

# Perception vs. Reality

The State of SaaS  
Management in 2021



Cledara

# Contents

Introduction: The true costs of SaaS	3
Survey methodology	6
Key findings	7
<b>Survey results</b>	
• Building processes	11
• Perceived value	14
• Impact on company culture	16
What's next for SaaS management?	18



# The true costs of SaaS subscriptions

**SaaS is the lifeblood of scaling businesses.**

Over the last 20 years, software subscriptions have opened up a world of opportunity for individuals and teams alike.

It's now easier than ever to find and implement tools that make our jobs easier. And that's driven enormous value for organizations – empowering them to work more efficiently and scale faster.

## New technology, new challenges

But SaaS brings its challenges, too. As the market has grown, businesses have found themselves depending on SaaS more than ever, using dozens, even hundreds of different software subscriptions. And without proper processes to purchase and manage all this software, companies are running into issues they never considered before the inception of SaaS.

The key challenges? It's difficult to get oversight of every piece of software and ensure it's adding value – not creating organizational risk. Duplicate and unused tools breed entirely avoidable costs and make it hard for teams to collaborate. Culture suffers, expenses spiral and the very thing SaaS was supposed to enable – efficient scalability – is put in jeopardy.

## It often falls to Finance

More often than not, it falls to Finance teams to make sense of this SaaS chaos.

They're left chasing invoices, attempting to reconcile purchases and prove ROI. It's not a good use of their time, skill or resources. To solve the problem, some businesses have tried to centralize software subscriptions with the IT team instead – but that's rarely the answer. Taking control away from teams and making them filter all requests though IT can leave teams feeling disempowered and untrusted.

Ask any finance team at a scaling business how they feel about SaaS, and the chances are they'll cite at least one of these issues. To get a sense of the scale of the problem, we did exactly that.

**"Companies must adopt a proactive approach in order to get the most value out of their SaaS applications."**

*Rob Glickman, CMO @ Cledara*

## How are businesses coping?

We asked companies how they're currently managing their software subscriptions, what issues it's causing and how it's impacting their ability to scale.

The research shows that businesses without proper processes are starting to feel the pinch. With digital transformation only accelerating, Finance teams are running into major challenges to manage their SaaS.

## But there's good news

Strategic SaaS management offers a host of benefits – from helping protect company culture to accelerating innovation and growth. With a clear understanding of where issues lie within the SaaS journey, **Finance leaders are well positioned to find solutions that add real value.**

In this report, we'll share our findings on the true causes and costs of unmanaged SaaS subscriptions across the business.

# Survey methodology

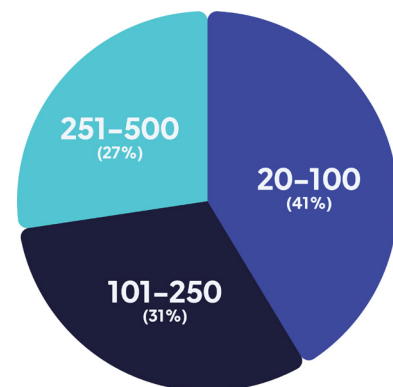
The survey was conducted among 251 Finance managers, IT managers and executive leadership, involved in business software purchasing decision-making, in companies with 20-500 employees, and at least one SaaS subscription, in the UK.

The interviews were conducted online by Sapio Research in August 2021 using an email invitation and an online survey.

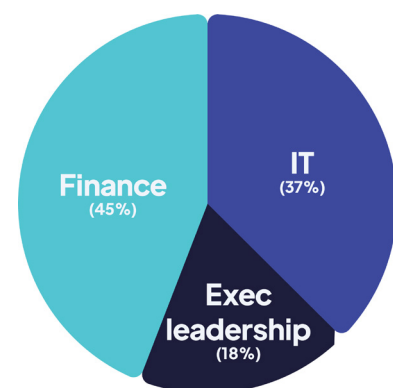
Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.2 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

