Blissfully™

2019 SaaS Trends

Almost Half of the Typical Organization's SaaS Stack Has Changed in the Last Two Years

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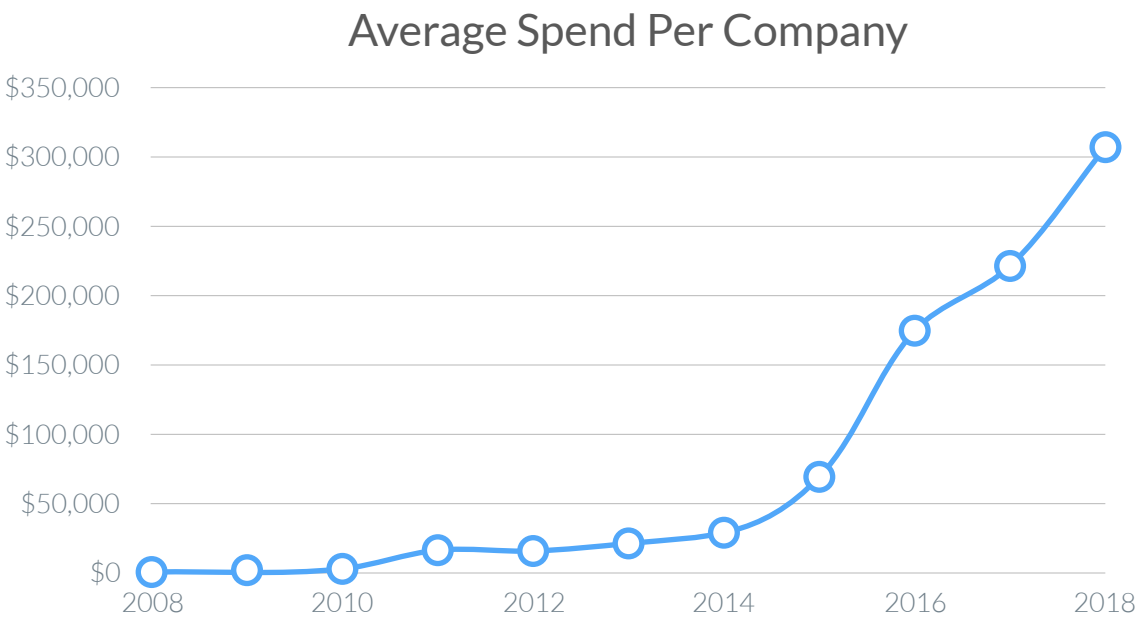
Introduction

Each year, we analyze an anonymized data set from hundreds of SaaS companies to identify trends in SaaS spend and usage. This report takes a look back at 2018 data and offers guidance on how to think about SaaS in 2019.

It's no surprise to report that SaaS spending and adoption have continued to rise. In addition to further evidence of the SaaS explosion, the 2018 data revealed two major trends. One is that app turnover is very common. In fact, **the typical mid-sized company saw 39% of their SaaS stack change last year**. The other notable trend is that IT decentralization is increasingly leading to budgeting and security issues. A whopping **71% of companies have at least one SaaS subscription with no billing owner.** This can lead to all sorts of challenges, which we'll discuss in depth below.

SaaS Spending and Adoption Continue to Rise

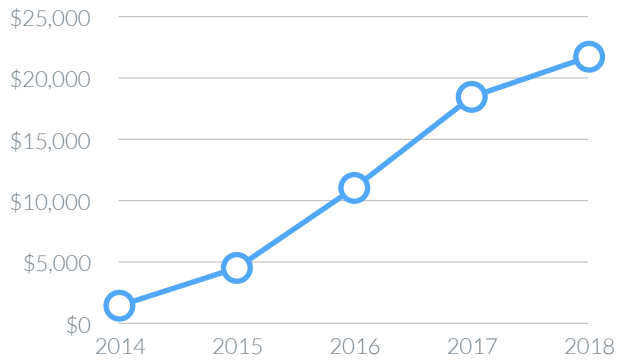
In 2018, SaaS spend and adoption continued to grow quickly across all company sizes. **In 2018, the average company spent $343,000 on SaaS, a 78% increase from the previous year.**



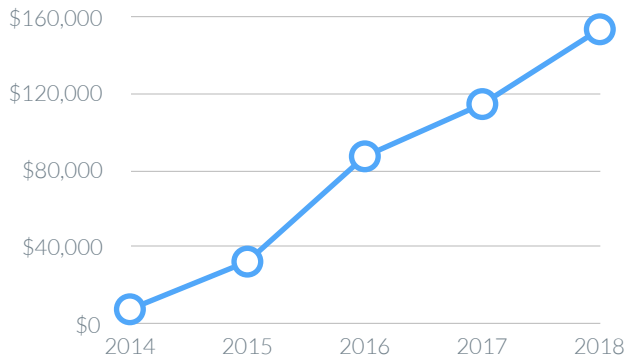
Over the last 5 years, SaaS spending has increased across all company size segments.

