

# Software as a Service Perceptions Survey

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## Introduction

The purpose of this research was to gain insight into the perceptions that our business customers have regarding the adoption of Software as a Service (SaaS) and its application uptime and availability. The study was developed to better understand SaaS customers' due diligence when researching SaaS providers' Service Level Agreements and the influence it has on purchasing decisions.

## Methodology

The methodology for this research involved sending an email survey via a third-party research tool, Clicktools, to 2,788 of Rackspace customers with annual revenue ranging from less than \$1 million to more than \$1 billion. Nearly 15 percent of survey recipients responded to the questions, and the majority of survey respondents' annual revenue ranged from \$0 to \$49 million. Fifty-eight percent of respondents provide software services over the Internet and therefore are classified as SaaS providers.

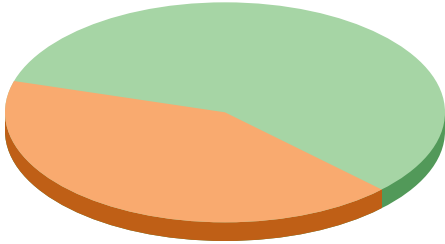
Respondents were from the Rackspace U.S. customer base and were informed and assured that the identity of individual responses would be kept confidential and only aggregate results would be published.

## A few Rackspace Perspectives:

- **SaaS is making serious traction in the SMB and enterprise markets, and rather than a brief IT trend, companies see SaaS as the preferred software delivery method of the future. As adoption increases and individual SaaS providers grow their businesses, they need a hosting provider that can seamlessly scale their infrastructure to ensure application scalability is unaffected.**
  - Fifty-one percent of respondents already use a SaaS application, and 72 percent of those SaaS users are considering additional SaaS applications.
  - Sixty-nine percent of respondents see SaaS as the preferred software delivery method of the future.
  - Thirty-four percent of respondents that are not currently using a SaaS application are considering it.
- **SaaS providers should focus on their core competency of software development while entrusting their infrastructure to hosting providers who can provide expertise in security, application uptime and network connectivity, data backup and scalability:**
  - In the Rackspace survey, respondents are generally most concerned with security, application uptime/network connectivity and functionality/integration.
- **SaaS providers need a rock-solid infrastructure supporting their applications and need to communicate their infrastructure reliability and uptime guarantees to their end-users in the Service Level Agreement (SLA).**
  - Although 59 percent of SaaS customers consider application availability and network uptime a major technical concern with SaaS, 49 percent of respondents still do not know where their application is hosted.
  - Thirty-six percent of SaaS customers are not sure what uptime guarantees they are provided in their SLAs.
  - SaaS customers are willing to pay for uptime, even if it means:
    - *Four extra minutes of guaranteed uptime per month:* Thirty percent of SaaS customers would pay at least 25 percent more for four extra minutes of guaranteed uptime per month, taking them from a 99.99 percent uptime SLA (i.e. approximately four minutes unplanned downtime per month) to a 100 percent uptime SLA (i.e. zero minutes unplanned downtime per month).
    - *Forty-one extra minutes of guaranteed uptime per month:* Fifty-five percent of SaaS customers would pay at least 10 percent more for 41 extra minutes of guaranteed uptime per month, moving up from a 99.9 percent uptime SLA (i.e. 45 minutes unplanned downtime per month) to 99.99 percent uptime SLA (i.e. approximately four minutes unplanned downtime per month).

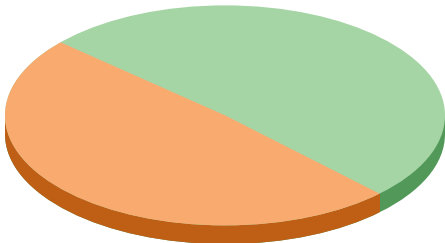
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**1. Does your company provide software services over the Internet (i.e. SaaS) to your customers?**



