A HURWITZ WHITE PAPER

The TCO Advantages of SaaS-Based Budgeting, Forecasting & Reporting

An Analysis of the Four-Year Total Cost of Ownership (TCO) for SaaS and On-Premise Performance Management Solutions

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Insight to Action

Study sponsored by Adaptive Planning

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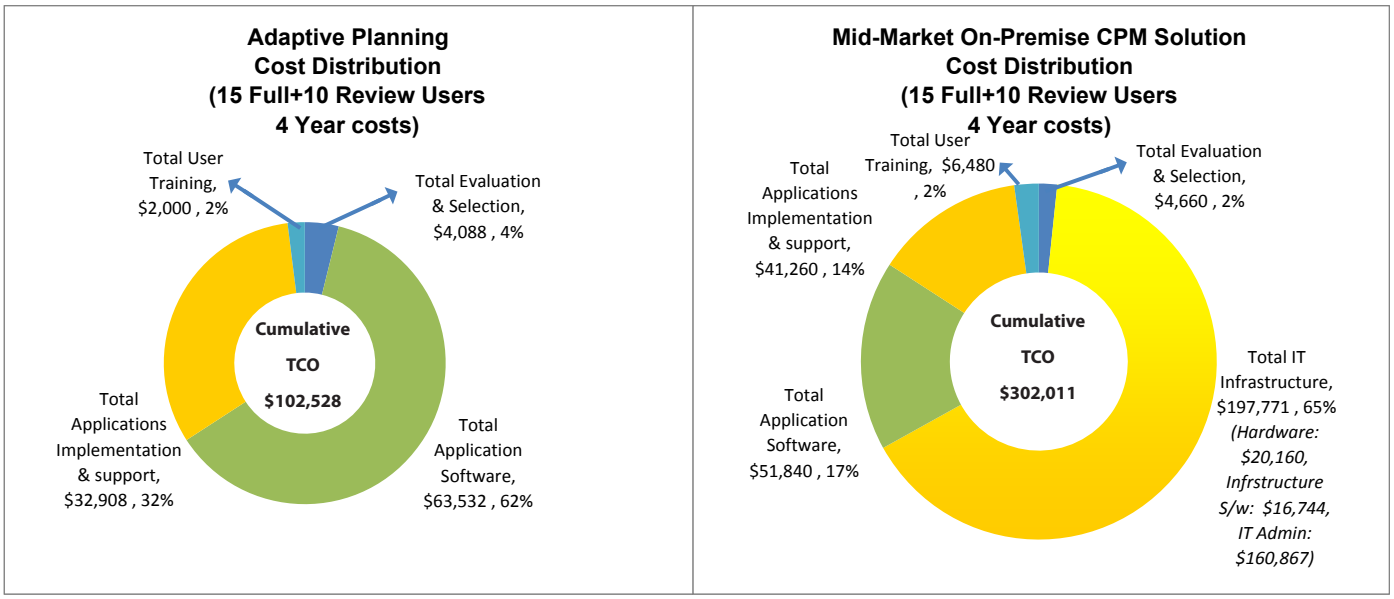
Executive Summary

Software-as-a-service (SaaS) eliminates the need for individual companies to buy, deploy and maintain IT infrastructure or application software. In the SaaS model, the vendor takes responsibility for deploying and managing the infrastructure (servers, operating system software, databases, data center space, network access, power and cooling, etc.) and processes (infrastructure patches/upgrades, application patches/upgrades, backups, etc.) required to run and manage the full solution. Because SaaS vendors manage all of their customers on a single instance of the software, they can amortize infrastructure-related costs for thousands of customers. This yields substantial economies of scale and skill, and lowers the total cost of ownership (TCO) for customers seeking to deploy a corporate performance management (CPM) solution.

Figure 1: Four-Year Total Ownership Cost Distribution for Adaptive Planning SaaS CPM and Comparable On-Premise CPM Solutions



We analyzed the economic benefits of the SaaS model in the corporate performance management (CPM) space, examining the TCO of Adaptive Planning's SaaS-based budgeting, forecasting, and reporting solution compared with that of comparable on-premise CPM solutions from Prophix, Clarity Systems, and Longview Solutions. Key findings from our analysis include:

- Overall TCO for Adaptive Planning's SaaS CPM solution is significantly lower than comparable on-premise mid-market CPM solutions—as much as 77% less over four years.
- The cost advantages of SaaS solutions are significant across all deployment sizes we evaluated, but taper slightly as the number of users increases: TCO for Adaptive Planning ranges from 77% lower than for on-premise CPM solutions for 10 users (10 full users and zero review users), to 64% lower for 100 users (40 full users and 60 review users).
- In the SaaS model, application software costs (subscription fees) account for roughly 62% of the total solution cost (**Figure 1**). By comparison, the on-premise model application software costs (including the up front license fees and annual maintenance fees) comprise just 17% of the total solution cost.
- Based on the above, if prospective customers only compare the software application costs for SaaS and on-premise solutions, they overlook significant expenses that contribute to the total cost of ownership. Focusing

purely on software application costs, the picture is mixed, depending on the number of users. In some cases Adaptive Planning's SaaS application costs are less expensive, while in other scenarios the on-premise application costs are less expensive. (See **Figure 6** for more detail.)

- There are no IT infrastructure and management costs associated with the SaaS model, since the subscription fees encompass these costs. In the on-premise model, IT Infrastructure costs (hardware, software, maintenance and ongoing management of the infrastructure) account for a large percentage of the total cost. These costs range from 72% (or $157,557 for the 10 user scenario) to 45% (or $278,204 for the 100 user scenario) over four years in the on-premise CPM model (**Figure 6**). This category accounts for the biggest difference between the TCO of the two models.

Introduction

"We could use CPM modules from IBM Cognos or SAP Business Objects, but the time line was too long and the costs were too high." – Senior Director of Financial Planning, specialty pharmaceutical company

Intuitively, most people realize that the ability to plan, budget, and forecast accurately is vital for business success. When businesses have clear visibility and meaningful insight into corporate performance, they can operate more profitably and competitively. But, it's often difficult for companies to execute well in this area. One reason is the pervasive use of spreadsheets. Over half of all companies -- small businesses, mid-sized companies, and large corporations alike -- rely on disjointed methods for managing corporate performance. They tackle the job with Microsoft Excel spreadsheets and an ad hoc mix of emails, paper documents and manual processing. Besides being a headache for everyone involved, this approach has other drawbacks, such as limited reporting abilities, high error rates, and lack of real-time visibility and collaboration capabilities.

Why do companies take such a cumbersome and outdated approach to managing mission critical business processes? The simple fact is that while planning, reporting, and analysis can be automated with traditional business intelligence (BI) and corporate performance management (CPM) applications, these systems are typically too costly and complex for many firms to implement and manage.

Over the last several years a new model of software delivery has emerged, known as software as a service (SaaS). In this model, the provider hosts the software application in a data center and provides access via a web browser. Instead of charging a large upfront perpetual license fee and ongoing maintenance fees, the vendor typically charges a monthly or yearly subscription fee. Using this approach, SaaS vendors can deliver the benefits of traditional on-premise enterprise software applications without all of the cost and complexity. They are able to offer customers a lower total cost of ownership (TCO) than on-premise alternatives.

In this study, we examine and compare the TCO of the leading SaaS-based CPM solution, Adaptive Planning, with that of traditional on-premise CPM applications, and conclude with recommendations for companies that are looking to move beyond spreadsheet-based planning to a "purpose-built" planning solution.

