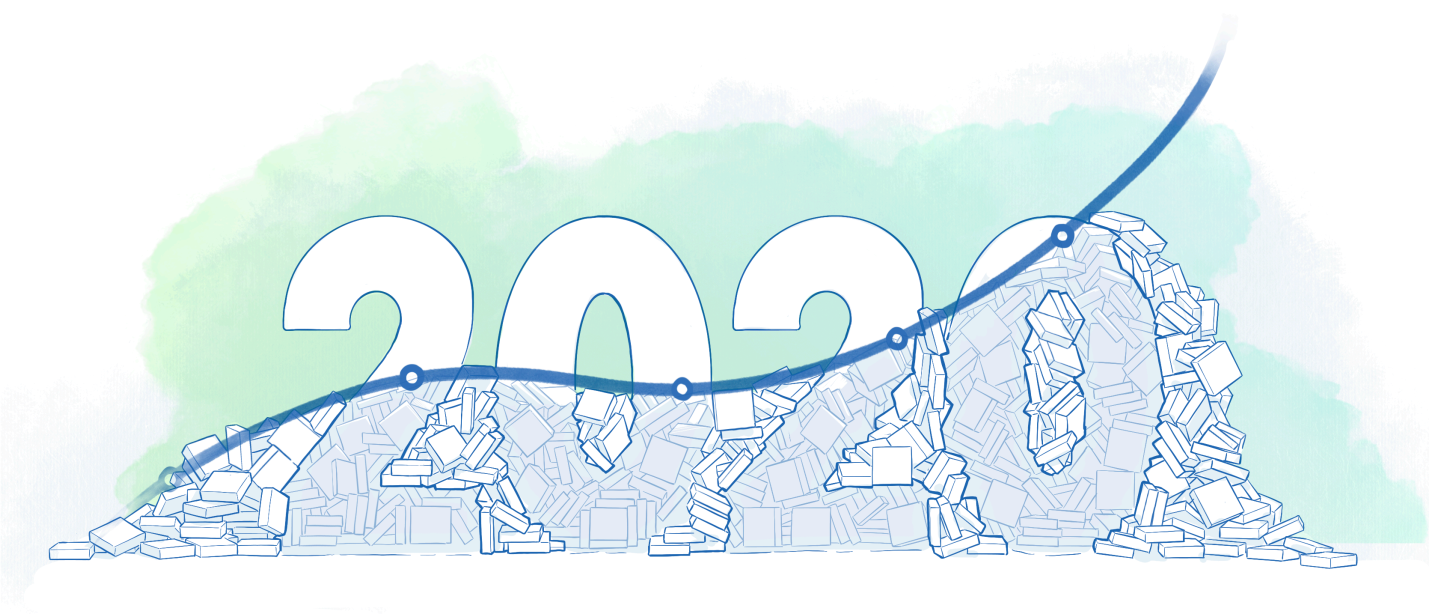
BLISSFULLY

SaaS Trends 2020

SaaS Apps Reign Supreme Across Departments, but Waste is Growing



blissfully.com/saas-trends

Table of Contents

📖 Introduction: About this Report

At Blissfully, we're focused on the ways companies use software-as-a-service (SaaS) to power business productivity, growth, and success. Each year, we release Blissfully SaaS Trends Reports based on proprietary data from thousands of companies around the world.

SaaS is now the gold standard for businesses, from old-school accounting firms to bleeding-edge artificial intelligence startups, and from small family-owned shops to large multinational corporations. The usage of and demand for SaaS products has grown dramatically over the years, and we see this trend continuing in 2020 and beyond.

Our 2019 annual report uncovered two key trends: that app turnover was higher than employee turnover, with 39 percent of typical mid-size companies swapping apps between 2017-2018; and that the selection of SaaS apps was increasingly decentralized across departments.

Our 2020 annual report analyzes over 10 years of SaaS spend and usage data from over 1,000 companies. We found that **app usage across companies of all sizes is up around 30 percent year over year** from 2018 to 2019. We also uncovered that **the number of apps being used is up by around 30 percent**. As app usage increases, so too has waste — **duplicate subscriptions have increased by 80 percent, while orphaned app subscriptions are up almost 100% across companies of all sizes.** These numbers indicate not only that SaaS continues to proliferate, but that proper SaaS management is still lagging and badly needed.

Read on to dive deeper into our key findings for 2020, an inside look at how small, medium, and large organizations are using SaaS apps, and core takeaways for SaaS builders, consumers, and investors to consider this year.

About the Cohort of Companies

Blissfully tracks billions of dollars in SaaS spend across thousands of companies, from small businesses to large enterprises.

Blissfully's users tend to be tech-forward, SaaS-first companies and early adopters, but we believe nearly all companies will look like this within the next five to 10 years. In fact, according to our 2019 compliance report, in 2019, **68% of organizations** said they are mostly or all SaaS-driven at this point, with **nearly 23%** saying they operate solely using SaaS apps today.

The companies in this year's report represent a sampling of Blissfully's customers across three different organization sizes:

- **Small Business** (AKA SMB), defined as a company with 1-100 employees
- **Mid-Market** (AKA MM), defined as a company with 101-1000 employees, and
- **Enterprise**, defined as having 1,000+ employees

📈 Overall Trends in SaaS Spend and Usage

Compared to 2018, Blissfully found that **overall spend per company on SaaS products is up 50%**, which is impressive. However, it's also worth noting that the growth rate appears to be slowing. This is not too surprising, given that the cohort represented here—early adopters of Blissfully—is likely maturing in their SaaS adoption and solidifying how they use it to run their businesses.

However, we think there's still a lot of room for growth outside of these early adopters as well. As a result, we do expect that all companies will eventually be as invested in SaaS as this early adopter cohort.

Diving deeper, **the unique number of apps in usage per company is up about 30% year over year**, with companies averaging 137 in 2019 vs. 2018. The average small business uses 102 different apps, while each mid-market business uses an average of 137 apps. Enterprises have, on average, 288 different SaaS apps in usage across their businesses.

Interestingly, **spending growth is outpacing the number of unique apps**, suggesting that companies are spending more with their existing vendors—adding more users, upgrading features, tacking on service plans, etc. This makes sense as businesses both deepen their internal usage of SaaS and vendors raise prices over time.

We suspect this price increase is also due to consolidation in vendors (for example, when one vendor buys another), which causes spending on a specific vendor to go up, while reducing the total number of vendors in use. There's a lot of M&A going on in the world of SaaS.

Increased spending on SaaS is further emphasized by the churn rate: **Companies are churning through more than 30% of their apps every year** at this point in time. Over time, many apps offer more and more features, whether through acquisitions or internal expansion. This includes both big platforms like SalesForce and Hubspot and smaller apps like Notion that offer enough flexibility in the workflow that they may eat into market share for things like Google Docs, wikis, Kanban boards, and project management tools.

As Jim Barksdale has said, **"There are two ways to make money in business: You can unbundle, or you can bundle."**

The pendulum may be swinging back for SaaS early adopters, as they adopt more new products making their way to market, increasing the sheer number of apps in use. But we expect plenty of consolidation going forward, too.

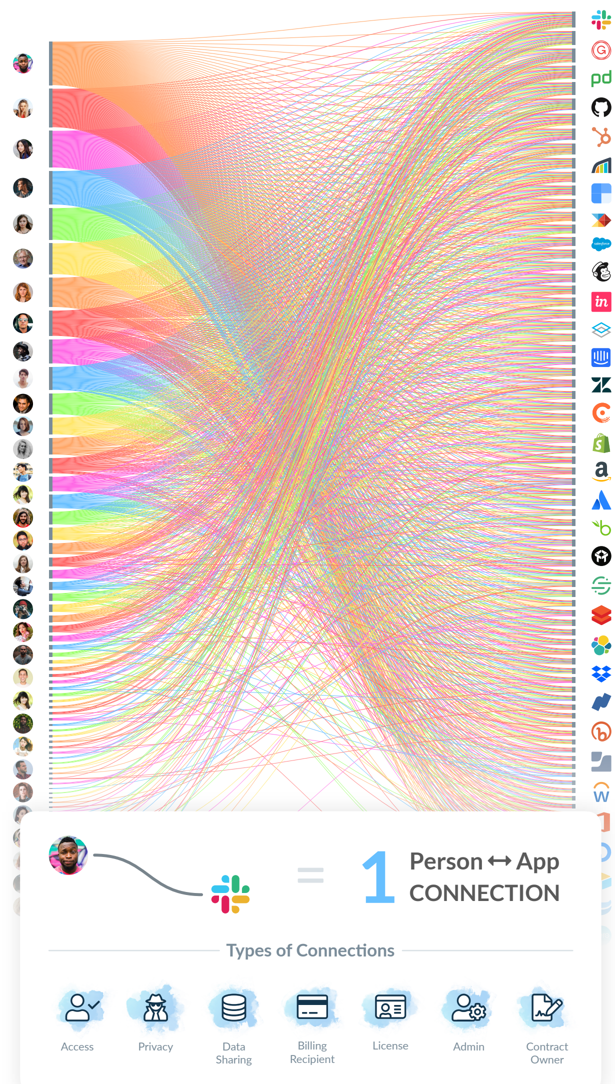
🤝 The SaaS Graph: A Better Way to Understand the SaaS Data Model

When looking at the number of SaaS apps per company, the numbers seem manageable. For example, a mid-market company (101-999 employees) uses 185 apps, while an enterprise company (1,000+ employees) uses 288. But when you consider app-to-person connections, that number expands greatly—to 4,406 for mid-market and 21,580 enterprise companies, respectively.

It's clear that the bigger a company becomes, the more complex app-to-person connections become.

The SaaS Graph shows the ways in which app-to-person connections flow and grow across organizations. Every line on the graph represents the relationship between one employee and one SaaS app.

