



HFS

Maximizing SaaS value

**Leveraging managed
services for digital
transformation**

**KPMG and HFS Research
Cloud Adoption Survey**



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Foreword

Each business function — from information technology (IT) to finance, human resources, risk, and others — plays a critical role in digital transformation. In their quest to become more responsive, resilient, and competitive, many functions are adopting cloud platforms.

However, the move to software as a service (SaaS) is not a one-and-done endeavor. Without ongoing platform management, companies may face unexpected costs, poor user adoption, or problems with systems integration and data management. Ultimately, they may fail to maximize value of the platform, missing opportunities for continual transformation.

As a result, functional leaders are increasingly using managed services to get the most from their SaaS platforms after implementation. In this model, often called managed SaaS or SaaS optimization, service providers help with software updates, configuration, process improvement, training, data governance, analytics, change management, and more — all on an ongoing basis, designed to achieve the target outcomes in the business case.

But how effective is this model?

Are companies using it to meet the fast-changing needs of business functions and drive strategic priorities, or are they focused more on keeping systems current?

To find out, we worked with HFS Research to survey more than 700 companies that are actively using managed services for SaaS optimization, and we're pleased to report the findings. The study shows that companies tend to land in three different kinds of managed services models — or "lanes" — with capabilities and outcomes that range from transactional to transformational. We call it the Managed Services Road Map.

The study also suggests that companies too often focus their platforms more on tactical delivery than sustained advantage in the SaaS journey. With the right approach to managed SaaS, however, there's more potential to be had.



David Brown

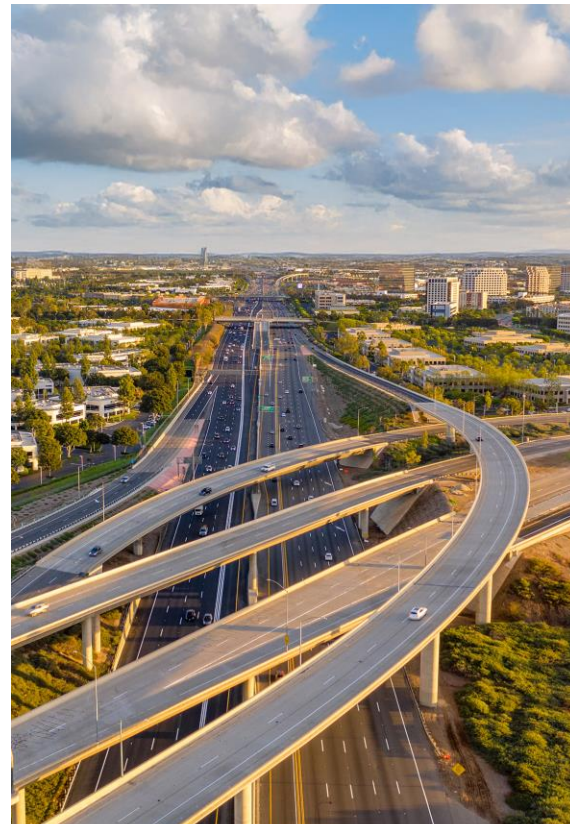
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About the study

The KPMG and HFS Research Cloud Adoption Survey explores the use of managed services for the optimization of cloud platforms after implementation.

This research is based on our 2024 survey of more than 700 business leaders, representing companies around the world, that use managed services to optimize SaaS platforms across these providers: Coupa, Ivalua, Microsoft, Oracle, Salesforce, SAP, ServiceNow, and Workday.

Responding companies have at least \$500 million in revenue and represent numerous sectors, including banking and financial services; food, drink, and consumer packaged goods; technology, media, and telecommunications; energy, utilities, and natural resources; healthcare; and industrial manufacturing.



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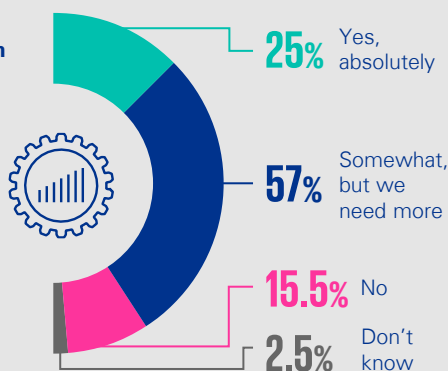
Beyond application maintenance: seeking long-term value

Effective functional transformation requires an ongoing return from cloud investments, going beyond the successful launch of a SaaS platform. It means continuing to adapt to fast-changing market conditions, technologies, and business requirements.