Section 1: How SaaS Alters the TCO Equation

It's important to understand how and why the SaaS model provides TCO benefits to customers. SaaS solutions have been steadily gaining market acceptance as an alternative to traditional on-premise solutions because they offer several significant advantages to companies (**Figure 2**).

Via the SaaS model, companies of all sizes can gain access to enterprise-class solutions without incurring large upfront costs. They also avoid having to hire expensive IT staff for initial implementation and ongoing management. SaaS changes the software equation in a few fundamental ways:

Figure 2. Key Benefits of Software-as-a-Service Business Solutions

Feature	Customer Benefit
Eliminates capital costs and decreases risk	•Vendor pays for shared multi-tenant infrastructure
	•Users access solutions through a web browser
	•Users pay a monthly or annual per user subscription fee
	•Reduces business and financial risk
	•Easy to try before buying
Faster deployment and productivity	•Customers are up and running more quickly
	•IT resources are not required; the project is completely within the control of the finance organization
	•Applications can be accessed from anywhere, anytime through a web browser
	•Everyone in company has access to real-time information
Streamlines use and management	•Web-based, self-service access to business solutions
	•Vendor manages and updates infrastructure
	•No software to maintain and upgrade
	•Automated upgrades to new versions of applications and functionality
	• IT can focus on other projects and initiatives
Increases flexibility	•Customers can expand or contract services as needs change
Improves customer service	•Direct customer-vendor connection to resolve problems
	•Vendor incentive for high customer satisfaction and retention
	•Proactive support and management
Improves reliability, performance and efficiency	•Affordable enterprise-class IT infrastructure
	•Uptime typically exceeds what internal IT can guarantee for on-premise applications
	•Includes data backup services
	•Reduces power consumption and data center space

1. SaaS vendors architect their solutions for a one-to-many, or multi-tenant mode, instead of building their solutions to run as separate, individual instances for each customer, as done in the case of on-premise or dedicated hosted solutions. SaaS vendors can run thousands of customers from a single environment and gain efficiencies throughout the solution life cycle.

2. SaaS solutions are built as web-based services—not as products—from the ground up. They are sold via a subscription pricing model, eliminating the need for customers to buy, deploy, manage or support IT infrastructure and solutions.

3. SaaS vendors take responsibility for running and managing everything: servers, operating system software, databases, installation of updates, ongoing backups, power and cooling, network access, data center space, and more. This shifts the IT burden from the customer to the solution vendor.

"We didn't want to buy any more hardware. We were concerned about ongoing support and management costs and headaches—and one more issue for IT to deal with."--CFO, 300-person engineering design and services firm

Because SaaS vendors can offer economies of scale and skill that are not possible in traditional, on-premise deployments, companies are increasingly turning to SaaS as a faster, less expensive and less resource intensive way to deploy many types of business solutions. As a result, SaaS vendors such as Salesforce.com, NetSuite, Success Factors and many others are enjoying much higher growth rates than their traditional on-premise software vendor counterparts.

Time and Cost Advantages Drive SaaS CPM Adoption

A publicly traded specialty pharmaceutical company in the Midwest hired a new Senior Director of Financial Planning in 2007, in the middle of the annual budgeting process and a corporate restructuring initiative. The firm was relying on Excel spreadsheets and macros, making the task extremely cumbersome and tedious for the new Director, who had been using an enterprise business analytics solution in his prior position at a larger firm. While it was too late to shift gears in the current cycle, he lobbied to implement a more streamlined, efficient and collaborative CPM solution for the next one. "Solution cost and getting the solution into production mode quickly and easily were our topmost priorities," according to the Director. While evaluating time lines and costs for on-premise BI and CPM solutions, a colleague recommended Adaptive Planning's SaaS-based CPM solution. "We got it from trial to live with in one month without any IT support. We were initially going to use it just for expenses, but were able to use it for personnel, allocations, balance sheet and cash flow functions as well. We got more accomplished than we thought we would." The company estimates that it has cut planning and forecasting costs by over half since replacing Excel with Adaptive Planning.

Section 2: Why TCO is Important

Total Cost of Ownership (TCO) is used to calculate the total cost of purchasing (or in the case of SaaS, subscribing to) and operating a technology solution over its useful life. TCO provides a construct to evaluate technology costs that may not be reflected in the initial pricing. For example, if you're buying a new server, server costs (including operating systems, database software and storage) usually account for just 8 to 17 percent of the long-term costs to install, maintain, upgrade and support the server over time.

A 2010 survey by Goldman Sachs highlighted an 'unstoppable shift to SaaS' by SMBs, noting 'lower total cost of ownership' as a key factor.

Although most technology buyers factor TCO into their decision equation to some degree, many underestimate hidden costs, which can potentially result in negative consequences. For example, if you lack the resources to adequately maintain a solution, you may skip upgrades and patches required to keep it running securely and at peak performance. Or, if you discount the time and expense required to train initial and future end-users, they may never use the solution productively. TCO gives you a framework to evaluate competing solutions to a problem, allowing you to make more accurate budgeting forecasts and reduce unwanted surprises.

While TCO helps you to determine hidden costs of a new technology solution, return on investment (ROI) analysis helps to surface benefits that may not be readily apparent, such as improved employee productivity or increased customer satisfaction. ROI assessments tend to be more subjective in nature than TCO, because these indirect benefits are usually harder to measure than direct costs.

Although most technology buyers factor TCO into the purchasing equation to some degree, many underestimate the hidden costs of a new technology solution.

When two solutions provide roughly equivalent benefits over the solution life cycle, but have different types of costs associated with acquisition, maintenance and operation, most people prefer to use a TCO assessment. For In this case, we are comparing an SaaS-based offering with a functionally-similar on-premise solution, so have selected to use the TCO approach.

Section 3: What Does this TCO Model Include?

The TCO model used in this study compares functionally similar SaaS and on-premise CPM application solutions over a four year period (the useful life of solution hardware and software without requiring major replacement of solution components). As indicated in **Figure 3**, The TCO calculation includes several categories and components.

Figure 3: What the TCO Model Includes

TCO Categories	TCO Components
Planning and Selection	•Preliminary vendor evaluation & analysis: Evaluate features and functionality of competitive products.
	•Vendor review and SLA analysis (as applicable). Review and audit vendor license agreements, service-levels and security requirements.
IT Infrastructure hardware, software and support (primarily required for on-premise solutions; these are included in the subscription costs for SaaS solutions)	•Server and storage hardware and maintenance. Capital expenditure required to acquire servers and storage to run applications, databases, and test environment. Operating expenses for maintenance, space, power and cooling.[1,2]
	•Operating system, database, security, backup software and maintenance. Capital expenditure to acquire operating system, database, security, and data backup software; operational expenses for software support, upgrades, patches and bug-fixes for this infrastructure. [1,2]
	•IT systems and database administration costs. The percentage of a full-time equivalent (FTE) IT administrator's salary for the time required for initial solution installation and ongoing management and updates for the hardware, infrastructure software and databases (including security and backup) required to run the solution.[3]
Application subscription costs OR application license costs	•CPM application subscription or license cost. Costs are calculated for an equivalent number of users. In the case of SaaS solutions, these are operational costs and remain constant for the life of the subscription service. In the case of on-premise solutions, these are initial deployment capital expenses. All application costs are calculated based on list prices.
	•Application maintenance. This includes operational costs for bug fixes and upgrades to new versions of the software. These costs are included in the subscription costs for SaaS solutions, and are factored as a fixed percentage of initial licensing costs for the on-premise solutions (in some cases 1-2 years of annual maintenance costs are included in initial license costs).
Application Implementation, Customization, Integration, end-user support & administration	•Detailed design. Define project objectives and scope; document existing workflow processes; identify process gaps and data sources; document business requirements; develop final project plan.
	•Configuration and deployment. Application configuration to specifications; integration between CPM applications and ERP systems and databases; custom integration if required; data migration; system testing; cutover to new solution.
	•Application support & administration. The time and costs for IT personnel to manage and upgrade the server and client application software.
Initial and ongoing training costs	•User training. The time and costs for end-users to become productive with the solution.
	•Administrative training. To transition daily system administration to the customer's internal staff.
Implementation	•Implementation. The assumption is that the implementation is done by the vendor (or their VAR) in the TCO calculations in both the SaaS solution case and the on-premise solution case.

