



## Net Gain - Astadia



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Businesses have been seeking an integrated communication platform and database for company information for some time to help them gain a competitive advantage. Ernie Riddle tells Barry Mansfield that it has finally arrived.

Software as a service (SaaS) is a software application delivery model that involves a vendor developing a web-native software application, and then hosting and operating the application for its customers over the internet.

The newly emerged moniker 'SaaS 2.0' reflects the changes and the upgrades to this model in the last couple of years. One of the enablers for this development has been Web 2.0, which has driven new confidence in the web.

Although SaaS was treated with some scepticism on its emergence years ago, it is now growing rapidly, says Ernie Riddle, CEO of business and technology consulting firm Astadia. After securing a \$7 million first-round investment from Kodiak Ventures in January, Astadia has concentrated on its own rapid growth, through both acquisitions and hiring.

### TIPPING POINT

According to Riddle, a major boost for SaaS has been the decision by the largest providers and vendors, including Salesforce.com, to open their platform. 'It has provided an opportunity for integrators such as Astadia to work with the customer and write unique customisation into the platform much more easily and quickly than was the case before, but under the umbrella of the security provided by the native application. Customers benefit because they can have the services closely tailored to their needs.

'Improved performance, ease of implementation and the lower capital investment required to enable the application as a platform has also boosted SaaS,' adds Riddle. 'A tipping point has been reached over the last year. Many of the natural barriers that existed to adopting a new platform or strategy have been lowered. Now, the CEOs and executive leaders around world are beginning to recognise many of the advantages of SaaS.'

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Ernie Riddle, CEO of business and technology consulting firm Astadia.

## RAPID EXPANSION

The ecosystem of businesses running complementary applications and services around SaaS is expanding quickly. Cast Iron, Informatica and Pervasive have enabled easier integration of back-end systems, which has also been a strong driver for adoption.

**"Europe is set to go through a very similar adoption profile to that observed in the US - with an 18 month lag."**

'Many, if not all, companies want a complete real-time view of their customer interactions, which can be difficult when data is spread across multiple platforms, says Riddle. 'SaaS 2.0 has made the possibility of fully integrated platforms a reality.'

The worldwide SaaS market reached \$6.3 billion in 2006 and is forecast to grow to \$19.3 billion by year-end 2011, according to analyst firm Gartner. Riddle believes SaaS is on its way to becoming an international phenomenon, driven by local demand as well as large multi-nationals who are adopting SaaS on a global basis. While US SaaS adoption is clearly already 'mainstream', Europe and Asia are only now beginning to experience the steep adoption ramp that the US has experienced

over the past two years.

Europe is set to go through a very similar adoption profile to that observed in the US - with an 18 month lag. Strong European growth can be anticipated for US-based SaaS giants aggressively expanding into this region as well as regional and country-specific players. Average US market growth rates will likely slow into the 35-40% range in 2008, but European market growth rates could exceed 60-70% next year.

Astadia, already the largest deployment partner for Salesforce.com, Eloqua, Xactly, was negotiating in February to acquire a 100-employee company that will increase its capacity outside North America. 'Acquisitions in Europe and Asia, and selectively in the US, are very much in our game plan,' says Riddle. 'The industry is thirsty for companies such as Astadia to move into a void in the marketplace and provide these services. We are nimble and can undertake projects large and small within a restricted timeframe. It's a real opportunity for us.'

'We know our customers like to see around the corner and around the world, meaning they want consistency across their enterprise. If they have offices in multiple locations and regions around the globe or within a country, they will want consistency and common training across these entities. As the industry changes from client-server and on-premises server to SaaS, you have to be able to respond with experts who have the language skills, relevant experience and business acumen which Astadia is uniquely positioned to deliver.'