



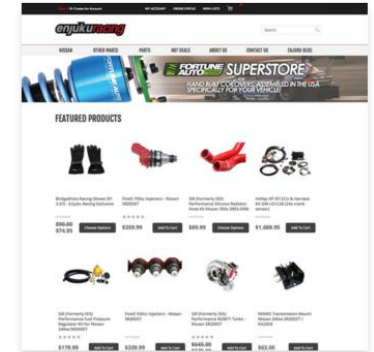
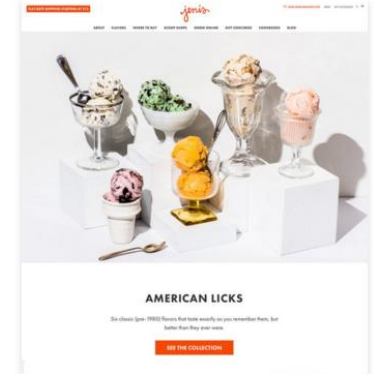
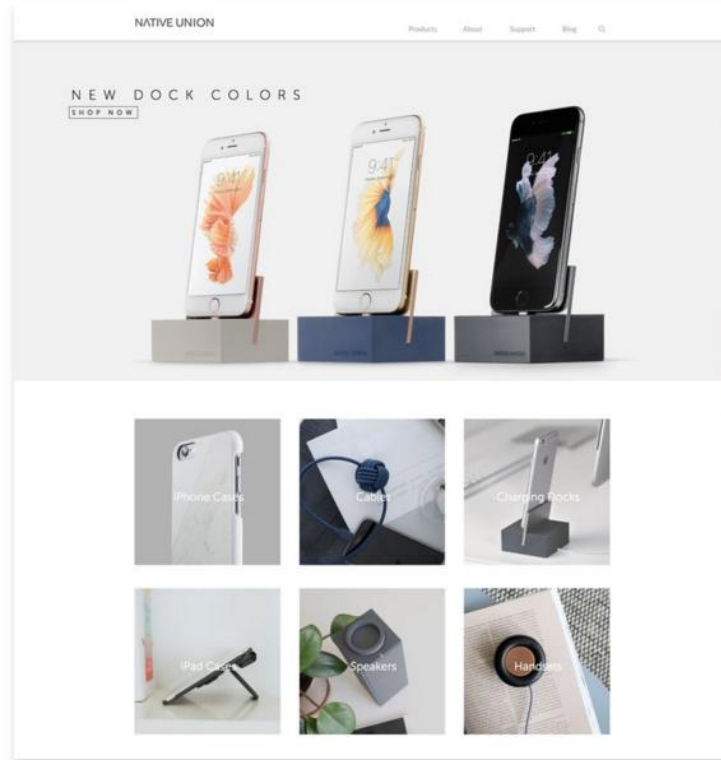
Foundations: Why SaaS?

Date: August 2016

Part 2 of 5

Why SaaS?

- Market opportunity
- Common Misconceptions
- Benefits of SaaS
- BigCommerce SaaS





The market opportunity



So what is SaaS?

Gartner defines software as a service (SaaS) as software that is owned, delivered and managed remotely by one or more providers.

The provider delivers software based on one set of common code and data definitions that is consumed in a one-to-many model by all contracted customers at anytime on a pay-for-use basis or as a subscription based on use metrics.



The shift to SaaS is well underway

There hasn't been an on-premises software company funded since 2007.

R. "Ray" Wang, principal analyst at [Constellation Research](#)

Cloud-based SaaS platforms have almost entirely displaced installed software for entrepreneurial merchants.

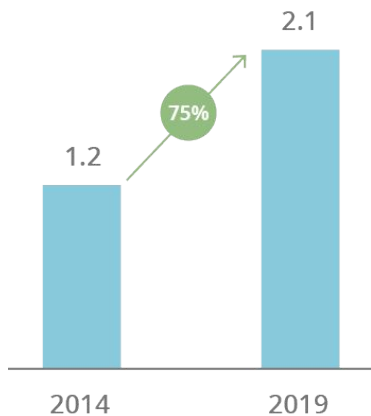


SaaS is the future of ecommerce

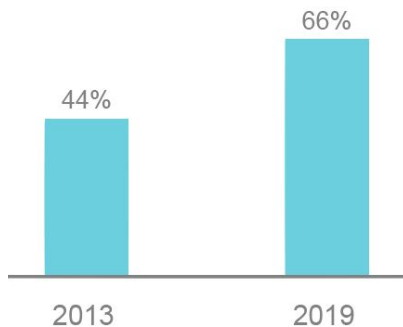
Forrester predicts that by 2019, SaaS will account for 66% of ecommerce software spend, up from 44% in 2013.