[1] Hardware and software infrastructure costs were calculated for Dell PowerEdge R710 (with internal RAID 5 storage) and Microsoft Windows Server 2008SP2, ENT x64, Incl Hyper-V with prices from Dell's website.

[2] Hardware infrastructure requirements discussed in Section 6.

[3] Annual salary estimates sourced from www.salary.com.

Section 4: TCO Methodology

This study evaluated the TCO of Adaptive Planning's CPM solution versus that of traditional on-premise offerings. It was designed to compare TCO only. It was not designed to evaluate customer satisfaction with these solutions or to provide a detailed feature-function comparison.

CPM is an umbrella term that describes all of the processes, methodologies, metrics and systems necessary to manage and measure corporate performance. This makes it difficult to find one standard definition of CPM and its component parts. However, the consensus is that CPM does include: budgeting and forecasting, strategic planning and modeling, dashboards, analytics and reporting.

For this study, we interviewed a cross-section of midsize companies using SaaS-based CPM solutions from Adaptive Planning and on-premise CPM solutions from mid-market vendors including Prophix, Clarity Systems[4], and Longview Solutions. While the solutions we compared differ in terms of the range of functionality available (some scale to provide functionality for very large enterprise deployments, or offer additional modules such as scorecards and tax planning), we have focused this study on CPM solutions and functionality geared toward midsize companies.

Participants in the customer interviews discussed their experiences on conditions of anonymity. They described their solution evaluation, selection, deployment, and on-going operational processes, as well as detailed cost information for these phases. Participants provided qualitative information about the company's organizational structure, objectives, challenges, experience and satisfaction with the solutions that they use. In addition, they provided information about any VAR, SI or consulting services that they required to implement the solution.

The number of CPM users within a company—both full-use and "review only"—can vary greatly from company to company, depending on company size, process complexity, management culture, planning philosophy, and more. We interviewed representatives from companies of various sizes to provide a more complete illustration of how some of the costs included in the TCO comparison change as the number of users changes. The mix included both independent commercial entities and not-for-profit organizations.

All of the end-users we spoke with for this study indicated a high degree of satisfaction with the CPM solution they chose to deploy. Across the board, companies that replaced disjointed spreadsheet processes with CPM solutions have dramatically streamlined and improved their budgeting, forecasting, and reporting processes. Interviewees reported that CPM solutions have helped improve collaboration, save time and reduce errors. They also indicated that CPM reporting tools help them make better decisions, and make it easier to meet auditing and regulatory requirements.

However, we discovered that the business and delivery models, as well as cost and pricing structures for SaaS computing and on-premise solution vendors, are quite different and significantly affect TCO.

Section 5: Assumptions For Developing this TCO Model

Key assumptions used in developing this TCO model include:

- Selection of User Scenarios. User size scenarios are based on the number of employees that use the solution(s), not on the total number of company employees. While no one ratio or scenario will ever fit all situations, these user size bands reflect the mid-market focus of this study, and are representative of the companies interviewed for this study. The split between the number of full users and review users for the different TCO scenarios are represented below:
    - 10 full users and 0 (zero) review users
    - 10 full users and 15 review users

[4] While Clarity Systems also provide their CPM software solution in a remote access dedicated hosted model, only costs for Clarity's on-premise offerings are included in these discussions.

- 25 full users and 25 review users
- 40 full users and 60 review users

- Application costs. Application costs are based on standard list price per user as published by the vendors and pricing data provided by customers interviewed for this study.
- Functionally-equivalent hardware to meet application availability and data back-up requirements. We calculated acquisition costs for new hardware and software in the traditional on-premise model to make the IT infrastructure functionally-equivalent to that provided by SaaS solution vendors. Based on the mission-critical nature of the CPM solution, we configured each scenario with two servers to support high-availability and load balancing, and to provide optimal performance and scalability.
- Application solution deployment, integration, and training costs were determined based on discussions with users, VARs, SIs, vendors, and secondary market research.

Section 6: TCO Comparison of SaaS vs. On-Premise CPM Solutions

Our analysis found that overall, TCO for Adaptive Planning's SaaS CPM solution was considerably less than for similar on-premise CPM solutions—as much as 77% less over four years.

For example, **Figure 4** shows cumulative yearly total cost comparisons for the 10 full user and 15 review user scenario. In the first year, costs for the on-premise solutions are much higher than for the SaaS CPM scenario because on-premise solutions require significant upfront capital expenditures for infrastructure hardware and software, CPM applications software, and IT resources to install and configure solution components. As a result, first-year costs for an on-premise CPM solution are roughly three times higher than for Adaptive Planning's SaaS solution in this user scenario. Subsequent years' costs are also higher due to the high costs of IT resources required to manage and update the infrastructure and applications.

Figure 4: Cumulative Total Cost Comparison for SaaS and On-Premise Mid-market CPM Solutions (10 full users and 15 review users)

