

PROGRESS SOFTWARE AS A SERVICE

WHAT IS SOFTWARE AS A SERVICE (SaaS)?

Fundamentally, SaaS is an alternative delivery model for business applications. As the name implies, this alternative incorporates the content of a business application, with the utility and value of a managed service.

Several key differences have evolved between applications developed for a SaaS delivery model and software applications delivered in a traditional manner, most notably:

- > Applications developed for SaaS delivery can accommodate many unique customers within the same instance of the application. This is also known as multi-tenancy.
- > SaaS offerings leverage public networks (the Internet) to deliver content. Many offerings simply leverage a Web browser vs. a thick client, dramatically simplifying the distribution of the offering.
- > SaaS offerings are typically offered via a subscription rather than a license fee. The subscription fee is often based on a value metric such as the number of subscribers served, number of business transactions processed, leads generated, etc.

HIGHLIGHTS

Software-as-a-service (SaaS) revolutionizes the way application partners deliver value to customers. Through the Progress Partner Program, partners moving to a SaaS delivery model have a plan for success, including:

- > *A complete set of offerings to enable success in a SaaS model*
- > *Shared risk, shared reward business terms*
- > *Complete technology stack to develop SaaS-enabled applications*
- > *Everything needed to get started*

-
- > SaaS offerings include the use of the application, hosting, and all ongoing maintenance, upgrade, and update services provided by the software provider, likely in tandem with third parties for some components, e.g., hosting.

While this model promises many advantages to software providers and end clients alike, adopting a SaaS model requires significant change to a number of business, technical, operational, and sales and marketing (growth) processes.

Progress SaaS Empowerment Program

The Progress Software Empowerment Program for SaaS includes content, software, best practices, and guidance across three key areas considered critical to the successful planning, development, deployment, and market success of a SaaS offering.

PLANNING FOR SUCCESS

For most firms, developing a business plan around a SaaS-enabled application means a fundamental change in business model. Many firms tend to be unsure about what it means to adopt a SaaS model, and how they will justify the additional development and operational costs and additional business risk to their management teams or investors. SaaS opportunities abound, so don't get left behind. Go in with a plan for success.

SaaS Empowerment Programs

Experience has shown that success with a SaaS offering is linked to a thorough understanding and use of fundamental planning techniques covering three critical areas—business and market analysis, technical planning, and operational planning—and represent the primary focus of the Progress Empowerment program for application partners considering a SaaS offering for their business.

**PROGRESS
SOFTWARE**

Partner Program Offerings
Software-as-a-Service

BUSINESS



TECHNICAL



CO-MARKETING

BUSINESS EMPOWERMENT	TECHNICAL EMPOWERMENT	CO-MARKETING
SaaS assessments	Application Transformation	Go-to-Market planning
Accelerating growth strategies	Application Transformation Jumpstart	Co-Marketing funding
Market & geographic expansion	After participating in the Progress SaaS Technical Empowerment programs, partners will be better prepared to drive decisions and plans in the following areas: <ul style="list-style-type: none"> > Build / Buy / Partner Analysis > Application tenancy Decisions > Updated development Lifecycles > Service Availability & Scalability > Service Level Agreements > Hosting Decisions > Support & Monitoring > Governance 	PR / AR / Case study support
SaaS business plan development		Partner resource center
M&A alternatives		Partner Exchange
Service pricing		Business & market templates
Business model changes		
Channel planning		
Sales skills		

Business Empowerment

Business Empowerment programs are meant to encourage a healthy discussion and foster the analysis to ensure the following:

- > The questions of “why” a SaaS enabled offering is desired, and “who” will buy, it are properly answered.
- > Existing revenue streams can be protected when a new, lower cost offering is introduced into the market.
- > Offerings are priced based on a subscription model according to the value they deliver—not simply an amortized version of a traditional business application software and maintenance pricing model.
- > All rational business expansion options are explored, including M&A, channel development, new markets and geographic expansion.
- > A thorough understanding of the business implications of a SaaS strategy, including revenue recognition, Wall Street expectations, sales compensation, etc.
- > An actionable business plan is produced.

Technical Empowerment

Technical Empowerment programs are meant to help Progress application partners begin to understand what they need to consider before undertaking the effort of potentially re-architecting and then deploying their application as a service:

- > Based on your market requirements, should the application support multiple customers within the same instance of both the application and the database, also known as multi-tenancy?
- > How should the business design for flexibility, maximum scalability and high availability (7 x 24 x 365) requirements?
- > What instrumentation may need to be added to the application to support, monitor and govern the application services and operating environment to meet service-level agreements?