Each of these app-to-person relationships needs to be carefully and securely managed. Every single instance that an employee signs up for or uses an app—whether it's paid or free—introduces the possibility of:



- weak passwords
- loose security settings
- account sharing
- other security risks.

It also means that when employees leave an organization, revoking email access and deactivating RFID badges is just the beginning of the close-out process; each app that employee logged into needs to have that user deactivated, too. Companies need to make sure they aren't leaving the door open for a security breach, and they also need to ensure they're not wasting money on empty seats.

Additionally, companies operate in an increasingly-regulated landscape—globally, nationally, and regionally. Whether it's national regulations like SOC 2, international regulations like GDPR or local regulations like CCPA, companies of all sizes are beholden to new requirements around data privacy. Poorly-managed SaaS apps can quickly become a vector for legal, reputational, and/or security risks.

To mitigate risk, companies need to track app-to-user connections, understand how those connections relate to data, and create proper security protocols.

🗑️ SaaS Waste: Nearly Doubling Year over Year

Paid apps add up quickly—and with so many apps available, it's easier than ever to waste money on duplicate or orphaned apps. That's especially true if companies grow fast and add SaaS apps without a strategic plan, a set of protocols for app sign-ups, or visibility into overlap between apps.

For example, an employee might sign up and pay for an app their company already uses, duplicating the subscription and payment. Or, in the event an employee who owned a certain app leaves the company, a company might forget to reassign ownership of the app—resulting in an orphaned subscription that no one is accountable for.

Our 2020 report data shows that waste on both duplicate and orphaned apps is growing year over year. This year's report indicates that duplicate app subscriptions increased by 80 percent from 2018 to 2019. The average number of duplicate apps per company is 3.6 . Enterprise companies have the highest average number of duplicate apps at 7.6, while small businesses show the least redundancy with just 2.3 duplicates on average.

Similarly, orphaned app subscriptions are up almost 100% across companies of all sizes. This is up from 1.4 apps in our 2019 report to 2.6 in our 2020 report. Enterprise companies, again, have the highest number of orphaned subscriptions at 7.1, while mid-market companies follow at 4.3 and small businesses at 1.4.

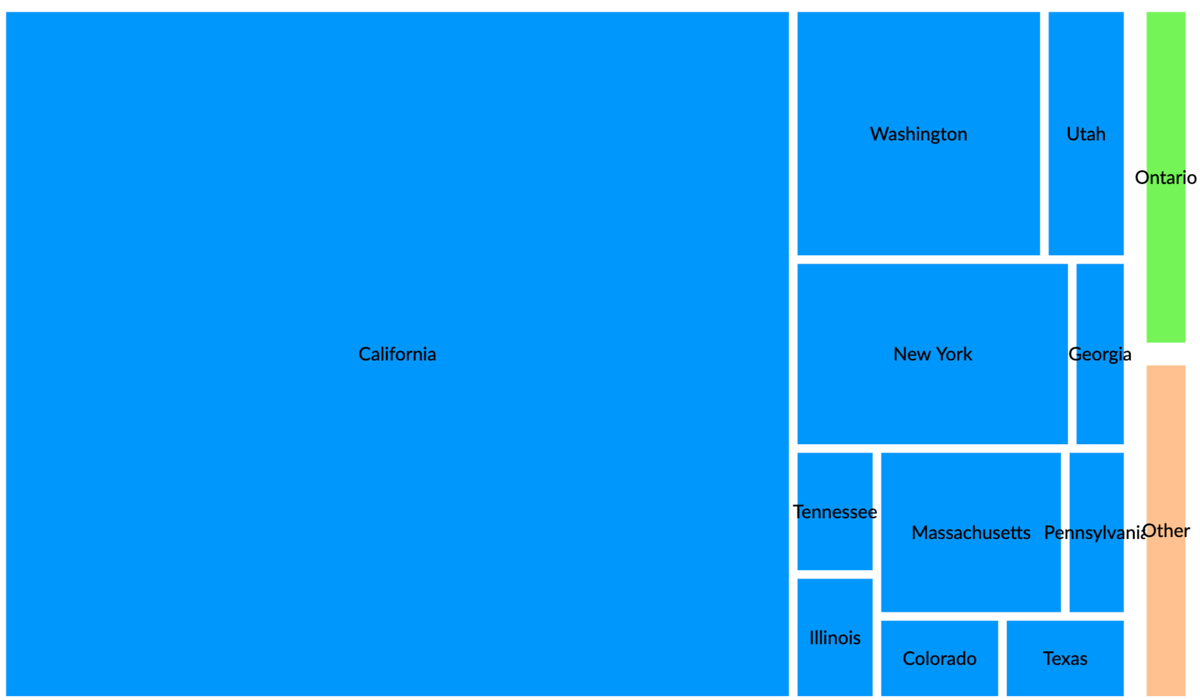
Duplicate and orphaned SaaS app subscriptions are not only costly, but they also create security risks. It's true that mistakes like these crop up when companies are moving fast, but we shouldn't necessarily accept wasted spend as an inevitable consequence. In 2020, companies large and small should analyze their app usage, ensure they have an overarching strategy around which apps are used for what tasks, and enforce policies around employee app usage during and after their tenure.

🔬 Breaking Down the Top 100 Apps

When it comes to where these apps are being built, SaaS is even more concentrated in the U.S. than tech as a larger category. We took a deeper dive, looking at the most common apps by spend and market share, and breaking them down by different categories.

By location

As the graph illustrates, almost two-thirds of the top 100 apps located in the U.S. are headquartered in Silicon Valley, CA, with about 80% of all top 100 SaaS apps located in the U.S. vs. other locations globally. This isn't overly surprising, although the concentration is even higher than many realize.

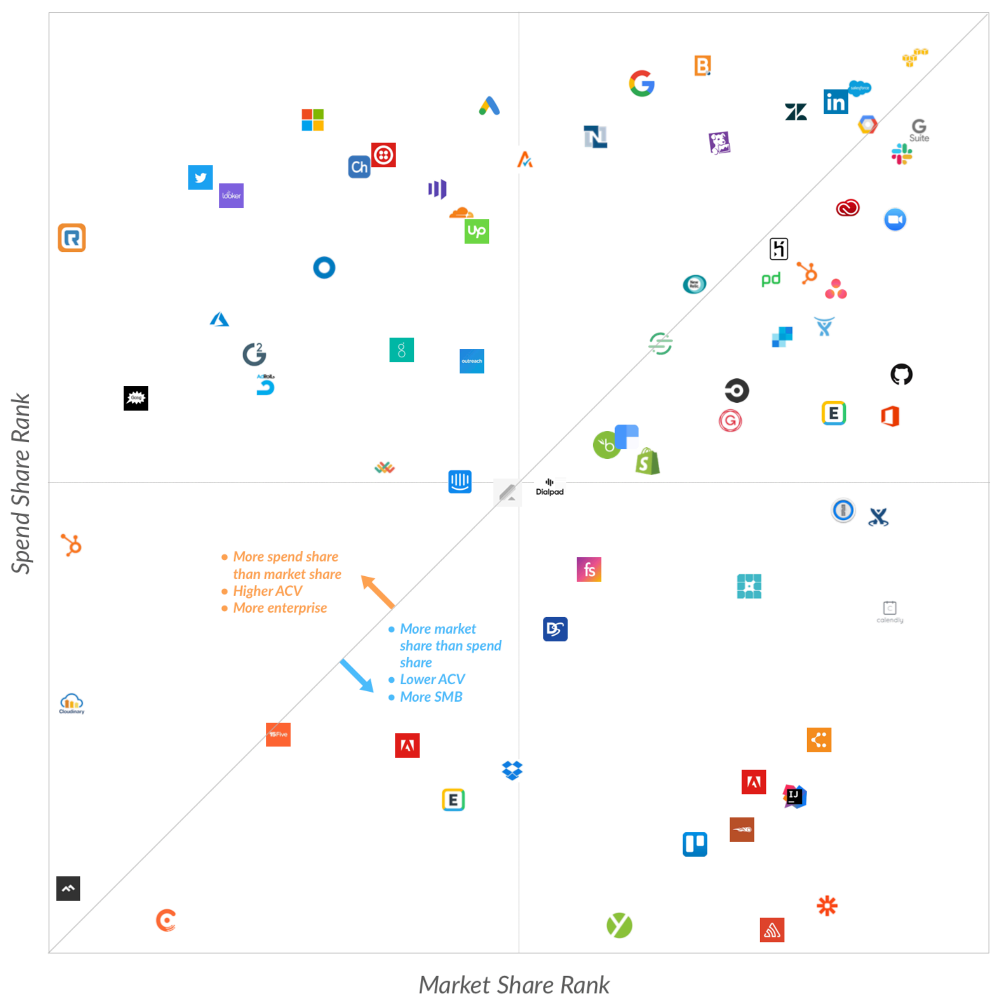


By Market vs. Spend Share

Looking at the graph below, we can see the top 100 apps broken down by market share vs. spend share. We've broken it down into four quadrants, and tend to think of them as:

- Top-left - High Potential
- Top-right - Leaders
- Bottom-right - Mature
- Bottom-left - New entrants and legacy products

