

SaaS in Europe: There's More of It Than You Thought.

David Bradshaw, IDC

1. Just how much software-as-a-service adoption is there in Europe?

- Who?
- What?
- Why?

2. How does this translate into European market sizes and growths?

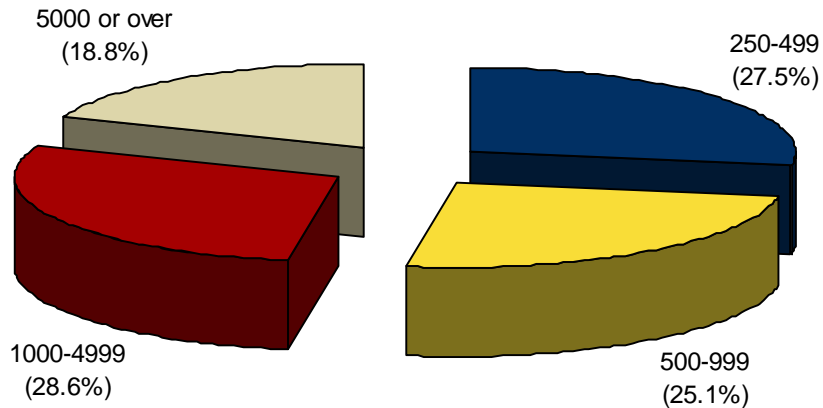
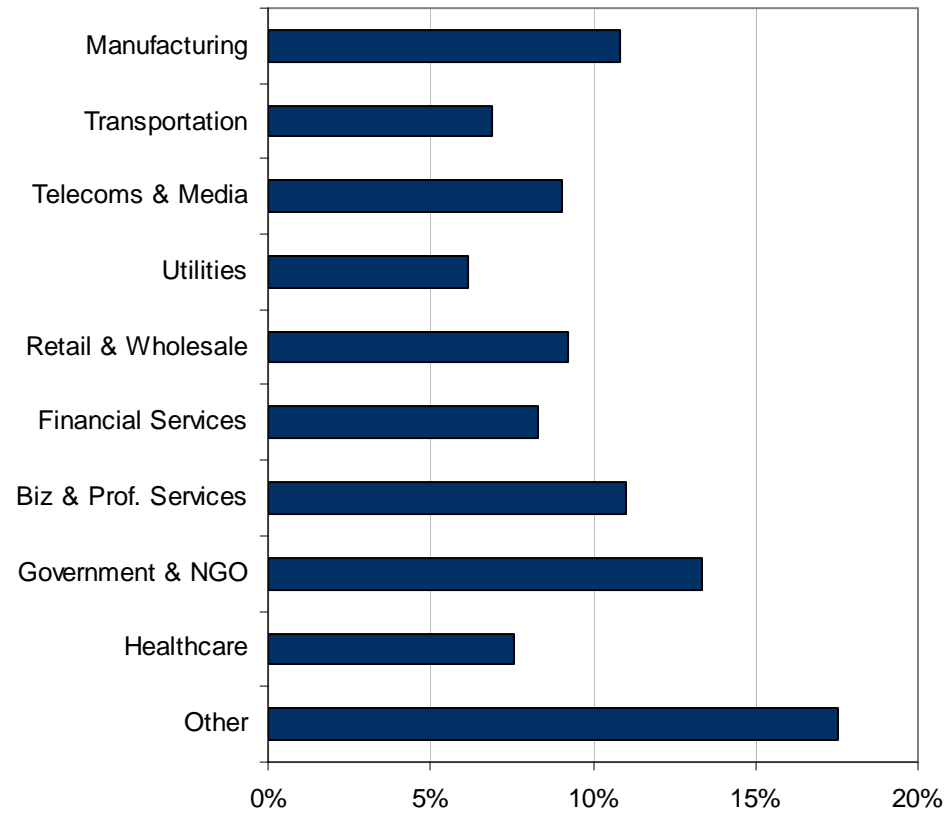
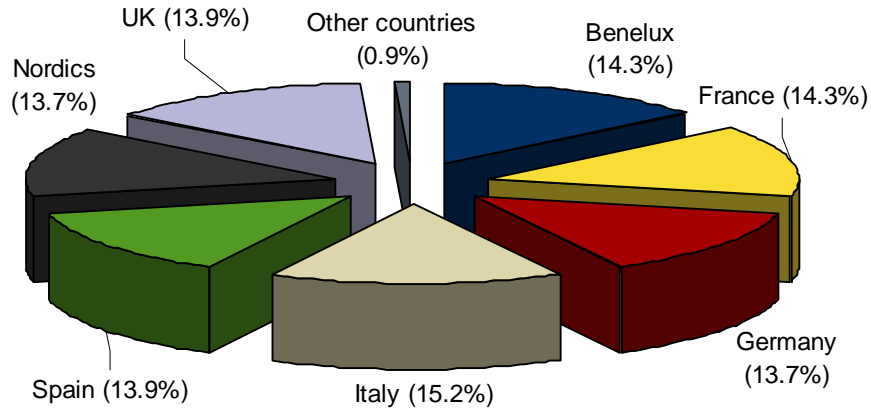
3. What is the cloud?

- And how are SaaS and cloud-based services related?
- Is attention on the cloud going to detract from SaaS?