SaaS Spend by Company Size

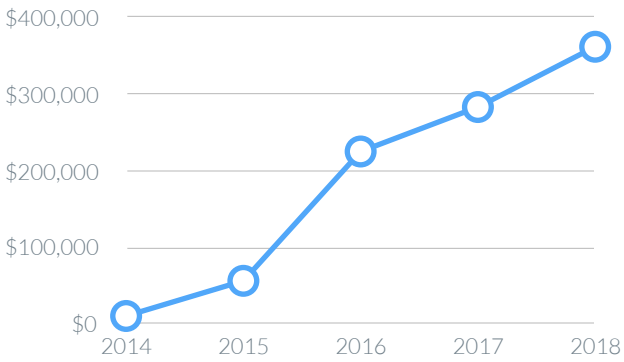
0-50 Employees



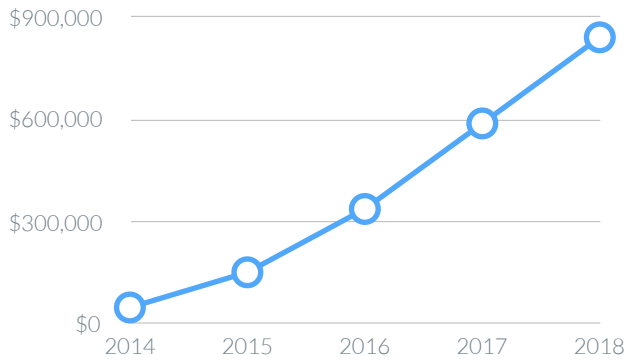
51-100 Employees



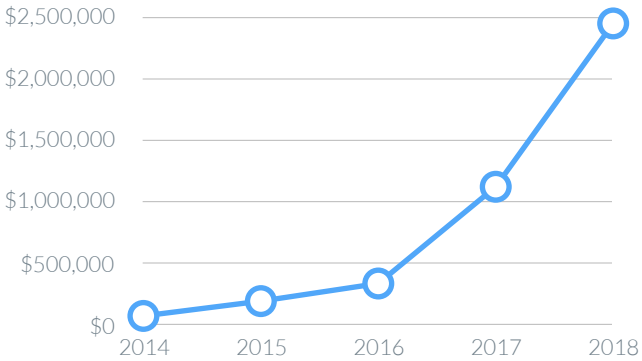
101-200 Employees



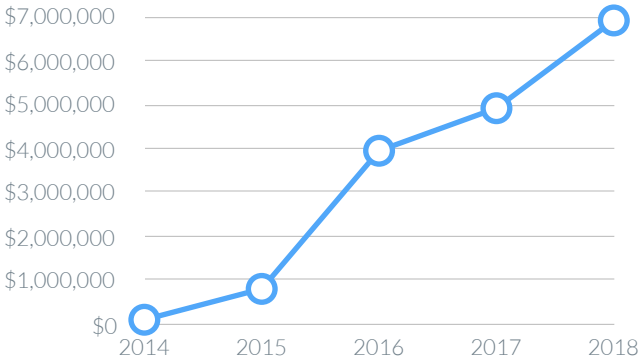
201-500 Employees



501-1,000 Employees

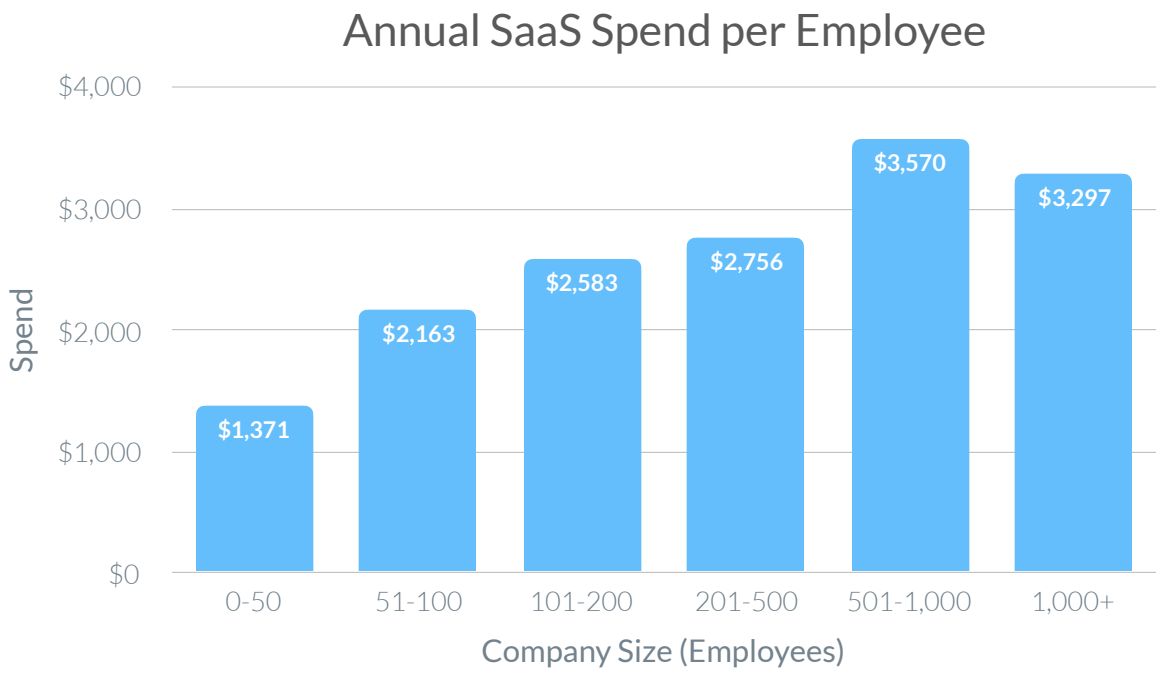


1,000+ Employees



Companies spend more on SaaS than laptops

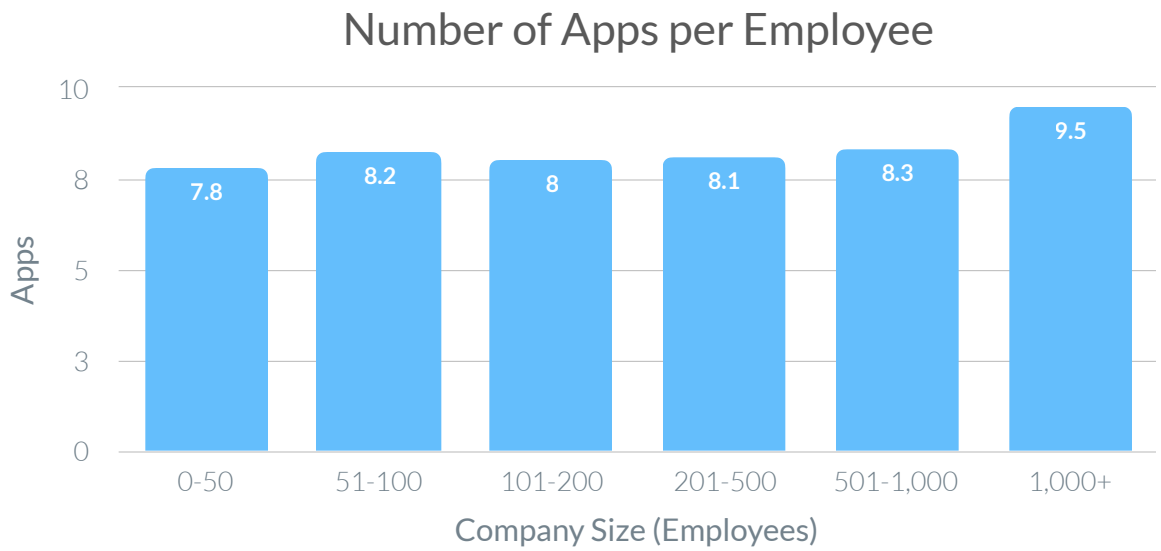
The software toolset is more expensive than the hardware it runs on. In 2018, the average cost per employee of SaaS subscriptions ($2,884) was higher than the cost of a new laptop ($1,299 for an Apple Macbook Pro). And as more companies move to run entirely on SaaS, the software vs. hardware spending gap is likely to widen.

