Research Insights Paper

The Impact of Poor SaaS Performance on Globally Distributed Enterprises

Understanding the Current Environment

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SaaS Adoption Maintains Rapid Growth

Modern enterprises seek opportunities to drive greater levels of efficiency and productivity into their businesses. One of the key trends over the last decade has been the transition away from applications purchased and deployed in private data centers to the consumption of applications as software-as-a-service. ESG's annual technology spending intentions research highlights the shift in SaaS adoption over the period between 2013 and 2019. Looking over this six-year window, it is clear to see the rapid growth of SaaS adoption, with the 2019 research indicating that 67% of respondents consume 20% or more of their total applications via SaaS, up from only 39% six years ago (see Figure 1).[1]

Figure 1. SaaS Adoption

Percentage of total applications that are SaaS-based, 2013 vs. 2019
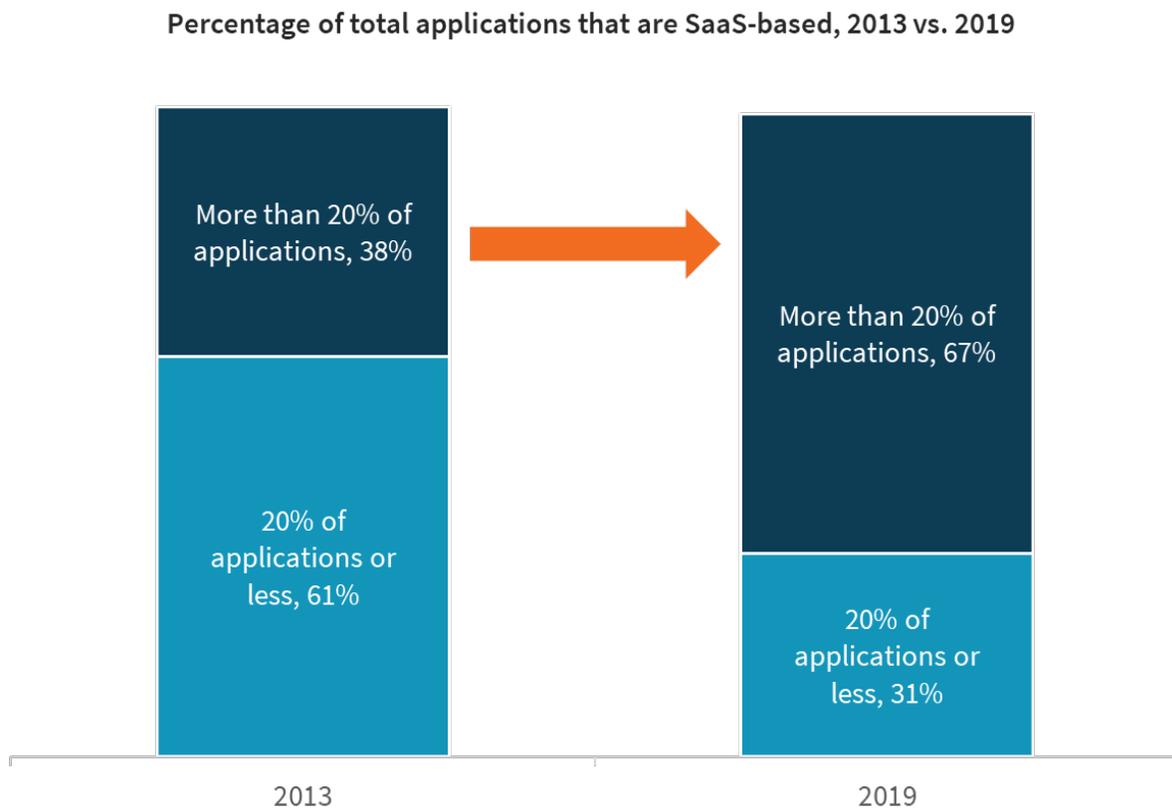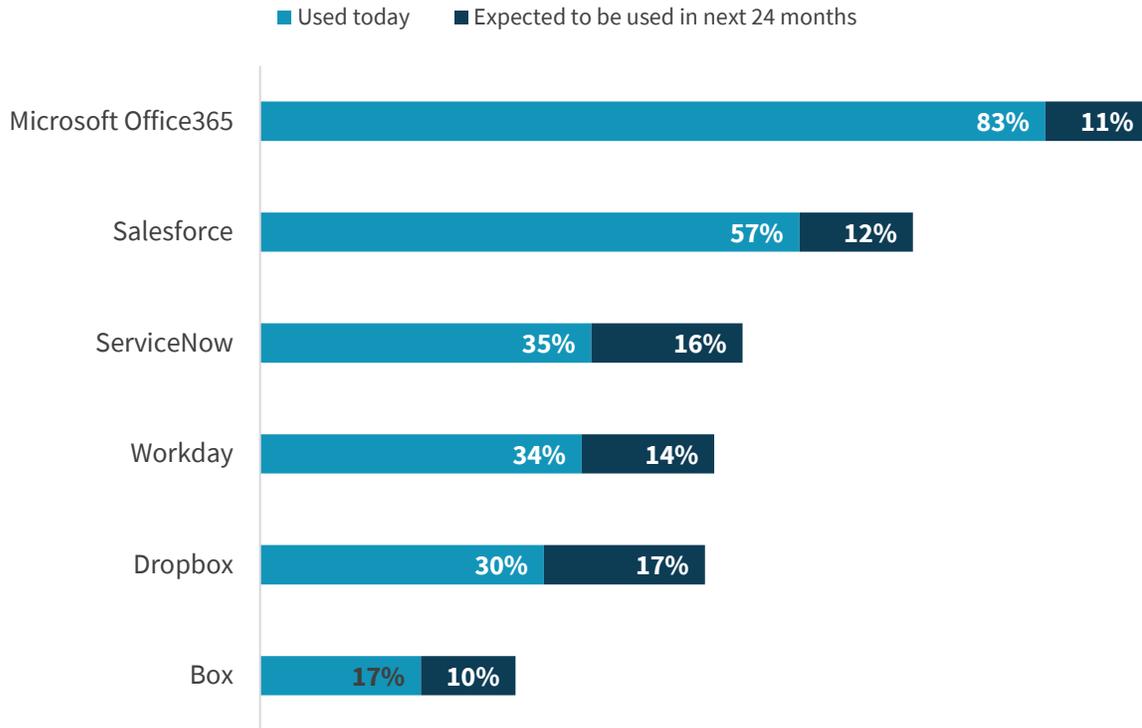
Source: Enterprise Strategy Group

