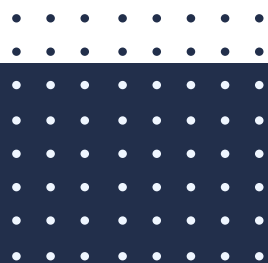# How to Enable Business-Led IT

with a SaaS Management Solution

LeanIX

How to Enable Business-Led IT with a SaaS Management Solution

CONTENT

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Introduction

Widespread SaaS adoption has accelerated global spend in the software, with SaaS consumption reaching a massive $500 billion across enterprises of various sizes, according to Forrester Research.[1] More and more software applications becoming available over the internet has contributed to the rise of shadow IT, in which IT selection and purchase happens without IT department oversight, and with limited visibility into spending and usage. Today, it's easy for employees in various business functions to use their credit cards to buy SaaS, which has resulted in various issues, including a lack of visibility into IT spending, bloated and unaccountable costs, compromised security, and weak compliance.

If approached properly, however, shadow IT presents a compelling upside for companies. Recast more positively as business-led IT, the approach involves letting business functions and employees independently find the best tools to work efficiently and enable the company to compete in the marketplace. Ideally, business-led IT provides a user-centric, technology-first, and decentralized approach to let diverse functions select the right technology tools to navigate a fast-evolving marketplace. The catch is that this approach requires not only shared decision making between the business and IT, but also a SaaS management (SM) solution to provide central visibility into cloud applications purchased across the enterprise, its associated costs, usage, and security risks.

This paper demonstrates how taking a business-led IT approach — with an SM solution as a key component — is critical for today's enterprises to make successful continuous transformation journeys. Adopting such a strategy not only lets organizations provide their employees with the right tools, and business units operate nimbly, but it also facilitates comprehensive visibility into SaaS portfolios to enable companies to manage spend, maintain compliance, and enhance security sustainably.

In this paper, you will learn:

- **The top causes and risks of shadow IT — and its upside**

- **How business-led IT fuels leading companies' success**

- **6 Steps to unleash the value of business-led IT through SaaS management (SM)**

- **How SM enhances application portfolios to support continuous transformation**

1. *"Best Practices For Software-As-A-Service Operations." Martorelli, Bill. Forrester Research. October 22, 2020.* https://www.forrester.com/report/Best+Practices+For+SoftwareAsAService+Operations/RES154097

The Rise of SaaS – and Shadow IT

Today's typical employee uses numerous SaaS applications to do their job. SaaS comprises not only the entire software functionality in many emerging enterprises, but also represents the preferred software access method across organizations of all sizes. What's more, companies are embracing SaaS software buying to support their administrative processes and business models. According to a Harvey Nash–KPMG CIO study, 23% of organizations said they were using SaaS marketplace platform implementations in 2020 – more than triple the 7% reported the previous year – demonstrating increased software spending outside the IT function[2] (see figure 1).

In and of itself, there's nothing wrong with decentralized IT spending. Problems arise, however, when uncontrolled SaaS adoption outside IT leads to underutilized licenses,

elevated security and audit risk, and needlessly bloated budgets. As a large percentage of organizations' SaaS is unknown to – and decentralized from – the IT function, and spending on it continues to increase, the dilemma isn't going to solve itself.

Not only do runaway SaaS purchases lead to overspending on technology and unnecessary financial complexity, but they also are associated with risks, including security and data breach incidents stemming from former employees retaining access to company tools that contain sensitive data

2. *Harvey Nash–KPMG CIO study 2020* https://advisory.kpmg.us/articles/2020/cio-survey-harvey-nash-2020.html

