



Fletcher & Fletcher: Summer 2011 Newsletter

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Drawback of Software As A Service

In recent years, many software companies have begun offering their software as a service. This means most companies host the software and any data on their own server, providing licenses to clients allowing access to the application.

The benefits of this support strategy have long been over emphasized to potential clients. Companies explain this will allow users to save money associated with IT support and maintenance, lower implementation time and eliminate the need to install applications on local servers. Although these benefits exist for users, companies prefer to offer SaaS contract because it benefits the providers more than it benefits the clients. SaaS contracts often allow companies reduce costs associated with client implementations to the detriment of users.

When determining whether to decide between an SaaS contract or some other agreement there are many factors to consider, including:

- **Ownership.** With an SaaS contract there is no software ownership. In the case that a company merges with another company, decides to stop supporting their software or stop providing upgrades for their software this leaves no ability for users to continue maintaining the application themselves. If a traditional vendor went under, at least you would maintain all data and source code for the application. If an SaaS provider goes under, you would have no access to the application or any data stored with that company.
- **Per License Fees.** Most software companies require you to pay per user fees. These fees usually vary depending on what type of access each user requires. For large jurisdictions this could mean paying almost as much in user fees as you would pay for software from a traditional vendor. There is also no cost adjustment for users who may only need to access the application once or twice in a year. Variable costs like this could also increase annual maintenance and support costs paid to the company, causing additional cost increases above and beyond what was initially intended.
- **Data Control.** Consider being reliant upon a vendor to properly store, backup and host your private data. Often times you may not know exactly where or with who your data is being hosted. You also would not have access to your data except through the application service provider who could dictate what format or how regularly you might be able to receive data upon request. There is no guarantee that standard in-house IT practices will be followed by your hosted provider. There is also the concern that should you stop contracting with the service that you would be provided with the data housed with them. For public sector jurisdictions this lack of data control could pose a serious problem with existing data security requirements.
- **Security Control.** Without having your data or application stored on site there is no ability to secure against illicit release of your data to other parties. Often IT security policies dictate that data be stored in such a way that it is reasonably certain it be secure. Could that be said when data is stored off-site with a 3rd party hosting company under the protection of employees you have no reasonable certainty adhere to the same standards of IT employees within your municipality?
- **Pricing Models.** Often complex pricing models are used instead of a traditional fixed price cost system. Variable costs are setup for application customization, data migration, implementation procedures, customer support calls, license fees and on-site travel. It is very easy for a jurisdiction to quickly run over-budget because they did not foresee certain support needs or predict how long implementation processes might take.
- **Customization.** Providers use SaaS contracts to provide a uniform software application to a large number of clients. However, most clients have varying needs when it comes to software. With budgeting for example, it is rare that one jurisdiction will calculate personnel paygrades and benefits in the same way that another will. With SaaS providers, customization is either not provided or is heavily charged for as an additional service. When a more client specific solution is needed, the provider is unable to meet that client's needs.

NASBO Annual Meeting

The 2011 annual meeting will be held August 7-11 in St. George, Utah this year. In addition to being held near one of America's most beautiful national parks it will also feature a large number of expert speakers. The tentative agenda includes speeches concerning:

Featured Quote

"Whether you call them geeks or techies, some of the greatest innovations in government have been the result of citizen developers who simply want to do their part to make our government work better. From the Department of Health and Human Services' Community Data Health Initiative to "Transportation Camps"-un-meetings aimed at solving transportation problems-throughout the United States, citizens are using their talents to help make government data that are simply lying around actually work for the American people."
-Chris Vein, OMB Blog: Open Government Initiative

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- National Economic Outlook
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- Budget Officer Regional Perspectives
- State Revenue Outlooks
- Information Technology: Budget Impacts and Challenges

If you would like to attend there is still room within the NASBO's hotel group at a lowered rate. NASBO will even provide one complimentary member registration per state!

Registration can be made at the following link:
[NASBO Registration](#)

Latest Government Research

There has been a large amount of new public sector research released by NASBO, GFOA and the Rockefeller Institute of Government. We hope this information will be useful to you whether it be analyzing the potential improvement of economic affairs across the states or researching latest budgeting best practices.

[Spring 2011 Fiscal Survey of States](#)

[Replenishing Fund Balance](#)

[Key Issues in Succession Planning](#)

[State Revenue Report](#)

If you have any questions concerning the capabilities of our web-based budgeting application, please feel free to call at anytime.

Sincerely,

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