

	<b>Hosted Applications</b> (license plus hosting)	<b>SaaS</b> (software as a service)
<b>Software location</b>	Hosting center	SaaS provider facilities
<b>Software license</b>	Purchased and owned*	Rented from SaaS provider facilities
<b>Financial model</b>	Capital expense*	Operational expense
<b>Deployment model</b>	Usually single tenant	Usually multi-tenant
<b>Cloud model</b>	Internal or external cloud	External cloud
<b>Backup services</b>	Usually managed by hosting company	Managed by SaaS provider
<b>Software upgrades &amp; Patches</b>	Installed and maintained by company with some help from hosting company. Very expensive to upgrade just as if it was an on premise solution, especially if multiple locations exist.	Installed and maintained by SaaS provider with all users receiving upgrade instantaneously (usually goes unnoticed by users).
<b>Annual Maintenance Fees</b>	Customer usually pays yearly lump sum for software and hardware	Usually built into monthly licensing fees
<b>Customization</b>	Usually costly to customize	Highly customizable by customer at lower costs
<b>General Support</b>	In-house or contracted resources	SaaS provider resources (included in monthly fee)

- **Note:** Some hosted application providers are offering subscription-based licensing, similar to Microsoft's Service Provider License Agreement (SPLA). However, this does not make it a SaaS application.