Navigating the path to SaaS success

Modern managed services help IT
leaders rise to a new mission

A new role for IT: from system availability to business outcomes

Before the cloud, information technology outsourcers (ITOs) would pitch their services as "we'll run your mess for less." The "mess" referred to all the complexities of supporting an on-premises solution—including data centers, network infrastructure, servers, operating systems, applications, databases and security—while the "less" came from economies of scale and offshoring. The net deliverable was exactly the same as if you ran it yourself—a software application with 99.999% availability—but with lower costs and fewer headaches.

Software as a service (SaaS) has shaken up this model, with cloud software providers now taking care of much of the mess, but not all.

While they may handle the infrastructure and the applications, your IT department is still responsible for the configurations, the data, the features that are turned on or off, the deployment of new functionality, the identity and security setups, and other factors related to your company's particular use of the software capabilities.

A model of shared responsibility

Today, the deliverable for IT is no longer a software application with five-nines availability. It rather is a cloud platform that's calibrated to enable the business—through outcomes like greater employee satisfaction and retention, faster decision-making, better demand forecasting, lower inventory costs, reduced fraud and less waste.

IT departments are also under pressure to integrate cloud platforms with generative AI, connect data sources for advanced analytics, and overall build an innovative, resilient organization through cloud.

Now is the time for IT to become a business catalyst, not a cost center.

From migration to optimization

Despite the high expectations for IT organizations, most have yet to master cloud environments. In fact, according to the recent [KPMG Global Tech Report](#), the majority are more focused on migrating to cloud platforms than optimizing their cloud environments.

After all, as companies respond to accelerated changes in technology, consumer expectations and society itself, the mission of IT is evolving from merely supportive to entrepreneurial.

The specialized skills once needed to "keep the lights on" with enterprise applications are quickly diminishing in value, as today's IT leaders are now expected to be business and strategy experts, too. They should know how to recognize and seize the business opportunities created by enterprise applications.

That's in addition to their remaining accountability for legacy infrastructures, cybersecurity, network reliability, implementation of new systems and architectures, and tech support for changing work environments.

With this new mix of pressures, how can you, as a progressive IT leader, rise to your new role?
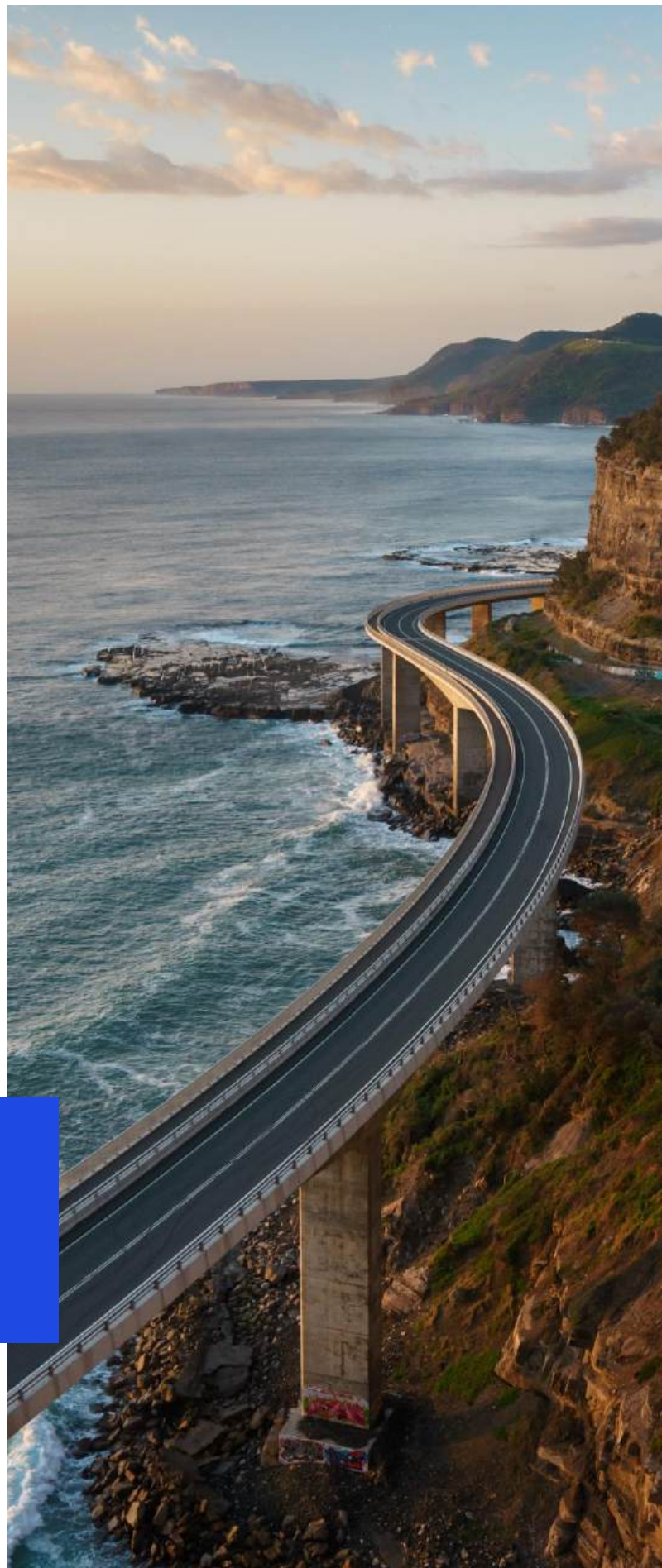
Enter modern managed services