## Sample composition

### Company size



### Team



# Key findings

## 1 There's a gap between the perception of how many SaaS subscriptions companies think they have and the reality.

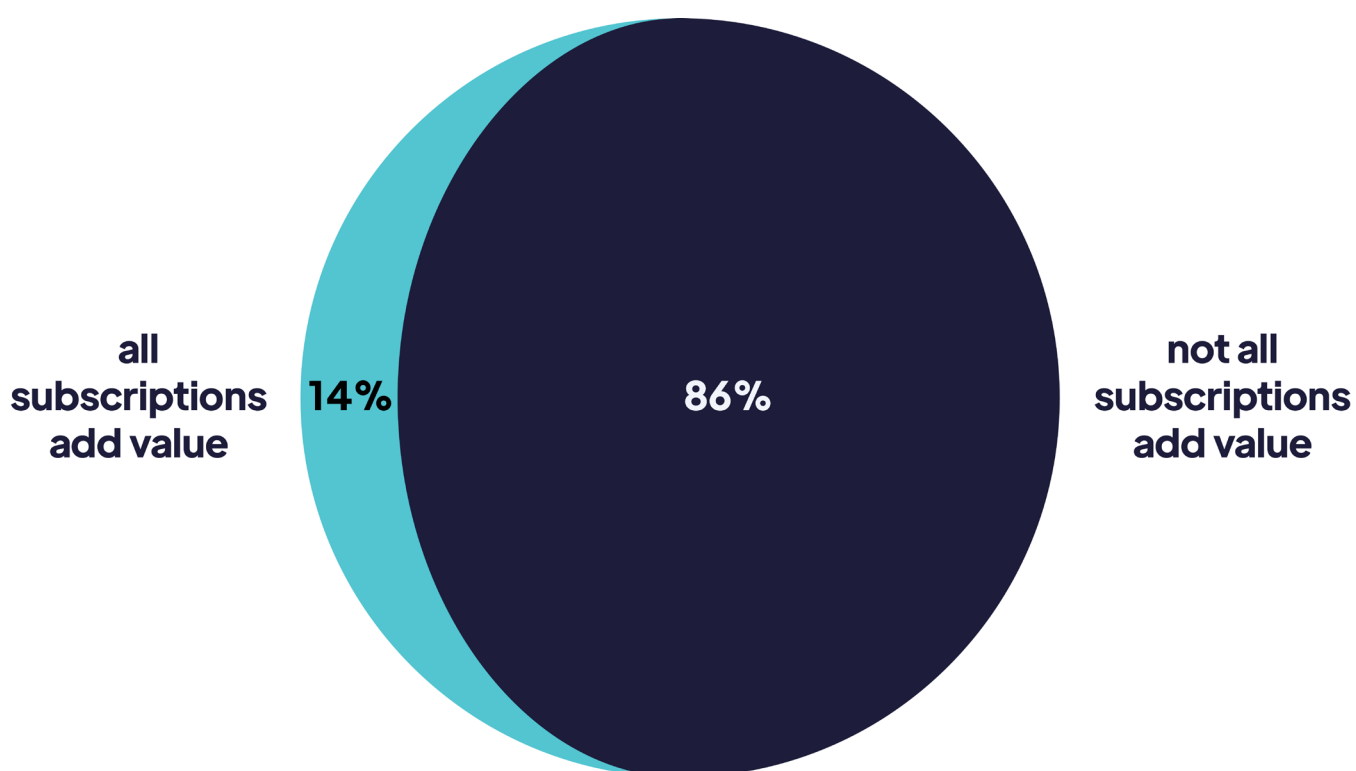
- ✓ Companies think they have an average of 66 SaaS subscriptions.
- ✓ But 59% of respondents think their company uses an average of 93 additional subscriptions than they or senior management are aware of.



## 2

## Few companies are getting the most out of their software subscriptions

- ✓ Only 14% say all of their SaaS subscriptions add value to their business
- ✓ 63% feel issues with software subscriptions have a negative impact on their company culture
- ✓ 51% have canceled a SaaS subscription purchase in the last six months





# 3

## Companies are still finding the best way to manage their SaaS

- ✓ 33% have already centralized subscription purchasing with IT, and a further 52% are considering or implementing it
- ✓ Almost 70% say that a simple tool to see all their subscriptions in one central place would be helpful.



# Survey results

How are organizations building processes for SaaS?

What's the perceived value of SaaS subscriptions?

How is SaaS impacting company culture?

# How are companies building processes for SaaS?

**As businesses scale, one of the biggest challenges is building processes.**

21% of the people we surveyed said their company doesn't currently have a documented policy for software subscription purchasing and approvals.

