




YouGov®

2023

SNAPSHOT SURVEY:

SaaS and Cloud Spend Optimization & Automation

omnitza



Companies appear to be wasting spend on unused, unaccounted for, or mismanaged software, SaaS, and cloud licenses and subscriptions, and with varying levels of process automation maturity, enterprises are experiencing unplanned expenditures and budget issues.

SUMMARY

The shift to public cloud, private cloud and SaaS is ubiquitous. Regardless of company size or industry, the vast majority of workloads are now in the cloud or accessed via software as a service (SaaS). The shift to the cloud comes with many benefits. Cloud infrastructure is easier to deploy and manage, and is typically less expensive and more efficient than operating a datacenter. Cloud infrastructure services are elastic and can expand as the workload requires. SaaS applications require little to no deployment resources, zero upgrades from the customer, and can often deliver value much more rapidly than on-premises software. This not only provides advantages for IT operations but has facilitated agile devops.

The ease of purchasing and using cloud infrastructure and SaaS applications also comes with challenges. Because anyone with a credit card can subscribe to cloud resources and SaaS apps, there is a huge potential for overspending, orphaned resources and duplicate services. This results in:

- Procurement teams having less ability to consolidate buying leverage across business units
- IT operations having difficulty to manage cloud resources and optimize capacity
- Security teams having less oversight to enforce policy and limit data leakage

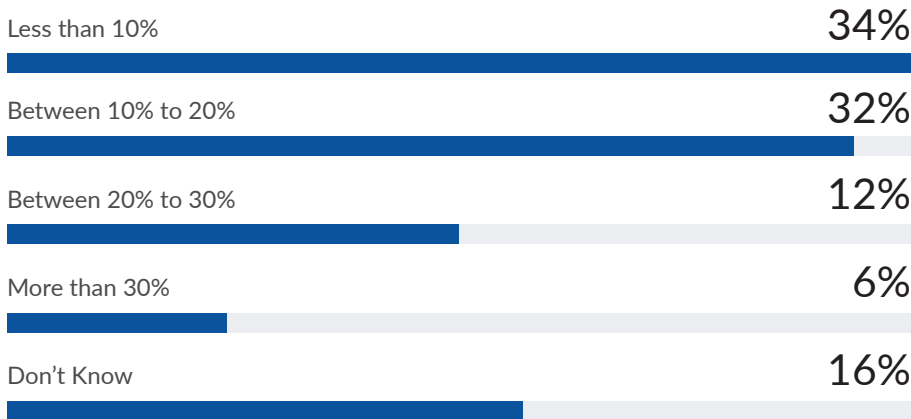
Managing and governing cloud and SaaS use is typically accomplished through varied tools, resource intensive manual or ad-hoc processes, and multiple help desk tickets. This complexity often results in unplanned expenditures, budgetary challenges, and the inability to properly provide support to stakeholders.

The *2023 Snapshot Survey on Cloud and SaaS Spend Optimization & Automation*, conducted by YouGov research, examined how enterprises are managing their expenditures on SaaS and on-premises software, and public and private cloud resources. Specifically, the report illustrates how much enterprises appear to be wasting budget on unused, unaccounted for, or mismanaged software licenses and cloud subscriptions. The report also looks at the level of maturity of automated processes to improve managing the authorized and licensed use of SaaS applications and multi-cloud infrastructure. The findings are based on a survey of 213 senior level information technology decision makers in enterprises ranging from 1,000 to over 10,000 employees across multiple industries in the United States.

OVERSPENDING ON SOFTWARE and SAAS

One trend that has accelerated with the adoption of hybrid and remote work is the involvement of Line-of-business leaders in technology purchases. SaaS applications play a big part in this movement, as business units can readily buy and use SaaS with less oversight. This decentralized management can lead to unnecessary spending and cost overruns as the data indicates that 50% of organizations waste at least 10% of their software spend, and 18% waste at least 20%.

Can you estimate how much your organization may be spending on unused, unaccounted for, or mismanaged SaaS and on-premises applications across all departments and users, as a percentage of total annual spend for licensed software?

