Report: Best Practices

The Enterprise Cloud Buyer's Bill of Rights: SaaS Applications

How to Maximize Your Investment and Avoid Potential Vendor Lock-In

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Purpose and Intent

This document is intended to help buyers and prospective buyers of enterprise cloud applications. This bill of rights serves as a reference, checklist and point of discussion with vendors during the vendor selection and contract negotiation process for Software-as-a-Service (SaaS) apps. Though vendors may not honor all these rights today, they represent the best practices we have gleaned from being involved in negotiating over 500 SaaS contracts. This bill of rights also captures the general spirit and intent of most SaaS vendors' executive management teams.

In the future, Constellation will certify and recognize vendors for recognizing these rights upfront in their existing contract language. A second research report will feature individual vendors who support the Enterprise Cloud Buyer's Bill of Rights.

Executive Summary

The majority of enterprise software is now consumed via SaaS or cloud deployments. Despite a perception of simplicity in software acquisition, many cloud contracts require all the rigor and due diligence of contracts for on-premises licensed software.

Client–vendor relationships in the cloud are seemingly perpetual. When converting from an on-premises arrangement, it is imperative that these agreements provide a chance for a new slate. Thus, chief information officers (CIOs), chief marketing officers (CMOs), line-of-business (LOB) executives, procurement managers and other organizational leaders should ensure that the mistakes they made with on-premises licensed software aren't blindly carried over.

The Enterprise Cloud Buyer's Bill of Rights provides a tool for clients and vendors to change the tenor of contract negotiations from user subservience to an equal and collaborative long-term partnership.

Buyers Face Massive Potential for Vendor Lock-In

Cloud apps commonly known as Software-as-a-Service (SaaS) have dominated new license sales in the enterprise applications market in recent years. Constellation estimates that 81 percent of all new enterprise software license sales offer a cloud deployment option.

In the SaaS model, buyers do not own the software license. Instead, the software is leased and accessed, while the purchaser owns the data. As the market shifts from on-premises to cloud deployment, the risk of getting locked into a vendor increases for three main reasons:

1. **The access model means users have limited rights and control.** Cutting through the hype, buyers do not own the rights to the code in most public cloud models. Buyers pay for the right to access functionality and use the intellectual property, but at the full mercy of the cloud vendor. Should the vendor decide to take a different product direction or find itself bankrupt, users remain at the vendor's mercy.

2. **Costs of switching vendors remain ambiguous at best and expensive at worst.** While users have access to and ownership of their data, the hurdle in moving from one cloud vendor to another increases with usage over time. Without rights over the app's functionality, users face lock-in if they cannot easily export their business processes that are instantiated in the vendor's functionality. Add in different architectural standards, varying granularity of process flows and complex metadata models, and users face an expensive and daunting challenge switching from one cloud vendor to another. Most migration plans are unclear on how to successfully switch from one vendor to another.

3. **Vendors currently eager for business may grow fat and lazy in the future.** The rush to earn a customer's business remains intense. Most cloud vendors have customer-friendly policies. However, the risk of vendor complacency grows with each percentage point shift from on-premises to cloud deployments. Unless rights are stated up front today, buyers will lose leverage over time.

Cloud Apps Dominate New License Sales Because of Nine Key Benefits

Despite the potential for vendor lock-in, cloud software suppliers in general have demonstrated tremendous customer-centric policies in order to win over business from the traditional on-premises vendors. Nine key benefits trump potential fear of cloud vendor lock-in:

1. **Rapid IT implementation improves the quality of deployment.** The duration of the technical implementation phase moves from months to weeks. Customers can demonstrate a product, move to "sandbox" and train in days. Instead of spending time and resources in setting up infrastructure, organizations have the option to redirect their budgets and resources to improve business processes and invest in change management. Teams can focus on configuration instead of struggling with integration and deployment quagmires. True multi-tenant SaaS solutions do not require individual installations; instead, they leverage the SaaS environment for quicker and easier configuration. Other flavors of cloud may require a bit more customization.

2. **More frequent cycles of innovation result in competitive advantage.** Cloud vendors update their solutions typically between two to four times a year. With current agile development methodologies, some vendors iterate in months. Customers gain access to the latest features, bug fixes and regulatory updates at a quicker pace. In many cases, organizations turn to the cloud to access innovation and capabilities not provided by incumbent on-premises vendors.