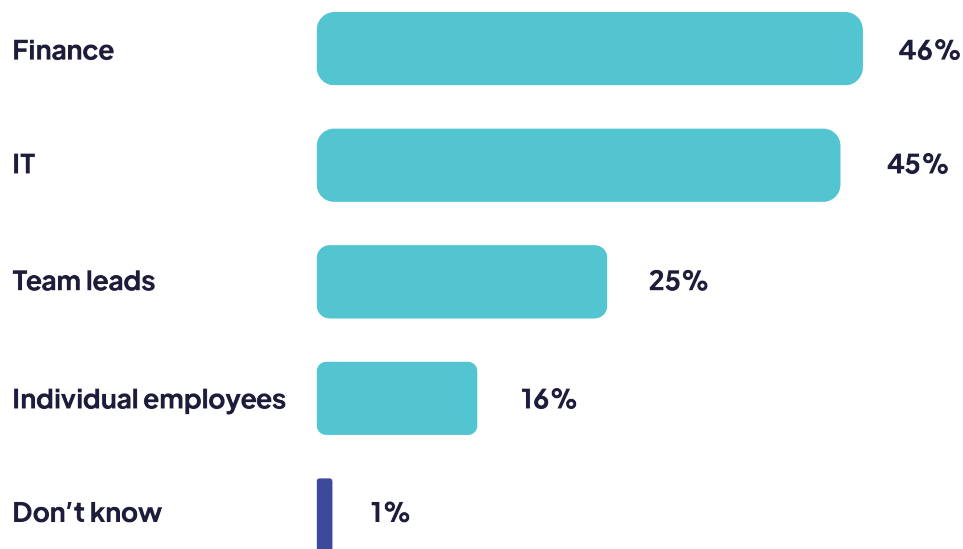
This volume of shadow IT adds additional cost which is difficult to budget for, and also increases the data and compliance risk inherent in unvetted software.

That's a problem.

As a result, almost 60% said they think employees have more SaaS subscriptions than they or senior management is aware of. Though it's hard to quantify the scale of this 'shadow IT', respondents feel it's a big problem – estimating an average of 93 additional SaaS subscriptions.



### Who is currently responsible for evaluating and approving SaaS purchases?



Tellingly, the number of individual employees given responsibility over SaaS purchasing increases with company size. Only 10% of companies with 20–100 employees give control to individual employees, compared with 26% at companies with 251–500 employees. This suggests that as companies grow and software subscriptions increase in volume, it becomes too hard for Finance and IT teams to get involved in the details of every single purchase.

But, on the flip side, giving free rein to employees to purchase and implement whatever tools they want, without a process in place, can be risky. As a result, a third (33%) of businesses have already centralized SaaS subscription purchasing with IT, and a further 52% are considering it or in the process of implementing it.

Their reasons for doing so? The money wasted from a lack of visibility over how much is being paid for different subscriptions, and the difficulty of keeping track of the range of subscriptions they're subscribing to and using (or not using).



**If you have considered centralizing, or already centralized, SaaS subscriptions spend/ purchasing with IT, what are your reasons for this?**



