



FEATURES

From Hosted to On-Premise: Is it Possible to Ever Go Back?

Contracts, data-transfer issues make it tough to switch back from SaaS.

By **Pam Baker** on **March 3, 2008**

Hosted CRM products have been popular of late, but does there come a time when it would make sense to change back to more traditional **on-premise** products? "We're not seeing people making that move," said **William Band**, vice president of CRM Applications at Forrester Research Inc. "It's incredibly difficult to make the change, and there is no compelling reason for most companies to do so," he said.

Over the last three to five years, **SaaS (software as a service)** has grown rapidly to 10 percent of the overall CRM market, according to Forrester Research, and that growth is expected to skyrocket to 25 percent of the market within three years. "Early on, the growth was fueled in part by companies that were dissatisfied with traditional solutions, and that attitude hasn't changed," said Band. "But continued growth is fueled by the fact that hosted CRM is cheaper and easier, and the list of vendors is growing, which means there are a lot more choices and options on the market."

Economics Dictate Principles

On the surface, it appears few are willing to move back to on-premise products as budgets continue to tighten and the economy begins to stumble. "Plus, SaaS for CRM is still fairly young. Companies have not been using it all that long, and so on-premise CRM just isn't in the game plan for most of them," said Band.

Those who do consider making the move are often met with ugly surprises. "It's not easy to get off if you wanted too," warned Band. "Look at your contract before you leap; some contracts make it hard to leave or even to turn [the contracted service] off."

But even fine-print traps are not necessarily the biggest obstacle to making the switch. Transferring your data can be a real nightmare. "Vendors like [**Salesforce.com Inc.**] make it sound easy, but it's really tough to do," said Band. "You need to figure out beforehand how to transfer data. It's a real technical challenge since it's usually stored in a vendor environment."

"Remember there is no such thing as an automatic-migration tool, especially not for the dynamic data parts," warned Frans Coenen, founder and owner of Win Result SL in Barcelona, Spain.

Test Before You Invest

"I'd suggest you extract from your existing solution a sample of data you want to see imported in the new solution," advised Adrien O'Leary, business development manager at INES SAS in Lyon, France. "You should then make sure those data can be imported the way you want it in the new solution to avoid any bad surprises."

Additionally, be wary of assuming **data transfer** will be easier if you stick with the same brand. "Don't assume an easy download even between seemingly compatible products," said Band. "For example, [**Oracle Corp.**'s] Siebel On-Premise and Siebel On-Demand are related but not the same, and there is no easy path to change."

"**SAP [AG]** does offer two completely compatible products that theoretically make the changeover easier. But no one has actually done it yet," said Band. "The area is just too new," he added.

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