State of SaaS Procurement 2025

Spendflo's annual report on how business and finance leaders are buying SaaS for their organizations

Foreword

SaaS has evolved from a convenience to a necessity. What started as a way to streamline workflows has now become one of the biggest line items in an organization's budget. Yet, managing SaaS procurement effectively remains a challenge.

At Spendflo, we've spent the past few years working closely with finance, procurement, and IT leaders. The same concerns come up repeatedly: rising costs, opaque vendor pricing, auto-renewals that slip through unnoticed, and a lack of clear ROI tracking.

This year's State of SaaS Procurement 2025 report provides a data-driven view of how SaaS procurement is evolving—not just in volume, but in the type of tools companies are prioritizing. Our analysis, built on thousands of SaaS contracts and direct insights from finance leaders, reveals two key themes:

- AI is no longer just an efficiency booster; it's fundamentally reshaping SaaS buying behavior. Organizations are rapidly shifting toward AI-powered platforms—either SaaS tools with AI copilots or fully AI-native solutions.
- Renewals remain a blind spot, with businesses losing negotiation power due to poor visibility and reactive decision-making.

SaaS procurement is no longer just about buying the right tools—it's about owning the entire lifecycle, from negotiation to renewal to optimization. As you go through this report, I hope it helps you benchmark your organization's SaaS strategy, uncover cost-saving opportunities, and prepare for the next phase of procurement maturity.

Siddharth Sridharan

Co-founder & CEO, Spendflo

Executive Summary

In 2025, SaaS procurement entered a new phase. After years of rapid expansion, organizations are now doubling down on optimizing tools they already have, seeking greater control, visibility, and value from their growing tool stacks.

Our analysis shows that compared to last year, companies are spending more, managing more extensive SaaS portfolios, and confronting the operational challenges that come with scale.

Key highlights include:

- SaaS portfolios are expanding, driven by a surge in both AI-native tools and existing SaaS products embedding AI capabilities, leading to a 23% increase in tools per company compared to our 2024 report.
- Budgets are rising, too, with SaaS spending increasing by 18%. This aligns with survey findings, where 45% of companies report their annual spend exceeds $500K, and 10% of the companies surveyed spend over $5M on procurements.
- Departments like IT/Engineering (40%) and Marketing (25%) lead the most number of tools used.
- The majority of contracts are long-term (60%), but growing interest in usage-based pricing signals a desire for more flexible, value-aligned agreements. These usage-based contracts account for 40% of short-term engagements.
- Collaboration, Sales/GTM, and financial tools lead SaaS spend, reflecting a clear focus on keeping teams connected, customers engaged, and budgets in check.
- AI is becoming essential in procurement, with companies increasingly adopting AI-powered tools to automate renewals, optimize spend, and leverage smarter negotiation opportunities.

Methodology

We created this report by combining two powerful data sources to deliver the most accurate and actionable view of SaaS procurement in 2025.

Spendflo's Internal Procurement Intelligence: We conducted a deep dive into tens of thousands of internal proprietary SaaS contracts from companies across industries and geographies after anonymizing them to ensure complete data privacy. Every contract was meticulously examined for:

- Contract values, duration, vendor alternatives, and renewal patterns.
- Tools categorization to identify spend trends, usage patterns, and adoption across departments.
- Purchase behaviors and contract structures to derive complex insights.

Global Survey of Finance & Procurement Leaders: To validate and enrich the internal data, we surveyed leaders from the US, UK, and other major markets. This uncovered real-world insights on:

- ROI measurement and spend optimization.
- Renewal challenges and negotiation strategies.
- Priorities for future procurement and AI adoption.

Together, these methods ensure the findings in this report are both data-backed and industry-validated, ensuring the findings reflect real-world experiences and offer an actionable view of the current SaaS procurement landscape.

SaaS Portfolio and Spend Metrics

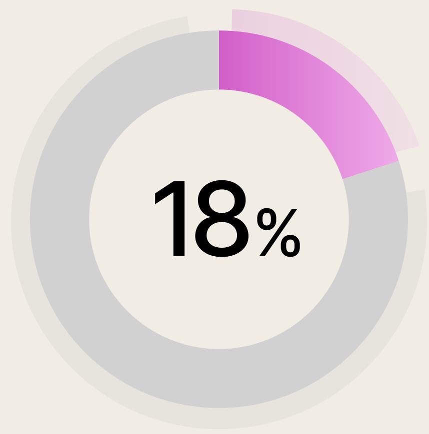
SaaS stacks are booming—AI-driven tools are leading the charge.

