

Benefits of Software as a Service (SaaS)

By Larry Heicher, BScaler, Inc.

As a business owner, you need information quickly so you have more time to make the best choices. As a small business grows, quite often those employees you trust the most have your business data stored individually between them. You must spend time to gather this information. You regularly call the top person from each area into your office to report to you or perhaps you communicate via email. This means you have less time to make decisions.

You regularly gather info from 4 main areas:

- 1) Sales
- 2) Operations
- 3) Accounting and
- 4) Service

Here is a common scenario:

Melissa is the owner of her own business. She has 14 employees. The main person from each of the 4 areas prepares reports for her. One or two uses a spreadsheet with a grid while the others send her a letter with a table. It would be better to have only one person reporting for **Sales, Operations, Accounting and Service** but no one *has* that skill set (except maybe Melissa).



Melissa after graduation and ready to take on the world

Perhaps she asks everyone to learn a confusing spreadsheet process. One of her tech people networks this mix of spreadsheets to the computers in all 4 areas of the company. One day she realizes, perhaps painfully, that any user can delete an entire spreadsheet file at any time or worse yet—email out a spreadsheet of customer data to a competitor.

Next Melissa's tech guy persuades her to adopt an eclectic but inexpensive (?) approach: Melissa buys 2 or more kinds of software: One for the front office and perhaps one or two for the back office. After some fussing the tech guy gets this working. Maybe he can integrate this makeshift solution but usually not. Users enter data twice but it is better than having everything on spreadsheet software. Either way Melissa is now overly dependent on one person. She is always looking for the tech guy when this "system" goes down.



The tech guy after a brutal day working with an "eclectic" system

Over time, Melissa and her employees get used to this makeshift system. Perhaps she finds the time to look at other software packages available but there are 4 main problems:

- 1) She has a nagging "if it ain't broke don't fix it" feeling--but she knows she can do better.
- 2) One of her main people threatens to quit if she changes the current system.
- 3) She thinks if she changes to another system that doesn't work she'll look foolish.
- 4) The "system" develops a personality of its own. Melissa's company cannot grow (scale) any bigger with it. Employees complain about its cheapness and blame her when something goes wrong. (Then she hunts down the tech guy).

Melissa constantly reviews these things but always decides that staying with this way is the best thing. She thinks she is saving money.



Here are some facts:

- **You do not save one dime with this approach**
- **Employees rarely quit over new order processing software**
- **It is foolish to stay with this type of system**
- **Unless you are in the order processing software business, this makeshift system is actually like another business to manage that only costs money.**

You do not save one dime with this approach.

One part of the system is up when another part of the system is down. While the system is down employees sit around laughing and having a good old time. Then employees request overtime pay to complete their work. The tech people have to be constantly pulled away from more important projects to bring up the system.

Employees rarely if ever quit over new order processing software.

Some employees do not like to share their knowledge with their peers. They may secretly claim job security as their defense. Such employees like the quirks in makeshift process because they feel it gives them an edge over new users. When there is a new or better system these “experts” feel threatened. Everyone then is learning the same things. Every user functions on a more level playing field. Real experts always shine through with better tools.

It is foolish to stay with this type of system.

This approach rewards you with confusion, heartache, worry, dissatisfaction and inefficiency. Employees complain about and even laugh at it. Customers sense unprofessionalism.

Unless you are in the order processing software business, this makeshift system is actually like another business to manage that only costs money.

An actual business software company employs experts who develop and test specialized software. This is what they do all year round all day every day. Then they sell it. If you develop business software only for the needs of your small business it's like making your own shoes. Another company that specializes in this business can make them better and cheaper. It's called commerce.



The Alternative

There is a business software model called Software as a Service (SaaS for short). The SaaS company keeps the server, software and data on their premises. You use the web browser on your computer to access that server. The service and your data are available around the clock. All you need is a log in name and password.

The usual SaaS Company provides at least 2 of the following:

- 1) Sales**
- 2) Operations**
- 3) Accounting and**
- 4) Service**

Every customer using Software as a service has his or her own space on the server. One customer CANNOT see the data of another customer. A special program scrambles the data before it travels over the internet. Another program unscrambles or decodes it at the other end. The Software as a Service model has been around for years. It is perfectly safe. No data is lost. Banks use this technology.

