

Why Tracking Adoption of SaaS Applications Is a Business-Critical Discipline

A SCALABLE SOFTWARE WHITEPAPER

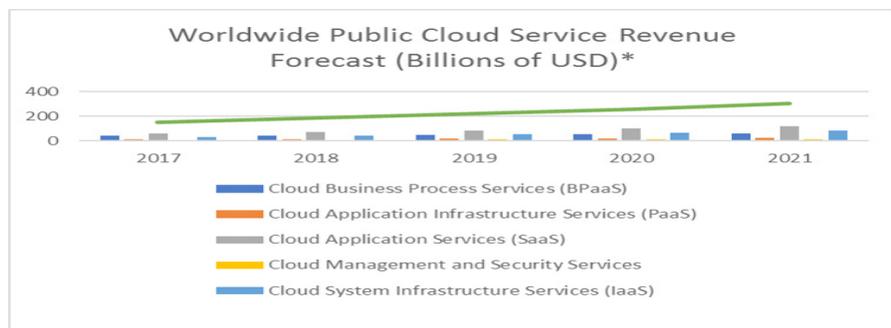
Executive Summary

Software as a Service (SaaS) is leaking into organizations at an alarming rate. The extent of the adoption is difficult to estimate using conventional methods, as SaaS leaves no footprint in the software sand. It can be purchased beyond the effective range of IT's procurement radar as its low initial price point is frequently expensed through departmental discretionary budgets. When set against the forecasts for SaaS adoption, as shown in the IT analyst research we present, the two observations listed above have the potential to create significant challenges for organizations. These challenges include: long-term expense obligations, duplication of function, lack of audit visibility, and decreasing business agility due to poor standardization and interoperability.

This whitepaper expands on the aspects of SaaS adoption that create the biggest challenges to IT; it also details the state of the art of SaaS adoption tracking technologies and how it is becoming an essential discipline that can overcome many of the issues facing IT as SaaS use gathers momentum.

Adoption Rates Continue to Rise, Putting Pressure on Traditional IT

SaaS represents a sea change in terms of deployment effort. This is not necessarily true of implementation effort, as we shall come to see. Deploying traditional on-premise applications requires a full-stack of software and hardware to be sized, purchased, delivered, and configured before work on the application can even start. SaaS is, in almost all cases, a click on a web page.



* Gartner Forecasts Worldwide Public Cloud Revenue to Grow 21.4 Percent in 2018; April, 2018

Putting this growth in startling perspective is the fact that 2017 actual revenues were 43 percent more than that forecast in 2013. But growth rates do not represent the full story of SaaS adoption. In order to see the full picture and thus the organizational impact, a perspective on how business users and IT contrast SaaS adoption is required.

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Shadow IT Continues to Impact Most IT Shops

The concept of Shadow IT has been around for many years, but with the arrival of cloud technologies it has taken on a new level of significance. Simply put, Shadow IT is the process by which IT systems are built by business units beyond central IT's purview. Often in reaction to a perceived inertia within IT teams, business units take it upon themselves to design, develop, and deploy their own solutions to business challenges. Shadow IT has become a more pressing issue in recent years, as mobile technologies have empowered end users like never before.

This empowerment creates a level of confidence that, when brought into contact with business demands, makes end users less patient and more likely to create their own solutions. SaaS is a means by which business users can rapidly translate this confidence into business capability. Unlike prior incarnations of Shadow IT, SaaS implementations rarely require IT to provide rearguard support, as few traditional IT management disciplines are needed. Consequently SaaS is fuelling the growth of Shadow IT like no other technology before it.

As a result of Shadow IT being able to take deployment of systems farther with SaaS, several studies have shown that IT often underestimates the extent of SaaS adoption within an organization. The ability to control the tools their employees make use of in the workplace continues to be a significant issue with a BYOD-like attitude of the workforce. This not only impacts productivity and support services, but security is threatened in multiple ways through malware attacks, data destruction and breaches and possible ransomware attacks.

80% of end users use software not cleared by IT*

1,220 cloud services used by average large org*

33% of enterprise attacks come from Shadow IT by 2020**

SaaS and Software Asset Management

Software Asset Management (SAM) is a discipline many IT organizations have reluctantly had to embrace in recent years. The increase in software audits from large publishers with often punitive settlements has led to the development of processes to ensure software is not deployed in excess of license agreements.

One of the common refrains when arguing in favor of SaaS use is that it removes the need for SAM. There is no denying that SaaS eliminates many of the legal issues associated with

managing one's compliance with agreements, but any suggestion that the days of punitive treatment by vendors for software use in excess of the agreement terms is false. The positive change for Software Asset Management in a pre- and post-SaaS world is the software audit. SaaS eliminates the requirement for a forensic analysis of software use by an auditor commissioned by a software vendor; in the world of SaaS the vendor knows exactly what you are consuming at all times.