Figure 1

SaaS marketplace implementations reported by CIOs
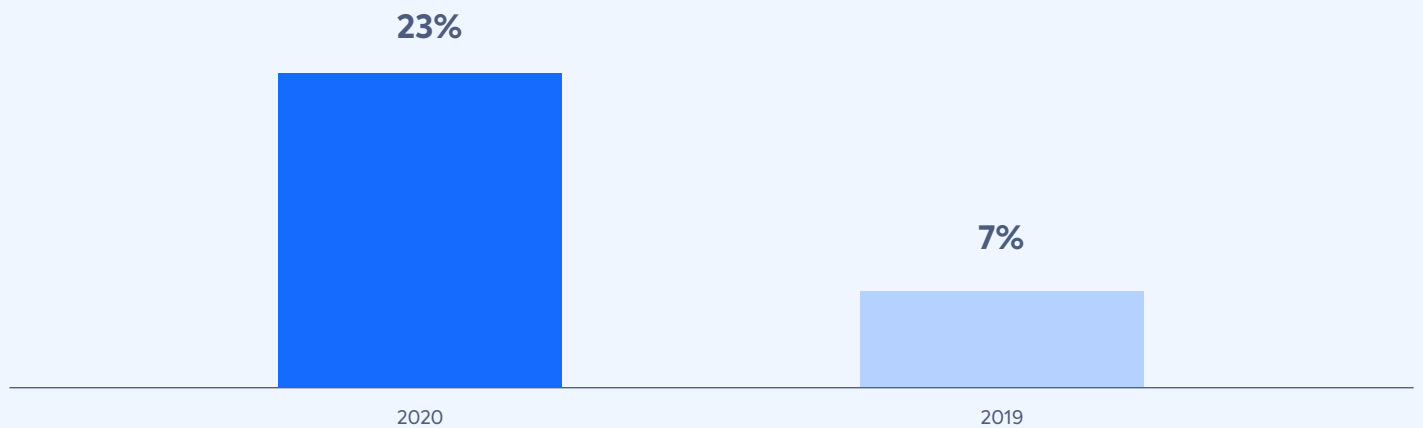
Source: Harvey Nash–KPMG CIO study 2020

Digital Leaders Embrace Business-Led IT

While the term shadow IT alludes to overgrown SaaS, business-led IT implies value creation. For starters, business-led IT allows the functional units of the business to select tools to meet their needs. The companies that excel at using this approach to create value – digital leaders – are the three-out-of-10 companies that report being good or extremely proficient at using digital technologies to implement their business strategies, according to Nash-KPMG.

Digital leaders, which adopt business-led IT to enable their employees to easily access the technology they need, use technology to achieve or maintain market leadership. When the coronavirus pandemic struck, 49% of digital leaders had much of the necessary digital infrastructure in place, and were better at implementing emerging technologies, reports Nash-KPMG (see figure 2). Almost half of digital leaders said they could proficiently scale good ideas and halt poor ones swiftly – shortening time-to-market for their products and services – compared to just a quarter of all respondents.

How do digital leaders get the technology they need to operate nimbly? Nearly double the percentage (34%) of this group have implemented SaaS marketplace platforms – which make application purchases easier for employees in the business – compared with respondents overall, according to Nash-KPMG.

Figure 2

What makes a digital leader

Are you "very" or "extremely" effective at scaling good ideas and stopping poor ones quickly?

Digital Leaders — 49%
All respondents — 25%

Source: Harvey Nash-KPMG CIO study 2020

Only distributed cloud saw a higher percentage of large-scale implementations among other emerging technologies, including intelligent automation, AI, and edge computing (see figure 3). In short, today's top companies are implementing business-led IT to win in a marketplace where speed of execution matters.

