

WHITE PAPER

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SaaS and Cloud:
Beware the Wolf
in Sheep's Clothing



With the growth of SaaS solutions in treasury, it seems that everyone is clamouring to be “in the cloud”. This high demand is for good reason – cloud deployments offer major advantages for treasury departments who implement treasury technology. With every vendor trying to be SaaS (even when they’re not) this also creates much confusion in terms of vocabulary, determining what is really cloud, and more importantly, why as a user you should care.

At Kyriba, as an “in the cloud” 100% SaaS provider, we would like to help you clear up the vocabulary and help you understand why the distinction matters. There are many software providers in the treasury software industry masquerading as true SaaS vendors, so it is important to help you find the wolf in sheep’s clothing.

What’s the difference?

Some vendors blur the lines between different definitions in order to confuse buyers. However, the different terms have very specific meanings, as outlined below:

Cloud

Cloud solutions are completely online with no element of the system installed on your machine. “In the cloud” is a phrase that’s used to describe software and services delivered through a browser instead of an application on the desktop – an analogy here could be Microsoft Office 365 (completely online, in the cloud) versus the Microsoft Office suite that is installed on your laptop or PC.

Cloud solutions are hosted by the cloud service provider (i.e. the vendor) with infrastructure and data managed within a data centre, which is often a colocation facility with multiple cloud service providers as tenants. Salesforce.com, Google, NetSuite, and Kyriba are examples of cloud service providers offering public cloud solutions.

While public cloud is by far the most popular, there are also private cloud solutions. No TMS provider offers a private cloud – those that make these claims are actually offering hosted software.

SaaS

SaaS (software-as-a-service) and cloud are often used interchangeably, but aren’t exactly the same thing. SaaS is a delivery model using the cloud to offer software online on a subscription basis.

SaaS is part of our everyday business and personal lives. The cloud service providers mentioned above – Salesforce.com, Google, NetSuite and Kyriba – are also examples of SaaS providers. And so are brands that millions of individuals interact with each day, such as LinkedIn, Netflix and Spotify.

SaaS software vendors only make one version of their software, which is only available via a browser. While each company that subscribes to a SaaS solution has their own database, which is provisioned exclusively for them (i.e. it is highly secure and can only be accessed by that company), there is only a single version to support, maintain and update. This allows the vendor to reduce its own costs, which similarly reduces the cost to the customer.

In treasury, many TMS providers claim they are SaaS but only exhibit certain characteristics of a SaaS solution – such as selling software on a subscription basis or offering software hosting as an alternative to installation on your servers. This does not make them SaaS¹.

With SaaS, there are no term licenses and there are no charges for upgrades. You pay for what you use for as long as you want to use it.

¹National Institute of Standards and Technology (NIST) Definition of Cloud Computing - <http://csrc.nist.gov/publications/nistpubs/800-145/SP800-145.pdf>

Hosted/ASP

Hosted software is when an on-premise or installed application has the database hosted by a third party vendor – either the TMS provider or a third party. Originally this external hosting was called ASP (application service provider) and even though the term is not technically correct, the ASP reference has stuck.

Hosted software requires the use of a browser or thin client portals such as Citrix to access the software itself. However, this does not make hosted software a cloud solution. Hosted solutions offer no other benefits that true cloud solutions yield – such as multi-tenant hosting, proactive monitoring, no-touch upgrades, or full disaster recovery capabilities. Hosted software is an installed software solution – except the database resides elsewhere.

Vendors that offer hosted software will talk about their solutions as if they are SaaS and in the cloud, hoping to confuse the market and prey on the buyer not otherwise knowing the difference.

Why SaaS?

1. Cost Certainty

The SaaS model offers cost certainty as well as a payment schedule that aligns with when benefits are realised. Non-SaaS pricing models offer upfront software licensing that needs an ROI analysis to determine if there is sufficient payback. For SaaS: the benefits either outweigh the costs or they don't. If the software does not pay for itself then the subscription is not entered into.

SaaS subscriptions also include all the upgrades, monitoring, and support for uninterrupted use for years to come. There are no term licenses and there are no charges for upgrades. You pay for what you use for as long as you want to use it.



2. The Security of SaaS

Treasury manages the company's most sensitive data, so security is a critical consideration. Features such as full data encryption, multi-factor authentication, IP filtering, penetration testing, intrusion monitoring, and multi-layer physical security are the minimum needed to protect treasury data.

