

SaaS vs On Premise



Introduction

An ITSM tool is vital to the modern service desk. Choosing how the tool is provided can be equally imperative to an organisation. Software as a Service (SaaS) has seen an increase in popularity and demand since its development 10 years ago. However, on-premise solutions are still used by a large proportion of service desks. This report aims to identify the realities and preconceptions of both cloud/SaaS/hybrid and on-premise solutions.

It is important to understand the diversity of service desks, and the unique processes they may have. Both on-premise and cloud/SaaS/hybrid solutions have benefits and challenges that can affect which deployment model a service desk chooses. Throughout this report, we should see a clear mirror between the respondents who use a on-premise solution and those whose tool is provided via SaaS. This is due to the fact that the benefits and challenges of the two deployment methods are essentially the reverse of each other, and the responses of this survey have ratified this.

This report also explores the process of securing funding and resources for an ITSM tool, the procurement process, and measures for disaster recovery, business continuity, and data restoration. These sections aim to understand the perceived value of the role of IT, and the predetermined impact of an ITSM tool, within a business.

During April and May 2017, the Business Case for SaaS survey was distributed to service desk professionals. The respondents were from both private and public sector organisations, and from a range of organisation sizes.

ITSM Tool Solutions

How is your current ITSM tool provided?

Respondents were asked whether their ITSM tool was provided on-premise, or via Cloud/SaaS/Hybrid.

Cloud SaaS, Hybrid

On-premise

51%

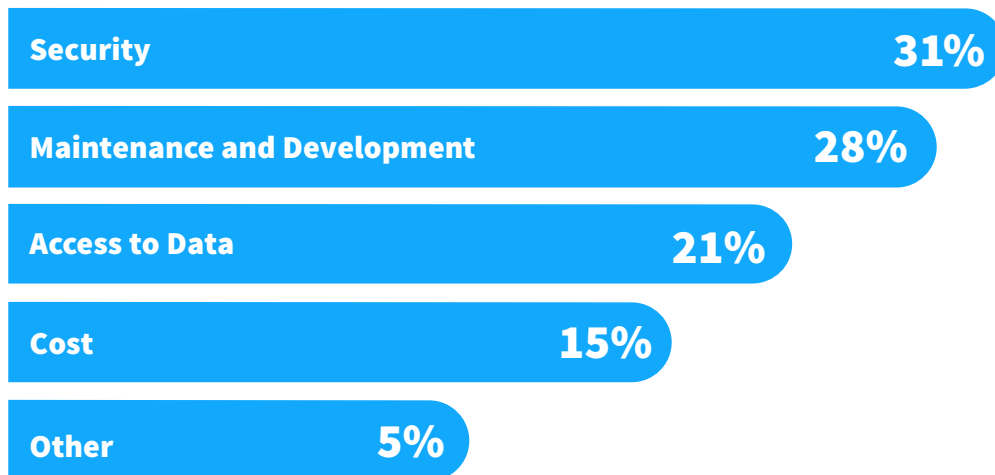
49%

Interestingly, the responses to this question yielded an almost 50/50 split, with 51% of respondents' ITSM tools being hosted via cloud, SaaS, or Hybrid, and 49% being provided on-premise. This allows us to assume that the results of this report will be balanced, and can be theoretically applied to the ITSM industry as a whole.

ITSM Tool Solutions

What were the key considerations in selecting an on-premise solution?

Respondents with on-premise solutions were asked to identify, in their opinion, the most significant factor in selecting an on-premise solution.



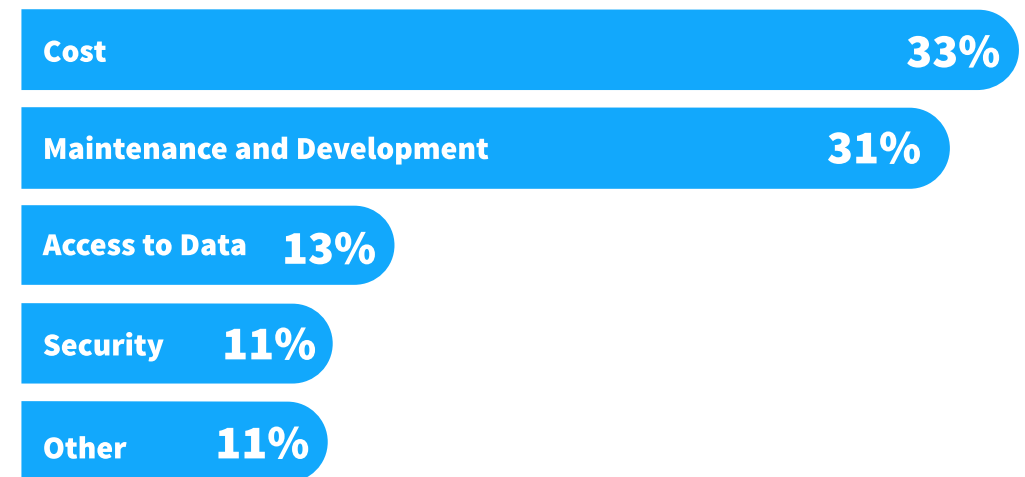
The most common benefit of on-premise solutions is the perceived level of security, which is reflected in this data. The most critical consideration for on-premise solutions is their level of security, with 31% of respondents highlighting this. Certain industry-specific service desks, such as those in the public sector, consider security to be of the utmost importance when selecting an ITSM tool. On-premise solutions offer a more secure solution compared to cloud or SaaS solutions. This is echoed by the respondents with cloud/SaaS/hybrid solutions; only 11% of respondents pinpointed security as a

key consideration when selecting their solution.

