7 SMART IDEAS TO GROW YOUR SAAS BUSINESS

A Xander Marketing White Paper

XANDER

MARKETING

The SaaS Marketing Agency

INTRODUCTION

In the fast-paced world of technology, growing your business can be a significant challenge.

The good news is that Software as a Service is growing rapidly in popularity, creating perfect conditions for expansion among both emerging and established companies. The bad news is that there are more SaaS businesses fighting for your share of market.

If you've got the right product, success in the SaaS environment relies on defining your development strategy and using your resources effectively to generate and convert leads. To help you build a roadmap for expansion, this guide will share some powerful techniques for growing your SaaS business.

We're going to start by calculating what growth you require and how much you'll need to invest to reach that target.

It may sound slightly 'back to front', but the most effective way to generate growth is to calculate the end target required in order to exit the business, whether that's selling it or anything else. This can be a challenge as SaaS business are usually not valued in 'traditional' ways, such as multiples of net profits or average contract values.

Due to the nature a SaaS business, its value will often be judged on the split between monthly revenue and professional services; the latter being less desirable, as it can potentially slow down new implementations. Committed monthly recurring revenue (MRR), meanwhile, is an excellent health barometer for your company as it adjusts down to account for any customers who are about to turn off their subscription.

Other key metrics to consider when valuing your business are the number of users and the value per user. Unlike average figures these statistics will outline growth in deal size and whether certain customers account for a greater proportion of revenue - which can leave SaaS companies vulnerable if those clients terminate their contract.

Understanding the breakdown of your services and each customer's worth is critical to working out the customer acquisition cost (CAC) versus their lifetime value (LTV). This is something we discuss in-depth in our guide to SaaS marketing but, suffice to say, the lifetime value needs to be higher than the acquisition cost to ensure long-term growth.

This ratio will outline how many leads are required to expand, and using the CAC figure you can work out what sales and marketing expenditure is needed to reach your lead generation target, over what time period.

Once you've calculated the marketing resources essential to acquire leads you should define whether your exit strategy will be based on profit, turnover or users. This will allow you to not only convert your target to a metric, but to focus your energy on achieving that goal.

EXAMPLE

- If a profit of X is your target, your strategy should be to monitor costs and organically grow your business
- If turnover is your key metric then profit doesn't matter as much and your strategy should centre on investing in growth, to generate a higher business value when it comes to selling
- If user numbers are your main focus, you may need a low cost or free trial offer to get as many prospects on board as possible. A 'freemium' model, whereby the basic product is free but users pay for proprietary features could prove very effective in this scenario

CREATE DIFFERENTIATION

Whichever metric you select, growing your business means acquiring new customers and this rests on standing out in a crowded marketplace. As obvious as it may sound, the world of SaaS is usually populated with many similar products – and their features are easy to copy.

To maximise market share, your business needs to have its own unique differentiator. There are a number of USPs that you can aspire to, however some have their drawbacks:

- **BE THE BIGGEST** - Fairly self-explanatory, but there can only be one biggest SaaS company in the market (great news if that's you!) and there tends to be a lot of financial investment involved in becoming that company

- **BE THE CHEAPEST** - Again, not necessarily the best metric to select, as this approach tends to devalue your product and creates price wars that drive down your profit margin. Also, as with the biggest, there can only be one cheapest provider on the market

- **HAVE THE BEST CUSTOMER SERVICE** - This is a very powerful metric but great customer service must be an ongoing experience to reap the full long-term benefits. There are marketing materials you can use to support this journey such as customer case studies, testimonials and real user reviews, which all demonstrate your credentials

- **BE THE MOST INNOVATIVE** - Another powerful metric, but a demanding one also. Staying at the forefront means always pushing the boundaries, being the first to release new features and driving up service standards – which can be time and resource intensive

- **FOCUS ON KEY BENEFITS** - Standing out doesn't have to mean your entire package is the best on the market. Your software may be the easiest to get started, the fastest, or the most complex; the key is to identify what USP attracts customers to your business and build a product, sales and marketing strategy around it

- **HAVE THE BEST MARKETING** - Even if you've identified another key differentiator, investment in marketing is key to raising your profile and increasing lead generation. There are a number of ways you can achieve marketing success such as creating and distributing content that establishes yourself as a thought leader, optimising your website to secure the best conversion rate, or spending the most on Pay Per Click (PPC) advertising

