

How Development Teams Purchase SaaS



Published October 2020

Foreword

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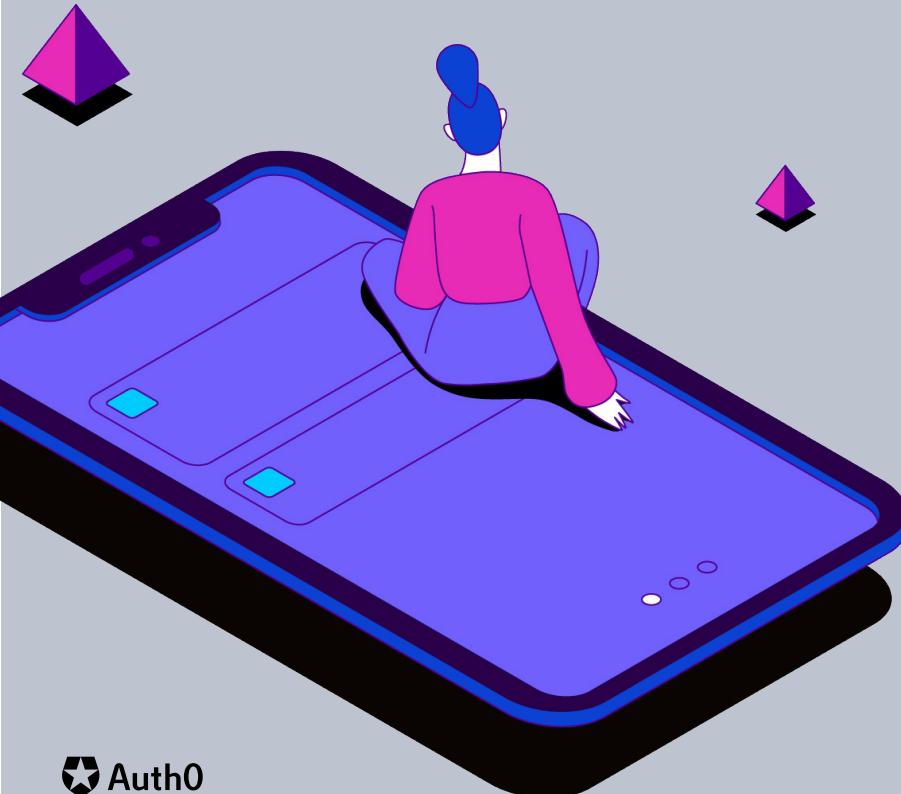
More so than ever before, digital is the primary way that businesses engage with their customers. Therefore, building software has become mission-critical for businesses and drives how people engage, purchase, and use products and services across different industries. The faster a company is able to release software, the better they can serve their customers, and the larger their share of the market.

The Auth0 team has analyzed data trends and surfaced new insights from over 350 application development teams that can help inform leaders on the right approach to a digital strategy, whether it is an enterprise looking to purchase software, a startup selling to developers, or an investor looking to spot the next breakout trend in the developer ecosystem. These results clearly demonstrate how developers will be on the front-lines of the digital industrial revolution, driving software selection decisions across all organizations and industries as functions, from marketing and sales to security and operations, will need software and APIs that are easy to use out of the box.

—ETHAN KURZWEIL, PARTNER, BESSEMER VENTURE PARTNERS



Overview

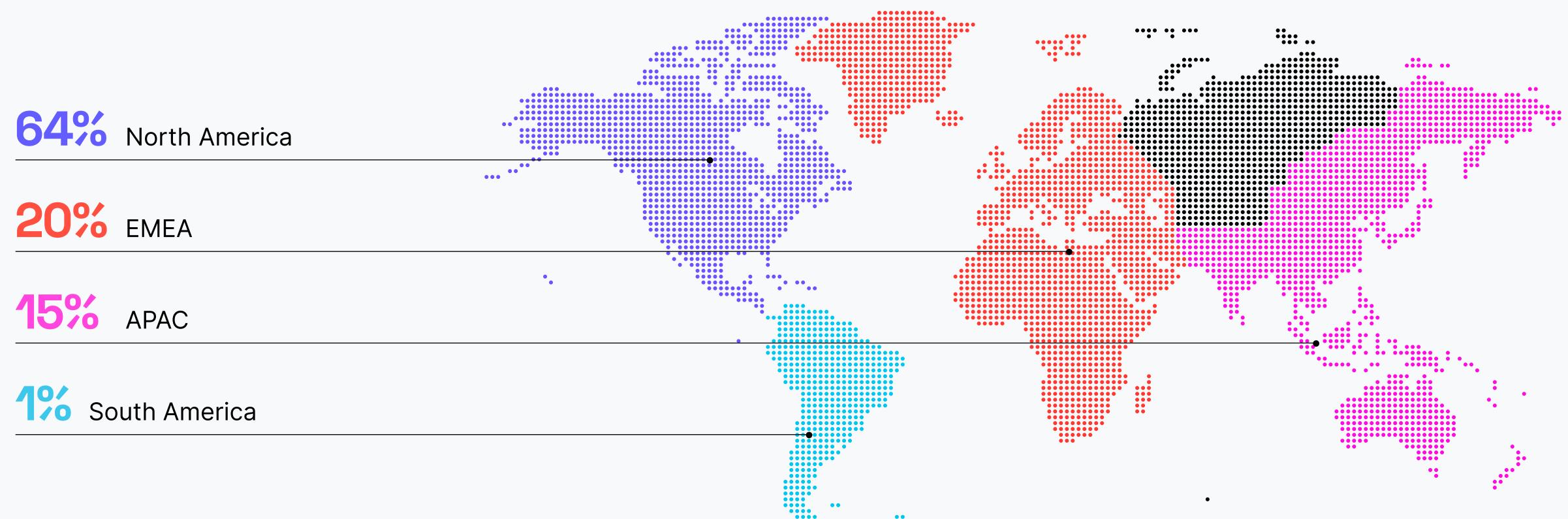


Over the last decade, most organizations have transformed into software companies. As Marc Andreessen famously said, “Software is eating the world, in all sectors. In the future, every company will become a software company.” Additionally, you often hear expressions like “In the application economy, software developers reign supreme.” And yet, there is a persistent stereotype that executive management holds all of the power in how organizations evaluate and purchase technology. We wondered: is this still true? Do developers and technologists actually hold more power now? Can the way a company buys technology be a competitive advantage?

To uncover the answers, Auth0 partnered with SD Times, to survey 352 of developers, managers, and executives in application development across the globe. We discovered their views on the importance of SaaS components to their teams and on how they research, evaluate, and purchase these platforms.

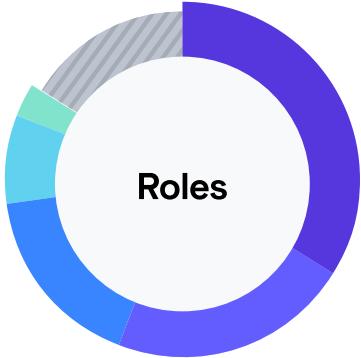
Survey Methodology

This was a blind online survey to a global audience, operated by SD Times, who was not aware that Auth0 was the sponsor. There were a total of 352 global respondents.