However, only 25 percent of respondents are getting the long-term value they expect from enterprise SaaS, while the vast majority are looking for more. That's because most companies view SaaS management as an IT maintenance issue related mainly to software updates and helpdesk — not as a driver of business impact.

Elusive impact

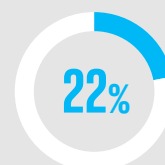
Is your organization getting the full value it expects from enterprise SaaS?



In which area is your managed services provider delivering the highest impact?

Respondent group	Top impact area
Absolutely receiving long-term value from SaaS	Strategic platform improvements
Receiving some long-term value	Implementation of software updates
Not receiving long-term value	Helpdesk

Only



of companies note high impact from **strategic improvements** in managed SaaS.

A matter of focus

The survey shows that among companies receiving long-term value from SaaS, their managed services are focused primarily on making strategic enhancements to SaaS platforms. Drawing from providers' business and technical expertise, these could include ongoing systems integration for better data visibility, proactive configurations for improved regulatory compliance or security, or process improvements to enable market or product expansion.

In contrast, among the 15.5 percent of companies that are not getting the expected value from enterprise SaaS, their managed services provider is seen mainly as a helpdesk partner for user support. And, among the remaining 57 percent that are seeking more value from SaaS, their managed services are focused primarily on implementing software updates.

Granted, adopting the new functionality in software updates is critical, as it helps companies keep up with SaaS innovation, and outperform competitors. In fact, leading managed services providers are experts at testing and deploying new functionality, while aligning it to company strategies, and managing impact on the business. In fact the study suggests that the more updates that companies adopt, the higher their satisfaction with cloud platforms.

Nonetheless, a myopic focus on these updates — without other platform improvements aligned to the business strategy — translates to lower long-term value overall.

The technical layer: just one stop in the ongoing journey

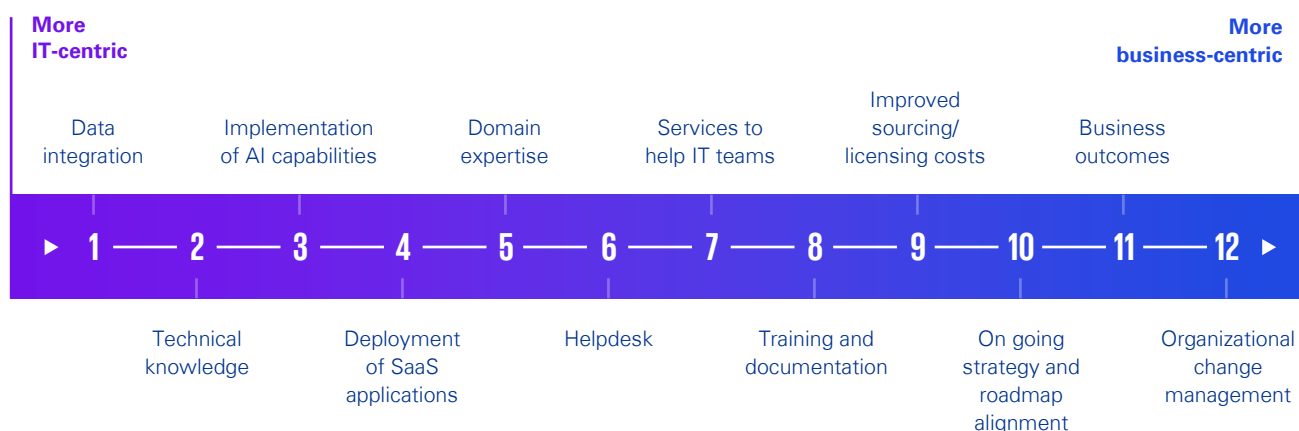
Focusing mainly on software updates speaks to a larger trend in managed SaaS: Most models prioritize IT capacity over other business improvements.

For example, the achievement of business outcomes such as growth, speed, or stakeholder trust — which are critical in functional transformation — rate lower in satisfaction than tech-oriented factors. Likewise with ongoing strategy alignment and change management.

Of course, given IT's increasing workload and talent shortage, it can be highly valuable for SaaS managed services to assist in the technical layer, but this should not be at the expense of advancing the business strategy.