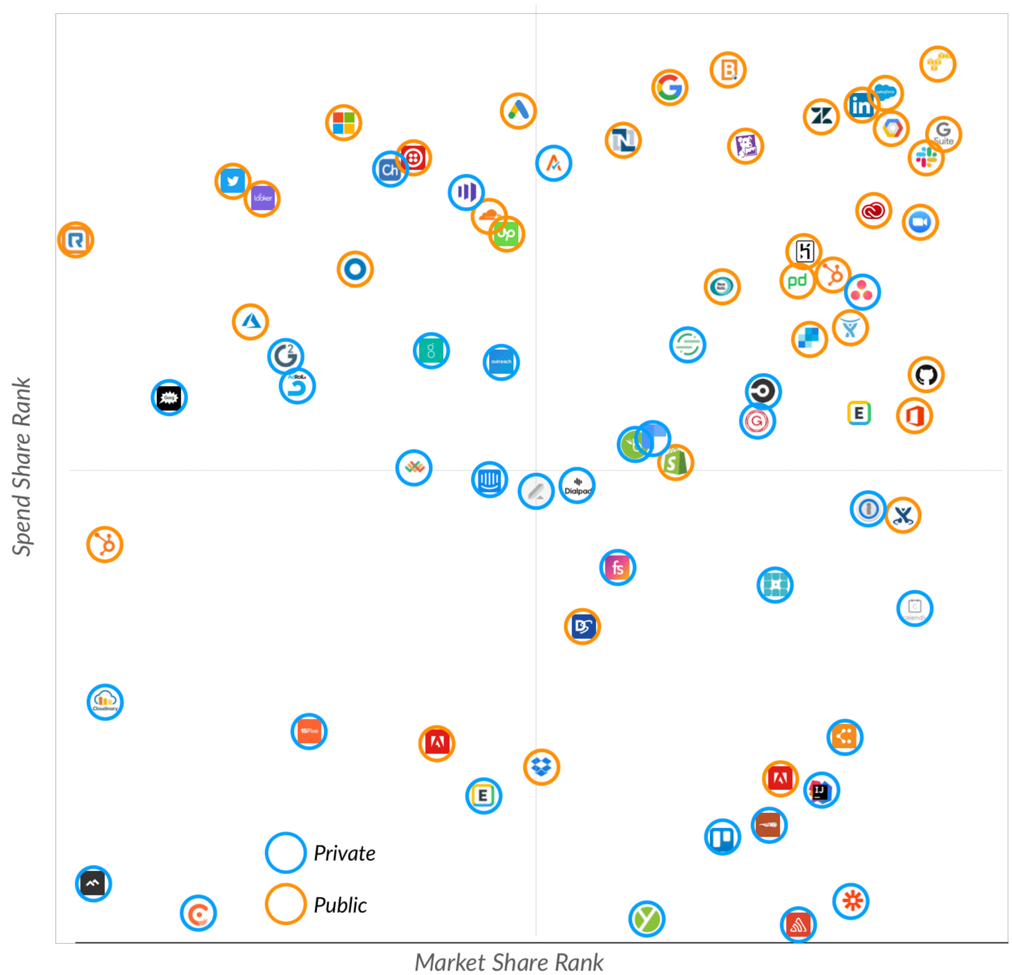
Top 100 Apps - Market Share vs Spend Share

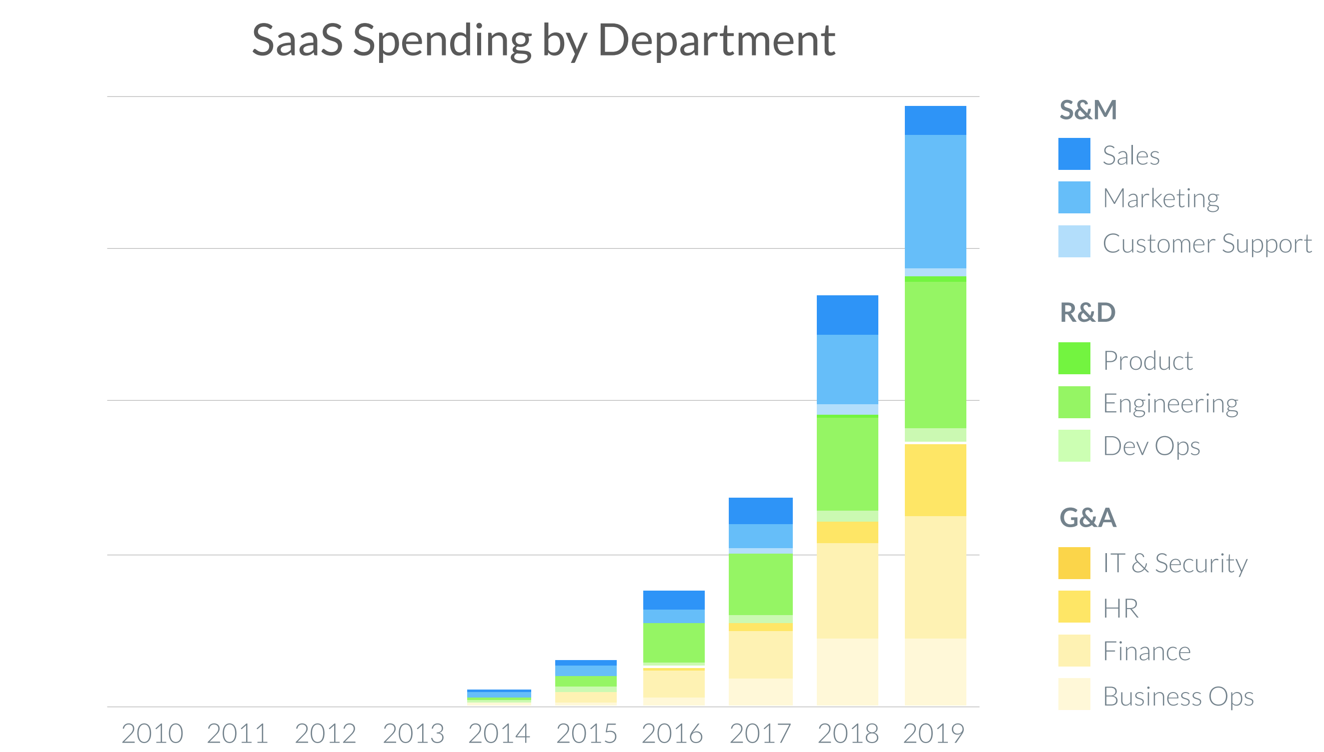


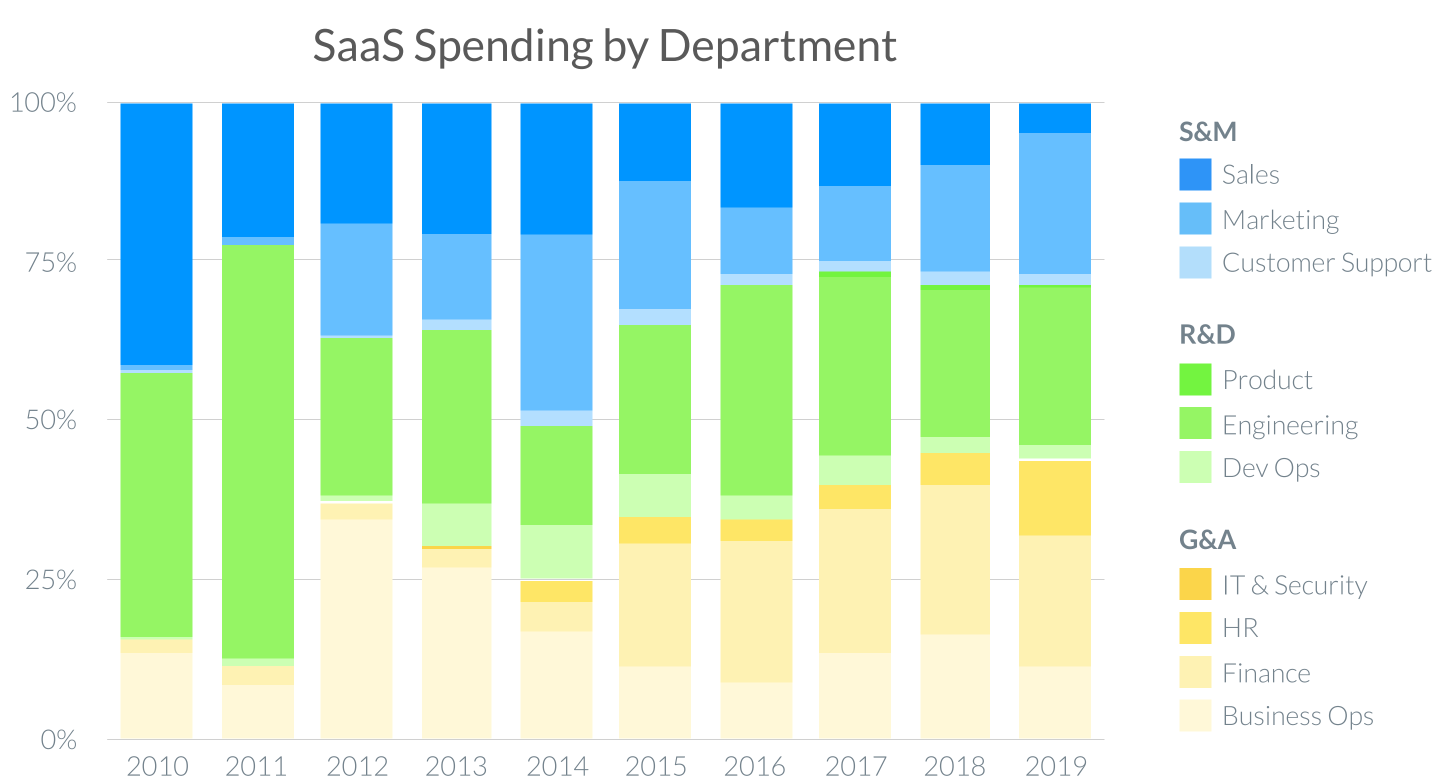
By funding

The graph below shows the amount of funding the top 100 SaaS apps have received to date. Nearly half of the top 100 apps are products from public companies (so the funding amounts look small on the graph, because they are not funded by VCs or other traditional private arrangements), while the other half are built by private companies. In other words, there is still a lot of room for private investors to participate in rounds of successful SaaS companies that have a lot of room for growth. On average, private funding for the top 100 SaaS apps is more than $100 million.