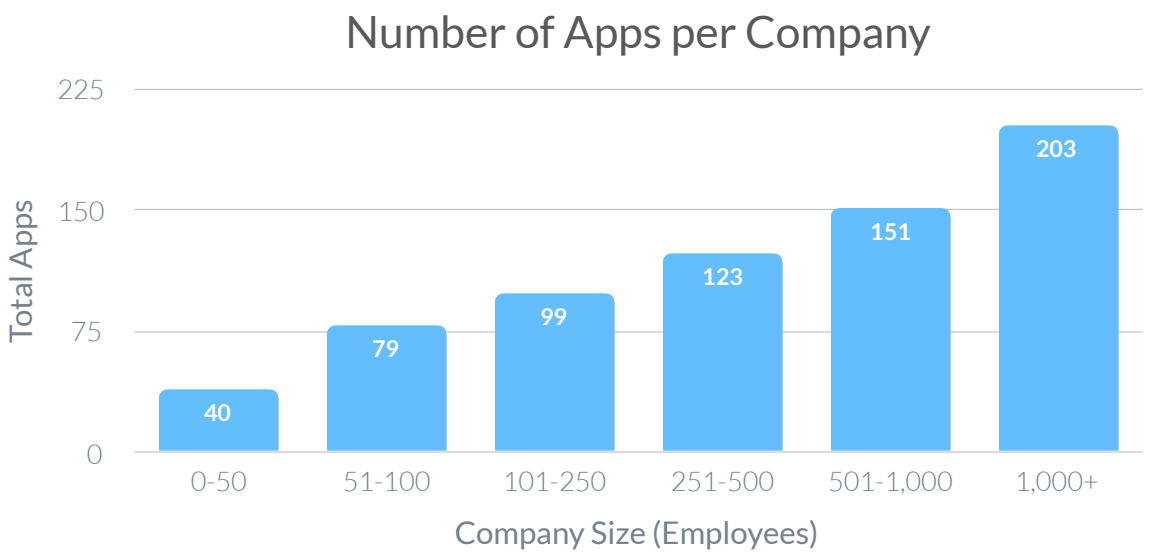


The average employee uses at least 8 apps

The average number of apps used per employee was fairly consistent across all company segments. Though as companies grow, the average number of apps per company tends to increase on a linear basis.

This indicates that, rather than simply adding seats to apps that are already being used, companies are adding new apps as they grow in size. This is typically a result of specialization, but can be a signal of redundancy or inefficiency creeping in (such as multiple subscriptions for a single app or multiple apps that serve the same purpose).



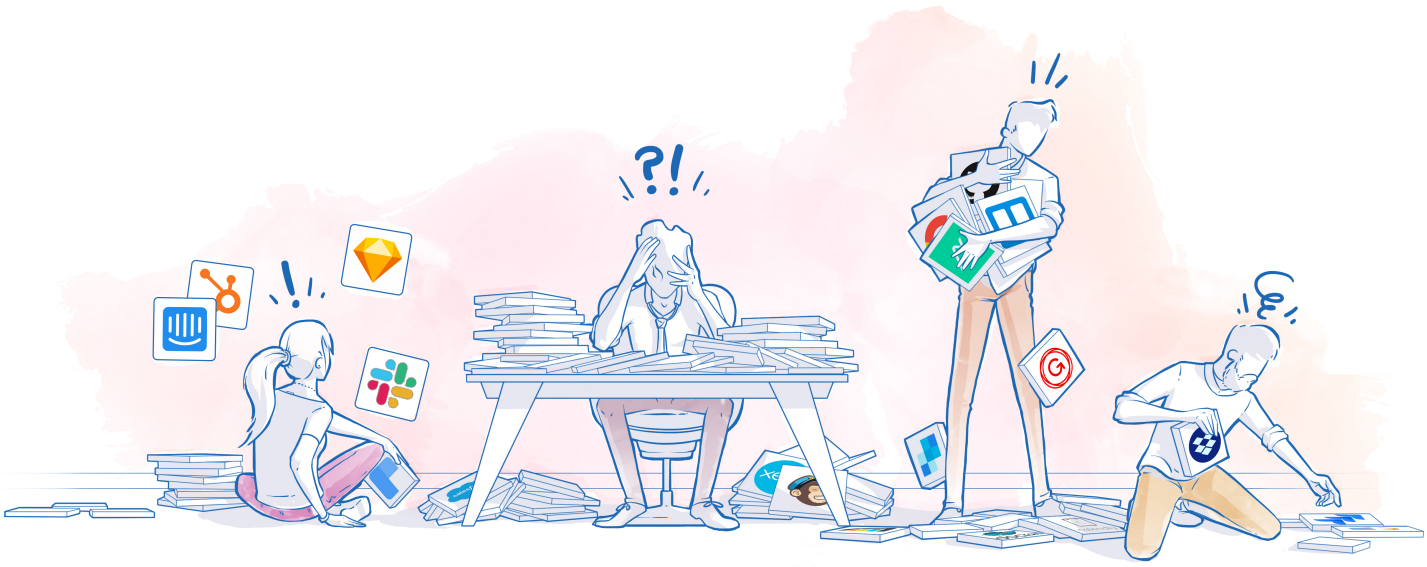


SaaS is Decentralized Across the Organization

No single stakeholder "owns" IT management anymore. A decade ago, IT drove all major technology purchasing decisions. Today, with thousands of SaaS apps available, it is impossible for IT to evaluate the right technology for every department's needs. Additionally, the nature of SaaS is such that it is not necessary for IT to set up and maintain new apps. Anyone—even those with little to no technical background—can choose, purchase, and implement apps.

