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Suites of SaaS Consolidation

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Every piece of technology ever deployed goes through cycles. When software-as-a-service first made the rounds, it came as point applications such as customer relationship management (CRM), most notably from [Salesforce.com](#).

For a long time, however, SaaS has been pretty much limited to front-office applications. It's only with the recent economic downturn that we've begun to see **more aggressive SaaS adoption** in the back office. And now we're seeing the creation of various alliances between SaaS providers that give customers a range of integrated SaaS offerings.

But the question a lot of people have is: Are these alliances a natural part of the evolution of SaaS, which like other IT sectors likely will experience a wave of consolidation in the not-too-distant future? After all, customers prefer to deal with as few suppliers as possible. Yet it appears it's only a matter of time before SaaS acquisitions begin in earnest.

For example, you could view [Force.com](#) as little more than a place where Salesforce.com invites startups to come and host their applications before moving to acquire the successful ones. In the meantime, we're also seeing players such as [Vorex](#) expand the functionality of their suites. Vorex is expanding its foothold in human resources applications to include project management and expense tracking and billing. Vorex CEO Mike Salem says these are all areas of natural expansion for the company because they all deal with managing the employee. Of course, we've already seen how vendors such as Oracle and SAP have defined natural extensions, so SaaS probably will follow much the same course.

This may be good news for companies such as [Aplicor](#) and [NetSuite](#), which already have a broad portfolio of SaaS offerings. But whatever happens, the current era of

SaaS alliances could just as easily be seen as simply a precursor to **a wave of SaaS consolidation** that might first start among the SaaS providers themselves before extending out to Oracle and SAP.