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SaaS Made Easy !

The SaaS Survival Game – Difficulty Level: Hard

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INTRODUCTION

The SaaS industry has been around for more than a decade now! It has sprung and mushroomed across the global market landscape. Now since many company leaders discovered the advantages of what hosted infrastructures offer, it has been a promising industry to venture into and also a popular one. The major sectors that use SaaS are healthcare and utilities; this again varies from region to region. Soon education, local government and finance are also expected to use SaaS to increase in their use of cloud adoption.

The major reason why it became so popular is that it heavily focuses on customer success, which is why it has evolved at such a fast pace year-after-year. Unlike 2013, when a SaaS-exclusive workplace was the blurry, undefined idea of only [40 % of US companies, 2018 is opening up a market of 60%+ enterprises readyto go to cloud, and even readier to pay for it.](#) A lot of companies/startups are emerging & because of that there is a serious question raised on how many of them will survive in the market and how many of them will be able to tackle the challenges thrown their way.

An [article](#) on SaaS challenges and mistakes says that "Only 10% of new startups will make it to the finish line." Right now there's a sea of companies trying to stand out, but only few of them do. Some of the areas that companies fail to look upon are: Identifying target audience, saving resources, having a set of knowledgeable team, right pricing, having a business plan, etc. Let's dig a little deep and look at the major setbacks of SaaS vendors.

SETBACKS OF SAAS VENDORS

Agility – Risks of having a non-agile product

Sometimes, the product developed may not be agile enough for the current market. Obtaining the right agility is definitely a big challenge for companies and especially for start-ups and newborn SaaS companies. It is evident that they are the ones struggling to survive in the concrete jungle. Below are some of the conditions where agility will be favorable and unfavorable:

CONDITIONS	FAVORABLE	UNFAVORABLE
Market Environment	Customer preferences and solution options change frequently.	Track customers using mobile devices
Customer Involvement	Close collaboration and rapid feedback are feasible. Customers know better what they want as the process progresses.	Requirements are clear at the outset and will remain stable. Customers are unavailable for constant collaboration.
Innovation Type	Problems are complex, solutions are unknown, and the scope isn't clearly defined. Product specifications may change. Creative breakthroughs and time to market are important. Cross-functional collaboration is vital.	Similar work has been done before, and innovators believe the solutions are clear. Detailed specifications and work plans can be forecast with confidence and should be adhered to. Problems can be solved sequentially in functional silos.
Modularity of Work	Incremental developments have value, and customers can use them. Work can be broken into parts and conducted in rapid, iterative cycles. Late changes are manageable.	Customers cannot start testing parts of the product until everything is complete. Late changes are expensive or impossible.
Impact of Interim Mistakes	They provide valuable learning.	They may be catastrophic.

SOURCE: BAIN & COMPANY

Therefore, a product is agile only if it is able to iterate and change to the needs of the market. New features can be built and customized to suit the larger needs of the market from time to time. This is only possible with constant feedback and constructive comments. Most products fail to do this and that is why products struggle to stand out in the market and make a mark.

Companies don't understand the importance of product agility and end up developing non-agile products which create problems in the long run. One of the major reasons why startups fail is because they do not have an effective and flawless tracking mechanism in place to quickly report on the performance. And having an agile product is not enough, having an agile team is also very vital. Agility must be visible along the whole scale of the organization that is when the product becomes successful.

Example:

Sensis CEO John Allen said "We have terrific products, but our ability to meet the speed of the market has been sometimes hampered by internal technologies and complexity." Sensis failed to be agile and failed to innovate which led competition to overtake them and face serious revenue drops.

Lessons to be learnt:

Always be ready to make changes to your product and never settle! NEVER! For example Spotify, a music-streaming company was agile from birth, and its entire business model, from product development to marketing and general management, is geared to deliver better customer experiences through agile innovation. A product will be successful only if it is willing to accept changes and change to the needs of the market. Conduct tests and get constant feedback in order to sail in the storm.

Resource Planning- Dangers of having a Non-Aligned Team

Companies can fail big time if they don't have a well aligned team or resources. Resource planning is one of the most crucial aspects a SaaS vendor must consider and look into. Since, these are the people who will help you build an empire. Without a good team/resource, there will be no good business.

Building the right knowledgeable team is challenging and takes a lot of care and effort in building one. So how does a company know that they have the right players in place? Well, it is rhetorical. But a company can definitely assess if they have the right team by noticing their ability to collaborate on all matters and by bringing value additions to the company. If there are no collaborative communication channels, it is obvious that the team is dead. Most companies go wrong in choosing their resources and end up investing in them without being able to extract positive outcomes from them.

