



State of the SaaS-Powered Workplace

2017

The workplace will never be the same again.

Swiftly and surely, the world is shifting to Software-as-a-Service (SaaS). It's becoming the de facto delivery model for core business applications.

But how is SaaS transforming the way we work? Over the past six months, we surveyed 1,800+ IT professionals to get a deeper understanding of this new workplace, where SaaS applications serve as the backbone of productivity.

The data revealed astonishing findings. SaaS is a double-edged sword. And while it brings incredible benefits, it also creates formidable challenges that are taking the roles and responsibilities of IT to new extremes.

This report provides a glimpse into the future. Our respondents—the most forward-thinking, cutting-edge IT innovators on the front lines—have told us exactly what they're experiencing in the modern workplace.

And now we're sharing this knowledge with the rest of the world: **the good, the bad, and the ugly of SaaS, and how IT can thrive in it.**

David Politis

Founder & CEO, BetterCloud





**Why is BetterCloud the
authority on the shift to SaaS?**

We have a view of the market that no one else does.

We routinely interview and survey thousands of IT professionals responsible for SaaS deployment and management. These insights allow us to get an in-depth look at major trends in the industry.

Our research has been featured in dozens of keynotes, investor presentations, and publications like:

Forbes THE WALL STREET JOURNAL. **CIO**

NETWORKWORLD BUSINESS INSIDER **FierceCIO**
THE EXECUTIVE IT MANAGEMENT BRIEFING

BetterCloud
MONITOR

100,000+ people

subscribe to our daily newsletter, The BetterCloud Monitor, for the latest news on IT and SaaS.

BETTERIT

1,200+ people

belong to BetterIT, our new Slack community for forward-thinking IT professionals.

BY ROLE

30%

Director

33%

Individual Contributor

25%

Manager

10%
CXO

3%
VP

Demographics

We surveyed **1,827 people** across a variety of IT roles and organization sizes

VSB/SMB: 1-1000 | **MM/ENT:** 1001+

BY SIZE

20%
MM/ENT

80%
VSB/SMB



The world is shifting to SaaS no matter how you look at it.

**Have we reached the
tipping point?**



"There hasn't been an on-premises software company funded since 2007... You have no choice. It's all going to be SaaS."
— R. "Ray" Wang, principal analyst at Constellation Research

Vendors are no longer building on-prem software.



Microsoft-as-a-Service and the Slow Death of On-Premises Software

BY JUAN MARTINEZ JULY 21, 2016 2 COMMENTS

Microsoft has expanded its "as-a-service" offerings to Windows Server 2016 and Surface hardware.



On-premises HR users risk being left behind, Oracle says

Customers will either have to move to the cloud or miss out on many new features



JUN 8, 2016 @ 01:59 PM 2,623

The Little Black

Adapt Or Die: The Dangers Of Hanging Onto Legacy Technologies

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Microsoft announces new SaaS offering: Microsoft Flow

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Vendors are
either building new
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Adobe

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Salesforce.com buys Quip for
\$582 million

Anita Balakrishnan | @MsABalakrishnan
Monday, 1 Aug 2016 | 5:17 PM ET



DEALS | Tue Nov 15, 2016 | 9:21am EST

GE buys software company
ServiceMax for \$915 million

... or acquiring
SaaS companies.

ZDNet

Oracle buys cloud-based SaaS
vendor Opower for \$532 million

With this deal, the enterprise software
giant has now spent roughly \$1.2 billion in
three business days on cloud
acquisitions.

THE WALL STREET JOURNAL

TECH

Oracle to Buy Cloud-
Software Provider
NetSuite for \$9.3
Billion

Larry Ellison is largest holder of
NetSuite, which is led by an ex-Oracle
executive

Forbes

Tech / #InTheCloud

JAN 9, 2017 @ 09:00 AM 25,115

Atlassian Acquires Popular Team
Productivity App Trello For \$425
Million

SaaS is now the system of record.

LEGACY TECHNOLOGY			SaaS APPLICATION		
PeopleSoft		EMPLOYEE			
 Microsoft Dynamics CRM		CUSTOMER			
 OpenLDAP		IDENTITY			
		FINANCE			
		INTERNAL COMMUNICATION			
			EMAIL		
		CODE			
					



**How fast is the
SaaS market growing?**

The cloud shift rate through
2020 for SaaS is 3x faster than
PaaS and 2x faster than IaaS.

\$69 billion shifted from legacy spend to
cloud services in 2016.