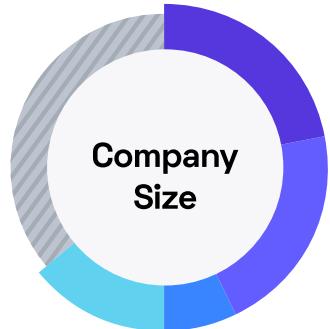


Respondents

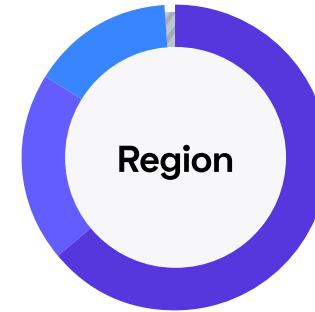
Respondents were from application development teams that included developers, product managers, architects, and management.



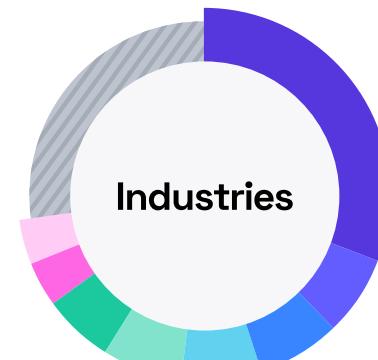
- 34% Technology Management
- 22% Developer
- 17% Technology Executive
- 8% Architect
- 3% Product Management
- 16% Other



- 22% 10,000+
- 21% 1,000-9,999
- 7% 500-999
- 14% 100-499
- 36% Less than 100



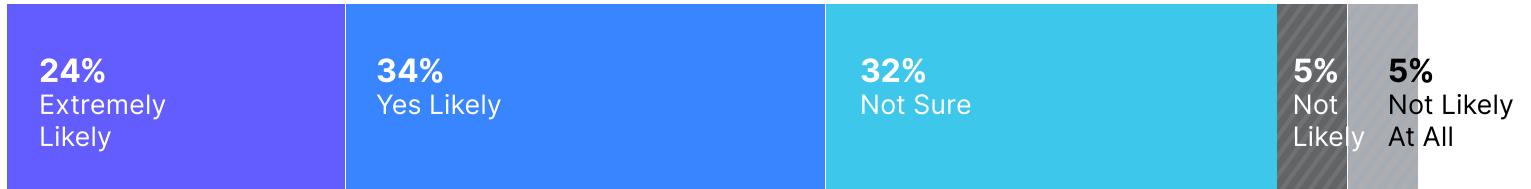
- 64% North America
- 20% Europe, Middle East & Africa
- 15% Asia Pacific
- 1% South America



- 31% Telecommunications & Technology
- 7% Manufacturing
- 7% Finance & Financial Services
- 7% Education
- 7% Healthcare & Pharmaceuticals
- 6% Business Support & Logistics
- 4% Retail & Consumer Direct
- 4% Government
- 27% Other

Key Survey Findings

In the next year, does your development team expect to add new 3rd party SaaS components to your application strategy?



When your product engineering team evaluates new SaaS components, who typically initiates the process?

- 30%** Technology Executives
- 32%** Technology Management
- 34%** Developers
- 4%** Other

How important is it to you that you are consulted in evaluating SaaS components used by your team?

- 17%** Extremely Important
- 42%** Very Important
- 32%** Somewhat Important
- 9%** Not Important

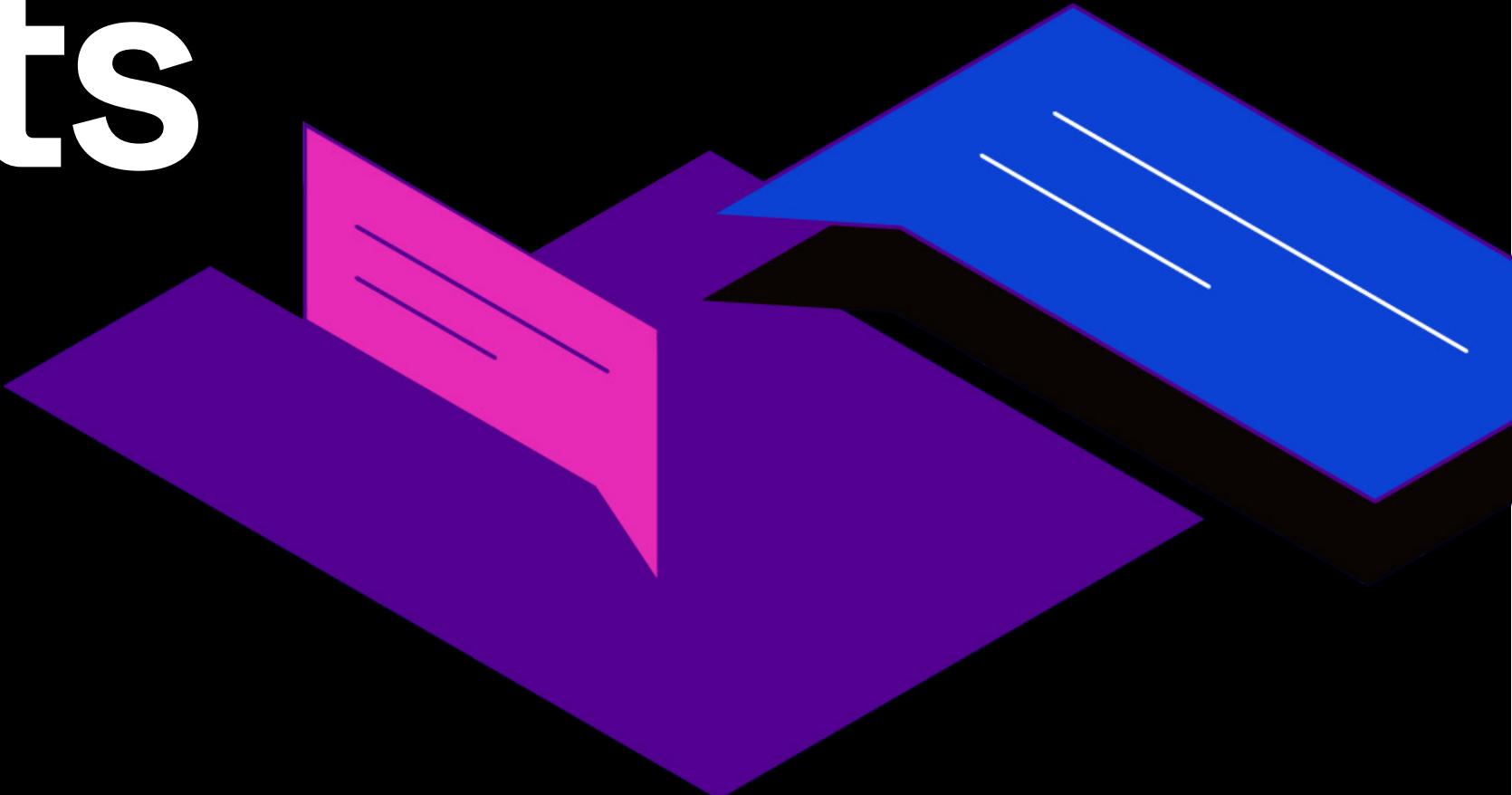
88%

Of respondents say getting to use the SaaS components they want and need impacts their **overall job satisfaction**.

87%

Of respondents say getting to use the SaaS components they want and need impacts their **overall productivity**.