Applications abound in virtually every industry sector, with specialized applications now available to manage any conceivable business function. With thousands of solutions available in the marketing industry alone – and the number of SaaS companies continuing to proliferate – enterprises must curate their SaaS, rather than allowing it to become an unruly ecosystem. Companies undergoing continuous transformation need a business-led IT approach that is economically sustainable and justifies technology expenditures in terms of business value – which is precisely where SM comes into play.
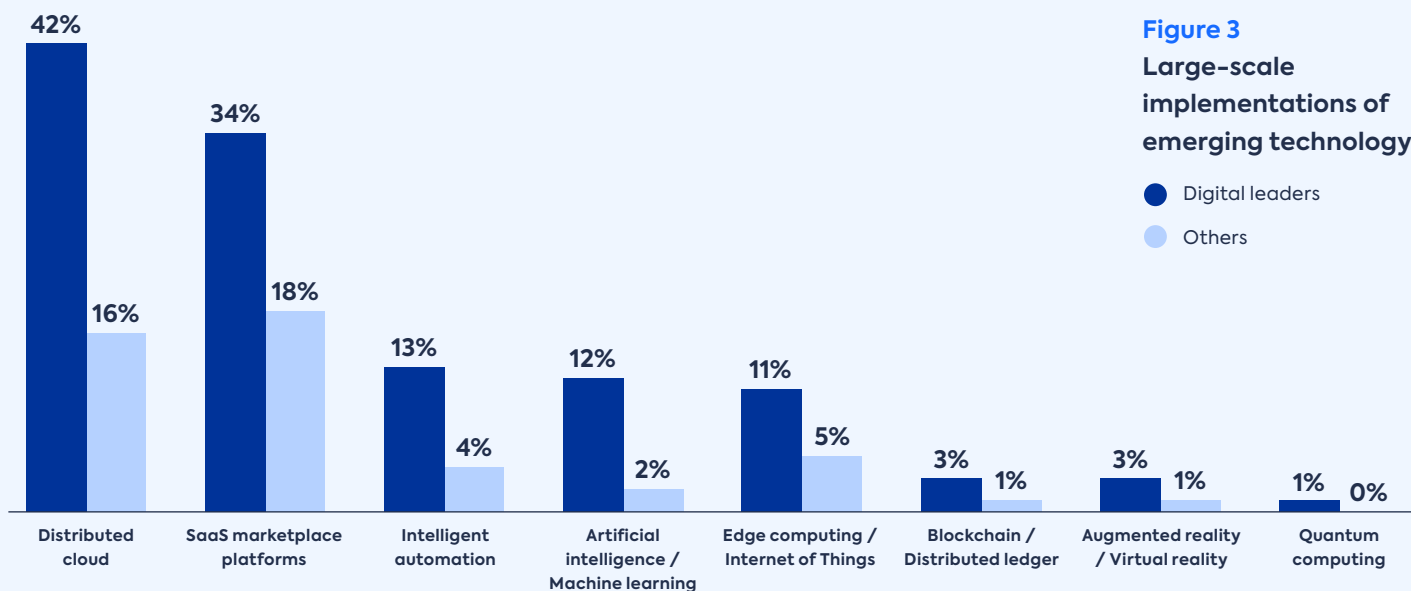
Figure 3

Large-scale implementations of emerging technology

- Digital leaders
- Others

Technology	Digital leaders	Others
Distributed cloud	42%	16%
SaaS marketplace platforms	34%	18%
Intelligent automation	13%	4%
Artificial intelligence / Machine learning	12%	2%
Edge computing / Internet of Things	11%	5%
Blockchain / Distributed ledger	3%	1%
Augmented reality / Virtual reality	3%	1%
Quantum computing	1%	0%

Source: Harvey Nash-KPMG CIO study 2020

Implementing Business-Led IT – Driven by SaaS Management

Market leaders and fast-growing companies require a business-led IT approach to achieve long-term success. Well before SaaS usage and costs begin to expand unchecked, organizations must recalibrate their use of software in the cloud.

But the buck doesn't stop with IT – or with the business – to make this happen. Both must work together. The process starts with reaching agreement on the skills and competencies are needed to meet enterprise-wide functional requirements. Next, it's critical to define the business drivers that must be met, including lower software subscription costs, rationalized spending, full visibility into usage, and improved reporting and cost accountability.

Managing decentralized purchasing of applications requires complete visibility into SaaS portfolios – an objective that cannot be achieved through time-consuming manual discovery processes. Only automatic discovery – made possible by an SM tool – will deliver the data to provide real-time visibility into, and continuously monitor, large and dynamic SaaS portfolios. Busines-led IT and the SM solution go hand in hand. The enterprise needs the SM tool to support constant visibility into its SaaS application ecosystem – along with a business-led IT framework, including a roadmap with clear guideposts, to implement the solution and ensure long-term success.

