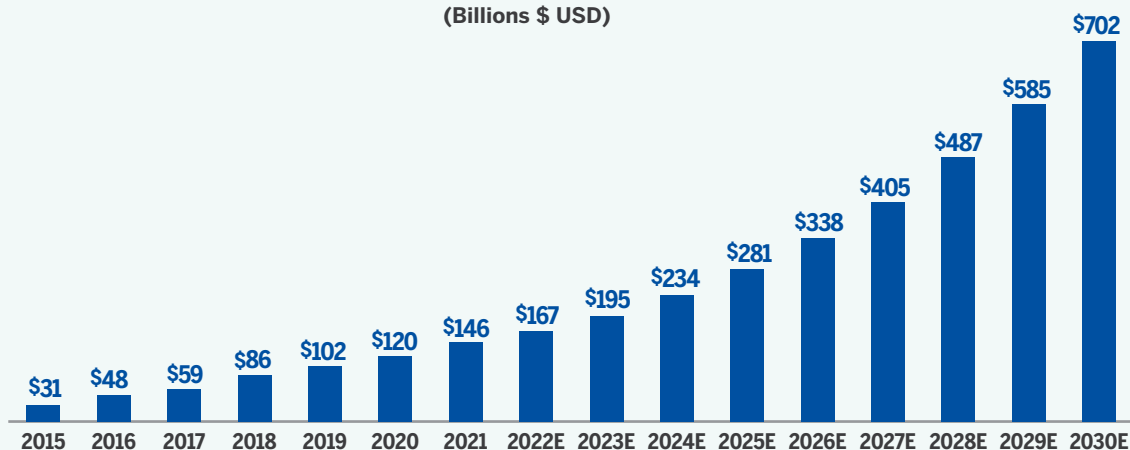


At Your Service

At its core, Software-as-a-Service (SaaS) is a way of providing access to applications over the internet. Further, SaaS has become an essential part of the software industry, with businesses relying on SaaS applications to improve efficiency and operations. What are the key drivers that have advanced SaaS adoption and how might investors be positioned to capitalize on future industry growth?

Public Cloud Application SaaS Spending

(Billions \$ USD)



Source: 2015 through 2022 from Gartner, Years 2022 onward are estimates from Allied Market Research

- Some of the most common SaaS applications include customer relationship management (CRM), enterprise resources planning and e-commerce. SaaS has many potential advantages including flexibility, scalability, predictability, and affordability. Not only can SaaS providers give access to users anywhere in the world, but it is also a cheaper alternative for many businesses. This is because SaaS customers no longer need to invest in expensive on-premises software products up-front and can instead opt-into a recurring payment stream which can grow with their needs.
- As a result, this recurring revenue model has allowed SaaS companies to scale quickly thanks to the low incremental cost of servicing additional customers. Referencing the chart above, the overall SaaS market from 2015 through 2021 saw a compounded annual growth rate (CAGR) of 29%, according to Gartner. Moreover, the global SaaS market is projected to reach \$702 billion by 2030 (or a 20% CAGR), according to Allied Market Research.
- Innovative industries, such as SaaS, tend to experience growth during challenging economic environments, making them potentially less impacted by a recession (see our note on what is [recession resistant](#)). We believe SaaS, in particular, should be more impervious to economic weakness because once applications and workloads are implemented, customers are likely to avoid the headache of switching providers or paying the high cost of on-premises software deployment. With potential strong long-term growth and valuation multiples less expensive than they have been in years, SaaS companies appear attractive, in our view.



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