Yes .....	58.04%
No.....	41.96%

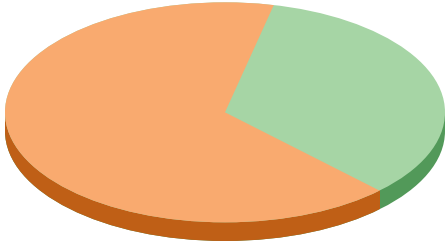
**2. Does your company utilize a SaaS application internally?**



Yes .....	50.95%
No.....	49.05%

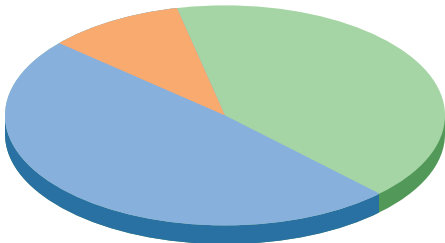
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**3. If your answer to question 2 is "no", is your company considering SaaS applications?**



<span style="color: green;">■</span> Yes.....	33.9%
<span style="color: orange;">■</span> No.....	66.1%

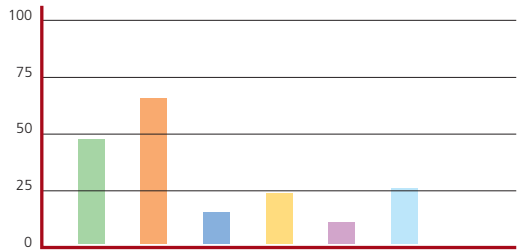
**4. Does your SaaS provider host its application internally (as opposed to hosting with a third-party hosting provider)?**



<span style="color: green;">■</span> Yes.....	41.06%
<span style="color: orange;">■</span> No.....	9.93%
<span style="color: blue;">■</span> Don't Know.....	49.01%

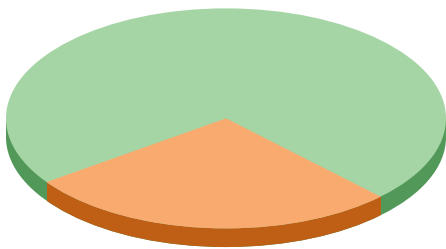
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## 5. What SaaS applications does your company use?



<span style="color: green;">■</span> Email & Business Productivity Applications (e.g. spreadsheets, document creation).....	47.65%
<span style="color: orange;">■</span> <b>Customer Relationship Management (CRM)</b> .....	<b>65.1%</b>
<span style="color: blue;">■</span> Enterprise Resource Planning (ERP)/Supply Chain Management (SCM)/Product Lifecycle Management (PLM) .....	15.44%
<span style="color: yellow;">■</span> Accounting/Finance .....	23.49%
<span style="color: purple;">■</span> HR.....	10.74%
<span style="color: lightblue;">■</span> Other .....	25.5%

## 6. Is your company considering other SaaS applications?



<span style="color: green;">■</span> <b>Yes</b> .....	<b>72.41%</b>
<span style="color: orange;">■</span> No.....	27.59%

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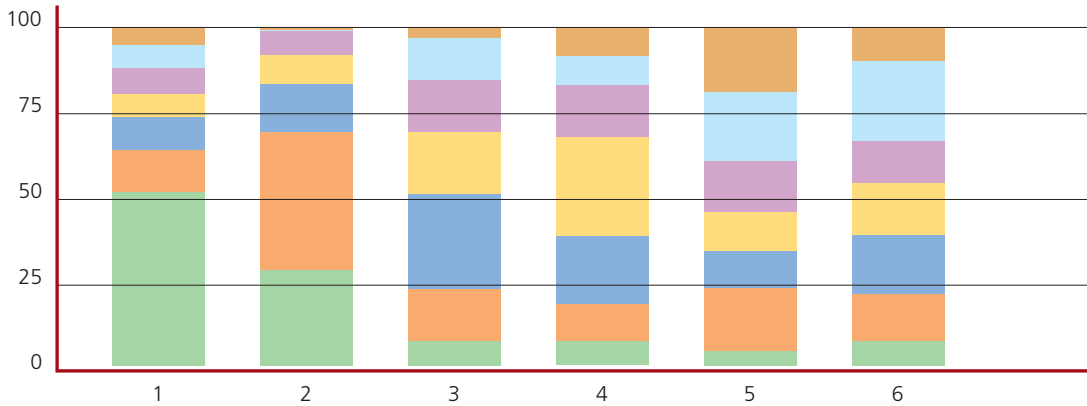
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### 7. What applications are you most comfortable with using as a SaaS application?

