



Evolving Your SaaS Governance Framework for the Digital Workplace



Discover how Freedom within a Framework helps you balance employee choice and compliance

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Introduction

Within the world of IT, the debate rages on over whether it is better to have a centralized or decentralized governance structure for SaaS. On one side is the thought that a single department or sometimes even individual should be the sole gatekeeper, responsible for the purchase and compliance of software options. And on the other is a much more lax approach, that leaves the power to the employees.

The good news is that **you don't have to choose!** Thanks to an emerging SaaS governance approach called "Freedom within a Framework," this is no longer an either-or decision. This comes high on the heels of a growing need for employee flexibility, the digital workspace explosion, and the growth of SaaS.



Helen Kupp, the Head of Product Strategy and Partnerships for Future Forum and SaaSMe speaker summed it up like this:

"Employees continue to have a strong preference for this flexibility. We saw 76% of global knowledge workers want flexibility in where they work. More importantly, we're finding that employees are going to vote with their feet—in terms of what they want from their employers. The same study showed that flexibility ranks second only to compensation when it comes to job satisfaction."



"We saw 76% of global knowledge workers want flexibility in where they work."

- Helen Kupp, Future Forum Data, SaaSMe CIO Panel



And the data backs this up. According to the Bessemer Venture Partners [2021 State of the Cloud Report](#), from February 2019-February 2021, the total cloud market cap more than doubled, which represents a growth from \$690 billion to \$2.2 trillion.

This is a shift in the workspace, but it's also a shift in generational preferences. Two-thirds of Gen Z and Millennial information professionals say [autonomy is a top priority](#) when it comes to their workplace technology. They want the power to choose their own apps, services, and devices that they will use every day.

The shift toward autonomy for workers approached rapidly and is now in full force. Gartner predicts that [40% of workers](#) will be able to orchestrate their business tools with the same autonomy as they have with music streaming by 2023.

This is a journey for every company to secure their tech environment, maintain visibility, and provide employees with the tools they need to succeed. As time marches on, the importance of SaaS governance is only going to grow larger.

Keep reading this ebook to learn how you can evolve your SaaS governance. We'll show you how to support Freedom within a Framework, meeting the needs of your business and your employees!

40% of workers will be able to orchestrate their business tools with the same autonomy as they have with music streaming by 2023.

Source: Gartner

What is Freedom within a Framework?

[Freedom within a Framework](#) is a SaaS governance approach that establishes guardrails so you can trust employees to make the best decisions for your organization. The parameters you establish help to avoid opening the organization up to unnecessary spend or risk. All while enabling employees to have the freedom to choose their tools.

The best companies are now able to embrace shadow IT and harness the power it holds.

As knowledgeable as your company's IT professionals may be, they cannot know the ways of productivity and innovation of every department in the company. Enabling employees to embrace the tools that are most useful for them will always equate to better adoption and more meaningful usage.

Another tremendous benefit of the Freedom within a Framework mentality is it takes the bite out of shadow IT. Though it's been long feared, it is not a concern or threat when the proper framework is in place. The solution is not a tighter grip on what your employees use but, rather, better visibility into what they need and use.

The best companies are now able to embrace shadow IT and harness the power it holds.





We're already starting to see this shift take place as we've witnessed increasingly more [distributed, decentralized technology purchasing](#). And we expect this trend to continue as organizations continue to empower business units and individuals to purchase their own tools.

KPMG recently reported that by 2031, 85% of app management responsibility will live with business units and individuals. By comparison, this form of management accounts for only 60% today. While this represents a great opportunity, it also presents a risk in a few different ways:

- There is a **Financial Risk** if left unchecked as unplanned spending and wasteful spending can quickly run away.
- There is a **Compliance Risk** from the potential for your employees to use the software in unauthorized ways.
- There is a **Reputational/Privacy Risk** of data leaks from information spreading out to various platforms.
- Finally, an **Operational Risk** associated with the deployment of technology that is no longer controlled by you.

These risks are no small matter. Some carry heavy penalties and can even severely harm a business. Still, the management or mitigation of these concerns enables businesses to grow exponentially. [CIOs are welcoming these practices](#) in increasingly large ways and moving to positions of governance and vendor management.

