# BetterCloud pioneers the emerging SaaS operations management market

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SaaS applications are proliferating within and across enterprises in all industries. BetterCloud addresses a new IT challenge – how to automate and govern the IT administrative blind spots related to the use of multiple SaaS applications.

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Cloud management platform offerings include a maturing set of capabilities to manage multiple cloud services. Cloud-based office applications (like G suite and Office 365) have very limited management services that expose and control productivity tools to enterprise employees. But the management of multiple SaaS applications, and the employees that use them, has been overlooked. BetterCloud has decided a new IT market needs to be served with an emerging set of capabilities for SaaS operations management.

## THE 451 TAKE

We believe BetterCloud is pioneering a new IT market category, which we refer to as SaaS operations management (SOM). It tackles the heretofore overlooked segment dealing with all the IT administrative challenges of user resource management and usage policy enforcement within a uniform framework that automates tasks across SaaS vendors and offerings. We expect that enterprises struggling to stay ahead of the management tasks of proliferating SaaS usage will find SOM tools in general, and BetterCloud in particular, a welcome tool and IT productivity enhancer.

## CONTEXT

New York-based BetterCloud got started in 2011 offering administrative tools for the cloud-based office applications from Google's G-Suite and Microsoft's Office 365. As SaaS offerings began to proliferate within enterprises, BetterCloud recognized a pressing need to better administer those services.

In December 2016, it launched its now flagship BetterCloud platform to serve the IT and user administration needs of multiple SaaS applications used by enterprises. BetterCloud's messaging and capabilities seem to be catching on in the market. Its early cloud office applications product garnered roughly 3,000 customers, and generated approximately $5m in annual recurring revenue (ARR).

Its new offering has staked a claim to more than 500 new customers in just over a year, and is generating greater per-customer revenue as well – BetterCloud reports nearly 5x as much per-customer ARR for its SaaS operation management offering. It's fueling the vendor's overall ARR growth as well, which we now estimate to be approaching $25m.

BetterCloud has expanded its staff, up to 165 from the 145 cited in our earlier 2017 report. It raised a $25m series D round led by Accel Partners in May 2015, bringing the total capital raised over four rounds to $47m. We believe it is likely to seek another round sometime this year.

## STRATEGY

Once Salesforce proved that a subscription service rather than licensed software is a successful model to deploy enterprise productivity tools, the SaaS market exploded. SaaS has become a common business model and technology platform for nearly all types of software and applications. SaaS vendors like ServiceNow, Workday, Marketo, G Suite, Zendesk, Dropbox, Office 365, Box and Slack are now common in many enterprises.

BetterCloud's research has concluded that enterprises subscribe to an average of seven different SaaS services and vendors. SaaS sprawl, as BetterCloud calls it, introduces a new set of blind spots related to administrative and technical challenges – such as inconsistent operational control capabilities across multiple SaaS administrative consoles, overexposed access to SaaS data objects, accidental or intentional improper configuration of application settings, and overly repetitive manual processes needed to activate, investigate, remediate and enforce such SaaS use and policies.

Common practices, tools and workflows were needed to automate SaaS administration IT tasks, but current cloud management platforms and SaaS application administration tools were insufficient. BetterCloud determined it was the right time to build on its own cloud-based office application administration base and craft a new market segment, what we call SOM.

## TECHNOLOGY

SOM is a subset of the overall cloud management market designed specifically to address the IT challenges associated with simultaneously administering multiple SaaS applications from disparate SaaS vendors, as well as with automating the IT tasks required to bring users on and offline. SOM exposes the administrative consoles of multiple SaaS offerings within a uniform services platform. It supplements the capabilities of identity-as-a-service (IDaaS) technology designed for authentication and access, and cloud access security brokers (CASB) designed for security policy enforcement.

