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## On-demand ERP finds favor with Indian SMBs

By [Swati Prasad, ZDNet Asia](#) on March 30, 2010 (23 hours 23 minutes ago)

**Post-recession, small enterprises are fast realizing the benefits of deploying ERP (enterprise resource planning) applications on a software-as-a-service (SaaS) model, which promises to offer benefits of traditional ERP at a fraction of the cost.**

NetSuite, for instance, is seeing a growing number of SMBs choosing to deploy its ERP offerings on a [SaaS platform](#). Chris Schafer, the software vendor's Asia-Pacific managing director, told ZDNet Asia in an e-mail: "The current economy has further accentuated the significant trend toward [cloud computing by SMBs](#), as well as [larger businesses](#)."

According to Michael Barnes, Asia-Pacific vice president of software and research at Springboard Research, SaaS-based offerings provide companies the added advantage of requiring minimal IT investments.

India's SaaS ERP market includes global providers such as NetSuite, Oracle and SAP, as well as local software players such as Ramco Systems, and IT service providers including TCS, Wipro, Patni Systems, HCL Technologies. Telecom service providers including Tata Telecom, BSNL and Bharti Airtel, have also jumped on the SaaS bandwagon, said Barnes.

Sukumar R., general manager of sales at Ramco, said: "Delivering ERP on a SaaS model is a revolutionary approach in enterprise software and offers enterprises a viable, scalable and flexible model that will take them to the next level in terms of benefiting from technology."

Ramco has 150 customers--encompassing 2,000 users--for its OnDemand ERP offering, and targets verticals such as discreet manufacturing, trading and distribution, automobile components and services. The company recently launched human resource management (HRM) payroll for manufacturing on the SaaS platform.



A Springboard survey that polled 530 CIOs and IT decision makers in enterprises across Asia-Pacific, revealed a substantial pent-up demand for SaaS-based ERP offerings, with 35 percent of potential buyers indicating interest in procuring SaaS-based ERP in the next 12 months.

According to the research firm, the [SaaS-based ERP market in the Asia-Pacific](#) region, excluding Japan, is estimated to grow from US\$35 million in 2008 to US\$193 million by 2012.

### **Drivers for growth in India**

According to Sukumar, there are four key factors driving this growth. First, India has traditionally been a very price-conscious market, and this was further heightened by the global downturn. "Companies are looking for options to reduce their IT capital expenditure budget," he said.

Second, SMBs today have a global customer base and need to service this clientele better and in a cost-effective manner. Most companies now also have distributed workforce, he noted, adding that staying connected to the customer or employee has become an important business requirement. This draws SMBs toward a SaaS platform.

Third, the growth of the Internet and increased availability of reliable, high-speed broadband connectivity at inexpensive rates have encouraged companies to move to SaaS-based ERP deployment.

Finally, budget constraints and shrinking bottom lines are driving SMBs toward a SaaS model that can help support specific business needs.

SaaS-based ERP deployments allow SMBs to have all the benefits of a sophisticated ERP product at a fraction of the cost of an on-premise offering, and they can start reaping the benefits immediately.

"Reduction on overhead is definitely a boon for the industry, and reducing maintenance cost is going to help the industry," Sunando Banerjee, OpenBravo's channel business manager for Asia-Pacific and Middle-East and Africa, said in an e-mail. The software vendor has clients in the automotive and retail industries.

Sukumar said: "A company gets huge savings in cost from deploying SaaS applications, so much so that SMBs prefer leasing SaaS applications because it doesn't require them to research, develop, maintain and host their application.



Banerjee added that they also do not need to have IT departments to manage their SaaS-based ERP applications.

In addition, Schafer said, most major processes such as computing power, upgrades and system backups, are handled by the service provider. "Once the system is set up, the only training employees have to go through is to learn to use the product," he said.

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