Top 100 Apps - Market Share vs Spend Share




SaaS Spending by Department
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
S&M
Sales
Marketing
Customer Support
R&D
Product
Engineering
Dev Ops
G&A
IT & Security
HR
Finance
Business Ops


SaaS Spending by Department
100%
75%
50%
25%
0%
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
S&M
Sales
Marketing
Customer Support
R&D
Product
Engineering
Dev Ops
G&A
IT & Security
HR
Finance
Business Ops

🌎 ALL Departments Run on SaaS

SaaS Decentralization Continues

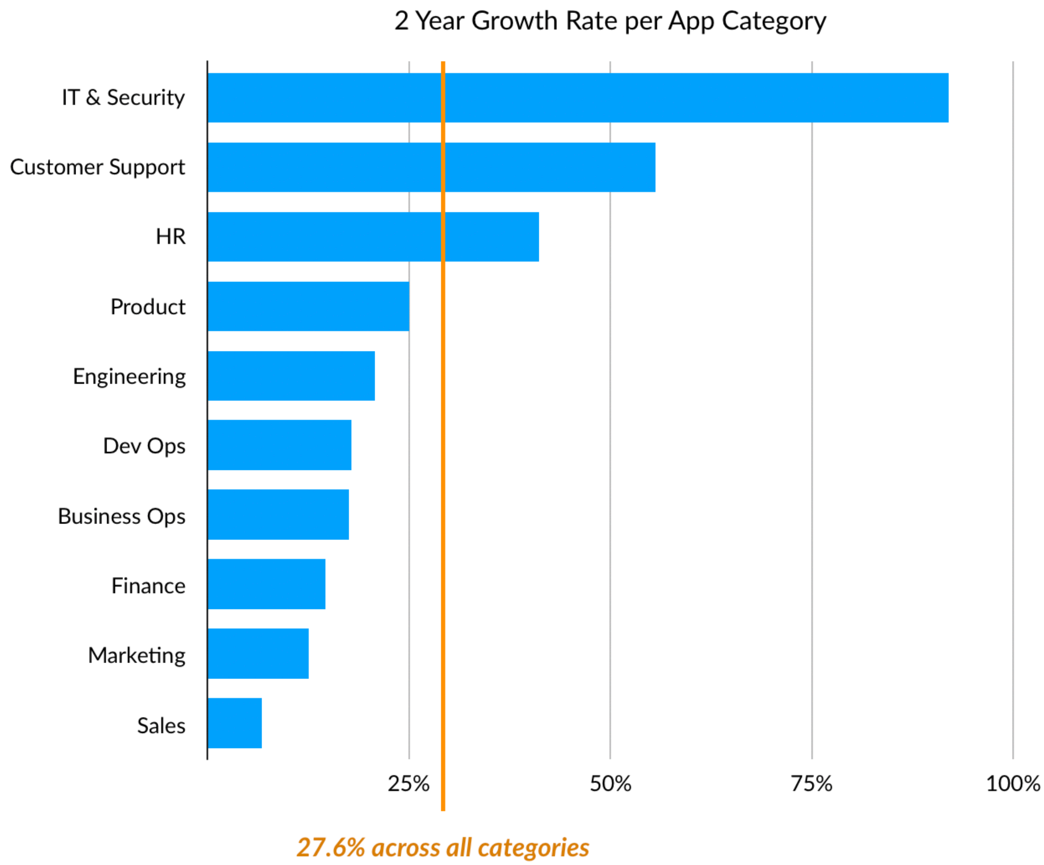
In an earlier era of business, centralized IT departments selected technology for the whole organization. Those days are long gone, and we have previously written about the trend towards Collaborative IT.

SaaS apps have been a great equalizer in tech access within companies. People outside of IT are now able to select and adopt the products they want and need. Employees and departments love being able to move quickly, find what works best for them, and feel empowered to do their best work. On the flip side, this can create a headache for IT departments, who have lost centralized control over what technology is being used, and who may be facing “shadow IT” issues.

Regardless, we see the trend of decentralized SaaS continuing in 2020. For mid-market companies, the number of billing owners per company has increased from 12 in 2019 to 21 in our 2020 report, demonstrating that more and more people—often outside the IT department—are involved in selecting and managing SaaS apps.

Some SaaS Categories are Growing Faster than Others

Going hand-in-hand with SaaS decentralization is the widespread use of apps across all departments. If you look at any modern organization, every department uses SaaS products extensively. However, some departments are growing faster than others when it comes to app use.



The number of apps in usage has grown overall but at different rates. Some of the more mature categories, like sales, which was an early entrant into SaaS with SalesForce and CRM in general, is the slowest growing app category. On the other extreme is IT & Security apps, which are growing at nearly 100% over the last two years. This is not too surprising as security moves to the cloud and creates new use cases, plus the explosion in privacy regulation by GDPR, CCPA, and others, creating new security and compliance needs.

Customer Support and HR continue their fast growth as well, likely as more legacy apps move to the cloud and SaaS, especially in the HR world.

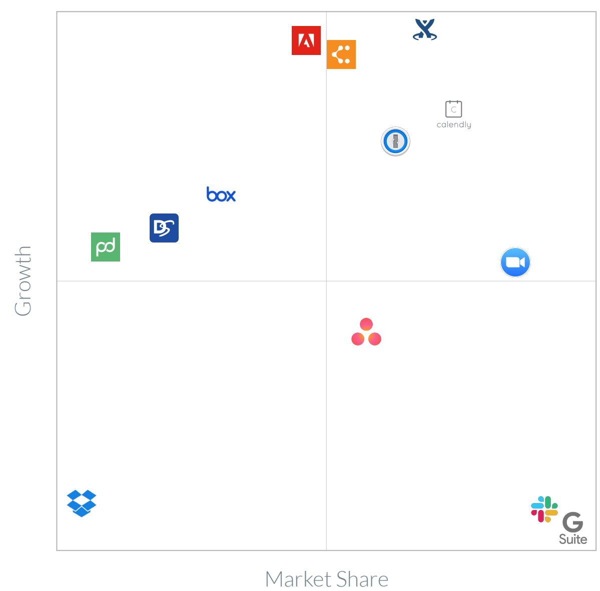
💼 Business Ops

Across SMBs to enterprise organizations, G Suite and Slack are the top SaaS apps in usage for business operations, both in terms of market share and spending. These are relatively mature players in the field, and will continue to dominate.

Zoom, Calendly and Looker are leaders in the Business Operations department, though they are less entrenched than G Suite and Slack. We see Adobe, Box, and PandaDocs, among others, with strong potential to make gains moving forward.

Top Business Ops Apps

Rank	Market Share	Spend Share
1	G Suite	G Suite
2	slack	slack
3	zoom	looker
4	Office 365	zoom
5	calendly	RingCentral
6	Confluence	flexport.
7	1Password	asana
8	asana	DOMO
9	Lucidchart	talkdesk
10	Adobe Acrobat	Office 365
11	Trello	Dialpad
12	UberConference By Dialpad	EGENCIA
13	box	1Password
14	Basecamp	Confluence
15	DocuSign	GoodData
16	dialpad	Mavenlink
17	PandaDoc	calendly
18	Dropbox	DocuSign
19	HARVEST	Amplitude
20	mixpanel	Airtable

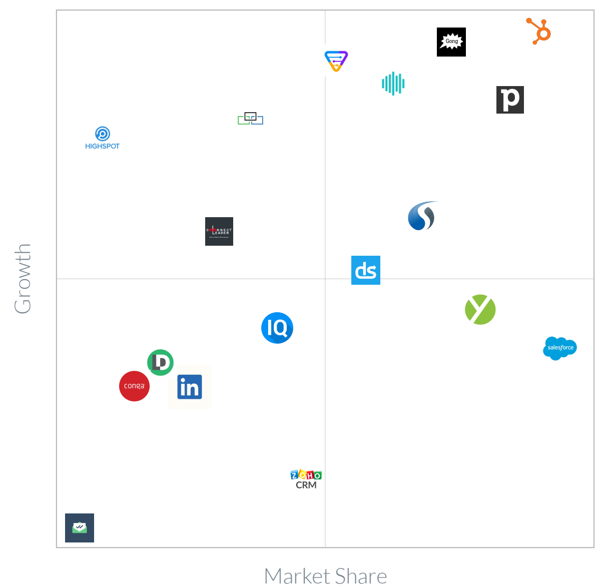


🤝 Sales

In Sales, SalesForce and Hubspot are the most popular SaaS apps, both in terms of usage and spending. Hubspot is the most popular SaaS product for small businesses, but SalesForce is preferred across mid-market and enterprise organizations. LeanData, DiscoverOrg and others, while not as highly-ranked, are mature and hold their place in the pack. We see potential growth for Yesware and SalesForce.

