40B (2011)
  - 50 million SMB customers
- **Types of applications**
  - CRM, web conferencing, web content management, HR, supply chain, collaboration, email, and more

- **SaaS % of Business Software Market**
- **opportunity: \$8B increasing to \$40B**

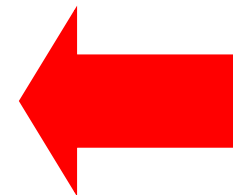
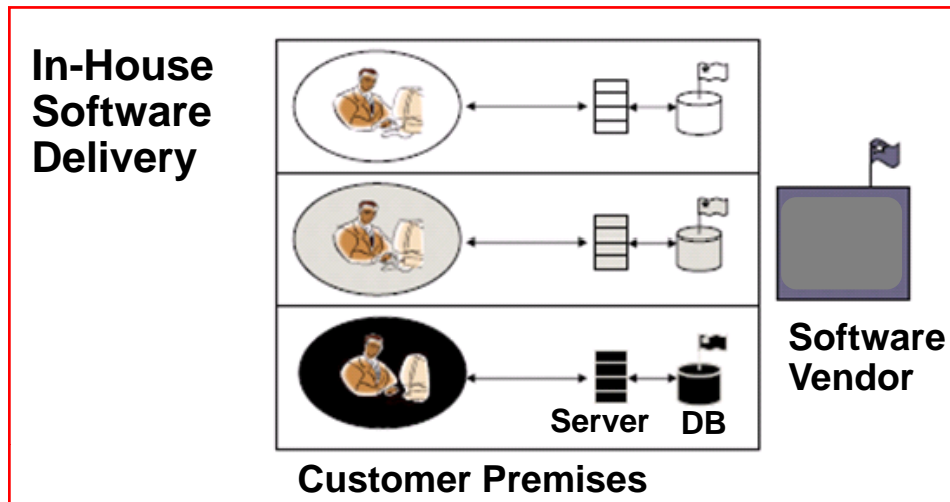


## Example Case:

- **55% of IBM's over 10,000 PartnerWorld ISVs are considering offering Software as a Service\***

