



**THRIVEONZ
360**

UK SME SaaS Spend Report 2026

How 5.7 Million UK Businesses Overpay on Software

Published by ThriveOnz360 • June 2026 • Free to Download and Cite

Executive Summary



The UK is home to 5.7 million private sector businesses, of which 99.2% are SMEs. This report examines how these businesses spend on SaaS tools and identifies systematic overspending across five critical categories.

Our analysis combines published industry benchmarks, government statistics, and ThriveOnz360's own data from software stack assessments. The findings: UK SMEs overpay an average of £4,200/year through unused licences, tier misalignment, and feature duplication.

£4,200

Avg annual overspend

51%

SaaS licences unused

860K+

MTD Phase 1 affected

12.2%

SaaS price inflation

01

Average UK SME SaaS Spend by Business Size

Per-employee SaaS spending has risen from £6,320 in 2023 to £7,280 by end of 2025 — a 15% increase in two years, significantly outpacing general inflation.

SaaS Spend by Business Size



Business Size	Employees	Typical Tools	Est. Annual Spend	Per Employee
Sole Trader / Freelancer	0–1	2–4	£600 – £1,800	£600 – £1,800
Micro-Business	2–9	5–10	£3,000 – £9,000	£750 – £1,500
Small Business	10–49	10–20	£12,000 – £48,000	£1,000 – £2,400
Medium Business	50–249	15–40+	£75,000 – £500,000+	£1,500 – £5,000+

£7,280

per employee per year — the average UK business now spends on SaaS tools. A 25-person business is paying approximately £182,000 annually on software, often without a centralised view of what they're paying for.

02

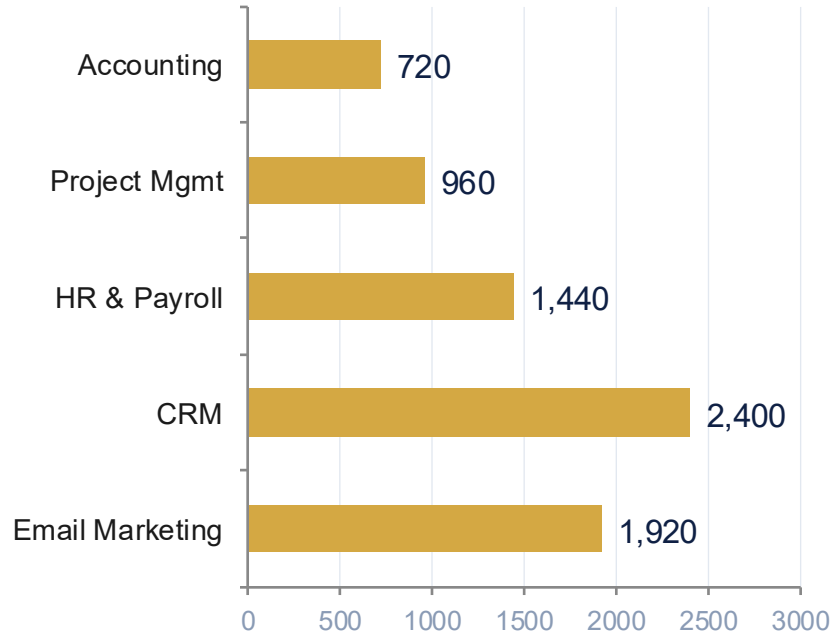
The Five Most Overpaid-For Tool Categories

Based on ThriveOnz360's analysis of published UK pricing tiers across 40+ platforms and common upgrade patterns observed in stack assessments.



THRIVEONZ
360

Annual Overspend by Category



Email Marketing

£480–£1,920/yr

Tier misalignment. Paying for automation features used <20%.

CRM

£480–£2,400/yr

Enterprise features on SME budgets. HubSpot Free covers most needs.

HR & Payroll

£360–£1,440/yr

3 separate tools doing 1 job. Consolidate to Deel or PayFit.

Project Mgmt

£240–£960/yr

Most common duplication: Asana + Trello + Monday.com.

Accounting

£240–£720/yr

Accessory bloat. Receipt scanning bought separately when included.

£1,800 – £7,440 total estimated annual overspend across all 5 categories for a typical UK SME

03

Average Savings When Switching to an Optimal Stack

What stack audits actually find: unused licences, tier misalignment, feature duplication, and contract timing.

Estimated Savings by Business Size



Business Size	Annual SaaS Spend	Common Savings Found	Est. Annual Saving
Sole Trader (0–1)	£600 – £1,800	1–2 unnecessary tools, tier downgrades	£200 – £600
Micro-Business (2–9)	£3,000 – £9,000	2–4 unused licences, 1–2 consolidations	£800 – £2,400
Small Business (10–49)	£12,000 – £48,000	3–8 unused licences, 2–3 consolidations	£3,000 – £8,400
Medium (50–249)	£75,000 – £500K+	10–25+ unused licences, major consolidation	£12,000 – £60,000+

Unused Licences

25–35% of SME SaaS licences unused (51% globally)

Tier Misalignment

Paying Premium when Standard suffices

Feature Duplication

2–3 tools doing the same job

Contract Timing

Auto-renewed at list price without negotiation

04

MTD Compliance Readiness

Making Tax Digital for Income Tax is live from 6 April 2026. First quarterly deadline: 7 August 2026. Most affected taxpayers are not yet prepared.