Top Sales Apps

Rank	Market Share	Spend Share
1	salesforce	salesforce
2	HubSpot	HubSpot
3	pipedrive	Outreach
4	Yesware	GONG
5	Outreach	CHORUS
6	GONG	SalesLoft
7	SalesLoft	PureB2B
8	CHORUS	DiscoverOrg
9	DocSend	INSIGHTSQUARED
10	INSIGHTSQUARED	Yesware
11	Boomerang for Gmail	dialpad
12	PureB2B	pipedrive
13	Lusha	Lusha
14	ZOHO	clari
15	Xactly	LeanData
16	Close	Close
17	BASE	Cirrus Insight
18	leadiQ	BASE
19	DiscoverOrg	MapAnything
20	PersistIQ	DocSend
21	copper	leadiQ
22	LinkedIn SALES NAVIGATOR	CONNECT LEADER
23	Growbots	conga
24	LeanData	Xactly
T-25	conga	ZOHO
T-25	HIGHSPOT	LinkedIn SALES NAVIGATOR

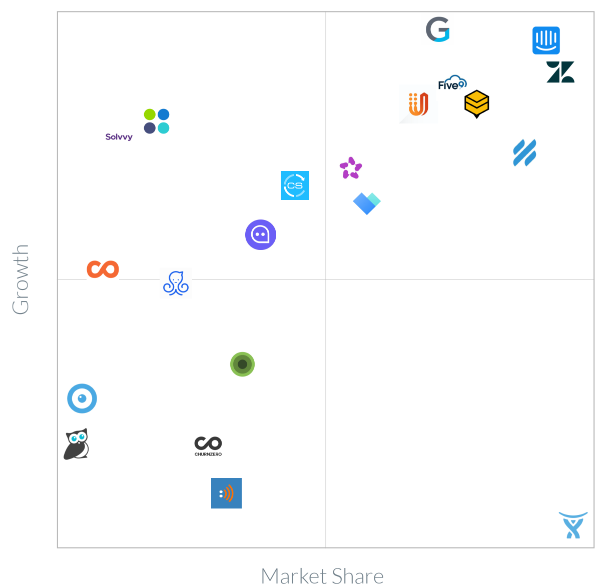


😃 Customer Support

SaaS app popularity in Customer Support departments varies depending on the company's size. Atlassian is popular on either end of the spectrum, winning the small business and enterprise tiers, while mid-market companies prefer Zendesk. While Atlassian is the top app overall for market share, it comes in third place for share of spending — when it comes to money on the table, Zendesk occupies the top spot. We see Zendesk, Intercom, and others in the upper-right quadrant as leaders, and Qualtrics and Solvy as mature and established players. Atlassian has the most potential to grow in Customer Support departments.

Top Customer Support Apps

Rank	Market Share	Spend Share
1	ATLASSIAN	zendesk
2	zendesk	Five9
3	INTERCOM	ATLASSIAN
4	Help Scout	INTERCOM
5	front	Gainsight
6	teamwork.	Help Scout
7	hiver	fuze
8	Five9	Kustomer
9	Gainsight	front
10	USERVOICE	hiver
11	fuze	Solvvy
12	gorgias	truly
13	VITALLY	qualtrics
14	AskNicely	clientsuccess
15	Helpjuice	CHURNZERO
16	freshdesk	AskNicely
17	clientsuccess	teamwork.
18	salesmachine	VITALLY
19	Chatlio	Agiloft
20	WOOTRIC	helpshift

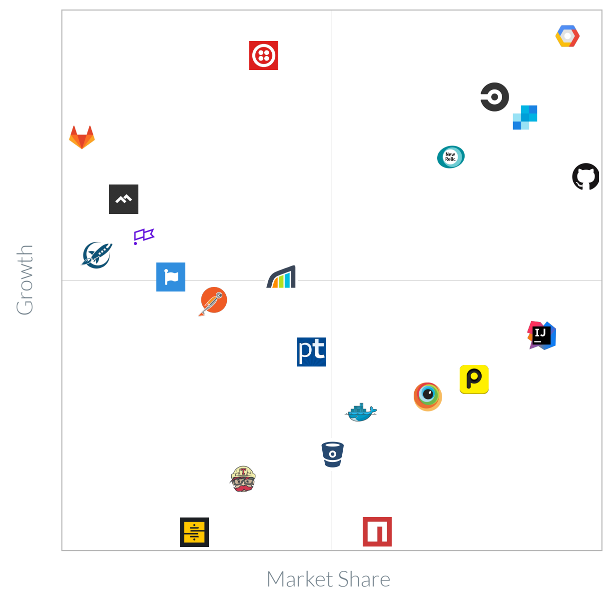


Engineering

SaaS-forward Engineering departments have a clear preference — GitHub has the largest share of the market. However, Twilio took the top spot for spending, marking it out as a mature technology in our analysis. SendGrid was in third place, both for market and spending share in Engineering departments. We see SendGrid, CircleCI, and others as leaders, while IntelliJ Idea, BrowserStack, and Docker have strong potential to grow both market and spending share.

Top Engineering Apps

Rank	Market Share	Spend Share
1	GitHub	twilio
2	IntelliJ IDEA	New Relic.
3	SendGrid	SendGrid
4	circleci	GitHub
5	pingdom	circleci
6	New Relic.	GitLab
7	BrowserStack	IntelliJ IDEA
8	ngrok	CODE CLIMATE
9	npm	papertrail
10	docker	REPLICATED
11	Bitbucket	Rollbar
12	papertrail	PubNub
13	Rollbar	PUSHER
14	twilio	JET BRAINS
15	Travis CI	Stitch
16	POSTMAN	JFrog
17	Stitch	BrowserStack
18	PivotalTracker	Clubhouse
19	JET BRAINS	POSTMAN
20	Clubhouse	Retool

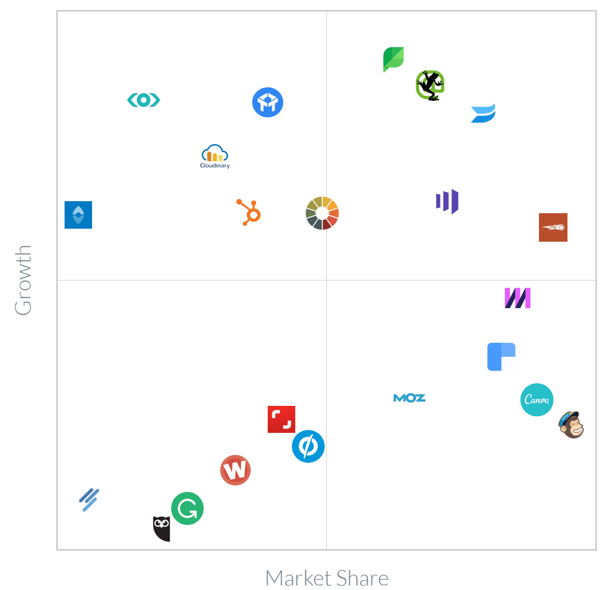


Marketing

MailChimp, SEMrush, and Canva are the top three apps for market share, while Marketo, Capterra and Clearbit have the highest share of spending. Meltwater and others are mature in the market, while MixMax, Canva, Clearbit and others have high potential.

Top Marketing Apps

Rank	Market Share	Spend Share
1	mailchimp	Marketo
2	SEMrush	Capterra
3	Canva	Clearbit
4	Mixmax	HipLead
5	Clearbit	Meltwater
6	WISTIA	HubSpot
7	Marketo	Sendoso
8	Screaming frog	vantiv
9	MOZ	<intent> MEDIA
10	sproutsocial	Cloudinary
11	litmus	KLAVIYO
12	unbounce	SEMrush
13	shutterstock	customer.io
14	Drift	Lob
15	HubSpot	Gartner
16	WUFOO	zoominfo Powered by DiscoverOrg
17	Cloudinary	BuySellAds
18	Hootsuite	LinkedIn Marketing Solutions
19	Meltwater	braze
20	customer.io	Drift

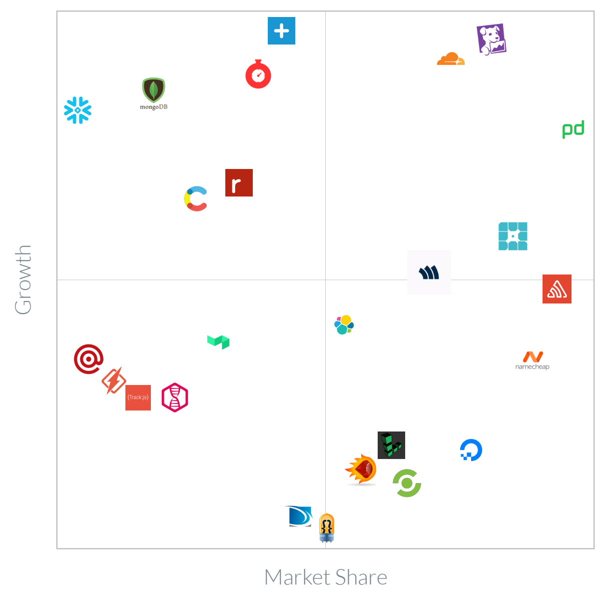


👨‍🔧 DevOps

PagerDuty, Sentry, and Namecheap are the top three SaaS apps for DevOps in terms of market share, while DataDog, CloudFlare and Sumo Logic dominate spending. We see Snowflake, MongoDB, and others are mature in the DevOps department. Namecheap, DigitalOcean and Elastic have potential to grow.