Implementing an SM tool brings many benefits. It can enhance resiliency and scalability of IT infrastructures by supporting planning, controlling spend, and enhancing security. The solution enables an enterprise to achieve full visibility into its usage, showing both who is spending how much on which applications, and how much they are being used. This information allows the company to maximize adoption of the right tools to achieve business results. Ultimately, full visibility not only leads to enhanced security and compliance, but also better operational performance and agility.

The SM tool helps identify overlapping and redundant services to optimize usage up or down to support business growth. Discovering all SaaS applications in use, who owns them – and what the company is obligated to pay for them – the solution provides data to rationalize the portfolio. The tool enables the company to make data-driven decisions about applications that may not be fully utilized – or are redundant – including facilitating renewals, upgrades or downgrades, consolidations, and sunsetting. Now application usage and spend can be linked to budgets and departments, budget forecasting and accountability is enhanced, and the process of formulating renewal schedules becomes smoother and more transparent.

SM solutions automatically monitor SaaS usage and compliance to enhance cost and risk accountability as the organization grows. Compliance and risk are shored up by ascertaining which applications users own, who has access to services and data, and whether vendors are compliant with internal policies and regulations, such as SOC 2, GDPR, and PCI-DSS. The tool also identifies former employees who have access to company data and pose security risks, making the SaaS portfolio not only more cost-effective, but also more secure and compliant.

400% ROI in months

Despite today's rapid SaaS adoption, myriad dynamic organizations still manage their SaaS portfolios manually. But even in small to mid-size organizations, this approach can lead to excess SaaS spend, ranging from hundreds of thousands to millions of dollars. Previously spending seven digits a year on software, one company only initially saved $75,000 – representing 400% in ROI – just months after implementing the LeanIX SM solution. Its software forecasts became 30% more accurate, and its security was enhanced by a rigorous software approval process. During its first year using the SM tool, the enterprise generated over 15% in savings.

Full SaaS visibility

A rapidly growing company attained comprehensive software stack visibility to realize substantial value using the LeanIX SM solution. Enabling the enterprise to identify more than 150 unknown SaaS applications, the tool generated accurate insights by tracking spend, compliance, usage, adoption, and contracts. As a result, the organization achieved ROI including savings of nearly 20% on SaaS expenses annually. Empowered by full SaaS visibility, the company now scheduled and tracked contract renewals, reduced IT spend on unnecessary applications and license entitlements, and focused on scaling the business.

6 Steps to Enable Business-Led IT for SaaS

All companies — not just digital leaders — need tools that allow their employees to work efficiently and the business to launch products and serve clients nimbly. But when business functions buy the applications they want without central oversight, all too often the result is a cluttered software ecosystem, suboptimal usage, and soaring costs.

Who should be entitled to use which tools, and at what expense? This question can only be accurately answered with the help of a centrally administered, automated SM solution that delivers ongoing visibility into a company's entire SaaS portfolio to enable the management and optimization of its entire software stack.

