

As industries around the world increase SaaS use, pharmaceutical companies are following suit.

Software as a Service Gaining Traction

SaaS Knockoffs: Seven Ways to Spot a Fake

The popularity of technologies labeled "SaaS" and "in the cloud" have made these terms table stakes for all CRM vendors. As a result, providers are abusing these terms, and it's creating buyer confusion. To determine whether a multi-tenant SaaS CRM system is genuine, ask the vendor these questions:

1. How many versions of the application does the vendor maintain?
2. Does it cost more for customizations?
3. Is there a limit to the number of custom objects that can be created?
4. How long does it take to do an upgrade, including mobile users?
5. How many upgrades are done a year and how much do they cost?
6. Is the application scalable without extra costs?
7. Is the application genuine multi-tenant?

Source: Veeva Systems. For more information, visit veevasystems.com.



To download a FREE white paper on SaaS CRM for the Life-Sciences Industry, visit www.pharmalinx.com/veeva_saas



Many SaaS solutions can be implemented in less than 45 days without extensive rework or customization of the in-house solution.

DEWAYNE MANNING
DiseaseTrak

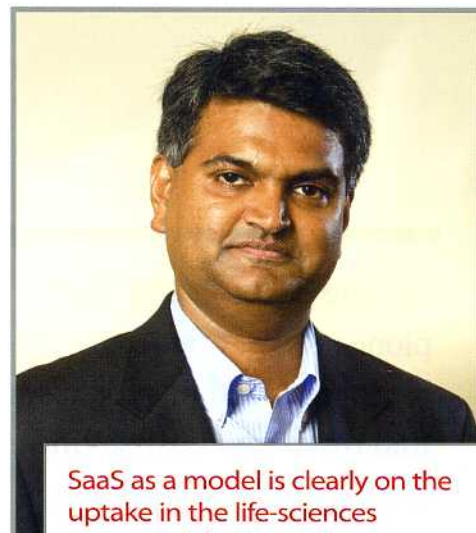
Many research firms have predicted that the worldwide economic recession is responsible for the global increase in the software-as-a-service (SaaS) market revenue. According to a recent Gartner report, SaaS is forecast to have a 17.7% compound annual growth rate through 2013 for the aggregate enterprise application markets, representing a compound annual growth rate of almost five times the total application market of 3.6%.

While cost is always a factor in decision-making, the increasing uptake of SaaS in the pharmaceutical industry is all about flexibility, our experts say.

Currently, sales and marketing is the most common vertical to employ SaaS, but as more applications mature, the industry will expand its use of SaaS to more areas, such as human resources, call centers, supply chain, compliance, and clinical applications. According to Forrester Research, overall SaaS is experiencing growth in up to 13 areas, including archiving and e-discovery, business intelligence, collaboration, CRM, digital asset management, enterprise content management, enterprise resource planning, human resources, integration IT management, online backup, supply chain management, Web content management, and Web conferencing.

Adoption and Uptake

According to industry sources, SaaS is not yet pervasive in the life sciences, but its growth is on the rise. Our experts discuss



SaaS as a model is clearly on the uptake in the life-sciences commercial operations area.

NAGARAJA SRIVATSAN
Cognizant

the growing adoption of SaaS in the industry and offer their predictions for future applications.

ARBADJI. STAYINFRONT. Between 60% and 75% of new prospects we speak with express an interest in a SaaS-based model. There are varying reasons for their interest. It should also be noted that organizations, and even individuals at organizations, may define SaaS differently. For instance, for some, an outsourced system that can be supported in a cloud computing environment is the goal. For others, it's the ability to more rapidly deploy a proven system that improves workflow and users' ability to do their jobs. The monthly payment model with reduced, up-front costs is also appealing. But it all boils down to efficiencies. Companies today are looking to provide their employees with the tools they need to improve their effectiveness in terms of both time and money.

DAIUTO. AXENTIS. We estimate SaaS will increase 20% in 2010 as more pharmaceutical companies recognize the need to decrease internal IT

The proven ability of SaaS in CRM and sales will only accelerate the adoption of on-demand applications in other areas.