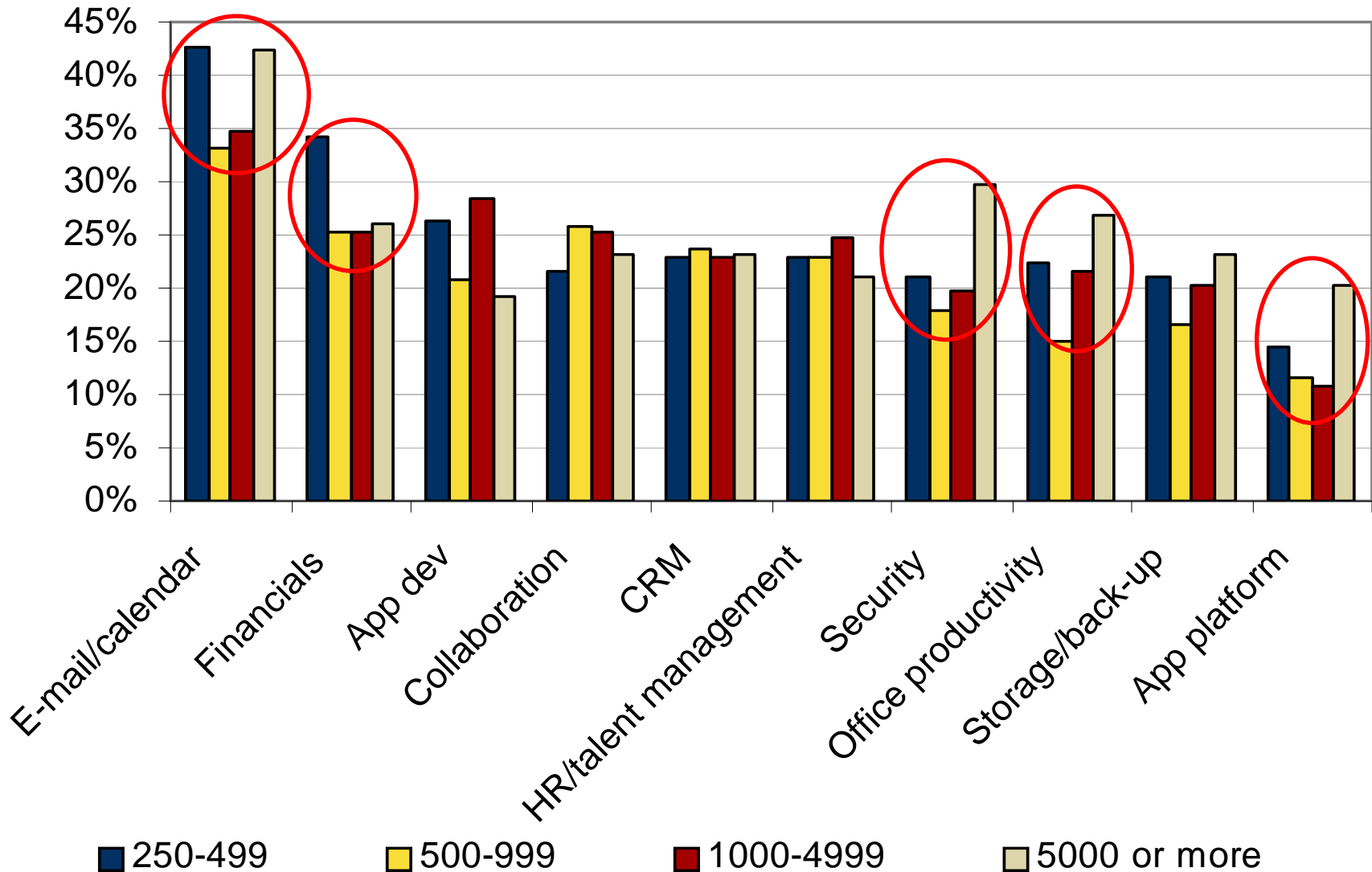
“Obscured by Clouds”?

Survey Demographics

N = 533

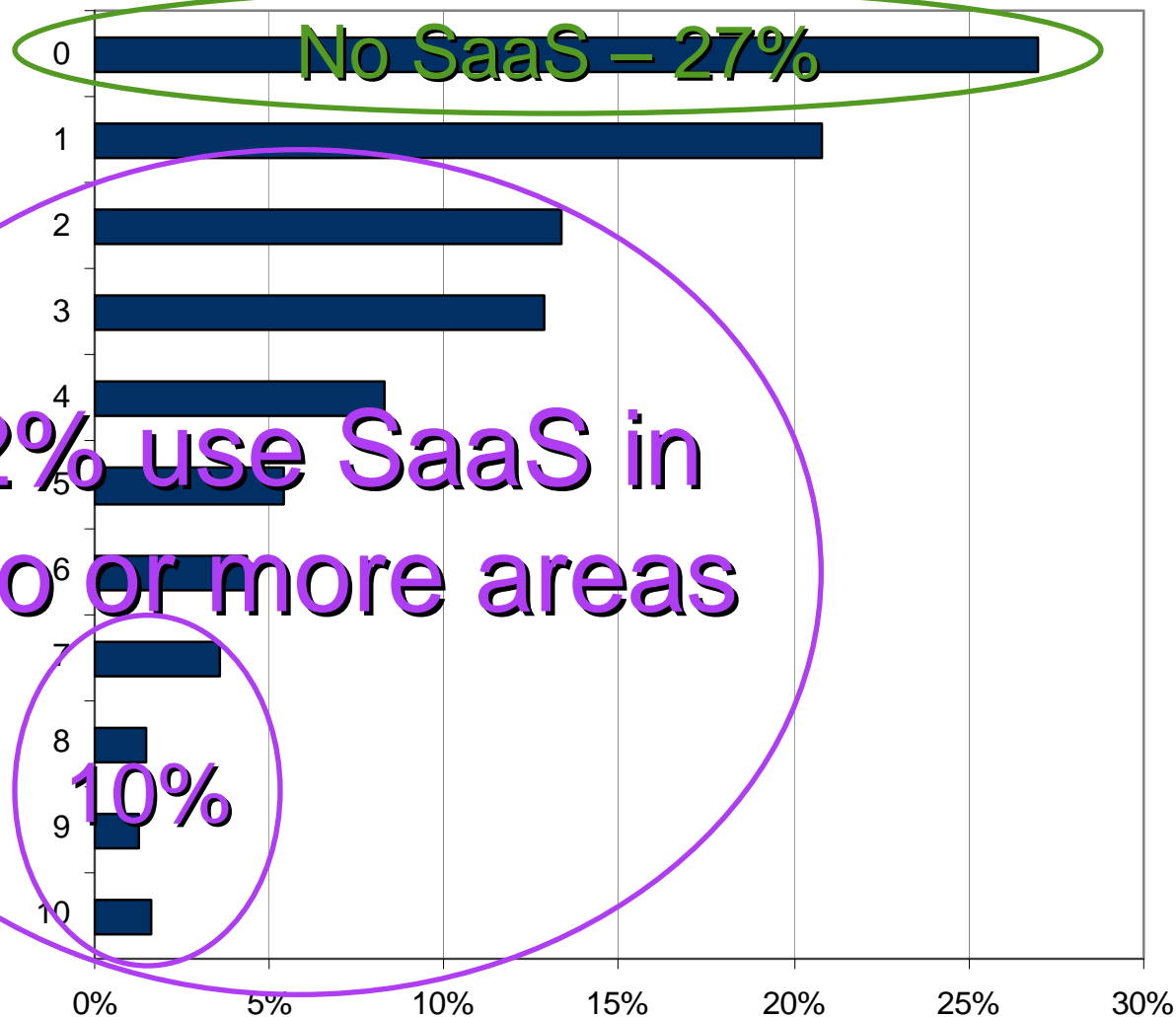


Survey: Are there any differences in likely adoption by organization size?

