

eBOOK

FLEXERA SAAS MANAGEMENT HANDBOOK

Bringing the SaaS explosion under control

flexera
Inform IT. Transform IT.™

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Flexera SaaS Management Handbook

A handbook for success

Your IT organization is undergoing yet another seismic shift. Your software mix is rapidly shifting away from on-premise software. Software as a service (SaaS) is consuming a larger and larger percentage of software spend.

SaaS has become the new norm. And SaaS software and vendor management have become the new challenge as you struggle to navigate this uncharted territory.

But how do you get your arms around SaaS in your environment? How do you manage it effectively? And how do you get maximum return on your company's SaaS investment?

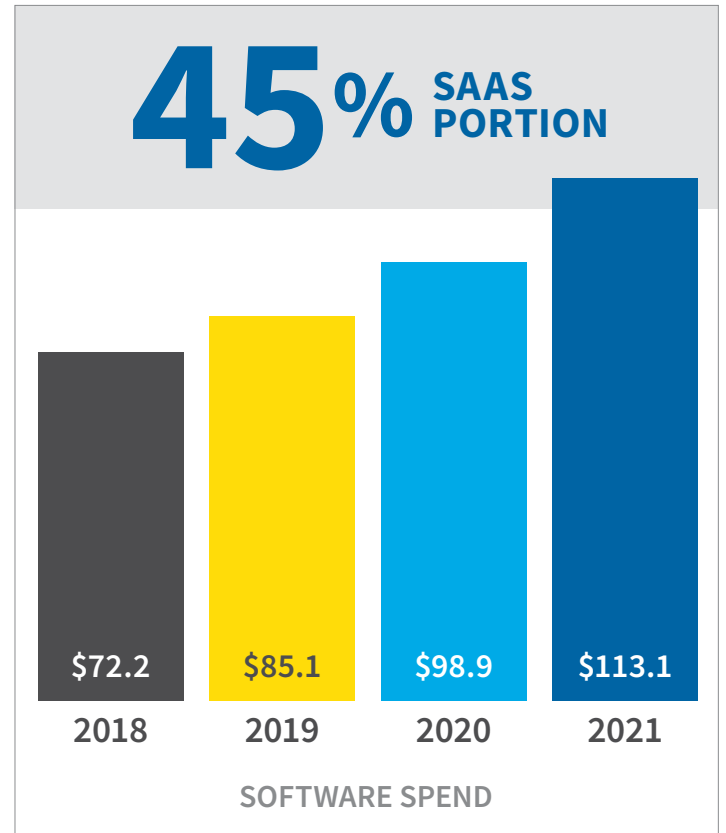
You'll find the answers in this handbook—answers that will help you:

- **Optimize SaaS spend and maximize ROI** by understanding what apps and features employees are using and focusing investment on those apps and features
- **Manage SaaS vendors effectively** with in-depth understanding of their contracts, price models, license implications and renewal specifics
- **Right-size SaaS contracts** with detailed usage and cost data that gives you a strong position in contract negotiations
- **Accurately predict future requirements** based on historical usage data

SaaS is exploding and there's no sign of a slowdown

If your enterprise is like most, employees are using more SaaS apps than ever. The numbers are mindboggling. Gartner, Inc., forecasts that:

- SaaS apps will account for 45% of overall software spend by 2021.¹
- Surging worldwide SaaS revenue is on target to reach \$113.1 billion by 2021.²

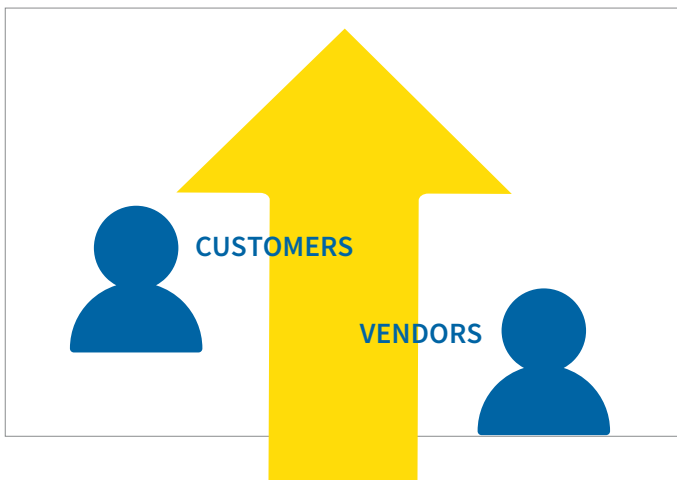


¹ Forecast Analysis: Public Cloud Services, Worldwide, 2Q18 Update

² Forecast Analysis: Public Cloud Services, Worldwide, 4Q17 Update

What's fueling the SaaS explosion?