3. **Minimal upgrade hassles free up time for innovation.** While on-premises deployments may provide frequent upgrades, the process of consumption and adoption can be cumbersome. Cloud users no longer have to worry about a flurry of bug patches, fixes and endless testing cycles required to validate changes. Business processes heavily affected by regulatory changes, such as financial closing and hire to retire, benefit the most from easier consumption of updates. However, cloud users do have to take responsibility for consuming updates as not all vendors require you to take all the upgrades and bug fixes.

4. **Subscription pricing frees up capital expenses.** Cloud solutions have adopted subscription or utility pricing to spread out payments over time. The shift from capital expenditure to operational expenditure frees up funds for other projects. Capital is not tied up in expensive investments that risk failure. Business users can swipe and buy without going through complicated procurement processes. During recessionary times, subscribers only buy what they consume, stretching their investment. Many contract terms have also moved from yearly to monthly increments.

5. **Anytime scalability and dynamic capacity ensure flexibility and a level playing field for smaller organizations.** Scalability that comes with pay-as-you go subscription pricing enables customers to streamline cost per additional user. Clients can flex up or flex down on usage without incurring spikes in variable costs for hardware, staffing and licensing. Users can gain unimaginable computing scale, in effect democratizing computing and enabling smaller organizations to better compete with larger organizations that historically have had access to many more resources to develop innovations.

6. **Lower cost of support reduces headcount.** SaaS customers reduce the need for on-site support staff, training and larger IT teams. Organizations benefit with a shift from human resource costs to technology costs. Headcount is freed up to focus on business value.

7. **Users benefit from cloud vendors' infrastructure investments at scale.** Cloud vendors can keep improving their infrastructure while users of on-premises deployments must rely on investments by their own IT departments. From security to performance and infrastructure optimization, cloud vendors can apply large-scale investments in ways that on-premises IT departments could not.

8. **Richer user experience leads to greater adoption and immediate productivity.** Cloud vendors have focused on user experience since inception. Newer technologies enable more engaging and easy-to-use interfaces that support not only mobile, but emerging touch interfaces. Solutions often start with a role-based design point that requires minimal training. These solutions provide a better, more intuitive context for the user's interactions, decisions and actions.

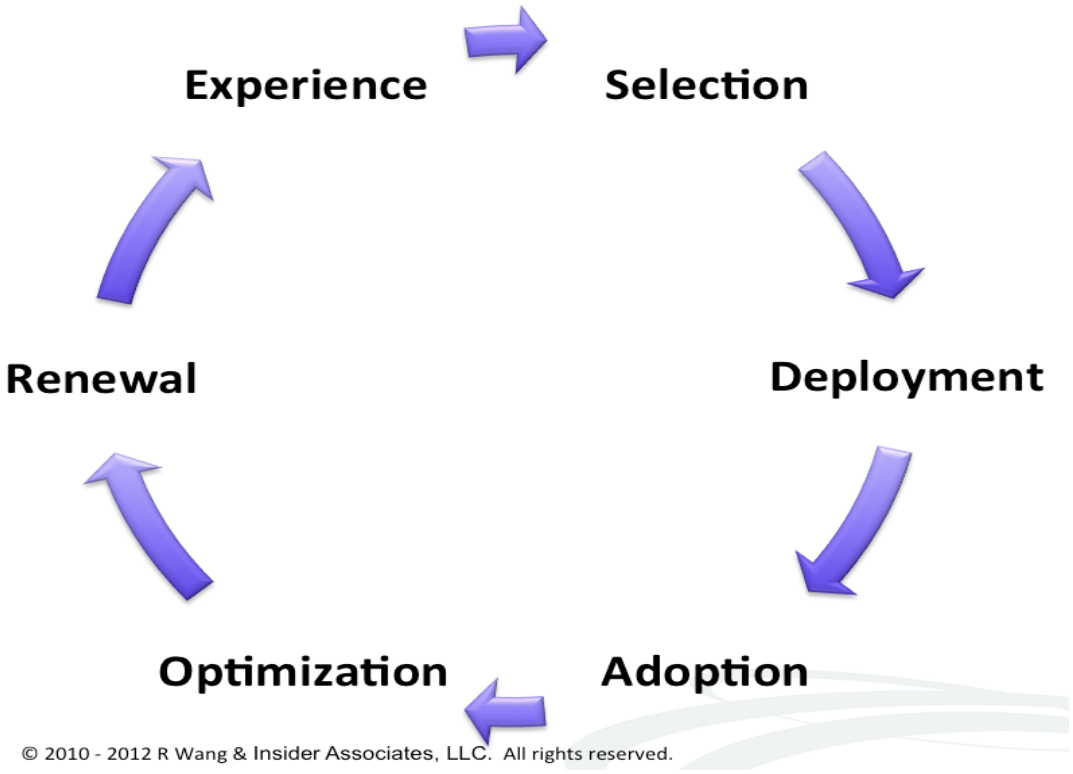
9. **Always-on access enables real-time usage and collaboration.** Office workers gain access to cloud tools anytime and anywhere they go. These consumer-friendly tools often have rich mobile experiences – often far ahead of on-premises applications. Always-on access enables new collaboration and social networking opportunities that on-premises deployments often fail to deliver due to their siloed architecture.