Average Number of Tools per Company

Spendflo's internal data shows that SaaS tool stacks continue to expand, with the average company increasing its tool count by 23% to around 250 tools stack, compared to past year data. This growth reflects an expanding reliance on specialized applications across all business functions.

Average Total Spend per Company

SaaS spend has risen by 18%, aligning with survey findings, where 45% of companies report their annual spend exceeds $500K, and 10% spend over $5M. This surge is fueled by an increased preference for AI-powered tools where companies are actively shifting investments toward AI-native platforms and AI-enhanced SaaS.



Increase in SaaS spend

Contract Patterns

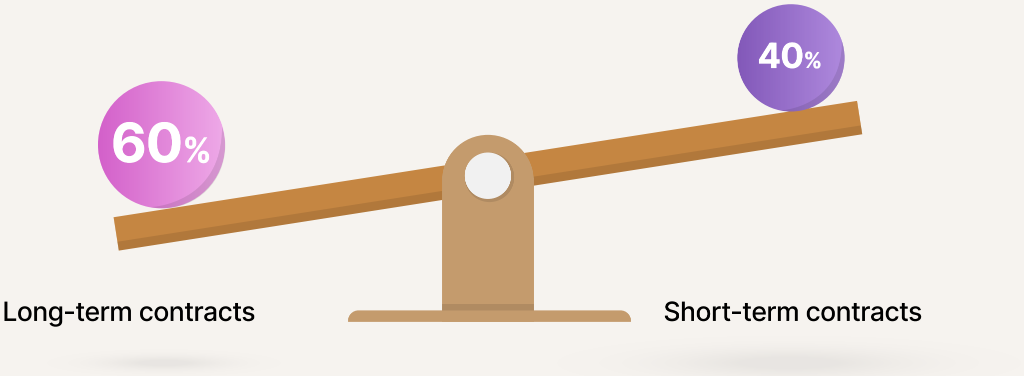
Analysis of contract durations in Spendflo's internal data shows that:

- 60% of contracts are long-term (e.g., multi-year commitments),
- 40% are short-term engagements. This balance indicates a strategic mix between stable, long-term investments and flexible, agile purchases.

However, survey insights suggest shifting attitudes, with 30% of leaders favoring usage-based pricing models, indicating affinity to flexible contract structures.

> Use market intelligence to benchmark vendor pricing and AI-powered contract analysis to flag risks, predict renewal costs, and optimize negotiations before auto-renewals lock in overspending.

Spendflo recommends



Distribution of Contract Durations

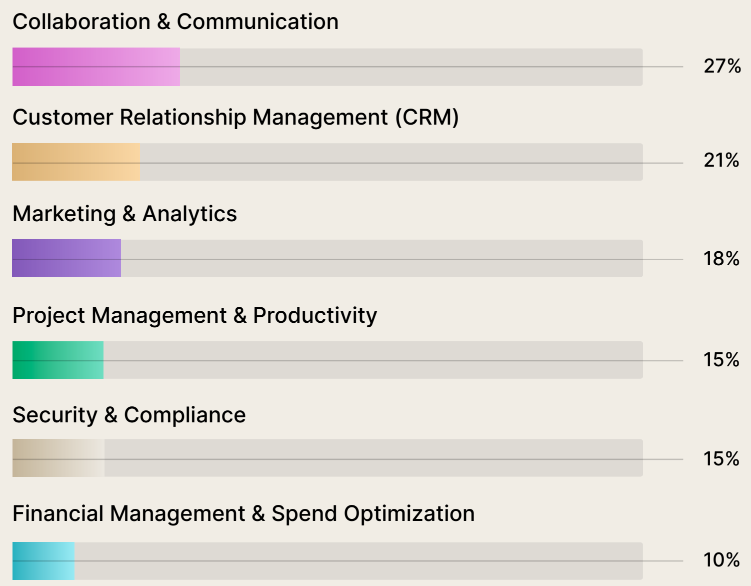
Tool Categories and Departmental Adoption

The remote revolution is still driving SaaS spend—with collaboration tools leading the charge

Spendflo's internal data reveals a clear concentration of SaaS investments in a handful of critical business functions.