To gain greater insight into SaaS adoption, use, and importance to the business, ESG surveyed 200 IT decision makers knowledgeable about their organization's business applications and IT equipment in place to support distributed and/or international workers. Specifically, respondents were at enterprise organizations of 1,000 or more employees that are globally distributed (10% or more of their workforce resides outside of North America).

The first goal was to understand which SaaS applications were in use today. As Figure 2 illustrates, the most common applications cited by qualified respondents included office productivity, CRM, workflow management, and online file sharing solutions. This snapshot represents just a few of the dominant SaaS applications respondents are using on a daily basis to be productive. In fact, of the six enterprise SaaS applications we addressed in our survey, on average, respondents reported that 2.5 of these applications are in use at their organizations today.

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[1] Source: ESG Research Report, *2019 Technology Spending Intentions Survey*, February 2019.

Figure 2. SaaS Applications in Use

Which, if any, of the following SaaS applications are in use at your organization? Do you expect your organization will begin using any of the following SaaS applications within the next 24 months? (Percent of respondents, N=200, multiple responses accep

■ Used today   ■ Expected to be used in next 24 months

Application	Used today	Expected to be used in next 24 months
Microsoft Office365	83%	11%
Salesforce	57%	12%
ServiceNow	35%	16%
Workday	34%	14%
Dropbox	30%	17%
Box	17%	10%

Source: Enterprise Strategy Group

SaaS Is Critical for the Distributed and International Workforce

As shown in Figure 1, SaaS application usage is rapidly increasing in globally distributed enterprises. As a result, organizations now see these distributed and international workers accessing SaaS-based applications on a regular basis. In fact, 62% of the respondents indicate that over half of their organizations' distributed or international workforce access SaaS applications on a daily basis. And even more telling, not one respondent said that these distributed workers didn't use a SaaS application. According to the survey, the device preferred by nine out of ten users for accessing SaaS applications is a laptop (91%), followed by desktops (66%) and tablets and smartphones (64%). This reflects the fact that most workers leverage multiple devices, desktops, or laptops in the office, but more likely use laptops and mobile devices when travelling or working from home.

