



October 6, 2010

## Software-as-a-service fills market niche

By Luigi Benetton, Special to  
CBC News

*Andrew Jones had a simple goal: Develop an online tool to help his wife, Nicole Garton-Jones, run her Vancouver-based firm, Heritage Law. But his efforts catapulted him into the booming software-as-a-service (SaaS) market and spawned a business in its own right.*

Andrew Jones had a simple goal: Develop an online tool to help his wife, Nicole Garton-Jones, run her Vancouver-based firm, Heritage Law. But his efforts catapulted him into the booming software-as-a-service (SaaS) market and spawned a business in its own right.

His "virtual law practice" software is called myJDesktop. It lets the firm keep costs down and enables lawyers to work remotely on client files.

The system also piqued the interest of other lawyers.

"We assessed the business opportunity," Jones says, "and decided it would be worth offering this service to other lawyers." So in August, he launched Heritage Legal Technologies Inc. to offer myJDesktop to other law firms.

The software joins a burgeoning class of services that compete with traditional business technologies. Instead of installing software and keeping information on company computers and servers, these services "host" software and client data at a central data centre.

Clients access their applications and data using a web browser.

### Cloud computing

This type of SaaS setup, also known as cloud computing, is similar to the approach used by more mature internet-based services like free online email. As SaaS services grow more sophisticated, businesses are taking note.

Cash-strapped startups and small companies like cloud computing for various reasons. Clients can rent hosted versions of enterprise-class systems like Microsoft SharePoint and Exchange (as well as industry-specific applications like myJDesktop), often for manageable monthly fees. This helps them avoid big up-front payouts to buy servers and software, as well as maintenance fees for things like updates, data backup and general IT costs.

Clients access their accounts using web browsers, rather than installed software. Thus services are tied to licence holders, not computers, and people can work from anywhere - office, home or on the road.

And since SaaS service providers typically don't lock in clients, switching from one provider to another doesn't provoke

anguished memories of unrecoverable technology costs.

Freeing applications and data from the silos of individual desktops can also "mobilize" certain types of professionals.

"If you're a service technician and you need to find information about specific types of devices, you can use mobile e-learning services to do that," says Michael Skinner, president and CEO of Peterborough, Ont.-based online learning provider Operitel Corp.

"If it was on a CD, you would need to bring that CD with you."

Companies also turn to cloud computing to enable various types of collaboration.

"You can tell whether your clients have seen your invoice," using collaborative cloud-based systems, Michael McDerment says by way of example.

"You don't have this precarious time when you don't know if they've seen the invoice," agrees the president and CEO of Toronto-based online invoicing and time-tracking service Freshbooks.com. "It restores power to the person sending invoices."

### Small business web

Clients aren't the only people who benefit.

McDerment defines the "small business web" as an online ecosystem of applications that makes use of data in a given application.

For instance, clients can have customer contact information pulled from Freshbooks into customer relationship management systems, e-mail marketing tools and other business applications.

Collaboration can even come out of left field. In one case, Freshbooks created an application programming interface (API) that enables different systems to talk to each other. Next up on the task list was the creation of an iPhone app - which proved unnecessary.

"Somebody else used our API and made a better app than we could make ourselves, and they're selling it," McDerment says. Freshbooks forgoes the app revenues the developer is earning, but it knows mobile customers are getting the experience they want.

Collaboration inside companies can be just as valuable. Operitel clients use its LearnFlex product, meant to support learning and performance "gap analysis," to generate training and career plans, complete with milestones and feedback.

"You track training dollars and employees feel engaged," Skinner says.

### Buyer beware

Not all businesses flock to cloud computing, though. What its proponents tout as its main benefit - applications and data on the internet - its critics impugn as a potential weakness.

SaaS businesses rely on the security, redundancy and privacy of client data, and any foul-ups could spark a customer exodus.

That Sword of Damocles makes the likes of Heritage, Operitel and Freshbooks more than willing to disclose the measures they take to safeguard client data. Certified data centres, regular backups, out-clauses for dissatisfied clients - it's all detailed in service-level agreements.

Executives have proven to be well-versed on the topic, indicating plenty of practice discussing it. "People want to know how you protect data, the processes you follow, how you do due diligence," Skinner says. "Once you explain this, the fear dissipates.

"Years ago, people would not put payroll outside of an office. Today many providers, including banks, offer online payroll services.

People are more comfortable putting business data on the web."

Another objection to SaaS is the need for an internet connection to use business data.

Jones, while not denying this limitation, argues that it's a decent tradeoff for the convenience of having an entire desktop streamed to wherever a lawyer needs to work.

"Even slates like the iPad let you stream the desktop," he says, noting performance improves when people use robust 3G and upcoming 4G wireless services.

To Jones, cloud computing is an "inevitability. It's a mature service. ... I believe many firms will go there. It's a matter of picking reputable vendors and going for it."

Canadian Broadcasting Corporation



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