SaaS Journey Framework

Building a New SaaS Solution on AWS

October 2020

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Abstract

This whitepaper provides guidance for companies building a new software-as-a-service (SaaS) product, transitioning to a SaaS business model from traditional software and technology delivery models, or optimizing an existing SaaS solution. This paper outlines a prescriptive journey framework developed by SaaS experts from Amazon Web Services (AWS), with guidance and best practices based on years of AWS experience, and feedback from thousands of AWS Partners.

Introduction

The software-as-as-service (SaaS) delivery model has becoming increasingly appealing to a wide range of companies. The agility, innovation, and operational efficiency of SaaS are creating all new competitive advantage to SaaS providers, opening up new opportunities to grow their businesses.

The trends that we see across the industry demonstrate the significant shift that's happening across the industry. A recent International Data Corporation (IDC) study on customer preference indicated that 72 percent of customers worldwide strongly consider SaaS for new applications, migration of existing applications, or in moving existing apps to SaaS when software contracts renew. While this trend is consistent in the past few years, we find many companies struggle with how to get started with their SaaS journey.

To address the movement to SaaS, AWS has introduced the AWS SaaS Factory Program. This program provides direct access to technical and business content, best practices, solution architects, and SaaS experts that can guide and help you accelerate delivery of SaaS solutions on AWS.

While the value of SaaS is well understood, the journey to a SaaS delivery model can have a large impact on a business. For many, the move to SaaS represents a significant transformational event that requires companies to examine all the moving parts of their business. SaaS often touches every aspect of a business. How products are sold, marketed, built, supported, and monetized—these are amongst a long list of considerations that every company must evaluate as they set out to define, build, and operate an as-a-service business.

A transformation of this nature often requires a fundamental shift in strategic and operational mindset. It often forces companies to rethink roles and responsibilities, define cultural change, and introduce new processes that better align with the best practices of SaaS companies.

To help with this effort, the AWS SaaS Factory team has created a prescriptive framework to guide SaaS companies through this journey, provided targeted guidance that represents the patterns and strategies that we have observed across our efforts to transform other SaaS businesses. The framework helps companies prepare for the transformation through four phases, outlined in Figure 1:

Figure 1 - SaaS Journey Framework Phases

The framework is a dynamic working process that is not necessarily linear. While working on the product strategy, for example, you might revisit your business case and update it. Some activities might take place simultaneously. This paper will guide you through the four framework phases and help you build a strategy and execution plan by outlining the key activities and the questions to consider along the SaaS journey.

This paper can be used as a validation point, in whole or in part, to develop your own plan.

Company Profiles

In the SaaS Factory program, we have worked with thousands of organizations and one thing we have come to understand is that the journey to SaaS is different for each company. Where you are starting, what domain you are in, what competitive pressures you are facing, the answers to these questions can influence the path you take on your SaaS journey. Therefore, we have identified a few of the common profiles for companies that adopted a SaaS delivery model. As we move through the phases of this document, we will use these SaaS profiles to explore how the journey might vary for each of these company types.

Based on our experience, we found the companies building SaaS solutions on AWS fall naturally into four different types. Not all companies fit perfectly into one category and your company can be a blend of a few profiles. The following is a list of hypothetical profiles that represent the typical starting points for companies moving to SaaS:

ToeDipper Software   **SurvivorTech**   **UnicornExpress.com**   **New Horizons Software**

Figure 2 - Hypothetical Company Profiles

ToeDipper Software

This profile represents a large and conservative company running a legacy product that is hindered by an aging technology or process, but has a captive, lucrative market. This company represents mature businesses that often have a firm grasp on a market that generates significant revenue for business, but have not demanded SaaS aggressively for industry, regulation, geographic, or cultural reasons. These companies see the potential of SaaS and are looking for ways to adopt SaaS for some or all of their target market. However, they also need to consider how to dedicate focus to SaaS without disrupting their existing business. The tendency with these companies is to search for a path to SaaS that will reduce their risks and allow them to experiment a SaaS offering.

SurvivorTech

This company profile represents the companies that have an existing product but are seeing their market being eroded by competitors that have used price, agility, and/or cost efficiency to capture mindshare. These providers are highly incentivized to adopt a SaaS delivery model. The move to SaaS, for these companies, is seen largely as a survival tactic that will enable them to more effectively compete and retain market share. The urgency and depth of their transformation tends to be much higher and more focused than others that are weighing their SaaS options.

UnicornExpress.com

This company profile represents the greenfield SaaS companies – with a SaaS solution developed from scratch – that are setting out on the path to SaaS without the baggage of an existing legacy environment. These companies are more about maximizing their opportunity and getting to market as quickly as possible. Their journey is often more challenging because the data and outlook tends to be more speculative. At the same time, they are in a good position to plot a path forward and define a business and technology vision that will align with SaaS best practices. The journey can get more clouded as the funding pressures may lead to compromises in operational and business efficiency that can ultimately slow the path to rapid growth.

New Horizons Software

The move to SaaS for this profile is more about identifying and exploring some new market segment that is not addressed by their existing offering. The emphasis here is on using this opportunity to make this move to a new SaaS offering that targets a set of features and experience that is not part of the current offering (or is offered in a model that is substantially different than any existing products). This journey is about carefully defining the path to SaaS without impacting or blurring the lines with their existing customers. The focus for this profile is often more on defining a clear new segment to target and assessing the growth and monetization of the opportunity.

Figure 3 visualizes the SaaS objectives of each company profile upon the following criteria: Time to Market and Business Goal
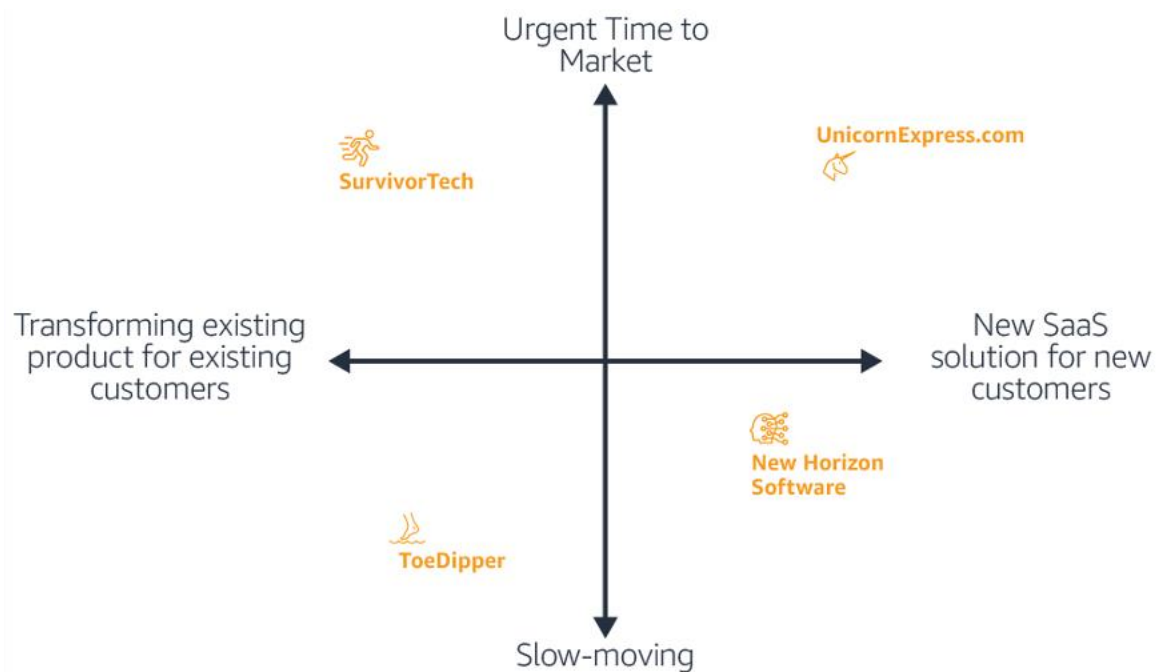

Figure 3 - Company Profile Objectives

Phase 1: Business Planning

Before you can start thinking about the move to SaaS, you need to develop a clear vision that captures and conveys the fundamental elements of your strategy. This process will be used to validate the key components of your strategy and connect them to the model that illustrates how the move to SaaS addresses the needs of the business. For some companies the path and strategy maybe relatively straightforward. In these scenarios, the data gathered provides the foundation that will shape the path forward. For others, the hard part is not learning a new technology, but overcoming old plans, processes, and systems optimized for a time when industry change was slow and technology improvements were incremental. No matter where you start, the strategy that you adopt will be rooted in good data.

