



2021 trends in SaaS buying

What we've learned from saving our customers over \$100M in SaaS spend over the past year — and what we anticipate 2022 will bring.

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The pandemic impacted and changed the way businesses operate. Video meetings are no longer a last resort for face time. Tools that enable cross-departmental communication, collaboration, and coordination are popping up all across the market. A year of pause has resulted in a year of hypergrowth for many.

Digital transformation is no longer optional. Today, it's necessary, and it can mean the difference between missing revenue goals and becoming a successful company in the long run.

While 2020 was all about staying afloat, 2021 is all about bouncing back.

In this Trend Report, we share insights from our team of SaaS buying experts, diving into the world of software procurement to help companies better understand how they matched up in 2021 and what to expect in 2022.

Vendr at a glance



Customers	200+
Managed Spend	\$500M+
Cumulative savings	\$100M+
Transactions	4,000+
Suppliers	1,200+
ROI	10x

Have questions as you read through our Trend Report?

Send them to trends@vendr.com

Analysis

2021 in summary: Playing catch up in the chaos

Coming out of 2020, companies held tight to slim budgets in the first quarter of 2021, making do with lean SaaS stacks while they planned out mid-year growth plans for both hiring and software. Everyone settled into the world of remote work while waiting for a hybrid approach to become feasible with vaccine rollouts. And sales organizations started plotting their grand return to recoup lost revenue.

As soon as the world was ready to ramp back up in Q2, SaaS buying took off, and with it, a chaotic process. Companies have been on growth sprees, hiring headcount and buying software at lightspeed. Process improvements took a backseat to make way for growth. For salespeople, this was an opportunity to make up for lost time, as discounts quickly became a thing of the past.

The pandemic hangover and sticky SaaS

As we head towards the end of 2021, it feels like things are finally trending in the right direction. The start of the year wasn't so clear.

We saw many of our customers who thinned out their software stacks in 2020 realize they were even more reliant on the SaaS they stuck with, while reaching the limits of optimized spend.

All-in-one tools like Airtable, Atlassian, and Monday.com likely had a headstart on additional growth and development too, with the support of customers who made the most out of the comprehensive features and functionality — making them even more of a benefit for end-users.

With budgets ramping back up mid-2021, customers didn't seem too concerned about renewing the stickier SaaS, but it's something to consider for organizations hoping to be more conservative about spending long term.

Diversifying your investments can work well for your corporate tech stack, as well as your personal portfolio. If you need to walk away from an aggressive renewal, you'll find yourself with more flexibility and leverage if you've got another option already in place.



Multi-purpose tools got really sticky in 2020, which made renewals tough to find leverage in 2021.

– Preston Hull

Manager of Executive Buying at Vendr

KEY TAKEAWAY

Find a balance between a lean stack and a diverse one, so you have leverage with multiple suppliers at time of renewal.

Remote work brings virtual collaboration

For the majority of organizations, remote or hybrid work became the norm. The new working style drove many companies to reallocate some or all of their real estate costs, freeing up more budget for software. This created a spike in tools that empower virtual collaboration, like Zoom, Slack, Miro, and Mural.

The physical workplace transformed into a digital one — where some companies even dabbled in virtual office software. Most kept it straightforward by upgrading their VPNs and video conferencing, but they made sure to have tools on hand for virtual whiteboarding, chat, and file sharing.

We observed our customers leaning into best-in-class tools for these remote use cases to ensure that their employees never missed a beat in terms of productivity and collaboration. Best-in-class often means limited wiggle room for negotiations, but considering these are priority tools means, most companies supported the investment with open arms.



With many companies making the decision to adopt a remote-first or completely remote culture, this also means more money typically invested in real estate that can be allocated to SaaS tools.

– Hannah Szepkouski
Senior Customer Success Manager at Vendr

KEY TAKEAWAY

Be prepared to spend for the true leaders in virtual collaboration software to make sure your organization is set up for success in the world of remote work.

Growth sprees mean messy SaaS buying

With the vaccine rollouts came a whirlwind of growth — in headcount and spending. Organizations found themselves playing catchup after a rocky 2020. That level of speed created a tough environment for anyone hoping to keep SaaS buying streamlined and organized.

Companies have been on hiring sprees since the turn of Q2 and many don't see signs of slowing as we've figured out new operating cadences in the world of remote work. Hiring people means buying more SaaS seats or usage levels, as well as brand new tools.

Early trepidation to kick off growth sprees meant faster execution was needed to get back to an appropriate level and pace. When speed's at play, staying streamlined and organized can feel impossible.

While growth can take priority over refined processes for some organizations, there's still opportunity to find efficiencies in the SaaS buying process, so that you're not fully sacrificing operations for growth.