To support a business-led IT approach that delivers long-term value, take the following six steps to implement an SM solution.
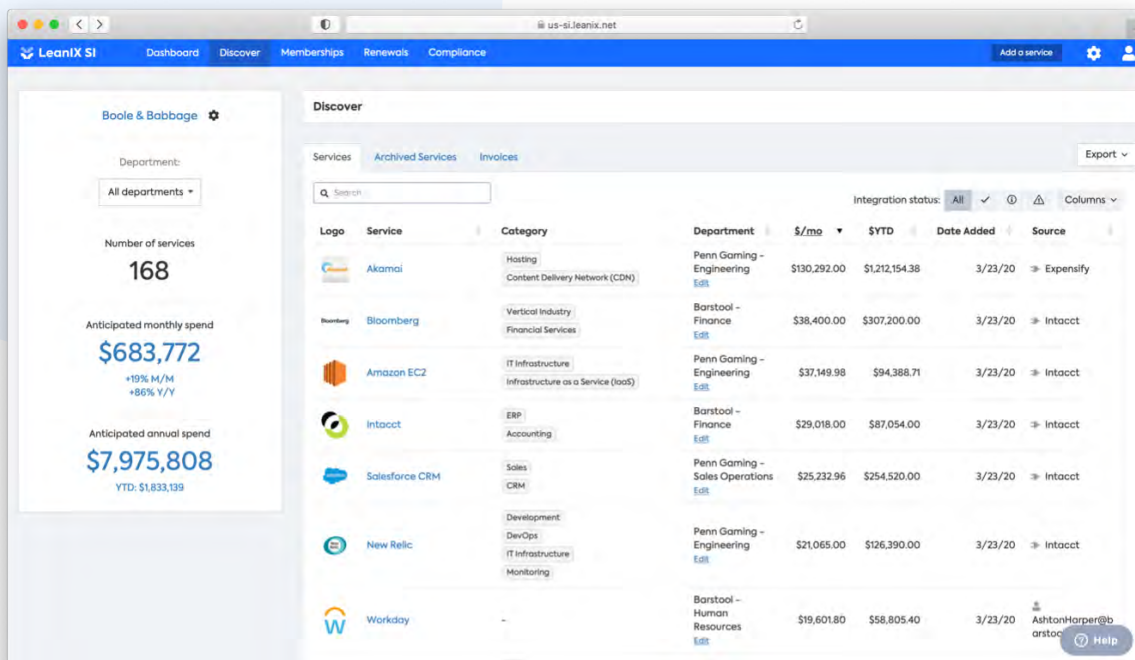
Figure 4
SaaS Discovery
SaaS services detected during discovery by the LeanIX SM solution

Step 1
Gain full visibility into SaaS portfolio spend and usage

Discovery is the gateway to forming a clear picture of your SaaS ecosystem by accessing and merging data sources. The process starts when the SM solution is manually connected with key enterprise systems — including financial, expense, and contract management — and credit card journals, HRIS, CASB, and SSO. The tool automatically discovers associated applications and acquires essential information on each, such as SaaS spend, invoice date, contract start, and end date. It integrates directly with SaaS applications like Office 365, Salesforce, and Zoom to obtain usage and utilization metrics (see figure 4).

Now you can generate a full picture of each application by building inventories of characteristics based on various data types, including utilization and usage. You can also identify and assign accountability, ownership, and administrative privileges for specific software services.

A way to speed discovery is to ask people with application administrative rights to help inventory credentials, rather than waiting for project leads to provide access to ERPs, SSOs, expense management tools, and HR systems, which can cause delays. It's critical to keep pushing the process forward at every step.
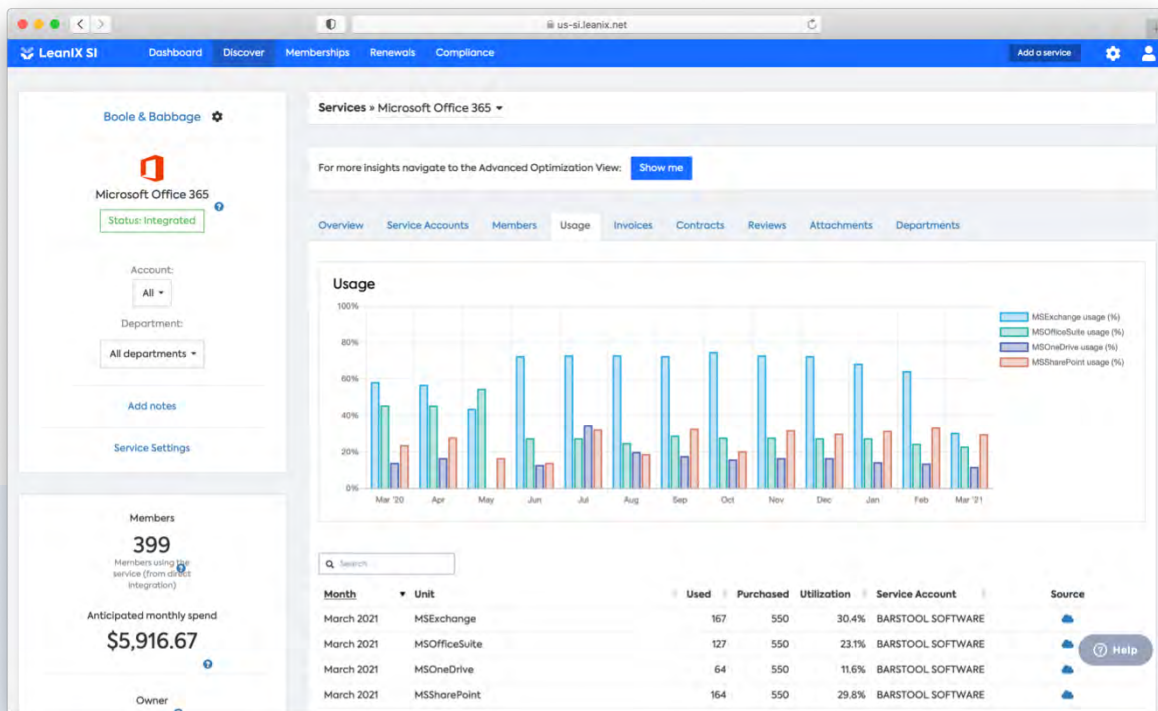