Take Charge with the Enterprise Cloud Buyer's Bill of Rights

The Enterprise Cloud Buyer's Bill of Rights follows the natural path of the cloud software ownership lifecycle. The cloud shifts ownership from perpetual licenses to perpetual usage. Thus, a new opportunity emerges to improve the relationship between clients and vendors. On one hand, vendors should expect a minimum standard of respectful, sincere and earnest behavior from clients. On the other hand, users must consider the implications of perpetual usage and a perpetual relationship.

This 54-point bill of rights represents a client-focused perspective on what vendors should provide as basic rights. The rights are divided into critical, important and nice-to-have rights, organized to reflect the six phases of the cloud ownership life cycle (See Figure 1):

Figure 1. Cloud Software Ownership Lifecycle Spans Six Phases



Customer Experience

Customer experience describes the client expectations of the vendor in the relationship. Buyers and prospects should expect:

Priority 1 - Critical

- **Quality guarantees and remuneration.** Customers should expect vendors to stand behind the quality of both their products and services. This includes full disclosure of known and potential defects that relate to performance, availability, bugs, integration and partner solution compatibility. Penalties for breaches in a service level agreement should reflect the business impact of a disruption or inability to access a capability promised to a customer. Customers and vendors should agree on the form of remuneration for breaches. Vendors should be able to place mutually agreeable limits on liability. Exclusions from acts of God should also be included to balance out vendor risk.

- **Ownership of and access to data with no questions asked.** Customers should know that they own all their data and have access to it at all times throughout the relationship. Tools to access data should be provided to clients. They should get frictionless export of data into an open standards format. Customers should not have to fight for access to their own data. Data deletion policies should allow users to delete data from both the

production and backup servers. Customers should sign off on risks from deletion of data.

- **Ongoing financial and risk management transparency.** For critical applications, clients should be given insight into the vendor's long-term viability (i.e. financing, operational condition, etc.), regardless of whether the vendor is publicly- or privately-owned. Transparency rights should include access on a periodic basis to the vendor's financial statements along with insight into the vendor's operational performance in areas such as incident and problem management, security management and business continuity planning. Transparency allows customers to develop risk management scenarios based on the vendor's actual financial and operational condition, giving customers the necessary time to migrate to a new service provider if appropriate. Customers must agree to non-disclosure agreements on financial information.

Priority 2 - Important

- **Timely and meaningful interactions.** Vendors and their partners should guarantee timeliness of responses for key issues such as service requests, bug fixes and help desk questions. A table of severity and response times should be agreed to in advance. Key policy changes such as product road map decisions as well as organizational and personnel moves that affect the client, support policies, licensing and pricing should be communicated in a timely fashion to customers and tracked by the vendor. Vendors should provide a complete record of the overall interaction history.

Priority 3 - Nice to have

- **Cloud vendor executive advocacy and accountability.** Customers should expect the vendor management team's commitment and accountability for customer success. At higher price points, organizations can expect to know which executives take responsibility for customer satisfaction and advocacy. Escalation processes should be defined upfront. Product and sales accountability at the vendor should be tied to specific individuals, and customer satisfaction should be tied to compensation metrics for employees of the supplier.