- **FOCUS ON A NICHE** - Focus on a niche – being original is not solely about your business output. There's a great opportunity for you to specialise in a specific market. For example there are a number of online booking platforms on the market, but you could niche this to an industry for example yoga instructors, photographers or another popular community with a strong web presence

  Be aware though, that the differentiator you select will dictate where activity is focused across your business. So, for example if you choose a product USP, the product team will take centre stage. If it's customer service, that becomes a company-wide initiative. If you choose marketing, ultimately focus will be on the marketing department.

FOCUS ON OPTIMISING YOUR ONBOARDING PROCESS

It is likely that a lot of your marketing effort will be focused on lead generation. However once you've got that lead - be it a free trial, or booking a demo - how do you convert them into a paid customer?

The success of this onboarding process relies firstly on you determining what success looks like for both your business, and the prospect in the onboarding process. To your business it's likely to be they become a paid customer. For the customer on the free trial, or in a demo it's worth asking: If the trialist used one feature that would mean they would start paying money; what is that one feature? For example, if you have accounting software it may be when trialists start sending out invoices that you know they will sign up to be a paid customer.

Once defined, your nurturing process should enable prospects to understand your key selling points to the point where trial customers will sign up. Identifying your key selling point will enable you to frame business conversations around best-selling capabilities rather than focusing on benefits that prospects don't value as much. Work closely with your sales team on this as they are gathering feedback day in, day out.

With your selling points established, you then need to support prospects through the journey to purchase, to make it as painless as possible. As we've mentioned already, a free trial is a very effective way to show people first-hand the value that your solution can bring. However, if you're not ready to give prospects that much access to your software, a complimentary demonstration can also work well. We also find that supporting free content with marketing techniques that add value to the experience, such as instructional video guides or industry insight papers, work well.

The objective here is to create a lead-to-customer workflow, that helps your business to increase the number of engaged prospects becoming full-time clients. Enhancing this process is critical to growth. Using software like Intercom can support the work you do in the onboarding process.

Constantly reviewing the success of both your marketing content and your conversion workflow will help you to refine the process, to give customers a better all-round service and increase your retention rates post-trial.

IDEA 3

FOCUS ON YOUR PAYING CUSTOMERS AND REDUCE YOUR CHURN RATE

Another key metric that we haven't discussed yet, but which is crucial to SaaS company growth and we will explore in greater detail now, is customer retention. With a service based business, keeping your customers and increasing their value is critical to expansion.

Once you've got a customer on board, your next challenge is to keep their business. Nobody wants to lose a client, however it's easy to assume a customer is happy – and therefore lapse communications with them – when they've signed up on a monthly subscription basis.

Never forget that the pursuit of growth rests on retaining and nurturing existing customers, as much as securing new ones. There are a number of techniques you can use to forge stronger bonds with current clients, including:

IDEA 4

- Regular communications with existing customers via email – use a combination of thought leadership and sales messages so they don't think they're being constantly 'sold to' by you
- Create an account management team to look after key clients and establish a programme of regular phone and face-to-face contact
- Encourage customers to follow your business on social media and update your networks regularly with informative content
- Use in-app software such as Intercom to track how clients are using your product and market to them based on this data to engage with them in a more meaningful way

EMBRACE DISRUPTIVE MARKETING WITH GROWTH HACKING

So far in this paper, the techniques we've discussed are traditional, tried and tested. However, there are a number of SaaS companies out there gaining huge traction by deploying a more disruptive marketing strategy.

'Growth hacking' is a relatively new term, used to describe a combination of creativity and analytics to produce maximum exposure on a lean budget.

In its most basic form, growth hacking can consist of using social media to gain reputation, rather than investing in print and radio advertising or split-testing website pages and email marketing to see what generates the strongest results. Other techniques include giving something away to attract new leads, driving all activity around email sign-ups to increase your marketing network and increasing the benefits available if customers recommend a friend.

Intercom, again, is also a useful tool in the growth hacking model as it will enable you to study customer behaviour and react accordingly.

