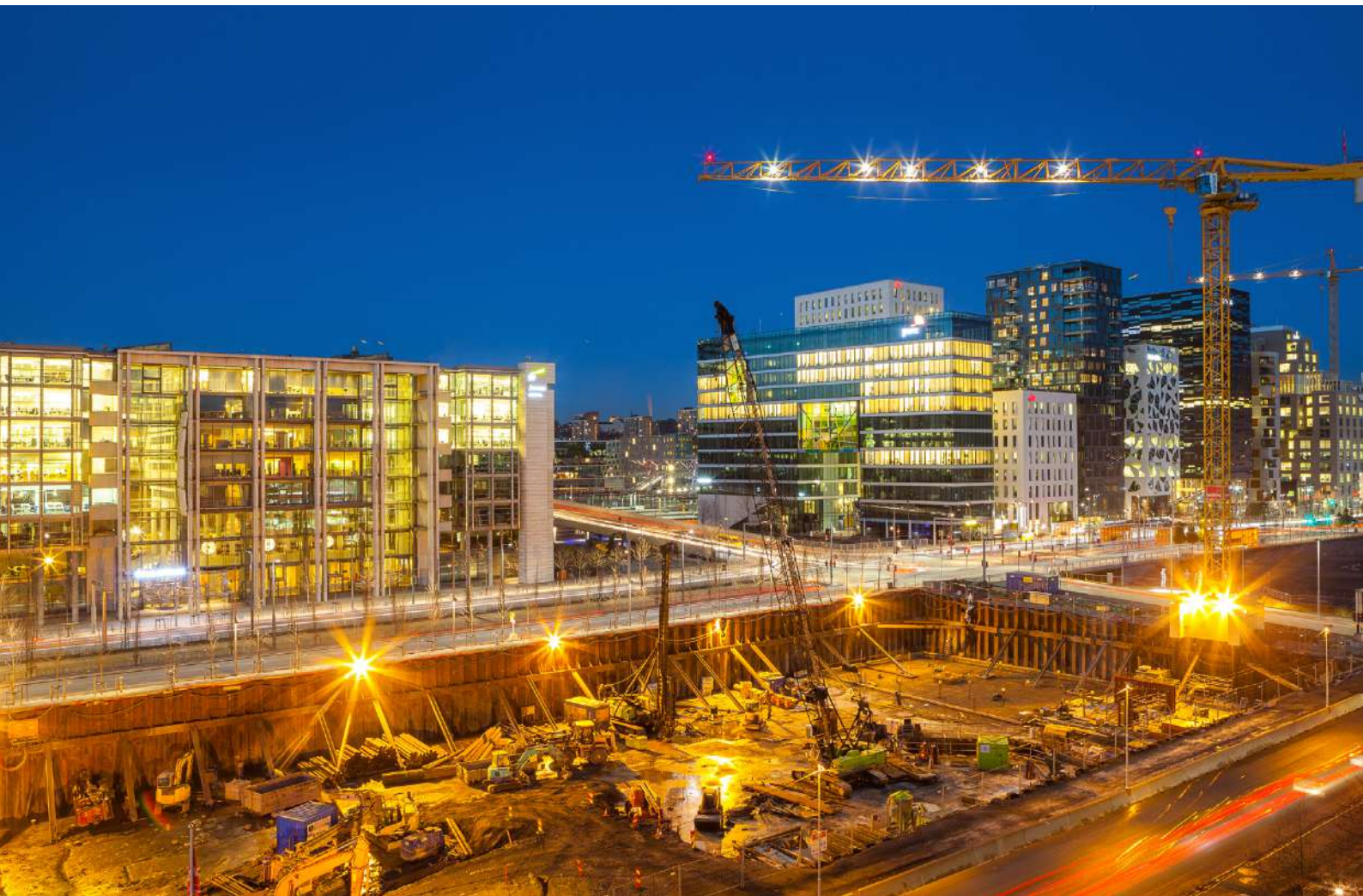# Five Tips for Building a SaaS Management Business Case

The recent growth in SaaS adoption[1] has led to a big increase in the volume of applications and contracts to negotiate. The increased workload has become a challenge to manage. What can be even more frustrating is the lack of visibility into applications that have not gone through proper procurement policies, often referred to as shadow SaaS or SaaS sprawl. This is not just a concern for the IT asset management team but for your IT operations and security teams.

With these trends, it's obvious to you that your organization needs to add SaaS management to your ITAM practice but this need might not be obvious to those who might fund this initiative.

To help, we created this guide to assist you in building a business case to communicate to your organization why SaaS management should be an initiative worth funding.

snow*

Building Your SaaS Management Business Case

Many organizations have long recognized the need for a software asset management (SAM) practice to manage their datacenter and end user software assets. However, SaaS management is slightly different, and you'll want to consider these points as you build your business case to add SaaS management to your SAM practice.

