

Acquire White Paper

On-Demand (SaaS) or On-Premise Digital Signage Software – Which Should You Choose?

Introduction

There are hundreds of digital signage software solutions available today. People trying to decide on the best one for their network, both now and as it expands, are faced with many difficult decisions. If you listen to the companies selling the software they will tell you the benefits of SaaS over On-Premise, or vice versa, to try to get you to buy their solution. That is if they only have one solution. Of course, it is possible that their chosen solution is the best and will be the dominant offering in the future. So why do many companies already offer more flexible, hybrid solutions.

What is the Difference between On-Demand (SaaS) and On-Premise for Digital Signage?

Editing the Content

Using email software as an analogy, think of SaaS as Hotmail and On-Premise as Microsoft Outlook. SaaS uses an internet browser to upload content in the same way that documents are attached in Hotmail. Once you have arranged all of your content on-screen, you deploy it, and your playlists, to your player. With SaaS you are not able to preview exactly how this content will play-out and you must wait for any media files to upload before you can work on them. However, SaaS allows you to access your project from anywhere in the world with a simple browser interface and in general, since a browser interface provides fewer options, it can be quicker to learn to use the software. On-Premise, as with Microsoft Outlook, provides a faster way of editing content and as a local application usually has more features. Also, since the player application can be built into the editor, you can preview the content to see exactly what will be shown on the player at the remote site.

Sending the Content to the Player

SaaS, as a monthly subscription, provides you with internet server hosting. The content is sent to the servers and then, depending on the player application, is either pushed to the players or (more usually) pulled from the servers, hence the phrase, push or pull technology. Because SaaS is an On-Demand solution, you usually do not have the option to own the hosting yourself i.e. buy the servers or server licences. Often the SaaS solutions use a login username and password for each player to allow you to log on to a file server. Based upon this information, the file server will make available the files that the player should download (the content and playlist), and will usually log the fact that the player has connected (for statistics), together with any 'proof of payout' files.

The more flexible On-Premise solutions offer the ability to send content directly to the players, either over LAN or internet, by using some kind of peer-to-peer connection. This kind of content deployment is free of charge because it involves no server hosting. Additionally, there will sometimes be a similar hosting solution to the one provided in SaaS, or else a 'broadcast' method such as Satellite. You may also have the opportunity to buy server licences and effectively manage your own hosting, known as an Enterprise solution, which is ideal for 'closed' networks.

Playing the Content

All systems need the technical ability to play the media files on the player devices. To do this, in addition to the digital signage player system (which will be controlling what plays when, etc.), the system will also need to be able to decode the files you are trying to play. Some sort of software application (in the case of 'Flash' content), and Codecs (to decode the video), must be installed on the player device to play the content. You should always check to make sure that the Codecs you are using are official and licensed (legal) otherwise the content may not play back correctly on the remote player.

The 'Up Front' Cost Argument

When selling SaaS for digital signage, the primary argument is that there is no upfront investment required and you can spread the cost over a year or more. The counter argument is that with SaaS you never actually own the software. But since we are only talking about software, there should be nothing stopping the On-Premise suppliers from spreading the cost of their software by offering a rental solution, or selling through a leasing agent.

Which is the Best Software Solution?

The decision on which solution to choose can depend on whether or not you are a reseller or a user of the software, because some resellers do not like trying to sell the concept of vendors' on-going fees. Another consideration might be the location from where you want to control the content, SaaS being the most flexible for multiple users. But if you want to own the software then SaaS is not an option.

The best solution is surely one that delivers what you need now, and in the future. Here are a few example best solutions:-

- You do not want any ongoing costs, ever – On-Premise
- You want control from a single head office location – Either SaaS or On-Premise
- You want each site to control their own playlists – SaaS

- You want the site owner to have a basic level of control e.g. playlists and changing of text within a template, but you want to create templates and control more advanced functions – SaaS but more likely an On-Premise/SaaS hybrid
- You need to spread the costs over one or two or more years– SaaS or On-Premise Rental
- You need to have total control of the transmission of any data – On-Premise 'Enterprise' Server Solution

Unless it is part of their business model, the Enterprise solution is rarely mentioned by SaaS or On-Premise suppliers because it reduces their monthly revenue. Customers wanting a server solution are usually either (a) large corporations that do not allow any third party company access to their data or network, (b) companies with large networks or (c) resellers who want to build their own network of customers and provide hosting and other services.

When you sign up for a SaaS solution, your supplier controls the servers that are responsible for managing and transmitting your content and data. There is no way around this because it is inherent in the SaaS business model. Therefore, it suggests that SaaS should only be suitable for customers who are not too concerned about another company managing their digital signage content, or else they have an airtight SLA (Service Level Agreement). This is often acceptable since this kind of content is perhaps not very often 'mission critical'. But it does suggest that SaaS is not an ideal solution for large companies or large networks i.e. any per player based cost will eventually reach a critical number whereby it is no longer economically viable.

The Challenge for Digital Signage Software Developers

So if you have SaaS, On-Premise, Server solutions and hybrid versions of all three for digital signage then you can provide customers with everything they need, but not always everything they want.

Someone once said that "The compromise will always be more expensive than either of the suggestions it is compromising". This is certainly true for digital signage software development. As customers become more aware of what is technically possible, they search for ways in which to differentiate themselves from their competitors. This puts a strain on the software developers because without any guarantee of future sales they have to decide on whether or not to invest in the development of extra features - this is known as 'feature creeping'. If the potential business is large enough, the developers who only have SaaS or On-Premise solutions will be pressured into creating hybrid solutions so that they can 'tick all the boxes' when a new client comes along.

Also consider that traditionally, software developers have required organisations to market and (re)sell their tangible products. This allows them to get exposure in popular markets such as digital signage. However, SaaS is not a 'product' – rather it is a service, which makes it less attractive to resellers as they make less 'up front' margin. So with fewer resellers the SaaS providers must market their products themselves. This can lead to fewer sales, or more resources in the sales team than the development team until some prominent projects have been won and their brand established.

Where is Digital Signage Software Headed?

For the Vendor

In order to remain competitive the software vendors will continue to develop hybrid SaaS, On-Premise and Enterprise solutions. It goes without saying that pricing will continue to fall. But when every vendor has a hybrid solution they will need to offer something else so that the reseller can differentiate themselves and cover a larger number of end-user clients. Flexibility will be the key, and vendors with the capacity to quickly adapt their software or develop 'special' features will have the edge over their competitors.

For the Reseller

The digital signage market is growing at a remarkable rate and resellers like the fact that there are large projects available where they can make healthy margins. But winning one of these projects is hard work, not least because the decision making process can be tortuously long winded. Most resellers are selling someone else's services, whether it is SaaS or On-Premise hosted, or even support contracts. However, the forward looking resellers have realised that if they buy their own server based solution then they can host it themselves and sell On-Premise or SaaS solutions.

For the User

Digital signage software is a business to business product, not a consumer product. There is not much difference between digital signage software and something like CRM (Customer Relationship Management) software. As with most software, it is the hardware that limits the software's ambition and its reach. Although some of the 'big names' have dabbled with this digital signage solution (some with better results than others) it remains a sideline to their main focus. So until there is a 'paradigm shift' in display technology there will not be enough volume to see a dedicated Apple iSign, or a Microsoft X-sign.