Understanding the Difference:
Software as a Service (SaaS) vs. Custom Software

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As a software-as-a-service (SaaS) company, Novi AMS frequently addresses questions about SaaS's unique advantages over custom software. While both models offer valuable solutions, their differences can influence an organization's decision based on specific needs, scalability, budget, and flexibility.

1. Ownership and Control

- **SaaS**: A SaaS product is a ready-made, subscription-based solution hosted and maintained by the provider. Customers can use the software with minimal setup without building or maintaining it. The SaaS provider handles updates, security, and support, offering users a streamlined experience.

- **Custom Software**: Custom software is developed from scratch to meet a specific organization's needs. This approach gives the organization complete control over features and customization but comes with higher development, maintenance, and update responsibilities.

2. Scalability and Maintenance

- **SaaS**: SaaS platforms are built for scalability and multi-tenant use, meaning they can handle many users and organizations while offering consistent performance. Providers manage scaling and maintenance, reducing the need for in-house technical expertise.

- **Custom Software**: Scalability can be challenging for custom software, which requires dedicated resources for upgrades and maintenance. Organizations may also need to manage server capacity, security patches, and software updates themselves, which can increase costs and complexity over time.

3. Cost and Budget Considerations

- **SaaS**: SaaS solutions are generally subscription-based, which spreads costs over time and minimizes upfront investments. They can also offer predictable pricing, which may appeal to organizations looking to avoid the high costs of custom development.

- **Custom Software**: Custom software typically involves a higher upfront development cost, followed by ongoing maintenance expenses. However, for companies with unique requirements that a SaaS product can't meet, custom software may justify its cost by providing a fully tailored solution.

4. Flexibility and Customization

- **SaaS**: SaaS products typically offer standardized features designed to meet common needs across users. While some customization options are available, SaaS platforms focus on broad usability rather than extreme customization.

- **Custom Software**: Organizations that choose custom software benefit from its high flexibility, as it's created specifically to match their workflows and preferences. This level of customization allows for unique features and interfaces but can limit adaptability if the organization's needs change over time.

5. Security and Compliance

- **SaaS**: SaaS providers, like Novi AMS, invest heavily in security measures and compliance standards, protecting data across all users. Since SaaS vendors manage security updates and audits, they offer peace of mind that compliance and protection are continuously prioritized.

- **Custom Software**: With custom software, security management often falls on the organization. While they have control over security practices, they are also responsible for staying up-to-date with patches, audits, and regulatory changes.

6. Speed to Implementation

- **SaaS**: SaaS solutions are typically faster to deploy, allowing organizations to get up and running quickly. SaaS platforms can be deployed within days or weeks with a pre-built structure and hosted model.

- **Custom Software**: Custom development can be lengthy, often taking months or even years. Organizations that need specialized features or complex integrations should consider this timeline.

7. Standardized Legal Terms

- **SaaS**: One unique aspect of SaaS is the reliance on standardized legal agreements that apply to all customers. SaaS providers typically do not negotiate individual legal terms, as this approach is essential for scalability. Customizing legal terms for each customer would introduce complexity, hinder the SaaS provider's ability to scale efficiently, and add significant operational costs. By maintaining a standardized set of terms, SaaS providers can ensure a consistent level of service and compliance across all users, focusing their resources on product improvement, security, and customer support.

- **Custom Software**: With custom software, organizations often can negotiate specific terms with the developer or vendor. This can provide more flexibility to align the software with unique compliance or contractual needs, especially if the organization requires highly specific terms regarding data handling, privacy, or intellectual property. However, this flexibility also adds cost and complexity to the development process.

Both SaaS and custom software provide valuable solutions but serve different needs. SaaS offers simplicity, scalability, and cost-effectiveness, making it ideal for organizations seeking quick, reliable solutions. Custom software provides high customization and control, suited to organizations with specific, complex needs.

Note: For customers seeking additional flexibility, Novi AMS offers Open API connections, enabling you to bolt on custom software modules to meet unique requirements while leveraging the stability and security of our SaaS platform.