We are at the forefront of the fundamental shift from on-premise to SaaS solutions

Commerce suite technology market
\$ Billions - US



SaaS % of ecommerce software spending



Source: Forrester, 2015

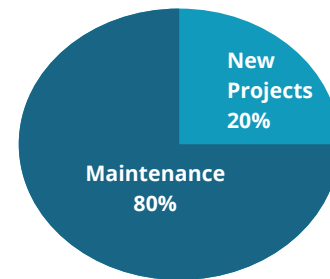
On-premise has a 6x annual cost of ownership vs SaaS

Merchants can get to market materially faster with SaaS, in an average of 55 days = more deals for our partners

SaaS frees up time and budget to grow

- On-premise has a **6x annual cost** of ownership vs SaaS
- Customers sell approximately **2x** more than industry peers
- Go to market faster with SaaS: most sites **launch in 55 days**
- Save hours per week on patching, updating and mediating IT issues
- Works out of the box: **save time troubleshooting** third-party app issues

On-Premise Spend



Where could your merchants put that time and money?

- Strategy and planning for the future
- Funding marketing initiatives to grow
- Merchandising strategy to sell more



SaaS Misconceptions

SaaS Misconceptions

- **SaaS is only for small companies**
- You do not own your own data
- SaaS is not secure or reliable
- SaaS cannot be customized

While a SaaS solution does in fact work well for a smaller company that may not have the IT resources to support a software system or server requirements, it does not exclude a larger organization with multiple sites or locations.

For example, organizations no longer need to manage multiple site installations, while maintaining different release versions of a traditional on-premise implementation by leveraging instant upgrades, a unique benefit of SaaS.

There's no reason larger companies can't reap the same benefits that a small company could.

Source: Aberdeen Group, "SaaS and Cloud ERP Observations: Is Cloud ERP Right for You?"

SaaS Misconceptions

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There's a popular belief that handling your data through third-party services means that you've surrendered your ownership rights to the service providers, who can view and use it as they please. Unfortunately, this myth is partly true since some service providers are guilty as charged.

There are many others however, who respect their clients' rights and implement critical protocols to safeguard data security and usage. You can therefore leverage SaaS within your enterprise without worrying about unauthorized access or data distribution.

Source: [Dave Porter, Filecloud "Unveiling the Truth: Top SaaS Myths"](#)

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On-premise solutions have historically had more data loss and exposure compared to cloud-based solutions.

This clearly shows that messaging has been misconstrued regarding SaaS security.

With on-premise solutions, data loss can be permanent when a system fails. SaaS back-up processes ensure that downtime is not only extremely rare, but also temporary.

The great thing of a SaaS based solution is you can rely on your software vendor to provide a reliable and secure solution.

Source: Aberdeen Group, "Web Security in the Cloud: More Secure! Compliant! Less Expensive!"

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SaaS solutions absolutely allow customization of the application to meet your unique business needs. In fact, SaaS solutions have become so advanced that when an upgrade is pushed to the application, it does not affect the customizations that have been created.

SaaS solutions can allow customizations and upgrading without the loss of these customizations. This is a HUGE game-changer. Don't be fooled by this statement any longer.

SaaS can create virtually endless opportunities.

[Source: TechRadar, "4 common SaaS myths debunked"](#)



Benefits of SaaS

Benefits of SaaS

- **Increased business agility**
- Speed of implementation and deployment
- Quickly deliver new functionality not available in packaged software
- Ability to focus resources on more important projects
- Support business innovation with delivery of new capabilities.
- Lower overall costs
- Ability to replace upfront capital spending with monthly operating expense payments

SaaS customers all share the same provider infrastructure, which centralizes administration and updates. Plus, integration is simpler because there's no need to support several platforms and multiple versions.

SaaS applications are innovating at a rapid rate because developers are focused on what's next rather than on maintaining numerous versions of old code. This enables continuous innovation.

[Source: Salesforce, "How is SaaS Different"](#)

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In the SaaS model, the software application is already installed and configured. This cuts the time to benefit and allows for rapid demonstrations and prototyping.

With many SaaS companies offering free trials, this means a painless proof of concept and discovery phase. Whether in demo mode or actually going live, intuitive interfaces for order writing and rapid uploading of electronic catalogs and customer lists deliver immediate benefits without long wait times.

Source: Handshake, “Why SaaS? 7 Benefits of Cloud vs. On-Premise Software”

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SaaS solutions typically offer seamless, automatic, frequent upgrades as part of the ongoing subscription charge. Because these upgrades happen more frequently and therefore incrementally than on-premises solutions, they typically have significantly reduced testing and end user acceptance and training costs.