Teams fail purely only because of the weak skills and personalities possessed by team members and because of poor recruitment and management of a company. Resource planning is done right only when there is an aligned team, therefore team alignment is very important when it comes to resource planning. Team alignment is where engineering, management or support/operation departments are aligned and flexible. By flexible I mean management team must be able lauch new subscriptions, offers, pricing model, etc.

without depending on the engineering team or support team. And Support team should be able to address customer specific requests/changes without depending on the development team. This is when you know resource planning is done right!

Example:

Ernests Stals Co-founder at Dripit.io, TechChill, TechHub Riga says "I had a team which was technology-centric and was not that much interested in actual business side. As a CEO I was the one who got them on board. They were interested to work for Reach.ly and so it seemed to be OK. I didn't evaluate their personalities, their goals and how they fit with company goals. As a result, there were big misunderstandings. In the end some people left and I finally let go others. I spent half a year hiring people who fit the company, the team, the product. New team could iterate really, really fast."

Lessons to be learnt:

Always take extra time and care while hiring a team. It doesn't matter if it takes years! Because choosing the right team is crucial. They are the ones who are going to define your company. Some of the characteristics a good team possesses are: Good product knowledge, experts who can tackle any question a customer throws their way, being agile, having excellent communication and a collaborative nature. A team with these characteristics is definitely a good team a company can invest in.

Dying Competitive Spirit- Getting Outpaced by Competitors

The spirit of competition could be dying if a company has no idea what other companies are up to and when they only focus on their business. Well, it is good to focus on your own business but what will make it even better is to know what is going on around you. Competition is healthy since it will help improvise business and stay ahead in the SaaS game. On the other hand, companies can also get lost and drown in a sea of competition.

It is easy to get outpaced by competitors in the SaaS industry. There is a sea of startups and businesses trying to fight for their space in the market. In order to fight for a spot, companies must have a close eye on their competition and follow their every move like how an eagle watches its prey. Another great way to stay in competition is to have a flexible product. Flexible with innovative pricing and flexible with features, that is when the product can stay ahead of its competition.

Some of the challenges a SaaS company goes through while dealing with competition are: The threat of new entrants, since it is a popular industry; there is a tsunami of companies wanting to start a business in the SaaS industry. Companies have to up their game in bargaining both suppliers and buyers — when competition is high, demand is high! Threat for substitutes is also another challenge, where SaaS could be substituted with another technology.

And last but not the least, the rivalry among existing competitors.

Jason Lemkin, SaaS Founder, Enthusiast & Investor says "competition-to-the-almost death seems the norm in SaaS"


There is fierce rivalry among the big players like Microsoft and Google, SAP and Salesforce, that rears its head in price wars and battles for large accounts. There is also bitter competition among the up-and-coming SaaS companies all trying to carve out a space for themselves in an ever more crowded market.

Lessons to be learnt:

The best way to battle and survive in the sea of competition is to stay up-to-date on your competition's offerings and successes. Few of the other ways to stay ahead in the game is to adopt new changes, since changes are a part of progress. Focus on the aspects that make your company unique from the others. Acquire new markets that suit your product, since it is the magic potion to a great business. And always have a win-win strategy since it will leave a big mark for the present and future clients.

