



# Lionfish Tech Advisors Report for Evaluating SaaS Procurement and Management Platforms





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## Introduction

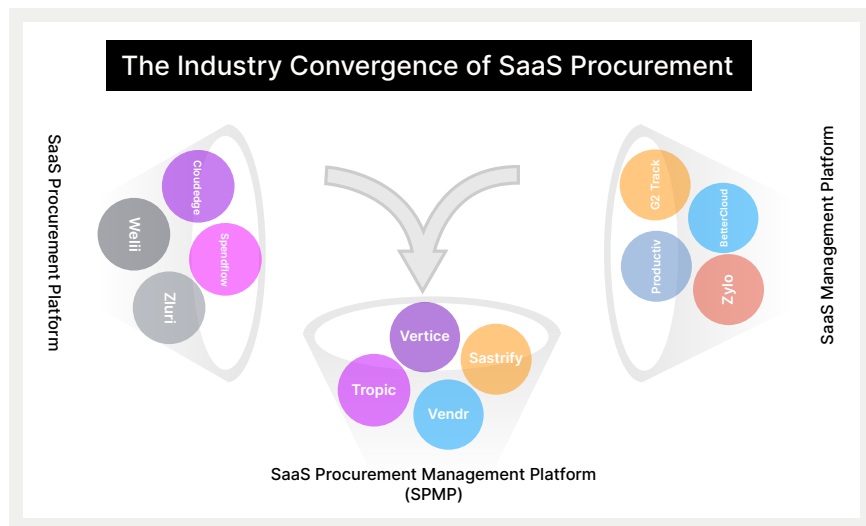
This Lionfish Tech Advisors Evaluation Report is a detailed analysis of the SaaS Procurement and Management Platforms (SPMP) market sector. This report provides an overview of the market as well as current trends, forward-looking analysis, and a detailed evaluation of the top four competing vendors in this market that includes each provider's offering as well as solution characteristics that have an impact on performance, scalability and customer satisfaction. The outcome will provide clear and actionable recommendations on how to efficiently and effectively navigate the SPMP market and how to select the best solution that will meet your organization's requirements.

## Industry Overview

Many businesses use multiple SaaS applications to run various aspects of their operations. However, managing these applications can become challenging when they are accessed through different consoles or interfaces. It can result in sprawl, making it difficult to keep track of all the applications, their usage, and the corresponding costs. This may lead to overspending on applications and buying tools that are not being utilized to their full potential. Additionally, without centralized control, it can be challenging to maintain security and compliance standards across all applications.

Moreover, the pricing opaqueness of the software industry makes it challenging for businesses to know what constitutes a fair price for the application they are buying. Businesses negotiate for applications periodically and lack deep per vendor negotiation frameworks to deliver optimal commercial outcomes.

To overcome these challenges, businesses can consider adopting a centralized SaaS Procurement and Management Platform (SPMP) to provide better control and optimize spending by allowing businesses to optimize negotiations and monitor usage and costs across all applications. Finance and Procurement leaders, and IT Managers, can use this report to evaluate generally available capabilities and navigate the SPMP market.



## History

The SaaS Procurement and Management industry has its roots in the broader procurement and sourcing market, which has evolved over the past few decades alongside advancements in technology and globalization. Initially, procurement processes were manual, paper-based, and time-consuming. As cloud computing became more prevalent, the SaaS model emerged as a more efficient and cost-effective way to deliver these solutions. SaaS procurement and management platforms allow companies to streamline their procurement processes, automate manual tasks, and centralize data and vendor management in a scalable, accessible manner. The market is being driven by factors such as the increasing adoption of cloud-based solutions, the need for businesses to automate and optimize their procurement processes, and the increasing demand for real-time data analytics.

## Current Trends

SaaS spending continues to grow by over 20% annually, as organizations maintain an average of over 125 different SaaS applications that can total up to \$10,000 USD per employee annually. SaaS spending is often complex due to decentralized ownership and sourcing.