Conversely, only 15% of respondents identified cost as the main consideration when selecting their on-premise solution. The upfront cost of on-premise solutions can be higher than their SaaS counterparts due to the cost of implementation and the on-site infrastructure. Again, this is evidenced by the fact that 33% of respondents identifying cost as the most influential factor when selecting a SaaS, Cloud, or Hybrid tool.

What are the key considerations in selecting a cloud, SaaS, or hybrid solution?

Respondents were asked to identify, in their opinion, the most significant factor in selecting a SaaS solution.



ITSM Tool Solutions

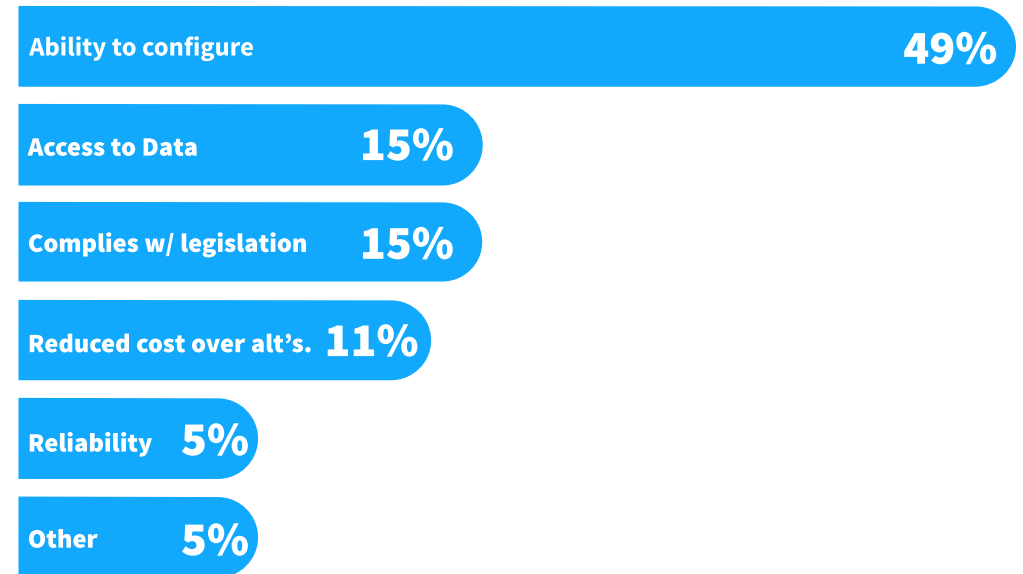
Interestingly, both groups of respondents highlighted maintenance and development as a key consideration in selecting their ITSM tool. On-premise solutions need to be maintained by the user, therefore it requires on-site system administration and support staff who have the skills to maintain and upgrade the ITSM tool. There is more room for customisation, however. Whereas solutions provided via the cloud are maintained by the provider, but this restricts the customisability of the tool.

One “Other” consideration that was pinpointed is the factor of out of the box functionality. A well-known benefit of cloud, SaaS, and hybrid solutions is their short implementation time. Therefore, it is understandable that out of the box functionality is a key consideration when selecting a SaaS tool.

On-Premise vs. Cloud, SaaS, or Hybrid Solutions

What are the benefits of an on-premise solution?

Respondents with on-premise solutions were asked to identify, in their opinion, the most significant benefit of their solution.



Nearly 50% of respondents find the ability to configure their solution when needed as the most beneficial aspect of on-premise solutions. We have established that SaaS solutions are considered harder to customise, which proves to be a problem for 29% of respondents using a cloud, SaaS, or Hybrid solution.

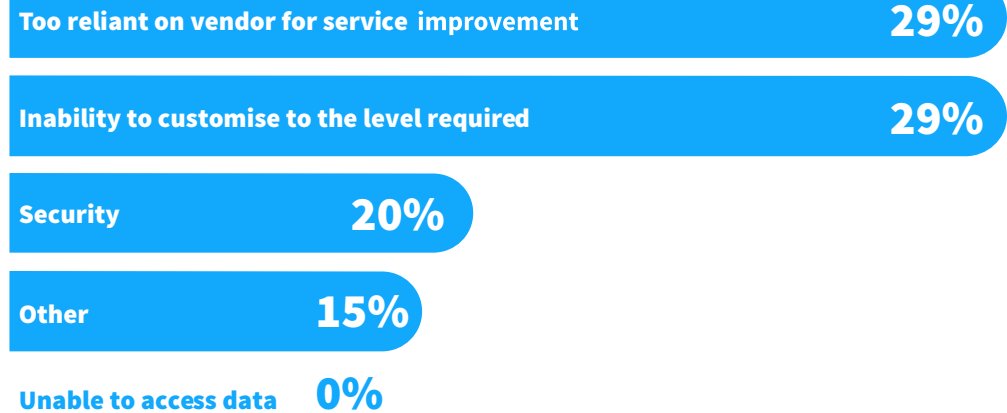
On-Premise vs. Cloud, SaaS, or Hybrid Solutions

