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IT PROCUREMENT STRATEGY IN 2026

Why the organisations winning the software war are playing a different game

IT budgets are under pressure and vendors are pricing aggressively. This guide sets out a practical IT procurement strategy and IT cost optimisation framework to restore commercial control in 2026.

The Battle for IT Commercial Control

Developing a robust IT procurement strategy has never been more urgent, or more commercially consequential. Global IT spending is forecast to reach $6.15 trillion in 2026, a 10.8% year-on-year increase, with software growing faster still at 14.7% [1]. The average enterprise now manages 275 SaaS applications, spending $4,830 per employee on software licences alone [2]. For most organisations, IT has quietly become one of the largest, most complex lines in indirect procurement. And it is almost certainly the least governed.

The consequences are measurable and worsening. SaaS price inflation is now running at 12.2% year-on-year, approximately five times higher than general G7 inflation, and far higher for individual vendors [3]. Broadcom's forced migration of VMware customers from perpetual licences to subscription bundles triggered reported increases of between 150% and 1,200% for affected organisations, with AT&T citing increases of up to 1,050% [4]. Microsoft's elimination of volume discount tiers under its Enterprise Agreement, effective November 2025, has created pricing resets of between 6% and 12% for organisations previously operating under EA Levels B, C, and D, with further M365 increases already confirmed for July 2026 [5].

Behind those headline numbers, four structural failure modes have taken hold across the enterprise IT estate:

- Vendor price hikes driven by dependency, not value - suppliers exploiting single-threaded relationships and long renewal cycles to extract margin from captive customers
- SaaS sprawl and shelfware - average licence waste running at $19.8 million per organisation annually, with over half of all purchased licences going unused [6]
- Shadow IT expanding faster than governance can follow - 30–40% of IT spend occurs outside sanctioned channels [7], with 49% of employees now admitting to using AI tools not sanctioned by their employer [8]
- Legacy system lock-in - ERP and infrastructure incumbents leveraging switching costs to remove the credible alternative that is the foundation of any negotiation

These are not peripheral problems. They are the dominant commercial reality of IT procurement in 2026. And they share a common origin.

Procurato's Insight

The organisations winning the IT commercial battle are not simply buying better. They are governing better. They have recognised that IT cost optimisation and commercial control are fundamentally intelligence problems and built the cross-functional operating model that closes the information gap vendors currently exploit.

What Unified IT Governance Actually Delivers

The commercial and operational case for a different model

The evidence for a unified approach is no longer theoretical. Gartner forecasts that over 70% of organisations will centralise SaaS application management via a unified platform by 2028, up from less than 30% in 2025 [9]. The organisations building that governance infrastructure now are not following a trend. They are building a structural advantage that will compound as the market converges.

The outcomes available to organisations that adopt a structured IT procurement strategy are concrete and quantifiable across four dimensions.

90 days	The minimum lead time before renewal at which procurement retains meaningful leverage. Engaging at least 90 days ahead, 180 days for material changes to scope or volume, is the single highest-return intervention available to any IT procurement function.
3–5%	The annual price increase cap that skilled procurement teams negotiate at first contract signature, not at renewal. This clause, routinely missed when IT teams buy without commercial expertise, can recover hundreds of thousands of pounds across a relationship's lifetime, and is especially critical for AI tools being contracted today.
$19.8m	Average annual licence waste per enterprise, even after a 5.3% improvement in 2025 (Zylo 2026 SaaS Management Index [6]). SAM-integrated governance converts this waste into a licence challenge position at renewal, recovering spend that category management alone cannot see.
5x	Gartner's estimate of how much more susceptible organisations without centralised SaaS management are to a cyber incident or data loss, compared to those with it in place by 2027 [9].

Each of these outcomes depends on the same underlying condition: that procurement has access to utilisation data, demand intelligence and compliance requirements before the renewal conversation begins, not after. That condition cannot be met by procurement working in isolation.

There is also a first-contract anchoring risk that most organisations have not yet registered. AI tools are being purchased at pace right now, frequently without procurement involvement, by IT teams and business units responding to competitive pressure. Those first contracts, their pricing structures, auto-renewal terms, data ingestion clauses and IP provisions are setting anchors that will govern every subsequent negotiation with those vendors. For mature SaaS vendors, price increases have become the primary growth lever. SaaStr's analysis of 2025 data found that up to 72% of Salesforce's projected forward revenue growth in 2025 will come from price increases on existing customers, not new business [10]. The cost of a poorly negotiated first contract is not paid once. It compounds.

Why the Model Works: Closing Information Asymmetry

The structural advantage vendors hold, and how to remove it

The four failure modes described above: price hikes, sprawl, shadow IT, legacy lock-in, are not independent problems requiring separate solutions, but symptoms of the same underlying dynamic: information asymmetry that systematically advantages vendors over buyers.