**Some of the most significant current trends in the SaaS Procurement and Management industry include:**

- **Increased adoption of SaaS platforms:** As businesses continue to transition towards remote work and digital transformation, the adoption of SaaS continues to proliferate. SaaS platforms offer greater flexibility, cost savings, and accessibility compared to traditional on-premise solutions.
- **Focus on data analytics and insights:** Modern SaaS procurement platforms leverage data analytics to provide businesses with valuable insights into spending patterns, vendor performance, and potential cost-saving opportunities. This data-driven approach helps organizations make more informed decisions and optimize their procurement processes.
- **Automation:** One of the current trends in the SaaS procurement and management industry is the increasing use of artificial intelligence (AI) and machine learning (ML) to automate the procurement process. AI and ML can be used to analyze data and identify patterns, which can help businesses make better decisions about procurement.
- **Integration with other business systems:** SaaS procurement platforms are increasingly integrating with other business systems, such as enterprise resource planning (ERP), customer relationship management (CRM), and financial systems. This integration enables seamless data sharing, enhanced visibility, and improved process efficiency.
- **Sustainability and supply chain transparency:** As organizations become more environmentally conscious and socially responsible, SaaS procurement platforms will need to provide tools and features that help businesses assess the sustainability and ethical practices and general oversight of their suppliers.
- **Enhanced vendor collaboration:** Future SaaS procurement platforms will likely focus on enhancing collaboration between businesses and their vendors, promoting real-time communication, and streamlining negotiations and contract management.

## Use Cases

Below are the top use cases for adopting SPMP solutions.

- SaaS Contract Negotiation
  - ▶ Get the fairest pricing when buying or renewing software.
- SaaS Spend Management
  - ▶ Stretch your software budget further.
- SaaS Purchasing
  - ▶ Streamline your software purchasing and approvals.
- SaaS Management
  - ▶ Monitor and manage your entire SaaS stack.
- SaaS Selection
  - ▶ Leverage benchmark data to make more informed purchase decisions.

# Vendor Assessment

## Methodology

Vendor product feature sets were assessed across five key foundational capabilities:

- **Spend management and analytics:** Features include spend analytics, visualizations, renewal tracking, budgeting, and contract storage across SaaS and non-SaaS.
- **Usage analytics and application discovery:** Features include tool discovery, license analytics, login frequency, and utilization insights.
- **Procurement process:** Features include vendor discovery, approval workflows, new purchase requests, in-platform messaging, vendor compliance, vendor security diligence, and vendor legal reviews.
- **Integrations:** Categories include Accounting & ERP, SSO & Identity, Usage & Utilization and HRIS.
- **Data Intelligence:** Features include benchmark usage insights, tech stack modeling, product recommendations, and contract structuring advice.

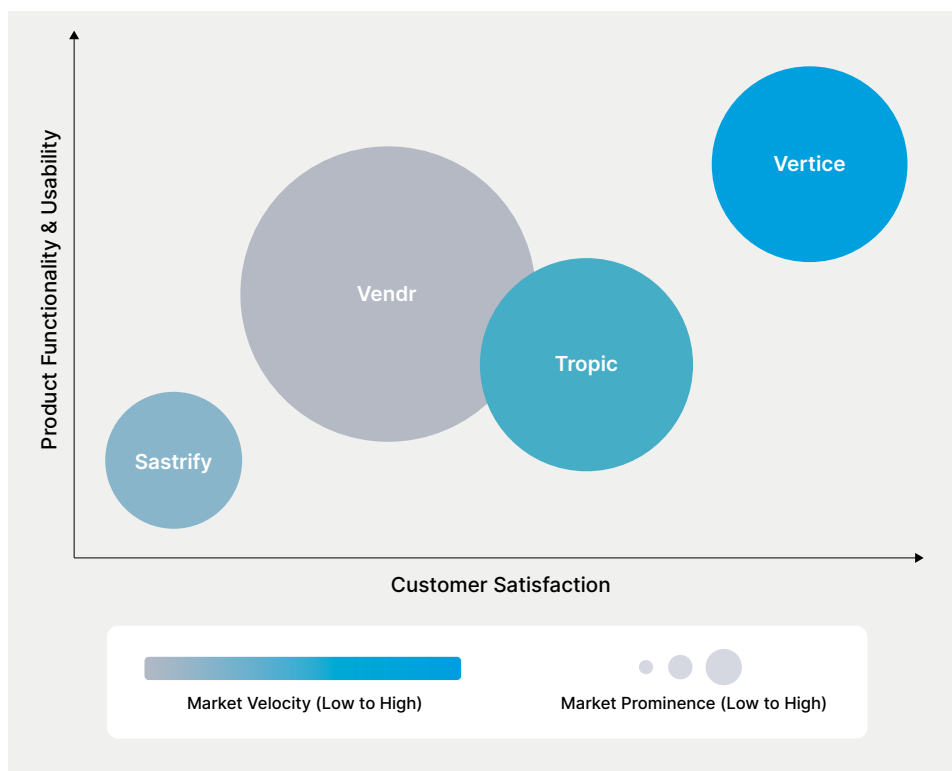
Vendor product feature sets were assessed across five key foundational capabilities:

- **Saving outcomes and ROI:** What savings have been generated, how these compare to the projected ROI, how transparent/real the savings calculated actually are, and how it was delivered to the customer.
- **Service excellence:** The proactiveness, efficacy, and stability of the services teams, any friction the customer experiences in engagement, and how readily vendors map to existing customer processes.
- **Data insights:** The depth, relevance and recency of the vendor data insights, and how easily these are actionable by the customer.

Market velocity was assessed based on growth rates across customer acquisition, employee growth, regional expansion, brand development, and product innovation.

Market prominence was assessed based on size, funding, reputation, and brand awareness.

## Summary of Top Vendors



**Sastrify** is an established market player but has yet to have any significant expansion outside of Europe and generally services smaller businesses. Customers perceive support as more reactive than proactive, and product usability is only satisfactory.

**Tropic** rates well in most categories but doesn't lead in any specific area. Product enhancements took some time to materialize, and the company has a minimal presence outside North America. Tropic has recently changed its engagement model, which increases complexity for some customers.

**Vendr** ranks high in product functionality and is the largest provider by market share. However, it has experienced many negative customer reviews and lost momentum in the market while experiencing significant layoffs of 25% of its workforce in June 2023.

**Vertice** ranks highest in both customer satisfaction, outcomes achieved and product functionality/usability, and has the fastest market velocity of any player in the market today.

## Vendor Profile: **Sastrify**

### Overview

- HQ in Cologne, Germany.
  - Founded in 2020, 170 employees (June 2023).
  - Total funding of USD 55 million (USD 22 million Series B in 2023 led by Endeit Capital).
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### Key Differentiators

- Sastrify is based out of Germany where it has a strong presence.
  - Quick onboarding and implementation experience.
  - Good training and support documentation.
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### Buying Service

- Sastrify is less proactive than other SPMPs; customers must approach Sastrify for negotiation assistance. Many Sastrify customers still negotiate the majority of the contracts themselves.
  - Sastrify acts as a reseller for many vendors and offers reseller discounts. While they pass reseller discounts on to customers, they offer a standard discount and do not negotiate case-by-case for customers.
  - Sastrify is the signing party for the majority of vendor agreements where they are resellers. If customers leave Sastrify, the customer may need to renegotiate a net new agreement or pay list price.
  - Customers report that Sastrify does not leverage their data in negotiations.
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### Product

- Sastrify has basic functionality, but is behind the key SPMPs in terms of advanced product features and integrations.
  - Customers report that the User Interface is difficult to navigate and requires a great deal of manual work to get access to data and take action.
  - Slower than average to develop new features when compared to competitors - key features like their usage analytics feature was only launched recently.
- 

### Support

- Customers are satisfied with the speedy onboarding and implementation process of Sastrify and the general good training and documentation availability.
  - Experience of their team is junior compared to competing solutions, and customers complain about high support personnel turnover.
  - Primarily European support coverage.
- 

### Pricing and Guarantee

- Pricing and guarantee are transparently listed and slightly lower than other SPMPs.
- Savings calculations include non-realized/potential savings as well as savings from introduced third-party tools, making the savings guarantee less meaningful for customers as saving values may be inflated.