Cloud Shift Rate (2016-2020)

Worldwide Public Cloud Services Forecast (Billions of Dollars)

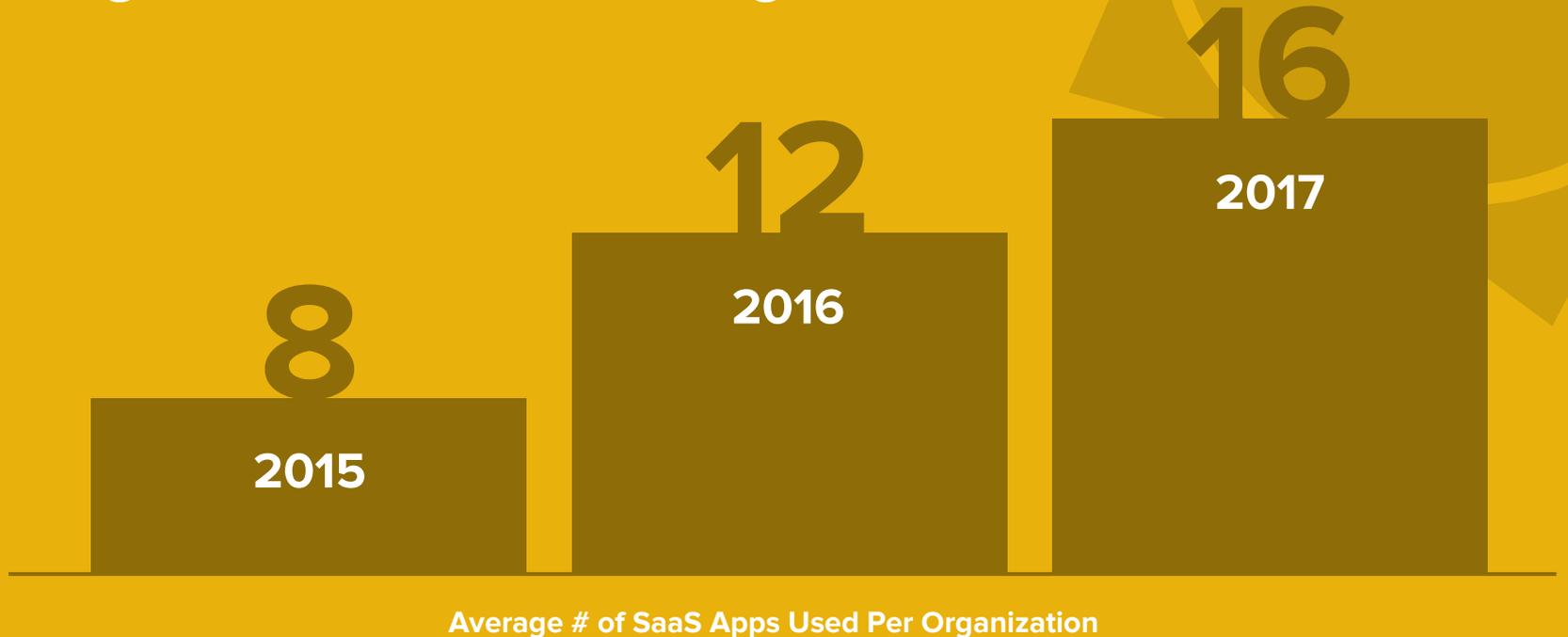


Source: [Gartner Says Worldwide Public Cloud Services Market to Grow 18 Percent in 2017](#)



