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**DOCUMENT MANAGEMENT SOFTWARE: SAAS VS. INTERNAL  
DEPLOYMENT**

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## Introduction

If your company is considering investing in electronic document management software (EDMS), you may feel a little overwhelmed by all the options available. Not only do you need to find the best product to meet your functional and budgetary requirements, but you also probably need to find the product that best fits with your IT infrastructure. Traditionally, document management software is purchased and then installed and implemented on a company's servers and workstations. In recent years, a few document management companies have begun to offer hosted document management software where your documents reside on a server external to your facility and you access the system via the internet.

The purpose of this white paper is to provide a comparison between the internally deployed and hosted approaches. There are advantages and disadvantages to the two approaches, so we want to provide information to help determine which approach makes the most sense for your business.

Hosted solutions have become most widely referred to as SaaS(1), Software as a Service, so we will use "SaaS" to describe hosted solutions in this paper. Other widely used terms for SaaS include Cloud Computing and Hosted software. Since there is no common term for software installed and deployed internally, we'll refer to these systems as "internal."

Specific areas considered in this comparison paper include:

**Financial** – what are the short-term and long term costs associated with the two approaches?

**Deployment** – what are the steps taken to get the systems up and running for your business?

**Integration** – what are the capabilities (or maybe limitations) of SaaS vs. Internal?

**Security** – are there security differences between the two approaches?

**IT Philosophy** – does your company embrace internal solutions or are you going "virtual"?

Even before we start examining these different points, most people can identify one or two considerations that trump all the others. It is still a worthwhile exercise to examine the big picture to help lead you toward the right decision.

## Financial

Let's start with the financial considerations relevant to choosing the best approach for your business. In simplest terms, internal solutions require a larger upfront investment while SaaS costs are typically spread out more over time with monthly payments.

With an internal solution you will need to examine the server requirements for the application you are going to deploy. Many document management software server modules run on Microsoft Windows Server, but you will still need to make sure you have the server version required by the vendor. Some

systems require a dedicated server and others will run on a server with other applications. If you are able to use an existing server for your new internal document management system, then your upfront costs are reduced. If you have to update the server software or even purchase a new server, then you obviously have to add this investment into the equation. Also, don't neglect to make sure that your workstations' OS are supported. If you are running older workstations, you may have to upgrade those, as well.

If you have an existing server that meets the requirements of the document management software you select, then chances are your organization has the capability and predisposition to take the internal approach. However, with the internal approach, many organizations overlook the ongoing cost of managing the server and backing up data. Having a reliable backup is non-negotiable when you deploy an internal document management system. These are ongoing costs that you need to take into account when you weigh the financial aspects of SaaS vs. internal.

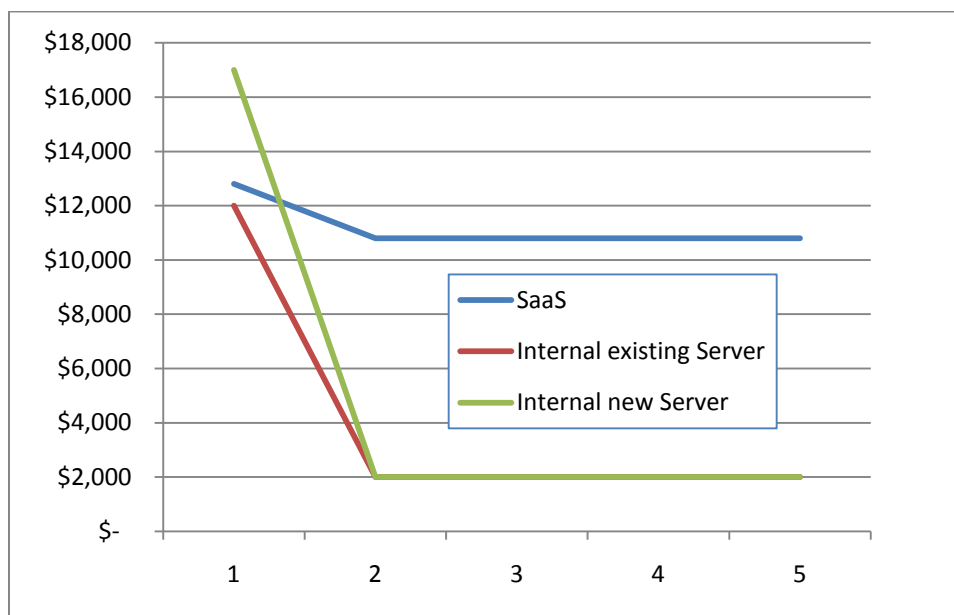
Another ongoing cost associated with internal systems is software maintenance and support. These typically run in a range from 15 to 25% of the original purchase price per year. Maintenance and support are not always mandatory, but are considered to be a valuable insurance policy to make sure your software is always supported and kept up to date.