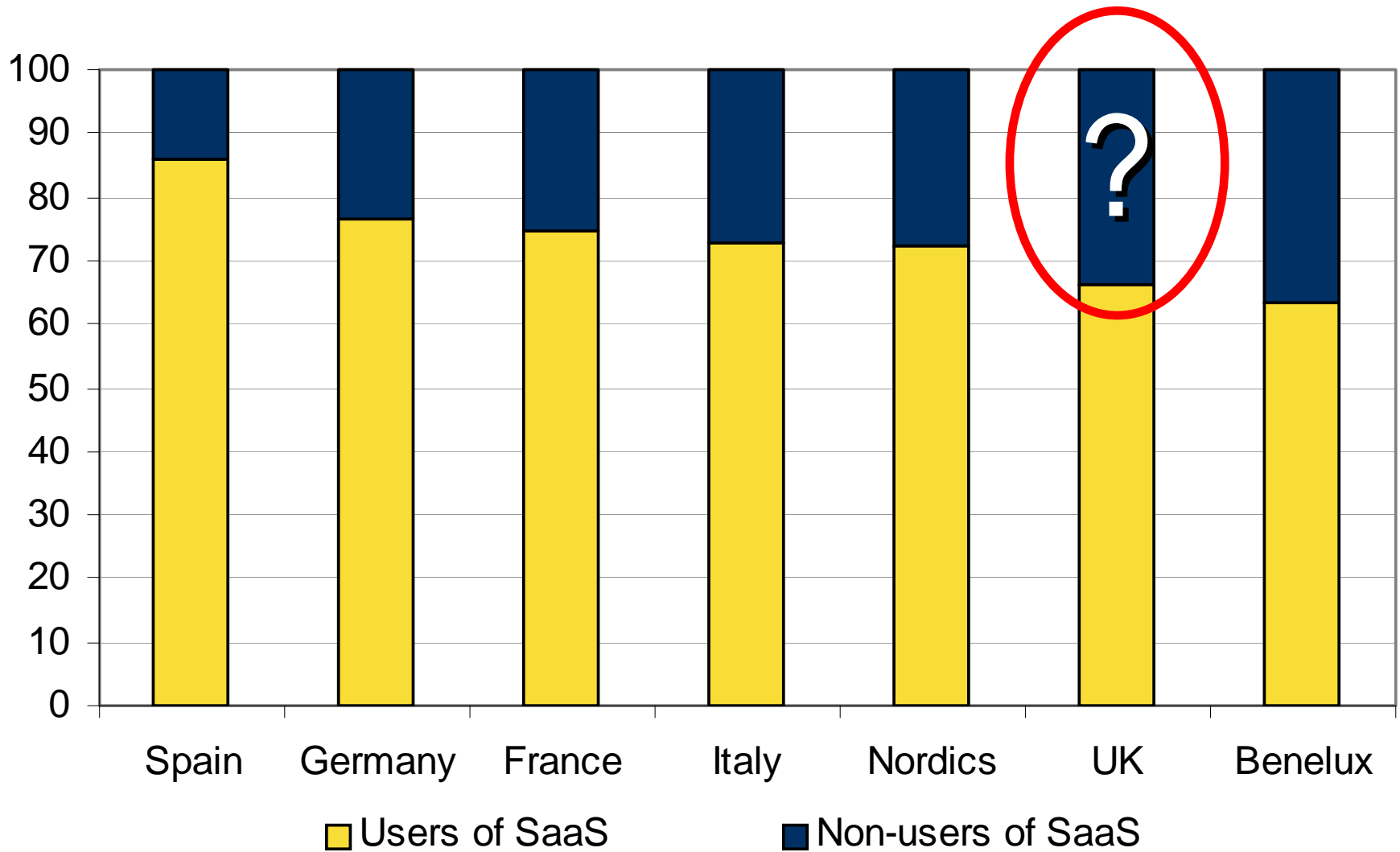


Survey data: Do some organizations use SaaS more than others?

Number of areas where SaaS is used

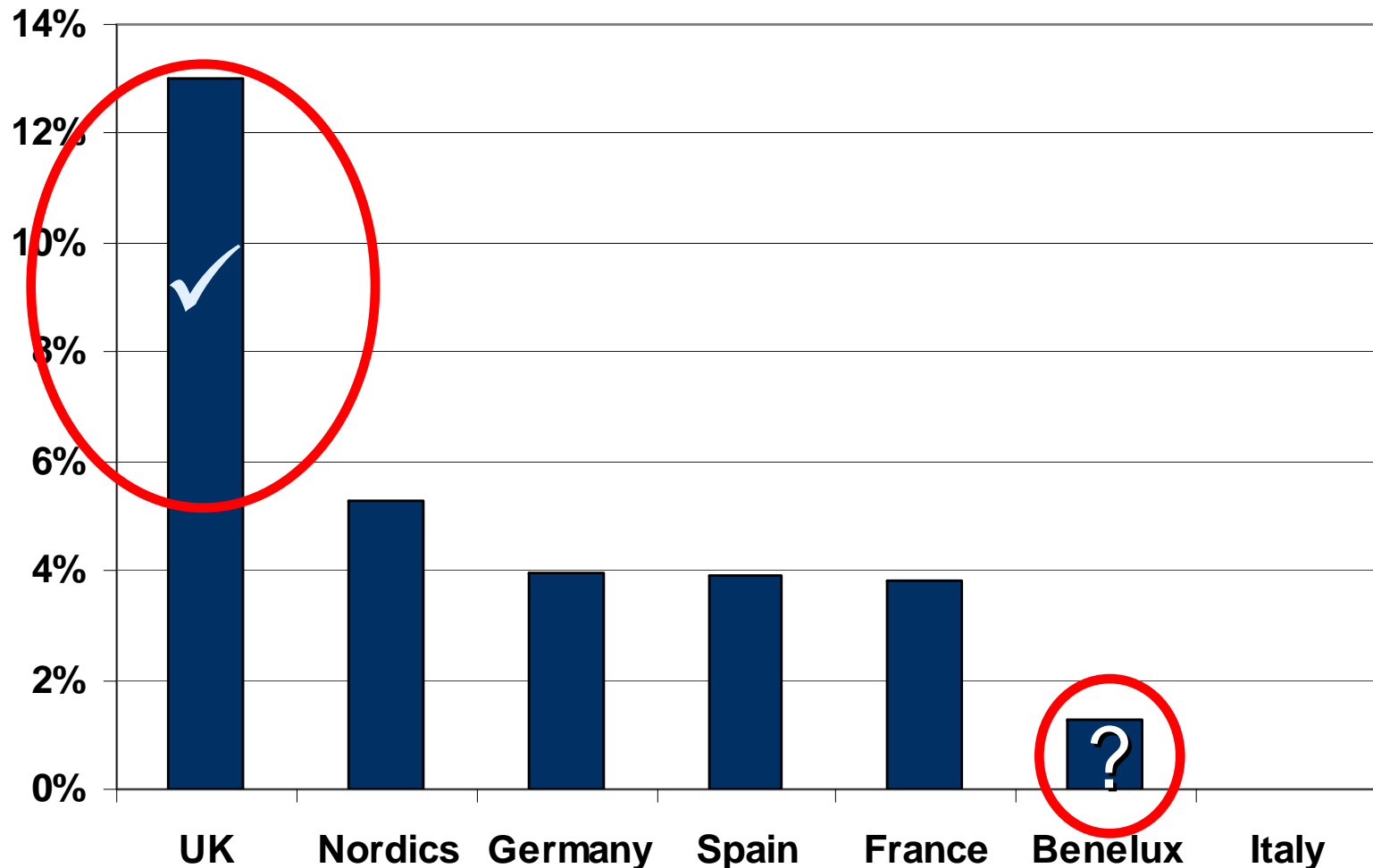


Survey: Which countries have the widest use of SaaS?