Entry Point

You can have an interest in delivering a software as a service and want to develop a model that can be used to assess the financial and strategic readiness of the market and the company. The focus is on capturing the information that is needed to make a data-driven decision about bringing a SaaS offering to market. The starting point of the business planning phase is to develop a robust business case to identify the opportunity and build the financial model to make a go/no-go decision for the SaaS initiative. If decided to move forward, you should plan the operational model that will support the end-to-end needs of the new SaaS business.

Key Activities

The primary activities of the business planning center around understanding the target market and the potential customer segments, estimating the opportunity based on market dynamics, building a preliminary financial model, setting goals and expectations, aligning internal teams, and securing initial investment and resources for the SaaS initiative. These strategies will vary widely across the different company profiles will change based on where you are starting and the level of business transformation that may be required. It is essential that this strategy evaluates the full spectrum of considerations that will inform your business strategy, including how the staffing profile of a company may need to change to support the development, operations, customer support, marketing, and sales mechanisms that will be required to successfully release and grow your SaaS offering.

We have identified core pillars that are often part of the business planning exercise. The following is a high-level summary of these pillars and the role they play in the business modeling process:

Assess the Opportunity

- **Goal:** Determine if a SaaS delivery model is well-aligned with customer needs and market dynamics.

- **Outcome:** Assessment of whether this a valid opportunity and the key elements that will define the vision for what you are (and are not) targeting with your SaaS offering.

- **Key Decision Point:** Are there clear strategic, grow, and financial benefits that will offset the cost and effort of transforming to a SaaS delivery model?

Define Target Segments

- **Goal:** Create a profile of the different types of customers that this SaaS product would target to learn as much about your buyer as possible.

- **Outcome:** A list of the target segments accompanied by a breakdown of the experience, cost, and value proposition for each segment.

- **Key Decision Point:** Do you have data and confidence in your understanding of the customer segments that you target, and will these segments enable you to serve as the foundation of how you will build, market, and sell your offering?

Evaluate the Market and Customer Strategy

- **Goal:** Define your approach to market and sell your SaaS offering to new customers and the incremental staffing or costs that might be associated with taking your new offering to market.

- **Outcome:** Unique aspects of SaaS market and customer strategy that capture the key mechanisms, resources, costs, and strategies that will be used to acquire, expand, and retain customers.

- **Key Decision Point:** Does the company have the resources, skills, tools, and budget needed to support the market and sell requirements defined by this process?

Model Market/Segment Growth

- **Goal:** Create projections for your customer growth for each of the target customer segments.

- **Outcome:** A forecast of net customer sales projection over a 1-2-year window that provides a view of how the ramp of new customers will unfold. This will provide the backbone for modeling the anticipated financial growth of the company.

- **Key Decision Point:** Does your strategy and target segments suggest that there will be enough growth in your offering that it warrants the investment? Do you need to re-evaluate your target segments and/or the opportunity?

Finance

- **Goal:** Develop a target monetization model for the customer segments, project the target revenue, growth, and retention for each of your segments.

- **Outcome:** A correlation of new customer acquisition (by segment) with the pricing and packaging model that will yield the projected revenue over time. This will provide a sense of the how growth within each customer segment will contribute to the overall revenue growth of the company.

- **Key Decision Point:** Does the mix of new customers and price points yield enough revenue to justify moving forward with the SaaS initiative?

Sales Transformation

- **Goal:** Develop a profile for the sales organization and determine any transformation or incremental costs will be associated with these changes.

- **Outcome:** A clear definition of the following: how sales team will be staffed, how resources will be transitioned into SaaS roles (or new resources acquired), and how compensation will be defined for SaaS sales representatives.

- **Key Decision Point:** Is new staffing required for the sales team? Should you develop an enablement plan for the existing sales team? How will the compensation model change (if at all) for the SaaS sales representatives?

Marketing Transformation

- **Goal:** Develop a strategy to build a brand for your SaaS offering and a profile for the marketing company.

- **Outcome:** A clear definition of your SaaS solution brand, your marketing staffed profile, any transformation or incremental costs that might be associated with these changes, and resources that might be transitioned into SaaS roles (or new resources acquired).

- **Key Decision Point:** Is new staffing required? Can the existing team successfully transition to a SaaS marketing model?

Define Operational Model/Resources

- **Goal:** Define the new SaaS operations footprint and identify any incremental costs associated with hosting, operating, and staffing the operational elements of your SaaS business.

- **Outcome:** A definition of the target operational experience that will be required to support the end-to-end needs of the business, including any resources and/or transformation steps needed to fully staff this effort with the appropriate resources.

- **Key Decision Point:** Does the company have the resources and readiness needed to build the operational elements to support and operate a SaaS delivery model?

Develop a Staffing Profile

- **Goal:** Assess the business and technical skills of your team and develop a training or hiring plan to fill in any skill or industry gaps in the existing team.

- **Outcome:** Create a list of skills gaps that need to be filled and determine what incremental resources will be needed to support your company (incorporating the sales, marketing, customer success, product, operations, or other resources identified throughout this modeling process). This captures all the staffing considerations that will need to be addressed by your business plan.

- **Key Decision Point:** Do you have the resources and skills needed to operate and support the SaaS offering? If not, do you have the budget to fill these gaps?

Guiding Questions

How you approach each of these key activities of the business planning exercise will be different for each company. As a starting point, we have assembled a series of guiding questions that may help you fill in important dimensions of your business case and can provide a better insight into the fundamentals of your model. Below is the list of guiding questions:

Assess the SaaS Opportunity

- What are your compelling factors for adopting SaaS?

- What is your projected customer acquisition two-year growth rate?

- How soon can you be profitable?

- How many of your existing customers are expected to adopt your SaaS offering?

- Are SaaS competitors encroaching on your market?

- Are there new segments of the market that are best targeted by a SaaS offering?

- Does the company see SaaS as an essential component of its future success?

- How long will it take your company to complete the transition to a SaaS model?

- What is the risk of not pursuing the SaaS initiative?

Define Target Segments

- What are the customer segments that you are targeting?

- What are the unique requirements of these segments?

- Are there any specific operational, performance, or compliance profiles of the different customers in this market?

- Which customers would you not target with this new offering?

- Will this offering be available to all customers or limited to new customers?

Evaluate the Market and Customer Strategy

- What channels will be used to access new customers?

- How will you differentiate your offering from competitors?

- What data do you have to validate market acceptance and readiness for this offering?

Model Market / Segment Growth

- How many customers do you expect to add in the first year?

- What is the profile of customers spanning the different segments?

- What level of churn do you expect from your customers?

- How many existing customers do you expect to move into the new model?

Finance

- What is the monetization model for the new offering?

- What is the target MRR for this offering (across segments)?

- What would the price need to be (for each segment) to be competitive?

- Will the company profit and loss structure change?

Sales Transformation

- What is different about selling SaaS?

- How will your sales organization need to transform to support a SaaS model?

- Will your sales compensation model change with SaaS?

- What incremental resources will be needed to support selling the SaaS offering?

- What costs will be associated with sales activities to these customers?

- Do sales teams have the skills that align with a SaaS delivery model?

- What incremental tooling and automation will be needed to support your sales strategy?

Marketing Transformation

- How will you reach new segments/markets that represent all new targets for the company?

- How will you build a brand for your SaaS offering?

- Will your marketing profile change to reach these SaaS buyer personas?

- What costs will be associated with marketing activities to these customers?

- What incremental marketing resources do you need?

Define Operational Model / Resources

- What incremental expenses would be required to support this model?

- What is the AWS cost model for operating the system (cost per tenant[1])?

- Will new resources be required to build/manage your DevOps pipeline?