- **Professional customer relations.** Courtesy and respect across all customer touch points should be the norm from not only front line customer-facing personnel, but also back office employees. Vendors should keep all contract details confidential and private unless permission has been granted. Professionalism also includes the right to work with knowledgeable and trained resources.

Selection

Selection describes the rights prospects and clients should expect from software vendors as they make their decision on a product and vendor. Prospects and clients have a right to:

Priority 1 - Critical

- **Agree on contract and billing start date.** Customers and vendors should agree when the contract and billing date begin. Constellation suggests that clients should not pay for service until deployment resources have been secured. Why? It's possible to own the software rights, but not gain timely access to vendor-provided deployment resources and fail to receive any value for months.

- **Access licensing and pricing terms and conditions.** Pricing metrics, discounting criteria and terms and conditions should be provided upfront to all customers. Prospects should receive updates and alerts when changes are made. Terms around user and usage metrics should be made clear. Standard contracts and renewal provisions should be made available for review. Vendors should be required to give a good notice period (e.g. 180 days) before changing terms and conditions. Vendors should have the ability to change them a limited number of times (e.g. twice a year).

- **Price protection options.** Clients and prospects should be given the opportunity to lock in price guarantees on increased consumption or seek price increase protections. Vendors should provide the discount rationale and clearly state the pricing bands for each bulk increment. Clients should be able to move between bands at defined periods of time. One option – provide for a collar where user counts can fluctuate up or down by 10 percent over six months or a year at the same unit price. Vendors should be able to set minimums. Clients should understand that the value of the software increases over time as the functionality expands.

- **Confirm price increase schedules over a five-year period.** Because clients do not own the code, but retain access, cloud users lack leverage in renewal negotiations. In addition, many SaaS providers use volume-based pricing. As a result, clients and prospects should seek a cap on price increases over a five-year period. Should vendors require an increase in pricing to address and add key features, customers would most likely agree if these features affect the entire user base. Placing caps should help minimize price increases and surprises.

- **Obtain clear policies on additional costs.** Cloud clients often find out after the fact that "upsell" items such as storage allocations do not satisfy actual usage requirements. Once hooked onto the product, ongoing storage costs could prove to be the largest expense item. Vendors should disclose all potential upsell items to clients. Customers should negotiate upsell terms in advance and seek pricing plans from vendors.

- **Receive disclosure about solution defects.** Customers and prospects should be given access to a list of known bugs, integration problems, performance issues and other deficiencies. This should include known gaps in business process flows or scenarios where use case scenarios cannot be completed.

- **Stipulate data management requirements.** Clients should determine data properties, including physical location, security mechanisms, access rights, disaster issues and regulatory compliance requirements. Critical information such as host info and availability should be provided. The customer should have control over such items as user access rights and password policies (complexity, retries, lockout, etc.) within the platform. Location of the cloud may play a role in selection of the product.

- **Receive security safeguards at scale.** Vendors should detail how security is established. Authentication options, penetration testing and breach remediation procedures should be provided. Root cause analysis should be provided upon security breach with recommended remediation steps.

- **Perform due diligence on a vendor.** Prospects should be able to examine a vendor's financial viability, security risks and legal liability. Key areas should include financial performance, legal risks, management team background, customer lists and SSAE 16- or ISAE 3402-certified compliance. Clients should have the right to review certification results, including the older SAS 70 certification. In most cases, existing certifications will do. However, clients should be able to conduct or have third-party auditors perform audits of the vendor data center at the client's expense.

- **Contract for third-party advice.** Clients should retain the right to engage a third-party adviser in vendor selection, contract negotiations and independent verification and validation (IV&V). Vendors should not try to prevent clients from seeking such advice.

Priority 2 - Important

- **Obtain a comprehensive agreement clause.** Prospects and clients should ensure that demos, proposals and promises made during the selection process are included in the final contract. Vendors should expect clients to include documentation as exhibits in contracts. One technique – record demos and seek clarification on whether features are in-product, configured, customized or forward-looking.

- **Try before buying.** Given the cloud deployment options, prospects and clients should be given access to the system and provided a sandbox to demonstrate the system. It should be understood that try-before-buy evaluations are pre-configured. Most prospects will find a proof of concept (POC) to be more useful. In fairness, vendors should retain the right to charge for the POC when a considerable amount of labor is involved.