Timing the Release and User Onboarding- The Tricky Customer Experience Game

Just like movie makers releasing their movies on public holidays to break the records at the box office, product owners also put a lot of thought on setting the right release date for their products. Timing the release is crucial since this can impact a company's business in a huge way.
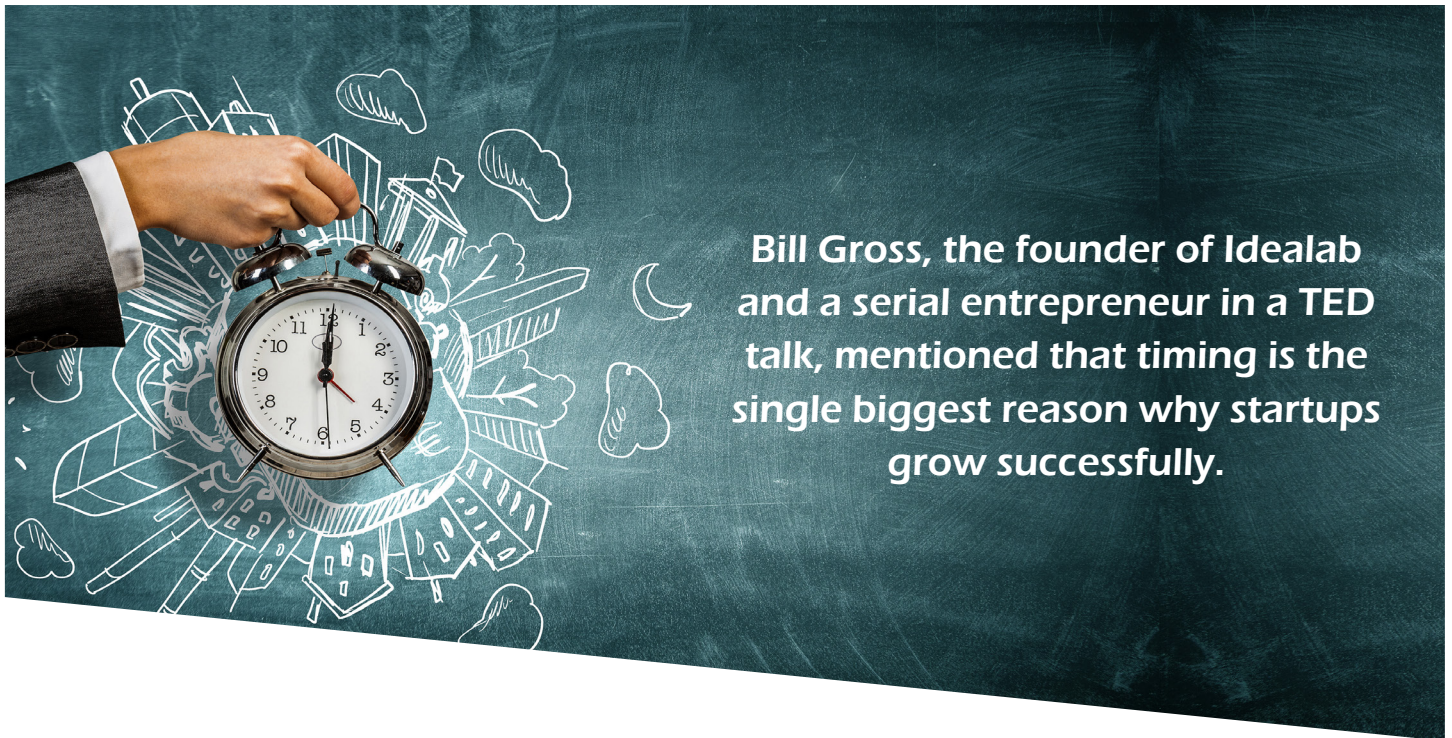
Bill Gross, the founder of Idealab and a serial entrepreneur in a TED talk, mentioned that timing is the single biggest reason why startups grow successfully.

The bitter fact is that sometimes people may not even realize the release of your products. Even if your product is truly unique! People may also turn a blind eye if they don't find the product convincing enough. So how does one know when to time a release and grab the attention of their buyers? Well, this is a tricky one because sometimes it feels like there's no clear "auspicious launch time"! And that you just have to go ahead release your product and discover the outcome. But there are factors like market research, competition, economy, and other personal factors that will help you give the boost to go ahead and release your product. And of course, there will always be room for improvement and you can always learn from your past mistakes and avoid them in your next product.

Example:

Microsoft had introduced a smartwatch prototype in 2004. Unfortunately, it never made it to the market because it was too futuristic for customers at that point of time. Given its sheer magnitude and volume of business, Microsoft managed to absorb the failure. It didn't shut down.

Lessons to be learnt:

Before you launch a product, figure out what's critical for your early target users. You don't need a lot of users while you are still validating your concept. All you need is a handful to validate your concept. Do not launch before you know for sure your product works for a certain target group tapping into their most challenging need, and don't forget to ascertain whether they are willing to pay for your product at that point in time. And your software/product must be capable for a quick sign up. It must be able to configure to different business needs.

CONCLUSION

Surviving in the world of SaaS is definitely not easy! It takes a lot for a newborn SaaS company to master the art of gaining new customers and flourishing in this very vast industry. As we all know "Failures lead to success" and it very well applies to the SaaS game. It is not possible to overcome failures/challenges to the fullest but one can be aware of the past failures a company has committed and see to that the same mistakes are not made.

The two major challenges that need to be avoided without fail are bad product-market fit and bad resource planning. These two aspects need to be given a lot of attention because they make or break a company! Understanding the market to develop a product that fits the market and recruiting the right people need to be dealt with care or else they will create problems for your business from the beginning till the end. As long as a company is prepared and ready for what they are up to, they can blindly launch their product and start battling it out in the great world of SaaS disruptions.

Aspire's Techcello helps you build new SaaS solutions with a multi-tenant architecture for endto-end SaaS lifecycle management which will help new age SaaS companies reduce engineering efforts by around 50%! Please refer our whitepaper on Building Scalable and Profitable SaaS business for more details on how Techcello can help you beat your competition and improve your SaaS margins

About us

Techcello serves as an agile SaaS framework for ISVs and a customizable Digital Framework for Enterprises to accelerate their time to market while reducing costs and cutting down up to 50% engineering efforts. It offers state-of-the-art global application infrastructure that can be hosted anywhere from public cloud (such as Amazon, Windows Azure) or private cloud to even on-presmise servers. ISVs, Enterprises and KPOs/BPOs can use Techcello to build software products or applications with superior customization, flexibility, scalability and wider choice of deployment without any vendor lock-in. Build your Agile SaaS Solution or Global Digital Business Platform with Techcello now!

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