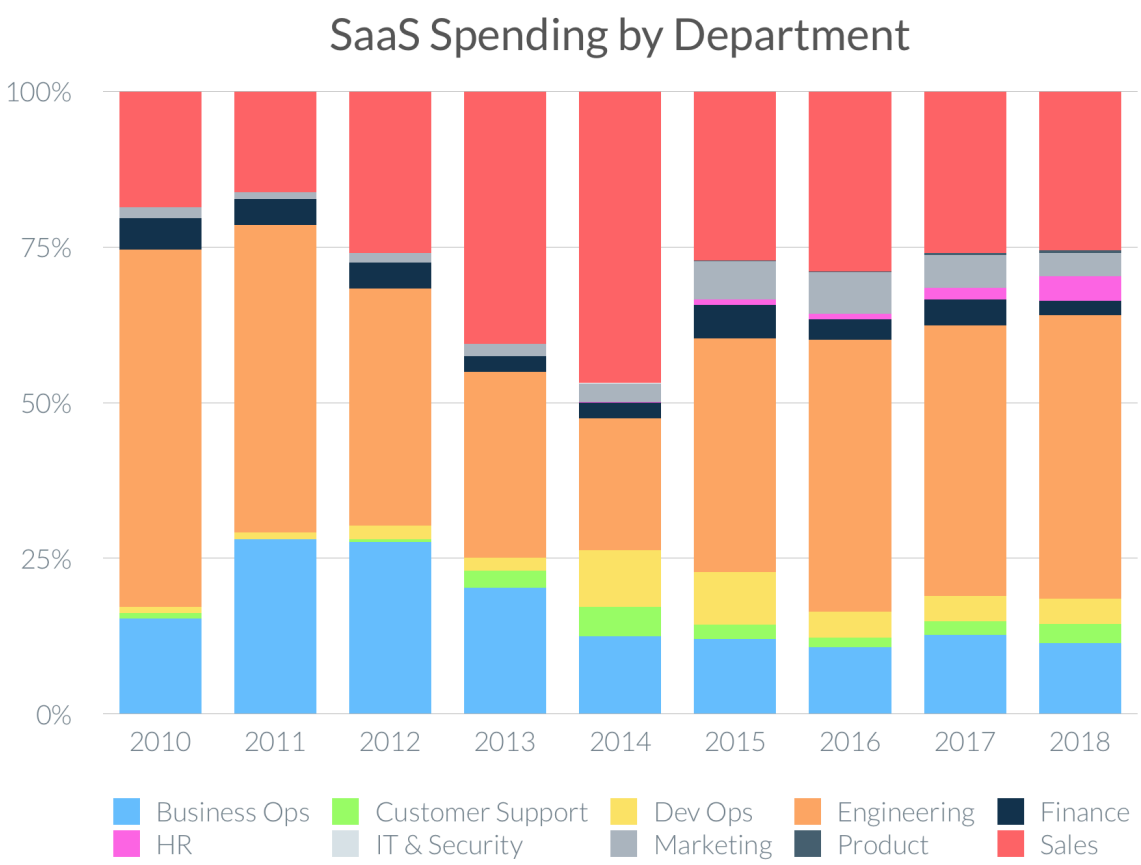
These two trends — the sheer volume of available apps and the ease of their implementation — have led companies to distribute responsibility for SaaS across the organization. Departmental leaders are now empowered to play a much larger role in evaluating the best technology toolkit for their teams.

However, in many organizations, management processes have not caught up. There are many more owners of SaaS, but no birds-eye view of usage or spend, leading to duplicate and orphaned subscriptions.



Every department uses SaaS

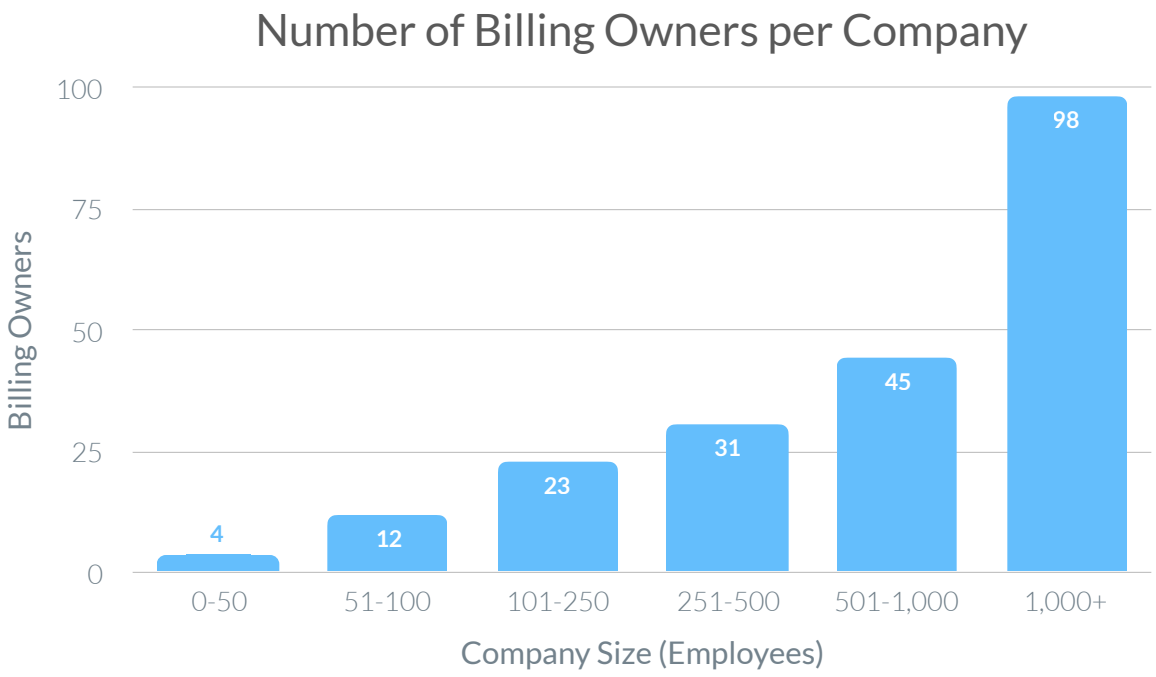
Every department in the modern organization is reaping the benefits of SaaS apps. Over the past four years, as overall SaaS spending has increased, the share of app spend by department has held relatively steady. However, there have been a few interesting shifts. HR software spend has increased year-over-year. Sales, engineering, and business operations continue to hold the lion's share of subscription dollars, though these numbers (especially for sales) have fluctuated quite a bit over the last decade.