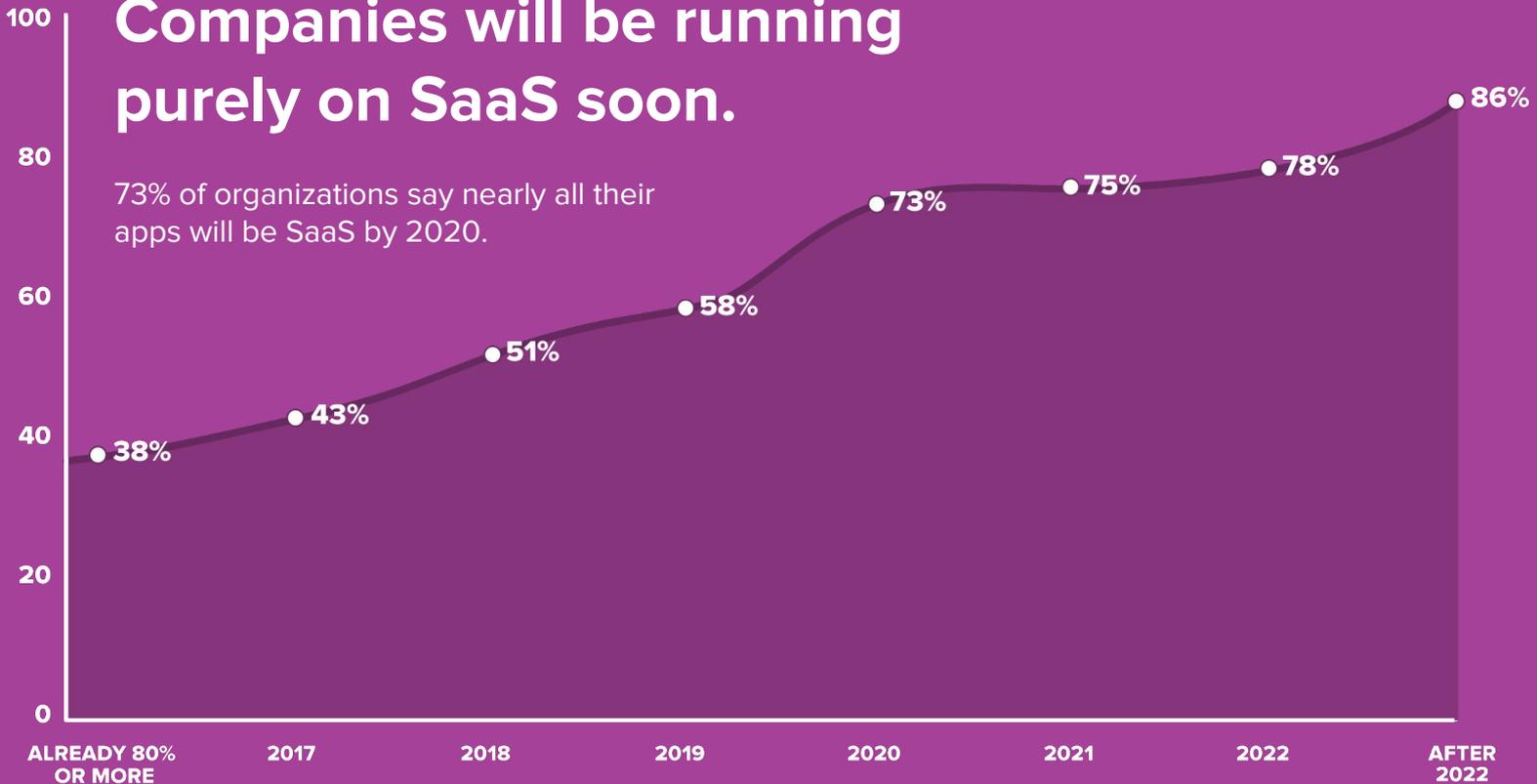
**What does SaaS adoption
look like in the trenches?**

The number of SaaS apps organizations use is rising.



Companies will be running purely on SaaS soon.

73% of organizations say nearly all their apps will be SaaS by 2020.