External audits vs unexpected bills

On premises applications are typically licensed on the number of devices, users, servers, processors and so on. Contracts are fixed – you buy what you think you need and sometimes you are able to use more than what you've paid for and can be hit by a hefty fee if the software vendor audits you.

SaaS applications on the other hand are largely consumption based and the vendor is not stopping you from using more. If you end up using more than what you planned for, you may end up being billed for usage that was not included in your budget. One recent customer began investigating a SaaS management solution after they received an unexpected bill of £750K for Office 365. For budget holders, managing SaaS spend must be an ongoing activity rather than a point in time event.

Shadow IT

When app procurement goes through the proper channels, your IT team has a look to ensure they are secure. When users decide to download free applications, like file-sharing applications, they are not getting the CISO's stamp of approval and could be putting your organization in harm's way. SaaS apps slip through the cracks because in many cases IT does not need to be involved for their use.

The other challenge of business units procuring applications out of policy is the unexpected renewal. Perhaps the initial subscription was purchased with an end-of-quarter surplus, and now the renewal lands on your desk, unexpectedly.

SaaS sprawl

If your organization is large and distributed, you probably had some degree of application sprawl before SaaS was a thing. With SaaS, business units are able to quickly adopt new capabilities to move the business forward. Without a central repository of what is in use across the business, application sprawl can become problematic for everyone involved in managing, securing and renewing these applications.

2 | Know your audience

Thinking about your audience and their goals is often overlooked when building a business case. The first step is understanding who holds the budget, likely the CIO or CPO, and what the approval process looks like. Then, you need to understand their top business goals and how SaaS management aligns to those. Here are some of the top 2021 Chief Procurement Officer priorities, according to a Deloitte CPO Survey. See how SaaS management benefits align.

CPO Priority	How SaaS management automation helps
Driving operational efficiency – having the capacity and capability to deliver more value to the business.	SaaS management automation helps contracts and procurement staff gather and make sense of application usage data for all SaaS applications much faster than manually gathering details from multiple sources in a spreadsheet. With faster and more detailed insights, the team is better equipped to deliver more value to the business.
Reducing costs measured by cost savings, cost avoidance and cash improvements	With a complete view of usage for all applications across the business, staff is able to better prioritize opportunities for cost savings and cost avoidance by Identifying overlapping applications, multiple contracts with the same vendor and applications licensed vs actual usage.
Digital transformation	SaaS management automation helps move organizations from operating in spreadsheets with data that is often incomplete and incorrect to a holistic view inventory, usage and spend with data that is automatically normalized, categorized and provides actionable insights.
Innovation	SaaS management automation helps organizations move from being transaction focused (negotiating with vendor A) to being transformation focused (how to help the business streamline operations) by providing a big-picture view of usage and spend across the organization.
Enhancing risk management	According to this blog on datto.com, 35% of organizations have seen Ransomware attacks coming from SaaS applications. Automating the discovery of SaaS applications in use, including unsanctioned and free applications, will help your security team protect your customer and employee data.

Here are the top Chief Information Officer priorities in 2021, according to an
IDG 2021 State of the CIO Report, and how SaaS management benefits align.

CIO Priority	How SaaS management automation helps
Security Management	It's impossible to secure what you can't see. While IT organizations have heavily pressure tested corporate applications, the reality is end users are doing their own thing. For example, the corporate decision may be to use SharePoint for file sharing, but the marketing team may decide to use another file sharing tool that might be easier to use with outside vendors. Automating the discovery of SaaS applications in use, including unsanctioned and free applications, will help your security team protect your customer and employee data and determine which end users need additional security education.
Improving IT Operations/System Performance	End users don't differentiate between on-premises and SaaS applications. When there is a problem, they call IT. SaaS management helps IT reduce complexity by identifying areas for rationalization, and when adding SaaS applications to your CMDB, IT is able to more quickly troubleshoot issues by having an understanding of applications in use by the organization.
Aligning IT initiatives with business goals	With the global pandemic and the migration of employees working from home, organizations were keen to measure employee productivity – did it go up or down? Using SaaS application usage data, organizations can take this analysis a step further when marrying this data with employee productivity metrics. For example, which applications are your highest revenue producing sales reps using? Are there development teams using certain tools enabling them to code faster? Additionally, by understanding what technologies are in use, IT can more effectively advise on business gaps in capability or usage.
Implementing new systems and architecture	SaaS management helps IT organizations understand how quickly and how widespread adoption is for new SaaS investments. In addition to seeing usage details for the newly deployed application, IT can also discover what other substitute applications are in use that might hinder adoption. By identifying the total universe of applications in use prior to implementation, IT can work with departments proactively using substitute technologies and ensure their use cases are covered.
Driving business innovation	To drive innovation, IT leaders need to remove roadblocks – time and funding challenges. SaaS management helps IT leaders identify waste such as underutilized subscriptions and redundant applications and SaaS sprawl, which can put a burden on IT support and security teams.