Figure 3. Percentage of Distributed Workforce Using SaaS Daily

Approximately what percentage of your distributed and/or international workers currently access any of these SaaS applications on a daily basis? (Percent of respondents, N=200)


1% to 24%	25% to 49%	50% to 74%	75% to 99%	100%
8%	31%	28%	22%	12%
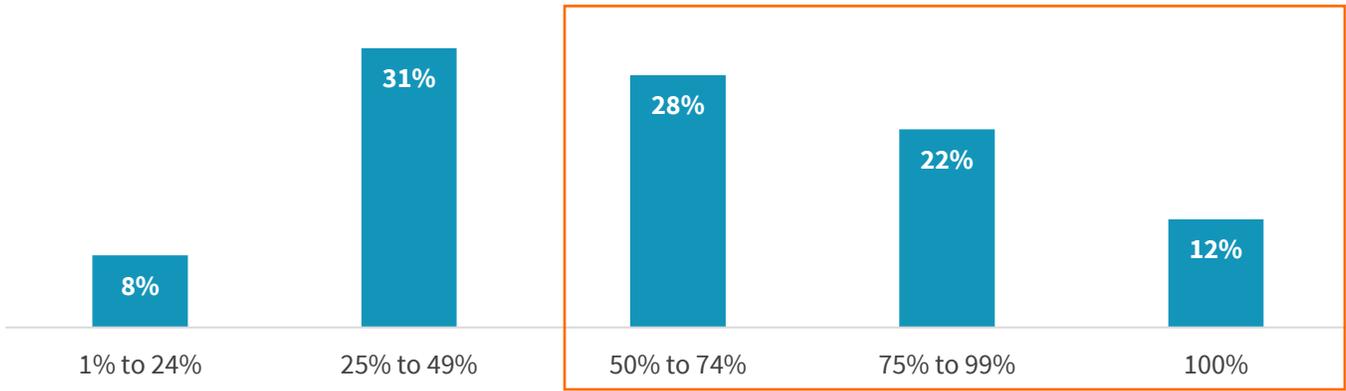
Source: Enterprise Strategy Group

It was also interesting that, while organizations are beginning to invest in SD-WAN, increasing bandwidth to remote sites and shifting to direct-to-internet initiatives, the majority of respondents still have most or all of their distributed and international workforce access these applications via data center connections. This is even more prevalent amongst larger enterprises—27% of respondents at organizations with 10,000 or more employees report all distributed or international workers access SaaS applications through the data center. Figure 4 illustrates how those employees are connecting to SaaS applications.

Figure 4. SaaS Access Still Going Through Corporate Data Centers

What proportion of your distributed and/or international workers typically access SaaS applications through the data center versus connecting directly through the public internet? (Percent of respondents, N=200)

All typically access these applications through the data center	Most typically access these applications through the data center	Roughly half of distributed and/or international workers	Most typically access these applications through the public internet	All typically access these applications through the public internet
20%	46%	23%	8%	4%
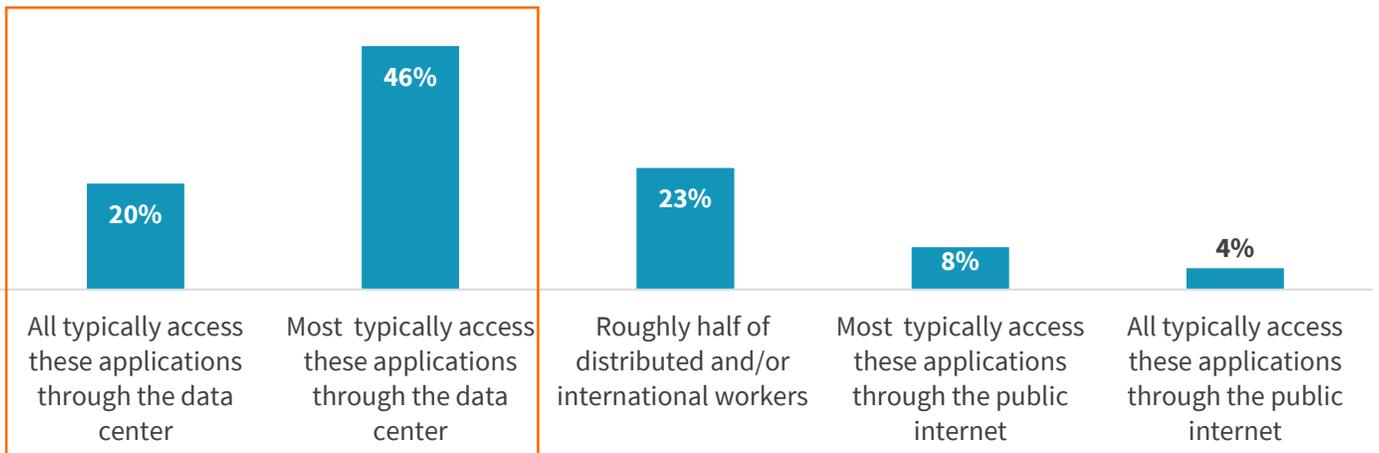
Source: Enterprise Strategy Group

