

SaaS: Software as a Service for Staffing and Recruiting Software

The Emergence of SaaS as a Cost-Effective Deployment Methodology for Staffing and Recruiting Software

About this paper

This paper is designed to provide staffing and recruiting management an overview of the benefits and issues related to Software as a Service (SaaS) as a cost-effective means to deploy staffing and recruiting software.

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It is becoming commonplace within the staffing and recruiting industry for prospective software buyers to hear the phrase “software as a service” (SaaS). As a method of deploying software, SaaS is said to offer both immediate and long-term benefits to staffing and recruiting firms.

Those benefits are not unique to staffing and recruiting firms. Many research groups are predicting a significant spike in SaaS deployment in all markets. According to the white paper, “Software as a Service” by William Blair & Company, a large equities-focused firm, SaaS will experience a market growth of 20 to 25 percent over the next five-years. Conversely, traditional enterprise deployment is seeing a decline. So what is SaaS and why is it beneficial to you as a staffing and recruiting professional?

What Does Software as a Service Mean?

SaaS deployment of staffing and recruiting software has several key characteristics. It is a subscription-based model also referred to as “pay-as-you-go” or “on-demand” software. Depending on your software vendor, you may be offered payment options by the month, quarter, or even year. SaaS deployment is completely hosted and managed in some cases by your software vendor and is accessible to you over the Internet.

With SaaS deployment, you face few of the headaches of dealing with internal staffing, performance or system issues that come with managing an enterprise application in-house. Traditional enterprise deployment is usually seen in larger national staffing and recruiting firms that already have the IT staff and resources to manage the application internally. However, even some of the industry’s largest staffing organizations are beginning to adopt SaaS deployment due to its significant benefits.

With growing acceptance globally among companies of virtually every size, Gartner Group forecasts that as much as 25% of new business software will be delivered by SaaS by 2011. So let’s take a closer look at SaaS. Are all SaaS applications deployed in the same way?



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The Three Approaches used for SaaS Staffing and Recruiting Software Deployment

There are three distinct approaches staffing and recruiting software vendors have taken to deploying SaaS.

First, there is the “multi-tenant” approach. With the multi-tenant approach, a large group of users are on a single system, database or hardware platform. While there may be cost savings for the customer, there can also be performance issues in the form of security, reliability, network latency and other bottleneck issues.

Second, there is the “pod” approach. In essence, the users are broken down into smaller groups and share a dedicated IT infrastructure. There are a number of benefits to this approach, including:

- Infinite scalability – database bottlenecks and potential expansion issues are minimized
- Improving stability – bugs encountered or caused by one customer do not impact other customers
- Simplifying database access security – customers can be provided with direct access to their production databases, if needed
- Simplifying customizations and integrations
- Simplifying backups, restores and migration of new customer data
- Enabling SaaS customers to be upgraded independently, if needed

Third, there is the “isolated tenancy” model, wherein each customer is effectively running on their own hardware and software stack. This model offers the highest potential availability, security, performance and customization capability, albeit at commensurately higher costs.

As you can see, each SaaS deployment method has its trade-offs in terms of cost and performance. When you are looking at the SaaS delivery of a recruiting or staffing software application, it’s vital to “look under the hood” to determine which deployment method is best suited for the long-term strategic goals of your business. Next, we’ll look at the benefits of SaaS delivery in detail.

The Benefits of SaaS Staffing and Recruiting Software

So we have defined SaaS, explained the different approaches, and shown that it is a deployment method predicted to gain wide spread usage in the future. But, how does all this affect your staffing and recruiting business? Maybe you are satisfied with your enterprise software and having the ability to manage it in-house. Before you make a potentially costly business decision, let’s look at some of the benefits of SaaS versus enterprise deployment.



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Lower Upfront Costs

One of the key benefits of SaaS deployment of your staffing and recruiting software is the low upfront cost. Smaller firms now have access to high-end solutions that they might not otherwise be able to afford. According to a recent Cutter Consortium survey that polled SaaS end users, 40 percent of respondents stated the greatest benefit of SaaS is higher ROI and cost-effectiveness.

Because it is based on a subscription model, the initial investment is much lower than traditional enterprise deployment. Further cost savings can be found in the elimination of capital expenditures. Additionally, with your software vendor hosting your staffing and recruiting solution, you do not incur any of the hardware expenses necessary in an enterprise software deployment.

