Service Provider Assessment Criteria for Improving SaaS Adoption

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Initiatives: IT Sourcing Strategy Development and Execution

Enterprises struggle with user adoption of SaaS applications post go-live, leading to poor ROI. Service providers are crucial to improving SaaS adoption. Sourcing, procurement and vendor management leaders must assess service provider capabilities to scale user adoption across the enterprise.

Overview

Key Findings

- To improve adoption and increase ROI on their SaaS investments, organizations build composable SaaS solutions using best-of-breed capability offered by the SaaS platform ecosystem. Service providers are significantly engaged in such initiatives, but are not assessed for their ability to orchestrate the ecosystem. This results in rickety SaaS solutions, bad user experience and poor user adoption.
- Digital friction leads to user disengagement and a consequential decline in the usage and adoption of new tools and technologies. Organizations often do not have the in-house skills or leadership to reduce digital friction.
- Composable SaaS applications evolve continuously to support changing business workflows, necessitating an integrated techno-functional team. These applications are characterized by a multisourced environment. Service providers' ongoing support service delivery models do not support these developments.

Recommendations

Sourcing, procurement and vendor management (SPVM) leaders executing their IT sourcing strategy development and execution initiatives should assess providers for the following capabilities:

- **Ecosystem Orchestration:** Seek providers who have composed fit-for-purpose, innovative SaaS solutions using best-of-breed capabilities from across the marketplace of independent software vendors (ISVs) and startups. Providers should have a history of delivering ongoing support post go-live.
- **Adoption Services:** Improve and sustain user adoption rates after go-live by selecting service providers that deliver specific SaaS adoption assistance services like on-demand training, contextual content curation and user community engagement.
- **Service Extensibility:** Require service providers to provide case studies demonstrating their capability to optimize business processes, offer multidisciplinary fusion teams, and deliver an integrated service in a multisourced SaaS platform environment.

Strategic Planning Assumptions

- By 2027, SaaS designs supporting UI-first and API-first access will increase from current 40% to 80%, enabling composability, a common trait.
- By 2025, 75% of users will resist (use minimal features, avoid or delay) using applications that deliver a poor user experience (UX), up from 40% in 2021.
- By 2027, 70% of organizations will use digital adoption platforms across the entire technology stack to overcome insufficient application user experiences.