11% of respondents identified the most significant benefit to an on-premise solution was reduced costs over hosted alternatives. While, on-premise solutions may be more expensive upfront, the long-term costs may be lower than solutions provided via cloud. However, this may not factor in the on-going cost of on-site infrastructure or maintenance staff. Furthermore, as this is a low proportion, therefore we can assume that most service desk professionals do not benefit from a lower cost of on-premise solutions.

It is often thought that on-premise solutions are more reliable than their SaaS counterparts; this is due to the belief that cloud servers are more prone to outages, thus causing reliability issues. While this may be a slight issue for hosted alternatives, only 5% of respondents identified reliability as a significant benefit of on-premise solutions. Therefore, perhaps reliability is not a dividing factor between on-premise and cloud, SaaS, or Hybrid solutions.

Another benefit of on-premise solutions, that has been highlighted by 15% of respondents, is that their ITSM tool complies with legislation and internal policy.

What challenges have you experienced when using a cloud, SaaS or hybrid solution?



Respondents with cloud/SaaS/hybrid solutions were asked to identify, in their opinion, the most significant challenge of their solution created.

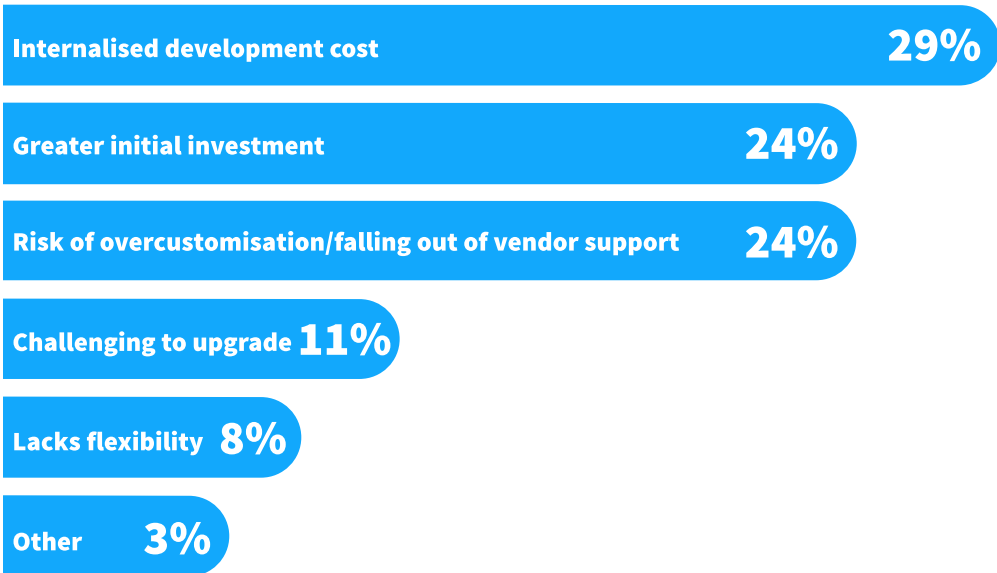
A preconception of SaaS ITSM tools is that data stored in the cloud can be time consuming, and even costly, to recover if it is stored in proprietary formats. It is often considered more appropriate to have an on-premise solution for optimal data access, as shown by the 15% of on-premise respondents who highlighted access to data as a key benefit of on-premise solutions. However, this thought process is misleading, as evidenced here by the fact that no respondents identified data

On-Premise vs. Cloud, SaaS, or Hybrid Solutions

accessibility as a challenge of cloud, SaaS, or Hybrid solutions. Some of the “Other” challenges identified by respondents were integration, scaling, and compliancy based. We have noted that 15% of respondents underline compliance with legislation and internal policy as a key benefit of on-premise solutions, therefore this is clearly an issue for at least a small percentage of service desk professionals with cloud hosted ITSM tools.

What are the challenges of an on-premise solution?

Respondents with on-premise solutions were asked to identify, in their opinion, the most significant challenge ztheir solution created.