Survey Results



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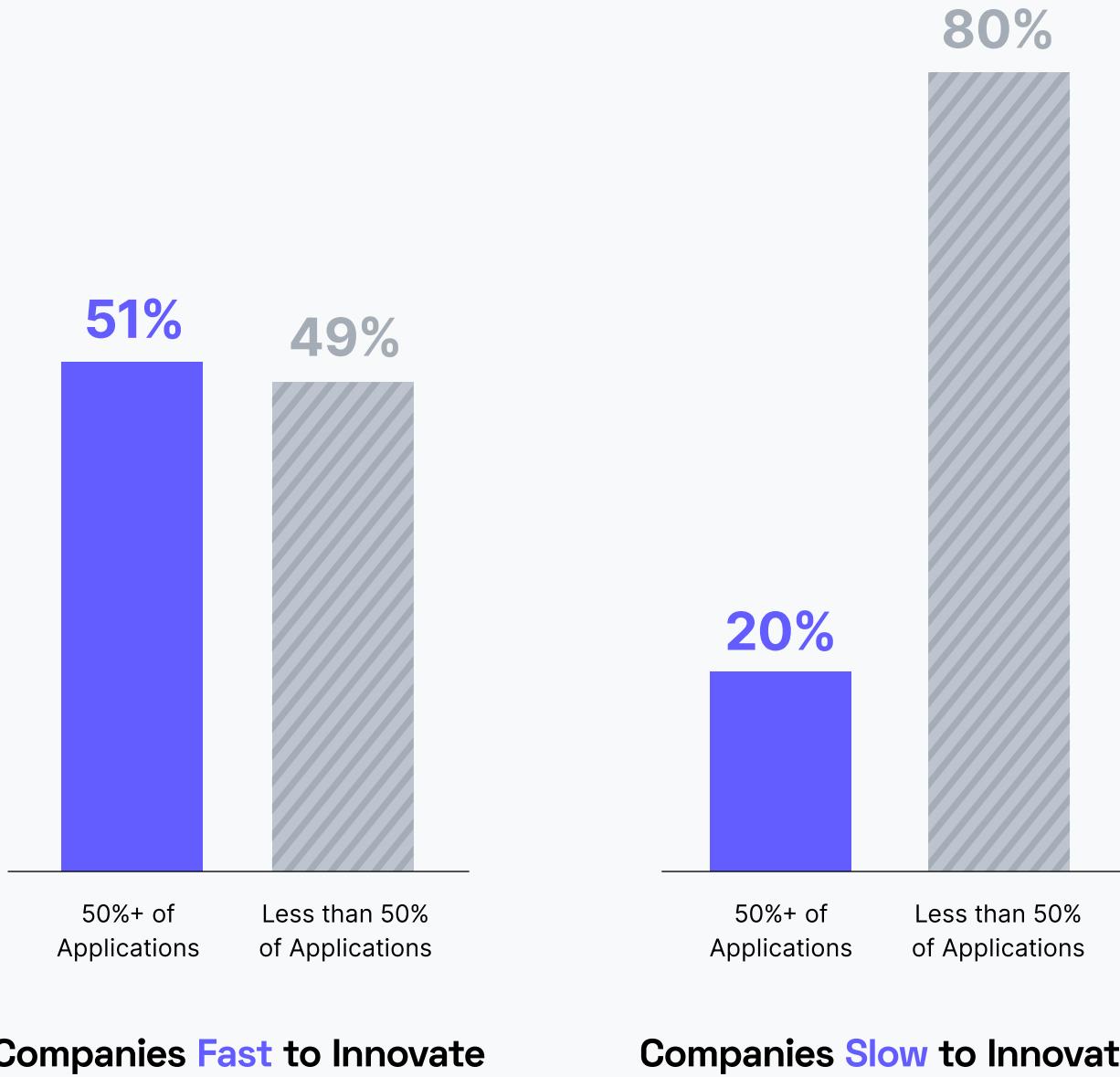
04.

THIRD-PARTY SAAS ADOPTION

Companies that innovate fast* use SaaS components far more often than those who don't.

What percentage of your apps use some third-party SaaS components?

(Eg. Twilio, Stripe, Auth0)



*Fast to innovate: Releases each month or faster

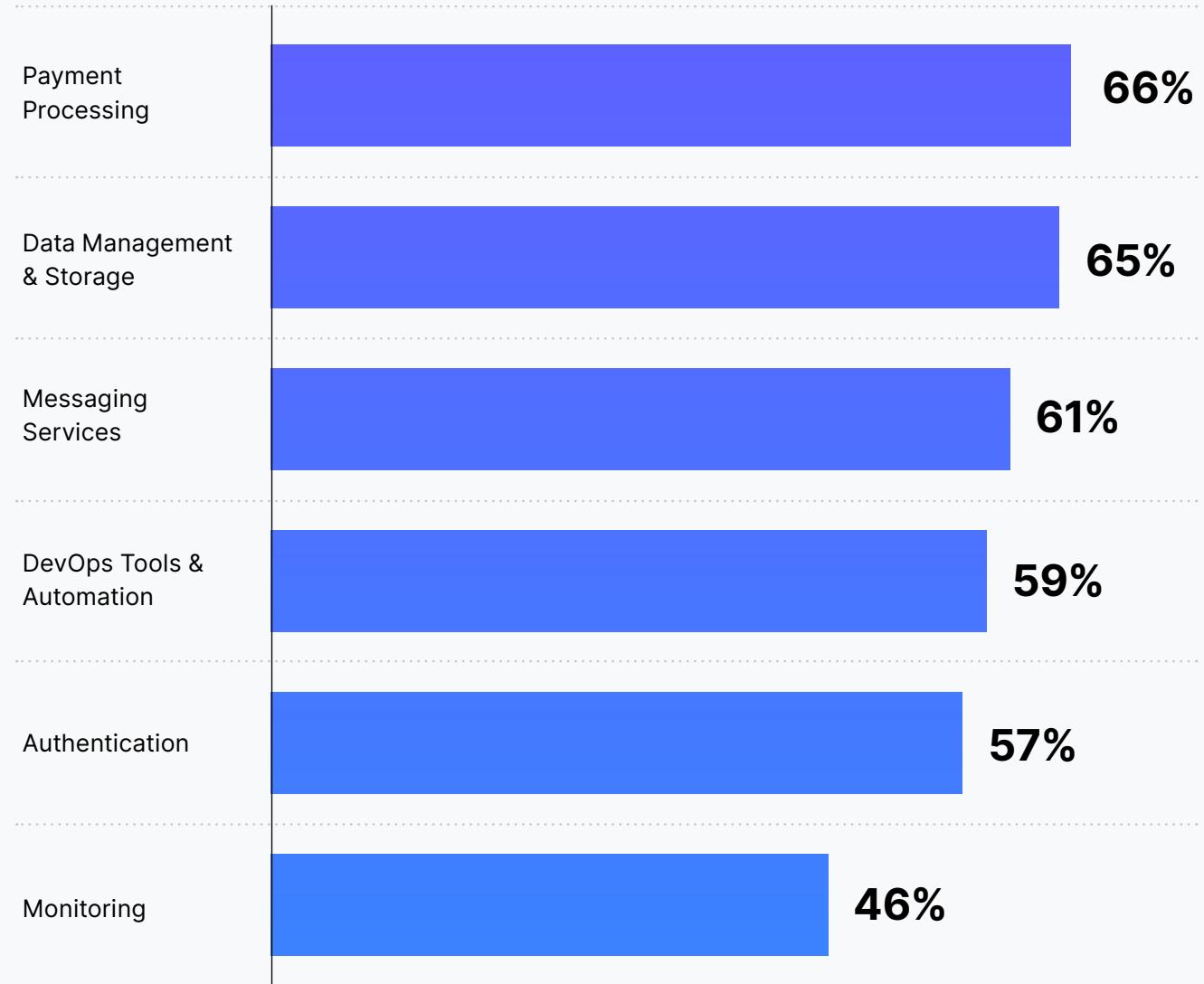
**Slow to innovate: Releases take longer than a month and up to 1 year+

Top 5 motivations for teams when using third-party SaaS components:

- 01.** Time Savings, Agility (76%)
- 02.** Features & Functionality (76%)
- 03.** Utilizing Technical Expertise (57%)
- 04.** Cost Savings (52%)
- 05.** Simpler Design, Construction & Testing (46%)

What **types** of third-party SaaS components does your product engineering team use?