While the future is clearly heading toward this new style of governance, there already exists a wide range of acceptance. The 2022 SaaS Management Index found a correlation between the percentage of employees expensing SaaS and utilization.

Small organizations averaged 26-31% of employees expensing SaaS and 66-68% utilization rate. Compare this to large enterprises at 18% and 60%, respectively. The

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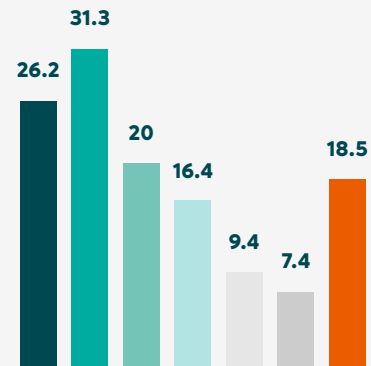
This shows a greater adoption and utilization of tools among employees that can choose their own. Often represented through expense purchases, this freedom empowers employees to use tools that excite them most. This can cut back on training time for required platforms and increase the overall satisfaction of work for the whole team.

Truthfully, every CIO will need to make way for this in the very near future.

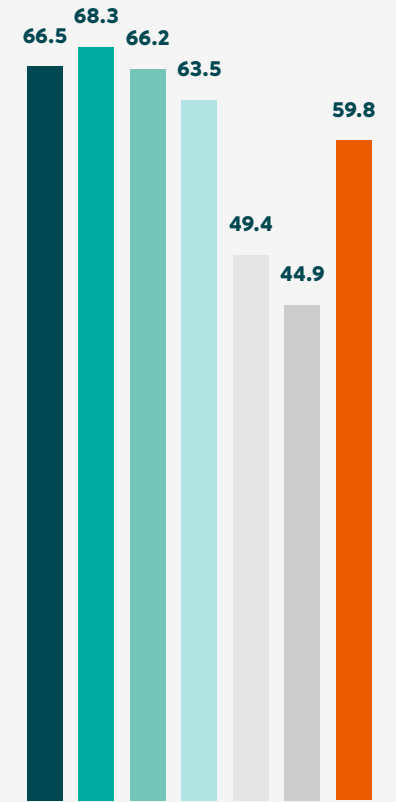
Balancing Employee Choice and Compliance

As the percentage of employees expensing SaaS grows, so does the average utilization rate.

Percentage of Employees Expensing SaaS



Average Utilization Rate



Company Size
● 0-100 ● 101-500 ● 501-2,500 ● 2,501-5,000
● 5,001-10,000 ● 10,000+ ● Total Average

SaaS Governance Spectrum

As a CIO, part of your role is to determine your approach to SaaS governance. As we alluded to at the beginning, there are three basic categories of governance: Decentralized, Centralized, and Freedom within a Framework.

While they are very distinct ways to operate, businesses typically fit somewhere along what we call the governance spectrum. There may be areas where your company gives more freedom than others, for example.

Take a look below for an understanding of what each approach means.

Decentralized

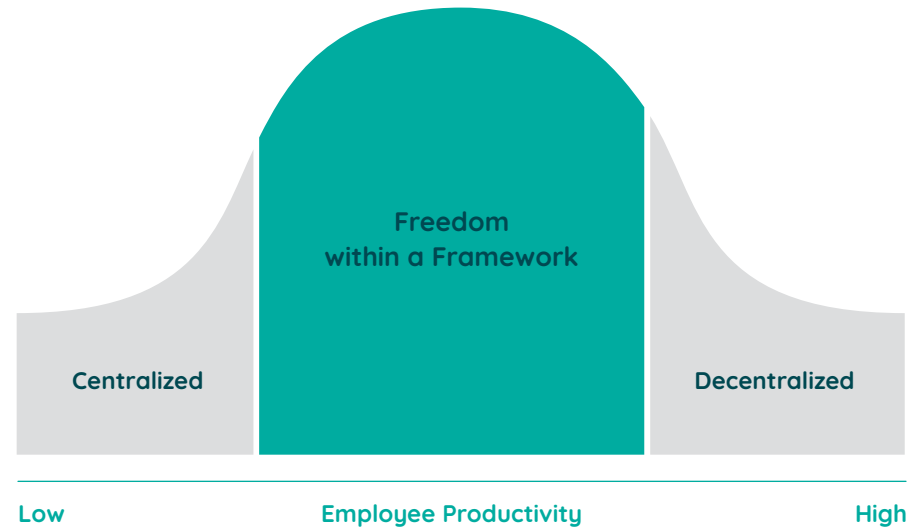
In this model, employees have 100% freedom to select their own SaaS applications. The pros of this approach are greater autonomy, full reign for innovation, and an easy process for purchasing needed tools. The autonomy provided by this also has the effect of leading to happier employees with higher productivity levels.