Notwithstanding the kind of ad hoc sharing of installation files that typically leads to uncontrolled traditional software proliferation, it is actually quite hard for a company to have on-premise software spread. Change management, software deployment systems, policy management, and other systems have evolved to alert companies to such situations, as the license metrics for on-premise software are quite easy to monitor.

In SaaS implementations, an administrator can easily add users without any trace of the additional license consumption being visible outside of the SaaS environment itself. However, that simple case, which many organizations control by other means, is just the tip of the iceberg. License metrics for SaaS tools can be very diverse: company division definitions in accounting systems, lead counts in marketing systems, customer logins in support portals, sub-function enablement, back-end database sizes, and much more. Pretty much all of these metrics can be exceeded without any evidence appearing outside of the SaaS system, and in many cases without an employee explicitly enabling anything.

When coupled with the fact that many (but not all) SaaS environments do nothing to proactively alert you to the fact that you have exceeded any limits, or stop you from doing so, you have a recipe for breaching licensing agreements that far exceeds that of traditional on-premise software. However, the breach is a "soft" breach insofar as it is often catered for within the terms of the agreements. SaaS vendors will helpfully provide contractual language that details exactly what you will be paying in the event you do exceed the initial terms of the agreement. Needless to say these "penalties" are not far short of the kind of penalties customers find themselves on the end of in traditional on-premise software audits.

The net of this scenario is that Software Asset Management in the world of SaaS is less about being prepared for an audit, and more about ensuring and monitoring the consumption of the various license metrics for the SaaS tools in use. Monitoring these metrics requires a SaaS-environment specific technology, rather than simple user account counting. Few SaaS providers seem to employ the same models, and certainly each one maintains such information in a unique way.

What this means is that rather than SaaS tools removing the need for Software Asset Management, they have actually made the whole discipline more important in terms of cost management and more complex in terms of monitoring license consumption.

What Is SaaS Adoption Tracking?

At a high-level SaaS Adoption Tracking is nothing more than instrumenting, in a consistent way, the rate of adoption across an organization of SaaS applications. More technically it is the ability to accurately identify usage patterns of SaaS applications and sub-components and enumerate key licensing metrics from within the SaaS environment. Examples of SaaS adoption tracking include seeing the extent to which the various sub-components of an application such as Office 365 are being used, and which documents or administrative functions have the highest level of activity.

“... using SaaS adoption tracking tools IT can become one of an internal SaaS advisor, providing none of the resistance, but instead highly valuable assistance.”

What Are the Benefits To The Organization?

The primary benefit to an organization is to proactively dodge the perfect storm of a) unplanned but rampant adoption of SaaS tools, which b) quickly become mission-critical, but are licensed on c) un-optimized vendor agreements.

Stated differently, this perfect storm means the Shadow IT driven nature of SaaS adoption is likely to rapidly increase operational expense. Unless IT procurement professionals get involved early, these expenses will soon get too big to optimize. Negotiating leverage quickly evaporates when a vendor knows for certain (and SaaS vendors will) that its tool is critical to the business.

For example, imagine for a moment a SaaS online marketing tool. Such a tool could easily become a critical part of an organization's revenue-generating armory. If use of the tool grows virally within an organization, with a steady stream of departmentally led ad hoc purchases, before long a large operational expense will exist. By the time it is noticed by Finance, the vendor of the tool will be aware of the criticality to the organization of the tool. They will also have no incentive to apply any form of discounting to encourage future adoption as the tool is already well-entrenched.

Summary

As the statistics show, in a few short years SaaS will be and has become the primary model for many software purchases, so this scenario, multiplied across a range of SaaS offerings, could be a huge cost problem. It facilitates Shadow IT, leading to security and data management issues as well. SaaS tracking can identify the rapid adoption patterns of unauthorized applications, help identify unexpected expense and allow IT to quickly step in and seek a better long-term deal from the vendor while supporting CISO efforts across the organization. By using SaaS adoption tracking tools IT can become one of an internal SaaS advisor, providing none of the resistance, but instead highly valuable assistance. The ability to pro actively identify adoption trends for certain classes of SaaS solutions, provide early warning of overage charges or misuse of the systems, and offer suggestions on optimization is important and lacking in many organizations. Effective tracking of SaaS adoption provides the metrics IT needs to shift into this consultative mode and elevate the value it provides to the business.

Learn more about Scalable's Asset Vision at www.scalable.com, or email us to request a demonstration at sales@scalable.com.

* Cisco Cloudlock Cyberlab 2018

** Gartner Top Ten Security Predictions 2018