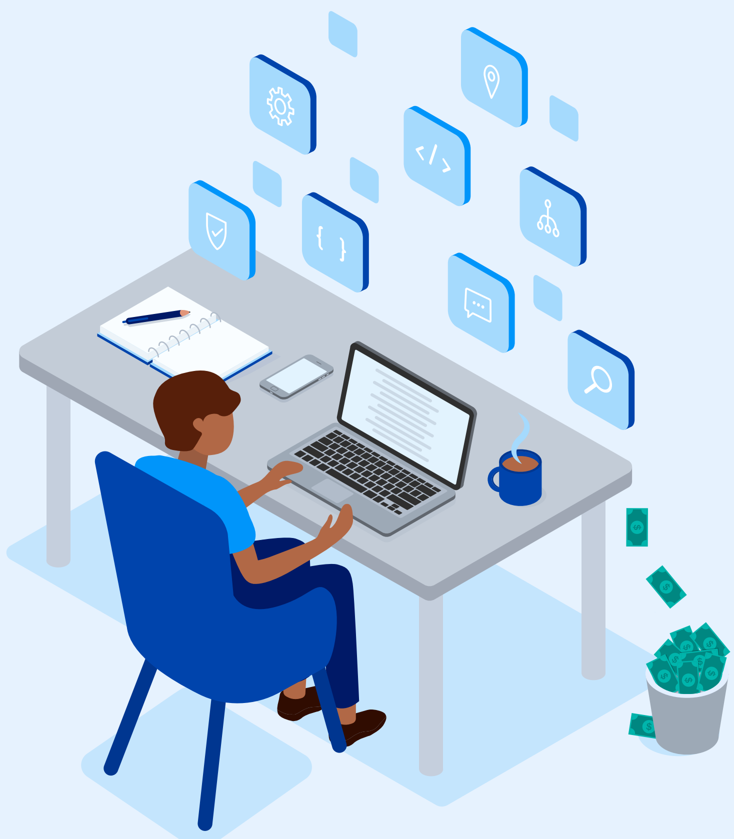
IT's Big, Expensive, Software Problems

Top tech leaders reveal their struggles managing enterprise software, and we offer proven solutions to save money in a tough economy!



RESEARCH POWERED BY GARTNER PEER INSIGHTS

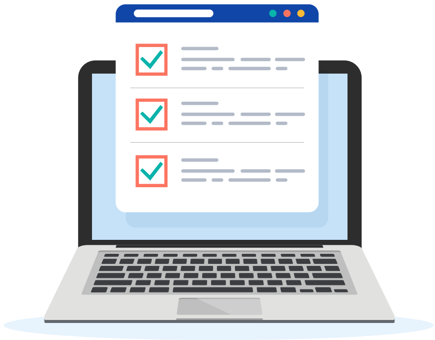
Introduction

If you've been reading the recent economic news, it hasn't been particularly uplifting. Many economists warn of a looming multi-year recession, and the International Monetary Fund has said that the global economy is headed for "stormy waters"[1].

In the world of enterprise IT, the pressure to cut costs, especially around software, can make life incredibly complex. Right now, IT leaders are struggling to manage application "sprawl" in the hopes they don't sacrifice productivity for their employees. Outside research has shown that annual SaaS contract values increased by more than 5x in the past six years, and that SaaS applications make up 70% of total company software use[2]. Yes, it's true that knowledge workers are dependent on dozens of software tools, but in many cases IT wastes hundreds of thousands on unused licenses.

Teaming up with Gartner Peer Insights, we surveyed 200 IT executives in North America and EMEA to understand the software issues they face and how industry leaders can better stretch their dollars in a tight economy.

The survey results were alarming, but surmountable. Most leaders reported costly visibility and troubleshooting issues that we will solve at the end of this report with proven techniques and solutions used by Nexthink customers.



[1] New York Times. https://www.nytimes.com/2022/10/11/business/imf-world-economy-forecast.html
[2] 80+ SaaS Statistics and Trends (2022). https://explodingtopics.com/blog/saas-statistics