Of course, relaxing your SaaS governance can open your business up to compliance issues and security risks. If employees have carte blanche to purchase tools whenever they need them, those tools will likely not undergo the proper security reviews. And it can be more difficult to track spend for the apps being used across the organization. Additionally, without central oversight into all the SaaS that's been purchased across the organization, it can be difficult to

spot redundant and duplicate apps — not to mention, it can also lower negotiating power.

Freedom within a Framework

The middle ground. The sweet spot. IT provides tools and options but doesn't interfere in anyone else's business. They're in the know, but not in the way. Individuals and business units have the power to purchase the applications they need, while IT teams help support and maintain central visibility into what's been purchased.



The SaaS Governance Sweet Spot

Freedom within a Framework helps companies achieve optimal SaaS visibility, employee productivity, and operational effectiveness.

This approach presents many advantages. To name a few:

1. Your business establishes trust with employees, empowering them to make the best decisions for your organization.
2. CIO/IT teams still maintain complete oversight of your SaaS portfolio.
3. Achieve that elusive balance of securing your tech environment, reducing risk, and getting employees what they need to do their jobs.
4. Management of departmental budget and spend shifts from IT to lines of business owners (LOBs.) This frees up their time to strategically manage technology for the organization.
5. Companies can increase operational efficiency within the organization.

Get people back to what they should be doing. Consider how much time IT loses with every single review or the need to be an expert on all the types of tools used across the organization. Freedom within a Framework saves hours of work and results in a need for fewer internal conversations.

The only time this strategy can be of concern is for businesses in a highly-regulated industry. For these, it's

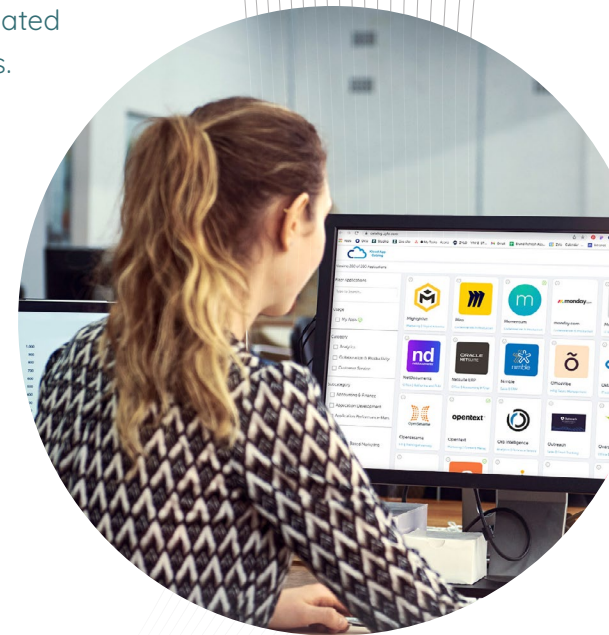
possible to only allow a limited amount of freedom to employees.

For a good example of this approach, let's look at our customer [Atlassian](#). With 5,000 global employees and 95% of their software in the cloud, Atlassian uses Zylto to gain visibility, improve security, and manage risk. Their application request process and review workflows help ensure governance, while also enabling business units and increasing collaboration and innovation among employees.

Centralized

In a centralized environment, the CIO and IT teams oversee EVERY single piece of tech. As alluded to above, this approach is common for regulated industries and large enterprise companies.

The main benefit of this route is the visibility granted to the CIO and IT department. Full visibility helps prevent security risks and maintain compliance. It also usually requires a strict approval process for the procurement of new software, potentially hindering innovation, creative problem-solving, and the speed at which new technology can enter the organization.



Determine Where You Fall on the Governance Spectrum

Think about what SaaS governance looks like in your organization today and answer the questions below. Then, if you want to enact Freedom within a Framework, consider what shifts must happen for you to make that change. At Zylo, we have experts within our walls that help customers build such strategies.