SaaS has many owners

SaaS vendors have made it easy for anyone to set up and start using apps. As a result, the amount of owners of SaaS within an organization has exploded.

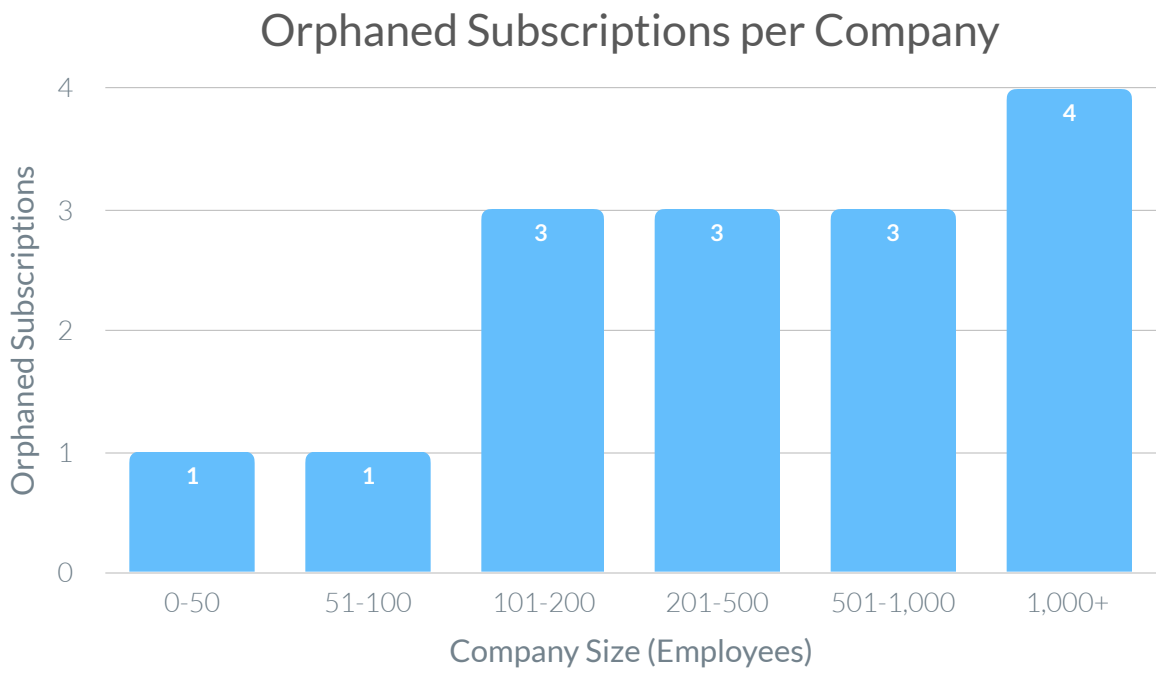
The average midsized company has **32 different billing owners for its SaaS applications**, effectively distributing the task of IT budgeting across the entire organization.



Orphaned subscriptions

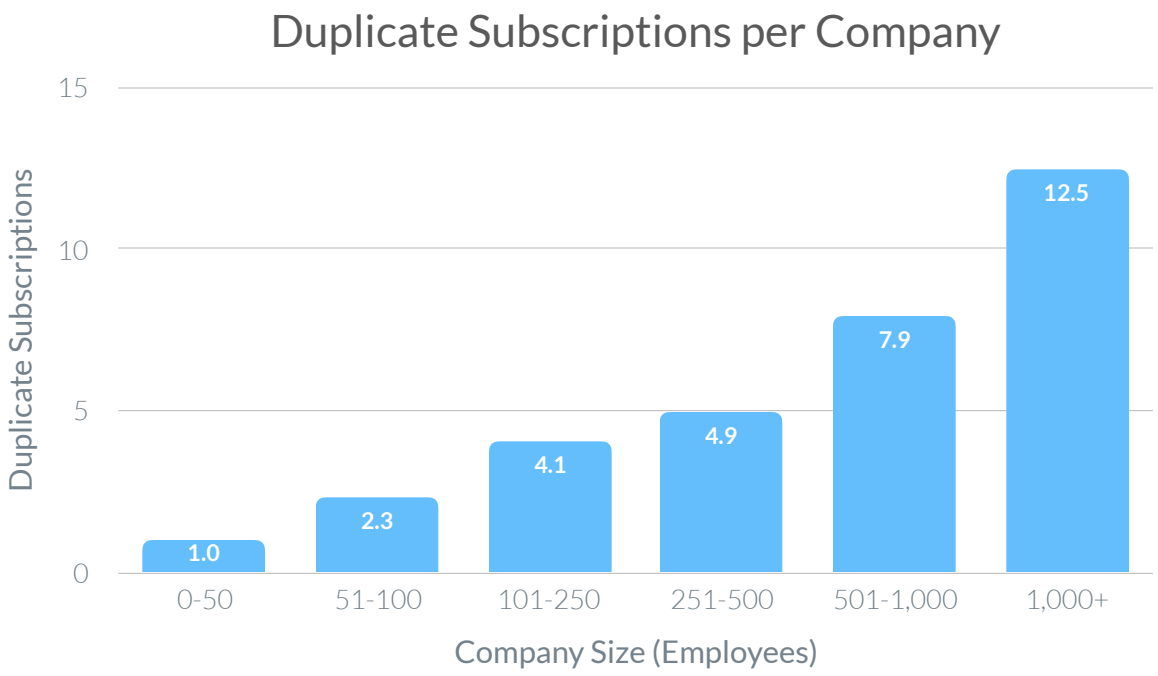
With so many decision makers, and so many apps, organizations are setting themselves up for chaos. An astonishing **71% of companies have at least one SaaS subscription without a billing owner.** This typically means that the person who originally purchased the app on behalf of the company has left the organization, leaving the app "orphaned."