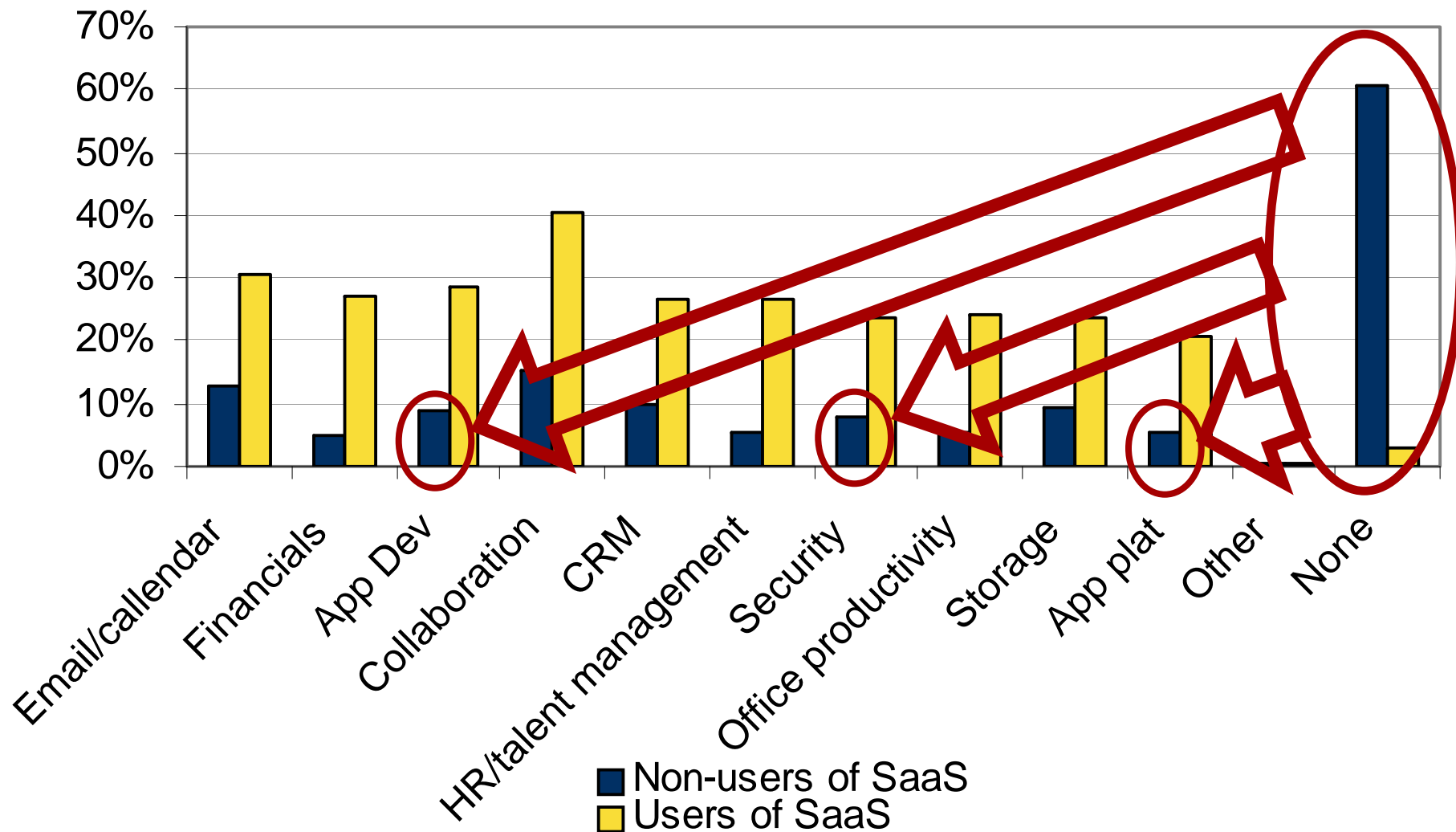


Survey: In which countries do users have the widest range of SaaS?