JAMIE DUKE
SciQuest



costs and increase compliance with international, federal, and state regulations. Compliance has become an ideal area for SaaS because of the high level of scrutiny by the U.S. government, the constantly changing laws and regulations, and the associated immediate response that's often required and expected. Another hot issue in pharma is managing risks in the extended enterprise — suppliers, contractors, and vendors. The SaaS model supports third-party risk management by providing an application to external users outside of the company's firewall.

DUKE, SCIQEST. In many ways, SaaS is tailor-made for the pharmaceutical industry, where most organizations operate numerous facilities in different geographies and rely on the ability to quickly and efficiently share information. SaaS provides a distinct advantage in any functional area or activity where the company does not have a core competency or outsourcing the expertise required is more cost-effective than investing the IT dollars to develop or maintain an in-house solution. In the short term, there will be accelerated adoption in areas where SaaS providers can demonstrate that their offerings deliver the same or better reliability and security than traditionally deployed software. Any type of project or CRM activity is usually the first on the list. Other areas such as R&D are beginning to take advantage of SaaS solutions to a greater degree and SaaS-based procurement solutions are already considered the standard in the upper echelon of the industry. The proven ability of SaaS in these disciplines will only accelerate the adoption of on-demand applications in other areas, particularly as the pharmaceutical industry seeks to more effectively capitalize on its core strengths.

JOHN, SYMYX. Typically, the pharma industry is slow to adopt and move to the latest informatics systems; however, current economic pressures and trends are forcing companies to reduce and control informatics spending, as well as support distributed partners and outsourced capabilities. Research data commis-

People are interested in SaaS for different reasons, but it all boils down to efficiencies.

KEN ARBADJI
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THOUGHT LEADERS

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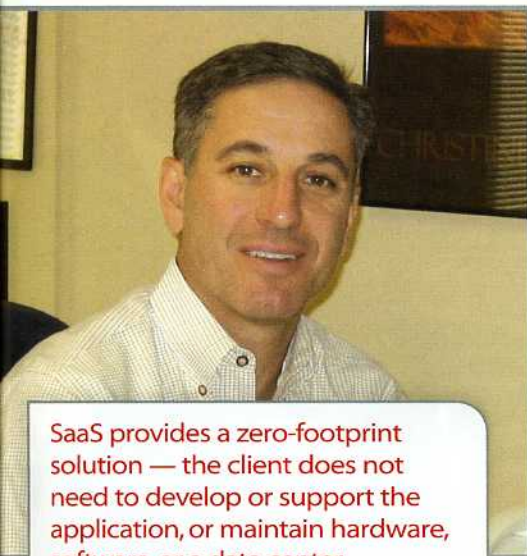
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SaaS provides a zero-footprint solution — the client does not need to develop or support the application, or maintain hardware, software, or a data center.

MIKE WEXLER
Biltmore Technologies



Twenty percent of scientists today would consider using a SaaS environment for their ELN.

DOMINIC JOHN
Symyx Technologies

sioned by Symyx indicates that 20% of scientists today would consider using a SaaS environment for their ELN; 51% were not sure, but in theory could be convinced; and 29% said they would not consider a SaaS environment. Pharma has started to accept SaaS applications — our research found 28% of scientists already used some form of SaaS application — and we can expect rapid growth with early adopters. Growth within pharma is expected to mimic that of well-known SaaS companies, such as Salesforce.com, whose growth rates have ranged from 20% to 35% CAGR over several years.

PARMELEE. ANTENNA SOFTWARE. We expect an increase on the order of 30% in 2010 for secure SaaS and cloud-hosted services for the pharmaceutical industry. With the economic pressures pharma companies are dealing with, they are all aggressively pushing toward external services.

SAITTA. PDI. Based on the number of inquiries I get from colleagues and other companies seeking information about SaaS, I expect growth will be significant in 2010. If I were a betting woman, I would say the use of SaaS in pharma will double. There will be growth in the sales and marketing area for sure, because the SaaS solutions for those functions are the most mature right now.

SRIVATSAN. COGNIZANT. SaaS as a model is clearly on the uptake in the life-sciences commercial operations area. In commercial operations every business process area is being evaluated to determine if it can be delivered as a SaaS model. The process areas covered are salesforce automation, CRM, incentive compensation, alignment, sales reporting, etc.