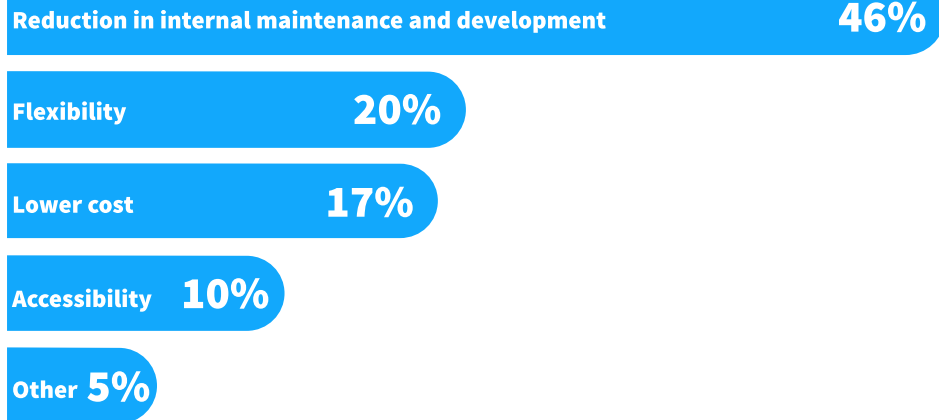
The greatest challenge for 29% of respondents is the internal development cost of on-premise solutions. 46% of respondents with cloud/SaaS/hybrid solutions identified that a reduction in internal maintenance and development was the most significant benefit of their deployment model, therefore there is clear evidence that SaaS solutions are much less demanding in terms of internal maintenance and cost than their on-premise counterparts.

Along with this 29%, 24% of respondents also identified a greater initial cost as a challenge, therefore the presumption that on-premise solutions carry a higher cost overall would be correct for a large proportion of service desk professionals. We have established that lack of customisability of a SaaS tool can be an issue for service desk professionals. However, on the other hand, 24% of respondents find that on-premise solutions run the risk of over-customisation and falling out of vendor support.

What benefits have you identified by your use of a cloud, SaaS or hybrid solution?

Respondents with cloud/SaaS/hybrid solutions were asked to identify, in their opinion, the most significant benefit their solution provided.

On-Premise vs. Cloud, SaaS, or Hybrid Solutions



20% of respondents identified flexibility as a benefit of their SaaS solution, where as 8% of respondents found that the most challenging thing regarding their on-premise solution was the lack of flexibility. For example, one aspect of flexibility that can be considered important by service desk professionals is the scalability of the tool. Cloud/SaaS/hybrid solutions can be easily upscaled or downscaled depending on the number of operatives within the organisation, all the service desk does is pay more or less for the SaaS product as a service scales up or down. On-premise scaling requires a much more intensive process. Therefore, we can surmise that flexibility in an ITSM tool is a preferred aspect, and cloud solutions offer better flexibility.

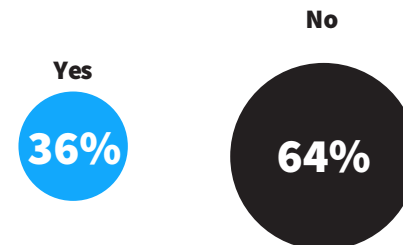
Nearly half of respondents highlighted a reduction in internal maintenance and development as a benefit of cloud, SaaS, or hybrid solutions. Hosted solutions are maintained and

upgraded by the vendor or provider, which results in the service desk needing to do very little to progress their ITSM tool. On the other hand, on-premise solutions require much more up-keep. 11% of respondents found the challenge to upgrade their on-premise ITSM tool too demanding, therefore it is reasonable to assume that service desk professionals value ITSM tools that look after themselves

Changing How Your Service is Provided

Do you have plans to move to SaaS? When?

Overall, 36% of respondents' on-premise service desks are planning to move to a SaaS solution, with 57% of that group planning to do so within a year. It is not surprising to see that 64% of respondents have no plans to move to cloud, SaaS, or hybrid solutions, as for certain industries, cloud-based ITSM tools are not a viable option due to security and legislation issues.



Changing How Your Service is Provided

W/in 3 months 7%

W/in 6 months 7%

W/in 1 year 43%

W/in 2 years 14%

Over 2 years 29%

Do you have plans to move to on-premise?

Unlike the results of the move from on-premise to SaaS, a very small percentage (5%) plan to change their ITSM tool from cloud, SaaS, or hybrid to on-premise. The reversion to an on-premise solution is an interesting and, clearly, uncommon option, as the ITSM industry is placing a greater focus on cloud infrastructure, and developing with technology.



W/in 6 months 50%

W/in 1 year 50%

What, if anything, would make a difference to your decision to host your ITSM tool on-premise?

Respondents who specified they had no plans to move from an on-premise solution were asked what factors would influence them to change to a cloud, SaaS, or hybrid solution.

