



49 RIVERSIDE AVENUE  
WESTPORT, CT 06880  
PHONE: 1.203.454.3900  
FAX: 1.203.454.0022  
EMAIL: INFO@SAUGATECH.COM  
WEB: WWW.SAUGATECH.COM

NEWS RELEASE

**PR Contact:**

Chris MacGregor  
1-203-454-3900  
chris.macgregor@saugatech.com

**For Immediate Release**

**Enterprise Ready, or Not? Saugatuck Technology Announces Critical SaaS Study**

*Research indicates expanded growth, gaps between user expectations and provider offerings and capabilities*

**Westport, CT (July 10, 2008)** – Software-as-a-service (SaaS) is expanding well beyond its early low-cost, easy-to-deploy niche application roots to become an important business computing force that is fully integrated with broader enterprise architectures. SaaS is growing up, and going global, with an increasing focus on core financial and human resource management systems of record – not just on the early post-child solution categories such as CRM, sales force automation and collaboration.

But rapid adoption – with exceptional market hype – breeds high expectations. User executives are increasingly demanding and expecting SaaS versions of everything from email to ERP, often without understanding the technological and organizational resource requirements to make enterprise-wide SaaS work effectively and efficiently. The net for SaaS is this:

- Users want SaaS throughout the enterprise, whether their enterprises are ready for it, or not.
- SaaS is spreading throughout the enterprise, whether the vendors – or their offerings – are ready to support and deliver what users want, or not.

These are two key conclusions that Saugatuck Technology Inc. examines in its latest research study on SaaS, titled "**Enterprise-ready Or Not: SaaS Enters the Mainstream.**" The 44-page study details the disruptive evolution, status, and future of SaaS within user enterprises, from basic applications to cloud-based computing – including the effects of these changes on vendor strategies, offerings, and business models. The study is available for purchase and download via Saugatuck's website at <http://saugatech.com/460order.htm>.

"Our research and analysis tell us that SaaS within user enterprises is moving quickly past niche software solutions and into much more complex, enterprise-level core business operations," stated Mike West, Saugatuck research vice president and leader of the SaaS study. "Unfortunately, not enough SaaS providers see or understand the increasing enterprise scope of user demands and desires. Over time they will face some real challenges when it comes to maintaining high user satisfaction and, ultimately, high rates of renewal or expansion of their services."

The study research includes world-wide survey data from more than 400 user enterprise IT and business executives, dozens of user executive interviews, and briefings with more than 30 leading SaaS solution provider and independent software vendors. Research highlights include the following:

- Users are now accepting and implementing SaaS as part of mainstream IT, particularly in North America and Europe, where experience and satisfaction with SaaS provider integration and customization capabilities are significantly higher than in Asia-Pacific.
- SaaS continues to grow in successive waves of evolution and adoption, and in its complexity and capabilities. While earlier-generation "Wave I" offerings continue to flourish, the broader market has moved on to "Wave II" solutions that integrate with on-premise data and processes. Some leading providers are beginning to address key "Wave III" requirements, which support inter- and intra-company collaboration and personalized workflows. Longer-term, a fourth SaaS wave threatens to sweep IT and business together and forward beyond user and vendor experience.

-- MORE --

## Saugatuck SaaS Research Study – 2 of 2

- Continuous growth and innovation are core competitive requirements in most SaaS markets – addressing an ever-expanding array of customer and partner desires and requirements for interfaces and function.
- With traditional on-premise license revenues stalling, ISVs will adopt SaaS strategies en masse, led by either internal development initiatives, acquisition of synergistic SaaS assets or via virtualization. But there is no guarantee that even the most powerful ISVs can and will make successful transitions to SaaS.
- When asked to identify who the “SaaS Master Brands” of the future are likely to be, 51 percent of users chose either pure-play SaaS solution providers or shared that it was just too early to tell. This – with the challenges inherent in transitioning to SaaS business models – suggests a possible “changing of the guard” when it comes to software and infrastructure providers.
- As SaaS becomes more integral to user business, user needs and demands for customization and more unified and integrative platforms increase. Saugatuck anticipates the emergence of six categories of SaaS platforms, targeted to unique market requirements.
- As an enabler of Cloud-based software development, deployment, integration, and management, platform-as-a-service (PaaS) will significantly improve the enterprise-ready capabilities of most SaaS offerings. PaaS therefore becomes a key enabler of enterprise-ready SaaS, and of SaaS-ready enterprises.
- “Cloud Computing” becomes – in a very short time – “Cloud Business.” It is the natural progression of SaaS, the IT utility concept, and business process outsourcing and transformation.

This is the third major SaaS research study to be released by Saugatuck since 2006. Previous studies include the following:

- [Three Waves of Change: SaaS Beyond the Tipping Point](#) (SSR-342, 03May07, 34 pages)  
Software-as-a-Service (SaaS) has gone from point-solution curiosity to mission-critical applications for user enterprises. And the next wave of SaaS is already being adopted by user enterprises as platforms for multiple, critical business applications and processes.
- [SaaS 2.0: Software-as-a-Service as Next-Gen Business Platform](#) (SSR-239, 26Apr06, 34 pages)  
Software-as-a-Service (SaaS) is one of the most compelling and challenging IT and business innovations of the past two decades. Saugatuck’s Strategic Research Report shows that SaaS at a fundamental “tipping point” between the first generation of software functionality delivered as a service, and the emerging generation of blended software, infrastructure, and business services arrayed across multiple usage and delivery platforms and business models.

### About Saugatuck Technology

Saugatuck Technology Inc. provides market strategy consulting and subscription research services to senior executives, information technology vendors, and investors, combining strategy development, business planning, and market intelligence with first-hand research of executive technology buyer trends. Founded in 1999, Saugatuck is headquartered in Westport, Connecticut (USA), with offices in Silicon Valley and in Germany. For more information, go to [www.saugatech.com](http://www.saugatech.com), or call +1.203.454.3900 in the US, or +49.6123.630285 in Germany.

- To request a briefing with our analysts, contact Chris MacGregor at [chris.macgregor@saugatech.com](mailto:chris.macgregor@saugatech.com).
- For more information about Saugatuck’s *subscription research services* (CRS), go to <http://www.saugatech.com/crs.htm>.
- To sign up for Saugatuck’s complimentary *Research Alerts*, go to <http://research.saugatech.com/cgi-bin/order/signup3.pl>.

# # #