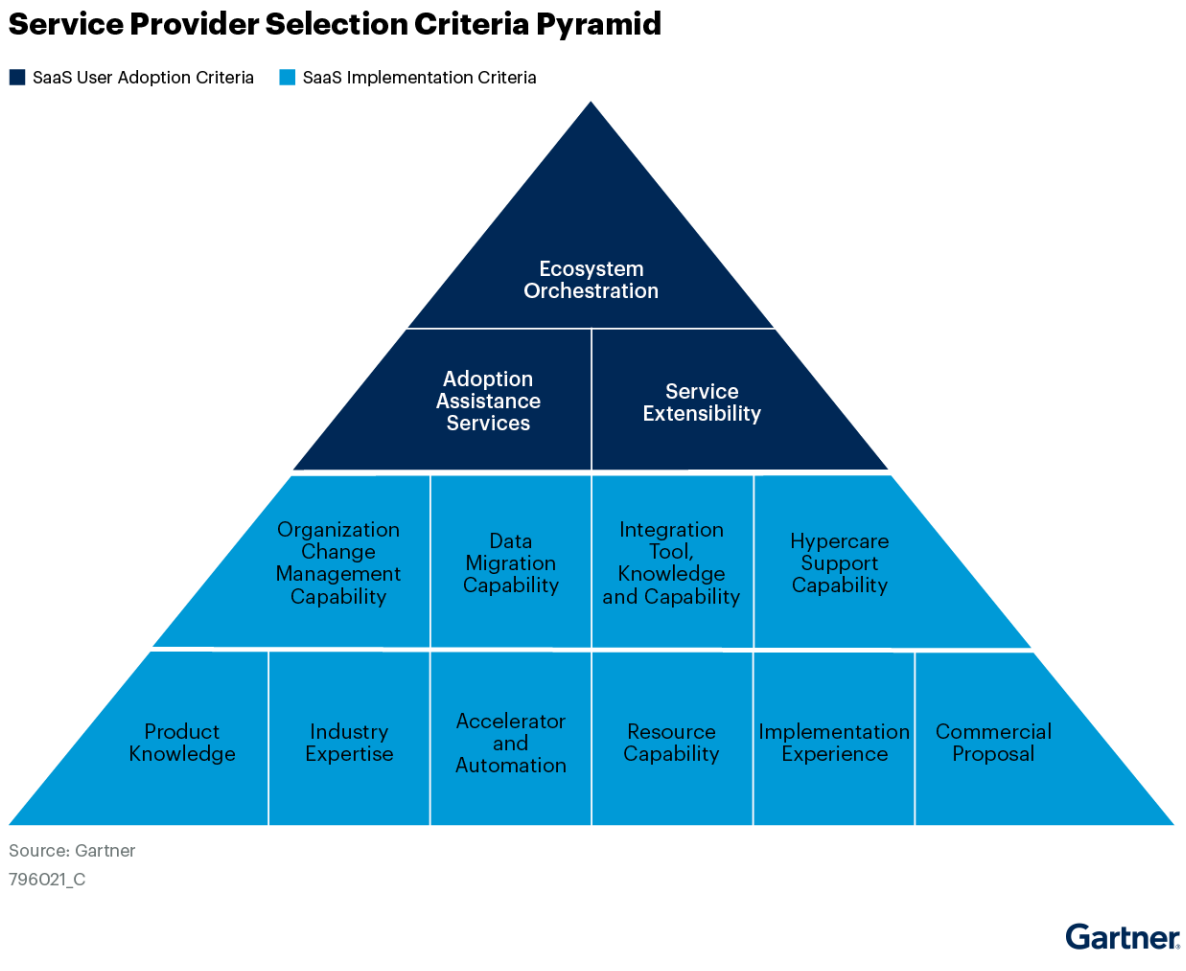
Introduction

User adoption of SaaS solutions is a critical success factor to ensure optimal return on SaaS investments within an organization. Enterprise SaaS application (see Note 1) software providers have invested significantly to improve user adoption through composable architectures, frictionless in-product experiences and continuous innovation. To capitalize on these investments, organizations need to ensure they engage appropriate service providers.

Gartner recommends 10 foundational criteria to evaluate and select a third-party service provider for implementing an enterprise SaaS application (see Quick Answer: How to Assess ERP, HCM and CRM Systems Integrators). Although these criteria can help with implementation provider selection, they do not assess the provider's capabilities to ensure user adoption and drive optimal ROI on SaaS investments. If an SPVM leader's project scope and desired outcomes include improved user adoption, they must use additional criteria to evaluate a service provider's ability to drive SaaS application adoption within the enterprise.

This research builds on the foundational criteria for implementation capabilities (see Figure 1) and presents three additional criteria that SPVM leaders should use to scale adoption of new SaaS solutions within the enterprise.