- **Receive an 18- to 24-month product roadmap**. Vendors should share strategic direction with clients. While not a commitment to deliver, customers will benefit from understanding what features will be delivered within a rough time frame.

- **Understand the architecture of the solution.** Clients should receive details about the architecture of a solution, approach to scale, data center provider and disaster recovery plans for both the hosting provider and the vendor. Customers should be able to understand the hardware configurations and technical details.

- **Address regulatory requirements for data sets.** National regulations often prevent data from departing the shores of many countries. One way to meet these requirements is to maintain data within countries, as required. Another approach is to address privacy issues by encrypting or tokenizing the data. Vendors should provide an option to address this requirement. Both customer and vendor must understand not only what jurisdiction their data resides in, but also specific regulatory requirements for the data sets. If Healthcare/HIPAA PHI or international personal data, specific policies and training may be required for vendor support and operations personnel. In addition, Business Associate Agreements (US), Safe Harbor Certification or Data Processor Agreements may be required in addition to general security assurances.

Priority 3 - Nice to have

- **Calculate a business value analysis during the sales cycle.** Vendors should be able to show the true cost of ownership and the benefits derived over a defined period. Unlike traditional total cost of ownership calculations, benefits include the innovations consumed and delivered. Key metrics should show comparisons of deployment options over three, five, seven and 10-year time frames.

- **Get customer and partner references.** Clients should expect a vendor to provide customer references for unfettered conversations about the solution. Clients should also be able to reach out to user group leaders for honest and candid discussions.

- **Receive a list of qualified implementation partners and estimated costs.** Clients should have access to qualified, independent implementation partners. A list of expected or estimated costs for similar types of deployments should be provided.

Deployment

Deployment describes the rights clients should expect from vendors as they implement and consume the technology. Customers should be able to:

Priority 1 - Critical

- **Receive a clear statement of work and project status reporting.** Vendors should deliver large projects in accordance with project management best practices such as the Project Management Body of Knowledge (PMBOK). Smaller projects should follow clearly-defined templates for rapid implementation. Deliverables, milestones, acceptance criteria and escalation processes should be documented prior to project kick-off. The implementation teams of the vendor should provide service level agreements (SLAs).

- **Contract for vendor expertise.** Customers should have the right to engage vendor experts such as product development teams, solution architects, training and support personnel at reasonable rates. Buyers should assess the team on its technical acumen. Customers should examine how consultants are trained; how product teams and consultants collaborate; and how they address challenging projects. Fees should be provided in advance. Detailed information should include personnel rates and estimated effort for common projects.

- **Access training programs.** Vendors should provide training programs to ensure a client or its partner could complete a deployment. More importantly, clients should expect adequate knowledge transfer activities from the vendor to ensure self-sufficiency.

Priority 2 - Important

- **Seek multiple implementation options.** Clients should be given a choice as to whether they can self-deploy, choose a trained third-party partner or work with the vendor. Selected partners should be able to obtain access to key data and implementation information. In cases where no partner exists, clients should have the option to self-implement with vendor/partner assistance.

- **Adopt single sign-on standards.** Vendors should support single sign-on industry standards such as SAML 2.0 and user provisioning APIs.

Priority 3 - Nice to have

- **Move across deployment options.** Customers should have the right to deployment choice. This includes the ability to buy public cloud, deploy private cloud or license the code for on-premises deployment.

Adoption

Adoption describes the rights clients should expect from software vendors as they use the solution across the customer organization. Vendors should provide clients with the following:

Priority 1 - Critical

- **Intellectual property (IP) indemnification.** Vendors faced with lawsuits will provide clients with indemnification from IP legal claims. Remedies should include refund of the subscription costs, provision of a replacement solution at zero cost and a vendor-developed solution.

- **Auditing and logging.** Customers should expect that the system log and record access, configuration changes and data modifications. The logs should be available for the customers to easily access and review.

- **Integration and API support.** As organizations make the shift from on-premises to cloud-based deployment options, vendors must deliver access to public API's, Web services and other integration tools to support hybrid deployment. In some cases, integration will revolve around business processes such as order to cash, campaign to lead and incident to resolution. Providers should be crystal clear about their API changes. Frequent changes in API will mean integration hell for users. So there should be a clear understanding of the provider's policy on API changes and how it will be communicated to the users. Vendors should provide a list of third-party integration tools recommended, supported and proven by the vendor.