- How will agility and automation change the long-term operational expense footprint of your company?

Develop a Staffing Profile

- Does your team have the resources to take on this move to SaaS?

- What incremental staff would you need to hire?

- Do you have a customer success team that will be responsible for customer retention and loyalty?

- What costs are associated with staffing and hosting this solution?

- Do you have enough AWS expertise to build the SaaS solution?

- Do you have the right development and operational tools to develop, test, and deploy SaaS?

- Will you need new development resources for this effort? Will these be net new resources?

Factoring in Your Company Profile

The business planning might change for companies that have different constraints, market realities, budgets, and market pressures. As outlined below, your approach to creating these business cases might vary across the different company profiles.

ToeDipper Software: In the business planning phase, those companies focus more on finding a model that enables the company to explore SaaS without impacting the growth and stock price of the current business. They can assess the incremental spend and staffing growth or diversion that will be needed to create the SaaS solution. The important factor is to avoid creating multi-year plans that could cause the company to miss a window of opportunity.

SurvivorTech: In the business planning phase, these companies focus on determining whether there is a way to accelerate and fund the path to development. Determining how quickly they can go-to-market and deploy with a product that will enable their company to compete and generate the appropriate level of revenue is often at the core of the thought process for these types of companies.

UnicornExpress.com: Startups have often been forced to build a business case to secure funding. For these companies, the moving parts of this journey are about building out the fundamental projections for staffing the company, identifying target markets, and developing a monetization scheme. Often, the fundamental of business modeling for this company profile is equally important, but they do not have the complexities of navigating through an existing market or customers. Instead, they are more focused on defining a model that is compelling.

New Horizons Software: For these companies the focus is on identifying a new segment or product that will enable a company to begin offering a SaaS product. The goal is often on finding an offering that stands well on its own, but fits well within the broader goal and value proposition of their company. Like other companies, there is a

focus here on determining the incremental costs and company shifts that might accompany the new SaaS offering.

Who Should Participate?

While this business planning exercise may feel like it is best created by product managers and financial leaders, this exercise should span multiple levels within the company. For example, technical and operations teams will have important insights that can guide how you look at tiering the offering for different customer segments. Operations will also need to play a key role in guiding your path to a model that aligns with SaaS best practices. Each key area of your company should be included in this business planning exercise. The vision and continuity of this shared experience will be essential as you move into subsequent stages of your journey.

Expected Output

The data you collect here can vary, but the business planning exercise should lead you to a much clearer picture of your target market, the nature of the opportunity, the potential costs, the company changes, and the expected revenue that can be generated from your new SaaS offering. The level of investment you make in this data will have a significant impact on the downstream stages of this journey. Considering all of these factors upfront will provide you with the clear business vision that is critical to building a robust SaaS business.

Phase 2: Product Strategy and Roadmap Development

While the business planning phase enables you to evaluate the overall opportunity, it only takes a high-level pass at defining the product strategy and roadmap. Once you have made your decision to move forward, you need to begin a more detailed view of what your product will look like, and how you will effectively target the specific segments of your market. As we mentioned before, the journey framework is non-linear, and in some cases, the product vision may come ahead of the business planning. In this phase, we will focus our energy on building a more complete vision for the product and the experience we want to provide to our customers. The product strategy and roadmap development will answer key questions such as who are the user and buyer personas we are targeting, where we expect them to get value from the system, and what will be the different packaging options for customers to use this solution. This data will be essential to developing a more complete business and technical vision that the development team can execute against.

Entry Point

The SaaS journey often begins with some notion of a product vision. To get here, you likely already have some view of what features and customer experience you are targeting. Yet, this vision generally lacks detail as you enter this phase of the SaaS journey. In the product strategy and roadmap development phase, we are looking to fill in all of the detail about the product, create a clearer picture of which features will be included, define how the product will be consumed, and how we expect to deliver value to different types of customers.

Key Activities

SaaS brings an additional layer of considerations that need to be factored into your overall strategy. There are a handful of activities that are essential to developing a robust product strategy. The goal here is to highlight these specific areas and ensure that your company is looking at all the elements that need to be included in your SaaS product offering. It is important to note that your strategy is not just about your customer's experience with the product, it's also about their experience with your service. This means your strategy must also consider how it embraces the agility, innovation and efficiency that is traditionally associated with SaaS environments.

Below is a list of the specific activities that companies often include in their product strategy and roadmap development:

Developing user and buyer personas

- **Goal**: Develop profiles of the different types of users and buyers that will be using your system with an emphasis on identifying the natural boundaries (functional, performance, isolation, etc.) that represent increasing levels of value to your customers.

- **Outcome**: A clearly defined set of user and buyer personas that captures the attributes and experience that are unique to each persona. The goal here is to think beyond your current customers and consider how different tenant profiles might attach different expectations and values to your product.

- **Key Decision Point**: Are there tiers of tenants in your environment that would be offered different experiences for different personas, and what attributes would most distinguish these tenants?

Collecting Customer Data

- **Goal**: Collect data from target customers to get better insights into their product and service requirements.

- **Outcome**: A collection of data points that can be used to validate and refine your strategy. The goal here is to not rely purely on instinct or legacy insights, and focus on directly engaging your customers to assess their view, interests and expectations for a SaaS offering in your domain.

- **Key Decision Point**: How much data will you need and how will you collect this data from your customers? Which types of data will best guide your decision-making process?

Defining Onboarding Experience

- **Goal**: Determine how customers will acquire and adopt your SaaS product, with specific emphasis on determining how you can introduce new tenants in a frictionless model that promotes repeatability and growth.

- **O**utcome**: A mapping of the onboarding experience that identifies the business, operational, system, and accounting constructs that must be configured and launched to introduce a new tenant into your system. Determine if this mechanism will be engaged directly by customers and/or some internally triggered process.

- **Key Decision Point**: What is customers expectation from the onboarding experience? How will the company need to change to accommodate these new registration processes? How will you manage and assess time-to-value for new customers?

Profiling Security, Compliance, Geographic and Data Protection Requirements

- **Goal**: Capture any compliance, security, geographic, or domain constraints that must be met when delivering your system in a multi-tenant model.

- **Outcome**: A profile of the security, geographic and compliance considerations that are mapped to the different personas of your system. You need to know what these requirements are, but how they might vary from one type of customer to the other. Determine how these considerations might influence the way you build, operate, and sell your product.

- **Key Decision Point**: Are there data and/or resources in your SaaS solution that will impact how you approach the multi-tenant aspects of your solution? Will this solution require deployment to multiple geographies and, if so, are these near-term or long-term requirements? Do you need to offer specific packaging of your solution to personas that will be less receptive to multi-tenant infrastructure?

Defining Agility Goals

- **Goal**: Outline in detail the agility goals you are targeting and measuring for the SaaS offering.

- **Outcome**: A clear description of the tenets and metrics that your company will be targeting as it builds out the operational, company, and business footprint of your SaaS environment. Define specific metrics that will assess cycle time, up time, and a host of other well-defined metrics that are used to assess SaaS agility.

- **Key Decision Point**: How willing is the company to value agility from the outset of your journey? What expectations do you have about how these metrics will be woven into the culture of the team?

Portfolio Management

- **Goal**: Evaluate performance, identify risks and opportunities, prioritize high-value products.

- **Outcome**: Optimize resource allocation across your product portfolio and align the product mix with your business strategy.

- **Key Decision Point**: Should the new SaaS solution be prioritized, what resources should be allocated for this effort?

Guiding Questions

As you are building out your product strategy, there are some common areas that companies will often explore as they attempt to fill in the details of their overall approach. These topics will vary widely based on the nature of your product, where you are starting your SaaS journey, and what customer experience you are targeting. The goal in this section is to provide a set of topics that will help outline concepts to develop a more complete view of your overall product strategy.

Developing user and buyer personas

- What key attributes would distinguish the different types of customers that would use your product?

- What is the range of market segments (entry level, mid-tier, enterprise) are you targeting with this offering?

- How do the needs and expectations of each of these customer profiles change based on their segment?

- Is the user persona different than the buyer persona?

- Are there personas that you would consider out of scope of this offering?

