

ANALYSIS

MARKET OPPORTUNITIES FOR SAAS AND SUBSCRIPTION SERVICES IN WESTERN EUROPE

MARCH 2022





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Introduction

Cloud-based software delivery, or Software as a Service (SaaS), has been predicted to become the preferred software delivery model for years. Keypoint Intelligence's latest research indicates that it has already crossed that line, at least in Western Europe.

Key topics that will be covered in this report include:

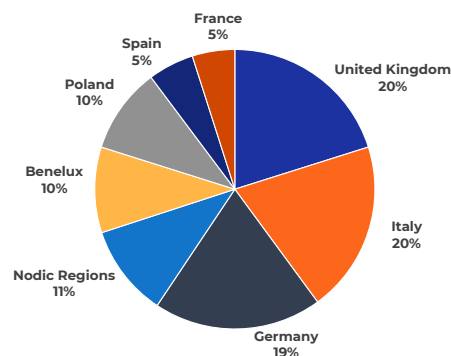
- ◆ Areas where companies adopt SaaS for production automation
- ◆ The top benefits that print service providers (PSPs) see in using SaaS
- ◆ PSPs' top concerns regarding SaaS
- ◆ The differences between commercial and in-plant PSPs
- ◆ How solution vendors can leverage this information

This document explores some SaaS-related findings from our 2022 Western European Software Investment survey and how they are impacting the printing industry. It should be remembered that this is Western European data. North American SaaS adoption might differ, and we will investigate that and compare the two regions when our North American Investment Outlook study is released later this year.

Scope and Terminology

The data in this document comes from Keypoint Intelligence's Western European Investment Outlook survey, which was completed in February 2022. A total of 283 general PSPs, specialized PSPs, and in-plants in Benelux, France, Germany, Italy, Nordics, Poland, Spain, and the United Kingdom participated in the study. The precise regional breakout is outlined in the Figure below.

Figure 1: Western European Survey Coverage



N = 283 PSPs and In-Plant Printers
Source: Western European Software Investment Outlook; Keypoint Intelligence 2022



Market Opportunities for SaaS and Subscription Services: Western Europe

For the purposes of this research, respondents are further categorized as follows:

- ◆ **General PSPs:** General commercial printers, digital printers, marketing service providers, quick printers, copy shops, chains, or franchises
- ◆ **Specialized PSPs:** Book/newspaper/publication printers, corrugated/folding carton/flexible packaging converters, direct mailers, label printers, transactional service bureaus, wide format printers
- ◆ **In-Plants:** In-plant print shops or data centers

This categorization resulted in approximately 90 establishments in each group, enabling statistically significant analysis.

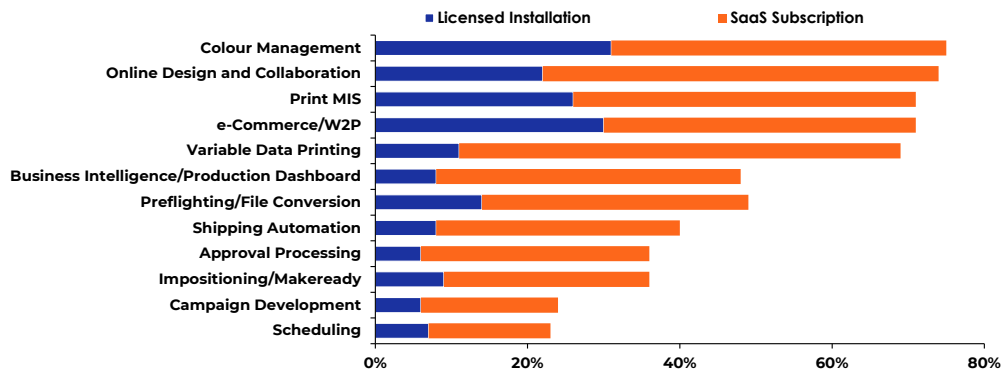
SaaS has Become the Preferred Solution Delivery Method

Not so long ago, cloud-based, Software as a Service (SaaS) production software installations were rare. SaaS has since become the dominant delivery approach, at least according to our Western European survey data. When survey participants were asked about the software they used to manage their businesses, automation adoption was significantly higher than it had been in previous years' surveys. What's more, there was a striking preference for SaaS as an implementation method.

Keypoint Intelligence was somewhat surprised to see that SaaS was the preferred implementation method in all categories. SaaS has historically been prevalent in Internet-reliant areas such as e-commerce, online design and collaboration, business intelligence dashboards, and approval processing. Now, however, SaaS dominates every workflow automation category.

Figure 2: SaaS Adoption by Type of Software

How would you describe your current ownership of the following types of software that help manage your business?