1 How much freedom do we want to give employees when it comes to expensing software?

- A. Complete freedom
- B. Some freedom
- C. Little freedom

2 What amount of innovation is required for our business?

- A. Innovation is our top priority
- B. Some innovation is important
- C. Just a little innovation gets us by

3 What is our organization's tolerance for risk?

- A. We're comfortable with risk
- B. We're ok with some risk
- C. We avoid risk wherever possible

4 How much do industry regulations impact our approach?

- A. Regulations do not or very minimally impact our business
- B. Regulations have some impact
- C. Our business is highly impacted by regulations

5 How much oversight does our IT department need over SaaS?

- A. Little to none
- B. Some, enough to keep tabs
- C. Complete oversight

6 How involved should IT be in the procurement of new SaaS?

- A. Little involvement
- B. Passively involved
- C. Heavily involved, most purchases should involve IT

7 How important are security reviews of our SaaS applications?

- A. Not an immediate priority
- B. Important, but not necessary for every application
- C. Absolutely crucial to our operations

Results: If you picked mostly As, your philosophy aligns with decentralized governance. If you picked mostly Bs, your approach is Freedom within a Framework. If you picked mostly Cs, your philosophy aligns with centralized governance.

Requirements for Freedom within a Framework

Within this strategy, there are a few requirements to first put in place. Failure to do so means you will likely not succeed at establishing true Freedom within a Framework at your organization. Some of the requirements included in this are:

Alignment

CIOs and business units must find alignment to understand the established policies and procedures. More importantly, they must do this to understand why they are in place to begin with. If there is no mutual respect and trust between the CIO and business unit leaders, this type of framework isn't going to be successful.

A Plan

This involves a clear understanding of your organization's goals. If you want to reach a specific destination, you must have a vision of how you can get there. Look back over the answers to the previous quiz to see where your priorities are. Consider how this framework will help drive innovation and reduce risk in your organization.

Tools and Resources

Organizations must be ready for SaaS Management. This doesn't have to mean an investment in a SaaS Management platform like ours, but you need to start building resources to start tracking and managing your SaaS investments. With the highly dynamic



nature of SaaS and procurement, not making a financial investment will lead to much more time consumed.

Platforms like Zylo make SaaS Management easier and more efficient. Without a platform like this, an accurate view of specific points in time is impossible to get. Don't waste time trying to get information from 19+ tools and an old-school spreadsheet.

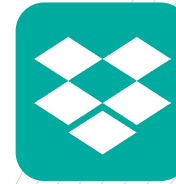
Make a Case for SaaS Management

Don't have a system in place yet? Creating a business case for SaaS Management is easy. Companies are using SaaS more than ever and managing them has never been more difficult.

By proactively managing and optimizing your SaaS, your organization can:

- **Save money** by consolidating duplicate or overlapping subscriptions and eliminating licenses you aren't using.
- **Reduce risk** by ensuring tools go through the needed security checks and continuously monitoring for new tools added to your estate.
- **Deliver a better employee experience** by giving employees the tools they want and need to be successful.

In a nutshell, SaaS Management allows you to unlock the full value of your SaaS investments by organizing, optimizing, and orchestrating your SaaS stack. And is what makes Freedom within a Framework easier to achieve.



How To Establish a Flexible SaaS Governance Framework

Establishing a flexible SaaS governance framework begins with having 100% visibility into your SaaS portfolio.

As a CIO, you should have full visibility into your software activity. While this used to mean a tight grip on the procurement of applications, this is no longer a requirement. CIOs should now be focusing on high-risk, high-spend areas and evaluating their usefulness.

In addition, ongoing monitoring gives the insight needed for new apps and vendors entering and exiting your environment. Thus enabling you to be proactive about security risks and superfluous software. Zylo's Discovery Engine, for instance, finds 100% of your applications and regularly monitors and reports on them.

This means having an understanding of:

- How much you're spending on SaaS
- What SaaS applications have been purchased and by whom
- Opportunities to rationalize and optimize your software and licenses
- The apps your organization is using at all times



Establish a process for review and optimization

Unvetted apps put the organization at risk for large, costly consequences. In the US, the average cost of a data breach is [\\$8.64 billion](#), including mitigation efforts and lost business. Companies can't afford to not stay on top of their SaaS.