Many SaaS companies provide only limited areas of a business; for instance, some provide only sales features, others provide only back office and accounting. There are however a few SaaS companies that provide both business operations and accounting but usually you have to buy separate modules. You also have to pay the SaaS company to integrate these modules. There are a rare, few SaaS companies that provide complete applications, ready to use, with integrated sales and business operations. The company sponsoring this article is one of them.



Why SaaS

The SaaS Company absorbs all tech costs:

The money you save not paying for an in-house solution is the same money you are MAKING for your company. This easily adds up to tens of thousands of revenue dollars per year every year.

Each user has the benefit of using a complete Business Enterprise Software. The neat part is that your company does not spend the hundreds of thousands of dollars necessary to develop and maintain it. You pay a small fraction of that on a subscription basis. Upgrades are always free.

As the owner and operator of your business, you have access right now to all reports from all main areas. You see all transactions and reports up to the second. You will not need anyone to tell you what is going on.

Other perennial benefits of web-based Software as a service:

- ❖ Sales people can create quotes when they're on the road.
- ❖ Doubtful purchasers can double check an order in the middle of the night.
- ❖ Employees can work at home while taking care of sick children.
- ❖ A unified web-based database creates a more cohesive workforce.



Enter BScaler and Cloud Computing

In the heart of Silicon Valley there is a growing company called BScaler that is one of the rare, few SaaS providers that provides a completely integrated web-based solution with Sales, Operations, Accounting and Service features. The system uses what is called "cloud computing." The term is based on the fact that BScaler services are offered through a secure Internet address for their clients, allowing clients to access information that is "floating digitally," like a cloud.

Clients of BScaler are not asked to make any up-front investment in servers or software licensing, but instead pay a monthly subscription fee based on the number of employees the client has that require access to the information from BScaler. Before a Service Agreement is ever signed, there is a pre-

sales team that goes out to the company and interviews them to make sure BScaler has what they are looking for. After a service agreement has been signed, the client delivers all of their customer, inventory and accounting records to BScaler for input into the software system. The server that the data is loaded onto is already up and running; the client merely “jumps on board” so to speak. The solution is all ready for the client to enjoy:

- No upfront investment in servers, software licensing or maintenance
- Centralized Database for Sales, Service, Operations, Finance & Accounting
- No lengthy integration -- we did that already!
- Never a costly upgrade
- Very affordable subscription fees per user (flexible - pay only for what you need)
- IT & Administrative Costs cut at least 50%
- Data entered once is immediately available to other users anywhere, 24x7
- Work at home or remote, save energy & commuting time
- Virtual office or on the road
- Paperless system, environmentally friendly (no hard copy & no heat-generating servers)

There is certainly a steep learning curve when taking on any business software but keep in mind that learning streamlined business enterprise software takes just as long as learning a makeshift “eclectic system”. Signing on with BScaler, a SaaS company that streamlines Sales, Order Processing, Accounting and Service not only makes sense, it also saves money. You’ll be glad you did.



Melissa after signing up with BScaler

Appendix

Here is a typical workflow day that happy users experience with the BScaler application/service:

Sales

- A prospect finds your website and clicks a link (provided to you by BScaler) on your home page. This takes them to a registration screen they fill out. Their contact information automatically goes onto the Lead List. The marketing manager uses the Lead List to print out mailing labels.
- The sales manager assigns leads to different sales reps.
- A sales rep logs into My Sales Desk where he manages the appointments, calls and opportunities of his suspects, prospects and customers. His appointments interface with his outlook calendar. He can also keep track of customer orders and quote histories. The sales rep promotes a lead to a contact. He can look into My Sales Desk using his laptop and instantly check inventory levels. He prepares a quote and emails it while he's on the road.
- The Sales Manager logs into the Sales Desk of each rep. He prints out a Sales Forecast.
- After the sales admin receives the customer purchase order, the admin or sales rep emails the controller for order approval.
- The sales rep or admin prepares orders and splits them into different sale groupings such as recurring or deferred revenues or regular.
- A sales rep can copy lengthy quotes to new orders to save time.
- Sales Rep checks the AR status in My Sales Desk. He sees what invoices AR has not yet applied payment. He checks with AR and then calls the customer for payment.
- Customers, after you give them permission in Customer Portal, create and keep track of their own sales orders. They can also create their own Service tickets and keep track of what they owe you.