% of respondents per country/region using SaaS in 7 or more areas

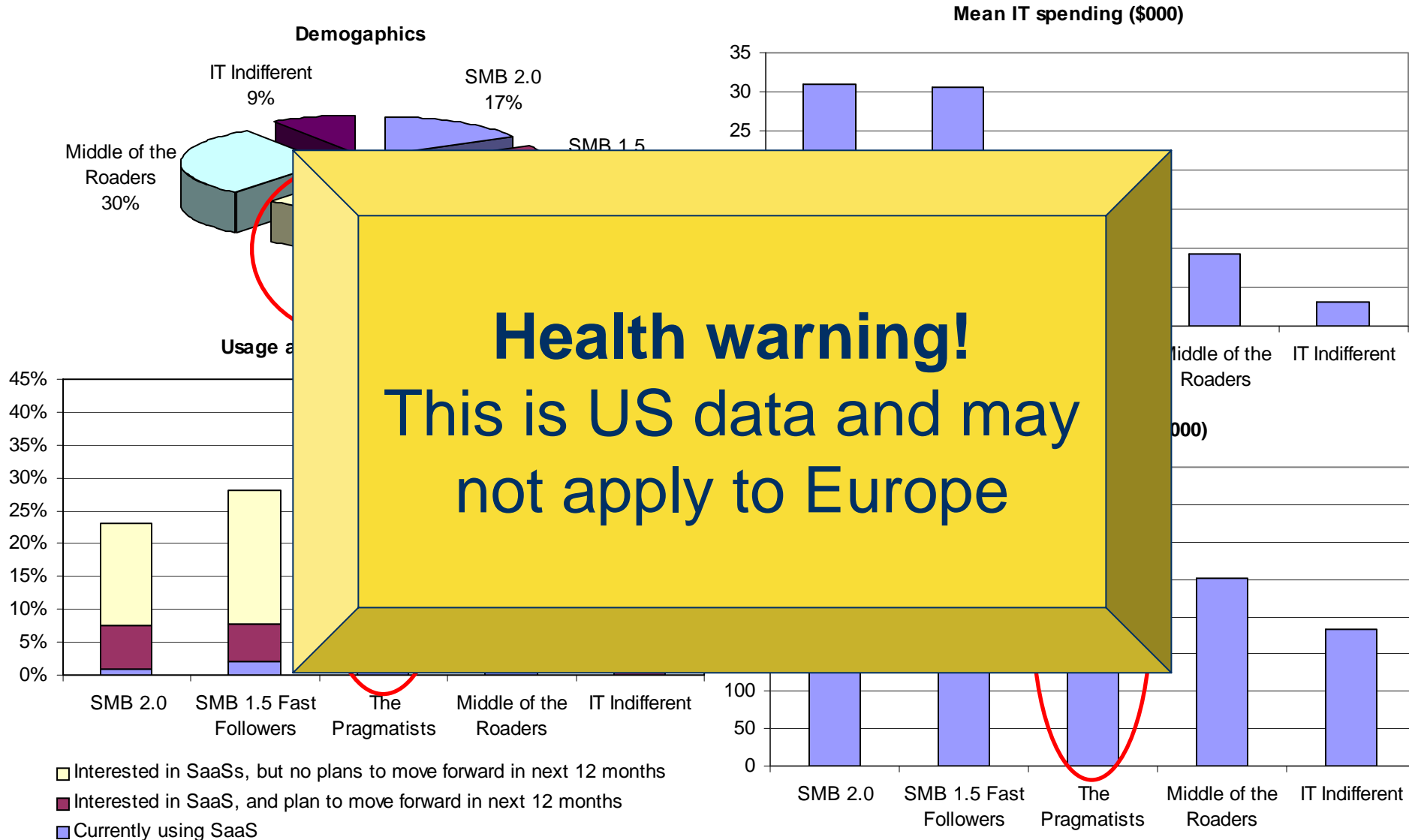


Survey: In what areas do IT managers think SaaS is appropriate for?

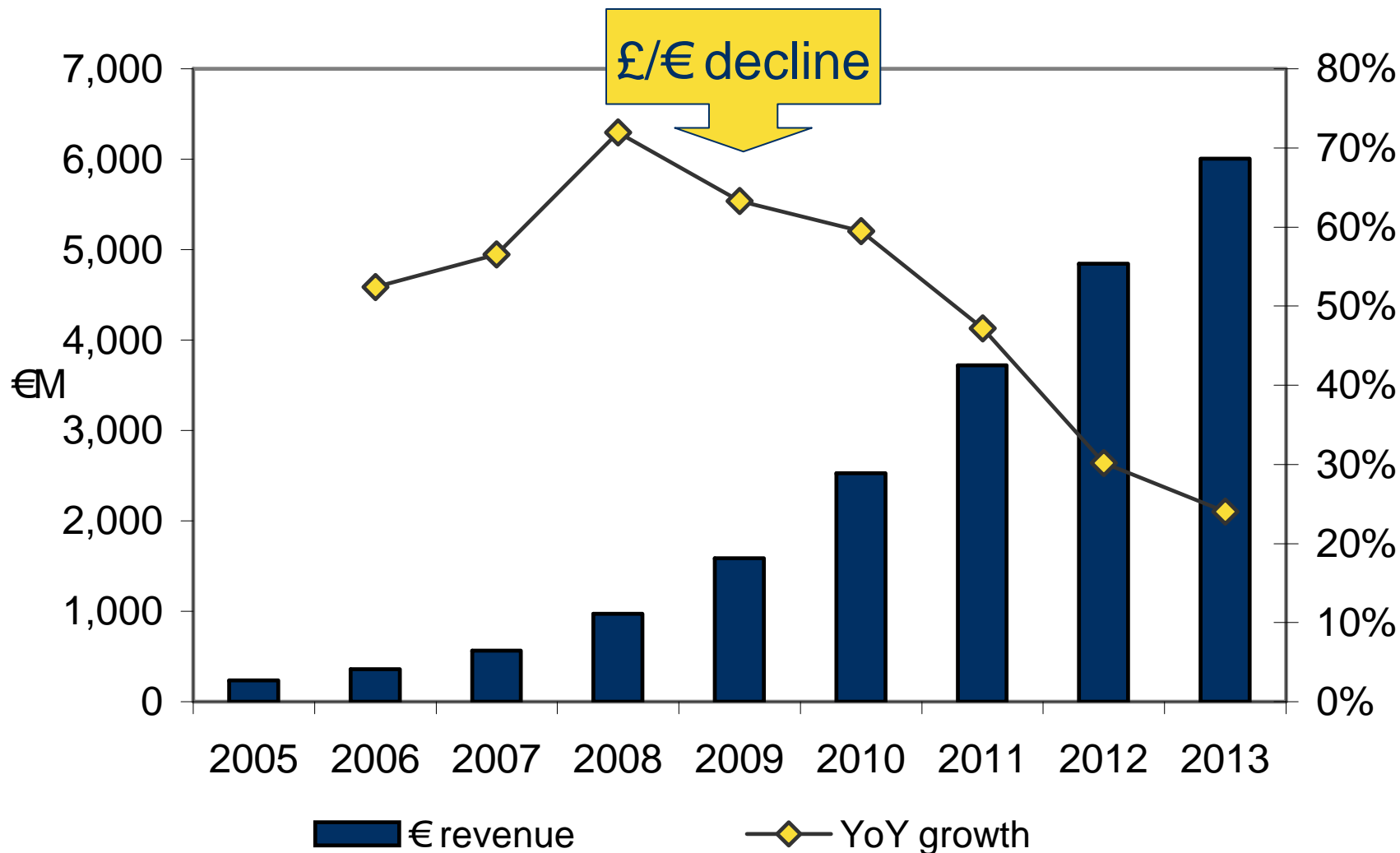


NB For each organization, we have counted those areas where SaaS is not already in use.