Security & legislation 31%

Customisation & flexibility 25%

Usability & Accessibility 19%

Reliability 13%

Cost 13%

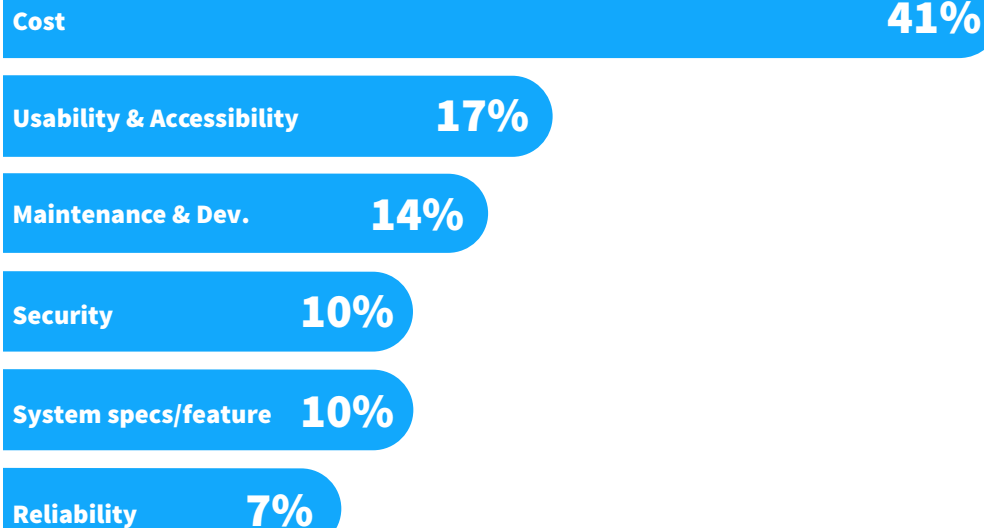
The largest factor that would convince service desk professionals to move to a hosted solution would be security and legislation, as identified by 31% of respondents. Some respondents specified that they would need to be confident in security of their data, which is reasonable considering 20% of respondents identified security as a challenge with Cloud, SaaS, or hybrid solutions. Meanwhile, others stated that their companies' legislations would need to be changed to allow for cloud-based tools to be an option.

Changing How Your Service is Provided

We have previously noted that SaaS solutions can be difficult to customise, as identified by 29% of respondents who find this a challenge. Here, we see that 25% of respondents with on-premise solutions would consider moving to a SaaS solution if their tool was easy to configure, which supports the claim that customising tools is perceived to be more challenging for SaaS tools than for on-premise tools.

What, if anything, would make a difference to your decision to host your ITSM tool via cloud, SaaS, or hybrid?

Respondents who specified they had no plans to move from a cloud, SaaS, or hybrid solution were asked what factors would influence them to change to an on-premise solution.



The greatest factor that would influence service desk professionals to move from a SaaS solution to on-premise would be cost. We have noted that on-premise solutions have a higher upfront price attached to them, and 41% of respondents have identified that if the cost met their internal budget, or SaaS became the more expensive option, then they would consider moving to an on-premise solution.

Usability and accessibility rank quite high for both groups of respondents (19% for on-premise and 17% for cloud, SaaS, or hybrid). Qualitative answers from both sides specified that respondents would require access to data from the alternative solution to consider changing how their tool is provided. 15% of respondents previously identified access to data as a benefit of on-premise solutions, but no respondents found access to data as a challenge to cloud/SaaS/hybrid solutions.

We have previously established that neither on-premise nor SaaS solutions have pressing reliability issues, yet both groups (13% for on-premise and 7% for cloud/SaaS/hybrid) would consider moving to the alternative if it was more reliable.

Funding and Procurement

How did you secure the funding and resources for the procurement of your ITSM tool?

Business case

Calculated in operational budget **30%**

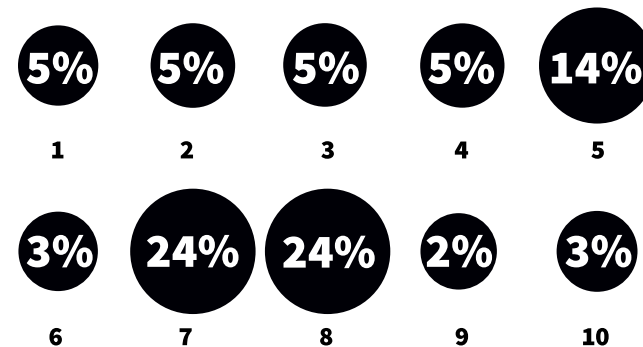
Ad Hoc funding secured **11%**

The majority of respondents (59%) secured the funding and resources for their ITSM tool through a Business Case, so the need for a new tool needed to be justified against the needs and goals of the business. A Business Case is a way to present a new idea, in this case an ITSM tool, and lay out how it can improve the business, how it can meet business imperatives, the estimated cost with implementing a new tool vs the ROI, and so on.

30% of respondents secured the funding for their ITSM tool by the cost being estimated in the operational budget. In this case, it seems that a new ITSM tool did not need to be justified through a Business Case, but was part of a pre-planned project.

The remaining 11% of respondents funded their new ITSM through Ad Hoc funding. Therefore, we assume that the procurement of a new ITSM tool was not pre-planned as extra funding was necessary.