Top areas of satisfaction in SaaS optimization

More than 85 percent of respondents are at least moderately satisfied with the below managed services capabilities. But when it comes to their highest levels of satisfaction, based on enterprise impact, respondents rank the factors as follows:



This trade-off between IT capacity and the business strategy is especially evident among the companies that are not getting long-term value from enterprise SaaS. Most respondents in this category are highly satisfied with managed services for helpdesk, technical knowledge, and application deployment, but their area of lowest satisfaction is business outcomes.

Notably, the next-to-lowest level of satisfaction among these respondents is training and documentation, suggesting that managed services providers are failing to prepare the business to use SaaS applications, which could impede even the most basic return on investment.

Getting out of tech debt

Cloud platforms are meant to support rapid transformation, but they can also hold it back. That's due to accumulating technical debt caused by:



Legacy systems and processes.

Without proper integration or redesign, these old ways of doing things can hinder the adoption of new technologies, while also creating security vulnerabilities.



Shadow optimization.

If business users can't get the functionality they need from SaaS platforms, due to a backlog of IT requests or a lack of training, they may create their own workarounds or buy new point solutions. This can result in process deviations and redundant systems that cause more costs down the road in the form of storage, maintenance, and multiple versions of the truth.



Short-term thinking.

With the turbo pace of technological change, companies can be tempted to prioritize speed over the sustainability of their architecture. This mindset can create shortcuts and unideal tech choices that only reduce the scalability of a cloud platform.

SaaS optimization plays a key role in preventing these buildups of tech debt.



Among the

25%

of companies that are absolutely receiving long-term value from SaaS...



75%

are highly satisfied with managed services providers' ability to reduce tech debt,



while fewer than

40%

say the same about their IT department.

Mapping the route for sustained transformation through SaaS

The study shows that long-term value increases as managed SaaS moves from IT-centric, ticket-based activities to more business-centric services enabling functional transformation. That's because the switch to SaaS is not a fixed destination. It's a journey of ever-changing challenges and opportunities, and extracting sustained value requires continued evolution.

A look at the capabilities and outcomes in managed SaaS models, however, shows that fewer than 20 percent of companies are focusing their models squarely on continual business transformation. Most are centering on tactical IT services or shorter-term performance goals.