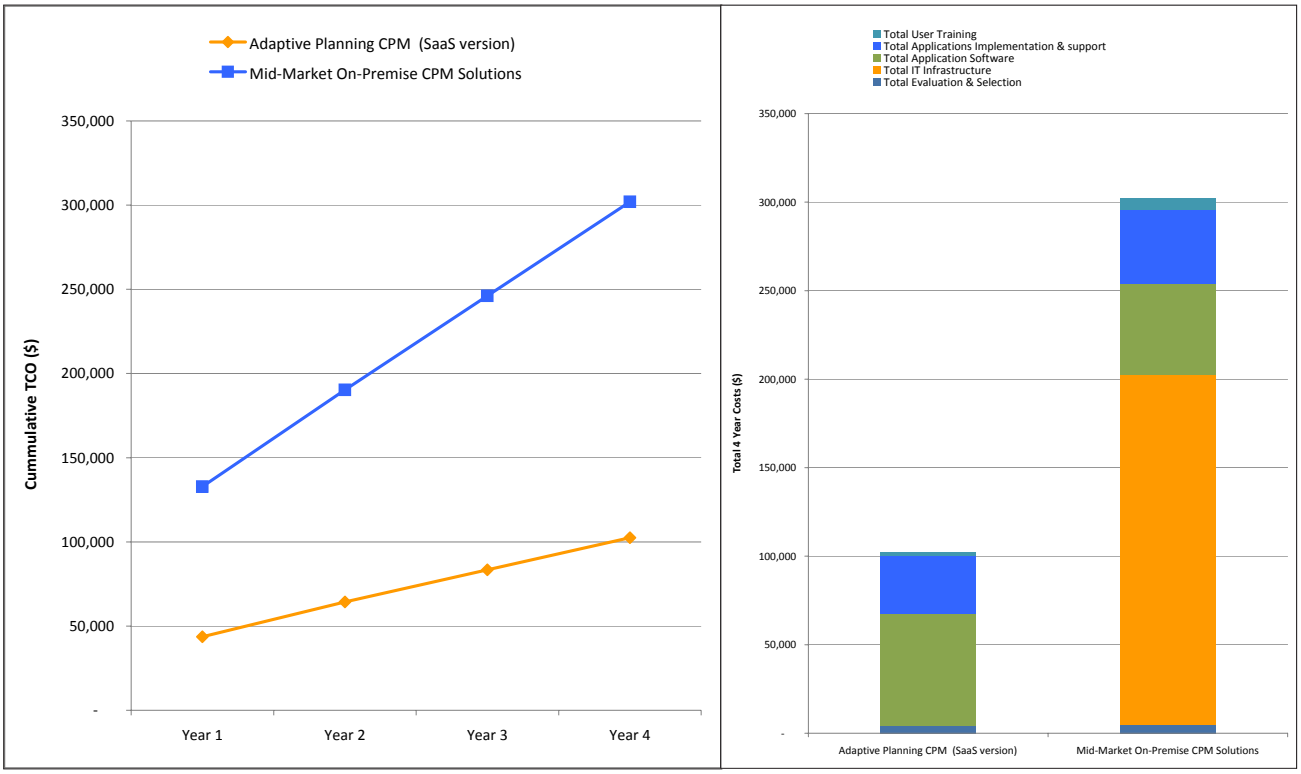
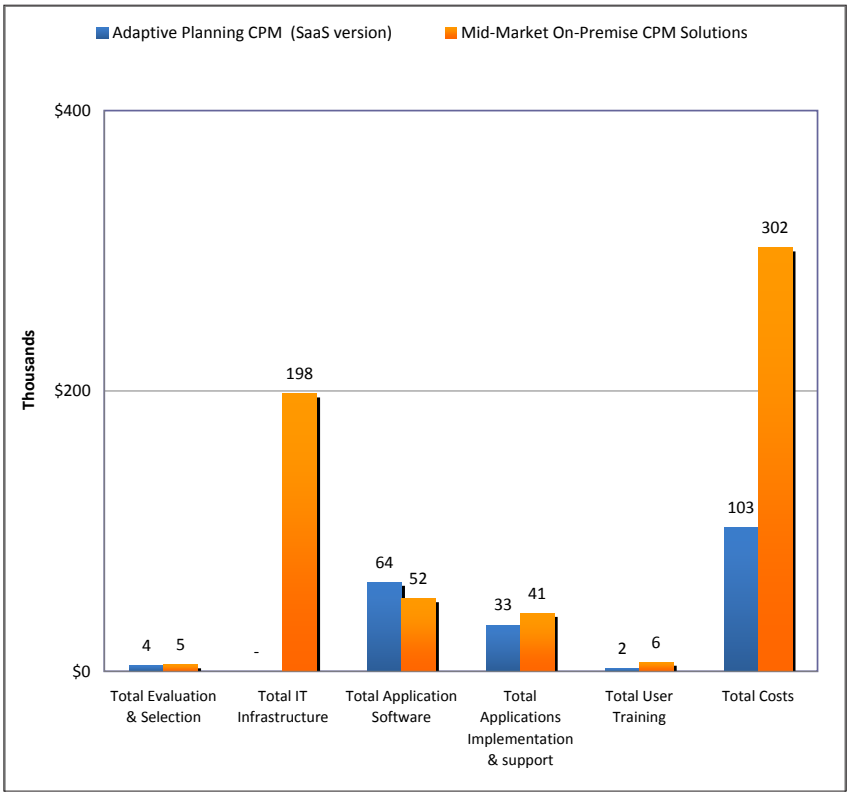


Figure 5 compares the total four-year cost of each category for the 10 full user and 15 review user scenario. As this chart illustrates, the IT infrastructure costs are the biggest single factor driving the higher TCO of on-premise solutions. While the total costs of application software and implementation and support are roughly equivalent, procuring and managing the IT infrastructure represents a significant additional cost burden for the on premise scenario. In this model, it is $197,700 over four years, compared to zero for Adaptive Planning's SaaS solution.

These infrastructure costs include hardware, operating systems software, database costs as well as expenses associated with paying finance and IT personnel to manage these solutions (which requires system and database administration expertise and resources). Based on our customer interviews, the TCO model allocates between 15% of these resources' time (to support the 10 full user and 0 review user scenario) and 30% of their time (for the 40 full user and 60 review user scenario) to this category. It's also worth noting that the SaaS end-users we interviewed for this study indicated that their IT departments were already overburdened with keeping existing IT infrastructure running, and addressing basic IT issues such as upgrades and security. Placing demands for additional resources would have put the price tag of the CPM solutions out of reach for these companies. (**Figure 3,** What the TCO model Includes, provides more detailed information on what component costs are included in each TCO category.)

Figure 5: Comparison of Four-year Costs for Each TCO Category for SaaS and On-Premise CPM Solutions

Additional key findings from the TCO comparison are detailed in **Figure 6** and include:



- Overall TCO for Adaptive Planning was considerably less than for on-premise CPM alternatives across all bands of users, ranging from 77% lower to 63% lower.
- The cost advantages of SaaS solutions are significant across all deployment sizes we evaluated, but taper off slightly as the number of users rises. For instance, Adaptive Planning TCO is 77% lower than for on-premise CPM solutions for 10 users (10 full users and zero review users), and 63% lower for 100 users (40 full users and 60 review users).
- As previously noted, the cost of IT Infrastructure is biggest difference between the models. In all scenarios, IT infrastructure costs for Adaptive Planning are zero, since the SaaS provider includes this as part of the annual subscription agreement. However, in the on-premise scenarios, infrastructure costs are significant, accounting for $157,554 to $278,204 over the course of four years.

- When looking at Application Software costs alone (including annual maintenance), the picture is mixed. For the 10 full user and zero review-only user scenario, Adaptive Planning is 6% less expensive. For the 15 full user and 10 review only user scenario, Adaptive Planning is 23% more expensive; and for the 25 full user and 25 review user case, Adaptive Planning is 16% more expensive. However, for the 40 full user and 60 review user scenario, Adaptive Planning is 10% less expensive, primarily because at this scale, the on-premise solutions require the customer to upgrade to a higher-end version that supports greater scalability and performance.
- In the Application Implementation and Support category, Adaptive Planning's SaaS-based delivery is less expensive than the on-premise approach in all cases. It ranges from 20% less expensive, for the 15 full user and 10 review user scenario, to 52% less expensive, for the 40 full user and 60 review-only user scenario. This is because SaaS software does not need to be deployed on-premise, which eliminates numerous issues that inevitably result from company-specific data center environments, and also because SaaS solutions are generally less complex to implement.
- User Training is less expensive for Adaptive Planning across all scenarios as well, ranging from $1,700 less to $20,000 less over four years. These scenarios all assume that the client pays for training. However, Adaptive Planning also offers two "free" training options -- live training webcasts conducted bi-weekly, as well as online training videos, which could further lower TCO.
- Finally, it's worth noting three additional factors which can significantly influence costs that were not included in the analysis:
    - Adaptive Planning offers multi-year discounts for subscriptions in its standard list pricing. Adaptive Planning pricing in the scenarios illustrated in this paper assumes an annual subscription. However, companies that elect to sign two- or three-year agreements can cut application costs by an additional 10% to 20%. Some on-premise vendors also offer multi-year discounts; however, the cost savings are typically not as great since the discounts only apply to the maintenance fees.
    - Adaptive Planning offers three implementation choices:

No Hidden Costs

In business since 1977, an engineering design and services company headquartered in Orlando, Florida has more than 300 employees and 16 office locations. The firm had used Excel spreadsheets to handle corporate performance across 30 profit centers, but its CFO decided in early 2009 that the process was "a real mess" and so time consuming that "we usually didn't get the budget done until three or four months into the year." In March 2009 he began looking for a CPM solution. "I had two months to shop, and two months to deploy and get users productive to be ready for the next budget cycle." Also, he couldn't use internal IT resources for the project. "We center our IT resources on engineering—managing, planning and reporting is outside of our mission statement." After researching different solutions, he decided that Adaptive Planning would "hit all of our key requirements and cost constraints." The online price calculator on the Adaptive Planning web site was a big plus. "I didn't have to worry about hidden costs." He used the free trial version, and found that "it was very clear how to use it and how it would progress." Aided by Adaptive Planning's QuickStart Package (which provided 10 hours of assistance), the CFO did most of the implementation himself within a two-month period, and found it "very helpful to have best practice expertise and a second set of eyes to look at our models." By May, twelve users were using the solution to prepare the new fiscal year budget. "We encountered no surprises along the way, and no hiccups." He estimates that before implementing Adaptive Planning, he spent about 30% of his time on ongoing model maintenance, and now, "it's 10% of my time or less. I can spend more time on analysis and understanding, instead of being a spreadsheet jockey."