Operations

- The Purchaser sometimes works from home. She receives email to change the quote to a sales order. She creates a purchase order and emails to the vendor. She does not have to re-enter all the line items because the system automatically copies them from the Sales Order. The inventory can be received into different locations or warehouses or drop shipped directly to the customer. She generates a payable when the vendor's invoice arrives.
- The Production Manager runs the Customer Request Ship/Service Report to prioritize the order processing for the day. She looks at the Backlog report and Parts Forecast to maintain inventory levels. There is a Deferred Revenue Backlog report to send to Production to recognize revenue, Invoice Reports to check for accounting and a Customer Service Expiration Report to know when to renew and invoice Service Contracts.
- The Production Manager receives the products into inventory after they arrive. She invoices and ships out the inventory from the sales order. She easily adds tax, freight and fees to the invoice. She uses the Shipping Manager to ship out via FedEx or UPS.
- The production department keeps track of shipping in-house parts between warehouses using Transit Location Packing Lists for sales samples and company equipment.
- Outbound consignment is easy when you use the Inventory per Locations Report.
- Fifteen days after you ship an order, the customer requests a Return Material Authorization. The BScaler application has 3 RMA levels.
- RMA 1: The Support Admin logs into My Service Desk. They create a Service Ticket for the RMA. They email the ticket number to the customer as a reference RMA number. The Support Admin creates a packing list and sends to the valued customer a replacement part from the service buffer location. When the customer returns the bad part, the support admin enters this into the system. The system maintains a Service History; then they create a packing list in My Service Desk to ship the part to the Vendor for repair.
- RMA 2: The customer receives an RMA number. They send back a part and don't want a replacement. The Controller adjusts the invoice accordingly to reverse revenue. AR has already applied payment. The customer receives a credit memo with an option to have the credit applied to another invoice.

- RMA 3: The Controller decreases the quantity on the invoice. This puts the returned quantity automatically into an RMA location in the system. The Production Manager generates a packing list to the Vendor to return the part. If the vendor invoice is paid, accounting performs a simple transaction and double entry in the General Ledger. If not paid, the AP person credits the vendor invoice in the system.

Finance and Accounting

- The controller establishes credit for the customer and approves the order.
- Accounting roles generate Accounts Receivable and Accounts Payable Reports, Customer Payment and Sales Tax Reports. All Accounting reports are accurate up to the second in real time.
- The AR role receives and applies payment.
- The AP role cuts a check to the vendor.
- The Chief Executive logs into the Executive Desk at home on Saturday. He instantly sees the financial status of the company.
- The Controller and the Executive Staff plan a careful financial strategy by which certain General Ledger Accounts will be associated with certain Business Units and Departments. Journal reports detailing Expenses and Revenue will show exactly where the money is coming from and to where it's going.
- Accounting prints out sales commission reports for the Production Manager to review. The Commission Module has a Save feature to capture reports. Invoice information may be changed but the saved commission report is frozen.
- Throughout order processing, the application keeps track of all General Ledger accounts, their transactions and histories.
- The accounting role easily performs manual general ledger entries for credit card statements, petty cash, reimbursements, etc. The system forces users to choose Business Units and Departments on each transaction for accurate audit trails.
- An accountant can either receive in Fixed Assets directly or transfer Inventory to Fixed assets. A user depreciates Fixed Assets with a few clicks.

- An accountant computes simple interest on a Notes Payable.
- At the beginning of a new month, accounting reconciles the past month's bank statements with the bank statement worksheets in ERM.
- Your CPA sees all AR, AP, Bank Statement, Fixed Assets, Inventory information from their office across town. They study your interim statements—but only if you give them access.

Users log in from anywhere at any time from a computer with a browser and an internet connection. The IT person at your place of work needs only to maintain the computers and the internet connection---but they do that anyway. They do nothing with the business software; Bscaler manages that for you.