

Malaysian ISV saves millions on CAPEX with Cloud-based CRM solution

Situation

Netster Consulting Asia is a cyber-based company specializing in Web business services and solutions. Incorporated in 2008, it has forged a reputation as a solutions provider for customer relations management (CRM), content management system (CMS) and workflow automation as well as e-commerce, mobile, and online marketing applications.

Netster is headquartered in Kuala Lumpur, Malaysia, and has presence in Singapore, Indonesia, Cambodia, Taiwan, Hong Kong and Australia. It has customers in key industries such as banking, insurance, pharmaceutical, telecommunications and e-commerce across the region. Its software development unit Netster MSC is a Microsoft Gold Certified Partner and MSC-status company in recognition of its technology excellence in developing ISV business solutions.

One of Netster's core products is the Claritas CRM Product Suite, a complete Customer Relationship Management solution that runs on the Microsoft .NET platform. The product suite was initially available as an on-site application, and in 2011 was offered as a cloud-based software-as-a-service (SaaS) edition.

Explaining the initiative to move Claritas CRM to the cloud, Netster's founder and director Kelvin Leow says the cloud is revolutionizing the way IT services are being sold and delivered. "Malaysia, along with other Asian countries, are moving towards to the cloud. Although much slower compared to western countries, we are seeing growing corporate attention being focused into considering moving their legacy infrastructure and applications to the cloud. CRM is considered one of the top applications moving to the cloud. That's when we believed it was also the time we moved Claritas CRM to the cloud."

However, the move was more than just hopping onto the cloud bandwagon. With a conventional on-premise solution, Netster typically has to specify and cost in the hardware and software licenses that clients need to purchase.

"Often, it has been a show-stopper as the project cost usually doubles-up, making it hard for the customer to make a decision. Especially so when the business requirements demand high-availability, redundancy and disaster recovery which requires a hefty capital expenditure (CAPEX) allocation," says Leow.

Moving Claritas CRM to the cloud would enable Netster to "take care of our customers' IT needs, so that they can focus on their core business", says Leow. "It's never cost effective for non-IT company to spend valuable resources on IT. With a SaaS solution, customers can have peace mind, knowing that that a professional company is taking care of their IT needs. There is no need for huge CAPEX by the customer."

As a solutions provider, Netster also had to grapple with the problem of high CAPEX as it was often under pressure to allocate large amounts for capital investments to build up its IT infrastructure and capacity.

"It was a nightmare scenario whenever my product team come to me asking for a huge budget for infrastructure, dedicated hosting and co-location. We were faced with a dilemma – if we under-

bought, it will be a disaster when there is a traffic surge. On the other hand, if I bought the maximum capacity, much of the computing power and storage will be idling most of the time.”

Solution

Netster’s journey to the cloud was made easier when it opted to migrate its Claritas CRM solution onto the Windows Azure platform. Leow explains that since Claritas CRM was built entirely on Microsoft technologies, the move to Windows Azure would be easier and faster compared to other non-Microsoft cloud offerings such as from Amazon and Google.

Leow says that moving to a Microsoft-based cloud platform had minimised potential incompatibilities and there was “guarantee of stability” for its solution, adding “We didn’t need to redo much of the code.”

The company spent about three months to migrate the on-premise Claritas CRM solution to Windows Azure. “This included the development time and getting it fully tested before we released it to our customers in the third quarter of 2011,” he adds.

Leow explains that Claritas CRM sits on top of the Windows Azure stacks, leveraging on its compute power, database and storage capacity. “So far in our production and staging environment we have deployed six web and worker roll compute instances, Microsoft SQL Azure and BLOB storage.

The process of moving the Claritas CRM solution to the Windows Azure platform was, by and large, problem-free and the operation of the cloud-based system has been relatively smooth, Leow confirms. “We sent our product team to attend a few hands-on lab training sessions on Windows Azure, so they were familiar with the features and how to do the migration.

Despite the slower cloud adoption rate in Southeast Asia, Netster has secured about 500 users for its Claritas CRM cloud edition within six to nine months of its launch, of which 35% were existing on-premise clients, says Leow.

Benefits

Windows Azure has enabled Netster realize the full value proposition of the cloud for its CRM suite. This includes saving millions of ringgit on CAPEX, allowing the ISV to offer high-quality SaaS products without costly infrastructure investments and great flexibility in capacity scalability through a ‘pay-as-you-use’ model. Windows Azure also facilitates a speedy deployment process for Netster’s customers compared to on-premise solutions.

Saves millions on CAPEX spending

Netster’s move to Windows Azure has brought immediate dividends as it has been able to save millions that would otherwise have been spent on the CAPEX needed to build the infrastructure to meet the very high service levels demanded of SaaS providers.