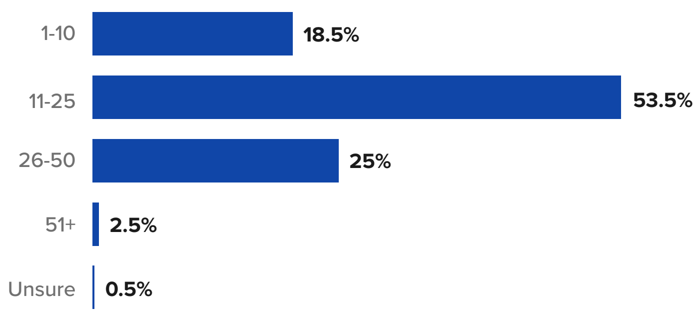
Table of Contents

Employee Software Adoption is Murky & Costly

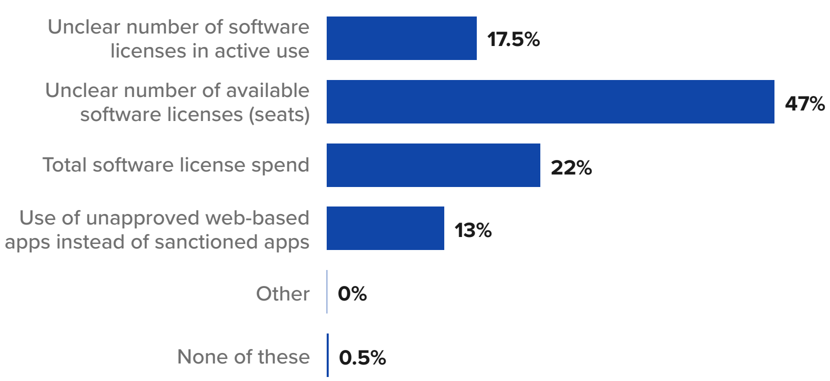
The clearest takeaway from our survey was that many IT leaders felt unclear about their own employee application adoption and usage.

Unsurprisingly, the majority told us that their employees use between 11 and 50 applications every day, but many reported they were unsure how many of those applications were in active use and how many seats (licenses) were available. In addition, we discovered that 22% of respondents claimed 'total software spend' was their most pressing issue and 13% cited 'shadow IT' (employee use of unapproved apps and services).

On average, how many software applications are your employees using each day to be fully productive?



Which of the following issue with software licenses is the most pressing today for your organization?

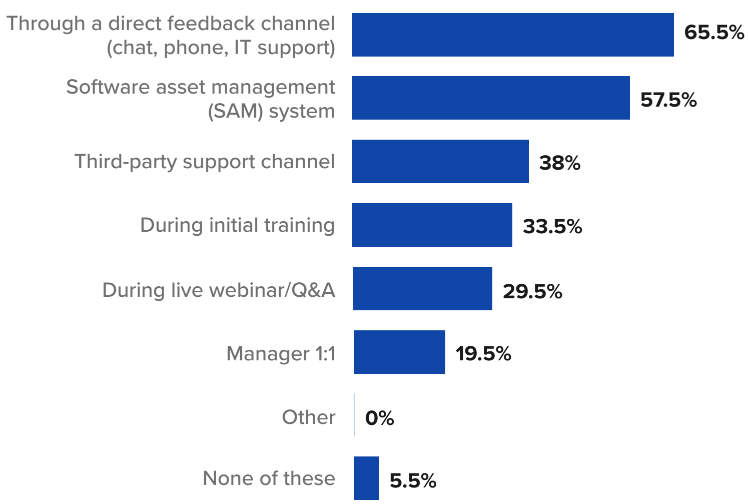


> "The majority of employees use between 11 and 50 software applications each day."

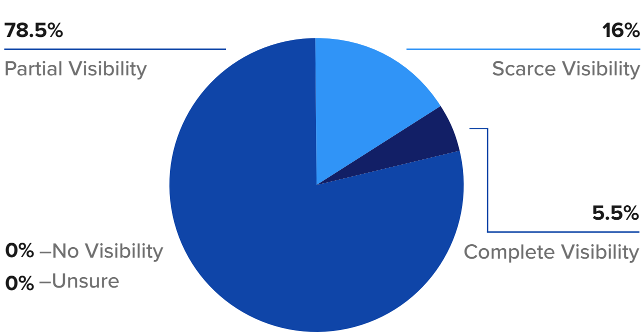
IT leaders also reported that they gather user feedback through multiple channels, yet only 5% have complete visibility into the total number of employees that adopt and use company-approved applications. Let that sink in for a moment. In other words, roughly 95% of IT leaders are left in the dark wondering whether their employees ever configure and use the software applications they've been provisioned.

The most common way respondents gain feedback is through chat, phone, and IT support (65.5%).

How do you collect feedback from employees about the adoption and use workflow/patterns of your business applications?



How much visibility does your IT department have into the total number of employees who have adopted and are actively using each application?



