Stanford eCorner

Software as a Service

Kim Polese, *SpikeSource*

November 09, 2005

Video URL: http://ecorner.stanford.edu/videos/1513/Software-as-a-Service

Polese talks about how software has transitioned from a product that generates revenue to a service. She sees the software industry slowly shifting towards this idea.

Transcript

The shift to services and I think you probably heard about this if you've taken any course or work in any company that is involved in delivering software but more and more the values less about the software and more about how it's delivered and supported. Salesforce.com, of course, is one of the companies that's really talked a lot about this and made this a mantra for the kind of business that they're building. The customers loved it. The old days was you have a big lump of software you basically dropped on a customer and the complexity was really on their hands, on their shoulders in making it work within their environment where they would have to bring expensive consultants which you would build them for, or they supported the entire industries of IT consultants who would go and implement these systems. Increasingly, the software is delivered as a service remotely host its service. Investors love it too, by the way, because we're shifting from a model where all the revenues are upfront to ongoing recurring revenues, a monthly subscription service. The idea of antivirus software style, business models where you're charging on an ongoing basis and you make the difference in volume. Many more potential customers because of the distribution channel of the Web allows you to touch many more users. So the idea of software-as-a-service, software on demand is a model of whole software industry shifting to and we're seeing more examples of this everyday and the big software vendors are increasingly introducing services that provide this.