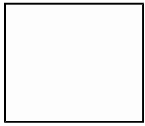


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With SaaS, leasing isn't just for vehicles any more

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An old approach is gaining new momentum as the way to purchase business applications.

It's the concept of software as a service (SaaS), where a company leases or rents instead of buying business applications outright. In the SaaS scenario, you'd look to an application service provider (ASP) or a hosting services company for your business software -- for uses such as e-mail and calendar, or more advanced tools like workflow or customer relationship management (CRM).

In the world of SaaS, service delivery providers set up a Web location and offer a set of leased applications. Employees log in to use the software, and the company charges a recurring monthly fee for the software's use, based on number of seats and the degree of application functions and features the customer is using.

It's not a new idea. ASPs and hosting service companies have been around for a while, but the software is maturing, people are more comfortable with the Internet, and all of this means the notion of renting business applications seems to make more sense these days, especially for a smaller business.

Advancements made in Web portal technology and readily available broadband networks are paving the way to a software leasing resurgence, according to Siamak Farah, founder and chief executive officer of **InfoStreet**, a Vancouver-based Internet services company founded in 1994. The company offers a product called StreetSmart, a suite of applications for rent that offers virus- and spam-protected mail, calendar, workflow, CRM, knowledge management, portal, website publishing, blogs, mailing lists and access control.

"On demand has become a more familiar concept," Mr. Farah says. "People accept it more readily now, because the network finally supports it. Broadband has become ubiquitous. There are more people with broadband, and the concept of things coming to them on demand is a more popular concept."

Business today features more widely distributed work forces, too. This means many companies need Internet-based applications that can extend business function and help to gather or distribute corporate information, reaching employees wherever they happen to be.

Omnicorp, a finance and insurance service company in Vancouver, is a good example. The company sought a way to more effectively share data between branch offices in Vancouver and Montreal, as well as to provide document management and workflow tools for its entire sales force of home office workers scattered across Canada. Communication between sales representatives and the timely flow of information between offices and staff is critical, says Doug Fergusson, Omnicorp's communications manager.

"We wanted something that was pretty well ready to go out of the box," Mr. Fergusson says. "We didn't want to build it ourselves. We wanted to move quickly."

Omnicorp looked to InfoStreet for both the applications and software support for its distributed user community.

Similarly, Knowledge Network, a public education broadcaster in British Columbia that distributes educational programming via the Web and television to 1.5 million viewers every week, needed project management and

workflow-sharing applications. The media company could neither afford to buy nor had the technical expertise to construct such tools.

"We don't have the staff or expertise to have built something like this," says Ravi Singh, associate director of new media for Knowledge Network. "It would have been a really costly initiative."

The broadcaster opted for Web-hosted leased tools and software. Knowledge Network's 65 employees work on a variety of productions and need to know what's happening in all of them. There are at any given time a multitude of production projects, and employees used to rely on e-mail to share information and manage them -- a clumsy approach that made it almost impossible to view separate projects, which meant the same activities might often be duplicated by other teams. Using its hosted workflow and document management tools, Knowledge Network staff have access to every project on-line through a portal topology that organizes published documents, video clips and graphics.

"People can see exactly what's going on with a project," Mr. Singh says. "Prior to the system, we worked in functional silos and people didn't know what others were doing."

Both Mr. Singh and Mr. Fergusson agree -- software leasing also offers a compelling way to test the waters with a new application in a cost-effective way. Renting or leasing business applications means purchasing user licences and paying only for what's needed, when it's needed.

Knowledge Network, for example, employs a number of contractors, and through the application-leasing model the company can easily add or delete users. There's no long-term agreement to keep unused seats.

"The main thing about it is it's flexible," Mr. Singh says. He explains that the workflow applications he's leasing are a fairly basic set of tools that can be customized and tailored for his company's own specific purposes.

Omnicorp's needs were somewhat different. The company wanted to rapidly obtain basic business tools needed to organize its information flow, and then consider how these might be expanded and enriched in a more highly customized way. At the time of considering the SaaS model of application leasing, there weren't the necessary bodies available on staff to support its current user base. The end-user support of an ASP service seemed the way to go.

Such a decision likely would not have been made so easily just a few years ago. ASP and hosting services are today more readily understood by business customers. Many of the companies that sell these services have been around for a while, and maybe that's what customers have been waiting for, too -- a market of proven and mature service delivery providers.

Surely InfoStreet's Mr. Farah would agree. He's been in the business for more than 12 years, and customers are finally telling him, "The time is right."

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