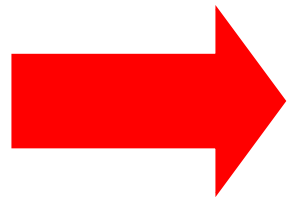
•\* IBM PartnerWorld Survey

# Traditional Delivery vs. SaaS Delivery



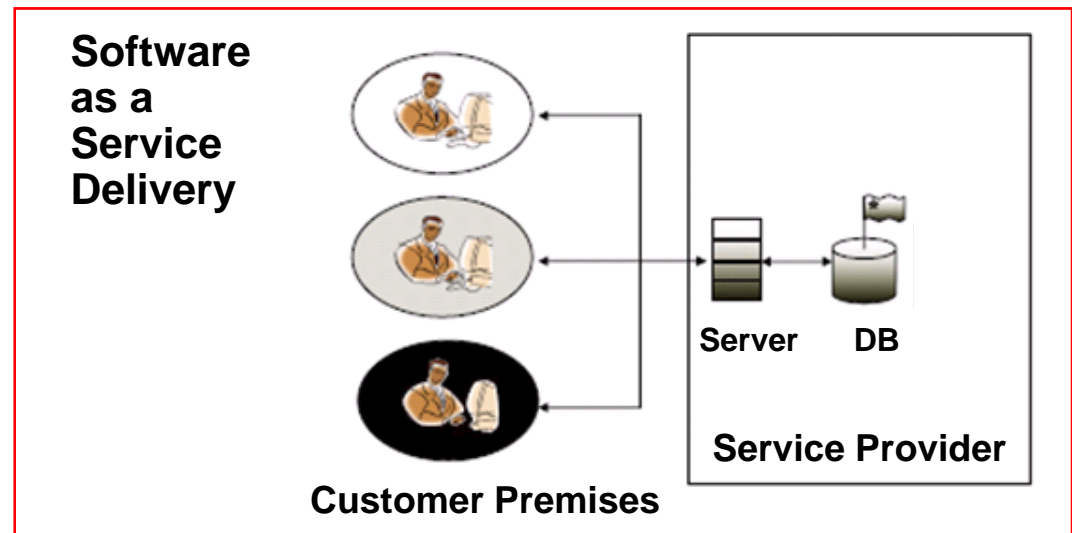
**Traditional Model**

- Own your software



## SaaS Model

- Subscribe
- Internet
- Intranet
- Single-tenant
- Multi-tenant



# SaaS – Benefits

## End User Benefits

- ▶ Easy to use/access with web based browser
- ▶ Subscribe: Pay only for what's used
- ▶ Scalable as workload/demand changes
- ▶ Secure, backed up data
- ▶ No large infrastructure and resource costs
- ▶ Minimal to No maintenance required

## Value/Benefit to ISVs

- ▶ Recurring revenue model: easy to forecast
- ▶ new market and distribution channel
- ▶ SaaS Model grows faster than traditional software market by 2011
  - ▶ 22,1% versus 8,3%
- ▶ Subscription based model: get money monthly versus one-time upfront plus 15-25% SUS yearly

# Advantages with Multi-Tenant

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## ▶ Value/Benefit to Independent Software Vendors

- ▶ No managing multiple environments
- ▶ No dealing with integration complexity
  - ▶ even though barriers are lowered now with tools/technology
- ▶ No double cost to support on/off premise system
  - ▶ Whereby off-premise is only incremental costs
- ▶ One single upgrade cycle is easier to manage

# Industry Success Examples

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## **CRM/Accounting/Ecommerce**

“Thousands of customers globally, spanning a wide range of industries, company sizes and business needs.”

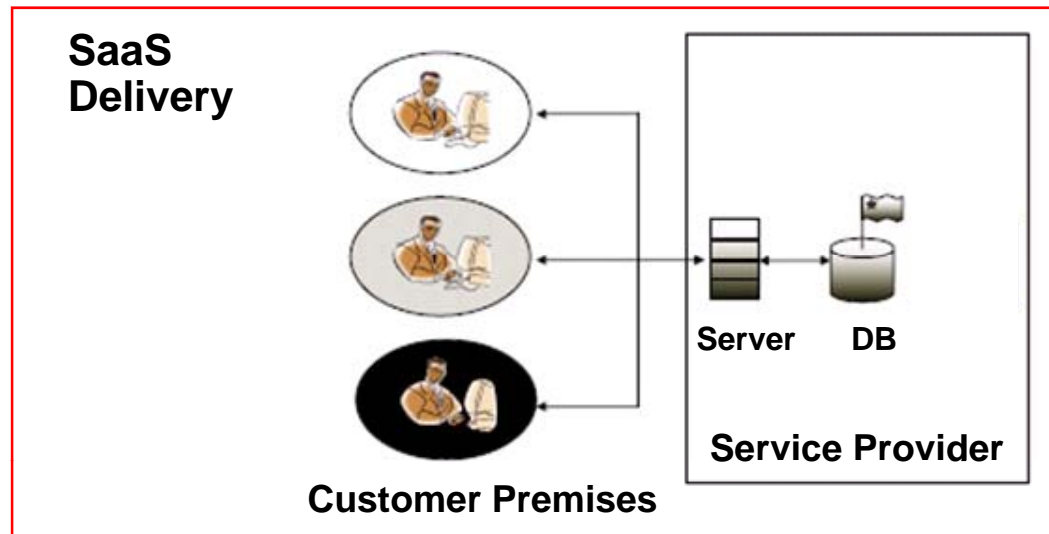
## **Customer Relationship Management**

“Redefining success for CRM ranging from sales force automation, to partner relationship management, marketing, and customer service”