# Vendor Profile: Tropic

## Overview

- HQ in New York, USA.
  - Founded in 2019.
  - 300 employees (June 2023).
  - Total funding of USD 67 million (USD 40 million Series B in 2022 led by Insight Partners)
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## Key Differentiators

- Tropic Exclusive Deals, also known as Tropic-only Deals, enables customers to access discounts directly through its platform.
  - Strong focus on the US market.
  - Product focus on automating the procurement process.
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## Buying Service

- Tropic shifted its business model recently to offer its buying service only as an add-on, becoming less proactive than other SPMPs.
  - Tropic pushes pre-negotiated deals for many vendors (Tropic Exclusive Deals). This reduces the buying time but results in a standard discount instead of negotiating case-by-case for customers. Tropic Exclusive Deals also often only contain discounts for the first year.
  - Buyers are assigned based on sector specialty and not dedicated to each customer, and customers have complained about having too many contact persons involved in the overall buying process.
  - Pricing benchmarks are primarily US-based due to the fact that the majority of their customer base is located in the US.
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## Product

- Good overall scope of features and integrations with focus on replicating detailed procurement process. The user interface is satisfactory.
  - Slower speed of product innovation than other SPMPs - most key features were only released in the first half of 2023.
  - Tropic pricing benchmarks are available in the platform, although the range for a given vendor is often too wide to be truly useful for customers.
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## Support

- Tropic has offices only in the US, and international customers have complained about the lack of service availability.
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## Pricing and Guarantee

- Tropic recently changed its pricing model. The buying service, alongside other features and integrations, are now available as an add-on, not by default as for other SPMPs.
- Less transparent than peers with pricing and guarantee not available on the website.



## Vendor Profile: Vendr

### Overview

- HQ in Boston, USA.
  - Founded in 2018.
  - 380 employees with 25% layoffs announced in June 2023.
  - Total funding of USD 216 million (USD 150 million Series B in 2022 led by SoftBank Vision Fund and Craft Ventures).
  - Focused on US, with a presence in Europe.
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### Key Differentiators

- Largest market share in the SPMP space and first to market.
  - Strong presence in North America.
  - Mature product functionality.
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### Buying Service

- Vendr works as a reseller for many vendors and has been reported to receive pass-throughs on deals, potentially influencing customer recommendations. By pushing pre-negotiated Vendr+ deals, Vendr does not work case-by-case on these renewals/purchases, and customers primarily access standard reseller discounts.
  - Vendr negotiates on the customer's behalf if the customer requests it as part of a renewal or net new purchase, although the default option is background support only.
  - Customers complain about a high turnover of personnel, junior staff, and too many assigned buying managers, as there is no dedicated buying manager for each customer.
  - Vendr has a large dataset due to its size, but customers have complained about the data not being leveraged by Vendr staff in negotiations.
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### Product

- Vendr offers a mature set of product functionality and integrations. Customers are satisfied with the customizability of procurement workflows that can be tailored to meet specific business requirements.
  - Offer pricing benchmarks within the platform but limited in scope.
  - Vendr's key challenge is the speed of innovation and release of new feature releases. Vendr acquired Blissfully to add additional SaaS management functionality but has historically struggled to build basic functionality into the platform.
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### Support

- Vendr laid off 25% of their staff in June 2023. Customers have voiced concerns over customer success personnel being changed and Vendr's ability to support them moving forward.
  - Concern from customers that Vendr may retrench from the European market.
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### Pricing and Guarantee

- Pricing and guarantee transparently listed - slightly higher pricing than other SPMPs.