No one is monitoring how much is being spent on the app, when it renews, or if anyone is even using it. Orphaned apps can cost organizations quite a bit, with the average organization spending $710 a month ($8,520 annually) per subscription that may or may not be in use. However, costs are only one concern. The security and data privacy risks of these apps can be much greater.



Duplicate subscriptions

Larger organizations also often have duplicate subscriptions, where multiple teams are using the same app but have not combined it under one contract. Typically, this means organizations are paying more than necessary, and complicating internal data management. Duplicate subscriptions can be easily avoided with clear communication and an up-to-date organization-wide system of record.



The SaaS Graph: Mapping App-Person Connections

There is a complex relationship between people and apps. Within an organization, each person is connected to multiple apps, and each app is connected to multiple people. The nature of these connections varies, and comprise access, usage, data sharing, role, and spend. As a whole, these relationships have implications for an organization's security, compliance, budget, operations, and privacy.

The typical 200-to-501-person company uses 123 apps, which may not sound completely unmanageable. However, a simple app count doesn't capture the full picture. **That same company would have an average of 2,700 app-to-person connections**.

The SaaS Graph (on the next page) is a visual representation of these app-to-person connections. Each line on the SaaS Graph represents a relationship between an employee and a SaaS application.

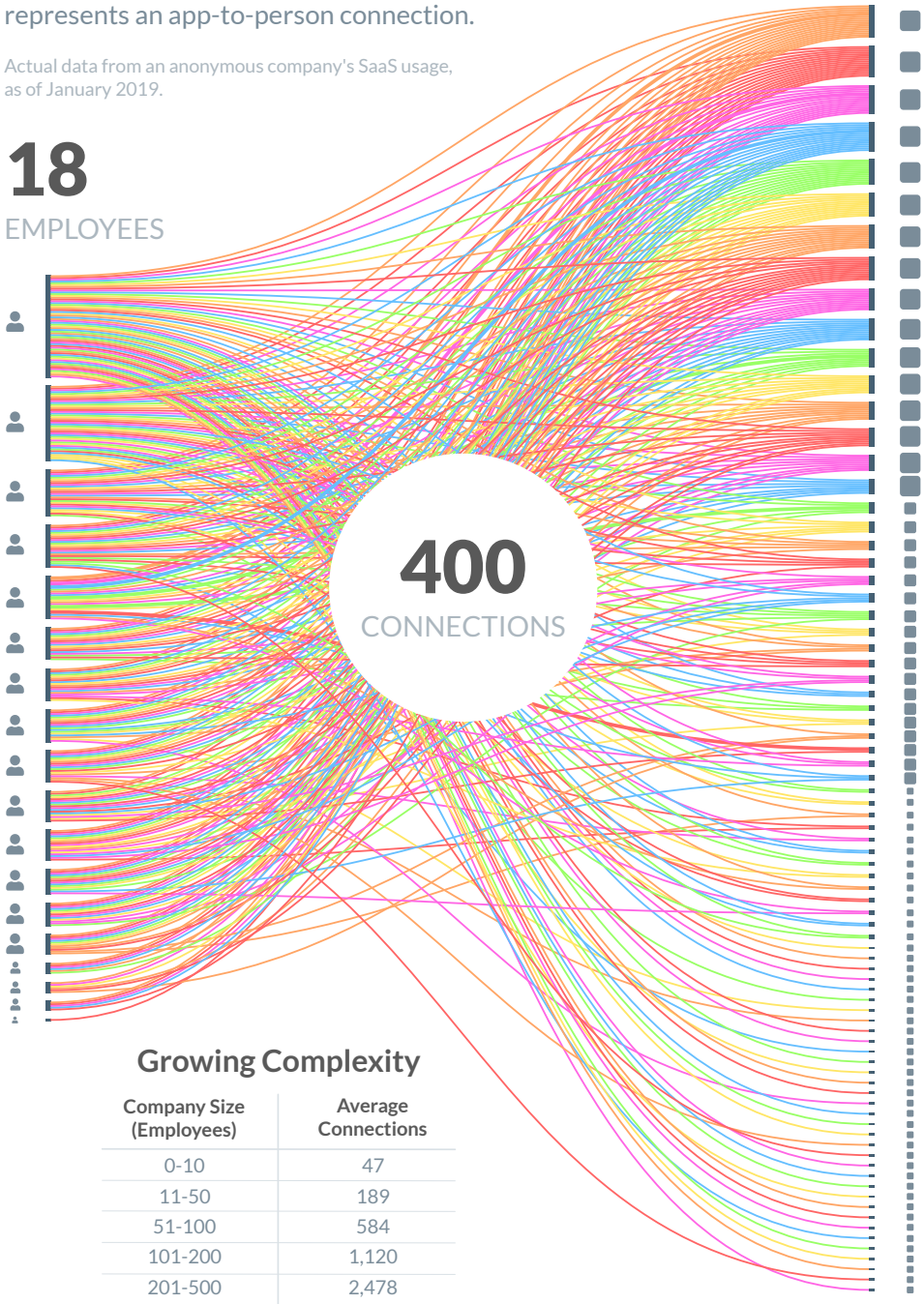
Every one of those relationships needs to be tracked, managed, and kept secure. Whenever an employee creates a new login or gains access to a new app, there is the potential for weak passwords, incorrect security settings, credential theft, account sharing, and other security risks to creep in. And every time an employee leaves, the organization must be diligent in securely offboarding the person from all the apps they were provisioned.

With compliance regulations like SOC 2 and GDPR increasingly at the forefront, and potential upcoming state-by-state data privacy laws coming into play, organizations need to understand and manage the risk they are taking on via all the connections in their SaaS applications (and the data they contain).

The SaaS Graph™

The SaaS Graph™ shows the relationship between people and SaaS apps in an organization. Each line represents an app-to-person connection.