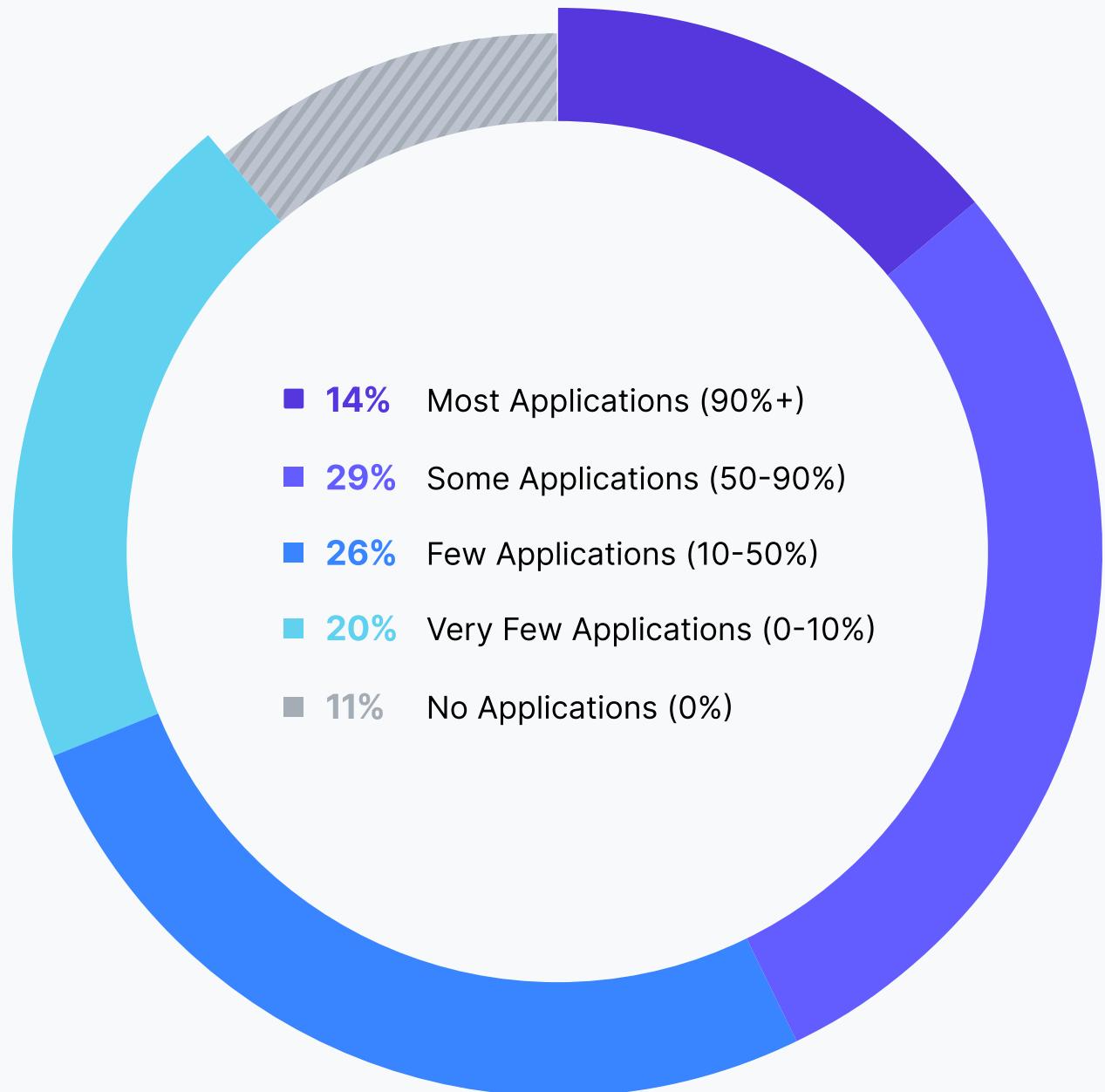
Top Six Components



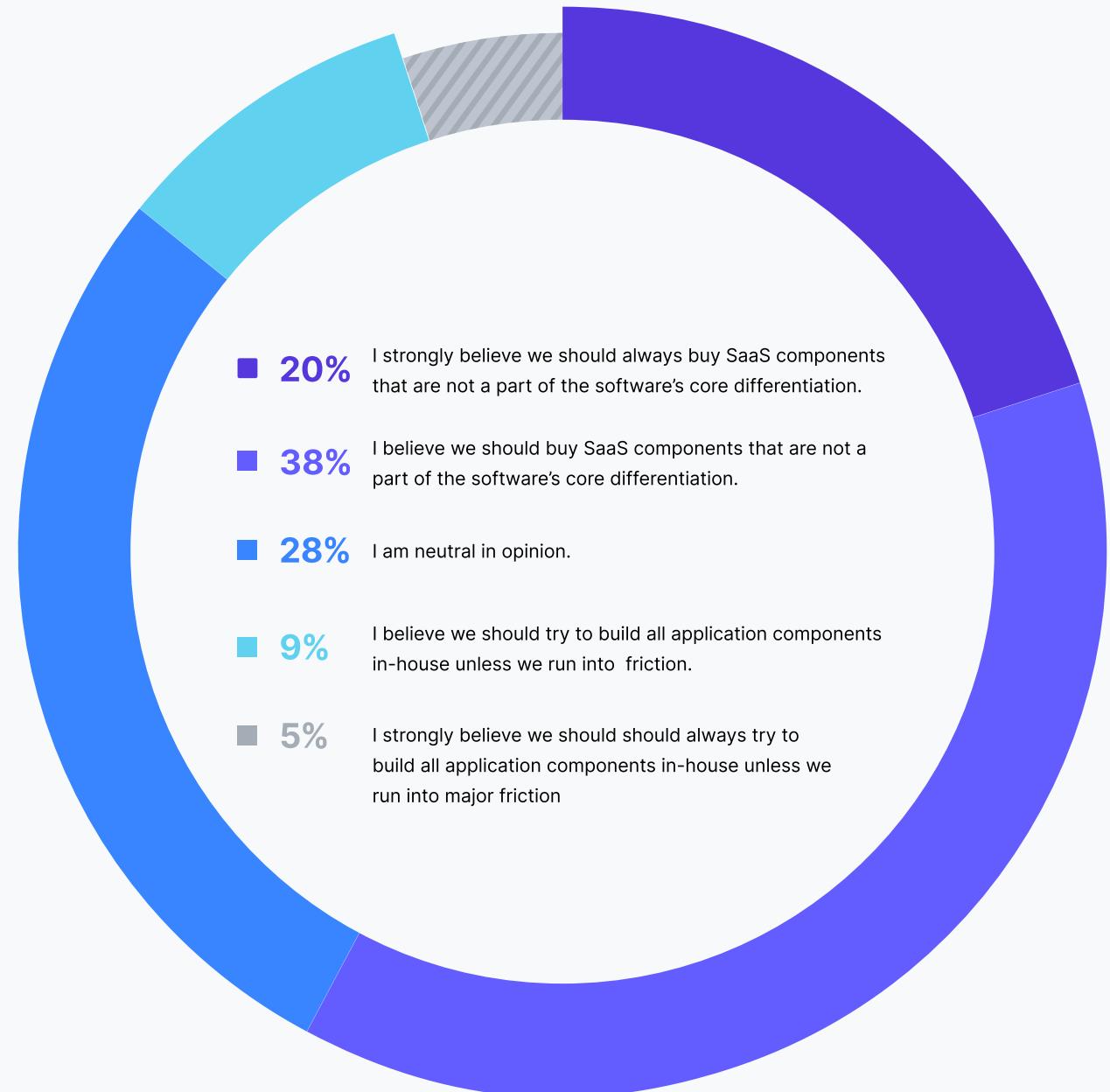
**SaaS component adoption
is still relatively immature.**

