



# SaaS's Challenges and Techcello's Scalable Solution

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# SaaS's Challenges and Techcello's Scalable Solution

## Introduction

The rise of Software as a Service (SaaS) as a major end-user platform has transformed the way product companies operate across the globe. A 2015 study by IDC reports the performance of SaaS and cloud software solutions worldwide and predicts the industry to grow and surpass \$112.8 billion by 2019 in revenue with a projected 18.3% compound annual growth rate. SaaS's business model is a boon for Independent Service Vendors (ISVs), especially with the Small and Medium sized Businesses (SMB) market, as the solution offers a broader scope, smoother revenue methods and lowers the overall support costs incurred. But the bigger question here is "Will the ISVs be able to bear the challenges that come along with the SaaS model?"

## Challenges with SaaS

Though the SaaS model is widely considered as the future and even when more organizations are joining the bandwagon by developing their own SaaS Integration Platforms (SIPs), the innate challenges that this model comes along with cannot be brushed off as stray instances. One of the major reasons that one might state as a difficulty in adopting SaaS is its demand for a transformation in the way the entire business happens. A company looking forward to run things the SaaS way is in for some major organizational revamp that includes pricing, selling etc. While this might be an easy decision to the new players in the market, for business that has already established itself the process could result in unwanted disruptions. Other notable challenges pertaining to implementation in ISVs include:

### ➔ Scalability

The SaaS revenue model is subscription based, with the risk of customer churn midway. So an ISV implementing SaaS revenue model should have an increased focus in obtaining and retaining customers from day one in order to generate the same yearly revenue as the one implementing a traditional perpetual model. The calculations get exponentially complex as the company acquires more clients.

### ➔ Infrastructure Costs

The SaaS model places the infrastructure costs (installation and maintenance) on ISV's shoulders throughout the product's lifetime as opposed to the traditional model where the customer bears such costs (shelfware et al).

### ➔ Operations

The operations lifecycle in a SaaS model takes place in SLA terms where the entire organization needs to be aligned based on it. The procedures for common activities like collecting payments, addressing tickets etc. increases manifold with the expansion of the clientele (a situation that is imminent at some point for the ISV).

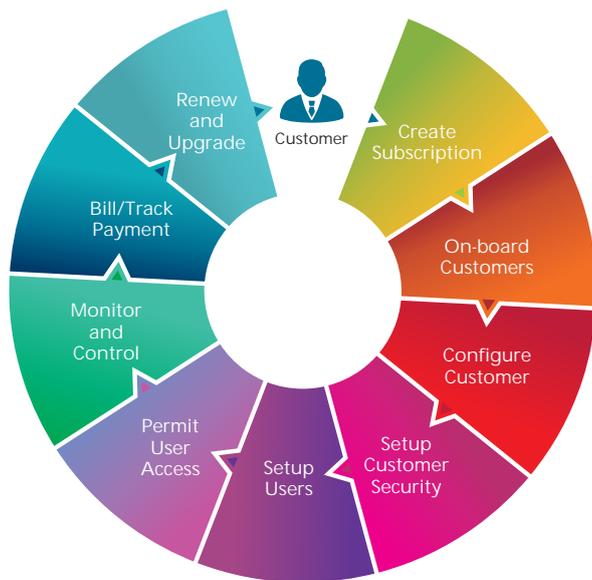
As the march towards a SaaS future is imminent for the ISVs, a deeper understanding of the SaaS lifecycle is absolutely essential to defeat the challenges and bring about a complete, objective solution.

## Understanding SaaS Lifecycle

A typical SaaS lifecycle begins with the creation of a subscription for a brand new client. The next few steps involve getting the customer onboard with configurations, security arrangements and user setups. Once the configuration is complete, the client profile is now customized with unique user access privileges and this completes the implementation phase. In the next part of the cycle, the customers are monitored constantly with audits

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and data backups. The penultimate process involves billing and payment tracking which leads on to the final stage involving renewal and upgrade of the subscription (the period is predefined).



As the entire model is subscription based, a typical budget split-up for a ISV constitutes 30% for sales and marketing, 30% for customer service (hardware, licensing costs, tools cost, tech support and account management), 15% for R&D and 15% for administration leaving a 10% margin of profit. As the assumption is for a medium-sized ISV, the numbers can be even more rigid for smaller players.

In order to completely understand the lifecycle, the knowledge of the key stakeholders of the SaaS model is mandatory. These stakeholders belong to the ISVs and they interact with the lifecycle at several stages. An orchestrated effort among those parties is of paramount importance for the successful completion of a cycle.

## ➔ Management team

They manage the overall sales related activities including reselling and subscriptions management. They need an error-free, efficient mechanism in order to manage the overall lifecycle of a customer.

## ➔ Customer Service team

They are the bridge connecting the customers to the product and their typical day constitutes of managing the tickets from the customers. They need a quick method to roll-out new customers and an efficient process to tackle the product-support tickets pouring their way.

