# Cledara

The Official ✔

# 2023

# Software Management

## Guide

for Startups and Scaleups

SaaS has taken over.

From Notion to Slack, Hubspot to Github, and everything in between, companies rely on SaaS applications to power their businesses. Our SaaS bookshelves are so full that we're not even sure which apps we have, how much we pay for them, and if we actually use them all. We've developed a SaaS dependence and it's time to apply some Marie Kondo tactics to our software stacks.

We wrote this book based on the learnings of the over 1000 startups and scaleups we serve every day. As Cledara manages the largest structured data set in the world around SaaS buying behaviors and preferences, we've got quite a bit to share on this topic.

We'll take you through the entire software journey and share actionable insights to help you get more from the software you depend on.

Why?

You should be able to get the most out of the software used to power your business every day. To do that, a better approach is in order – one that places priority on the management of the entire software journey.

## Let's get started!

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# Software – A double-edged sword

We love our business software. To the tune of $208B in spend in 2023 according to Gartner.

Easy to try and buy, B2B SaaS apps help us efficiently build our businesses, while keeping our employees engaged and empowered to use the tools of their choice to success. Usually, it's just a few clicks and a download to get started with a new tool.

On top of that, most software tools are intuitive and user-friendly: no lengthy roll-outs, training and how-to guides to get productive.

The right software allows us to stay productive and compliant, and to dial-up and down usage based on need. That's of course cheaper than adding headcount, allowing you to grow your human resources only where you need.

That's good stuff!

But as with anything else, "too much of a good thing", creates its own set of challenges.

These range from the unsurprising, like companies not making the most of their investment in software, to less obvious issues, like increased compliance and risk issues, spiraling costs and a hit on company culture.

And these challenges only compound over time.

Our data shows that as companies scale, so does their software stack. What's more, many of the software apps they're subscribed to are point-solutions that may only be used by specific people in the company.

**Tools that may have empowered your business when it was small, can start to get in the way as you grow, or when the belt needs tightening.**

**The things that make SaaS so attractive – ease of adoption and implementation – can be the ones that cause serious friction down the line.**

If no clear process for purchasing and managing software exists, and anyone in the business can just buy the tools they want, you can soon end up with an expensive, complex, and non-compliant software stack that eats up time and budget, and hinders growth.

## Software Management: Your foundation for growth

The good news? Businesses that have a solid strategy for software management have a leg up. They're able to save money, shore up security and enrich the employee experience.

**Software Management is a mindset.**

Beyond tools and technology, a sound software management process includes visibility and control of the software you bring in your company. It's about the process, training, and support available to ensure the right software is available to the right teams, at the right time.

In the end, Software Management helps you focus on your employees to do their best work with the tools they need, increase efficiency, stay compliant, and drive growth.

This guide is all about helping you optimize the software journey from discovery to all the way to cancelation. With key insights for the different stages in your software journey, we'll show you how a tool like Cledara can help you be better every step of the way.

# A step-by-step guide to software management

To make the most out of your software, it's important to break down the whole journey into smaller steps. Here's everything you need to know about software management from start to finish.

# When to invest in new software

Many businesses are tempted to invest in new software as soon as they get funding, or when they discover a tool they think may drive growth or efficiency.

A more strategic approach may pay off in the long run.

Consider upgrading your software stack when you hit the following milestones:

**Headcount growth**

When headcount thresholds are hit, look for tech that enables managers and senior leaders to grant access based on user needs, while retaining oversight and control over each function.

Also, look for solutions that automate manual

processes and free up time. Finding software that helps you automate low-value work while your team develops is a win-win.

## Team diversification

As your business evolves, core teams grow and their work becomes more specialized. At the point that you start adding those new teams, review your software stack.

The key here is to ensure that the decision for new tools is a collaborative process. For example, when onboarding an HR solution, it still needs to integrate with accounting and payroll systems and be used company-wide. Involve Finance teams and take their needs into account – even if the tool will ultimately be managed by the People team.

## Market expansion

Whether you've opened an international

office or started serving customers in new growth markets, geographical expansion puts additional demands on your software.

Some tools aren't used widely across certain markets. That means you have to integrate with several local versions of the same tool, adding complexity to your backend.

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# Who to involve in the software buying process

A big part of the appeal of the SaaS model is that anyone, especially non-technical teams, can buy and use the tools best suited to them.

But this approach, while great for individuals, introduces risk to the wider business.

On the other hand, the days of IT managing and controlling the software that enters the company are long gone.

**So how do you strike the right balance?**

There's no hard and fast rule about who should have ultimate responsibility for software purchasing and management in a startup. The businesses we work with all do it differently, depending on their size, resource, company culture, and team structure.

