

Frugal Choices for On-Demand Tech

The software-as-a-service concept is growing, bringing low-cost internet applications to businesses of all sizes and saving entrepreneurs dough with zeros and ones.

By Dennis Romero | October 08, 2008

URL: <http://www.entrepreneur.com/technology/newsandtrends/article197518.html>

A handful of tech firms are stepping up to help business owners make lemonade out of the financial lemons harvested on Wall Street this fall. Updated software and web design services are shifting into high gear, marketing themselves to small businesses as money savers for belt-tightening entrepreneurs.

In recent months, Tarzana, Calif.-based [InfoStreet](#) began boosting its campaign to target its StreetSmart virtual office system and optional "customer relationship management" application to small businesses. The company is taking the software-as-a-service concept to new heights by offering e-mail, a calendar, a workflow manager, file storage and sharing, web publishing, optional customer management and more, all accessible online via any web browser.

Theoretically, proprietors could throw out the IT guy and a rat's nest of network cables and simply plug each company laptop into the internet and go to work. InfoStreet's CEO Siamak Farah compares the SaaS evolution to the industrial revolution and the advent of tap water.

"We're going through a major paradigm shift," Farah says. "Nowadays, you open the tap and the water comes to you. A similar thing is happening in technology and IT. Whether they're small or large, businesses had their own servers and someone to maintain them. And if they grew, they had to add servers. Now with software as a service, you plug into the internet and this software just comes down the pipe."

The service is part of the "cloud computing" revolution. Experts believe that, in the near future, computers will be used mainly to access the internet. Files, programs and communication will be stored and facilitated in the cloud of data that makes up the web. Computers won't run programs; they'll only be needed to access them.

The shift is already happening, not only with companies such as InfoStreet, but also with webmail programs (your Yahoo e-mail account is in the cloud) and web browsers (such as Google's Chrome, which released this summer and is designed for cloud computing). In this paradigm, Farah says, business owners "don't have to worry about infrastructure."

SaaS can be a frugal choice compared to, say, licensing Microsoft Office for several employees, using its Exchange service and hiring someone to maintain your network. Prices for StreetSmart, for example, start at \$10 per user each month and get progressively less expensive as more users are added (for 100 users and more in a company, the price is \$6 a head each month). The customer management add-on is an extra \$15 per person each month.

Farah says the service is especially helpful for small businesses with employees who work at home or who are based at satellite offices.

"Two issues employers were grappling with," he says, "include, one, control: They're not sure what's happening when their employees are not at the office. And, two, they're concerned that their employees don't have the right environment. Employees might say, 'I'll do that thing when I'm back in the office.' Now with software as a service, you see the same thing at your desk at home as management does in the office."

"Management can keep abreast of workflow development," Farah says. "They don't have to breathe down the necks of employees; they can see the results. That, in a sense, provides some value for the small business."

Likewise, New York-based [KMGi Studios](#) is repositioning its products and price points to appeal to small-business owners. CEO Alex Konanykhin says entrepreneurs can squeeze more out of their marketing budgets by focusing on stronger web presentations, thus harvesting more eyeballs.

"Small to midsize businesses often spend all their online ad money using Google or Yahoo," Konanykhin says. "Many companies have been wasteful by paying a lot for traffic that's driven to websites that have poor presentation."

KMGI offers Adobe Flash and proprietary compression-based presentations that will animate immediately without glitches, so "you're not loading, loading, loading," Konanykhin says.

Websites with this kind of eye-popping efficiency used to be the province of deep-pocket corporations, but economies of scale have brought technology within the reach of smaller proprietors.

"Several years ago, doing a multimedia presentation required a heavy budget," Konanykhin says. "It could have cost \$50,000. Now the cost is, at the most, 10 percent of that. With reduced cost, small companies can double and triple the return on their advertising budgets."

With tightening pocketbooks, Konanykhin argues that it's more important than ever to stem the flow of ineffective marketing dollars.

"If they have an ugly website, most of their money will be wasted because resulting traffic is not going to convert into sales," he says. "When people come to a website, companies have a few seconds to make a first impression. You need to use web time to make the most compelling pitch."

Copyright © 2008 Entrepreneur.com, Inc. All rights reserved. [Privacy Policy](#)