Forward-looking IT organizations are using managed services to continually optimize their SaaS platforms.

Savvy providers know how to convert SaaS functionality into strategic business outcomes, while managing the cross-functional impact of software releases, continually improving processes, and helping companies drive ongoing return from their cloud investments.

And given IT organizations' expanding set of responsibilities, leading managed services providers also deliver on the adage of doing it for less—in terms of both cost and headaches.

Consider these findings from a 2024 global cloud adoption survey of functional leaders, conducted by KPMG and HFS Research:

92% of companies plan to increase their SaaS budget and, accordingly, their managed services budget as well.

Source: KPMG and HFS Managed Services Outlook, 2024-2025

4 out of 10 plan at least a 10 percent increase in their managed services budget.

#1 Managed services providers are the number one preferred resource for SaaS implementations, integrations, testing, training, financial impact analysis, business support, and governance & compliance services.

# Make transformation a way of business

Many ITOs have yet to make the necessary changes to serve as strategic collaborators in cloud transformation. They're still staffed to keep the servers running and the operating systems patched—things that cloud providers now handle.

Instead, IT executives should be utilizing a completely different set of skills and tools, and many are finding it in managed services. Leading firms can help you define and create a target operating model (TOM), keep pace with the latest developments in technology and leading practice, and make transformation a way of business.

For example, consider the rapid-fire updates you'll get from SaaS providers. Gone are the days when significant updates would come once every three to five years. Now they may come as often as every three months. You're responsible for assessing the impacts that updates have on your business processes, including security, privacy, compliance and more. These updates may require employee training. They may even enable new business opportunities.

The best managed services providers are experts at capturing value from SaaS updates, aligning them to the specific processes of your industry and helping you realize the business case for cloud transformation.