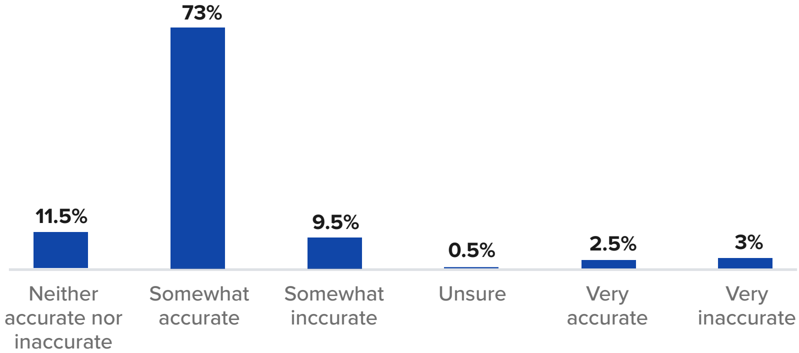
By the Numbers

Knowing what we know from our survey, let's imagine you manage 10,000 software licenses for a particular business application. A standard price per user of $100 would cost your IT department about $1,000,000 each year. If only 500 employees are using this application, that means roughly **$950,000 is wasted!**

IT is Drowning in Application Problems

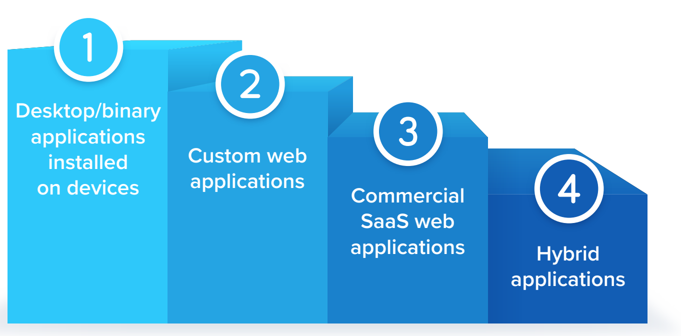
Let's zoom out for a moment. Maybe IT is facing far more problems than just SaaS and desktop application-related issues? Maybe we're exaggerating a bit? Unfortunately, we discovered that 3rd party SaaS and custom web apps account for the vast majority of IT troubleshooting.

How accurate is the following statement: Third-party SaaS or custom web application issues account for the majority of our employee IT troubleshooting.



So, if IT is bogged down most of the day in software issues, what type of tickets and incidents are being reported? It turns out desktop and binary applications installed on the device represent the most pervasive problem. In addition, it seems employees are more willing to "suffer in silence" when it comes to lower-ranked problems like commercial SaaS web and hybrid apps.

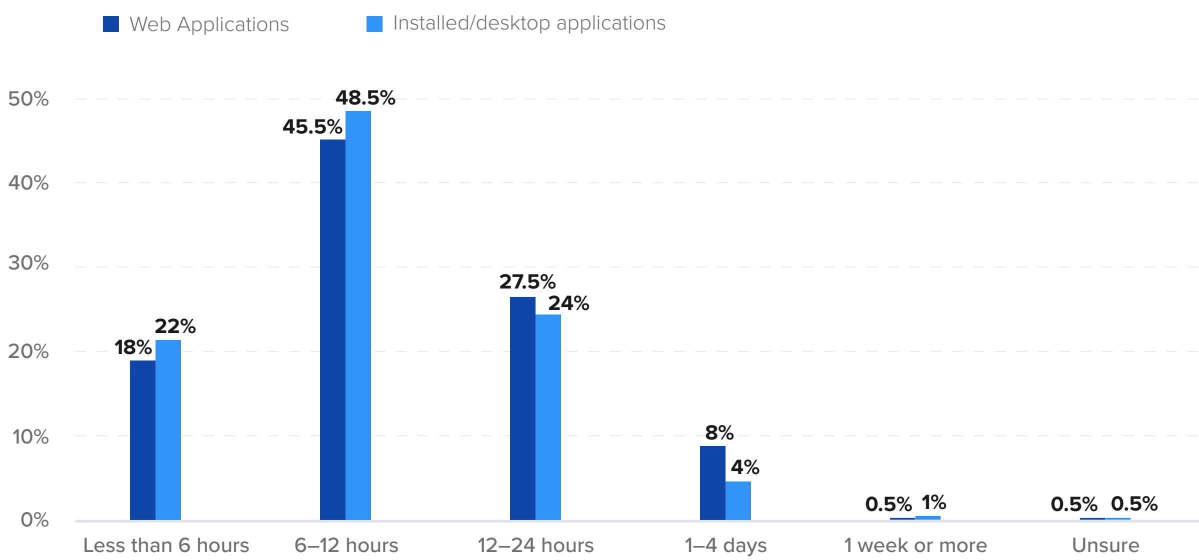
Rank the following application types by the number of employee issues they cause in your organization, with the application type that causes the most issues on top:



> "Employees are more willing to *"suffer in silence"* when it comes to lower-ranked problems like commercial SaaS web and hybrid apps."