Whichever way businesses manage their software, it's clear that there's room for improvement.

Our research shows that 65% of businesses think their processes could be better, especially as the number of purchases and cost of contracts continues to rise.

Cledara research shows that:

- ✅ **64% of startups put responsibility for SaaS with IT**
- ✅ **41% of startups put responsibility for SaaS purchasing with team leads**
- ✅ **35% of startups put responsibility for SaaS with Finance**
- ✅ **14% of startups put responsibility for SaaS purchasing with individuals**

But due to concerns about risk, visibility, and cost, the majority are either thinking about or

have already switched up their processes.

## A joint approach is best

How you decide to manage your software buying process depends on the specific structure and culture of your business, as well as your growth trajectory. It's not black and white, and ideally, you should try to find a blended approach – something that makes teams feel empowered, without IT and finance losing control.

A combination of tools and processes can help facilitate this, and encourage a strong culture of decision making around software across teams. A clear and documented request process and credit cards with a pre-approved budget for SaaS spend streamline purchasing without cutting corners.

# How to pay for your software

While most SaaS seems relatively inexpensive at the outset, usage-based or tiered pricing can quickly outstrip original budgets. That's why it's important to assign ownership over costs, growth projections, and expansion requirements before you buy.

Getting clarity on projected costs early only makes sense for budget owners, and easier for Finance to track and reconcile expenses, and model budgets.

**So how should you actually pay for company software?**

When employees use their own cards and claim expenses back, it's hard to understand how much is being spent on software applications across the business.

Using a single company card isn't much better, as it requires you or Finance to sift through bank statements line by line to add up each transaction. That screams manual, after-the-fact, cumbersome and error prone.

A single card also introduces unnecessary risk: if that card gets lost, stolen, or breached, you risk business continuity (i.e. your software won't work if the payment fails), and a new set of tasks await in the form of updating all your vendors with a new card.

That's why the use of a separate virtual card for each SaaS purchase is a far better and safer way to track and manage software spend.

Virtual cards help empower teams, enable purchase automation, and keep software costs under control and minimize risk. The wider business benefits are significant:

## Free up time for Finance

Virtual cards remove the need for a centralized sign-out process. Instead, you can instantly issue a new card for each team member, project, agency, or service.

## Improve company culture

Virtual cards improve internal working relationships. Employees can request budget and cards directly, empowering them to make their own decisions, with embedded management visibility and control.

## Increase security

Virtual cards are less vulnerable to attack than physical cards. That's because they're used by fewer people, for fewer purchases, and because they can't fall victim to RFID theft. And when you use just one card for one software application, you limit the card's exposure.

# Management of your software

Most businesses simply don't know how much value they're getting from software, because even if they know which tools they have, they probably don't know who – if anyone – actually uses them.

But understanding why, when, and how much software is used is just one part of the management process. You also need to ensure that it's used safely and that risk management evaluations are easily embedded so it becomes second nature for anyone in the business.

Managing your software subscriptions manually is resource-intensive; which is why tools like Cledara exist to centralize all the relevant information and make it much easier to keep tabs on your software stack.

We think about software management across five different dimensions:

- ✅ Automation: How can I automate admin tasks such as chasing invoices, bookkeeping, and reconciliation?

- ✅ Onboarding: How do I facilitate leaver/joiner/mover processes as my company grows?

- ✅ Manage: How do I manage the moving targets of budgets and spend?

- ✅ Usage: How do I know which apps are used within my company?

- ✅ Compliance: How do I simplify the risk management process for my SaaS subscriptions?

This way, you're able to cover all bases and ensure that the company software stack is managed properly. The truth is, with all the software we use, a simple spreadsheet approach to software management won't cut it.
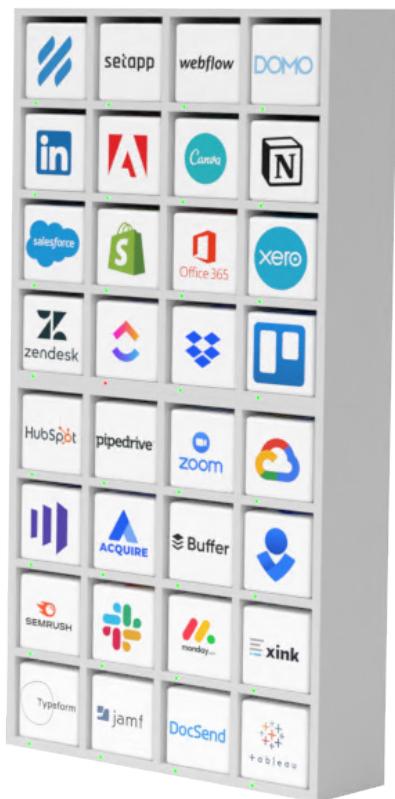
# Software cancelation

Buying software is easy – canceling isn't. It's actually painful sometimes.