Source: LeanIX

Step 2
Analyze application usage

The enterprise now has full SaaS visibility derived from a complete inventory of its application portfolio: Usage insights (e.g., licenses quantities, seats, and users, total spend, and purchase type), renewal period, business owner, purchase type (e.g., expensed versus AP), and contract terms. You're able to track usage patterns and identify underutilized applications and licenses (see figure 5). But to realize the most value quickly, analyze your discovery data systematically. Scrutinize the largest areas of presumed spend first — as they often drive the fastest return on SM investment — then the tools that your SM vendor says tend to be overbought or undermanaged.

Look at significant-cost applications to determine not just how much ROI can be realized through streamlining, but also how to make the rest of the portfolio even leaner. Look at emerging user activity patterns — such as inactive subscriptions and underused applications — to optimize your application resource allocation among monthly active users. Compare the value of purchased versus used licenses to identify savings and efficiency opportunities.

Figure 5
SaaS Application Usage
SaaS application usage based on direct vendor integrations completed by the LeanIX SM solution.

Source: LeanIX

Step 3
Evaluate and rationalize applications

Application rationalization enables companies to get the most value from SaaS software by giving their people access to the applications they need. The process determines whether a tool is needed by the person or department requesting it based on business case-defined criteria. Analyze functional overlap and usage (e.g., Microsoft OneDrive versus Box) to set applications for renewal, upgrade or downgrade, consolidation, and sunsetting. Note that preferential software supports core workflows (e.g., project management, file storage, and sales intelligence tools).

Set renewal dates and custom email notifications to enable timely contract renewals for needed tools. Deploy utilization insights in negotiations and contract right-sizing activities – and discontinue redundant tools. Use role-based access control to manage permissions, provide quick access to applications for those approved to use them, and streamline application authorization and IT provisioning workflows. Talk to the relevant business owners and create a transition plan that supports users and preserves data during any software deprovisioning.

Step 4
Schedule risk assessments

Continuous monitoring ensures software resources are used efficiently and cost-effectively. It protects the company's data and infrastructure, maintains compliance, and reduces risk. Conduct regular SaaS stack health checks using data from monthly reports on enterprise processes and your SM vendor (see figure 6). Perform risk assessments for software that the organization is considering purchasing by implementing automated evaluations as follows:

1. Examine data security risks by analyzing security certifications maintained by the vendor and the technical measures implemented (e.g., 2FA and SSO)

2. Maintain regulatory compliance by determining where the data is stored, who has access to it, and whether the vendor is compliant with GDPR, CCPA, SOX, and HIPAA

3. Determine business risk by assessing whether vendors have sufficient capital and resources to keep providing services in the future

