



POINT OF VIEW | APPLICATION DEVELOPMENT AND MODERNIZATION

When “As a Service” Makes Sense

Unlocking the enterprise benefits
of SaaS and XaaS

“Technology convergence” means many different things to many different groups. To the average enterprise IT department, it represents the increased availability of platforms and software used to deploy and manage IT solutions through subscription-based, consumable products. To businesses, it means augmenting product, platform or program value chains with scalable software solutions. It opens your organization to process and development automation while reducing the implementation barrier and enables you to focus on primary competitive differentiators.

As the need to install capital-intensive, hardware-based vendor solutions has decreased, it’s impacted functional areas such as enterprise resource planning and enterprise risk management (ERP/ERM), database operations, workforce management, customer relationship management (CRM) and supply chain management (SCM). Traditional hardware and software vendors like Oracle and SAP have pivoted toward cloud-native SaaS offerings. Looking at SaaS advisory and implementation services as a sector shows it’s growing at 18% annually.¹ And the adoption of SaaS solutions for enterprises is expected to reach nearly 100% by the end of 2022.²

As the market grows, giants like Salesforce and ServiceNow are making room for the next wave of technology unicorns. In fact, zooming out to a more holistic enterprise model for service consumption — into everything as a service (XaaS) — shows a market worth \$545 billion in 2022 and an anticipated CAGR of 23.4% through 2029.¹ If SaaS is the convergence of technology to provide an easy-to-consume model for software, XaaS is the hyper-convergence of managed technology platforms to deliver full value chain solutions and enterprise-wide observability across operations.

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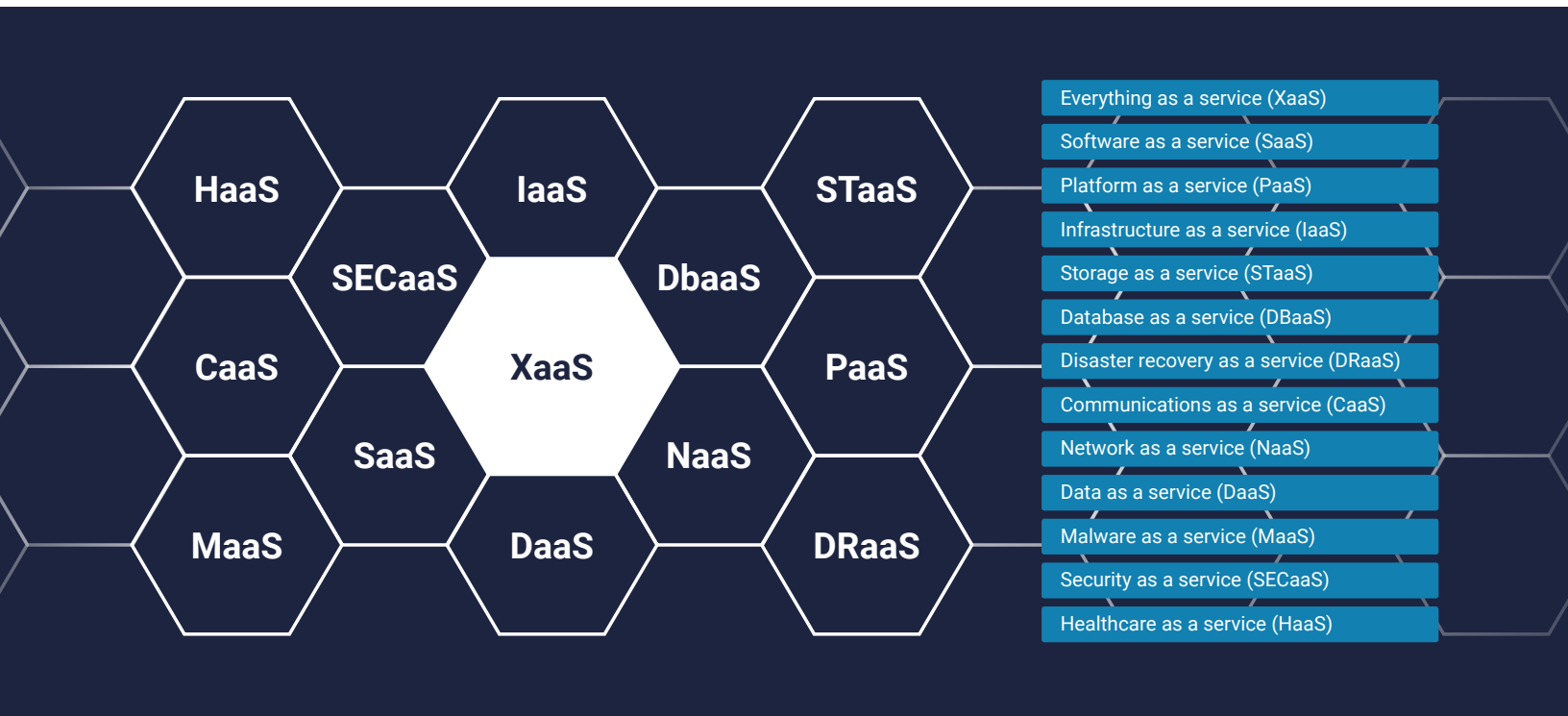


Figure 1. Everything-as-a-service (XaaS) model: Where different as-a-service products and platforms come together to form an enterprise service mesh.

Organizations are keen to adopt platform and service orchestration because it enables business transformation and helps achieve best-in-class service and products for customers. However, it's still nascent for the industry and the CAGR estimates are likely understated as XaaS program models shift from early adoption to the mass market.