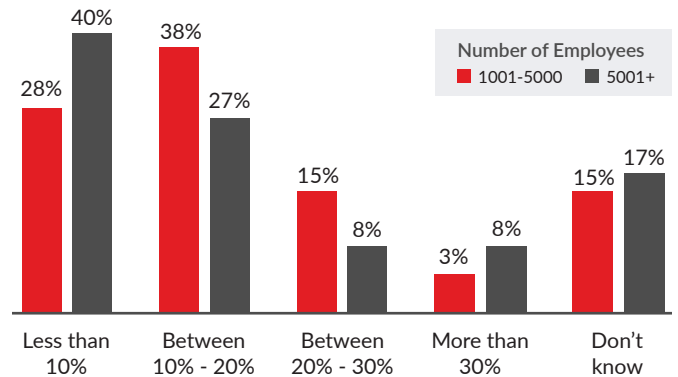


50%
of enterprises waste at least 10% of their annual expenditures on software and SaaS applications.

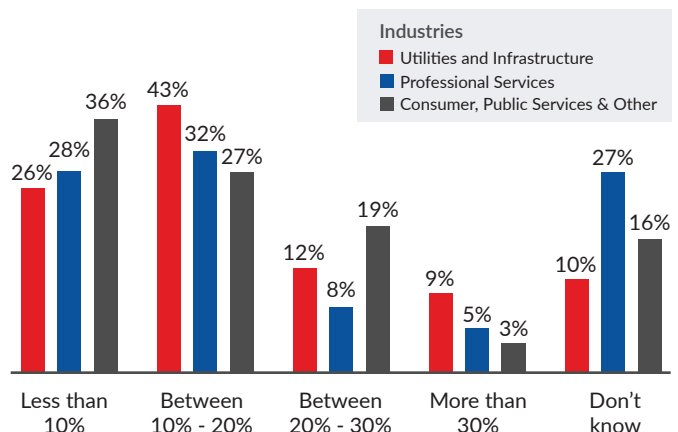
Key Findings

- 50% of all respondents are overspending at least 10% of their annual expenditures on software and SaaS applications, which can be a substantial sum for many organizations.
- 17% of organizations are wasting at least 20% of their annual software/SaaS expenditures, which can have an enormous negative impact on their technology budgets.
- More than one half (56%) of small businesses under 5,000 employees overspent at least 10% of their SaaS and on-prem software annually.
- Larger businesses appeared twice as likely to experience significant software/SaaS spend management issues compared to smaller enterprises – with 8% of those in companies over 5,000 employees estimating more than 30% of their annual spend on unused and mismanaged licensed software and SaaS subscriptions (vs. 3% of those in companies under 5,000 employees).
- 43% of utilities and infrastructure firms and 32% of professional services firms wasted a substantial amount (between 10% to 20%) of their annual software expenditures.

Annual License Software Spend Waste (by company size)



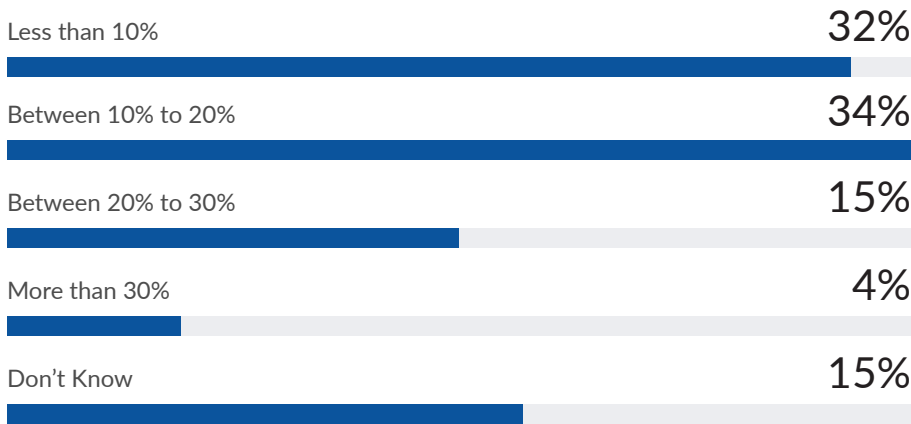
Annual License Software Spend Waste (by industry)



WASTED CLOUD RESOURCES

Cloud is not the future. Cloud is now, and the majority of workloads are now in public and private infrastructure due to many advantages including ease of purchase, ease of deployment, and elastic capacity. It is not uncommon, especially in hybrid IT and multi-cloud environments, for cloud instances to be spun-up and later orphaned – while their underlying compute, network and storage resources are still being charged to an organization. The challenge of cloud resource and expenditure governance is evident in the survey data, which suggests that a majority of companies (53%) waste a substantial (10% or more) of their cloud spend on underutilized or unknown resources.