WALLACH. VEEVA SYSTEMS. The use of SaaS in the pharma business is not purely being driven by the pressure to cut costs. This is only one reason why SaaS is becoming the dominant technology delivery method for the industry. In addition to allowing life-sciences companies to cut IT costs, SaaS delivers the flexibility, usability, and speed that the industry requires as its business requirements change rapidly. If the current trends continue at the same rate, SaaS will be pervasive across the pharma landscape this year, specifically in the areas of salesforce automation and CRM. In the United States in 2009, more than 95% of all newly deployed SFA/CRM programs were users of a SaaS system. Part of what is driving adoption of SaaS within CRM is the presence of pharma-focused SaaS providers. Outside of CRM, there are very few vertically focused providers of SaaS solutions.

WEBB. INTERACTIVE MEDICA. At the moment, the situation of cost is not the biggest issue driving the trend in pharma; it's the need to adjust a company's business to align with the particular customers it is serving. Cost comes into the decision-making process, but almost certainly the incentive stems much more from the ability to rapidly change the technology configuration. The SaaS model enables a much easier and more rapid adjustment and enhancement environment for companies. This works well particularly for marketing and sales, worlds that are all about constant change and the need to change to respond to opportu-

nities. We find that the marketing and CRM areas are adopting SaaS more rapidly than any other areas. A traditional client server-based application struggles to support the new, complex, selling environment. Most clients are having a difficult time trying to keep their current application up to speed so that it will enable them to support these new business processes. SaaS models today seem to match more what companies are seeking now and in the foreseeable future. Actually, we believe there is no area in the pharma business that would not benefit in some shape or form from the SaaS model, except maybe manufacturing. Manufacturing is about consistency, not change. The next wave of uptake in pharma will be the medical marketing area, where the ability to have a joined-up business process in a collaborative environment means that companies with medical information needs — physicians and patients — can share data. The true benefit of SaaS is that there is no real barrier to sharing applications across departments.

Savings, Savings, Savings, and Other Benefits

There is no doubt that a company can save money by using a SaaS model for some areas of its business — up to 75% on some processes. Our experts add that the industry should also consider the other potential benefits, such as efficiency.

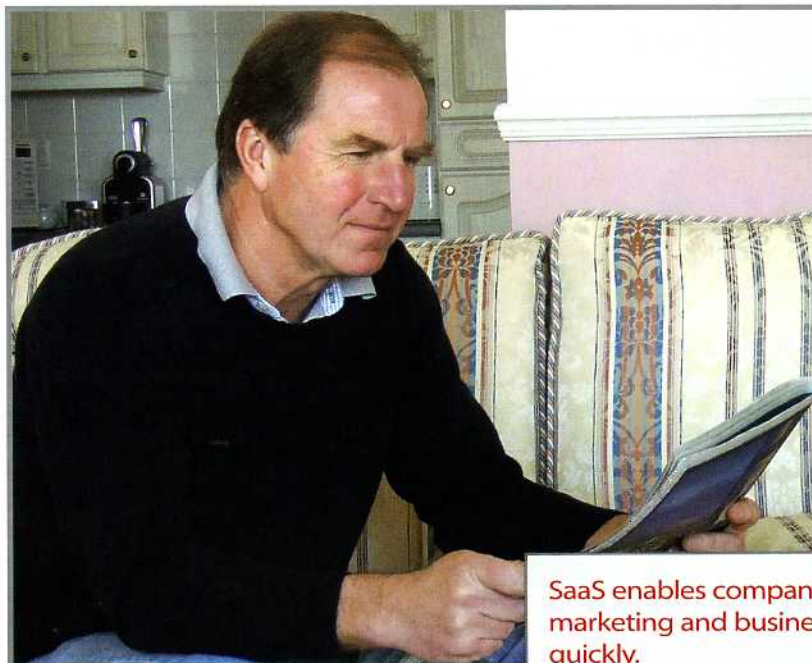
WEXLER. BILTMORE. A SaaS sales and marketing data warehousing/reporting solution shows short- and long-term dividends, including low-implementation risk, a short implementation timeline, robust functionality, and a zero-footprint solution. In other words, the client does not need to develop or support the application, or maintain hardware, software, or a data center. Furthermore, our analyses on SaaS sales and marketing data warehousing and reporting solutions show a 74% savings in the total cost of ownership.

