

IBM and The Systems House enable a start-up to gain firm footing



needed with no major up-front investments, either in software or hardware or IT personnel.”

Transparency of management and maintenance operations is appreciated by the customer. David Fertig, vice president of technical services at The Systems House, noted, for example, “We’ve taken Heartland through two major software upgrades and two major hardware upgrades – all with Heartland being hardly aware of it.”

Staying focused

There is no need for any IT personnel at Heartland, which means the enlarged staff can stay focused entirely on the core business. Said Rummelhart: “From the very start we had all the programs we needed just by signing on to the Internet and paying a monthly subscription fee. And we’re still doing that today. It’s worked out really well.



The IBM SaaS model is “a complete platform that provides the reliability, availability and scalability our customers must have.”

David Fertig,
vice president,
technical services
The Systems House

Overview

The Challenge

Permit a small business to get started without heavy up-front investment in hardware, software and IT personnel

The Solution

Implement Software as a Service delivery model based on affordable monthly subscription fees

The Benefit

Low entry cost for full range of business applications, low total cost of ownership for IT infrastructure

The IT delivery model known as Software as a Service (SaaS) so far makes up only a quarter of the business of The Systems House, Inc., an IBM Business Partner based in Clifton, New Jersey. However, of the company’s latest group of customers, fully 75 percent have opted for a SaaS-type infrastructure. This is a trend that The Systems House, with support from IBM, is eager to advance because of clear-cut advantages for both itself and its customers.

One such customer is Heartland Medical Supply, LLC, a sales and distribution company in Iowa City, Iowa, serving hospitals, pharmacies and physicians’ offices in all of Iowa, plus western Illinois. In 2001, Heartland started with just eight employees, but is now up to 16.

“It was vital for our success that all eight of us to be able to focus strictly on sales and operations,” said the firm’s president, Brian Rummelhart. “The solution from The Systems House allowed us to do that because we could get all the IT support we

And what are those programs exactly? They are the ones that support nearly all the essential business and operational functions, including order entry, invoicing, purchasing, sales training, receivables, payables, reports, warehouse management and general ledger. "With the exception of payroll, which we still do ourselves, it's all there," said Rummelhart.

It's all part of a package of integrated applications developed by The Systems House, called MDS, for Master Distribution System. For the majority of its customer base, The Systems House has gone the traditional route of licensing MDS for installation on customer premises, typically on an Intel processor-based server, with the customer having the task of IT systems management and maintenance.

Connectivity

But for an increasing number of customers, The Systems House delivers MDS via the SaaS model. This means running MDS for its customers at its own facilities in New Jersey. Those facilities consist of the IBM AIX® operating system running on IBM System p™ servers, with database function provided by IBM UniVerse® and IBM UniData®, which together IBM calls the U2 Data Servers. Connectivity with the customer is provided through two different broadband Internet service providers, one supporting inbound traffic and the other supporting outbound traffic, plus a DSL line for backup.

"It's a complete platform that provides the reliability, availability and scalability our customers must have," Fertig said.

Founded in 1979, The Systems House is long familiar with the basic concepts behind SaaS. The company started

out as a reseller of minicomputers, and as an offshoot of that activity it offered time-shared computing services. That, according to Fertig, was the "first incarnation" of what eventually evolved into the SaaS model.

The pendulum swung away from time sharing and back to solutions at customer locations, Fertig said, with the opening of the PC era. But by the year 2000, he said, "suddenly a large majority of our customer base had Internet access. At that point, customers started saying, 'Why don't we pay you to host our applications, to take care of everything associated with that, and we'll just connect with the Internet?'"

Few issues

Fertig said that "with IBM technology and support, we've been able to deliver SaaS solutions with the levels of service our customers require."

Rummelhart agrees: "If there are ever any issues – of which there are very few – we can call the support staff over there at The Systems House, and they'll take care of the thing right there for us. It's been great."

But if SaaS works well for the customer, it also holds distinct benefits for the independent software vendor. In particular (1) it opens a significant avenue for acquiring new customers, and (2) it smooths the revenue flow, since it replaces the "lumpiness" and unpredictability of one-time software license fees with regular monthly service fees.

IBM delivers complete SaaS solutions

To help IBM Business Partners become successful in this fast-growing business opportunity and launch and run a SaaS business in addition to their existing business models, IBM

offers leading-edge hardware, software and infrastructure technologies. The SaaS community and SaaS specialty support features within IBM PartnerWorld provide valuable benefits, resources, technical enablement and marketing support.

Regardless of the state of adoption, IBM can help IBM Business Partners enable, deliver and market their SaaS solutions.

Learn more

To learn more about IBM SaaS, visit ibm.com/partnerworld/saas

To learn more about The Systems House, visit tshinc.com

To learn more about Heartland Medical Supply, visit www.heartlandmedsupply.com



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