Estimate how much your company is spending on underused, unmanaged, or unaccounted for utilization of public cloud and private cloud resources (applications, instances, infrastructure) across all departments and users as a percentage of total annual spend for cloud-based resources?



More than half of companies have spent more than

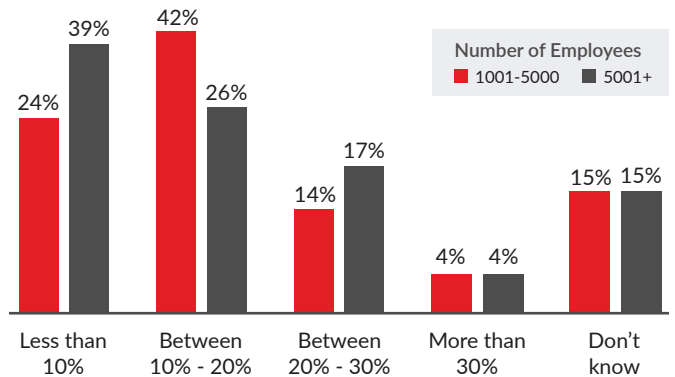
10%

of their cloud budget on underutilized, unmanaged, or unaccounted for cloud resources.

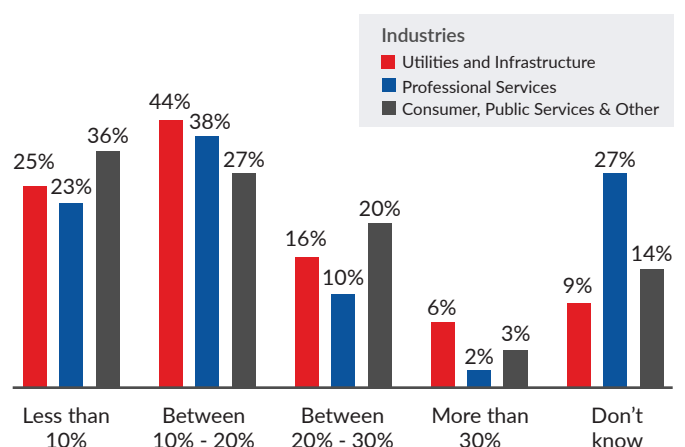
Key Findings

- 53% of all respondents are spending more than 10% of their budget on underused, unmanaged, or unaccounted for cloud resources.
- 19% of organizations are wasting at least 20% of their cloud expenditures.
- The majority of small businesses (61% of those with 5,000 or less employees) reported spending over 10% of their cloud budget on underutilized or unaccounted for resources.
- Large organizations with more than 5,000 employees were not immune from overspending on cloud with a reported 22% spending more than 20% or more on wasted cloud resources.
- Nearly a quarter both consumer and public services firms (23%) and utilities and infrastructure firms (22%) overspent at least 20% on software and SaaS.
- 66% of utilities and infrastructure companies wasted at least 10% of their annual cloud expenditures.

Annual Spend for Licensed Software (by company size)



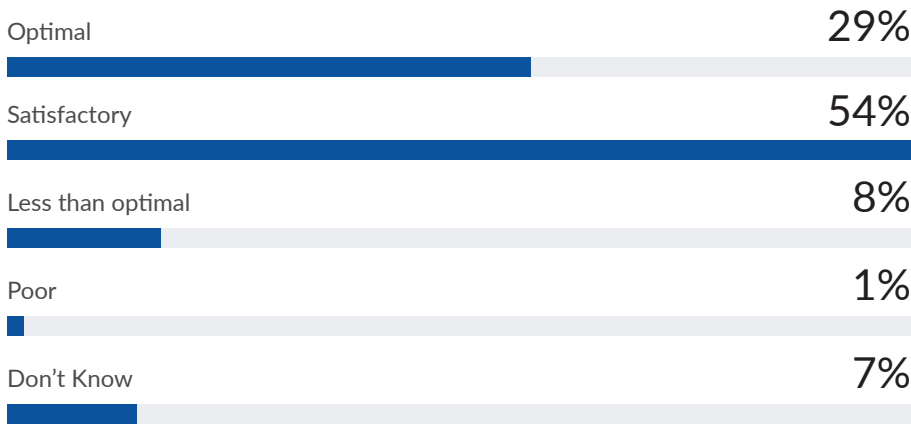
Annual Spend for Licensed Software (by industry)



