



Cegid Expert View

Own or rent? SaaS as a Strategic Choice



Software as a Service (SaaS) made its appearance in early 2000 and has since proven itself in all areas of retail distribution, and in all types of organisations (from retailers with one or two points-of-sale to retailers with hundreds of stores worldwide).

So what are the reasons for its success? IT costs are calculated according to actual use and the reliability and solid security of the software and networks enables retailers to adapt to regular changes in activity (additional points-of-sale, new store openings, new distribution networks or international expansion). These scenarios make SaaS a strategic tool for today's retailer.

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Own or rent? SaaS as a strategic choice

Introduction

Renting hardware, vehicles or holiday homes proves that it is not always necessary to own something in order to benefit from it. It is this principal, followed for decades by the automotive and tourist industries that «Software as a Service» (SaaS) is founded on. Through this concept, software can be accessed via the Internet for a monthly fee.

Over the past ten years, retailers and IT managers have been increasingly receptive to this idea. In the end, what is really important: actually owning an IT application or what it can do for the company? Whether owning or renting, a retail management system is only worthwhile if it helps drive company performance and can adapt to constant changes in the marketplace.

SaaS helps retailers to better manage their business, operating expenses and seasonal cycles. Organisations no longer have to worry about purchasing and can change or adapt applications according to their business requirements. The users have remote access to the application via the Internet and therefore benefit from the latest supervised and secure webhosted software. In just a few years, the SaaS approach has established itself and will continue to grow as a tool to support retail strategy and performance. Let's look at the main elements of SaaS.

Centralised distribution network management

The era of retailers offering one or two collections a year has come and gone. Product lines are now renewed several times per half-year and even per month, for certain brands that owe their success to the constant arrival of new product lines. This trend demands an information system with the capacity to circulate updated, homogeneous information to the entire supply chain: from the design department to the stores, as well as suppliers, logistics, etc. Likewise, general managers, sales and finance directors need to know ongoing details of sales performance through the various distribution channels: stores, franchises, concessions, catalogues, online, etc.

Faced with these imperatives, SaaS combines data from all networks. Information is no longer stored locally, but on the provider's centralised IT servers. Thanks to this uniformity, operations such as price and product updates, price reductions during promotional periods, tracking sales operations, centralisation of point of sale operations, adjusting product life cycle charts, in-store delivery notes, daily restocking, optimised automatic replenishment for improved stock rotation, can now be achieved in real time.

SaaS offers financial advantages too. The retailer pays for a complete service – registered as an operating cost – and no longer bears the expense of capital investments related to hardware purchases and software licenses. IT costs are calculated in advance, billed monthly and are linked to the number of users. SaaS enables companies to concentrate on their core business, while keeping all IT costs down.

25
languages

64
countries

20 000
retail stores



Fewer constraints, improved quality and security

Beyond the functional and financial advantages of SaaS, significant economies of scale can be achieved in hardware deployment as well as administrative costs. These costs are shared by the users and managed by the service provider. Customers are then free from all aspects of maintenance, upgrades (applications, system and database) and security. Users encountering problems due to data loss or corruption at the point of sale has become a thing of the past.

In terms of long-term management of this service, retailers need to have a clause included in their contracts that permits them to easily take over management of their data. Likewise, SaaS providers make a contractual commitment to provide a level of service and quality agreed upon in advance (Service Level Agreement), which significantly increases information system security and performance.

Contrary to popular belief, entrusting company data to a third party is often more secure than handling it in-house, because security and availability is at the heart of providing online services. Back-up systems (servers and power supply) operating 24/7, 365 days a year, data duplication on remote sites, user technical support, are part of the guarantees offered to all users.

All of these elements explain the rise in demand of SaaS. Retail information systems will be increasingly made up of SaaS applications and on-site software. SaaS is here to stay in the retail scene. We would do well to use it to full advantage, keeping in mind the basis for the success of this approach: the confidence and transparency essential to the relationship between retail organisations and service providers.

SaaS at a glance

There are five major advantages of SaaS:

- Retailers are able to concentrate on their core activity, whilst running a retail network in real time
- Expenses can be planned and calculated according to actual application usage and billed monthly, with no unnecessary expenses or cost surprises
- A constant coverage can be provided regardless of the size, type of distribution network or IT requirements
- Maximum data security
- The service provider handles the maintenance, updates, hardware and software upgrades

Retailers not yet using SaaS may have concerns with IT centralisation. Understandably, the question often asked is: « What happens if the Internet goes down between the main office, warehouses and the stores? » This pitfall is avoided with innovative web technology, which following the example of Cegid Web Access, enables in-store cash and customer relationship operations to continue, even if the connection to the main office is temporarily down. As soon as the connection is restored, the data temporarily saved in stores is automatically transferred to the hosting servers.

« In the past few years, the Software as a Service approach has established itself and will continue to grow as a tool for retail strategy and performance ».

About SaaS and Cegid On Demand

Cegid is among the leading management software developers in Europe, and since the beginning of the decade has offered SaaS complete with all the infrastructure and services dedicated to this model.

The Cegid On Demand solution is billed according to the amount of time users actually use the software. This includes support services, secured webhosted applications and data, program updates, increasing as the number of connected users rise. It offers a contractually guaranteed service level, enabling IT costs to be forecast with great precision.

At present, Cegid has a large number of customers connected to these services and servers, with nearly 8,000 SME businesses subscribing to online management services, including 205,000 employees managed in On Demand mode (payroll, training, HR), 1,000 associate certified public accountants connected each day and 1,000 points of sale worldwide.

About Cegid

Cegid Group is a leading international enterprise management software provider, with €248M revenues, 2,000 employees and 35,000 users worldwide. Combining international expertise and reach, the company has offices in Paris, New York, Barcelona, Madrid, Milan, Milton Keynes, Casablanca, Shenzhen, Tokyo and Singapore and a network of resellers throughout the world supporting our customer's international expansion.

Delivering solutions and services to improve our customer's performance and development, our expertise extends from vertical business solutions (retail, industry/manufacturing, hospitality, services, wholesale, chartered accounting, public sector) to "enterprise-wide" solutions (accounting, asset management, tax, finances, human resources, payroll). Cegid's solutions are also available "on demand" based on a SaaS deployment model and addresses the needs of companies of all sizes.

Cegid adds a new dimension to information technology: the creation of value both for organisations and those contributing to their growth, with technology that integrates naturally and meets business-specific user requirements.

About Cegid Retail

Cegid's best in class retail management software solutions are proven to improve the productivity, performance and profitability of speciality retailers. Solutions include merchandise planning, manufacturing and sourcing, merchandise management, wholesale, advanced replenishment, EPoS, CRM and business intelligence. Over 1,000 retailers and 20,000 stores in more than 64 countries are currently using Cegid's retail management solutions to drive their business forward.



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