Actual data from an anonymous company's SaaS usage, as of January 2019.

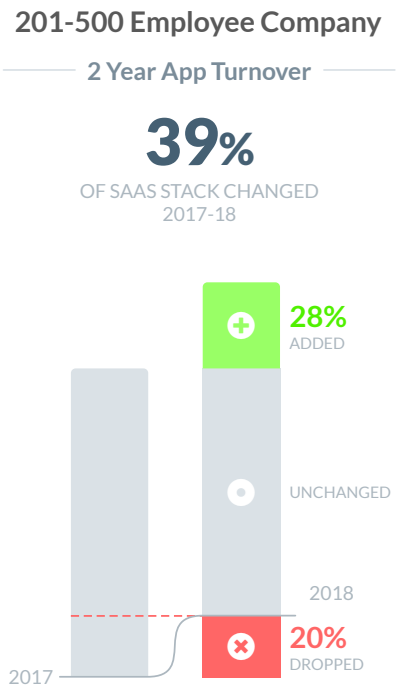


Growing Complexity

Company Size (Employees)	Average Connections
0-10	47
11-50	189
51-100	584
101-200	1,120
201-500	2,478
501-1,000	5,671
1,000+	19,848

App Turnover is Higher Than Employee Turnover

You could say the only real constant when it comes to SaaS is change. The app turnover rate shows just how fast this change is happening. **The typical mid-sized company changed 39% of their SaaS apps between 2017-18.** This turnover rate is higher than the industry average for tech employee churn (one of the industries with the highest turnover rates according to LinkedIn).



App turnover can happen for a number of reasons. First off, companies are always adopting new categories of software to be more efficient. Second, within a category there might be changes as you move from one vendor to another. Third, companies might drop a vendor either as they exit the category or consolidate functionality with existing vendors. And fourth, companies are always trying new products that they might not fully adopt (either a trial that expired or a free tier in a freemium SaaS offering). This app and vendor turnover can have massive implications for the smooth operation of a company, as well as security and compliance challenges.

Assume half of your SaaS stack will be different in 2 years

Looking forward, these rates provide a useful rule of thumb for managing SaaS. You should assume that in 2 years, roughly half of your SaaS stack will be different than it is today. How can you prepare by making your app approval, implementation, and removal processes more efficient?

SaaS Strategy Takeaways and Recommendations

Successful IT strategies in 2019 embrace the decentralized nature and rapid pace of change of SaaS. The most effective IT teams are adopting a collaborative approach to SaaS and building guardrails for their teams to ensure security and accountability. This allows IT to focus on organization-wide initiatives, infrastructure, and processes, while team leaders are empowered to pick, and quickly adopt, the best individual apps to achieve their goals.

🔍 Visibility is critical

The SaaS Graph shows just how complex it is to manage SaaS in 2019. When you factor in the rate of app turnover, trying to track these relationships by hand becomes nearly impossible. To maintain security and compliance, IT teams need an automated, real-time view of all the people, apps, and connections in their organization.

🤝 Collaboration is necessary

Since SaaS usage, adoption, and spend is decentralized across the entire organization, no single department or role can manage it all alone. IT, security, compliance, finance, HR, legal, and department leaders must all embrace a collaborative approach to SaaS. This entails adopting culture changes (typically a shift from either from an informal or a command-and-control system), creating clear guidelines, rethinking business processes, and investing in tools to improve data visibility across teams.

✨ Flexibility gives you leverage

The ease with which your organization can adopt new apps, and switch out old ones, is critical to maintaining a strong technology stack. The rapid pace of changes in SaaS feature sets makes it nearly impossible to predict which apps you will keep for the long term, and which ones you'll want to replace for a better, more innovative option. Rather than guessing, focus on flexibility and process. This will empower your team leaders to experiment and give your organization leverage to adopt the best tools.

A SaaS Profile for Every Company Size

These profiles take a look at the current state of SaaS based on the size of the company, from solo endeavors to enterprise companies.