3 | Shop your idea

Who else cares about the benefits of investing in a SaaS management solution? Who are the trusted advisors of the person who holds the budget? These are the people you should discuss your idea with. Here are a few questions to ask that will help you build your case:

- Would this solution be useful in helping you achieve your objectives? If so, how?
- Do you feel this will help the CXO achieve their most important goals? Why or why not?
- Do these benefits sound realistic? Are there others I missed?
- What do you foresee as objections to this project?
- Who else would have a strong opinion on this project?

What do you believe are the most pressing business problems caused by unaccounted for and unmanaged technology for your organization?

	IT Leaders	Employees	Difference
Security	72%	52%	-20
Privacy	55%	42%	-13
Financial Risk	42%	28%	-14
Compliance	41%	25%	-16
Legal Risk	35%	24%	-11
Reputational Risk	28%	16%	-12
No Issues	3%	16%	13

Source: Snow Software, 2021 IT Priorities Survey

4 | Be prepared for pushback

Although you may be a trusted advisor in your role, when you ask for a large investment, you may receive more pushback than normal. If you shopped your idea, you should already be familiar with some of the common objections and be prepared to counter.

Objection: I really don't think the vendor is going to budge on their total contract amount.

- How to counter: Don't focus on cost savings. Rather, focus on cost avoidance. Your vendor's goal is to increase the amount you pay every year. By having the data, you'll be able to argue that you might not be getting value with what you're paying today, and that they should bundle more into the existing amount, free of charge. Without a SaaS management tool, you won't have the data to support your claim.

Objection: You estimate we will save the salary for one FTE (full time equivalent). You should reduce this savings from your estimate. We have more than enough work to do and we aren't letting anyone go.

How to counter: Don't focus on cost savings. Rather, focus on cost avoidance. Your vendor's goal is to increase the amount you pay every year. By having the data, you'll be able to argue that you might not be getting value with what you're paying today, and that they should bundle more into the existing amount, free of charge. Without a SaaS management tool, you won't have the data to support your claim.

Objection: We haven't seen any security incidents in the last year.

How to counter: If your organization pushes back because they aren't concerned that a security incident could happen to them, here's some data that might help change their mind. Almost one-third of US companies experienced a security breach in the past year, according to a 2020 Thales Data Threat Report Survey. And according to this report, 35% of organizations see ransomware attacks coming from SaaS applications.

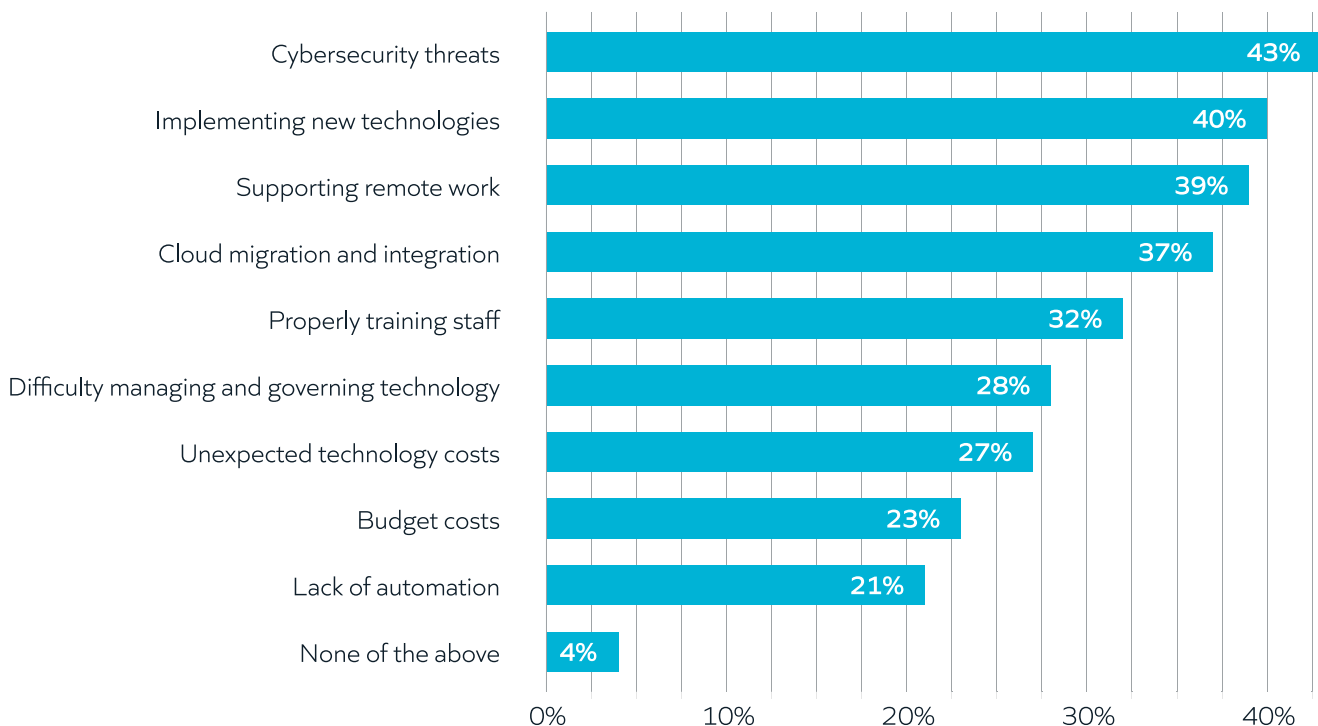# 5 | Include both qualitative and quantitative details in your business case