DAIUTO. AXENTIS. Companies can save hundreds of thousands of dollars in hardware, software, development, maintenance, upgrades, and support by outsourcing a key function or process to a SaaS software provider. By eliminating the maintenance of homegrown point solutions and moving to enterprise SaaS applications that are highly configurable, efficiencies are easily realized. Time to implement is often significantly quicker with the SaaS model, since the applications are already developed, tested, and running in a production environment. There is a cost-savings associat-



SaaS as we know it has changed forever; the difference is the emergence of multi-tenant vendors.

MATT WALLACH
Veeva Systems



SaaS enables companies to change marketing and business processes quickly.

STEVE WEBB
Interactive Medica

ed with this time savings that the business and IT both get to realize.

SAITTA. PDI. In my experience, up to 50% of the costs associated with licensing maintenance fees and hosting can be saved, which is a very significant savings. Most SaaS models are subscription-based models, so rather than committing to three years of a specific platform or hardware that the company owns, the subscription allows the user to pay month by month or year by year.

WALLACH. VEEVA SYSTEMS. In our experience, life-sciences companies can save 10% to 50% of their annual ongoing costs by moving to a mature SaaS platform. The savings in system upgrades and patch deployments alone can be in the millions of dollars.

ARBADJI. STAYINFRONT. There are many pieces to the SaaS approach and in each one of these areas there is an opportunity to benefit from efficiencies. Starting with the back-end infrastructure, vendors providing SaaS models will include the required infrastructure, backup, and security with the ability to scale easily. Since the infrastructure is typically included in the SaaS model, organizations not only save on server hardware, but on power, head count, and physical space. Minimizing implementation costs, as well as

configuration settings that allow changes in data that eliminate the need for custom code, could be considered a best practice in the industry. Systems can come pre-validated with many of the steps and documentation required to execute a validation included in the core package. This can also mean that the system can be delivered more rapidly, allowing companies to gain the benefits of the new system sooner. This approach also reduces the support issues that can take users out of the field and allows vendors to include automatic upgrades so that organizations can reap the value of new features on a regular basis and avoid the need for wholesale upgrades.

DAIUTO. AXENTIS. SaaS models are often used in organizations with little to no IT organization or an IT organization that is strapped with several other key IT initiatives. SaaS offers pharma organizations the ability to get up and running quickly when there may be little time to build, customize, maintain, or integrate homegrown or existing installed applications. For example, many life-sciences organizations are entering into corporate integrity agreements with the federal government. These agreements allow little response time to implement compliance programs for several thousand employees, contractors, and vendors. A SaaS model can provide immediate relief and a quicker implementation timeframe than what may be available in-house. In addition, SaaS applications have built-in best practices that companies can take advantage of, especially if they don't have the right resources or available in-house resources to build the application.

DUKE. SCIOQUEST. SaaS requires limited IT

resources and infrastructure in comparison with traditionally deployed software. Deployments are typically faster as well, although this of course varies from provider to provider. Funding terms are likewise more flexible — the ability to subscribe to software can significantly lower up-front costs. Perhaps most importantly, in many functional areas the inherent architecture of SaaS enables organizations to be more productive and save money. Some solutions enable researchers to quickly and easily purchase the supplies they need in an online environment similar to popular consumer e-commerce sites, eliminating administrative tasks. This provides leaders with unprecedented visibility and control over spending and can decrease the cost of goods and services by upward of 20%. This functionality and flexibility would not be possible with traditionally deployed software.

JOHN. SYMYX. People typically look at SaaS as an opportunity to save money; however, our research shows the No. 1 reason scientists especially want SaaS is to support better collaboration with outsourcing parties and partners. Sitting outside a firewall, yet still having instant access, allows communities of researchers to capture and share information and workflows in a straightforward, secure, and efficient manner. In addition, SaaS applications increase an organization's technical and business agility. New researchers and projects can be added and taken offline with only a few days notice. If SaaS technology is not adopted, collaborating with organizations that are not within a company's firewall will be challenging. Firewalls limit the



Compliance has become an ideal area for SaaS.