COMPANY PROFILE

0-50 Employees

2019 SaaS Trends

Spend

$21.7k
TOTAL SAAS SPEND PER YEAR

$1,371
SPEND PER EMPLOYEE PER YEAR

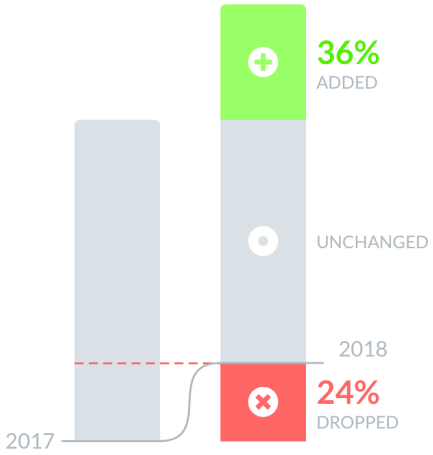
2 Year App Turnover

46%
OF SAAS STACK CHANGED 2017-18

SaaS Graph

16
EMPLOYEES

40
APPS



Ownership

4 UNIQUE BILLING OWNERS

1 ORPHANED SUBSCRIPTION

1 DUPLICATE SUBSCRIPTION

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COMPANY PROFILE

51-100 Employees

2019 SaaS Trends

Spend

$153.3k
TOTAL SAAS SPEND PER YEAR

$2,163
SPEND PER EMPLOYEE PER YEAR

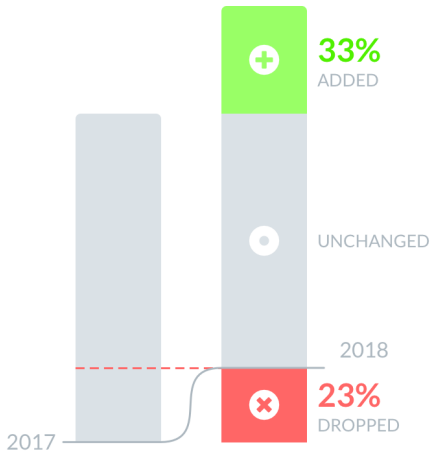
2 Year App Turnover

44%
OF SAAS STACK CHANGED 2017-18

SaaS Graph

71
EMPLOYEES

79
APPS



Ownership

12 UNIQUE BILLING OWNERS

1 ORPHANED SUBSCRIPTION

2 DUPLICATE SUBSCRIPTIONS

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COMPANY PROFILE

101-200 Employees

2019 SaaS Trends

Spend

$361.3k
TOTAL SAAS SPEND PER YEAR

$2,583
SPEND PER EMPLOYEE PER YEAR

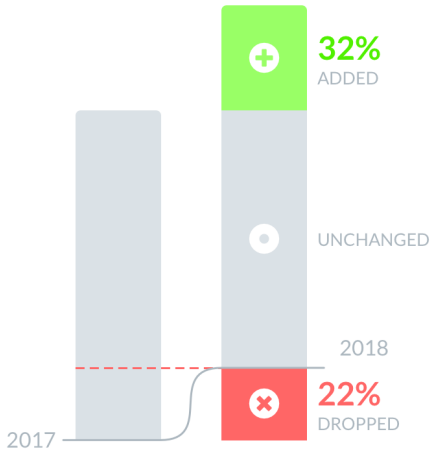
2 Year App Turnover

42%
OF SAAS STACK CHANGED 2017-18

SaaS Graph

140
EMPLOYEES

94
APPS



Ownership

19 UNIQUE BILLING OWNERS

3 ORPHANED SUBSCRIPTIONS

4 DUPLICATE SUBSCRIPTIONS

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COMPANY PROFILE

201-500 Employees

2019 SaaS Trends

Spend

$840.6k
TOTAL SAAS SPEND PER YEAR

$2,756
SPEND PER EMPLOYEE PER YEAR

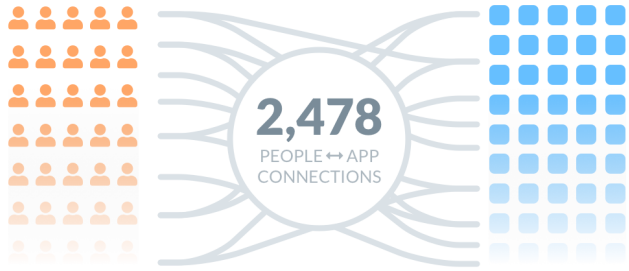
2 Year App Turnover

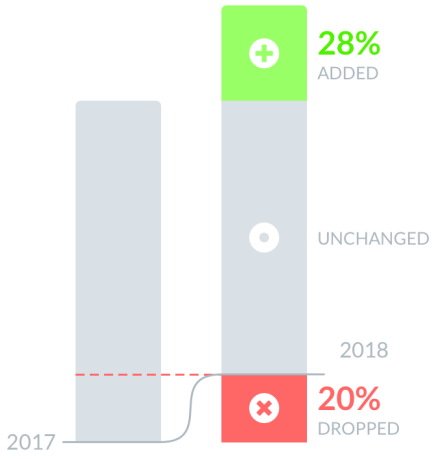
39%
OF SAAS STACK CHANGED 2017-18

SaaS Graph

305
EMPLOYEES

120
APPS





Ownership

32 UNIQUE BILLING OWNERS

3 ORPHANED SUBSCRIPTIONS

5 DUPLICATE SUBSCRIPTIONS

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COMPANY PROFILE

501-1,000 Employees

2019 SaaS Trends

Spend

$2.45M
TOTAL SAAS SPEND PER YEAR

$3,570
SPEND PER EMPLOYEE PER YEAR

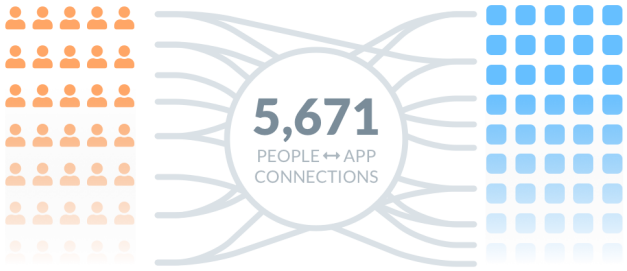
2 Year App Turnover

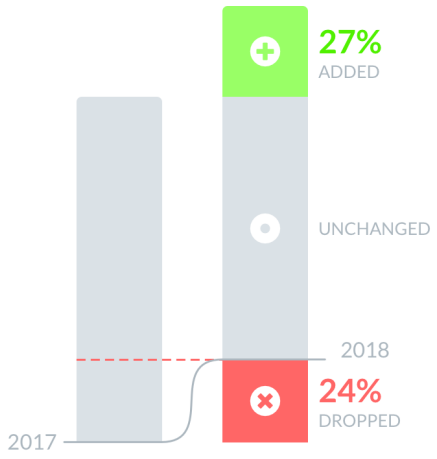
41%
OF SAAS STACK CHANGED 2017-18

SaaS Graph

685
EMPLOYEES

144
APPS





Ownership

43 UNIQUE BILLING OWNERS

3 ORPHANED SUBSCRIPTIONS

7 DUPLICATE SUBSCRIPTIONS

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COMPANY PROFILE

1,000+ Employees

2019 SaaS Trends

Spend

$6.91M
TOTAL SAAS SPEND PER YEAR

$3,297
SPEND PER EMPLOYEE PER YEAR

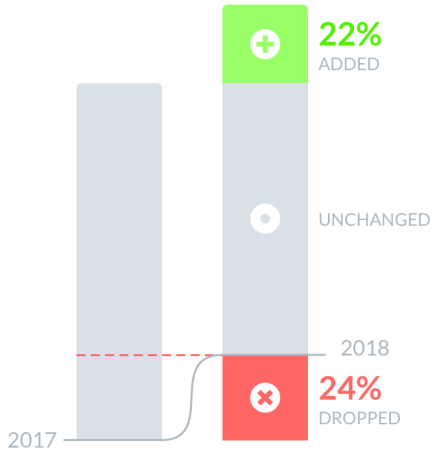
2 Year App Turnover

38%
OF SAAS STACK CHANGED 2017-18

SaaS Graph

2,098
EMPLOYEES

211
APPS



Ownership

100 UNIQUE BILLING OWNERS

4 ORPHANED SUBSCRIPTIONS

13 DUPLICATE SUBSCRIPTIONS

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