

Surveying the project management SaaS market

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Will cloud-hosted PM applications take a bite out of Microsoft Project and other on-premise PM products? Rick Freedman offers his thoughts.

One look at the list of companies featured on the SaaS Directory's project management page, and it's obvious that the project management Software-as-a-Service (PM SaaS) model has exploded. Leaders and pioneers, such as Daptiv and Basecamp, are joined in this space by dozens of new startups. The provision of PM services over the Internet, accessed by a Web browser from anywhere and sold on a subscription basis, makes obvious sense. Daptiv's tagline explains PM SaaS's appeal simply: "Log in and get to work: All you need is a browser. Anywhere."

To survey the state of the PM SaaS market, I looked at a handful of these tools and also had an extended conversation with a key entrepreneur in this space, Avinoam Nowogrodski, CEO and Co-Founder of Clarizen.

It's a broad field

Most of the PM SaaS offerings cover the basic elements of PM: the management of programs, projects, tasks, resources, assignments, schedules, Gantt Charts, budgets, progress tracking, and reporting. The offerings add-on capabilities vary; the capabilities include time tracking, issue management, and risk management features.

Some companies, such as Daptiv, contain a complete application development environment for creating company-specific variations, such as building workflow to ensure that Daptiv conforms with existing project management office (PMO) methods. Other companies have more limited customization capabilities; while other companies have communities of partners performing professional services or developing program extensions.

Basecamp, which has more than three million users worldwide, is one of the success stories in this market. This Web-based project collaboration tool was developed by 37signals, a small Web design shop that, with the success of Basecamp, mutated from a Web-services firm to a software development team. A walk through of Basecamp's online tour demonstrates a cleanly designed, simple, and intuitive interface that offers the standard functions of the PM SaaS category, such as

dashboard and milestone views, task lists, file repositories, alerts, and email features. Documents, such as scopes of work (SOW) or proposals, can be attached to specific projects.

While most of the products offer similar basic functionality, each seem designed to fill a particular niche. For instance, 5pm seems more suited for smaller, project-by-project management, while Daptiv is designed for large organizations or services companies that are managing portfolios of projects and want to view and analyze across that portfolio. Daptiv also touts its speed to deployment, as documented by IT commentator and ZDNet blogger Phil Wainewright. Projecturf is by far the most elegant interface, in my view, with outstanding screen clarity and navigability.

Clarizen CEO's take on PM SaaS

Clarizen is very focused on the collaborative element of the cloud-hosted model. This isn't surprising, since Nowogrodski's previous project was SmarTeam, where his firm developed a collaborative design application, then sold the application and the firm to Dassault Systemes. Nowogrodski then served on Dassault's Executive Management team.

I took a spin with Clarizen's software and then chatted with Nowogrodski to get his take on the PM SaaS market. I started by asking what prompted him to plunge into the PM SaaS market. "In 2006, I had a vision of changing the project management landscape, making project management a tool that could be used by anyone in the company. Project management is going in the direction of being a collaborative work management solution, moving from on-premises to a SaaS solution. When a project team member comes to work in the morning, he has a list of all the tasks from last night, all the tasks he needed to do yesterday, and all the emails that are linked to those tasks, all the notes and documents."

I asked him why it was better to deliver this as a Web-based service rather than as packaged software. "SaaS delivery makes perfect sense," he told me. "When you talk about project management, you have benefits that you cannot get when you use on-premise software. In our model, it's possible to run different projects from different organizations and still share across them in a single common project space. Company A runs a project, and their supplier runs another project for them, you're able to take a part of the supplier project and move it into your project. You can create dependencies on them, you can create alerts on them. They're a part of your project. To do this, you need a SaaS solution."

When asked about the use of Clarizen to manage IT service business, where PMs may be engaged in multiple projects for different companies in many geographies, Nowogrodski noted that "there is a great advantage [to the SaaS model] for companies that are delivering services. Some of your customers have tasks in your projects. There's dependency between what you and the customer do. It's a shared project between you and your customers. You can view the progress of the project, not only from your perspective but from the customer's perspective. Customers can view the progress. You have a multi-project, multi-customer view of all your projects."

Nowogrodski also stresses the simplicity of browser-based applications. "We market on the Web, and we sell over the phone. There's no need for implementation, in the sense of going on site to implement. We go for a short training session, and then the customer works with the system."

Summary

Clarizen, Daptic, and Basecamp each target slightly different market niches, but the fact that this PM SaaS market is mature enough to support competitors in tightly-defined niches demonstrates that there must be customer demand. After years of tangling with Microsoft Project, I can appreciate the appeal of a simple, intuitive browser-based solution. The team collaboration capabilities are indispensable in modern PM. Many organizations are adopting these cloud-hosted alternatives to the complex, resource-hungry on-premise PM solutions. With inexpensive pricing, dependable security, and a range of options from which to choose, these SaaS offerings could cause the same risk to Microsoft Project that Salesforce.com posed to Siebel in the CRM space.

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