IT Market Insights: With all the buzz mostly about AI, there are other things happening in the IT Market that are affecting every organization. SaaS costs are putting a lot of pressure on IT budgets with rising prices. In this newsletter we explore that "Squeeze" and what is happening with some of the major suppliers. There is some good news, however, and some IT Suppliers are feeling the pressure of competition.

July 2026

The SaaS Squeeze

SaaS inflation has become one of the most frustrating cost pressures for businesses in 2026. Software used to be the predictable part of the IT budget, but renewals are coming in higher across almost every category. Vendors are raising prices to cover the addition of AI functionality, support costs, platform consolidation, and general operating expenses, and those increases are landing directly on customers who aren't necessarily getting more value in return.

For many companies, the impact is bigger than hardware inflation because SaaS costs hit every department. Finance teams are seeing subscription spend creep up quarter after quarter, especially for tools tied to headcount. A CRM that used to be manageable becomes a major line item when the per-seat cost jumps 10 to 15% at renewal. Multiply that across HR systems, collaboration platforms, security tools, and industry-specific software, and the total effect is significant.

Operational teams are feeling the pressure too. Leaders are being forced to justify long-standing tools, consolidate overlapping platforms, and cut licenses that aren't mission-critical. Some organizations are even slowing down digital transformation projects because the software layer has become too expensive to scale. The dependency on SaaS hasn't changed, but the economics around it have, and businesses are having to rethink how they manage their entire subscription stack.

Gray Wolf recommends getting on top of renewals early, tighten Governance on license management, and treat renewals as real negotiation moments rather than routine paperwork and get ahead of them.

IT Suppliers Cut Staff AND Still Raise Prices!

Several major IT vendors cut staff in 2026 while still raising SaaS and subscription prices, creating a clear disconnect between internal cost-cutting and what customers are being asked to pay. Renewal costs are rising at the same time support teams are shrinking, which is pushing businesses to challenge increases more aggressively and demand stronger justification.

Below is a sample of the IT suppliers that have downsized and continue to raise prices on consumers:

- **Microsoft** - 15,000 layoffs (10% of workforce) ; M365 price increases of 15–33%.
- **Google** - 1,500–3,000 engineers displaced through rolling cuts ; Workspace pricing continued upward 17-22% in 2026.
- **Cisco** - ~4,000 layoffs (5% of workforce) ; subscription and security increases of 8-26%.
- **VMware/Broadcom** - ~19,000 VMware roles eliminated since acquisition, with cuts continuing into 2026 ; subscription pricing jumps from 150% to over 1,000%.
- **Salesforce** - multiple 2026 layoff rounds of ~1,000 earlier in the year with renewal increases ranging from 6–10%.
- **Adobe** - ~1,400 layoffs in February; Creative Cloud and Document Cloud increases up to 27%.
- **Atlassian** - 1,600 layoffs (10% of workforce) ; Cloud increases of 5–15% and Data Center increases of 15–40%.

IT Suppliers Feeling Pressure

There are some IT suppliers that are feeling market pressure:

- **SAP** — customer pushback on slow AI rollout compared to Oracle and Workday.
- **Workday** — competitive pressure from AI-native HR/finance startups and aggressive Oracle positioning.
- **Atlassian** — collaboration buyers shifting toward AI-integrated suites; losing deals to Notion, Linear, and ClickUp.
- **Box** — intense pressure from Microsoft and Google's AI-bundled storage/collaboration offerings
- **Okta** — identity consolidation pressure from Microsoft Entra and Cisco Security Cloud.

Fiscal Year Ends

Supplier	Fiscal Year End
Cisco	July 31, 2026
Nutanix	July 31, 2026
Palo Alto Networks	July 31, 2026
Accenture	August 31, 2026
Apple	September 26, 2026
Avaya	September 30, 2026
F5	September 30, 2026

At **Gray Wolf Financial**, we understand the intricate dynamics of vendor pressures and client processes, we serve as the bridge that fosters stronger, more collaborative relationships. By enhancing vendor-client interactions, we pave the way for better partnerships, which then helps to assure more optimal outcomes for all parties involved.