1. Full implementations by Adaptive Planning's professional services team.
2. QuickStart implementations, in which Adaptive Planning provides training and a block of hours for project design work, and in which the client completes the implementation.
3. Self-implementations, in which the client does all of the implementation work internally.

All scenarios assume the full implementation approach. However, if companies have resources available in their finance organizations, the QuickStart or self-implementation scenarios present additional opportunities to save hard dollars.

- This analysis only examines a four-year time horizon, which is typically the useful life of the technology infrastructure components. Beyond four years, SaaS customers should continue to experience even and predictable costs. However, users of on-premise solutions may need to invest in new hardware and infrastructure software to support new releases of the application software. These future on-premise costs should be considered, but are beyond the scope of this analysis.

Figure 6. TCO Comparison for Different User Scenarios for Adaptive Planning[5] SaaS Solutions and Comparable On-Premise CPM Solutions

10 Full Users, 0 Review Users	Adaptive Planning CPM (SaaS version)					Mid-Market On-Premise CPM Solutions					
	Year 1	Year 2	Year 3	Year 4	Total Cost 4 Years	Year 1	Year 2	Year 3	Year 4	Total Cost 4 Years	Percent Varience
Total Evaluation & Selection	3,200	-	-	-	3,200	3,738	-	-	-	3,738	-14.4%
Total IT Infrastructure	-	-	-	-	-	54,765	34,263	34,263	34,263	157,554	NA
Total Application Software	7,000	7,000	7,000	7,000	28,000	19,800	3,300	3,300	3,300	29,700	-5.7%
Total Applications Implementation & support	11,930	2,062	1,180	1,180	16,352	15,125	3,403	2,475	2,475	23,478	-30.4%
Total User Training	1,250	250	250	250	2,000	1,238	825	825	825	3,713	-46.1%
Total Costs	23,380	9,312	8,430	8,430	49,552	94,665	41,791	40,863	40,863	218,182	-77.3%
Total Costs NPV (@15%)	23,380	8,097	6,374	5,543	43,395	94,665	36,340	30,898	26,868	188,771	-77.0%
Cumulative TCO NPV	$ 23,380	$ 31,478	$ 37,852	$ 43,395	$ -	$ 94,665	$ 131,005	$ 161,903	$ 188,771	$ -	

15 Full Users, 10 Review Users	Adaptive Planning CPM (SaaS version)					Mid-Market On-Premise CPM Solutions					
	Year 1	Year 2	Year 3	Year 4	Total Cost 4 Years	Year 1	Year 2	Year 3	Year 4	Total Cost 4 Years	Percent Varience
Total Evaluation & Selection	4,088	-	-	-	4,088	4,660	-	-	-	4,660	-12.3%
Total IT Infrastructure	-	-	-	-	-	64,819	44,317	44,317	44,317	197,771	NA
Total Application Software	15,883	15,883	15,883	15,883	63,532	34,560	5,760	5,760	5,760	51,840	22.6%
Total Applications Implementation & support	22,474	4,558	2,938	2,938	32,908	26,680	5,940	4,320	4,320	41,260	-20.2%
Total User Training	1,250	250	250	250	2,000	2,160	1,440	1,440	1,440	6,480	-69.1%
Total Costs	43,695	20,691	19,071	19,071	102,528	132,879	57,457	55,837	55,837	302,011	-66.1%
Total Costs NPV (@15%)	43,695	17,992	14,420	12,539	88,648	132,879	49,963	42,221	36,714	261,777	-66.1%
Cumulative TCO NPV	$ 43,695	$ 61,688	$ 76,108	$ 88,648	$ -	$ 132,879	$ 182,842	$ 225,063	$ 261,777	$ -	

25 Full Users, 25 Review Users	Adaptive Planning CPM (SaaS version)					Mid-Market On-Premise CPM Solutions					
	Year 1	Year 2	Year 3	Year 4	Total Cost 4 Years	Year 1	Year 2	Year 3	Year 4	Total Cost 4 Years	Percent Varience
Total Evaluation & Selection	5,082	-	-	-	5,082	6,220	-	-	-	6,220	-18.3%
Total IT Infrastructure	-	-	-	-	-	74,873	54,371	54,371	54,371	237,988	NA
Total Application Software	25,819	25,819	25,819	25,819	103,276	59,520	9,920	9,920	9,920	89,280	15.7%
Total Applications Implementation & support	31,481	6,798	4,629	4,629	47,537	46,560	10,230	7,440	7,440	71,670	-33.7%
Total User Training	1,250	250	250	250	2,000	3,720	2,480	2,480	2,480	11,160	-82.1%
Total Costs	63,632	32,867	30,698	30,698	157,894	190,893	77,001	74,211	74,211	416,318	-62.1%
Total Costs NPV (@15%)	63,632	28,580	23,212	20,184	135,608	190,893	66,958	56,114	48,795	362,761	-62.6%
Cumulative TCO NPV	$ 63,632	$ 92,211	$ 115,424	$ 135,608	$ -	$ 190,893	$ 257,851	$ 313,966	$ 362,761	$ -	

40 Full Users, 60 Review Users	Adaptive Planning CPM (SaaS version)					Mid-Market On-Premise CPM Solutions					
	Year 1	Year 2	Year 3	Year 4	Total Cost 4 Years	Year 1	Year 2	Year 3	Year 4	Total Cost 4 Years	Percent Varience
Total Evaluation & Selection	6,456	-	-	-	6,456	9,850	-	-	-	9,850	-34.5%
Total IT Infrastructure	-	-	-	-	-	84,928	64,426	64,426	64,426	278,204	NA
Total Application Software	39,564	39,564	39,564	39,564	158,256	117,600	19,600	19,600	19,600	176,400	-10.3%
Total Applications Implementation & support	42,848	10,207	7,240	7,240	67,535	90,500	20,213	14,700	14,700	140,113	-51.8%
Total User Training	1,250	250	250	250	2,000	7,350	4,900	4,900	4,900	22,050	-90.9%
Total Costs	90,118	50,021	47,054	47,054	234,247	310,228	109,138	103,626	103,626	626,617	-62.6%
Total Costs NPV (@15%)	90,118	43,497	35,580	30,939	200,133	310,228	94,903	78,356	68,136	551,622	-63.7%
Cumulative TCO NPV	$ 90,118	$ 133,615	$ 169,194	$ 200,133	$ -	$ 310,228	$ 405,130	$ 483,486	$ 551,622	$ -	

Section 7: Recommendations for Midsize Businesses Evaluating SaaS-based CPM

While SaaS computing can provide clear TCO benefits, customers must also evaluate other important factors before selecting a solution. For instance, some companies may need specific features or functionality that are not available in the SaaS solution. Or as another example, a company may want to customize the solution at the source code level, which is only possible in the traditional, on-premise software model. Consider your own corporate requirements, and then assess each vendor's ability to deliver on these requirements.