Both customers and vendors are fueling SaaS growth. Enterprises are purchasing SaaS apps in rapidly growing numbers because SaaS offers lots of advantages over traditional software. Vendors are also leaning toward SaaS. By the end of 2019, more than 30% of the 100 largest vendors will have shifted from cloud first to cloud only.



Business people love it

Department heads and line of business managers. Individual employees and teams. Pretty much everyone in the enterprise loves the variety, flexibility, accessibility and affordability SaaS brings. IT service provider ExcalTech reported in 2018 that 86% of end users say SaaS apps help them succeed more than desktop alternatives¹.

(1): <https://www.excaltech.com/software-service-helps-small-businesses-ways/>

For a few dollars a month, people can subscribe to apps that boost productivity and make their jobs easier. Just about anyone in the organization can bring on a new SaaS app. From individuals to workgroups to entire functional areas of the business, people are charging the subscription fees to corporate and personal credit cards, downloading apps and reaping the benefits. It's faster and easier than the lengthy IT budgeting, procurement and implementation cycles of the past.

For businesspeople across the enterprise, SaaS means greater flexibility and enhanced agility in responding to changing business needs. And that results in higher job satisfaction. All of these help drive business success and improve the bottom line.

IT people love it

SaaS offers IT people the same advantages other employees enjoy. And there are additional advantages for IT:

- SaaS reduces the time IT has to spend on infrastructure management and the implementation and maintenance of on-premise systems
- SaaS makes deploying new systems—even enterprise CRM, ERP and HR systems—fast and painless compared to on-premise systems
- Vendors take care of ongoing upgrades and patches relieving IT of that responsibility

As a result, IT people can spend more time and energy on strategic projects that deliver business value to the enterprise.

Top SaaS concerns: Flexera 2018 survey



Is there is a downside to SaaS?

The shift from traditional software to SaaS is a win for the business and for IT. But, there is a downside. Concerns about SaaS are growing among senior leaders as well as IT management, IT procurement and IT finance. A 2018 survey of Flexera customers revealed that top SaaS concerns include security, regulatory compliance, license underutilization, app redundancy and the effectiveness of contract negotiations and renewals.

In many enterprises, IT managers, IT procurement and IT finance professionals are attempting to

manage SaaS apps with the same manual tools and processes they use for traditional on-premise software asset management. In a recent 1105 Media Inc. survey, 58% of procurement professionals report using spreadsheets or user-developed documents to inventory SaaS and software vendors, while 25% report using calendars or scheduling tools.³

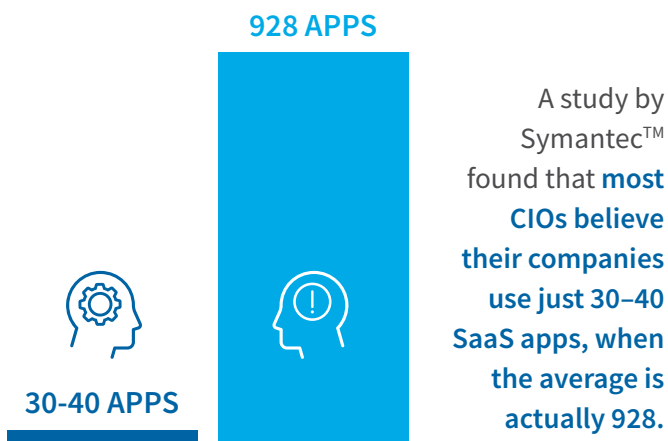
These cumbersome manual methods are impractical considering the huge number of apps and the continual and rapid change in the SaaS environment.

³ 2018 1105 Media Survey: Gaining Insight into SaaS Application Management and Shadow IT

The impact of shadow IT

The things people love about SaaS are also the things that keep CIOs and IT managers, procurement people and finance personnel awake at night. With their easy accessibility and low upfront costs, hundreds of SaaS apps are finding their way into the enterprise completely under the radar.