What percentage of applications use some 3rd party SaaS components?

(Eg. Twilio, Stripe, Auth0)



What is your personal point of view of your team's “build vs. buy” strategy?



**Most respondents believe
in using third-party SaaS,
so why is adoption so low?**

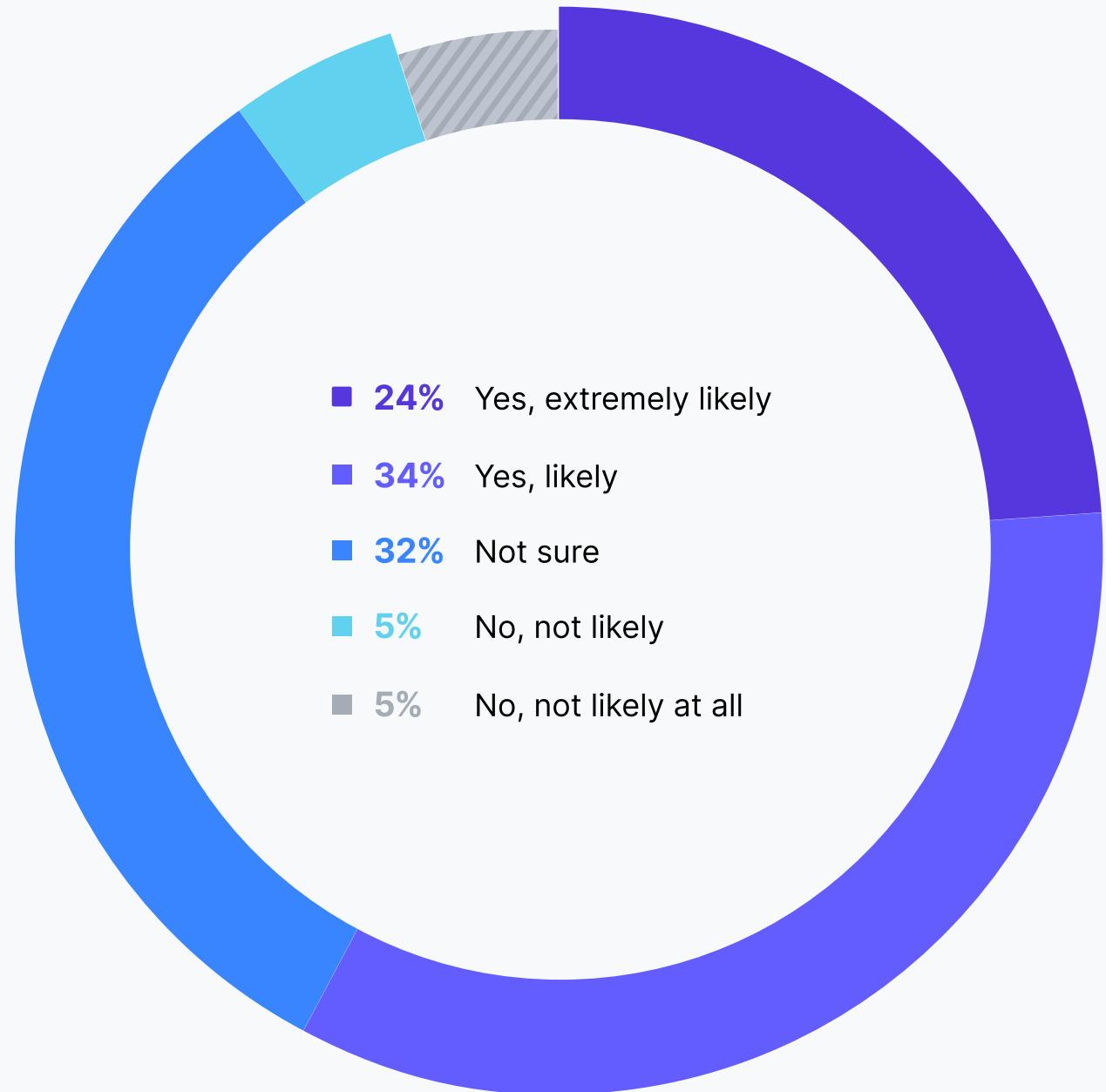
What are the top issues that prevent you and your team from using third-party SaaS components?

01. Cost Issue/Lack of Budget
02. Security Issues/Concerns
03. Missing Features/Functionality
04. Timing/Speed
05. Management Doesn't Approve or "Get it"

**Companies will increase
investment in third-party
SaaS over the next year.**

IN THE NEXT YEAR...

Does your development team expect to **add** new third-party SaaS components to your application strategy?



02.

WHERE TO OUTSOURCE

**Where should
companies outsource
to third-party SaaS to
see productivity gains?**

What application components take the **most time** and **work** to build (in-house) and maintain?

Most
time/work

Least
time/work

01. Payment Processing

02. Authentication

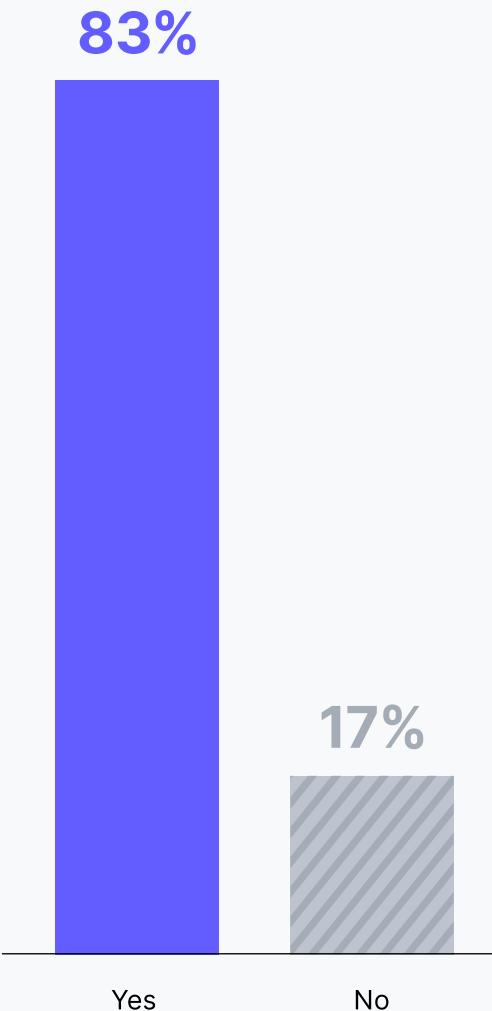
03. Data Management & Storage

04. DevOps Tooling & Automation

05. Monitoring

**Using IDaaS for authentication
can help companies reduce
their time to market.**

Have you reduced your time to market in the last year?