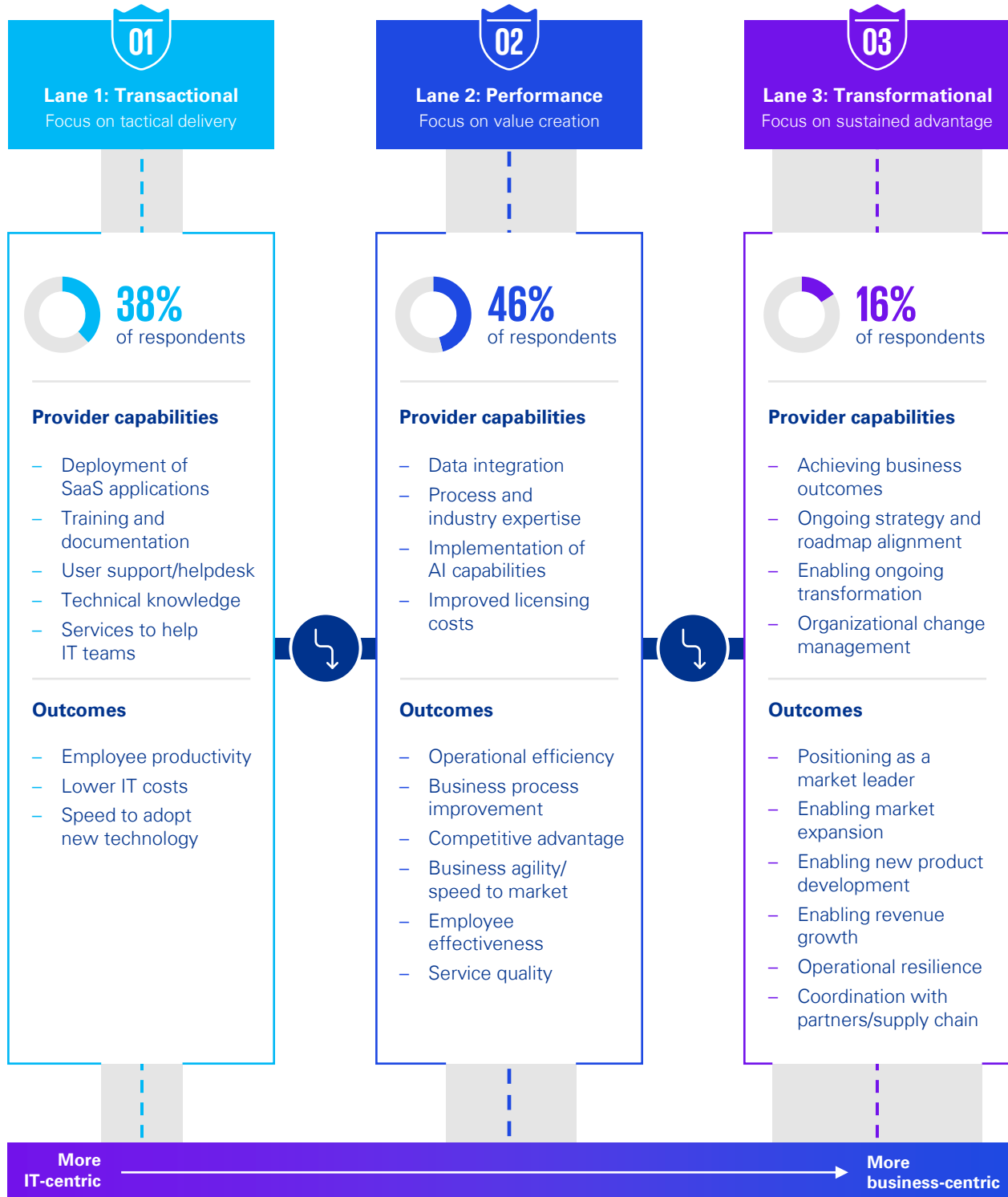
These are no doubt important and may create lasting results among some respondents, but companies also have the potential — with a transformational mindset and the right managed services provider — to take SaaS optimization into new realms of value.

The study indicates that cloud support models usually fall into one of three, sometimes overlapping, lanes in the SaaS journey. We call it the Managed Services Road Map, which analyzes the characteristics of successful SaaS optimization models, along with the inflection points — or “lane changes” — for switching from one route to the next.



Managed Services Road Map

Achieving long-term value in the SaaS journey



01

Lane 1: Transactional

Focus on tactical delivery

At this level, the focus of managed SaaS is primarily to improve IT capacity. Managed services providers are seen as implementation and support partners, bringing technical knowledge to deploy SaaS applications, keep them current, and provide training and support to the business. Outcomes, accordingly, usually relate to productivity, speed, and IT costs.



Lane-change opportunity:

**Data integration**

Most SaaS optimization models are on a path to value creation, but their journey may start at the transactional level. For moving from Lane 1 to Lane 2, the study points to data integration as a key lever. It reflects a managed SaaS provider's capabilities across disparate systems, business processes, and improving the way data is delivered to users.

02

Lane 2: Performance

Focus on value creation

In this middle lane, managed services providers go beyond IT support by bringing industry-specific process expertise to optimize platforms for business users. With an eye toward transformational value, providers help companies absorb the software updates that will best serve their business strategy, while turning SaaS into a platform for ongoing innovation in areas such as AI, data tools, and security. In addition to improving application performance, outcomes may pertain to enterprise agility, process improvement, employee experience, and other sources of competitive advantage.



Lane-change opportunity:

**Strategic collaboration**

For the more challenging switch from Lane 2 to Lane 3, the study identifies the determining factor as a strategic collaboration between IT, the business, and the managed services provider. Hallmarks of this collaboration include strategy alignment, business outcomes, and organizational change management — thanks to providers' expertise across tech domains, functions, processes, and industries.

03

Lane 3: Transformational

Focus on sustained advantage

While 25 percent of all respondents are receiving long-term value from SaaS platforms, only 16 percent are deriving that value from sustained transformation. In this lane, which also includes the benefits from Lanes 1 and 2, managed SaaS providers are viewed as strategic collaborators, aligning their work to the enterprise growth agenda, and enabling both technical and business outcomes. For example, these providers may turn SaaS platforms into drivers of operational resilience, supply chain efficiency, or revenue growth stemming from improved customer experience, and regulator trust. And, in addition to implementing SaaS updates, they may help to manage the organizational impact from new functionality — in terms of process changes, desktop procedures, employee communications, and more.