Shadow IT: much more common than most technology professionals believe



The resulting shadow IT environment is significantly larger than anyone expects. A Symantec study⁴ revealed that most CIOs believe their companies are using on average about 30 to 40 SaaS apps. The harsh reality is that the average number exceeds 900.

With shadow IT, the IT staff has no visibility into the majority of SaaS apps in the enterprise, their usage patterns, their costs or their associated contract terms. As a result, IT procurement lacks the information needed to negotiate the most favorable terms during contract negotiations. And IT finance doesn't have the information needed to accurately gauge total software spend.

What's more, no one is tracking renewals. Subscriptions may automatically renew for SaaS apps that are no longer being used, wasting valuable dollars that could be spent in other areas.

⁴Symantec Internet Security Threat Report, Volume 22



Higher software costs

SaaS costs may seem insignificant to the individuals, teams and departments that are acquiring them. Across the enterprise, however, these relatively small expenditures add up to big numbers. Shadow IT disguises the real cost of software. CIOs and CFOs don't have visibility into individual and departmental buying, so they're most likely underestimating software spend. The actual hidden costs may be huge because, based on the Symantec study cited previously, the actual number of shadow IT apps may be more than 20 times the expected number.

Shadow IT drives up software costs in a number of ways:

- When apps don't go through established procurement processes, the enterprise isn't likely to reap the rewards of enterprise agreements and volume discounts
- Without coordination across groups, enterprises end up paying for redundant apps and overlapping functionality
- Lack of visibility into usage translates into wasteful spending not only on unused and underused licenses but also on unused and underused functionality
- Failure to monitor automatic subscription renewals can result in enterprises paying for apps that are no longer needed
- Failure to standardize on SaaS apps drives up IT support costs

Security and compliance risks

Uncontrolled costs for SaaS apps are not the only problem. Because many of the SaaS apps that people download have not been vetted, they sometimes introduce security risks and risks of noncompliance with corporate and government regulations.

Every SaaS application that joins the software ecosystem carries with it at least some level of risk. Apps that are lurking in the shadows are especially dangerous because they can do a lot of damage before IT even becomes aware of them. Additional risk comes from employees who leave the company yet retain access to some apps, and to the sensitive data those apps tap into.



Embrace the positive, mitigate the negative

The primary goal of SaaS management should be to let people enjoy the advantages of SaaS while maintaining management and governance of those apps. That means bringing SaaS apps under the IT umbrella. That way, your enterprise can continue to enjoy the upside of SaaS while minimizing the downside.

But managing SaaS apps for the entire enterprise is not a trivial undertaking. It involves several major tasks, each of which presents a challenge.

Bring SaaS out of the shadows

SaaS apps help drive business success. But to ensure they are properly governed and managed, you need to bring them out of the shadows and into the purview of IT.

Unfortunately, the user community often associates IT with lengthy software acquisition cycles that are littered with red tape. So getting users' cooperation takes education and persuasion. The Flexera webinar *Gaining Control Over Shadow IT: How to Ensure Shadow IT isn't Putting Your Company at Risk* can be of help².

(2): <https://www.TBD/>

Users love the wide selection, fast implementation and low upfront costs of SaaS apps. So you need to offer a wide selection and fast delivery. And you need to convince users that if they involve IT in acquiring SaaS apps, they can get the apps they want quickly, usually at lower cost, with better support and without exposing the organization or themselves to risk.

Gain broad and deep visibility

A fundamental requirement for effective governance and management is broad and deep visibility. That means discovering all the SaaS apps that are out there: the ones IT already knows about as well as the ones that entered the ecosystem without IT's knowledge.

In addition to knowing what apps are in the environment, you need to understand who's using them, how they're using them and how often. You need to track costs by both the app and the individual user. You also need to understand the contractual details including terms and conditions, user entitlements, pricing models and renewal details. In addition, you need to accumulate historical usage data so you can more accurately predict future needs.