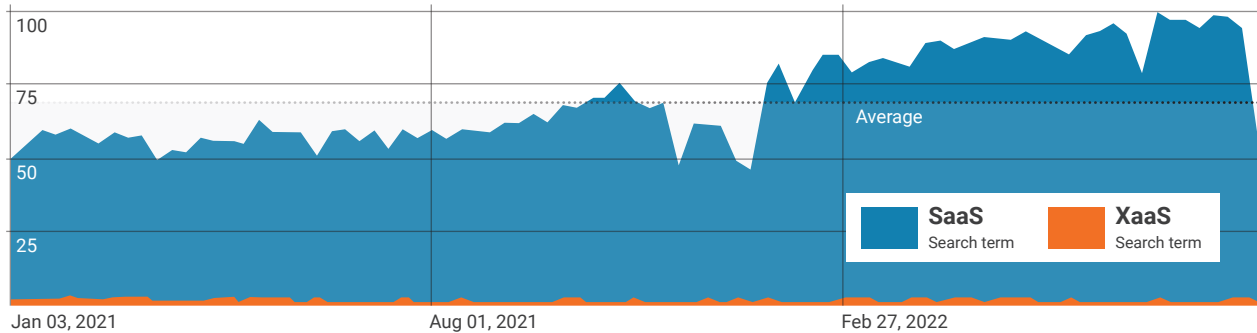


Figure 2. XaaS is still relatively immature in terms of market penetration, adoption of the concept by enterprises and general popularity as a searchable term.

Faster adoption of SaaS and XaaS makes sense for more businesses every day. It offers a variety of benefits for smart enterprises, including accelerated business growth.

1. Optimized costs for IT portfolio and application management

- Eliminate the upfront cost of hardware purchase/installation, as well as ongoing costs for maintenance and upgrades.
- Don't pay for unused licensing. A pay-as-you-go model provides tremendous flexibility and licensing options that can be tailored to your environment.
- Level the playing field. SaaS gives small and medium businesses an equal opportunity to compete with the massive hardware-based IT backbone installations needed to support business growth with conventional capitalized purchasing methods.
- Avoid vendor lock. Technology is evolving every day. Don't get locked into a specific vendor or product as the next big product might better serve future needs.
- Stop full-stack IT management. With SaaS, there's no patching, downtime or extensive roadmapping for upgrades and future functionality.
- Implement a streamlined learning curve and certification pathways for software delivery professionals.

2. Improved time to market or time to benefit

- Eliminate the need to manage a full technology stack to ensure running a particular service or tool radically decreases the cost and scope of integration and operation.
- Reduce effort. The relative engineering workload required for a custom-developed product/tooling to achieve the same capability as a SaaS product could be anywhere from two to five times more.
- Focus less on break-fix and more on software adoption, customer acquisition and digital experience improvement.
- Save time. Provisioning an instance or resources for go-live becomes a simple process that can be accomplished in a couple of hours. Plus, many of the classic software implementation headaches come in the deployment stage, and not worrying about extensive regression testing or environment compatibility are massive time savers.
- Address business gaps and opportunities faster. SaaS enables aspects of software and IT management to move from engineering to procurement, helping businesses quickly close business gaps and capitalize on opportunities.

3. Transformed workforce

- Better understand how skilling and labor will look in a transformed enterprise and how to get there. This is the least understood and most underserved aspect of SaaS adoption. You can change that by answering these workforce transformation questions:
 - » What does a successful citizen developer look like, and will low/no-code developers come from IT departments or business units?
 - » What does upskilling and reskilling look like, depending on where SaaS implementation is taking place?
 - » What’s the appropriate balance of SaaS configuration and management support in terms of vendor teaming, service provider teaming and internal teaming?
- Enable a more efficient recruiting focus. Pivoting to a SaaS-first enterprise strategy can help with the massive hiring challenges organizations face when looking for full-stack software developers. It also presents an opportunity to move toward blended teams of platform experts, product managers and enterprise architects.
- Decrease the reliance on multi-tower IT support staff and full-stack software engineers. This realigns the workforce to market needs and newer opportunities.
- Maximize the productivity of existing labor and talent. The intrinsic benefits of workflow efficiency gained through SaaS platform implementations mean less really does become more from a labor output perspective.

4. Enterprise-wide service mesh

- Rationalize and adapt portfolio strategy at-speed by adopting highly configurable platforms and products that can work together to enable new go-to-market innovation and revenue-generating value streams.
- Gain XaaS maturity by understanding which business units license which SaaS products, and how they integrate to provide an enterprise service framework. Defining an overarching topology

of IT enablement and digital services (via SaaS consumption) across the organization clarifies value-stream management and identifies business siloes as well as opportunities for integration and collaboration.

- » Enterprise-wide APIs are another steppingstone toward XaaS maturity, where achieving success means services can openly share and consume data from each other across the enterprise.

As a service isn’t a one-size-fits-all solution, but businesses can use these applications as levers to scale growth, adopt modern practices, delight customers and evolve value streams. But before you do, remember there are challenges. Diving into a cloud “candy store” can lead to many unexpected cost overruns. Simplified procurement and installation don’t always mean easy integration. And technical debt may also prohibit adoption, so it sometimes makes more sense to start fresh.

An overarching strategy and architecture balances cost optimization with customer engagement and experience delivery. You must define as-a-service adoption frameworks to guide your organization’s purchase decisions and determine an overall topology of services around your business value streams.

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Imran has a passion for digital transformation and building customer-centric products as well as experience in cloud enablement, application modernization, infrastructure delivery and product management. He has a wealth of experience across the technology services domain, from developing applications and infrastructure to building migration frameworks for active data centers. Before joining NTT DATA, Imran served as a technology implementation manager at Deloitte, where he worked on major enterprise cloud migrations, deploying hundreds of applications to millions of global users.

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