Security reviews help protect your company against the harsh realities of vulnerability in your data. Gaining the insight needed to fully understand your SaaS platforms is an essential element of this process.

Once you have complete visibility into your portfolio, you should establish a centralized review and approval process for SaaS purchases. It will vary depending on your organization, of course. Some businesses use a single IT manager, while others employ a full review board of representatives from the organization. Just as no two companies are alike, no two plans will be the same.



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To figure out your plan, it helps to begin with this consideration: What will enable employees to have the flexibility they need to choose and give your IT team the visibility and oversight they need? Striking this delicate balance is not always an easy task. You'll need to cross-check new applications against the tools already in use and verify application security policies to ensure compliance and reduce risk.

Companies often place temporary moratoriums on spending while establishing a new framework. Doing so allows you to start with a baseline of accurate and clear data. Creating a framework around an environment that is still receiving additional applications quickly complicates things.

Enable employees to select the tools they need for the job

Once you have full visibility into your organization's SaaS portfolio, use that to build an internal directory of vetted applications. Your company can qualify the best applications for each class of tool they're utilizing and assemble them together in a catalog. Doing so allows your employees to choose from a selection of options.

Benefits of creating an application catalog include:

- Greater awareness among employees of the SaaS tools available to them
- Prevention of duplicate purchases
- Reduction of redundant apps with functional overlaps
- Less time spent getting up and running, searching and vetting new apps, adding and training users, and more.

Zylo customers accomplish this with ease thanks to our App Catalog. Their employees have the freedom to choose from a wide range of pre-vetted applications and the IT team has clear oversight of the company's software portfolio and spend.



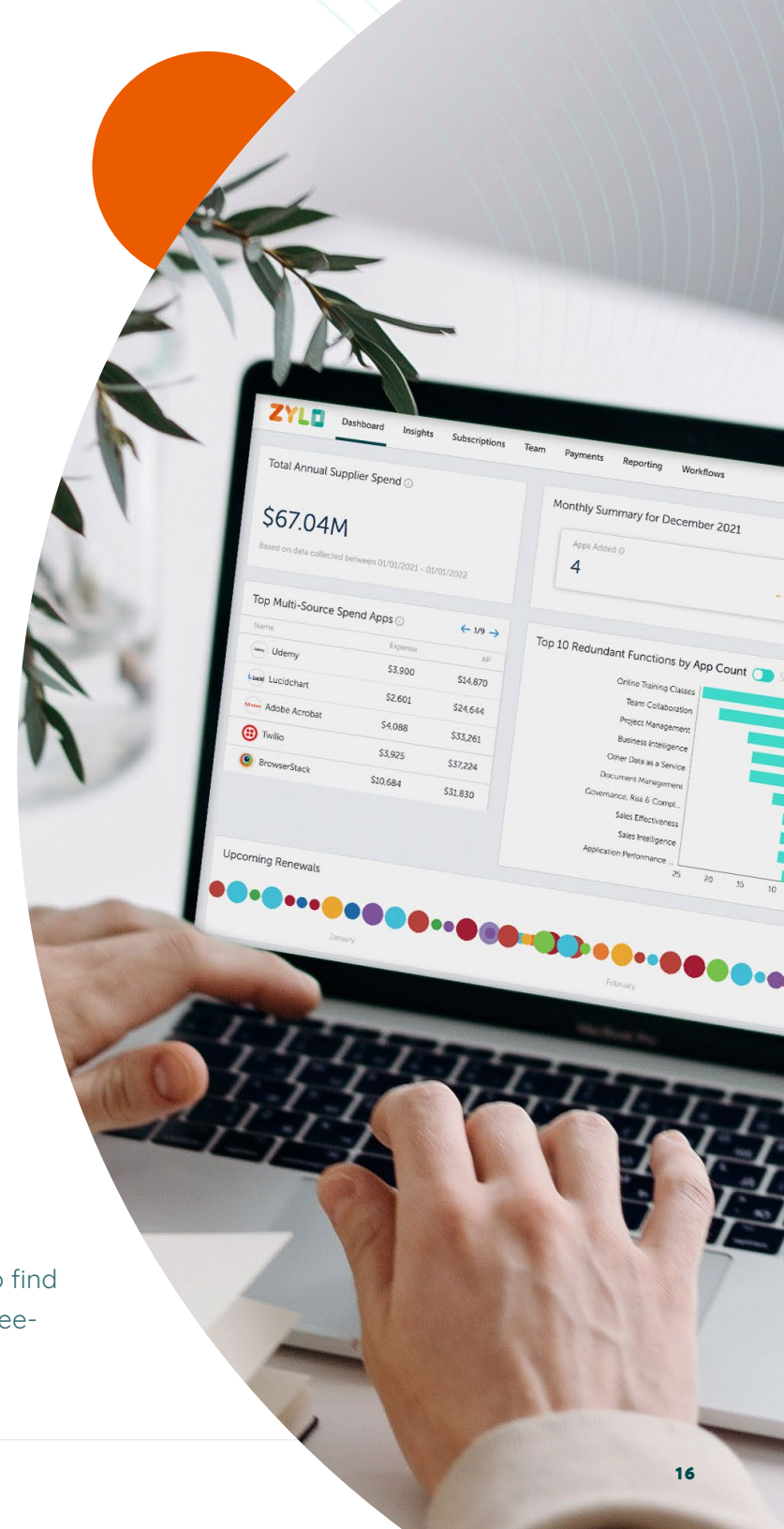
Defining Success With Freedom Within a Framework