Companies who use a **SaaS platform** for authentication

Companies who **build** their own authentication

03.

LARGE VS. SMALL ORGANIZATIONS

**Company size does
not have a large impact
on how they research
SaaS components.**

When researching new SaaS components, what activities influence your organization's evaluation?

Other categories that did not make any of the top 5: RFP Submissions, Social Media.

Company Size by Number of Employees

Top 5 Ranking	Large (10k+)	Medium (1,000-9,999)	Small (1-999)
01.	Peer Conversations (with my team)	Peer Conversations (with my team)	Peer Conversations (with my team)
02.	SaaS Trials	SaaS Trials	SaaS Trials
03.	Online Communities	Online Communities	Online Communities
04.	Peer Conversations (outside my team)	Vendor Review Sites	Peer Conversations (outside my team)
05.	Vendor Review Sites	Peer Conversations (outside my team)	Analyst Reports & Inquiries

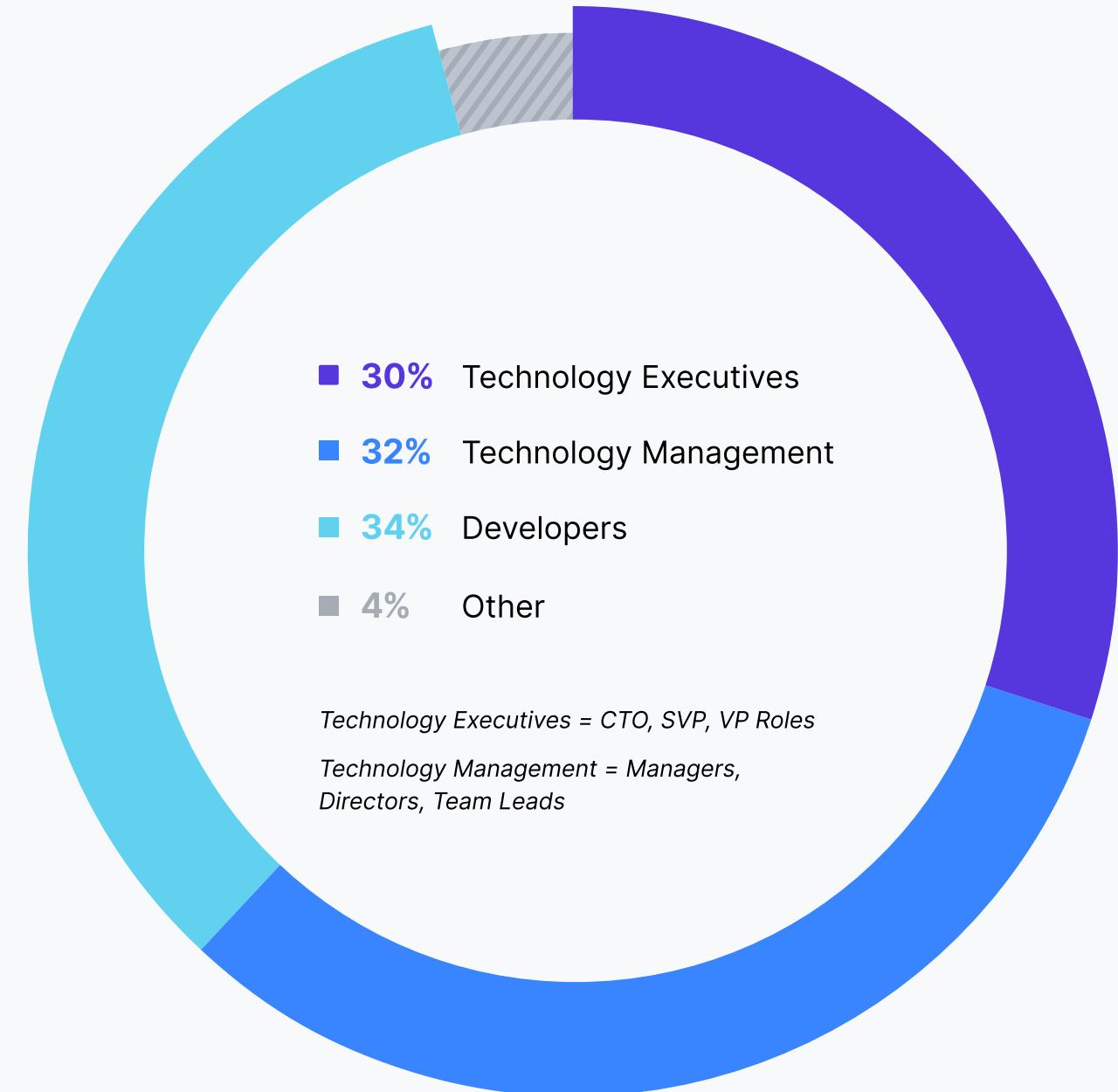
Company size does impact
how long it takes to purchase
SaaS... but **not that much.**

04

Who Initiates SaaS Purchases?

Developers initiate 34% SaaS component purchases, which is slightly higher than both technology management or technology executives.

When your product engineering team evaluates new SaaS components, who typically initiates the process?





The purchasing power isn't held exclusively by the executive team at Toast, but rather it's a collaborative effort between the development team's recommendations and the business's requirements.

The development team created the original comparison matrix for evaluating third-party authentication providers. At the end of the day, once we provide that info, it is on the executive team to make the decision. But the development team chose which competitors we were going to do the POC with and how to evaluate the results.

—Chance Kirsch, Staff Software Engineer, Toast

05.

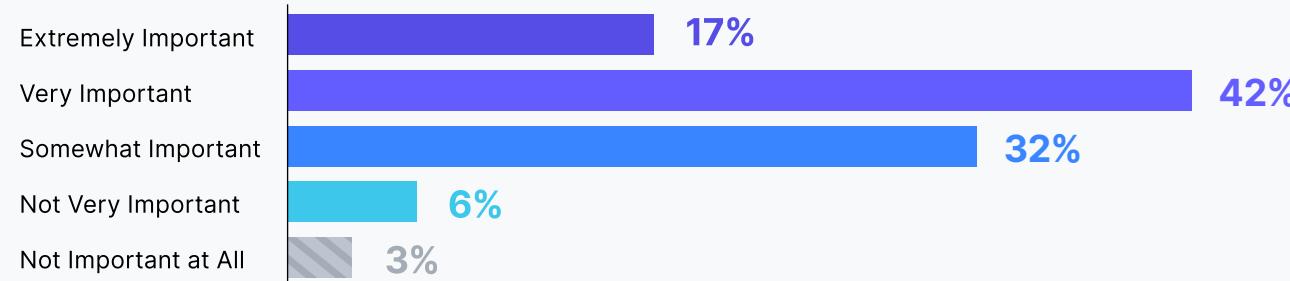
DEVELOPER RETENTION & PRODUCTIVITY

Developers care greatly about being consulted in SaaS component purchase decisions.