## ➔ Product Engineering team

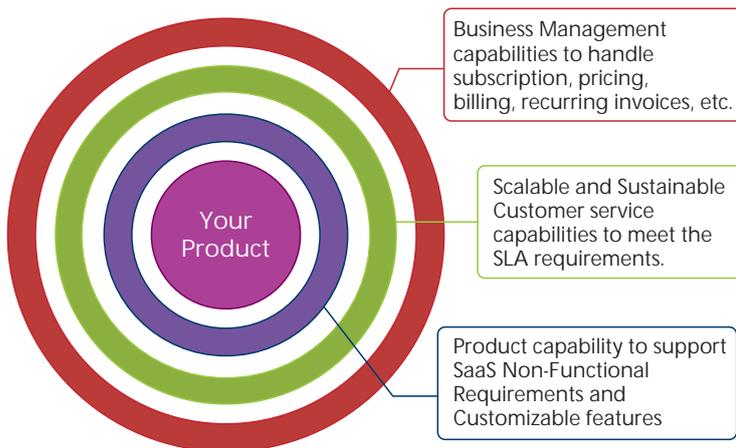
They define the product's capability to support SaaS and to fulfil the non-functional requirements. They need a high speed system that is scalable and secure.

These classifications remain independent to the nature of the ISVs as these key stakeholders interact only with the SaaS lifecycle and not with the product. The need of the hour now is an efficient framework that can accommodate all these players to work in synergy to reduce the costs incurred in the individual sections thus increasing the overall efficiency of the SaaS modelled business.

## TechCello- A one-stop SaaS Solution

TechCello is a plug-and-play tool that is designed to manage SaaS's multi-tenant applications. This solution is available in the form of libraries and APIs for easy integration into the existing products or in any cloud managed by the ISVs. The modules in TechCello address several functionalities in one framework that can help the ISVs in efficiently running a SaaS system. The primary concept of TechCello's solution involves re-approaching the challenges posed by SaaS with a whole new architecture. According to this model, every product is surrounded by levels of interaction for the stakeholders arranged in the form of concentric circles. The complete solution encompasses all the functionalities as one and offers a seamless, cost-efficient and scalable SaaS solution.

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As per the architecture, Techcello's solution addresses every single stakeholder involved in the SaaS cycle with an individual layer that can effortlessly interact with one another. The overall structure is divided into three broad modules that has functionalities to identify the challenges and offer appropriate solutions.

## ➔ Business Management

This segment addresses the management team and constitutes of components of their everyday processes. The challenges that affects this level, including managing sales cycle, increasing the trail conversion rate, increasing upsell, reducing churn, managing subscriptions and resellers, are answered with individual modules packed with features like innovative pay by use method, live revenue tracking, customer usage & behavior tracking, automated invoice generation, self-service portal, reseller portal, module wise access and other tools.

## ➔ Customer Service

While the management module has tools to analyze the customer churn rate, it is actually the effectiveness of customer service that has a direct implication on customer retention. No SaaS model can tolerate a high churn rate, so this all-important layer is designed with highly intelligent tools. The common challenges that the customer-facing stakeholders face are eliminating shelfware, empowering customer in self-serving their needs, proactive customer support, reducing the involvement of the engineering teams to service

customer requests and servicing more customers with the existing bandwidth. The primary modules of this segment built to encounter such challenges are implementation, configuration, report and data management.

## ➔ Product Engineering

This is the core engineering team whose major interactions are that with the actual product. They get equipped with engineering stack to support all the non-functional requirements and is also designed to cut down the development time and speed up the release process. The common challenges encountered in this phase include problems in scaling, security, integration and coping up with machine costs and on premise deployment. The TechCello architecture is stacked with several modules such as ad-hoc builders, enterprise engines, productivity utilities, security, configurability etc.

## Conclusion

Techcello's integrated solution helps in efficiently implementing the SaaS architecture irrespective of the nature of the product or the size of the ISV. The highly customizable environment it offers helps the ISVs pick it up to build or re-engineer their SaaS models whenever they want in a product's lifecycle. Cello can be used either as a plug-in to an existing product or as a base framework with which the product can be built hence making it highly customizable.

The primary success of this solution lies in the fact that it efficiently identifies, integrates and interconnects all the stakeholders of a SaaS process. This wholesome approach helps in reducing the operational expenses up to 10 times, increasing the trail conversions by 40%, reducing customer churn, implementation time and cost by 50%, increasing the product value & customer's life time value and saving over 50% in the overall engineering budget.

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Many Industry experts, including the SaaS giant Mark Benioff of Salesforce, has pronounced the popularity of SaaS among vendors and the customers as a mark of the decline of traditional product solutions. It is no wonder that even the erstwhile-traditional product companies are storming into the cloud market and it is thus imperative for the software development fraternity in adopting improved methods to embrace the SaaS solutions better. TechCello, apt to its description as a one-stop solution, moves the landscape further closer in bridging the challenges of today and opportunities of tomorrow.

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