10 Important SaaS Trends For 2023

A decade ago, many companies had to invest in on-premise infrastructure to enjoy the advantages of software such as CRM, business analytics, and even automation.

Over the last few years, however, the rise of cloud technology made it possible to bring complete business operations offsite through Software-as-a-Service (SaaS) trends. Organizations are now able to take advantage of applications that can help them grow rapidly without the expensive overhead.

These days, SaaS companies of all sizes are trying to stay ahead of the game by recognizing the trends that shape their industries. As we move further into 2023 and beyond, it pays to be aware of what’s coming next in the world of software as a service (SaaS).

Just like any new innovation, SaaS software, Platform-as-a-Service (PaaS) and Infrastructure-as-a-Service (IaaS), is undergoing constant changes. These applications have evolved from simple cloud features to complete platforms that offer advanced features and ideal software for small businesses and enterprises alike.

In 2022, the software as a service (SaaS) market size value amounted to $242.57 billion and is estimated to reach $356.6 billion by 2026. Therefore, SaaS application development looks also like a profitable business today.

From intelligent automation to sophisticated analytics, AI-driven algorithms to low-code development, 2023 promises to bring rapid changes and substantial growth opportunities.

To fully capture these market opportunities, companies need to pay attention to the following SaaS trends.

10 Important SaaS Trends For 2023 You Should Know

1) Multi-cloud strategy

In 2023, software as a service company chose to spread its services worldwide. This approach is known as the multi-cloud strategy and promises to grow in 2023. It provides many pros, including flexibility and security in running business operations.

Also, the multi-cloud strategy approach helps prevent attachment to one certain ecosystem. Thus you can avoid a situation when cloud service providers change the application or terminate the app support. Multi-cloud helps create backups for your lost. The survey shows 95 % of mid to large enterprises use a multi-cloud solution.

Many companies do not adopt multi-cloud solutions due to tight budgets.

If you switch to multi-cloud strategy services, your business is no more dependent on one cloud provider.

This means the following advantages:

- Avoiding vendor lock-in and good flexibility in changing providers if needed;
- Cloud service cost optimization and switching to another provider if costs are too high;
- Good security is offers and ability to move workloads to a public cloud or IaaS platforms in case of DDoS attacks;
- Flexibility in geographies and ability to move data to local providers or data centres.

2) Artificial intelligence

In recent years, artificial intelligence (AI) is steadily integrated into different kinds of businesses. In general, companies feel less enthusiastic about Artificial intelligence in the current situation. Still, artificial intelligence projects remain trendy for 38% of respondents.

This catch-all trend expanded to cloud solutions and is predicted to take root in the future of the SaaS industry. Yet, machine learning and natural language processing are already the main trends in SaaS technologies. AI-powered technologies use the ability of human speech pattern recognition to work.

Due to that, artificial intelligence enhances automation and security and speeds up the way of data handling.

The most demanded industries to adopt AI methods are social media platforms, education, travel, and healthcare. As a matter of fact, the healthcare cloud computing market, as one of the most prospective fields, is estimated to reach $51.9 billion by 2024.

3) White labelling

White labelling is the best example of a fast-growing SaaS trend in 2023. It enables businesses to quickly enter a new market, avoiding the inconvenience of the development of SaaS apps.

So, what is white labelling in the cloud sector?

Basically, a supplier sells unbranded cloud solutions to different agencies to put their branding and resell them at a profit cost. The key feature of white-label SaaS solutions is that they are fully customisable to look like it’s yours.

4) Unbundling

Many SaaS companies bundle their software together within their pricing game. This leads to giving an enhanced experience, but at a higher cost. As businesses realize this problem, they split their software into separate packages.

By unbundling SaaS solutions, SaaS vendors can provide more flexible costing for customers. Moreover, the SaaS industry overview shows unbundled SaaS solutions which suit their customers' specific needs. Therefore, such apps are preferable to them.

5) Usage-based pricing

SaaS providers use a subscription model in the traditional way, which means paying fees on a regular fee monthly or you can yearly. But a new SaaS trend shaping the pricing model is based on the services you choose.

Thus, usage-based or consumption-based costing means paying for the services that users apply. According to the report stated by OpenView Venture Partners, the usage-based costing model: Shifts the projected adoption rate to 56% of companies in 2023 compared to 27% in the year 2018.

Due to global macroeconomic challenges, businesses conserve and optimize their capital. A company can count on customer loyalty by offering cost flexibility with the usage-based model.

Thus, SaaS companies with the usage-based model will possibly survive in the changing economic climate. That is why businesses are shifting to the new usage-based model that can be game-changing in the future SaaS.

6) Low code/no code cloud services

The lowest code/no-code services are cloud-based. This means that you do not need to operate infrastructure for such SaaS tools. Examples of low-code platforms are Microsoft Power Apps, Mendix, Figma, Airtable, Zoho Creator, etc. They help create business apps, designs, spreadsheets and many more.

Such services can be used for creating simple and easy business solutions. Therefore, this SaaS technology trend will possibly evolve in 2023. Still, if you have a complex project or need a solution tailored to business requirements, it is advisable to opt for custom software development.

7) Vertical SaaS

While horizontal SaaS uses a one-stop-shop approach, the vertical SaaS model focuses to meet specific business needs. That helps you get closer to your customers and provide them with the best practices in the field.

Vertical SaaS is also a profitable business. Actually, it reduces customer acquisition price compared to horizontal cloud platforms. Likewise, vertical SaaS helps you evade the market competition of the cloud space. With your unique service, you can carve out your own niche and deliver greater business value from it.

8) Enhanced security

The best high data protection is the future of the SaaS industry is an important issue. The speed and depth of digital transformation not only give business benefits but also create cyber risks.

According to Gartner’s forecast, spending on security risk management will grow 11.3% in 2023, hitting around $188.3 billion. One of the factors in security spending increase is

shifting to cloud solutions and multi-cloud services. SaaS businesses will have to protect themselves and their customers from data leaks. Developers will raise the bar of their products' security in 2023.

Of course, security and compliance risks are the main barriers to realizing the advantages of the cloud. Definitely, security is a deciding factor in selecting a cloud partner. Hence, it is important not to render your business vulnerable to cybercriminals and improve data protection.

9) Blockchain

The use of blockchain technology is original in the software-as-a-service market. Certainly, SaaS platforms have to give transparency and security to their users. SaaS solutions work on centralized databases, which are unsafe for cyberattacks.

Meanwhile, blockchain technology is a distributed system that works to verify new data records. Furthermore, when new forms are added, the technology copies the complete blockchain. Hence, blockchain can eliminate data insecurity issues and be the main of the future technologies in SaaS. Also, blockchain can help ensure payment security as well.

10) Customer experience focus

The SaaS industry overview shows that many SaaS platforms which have suffered from a lack of customer service. Thus, it will become an essential issue to solve in 2023.

Customers prefer solutions that aren't too difficult to understand and meet their specific needs.

Consequently, SaaS providers provide more options to potential customers – improved personalization, white labelling, more ability to customize, APIs, etc. Furthermore, SaaS providers are increasingly aiming to simplify their services to retain customers.

Summary

Today, the industry of SaaS changes promises new business opportunities for entrepreneurs. Technologies and customer demands are continuously growing. You should know about things happening in this field to win this digital competition.

Given the recent trends, you will see the future of SaaS in expanding small niche markets being caused by micro-SaaS and vertical SaaS trends. Also, Artificial intelligence, shifting to PaaS, and white-labelling trends lead to more complex and personalized cloud offerings coming into work.

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