Figure 1. Service Provider Selection Criteria Pyramid

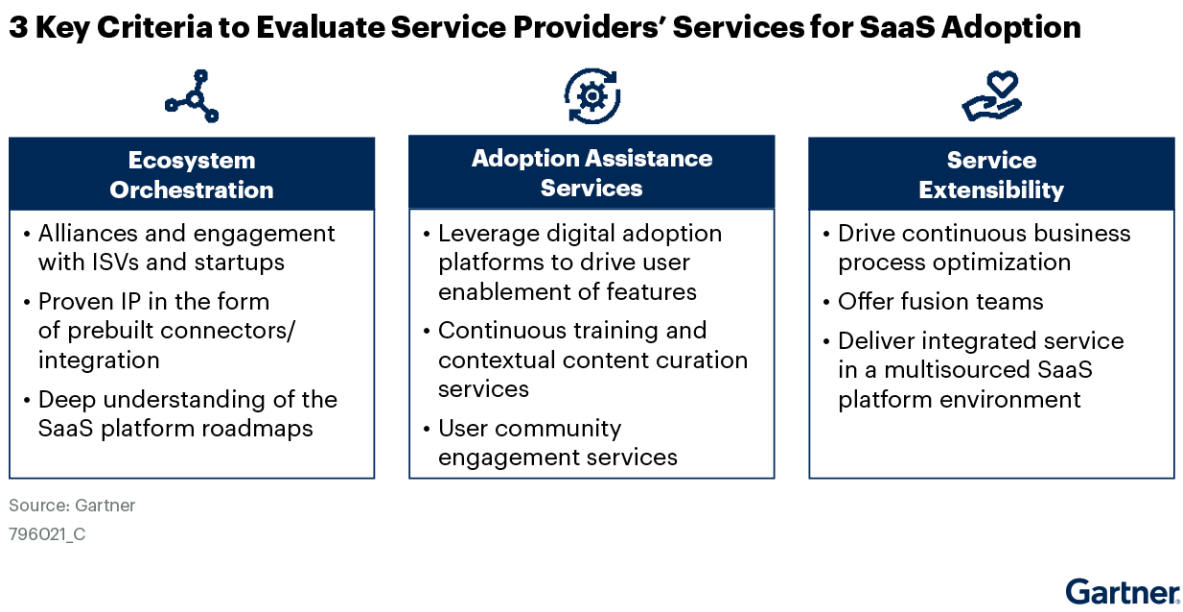


In addition to the foundational capabilities for SaaS solutions, implementation service providers must be able to:

- Orchestrate the ecosystem (see Note 2).
- Deliver specific SaaS adoption assistance services.
- Demonstrate service extensibility, ensuring high adoption of the new solution by the organization (see Figure 2).

Analysis

Figure 2: 3 Key Criteria to Evaluate Service Providers' Services for SaaS Adoption



Evaluate Ecosystem Orchestration Capabilities

Leading enterprise application software providers have realized that although commercial aspects of SaaS draw customer attention, the richness and continuous innovation of the feature set create user dependency, thereby increasing user adoption and dollar retention.

> **A compelling SaaS solution is more of a capabilities ecosystem than a monolithic software.**

To support the growing customer demand for agility, flexibility, differentiated customer experiences, and accelerated innovation in the SaaS applications, enterprise SaaS software providers are turning their traditional SaaS offerings into API-centric SaaS or "headless" SaaS (see Note 3). Large enterprise software companies have chosen to either acquire the startups or create a tapestry of capabilities by taking an API-centric SaaS approach. [1] Examples of this trend [2] include:

- SAP's new Commerce Cloud composable offering
- Salesforce Composable Storefront

- Workday's Extend composable platform strategy

This offers an opportunity for organizations to build truly composable enterprise applications (see Accelerate Digital Transformation With an API-Centric Architecture for Enterprise Applications).

Recommendations

When organizations engage service providers to implement SaaS solutions, they must select service providers that deeply understand the ecosystem that constitutes the new SaaS platforms. Providers must be able to assess risks, develop business roadmaps, and design integrated composable enterprise SaaS applications.

In assessing a service provider's ability to orchestrate the ecosystem, SPVM leaders should look for the following in the provider's proposal:

- **Co-created solutions with ecosystem ISVs and startups.** Each leading enterprise SaaS platform has its own ecosystem of ISVs and startups building innovative solutions around it. Check for demonstrable instances (e.g., case studies and reference sites) where service providers have collaborated and co-created innovative, composable SaaS solutions with ISVs and startups.
- **Proven intellectual property in the form of prebuilt connectors (integrations)** for the satellite products into the core platform. This can be validated through capability statements from service providers. Look for case studies where service providers have demonstrated their ability to mainstream interim integrations once the satellite product/capability is assimilated into the core platform by the SaaS software provider.
- **Demonstrated thought leadership on the ecosystem dynamics** shown through a deep understanding of the capabilities, service levels, and pricing mechanisms of individual products that constitute the ecosystem of the core SaaS platform.
- **Established releases in a complex environment.** Confirm the service provider's release management capability by seeking case studies where the provider demonstrated releases involving multiple, highly interdependent products.