It's somewhat like the wild west right now. 2020 everyone was hyper-focused on staying afloat amongst the uncertainty and only the absolute necessary purchases were happening whereas 2021 is the mad dash to catch up.

– Gaby Bezilla

Senior Executive Buyer at Vendr

KEY TAKEAWAY

Look for ways to make small improvements to your SaaS buying process that'll help you in the long run, even as you grow quickly in both headcount and SaaS tools.

Seller tactics mirror buyers' aggressive growth

As our customers ratcheted up their spending, suppliers saw a huge opportunity to make up for lost time. 2021 felt like the year of change, with suppliers ramping up product changes with rejuvenated teams and budget on their side.

In 2020, supplier sales teams did whatever they could to avoid churn by offering steep discounts and freebies to existing customers and any new prospects they could attract. We saw those generous discounts fall by the wayside in 2021 with the return of headcount growth and spending starting around Q2.

Our team also observed a return to more standard sales tactics, like end-of-month or end-of-quarter pushes in order to help close aggressive revenue goals that were often making up for a slow year prior. It's been more of a suppliers' market with demand surging, especially for the tools that support hybrid work for both all-in-one and best-in-class.

Product teams went through similar growth spurts, with a jumpstart into big changes across list pricing, SKUs, and feature launches. This made it difficult for buyers to keep track of what a fair price looked like across their SaaS stack without proper benchmarking. For our customers, our buying team hurried to track and share updates as quickly as possible.



Many suppliers provided one-time COVID discounts or were willing to throw in free products. Now, a lot of reps are trying to right size those accounts. They're also leveraging the fact that they did go out of their way during the peak of the pandemic to push uplifts," notes Dan Coy, Senior Executive Buyer at Vendr.

– Dan Coy
Senior Executive Buyer at Vendr

KEY TAKEAWAY

With demand up, sales and product organizations are on offense, so it's critical to have the industry insights to know where you can and can't push on pricing and other contract terms.

Predictions

2022 predictions: SaaS buying grows up

Throughout 2020 and 2021, we've been on a rollercoaster ride of frenzied downgrades and churns followed by upgrades and buying sprees. As we close out 2021, we believe the industry will reach a version of equilibrium again. SaaS buying will increase at steady rates that match business growth, but there will be less "panic buying" in certain categories.

Finance and procurement teams will lead the charge on internal process improvements in order to enable their organizations to efficiently buy SaaS that drives business growth. The trend to embrace more humanity and empathy in SaaS buying and selling will continue to become the norm beyond the pandemic. And we'll see a balanced approach to both avoiding duplicative tooling as well as maintaining diversity in suppliers so companies continue to have leverage and flexibility in their SaaS stack.

A streamlined approval process with the four yeses

With process improvements on the horizon, SaaS buying will feel an eventual sense of calm as both finance and procurement leaders and the stakeholders they help empower will streamline their purchasing process.

In building an ideal buying process, finance and procurement leaders should first consider how to best enable the stakeholders in their organization. Identify what the easiest workflow would look like and how many approvers is most efficient.

In many cases, we see this coming to fruition with the four yeses — the department head, finance lead, security lead, and legal. Any more approvers, you slow things down drastically. Any fewer, and you may miss a critical requirement in bringing on new SaaS.

To speed things up even more, we anticipate more standardized legal and security reviews that require less back and forth and more of a checklist.



SaaS purchasing needs to evolve. I think we are going to see suppliers establish firm perimeters around security/legal negotiations. For example, one supplier only allows security/legal negotiations if a customer purchases their enterprise tier. Both buyers and suppliers (suppliers, in particular) are tired of how trivial these reviews are and will make an effort to reserve them for high-dollar purchases only.

– Michael Murray

Manager of Executive Buying at Vendr

KEY TAKEAWAY

Identify the four yeses in your approval process — no more, no less — for the most efficient SaaS buying workflow.

Procurement as the champion of the SaaS buying process

In addition to streamlining the approval process, we notice a massive increase in SaaS buying efficiencies when we work directly with a procurement champion inside our customers' organizations.

The modern procurement leader is passionate about helping their colleagues find and buy the right SaaS when they need it. The partnership between internal procurement and procurement services like Vendr pack a one-two punch for procurement productivity.

Change management inside a company can be challenging, but with internal procurement champions, we see faster onboarding, continuous reeducation, and the ability to communicate the value of outsourced SaaS buying to vast areas of an organization.

Procurement can be seen as a roadblock to selling for supplier sales reps, but we often see procurement as the champion to bring home a new SaaS purchase in advance of deadlines.



My favorite customers to work with are ones where we have a procurement champion and are working as a true extension of their team. When push comes to shove at the end of the month or quarter, procurement leaders make sure the deal happens, often by helping push through other levels of approvers like legal and security.