- **Clarity on lockout rules.** Historically, some vendors would lock a user's account for failure to pay, a petty dispute, or even by accident. Users should be entitled to an expedited process to address lockout rationale. Vendors should be entitled to lock out clients for a defined set of terms.

Priority 2 - Important

- **Freedom of speech.** Clients should not be limited in discussing the software app with fellow customers, peers, user group members or media. Clients should be able to freely discuss issues with the software vendor, including but not limited to security issues, bugs and relative pricing ranges. Clients should not be asked to sign no-disparagement clauses. Both sides should be open in their communication.

- **License equivalency.** Clients of on-premises software vendors moving to SaaS and other on-demand models should be able to convert user and usage models across different deployment options. Equivalency ratios should be determined ahead of time.

- **eDiscovery options.** Vendors should provide options to support legal hold systems that help meet regulatory and legal requirements for document retention. Clients should be able to direct the eDiscovery process.

Priority 3 - Nice to have

- **Data quality support.** While a vendor cannot guarantee the quality of data being put into the system, tools should be provided to address both a

sourcing and day-to-day processing perspective. These tools ensure short-term and long-term efficient processing.

- **Software escrows.** Customers should have the option to choose and access a provider who serves as custodian for source code, user data, application executables and related documentation. Frequency of backups and updates should be mutually agreed on by the vendor and customer. Hot backups should be made available for disaster recovery scenarios. Vendors reserve the right to charge for software escrows.

Optimization

Usage optimization describes the rights customers should expect from software vendors as they change how they expand, maintain or contract in their usage of the solution. Customers should expect:

Priority 1 - Critical

- **Affiliate usage assignment.** Customers should be able to provide access to and usage of the software to majority-owned affiliates. Customers and vendors should determine how to treat usage assignment with other related organizations.

- **Consumption analytics and adoption benchmarks.** Vendors should provide the customer with access to consumption reports on a quarterly basis. Consumption reports should help the client analyze usage and adoption patterns. Reports also help clients and vendors understand the value delivered and how to make future investment decisions. For example, if the report shows Module A is being consumed by 80 percent of the user base, while Module B is only being consumed by 10 percent of users, then the client can either invest in expanding the adoption of Module B or work with the vendor on analyzing why Module B has not been successfully rolled out to users. Training requirements and other areas for improvement should be proactively identified.

- **Ongoing performance metrics.** Clients should expect a trust site to monitor service level agreements, with the ability to view historical performance. Vendors should provide real-time reports on key availability and continuity metrics. Uptime guarantees should come with penalties for outages and bonuses for success. Failover procedures should be documented. Vendors should agree to maintain or upgrade hardware to meet agreed-upon performance levels. Exceptions should be made for acts of God.

- **Security breach notifications.** Vendor agreements should include timely notification of any security process failure, data exposure or open investigation that may affect a customer's information. Contracts should specify who will bear the cost of notifications or fines if required by law.

- **Privacy safeguards.** Customers should have the right to restrict or receive discounted pricing for anonymous data mining and to prohibit sale of aggregate data and statistics to third parties. Data on number of customers, sales, pricing, usage trends and other analysis may have significant market and/or competitive value.

Priority 2 - Important

- **Merger and acquisition scenarios.** Clients should be given the option to combine contracts to achieve more generous discount levels or pricing tiers during mergers and acquisitions. In cases where the software will no longer be used, limited access licenses should be provided for the use of pre-merger files, compliance requirements or historical trending data. SaaS vendors should provide an option for clients to pare down usage or terminate during divestitures. Vendors may also provide an option to apply credits to a newly merged entity.

- **Multiple support options.** Customers should be given more than one-size-fits-all support options. Options should provide tiering in pricing and service levels that correspond to actual usage.

Priority 3 - Nice to have

- **Installed-base transparency.** Vendors should inform customers when multiple installations have been deployed at a company. Clients should be able to access information about usage by all users to determine if they have purchased shelfware that is unused.

Renewal

Renewal describes the rights clients should expect from software vendors as they shift their usage requirements and change how they adopt SaaS solutions. At a minimum, clients have a right to:

Priority 1 - Critical

- **Provide input into future capabilities.** Vendors should have mechanisms for clients to help prioritize product requirements. Prioritization and acceptance criteria for roadmap decisions should be made open to clients. Clients should understand that vendors might reserve a portion of investment decisions for platform upgrades and updates. Vendors should provide confirmation and status on feature requests.