Subscription renewal information is often deliberately opaque. Renewals tend to surprise us, introductory prices and terms end, and costs creep up. Also, we're human and we sometimes forget about what we're subscribing to, or assume another team needs that app. This all hurts your bottom line, causes unnecessary frustration, and creates a mess for Finance to deal with.

Time to get organized.

Track renewal dates for your SaaS and know to whom invoices and reminders are sent. If you do need to cancel, give yourself plenty of time to navigate potential complexities. Incorporate software usage data into your employee

offboarding process too, so licenses can be canceled or transferred when individual owners leave.

Virtual cards help here.

Now that you have stopped paying for all your software on one company card (see *How to Pay for Your Software* above), virtual cards make cancelling as easy as a click. Now you can't be charged, and you can unsubscribe with the vendor without any stress of getting hit with another charge.
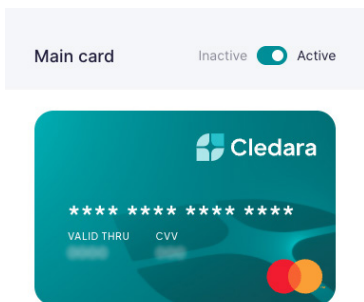
# 4 steps to get control of your software

# 1 Take stock of the software you already have

Do you even know which software you and your employees use right now across the company? Chances are the answer is no. In the old days, they called this Shadow IT – unnoticed and usually unapproved software that exists in your company. With the rise of cloud software, it's easier than ever for your teams to try and buy new applications. Check out how you can get an overview of the software that's actually being used – or not used – across the business with [Cledara Engage](#).

## 2 Track all your company's subscriptions in one place

If you are like the typical startup, you're subscribed to anywhere between 13 and 66 different software applications (that you're aware of) and you probably keep track of it all in a few different spreadsheets. Perhaps it's about time you conduct an audit of your subscriptions. Go down the list of the applications you know about, scan through your company credit card statements, and chat with other teams to figure out what's being used. Once you've built that overview, securely manage that information with a tool like Cledara.

# 3 End free trials to avoid expensive mistakes

It's no secret that much of the software we end up paying for starts out innocently enough as some form of a free trial. Once you're in, vendors know that it's easy to keep you after they manage to deliver some initial value. It's up to you to stay vigilant and challenge the value you're getting, and cancel that subscription once the value is just not there anymore.

## 4 Automatically collect your invoices in one place

While you're at it, make your finance department's lives a bit easier by automating software invoice collection. Centralizing your software subscription management and using virtual cards to pay for subscriptions allows you to automatically capture and match invoices to subscriptions, freeing up time for finance to get important work done.

# Set yourself up for software success

Knowing when to buy software, who to involve in the approvals process, how to manage and easily cancel it will give you an edge that drops right to the bottom line.

A good SaaS management process considers the whole lifecycle of SaaS – not just the purchase. To put your best foot forward when it comes to SaaS management, remember to think long-term. Establish processes around key milestones (purchase price, usage, expansion and potential upgrades…) early will help you to drive real value from your software investments and keep your teams engaged and accountable.

Now, let's dive into some actionable SaaS insights from Cledara data.

# The latest SaaS insights

## How software spend increases as you scale

Cledara organizes vast amounts of data surrounding software payments, usage and buyer preference to enable unprecedented visibility and control over a company's software investments

We dug into our data to discover how monthly software spending changes when startups scale

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up into larger companies – think about going from the initial 1 to 9 employees and growing headcount to 50+ employees.
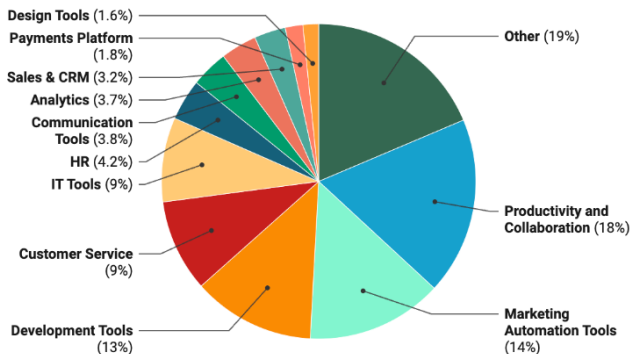
## Increased SaaS spend as companies scale
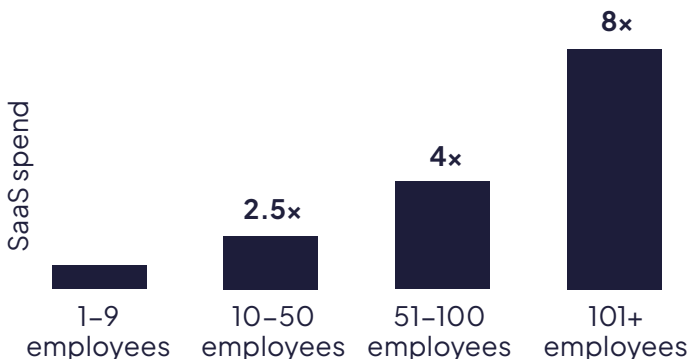