[5]The 10 full user, 0 review user scenario assumes Adaptive Planning Corporate Edition pricing, while the other three scenarios assume Adaptive Planning Enterprise Edition pricing.

- Service Level Agreements (SLAs) and contract terms. In SaaS, customers give up some control to the vendor. When evaluating on-demand versus on-premise options, review the fine print of the contract terms before making decisions, and get answers to the following questions:
    - Does the contract require an upfront long-term commitment?
    - How easy is it to change the number of users? What penalties or per-user price changes are associated with these changes?
    - Does the SLA support an uptime guarantee of at least 99.5%?
    - What security features are supported?
    - What options and penalties does the vendor provide if you terminate the service? For instance, if you terminate the contract, how do you get your data back?
- Address data security concerns upfront. Understand how the SaaS vendor stores data, who can access it, and what safeguards the vendor has established to ensure that data is only accessed by authorized personnel.
- Application customization requirements. Most SaaS applications are customized via configuration, instead of source code customization. For affordable customization of SaaS solutions, aim for the 80/20 rule. Can the solution get you at least 80% of what you need, and how much would any necessary customization cost? Customers with very heavy customization requirements may want to consider a packaged software solution to achieve deeper customization.
- Invest more upfront in the evaluation and selection process, and "try before you buy." Most companies are under-investing when it comes to thoroughly evaluating business solution requirements and options. Seek the help of independent consulting organizations to better understand the total cost of on-demand and on-premise options as they relate specifically to your company's unique needs and budgetary constraints. Take advantage of free trials, which enable you to try out the solution before you purchase it to reduce the risks of getting stuck with a solution that isn't right for your company.
- Carefully consider the benefits provided by a third-party VAR or SI. Many SaaS and on-premise software vendors offer customers the option of purchasing the solution and consulting and support services directly from the vendor, or through a VAR or SI. In some cases, VARs and SIs may be a better fit for your company than the vendor in terms of their ability to provide industry-specific customization, integration with existing applications, migration of data from existing applications, training and coaching for ramping up usability.
- Pricing transparency. Regardless of what type of solution you are considering, vendors should be able to provide you with clear pricing information to help you calculate the capital and operating expenses for the solution. Some vendors provide price calculators designed to help you factor in both hard and soft costs to help reduce or eliminate unforeseen expenditures.
- Multi-year contracts and commitment. Consider pricing discounts for multi-year contracts. Several vendors offer discounted pricing for customers that make upfront multi-year commitments and payments. In general, SaaS multi-year subscription commitments are likely to yield greater savings in the overall TCO than on-premise multi-year commitments. This is because in the SaaS model, the discount applies to everything that is bundled into the subscription price, whereas in the on-premise model, the discount may only apply to annual maintenance fees.

Section 8: Conclusions

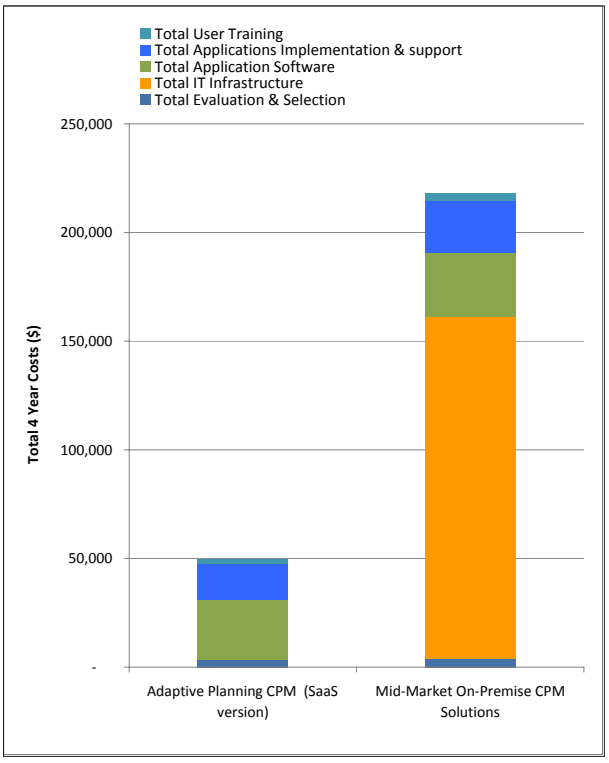
Midsize companies have many of the same needs as large enterprises. They need business solutions, such as CPM, to help them meet their business goals and challenges, but often lack the IT resources or skills necessary to deploy and manage these solutions.

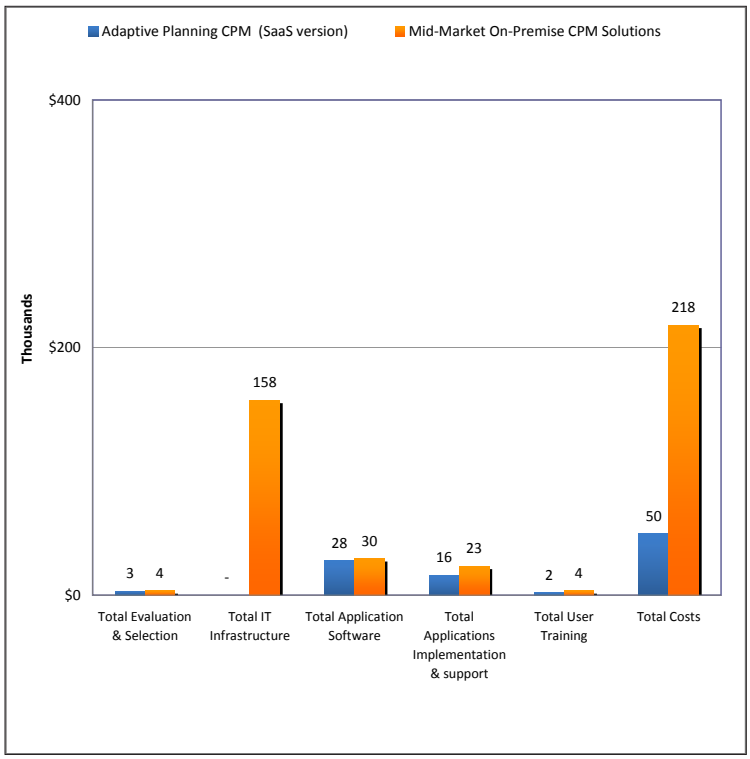
By integrating all of the application software, IT infrastructure and services together in a web-based, multi-tenant delivery model, SaaS vendors can provide customers with economies of scale and skill that are not possible in traditional, on-premise deployments.

While there is no "one size fits all" when it comes to business solutions, SaaS solutions merit serious consideration. They enable companies of all sizes to benefit from enterprise-class business solutions, such as CPM, without having to incur the costs of an enterprise-class data center, infrastructure and IT expertise.