According to the 2024 global cloud adoption survey:
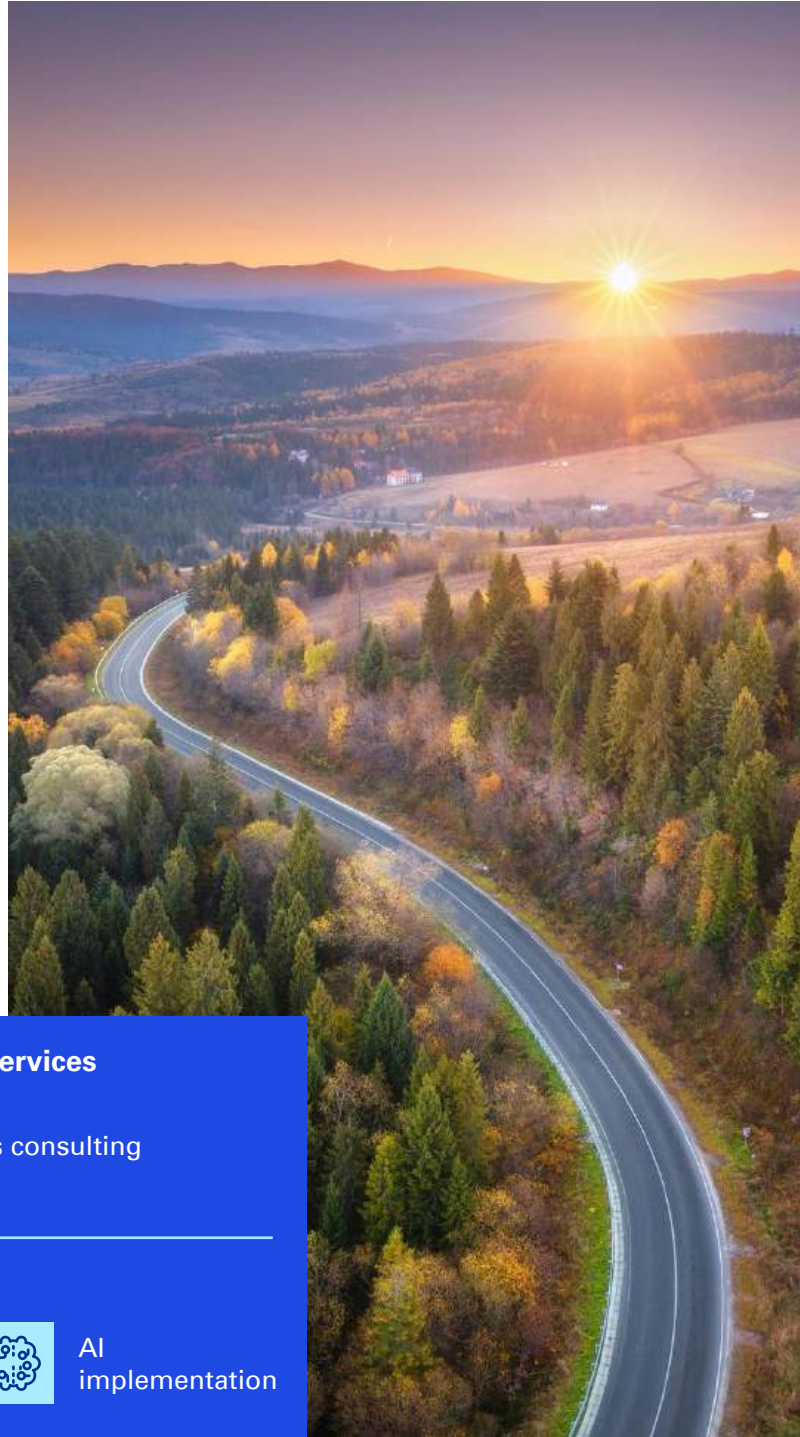
The top two capabilities sought from managed services

Industry expertise

Business consulting

The top capabilities sought in terms of managed services impact on SaaS success

Technical knowledge

Deployment of SaaS applications

AI implementation

Source: KPMG and HFS Managed Services Outlook, 2024-2025

Evolve to meet new priorities

In a world of constant flux, transformation is a journey, not a destination. Therefore, even the most impressive TOM requires regular reassessments and periodic updates to handle rapidly changing technologies, market conditions and business requirements.

Digital transformation should drive positive outcomes— whether streamlining processes, harnessing data, improving customer experience, gaining a competitive edge or shaping entirely new ways of doing business.

This is about uniting every part of the enterprise in a common purpose, which is why IT leaders need a strategic collaborator, not a transactional processor, for SaaS platforms.

