



MARKET TRENDS IN THE SAAS MARKET: WHAT'S NEXT?

NOT TOO LONG AGO, THE AVERAGE ENTREPRENEUR HAD TO INVEST

AROUND **\$50 MILLION** TO BRING A SOFTWARE COMPANY TO PROFITABILITY.

THE ADVENT OF CLOUD COMPUTING AND OPEN SOURCE TECHNOLOGY

HAS DEFLATED THIS PRICE TO AROUND **\$5 MILLION** DOLLARS IN THE LAST

FIVE YEARS. COUPLE THE DECREASING COST OF BUILDING A PROFITABLE

SOFTWARE COMPANY WITH ITS IMPORTANCE IN DRIVING INNOVATION

ACROSS INDUSTRIES, AND THE SOFTWARE MARKET CONTINUES TO GROW.

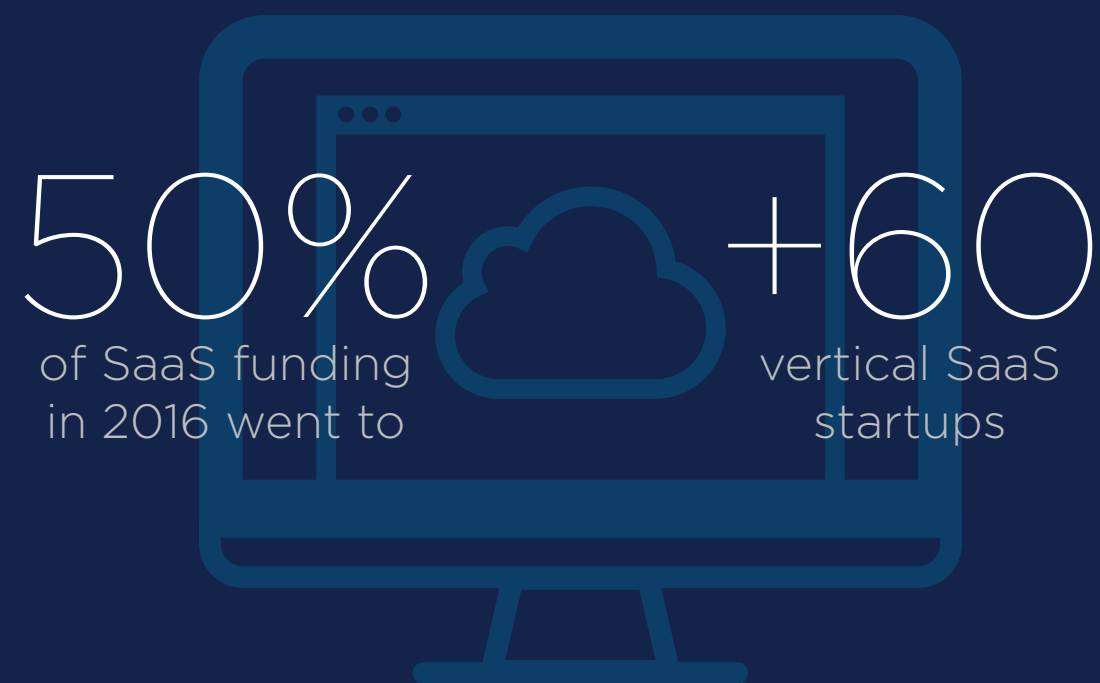
Software now underpins almost every function in the enterprise, and as a result, investment in the industry isn't letting up. With 794 software and cloud deals closed, software as a service (SaaS) proved to be the most active sector within the mobile and online markets in 2016. From finance to ecommerce to media, SaaS has become critical to the performance of companies across industries.

But what are the trends driving the rise of the SaaS market itself? Below, are market opportunities successful SaaS companies should explore in the next few years.



THE GROWTH OF VERTICAL SAAS

The majority of SaaS companies started as horizontal solutions aimed at addressing general business processes, like customer relations management, human resources, business intelligence, and accounting. SaaS businesses are drilling down into specific industry verticals and offering mission critical functionality that meets the specific needs and compliance protocols of industries like healthcare, government, and energy.