N = 283 PSPs and In-Plant Printers
 Source: Western European Software Investment Outlook; Keypoint Intelligence 2022

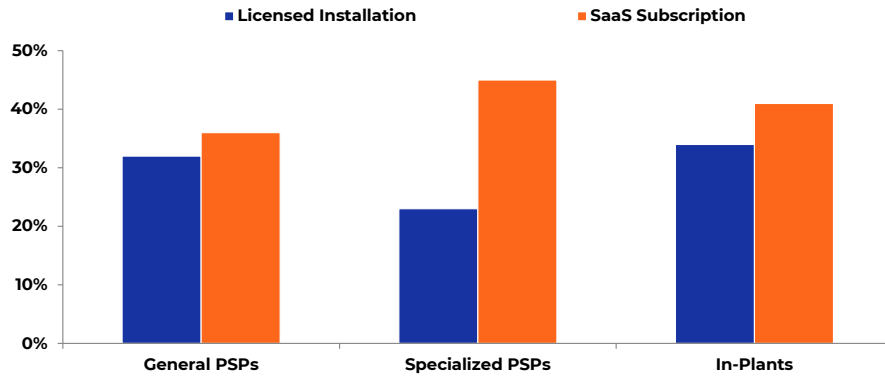


SaaS Preferences Vary by Establishment Size

This analysis methodology involved examining implementation preferences for a single software category across the three categories based on company size. For this analysis, we chose the most prevalent software categories—e-Commerce and Web-to-Print (W2P). The survey data indicates that SaaS is preferred across all printing establishments, but there are some notable differences. Whereas general PSPs are almost evenly split in using licensed installations versus SaaS subscriptions, specialized PSPs are especially likely to choose SaaS. In-plants also favor SaaS, though not as strongly as specialized PSPs.

Figure 3: e-Commerce Software Implementations by Type of Establishment

How would you describe your current ownership of the following types of software that help manage your business?

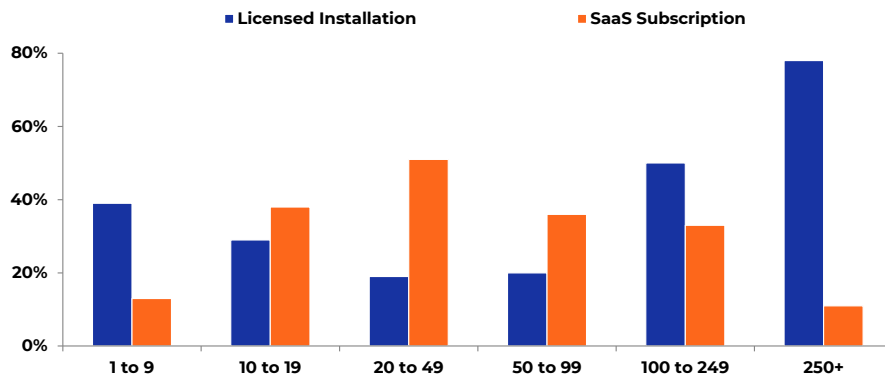


N = 283 PSPs and In-Plant Printers
 Source: *Western European Software Investment Outlook*; Keypoint Intelligence 2022

Establishment size is the more helpful differentiator for SaaS selection. SaaS adoption varies considerably based on the number of employees that a PSP has. Please note that this specific chart does not include in-plants because our survey did not capture in-plant staff sizes.

Figure 4: e-Commerce Software Implementation by Size of PSP

How would you describe your current ownership of the following types of software that help manage your business?



N = Varies; Base: PSPs
 Source: *Western European Software Investment Outlook*; Keypoint Intelligence 2022



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Here is a more in-depth description by size of PSP:

- ◆ **Larger PSPs:** PSPs with 100+ employees are more likely to have licensed installations than SaaS subscriptions. This decision is, undoubtedly, because many of them have Information Technology (IT) departments.
- ◆ **Mid-Sized PSPs:** PSPs with 10 to 100 employees prefer using SaaS subscriptions rather than licensed software. These service providers are less likely to have IT departments, making SaaS subscriptions more attractive.
- ◆ **Small PSPs:** Firms with fewer than 10 employees prefer using licensed software installations over SaaS subscriptions. This outcome is unexpected because these companies rarely have dedicated IT staff, meaning that owners or production managers are responsible for installing and maintaining software solutions. Many of these smaller companies likely cut costs by not establishing ongoing service contracts with their licensed software installations. This situation will change over time as software vendors migrate to term licensing models for their installed systems.

PSPs Invest in SaaS to Reduce IT Costs

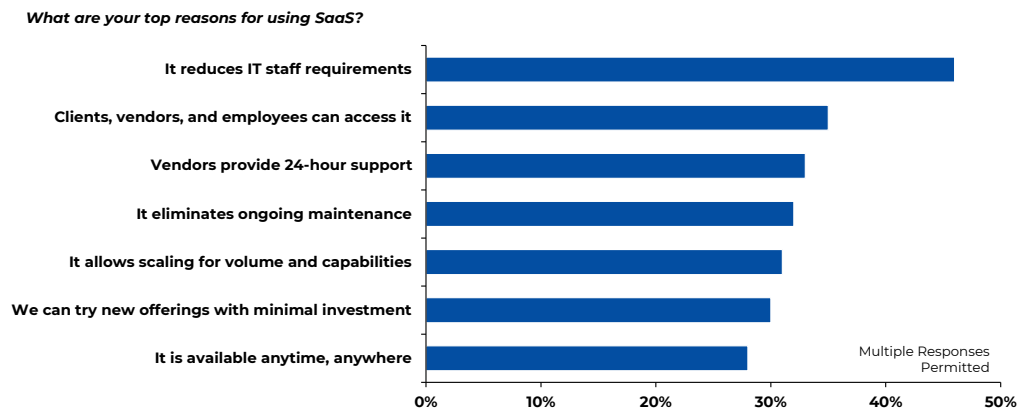
SaaS subscriptions offer a wide array of benefits over licensed installations. For example:

- ◆ On-site servers and operating systems are not required
- ◆ IT staff is not required to install, update, or maintain software
- ◆ Initial investment costs are much lower than with licensed purchases
- ◆ Systems are easily scalable for capacity or with new features
- ◆ Clients, employees, and agency partners have access from any location
- ◆ SaaS solutions can be accessed 24x7

When survey participants were asked about their top reasons for using SaaS, reducing IT staff requirements was the most commonly cited benefit. The top three secondary benefits involve client access, 24-hour vendor support, and ongoing maintenance. While all these benefits are valid and important, some influence acquisition decisions more than others.



Figure 5: Top Reasons for Using SaaS



N = 283 PSPs and In-Plant Printers
 Source: *Western European Software Investment Outlook*; Keypoint Intelligence 2022

General PSPs, specialized PSPs, and in-plants tend to have different opinions about the benefits of SaaS. All three categories place the highest value on the IT staffing benefits of SaaS, but the secondary reasons for selecting SaaS differed.

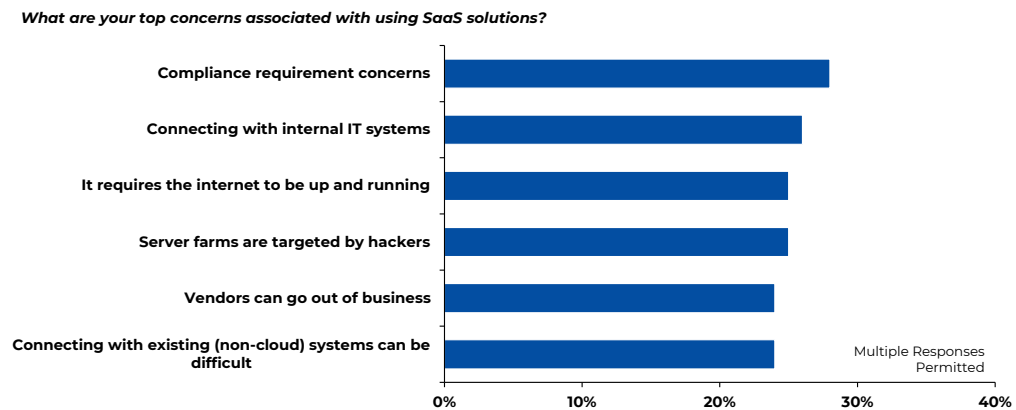
- ◆ General and specialized PSPs consider client access and the benefits of scaling and trying new offerings more valuable than in-plants.
- ◆ In-plants and specialized PSPs find ongoing maintenance reduction to be a more compelling reason to use SaaS than general PSPs.
- ◆ In-plants consider 24x7 access much more critical than access by clients, vendors, and employees when compared to their commercial counterparts. That said, all three groups highly value 24x7 support.

Compliance is the Top SaaS Concern

Despite the known benefits, decision-makers do have concerns with using SaaS solutions. Once again, these issues varied by establishment type. The most profound overall interest area involves compliance. This concern is not surprising since many print applications involve financial, health, or personal data that must be kept secure.



Figure 6: Top SaaS Concerns



N = 283 PSPs and In-Plant Printers
Source: Western European Software Investment Outlook; Keypoint Intelligence 2022

As is the case with perceived value, various types of printing operations have differing concerns regarding SaaS:

- ◆ General and specialized PSPs are both highly concerned with compliance and security. These two concerns are related and reflect the types of work that commercial PSPs provide. It is doubtful, however, that commercial printers without IT departments can provide security as well as cloud-based solutions providers can.
- ◆ While in-plants are concerned about compliance, they are not nearly as worried about hackers targeting server farms. They are, however, much more concerned about relying upon subscriptions from software providers who might go out of business.
- ◆ Connectivity is the third-ranked area of concern across all three groups. General PSPs worry about connecting with internal IT systems. In-plants and specialized PSPs are concerned with connecting SaaS solutions to internal IT systems and existing non-cloud systems.

Opinion

At least in Western Europe, the printing industry has largely shifted to preferring SaaS solutions over licensed installations. There is one exception, and this is in situations where compliance, security, and integration with existing, non-cloud systems is critical. The two lagging segments for SaaS adoption are large printing operations and smaller print providers. Keypoint Intelligence expects that more extensive operations will slowly move towards SaaS for some functions, but many will continue to prefer the control that licensed installations provide. Smaller operations will likely move to SaaS as they replace older systems and more software vendors shift to term licensing. Later this year, we will be able to provide more information about how Western Europe differs from North America after our survey of PSPs and in-plants in the US and Canada is completed.

opinion



Market Opportunities for SaaS and Subscription Services: Western Europe

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[Comments or Questions?](#)

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