Optimize SaaS spend

Because SaaS spend represents a large portion of total IT spend, it presents opportunities for significant cost savings. With the right visibility, you can reduce spend and increase return on your SaaS investment in a number of ways, including:

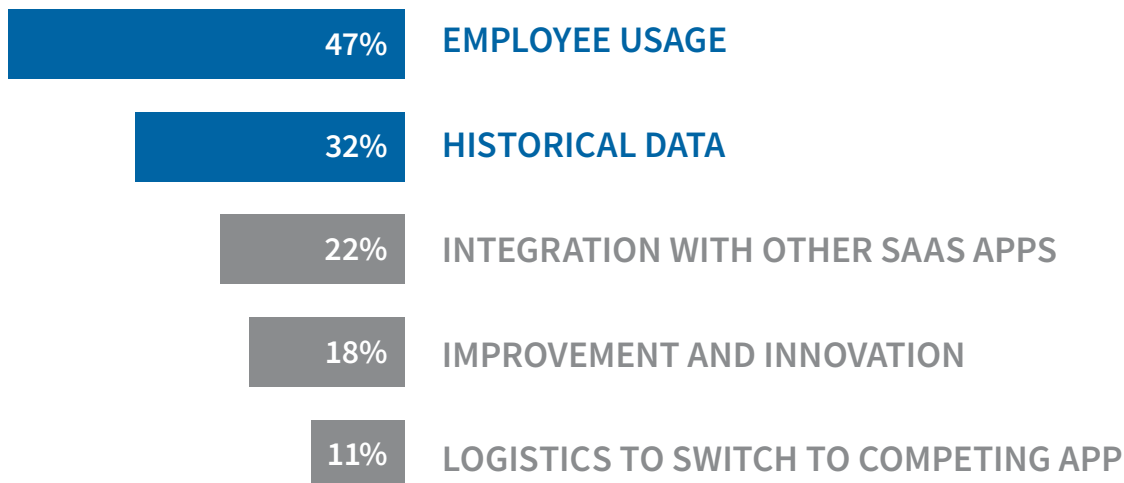
- Consolidating app subscriptions to take advantage of volume discounts
- Minimizing the number of apps that have overlapping functionality
- Providing procurement people with data that enables them to negotiate favorable contract terms
- Transitioning from reactive to proactive handling of renewals
- Giving IT finance visibility that supports accurate forecasting and budgeting

Get in the driver's seat with vendors

To deal effectively with SaaS vendors, you need information. Lots of it. Without the right information, you're at the mercy of vendors when it comes to contract negotiations and renewals.

Vendor contract information uncovers opportunities for cost savings such as volume discounts and tiered pricing based on features used. With accurate usage data, such as the number of employees using an app, the frequency of use and the features people use the most, you can closely match licensing to actual requirements. Insight into renewal dates gives you time to prepare for renewal meetings.

What insights help you negotiate SaaS app renewals?



Flexera 2018 global survey on 260 respondents all from IT functions

Help is at hand

You can't manage SaaS effectively by simply applying the tools you have been using for software asset management. There are thousands of SaaS apps scattered around your enterprise. You have to find them and you have to gather lots of information about them.

Doing all that manually is just not feasible. You need automation in the form of a SaaS management solution that finds and tracks apps in real time.

To be up to the task, that solution must:

- handle thousands of apps
- integrate with systems that maintain information about apps, users and usage
- maintain up-to-date contract information
- analyze and present information for meaningful communication

Flexera SaaS Manager does all of those things and more.

Flexera is the recognized leader in cloud management platforms and cloud cost management. Flexera has earned the highest position in the Leaders quadrant of the *Gartner Magic Quadrant for Cloud Management Platforms*.

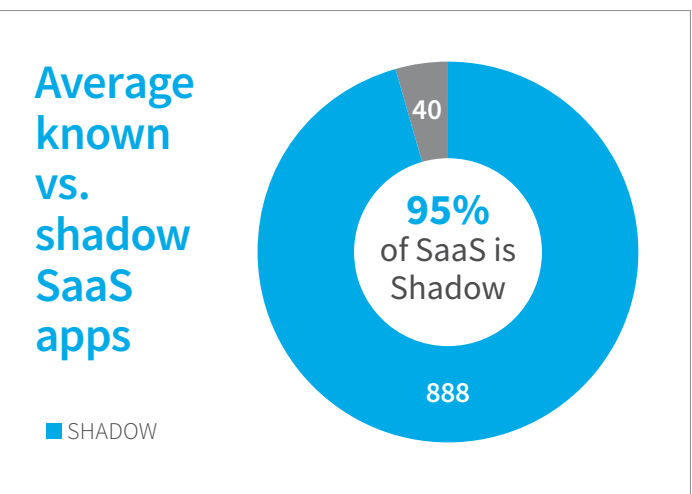
Flexera SaaS Manager delivers industry leading features, including:

- discovers more than different 32,000 SaaS applications
- maintains up-to-date, detailed information on more than 6,200 SaaS vendor licenses and contracts
- integrates with hundreds of systems that contain data on user identities, SaaS app costs and SaaS app usage
- analyzes and presents information in displays and reports that are meaningful to IT, procurement and finance

With the power of Flexera SaaS Manager, in you corner, you can bring SaaS under control.

Dealing with shadow IT

You need to deal with that vast majority of SaaS apps known as shadow IT. Those apps are scattered across your organization, and many of them have been purchased on corporate and personal credit cards. An especially vexing problem with shadow IT apps is they may not meet your security standards or not comply with relevant industry standards or government regulations.



How Flexera SaaS Manager can help

Flexera SaaS Manager discovers more than 32,000 different apps and identifies which are shadow IT apps and which apps are sanctioned. In addition, through its data integration with other systems, it can ferret out who purchased the app and at what cost.

- Integration with financial systems such as NetSuite and expense management systems such as Concur provides information on items that employees charge to corporate and personal credit cards or submit on expense reports.
- Integration with HR systems such as Workday and identity provider systems such as Okta provides information on users, including department, job title, location and more.

Based on this information, you can track down the app owners and work with them to properly handle the apps. For example, you can educate the owners of unsanctioned apps on the risks and encourage them to switch to sanctioned apps that have equal or greater functionality.

Optimizing SaaS spend

Gartner predicts that SaaS apps will account for 45% of overall software spend by 2021. So getting a handle on today's SaaS spend is a business imperative. It's the only way IT procurement and finance teams can take advantage of spend optimization opportunities before costs spin out of control.

How Flexera SaaS Manager can help

The solution generates customizable spending reports, monitors SaaS utilization in real time, tracks SaaS expenditures across departments and provides real-time visibility into SaaS spend per user. This vital information helps you:

- identify widely used apps and determine which can be consolidated under single contracts to take advantage of volume discounts
- leverage usage data to see what features are being utilized on each app, compare it with contract information maintained by Flexera SaaS Manager and scale back on underutilized features when an app's pricing model is tiered based on functionality
- identify apps with overlapping functionality and then, based on usage, work with users to determine if they can use another app with similar functionality
- leverage the historical usage and cost data that Flexera SaaS Manager aggregates to accurately budget for the future SaaS needs

Managing SaaS vendors

To manage vendor licenses and negotiate favorable contracts, procurement and vendor management teams need visibility into the license terms and conditions of their SaaS apps—for example, user entitlements and pricing models. They need complete details on subscription renewals, including renewal dates, auto-renewal policies, and time windows for renewing, canceling and modifying terms. They also need data on usage and costs of the vendors' apps.

How Flexera SaaS Manager can help

Flexera SaaS Manager maintains detailed information on vendor contracts. It also gathers other useful information well ahead of renewal dates and presents procurement with detailed reports that facilitate tracking of spend, active users and applications by vendor. As a result, procurement people can engage in vendor contract negotiations from a position of knowledge and strength.

With Flexera SaaS Manager, procurement can:

- participate in vendor meetings with full knowledge of vendor contracts
- apply price model and usage information to ensure the enterprise takes maximum advantage of every license and subscription
- renew, modify or cancel subscriptions on time so people have the apps they need but the enterprise doesn't end up paying for apps that are no longer in use

NEXT STEPS

Learn more about how Flexera SaaS Manager can help you.

[LEARN MORE](#)

ABOUT FLEXERA

Flexera helps executives succeed at what once seemed impossible: getting clarity into, and full control of, their company's technology "black hole." From on-premises to the cloud, Flexera helps business leaders turn IT insight into action. With a portfolio of integrated solutions that deliver unparalleled technology insights, spend optimization and agility, Flexera helps enterprises optimize their technology footprint and realize IT's full potential to accelerate their business. For over 30 years, our 1300+ team members worldwide have been passionate about helping our more than 50,000 customers fuel business success. To learn more, visit flexera.com