How easy was it to secure funding and resources? (1 = very hard / 10 = very easy)

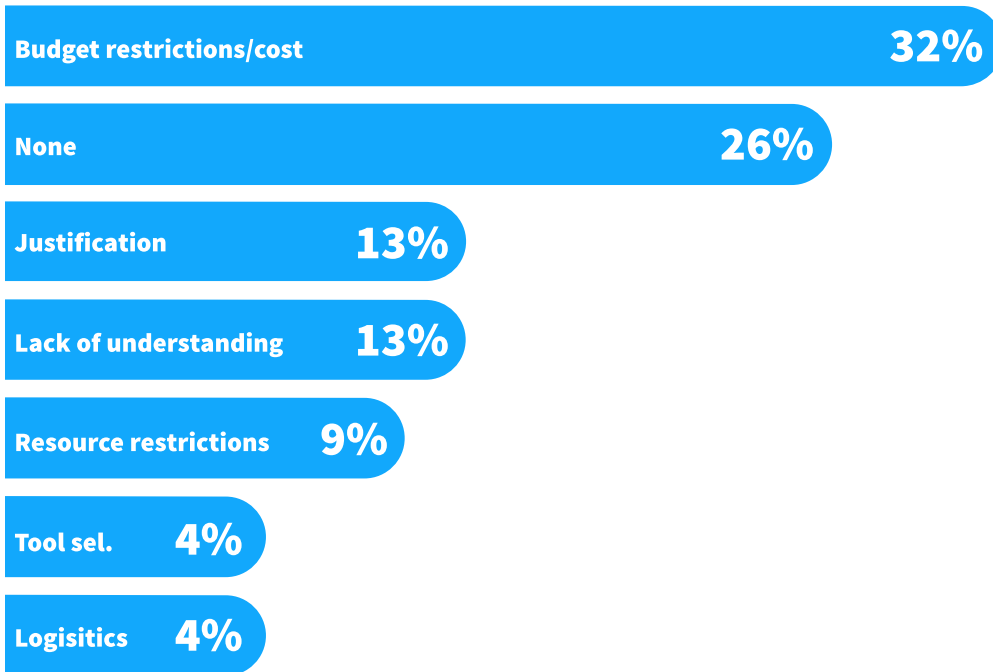


On average, respondents rated how easy it was to secure funding and resources a 6. Over 60% of respondents found securing funding and resources relatively easy, rating the process a 7 or above. This suggests encouragingly that the majority of service desk professionals have little to no trouble in securing funding and resources when implementing a new ITSM tool.

However, around 30% of respondents found securing funding or resources more difficult, rating the experience a 5 or below. Our data shows that there was no correlation between respondents' poor experience rating and a particular method of securing the funding and resources, or a specific challenge. This could suggest that there is no quick fix to make securing budget and resources for an ITSM tool easier.

Funding and Procurement

What challenges did you encounter when securing budget and resources for your new ITSM tool?



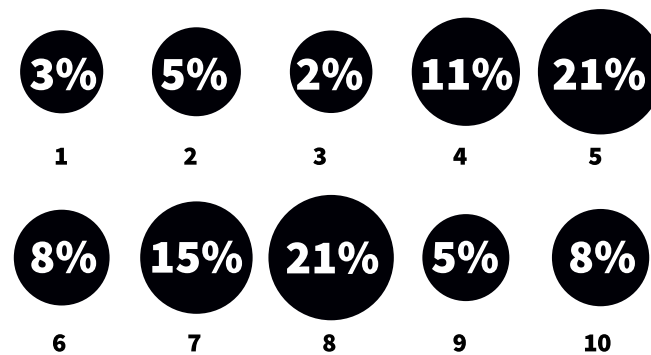
The greatest challenge for service desk professionals when trying to secure funding for new ITSM tools is budget restriction or cost. 32% of respondents identified that finding an ITSM tool that fitted the budget was a struggle. 13% of respondents found that justifying the need for a new ITSM tool to decision makers was the main challenge in

securing budget and resource. Similarly, 13% of respondents found that there was a general lack of understanding about the importance of an ITSM tool. Some respondents identified that this problem stemmed from the business leaders' lack of understanding and knowledge about the service desk, which demonstrates that there still seems to be a divide between the business and IT.

Encouragingly, 26% of respondents reportedly had no issues when securing budget and resources for their new ITSM tool. This could signify that their companies recognise the role of IT and the need for an ITSM tool that can perform to best suit the needs of the business.

How easy was the procurement process?

(1 = very difficult / 10 = very easy)



Respondents had a more varied experience regarding the procurement process of implementing a new ITSM tool. Again, the average respondent rating was 6, with the mode values being 5 and 8 (both rated by 21% of respondents).

The data shows that the results of this question were considerably varied, with no clear trend one way or the other. Procuring an ITSM tool can be a difficult process; a service