Top Dev Ops Apps

Rank	Market Share	Spend Share
1	PagerDuty	DATADOG
2	SENTRY	CLOUDFLARE
3	namecheap	sumo logic
4	WP engine	PagerDuty
5	DATADOG	fastly
6	DigitalOcean	mongoDB
7	CLOUDFLARE	WP engine
8	bugsnag	Aptible
9	Statuspage	redislabs HOME OF REDIS
10	linode	snowflake
11	Gemfury	SENTRY
12	elastic	mLab
13	mLab	SOFTLAYER an IBM Company
14	DNS MADE EASY	bugsnag
15	sumo logic	logdna
16	fastly	threat stack
17	redislabs HOME OF REDIS	contentful
18	Buildkite	elastic
19	contentful	namecheap
20	logdna	CONVOX

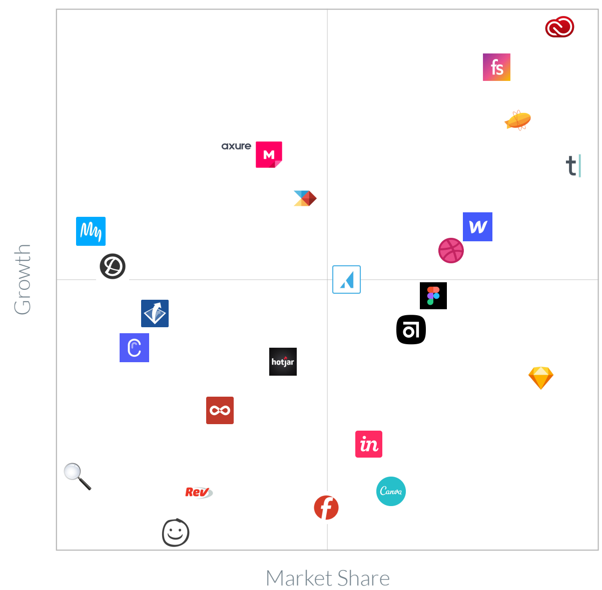


🧑‍💻 Product

The top SaaS apps for market share in product management and development are Typeform, Adobe Creative Cloud, and Sketch. When it comes to share of spending, Adobe Creative Cloud takes the lead, followed by Authenticom and FullStory. This makes Adobe Creative Cloud the clear leader, while players like Figma, Abstract, inVision, and others have high potential.

Top Product Apps

Rank	Market Share	Spend Share
1	Typeform	Adobe Creative Cloud
2	Adobe Creative Cloud	Authenticom
3	Sketch	fullstory
4	Zeplin	Appcues
5	fullstory	Alfresco
6	webflow	Sketch
7	dribbble	Typeform
8	Figma	algolia
9	Abstract	Onshape
10	Noun Project	Zeplin
11	invision	SolidWorks
12	algolia	invision
13	Appcues	Metamarkets
14	fonts.com	split
15	productboard	webflow
16	hotjar	barchart
17	Mural	AppsFlyer
18	axure	productboard
19	lookback	Delighted
20	Rev	materialise

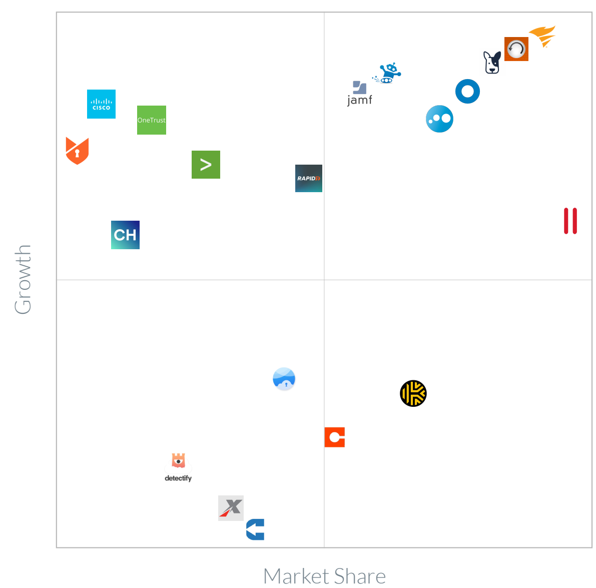


🔒 IT & Security

Parallels is the top SaaS app in terms of market share for IT and Security departments, which may be a reflection on the Windows vs. Mac problem in organizations, with Parallels providing a solution. It is followed by Solarwinds and KnowBe4 for market share. However, in terms of spending share, KnowBe4 comes in first place, followed by Fleetsmith and Code42. In our analysis, we see SolarWinds, Fleetsmith, and others as leaders, while Cisco, OneTrust, Splunk, and others have reached maturity. Players like Code42 and Sequr have high potential for IT and security usage.

Top IT & Security Apps

Rank	Market Share	Spend Share
1	Parallels	KnowBe4
2	solarwinds	fleetsmith
3	KnowBe4	CODE42
4	fleetsmith	databricks
5	LogMeIn	CloudHealth Technologies
6	Keeper	jamf
7	mover	LogMeIn
8	jamf	SYNOPSYS
9	CODE42	ThreatMetrix
10	RAPID7	Parallels
11	sequr	LexisNexis
12	Cloudcraft	ScaleGrid
13	Cobalt	CROWDSTRIKE
14	EXOSTAR	Cleo
15	splunk>	splunk>
16	ScaleGrid	sequr
17	cloudHQ	TREND MICRO
18	fortrabbit	solarwinds
19	detectify	RAPID7
20	SimpliSafe	AREA 1

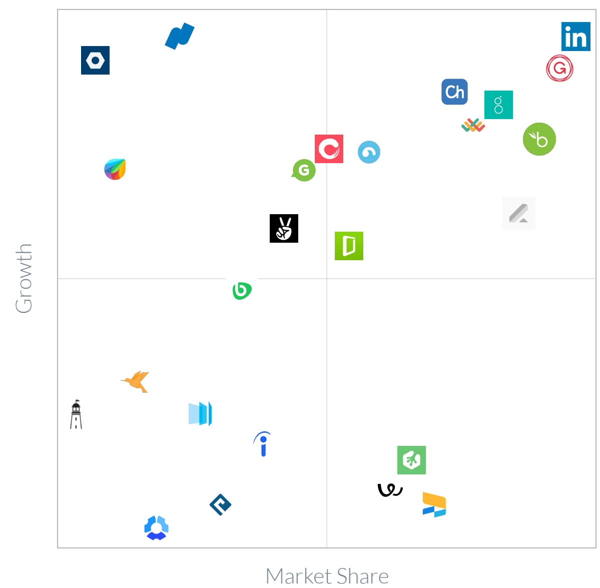


⚖️ HR

HR departments lean on LinkedIn, Gusto, and BambooHR, lifting those apps' market share, but LinkedIn comes in third place for spending share—HR juggernaut ADP is the top company for spending, followed by Namely and then LinkedIn. We see Namely, Freshworks and others as mature tools, while LinkedIn, Gusto, and others are leaders. TreeHouse, Workable, and Pingboard have room to grow as high potential SaaS apps.

Top HR Apps

Rank	Market Share	Spend Share
1	LinkedIn	ADP
2	GUSTO	Namely
3	bambooHR	LinkedIn
4	LEVER	Checkr
5	Upwork	JUSTWORKS.
6	CoderPad	Upwork
7	greenhouse	greenhouse
8	Lattice	GUSTO
9	Checkr	bambooHR
10	Pingboard	Lattice
11	treehouse	LEVER
12	workable	freshworks
13	breezy	Culture Amp
14	TaskRabbit	glassdoor
15	fiverr	twine
16	glassdoor	engagedly
17	Culture Amp	cornerstone
18	GoodHire.	Pingboard
19	AngelList	paylocity
20	indeed	zenefits



💵 Finance

In the Finance department, two apps take the top two places for both spending and market share: bill.com and Avalara. Recurly comes in fifth place for both spending and market share. Needless to say, Bill.com and Avalara are the leaders in our analysis, but QuickBooks is making its way toward this category, too. Expensify is nudging toward becoming a leader, while Xero, BareMetrics, and Sift Science are high-potential apps moving forward.

Top Finance Apps

Rank	Market Share	Spend Share
1	bill.com	bill.com
2	Avalara	Avalara
3	Expensify	SAP Concur
4	intuit quickbooks	Braintree A PayPal Service
5	Recurly	Recurly
6	intuit	zuora
7	xero	PayPal
8	PayPal	FINANCIALFORCE
9	baremetrics	Prophix
10	ProfitWell	Expensify
11	ChartMogul	sage Intacct
12	sift science	CoreLogic
13	chargify	botkeeper The Future of Bookkeeping
14	Track 1099	ORACLE
15	FINANCIALFORCE	Adaptive Insights
16	ORACLE	chargify
17	botkeeper The Future of Bookkeeping	Altium
18	Altium	intuit
19	Adaptive Insights	TransferWise
20	TransferWise	infor

Additional Takeaways for Departments

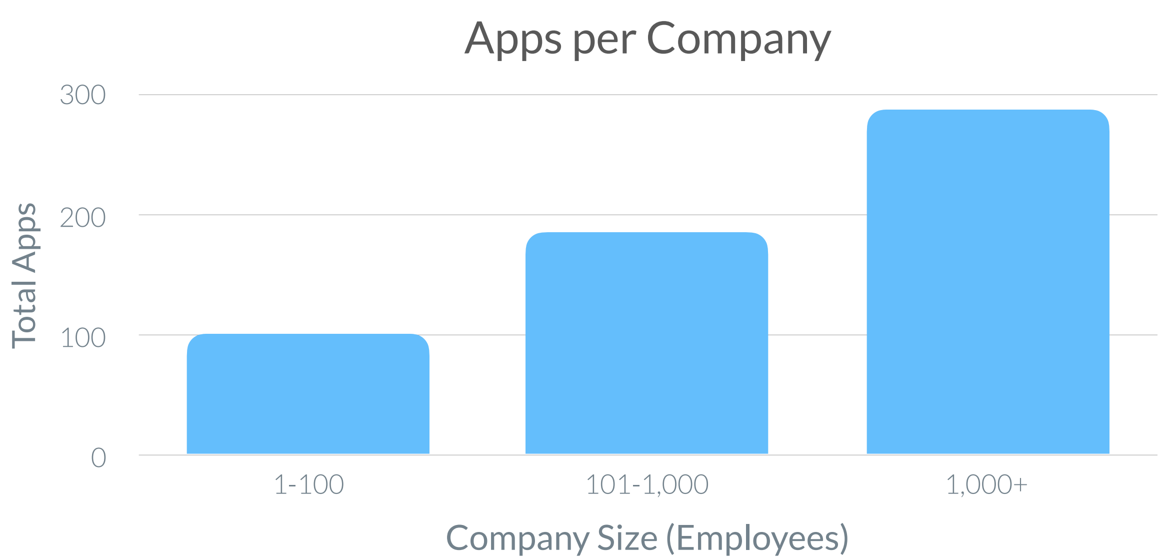
As the graphs above show, there is variation between the popularity of apps versus which apps see the most spend. Sometimes the most used SaaS app also garners the most money spent, but in several cases above, the top-grossing app doesn't necessarily have the most market share. This is likely because certain apps cost more than others, and companies use them to different extents.