Consider what a well-prepared vendor knows entering a renewal negotiation. They know which of their modules the customer is actively using and which are shelfware. They know the renewal date and whether the customer has engaged an alternative. They know the depth of integration and therefore the cost of exit. They have been tracking the customer's headcount growth and can model the likely licence expansion. They have calibrated their approach based on whether the incumbent relationship runs through IT, procurement, or the business unit.

Most buyers know none of this about themselves. They negotiate from a position of structural ignorance, and vendors price that ignorance into every renewal. This is not a procurement skills gap. It is a structural information disadvantage that no amount of training or effort can overcome without the right intelligence inputs.

Procurato's Insight

Closing the information gap requires procurement, software asset management, and enterprise architecture to operate as a connected function, not three separate ones. The unified model works because it creates those inputs systematically, before the vendor sends the renewal notice.

What each discipline contributes to the intelligence picture

Enterprise Architecture (EA) is the demand signal that transforms procurement from a reactive to a proactive function. EA's technology roadmap tells procurement which systems will be retained, which are approaching end-of-life, and where consolidation opportunities exist across the next 12–18 months. That signal allows procurement to enter every renewal knowing what the organisation actually needs, and not just what it currently has. Against a vendor whose pricing strategy depends on the assumption of renewal, a credible consolidation or non-renewal position is the most powerful commercial lever available.

Software Asset Management (SAM) delivers the utilisation argument that justifies licence count challenges. Without SAM data, procurement's position at renewal is limited to pricing negotiation, asking for a lower rate on the same volume. With SAM data, procurement can challenge the volume itself: reducing active licences, reallocating entitlements and converting unused capacity into negotiating currency. Zylo's 2026 SaaS Management Index found that even after a 13-percentage-point improvement in utilisation rates in 2025, average annual waste still runs at $19.8 million per organisation [6]. That waste sits entirely in the gap between what organisations are paying for and what they are using.

The CISO's role is to move security and compliance assessment upstream, into supplier selection and contract design, rather than downstream into incident response. Third-party risk assessments, data processing obligations under GDPR, NIS2, and DORA, and the security exposure created by shadow AI are all commercial risks with direct procurement implications. Shadow AI has grown rapidly: research published in early 2026 found that 49% of employees admit to using AI tools unsanctioned by their employer, with a third sharing enterprise research or datasets with those tools [8]. An organisation that discovers a data processing clause creates regulatory exposure at the point of renewal has no leverage. One that discovers it during the RFP stage can make it a condition of award.

Applied to the four failure modes, this intelligence structure produces a different intervention for each:

- Vendor price hikes: addressed through renewal calendar ownership, early engagement (minimum 90 days), market benchmarking, and price cap clauses negotiated at signature, not at renewal
- SaaS sprawl: addressed through SAM-led utilisation audits that convert shelfware into a licence reduction argument before renewals are processed automatically
- Shadow IT: addressed by embedding business unit demand owners in the governance process, converting unsanctioned purchasing into governed requirements before it becomes a compliance or security event
- Legacy lock-in: addressed by EA's roadmap intelligence, which tells procurement where genuine exit optionality exists and where negotiation

strategy should focus on term length and price cap rather than competitive tension

Building the Model That Makes It Durable

Why IT sourcing strategy must extend beyond procurement

The case against category management alone is not that procurement professionals lack skill. It is that the category management model, as typically implemented, structurally prevents procurement from accessing the inputs it needs to be effective in IT.

Category management responds to renewals rather than anticipating them. It operates on spend data rather than utilisation data. It has no view of the technology roadmap and therefore cannot challenge vendor lock-in arguments with credible alternatives. And because legal involvement comes downstream of negotiation rather than upstream of signature, price cap clauses, data processing terms and auto-renewal provisions are routinely missed and regretted at the next renewal cycle.

Any effective IT sourcing strategy must therefore rest on a cross-functional governance pod in which each stakeholder has a defined role and a defined contribution to the intelligence picture. The table below sets out those roles.

Stakeholder	Contribution to the governance pod
Procurement	Commercial strategy, market benchmarking, negotiation, contract governance, and renewal calendar management
Software Asset Management	Utilisation data, licence optimisation, shelfware identification, and renewal pipeline visibility
Enterprise Architecture	Demand signals, technology roadmap, retirement schedules, and consolidation opportunity identification
CISO	Third-party risk assessment, compliance requirements under GDPR, NIS2 and DORA, and shadow AI security exposure
CFO / Finance	Budget authority, capex/opex structuring decisions, multi-year commitment approval, and executive sponsorship
Legal	Auto-renewal clause review, price cap negotiation support, AI data ingestion terms, and IP and liability provisions
Business unit demand owners	Requirements input before market engagement, converting shadow IT risk into governed demand signals
HR	Onboarding and offboarding triggers for licence activation and deactivation, SAM integration recovers shelfware at low cost

The six-step maturity pathway

For most organisations, the starting point is incomplete visibility: no single owner of the IT contract estate, no renewal calendar, and no reliable picture of utilisation across the SaaS portfolio. The maturity pathway below provides a practical progression from that baseline to a sustainable operating model, sequenced to generate the fastest early value.

