



To SaaS or not to SaaS?

The buy vs. lease debate for ERP applications like Oracle®

In these days of decreasing technology budgets, close scrutiny over IT purchases and the ease of tapping into the cloud for applications, some organizations are weighing and measuring the merits of software-as-a-service (SaaS).

Unlike a perpetual software license you buy, the SaaS model lets you pay a service fee for use of the service which includes use of the software as well. This is not only changing how applications are delivered and paid for in the enterprise space, it is changing the overall enterprise application landscape. The leading mainstay ERP software providers like Oracle are being joined by new SaaS vendors who are developing their own business software.

This raises some important questions for companies who have already made significant, long-term investments in their Oracle applications: Should they stay the course or consider these newer SaaS solutions? What are the pros and cons involved in that decision? And what could be the impact in the years ahead?

Here, Renee Wells from AT&T provides some insight into getting more from your software investments now and how a SaaS model can be added into a strategic mix of delivery models for your ERP applications.

Q: Renee, why are customers considering SaaS as an alternative to traditional software ownership?

A: I hear repeatedly from customers that they want to get out of the data center business, they no longer want to own, manage or support the applications and systems that run their operations. At the same time, there are these individual SaaS companies popping up like shiny new cars that attract attention. They're offering options to use financial, human resource and other software under a SaaS model. There are now so many choices for customers, it can be overwhelming.

As technology budgets get tighter, a per-seat subscription base price for software also makes it easier to know and allocate costs for different departments or business units. Updates and upgrades are easier and faster, too. Instead of downloading and installing them yourself, the SaaS provider does it for you, which saves a lot of time and labor. But there can be some downsides, too. It's important to look under the hood of that shiny new car.

Q: What are some of the challenges customers might encounter?

A: Since many SaaS solutions are built on a multi-tenant architecture, many customers share the same applications. So, when new software functionality gets rolled out, it's rolled out to everyone, you don't have a choice. You may be forced to change your business process to what the functionality supports, even if it is not a good process for your business. This one-size-fits-all approach assumes your business runs like everyone else's.

Many of the newly developed SaaS applications also lack the maturity of applications like Oracle, which has been around for decades. It takes years for software to mature, to have all the features and functions required to run a business. But many of the newer SaaS software solutions are missing key pieces of functionality, such as localizations that support global operations.

There may also be multiple SaaS solutions in place around your organization. That's the piece that's likely to impact you in five or so years from now. All of a sudden, you might find your HR, finance and sales applications all have different SaaS solutions from different vendors and each on a different platform.

Q: Why would different SaaS solutions cause a problem?

A: Since none of them run on the same technology, the integration can be very expensive and the lack of integration can be detrimental to your day-to-day business operations.

For example, if your sales application can't communicate with your finance application, creating a realistic budget can be a pretty cumbersome and time-consuming process. With some SaaS vendors, closing the gaps means having to find and integrate another piece of software on your own.

So, customers may want help getting out of the data center business, but they don't want multiple SaaS providers to be their new data center model. They want something less complicated and more integrated.

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Q: What approach would you recommend for customers assessing SaaS for their businesses?

A: For those who already have ERP applications like Oracle, look at the investments you've made from a licensing standpoint. The right choice may be an upgrade to get more value from them. If you haven't taken the opportunity to see the new releases, do so. It will be worth your time.

For example, if there are functional gaps between the Oracle applications you have, there may be some features within the existing software or new releases that you're not aware of to fill them. Or, it might make sense to explore another application to fill that gap. You aren't limited to Oracle applications, but be aware that raises integration issues again.

Q: How can customers address the integration issues between different applications?

A: That's one of the biggest challenges IT will face in the future. To get the true value out of enterprise applications, they need to integrate efficiently, since they support core business processes. Vendors with this understanding will ultimately prevail in this market. And the customers who keep this in mind will be able to spend more time on strategic business initiatives, rather than working with disparate vendors to resolve integration issues.

AT&T can tightly integrate a wide variety of applications, and deliver them to you as part of AT&T Managed Applications Services. So, you can have the best of both worlds: Mature ERP applications, offered in a subscription per-seat model. And we have the ability to offer Oracle Enterprise software on a subscription basis.

We can also host and manage a wide range of Oracle and other applications, and deliver them to you in a variety of ways.

Q: So, SaaS solutions can work well with other delivery models?

A: Yes. Unlike many SaaS providers, AT&T can tailor solutions to create various options for our customers. For example, we can deliver certain applications as part of a subscription model with a range of hosting choices - from colocation to cloud. This offers you a path to the future while protecting your existing IT investments.

Since we've been hosting and managing applications for more than 15 years, we also know how to deliver the enterprise-class availability and security your applications need. We can also help you mobilize your applications. Rather than focusing on mobilizing a specific application, we focus on creating integrated mobile solutions to streamline business processes across applications.

So, once you've made the decision to get out of the datacenter business, we can help you in a lot of ways.

Q: What's up for AT&T's Managed Applications Services for Oracle applications?

A: We've been an Oracle Platinum Partner for years, and we'll continue to support customers as they prepare for next-generation Oracle applications. We see a tremendous opportunity in everything from upgrades to investment in Oracle Edge Applications, mobile and business intelligence solutions. As a mobility and network provider, that's a natural fit because we've been analyzing traffic and trends for years.

Q: Any last words for customers considering a SaaS solution?

A: Yes. There are many SaaS vendors out there. Before you take a major detour in one of those shiny new cars, talk to us. We can help you gain a better understanding of how to get more from the investments you've made, what the possibilities are and how SaaS can fit into your overall IT strategy. We can help you get where you need to go.

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