LEILA DAIUTO
Axentis



SaaS can free up staff members to perform more innovative and creative work, and that provides value toward a competitive advantage.

JO ANN SAITTA
PDI

efficient flow of knowledge and information between researchers; the technical solution to this problem is often too costly and time-consuming to implement. Thus, researchers resort to e-mail to manage their shared workflows. Important documents are consigned to information graveyards in mutually inaccessible e-mail and file-sharing systems. With a hosted ELN, however, researchers can log into a central application online to share common protocols and procedures. They can search, access, and learn from past experiments carried out by researchers in their group, and at the conclusion of the experiment, the captured information and reports can be readily accessed by all parties in the secure ELN network. Furthermore, when new researchers or parties join the network, the system can scale appropriately, giving the organization the agility to change business directions and partners quickly and efficiently.

MANNING. DISEASETRAK. Many times the first benefit organizations hear about are the cost savings. Many other benefits exist within these solutions that are often afterthoughts but need to be equally weighed in making a decision as to the best solution that fits a pharmaceutical company's need. Some of these include speed to implementation, ongoing product enhancements, legal/technical compliance with every changing regulation, and finally access to a much larger system that allows for potential growth without reinvestment in new solutions. Many SaaS solutions can be implemented in less than 45 days without extensive rework and customization of the in-house solution.

PARMELEE. ANTENNA SOFTWARE. There are tremendous savings in gaining cutting-edge technology. Other benefits are immediate delivery of multiple secure data streams to mobile users on the edge, dynamic visibility into company operations, more inventory precision, automation of regulatory tracking, and the ability to readily reuse data. By simple data aggregation through the SaaS provider, the contextual value of the data that can be provided is greatly increased.


SAITTA. PDI. SaaS is highly cost-effective, but other important benefits include flexibility, speed to market, and the ability to quickly change configurations in response to business dynamics. SaaS gives the user control of managing the configuration, the way it looks, feels, and what information it will contain. In-house technology is based on a fixed infrastructure that requires more development time and costs. SaaS removes the headaches of maintenance and frees staff to perform more innovative and creative work, which provides a competitive advantage.

SRIVATSAN. COGNIZANT. SaaS provides predictability of costs to the services that are being procured. In the long run, companies save money as they do not have up-front costs on infrastructure and the models will scale with the growth of their business. The other benefits of SaaS include flexibility in the pricing model, adaptability to changing business needs, and the ability to incorporate real-time user feedback.

WALLACH. VEEVA SYSTEMS. The benefits of SaaS are undeniable. But I would note that not all solutions that claim to be SaaS deliver the benefits of mature SaaS platforms. Many companies have branded their existing products as SaaS without fundamentally changing the underlying delivery model. These applications are what I call SoSaaS, which stands for "Same Old Software-as-a-Service." It is important not to lump all SaaS applications together. If a SaaS application is not multi-tenant, then many of the cost and other benefits are simply unattainable. An analogy that explains the multi-tenant vs. single tenant concept is a single homeowner who is responsible for all of the maintenance and upkeep, such as raking, mowing the lawn, fixing the roof, shoveling snow, etc. Someone who lives in a condo represents the multi-tenant solution. Somebody else rakes the leaves, fixes the roof, plows the driveway, etc., and each has a back up. On the hardware side, this means there is one big shared data set greater than any one house could have and everyone in the condo benefits from the system. Economies of scale put everyone in the exact same place; everyone gets better performance, and each user gets it cheaper because of the economies of scale.

WEBB. INTERACTIVE MEDICA. One of the long-term benefits of employing SaaS is moving the technology purchase from a fixed-cost basis to a variable-cost basis. This allows pharmaceutical companies to adjust as the business increases and decreases, and the nature of the per-user-rental model enables those particular costs to move with the flow of the business. This can bring a level of comfort to companies as it gives them a much better feeling about investing long term. ♦

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