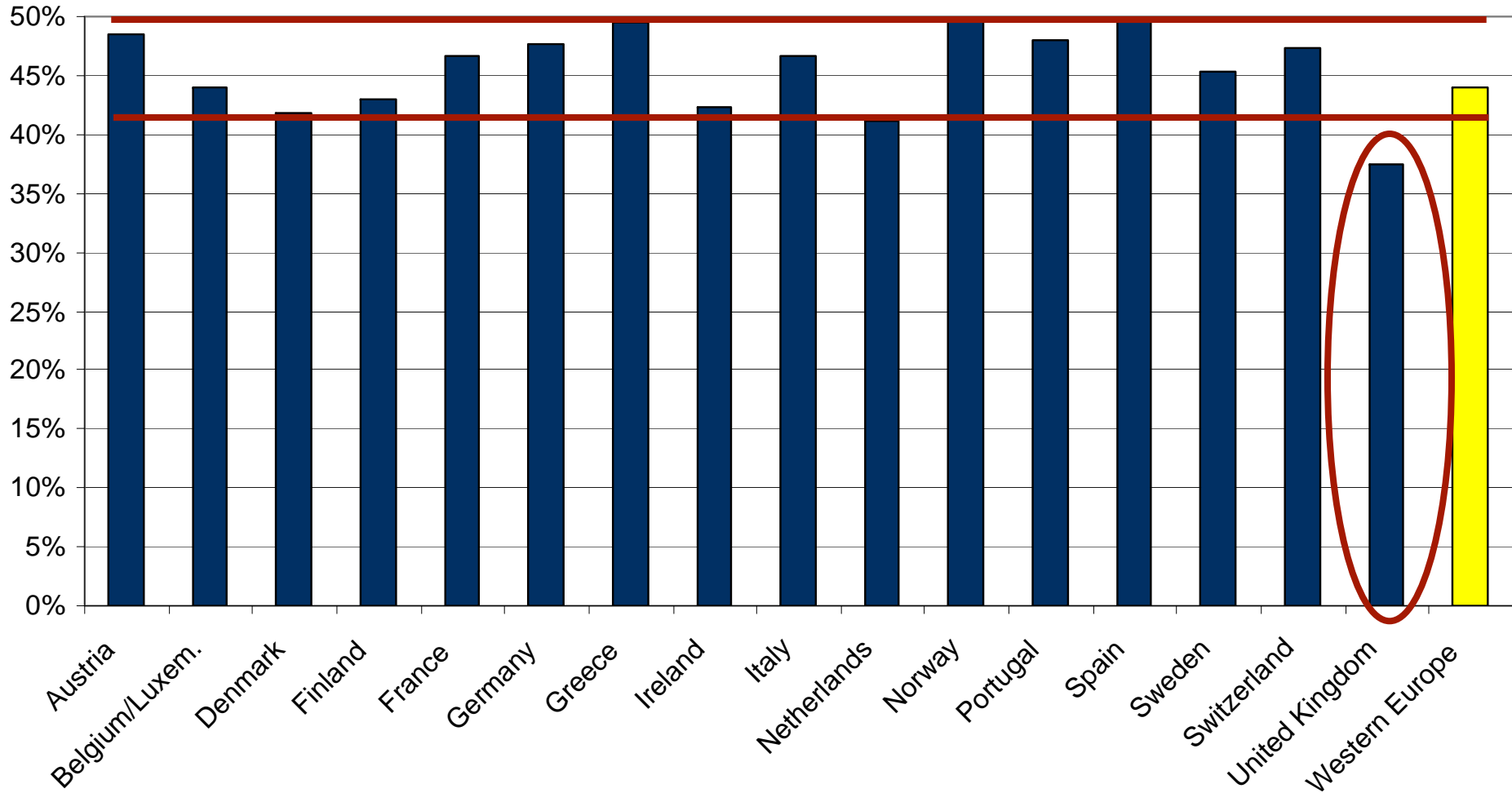
Who do you target in SMBs?



Forecast: IDC's view of the European SaaS market



Forecast: Country growth rates

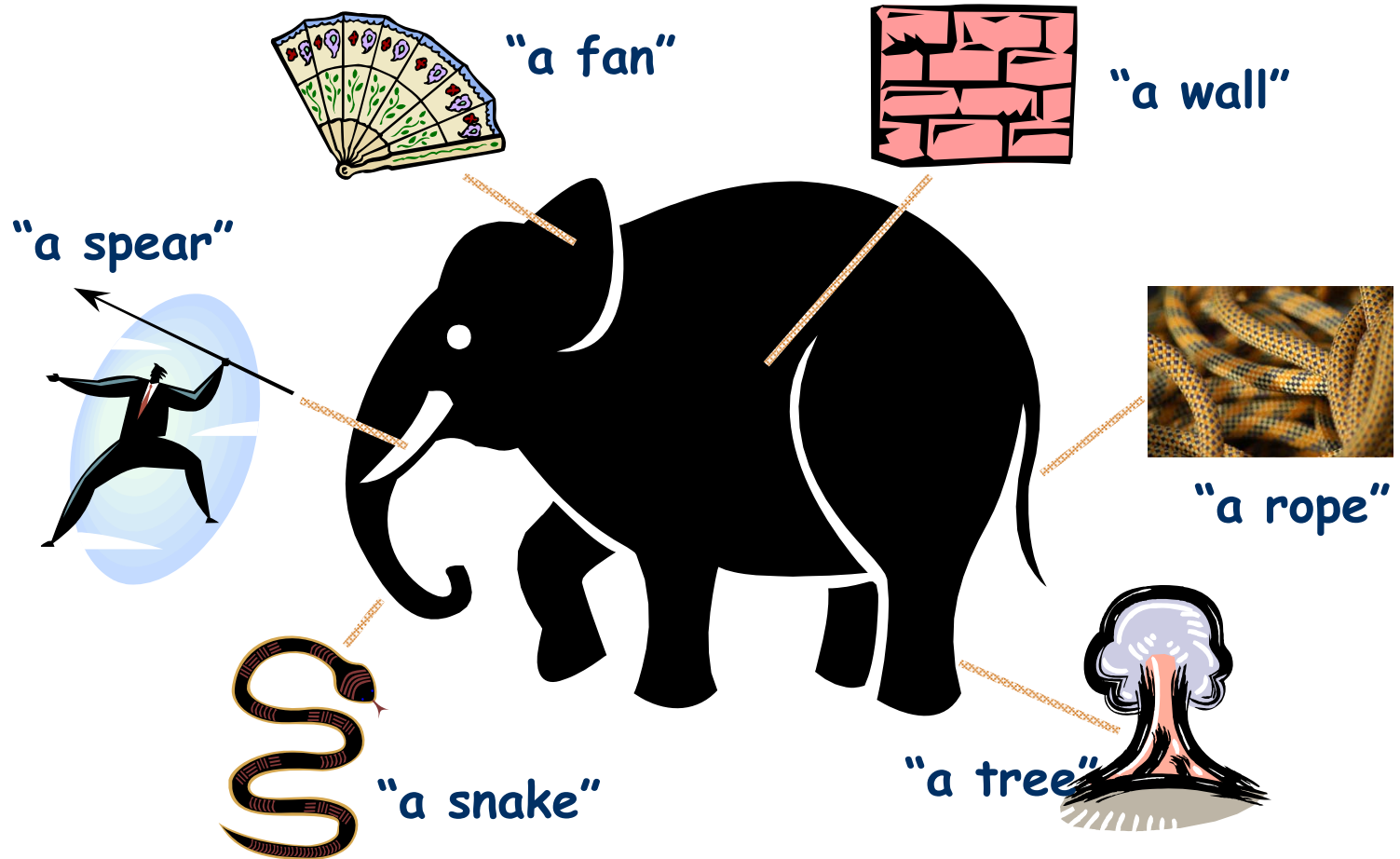


What does this mean?

- **User organizations have embraced SaaS across Europe**
 - Some countries are ahead of others but adoption is widespread and growing
 - It's often without the IT department's involvement
- **Ignoring SaaS is not an option for software market players**
 - Survivability of SaaS and SaaS players is no longer in question
 - Indeed the questions today are around survivability of software vendors that do NOT have a SaaS strategy
- **Which countries should you be in?**
 - The UK is the most active in SaaS and the largest market
 - But the UK also has the strongest competition
 - Most other European markets will grow faster
- **What sectors should you consider?**
 - Take your pick! Beyond CRM, there are hardly any areas with dominant vendors
 - US vendors have a lead in many segments, but they are not invincible
 - All size segments are open to SaaS – this could but doesn't necessarily mean one size fits all
- **Who do you sell to?**
 - You must sell to the business

What is the cloud?