- Are there ways that you will need differentiate the personas from personas that are currently being targeted by other offerings in your portfolio?

Collecting Customer Data

- How can you identify and reach customers you may not engage today?

- What are the key areas you want to target for collecting data? Have you considered conducting a survey?

- Are there specific SaaS questions you may want to ask (onboarding, pricing, etc.)?

- How can you capture security, isolation, and multi-tenant readiness of this market?

- How many customers will represent a reasonable sample size?

- What mechanism can you use to gather input from your potential customers?

Defining Onboarding Experience

- How will customers sign up for your service?

- How frequently do you expect new customers to be onboarding to your system?

- Will you support a self-service onboarding process?

- Will you collect billing information (credit card) during your registration process?

- Will your system use an internally managed process to register new tenants?

- For an internal process, what internal mechanisms will need to be automated to reduce friction in your onboarding process?

- What measure will you take to ensure that registration is a fully repeatable process?

- Will you support a demo mode for your product that enables customer to run a trial experience?

- Will you seed the environment with sample data or experiences to streamline a customer's time to value?

- How will you capture metrics and data that will enable you to assess the efficiency of your onboarding flow?

Profiling Security, Compliance, Geographic and Data Protection Requirements

- Do your customers have specific compliance, geographic, or regulatory requirements that will influence the profile of your SaaS application?

- Are the regulatory and compliance requirements constrained specific areas of your application/data, or is this a global requirement?

- What is motivating your need for geographic reach (market segments, performance, compliance, availability, etc.)?

- How are your potential competitors addressing these requirements, and how will your strategy match or differ from the existing approaches?

- How will addressing these requirements effect the cost and operational efficiency of your offering?

- Do these requirements vary by geographic location or market segment?

- Can you offer more dedicated standalone solutions to customers that are less willing to operate in a shared infrastructure model?

- Has your company outlined a specific General Data Protection Regulation (GDPR) policy that defines your general requirements and approach to addressing the compliance requirements of GDPR?

- How will onboarding be supported if you plan a multi-geography model?

- What measures will you take to ensure that the agility and operational efficiency will not be impacted by supporting a multi-geography model?

- How will you factor geographic cost variations into your business model?

- Do you need to factor these considerations into your initial release or can this come at some point later in your product lifecycle?

- What is the profile of your data and are there specific types of data that will require a greater level of isolation?

Defining Agility Goals

- Are there specific agility goals you have identified and are targeting for your SaaS business?

- How will your company target the reduction of development cycle times, reducing the time from feature inception to release?

- What metrics and tooling will you put in place to bring broad visibility and measurability to your agility goals?

- Which structural and cultural changes will be needed in your company to promote and prioritize agility?

- How will your product management team begin to land and emphasize agility in your product backlog?

- Will you set specific goals for agility that span the entire company?

Developing a Packaging / Pricing Profile

- What are the common mechanisms that are used to monetize solutions in your domain/market?

- Will your domain/market support a subscription-based billing model, and if so, what unit(s) of consumption best correlate to value for your target customers?

- Will you use features as a way to distinguish different tiers of your offering?

- Will you limit performance or resource consumption for different tiers?

- What data can you use to determine identify the boundaries that will be most effective at distinguishing tiers and promoting advancement to new tiers that is compelling to users?

- Will you need to support a separate tier for high-value tenants that impose unique demands on your solution (a standalone deployment)?

- Is there some mix of long-term and subscription billing that might better map to the needs of your customers?

Portfolio Management

- What are the risks and opportunities of the new SaaS solutions and the other products your company sells?

- How can you evaluate the performance of each product?

- Which high-value products should be prioritized?

- How resources should be allocated across the portfolio?

Factoring in your Company Profiles

Product planning is one of the areas where there can be a significant variation in your scope and approach based on where you are starting and the opportunity you are targeting. For many, though, there is a temptation to minimize the investment in developing a robust product strategy, focusing more on functionality and features ahead of concepts like tenant personas and tiering. This dynamic often undermines the company's ability as they move forward in their journey. They may also miss the opportunity to introduce concepts into their underlying architecture that will be essential to the broader success of their product. Focusing on these elements of your strategy early will enable all parts of the company to put measures into place to support the full range of profiles and requirements that different customers may desire. It will also enable you to pivot more effectively to new strategies as needed.

ToeDipper Software: This company type tends to have a very narrow product strategy that focuses on a niche market that will be used as their first foray into SaaS. This particular company is very prone to under-invest in a more complete product strategy with the assumption that this is more of an experiment. While it may not seem normal for these companies, there is still great value to be extracted from having a solid product strategy. Additionally, answering some of the hard questions about tenant profiles, compliance, data isolation, and tiering will help you be hyper-focused on where this new niche is and which dynamics you will need to think about as you are defining the capabilities, experience, and value proposition of your new SaaS offering.

SurvivorTech: While there may be immense pressure to simply get a product out for these companies, they still need to have a clear picture of their product strategy if they want to introduce a product that will effectively compete against current and emerging offerings. The key to survival is to have a strategy that goes beyond just having a SaaS offering. The company needs to find the scope and value boundaries for their offering that will enable them to retain and gain market share. A carefully considered product strategy will enable these companies to map out a more complete survival path that is less reactive and more strategic.

UnicornExpress.com: This company type is in the best position to build a strategy that only focuses on the opportunity in front of their company. The lack of legacy baggage enables these companies to create a product strategy that examines the full spectrum of possibilities and build from scratch to effectively align the product with the target experience. However, this profile also tends to share some traits with the SurvivorTech profile in that these companies are often so driven to acquire customers and generate revenue that they might short-circuit the product strategy process. While the pressures to get something out are real, the danger here is that executing without a clear product strategy may undermine the company when the growth curve kicks in. If you have left tiering, compliance, and many of the other factors outlined in this section out of your vision, a you may find yourself struggling to address the needs of the market and fully maximize this growth.

New Horizons Software: This company type has some traits that are similar to a startup from a product strategy perspective. Given that these companies are essentially carving a new product offering, they must look at their product strategy much like they are creating a new line of business. The real difference is that these companies are not necessarily facing the financial and time pressures that many of the startup companies do. These companies may also have to form new teams that can operate separately from the rest of the company as they build and operate their new SaaS offering.

Who Should Participate?

The development of a SaaS product strategy requires cross-functional involvement of many parts of the company. Product Managers will be at the center of this effort. They will be essential to thinking beyond features and functions, and extending their product vision to the service model. This means thinking about the end-to-end service experience and the different types of customers and markets they want to address. It also means they will need to be more invested in how the system is built to ensure that the teams are focused on achieving the agility and innovation that is part of SaaS. Given this scope, it is also critical for operational, technical, sales and marketing personnel contribute to this effort. Their inclusion in this effort enables you to develop a

more comprehensive strategy that incorporates their perspectives and considerations that might alter how you ultimately choose to package, sell, support, and deliver your system.

Expected Output

The expected output of this effort is a strategy that goes beyond the first deliverable without going as far as creating a multi-year plan. You want to know enough about the broader strategy to have confidence in your direction without looking so far forward that you are planning for a future that may or may not be the same when you get there. A key component of this effort is a clear picture of the target customers and market. Having well-defined personas will have a significant impact on how you move forward and how you choose to package, build, and operate the system. It can also impact the monetization strategy of your offering. An initial view of the core metrics you are expecting to collect and assess (even during development) should also be an output of this phase. How will you measure agility? How will you analyze the onboarding and time-to-value? Finally, it is essential that you exit this process with a more concrete view of how you expect to package and tier your SaaS offering. This will enable the entire team to begin to think about what underlying mechanisms can differentiate the experience of users in each tier.

Phase 3: Minimum Viable Service (MVS)

Once you have built and validated your business planning and product strategy, you need to start thinking about what will be included in the first rollout of your SaaS offering. The Minimum Viable Service (MVS) is the first version of your offering, with just enough features to effectively deploy the product and attract early adopters to provision their footprint in your offering before selling it successfully to the mass market. It is a cost-effective way to collect early user feedback for future product development until a desirable product/market fit is obtained. This strategy is especially important in a SaaS model, which presents opportunities to engage with customers repeatedly throughout their lifecycle. At this stage, the delivery team, on both business and technical, is ensuring the required pieces to productize and operate the service. This effort might look quite different for different company profiles. For some, this may be about finding a scope of changes that can begin to lay the foundation for moving to SaaS. For others, this will be more about the features that will represent a minimum set of functionalities needed to offer something to the market. Your company may be going through a transformation to deliver a customer facing product and, in this phase, you are thinking about how you plan your delivery to ensure the success of the entire companies.

