

Is a Hosted Construction Management Solution Right For You?

BY REX KOTTKAMP



In the past few years, the software industry has seen increased demand for hosted solutions. This demand has been most notable in traditional enterprise-class solutions such as customer relationship management and enterprise resource planning software, where hosted solutions allow companies of any size to leverage the benefits of software previously available only to larger firms.

Three key drivers are behind the movement from on-premise (locally installed and maintained) solutions to hosted, or software-as-a-service (SaaS), solutions:

- new corporate strategies;
- technological concerns about maintaining an on-premise solution; and
- cost of the traditional enterprise-class business model.

As construction executives evaluate their strategic initiatives and objectives for software involved in company operations, they must consider if the solution will be viable five or 10 years down the road. They must take into account the expected

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growth of the company—whether through organic growth and market expansion or external growth through mergers, acquisitions and joint ventures—as well as evaluate what current market trends mean for the company's future.

Often, the changes dictated by market trends lead a business to expand or contract. A hosted business model is designed to be scalable and flexible enough to fit a variety of business roles. As a company experiences growth or downsizing, the solution can be adjusted by adding or removing licenses, and turning on or off functionality. Because of this flexibility, a hosted business model is often a good fit for organizations that foresee changes on the horizon.

CONSIDER INFRASTRUCTURE

Additionally, companies must consider if their IT infrastructure can handle the additional requirements of a new system and what changes would be required to provide needed functionality, such as remote access, disaster recovery and security. Companies also must assess the IT staff's skill set and capacity to handle the additional system maintenance, ongoing

software management and user support required by a new solution.

SaaS solutions minimize the infrastructure needs of the local operation because they usually are maintained in secure data centers that are staffed by trained individuals who keep the solution up to date. All the construction company needs is a computer with access to the Internet. With the infrastructure, system and solution maintenance requirements handled offsite, the IT staff can concentrate on supporting its users.

THE PRICE FACTOR

When looking at any software solution, whether on-premise or hosted, price is an important factor. Companies must take into account how the outlay of cash for installation and implementation impacts the bottom line. Likewise, the ongoing

cost of user and software licensing must be accounted for in the organization's operating budget.

The SaaS business model is often budget friendly and allows for better control of expenses. Because the system and software are hosted in a professional environment, the upfront installation and implementation costs are minimized, if not eliminated. Often, ongoing user and software licensing expenses are agreed on at the outset and remain at the same level through the life of the contract. Some solutions allow the number of users to be adjusted based on business requirements, helping the company control costs by adding and removing users on demand.

With the growing popularity of the hosted business model for enterprise-class software, companies have more options to consider when selecting a new IT solution. To arrive at the best decision, take into account corporate strategies, operational needs and financial factors.

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