Productivity and collaboration tools like Google Workspace, Slack, Zoom are highly adopted, while Salesforce, Hubspot dominate CRM, Marketing and Sales functions. Atlassian, GitHub, Twilio see consistent demand in Engineering and DevOps Tools, while Okta, 1Password, Duo Security remains a priority in security and compliance categories.

Most Popular Tool Categories by Function



This distribution underscores the increasing importance of seamless internal communication, customer relationship management, and data-driven decision-making. The dominance of Collaboration and Communication (27%) reflects the lasting impact of hybrid and remote workforces, where tools like Slack, Zoom, and Teams remain indispensable to daily operations.

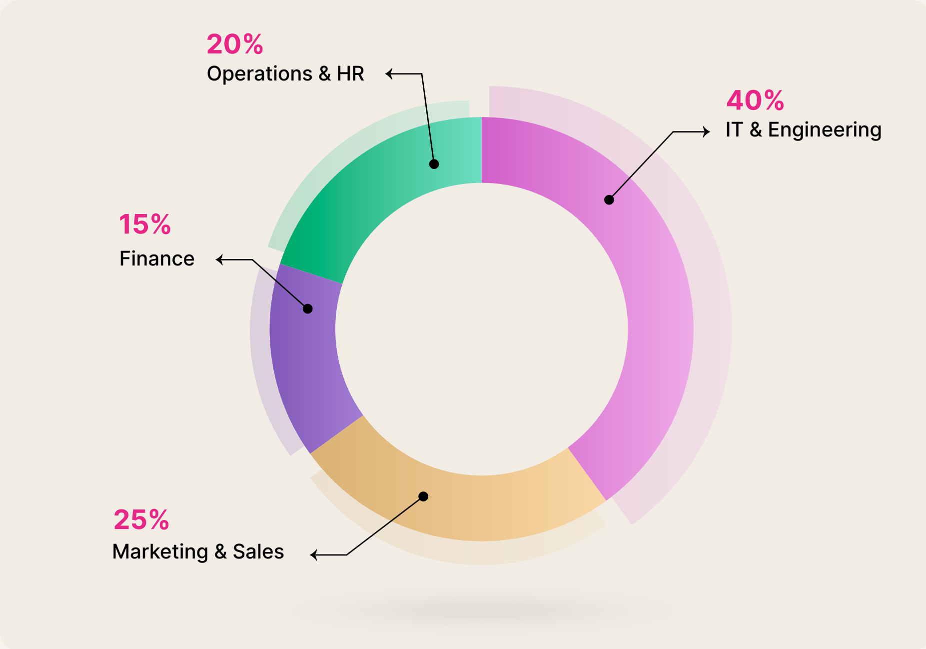
The relatively high percentage split across Marketing, Project Management, and Financial tools suggests that organizations are consciously investing in operational alignment across teams. The increased emphasis on Financial Management and Spend Optimization solutions in particular reveals a growing focus on controlling SaaS spend and driving value from every dollar invested.

Survey responses support these findings, with Engineering, Finance, and Marketing cited as the departments consuming the most SaaS resources. This alignment between internal data and market sentiment confirms that while the categories may vary in function, the overarching goal is the same: enablement of revenue, operational efficiency, and cost control.

Departmental Insights

To understand which teams drive the most SaaS adoption, we asked finance and procurement leaders:

Which department has the most SaaS tools?