These capabilities are expensive to offer, which puts hosted software providers at a competitive disadvantage. Cloud service providers can make these security investments and spread the costs across a thousand clients – where installed or hosted software requires individual configuration and investment for every single customer.

As a result, security actually is better in the cloud. And this can be validated by review of your treasury provider's SOC1 and SOC2 audit reports. Although the SOC1 – based on the SSAE16 standard – is useful, the SOC2 is the critical report for SaaS applications, according to AICPA, the organisation that oversees SOC1 and SOC2 audits.

3. SaaS offers better disaster recovery

In the cloud, two metrics matter: RTO (recovery time objective) and RPO (recovery point objective). In simple terms, RTO is how much time it will take until you are returned to full operations after a disruption. RPO is how much data you can lose while systems are down (in terms of how many minutes / hours of work). For the treasury function to continue performing optimally in the event of an outage, RTO should never exceed four hours and RPO should never exceed 30 minutes. These should be contracted service levels, not just promised verbally.

Full redundancy of your software, data, and connectivity is the minimum standard for any treasury department. Treasury needs to be up and running continuously, making it important to have multiple points of failure before a disruption occurs. This is a key feature of SaaS, and is a notable shortcoming of hosted software, which typically has a single point of failure making downtime much more likely.

SaaS solutions are updated for you, so it is impossible to be stuck on an old version, held hostage by upgrade costs, or being forced to make purchase decisions again after five years.



4. SaaS solutions are always up to date

SaaS solutions are updated for you, meaning it is impossible to be stuck on an old version, held hostage by upgrade costs, or being forced to make purchase decisions again after five years. For the user, this means that you will always benefit from the latest innovations and solutions, and won't be left behind when new developments are made. For every upgrade and update, you're automatically on the latest, most advanced version available.

Although not a daily occurrence, upgrades are done automatically by the vendor. Upgrades simply happen, without clients having to lift a finger. No internal IT resources are required – the next time you log onto the system, you will be on the latest version.

5. Support is better with SaaS

The problem with hosted software is that it is still an application that used to be installed on-premise – but is now hosted for you. That means that individualised attention is required for daily application support (e.g. why did my payment file not upload properly?) or for software upgrades. There is only so much that can be done automatically without human involvement for hosted software configurations.

SaaS is different, however. Not only is support for SaaS applications 100% the vendor's responsibility, but it's also much more straightforward to deliver. As all customers use the same version of the software and can be proactively monitored, it is significantly easier to identify and solve issues quickly, without the user's involvement in many cases. This will speed up resolution of support issues by hours or even days over on-premise or hosted software.



So how do you tell the wolf in sheep's clothing?

Fortunately, distinguishing ASP from SaaS is easier than you may have thought. Here are some key signs to look for:

	If Yes, it is...	If No, it is...
Are multiple versions of the software supported? Can clients remain on an older version?	A Wolf	SaaS
Can your software be used on your tablet just as easily as on your laptop?	SaaS	A Wolf
Did the same software used to be offered as an installed version but now is also "SaaS"?	A Wolf	SaaS
Do you have to download an app or a plug-in to use the software?	A Wolf	SaaS
Do you have to pay software and/or consulting fees for upgrades?	A Wolf	SaaS
Does the vendor claim that the system can be offered as both "SaaS" and installed?	A Wolf	SaaS
Does your vendor's SLA your offer a committed uptime (e.g. 99.9%) and measurable RTO and RPO?	SaaS	A Wolf
Does your software integrate directly with other web applications using APIs or Web Services?	SaaS	A Wolf
Does your vendor offer a third party audited SOC2 Type II report?	SaaS	A Wolf
Does your vendor prefer that you pay upfront to license the software?	A Wolf	SaaS
Is the system offered as a private cloud solution?	A Wolf	SaaS
Is your software multi-tenant with all clients on the same software?	SaaS	A Wolf
Does your vendor disagree with anything we've stated here?	A Wolf	SaaS

About Kyriba

Kyriba is the global leader in cloud-based Proactive Treasury Management. CFOs, treasurers and finance leaders rely on Kyriba to optimise their cash, manage their risk, and work their capital. Our award-winning, secure, and scalable SaaS treasury, bank connectivity, risk management and supply chain finance solutions enable some of the world's largest and most respected organisations to drive corporate growth, obtain critical financial insights, minimise fraud, and ensure compliance. To learn how to be more proactive in your treasury management and drive business value, contact treasury@kyriba.com or visit kyriba.com.

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