It is important to highlight one key principle of the MVS model that is pulled directing from the world of agile development. The goal of identifying an MVS is to find a minimal scope that will enable you to focus on an initial milestone. The features and capabilities of this MVS could be released to a customer, if decided. This means all the moving parts of the customer, operational, and company experience need to be included in this offering. It does not mean that you will actually release the MVS to the market. That decision is deferred until you get closer to having a working service. As you approach completion of the MVS, you will then decide whether or not you want to go forward with releasing this version. The purpose of every MVS should be to deliver a clear value to a particular customer use case. If you decide not to release the MVS to your early adopters, then you begin to look at the next collection of features and experience that will be needed to close that gap. Additionally, MVS enables us to focus on getting all the moving parts of releasing a product done without getting lost in whether this combination is the best fit for the market, which could change while you are building the MVS. At the same time, use this moment to challenge yourself to find the minimum set of capabilities that could be needed.

Entry Point

To start this phase, you should already have a good understanding of the general business and product strategy. Specifically, this means a plan to deliver your solution to

meet the needs at or before launching the MVS to a set of customers. Think about how your path to the customer also transforms the entire company responsible in delivering this solution. Once these foundational concepts are filled in, you are ready to begin asking questions about the scope and goals for an initial offering. The phase of the journey requires you to balance the long-term goals of the business with the near-term realities of finding a solution that will enable your solution to get into the market and begin to pivot based on actual customer feedback. The key is to find the collection of capabilities that represent value to your customers without committing to a delivery schedule that may cause you to miss your window of opportunity.

Key Activities

The activities for an MVS are about defining a clear near-term deliverable that encompasses everything you would need to build, operate, and support this service. This is where thinking of this through the lens of a service is a key differentiating aspect of this exercise. While the activities for defining your MVS will likely differ significantly across different domains and starting points, this section captures some of the concepts that are often included in this exercise:
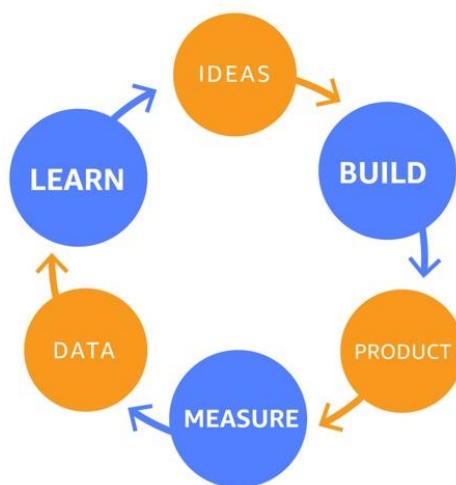

Figure 4 - MVS cycle of development

Defining the Target Early Adopters for the MVS release

- **Goal**: Define the specific users and roles that you will target with the MVS. This may be internal and/or external users.

- **Outcome**: A clear list of early adopters that you expect to support with this initial release, along with any qualifiers that might narrow the scope of the experience (initially) for them.

- **Key Decision Point**: Can the MVS target a subset of the target users/tiers that will ultimately need to be supported by the system? Will narrowing to a smaller set of users/tiers undermine the success of your system?

Outlining the Minimum Product Functionality

- **Goal**: Based on the tiers/personas you will target; define the set of product functionality you will need to include for this offering.

- **Outcome**: Capture high-level notions of key product features that will be needed to support the scope and customer targets you have identified. This is not about being granular, it is about defining high-level concepts that you see as core to this solution.

- **Key Decision Point**: Have you identified a set of features that will be viable for the target users you have identified? How will these features enable you to attract and retain customers? Which capabilities may need to be included as part of making this available in a service model?

Outlining the Minimum Operational Experience

- **Goal**: Define the elements that will need to be put in place to successfully operate this solution.

- **Outcome**: A well-defined view of the operational experience that includes tooling, processes, and insights that will be needed to support this new environment. The emphasis here is on automating and streamlining the operational experience to lay the foundation for rapid innovation, agility, and market response.

- **Key Decision Point**: Do you have the tooling, skills, and experience needed to build a best practices operational experience? What will you do to ensure that operations and agility are prioritized within your overall culture and development process?

Target Feedback Experience

- **Goal**: Determine how you will engage potential customers to capture feedback on your minimum viable service.

  Note: This could be in many forms and not necessarily a feature you are building (e.g. interviews, forms, real-time, or offline).

- **Outcome**: Selection of a strategy that defines how and if you plan to incorporate users into your MVS development lifecycle.

- **Key Decision Point**: Will you have customers integrated into your process during the active development? How will you expect to identify the customers that will engage in this process?

Defining Core SaaS Tenets for the MVS

- **Goal**: Capture and document the core tenets that will define where the SaaS bar is being set for this initial offering. This is important to ensure success at each delivery.

- **Outcome**: A list of the tenets that outline precisely which goals you are targeting for the business, operational, and agility attributes of this minimum viable service. The challenge here is to have your sights on general SaaS best practices while still acknowledging that you may not target the longer-term experience for this MVS. Being clear about this is essential to defining where the bar is.

- **Key Decision Point**: Which compromises you are making in this MVS? How those compromises will impact the success and agility of your overall SaaS story (this is about forcing your team to agree on these goals and boundaries)?

Guiding Questions

To help with this exercise, we have outlined a number of questions that help collect the data that is needed to shape your MVS vision. The questions represent an example of the concepts that are commonly part of this discussion. However, there are likely questions that are unique to your domain/market/opportunity that will need to be added to this list.

Defining the Target Early Adopters for the MVS release

- Which customer personas (from the broader list of personas) are you targeting with this solution?

- Will you be supporting a product tiered model and which tiers will be included in this MVS experience?

- Are there enough customers in this target set of personas to drive the adoption you will need to drive the platform forward?

- How many customers do you expect to add as net new customers for this offering?

- Are there specific scaling and performance considerations that need to be considered for this population of customers?

- Are there concerns about how this offering will be positioned against any other offerings that might be in your portfolio? Are there clear boundaries between the offerings that will limit any confusion for the market?

Outlining the Minimum Product Functionality

- What are the primary functional attributes of this SaaS service offering?

- Which features (if any) will be used to draw clear boundaries between personas/tiers?

- Are there specific performance requirements that will be part of this service? Will you use performance as a way to distinguish tenant tiers?

- Will customers impose any specific requirements around security and data protection?

- What will be the registration process for introducing new tenants into the system?

- Will you offer a demo or free trial version of your product?

- Do both delivery and business teams understand what you are planning to deliver? Is there alignment on what the delivery approach is?

Outlining the Minimum Operational Experience

- What are the non-functional attributes of the service offering?

- What are the non-functional attributes that of this service that will enable/promote operational efficiency and agility?

- What are the metrics (if any) will you be collecting to gather insights into the consumption and activity of your customers?

- Will you track service-level agreements (SLAs)? Are there specific SLAs you will need to meet for customers?

- Are you expecting to have a zero-downtime policy for this service?

- What strategy or mechanisms will be in place to migrate changes to data representation without incurring downtime?

- What tools and processes will be used by your operational team to proactively detect and manage tenant issues?

- How will customer report issues? Will this be an interactive experience?

- Do you expect to have a customer success company in place for this MVS and how will they be integrated into the broader operational experience?

Target Feedback Experience

- What data will be used to assess the customer's perspective on this new service offering?

- Will targeted customers be enables to provide feedback during the development process?

- How will you identify customers that will participate in this process?

- Will you be able to engage customers from segments you may not target today?

Defining Core SaaS Tenets for the MVS

- What are the key business and technical tenets that will guide your implementation of this MVS?

- What near-term tradeoffs will be made to get to market at a faster pace?