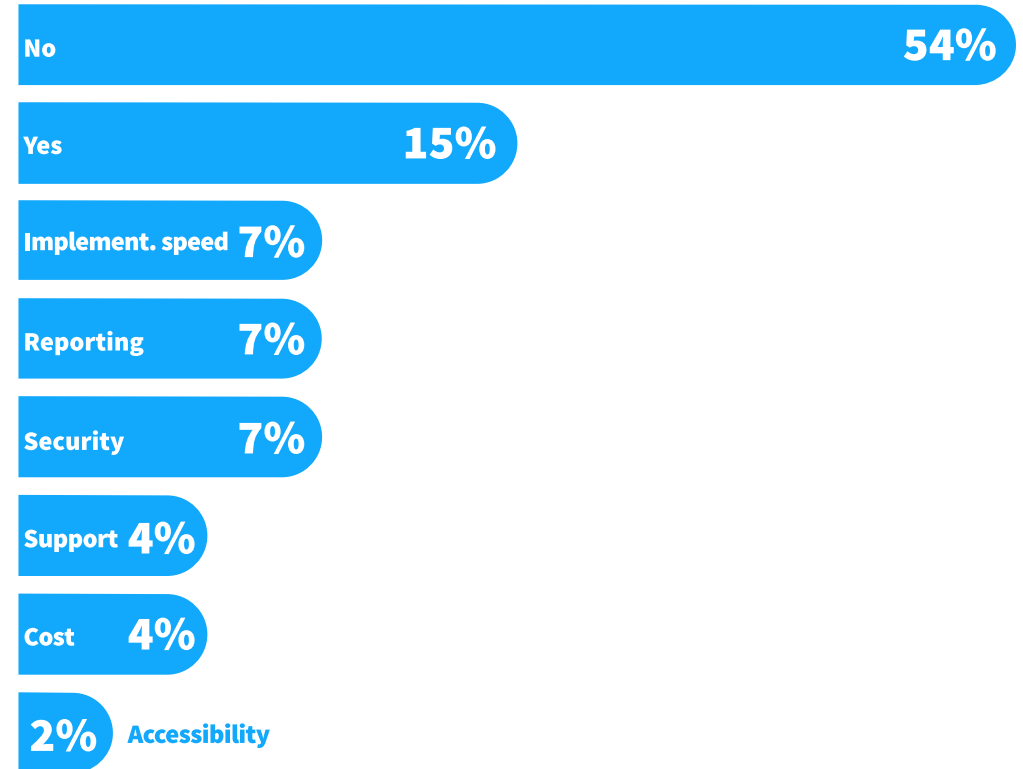
Funding and Procurement

desk has a multitude of needs that an ITSM tool must facilitate. It can take months to find a tool which fully supports a service desk and all its requirements, and the process may be more difficult for some than others, depending on the implications of the ITSM tool.

The respondents who rated their experience of procurement a 5 or below were evenly split between on-premise and cloud/SaaS/hybrid solutions, which can signify that neither deployment option is easier to procure than the other.

Deployment and Disaster Recovery

Did the deployment model selected (SaaS or on-premise) have any implications for meeting your business objectives?



Deployment and Disaster Recovery

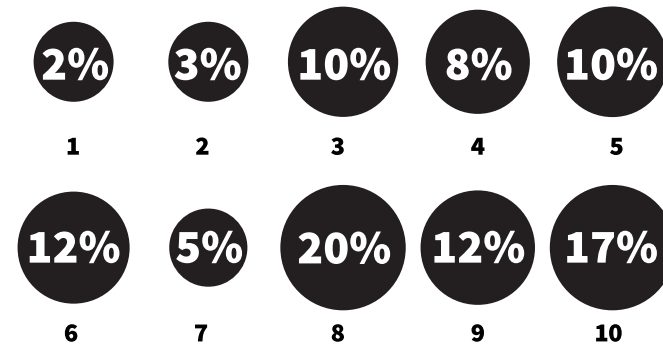
Over half of respondents stated that the deployment model they selected for their ITSM tool had no implications for meeting their business objectives.

Reporting, speed, and security surveyed as the highest specified implication for an ITSM tool meeting business objectives. We have identified that security is a significant factor for ITSM tools, with 31% of respondents identifying it as a key consideration when selecting an on-premise solution, and 11% for cloud/SaaS/hybrid solutions. On-premise solutions often have a longer implementation time than their SaaS counterparts. As such, it is logical that respondents identified speed of implementation as an implication for meeting their business objectives.

Surprisingly, cost was only a key implication for 4% of respondents. We have previously seen that cost is a significant factor on multiple issues for both groups of respondents. Therefore, it is interesting that only a small proportion of respondents consider cost to be an implication of their deployment model.

To what extent is your ITSM platform considered a high impact, business critical application?

(1 = not at all / 10 = considered a vital part of the business infrastructure)