UNBUNDLING SAAS

SaaS companies are moving away from full-featured products and are increasingly offering tools that can integrate within an existing digital ecosystem. This shift is becoming more prevalent as the SaaS market reaches maturity and customers seek more customized options that allow greater flexibility and streamlined offerings.

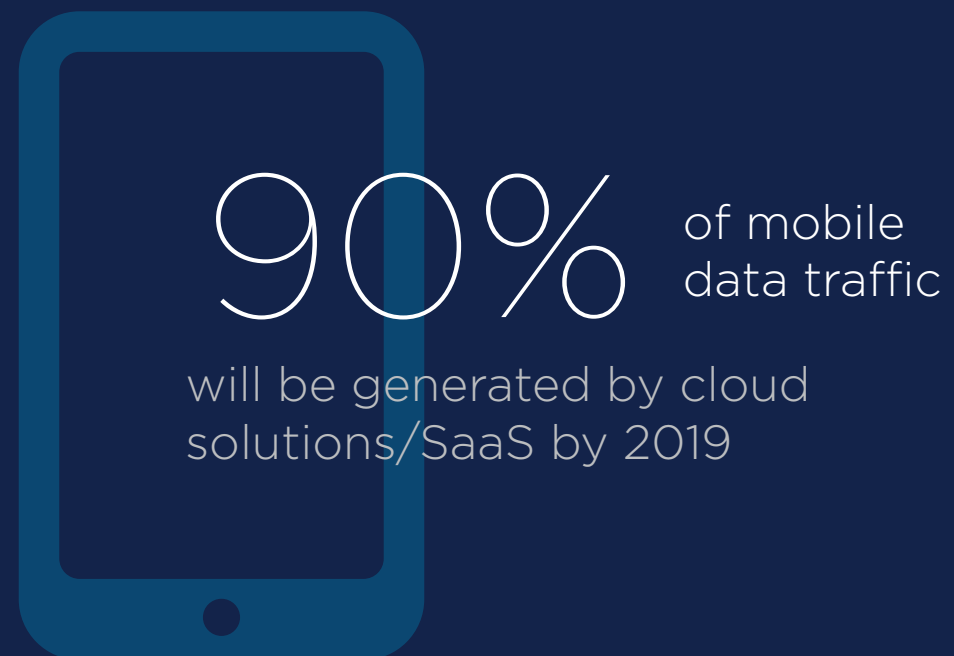
The public cloud services
market will grow rapidly to

\$236 BN
by 2020



MOBILE SAAS CONTINUES TO GROW

Smart phone penetration across the globe coupled with the mobile workforce is increasing the demand for mobile SaaS applications. According to IDC, “Mobile app development platforms are critical for businesses that are mobilizing their workforce, external marketing, customer interactions, operations, and business processes.” So far the productivity tools market has seen the most growth and investment with apps like Slack, Box, and Dropbox earning huge valuations. As the workforce becomes more mobile, companies and employees will seek out mobile-first SaaS apps that are custom-built to help streamline operations and boost efficiencies.



FROM IMPROVED DELIVERY OF PRODUCTS AND SERVICES TO QUICKER RESPONSES TO OPERATIONS, SAAS SOLUTIONS HELP BUSINESSES IMPROVE EVERY FACET OF THEIR VALUE CHAIN. AS INNOVATION AND TECHNOLOGY CONTINUE TO CHANGE THE BUSINESS LANDSCAPE, ENTERPRISES WILL CONTINUE TO LEVERAGE SAAS SOLUTIONS TO INCREASE THE FLEXIBILITY OF THEIR OPERATIONS AND LOWER THEIR IT IMPLEMENTATION AND MAINTENANCE COSTS. **FOR THESE REASONS, IT'S NOT SURPRISING THAT THE SAAS MARKET IS POISED TO SURPASS \$112.8 BILLION BY 2019.**

SOURCES

IronPaper.com, TMRblog.com, BetterBuys.com, Forbes.com, Inc.com,
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