(Rank from one to seven, one being least comfortable to seven being most comfortable.)

	MOST COMFORTABLE 7	6	5	4	3	2	LEAST COMFORTABLE 1
1. Email and business productivity applications (e.g. spreadsheets, document creation)	<b>51.85%</b>	12.59%	9.63%	6.67%	7.41%	6.67%	5.19%
2. Customer Relationship Management (CRM)	28.37%	<b>41.13%</b>	14.18%	8.51%	6.38%	.71%	.71%
3. Enterprise Resource Planning (ERP)/Supply Chain Management (SCM)	7.41%	15.74%	<b>27.78%</b>	18.52%	15.74%	12.04%	2.78%
4. Product Lifecycle Management (PLM)	7.89%	10.53%	21.05%	<b>28.95%</b>	14.91%	8.77%	7.89%
5. Accounting/Finance	4.51%	19.55%	11.28%	11.28%	14.29%	<b>20.3%</b>	18.8%
6. HR	7.25%	13.77%	18.84%	15.22%	12.32%	<b>23.19%</b>	9.42%



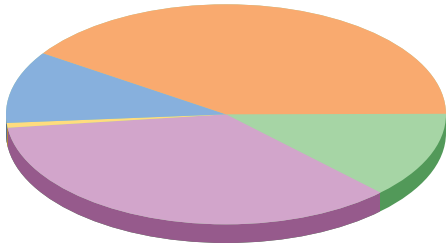
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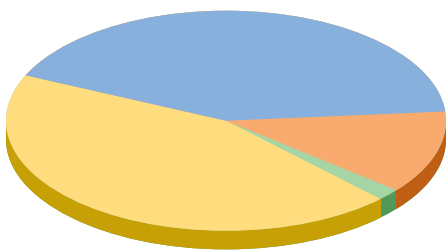


**8. What type of uptime is your company guaranteed through the service level agreement (SLA) from you SaaS application provider?**



<span style="color: green;">■</span> 100% = 0 minutes unplanned downtime per month.....	12.75%
<span style="color: orange;">■</span> <b>99.9% = approx. 45 minutes unplanned downtime per month .....</b>	<b>40.27%</b>
<span style="color: blue;">■</span> 99% = approx. 7 hours unplanned downtime per month.....	10.74%
<span style="color: yellow;">■</span> 98% = approx. 14 hours unplanned downtime per month.....	0.67%
<span style="color: purple;">■</span> Not Sure.....	35.57%

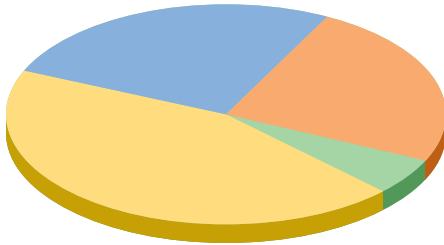
**9. To get 99.99% uptime SLA (approx. 4 minutes unplanned downtime per month) instead of a 99.9% uptime SLA (45 minutes unplanned downtime per month), would you pay on behalf of your company:**



<span style="color: green;">■</span> 50% more .....	1.83%
<span style="color: orange;">■</span> 25% more .....	12.2%
<span style="color: blue;">■</span> 10% more .....	41.46%
<span style="color: yellow;">■</span> <b>0% more.....</b>	<b>44.51%</b>

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**10. With your answer to the previous question in mind, to get 100% uptime SLA (0 minutes unplanned downtime per month) instead of a 99.99% uptime SLA (approx. 4 minutes unplanned downtime per month), would you pay on behalf of your company:**