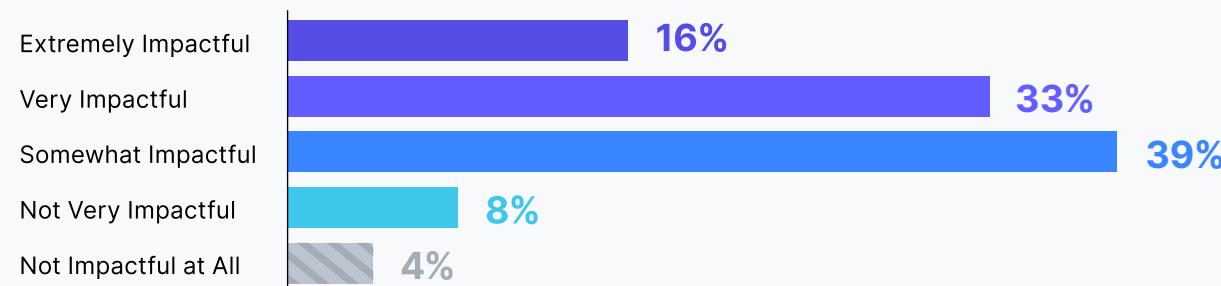
**Getting to choose SaaS
components matters to
91% of developers.**

Developers care greatly about being consulted.

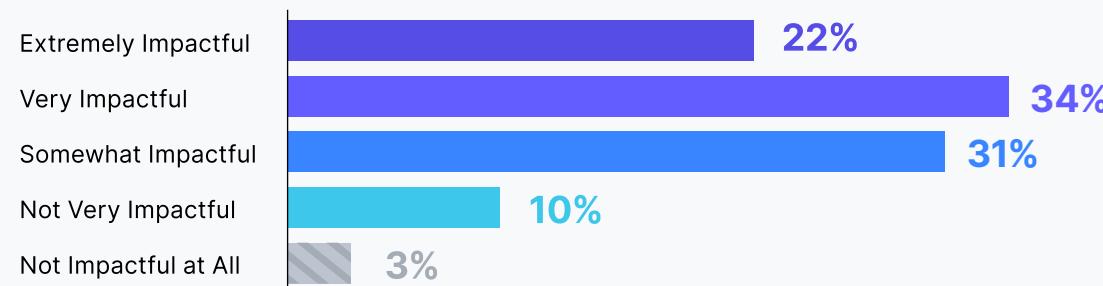
How important is it to you that you are consulted in evaluating SaaS components used by your team?



How much does “getting to use the SaaS components you want and need” impact your overall job satisfaction?

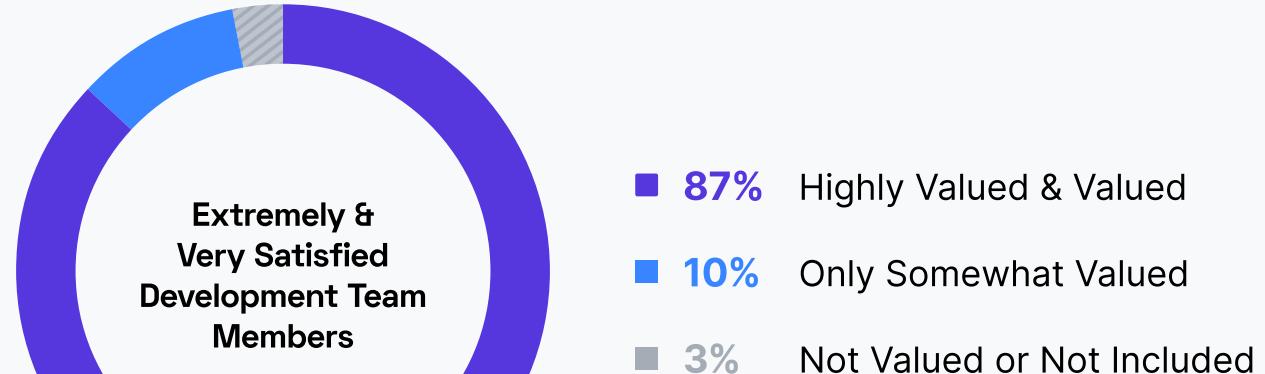


How much does “getting to use the SaaS components you want and need” impact your overall productivity?



DURING THE SAAS PURCHASE PROCESS...

How much does your organization **value** the product feedback given from developers?



VS.