AUTOMATING SAAS AND CLOUD PROCESSES

As organizations accelerate their business digitization efforts and manage remote workforces, the migration to hybrid IT and multi-cloud infrastructure and SaaS applications continues to grow. While many organizations have instituted automated processes to manage SaaS and cloud, the majority (54%) rated their workflows to govern authorized use and licensing of SaaS applications and cloud infrastructure only as “satisfactory” – there is room for improvement. At least 9% of organizations are wasting significant sums due to immature and nominal process automation resulting in their organization’s experiencing unplanned expenditures and issues.

Which of the following best describes the current state of your organization’s use of automated process workflows to manage the authorized and licensed use of SaaS applications and multi-cloud infrastructure?

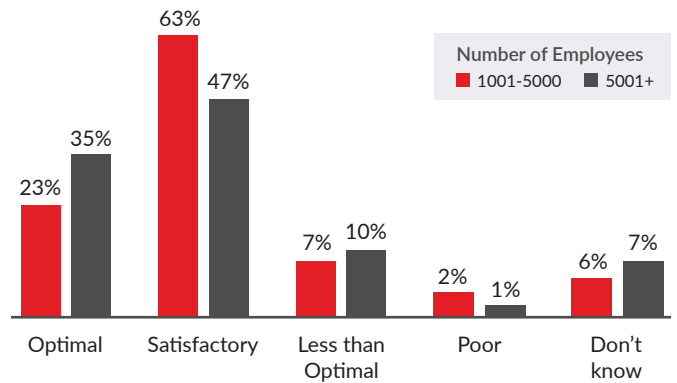


29%
indicated mature process automation for SaaS and cloud infrastructure reclamation and optimization.

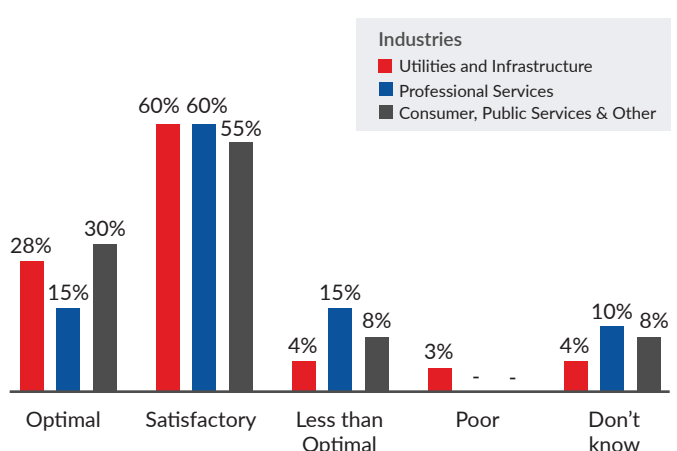
Key Findings

- Only 29% of respondents indicated mature process automation for SaaS and cloud infrastructure reclamation and optimization.
- The majority (64%) of respondents expressed that their organization experienced unplanned cloud and SaaS expenditures and issues with varying maturity of workflow automation.
- 71% of small businesses (5,000 employees and under) experienced frequent unplanned cloud and SaaS expenditures with varying degrees of process maturity.
- 11% of the largest organizations (more than 5,000 employees) reported using mostly ad-hoc or manual processes to manage SaaS applications and cloud infrastructure, resulting in unplanned expenditures and issues.
- 75% of professional services firms reported either satisfactory or less than optimal use of automated processes to manage SaaS and cloud, resulting in unplanned expenditures and issues.

Annual Spend for Licensed Software (by company size)



Annual Spend for Licensed Software (by industry)



Research Methodology

The survey was conducted and data compiled in September 2022 by YouGov plc, an international research data and analytics group. The independent research surveyed 213 senior level information technology decision makers from companies of more than 1,000 employees across a diverse set of industries within the United States.

Utilities and Infrastructure industries encompass firms from energy, construction, manufacturing and transportation/warehousing sectors. Professional services industries encompass firms from technology/computing, engineering, media, entertainment and communications, finance, accounting, law, legal, research and consulting sectors. Consumer and Public Services industries encompass firms from retail, insurance, healthcare, food, travel and lodging, non-profit, education and government, real estate, personal care, and repair/maintenance and other firms.



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