– John Merklinger

Senior Executive Buyer at Vendr

KEY TAKEAWAY

Hire or identify a procurement lead to champion SaaS buying internally to get purchases and renewals done the most efficient way possible.

Stakeholder education: We can all become better SaaS buyers

Buying and renewing SaaS is a relatively new concept for the corporate world, and it's safe to assume most professionals have never been trained on best practices, besides how to submit a purchase request to their finance team.

For our team – who's in the weeds of buying SaaS for professionals of all backgrounds – we see a huge need for education across the industry, and we anticipate 2022 will bring much-needed awareness.

Typically, someone interested in buying a new SaaS tool goes off of what a former manager may have taught them in the past – but chances are those instructions won't be universally understood, consistent across organizations, nor the most efficient way to get the best price. It's critical for organizations looking to save money and buy SaaS fast to reset expectations with the department heads across their company and nix old, counterproductive habits.

Those focus areas, coupled with advance notice, means internal and external procurement can have the most leverage going into a conversation with suppliers about price and contract terms. This sets the company up for long-term success to make sure time doesn't force a wrong fit product or high price.

KEY TAKEAWAY

Empower everyone across the company that requests or buys software to have the most up to date knowledge on SaaS buying best practices, even if they're not the ones handling the negotiations.



In an ideal state, the stakeholders within an organization who are purchasing or renewing a SaaS tool should be focused purely on product functionality and scope alignment with details on both short term and long term usage solidified.

They should not be directly involved in commercial discussions, pricing negotiations, or procurement nuances. This is especially the case when the internal procurement team is working with third-party services, like Vendr.

In this case, we champion the conversations to secure the right price while also taking the weight of internal procurement facilitations off of stakeholders' plates.

- Katie Johnson

Principal Buyer at Vendr

The balance between duplicative tooling and diversified suppliers

As we anticipate the SaaS buying process improving at many organizations, we hear rumblings of an obsession to root out duplicate SaaS tools and streamline into one.

But on the other hand, we also know a reliance on a single tool tends to make a customer lose their leverage going into renewal conversations. We predict a balance between the two approaches, thoughtfully led by finance and procurement teams, will be where the most efficient organizations end up.

Companies buying overlapping SaaS drags down software spend. People often buy these tools in the dark, without alerting finance and procurement teams or following the proper protocols as the charges can easily sit on a corporate credit card if under a certain threshold. We see this with lighter-weight SaaS like project management tools.

With SaaS management products like G2 Track, we feel confident that finance leaders can get a handle on the duplicative tooling and help their organizations find a few tools that work best for everyone.

But instead of whittling away the options to rely solely on one single project management tool, we see organizations future-proofing their SaaS stack by selecting two to three options. In the event pricing changes or a product stops delivering on its promise, your company is already set up to transition workloads to something else. Most notably, we see this diversified approach with the more complex purchase of cloud hosting services.

KEY TAKEAWAY

Nix duplicative tooling but only to an extent where you still have a few tools that diversify your SaaS stack and set you up for flexibility in the future should one of your suppliers change course in a way that doesn't meet your needs any longer.



The cloud space is evolving so much that the best practice is to have a strategy that involves a multi-cloud architecture. Companies shift things around as their business changes and take advantage of discount plans as suppliers try to stay competitive.

- **Dan Coy**

Senior Executive Buyer at Vendr

Humanity in SaaS buying is here to stay

Reeling through the effects of a pandemic made many of us more appreciative of each other's humanity in our business decisions, and we think that empathy is here for the long haul.

SaaS buyers crave more and more of that feeling when talking to suppliers that they're simply two humans trying to help each other out.

Within the theme of humanity, every buyer and seller should look to exhibit both transparency and empathy into their go-to-market approach in 2022. Gone are the days where buyers feel like they're shopping around a used car lot or an old school mattress store.



People want to deal with people. Buying has become humanized. You'll see more of that in 2022. Buyers have a problem to solve, a job to be done, and they just want help finding the ideal solution to then buy it on their own terms.

– John Merklinger
Senior Executive Buyer at Vendr

KEY TAKEAWAY

For buyers and sellers alike, be human — be as transparent as possible and show empathy whenever possible.

Future

The future of SaaS in 2022 is bright

The SaaS industry will continue to flourish, with predictions across the board estimating an increase in spend from the buy side. SaaS companies will continue to see hypergrowth, as evidenced by frequent fundraising rounds and successful IPOs in 2021.

As things level out after the pandemic-incited boomerang, we believe SaaS buying processes will improve from procurement leaders to stakeholders, and we'll continue to see empathy from both buyer and seller.

Organizations will continue to refine their SaaS buying best practices and work with industry leaders and third-party services to make the most of their SaaS stacks.

What does 2022 SaaS look like for you?



Take control of your SaaS buying

Get a free savings analysis from Vendr