The SaaS habits of highly successful industries

The respondents that report the most long-term value from managed SaaS — and are most commonly operating in Lane 3 — represent the following industries:

**Industrial manufacturing**

**Banking & capital markets**

**Technology, media & telecom**

- What can you learn from these companies?
- What are their high-value habits in SaaS support models?

Stay tuned for additional articles on these insights.

Where are our savings?

A common goal for cloud transformation is to reduce IT costs. But even though this is a Lane 1 target outcome, it’s far from a given, as nearly one-third of all survey respondents say they only get cost reduction some of the time.

That’s because achieving sustained savings requires work beyond application deployment and maintenance. To realize the cost promise in the business case, SaaS support models need providers with the right expertise to mitigate long-term cost implications, ranging from user adoption to regulatory compliance.

Companies also need SaaS optimization with predictable costs — which, fittingly, are the No. 1 most critical capability expected from managed SaaS providers.

Top 5 provider capabilities sought for managed SaaS

01	Predictable costs, leading to budgeting consistency
02	Industry expertise
03	Onshore/nearshore delivery
04	Business consulting
05	Domain expertise

Turn SaaS into a platform for advantage

In moving systems to the cloud, it's easy to buy into the promise of better, cheaper, and faster — without considering the ongoing work required to evolve the platform. But progressive leaders are increasingly making sustained value a forethought instead of an afterthought. They're engaging managed services providers for ongoing SaaS optimization, helping them get long-term return from cloud investments.

However, the Managed Services Road Map shows untapped potential, as some managed SaaS models may focus too much on alleviating IT problems, and not enough on creating platforms for ongoing transformation. To take your SaaS optimization from tactical delivery to sustained advantage, choose a managed services provider with the right mix of capabilities.

Consider the following when designing your cloud support model:

01

Is the provider a tech firm or a multidisciplinary advisor?

The most capable managed SaaS providers have deep platform knowledge and strategic alliances with SaaS vendors — plus domain expertise and advisory capabilities across business functions, industry-specific processes, and fast-evolving areas such as generative AI, cybersecurity, and regulatory compliance. It's this multidisciplinary experience that can make the difference between transactional outputs and transformational outcomes.

02

What is the provider's approach to cost reduction?

Cloud transformations can fall short of their promise when unexpected costs eat into business case. Therefore, look for managed SaaS providers with a track record in reducing IT costs. This work should include mitigation of ongoing risks related to user adoption, workarounds, redundant software tools, and growing complexity in business processes — all of which can create surprise expenses if not continually addressed. Also, seek a provider who offers predictable costs, without prohibitive upfront investments, while sharing the cost efficiencies from continuous improvement.

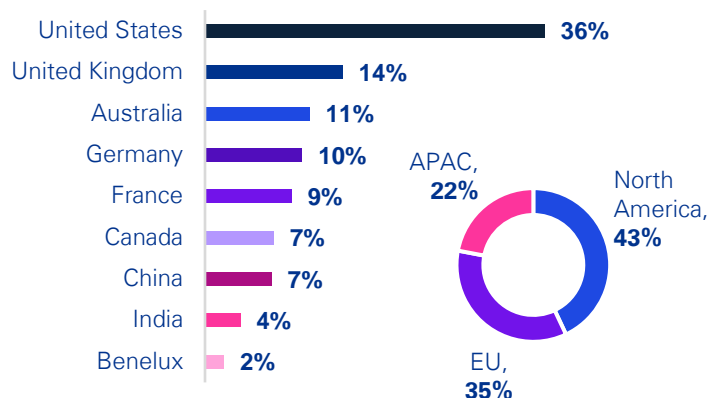
03

Which outcomes will support ongoing transformation?