Specifically, a SOM automates the job of authorization, configuration and governance for those users. It can automate IT workflows needed to rapidly detect changes in user settings; change group membership settings; share resources such as files, calendars, Slack Channels and Dropbox folders; assign Salesforce licenses; delegate privilege app access to organization or site admins; reset passwords; enforce least privilege access to applications; remove mobile device access; transfer documents and suspend accounts for off-boarding users – among the many other possible automated capabilities that end users had to traditionally wait on IT to complete.

BetterCloud's version of a SOM seems to be particularly adept at workflow automation and policy enforcement. Regarding the later, the company acknowledges that while there are many types of policies to craft and enforce, they can all be governed with a common methodology and automated workflow. BetterCloud's methodology is capable of automating the common tasks needed for policy definition and enforcement. Namely, it can define a policy, investigate its compliance, notify upon violation, offer remediation to bring policies back within compliant thresholds, and monitor for continuous policy enforcement.

This can be applied to virtually all SaaS policies, among them user on-boarding and off-boarding, file access and activity, user security controls, external user access management, administrator functions and control, use of connected devices, establishment and control of user groups, licenses and storage management, and third-party application access and use.

BetterCloud's SOM links to SaaS applications via connectors it has developed to exchange data with the most popular SaaS offerings such as Salesforce, Office 365, G Suite, Box Dropbox, Slack, Zendesk and Atlassian. It has 40+ connectors targeted for development to help the company extend its market reach.

While such capabilities are important, the value derived from BetterCloud is demonstrated in IT productivity gains. According to BetterCloud, its customers realize an 85% reduction in time taken to locate specific data objects across the SaaS applications under management, 43x faster remediation for security incidents, 93% reduction in time to manage and execute administrative processes, and 13.5 hours saved setting up and training new multi-SaaS administrators.

## COMPETITION

When evaluating tools to manage multiple SaaS applications, one might first consider turning to the cloud management platform market. Leading vendors here include Abiquo, Adaptive Computing, BMC, CA Technologies, Cisco, Red Hat and RightScale. Indeed, the hyperscale and IT leviathans AWS, Google, IBM, Microsoft, Oracle and VMware also have cloud management offerings.

However, all these platforms are better at managing IaaS cloud services consumption (e.g., compute, storage, database, analytics) offered by various cloud services providers than they are at managing the IT administrative tasks associated with SaaS applications to employees. Vendors offering IDaaS (Centrify, Okta, OneLogin and Ping Identity) and CASBs (Bitglass, Cisco Cloudlock, Forcepoint, Netskope and Skyhigh Networks) are vital and necessary for multi-SaaS customer organizations to manage authentication infrastructure and secure access policy enforcement.

These platforms complement SOM platforms that handle authorization, configuration and settings governance policies for those same users by helping manage the privileges, workflows, governance, operational management characteristics and auditing needs of the same multi-SaaS offerings.

Vendors that compete with BetterCloud's earlier cloud-based office applications offering include 4ward365, At-Work, AvePoint, Cogmotive and Kaseya. However, they haven't yet brought to market technology that directly rivals BetterCloud's current multi-SaaS operations management capabilities.

## SWOT ANALYSIS

### STRENGTHS
BetterCloud's task automation capabilities, and policy management methodology and IT task automations, enable clear productivity benefits to administrators. This should make it an attractive asset within enterprise IT toolkits.

### WEAKNESSES
BetterCloud needs to accelerate the pace of its connector development to be able to link with many more available SaaS offerings, which it needs to expand its market footprint.

### OPPORTUNITIES
BetterCloud may be staking claim to first-mover status within the new SaaS operation market, which can expose it to new customers rapidly and potentially make it an acquisition target.

### THREATS
Cloud management platform vendors that now focus on managing multiple cloud services (IaaS, PaaS) are not likely to sit idle and let upstarts capture share of a new market that is a subset to theirs. We foresee more vendors and competition in this market, because the need for a new IT function (SOM) is now becoming clear to enterprises.