How will you know if Freedom within a Framework is working? If you're already defining and measuring the success of your SaaS Management practice, it's going to look quite similar.

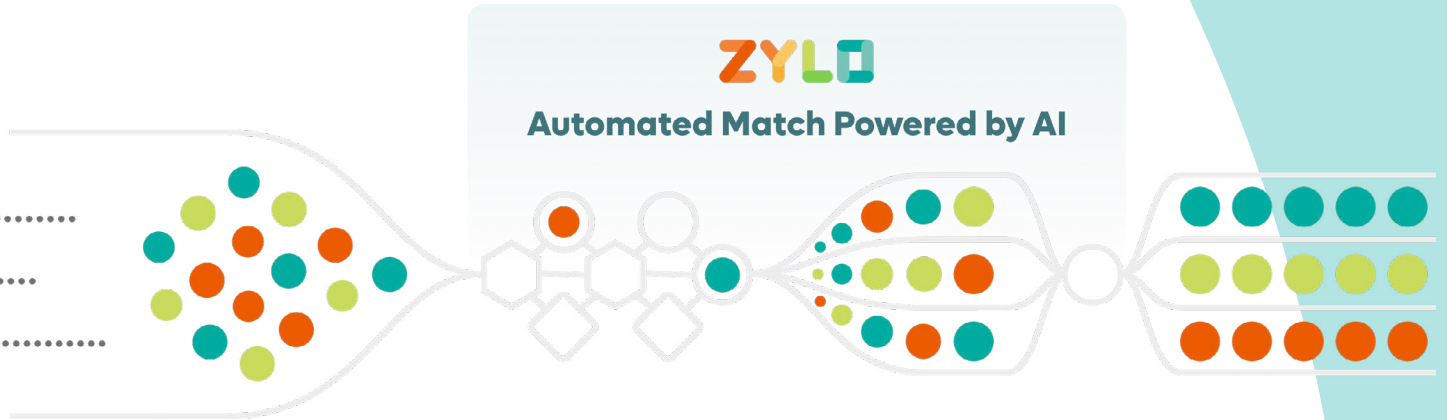
Examples of goals that are commonly set to measure success for Freedom within a Framework include:

- **Having complete visibility into your SaaS** – You can't govern what you do not know exists. Full visibility into your SaaS portfolio gives you a strong foundation and ensures that security risks don't fall through the cracks.
- **Establishing an application catalog** – There is a lot of value in creating a set list of software for employees to choose from. This outcome is crucial to enable Freedom within a Framework.
- **Ranking your security posture** – What percentage of your app portfolio has undergone a security review? Determine and mitigate risks when possible with the goal of having all your current and future applications secure.
- **Improving utilization and adoption** – A 90% utilization rate is a healthy goal to aim for so you can be confident you're making the most of your investment and your employees have the right tools for the job.
- **Employee Experience** – Regularly survey your employees to determine how happy they are with their current toolset. The results should be a good indicator of whether you have the right apps in your catalog or if there are opportunities to explore alternatives.