### ▶ **Multi-tenant....**

- ▶ They are big
- ▶ They are successful
- ▶ They have lots of resources

# SaaS Platform

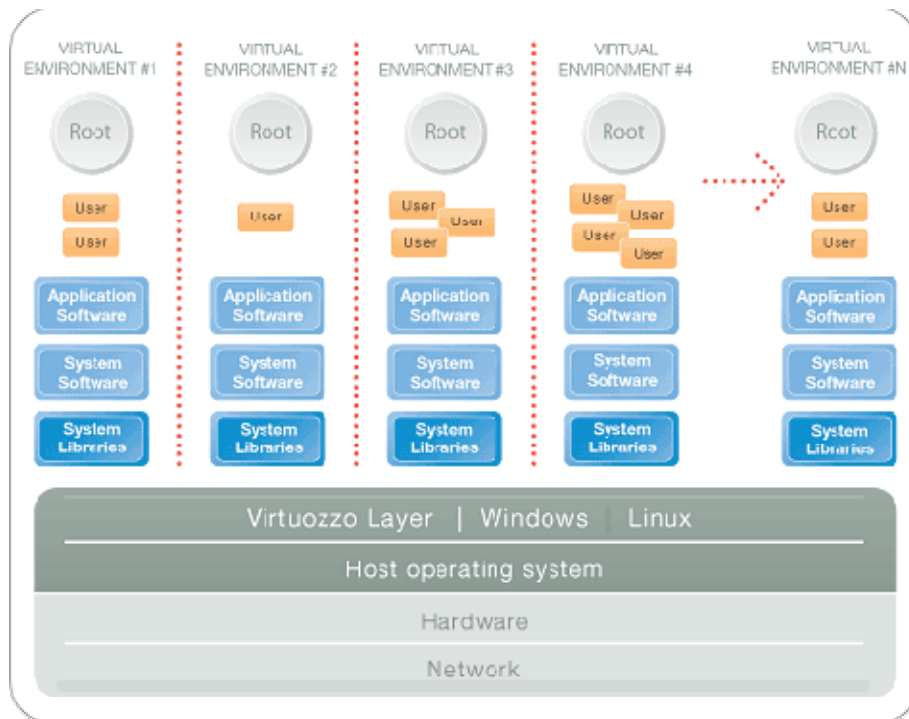


- **Key Platform Technologies/Attributes**

- ▶ Virtualization
- ▶ Automation Software for Platform Delivery
- ▶ Packaging Standard for integration into Service Provider Infrastructure

# Virtualization for SaaS

Virtualization provides density, scalability & manageability



- Intelligent Partitioning
- Complete Isolation and Security
- Dynamic Resource Management
- Live Migration
- Mass Management
- Vz Templates especially helpful with SaaS

# Advantage with Virtualization & Packaging



## ▶ **Value to Independent Software Vendors**

- ▶ Use and extend the reach of existing applications
- ▶ No rewriting code or re-architecting application
- ▶ A Stable and clear Specification
- ▶ Enables seamless integration into Service Provider infrastructure
- ▶ Ability to utilize software hooks/services (APIs)
- ▶ Faster Time to Market

# Industry Success Examples

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**Telecommunications**  
Automated Provisioning/Billing  
Rapid Deployment  
Density



[www.Acthosting.com.au/](http://www.Acthosting.com.au/)

**Value Added Reseller**  
Ease of Setup  
Easy to Maintain



**Deploy CRM/HRM**  
Performance  
Low Overhead  
Isolation/Security



**Web Conferencing**  
Hardware Independence  
Migration

- ▶ **Common Theme among these....**
  - ▶ Needed powerful platform to rapidly get to market
  - ▶ No rocket scientist required to setup or manage, reducing costs

# SaaS Opportunity Summary

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- SaaS is a huge opportunity!
- Methods exist now to utilize single-tenant Applications to get into SaaS quickly
- Virtualization is a key enabler of SaaS
- Resources and development time will tend to be a limiter for current single-tenant to multi-tenant conversions

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**Thank You!**

**Questions?**