Lower Total Cost of Ownership Costs and Easier Scalability

If you are a smaller organization and can't afford extra IT staff to manage your solution internally, SaaS eliminates the need for this staff, saving you substantial dollars in salary and benefit expenses. In fact, larger and smaller organizations are becoming more receptive to the SaaS deployment model as it enables you to focus on what you do best: staffing and recruiting – your revenue-generating activities.

SaaS also scales to support your business as it grows and diversifies. Back to our “pay-as-you-go” example, you add user licenses as you need them. Additionally, if your firm's working with a reputable staffing and recruiting software vendor, your SaaS deployment is managed in a powerful and secure IT infrastructure.

Customization Flexibility

Additionally, some SaaS vendors can also offer extensive customization of your staffing or recruiting software due to an open application programming interface (API) built into a service oriented architecture that is hosted in a smaller pod tenancy or an isolated tenant environment. This has far less impact on the cost and maintenance of the software, as the vendor maintains the primary code base. SaaS offerings of this type give business users perhaps the best of both worlds -- virtually unlimited customization and/or integration capability combined with a vendor controlled and maintained source code base.

With all of these benefits, SaaS delivery is looking pretty good. One important area left to delve into though, especially for your mission-critical application, is security and stability.



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The Security and Stability of Your SaaS Staffing and Recruiting Software

Some who might prefer an enterprise application may ask, “What could be more secure than our own environment?” When evaluating your options, there are reasonable questions your evaluation team should ask. Firms evaluating SaaS should go through a due diligence process to ensure their software investment is housed in a secure and stable environment.

How secure is vendor-hosted software? Any SaaS deployment is only as good as the security and stability of the IT infrastructure in which it is housed. To ensure the reliability of staffing and recruiting software that you use day-in and day-out, make sure your software vendor hosts your application in a Tier-1 Premium Data Center or houses your application in a similarly secure facility. A Tier-1 facility provides the following features and services:

- N+1 HVAC
- Pre-action dry pipe fire suppression
- N+1 generator capacity
- N+1 uninterrupted power supply
- Redundant power to your equipment cabinet
- 24x7x365 access
- Biometric scanner physical access security
- Closed circuit TV coverage throughout facility
- Proximity reader cards
- Direct connection to regional Internet backbone
- Redundant data center network infrastructure
- Burstable bandwidth

What happens if my vendor’s servers go down? Make sure that your vendor uses SNMP (Simple Network Management Protocol). This enables them to proactively monitor all of your hardware devices including: hard drives, memory, CPU, interface cards, power supplies, fans and temperature. Often, with proactive monitoring of the performance and status of all of the hardware devices, a problem can be fixed before you even know about it.

Be sure to determine that your software vendor also has a solid data backup routine that should include:

- A full database backup every night with hourly transaction log backups throughout the day
- Weekly full backup and monthly full backup routines
- Each weekly backup should be stored off site for a three-week period
- Each monthly backup is stored off site for a 12-month period
- An annual backup routine which is stored for a five-year period



Online data security is another issue that you should address with your software vendor.

How do they manage data security and access? Make sure that your vendor protects your data through state-of-the-art firewalls and secure access to the application servers so there is no public exposure of sensitive personnel data. Ask your vendor who has access to your database. It should be limited to specific software vendor personnel.

Additionally, if the staffing software solution you are looking at has email integration, make sure to assess email security. Your vendor should have the ability to encrypt email and product data with a 128-bit SSL certificate as well as with up-to-date email security software.

If you've satisfied yourself that the benefits and security of SaaS delivery appear to be a good fit for your business, there's one last thing to consider. The future.

...70% (of companies surveyed) were looking at or planning to use SaaS...

What the Future Holds for SaaS Staffing and Recruiting Software

As mentioned earlier, SaaS deployment is rapidly entering mainstream acceptance. It is often considered the smart deployment method for companies that want to lower costs, speed implementation, improve ROI and reduce the IT headaches that sometimes come with deploying software. In fact, a survey of companies by the Aberdeen Group found that 70% were looking at or planning to use SaaS. That's a powerful argument for its widespread growth in the future.

With that in mind, savvy business-users are actively considering SaaS solutions in addition to the more traditional enterprise and managed services deployed solutions. They do so with the clear goal of finding cost-effective tools to help them deliver improved levels of service to their own internal and external customers that in turn create better and more profitable relationships.

END

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About VCG, LLC

VCG provides comprehensive staffing and recruiting software solutions that power success. Since 1976, VCG has helped hundreds of companies and thousands of professionals worldwide achieve operational excellence by streamlining their unique business processes and accelerating finding and placing the people most likely to thrive.

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