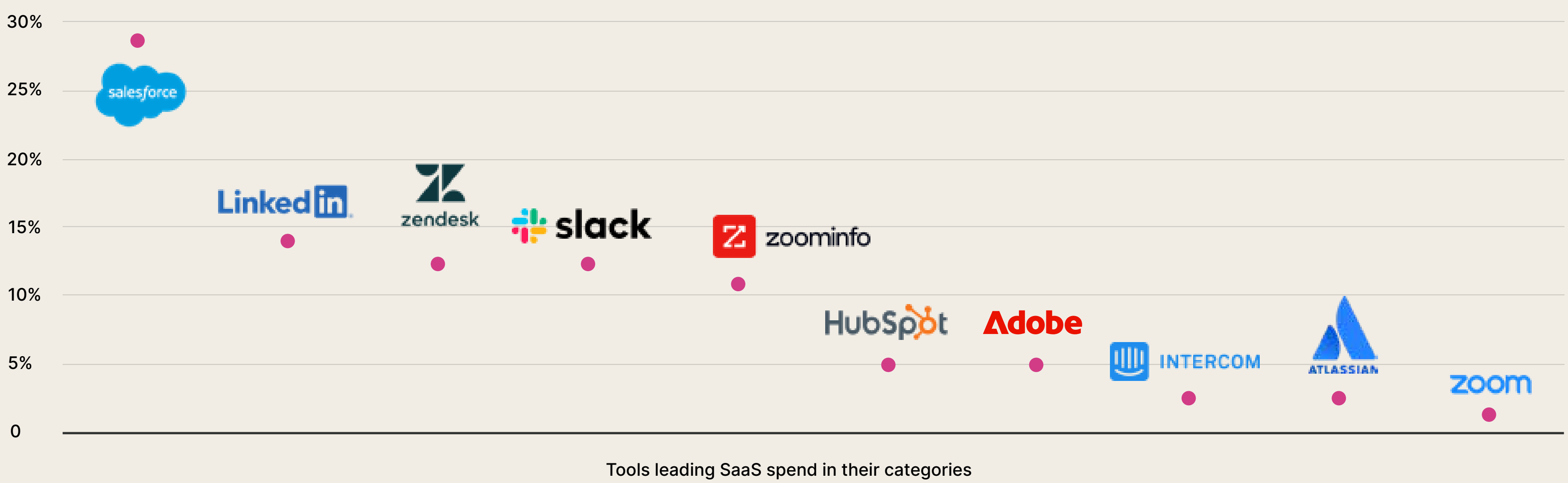
Spendflo's internal data aligns with the survey findings, revealing that the IT & Engineering department use the most SaaS tools in an organization closely followed by Marketing & Sales, and Finance.

With technical and revenue-driving departments accounting for nearly two-thirds of SaaS tool count, companies are clearly prioritizing digital investment where it impacts product delivery and customer growth.

Top Software Tools

Spendflo's internal data reveals the most bought tools in the modern tech stack of a company, with a small group of tools consistently dominating budgets across categories:

Together, these tools account for the majority of spend in their respective categories, with Salesforce standing out as the clear leader at 28%. The dominance of platforms like LinkedIn, Zendesk, and Slack reflects a continued focus on customer engagement, communication, and collaboration which are critical functions in today's remote-first, revenue-driven business environment.



The Emergence of AI in Procurement

AI is no longer just transforming procurement workflows—it's shaping what companies choose to buy. Organizations are actively seeking tools that embed AI capabilities, moving away from purely traditional SaaS to AI-native solutions and AI-enhanced platforms.

To better understand how companies are integrating AI into their SaaS procurement strategies, we asked finance and procurement leaders: **How does your organization approach the adoption or procurement of AI tools?** Despite the momentum, adoption is not without hesitation. 15% of finance and procurement leaders expressed concerns about data privacy and security, highlighting the need for responsible governance as AI becomes more embedded in procurement processes.

35%
Investing in standalone AI solutions for specific use cases.

29%
Bundling AI into broader SaaS spend management platforms.

24%
Adopting AI tools as part of a wider digital transformation strategy.

12%
Reported no AI usage yet, signaling that adoption is still ramping up for some.