Despite all the talk of transformation and SD-WAN adoption rates, the data collected demonstrates that these respondents are still confined by legacy network architecture and security posture that may be challenging and costly to undo. This also means that globally distributed users are accessing SaaS applications by hairpinning through a centrally located data center—regardless of their proximity to a local SaaS data center. So, with 66% reporting that most or all of their

remote/distributed workers access SaaS applications through data centers, the question is, how does that impact performance and productivity?

SaaS Performance Poor for the Distributed/International Workforce

Despite the fact that 94% of respondents cited that it is important or very important for distributed or international workers to access these SaaS applications to remain productive, a large percentage of respondents stated that they still experience either consistent or periodic performance issues.

From an IT operations perspective, over 50% of respondents report receiving complaints or tickets issued multiple times per week or month related to poor SaaS performance. From a productivity perspective, this means that support teams are spending their time addressing these tickets and not working on strategic digital transformation initiatives.

Figure 5 illustrates the extent of the SaaS performance problem for remote or distributed workers. It indicates that 42% of respondents estimate that at least half of the distributed/international workers experience *consistently* poor SaaS performance and 54% report at least half suffer from *periodically* poor performance.

Figure 5. SaaS Users Experiencing Poor Performance

Approximately what proportion of distributed and/or international workers do you believe experience the following SaaS application performance issues? (Percent of respondents, N=200)

- Proportion of distributed and/or international SaaS users that experience consistently poor SaaS performance
- Proportion of distributed and/or international SaaS users that experience occasional periods of particularly poor SaaS performance
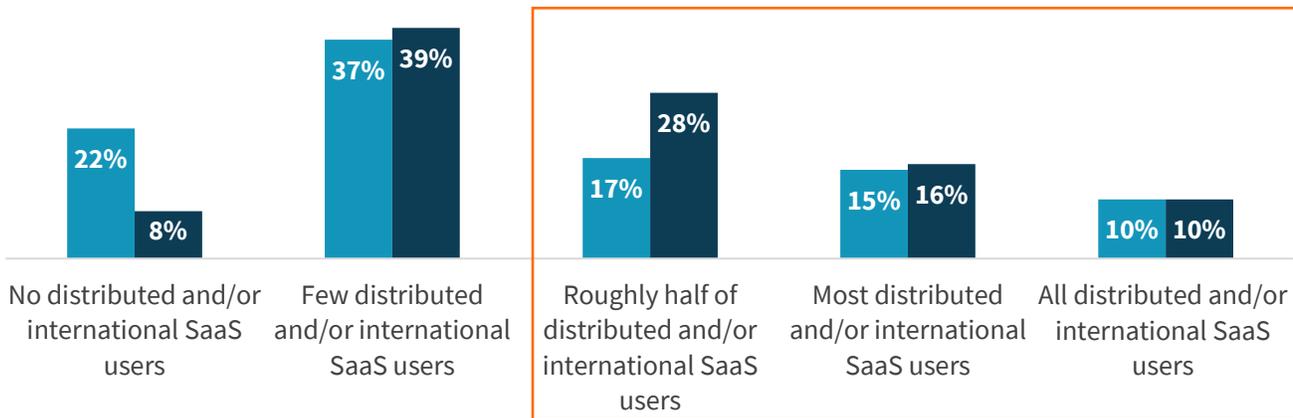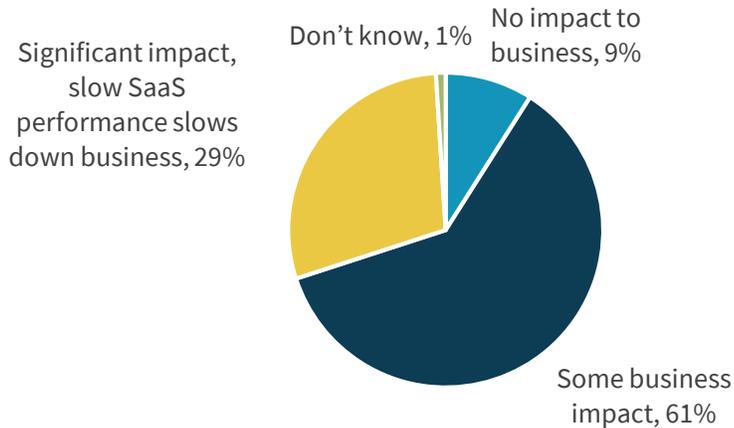
Source: Enterprise Strategy Group

Given the dependence on these applications to be productive and the alarmingly high rate of poor SaaS performance experiences, one might reasonably question how this poor performance impacts the business.

