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costs too much.

Dave McClure • Sep. 12, 2009

One of the benefits of being a dinosaur is that you've seen enough change to know when change is real. I've been tapping on the keyboards of personal computing devices since the days when we hand-built our own motherboards, loaded programs from cassette and lived with a whopping 4K of RAM. The point isn't that I am old, but rather that I have some sense of when the light in the sky is a massive asteroid coming to wipe out the world as we know it...and when it is just a reflection off a piece of micah.

Software as a Service is a world-changing flash of light.

I've only recently come to this conclusion, because I have only recently understood why it makes sense for end users to trade their relative security, flexibility and freedom for a far-away piece of code on the Internet.

Oh, I know why it makes economic sense for software developers. It removes the tech support headaches of users who don't apply fixes and patches. It eliminates disk duplication and shipping charges. And it eliminates piracy, which is less of a problem for vendors than they like to pretend but is nonetheless vexing to software publishers.

But these reiterations of the ancient mainframe/terminal/client/server model aren't presented to us in a way that makes it comprehensible why we as end users should be happy with SaaS, or even use it, given any reasonable alternative. Nonetheless, we should and we will flock to this online SaaS model, because it solves one of the toughest problems for software users:

Software costs too much.

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in between.

The promise of SaaS as a platform is that end users might finally, easily, be able to use software in a form that allows them to buy only the amount they need. Use a word processor every day? Pay more. Use estate planning software once in a blue moon? Pay less. Granted, this will not be true for every kind of software (operating systems and web browsers come to mind), but it will be true of most kinds of accounting software.

So here is the simple economic reason that SaaS will be successful for end users: it will allow us to use more software.

In the old days, when people needed some exotic piece of software for just a single use or very limited use, they simply stole it. Wrong, sure, but not like you were committing murder. More like dancing with your best friend's girl.

But in the future, we will be able to use programs, try them out without the annoyingly crippled trial versions, and have a greater array of accounting tools at our fingertips each day. And this works out for the software folks as well, because more people will use their software — legally — with fewer support problems. The vendors will see more users, generating revenue without subjecting the users to the pain and angst of periodic new software release cycles. All software products will be tried more, the good ones will generate more revenue.

Of course, we are not there yet. The SaaS stuff in the market place so far is just a baby step out of beta testing. The economic models have not been tested out, and some mis-steps are inevitable. But beyond all of that, it has to be noted that the value for end users is not that you can access the software from anywhere, or that you can share it with clients, or even that you don't have to update and patch it. These are the features that are being pitched to sell the concept of SaaS, because software

vendors (a) are still trying to figure out how to market this thing, and (b) they find it

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In the past, software was a lump deal, take it or leave it, on our terms and no others, and for whatever price we want to charge you.

In the future, SaaS will allow you to have it your way, at a price you want to pay and delivered in a format that is convenient for you. And both end users and software developers will benefit.

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