Related question: What is the elephant?



Inspired by *The Blind Men and the Elephant*, by John Godfrey Saxe (1816-1887)

Build a cloud platform in 60 seconds!

Communicati

Cloud native
applications

App 1	App 2	App 3	App 4
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Middleware

Everything at every level is up for grabs!
Anyone and maybe everyone is going to take
a shot at building parts or even all this.

Virtualization

App 1	App 2	App 3	App 4
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Non-native
application

Security, availability, etc

What is the cloud?

Virtualised private cloud

Public cloud

Virtualised private cloud

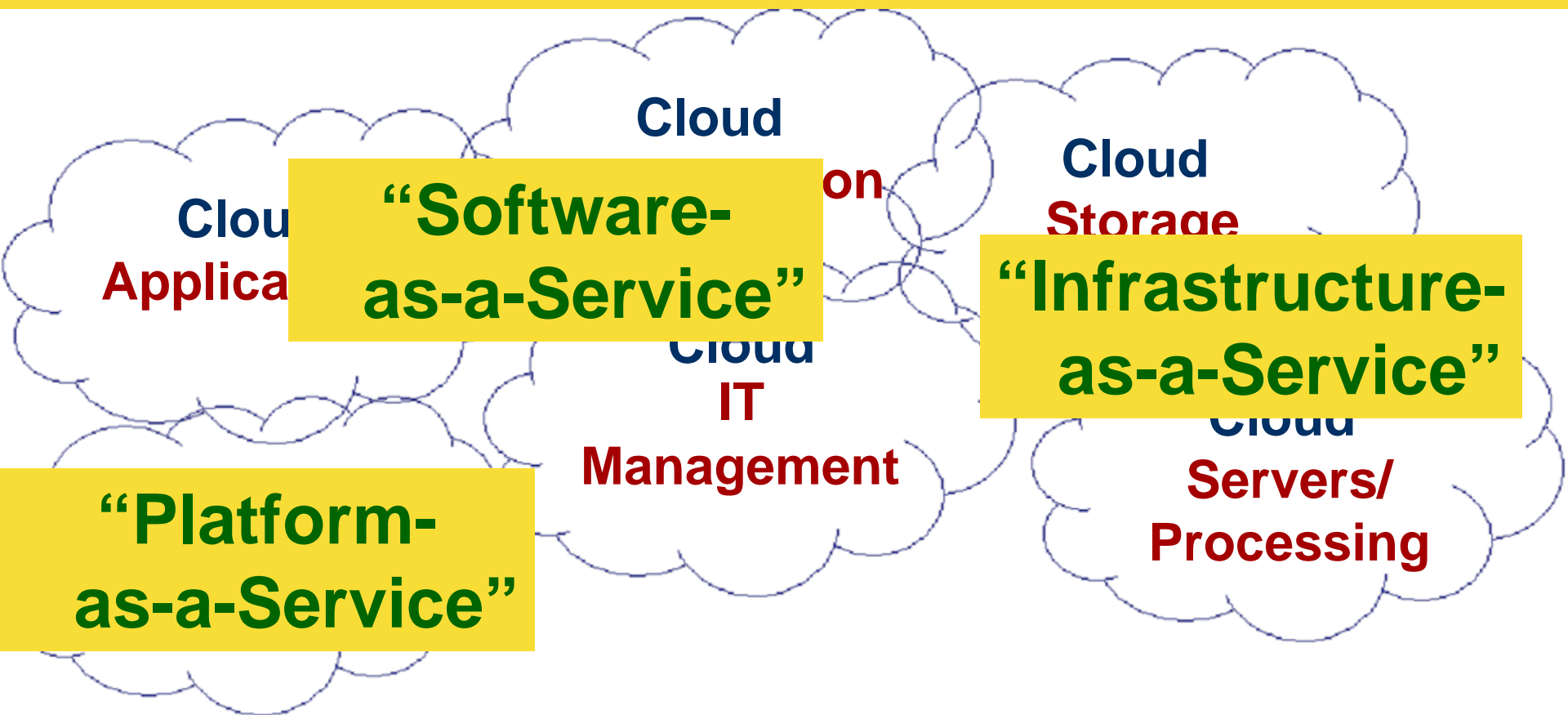
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Special purpose cloud

What Are **Cloud Services**?