Poor SaaS Performance Impacts Business

There is, in fact, a direct correlation between poor SaaS performance and an impact to the business. Figure 6 highlights that 90% of the respondents reported that SaaS performance issues have either some or significant impact on the business.

Figure 6. Impact of Poor SaaS Performance on the Business

In your experience, how does poor SaaS performance impact or slow down business for users at your organization? (Percent of respondents, N=191)

Significant impact, slow SaaS performance slows down business, 29%

Don't know, 1%

No impact to business, 9%

Some business impact, 61%

Source: Enterprise Strategy Group

Given the pace of business and the requirement for all employees to be productive, organizations need to find a way to ensure optimal SaaS performance for all their workers and especially the distributed and international workers.

SaaS Acceleration Seen as Key to Improve Performance

There are a number of steps organizations can take to help resolve these performance issues—like adding more bandwidth, rearchitecting the WAN to provide direct internet access, deploying SD-WAN technology, or accelerating the existing SaaS applications. Many of these fixes are not easy, as organizations may need to fulfill existing network contracts, and completely rearchitecting the environment will take time and require an investment in new technology. For many organizations, the most expedient solution is making investments to accelerate existing SaaS traffic.

In fact, according to the survey, respondents stated they would find value in a solution that accelerated SaaS applications. Figure 7 shows that 96% of respondents would find it valuable to very valuable to accelerate SaaS response time for their distributed and international workforces.

Figure 7. Value Associated with Accelerated SaaS Traffic

Considering your entire global workforce, how valuable would it be for your organization if you could deploy a solution that dramatically accelerated response time for SaaS applications anywhere your workforce needed access? (Percent of respondents, N=200

Not at all valuable, 1%
Don't know, 1%
Not very valuable, 4%
Very valuable, 45%
Valuable, 51%
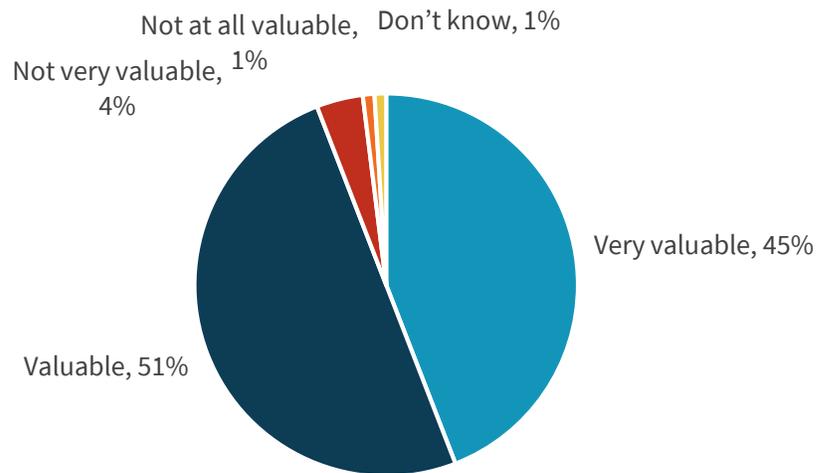
Source: Enterprise Strategy Group

It should also be noted that for organizations that were highly decentralized (i.e., those respondents employed at organizations where >50% of the workforce is considered distributed), 55% stated that accelerating response time for SaaS applications would be very valuable.

The Bigger Truth

The data ESG has collected across multiple research surveys indicates widespread adoption of SaaS applications by global firms. It also demonstrates that these organization rely on SaaS applications to ensure their employees are productive. As a result, there is more pressure on IT to ensure connectivity and a positive user experience when using these applications.

Unfortunately, the data also highlights the fact that most organizations with distributed and international workers have reported problems with SaaS performance. Furthermore, these organizations report that their employees' productivity has been impacted negatively due to poor SaaS performance.

There are a number of different steps organizations can take to help rectify these performance and productivity issues. However, almost every respondent to the ESG research survey (96%) agreed that it would be valuable or very valuable to accelerate SaaS traffic.

Enterprise Strategy Group is an IT analyst, research, validation, and strategy firm that provides actionable insight and intelligence to the global IT community.