While we do see consolidation in the world of SaaS, it's also true that there's room for many different approaches to the problems that businesses face at varying growth points, sizes and maturity levels. Our analysis showed this across departments—in each category, there are a number of high-potential SaaS players nipping on the heels of the established leaders.

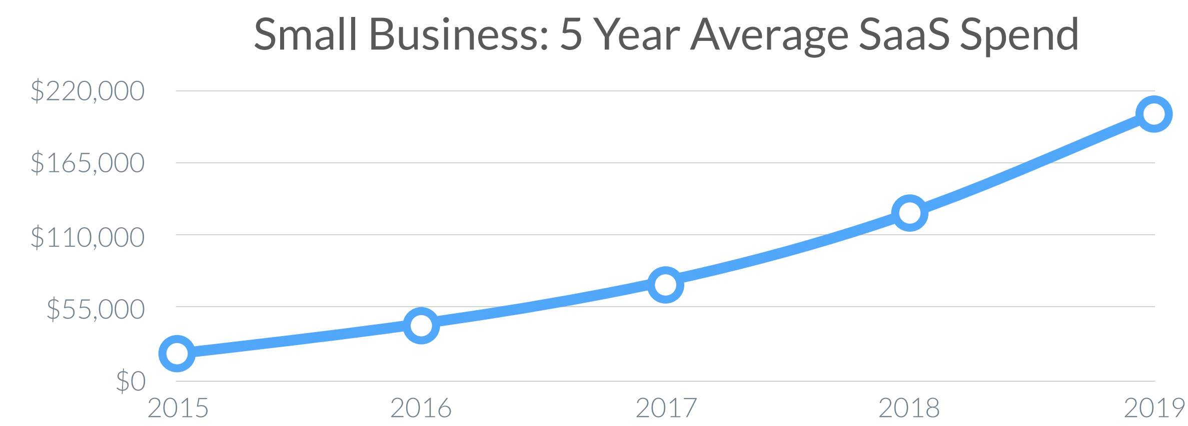
Small Business, Mid-Market, and Enterprise

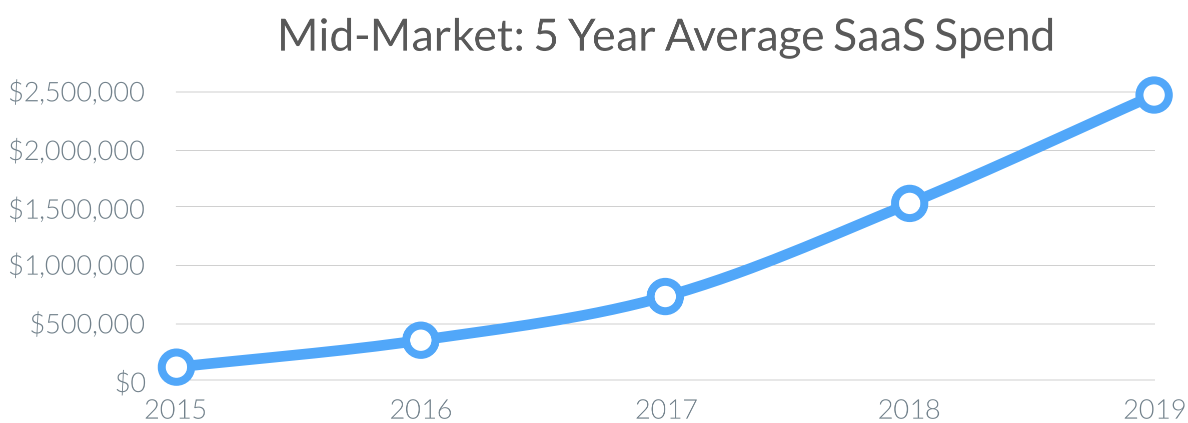
How SaaS Usage Grows Alongside Companies

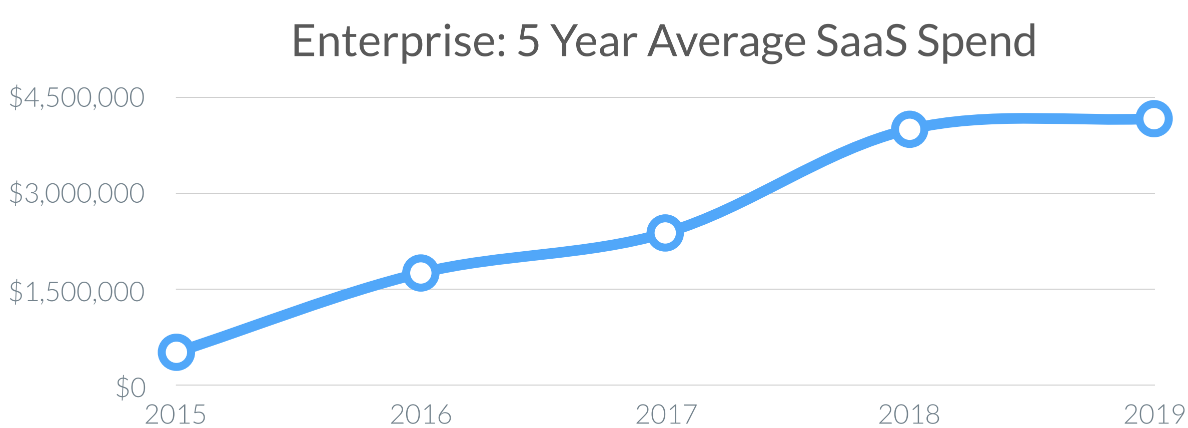
It's worth noting that, as companies get bigger, they tend to use more total apps. However, they actually tend to use **fewer unique apps per person**. This may reflect an increasing reliance on centralized IT and governance—as businesses grow, they may tighten up various policies and procedures, and they have more room to hire IT professionals in-house. Increased monitoring and centralization of SaaS subscriptions determines what apps are available for use by employees. Let's examine the data in more detail.



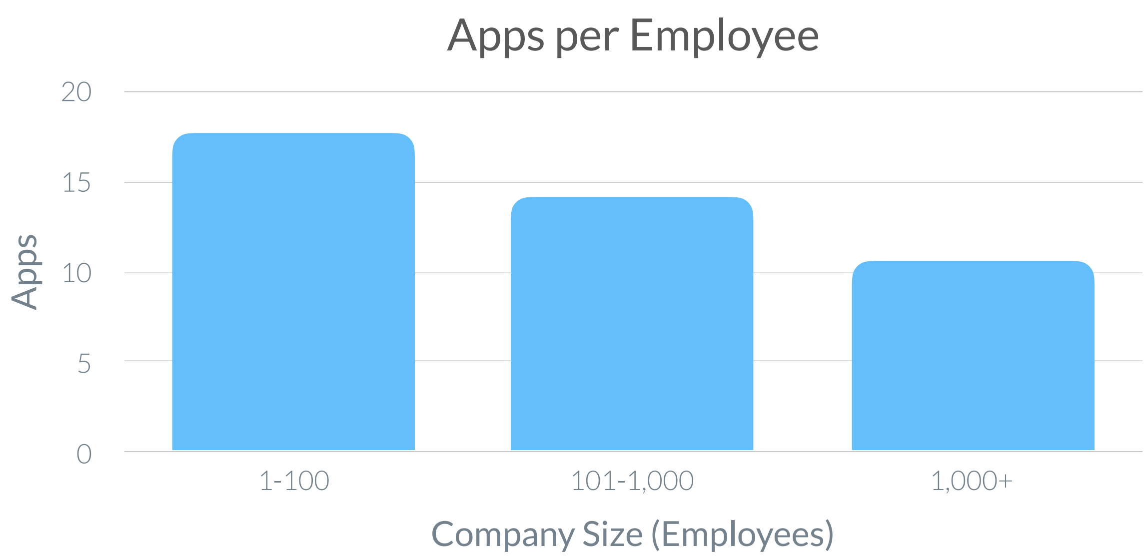
It's no surprise to see that there are more total SaaS apps in place and greater overall spend on SaaS as companies grow. The average spend per company at each size tier is the following:



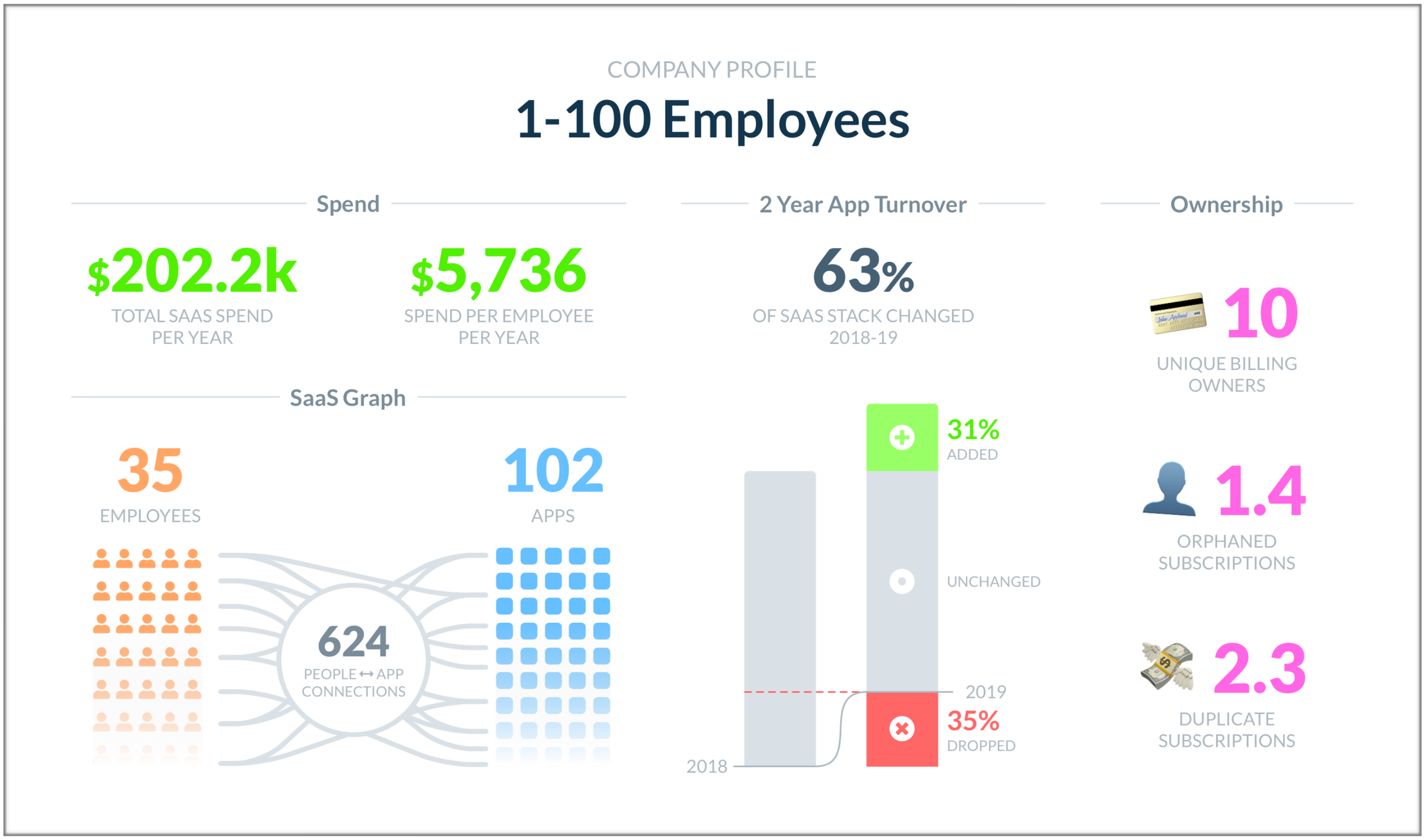




As roles and tools get more specialized, employees tend to spend more time across fewer tools, whereas earlier on in the maturity of a company, employees are likely to be more versatile utility players. This explains the fluctuation in number of apps per person vs. company size, which shows an inverse relation to the categories explained above.



For this report, we define companies by size as small business, mid-market, or enterprise. The profiles below are a snapshot of how these companies interact with SaaS apps;



COMPANY PROFILE

101-1,000 Employees

Spend

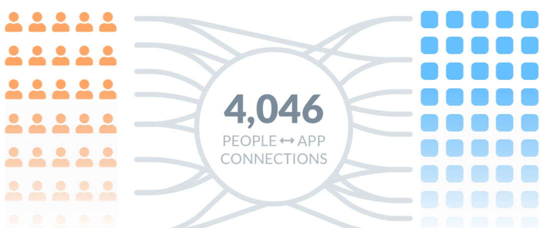
$2.47M
TOTAL SAAS SPEND PER YEAR

$8,580
SPEND PER EMPLOYEE PER YEAR

SaaS Graph

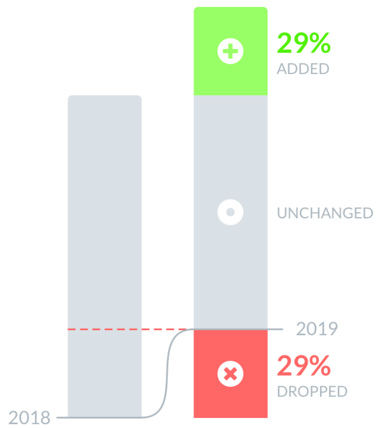
288
EMPLOYEES

185
APPS



2 Year App Turnover

58%
OF SAAS STACK CHANGED 2018-19



Ownership

32
UNIQUE BILLING OWNERS

4.3
ORPHANED SUBSCRIPTIONS

5.8
DUPLICATE SUBSCRIPTIONS

COMPANY PROFILE

1,000+ Employees

Spend

$4.16M
TOTAL SAAS SPEND PER YEAR

$2,047
SPEND PER EMPLOYEE PER YEAR

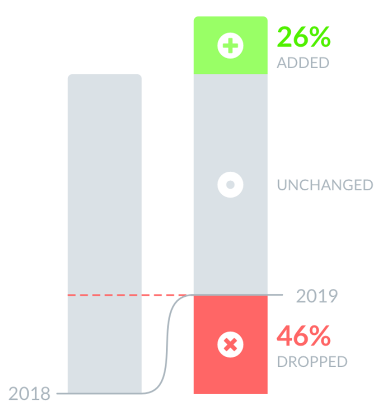
SaaS Graph

2,031
EMPLOYEES

288
APPS

2 Year App Turnover

60%
OF SAAS STACK CHANGED 2018-19



Ownership

98
UNIQUE BILLING OWNERS

7.1
ORPHANED SUBSCRIPTIONS

7.6
DUPLICATE SUBSCRIPTIONS

🔑 Key Takeaways for SaaS Ecosystem Stakeholders

SaaS Builders: The market is growing, but also maturing and competitive

We're still in the early innings of the SaaS market. We conducted a survey of IT leaders which 25% said they were SaaS only. This number is projected to continue to rise, likely approaching the vast majority of companies in the next five to 10 years.

That said, certain categories are maturing, with deep market penetration. These tend to include the early categories, like public cloud providers and CRM and are shown in the different growth rates by categories in the data above.

In an increasingly crowded space, delivering value to consumers and positively differentiating your brand matters a lot more. Luckily, companies are still very willing to try new apps, especially when offered free versions. Our data shows that companies use 3x more free than paid apps, so if your product benefits from lightweight adoption and you can land and expand, think of a free tier like those offered by Zoom or Slack. It's important to think through what exactly should be offered for free and when paid tier options should begin. Product usage data and customer stories are valuable in helping you understand what parts of your product are getting your customers in and what parts are keeping them there. Knowing this can be good heuristics for which parts to leave free and which to charge for.

Finally, even though there are tons of apps, there's still opportunity, especially in areas that have been slower to move into SaaS, like IT, Security, Compliance, and HR. These categories are seeing significant growth opportunities and will likely continue to see new entrants to take advantage of this opportunity.

Investors: Companies still need capital to get to scale

On the bright side, about half of the top 100 SaaS apps are privately funded. On the other hand, those companies have raised on average over $100M dollars. We all have seen that even though it's easier and cheaper than ever to get a company off the ground, it still takes significant capital to build a significant, established business. And therein lies the opportunity. As new companies push to be category leaders, they will need private funding to make the transition.

Additionally, we're seeing opportunities for high growth in more niche markets and categories as products get increasingly specialized. There's really no limit to the amount of niche markets that can be disrupted by software, and we expect to see a lot more of this in the near future.

Encouragingly, the other half of the top 100 SaaS apps are public companies, deriving significant value from SaaS growth rates. These public companies will likely continue to make acquisitions to strengthen their offerings and add additional revenue streams.

In addition, we've noticed a great amount of new international investment opportunities driven by two key data points. First, SaaS is even more concentrated in the US than the broader tech ecosystem, across both public and private companies. This, coupled with increasingly-regionalized privacy and compliance requirements might create the opportunity for more localized SaaS vendors.

SaaS Consumers: SaaS Management Still Lags—and Matters More than Ever

SaaS solutions continue to arrive to answer the problems and questions that plague businesses of all sizes. There's no sign that software is going to slow down anytime soon. The only question is how businesses will take advantage of this—or fall victim to it.

SaaS waste continues to grow as companies forget to cancel subscriptions or create multiple subscriptions for the same app or category. We're seeing an average of 10 orphaned or duplicate apps at a mid-market business. This comes out to about 5.4% of apps that are not being used to their full extent, amounting to an average of $135,000 in wasted spend annually.

The other significant challenge to managing a large number of SaaS apps is the governance and compliance aspect. Our previous research shows that only 18% of the top 1000 SaaS apps are SOC 2 compliant. Plus we have different regional privacy regulations like GDPR and CCPA putting requirements on how companies manage sensitive data.

And finally, we see that employees across every department are using more than 10 apps to get their job done. This means the coordination challenge of managing people, apps, and the relationship between them (what we call the SaaS Graph) gets exponentially more complex as companies grow and use more SaaS.

Gaining the benefits of SaaS without the drawbacks—such as wasted spend and security risks—means putting a real SaaS management strategy in place. A management strategy can help ensure that SaaS is used responsibly, securely, and cost-effectively across the business, no matter how you grow. Blissfully can help.

About Blissfully

SaaS is taking over the business world, empowering teams to drive productivity using apps they love. In fact, Cisco estimates that 75% of workloads will be SaaS-only by 2021.

This rise of SaaS has distributed IT management across the entire organization, creating an overall lack of visibility. While extensive tool sets exist to manage the traditional IT stack—such as networking, infrastructure, and hardware -- there hasn't been an equivalent for the IT business operations (SaaS) stack.

Enter Blissfully. We were started to help companies continue to securely leverage SaaS tools for increased business productivity. Our goal is to be a real-time source of truth, giving teams visibility into their entire app ecosystem. We aim to simplify and humanize IT operations so companies can focus on what they do best.

Blissfully gives you automated visibility into your SaaS apps, usage, and spend, along with powerful workflows to manage change.

Request a Demo