In addition to putting together the spreadsheet of costs and benefits, also include qualitative benefits. If you've shopped your idea, you probably have some good anecdotes to include in your presentation. Some qualitative benefits to think about include:

- Will this capability improve the capacity of your team?

- Will it strengthen your organization's ability to predictably forecast budget and cash flow?

- How will this information help your team be more customer-centric and enable more proactive dialog regarding departmental requirements?

- Will it help your executive team better understand where dollars are spent and where more of their time should be invested with specific vendors?

Showing the assumptions of how you got to your cost savings number will be helpful in discussing the value of the project. It is much better to debate assumptions, like hours spent preparing for vendor negotiations, than debating a figure on how much you might save, as this helps others think through the implications at a deeper level and get buy-in for your project.

What were your IT team's biggest challenges over the past 12 months?

Challenge	Percentage
Cybersecurity threats	43%
Implementing new technologies	40%
Supporting remote work	39%
Cloud migration and integration	37%
Properly training staff	32%
Difficulty managing and governing technology	28%
Unexpected technology costs	27%
Budget costs	23%
Lack of automation	21%
None of the above	4%

Source: Snow Software, 2021 IT Priorities Survey

Benefits of a SaaS management solution

We've outlined some of the benefits of implementing a SaaS management solution. Depending on your organization's goals, you may value some benefits more than others. If your management chain requires a lot of evidence, we recommend doing a limited proof of concept to demonstrate potential

Optimizing subscription costs

- Identify unused licenses or licenses that can be rightsized by converting expensive licenses to less expensive licenses based on user needs.

- Cost optimization can also be achieved by identifying redundant applications and streamlining the number of vendors and applications in use. How many messaging platforms are you using? Are there multiple file sharing systems in use throughout the organization? In addition to subscription savings, there are also management savings associated with reducing the number of vendors and applications in use (help desk ticket reduction, etc.).

Subscription cost avoidance

- This can be achieved by continuous monitoring of subscription usage so that you don't get an unexpected bill. When you consistently re-harvest unused licenses, you won't need to buy additional licenses when new users are added.

Maximizing value of contracts and enterprise agreements

- Sometimes vendors won't let you reduce spend, but if you can argue that you are not getting value in one area, you might be able to secure use of another application that would be included in the contract free of charge.

Reducing risk to data leaving the company or unauthorized data use

- This risk can be quantified by the number of applications in use versus the ones stationed by IT. Our customers are often shocked to learn how many free and unauthorized applications are used in the organization.

- According to an IBM 2020 study, the average cost of a data breach is $8.64M for US companies. In addition to actual remediation costs, data breaches damage revenue potential due to loss of trust and disrupt an organizations' strategic objectives with so much time and attention devoted to remediating the issue.

- Another risk is being out of compliance with regulations (GDPR, HIPAA, etc.). For example, healthcare organizations must obtain a business associate agreement from providers who store, create, receive, maintain or transmit PHI. The business associate agreement provides assurances of how the provider will safeguard PHI data. To obtain this agreement, organizations must know about all applications employees are using that are storing, transmitting, creating and receiving PHI. There are numerous examples of organizations being fined for not assessing provider risk by obtaining a business associate agreement.

Save time in preparing for renewal conversations by simplifying the SAM workflow.

- This can be measured in time and number of steps it takes to prepare for a renewal negotiation versus what it would take using an automated SaaS management solution.

Try the Snow Software Savings Calculator to estimate your cost savings

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