#	Stage	What it involves
1	**Baseline**	Map the full IT estate: all contracts, renewal dates, spend by vendor and category, and available utilisation data. Identify the largest renewal exposures in the next 12 months.
2	**Govern**	Establish the cross-functional pod. Define roles, decision rights, escalation paths, and develop a shared renewal calendar. Assign renewal ownership across procurement, SAM, and EA.
3	**Consolidate**	Rationalise overlapping tools and redundant licences. Use SAM data to identify shelfware. Run a licence reduction exercise on the top 10 SaaS spend lines before the next renewal cycle.
4	**Integrate**	Connect EA's technology roadmap to the renewal pipeline. Embed utilisation data from SAM into negotiation preparation packs. Begin 90-day pre-renewal engagement as standard practice.
5	**Optimise**	Negotiate price cap clauses, multi-year terms, and consolidation commitments from a position of informed demand. Introduce third-party price benchmarking as a standing input to renewal strategy.
6	**Sustain**	Build continuous governance: automated utilisation monitoring, rolling 18-month demand visibility from EA, and a regular commercial health review across the top 20 IT vendors.

The Question Is No Longer Whether, But When

The market has already passed the point at which IT procurement strategy can be treated as a technical purchasing function. The scale of spend, the pace of vendor price escalation, and the complexity of AI contracts being signed today mean that the commercial risk embedded in unmanaged IT spend is now a board-level issue in most large organisations.

The organisations that will be best positioned at the next major renewal cycle, whether that is an ERP renegotiation, a Microsoft EA, or a portfolio-wide SaaS rationalisation, are those that have already connected their procurement, SAM, and enterprise architecture functions, built the governance pod around them, and established the renewal discipline that denies vendors the information advantage they currently rely on.

That is not a transformation project. It is a sequenced operational shift that most organisations can begin with the resources they already have. The six-stage maturity model above provides the pathway. The question is where on that pathway your organisation currently sits, and how much the gap between your current position and Stage 6 is costing you at every renewal.

WHERE TO START

Procurato have extensive experience in both IT opportunity assessment and target operating model creation. Using our proprietary spend analytics technology, we are able to quickly baseline IT category spend, establish governance processes, and leverage our extensive IT negotiation experience to deliver material cost savings for your organisation. If you would like to explore what that looks like in practice, we would welcome the conversation.

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References

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[2] Zylo (January 2025). '2025 SaaS Management Index.' zylo.com/reports/2025-saas-management-index/ — 40M+ licences and $40B+ in SaaS spend analysed.

[3] Vertice (2025/2026). 'SaaS Inflation Index 2026 Report.' vertice.one/l/saas-inflation-index-report — SaaS inflation running at 12.2%, 5x higher than G7 general inflation of 2.7%.

[4] Multiple sources including: CIO (January 2025), SoftwareSeni (December 2025), ColocationPlus (June 2025). Price increases reported at 150–1,200%; AT&T cited increases up to 1,050%.

[5] Info-Tech Research Group (March 2026). 'Microsoft Enterprise Agreement Pricing Increases and Discount Tier Collapse Raise 2026 Renewal Risk.' prnewswire.com/news-releases/302702803. Levels B, C, D resets of 6%, 9%, up to 12%.

[6] Zylo (2026). '2026 SaaS Management Index.' zylo.com/blog/saas-statistics/ — Licence utilisation improved from 47% to 54% in 2025; waste reduced from $20.9M to $19.8M per organisation.

[7] Gartner (multiple studies, confirmed via CIO.com and Zylo). Shadow IT accounts for 30–40% of IT spending in large enterprises; Everest Group estimates it reaches 50%.

[8] BlackFog (November 2025). Survey of 2,000 UK and US employees at organisations with 500+ staff. blackfog.com/blackfog-research-shadow-ai-threat-grows/ — 49% admitted to using AI tools unsanctioned by their employer; 33% have shared enterprise research with those tools.

[9] Gartner (cited via Torii, 2025). 'Through 2027, organizations that fail to centrally manage SaaS lifecycles will remain five times more susceptible to a cyber incident or data loss.' Also Gartner 70% SaaS centralisation forecast for 2028 (vs <30% in 2025).

[10] SaaStr (October 2025). 'The Great SaaS Price Surge of 2025.' saastr.com — Analysis of Salesforce pricing data finds up to 72% of 2025 forward revenue growth attributable to price increases, not new customers.