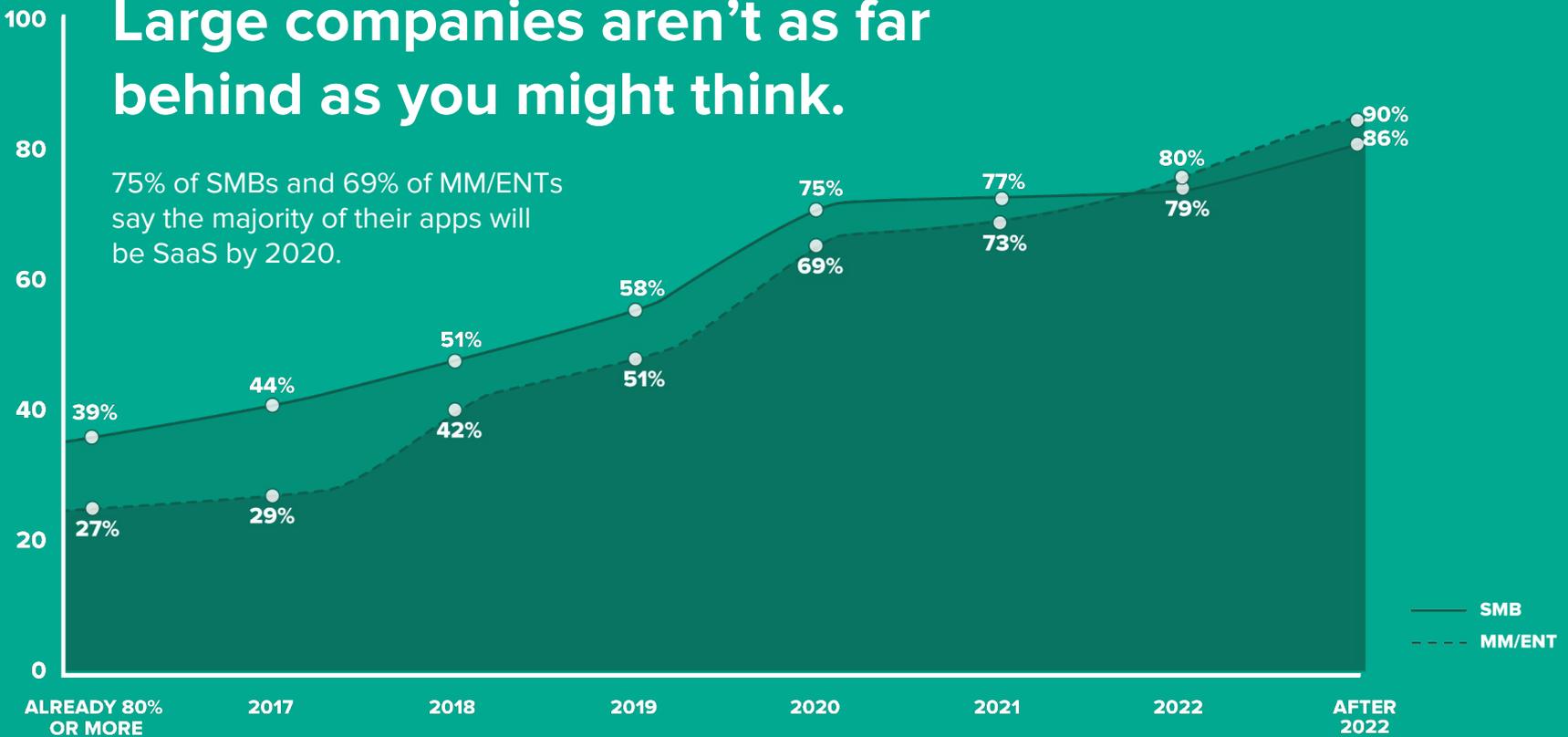


ALREADY 80% OR MORE

Percentage of orgs estimating when 80% of their business apps will be SaaS

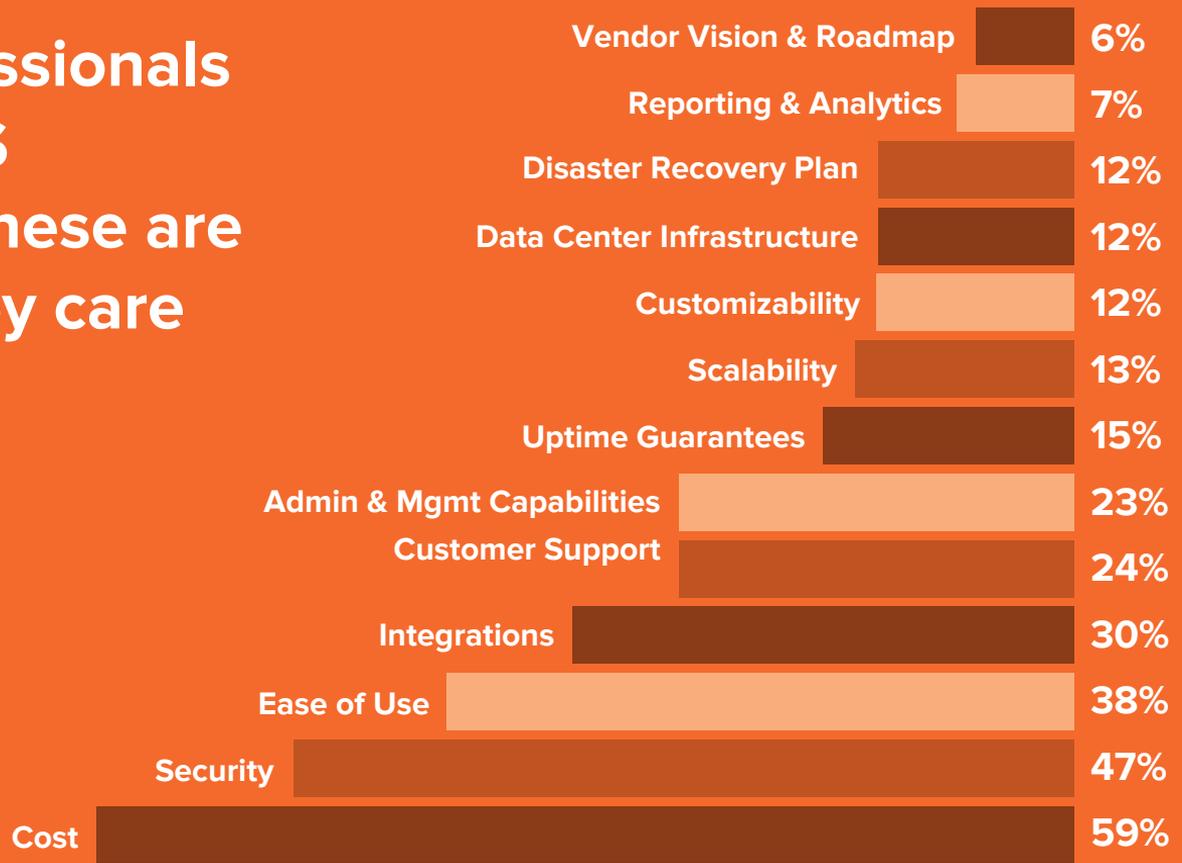
Large companies aren't as far behind as you might think.