- How will these tradeoffs impact the customer experience and long-term viability of your solution?

- What measures are part of this MVS to ensure that the company is enabling the operational efficiency and agility that will be needed to support the growth and innovation of the platform?

Factoring in your Company Profiles

ToeDipper Software: This company type tends to focus on a niche market and might under-invest in a complete product strategy with the assumption that this is more of an experiment. While it may not seem normal for these companies, there is still great value to be extracted from having a solid product strategy. Answering some of the hard question about tenant profiles, compliance, data isolation, and tiering will help you be hyper-focused on where this new niche is, and which dynamics you will need to think about as you are defining the capabilities, experience, and value proposition of your new SaaS offering.

SurvivorTech: This company type needs to have a clear picture of the product strategy to effectively compete against current and emerging offerings. The key is to have a strategy that goes beyond just having a SaaS offering. The companies need to find the

tiering and value boundaries for their offering that will enable them to retain and grab market. A carefully considered product strategy will enable these companies to map out a more complete survival path that is less reactive and more strategic.

UnicornExpress.com: This company type tends to share some traits with the SurvivorTech profile in that these companies are often so driven to acquire customers and generate revenue that they too will short-circuit the product strategy process. While the pressures to get something out is real, the danger is that executing without a clear product strategy may undermine the company when the growth curve kicks in. If you have left tiering, compliance, and many of the other factors outlined here out of your vision, you may find yourself struggling to address the needs of the market and fully maximize this growth.

New Horizons Software: This company type must look at the product strategy as if creating a new line of business. The real difference is that these companies are not necessarily facing the financial and time pressures that you see in a startup. These companies may also have to form new teams that can operate separately from the rest of the company as they build their new SaaS offering.

Who Should Participate?

This part of the journey is about the actual company transformation and change management. Ultimately the entire company will be impacted and will require adoption of this journey, however, how and when parts of the company participates depends on your company profile, what you are building and launching, and how many steps to customer adoption you are defining. Product teams would play a key role in this part of the journey with program management. The leadership team would also play a role to ensure there is oversight and all teams are building and delivering to the promise of the defined state. As you define the MVS and get feedback, it will determine who should be involved in this phase. For example, if you are launching a new onboarding experience, the product, sales and marketing teams should be involved. Additionally, support and customer Success would also be informed as part of continuous support. If the strategy is to target new segments and customers, all teams would be involved.

Expected Output

The outcome from this phase is an MVS release with clear definition and expectations of the launch. The MVS release itself is not the end of this section of the journey, but a start of one, or one of many, next steps to ensure a data-driven and customer-focused roadmap that drives continuous improvements. Failure of an MVS release does not mean a complete failure, but yet another data point to help re-align and focus.

Phase 4: Launch / Go-To-Market

The final step in your journey involves the launch of your SaaS offering. This is an area where a well-defined go-to-market (GTM) strategy is necessary. Every plan to bring a new software to market requires an understanding of customer personas (buyers and users), a sales strategy, and a marketing plan to land new customers. However, a SaaS GTM strategy does not end with new customer acquisition; it must span the entire customer lifecycle, including stages of retention and growth.

Entry Point

You are ready to move beyond the MVS phase and launch SaaS for general availability (GA) when your company has demonstrated an ability to land and effectively onboard new customers, and customers are able to consistently realize value and achieve expected outcomes. At this stage, you have also created a data-driven customer retention/expansion strategy, and a service model (e.g. customer success) that can scale in-parallel with customer acquisition. This will ensure that appropriate resources are in place to drive low-friction onboarding experiences, accelerate customer time-to-value (TTV) and execute expansion and renewal sales plays. These services can include digital-touch, human-touch, or a dynamic combination of human and digital support.

Key Activities

In order to successfully bring a SaaS solution to-market, it is necessary to align commercial forecasts and budgets with effective sales motions and marketing plans. You must also have a plan to understand and measure whether customers are adopting the product and realizing its value. Even if a SaaS business can exceed new customer acquisition goals, it will struggle financially if customers do not use the solution effectively and efficiently. Such customers will not renew; this attrition is commonly referred to as churn.

Without the large, up-front payments common to perpetual licensing software models, unexpected churn can often leave your company at a financial loss, unable to recoup customer acquisition costs (CAC). As a result, sales team compensation economics must be structured to incentivize customer retention. Most businesses can't afford to pay sales representatives heavily up-front for customers that might churn, and never become profitable. Therefore, it is important to establish rigorous pre-sales methods, lead qualification standards and effective onboarding processes.

The MVS phase plays an important role in refining the GTM strategy for GA, and should directly influence decisions related to packaging, selling and operating the GA solution. Prior to bringing a new offer to-market, you should apply lessons-learned in the MVS phase to revise buyer and user personas, update customer journey maps, and set product adoption targets, to complement customer acquisition and expand-selling sales motions.

Figure 5 - Market and sell with a customer-centric, adoption-driven approach

Below is a list of steps you should follow when building a GTM strategy for new SaaS offerings:

Update customer journey maps

- **Goal**: Enhance buyer and user personas built in the Product Strategy and Roadmap Development phase; incorporate lessons learned during MVS phase to append attributes linked to buying behavior, onboarding experiences and product utilization patterns. Update customer journey maps to align team-level responsibilities with a series of predictable buyer and user experiences.

- **Outcome**: Buyer and user personas include measurable attributes common to customers likely to succeed at adopting the product. Sales and marketing teams are armed with accurate expectations, qualification standards and demonstrable value propositions. You are able to measure and manage team and individual-level effectiveness, at all stages of the customer experience.

- **Key Decision Point**: What lessons have we learned during the MVS phase that can help us to create a better customer experience at GA launch?

Establish commercial and operational frameworks for new customer acquisition

- **Goal**: Define year-one customer acquisition objectives, inclusive of revenue targets and annual contract value (ACV) goals. Divide these targets among your portfolio of complete offers, which are the packaged (bundled and/or tiered) features and services that you will bring to market, and segmentation model. Determine the skills, structure and processes required to efficiently acquire and stand new customers up, and align these requirements with a cost model.

- **Outcome**: Budgets are approved for sales and marketing-related customer acquisition costs (CAC) and operating costs. Forecasts are established for year-one revenue (via new customer acquisition). Operational model includes a plan to onboard new customers in a timely manner, in line with acquisition forecasts.

- **Key Decision Point**: What are investor expectations related to profitability and revenue in year-one? How much support does it take for a customer to onboard and realize value for the first time?

Set customer retention and expansion objectives

- **Goal**: Forecast retained revenue (net of churn) and expansion revenue (up-sell, cross-sell). Set budgets for funding customer expansion costs (CEC) and customer retention costs (CRC). These budgets are frequently used to fund Customer Success or Renewals teams, in SaaS companies. Forecast customer lifetime value (CLTV) to include plans for customer retention and growth, over time.

- **Outcome**: From here, set effective ratio targets for CLTV vs. your acquisition, retention and/or expansion costs, to ensure that sales motions are executed under profitable conditions. This exercise also enables you to align sales quotas with end-of-year annual recurring revenue (ARR) targets.

- Key Decision Point: Can we actually release enough new features, services and products in year-one to achieve up-sell/expansion targets? How long can we expect to retain a customer?

Determine appropriate sales motions and compensation incentives

- **Goal**: Determine a relevant distribution model for new customer acquisition, typically some combination of pre-sales, inside sales, field sales, and partner/channel sales resources. Build sales motions (e.g. acquire, renew, expand) that qualify opportunities with rigor and align appropriate sales processes with offer complexity. Pair complex, high-ACV SaaS offers with higher-touch, consultative processes, and pair less-complex, low-ACV solutions with a lower-touch, product-led, try-and-buy processes. Create sales compensation models that include product adoption and customer retention incentives. Establish boundaries related to discounting to ensure that deal-making variables align with your profitability requirements.

- **Outcome**: Sales teams operate efficiently and meet buyer expectations without unnecessary friction. They are rewarded for acquiring customers that adopt the solution efficiently and renew. They leverage prescriptive, personalized sales tactics to align buyers with solutions, and are willing to walk away from deals that are unlikely to result in renewal. Margins are protected by sales playbooks, which include acceptable discount parameters.