## Vendor Profile: **Vertice**

### Overview

- HQ in London, UK.
  - Founded in 2021.
  - 110 employees (June 2023).
  - Total funding of USD 26 million led by Bessemer Venture Partners and 83North.
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### Key Differentiators

- Speed of innovation and feature releases.
  - High customer satisfaction with the strongest reported savings generated.
  - Global market presence and offices across US, Europe, and APAC.
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### Buying Service

- Dedicated buying managers for all customers, compared to multiple buying managers for each customer at other SPMPs.
  - Vertice does not work as a reseller and negotiates individually on all renewals and purchases for customers. Customers are very satisfied with this proactive approach to renewals and new purchases by Vertice personnel.
  - Customers highlight data-driven approach to negotiations supported by its data insight team as well as Vertice's global coverage of vendor insights.
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### Product

- Rapid speed of feature releases given age of company and a strong focus on innovation, with 30% of team in engineering capacities.
  - Best-ranked user interface across key SPMPs.
  - Customers often choose Vertice for most advanced features across competitors, mentioning features like usage analytics and discovery.
  - No pricing benchmarks directly available in platform, only available on request.
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### Support

- Customers very satisfied with Vertice support and highlighting professionalism and knowledge of the Vertice team.
  - Vertice covers support across offices in US, Europe, and APAC.
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### Pricing and Guarantee

- Pricing and guarantee are transparently listed on its website. Pricing is competitive with other key SPMPs.
- Transparent saving calculations, only recognizing savings when these have been realized.

## Other Vendors

These vendors are generally local/regional or provide only part of the combined feature set across procurement and management.

**SaaS Procurement Platform (Standalone)** - CloudEagle, SpendFlo, Welii, Zluri

**SaaS Management Platform (Standalone)** - BetterCloud, G2 Track, Productiv, Zylo

## Conclusion

Organizations that fail to attain centralized visibility and management will overspend on SaaS by at least 25% due to incorrect and unnecessary entitlements and not rationalizing overlapping tools and instances. Over half of the organizations using multiple SaaS applications will centralize management using an SPMP by 2028, an increase from less than 15% in 2022.

### Benefits

**The benefits of SPMPs include:**

- Greater visibility and manageability of SaaS.
- Maximized return on SaaS investment by driving adoption and optimizing entitlements.
- Improved management and decision-making regarding SaaS contracts and renewals, as well as optimizing costs.
- Less unsanctioned SaaS usage with a curated store experience for employees to find approved SaaS apps.
- Reduced IT overhead with automation.
- Better collaboration between teams that participate in the SaaS life cycle.

### Recommendations

**To effectively manage the full SaaS life cycle with an SPMP, leaders responsible for managing SaaS and the digital workplace must:**

- **Address core use cases** by researching SPMP market dynamics, generally available capabilities, and selecting leading SPMP providers that have product features, customer support, and pricing models that meet all of your requirements for success.
- **Formalize a business case by comparing the costs** of an SPMP and resourcing against smart objectives that align with strategic value for your organization, with clear and agreed-upon measures of tangible and intangible benefits.
- **Maximize ROI** by engaging all key stakeholders, including but not limited to finance, procurement, line of business owners, asset management, IT security, digital workplace, and application leaders, to cover all phases of the SaaS life cycle.

## About Lionfish Tech Advisors

Lionfish Tech Advisors offers advice to help businesses with their digital enterprise and IT initiatives. They work with enterprise and finance leaders, CIOs, CxOs, and technology organizations to give practical and strategic advice that can help modernize and transform their businesses. Their advice is aimed at helping businesses understand and meet the changing demands of their customers. Lionfish Tech Advisors uses proven methodologies and industry best practices to help businesses overcome complex challenges and make decisive actions with confidence. Their analysts have decades of extensive experience working with a range of global and industry-leading clients. Lionfish Tech Advisors takes an unbiased approach and connects with subscribers on a deep level.

## Methodology

*Lionfish Tech Advisors Report: Evaluating SaaS Procurement and Management Platforms* is for buyers considering their purchasing options in a technology marketplace and is based on our analysis and opinion. To offer an equitable process for all participants, Lionfish Tech Advisors follows a publicly available methodology, which we apply consistently across all participating vendors.

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