75% of SMBs and 69% of MM/ENTs say the majority of their apps will be SaaS by 2020.



Percentage of orgs estimating when 80% of their business apps will be SaaS

When IT professionals purchase SaaS applications, these are the criteria they care most about.



*Respondents were asked to select their top 3 criteria



So what does all this mean?

**A new type of workplace is
starting to emerge.**



38% of companies are running almost entirely on SaaS.

Percentage of orgs estimating when 80% of their business apps will be SaaS

**These are
SaaS-Powered Workplaces.**



**All they really need is a
decent internet connection.**



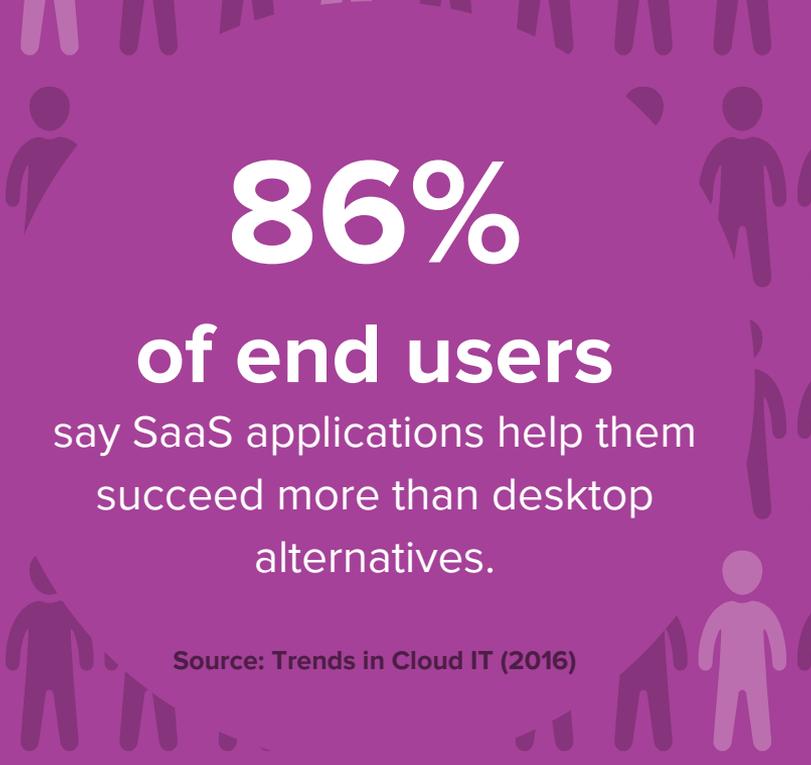
Compared to the average organization, they are:

7%
more likely to
say SaaS cuts costs

8%
more likely to
say SaaS bolsters
communication

31%
more likely to
say SaaS improves
employee satisfaction

52%
more likely to
say SaaS helps
attract better talent



86%

of end users

say SaaS applications help them
succeed more than desktop
alternatives.

Source: Trends in Cloud IT (2016)

48.6%

**reduction
in email**

**according to Slack
Survey Results**

SOURCE: Slack survey

30%

**fewer
scheduled
meetings**

**-- Mike Heim, CIO,
Whirlpool**

SOURCE: G Suite, "How one of America's iconic
corporations feels like a startup again"

25%

**increase in
CSAT
(customer satisfaction)**

SOURCE: Zendesk customer case study
(Acquia)



The benefits to users are clear.

94% of IT survey respondents also reported significant benefits from adopting SaaS.

But it means new responsibilities for IT.

Today, your business runs on SaaS.

**SaaS has moved from fringe to mission critical.
It's core to the business.**

5-10 years ago, SaaS apps were in the shadows.