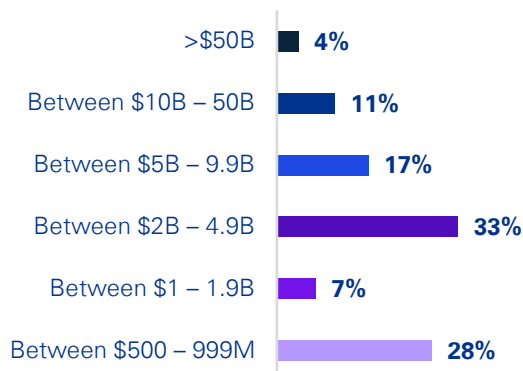
Remember that SaaS can be a foundation for long-term advantage, going far beyond cost reduction. Consider other potential outcomes from optimized SaaS, such as customer and employee retention, revenue growth, margin improvement, stakeholder trust, or faster adaptation to market change. Sustaining these kinds of results through SaaS requires a savvy model for optimization — one that's tech-enabled but strategy-led.

Survey demographics

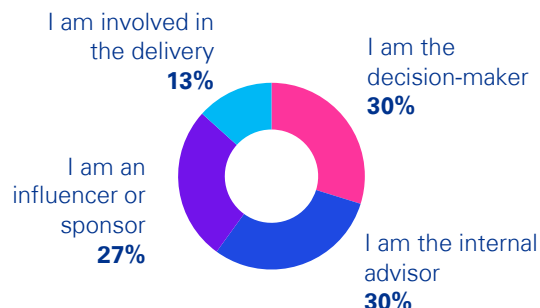
Country



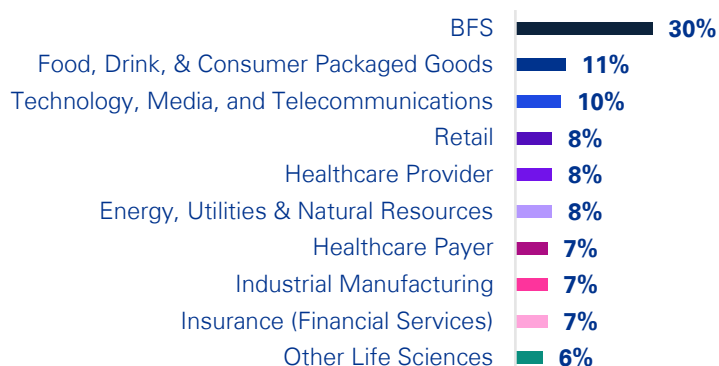
Revenue



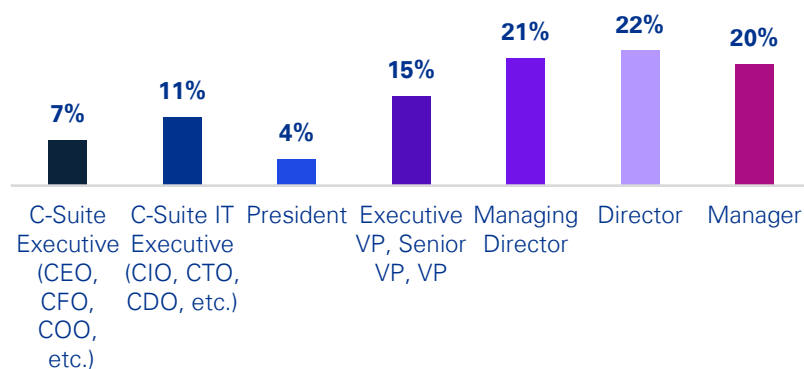
Investment role



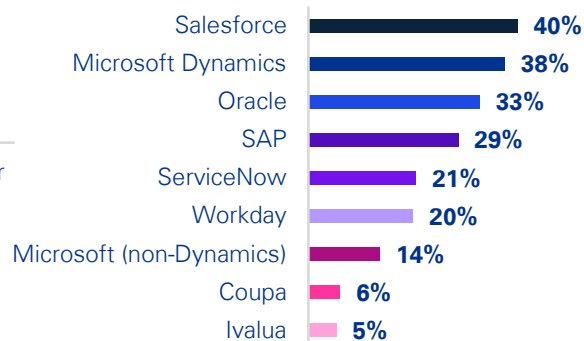
Industry



Job title



SaaS platform



How KPMG can help

KPMG professionals believe that business transformation is now a necessity — and that successful transformation requires the right tech and best processes with people whose insights are as broad as they are deep.

KPMG firms have worked at the heart of global businesses for many decades, helping clients realize the full potential of their people and technology, and working together to achieve real-world outcomes. Because when people and technology are in harmony, great things happen.