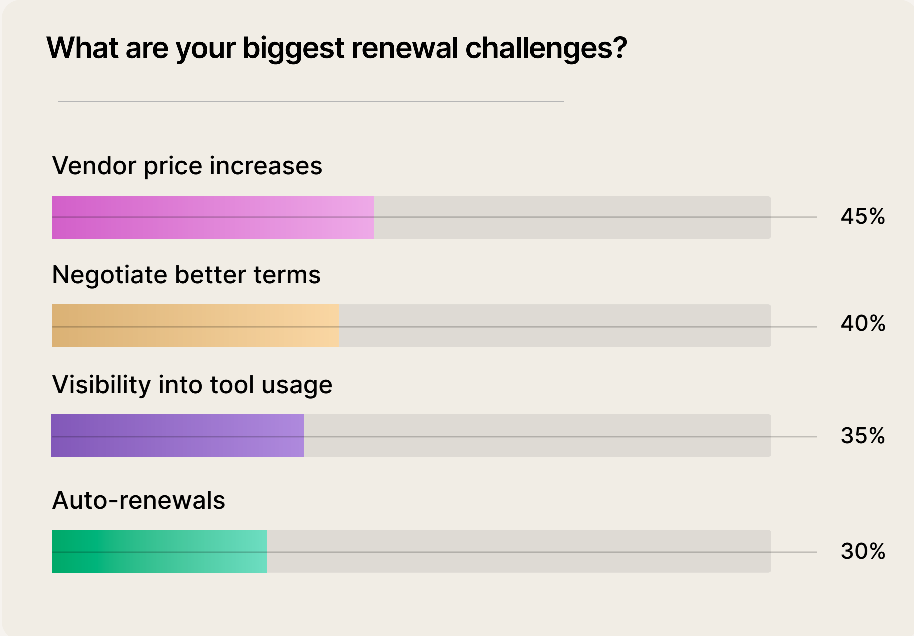
Strategic Vendor Management & Renewal Roadblocks

Buying Smarter—But Renewals Are Still a Blind Spot

Procurement teams have become more methodical in vendor selection, ensuring they secure the best pricing and features. 70% of companies evaluate alternative vendors before finalizing contracts, signaling a shift toward more competitive and data-driven decision-making. Contract durations also reflect a mix of stability and flexibility:

- 60% of agreements are long-term, locking in predictable pricing and reducing the need for frequent renegotiation.
- 40% remain short-term, allowing companies to reassess needs and switch vendors if better options emerge.

But despite these structured buying processes, renewals remain an ongoing challenge. Companies that rigorously negotiate before purchase often fail to apply the same discipline when contracts come up for renewal. Survey insights reveal the top obstacles preventing effective renewals:



This gap between procurement rigor at purchase and a lack of renewal discipline results in wasted spend and missed savings opportunities. Without automated renewal workflows, clear visibility into SaaS usage, and proactive contract benchmarking, organizations risk overpaying, renewing underutilized tools, and losing negotiation leverage.

> Renewals must be treated as a negotiation opportunity, not just an operational task, ensuring they maintain the same strategic discipline throughout the entire vendor lifecycle.

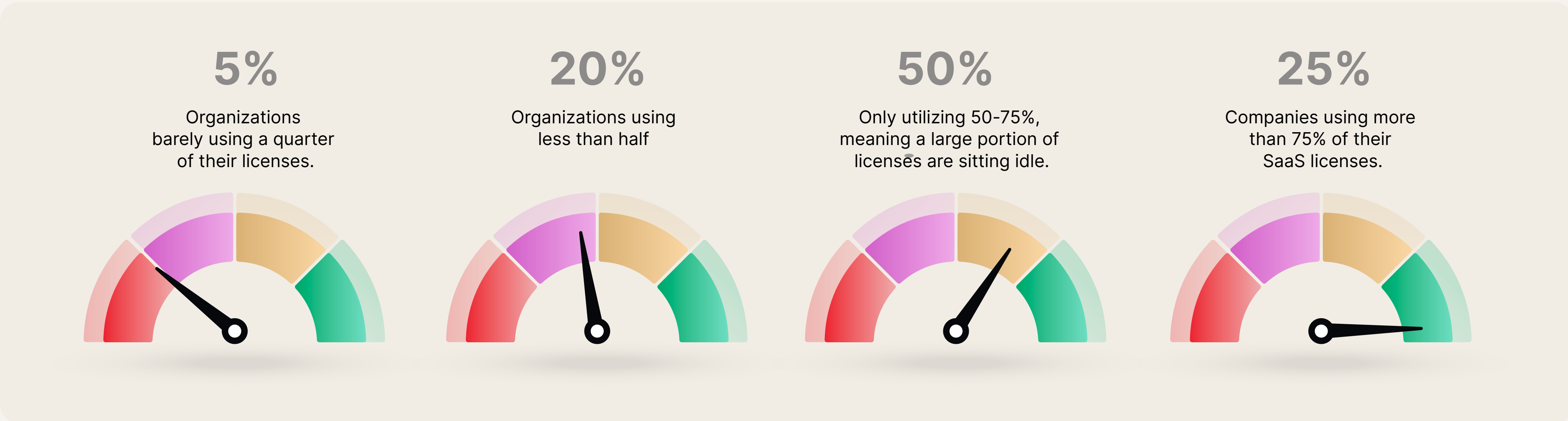
Spendflo recommends

Chapter 8

License Utilization and ROI Measurement

Underutilization is still an issue suggesting that SaaS waste that often still goes unchecked after purchase.