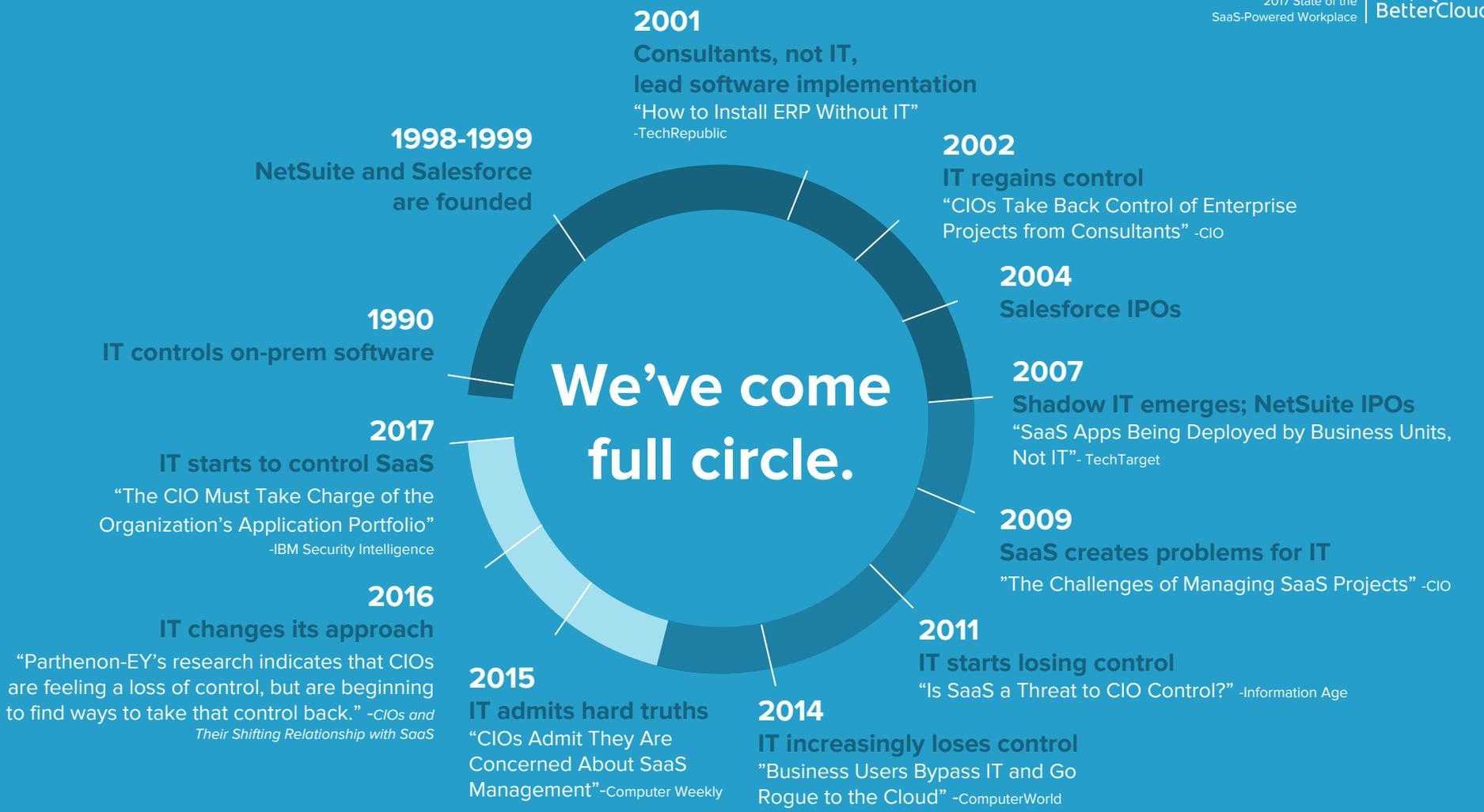
SaaS apps flew under IT's radar. Line of business or operations staff often circumvented IT to purchase and deploy SaaS apps themselves. Consequently, IT began losing control over their environment.



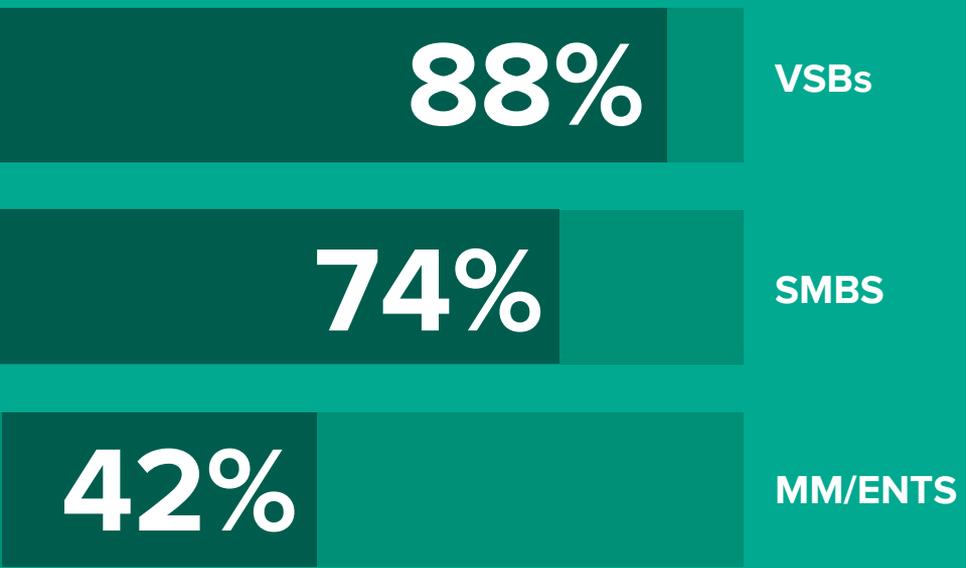
For SaaS to serve as the system of record effectively, IT must regain control.