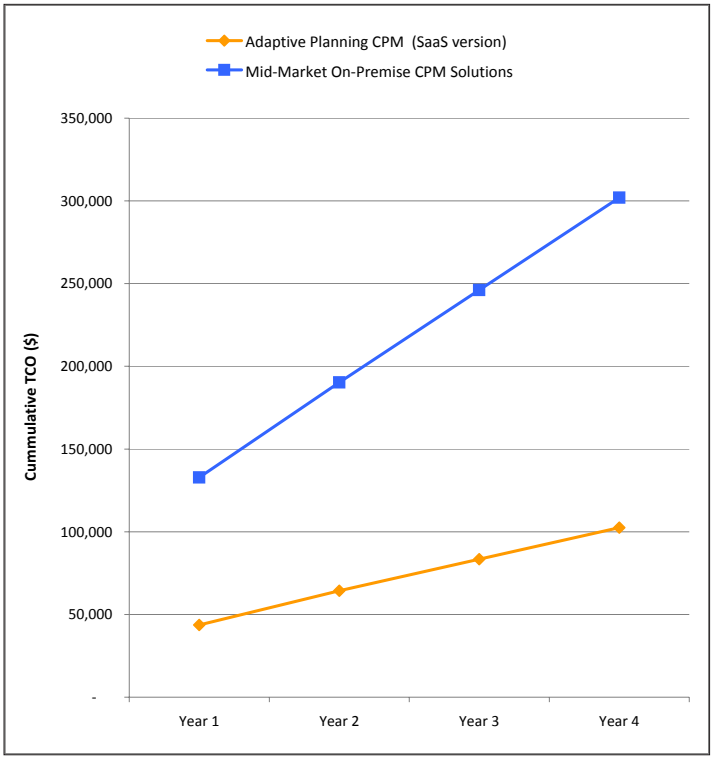
Appendix A

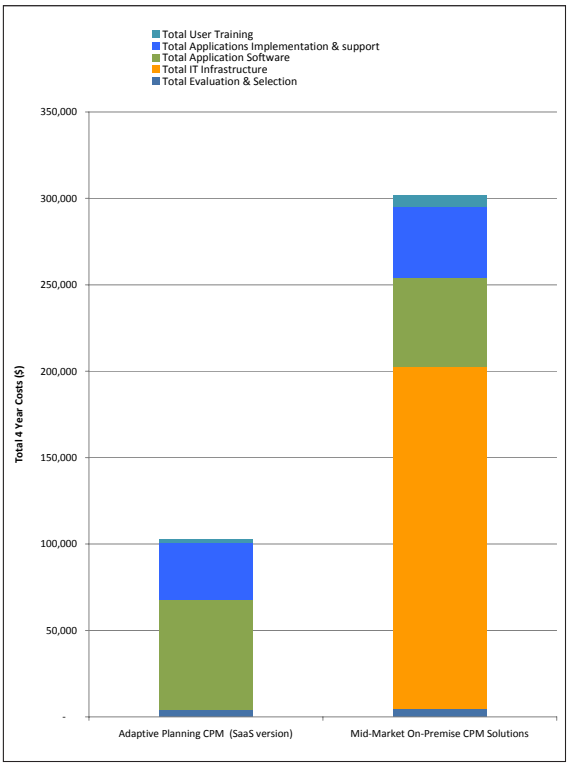
10 Full users and 0 (zero) review users:

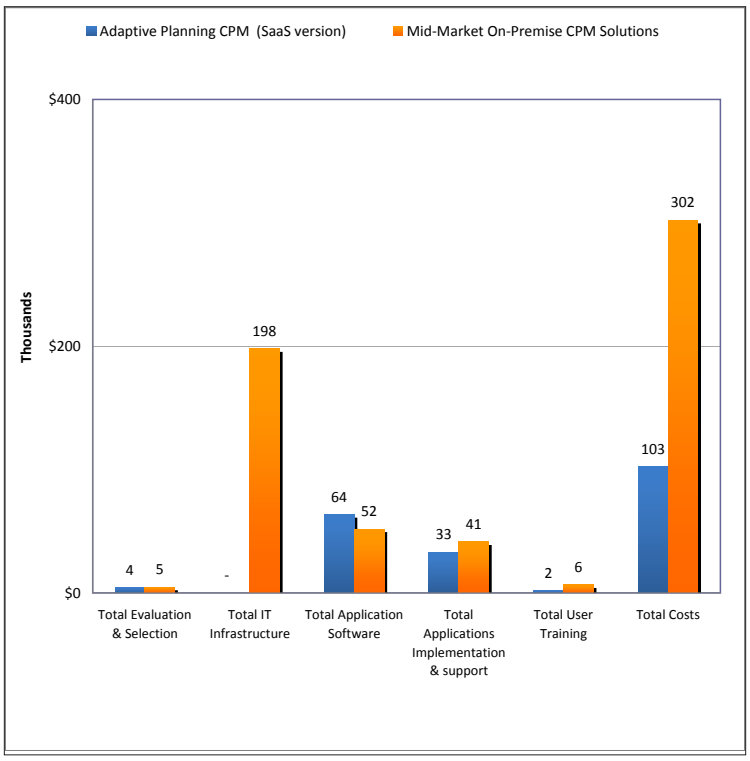




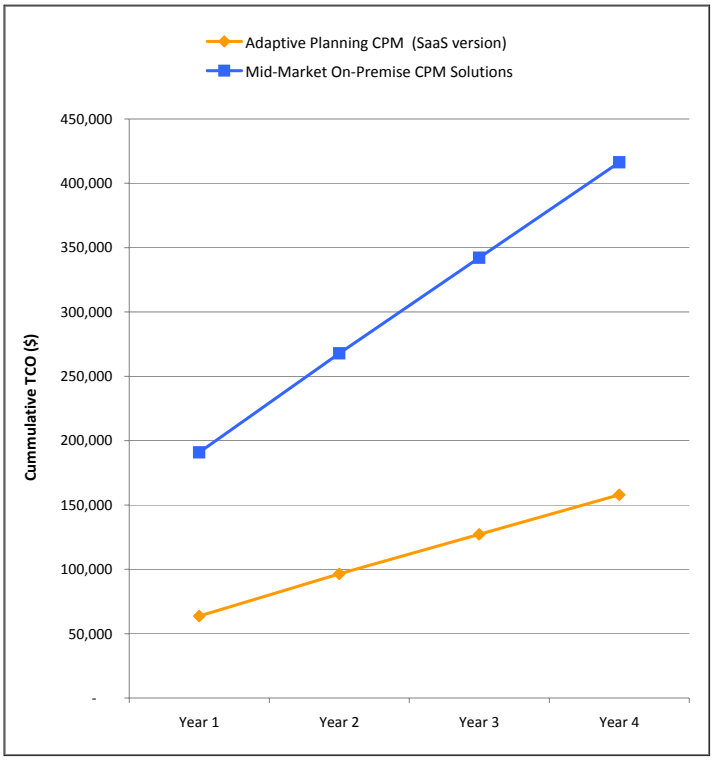
15 Full users and 10 review only users:

