



Business Users Fuel SaaS Growth in Asia Pacific, Says Springboard Research

On-demand email management is the most popular SaaS application, while CRM dominates in revenues

Singapore & New Delhi, September 8, 2008 – Business users in Asian enterprises have emerged as key influencers in SaaS purchase decisions, according to the latest research by Springboard Research, a leading innovator in the IT Market Research industry. Per Springboard’s report titled *“Software-as-a-Service in APAC: The Momentum Continues,”* the SaaS market in APAC (excluding Japan) in 2007 was an estimated US\$274 million and will register a compounded annual growth rate of 59% during 2007-2011, reaching an estimated US\$1.8 billion by 2011.

Based on a survey of 530 CIOs and IT managers in India, ASEAN, China, and Australia & New Zealand, the study found that awareness and familiarity of SaaS across the region has reached an all time high. However, the report cautions that the APAC SaaS market is rather immature as customers are still grappling with issues like finding the right application and ensuring reliable connectivity. Concerns about data reliability and security are also impacting the growth of the market.

“Although SaaS awareness has reached a peak, deployments in the region demonstrate that the market is still in its early stages as most customers have deployed SaaS applications in isolation and have not integrated these with other enterprise applications,” **said Balaka Baruah Aggarwal, Senior Manager of Emerging Software for Springboard Research.** “Vendors must therefore continue to invest further in educating customers on the best ways to derive the benefits of SaaS, especially in China, ASEAN and India,” Ms Aggarwal added.

The report also revealed that in terms of penetration, the technology, manufacturing and financial services industries have emerged as the leading verticals in the region to adopt SaaS applications. The survey respondents point to their investments in existing on-premise applications as the biggest impediment to SaaS adoption.

“SaaS’ traditional value-propositions of low upfront investment and ease of use and management are no longer enough to lure existing customers with on-premise applications, **said Michael Barnes, Vice President of Software Research at Springboard Research.** “Vendors will have to offer applications and functionality that existing on-premise applications do not offer, and they also need to greatly expand local partner channels and delivery capabilities to appeal to these customers,” Mr. Barnes added.

SaaS Adoption Trends

Australia remains the largest and the most mature SaaS market in the region, while SaaS momentum has demonstrated strong growth in many parts of India and China as vendors have started focusing and investing more in these markets.

In terms of revenue generation, CRM continues to dominate Asia's SaaS application market with a 42% market share, followed by on-demand collaboration tools and core enterprise applications like ERP and Supply Chain Management (SCM). In terms of other SaaS applications, on-demand email, desktop applications, security/compliance, HR payroll, accounting tools, and e-procurement platforms have all made rapid inroads during the previous year.

"There are opportunities for SaaS across many applications, but Springboard believes that on-demand collaboration will emerge as the most pervasive SaaS application as more and more enterprises seek to both leverage and empower an increasingly distributed workforce," Ms Aggarwal said.

The report notes that Salesforce.com continues to dominate the SaaS market in the region, while other key players include pure play SaaS providers like Cisco Webex, RightNow, Netsuite and Citrix Online and traditional software vendors including Microsoft and Oracle.

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About this report

The Springboard Research report, "*Software-as-a-Service in APAC: The Momentum Continues*" report focuses on the key trends and dynamics in the APAC SaaS market. It offers data on the enterprise SaaS market in the region along with individual country profiles for India, ASEAN, China, and Australia & New Zealand. The report also provides growth forecasts, outlines the demand drivers among the regional organizations, details the growth strategies of key vendors, and examines the role of ISVs in the region. The report concludes with Springboard's recommendations for end-users and vendors with interest in SaaS.

About Springboard Research

Springboard Research is a next-generation IT market research and advisory firm. Springboard leverages its pioneering research model to deliver greater agility and flexibility in IT market research and helps its clients lead rather than follow market trends. Springboard works with the leading IT companies in the world in the software, services, telecom, and hardware sectors. Founded in 2004, Springboard has a worldwide presence with offices in the United States, Australia, Singapore and Japan, as well as global research centers in India, Pakistan, and Morocco. Springboard has been acknowledged as an emerging leader and was recently named "Rising Star" in the global IT market research industry by Outsell, the leading research and advisory firm for the information industry. For more information, please visit www.springboardresearch.com

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