

# From the Publisher's Desk



**Tom Faulkner**  
Publisher and Executive Editor  
tomf@futurapublishing.com

**S**oftware-as-a-Service (SaaS) is getting so much publicity I am surprised that Al Gore hasn't taken credit for inventing it. But once you've invented the Internet, I guess there's not much left to do. Clearly, SaaS is the buzzword in HR management these days and for many organizations it is a great option. But let's face it, SaaS isn't, and won't be, for everyone. As Naomi Bloom says in our first feature article, "At what cost, risks and demands for talent, with what pain and suffering and/or how easily and reliably does technology, and specifically business applications software, deliver the needed administrative and strategic HRM capabilities? That's the bottom line."

So let's begin with an overview of this issue's content. Our first article "If We Have SaaS, Do We Need BPO?" is by Naomi Lee Bloom of Bloom and Wallace. According to Bloom, who has probably heard all the HR buzzwords over the years, SaaS can bring major benefits to its customers, always presuming that the underlying software is terrific, that the vendor is strong, that the software's implementation is highly automated, and that new releases of the software can be accommodated via opt-in for much of the new functionality. Business process outsourcing can bring even greater benefits to its customers, when equally well-done, particularly for those HRM processes that carry a lot of surrounding work to achieve the needed process results. This isn't an either/or situation. She expects to see the best of HRM BPO using SaaS HRM software, thereby providing two sources of leverage to serving their customers and achieving their own business outcomes.

Next we have an article by John Macy of Jeitosa Group International titled "Software-as-a-Service: The HCM Perspective." This article describes the SaaS model and identifies why security is a customer concern and outlines the integration problems associated with human capital management (HCM) software applications. Macy writes that the service ecosystem that SaaS is part of is gaining strength daily boosted by the poor economic outlook for 2009 and the need for alternate on-premise delivery models. Many companies must defer the capital investment needed for the on-premise model and minimize operating costs. However, Macy writes, before making any major decision in the current environment to convert from perpetual licensed software to SaaS, HR leaders should develop a rigorous business case and total cost of ownership analysis to ensure that the decision is the right move for the company and will not adversely disrupt operations or introduce unexpected integration complexities.

Dr. Katherine Jones of the ICS consultancy provides our next article, "The Benefits of Cloud Computing in an Economic Downturn: Making Your Business Solutions Dollar Go Further." Dr. Jones tells us that cloud computing has become an accepted practice in much of human capital management today: It is a growing phenomenon in all business applications across the globe. Whether it's called "cloud computing," "On-Demand," or "Software-as-a-Service" (SaaS), the model serves as a powerful catalyst for changing the value proposition and economics of business management, particularly in an economic downturn. At a time when millions of jobs have been lost in the past year, SaaS can provide advantages in the management of human capital information. Used globally today in companies of all sizes, SaaS is uniquely positioned to allow mid-sized companies to access sophisticated, state-of-the-art technology like the "big boys" run their businesses with. The scalability of SaaS applications provides the flexibility to support agile, rapidly-changing companies, while they are growing or downsizing. The key for those chartered with human capital management in these difficult times is to use their

resources as carefully as possible while preserving their talent for that eventual upswing; SaaS solutions merit investigation as part of that process.

“Software-as-a-Service: Delivery Model, Delivering Value” is our next article by Kelvin Gray of Workday, Inc. Gray describes the two key tenets to delivering services in the SaaS business model: subscription-based services and economies of scale. With *subscription-based services*, organizations typically license the right to use the services for a period of time – a subscription fee. The payment for these services is usually a monthly or annual subscription fee based on metrics driven by the type services used. Regarding *economies of scale*, in a SaaS model, the operational costs of providing services remains constant or decreases as the number of customers sharing the resources increases. This provides cost containment for SaaS providers and the savings can be passed to the customers. Economies of scale help to create a lower cost of entry to using enterprise services, vastly different than the barriers to entry typically experienced in traditional on-premise ERP or other service-based models like application service provider (ASP).

In our SystematicHR department in this issue, Wes Wu brings us his article “SaaS: Is it Strategic?” In his usual analytical manner, the author writes that he is quite satisfied with how SaaS technology services are being delivered, but he’s not at all satisfied with how SaaS vendors are executing on strategy and vision for their clients. Being able to implement and host technology is easy. Giving clients robust applications that meet their needs is not, but we have reached a state of maturity in the HR software industry where it is expected. The formulaic response that seems true no matter what you are talking about in HR is also true with SaaS: HR/SaaS has gotten very good at transactions, but HR/SaaS is not yet good at strategy. Wu says it’s time for SaaS vendors to start thinking about what they can do to improve the overall state of technology delivery. With all the data at their fingertips, Software-as-a-Service vendors are in a unique position to provide insight both to their clients and to the market, in general. If they don’t execute on this, they miss a great opportunity.

We close this issue with a brief conversation with Robb Webb, Chief Human Resources Officer for Global Hyatt Corporation, who describes his HR strategy and plans for 2009.

We hope you enjoy this issue.