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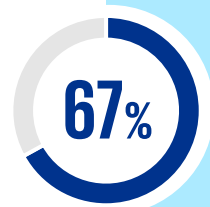
67% of companies say that SaaS solutions, with the help of managed services, are exceeding or meeting expectations in:

– improving competitive advantage

– improving reputation

– enabling expansion into new markets or products

– enhancing collaboration with business partners
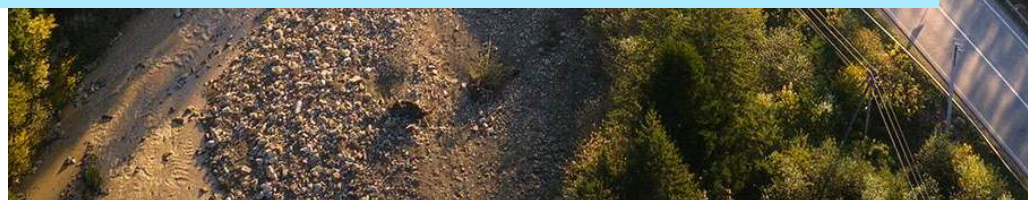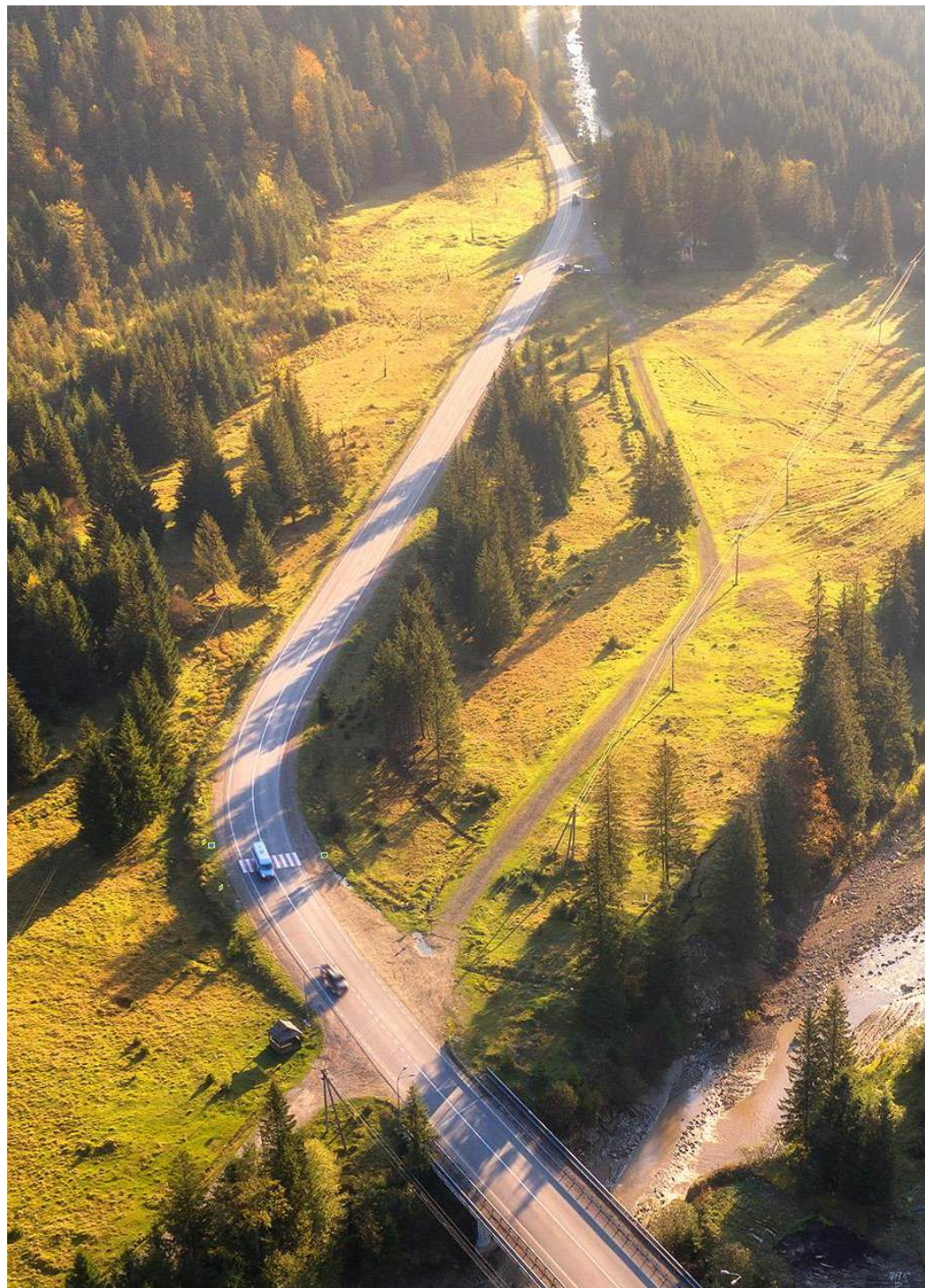
Bridging the gap

