



India to be Fastest Growing Software as a Service Market in Asia Pacific

Market to exceed US\$48 million by 2008, up from US\$7 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 in India and across Asia for Software as a Service (SaaS) in 2005, and even brighter prospects ahead. India saw revenues increase over 53% to US\$7 million in 2005, and the market is expected to grow to US\$48 million by 2008, representing the fastest growth in the region.

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 Indian 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. Indian SMBs have the highest level of awareness of SaaS in Asia, however, SaaS has not made much headway among them largely because of low penetration of software application usage in this market segment. The mismatch between high awareness and low SaaS penetration is also because most of the SaaS vendors are not present in India and large traditional vendors dominate the Indian enterprise application software market.

Web Conferencing and Collaboration currently represents the largest portion (43%) of the total SaaS revenue in India. However, a number of other software market sectors are now gearing up for a SaaS push. The segments in particular that appear poised for strong SaaS advances over the next several years are ERP, Supply Chain Management, and Human Resources applications.

Indian software vendors are also slowly entering the SaaS marketplace, but North American vendors currently dominate the market with web conferencing and collaboration vendor WebEx leading the Indian market.

"We believe that the current buoyancy in the Indian economy driven by rising domestic consumption as well as exports, the growth of broadband infrastructure and growing penetration of the Internet among SMBs will make India a significant market for SaaS applications," said Ravi Shekhar Pandey, Senior Market Analyst at Springboard Research.

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.

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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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