What we saw is an 8× increase in software spend as startups scale up. This increase isn't just related to the number of seats for each tool. As companies scale, their needs require them to

use more sophisticated features usually offered only in higher priced tiers.

This data helps you benchmark software spend as you scale, helping you plan accordingly.

# A Closer Look at Software Spend

We aggregated and anonymized the spend of startups and scale-ups with 10–100 employees in the US, UK and Europe, and here's the breakdown of tools used:



- Design Tools (1.6%)
- Payments Platform (1.8%)
- Sales & CRM (3.2%)
- Analytics (3.7%)
- Communication Tools (3.8%)
- HR (4.2%)
- IT Tools (9%)
- Customer Service (9%)
- Development Tools (13%)
- Other (19%)
- Productivity and Collaboration (18%)
- Marketing Automation Tools (14%)

Overall, spend is allocated somewhat evenly across key business categories. No surprise here as these are the building blocks required to run a startup nowadays. What's more, over half of software spend is divided between what we like to call "the big 5 + 1".

1. **Productivity and Collaboration**
2. **Marketing Automation Tools**
3. **Development Tools**
4. **Customer Service**
5. **IT Tools**
**+1 "Other"**

This category consists of all the other types of software implemented by startups and scaleups. The tools depend on the industry but can be anything from usability testing all the way to a simple, but useful paid add-on.

# Is SaaS spend still increasing?

Short answer, yes. It always does.

Every month at Cledara we release the Cledara SaaS Momentum Index, an indicator of the health of the SaaS market based on aggregated, anonymized Cledara data. It's simple:

- ✅ When the index rises above 100, SaaS spend momentum gets stronger

- ✅ When it falls below 100, SaaS spend momentum is weaker as fewer companies are spending more on SaaS vs. the previous month.

We first released the index back in January 2021 and it has never gone below 100, which means

that, on average, companies always increase
their SaaS spend.

Altogether the SaaS market remains very
healthy, notwithstanding market downturns,
declines in public-market valuations, or end-
of-days proclamations on Twitter. Companies
continue to increase both the number of SaaS
subscriptions they use, and their software spend
– simple as that.

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## Meet the all-in-one software management platform for startups and scaleups

Thanks for reading our Cledara Software Management Guide and we hope you found it useful. For more strategies, insights and data be sure to check out our resource hub at www.cledara.com

## We're here to help

At Cledara, our mission is to improve your relationship with software. We help companies around the world simplify the way they discover, buy, manage and cancel software to give businesses like yours full visibility over 100% of your subscriptions.

This empowers teams to own and manage their software applications, while giving management the right level visibility and control needed.

We truly believe that the value we create extends beyond the workplace, to the individual that can spend their valuable time on what they choose.

This is the true power of technology.

**To find out more about how Cledara can help you, book a quick 15–min demo with our team!**

**Book a demo**

# Customer Stories

Here's what a few of our customers have to say about their experience with Cledara.

**Conduktor**

"We were at a stage of the company where it was like the wild-west of software – everyone choosing their own tool and inadvertently creating unwanted data silos. We were able to turn this around with the help of Cledara, which allowed us to manage and centralize our software stack. This ultimately helped streamline our acquisition and employee

software onboarding process.

*Mark Yates, VP Finance*



**Sifted**

"Cledara has allowed us to professionalize our processes. Instead of behaving like a scrappy startup where images of receipts and credit cards are shared amongst each other, we're now able to keep oversight on spend and invoices. If someone needs a new tool, we can simply spin up a virtual card when required."

*Kathryn Wright, Chief of Staff*

# what3words

**What3Words**

"Today, we don't have to remind people about expenses and receipts because they know what they're responsible for every month. That makes everything much more efficient on our side."

*Charlie Maynard, Finance Manager*

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