According to the KPMG Global Tech Report, the top hurdle for transformation progress is coordination between technology functions and the rest of the business—along with necessary governance in IT.

In short, organizational bottlenecks can be even greater transformation hurdles than technical ones. Success depends in part on how well technology leaders can address collaboration, talent and cross-functional communications.

> **Do you have the people, processes, and governance to handle a dynamic SaaS environment?**

Overcoming functional silos to support fast-paced, seamless digital change will require new types of talent and ways of working. And the skill gaps that companies need to fill are not necessarily what come to mind when considering the complexities of modern IT. The essential skills include not only deep technical expertise but also creativity, innovation, strategic collaboration and industry-specific process improvement.

While a technologist surely can configure a SaaS solution or feature, will they understand how that configuration affects compliance or the business strategy? Can they spot the business opportunities it might enable? This is the work of leading managed services providers.

Without these capabilities, you could fail to extract the fullest value from your investment in the cloud. You could leave money on the table, along with your lunch—in the form of new SaaS functionality that competitors, who receive the same software updates as you, are ready and eager to eat.

Top threats to transformation progress:

1. IT coordination and governance
2. Cybersecurity or privacy concerns
3. A risk-averse culture that's slow to embrace change
4. Lack of appropriate skills
5. Constraints from legacy technology
6. Immature data-management strategies
7. Transformation fatigue
8. Spiraling costs

Source: KPMG Global Tech Report, 2023

The best of both worlds

KPMG member firms have built a reputation as leaders in transformation that's tech-enabled and business-led, helping IT leaders succeed in the new era.

Unlike business-only consultancies, KPMG firms have invested in technology solutions such as KPMG Powered Enterprise and KPMG Powered Evolution for cloud transformation and continued management. KPMG firms have the technology professionals, engineering experience, battle-tested tools, and close alliances with leading software providers to deliver on your transformation vision at the accelerated pace demanded of today's IT leaders.