One of the most telling insights from the survey responses was around SaaS license utilization—a critical but often overlooked metric when managing SaaS costs. While Spendflo's internal data focuses on procurement behaviors and contract management, the survey brings a new layer of understanding by highlighting how well companies are actually using the tools they buy. According to the survey:



SaaS License Usage

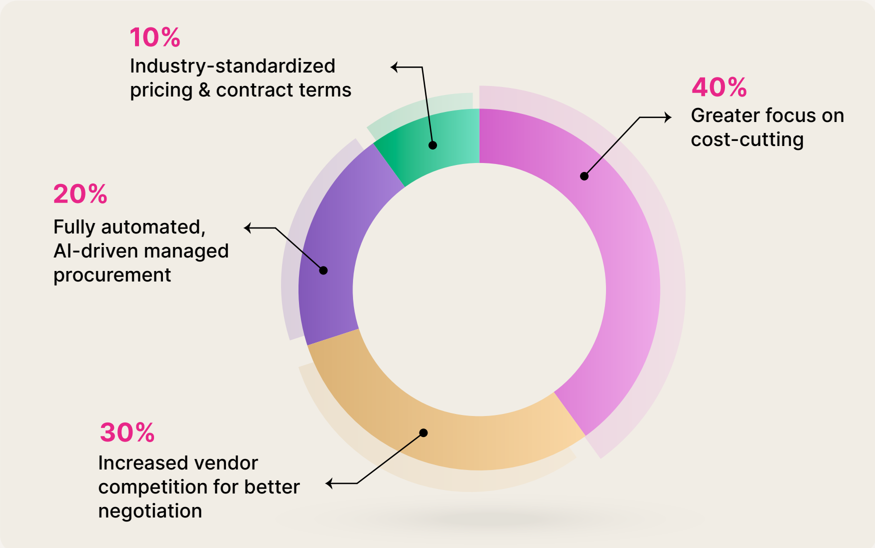
This underutilization is a major red flag for finance and procurement teams striving for efficiency, suggesting a lack of visibility into real-time usage and redundant tools that fail to deliver value.

In contrast to the internal data, which captures rising SaaS spend and procurement growth, these survey insights expose the operational side of SaaS waste that often goes unchecked after purchase.

Future of SaaS Procurement

The landscape of SaaS procurement is undergoing a significant transformation, driven predominantly by the integration of AI into software solutions. This shift is not merely about adopting new tools but represents a fundamental change in how organizations approach procurement, efficiency, and strategic growth.

When asked about their 2025 SaaS strategy, finance leaders outlined clear priorities in the survey:



This forward-looking data indicates that while the last decade of SaaS was defined by rapid adoption and decentralization, the next phase will center on control of costs, control of renewals, and control of vendor relationships. AI is positioned to play a pivotal role, both in automating manual procurement tasks and providing predictive intelligence to optimize spend.

The numbers tell a consistent story: SaaS spend and tool counts continue to rise, but organizations are now turning their focus toward AI-native procurement, operational efficiency, smarter renewals, AI-driven automation, and maximizing the value of every dollar spent.

This isn't just the state of SaaS procurement in 2025—it's the blueprint for where it's headed next.

Spendflo: The AI-Powered Procurement Platform

Simplify procurement. Maximize margins. With a dedicated team of experts.

Spendflo empowers finance and procurement teams to take charge of their procurement processes, eliminate wasted spend, and maximize efficiency.

BOOK A DEMO

Real Results. Real Impact:

3x
ROI

$2.2B
Spend analyzed

$50M+
Savings delivered

Acumatica | Uber Freight | ottimate | MAXIO | TURO