There are a number of companies that have used growth hacking in a more innovative way; SaaS analytics firm Moz for example created a marketing advice forum to attract prospects. Users needed to register in order to use the service and this led many to explore its commercial functionalities.

IDEA 5

GET YOUR PRICING, AND PRICING PAGE RIGHT

This is a sensitive subject as price is critical to growth, but it's not a straightforward science. Charge too little and you're giving away value with every customer (and people will start to question the quality of your service); raise costs too much, and you're pricing yourself out of the market and driving customers towards cheaper competitors.

The best way to optimise your pricing is to attach a value metric to your customer base. If you deal with companies of a similar size with similar pain points, one metric may be sufficient. If your client base is broader, you may require different calculations based on each customer segment.

EXAMPLE

- If your product is email software, a small business may be interested in signing a deal based on the size of their database because it means they don't have to commit to sending a certain number of email campaigns per month
- However, a larger company with a bigger database and more defined strategy, may be more comfortable with a metric based on unique email sends per month

You may also wish to create package deals which encourage customers to choose multiple services. Consider discounting these bundles initially to make them more appealing – but keep the shelf life of any promotion short as perpetual discounts lose their impact.

Once you've confirmed your pricing strategy, make sure the options available are clearly displayed on your website. There are other features you can implement on the page to increase sign ups, such as adding an FAQ or live chat section, latest offers, and clearly but succinctly describing each price package. As with any key page on your website, you should constantly monitor visitor behaviour and split test it.

IDEA 6

BUILD THE RIGHT TEAM

To successfully grow your business at the same time as maintaining customer satisfaction, you need to employ a close knit team.
This will consist of those controlling the back end of the company – the developers and technical personnel – and those at the front end, such as sales and marketing personnel.

In order to optimise productivity, these two parts of the company must work together closely and harmoniously which can sometimes be easier said than done!

Even within each faction there can be difficulties, particularly at the front end of the business. Creating a seamless marketing to sales transition is no easy feat and one that some organisations lack the resources to manage in-house.

In this scenario, we find that many businesses will turn to an expert partner for support; we work with a number of SaaS companies that outsource their marketing. Hiring someone in-house with specialist skills like web design, copywriting or digital marketing is a significant investment, yet outsourcing is a fraction of the cost and hassle – and often brings a new perspective to marketing activities. It's also promotes the sharing of best practice across the business.

The key to securing SaaS growth with your team are regular reviews of your personnel and wider needs.
It could be that your workforce has complementary skills that could be better utilised somewhere else in the business; a good customer service person could be a natural fit within the sales team, for instance.
Only through experimentation will you perfect the role each plays in expanding your business.

It may also be that where you could once manage marketing internally, your ambitions for growth outweigh your resources and capabilities. If this sounds familiar, it's time to embrace outsourced marketing.

IDEA 7

SUMMARY

Your growth trajectory and the direction you take will very much depend on your unique business objectives. However, here are some key points to accomplish along your journey:

- Start with your exit strategy; your growth objectives will naturally evolve from that final goal
- Work out what makes you different and frame all your marketing and sales activities around that USP
- Refine the process of converting trial customers, and continue to nurture clients long after they've signed on the dotted line to increase their long-term value
- Don't be afraid to break a few rules when it comes to marketing – you don't always have to follow traditional routes to make an impact
- Map your pricing strategy to your client base, test them and make sure costs are clearly displayed on your website
- You're only as strong as the team behind you, so make sure everyone is working together, in the optimum role for their skillset, to drive your company forward

NEXT STEPS WITH YOUR SAAS MARKETING

Xander Marketing has worked with and looked after and performed the marketing functions for a number of SaaS companies.

We are the outsourced marketing partner of choice for SaaS businesses that need more customers, leads, website traffic and to build their brands. We work in partnership with SaaS businesses around the world to deliver fully integrated online and offline marketing services that help you grow and:

- **Win new customers**
- **Increase and improve leads**
- **Generate more website traffic**
- **Build brands and become industry leaders**
- **Reduce churn rate**

It's this experience, and experience with SaaS businesses that makes Xander Marketing a great choice for businesses that value marketing but don't have the time, resource or know-how to do it themselves.

We'd love to discuss how we could help your SaaS business grow - to find out more please contact us.

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