And just to put this in perspective, we next asked respondents to quantify how long it takes them to resolve those incidents (desktop versus web applications). Amazingly, over 70% reported it takes their teams between 6 to 24 hours to fully resolve a single employee issue, whether it's a desktop or web application problem!

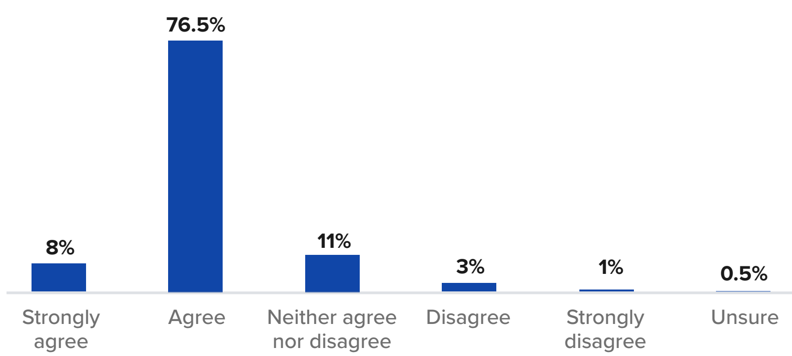
How long does it typically take your IT team to resolve employee issues with:



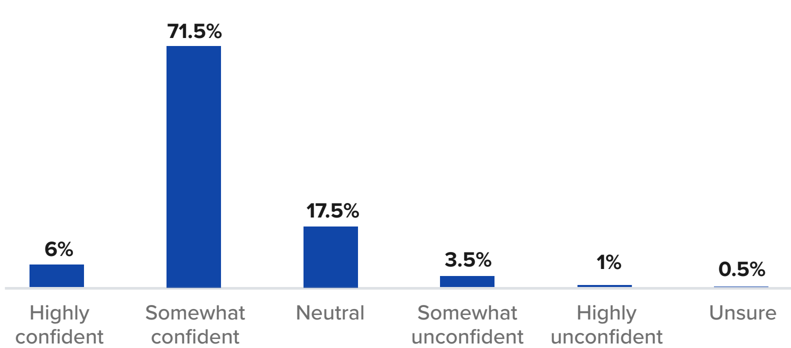
The Cost Cutting / Employee Experience Conundrum

Knowing how long and costly it can be to fix employee software problems, many IT leaders are faced with the puzzle of cutting software license spending whilst sacrificing their company's employee experience and productivity.

To what extent do you agree with the following: We want to cut (optimize) software license spending, but we are concerned about impacts on employee productivity.



In addition, when it comes to mergers and acquisitions only 6% of IT leaders feel highly confident they can balance consolidating employee hardware and application licenses with improving productivity! Although Merger & Acquisition (M&A) activity slowed in 2020 due to the pandemic, it bounced back considerably in 2021 and shows signs of increasing in the years to come. Statista estimated the global value of M&A activity last year was 5.9 trillion USD[3].



[3] Mergers and acquisitions worldwide - statistics & facts. https://www.statista.com/topics/1146/mergers-and-acquisitions/#dossierContents__outerWrapper

"Many IT leaders are faced with the puzzle of cutting software license spending whilst sacrificing their company's employee experience and productivity."

Conclusion & Tips for IT

Although the majority of IT leaders pointed out an alarming lack of visibility and control over their software performance, we believe there are plenty of straight-forward solutions available that have been tested and approved by real Nexthink customers:

1. **Continuously Analyze Your Employee Adoption Rates and Usage**
   Once you've visualized the utilization rates across your SaaS application suite, you'll be able to engage with employees who aren't using designated apps and ask them for permission to remove the licenses from their devices (or offer them training to increase the odds of their uptake and use). Much like with any hardware provisioning strategy, an approach to SaaS rationalization will reduce costs significantly, without having an impact on the employees who actually rely on these tools.

2. **Use a Centralized Cloud Integration Platform & Prevent Costly Over-Integration**
   One way to save money is to ensure your architecture doesn't have too many connections. Organizations often make the mistake of over-integrating. When they introduce a new system to the environment, they spend a huge amount of time, resources, and money to architect connections between the new tool and their existing systems. Operations teams can avoid these unnecessary expenses by consolidating software, and prioritizing applications that already share data and don't require additional manpower to create integrations. They can also migrate to a cloud integration platform that makes point-to-point integration unnecessary; this initial investment can ultimately lead to lower costs down the road and help avoid superfluous data transfer costs.