# What's the perceived value of SaaS subscriptions?

**A lack of oversight over SaaS subscriptions makes it hard to measure ROI.**

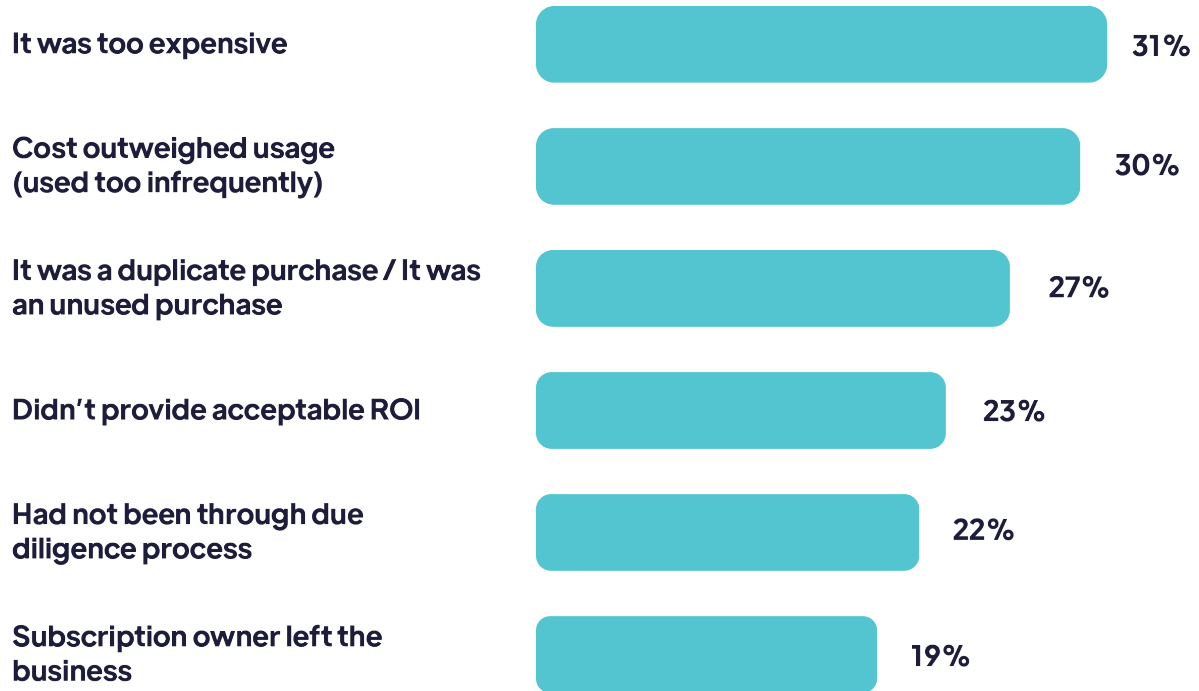
Anxiety about wasted (or potentially wasted) investments was a common theme among the people we surveyed.

Half (51%) said they had canceled at least one SaaS purchase in the last six months.

These respondents actually canceled an average of 8 subscriptions, revealing plenty of software subscriptions still struggle to prove their value.



## What was the reason for cancellation?



The primary reason for cancellation was that the subscription was too expensive, followed by it being used too infrequently to justify cost.

Another 27% said cancellation was due to a software subscription being a duplicate or unused: more wasted investment that's hard to manage without central oversight.

Critically, 42% of respondents said that only half or less than half of their SaaS

subscriptions were adding value to their business. And only 14% think all their subscriptions are driving ROI.



# How is SaaS impacting company culture?

**The implications of poor SaaS management aren't just financial – there's a human toll, too.**

Time is wasted and tensions arise when Finance teams have to push back on purchases or chase colleagues for invoices. Meanwhile, employees expect access to the latest and greatest tools they need to do their job.

Without processes to facilitate these employee expectations, the hit on company culture is real and tangible. This results in a higher risk of employee churn – something no scaling business wants.

In total, over 3 in 5 (63%) of people felt issues with SaaS subscriptions tools were having a negative impact on their company culture.

Finance teams often bear the brunt of the fallout. Almost half (48%) of respondents said they had to frequently

chase other employees to attribute and reconcile SaaS spend.