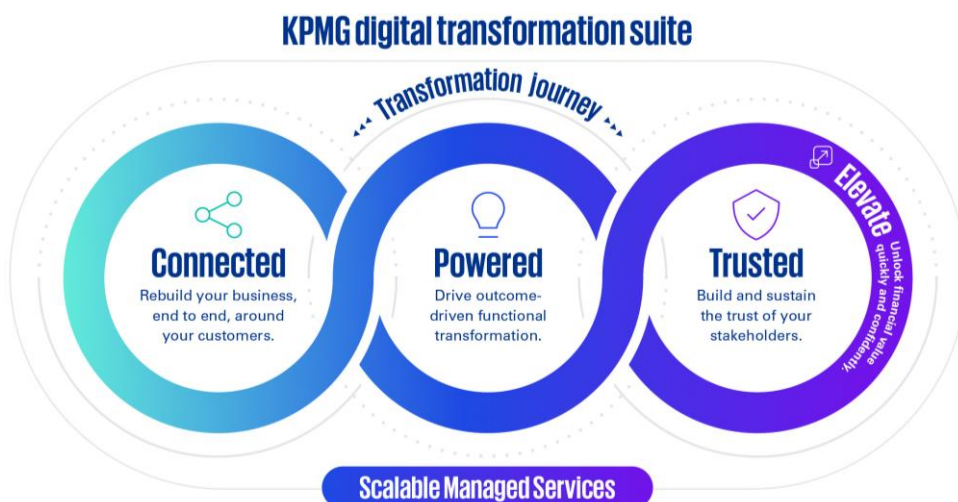
Making a world of difference

KPMG professionals can make all the difference on your transformation journey. Together we can help you orient your business around the customer, optimize functions for a new era, manage enterprise risk and regulation for a safer future, rise to a new level of value-creation, and create an environment for managing ongoing change.

Through the richness of their digital transformation, KPMG firms are helping clients build modern, intelligent, and resilient businesses that can deliver leading results for people and the planet.

Transforming for a future of value

The KPMG suite of business transformation products and services helps clients get to more productive and sustainable futures. Tailored to meet specific challenges across different business or operating models, our products and services drive continuous innovation, and create lasting value beyond implementation. Each contains rich insights and is underpinned by KPMG's leading transformation methodology.



Learn more about KPMG and HFS Research

About KPMG Powered Evolution

KPMG Powered Evolution is a managed service designed to continually optimize a functional transformation, helping you achieve lasting value after implementing a SaaS platform.

Drawing from the renowned expertise of KPMG professionals across functions, processes, and industries — plus alliances with the world's leading SaaS providers — KPMG firms help you absorb software updates, capitalize on emerging innovation and leading practice, nimbly pivot amid changing priorities, and drive ongoing return from your cloud investment.

Delivered through a multi-year subscription with predictable costs, Powered Evolution is part of the KPMG approach to help you shape a new future through business transformation. We call it Connected. Powered. Trusted.

[Learn more about KPMG Powered Evolution](#)

About KPMG Managed Services

Business transformation is the path to sustained advantage. But transformation is not a fixed destination; it's an ongoing journey. How can you continually evolve your business functions to keep up with ever-changing targets?

KPMG Managed Services can help — by handling knowledge-intensive processes across your enterprise on a subscription, as-a-service basis. This outcome-based approach has the potential to reduce your total cost of operations by as much as 15 to 45 percent, in addition to driving priorities like resilience, customer and employee retention, and stakeholder trust.

Taking you beyond traditional managed services, KPMG firms combine advanced technology with functional, process, and sector expertise — plus smart analytics, data governance, and change management — to operationalize your growth ambition. It's this strategic collaboration that makes the difference between transactional and transformational services, helping you gain a competitive advantage, sustain it through ongoing transformation, and limit disruption and risk.

KPMG. Make the Difference.

[Learn more about KPMG Managed Services](#)

About HFS Research

HFS Research is a leading global research and analysis firm trusted at the highest levels of executive leadership. Our mission is to help our clients — major enterprises, tech firms, and service providers — tackle challenges, make bold moves, and bring big ideas to life by arming them with accurate, visionary, and thought-provoking insight into issues that impact their business.

Our analysts and strategists have deep, real-world experience in the subjects they cover. They're respected for their independent, no-nonsense perspectives based on thorough research, demand-side data, and personal engagements with industry leaders.

We have one goal above all others: To propel you to success.

[Learn more about HFS Research](#)

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