The Hidden Costs of a SaaS Platform

3 Questions to ask when you’re considering the cost of a SaaS platform
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With online sales up 14% to $459 billion in the US, and up 23% to over $2 trillion globally, digital commerce is showing no signs of slowing. In this highly-competitive retail market, merchants want to balance meeting customer demands with cost. At first, a SaaS platform might look like a cost-effective option, but there are hidden costs you need to consider.

What is SaaS?
SaaS means Software as a Service, and it refers to hosted software (no download) that users have a subscription to use. A SaaS platform is commerce software used for webstores. Because they’re hosted by the software companies, merchants have very little control over features and functionality, and it will need to work within a one-size-fits-all framework. This may be appealing to businesses that are just starting out—and still learning the basics of online commerce—but we find that growing merchants often feel constrained. As you’re investigating which platform is best for your online store, here are three questions to ask.
Can I Customize?

Lifestyle branding and content marketing are the only ways that smaller brands can truly differentiate themselves. To execute on both, they need to be able to create their own unique customer experiences—and SaaS platforms can only take you so far.

SaaS platforms provide the same basic website features that have become standard across the industry, but they’re not built for the complexity or creativity needed to showcase—and sell—your products. Take configurable products, for example. SaaS platforms process and display only a few attributes (e.g. size, color) on the product page, but what if your customers have more options?

Similarly, if your marketing team comes up with a cutting-edge, interactive look book, can the SaaS platform you’re considering display it? Further, can it display targeted experiences for each type of customer? Without seamless, customized experiences, this can cost you in conversions.

Integrations are another customization with a more direct cost. Most merchant sites are integrated with existing systems that help them manage their retail businesses. If the SaaS platform is unable to integrate with your existing tools, overhauling your business process to use the platform has a cost.

If the SaaS program can integrate, make sure you’re fully informed about what costs that entails.
Can I Get Help?

**SINCE SAAS ENVIRONMENTS TEND TO BE CLOSED OR PROPRIETARY CODE, FINDING EXPERIENCED SUPPORT CAN BE EVEN MORE COSTLY.**

As a merchant, there’s no worse feeling than not having the site support you need, when you need it. One reason SaaS platforms can offer seemingly low prices is that they offer limited or no support—and you’ll still need to cover that cost. Even if your site is healthy and able to perform at peak times, you will likely want help to improve the look and feel of your site, or build out customizations. Since SaaS environments tend to be closed or proprietary code, finding experienced support can be even more costly.

Can I Grow?

**MAKE SURE YOU CLEARLY UNDERSTAND THE COST OF MOVING FROM ONE PLATFORM TO ANOTHER BEFORE YOU INVEST IN YOUR BUILD.**

SaaS platforms can be an easy, cost-effective way for start-up merchants to move online, but they may not be the best way for merchants to grow long term. SaaS platforms are often unable to integrate with other systems and software that you might want to use to extend your site to meet changing customer expectations. They’re also known for limited SKU and processing capacity, and the inability to manage multiple sites on one instance. This means you won’t be able to grow your product catalog, or easily expand internationally and to new brands over time.

A final word on the hidden cost of growth: it may be tempting to start out on a low-cost SaaS platform and migrate to something more flexible and scalable, but this can prove extremely costly in the long run. Make sure you clearly understand the cost of moving from one platform to another before you invest in your build. Choose the right commerce platform that meets your needs and your customer’s needs from the start.
Magento, an Adobe company, is a leading provider of cloud commerce innovation to merchants and brands across B2C and B2B industries and was recently named a leader in the 2018 Gartner Magic Quadrant for Digital Commerce. In addition to its flagship digital commerce platform, Magento boasts a strong portfolio of cloud-based omnichannel solutions that empower merchants to successfully integrate digital and physical shopping experiences. Magento is the #1 provider to the Internet Retailer Top 1000, the B2B 300 and the Top 500 Guides for Europe and Latin America. Magento is supported by a vast global network of solution and technology partners, a highly active global developer community and the largest eCommerce marketplace for extensions available for download on the Magento Marketplace. More information can be found at www.magento.com.