One of the major advantages of SaaS is that you eliminate startup and ongoing costs associated with a server and data backup. These expenses are usually rolled into a monthly SaaS fee. It is then up to the service provider to invest in and maintain servers and to execute data backups on a regular basis. Most SaaS providers include maintenance in their monthly fee. Policies on tech support vary widely so it is hard to compare one approach vs. the other, but this is something you should inquire about with your provider.

So let's take a look at a simple scenario to compare costs over time. For this example, we'll use a 10 user document management software system to compare costs over a 5 year period. Here are our pricing assumptions:

- Initial consulting and set up for both systems is \$2000.
- Purchase price for this internal approach example is \$1,000 per user with maintenance and support calculated at 20% starting year 2.
- If a new server is required, we used a round number of \$5,000 for this example.
- SaaS pricing for the example is \$90 per month per user.
- Internal IT personnel cost are not included in this example.

The chart below illustrates that SaaS is more expensive than internally deployed software over time. Ongoing costs for internal server maintenance and data backup are not included, but they will increase the annual cost of the internal solution. Of course, you may have other factors to plug into your cost analysis. This is just intended to be a simple example of how costs may compare over time.



## Deployment

The next area to think about is deployment. By deployment, we mean the process of getting the software up and running and in use by your people. The obvious difference in deployment between the two approaches is that with SaaS, you do not have to spend any time prepping a server or installing and configuring the server software. With some systems this can range from a couple of hours to possibly days. Deploying software internally also sometimes requires help from the IT department. With IT departments operating with limited resources it can sometimes take considerable time just to get on the IT calendar, not to mention the opportunity cost of having IT not working on other mission critical projects. SaaS systems bypass this stage of the deployment process so you can move straight into configuration and training of your people. Advantage SaaS.

## Integration

It is important that you think about how you want your document management system to integrate with other applications that you use in your business today. In general, it is easier to integrate software programs that are deployed on the same network, so the internal approach gives you some advantages if you are looking for strong integration with software that you already have running internally.

However, this is not a hard and fast rule. Some software and service providers understand this concern and have developed their software to allow for integration between your internal software applications and their SaaS. For example, if you have an accounting application running internally and you want to integrate with a SaaS-based document management system, you can find providers who support this (HINT: Cabinet NG's Retriever and Synchronizer modules are designed to do this). A more difficult problem to solve is actually integrating two different SaaS systems, like tying a SaaS CRM to a SaaS document management system. There is a tremendous opportunity for providers to work together to

make this approach available to the market and we believe this is a trend that will gain momentum soon. So for now, in a close race let's look at Integration potential being a little stronger with internal systems.

## Security

No matter which way you are thinking about deploying your document management system, security is an important concern. With both internal and SaaS systems, having a centralized repository where your documents are stored gives you the ability to secure these documents and control who has access. Companies operating without document management software face multiple challenges in securing paper and electronic documents spread across central file rooms, office file cabinets, desktops and shared servers. At best, multiple security policies encompassing physical storage and electronic storage have to be managed and enforced. And in the event of a breach, there is little that can be done to see the "who, when, where or what" of the missing or altered document. Conversely, documents stored in a good document management system, internally or SaaS, can be controlled and audited. With either approach, the centralized document repository should be controlled by requiring users to login and supply a password before accessing documents. And then, they should only be given access to the documents they have rights to work with.