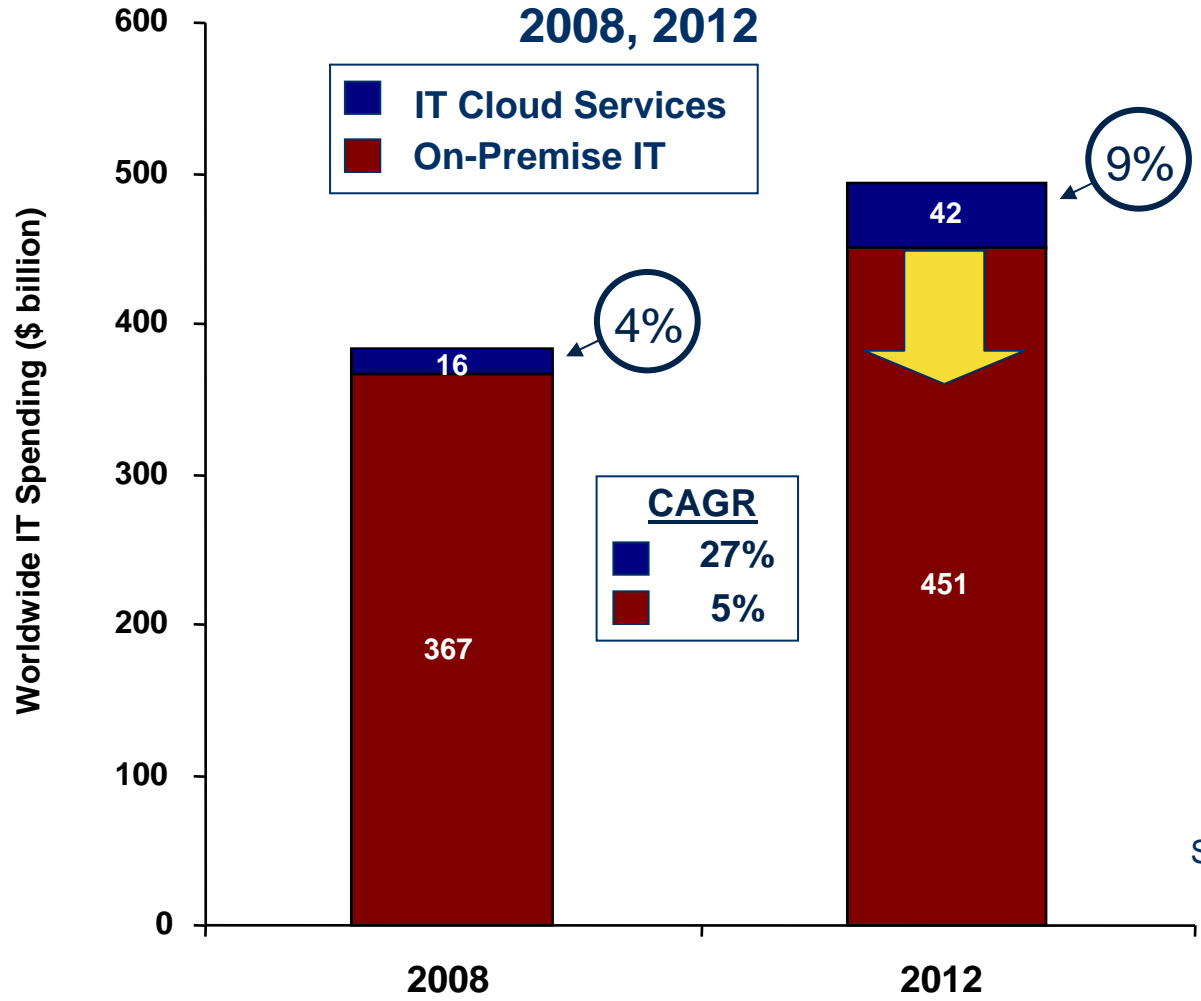
Cloud Services =

Consumer and Business products, services and solutions delivered and consumed in real-time over the Internet



IT Cloud Spending: Looks **Modest**...

Worldwide IT Spending* by Consumption Model

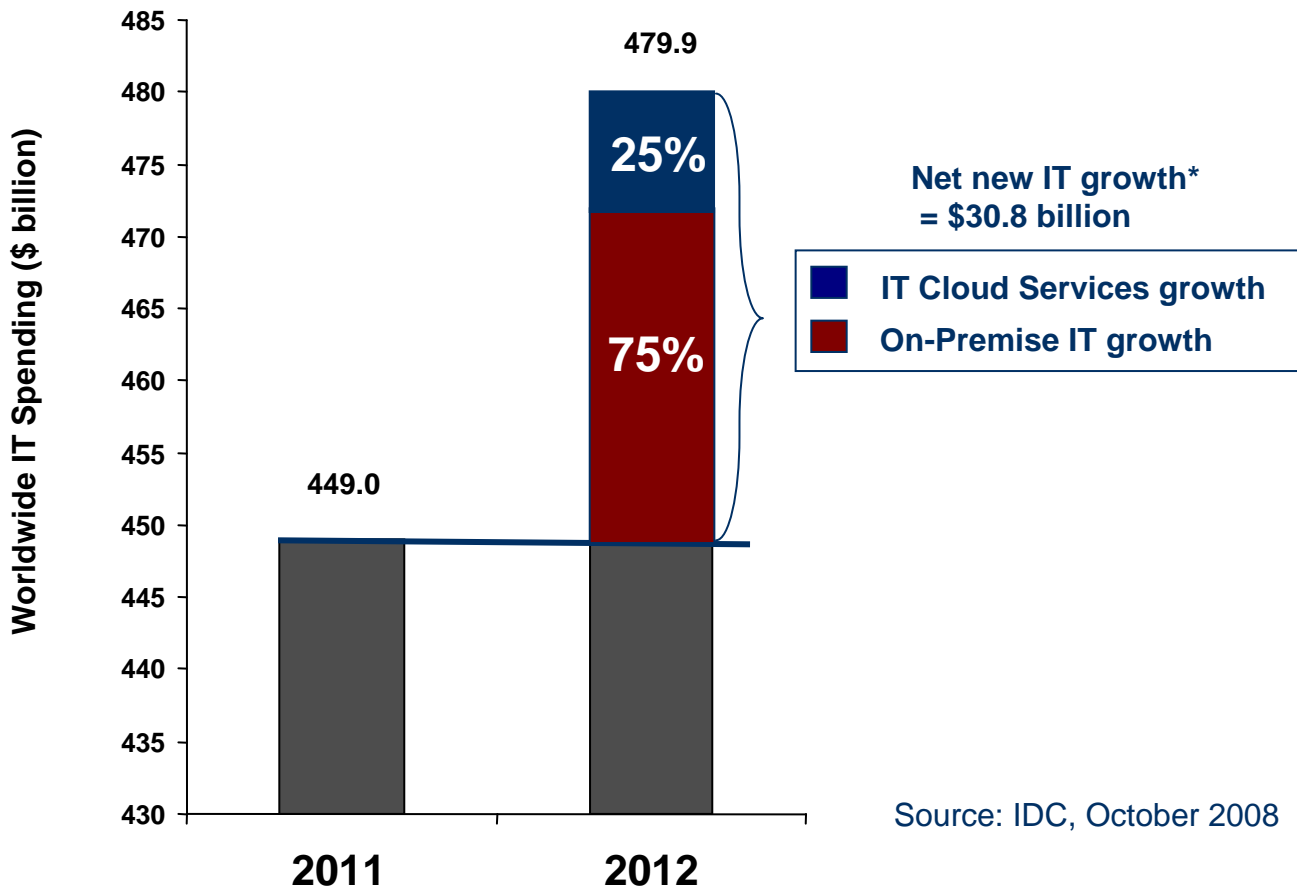


Source: IDC, October 2008

* Includes enterprise IT spending on Business Applications, Systems Infrastructure Software, Application Development & Deployment Software, Servers and Storage

...But a Big Growth Impact

Sources of Incremental IT Spending* Growth in 2012 Cloud vs. On-Premise



Source: IDC, October 2008

* Includes enterprise IT spending on Business Applications, Systems Infrastructure Software, Application Development & Deployment Software, Servers and Storage

Long-term changes in the European software industry

- **Increased diversity in the delivery model**
 - *This is where you come in!*
- **Increased diversity in the revenue model**
 - This change is more comfortable for some than others
- **This is causing evolution in:**
 - The technology model
 - SaaS in particular demands a different way of building software
 - This takes time!
 - The software value chain
 - Depending on the role they decide to take, software vendors may control more or less of their own value chain
 - The ecosystem
 - The roles that the different players have are evolving
 - The current down-turn will accelerate these changes
 - Welcome to the new world!

Time for a “new software economy”

‘Location-less’ and ‘any time’:

- The functionality of software is provided independent of the user's location or time zone.
- It may be in the cloud, on the corporate network, or on the user's computer
- Beyond knowing that they are dealing with a trustworthy supplier, users will not need to know where the software supplying the functionality is located...
- ...unless they have a specific need to do so, eg for legislative reasons.

Turn-on/turn-off and payment for what you use:

- The customer can use the software for a limited period and pay for what they have used.
- Vendors charge by some measure of 'consumption'.

Software vendors and other players have to play new roles:

- Some software vendors will become service providers
- Alternatively they may partner with hosted service providers to do this

Questions or Comments?

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