Businesses can set their data as a benchmark in their first year and track it over time to find growth. For instance, take a look at the relationship between the percentage of employee-led purchases and the utilization rates of your tools.



Accounts Payable
 Expense Reports
 Reseller Spend Report(s)

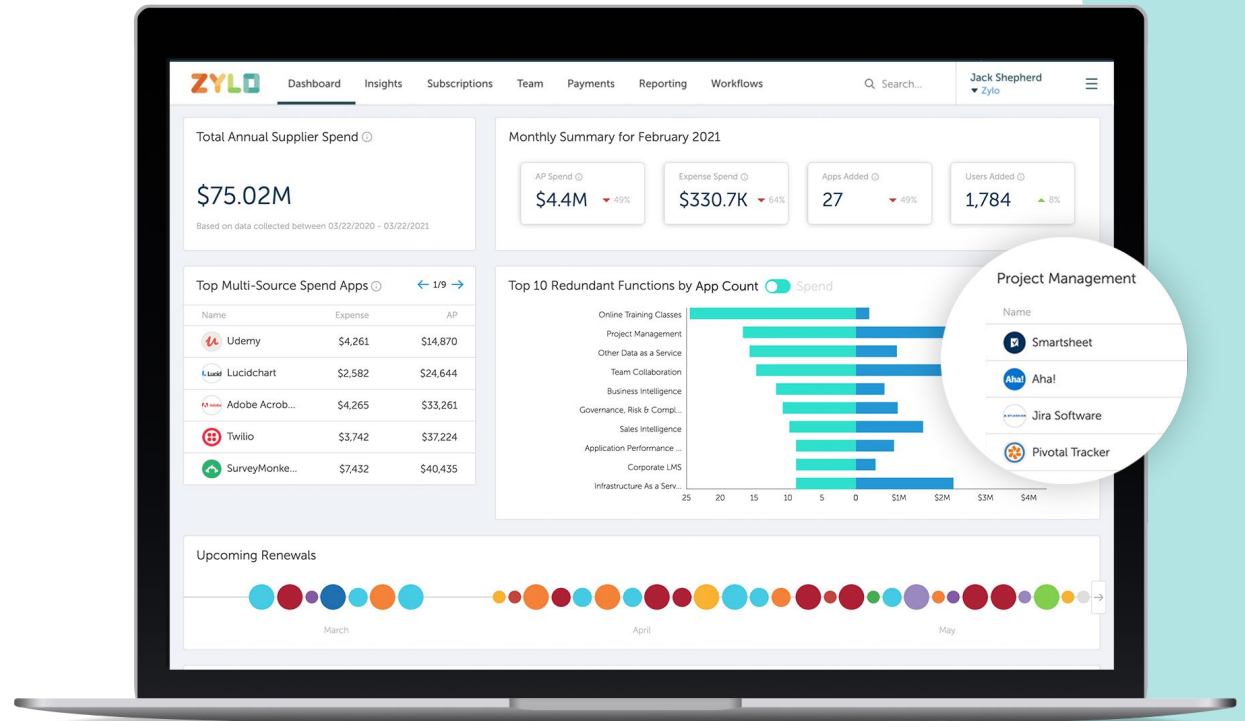


Find All Your SaaS Wherever It Lurks

Zylo's Discovery Engine powers comprehensive discovery, continual monitoring, and full optimization of SaaS applications to support holistic SaaS Management.

With a patent-pending machine learning model with nearly 100% accuracy, the Zylo Discovery Engine helps businesses uncover an accurate view of all SaaS applications.

[See how it works →](#)





About Zylo

As the leader in SaaS Optimization and Management, Zylo empowers companies to discover, optimize, and govern their SaaS applications while elevating the employee experience.

Organizations large and small trust Zylo's enterprise-proven technology and unparalleled SaaS Management expertise to optimize more than 30 million SaaS licenses and \$21 billion in SaaS spend.

Zylo's patent-pending, AI-powered Discovery Engine provides continual, frictionless monitoring of SaaS spend, licenses, and usage to create the industry's most trusted SaaS system of record. Fueled by more data than any other provider, Zylo delivers actionable insights that allow you to take action quickly to optimize growing SaaS portfolios.

To learn more about Zylo's SaaS Optimization and Management platform, visit zylo.com.

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