- **Receive ample notice before upgrades.** Vendors should give customers ample time (e.g. 30, 60 or 90 days) to prepare for an upgrade. The vendor should provide a clear maintenance window when upgrades are going to occur. This includes keeping the lines of communication open, preparing the appropriate training materials, providing guidance on testing and working

with end users on implementation risks and impacts. Vendors should provide an upgraded sandbox environment for customers to publish their configuration, validate integrations, preview new features and update standard operating procedures prior to an upgrade.

- **Determine termination criteria.** Both clients and software vendors should communicate clear termination criteria. The criteria should include transition language and migration assistance conditions for clients. Regardless of the contract, the customer should always own the data and have the opportunity to migrate it. A corporate acquisition should be listed as one example of acceptable termination criteria.

Priority 2 - Important

- **Receive migration assistance.** Customers leaving a SaaS provider should be provided with the necessary transition tools to ensure business continuity. Tools could include temporary hosting privileges, integration frameworks, data migration and historical archive capabilities. These costs should be determined during the selection process.

- **Transition to alternative deployment options.** Vendors with multiple deployment options for similar code lines should provide mechanisms for clients to transition among the different options. At no time should a client be locked in to one deployment option. Pricing options should reflect a comparable total account value of the solution. Client should be able to access full data at any given time, no questions asked. Vendors should provide both public and private access to APIs to support transitions.

Priority 3 - Nice to have

- **Purchase the software.** In some cases, clients may leave a SaaS vendor and require more than just the flat file extract of their data. Some vendors in the past have allowed clients to purchase the semantics of the data. Key items that should be purchasable include business rules that govern the data structures in which the data is stored; data models; and logical models.

- **Share post-mortem feedback.** Clients and vendors should agree to clear feedback and post-mortem discussions to ensure any lessons learned are leveraged in the next cloud project the client undertakes and to ensure the vendor understands where there can be improvement in each phase of the ownership lifecycle.

Recommendations: Remember to Align Contract Negotiations with Apps Strategy

Successful contract negotiations require organizations to align their business strategies with their apps strategy. Form follows function and, without alignment, contracts often focus purely on price and fail to achieve the larger goal – successful deployment and adoption in the business. Constellation suggests the following:

- **Use the Enterprise Cloud Buyer's Bill of Rights to bring the business, procurement and IT teams together.** Walk through the best practices to establish future cloud procurement policies. CIOs can use the bill of rights to establish frameworks for business units to speed up the vendor selection process. Procurement staff can standardize templates to ensure speedy yet compliant purchases.

- **Include the Enterprise Cloud Buyer's Bill of Rights in SaaS evaluation and selection criteria.** Use the rights as a starting point in establishing a long-term, productive client–vendor relationship. The bill of rights should serve as a launchpad for discussions. Customers should also keep in mind their responsibilities as a client in the relationship. Understand that some rights push today's limits and are designed as conversation starters.

- **Expand the rights to meet organizational requirements.** Treat the Enterprise Cloud Buyer's Bill of Rights as a place to start. Organizations should apply the rights to specific industries, geographies, regulatory conditions and changing enterprise needs.

- **Join the Cloud Bill of Rights ecosystem.** Constellation has put together a series of community tools, including an invitation-only group to continue the discussion. Your experiences, feedback and thoughts on new rights can be contributed to Constellation's Consumerization of IT/The New C-Suite community or its Tech Optimization and Innovation community. Participate in surveys and make a difference!

Constellation Research Panel

Contributors to this report came from Constellation's client research panels on Technology Optimization and Innovation and on Consumerization of IT/The New C-Suite. They are:

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Cloud Vendor Review Panel

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- BMC Software
- Brainshark
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- gDecide
- Guidewire Software
- Infor Global
- Informatica

- Jive Software
- NetSuite
- Okta
- Pervasive Software
- PowerSteering Software
- SAP
- SocialText
- Spigit
- Tidemark
- Vertical Solutions

Disclosures

Your trust is important to us, and as such, we believe in being open and transparent about our financial relationships. With our clients' permission, we publish their names on our website.