- **Key Decision Point**: How complex is the SaaS offering? Does it require a high-touch consultative approach?

Establish Marketing operations

- **Goal**: Plan marketing operations to span the entire customer lifecycle, covering new customer acquisition and expansion opportunities. You should leverage an account-based marketing (ABM) framework and/or in-product marketing resources to trigger low-friction, point-in-time campaigns, targeted to specific industry firmographics, buyer personas, and user patterns.

- **Outcome**: Marketers can leverage a combination of people and automation to drive demand generation, marketing analytics and lead-scoring tactics through appropriate channels. They are able to progressively-profile and qualify leads as they move through the funnel. Sales representatives are able to focus on supporting highly-qualified leads.

- **Key Decision Point**: How much of the sales funnel is the marketing team able to own?

Define Customer Success (CS) charter and services

- **Goal**: Establish the primary CS charter - typically adoption or renewal, less-commonly, expansion, and a handshake process between sales and CS, preceding the onboarding of new customer. CS teams should create success plans aligned with desirable customer outcomes.

- **Outcome**: An effective partnership between sales and CS teams leads to faster TTV for customers, reduces friction in onboarding, expansion and renewal lifecycle stages. An effective CS function serves to increase CLTV and reduce churn. CS teams earn customer trust by delivering results against the promises made by a SaaS brand. They also ensure effective product adoption, which is a pre-requisite for both retention and expansion.

- **Key Decision Point**: How will you monetize the CS function? Will CS carry a revenue quota?

Launch and Product Communication Strategy

- **Goal**: Define the scope of your product updates and its impact on your customers, including metrics that will help you measure effectiveness and ongoing improvements of your communications plan.

- **Outcome**: Definition of your target internal and external audiences, beyond technical users or admins, including business leaders and other stakeholders. Development of content types that would resonate with each target audience the most, and multiple communication channels to reach out them.

- **Key Decision Point**: How can you announce a launch of a new SaaS solution? Which communication strategies would resonate the most with your customers, investors, and internal teams?

Guiding Questions

As you build your SaaS GTM strategy, it can be difficult to stay connected to the details when thinking big about subscription models and recurring revenue. The trade-offs linked to decisions about inbound/outbound sales models and product-led/marketing-led growth strategies are complex, and have significant impact on operating costs and efficiency. To simplify the process, this section lists a series of guiding questions that you should answer to inform your GTM strategy:

Update customer journey maps

- What assumptions made during earlier phases (Product Strategy and MVS) about buyer and user behaviors have been validated or debunked?

- What are the team-level responsibilities during each stage of the customer acquisition process? For example, how does Sales interact with Customer Success to ensure effective onboarding?

- What are the measurable indicators that tell you if a customer is using the product efficiently when onboarding?

- What attributes are common to customers who struggled to realize value during the MVS phase (e.g. low technical acumen, thus slow to integrate and onboard)?

- What product utilization patterns were common to customers who succeeded or failed during the MVS phase?

- What company skill gaps do you need to address (train, outsource, hire) prior to launch?

- What technology and educational material can you introduce to reduce friction for customers?

Establish commercial and operational frameworks for new customer acquisition

- What is the customer acquisition (revenue) target for your first year in-market?

- What is your year-one margin expectations?

- How many new customers do you need to onboard (per each tier) on an annual, quarterly, monthly basis, to meet your revenue target?

- How much will it cost you to onboard these customers? What is the budget for CAC, inclusive of comprehensive sales and marketing costs?

- Do you have the skills and resources to acquire new customers and stand them up, at a pace in-line with your targets?

- How long will it take to recover CAC for a new customer?

- How much flexibility do you have with your discount strategy?

- For transformation scenarios, how and when will you deprecate the legacy solution? How will you structure revenue quotas for the legacy model as its sunsets?

- For transformation scenarios - do your investors and executive leaders understand the economic ramifications of transforming to a SaaS model, the required investment, and the transition from up-front payments to recurring revenue streams?

Set customer retention and expansion objectives

- What is an acceptable annual churn (revenue)?

- How much churn may come from down-sizing customers to more-appropriate offer tiers?

- How much churn may come from customers declining to renew, or exiting early?

- How complex are expansion and renewal negotiations?

- What are your CEC and CRC budgets?

- How long can you expect to retain a customer?

- What is your expected CLTV?

- What is your target CLTV to Total CAC (CAC / CEC / CRC) Ratio?

- For transformation scenarios, are you migrating customers to SaaS from an on-premises legacy solution? If so, when? What are the economic impacts?

Determine appropriate Sales motions and compensation incentives

- Do you align dedicated sales representatives to specific offer tiers/geographies/verticals? Will this differ from your legacy operation?

- How many sales representatives can you dedicate to the SaaS model, given CAC budgets?

- Can you leverage a remote inside sales team to generate qualified leads and/or deliver solution demos, as part of the pre-sales process?

- What information do you need to discover during the pre-sales process to properly qualify prospects likely-to-succeed, and thus reduce downstream churn?

- Will the customer acquisition quota include customers migrated from legacy solutions?

- Who will own renewals and expansion revenue quotas?

- How complex are your negotiations? Do they require a high-touch consultative approach? Can you simplify the process?

- Are your sales teams enabled, and able to articulate the unit economics and competitive value proposition which underpin your pricing and services?

- What is your strategy to land a customer, and then, expand the relationship?

- Can you define data-driven up-sell opportunities?

- What role will channel partners play in your sales model?

- Can you enable channel partners to drive the adoption of your services?

- What compensation incentives can you offer our Sales representatives to reward product adoption and retention?

Establish Marketing operations

- How do you measure the quality of a new lead? How can you tell if a lead is likely to succeed in using your platform?

- How will Marketing team interact with product teams, to create and execute product marketing initiatives?

- What are the demand generation → lead generation → customer conversion funnel ratios you need to achieve, in order to support customer acquisition objectives for year-one?

- How will marketing and sales teams divide responsibilities associated with funnel management?

- What technology can you introduce to make lead qualification and lead scoring processes efficient?

- Can you publish content (videos, user manuals, FAQs) to educate customers and reduce friction during the sales process?

- How will you market to customers ahead of a new feature release, to support expand-selling motions?

- What focus groups should you use to analyze the effectiveness and profitability of your marketing campaigns? Offer-level? Vintage/time-based? Channel-based?

Define Customer Success (CS) charter and services

- What is the primary aim for the CS team? Expansion? Product adoption? Renewal?

- Who owns the customer relationship with the deciding party, during renewal?

- Will CS carry a revenue quota for expansion or retention?

- Can you monetize the CS team by selling it as a premium service?

- What role does the CS team play in coordinating cross-functional activities with other teams?

- Will CS also provide Customer Support?

- Will you align CS representatives with customers based on tier, industry or vertical expertise?

- How many customers can each CS representative manage effectively on an annual basis?

- Where will you find CS representatives? What skills should they possess?

- How many CS representatives can you fund, and (as appropriate) how much up-sell and cross-sell revenue can you drive, given your CEC and CRC budgets?

Launch and Product Communication Strategy

- What is important for your target audience? What type of information do they need or expect from you?

- What is your communication goal (e.g. number of users/accounts reach, product/feature adoption, revenue, etc.)?

- What's the best way to reach out to your target audience? How can you leverage multiple channels to create an immersive experience?

- How are your customers impacted? Do some of your customers need additional support to communicate the product updates and train their employees?

- What should be the timing of this communication? How much time do your customers need to adopt new features/releases?

- Do you have any commitments to let customers know certain changes in advance?

- How can you a/b test your message?

- Do you have a mechanism for your customers to provide feedback about product communications and suggest new features to be developed?

- What are the most important metrics to measure reach, engagement, and adoption? How can you optimize your plan for next iteration?