MTD Compliance Timeline



Phase	Start Date	Threshold	Est. Taxpayers	First Deadline
Phase 1	6 April 2026	£50,000+	860,000+	7 August 2026
Phase 2	6 April 2027	£30,000+	~1.1 million more	7 August 2027
Phase 3	6 April 2028	£20,000+	~1.5 million more	7 August 2028

1.4%

of affected taxpayers submitted voluntary quarterly updates by February 2026. Only 12,000 out of 860,000+.

The Readiness Gap

HMRC's penalty points system starts from the first missed quarterly submission. Two points result in a £200 fixed penalty. For 2026/27, HMRC has confirmed a transitional grace period — but the obligation to submit remains, and late software adoption creates compounding record-keeping problems.

05

AI Tool Adoption Among UK SMEs

54% of UK firms actively use AI — but only 11% use it extensively to automate operations. The gap between adoption and impact remains vast.

Three Layers of UK AI Adoption



70%

Any AI Use (incl. embedded)

ChatGPT, Copilot, AI features in existing tools — QuickBooks Jan 2026

54%

Active Business Use

Intentional AI use in business operations — BCC March 2026

16%

Strategic Deployment

Deliberately deployed with defined business purpose — DSIT AI Research

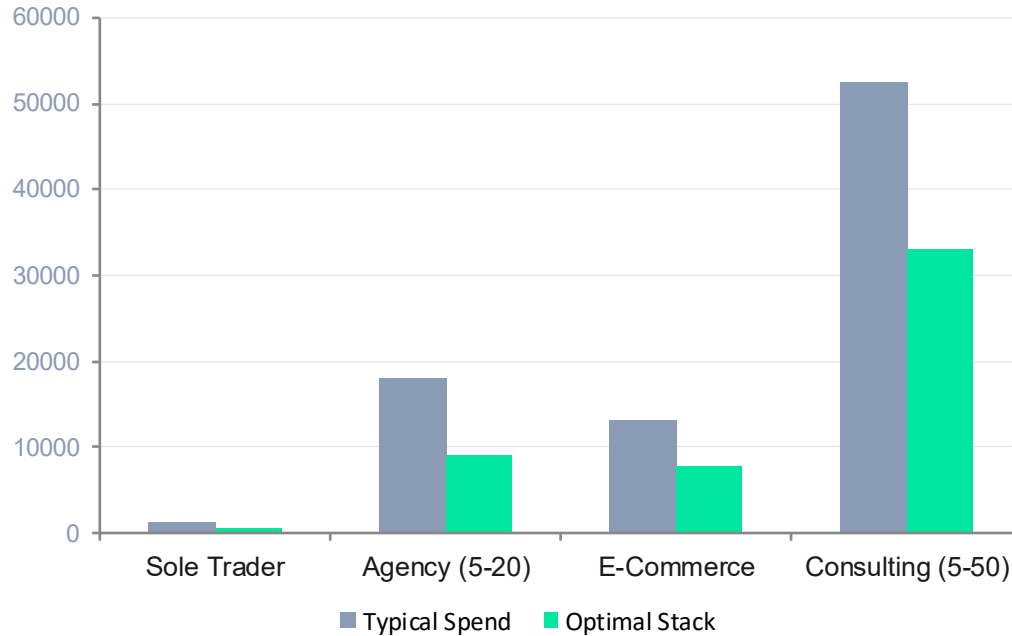
Key barrier: 60% of businesses cite limited AI skills and expertise. Budget is not the primary blocker — only 11% name cost as the main obstacle.

06

The Recommended Stack by Business Type

Optimal UK software combinations based on published pricing, integration capabilities, and MTD compliance — all in GBP as of June 2026.

Optimal Stacks — Annual Cost vs Typical Spend



Sole Trader

Potential saving: £200–£800/yr

Marketing Agency

Potential saving: £3,000–£8,400/yr

E-Commerce

Potential saving: £2,400–£6,000/yr

Consulting

Potential saving: £5,000–£15,000/yr



**THRIVEONZ
360**

Think You Might Be Overpaying?

Try the Free AI Tool Finder → thriveonz360.com/tool-finder

Answer 5 questions about your business. Get a personalised UK software stack in 60 seconds.

MTD-compliant tools only. GBP pricing throughout. No email required. Always free.

MTD Compliance Pack • £49

Tech Stack Review • £49

Company Setup Pack • £99

About This Report

This report combines published industry benchmarks (Zylo, Vertice, Gartner), UK government data (HMRC, DBT, ONS, DSIT), and ThriveOnz360's own pricing database of 40+ UK SaaS tools. Stack assessment findings are anonymised and aggregated. Where estimates are derived, methodology is stated alongside the figure.

This report will be updated annually. Contact research@thriveonz360.com with corrections or additional data.

How to Cite

"UK SME SaaS Spend Report 2026,"
ThriveOnz360.

thriveonz360.com/uk-sme-saas-report-2026

Free to cite with attribution.

The Stack Report — Weekly UK SME Software Intelligence

1,283 subscribers • Every Tuesday • Free on LinkedIn

MTD alerts, tool comparisons with GBP pricing, exclusive deal notifications. Subscribe at linkedin.com → search "The Stack Report"



ThriveOnz360

UK SME Software Intelligence •
thriveonz360.com

© 2026 ThriveOnz360. Free to download. Free to cite with attribution. No email required.