SaaS apps are no longer simple “out of the box” solutions. Businesses want them to be integrated and customized, with security wrapped around them. They expect identity to be merged together and centralized. In order to unlock the full value of SaaS, IT must be closely involved in the rollout and management of SaaS apps.





% SaaS Apps Managed by IT Today



IT is starting to administer, own, and manage more SaaS applications than they ever have.

SaaS creates new challenges for IT.

And these challenges only become larger and more complex in the SaaS-Powered Workplace.

57%

believe their jobs are becoming more difficult as their organization adopts more SaaS applications.

81%

say they experience a significant challenge with managing SaaS applications.



**What are the biggest
challenges facing IT in the
SaaS-Powered Workplace?**

CHALLENGE #1

Delegating Admin Privileges

A recent global security survey found that “the implementation of delegation — the capability to implement a least-privileged model of admin activity in which administrators are only given sufficient rights to do their job” was one of the most crucial practices around critical account management in organizations.

In the SaaS-Powered Workplace, delegating granular admin rights is cumbersome at best and impossible at worst. And with vendors constantly introducing new permissions, it can be difficult to keep up.

Source: CIO

SaaS-Powered Workplaces are

3.5x more likely

to say that delegating admin privileges is a challenge.



CHALLENGE #2

Understanding External Access

Given that the freelancer economy is on the rise -- 40% of America's workforce will be freelancers by 2020 -- managing external access correctly is an increasingly important challenge for IT.

“Cumulatively, security incidents stemming from negligent and careless employees or contractors cost the most money. Organizations spent about \$2.3 million annually dealing with the fallout from such incidents, at an average of about \$207,000 per incident.”

Source 1: QUARTZ; Source 2: InformationWeek DARKReading

SaaS-Powered Workplaces are

2.9x more likely

to say that understanding external access
is a challenge.

CHALLENGE #3

Automating Repetitive Processes Across Apps

Our research showed that IT has:

- **12 steps in their average onboarding process***
- **28 steps in their average offboarding process***

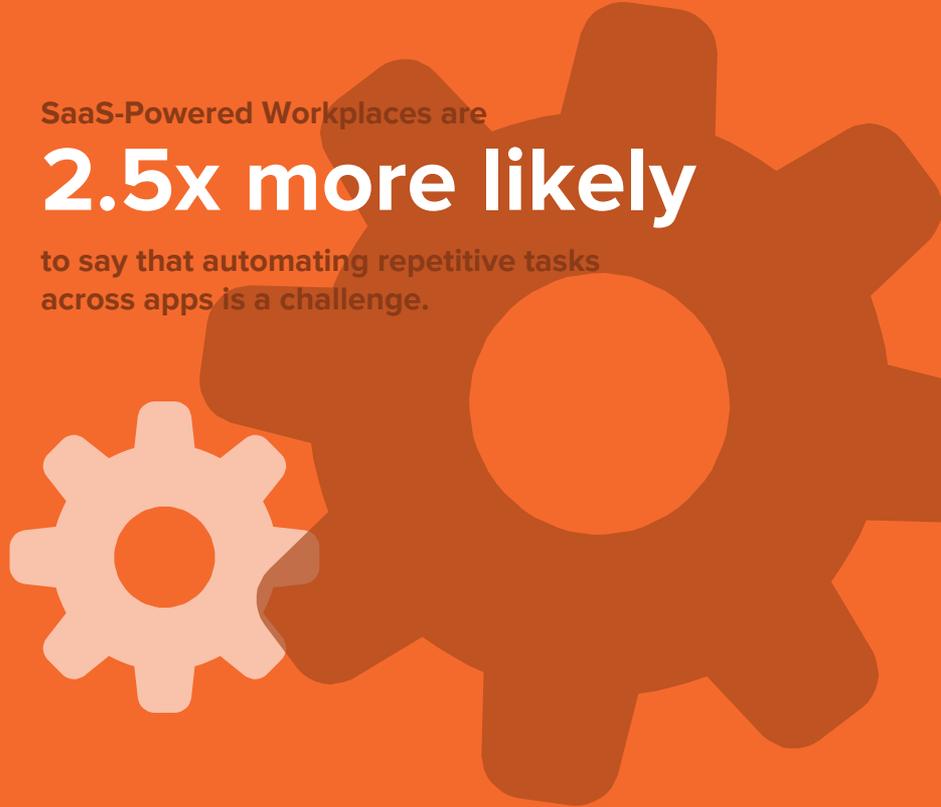
And that's just for G Suite alone. When you consider how many other apps and repetitive steps are involved in onboarding and offboarding processes, it makes sense that this is a major challenge for IT.