- > How development and support lifecycles need to change in an environment where updates and fixes are expected much more frequently in order to stay competitive?
- > The ability to generate revenue is directly related to the availability of the service to paying customers. How does that translate to the decisions made regarding hosting and delivery infrastructure, service level agreements, and ongoing support?
- > What service delivery infrastructure to consider to optimally scale with demand, to both deliver a quality service experience, and minimize cost?

DEVELOPMENT OF A SaaS-ENABLED APPLICATION

Once a solid business plan has been developed and a commitment to developing or re-architecting a traditional business application in support of a SaaS offering has been made, it's time to make some decisions about how to move forward.

The portfolio of Progress Software products is ideal as the foundation upon which to build, deploy and manage a SaaS offering.

Shared Risk–Shared Reward Software Cost Model

Something you won't find offered by any other infrastructure software company is Progress' unique approach to helping application partners use the technology to build business applications for delivery as a service.

We understand that the ultimate buyer or consumer of a SaaS offering will expect to pay for the service as they use it, and not in the form of a large, up-front license fee and ongoing annual maintenance payments. The shared-risk, shared-reward approach pioneered by Progress allows our partners to acquire the software to develop, deploy, integrate, manage and sell a SaaS offering without making a payment to Progress until a sale is made.

Progress | Actional.

Progress | Apama.

Progress | DataXtend.

Progress | OpenEdge.

Progress | Savvion.

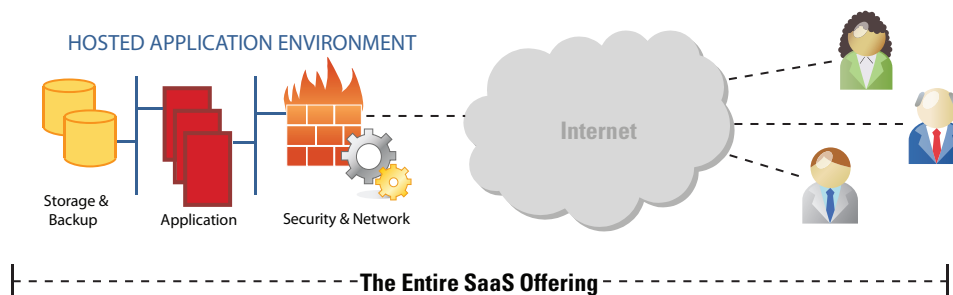
Progress | Sonic.

Visit: www.progress.com/products
for details on all Progress products.

Furthermore, since SaaS offerings deliver value differently from one offering to another, Progress' pricing model adapts to each offering. Progress and partners will work together to define the metric that best measures the value delivered by their offering and base our price on the actual value to the customers.

DELIVER THE OFFERING

For many application partners, the concept of delivering a service for consumption over the Internet is a foreign concept, as is the notion that the ability to generate revenue from that offering is tied to its availability and performance for its end users.



In order to be truly successful, Progress partners moving to a SaaS model must become competent with a significant number of new capabilities once considered non-core or the responsibility of their clients, including:

- > While the end customer still owns the data, the service offering provider is entrusted with its care and security. It must back up on a periodic basis, provide a means to restore data to the client or end-user level, and possibly provide for replication on a periodic basis back to the client-side site.
- > Scale is critical. Developing a plan to cost effectively scale the SaaS operating environment when demand for the service offering changes will be critically important when considering performance, cost, profit and overall stability of the offering.

-
- > Understand and provide for a high-quality user experience that extends beyond the UI of the application itself. Users of Internet-based applications have shown little patience and commitment for slow performance and will demonstrate that by not staying a customer for long.
 - > Security matters. SaaS offering owners must understand and account for security and privacy within the application stack, as well as the network and operating environment.
 - > Customer service must adapt to the changing face and skill sets of the customer. SaaS customers calling into customer service are more likely to be users of the SaaS offering with “how to” questions versus pertaining to the implementation and management of the application, reporting bugs, etc.
 - > Finally, competitive SaaS offerings targeting business users can differentiate based on service-level guarantees. Progress recommends that the guarantee cover the entire service, not only the application itself.

