



SUMTOTAL
WHITE PAPER

Software-as-a-Service (SaaS) in learning and talent management software

The Pros and Cons

SumTotal[®]

STRONG TEAM, STRONG BUSINESS.

Software-as-a-Service (SaaS) solutions are the fastest growing area of enterprise software. SaaS is defined as model of delivery where the software company provides hosting, maintenance, daily technical operation, and support for the software provided to their client. We've seen SaaS disrupt the customer relationship management (CRM) industry. And now we're seeing this deployment option infiltrate other parts of the organization. So is it a suitable option for learning and talent management applications? Absolutely! And over the next couple of years, the lion's share of the talent management industry will favor either a SaaS or hosted model. This whitepaper outlines the specific benefits of software-as-a-service and things to look out for before fully adopting the approach.

Benefits

There are countless benefits to a SaaS deployment. Below are some of the most pertinent.

■ Cost

Particularly for companies with fewer than 10,000 users, SaaS deployments typically cost less. Why? As with almost any enterprise software implementation, a behind-the-firewall implementation requires your company to invest in costly IT infrastructure (servers, databases, load balancers, routers, switches, software licenses and many more costs not easily envisioned up front) and more importantly have IT staff dedicated to their maintenance. SaaS deployment models can also take advantage of economies of scale by limiting on site services work. *See the ROI of ResultsOnDemand to see how much SumTotal's SaaS offering could save you.*

■ Rapid deployment

For companies with an urgent training or talent management need, SaaS offerings have much shorter implementation cycles. There are many reasons for this. Procurement processes are often simpler. SaaS offerings have no software/hardware to install and setup. Vendor services and training engagements are also less involved. Implementation services are delivered around a standard solution, within a fully known hardware and software environment, leading to greater efficiency and reproducibility.

■ Less procurement heartburn

Again, procurement processes are often simpler with SaaS deployments. Many training organizations are unable to implement the learning management software they want simply because of their struggle with internal procurement processes and other groups like IT. Again, behind-the-firewall implementations can be expensive, getting buy-in for such projects requires a greater degree of consensus building throughout your organization. SaaS offerings are subscription based, require little if any capital investment, and often times can be procured entirely through the training or HR organization.

¹ As defined on Wikipedia as of 2007: http://en.wikipedia.org/wiki/Software_as_a_Service

- **Build a business case—Walk before you run**

People tasked with the administering of learning activities immediately know the ROI a learning management system can provide. Others never think about it. Thus, building a business case for learning management systems can be a daunting task. Since the SaaS offerings are rented, and don't require as much capital investment, this business case is easier to make. Companies of all sizes can try the solution out first and then reassess deployment options once they know the value of the solution.

- **Always have the latest version**

The enterprise software business model has been flawed for many years: A company spends months deciding on a solution. More months go by to get the software up and running. By the time the company is live; their vendor has released two new versions with functionality they wanted. Centrally hosted, SaaS offerings allow the vendors to constantly provide their customers with the latest versions and hot-fixes. Behind the firewall implementations are notoriously difficult to upgrade, and frequently heavily customized, which makes matters even worse.

- **Focus on the core**

You've heard it a million times. But there is merit to this premise. And that is exactly why software outsourcing has become a multi-billion dollar industry. Ask yourself: Do I want a talent management solution that helps me develop my employees better and effectively manages their performance data? Or do I want to give my IT people more work and hone my system management skills?

Other things to consider

SaaS deployments offer a lot of advantages, but there are other factors to consider before writing off other deployment models. For example, SaaS is a more affordable option for most organizations, but there are circumstances, predominately in large corporations, where a behind-the-firewall, perpetual license purchase makes more sense. Below are some factors to consider:

- **Data security**

Talent management data is often extremely critical and confidential. Imagine if your company lost all of its training compliance data. It's no wonder that data security is the most common roadblock to adopting a SaaS model. Fortunately security measures have evolved to meet the needs of most organizations. Nonetheless, you should carefully consider data security in your purchase decision. First evaluate whether your solution would have a shared (multi-tenant) database. While shared application files may affect performance, data security concerns mainly stem from the database setup. The most secure option is to have a single-tenant database to reduce the risk of data leakage and improve your ability to restore and backup data. For additional diligence, ask the vendor to provide documentation of both their facility's physical security and their network's logical security (e.g. internal server and firewall setup).

■ Performance & network reliability

When you rent an externally hosted or SaaS solution, you must depend on others outside your organization to have your system up-and-running. Just as you should press a vendor on their security measures, have an IT specialist from your organization help evaluate the vendor's hosting environment, its network architecture, and disaster recovery plans. Also carefully evaluate the vendor's service level agreements and their monitoring and evaluation processes. And don't forget to ask for customer references. It sounds like a lot, but don't worry, in practice SaaS solutions are typically more dependable than your own internal resources.

■ Mandatory customizations

It's important to note that the SaaS model is not conducive to changing the software's code to modify functionality. Simply put, your organization should do an in-depth scoping of how the vendor's out-of-the-box solution can meet your needs. You'll also want to evaluate how you can configure the software to map to your process. SumTotal, for example, has one of the most flexible and feature rich product suites in the talent management industry. As a result the majority of its customers never need any customizations to the software.

■ Integration with other systems

One of the reasons the talent and learning management industries have taken so long to move toward the SaaS model is because these systems usually must seamlessly integrate with an organization's HR system. Evolved, interoperable web services now provide a sound, secure data synchronization for most HR and learning organizations. You'll want to ensure your vendor of choice has the tools to support such integrations.

■ Foreseen scalability within your organization

Few clichés are used more in the software industry than *"Buy software that can grow with your business"*. As was stated earlier, for some solutions a SaaS offering can be a perfect try-before-you-buy solution. This all depends on how scalable the vendor's solution is and whether the solution has a reasonable upgrade path should you prefer a different deployment model. Without evaluating this path, you may find yourself starting over in a couple of years.

To learn more about how SumTotal can work with you to help strengthen business performance, please visit our Web site at www.sumtotalsystems.com

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