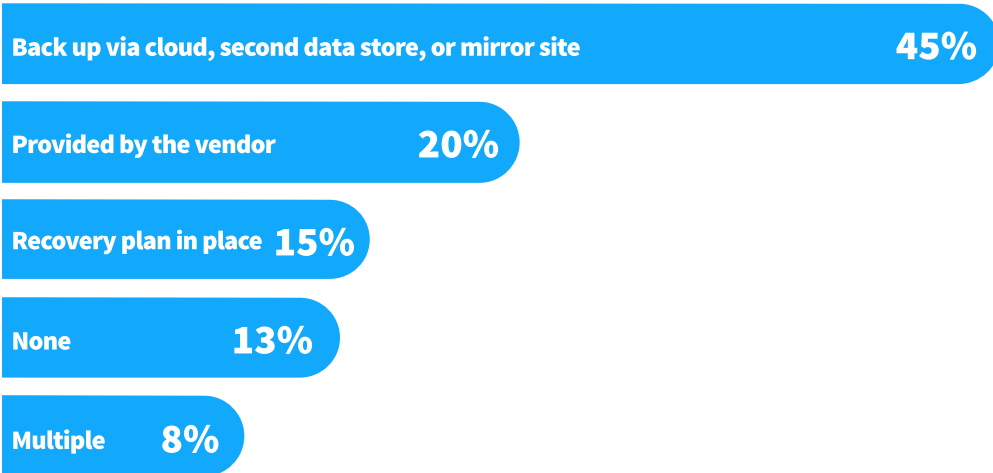


An ITSM tool can be the lifeblood of a service desk; a poorly functioning tool can greatly impact the efficiency and capability of a service desk, which can have a negative impact on its service and customer experience. It seems that this is somewhat understood in non-IT departments of a business. Nearly 50% of respondents identified that their company considers their ITSM tool to be a business critical application (rated 8 or above).

The other half of responses are distributed between 1 and 7, and seemingly, 50% of respondents' companies do not place as much importance on ITSM tools. This could be due to the cultural divide and lack of collaboration and communication between the business and IT. In order for service desks to be more appreciated and understood by the business, companies and service desks should strive to implement culture frameworks, such as DevOps, which promote cross-departmental collaboration.

Deployment and Disaster Recovery

What identifiable and proven measures are in place for disaster recovery, business continuity, and data restoration?



Almost 50% of respondents have some form of a backup of their data in place; in case of data loss, these respondents have access to a replica of their data, which can be backed up daily, weekly, monthly, etc., so they can resume business with little to no data loss. Some respondents identified that they have a mirror site or data store which runs in parallel with their site or data store, so service can be swapped over to the mirror if needed with virtually no downtime.

20% of respondents, all of whom have a cloud-hosted tool, identified that measures for disaster recovery, business

continuity, and data restoration are put in place by the vendors, therefore these service desks do not need to have the resources for this themselves.

Concerningly, 13% of respondents claim that their service desk has no measures in place in the event of disaster recovery, business continuity, or data restoration. The loss of data and continuity can be detrimental to the running of a service desk, and with a plethora of scenarios that can cause data loss and service downtime, service desks that do not have an active recovery plan in place are running a great risk.

The data and analysis gathered from this survey suggests that, while SaaS solutions have advanced in the 10 years since their initiation, there are still challenges that are synonymous with SaaS software. For a large proportion of service desk professionals, the lack of security that is associated with cloud/SaaS/hybrid solutions is too great of an issue and is therefore simply not an option.

Furthermore, the divide between the business and IT is still evident. A considerable number of respondents have identified that their company does not fully understand the significance of an ITSM tool (26%), which could signify that those businesses do not wholly comprehend the role of the service desk and IT as a business enabler. Frameworks and methodologies such as ITIL, DevOps and Business Relationship Management can allow the service desk to become more visible in a company, so its value becomes better understood. The data from this survey validates the preconceptions of the differences between on-premise and SaaS ITSM tools. By analysing the results of this survey side by side, it shows that both deployment models serve opposing implications for the same purpose; a notion that has often been conveyed but, until now, not supported by statistics.

Although it is unlikely that on-premise solutions will become completely obsolete in the near future, it is undeniable that the proportion of service desks using SaaS solutions over on-premise will increase as our data shows that 36% of respondents plan to move from on-premise solutions to SaaS provided solutions. It will be interesting to see how this

data reflects in two years' time; whether SaaS solutions have developed and increased in scope and use, or whether on-premise is still the model of choice for many organisations.

The author of this report is SDI's Industry Analyst Scarlett Bayes. To find out more about SDI go to servicedeskintstitute.com or [email hello@sdi-e.com](mailto:hello@sdi-e.com)

Sunrise Summary

A comment from Geoff Rees, Director, Sunrise Software.

What an interesting set of findings! It's remarkable that the responses were largely split 50/50, perhaps an indication of the reality of Service Desk implementations in use today. Service desks are certainly 'seeing the light' in terms of cloud adoption and at Sunrise, increased momentum of SaaS adoption in ITSM (as well as other operational helpdesks) is for definite - but it's a good reality check for us all to consider both the concerns and the affirmations regarding the move to cloud over on premise.

Security is of course a major concern of SaaS and that's where the ITSM vendors have to step up and take responsibility. Sunrise SaaS is built on the world class IBM Bluemix platform, taking advantage of IBM's global security credentials and adhering to security policies that are driven by best practices in IBM for systems, networking, and secure engineering.

The survey also highlights cost as a significant factor in decision, and lifetime cost of premise and all its local overheads vs SaaS are always worth further investigation with an experienced vendor in both fields. Finally, the perceptions of the 'configurability' of SaaS vs premise is possibly, I feel, a little outdated. Maybe it's just about local ownership equating to an expectation of control, but in reality there's little limitation to tailoring a solution whether that's SaaS or premise – you should be able to get the best of both worlds in the cloud – a fast implementation that also meets your needs. We look forward to talking to you about your next Service Desk project, whether that's on premise or cloud.

To find out more about Sunrise ITSM, visit www.sunrisesoftware.com or email enquiries@sunrisesoftware.com


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