Factoring in your Company Profiles

The nature of your market, domain, and product will influence your GTM approach. For some companies, this is about reaching out to an already-established market and bringing visibility/access to their new offering. For others, this is about reaching entirely new markets. No matter where you are at on this spectrum, you still need to devote time to thinking about how you will roll out your SaaS solution. This section outlines some examples of company dynamics, using hypothetical SaaS business archetypes:

ToeDipper Software: This company type is dabbling in SaaS, and dependent on the revenue and profit generated by its legacy software. They have the benefit of a captive audience, and understand from direct experience how to market and sell to them. To bring SaaS to-market, they must align internally, and make a firm decision about how and when they will communicate the initiative to customers. Is SaaS the future of the business, or is it just another option in the product portfolio? They need to ingest voice-of-customer feedback to prioritize an appropriate sense of urgency; a dynamic customer advisory board (CAB) with diverse, rotating members can deliver useful perspective. In this scenario, it is especially important to align the GTM plan with the priorities of investors. It is common for investors in such businesses to prioritize milking the cow, taking profits from the legacy operation, as opposed to investing in real transformation. If investors are hesitant to fund true SaaS transformation, ToeDipper can create a GTM plan to attach new, vertically-relevant SaaS solutions to their legacy product portfolio. SaaS can be leveraged to reach new buyer profiles (e.g. early adopters) within the existing customer base, as well as net new customers. ToeDipper should assign Sales representatives who are passionate about innovation to the SaaS offer, shine light on their success internally, and compensate them for landing customers who reach product adoption milestones.

SurvivorTech: For this company type, the use case is clear: customers want a more-compelling value proposition, and niche, verticalized competitors are rapidly-eroding market share. SurvivorTech profile has some advantages relative to their nascent competition. They know their customer base, with direct experience selling to them over a long period of time. They know how to market to these customers, and can leverage these legacy relationships and contracts to buy time, while moving quickly to deploy SaaS solutions. Before announcing the new SaaS launch to existing customers, SurvivorTech must align internally to establish new sales motions and compensation incentives. In addition to the customer-facing company changes, transformation to SaaS will also require change to back-office processes (e.g. billing, revenue recognition, entitlement management). Internal alignment requires an executive mandate and a top-down goal associated with SaaS transformation. Awareness of the economic investments and time horizons required for transformation is also important. Going-to-

market with a land and expand sell motion in tandem with an agile product/service design and frequent release model can help these companies succeed.

UnicornExpress.com: For greenfield SaaS companies, an effective GTM plan is dependent on successful product adoption by new customers. Customer acquisition is the top priority, followed by retention and expansion-selling initiatives to fuel progressive growth and prolong the customer lifetime. Cloud-native companies typically spend far more than traditional technology firms on sales and marketing (including acquisition, retention and renewal motions). These companies often use one-to-many marketing initiatives to populate their funnel, in tandem with product-led growth strategies. In-product communication and knowledge management tools are important levers for UnicornExpress.com, and will reduce the need for high-touch human support. Efficient demand generation and lead management models are key, to ensure that Sales representatives are focused on closing highly-qualified opportunities. These companies are often content to operate at a loss for several years, in order to acquire new customers.

New Horizons Software: This company type is better positioned than ToeDipper Software to bring SaaS to market in a timely manner, as it is less-encumbered by investor reticence. This company is willing to invest in launching SaaS for new market segments, to create incremental, recurring revenue streams. They must work backwards from the prospective customer to understand their new audience, over-indexing in market segmentation analysis and persona development, to build a successful GTM plan. New Horizons must learn a great deal about the buyer and user experience during the MVS phase, and incorporate these lessons into the GTM strategy for GA launch. Using mechanisms such as customer journey mapping will help New Horizons find company skill gaps and new support requirements for the SaaS offering. They should closely evaluate opportunities to leverage channel partners in the sales cycle, to benefit from their incremental reach and niche subject matter expertise.

Who Should Participate?

It is important to lead GTM planning in alignment with investor and board-level expectations related to revenue and profitability. Commercial objectives, including acceptable CLTV / CAC ratios, are established with the cooperation of executive leaders from sales, marketing and finance. Sales leadership owns the aggregate customer acquisition quotas, establishes sales motions and creates compensation models to incentivize product adoption and customer retention. They also own channel partnerships and enablement, and collaborate with marketing to build lead qualification and funnel management strategies. Marketing owns top-of-funnel demand generation and lead management, and will work with product to define the value proposition and

competitive differentiation for the brand. Marketing will also work with product to align SaaS buyer personas with market segmentation strategies, and align user personas with knowledge management and content marketing strategies. Customer Success leaders can establish expand-selling strategies (in companies where they own this motion), and are otherwise responsible for ensuring effective product adoption throughout the customer journey, from the Onboarding stage through the Renewal stage.

Expected Output

An effective GTM strategy for SaaS is more than a launch strategy. It enables you to do the following: establish commercial models to sustain company growth, in parallel with new customer acquisition; build effective sales and marketing processes; reduce friction from the customer experience from the pre-sales stage to renewal; and set team and individual-level responsibilities, including revenue quotas and product adoption goals. The ability to measure effective product utilization is an important differentiator for SaaS. A data-driven GTM plan can help you manage churn risk (e.g. low adoption) and identify expand selling opportunities (e.g. utilization patterns that indicate up-sell or cross-sell potential). Therefore, a successful GTM plan should include measurable product adoption expectations. This data will inform you whether the GTM strategy has ultimately been executed successfully.

Conclusion

While we present here a sequenced flow of your journey, let your customers, both present and future, be your ultimate guide. Throughout this process, you are likely to be making decisions that will require changes in how your teams are organized, how they work together, and how they adopt new cultural tenets as part of moving to a SaaS delivery model. Leverage this framework in whole or in part. Take what you need. Leave the rest. We don't mind. And let us know how we can help.

Summary of Key Takeaways by Company Profile and SaaS Journey

	Phase 1 Business Planning	Phase 2 Product Strategy & Roadmap Dev.	Phase 3 Minimum Viable Service	Phase 4 Launch/GTM
ToeDipper Software	Find a model that enables the company to explore SaaS without impacting the growth and performance of the current business	Have a solid product strategy to avoid under-investing in a more complete product strategy and/or treating your plan as more of an experiment	Be hyper-focused on building a complete product strategy that drives value to your customers	Align GTM plan with customer expectations and priorities of investors. Leverage SaaS to reach new buyer profiles (e.g. early adopters) within existing and new customers
SurvivorTech	Focus on determining whether there is a way to accelerate and fund the development path	Build a strategy that goes beyond just having a SaaS offering in order to compete against current and emerging offerings in the market	Map out a more complete product strategy path that is less reactive and more strategic to enable you to retain and grab market	Align internally to establish new sales motions and back-office processes. Land and expand sales model in tandem with agile design and frequent product releases
Unicorn Express.com	Build out the fundamental projections for staffing the company, identify target markets, and develop a monetization scheme	Avoid short-circuiting the product strategy process, as it may undermine the company success when growth curve kicks in	Align the product with this target experience through a clear product strategy that can maximize growth	Focus on in-product communication and knowledge management tools to reduce the need for high-touch human support, allowing a successful product adoption by new customers, at scale
New Horizons Software	Identify a new segment or product that will enable the company to begin offering a SaaS product. Assess incremental costs and strategy implications	Look at your product strategy as if creating new line of business. Consider forming new teams that can operate separately from the rest of the company	Build a product strategy for the new SaaS offering that is independent of the other products in the company portfolio	Work backwards from the prospective customer prospective to understand your new audience and build a successful GTM plan. Consider leveraging channel partners for incremental reach

Contributors

Contributors to this document include:

- Tod Golding, Principal Partner Solutions Architect, SaaS

- Oded Rosenmann, SaaS Business Lead

- Craig Wicks, Sr Manager, Partner Dev, SaaS

- Jonathan Christofaris, SaaS Business Lead

- Afza Wajid, SaaS Business Lead

- Ashish Kathapurkar, SaaS Business Lead

- Akshay Patel, SaaS Business Lead

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AWS SaaS Factory provides a wide range of resources that help accelerate the adoption or optimization of a SaaS delivery model. SaaS Factory includes best practices for SaaS business strategy, reference architectures for building SaaS solutions on AWS, exclusive training opportunities for developing SaaS on AWS, and more.

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Notes

[1] A tenant is a group of users who share a common access with specific privileges to the software instance.