

Nonprofits Can Save Money by Getting SaaS-y

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Nonprofits, like most of us, must now do more with less. Software as a Service (SaaS) is one way they can have improved data security and access, faster implementation and better data recovery options, all while lowering costs.

Keep Your Head in the Clouds

SaaS is one of today's hottest trends in small and medium-sized enterprises. But just what is SaaS? Essentially, it is a delivery system where a software publisher provides a software application that is accessed via the Internet, and the publisher hosts and operates the application for use by its customers over the Internet. Customers do not pay for the software itself, but rather a rental fee for using it. SaaS is often referred to as "cloud computing." A cloud is a metaphor for the Internet, where the complex technologies behind it are totally hidden from the end user's view.

Hosting

Another popular data management trend is hosting. Hosting lets users access software at an offsite data center managed by a third-party in return for a monthly fee. The hosting center supplies the secure location, high-level redundant backup, aggressive virus protection and guaranteed up-time.

With hosting, you are still purchasing software licenses from the publisher. But instead of purchasing the hardware and consulting services to install the software, you pay the host a monthly fee to provide those services. The differences between SaaS and hosting are whose application you are using, the licensing arrangement and whether hardware is needed. Hosting can be performed by almost any publisher, with the basic similarity being that both are accessed on demand over the Internet.

Savings can be realized by not having to hire technology staff to manage a data center and required servers, and a firm can eliminate the need for significant advance fees. Smaller organizations can utilize local service providers on an as-needed basis for certain technology assistance, usually at a lower cost than employing full-time staff.

Safe at Any Speed

In the SaaS and hosting models, firms have greater assurance that their data is in a major data center, highly secured, with redundant backup and virus protection. Also, as the Internet is becoming increasingly crowded, there is anytime, anywhere access to the applications. This becomes invaluable to a widely dispersed user base and an excellent solution for telecommuters across multiple time zones.

The Bottom Line

Depending if a small or medium-sized organization has an internal technology group, it may or may not outsource all of its infrastructure management, such as providing software patches and updates, upgrading virus protection and maintaining backups. The organization should review its current technology costs, including internal technology staff, certification costs, software application maintenance, virus protection software, operating system software upgrades and program access costs of both its network and a virtual private one. In reviewing these direct costs one key question is can they be lowered? Cloud computing allows firms to not only outsource these direct cost items, but also establish a monthly fee, usually under a one- to three-year contract. For most situations,



there are little if any upfront SaaS costs. This can also be true of hosting where the hardware and setup costs can be incorporated into a multiyear commitment.

In a presentation to the Information Technology Alliance, Randy Johnston of K2 Enterprises spoke about how many publishers in the tax preparation, compliance, research and audit arenas are providing SaaS applications effectively. He also spoke of the software publishers in other sectors providing these services, which includes the nonprofit sector.

As with anything, there are pros and cons, so due diligence must be performed when investigating new technologies. Whether a nonprofit chooses SaaS or hosting, it has an opportunity to enhance its financial success. And with the savings, charitable organizations may be able to afford luxuries, such as the latest fundraising software, which could certainly help during these challenging economic times. 📊

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