In the case of an internal system, the physical server (or servers) containing the documents and information should not be accessible except by authorized system administrators. With a SaaS system, only authorized persons within the service provider should have access to the servers, whether physically or electronically.

User access to SaaS systems can be accomplished a couple of ways. One way to access the document management system is via a web browser to a site requiring a login and password unique to each user. Today's industry standard SSL(2) security method prohibits unauthorized users from accessing your system. Alternatively, by providing a secure VPN(3) connection to the server, another layer of security is provided. With this approach, the user connects to the server through the VPN and then enters a user name and password to access the system. Neither approach is necessarily superior; both provide reasonable and acceptable security to your repository.

Closely related to security is the notion of disaster recovery. By definition, having your data off site and backed up on redundant systems maximizes your chances of recovering from a catastrophic event that damages your facilities. For internal systems, your data should be backed up off site at regular intervals and you should have a proven recovery method in your plan. The SaaS model you choose should provide redundant, off site back up and a known recovery strategy.

Another security issue to think about is export capability. How easy is it to get your documents out of the system, whether internal or SaaS deployed? What if you decide to make a change to another provider? Will you be able to get your documents and information out of the system? Good solutions

store documents in their native format (not a proprietary format) and have export as a built-in function so you can pull your documents out of the system any time you want to.

With an internal system you can build in very high levels of security, depending on your budget and capabilities. With a most SaaS providers, excellent security and disaster recovery are built in, so as far as security goes, a slight edge goes to the SaaS approach.

## IT Philosophy

In the past, I have frequently used the analogy of “dog people” and “cat people” to illustrate that by nature, some companies prefer internal software and others lean toward SaaS. It’s just the way they want to do business and the subtleties of this white paper may or may not have a huge impact on selecting an approach. I have learned that this analogy is not perfect. We have friends who have dogs and cats and turtles and you name it! Many companies are not locked into one approach. They look at all the options available and make their decisions.

Companies who lock into one approach or the other are doing so because they understand their core competencies and they have learned how they can most successfully implement software and technology. For example, new businesses adopt the SaaS model at a higher rate than established companies. In a nutshell, they do this to conserve upfront capital and to minimize ongoing work associated with building and maintaining internal server networks. This approach allows new companies to invest in growing their businesses. More established companies may have developed IT competency over time and they understand that deploying software internally helps them better leverage those resources. Both approaches are right – because they fit those specific businesses.

And guess what – a lot of companies use both internally deployed software and SaaS models to deploy their software. Just like the family with the house full of pets!

The good news is that there are now more options to choose from. So, as far as your company’s IT philosophy goes, either internal or SaaS may be the right answer.

### SaaS vs. Internal EDMS Scorecard

<i>Criteria</i>	<i>SaaS</i>	<i>Internal</i>
Financial		✓
Deployment	✓	
Integration		✓
Security	✓	

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IT Philosophy	✓	✓
Totals	✓✓✓	✓✓✓

## Summary

When comparing internal and SaaS document management software systems, the best selection for an organization comes down to matching priorities against the two approaches to come up with the best fit. Clearly, both approaches offer the inherent benefits of improved efficiency, security, disaster recovery and productivity.

## More Information

- (1) Read more about SaaS here [http://en.wikipedia.org/wiki/Software\\_as\\_a\\_service](http://en.wikipedia.org/wiki/Software_as_a_service)
- (2) Read more about SSL here <http://www.verisign.com/ssl/ssl-information-center/how-ssl-security-works/index.html>
- (3) Read more about VPN here <http://www.howstuffworks.com/vpn.htm>

Disclaimer: [Cabinet NG](#) provides both internal (CNG-SAFE) and SaaS (CNG-ONLINE) document management software systems.