White Paper

WMS – SaaS or Client/Server

This paper analyzes the difference between deploying a client-server system and using Software as a Service (SaaS). Discover the benefits of each, and the pitfalls.

Operationally SaaS offers a significantly reduced time to go-live over client server applications. This reduced time to market is a result of a combination of factors. There is little administrative set-up required, servers are not required for the application, databases are preconfigured, application security and back-ups are hosted.

Training is usually a much quicker process since SaaS systems are typically less feature rich than client server. The biggest factor in the shorter time to market is configuration. SaaS will be offered as a pre-configured system, client server systems will typically require you to spend significant time on configuration and set-up. With SaaS you will need to adapt your business processes to the system, with client server you will need to adapt the system to the business processes you, or your clients, require. The more flexible and configurable the client server solution, the more upfront investment in time is required.

Many features of an integrated WMS will be missing from SaaS offerings. Direct integration of accounting with a single point of data entry will be replaced with a need for double entry or sophisticated mapping of the SaaS WMS to import to your system. Journal entries don't provide the visibility inherent in having transactions or recurring charges populate directly from the WMS.

Client Server Applications are generally purchased (or leased) outright. Licenses are perpetual and ongoing subscription fees cover upgrades and support. While the up-front capital cost is high TCO (Total Cost of Ownership over the life of the software) is often attractive. SaaS systems are sold as being expense based, with transaction or subscription charges being used as the basis for billings. In the absence of an upfront recovery of sunk costs and with additional costs of supply (hosting, system administration etc) the SaaS provider will look to a greater return in the medium term. Churn rates (dropped subscriptions) are often high with SaaS providers as users 'outgrow' the system or customer demands dictate business processes not provided in the offering. Contract periods are extended to mitigate this and protect revenue streams. Credit card interest rates are high because the card providers face the same risks a SaaS vendor faces.

On a TCO basis client server will usually be more attractive than SaaS. A client server vendor who is able to, or prepared to work with a prospective partner will offer options to mitigate the one off impact of a purchase without impacting the long term viability of owning your own system.

Geoff Hukins is the Executive Director of Argos Software and a senior Business Consultant to the Supply Chain Industry. Geoff has over 30 years of international executive management and consulting experience, along with post-graduate qualifications. Geoff is a board member of the International Warehousing and Logistics Association (IWLA). Argos Software has been serving supply chain companies with enterprise software since 1979.

ARGOS SOFTWARE

For more information, contact us at
+1-888-253-5353 or +1-559-227-1000
www.argosoftware.com