Leow says if the company had to do it themselves, it would have required tens of servers for hosting its application and databases plus all the licensing cost as well as the co-location and dedicated hosting costs. “By deploying to the Windows Azure cloud, I estimate that Netster has saved 9 million ringgit (US\$3 million) just on initial infrastructure expenditure,” he says, adding Netster also saved

on the operating expenditure needed for the on-going support structures, and the manpower needed to support such infrastructure on a 24x7 basis.

The CAPEX savings benefit also extends to Netster's customers who opt for the cloud-based CRM service. "Comparing customer's expenses on traditional on-premise deployment versus the Claritas CRM cloud edition, we estimate customers are able to save up to 65% of cost over a three-year period," says Leow.

Levels the playing field

Windows Azure also serves as a jumpstart platform for Netster in its maiden move to the SaaS business. "Windows Azure helps level the playing field for us. It is very hard to compete with the 'big boys' if we have to spend millions in CAPEX for infrastructure to guarantee our SLAs and high availability. With Windows Azure, we get high availability and redundancy as it comes with built-in automatic failover clustering," says Leow.

The Windows Azure platform enables Netster to offer high-quality SaaS products without the huge infrastructure investments that could potentially cripple an ISV even before its product can take off. "It takes time for us to build up product awareness of Claritas CRM and allow its product features to mature. That is why it is absolutely critical that we are able to manage our costs well and Windows Azure actually helps us do that," says Leow, adding that Windows Azure has significantly reduced the risk of developing new software, and gives Asian ISVs like Netster a greater chance of commercial success.

Easy scalability

Windows Azure's ability to easily and quickly scale up on storage and bandwidth is also a massive advantage for Netster. "Windows Azure is a wonderful platform when comes to capacity scalability. It offers a flexible 'pay-as-you-use' model with no lock-in contract period, which means that we can increase utilization anytime and stop the subscription whenever there is no longer such need," explains Leow.

The elasticity of Windows Azure now enables Netster to increase or decrease compute instances, or virtual servers, whenever the company's requirements demand it. "Traditionally, to have hardware scalability we have to do very in-depth capacity planning. For example, to cater for the maximum capacity, we may need to acquire 10 servers. However, during the off peak periods, 80% of the hardware is actually idle.

"Now under the Windows Azure platform, we are only charged for the equivalent of two servers' compute power off peak while during the peak periods, we can easily increase the compute instances. So we are only charged for what we use," adds Leow. This effectively eliminates the problem of over-provisioning of storage and bandwidth, and allows Netster to run a lean and mean operation. On the other hand, Leow says Netster has access to the virtually "infinite computing power" of Windows Azure to cater for burst capacity demands.

Accelerates deployment

Moving Claritas CRM to the Windows Azure platform has speeded up the deployment process for Netster's customers. Previously with on-premise solutions, the company had to recommend the acquisition of the necessary hardware and software, and then go on-site to do the installation and deal with various implementation issues. "Often we faced the challenges of different hardware

infrastructure and incompatibility issues and these actually eat up a lot of our time which we cannot bill to our customers,” says Leow.

“However, with Windows Azure we can package our Claritas CRM solution with an affordable, high availability infrastructure and storage solution. This gives us the fastest deployment cycle and our customers get our solution deployed quickly without having to incur a huge capital investment.”

Leow adds: “By offering Claritas CRM on the cloud, we can actually grow together with our customers. We help them to keep their organization operating on a very lean and agile basis. So whenever they expand, naturally we will be part of their growth journey.”

Leveraging on Microsoft brand

Adopting the Windows Azure platform has given Netster a significant boost in terms of raising customer confidence in its SaaS offerings, making it easier for the company and its resellers to market its Claritas CRM service.

Leow admits that there is no short cut in convincing potential customers on embracing cloud-based solutions such as Claritas CRM. “We have to slowly earn our credibility especially when comes to telling customers how seriously we treat security and privacy issues. However, people do trust big corporations and since we are a Microsoft Gold partner and our solution is on Microsoft’s Windows Azure platform, it greatly helps in convincing potential customers to accept our cloud-based Claritas CRM,” says Leow.

Leow points out that enterprise customer prefer to see a global brand like Microsoft behind its cloud-based solutions. “We definitely have a competitive advantage by leveraging on the Microsoft brand and technologies for our SaaS offerings.”

Seeing the immense benefits derived from moving Claritas CRM to Windows Azure, Netster plans to migrate its end-to-end Claritas solution suite to Microsoft’s cloud-based platform by the first half of 2012. “On the Windows Azure roadmap are Claritas360.com (for management dashboards) and Claritas system for contact centres. I see exciting times ahead!,” adds Leow.