<span style="color: green;">■</span> 50% more .....	5.49%
<span style="color: orange;">■</span> 25% more .....	24.39%
<span style="color: blue;">■</span> 10% more .....	26.22%
<span style="color: yellow;">■</span> 0% more.....	<b>43.9%</b>

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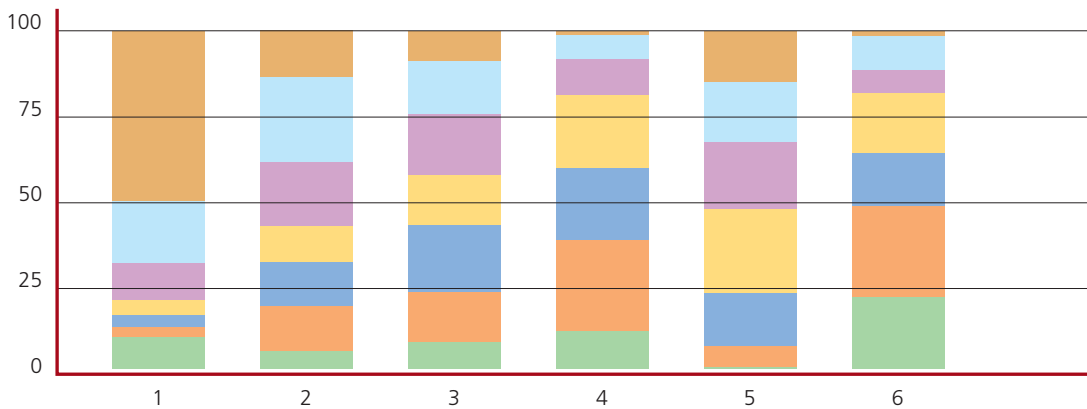
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**11. For most companies, the type of SaaS application makes a difference in their tolerance of application downtime. List in order the SaaS applications your company would be most tolerant to experience downtime to the least tolerant (one being the least tolerant and seven being the most tolerant):**

	MOST TOLERANT 7	6	5	4	3	2	LEAST TOLERANT 1
1. Email and business productivity applications (e.g. spreadsheets, document creation)	9.92%	2.29%	3.82%	4.58%	10.69%	18.32%	<b>50.38%</b>
2. Customer Relationship Management (CRM)	5.6%	12.8%	13.6%	10.4%	19.2%	<b>24.9%</b>	13.6%
3. Enterprise Resource Planning (ERP)/Supply Chain Management (SCM)	8.57%	14.29%	<b>20%</b>	14.29%	19.05%	15.24%	8.57%
4. Product Lifecycle Management (PLM)	11.76%	<b>26.47%</b>	21.57%	21.57%	10.78%	6.86%	.98%
5. Accounting/Finance	.86%	6.03%	16.38%	<b>24.14%</b>	19.83%	18.1%	14.66%
6. HR	21.37%	<b>26.5%</b>	16.24%	17.95%	6.84%	10.26%	.85%



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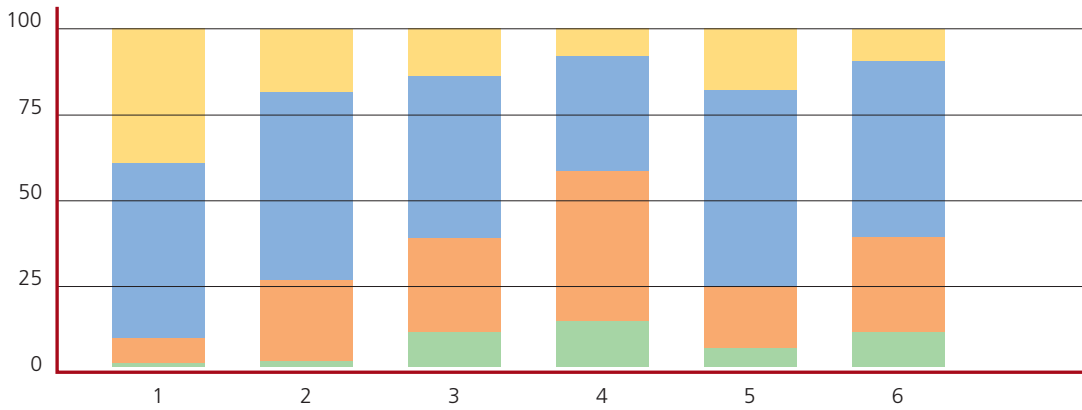
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**12. Please list the amount of unplanned downtime per month your company would tolerate for each application:**