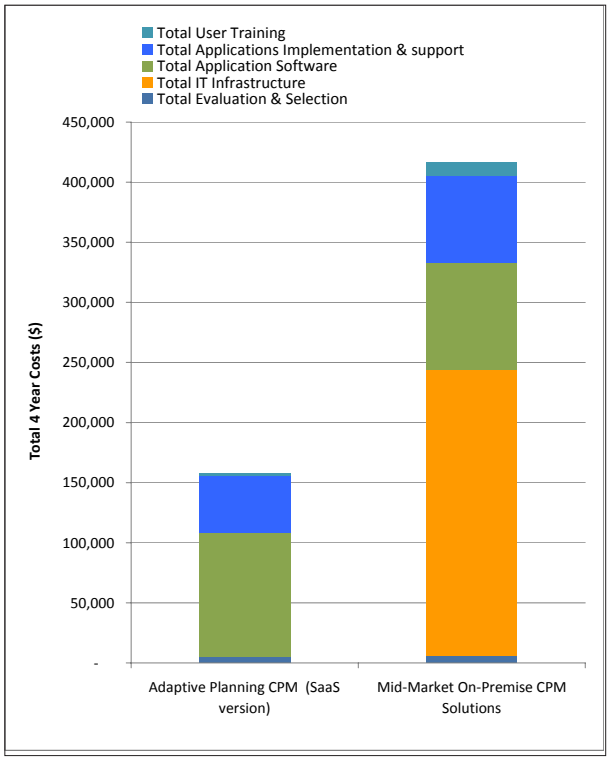


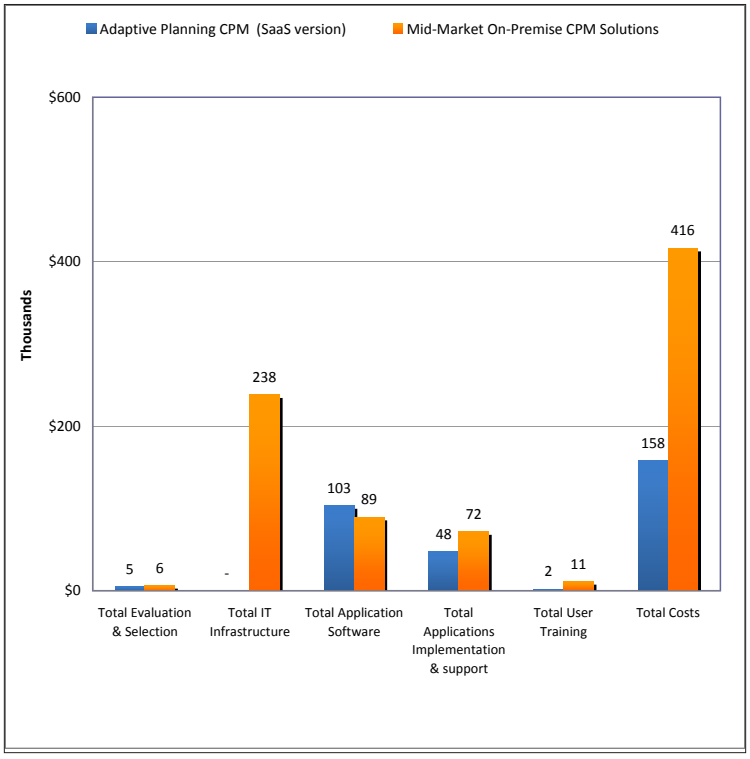




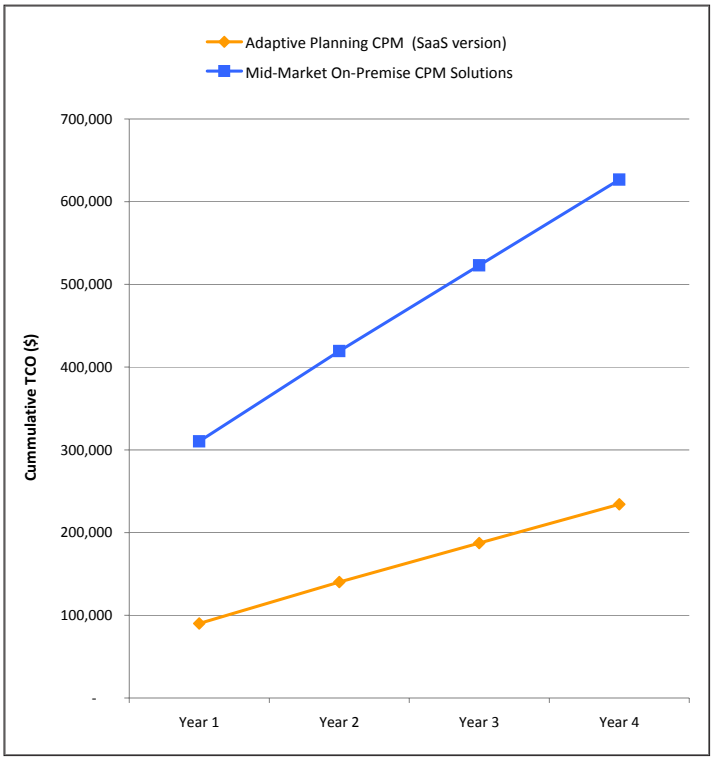
25 Full users and 25 review only users:

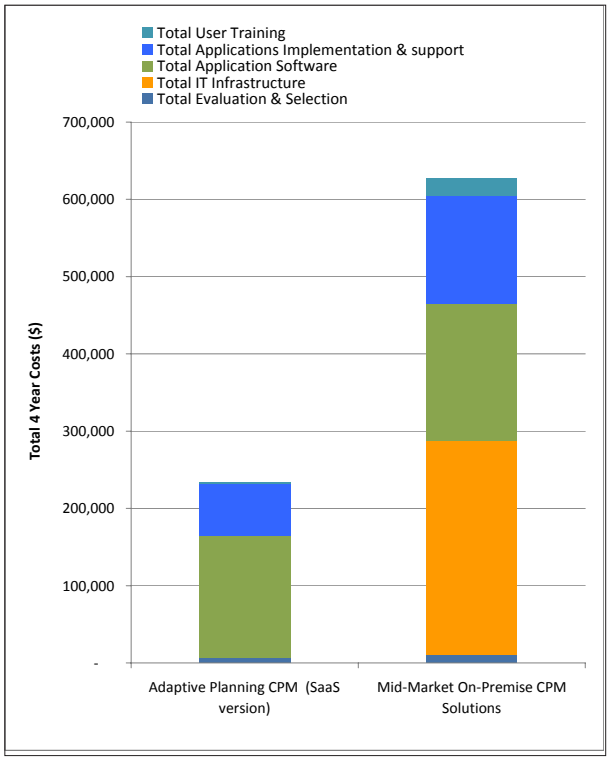


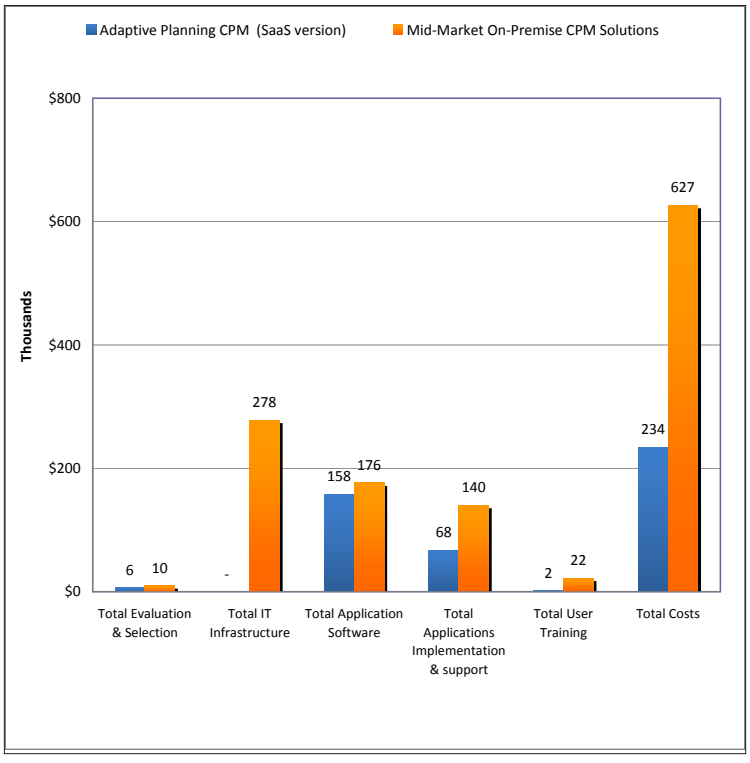




40 Full users and 60 review only users:







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