Figure 6
Compliance Tracking
Compliance tracking – including service and status – provided by the LeanIX SM solution.
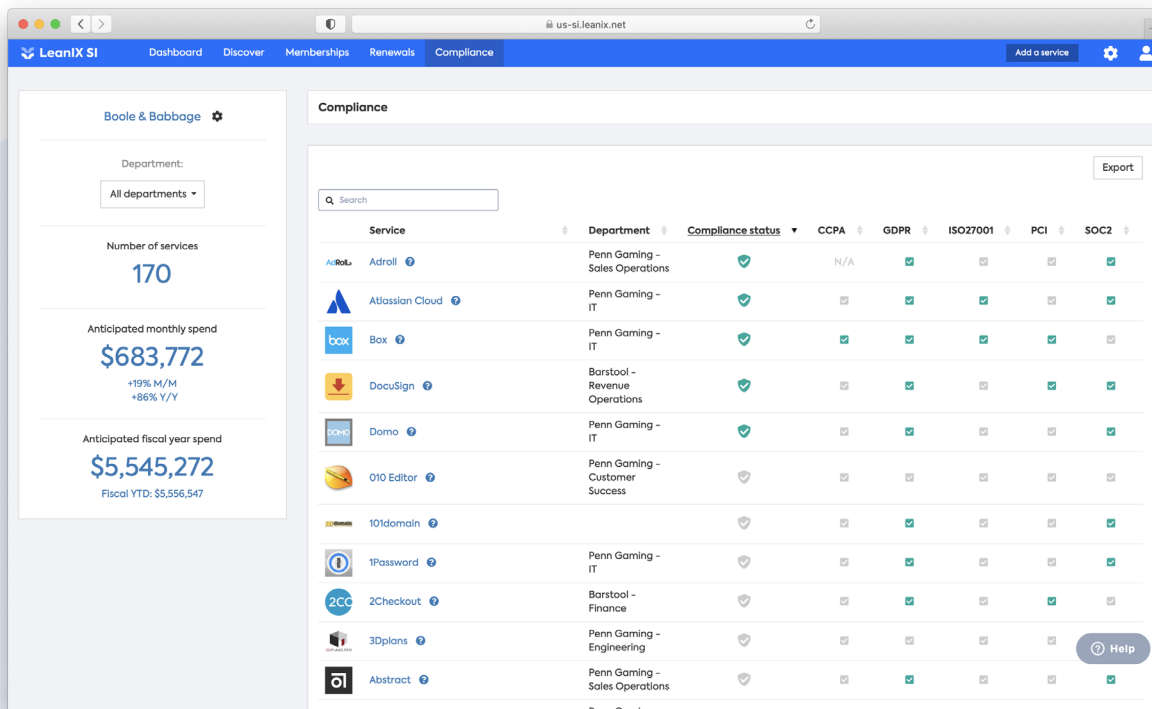
Step 5
Implement buying and renewal processes

The application catalog – including a description of each application, its business owner, and license status – provides an inventory of software that makes it easier for people to request approved applications consistent with established business cases. Sets of applications needed for new employees should be delineated, and access rights that are granted must be tracked. The catalog reduces overly controlled centralization measures, and enables regular and continual rationalization.