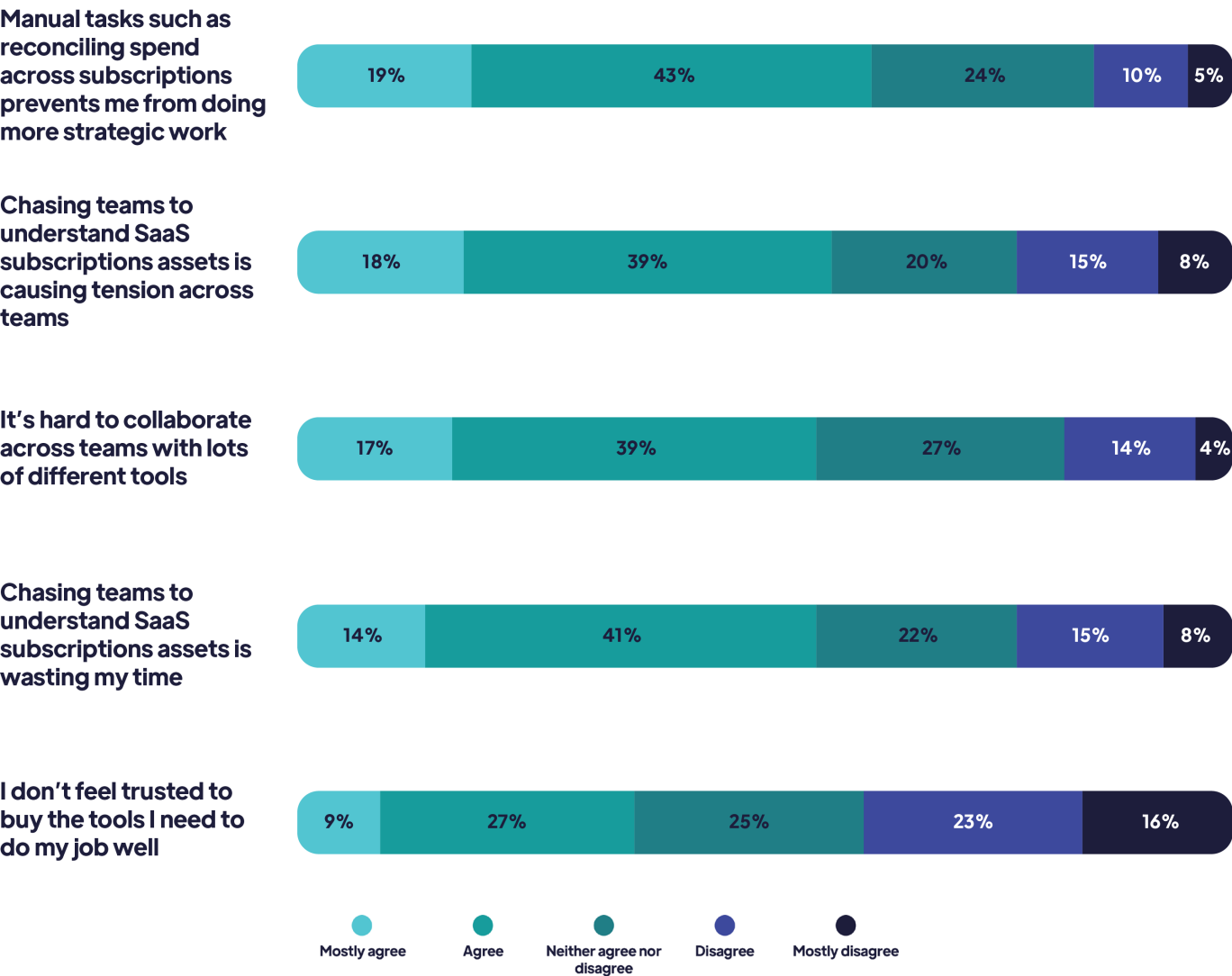
As we've already seen, the problem only grows as businesses scale. 13% of companies with 20-100 employees said they 'never' had to chase others for information on SaaS. At companies of 251-500 employees, that figure dropped to 4%.



Time wasted on busywork is expensive. 3 in 5 (62%) agree that manual tasks like reconciling subscriptions spend prevents them from doing more strategic work. Meanwhile, over half (57%) say that chasing others to understand SaaS assets is causing tension across teams.

It’s clear that as SaaS usage grows, so does its impact on company culture. And this is particularly true for the teams tasked with managing software.

How much do you agree or disagree with the following statements?



# What's next?

**Companies like yours are realizing that they need to take a proactive step in order to get the most out of their SaaS applications.**

Because as we've seen, soaring SaaS usage has also created a new set of problems for businesses. For most companies, a lack of awareness around how much SaaS they are really using or false perceptions around SaaS usage and management have led to increased risk, as well as growing cultural costs and wasted time and money.

## **Finance in the driver's seat**

By addressing SaaS management, Finance can gain full visibility over subscriptions, while empowering teams to own and manage their SaaS applications.

In turn, they can avoid some of the issues we've seen – including limited awareness, growing risk and unnecessary costs.

Finance can take the reins to proactively implement SaaS management processes that, rather than restricting control and preventing creativity, help businesses thrive by making the most of their software subscriptions.



## It's all about strategic SaaS management

Respondents agree that the status quo is not working for their businesses any more. In fact, 64% wish they had more time to focus on higher-value work.

One place to manage, automate and control their SaaS subscriptions appeals to their desire to reduce internal friction and boost productivity.

Cledara is the all-in-one SaaS purchasing, management and compliance platform that acts as mission control for all your company software

To find out more about how Cledara can help you, [book a demo today](#).

### How much do you agree or disagree with the following statements?

A single tool to see in one central place all of our subscriptions would be helpful



I wish I had more time to focus on higher-value work



Teams use too many subscriptions that sometimes prevent productive collaboration



Software subscriptions are getting out of control at my company





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