Source: Forrester, [“The ROI of Software-As-A-Service”](#)

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Under the SaaS model, since the software is hosted by the vendor, they take on the responsibility for maintaining the software and upgrading it, ensuring that it is reliable and meeting agreed-upon service level agreements, and keeping the application and its data secure.

Save IT staff time for work on the systems they know best.

Source: Handshake, “Why SaaS? 7 Benefits of Cloud vs. On-Premise Software”

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SaaS vendors with true multi-tenant architectures can scale indefinitely to meet customer demand. Many SaaS providers also offer customization capabilities to meet specific needs.

Plus, many provide APIs that let you integrate with existing ERP systems or other business productivity systems.

[Source: Salesforce, "How is SaaS Different"](#)

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With SaaS, you pay for what you need, without having to buy hardware to host your new applications. Instead of provisioning internal resources to install the software, the vendor provides APIs and performs much of the work to get their software working for you.

In the case of funding software and its implementation, this can be a make-or-break budget issue, so the lower cost really makes the difference.

Source: Handshake, “Why SaaS? 7 Benefits of Cloud vs. On-Premise Software”

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SaaS software gives you the benefit of predictable costs both for the subscription and to some extent, the administration. Even as you scale, you can have a clear idea of what your costs will be.

This allows for much more accurate budgeting, especially as compared to the costs of internal IT to manage upgrades and address issues for an owned instance.

Source: Handshake, [“Why SaaS? 7 Benefits of Cloud vs. On-Premise Software”](#)

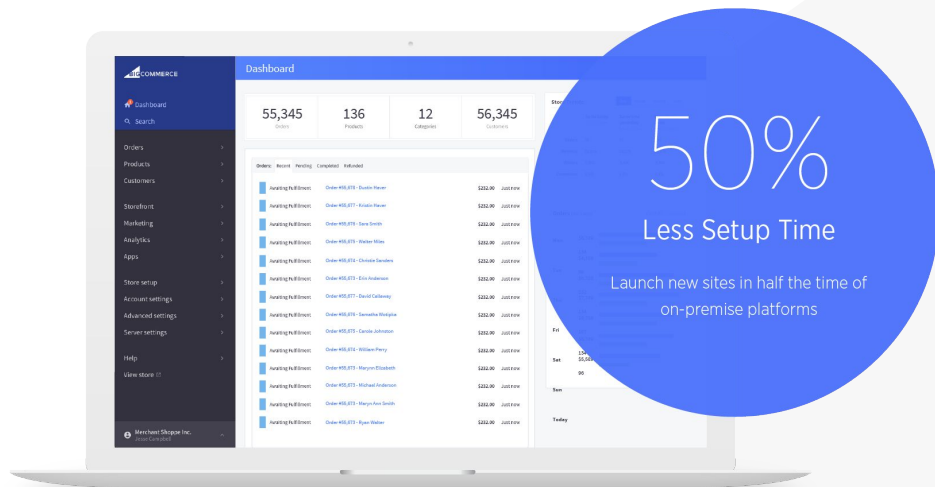


BigCommerce's SaaS

SaaS vs On-Premise

The BigCommerce ecommerce SaaS platform delivers.

- Faster to deploy -- **up to 50% faster**
- **Up to 75% less costly** than solutions like Magento for a superior TCO
- Continuous product enhancement
- No hosting or support headaches with **99.99% uptime**
- A dependable ecommerce platform that scales with business need



BigCommerce SaaS





The BigCommerce platform delivers.

- **Powerful built-in features** that drive traffic and sales
- **99.99% uptime** so your store is always open for business
- Sites designed to rank with **best in class SEO**
- Power API that processes updates up to **100x faster than leading platforms**



BigCommerce led the SMB transformation to SaaS

We are now replicating this in the mid-market

	SMALL - MEDIUM	MID-MARKET	ENTERPRISE
Annual GMV	\$0 - \$1MM	\$1MM - \$50MM	\$50MM+
Solution priorities	<ul style="list-style-type: none"> - Low price - Beautiful design - Simplicity 	<ul style="list-style-type: none"> - Demand, conversion - Extensibility, customization - ROI / TCO 	<ul style="list-style-type: none"> - Brand differentiation - Systems integration - Unique requirements
Platform competition	<ul style="list-style-type: none"> - 150+ in total - 60% SaaS - 3 SaaS leaders -- including BigCommerce 	<ul style="list-style-type: none"> - 80% installed today - No SaaS leader yet 	<ul style="list-style-type: none"> - 95% installed - 1 SaaS leader 
			

Source: Forrester, 2015



Partner Resources

Bigcommerce Partner Portal: partners.bigcommerce.com

Partner Support: partnersupport@bigcommerce.com

Partner Marketing: partnermarketing@bigcommerce.com