Analyst Bio: R "Ray" Wang

Enterprise Strategist and Disruptive Technologies Expert

R "Ray" Wang is a Principal Analyst and CEO of Constellation Research, Inc. and the author of the popular enterprise software blog, "A Software Insider's Point of View." He previously was a founding partner and research analyst for enterprise strategy at Altimeter Group.

With viewership in the millions of page views a year, his blog provides insight into how disruptive technologies and new business models affect the enterprise. A background in emerging business and technology trends, enterprise apps strategy, technology selection and contract negotiations enables Ray to provide clients and readers with the bridge between business leadership and technology adoption.

Expertise

Buyers seek Ray's research in disruptive technologies and their impact on business processes, business models and organizational design. Business topics focus on harnessing innovation, creating next-generation business and IT leadership and applying the new rules of business. Technology topics include SaaS/Cloud solutions, Social CRM, Next Gen ERP and apps, business process transformation, Project Based Solutions, Order Management, Master Data Management and middleware technologies.

For technology sellers, Ray provides strategic guidance in go-to-market strategies, reviews and designs software licensing, pricing, support and maintenance policies, delivers competitive assessments, evaluates software partner ecosystems and researches business processes such as the perfect order and customer experience for the enterprise and SMB markets.

Media Influence

Ray blogs at Forbes' CIO Central and for Harvard Business Review. News organizations such as The Wall Street Journal, Bloomberg, Business Week, Fortune, The Associated Press, CIO Magazine, Information Week, ComputerWorld, Financial Times, eWeek, CRM Magazine, IDG News, ZDNet, TechTarget and Managing Automation frequently seek his point of view. Ray is an energetic and passionate keynote speaker, and has also been featured on major TV news outlets such as CNBC.

Industry Recognition

In both 2008 and 2009, Ray was recognized by the prestigious Institute of Industry Analyst Relations (IIAR) as the Analyst of the Year, and in 2009 he was recognized as one of the most important analysts for Enterprise, SMB, and Software. In 2009, A Software Insider's POV was listed in the top 20 of Jonny Bentwood's Technobabble 2.0 Top Industry Analyst Blogs. In 2010, Ray was listed as one of the Top 5 Analyst Tweeters in Edelman's TweetLevel Index, recorded as part of the ARInsights Power 100 List Of Industry Analysts, and named one of the top Influential Leaders in the CRM Magazine 2010 Market Awards.

Education

Ray graduated from the Johns Hopkins University with a B.A. in natural sciences and public health. His graduate training includes a master's degree from the Johns Hopkins University in health policy and management, and health finance and management. He is also certified in SAP FI/CO modules, facilitation and program management office.

Ray currently serves on the Board of Advisors for the University of Toronto's Rotman School of Management's Centre For CRM Excellence.

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About Constellation Research

Constellation Research is a specialty research and advisory firm that serves business leaders who seek to unleash the power of emerging and disruptive technologies. Our research analysts start by understanding the business objective, applying real world experience and insights and then incorporating disruptive technologies and innovative business models as appropriate.

We cater to boards of directors, C-suite executives and line of business leaders looking for an edge in business model and technology innovation. We help our clients combine disruptive and traditional technologies in solving the tough business problems. Most importantly, our research outputs always provide an insightful buy-side point of view. We look forward to serving you with Insight, Inspiration and Impact.

We're business-leader and business-value focused. Constellation Research differentiates itself by:

1. Focusing on the boardroom and C-suite point of view. Our research addresses the needs of boards, CEOs, CFOs, CIOs, CMOs, CHROs, CPOs, CSCOs, and COOs.
2. Addressing the business problem first. Research starts by addressing business value and then applying the appropriate disruptive and emerging technologies.

Organizational Highlights

- Founded and headquartered in the San Francisco Bay Area, United States, in 2010.
- Named Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011.
- Serving over 150 buy-side and sell-side clients around the globe.
- Growing firm with 35 members including 14 research analysts and futurists, 7 sales professionals, 4 professional staff, and a board of 10 industry-recognized advisors.
- Experienced research team with an average of 21 years of practitioner, management and industry experience.
- Creators of the Constellation Supernova Awards - the industry's first and largest recognition of innovators, pioneers and teams who apply emerging and disruptive technology to drive business value.
- Organizers of the Constellation Connected Enterprise - an innovation summit and best practices knowledge-sharing retreat for business leaders.

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