And unlike technology-only providers, KPMG firms have the cross-functional, industry-specific experience and advisory capabilities to recognize the strategic and change-management implications of SaaS.
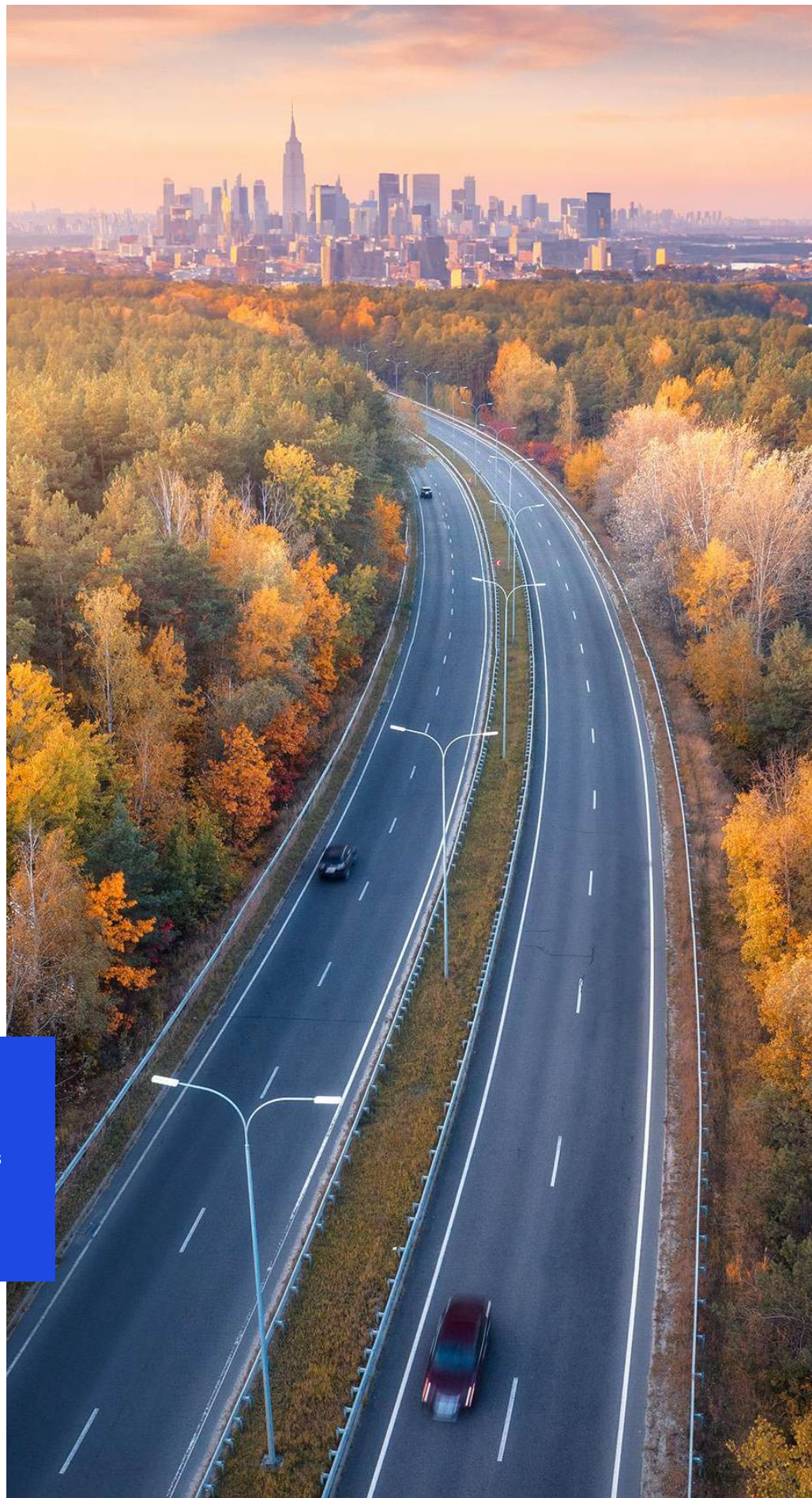
How we can help

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 experience—plus smart analytics, data governance and change management—to help you operationalize your growth ambition. It's this strategic collaboration that can make the difference between transactional and transformational services, helping you gain competitive advantage, sustain it through ongoing transformation, and limit disruption and risk.

KPMG. Make the Difference.

Learn more about KPMG Managed Services

About KPMG Powered Evolution

KPMG Powered Evolution is a managed service designed to continually optimize a functional transformation, helping you get lasting value after implementation of a software-as-a-service (SaaS) platform.

Drawing from the experience of KPMG professionals across functions, processes and industries—plus alliances with the world's leading SaaS providers—our 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.

KPMG Powered Evolution, delivered through a multi-year subscription with predictable costs, 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

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