



## OPINION



### Mainstreaming the On Demand Revolution

**Software and services vendors must foster creation of an On Demand ecosystem in order for the model to realize its potential.**

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Oct 14, 05

On Demand Delivery is providing the greatest growth opportunity for software providers in this decade. For software providers to participate in the "sudden expansion" in this market they must focus on two critical areas:

1. Build an On-Demand Ecosystem
2. Fully leverage new channels

While there has been limited success to date, On Demand solutions account for only three to four percent of the market. While it is still an emerging market, I don't anticipate "explosive growth" until it becomes easier for customers to easily deploy a comprehensive set of On Demand Services, not just a stand-alone point solution like Sales Force Automation. Many of the successful Software-as-a-Service products are function specific, operating as "stovepipe" solutions. This leaves customers facing cumbersome integration and customization issues. Becoming part of an On Demand Infrastructure will make it easier for customers to consume your products in an integrated fashion, and it will greatly expand your market reach.

#### **Become a Part of an On Demand Ecosystem**

On Demand vendors cannot succeed alone. While much of the On Demand focus today is on the content providers (e.g. software providers), there are actually three categories of players required to provide successful On Demand solutions:

1. Content Providers - Vendors that deliver IP-based services (software providers). This can include Business services (CRM, ERP, SCM, BI), IT Services (Remote Access, Storage, Anti-Virus, e-mail) and Communications Services (VoIP, Web conferencing, Wireless).
2. Enabling Technology Providers- They provide the technology that manages the On Demand infrastructure and services delivery allowing for one single point of administration, billing and support for the heterogeneous On Demand content.
3. Service Providers - Managed Service Providers, IT Outsourcers, Business Process Outsourcers, Vertical Service Providers and Systems Integrators that customize, integrate, aggregate and deliver the Content offerings.

The success of the On Demand delivery model is predicated on the creation of this ecosystem, which enables the frictionless consumption of services from the supply side to the demand side.



### **Leverage the Channel**

Software Providers can only get so far with a telesales team. They should focus on creating compelling content, not ramping an enterprise sales team. On Demand vendors must embrace and leverage the channel.

System Integrators, Outsourcers and Value Added Resellers are just beginning to capitalize on the power of On Demand Delivery. Systems Integrators and Value Added Resellers are starting to look and act like Managed Services Providers whereby they take on ongoing management responsibilities and service level agreements. Outsourcers are beginning to leverage shared business and IT services to get additional economies of scale beyond labor arbitrage. The successful software providers in the On Demand market will fully leverage these "emerging" channel partners.

### **All Software & Service Providers Benefit**

The software industry is already moving to a service-based world. Many players have begun to work together to provide leading-edge On Demand offerings. As software providers become part of an On Demand ecosystem, they will find their integrated solutions will expand their market reach substantially. When content providers, enabling technology providers and service companies come together to create a strong ecosystem, a supply chain will emerge which will ignite the On Demand market to explode.

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