**organizations over 5,000 seats*
Source: Trends in Cloud IT

SaaS-Powered Workplaces are

2.5x more likely

to say that automating repetitive tasks across apps is a challenge.



CHALLENGE #4

Managing Users and Assets Across Apps

When you think about how many data objects exist in a multi-SaaS environment, there is an impressive amount of sprawl. There are users, memberships, calendars, permissions, files, etc.

If you multiply this by dozens of apps and tens, hundreds, or thousands of users, it's understandable why managing users and assets across apps is such a challenge.

SaaS-Powered Workplaces are

2x more likely

to say that managing users and assets across apps is a challenge.





**To adapt, IT must evolve
in 3 main areas.**

1 Roles and Responsibilities

CIO APPLICATIONS

“Success lies in **breaking away from the classical decentralized ownership approach** where the ‘predominate user’ engages with the vendor, pays the bills, and calls all the shots. But why would anyone want to give up his/her agility and let the CIO organization in? Because ultimately, organizations need to achieve cross-company process agility, and that cannot happen unless you engage someone with an overarching view to optimize at that level.”

— Yvonne Wassenaar, CIO, New Relic

Source: “The Role of CIO in the Cloud-First World”

Gartner.

CIOs must focus on adding valuable services to complement SaaS usage, according to Gartner.

“The office of the CIO should focus on **becoming a cloud brokerage, offering value-added capabilities, including help desk/support for cloud SaaS solutions, integration skills, and procurement and contract management skills** for cloud usage.”

Source: “CIOs Flip for Cloud SaaS”

2 Processes

zendesk

“As a modern CIO, your impact needs to be quick and meaningful... Shifting to the cloud and adopting SaaS solutions allows CIOs to be **agile, flexible, make more informed business decisions with quicker access to data and analytics, and adopt modern tools that help employees to be more productive and customers to have a better experience...**

The longer companies wait to make this full transition, the further they will fall behind.”

— Tom Keiser, CIO, Zendesk

servicenow

By 2018, **about half of companies (46%) say they will need greater automation to handle the volume of tasks being generated.** By 2020, nearly 9 out of 10 companies (86%) will hit that breaking point.

Why? Because nearly half (48%) say that work levels have increased by 20% or more in the last year. And routine tasks are taking up precious resources: 91% of executives say their skilled employees spend too much time on admin tasks.

Source: ServiceNow State of Work Report 2017

3 Budgets



TechTarget

“CIOs are increasingly expected to do more and those that do will be given a **‘justified’ budget to enable digital transformation**, said Isaac Sacolick, principal at consulting firm StarCIO and a former CIO... ‘[T]hey need to be leaving the enterprise not only with the ability to grow and enable new customer experiences, but they've got to do it in a way that's going to end up with a less expensive IT footprint.’

The way that CIOs are going to achieve this is by utilizing the cloud, SaaS and more nimble enterprise services that are better interconnected...”

Source: “Gartner Cuts 2017 IT Spending Forecast, Sees Shift to ‘Digital Business’”

InformationWeek

“Historical approaches to IT funding and the mechanisms used to prioritize and track technology spending do not support these changes. **Project-based funding creates rigidities and delays because it is tied to annual budgeting processes and cannot accommodate the iteration and uncertainty associated with digital investments delivered as products.”**

Source: InformationWeek “CIOs Should Make 5 Changes to IT Funding in an Age of Digitization”

5 Key Takeaways

1 SaaS is a runaway train that's showing no signs of stopping.

Companies use 16 SaaS apps on average today, up 33% from last year. 73% of organizations say nearly all (80%+) of their apps will be SaaS by 2020.

2 As a result, a new type of workplace called the SaaS-Powered Workplace is emerging.

38% of companies are already running almost entirely on SaaS. This new enterprise is the SaaS-Powered Workplace.

3 It creates incredible benefits like bolstering communication, cutting costs, and improving employee satisfaction.

4 But it also creates new challenges for IT. These challenges only become more amplified in the SaaS-Powered Workplace.

5 To adapt to this new enterprise, IT must change the way it does its job. IT needs to rethink its roles, responsibilities, processes, and budgets.

About BetterCloud

BetterCloud is the first multi-SaaS management platform, enabling IT to centralize, orchestrate, and operationalize day-to-day administration and control across SaaS applications. Every day, thousands of customers rely on BetterCloud to centralize data and controls, surface operational intelligence, orchestrate complex actions, and delegate custom administrator privileges across SaaS applications.

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