Vet Adoption Assistance Services

Sixty-six percent of employees say that digital friction is a common impediment to using information technologies provided by their employer. [3] Organizational design and change management (OCM) is typically focused on structures, workflows and roles. It networks and helps mitigate risks during the implementation phase. However, adoption assistance services are relevant post go-live and should focus on scaling user adoption of SaaS solutions.

Adoption assistance services typically scaffold products to reduce digital friction (see Note 4) and enable user adoption. Organizations are increasingly using digital adoption platforms (DAPs) (see Note 5) to guide business users in accomplishing their tasks using disparate products and capabilities across the SaaS platform. Gartner clients at mainstream companies inquire about acquiring or expanding their use of DAPs throughout their organizations. Inquiries have increased year over year, and searches on gartner.com for digital adoption platforms have more than doubled year over year (see Market Guide for Digital Adoption Platforms and Quick Answer: Should You Buy a Digital Adoption Platform or Use Native Application Functionality?)

Furthermore, SaaS software providers' offerings like Salesforce Enablement Services (Trailhead Academy) and SAP Enable Now offer an opportunity to personalize training content and delivery options (virtual, in-person, or on-demand).

These capabilities or products come into play in the last phase or the post-implementation phase of a SaaS solution. To fully realize the benefits of these products, organizations need commensurate go-live services designed to provide adoption assistance. Service providers' capabilities must extend beyond the implementation phase.

Recent evolution of the digital workplace makes it possible to engage users by regularly posting snippets on features, how-to videos, and updates on new releases/changes. Providers can drive conversations with unengaged users and actively involve key user champions to answer "how do I" questions, share efficiency tips and more.

Recommendations

SPVM leaders, in addition to evaluating service providers for their organizational design and change management capabilities, should assess providers specifically on capabilities related to enabling user adoption, including questions in the RFP that cover following dimensions.

- **Capability in handling digital adoption tools.** Seek case studies from service providers where they have improved user adoption of SaaS solutions by leveraging cross-application guidance tools (like DAPs) and software usage analytics.
- **Creation and curation of personalized, contextual training content.** Solicit service providers' capability statements on their ability to leverage enterprise SaaS software providers' learning tools and services. Ask for specific examples of where they have used the tools and overlaid them with industry-and-organization-specific process knowledge to create and curate personalized content.
- **Deliverance of innovative user community engagement services.** Ask for examples of how the service provider has created and curated user communities. What are the unique services the provider can offer in improving user communication and engagement to drive adoption?

Confirm Service Extensibility

Three fundamental shifts have occurred in the way organizations build and deploy SaaS solutions:

- The shift from a software-customization-first approach to a set of configurable "best practices" business process approach
- The shift from centralized technology centric teams to distributed fusion teams within the organizations
- The shift from monolithic software to an agglomeration of capabilities to deliver a business outcome

Organizations failing to recognize these shifts and using traditional ongoing support services will end up customizing the software instead of continuously fixing the business process. This builds siloed functional or technical teams and eventually curates an ineffective SaaS solution. This will increase the cost of maintaining the service and lead to a degraded service, resulting in poor adoption of the application.

Recommendations

SPVM leaders should evaluate service providers' ongoing services capabilities across the following dimensions:

- **Business process optimization.** Assess service providers' ability to conduct continuous business process analysis, optimization and orchestration. To do this, evaluate their expertise in using the latest enterprise business process analysis (EPBA) tools and offerings focused on business process automation, orchestration and optimization. Require the service providers to share case references to demonstrate how their services have helped improve SaaS application adoption in their customers.

- **Fusion teams.** SPVM leaders should evaluate if the service provider has offered multidisciplinary squads with business and techno-functional skills to support the evolution of fusion teams within their organizations. Multidisciplinary squads are teams of people with skills across the technology (front end, back end, cloud infrastructure, full stack) and functional (scrum master, product manager, test engineers, site reliability engineers) streams.

