



Software as a Service Challenges the Status Quo in the Asian Software Sector, finds Springboard Research

Market to exceed US\$500 million by 2008, up from US\$80 million in 2005

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Springboard Research, a dynamic innovator in the IT Market Research industry, today released a study showing strong growth in adoption levels across Asia for Software as a Service (SaaS) in 2005, and even brighter prospects ahead. The regional market (excluding Japan) saw revenues increase over 80% to US\$80 million in 2005, and the market is expected to grow to US\$501 million by 2008.

SaaS is an emerging software delivery model in which application software is delivered remotely through a subscription-based fee rather than being sold for perpetual use. The users do not buy the license of the software, but only a right to use it. SaaS is also referred to as On-Demand Software and On-Demand Application.

"The SaaS market is receiving considerable focus from software vendors operating in various spheres of the industry," noted Dane Anderson, Research Vice President at Springboard Research. "Global software giants, local ISVs and emerging on-demand software vendors all have a healthy dose of respect for the power of SaaS to disrupt the competitive frameworks of the software industry in the future."

A survey of Asian Small and Medium-sized Businesses (SMBs) identified cost benefits as the primary driver for SaaS adoption, but ease of use and business benefits were also cited as important market accelerators. Of the surveyed SMBs that had adopted SaaS, estimated savings ranged from 5-55% compared to the traditional licensed model, with the majority (58%) reporting estimated savings of between 20-30%.

Although SMBs represent the primary SaaS market in Asia today, a key study finding is that adoption is picking up in the large enterprise sector as well. Large enterprises are far less likely to leverage the SaaS model for core applications such as ERP, but for applications deemed less mission-critical and those on the edge of their infrastructures, SaaS is receiving considerable interest.

Customer Relationship Management (CRM) currently represents half of total SaaS revenue in Asia, followed by Web Conferencing and Collaboration and back-office applications. However, a number of other software market sectors are now gearing up for a SaaS push. Two segments in particular that appear poised for strong SaaS advances over the next several years are Security and Collaboration.

Given the cultural and economic complexity and diversity of the Asia Pacific region, the adoption of SaaS is not uniform across the region. Australia and New Zealand are closer to North America in terms of SaaS adoption trends, and Australia is the largest SaaS market in the region. China and India are seen as countries with the greatest potential in the mid to long term future.

Asian software vendors are slowly entering the SaaS marketplace, but North American vendors currently dominate the market. The top 5 vendors – Salesforce.com, WebEx, RightNow Technologies, Oracle and NetSuite – represent more than 50% of market revenues, and their dominance is likely to continue for the next few years.

About this Study

This Springboard Research report – *The Software as a Service Market in Asia Pacific, 2005 to 2008: Blazing New Routes-to-Market* – examines the key trends in the Asia Pacific Enterprise Software as a Service (SaaS) market. A key focus area of the report is in providing an array of market data including market size and growth forecasts for key application segments of the enterprise SaaS market in Asia Pacific excluding Japan. A survey of 210 CIOs and IT decision-makers at small and medium enterprises in Australia, China, India, Korea, Malaysia, the Philippines and Singapore assesses the level of awareness and adoption of SaaS in the region. The report also profiles leading SaaS vendors in the region, their offerings and business strategies.

Chris Perrine
Vice President – Business Development
Springboard Research
65-6236-7681
cperrine@springboardresearch.com

Dane Anderson
Vice President – Research
Springboard Research
65 6236-7682
danderson@springboardresearch.com

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Founded in 2004, Springboard Research serves the needs of its clients globally through offices in the United States, Singapore and Japan as well as global research centers in India and Pakistan.

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