



## A New Take on an

# Old Idea

### Software as a service in the direct marketing world

By Wallace Vingelis

While the economy is showing signs of turning around, companies are still looking for ways to cut costs and save time and money. And, as the United States Postal Service (USPS) announces further shrinking mail volume, billions of dollars in losses, ongoing budget problems and more office closings, the direct marketing industry is looking for new ways to get more bang for its mailing buck. Software as a Service (SaaS) may be a solution to help cope with these problems.

To simply define SaaS, it is a model of software deployment where application programs are hosted as a service on a server, and clients operate the software via secure Internet connections. SaaS helps reduce costs due to the elimination of capital expenditures for hardware and software and reduce labor expenses related to hardware and software maintenance.

While SaaS applications have been available for many years, they have never been offered, until now, in the direct mail and marketing arena. Mailing software vendors provide programs designed to process an entire mailing from start to finish: file conversions, sorts, address correction and standardization, Move Update, merge/purge, presort and print production. Using SaaS, these applications are accessed and jobs are initiated from a user's PC but run on a

remote server, which is located at the software provider's location. The job setups and initiation of the processing is the same as if the software was resident on the user's PC. When a job is finished processing, the files and reports can be viewed before downloading them back to the user.

It turns out that SaaS offers a significant advantage to those organizations that desire to run NCOA<sup>Link</sup> in-house. Currently, mailers have two choices when it comes to performing Move Update processing on their mail files: license the NCOA<sup>Link</sup> database from the USPS and a USPS-certified NCOA<sup>Link</sup> interface from an approved mailing software developer **or** pay a USPS-certified Service Provider to perform the processing for them. With SaaS from a licensed NCOA<sup>Link</sup> interface developer that also owns a Service Provider license, those organizations that want to process NCOA<sup>Link</sup> in-house get all the same advantages they get with any SaaS application, and they can do so without getting NCOA<sup>Link</sup> processing license from the USPS, thus eliminating the need to apply for, qualify and pay an annual license fee (see table on next page).

Added advantages of SaaS include its scalability for processing larger jobs by taking advantage of multiple servers that can run separately or in tandem and, once the user's specific operating environment is established, there is no waiting for expanded "processing windows" and no additional costs for "rush" jobs as one would find using traditional service providers. Since all the maintenance is provided by the SaaS provider, there is no "down time" for software updates or new database installs. The time savings alone can justify running in a SaaS environment.

Depending upon processing volume and turnaround requirements, with SaaS the potential cost savings are significant. The table below lists and estimates some of the fees a mailer would forgo if it uses a SaaS NCOA<sup>Link</sup> solution versus the cost to run their own NCOA<sup>Link</sup> interface in-house.

For example, an organization wishing to become a NCOA<sup>Link</sup> Limited Service Provider processing 100 million records per year would spend approximately \$50,000 in the first year and \$25,000 per year thereafter for an in-house solution versus approximately

1. No software license fees
2. No annual software maintenance fees
3. No annual database subscription fees
4. No annual USPS license fees
5. No waiting in line with a service provider
6. No time wasted in the "proof and approve" process
7. No down time for system upgrades.

As the belt tightens in the direct marketing world, Software as a Service could be the perfect "food for thought" for many mailers. ■

Expense Item	Cost
Annual USPS NCOA <sup>Link</sup> License Fee (End User)	\$7,500
Annual USPS NCOA <sup>Link</sup> License Fee (Limited Service Provider)	\$15,000
Annual USPS NCOA <sup>Link</sup> License Fee (Full Service Provider)	\$175,000
One-time NCOA <sup>Link</sup> Interface Software License Fee	\$25,000 - \$50,000
Annual NCOA <sup>Link</sup> Interface Software Maintenance Fee	\$5,000 - \$10,000
Annual Database Subscription Fee	\$6,500 - \$9,000

\$10,000 per year for a SaaS NCOA<sup>Link</sup> solution. That's a savings of \$100,000 over five years, not including the labor and management savings.

Based on these estimates, the return on investment can be achieved in *months*. To quickly re-cap some of the advantages a mailer can enjoy using a SaaS offering:

Wallace Vingelis is Director of Product Management and Postal Affairs for Anchor Software, LLC and can be reached at wvingelis@anchorcomputersoftware.com. Anchor Software is a leading provider of data processing software and services for the direct marketing industry. For information about Anchor's Software as a Service offering, visit the Anchor Software website at [www.AnchorComputerSoftware.com](http://www.AnchorComputerSoftware.com) or call 800-237-1921.