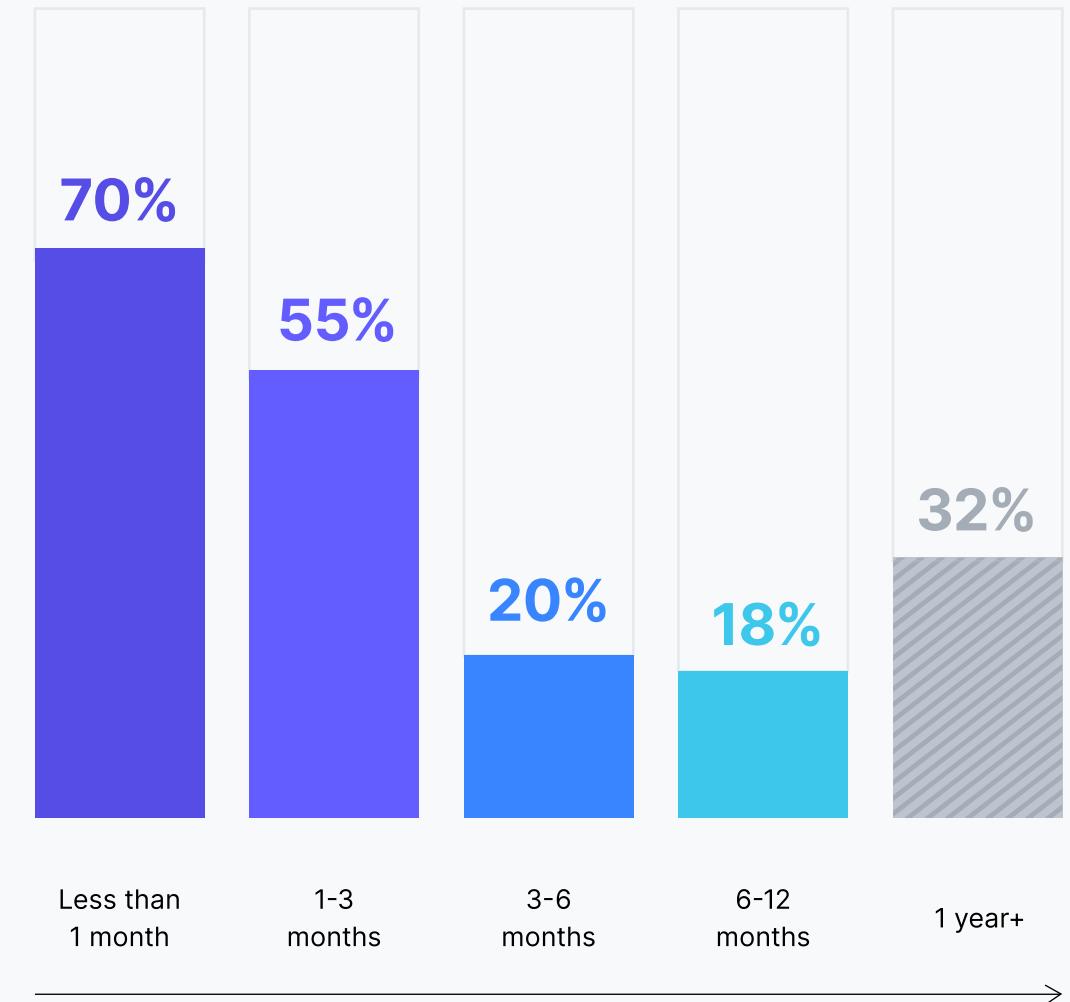


**Companies that move fast,
highly value developer feedback.**

**Companies that move slower,
do not highly value developer feedback.**

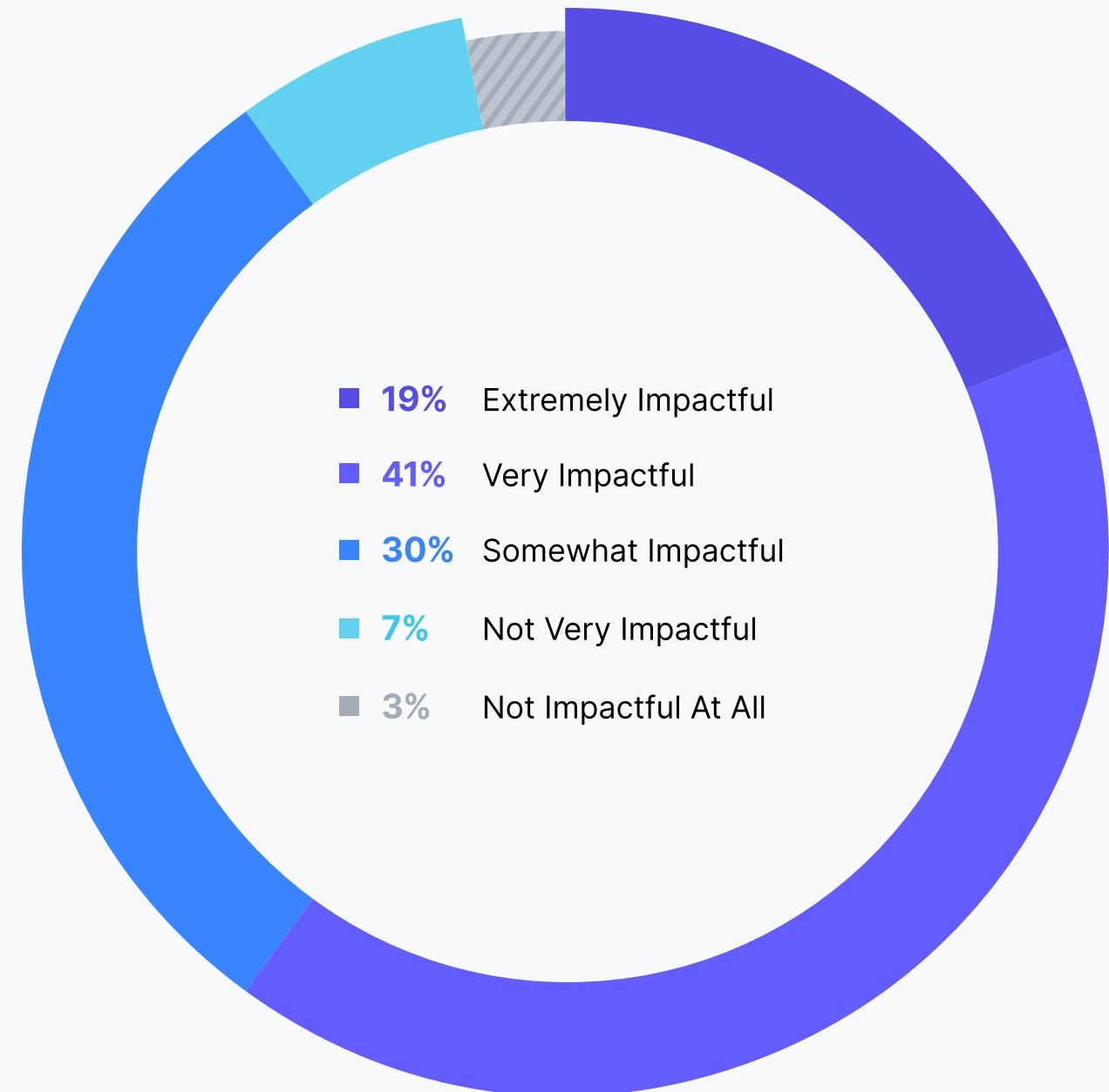
Among companies
that procure in
less than 1 month,
70% highly value
developer feedback.

Percent of respondents whose company **highly values**
feedback from devs during SaaS purchases



**Development teams believe
“getting to use the SaaS components
they want and need” is a competitive
advantage for their company.**

How much do you believe “getting to use the SaaS components you want and need” impacts your company’s competitive advantage?



06.

TESTING SAAS COMPONENTS

Development teams prefer trials and pilots (PoCs) over vendor demos.

When testing options for new SaaS components, what activities does your team prefer?

Most Preferred

Least Preferred

Top Five Options in Ranked Order

01. Free SaaS Version (can upgrade later)

02. Free/Limited Trials

03. SaaS Pilots/POCs

04. Online Vendor Demos

05. Live Vendor Demos

In Summary



With this survey, Auth0 set out to discover if executive management holds all of the power in how organizations evaluate and purchase technology. Do developers and technologists actually hold more power now? Can the way a company buys technology be a competitive advantage?

The respondent data clearly shows that technology executives do not wield all of the influence in SaaS purchases. There is a strong balance in purchasing power across technology executives, management and developers. It also showed that companies that embrace developer feedback and third-party SaaS components tend to innovate faster and have more satisfied teams.

01.

Companies are increasing their investment in SaaS components.

Areas of greatest potential for investment (based on time and work) include payment processing, authentication and data management/storage.

02.

02.

Developers play an important role in the purchase of SaaS components.

Developers initiate 34% SaaS component purchases.

Developers care greatly about being consulted in SaaS component purchase decisions.

Getting to choose SaaS components matters to 91% of developers

"Getting to use the SaaS components they want and need" is a competitive advantage

Companies that move fast highly value developer feedback when making SaaS purchases. By being inclusive to developer feedback, companies will likely avoid technical obstacles late in the purchase cycle.

Trials and pilots (POCs) are the preferred methods of testing SaaS components.



Auth0 provides a platform to authenticate, authorize, and secure access for applications, devices, and users. Security and application teams rely on Auth0's simplicity, extensibility, and expertise to make identity work for everyone. Safeguarding more than 4.5 billion login transactions each month, Auth0 secures identities so innovators can innovate, and empowers global enterprises to deliver trusted, superior digital experiences to their customers around the world.

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