

Software as a Service (SaaS) Industry Overview



The once-disruptive is now mainstream. Fueled by accessibility, flexibility, and cost-effectiveness, the Software-as-a-Service market went into overdrive in the past few years. Changes that began during the pandemic are business-as-usual. SaaS-based applications account for about 70% of the programs businesses use to manage their finances, security, customer data, etc. That figure is expected to rise to 85% in the next few years as the overall cloud market surpasses \$800 billion by 2025.



Did you know

- **50%** of global data will be stored in the cloud by **2025**
- New software can be implemented in **7 hours**; it took **46 hours 5 years ago**
- There are more than **30,000** SaaS firms in the marketplace

The biggest factor in the continuing evolution and adoption of SaaS products is artificial intelligence and machine learning, which conspire to create what is both a trend and a challenge. The former is based on AI's predictive ability in analyzing consumer behavior and its value as a proactive security measure that can prevent cyberattacks. The latter involves the risk of managing a technology that can surpass its human handlers' ability to control it.

For now, the rewards of process automation, error reduction, and speed in mining data outweigh the potential risks. Resource-intensive industries like travel & hospitality, healthcare, and education are ready-made for greater AI adoption. This technology offers great promise in personalization that benefits the user and customer experience. It is also helpful in customer service, as our WizDom virtual coach shows by helping live agents diagnose issues more quickly and with greater accuracy.



What lies ahead

Whether it's seen as a trend or not, mobile compatibility is a central issue. In fact, any product development has to operate from a mobile-first framework. About 70% of Internet users will use mobile-only technology to access the web, so this is a matter of going where customers will be. In addition, organizations in numerous industries run parts, if not all, of their businesses through smartphones and tablets. Other considerations include:

- **Retention & churn:** keeping the customers you have will never go out of style. As a result, fully customizable features are becoming the norm in innovation, amplifying the earlier point about personalizing the experience.
- **Solutions integration:** the explosion of cloud-based solutions has made the API cool again. Early SaaS development overlooked this, choosing speed to market over user convenience. That's changing, enabling people to find data more quickly and enhancing productivity.
- **Low- and no-code:** this approach is ideal for responsiveness to rapidly changing conditions without the need for complex coding knowledge. Developers can focus on logic and user experience, emphasizing the business side of the operation instead of the time and tedium of writing code.
- **Vertical SaaS:** this speaks to solutions tailored to individual industries to better address customer needs. There is also the benefit of consumer- and market-specific intelligence, pre-defined metrics, and greater efficiency.
- **Micro-SaaS:** this takes the virtual concept to a more granular level with a solution that caters to a niche market. It can be ideal for smaller firms with narrowly-defined customers who want closer connections with consumers.

As SaaS evolves and cloud migration continues, some developers are migrating toward PaaS, or platform-as-a-service. PaaS extends the original business relationship by enabling the development of custom apps that can be used as add-ons (read: additional revenue streams). Two significant advantages of PaaS development are agility and scalability, with the added benefit of providing a low-cost answer to IT infrastructure.

Another important cloud computing element is Data-as-a-Service, or DaaS, a means of modernizing infrastructure and workloads to manage data integration, storage, and analytics. With DaaS, companies can increase the reliability and integrity of their data while automating maintenance and reducing costs.



Areas of concern

Cybersecurity is a universal issue and that applies to SaaS, too. Just as the explosion of remote and hybrid work environments triggered increased spending on and attention to security, the shift to cloud delivery models has the same effect. Every innovation that promotes convenience or improves efficiency also introduces a potential new vulnerability. Zero trust protection is becoming more widespread, with multi-factor authentication, security tokens, and identity-based segmentation that limits one's ability to move laterally once inside a network.

A different challenge is the market's competitive environment. In any enterprise this large with such growth potential, there will be consolidation. Some M&A activity will be large companies absorbing smaller ones, which can create a barrier to entry for upstarts. Other moves, meanwhile, have nothing to do with size. For instance, Salesforce's purchase of Slack provided dual benefits: a proven communications platform for Salesforce users and greater market security Slack in facing competitors such as Microsoft Teams.

One potential offshoot of market consolidation is the development of so-called Super Apps. These are not applications as we typically define them. They are more like products that come with a core group of features but also a series of independent mini-apps. This is parallel to the "one API for all" that is gaining traction, reducing development time and allowing for faster scale. This may also remedy another issue—haphazard data management that can create slowdowns, particularly in larger enterprises with entrenched silos.

We mentioned earlier that AI was a challenge as well as a trend. The biggest concern is the possible effect on jobs; some positions will undoubtedly be put at risk, and there have been calls to slow down the pace of implementation. Embracing AI-driven initiatives is a work in progress as the potential risks are sorted through and people have time to absorb the innovations that have come to pass.



Where we fit in

Our experience in the SaaS industry runs very deep and extends beyond the contact center. The Application Development and Engineering Services teams have built platforms and mobile apps, managed network integrations, and engaged in deep-dive data analysis. The result is a working knowledge of the service-related issues that companies worry about: scalability to handle growth, consistent quality, and a track record of helping clients grow their businesses by providing customers with "wow" experiences.

Our direct support experience with SaaS-based companies is broad and deep:

- A global provider of hosting virtual meetings & events
- A hosting platform with more than 10 million apps & websites
- A fraud and identity theft protection company
- A provider of VPN services
- A global email marketing app

And the list goes on. We are familiar with cloud integration because we have engaged in it, too, through Infrastructure-as-a-Service (IaaS) solutions to increase capacity and capability. Support and service increasingly matter as more people use more tools more often, and the growing complexity of those tools makes resolving customer issues vital to operations.

GlowTouch is privately held and is certified as an NMSDC Minority Business Enterprise (MBE) and a WBENC Women's Business Enterprise (WBE). Founded in 2002, we provide personalized, omnichannel contact center, business processing, and technology outsourcing solutions to clients worldwide. Our thousands of employees deliver operational excellence every day with high-touch engagement. Their work has earned recognition from independent bodies such as the Everest Group, International Association of Outsourcing Professionals, and the Stevie Awards. GlowTouch is headquartered in Louisville, KY, with a global footprint that includes onshore contact centers in Louisville, Miami, and San Antonio. There is also a nearshore presence in Santo Domingo, Dominican Republic; offshore locations in Mangalore, Bangalore, and Mysore, India; and Manila, Philippines. To learn more about GlowTouch, visit www.GlowTouch.com, or email Tammy Weinstein at Tammy.Weinstein@GlowTouch.com.