The application calendar – with alerts for newer tools and those up for renewal – automates the provisioning process by prompting renewal decisions, including subscription upsizing and downsizing. A systematic renewal process ensures that license renewals are evaluated to maintain cost control, and applications in the portfolio meet business and adoption rate objectives (see figure 7). Undertaking the contract renewal process with an interdisciplinary team makes sure all tools fit the organization's various functional needs.
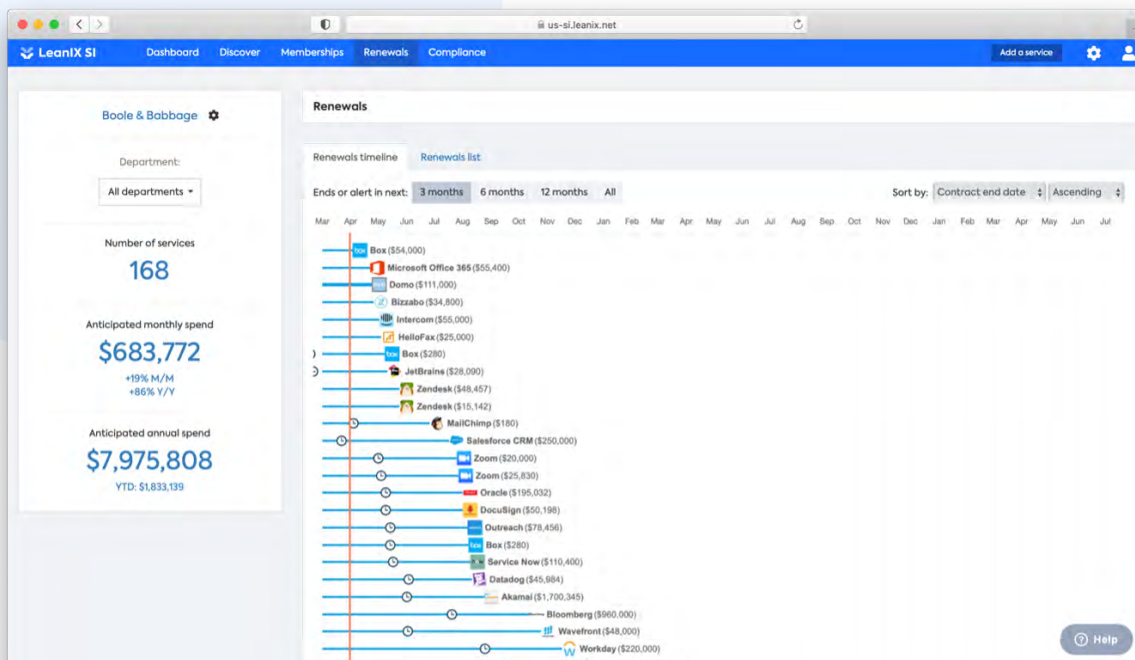
Step 6
Continuously monitor and review

Empowered by full SaaS visibility, it's time to implement continuous monitoring and regular software reviews. Combined with the discovery process – accomplished via connectors with enterprise systems and direct application integrations in Step 1 – continuous monitoring and review enables full and continual SaaS visibility. The company can now maintain a lean portfolio that controls costs, maximizes team productivity, and minimizes security risk.

Augment the value of the SM tool by tapping the knowledge of the SM vendor team to rally the support of key internal stakeholders behind your new solution and processes. The vendor's benchmarking data, peer insights, and knowledge can help you get the most value from your ongoing SM journey. The journey to realize the full value of your SaaS portfolio has begun.

Business-led IT, driven by SaaS management

A digital agency's business-led IT procurement approach relies on LeanIX's SM tool for data to enable its employees to make SaaS purchases that best meet their requirements. The agency's self-management governance model depends on total visibility into its SaaS portfolio – including products, usage invoices, and spend – to enable tracking of what applications are being used, how much, and by whom. The solution's automated functionality integrates with SaaS vendors and enables cost-effective planning, renewals, and ISO processes for risk management. The tool supports yearly subscription reviews and feedback from service owners so organization can evaluate security considerations for all SaaS it buys.

Figure 7
SaaS Renewals Timeline
SaaS renewals timeline – with financial insights and custom alerts – delivered by the LeanIX SM solution.

Conclusion

As the dominant software delivery system for companies of all sizes and industries globally, SaaS provides innumerable solutions to business challenges. But as the application universe keeps growing, getting the most value from software requires actionable insights that can only be obtained by assessing SaaS comprehensively.

Implementing a business-led IT approach — supported by an SM solution — gives the enterprise full visibility into SaaS spend to optimize the portfolio, maintain compliance, and enhance security. And employees are equipped with the best tools to do their work. By bringing rigor to their SaaS portfolios, enterprises gain agility to undergo continuous transformation and capitalize on opportunities in the marketplace.

FREE DEMO

Any text to go here?

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