3. **Improve Employee Productivity by Continuously Measuring Employee Experience**
   It's important not to have tunnel vision when troubleshooting software performance and licensing problems, let alone any IT issue. Often times, one application error might be part of a larger network or device problem across your user base. The only way to solve both minute and widespread technology problems comprehensively is to approach them from the perspective of the endpoint and employee. Through a combination of in-context, onscreen survey campaigns (like Nexthink Engage), and an accurate Digital Experience Score (that contains both the right technical and user sentiment data) you'll be able to track employee productivity and plan ahead.

Nexthink Customer Use Case

How Anheuser-Busch inBev Saved $261k on PowerBI Licenses

AB InBev is the world's largest beer brewer in both volume and revenue, operating in over 150 countries and producing over 600 different brands of beer. When their Global Digital Workplace team investigated areas to implement cost savings while improving and measuring digital employee experience, they focused on optimizing software licenses and used Nexthink to find some answers.

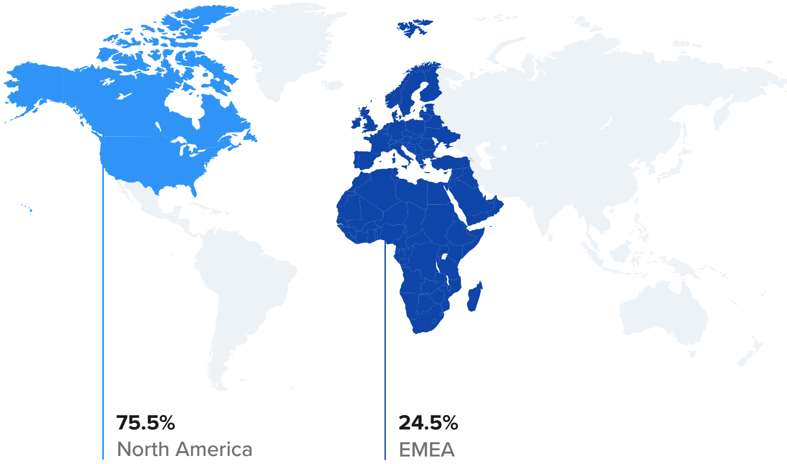
Leveraging Nexthink's intelligent Software Asset Management dashboard, they were able to visualize the cost and usage of their software licenses. One of the first software applications they looked at was PowerBI. The business had purchased 10k licenses to support their users, yet with Nexthink, they were able to see that 99.9% of those licenses were unused! To put it more plainly, only seven out of 10,000 licenses were actually in use.

The value they recognized was pretty clear cut: they reduced their license count to only the seven employees that needed Power BI licenses, and AB InBev saved over $261,000 on PowerBI licenses, without any negative consequences to the employee experience.

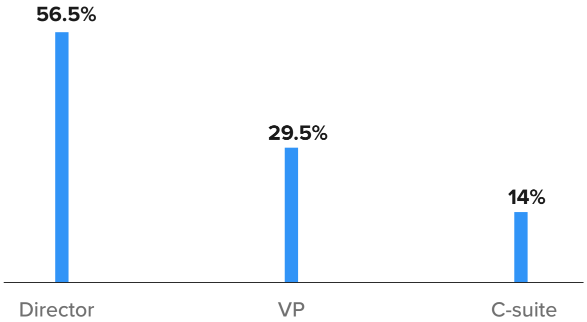
AB InBev is always looking to not only improve IT services but also find ways to save money while optimizing everything as much as possible. This same team also found unused Microsoft Visio and Project licenses. They were able to uninstall almost 80% of their existing licenses to realize another $24,000 in savings.

About the Data

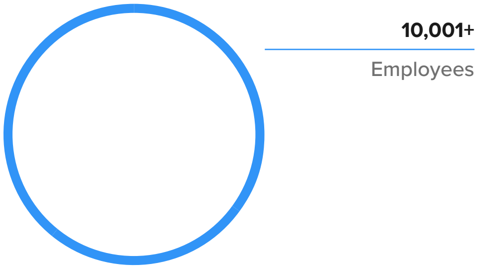
Respondent Region



Respondent Title



Respondent Company Size



ABOUT NEXTHINK

Nexthink is the global leader in Digital Employee Experience management. The company's products allow enterprises to create highly productive digital workplaces for their employees by delivering optimal end-user experiences. Through a unique combination of real-time analytics, automation and employee feedback across all endpoints, Nexthink helps IT teams meet the needs of the modern digital workplace.

Have questions about the Nexthink Platform?

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