For most partners, many service elements outlined here are not core. While incorporating these components into a SaaS business plan, Progress strongly encourages its partners to consider outsourcing many elements related to the delivery of their offering to a third party. Managed hosting companies are well-schooled in the delivery of Web-based applications. Their entire business model is based on the concept of service delivery, making them an ideal choice to consider for partnership in this area.

The Progress Partner Program has incorporated many of the above areas of concern into the Empowerment Program. It also recommends service delivery providers who can provide a quality service at a competitive price.

Please see the Partner Resource Center for more details.

<http://prc.progress.com/prc/kbcategory.jspa?categoryID=1313>

MARKETING AND CO-MARKETING

Within the Progress Partner Program, we emphasize and encourage partners considering a SaaS model to think through how they will go-to-market, as this is perhaps the single most important element of the entire offering—how are you going to sell it. In this vein, Progress recommends considering a go-to-market model that includes the following categories:



Progress Program Resources

Progress is committed to helping our partners develop, launch and grow their SaaS offerings in the market. As part of the Empowerment Program, our partners can take advantage of the following:

- > Partner Resource Center, which provides access to a wealth of knowledge on Progress products, industry statistics and data
- > Co-marketing, lead generation, joint press releases, and other lead generation services
- > Go-to-market planning.

Service Development Fundamentals

We work to ensure that business planning and execution fundamentals have been considered, including a thorough understanding of the market, buyers and influencers, the channel to market, sales compensation, and of course, the price and value of the service delivered to the customer. Progress also recommends that successful SaaS partners consider markets for their services which are related but adjacent to their current target markets, thus leveraging domain expertise and avoiding the erosion of existing revenue streams.

Tools to Find Customers

Although the application services are delivered via the Internet, buyers and influencers will continue to find information through technical and non-technical channels, and customer acquisition strategies need to consider them all, including:

- > Leveraging the Internet to attract and inform through the use of paid search, search optimization, try/buy options (where appropriate), blogs, forums and special interest or community building vehicles.
- > Leveraging industry events, trade shows, and other venues where the target audience will go to learn about the industry and relevant influencers.

Challenge Conventional Wisdom

The early leaders in the SaaS market suggested that a successful SaaS-enabled business model meant limiting revenue opportunities to only the monthly subscription revenue for services “sold” via the Internet. Progress suggests that there are no single winning formulas, and ISVs should seriously consider:

- > Leveraging domain expertise to generate additional up-front revenue for process design or implementation of best practices.
- > New channels for SaaS offerings are evolving through partnerships and alliances with other SaaS vendors, consider this avenue if you can deliver significant value to the market, and can derive value from the partnership without creating conflict.

- > Consider re-branding the SaaS offering to differentiate it from existing businesses.

EXECUTE. ANALYZE. CORRECT. REPEAT.

Don't rest on past successes or fret about difficulties. Measure results, make course corrections, and get back in the game!

PROGRESS SOFTWARE

Progress Software Corporation (NASDAQ: PRGS) is a global software company that enables enterprises to be operationally responsive to changing conditions and customer interactions as they occur. Our goal is to enable our customers to capitalize on new opportunities, drive greater efficiencies, and reduce risk. Progress offers a comprehensive portfolio of best-in-class infrastructure software spanning event-driven visibility and real-time response, open integration, data access and integration, and application development and management—all supporting on-premises and SaaS/cloud deployments. Progress maximizes the benefits of operational responsiveness while minimizing IT complexity and total cost of ownership.

WORLDWIDE HEADQUARTERS

Progress Software Corporation, 14 Oak Park, Bedford, MA 01730 USA
Tel: +1 781 280-4000 Fax: +1 781 280-4095 On the Web at: www.progress.com

Find us on [f](https://www.facebook.com/progresssw) facebook.com/progresssw [t](https://twitter.com/progresssw) twitter.com/progresssw [YouTube](https://www.youtube.com/progresssw) youtube.com/progresssw

For regional international office locations and contact information, please refer to the Web page below:
www.progress.com/worldwide

Progress, Actional, Apama, DataXtend, OpenEdge, Savvion, Sonic, and Business Making Progress are trademarks or registered trademarks of Progress Software Corporation or one of its affiliates or subsidiaries in the U.S. and other countries. Any other marks contained herein may be trademarks of their respective owners. Specifications subject to change without notice.

© 2008, 2011 Progress Software Corporation and/or its subsidiaries or affiliates. All rights reserved.

Rev. 06/11 | 6525-128707