- **Manage multisourced environments and deliver integrated service.** In an API-centric SaaS approach, even though multiple providers will be involved in provisioning one solution, support service providers will be expected to deliver an integrated service for the overall SaaS solution. In the RFP, include open-ended questions that allow service providers to articulate with examples their ability to:

- Create a unified legal construct (unless the SaaS solution is for internal use) with multiple software or application providers across a range of terms and conditions on pricing, service levels, liabilities, and warranties from across multiple software or application vendors.

- Define an operating model with clear accountability and responsibility across all parties (software providers, the service provider and customer organization).

- Deliver continuous build, operate and maintain service using intelligent integrated DevSecOps and IT service management toolsets across the solution estate.

Evidence

[1] Workday acquired nine companies since 2018; SAP made nine acquisitions since 2018; Oracle did 15 acquisitions since 2018; Salesforce topped the list with 24 acquisitions since 2018.

- Why Invest: Acquisitions, SAP.

- Oracle Strategic Acquisitions, Oracle.

- Salesforce Acquisitions from 2022 Mark a Year of Integrations, TechTarget.

[2] SAP Delivers New Approach to Composability, Helping Businesses Drive Profitability and Move Fast on Their Own Terms, SAP News Center.

[2] Salesforce Unveils Composable Storefront, a Digital Commerce Solution to Help Retailers 'Go Headless' Fast, Salesforce News and Insights.

[3] **2021 Gartner Employee UX Survey.** We surveyed over 2,200 corporate employees globally from all industries, functions, seniority levels and generations. Our objective was to understand the overall quality of employee UX across organizations and its impact on key business outcomes. We also aimed to identify the application design principles and practices that have the biggest impact on employee UX quality. We used descriptive analyses to compare overall UX quality across employee demographic segments. We used logistic regressions to understand the impact of employee UX on key business outcomes and to identify the application design principles and employee-centric practices that have the biggest impact on overall UX quality. We tested a total of approximately 20 design principles and employee-centric practices to understand the impact that each has on UX quality. We controlled for respondents' age, function, seniority level, geographical region, professional tenure and organizational characteristics when conducting the regression analysis.

Note 1: Enterprise SaaS Applications

Enterprise SaaS applications are software applications that support a business operation function such as purchasing (ERP) or a corporate function like HCM/CRM using software that is run in a public or private cloud. These applications are single or multitenant and consumed on a subscription basis.

Utility SaaS applications such as Microsoft Office 365 or Dropbox are cloud-hosted applications that provide an IT utility service such as Office application support, file hosting, etc.

Note 2: Ecosystem Orchestration

Ecosystem orchestration is the ability to manage the way value is exchanged across the technology partner landscape. The orchestrator defines organizing principles, participants, rules of engagement, shared capabilities and value exchange.

Note 3: API-Centric SaaS

API-centric SaaS companies offer cloud-based application services delivered primarily via programmatic access (that is, via APIs and/or event channels). Such applications are sometimes referred to as “headless” SaaS. Some user interfaces may be provided as a starter set, but the strategic intent for API-centric SaaS is for it to be used via an API as a building block for application development or composition/integration.

Note 4: Digital Friction

Digital friction is a series of challenges employees face when using applications provided by their organization. According to the 2021 Gartner Employee UX Survey, 66% of employees say digital friction is a common impediment to using information technologies provided by their employer.

Note 5: Digital Adoption Platforms (DAPs)

A digital adoption platform overlays applications (e.g., CRM, HCM, ERP, legacy and external) with in-application guided learning, simulations, analytics and nudging to drive adoption, proficiency and engagement. DAPs improve adoption and usage, supporting organizations’ digital transformation objectives. They provide consistent UX that helps users complete work efficiently. DAPs also offer analytics that drive actionable insights to improve experience and streamline work, improving ROI.

Document Revision History

Evaluate and Select the Right Service Providers to Ensure Successful Enterprise SaaS Adoption - 18 October 2019

Improve Your Enterprise SaaS Implementation With This Three-Step Process and Checklist - 12 January 2018

Recommended by the Authors

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