	14 HRS DOWNTIME (98% UPTIME)	7 HRS DOWNTIME (99% UPTIME)	45 MINS DOWNTIME (99.9% UPTIME)	0 MINS DOWNTIME (100% UPTIME)
1. Email and business productivity applications (e.g. spreadsheets, document creation)	2.74%	8.22%	<b>50.68%</b>	38.36%
2. Customer Relationship Management (CRM)	4.11%	23.29%	<b>54.79%</b>	17.81%
3. Enterprise Resource Planning (ERP)/Supply Chain Management (SCM)	12.4%	27.13%	<b>47.29%</b>	13.18%
4. Product Lifecycle Management (PLM)	15.2%	33.6%	<b>44%</b>	7.2%
5. Accounting/Finance	7.63%	17.56%	<b>57.25%</b>	17.56%
6. HR	11.54%	28.46%	<b>51.54%</b>	8.46%



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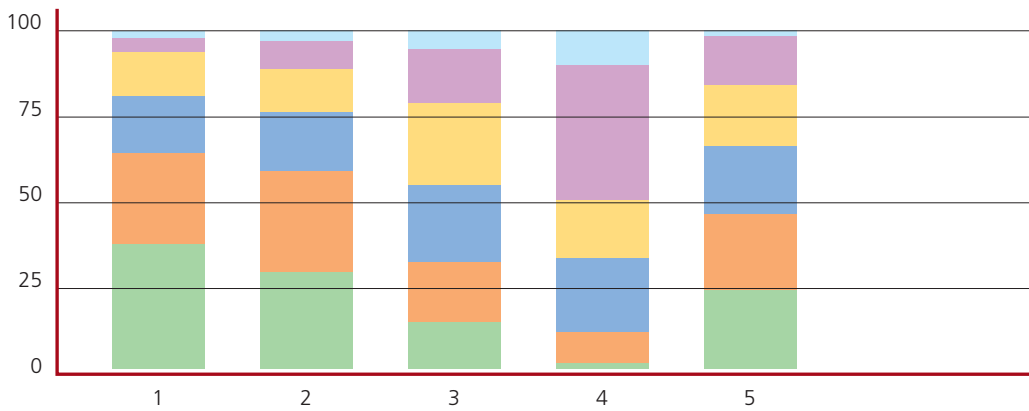
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**13. List in order your biggest technical concerns with SaaS** (one being the least concerned and six being the most concerned):

	<b>MOST CONCERNED 6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>LEAST CONCERNED 1</b>
1. Security	<b>37.17%</b>	27.23%	16.75%	13.09%	4.71%	1.05%
2. Application Uptime/Network Connectivity	28.96%	<b>30.05%</b>	17.49%	12.57%	8.2%	2.73%
3. Data Backup	14.51%	17.62%	22.8%	<b>23.83%</b>	16.06%	5.18%
4. Application Scalability (i.e. ability to add on more users easily)	2.14%	9.63%	21.93%	16.58%	<b>40.11%</b>	9.63%
5. Functionality/Ability to Customize Integration	<b>23.5%</b>	22.4%	20.77%	17.49%	14.75%	1.09%



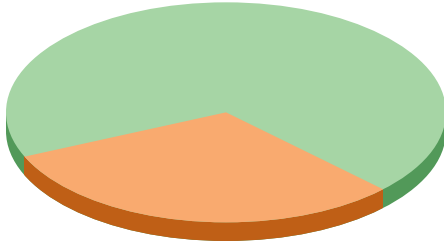
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14. Do you feel SaaS is the preferred software delivery method of the future?



Yes .....	69.17%
No.....	30.83%

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