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SaaS and Selling Strategies

Is it really different from what already exists?

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- **SaaS Challenges**
- **Selling Models**
- **Selling Concepts**
- **Empowering your sales force**
- **Process, Messaging, Tools, and Management**

Challenges Faced by Most SaaS Companies

- **Cost of sales in a drip revenue model**
- **Securing high volume usage without long selling cycle**
- **Free trial vs. paid usage**
- **Low entry cost for higher cost of support**

- **Messaging for differentiation not just feature presentation**
- **Faster qualification and disqualification of prospects and opportunities**

- **Higher requirement for customer satisfaction -- Higher potential loss rate due to user/product experience limitations**
- **Transition from a perpetual model to an on-demand model**

- **Exponential growth?**
- **Execution?**
- **Loss of control?**

SaaS – What are we talking about?

- **On-Demand model**
 - Native
 - Perpetual to On-Demand
 - Not born yet
- **What you win**
 - Focus
 - Expense vs. investment
 - Larger portion of “solution” SW spending
 - No technology infrastructure selling
 - Predictable revenue
 - Usage vs. infrastructure (end user)
- **What you lose (this is now your problem)**
 - Servers, OS, system mgt., network, storage, disaster recovery, back-up, database, middleware, security, sys admin., help desk first level support
 - although it can be outsourced
 - (No) upfront revenue

- **Solution Focus**
 - Niche market, pain not vitamin, volume
- **Product Focus**
 - Has to work @ FCS, flawless execution, winning user as easy as losing clients
- **Customer Focus**
 - Up time, user experience, ease of use, constant polling
- **Marketing Focus**
 - Viral, solution not features, segmentation
- **Sales Focus**
 - Fast and cheap acquisition for long term expansion, retention through account penetration

- **Highly trained, highly experienced telesales**
 - **Why:** Decision lower than perpetual - at the dept level due to per user pricing with smaller set-up fee
 - **How:** More effective qualification, ability to converse, to diagnose prior to prescribing, ability to close within a shorter selling cycle
- **Some direct sales executives for securing large accounts**
- **Client Services team to manage accounts and propagate usage within**

- **Viral marketing, web lead gen. and fulfillment, pointed, focused and targeted messaging that resonate with target user class are must.**
- **Self-serve demo-ability of total application**
- **Fast initial acquisition (seeding) with longer retention and cross org. selling programs**

Benefits

- **Moving into up / down stream markets**
- **Shorter time to prove value and stickiness**
- **Cheaper to introduce a ‘solution’**
- **Focus on the real value added - creativity of human potential**
- **Eco systems and transparency - critical to success**

- **Value-based pricing**
- **Success-based pricing**
- **Usage-unit pricing**

- **Consumer first, support services first => customer value**

Timothy Campbell, Steelwedge Software (enterprise planning and performance management)

Two different selling models: The on-demand model usually requires a different selling approach - a solution-in-a-box approach or a simpler-entry-point into a company - so the cost of initial sales is not very high and the account can start yielding revenue contribution quickly.

Once the customer starts using the simpler on-demand solution, the scope can be expanded at a cost lower than what it may have taken to sell the entire software product or suite.

Velocity and volume are of the essence. As a result, the hybrid vendor would need to develop two different selling models for their two delivery models.

Source: Summit.com Nov. 2005

- **Sales Cycle vs. Buying Cycle**
- **Must be able to:**
 - Diagnose effectively and remotely
 - Describe how the ‘solution’ is being used
 - Secure access to decision makers
- **Killer App for sales people**
 - .ppt is the app that kills sales people
- **Pipeline vs. Forecast**

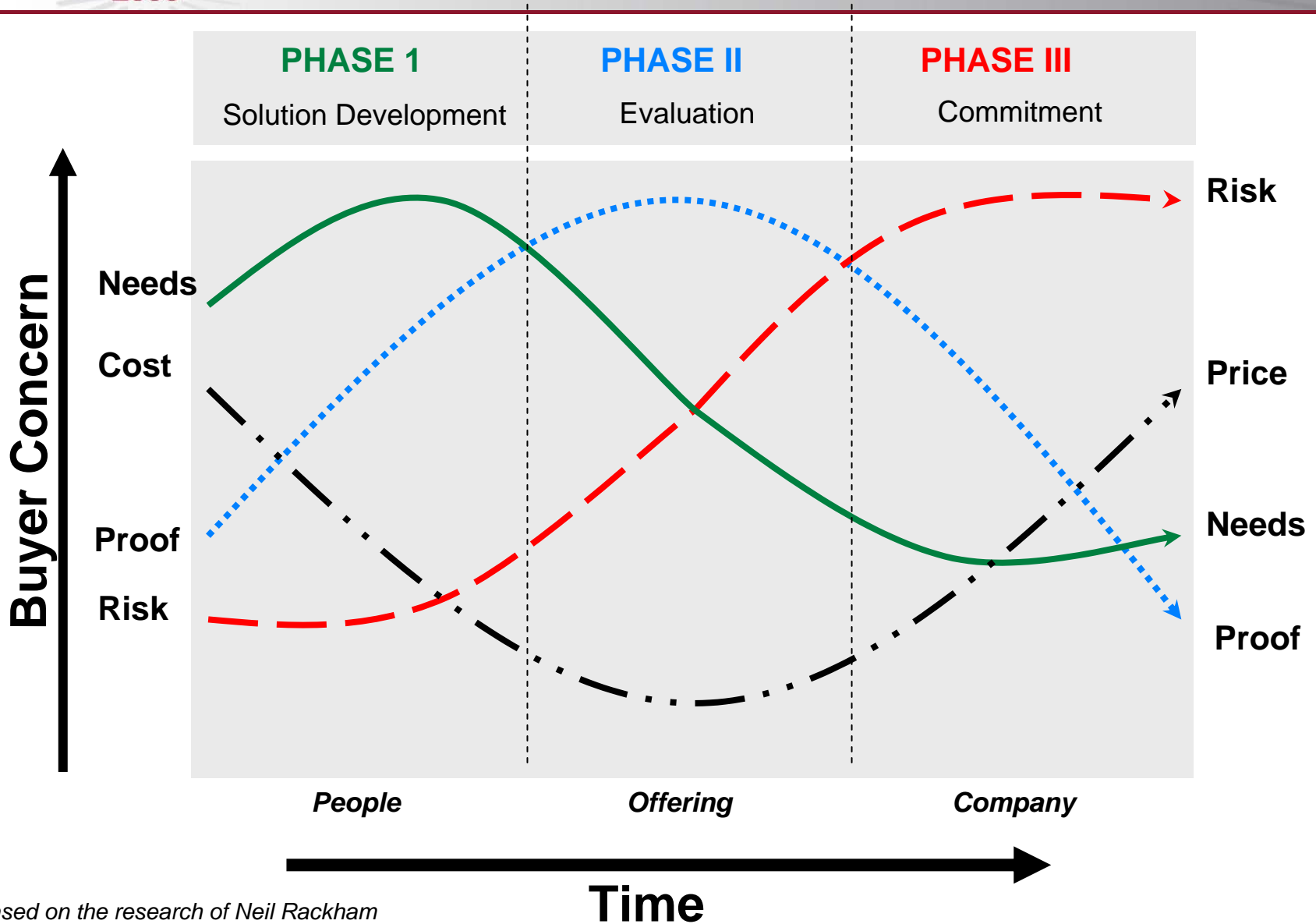
- **First to market becomes an advantage**
- **Funding for growth a must (but not necessarily from VC)**
- **Compensation has always driven behavior**
 - **Sell multi-year, compensate on first year net contract value**
 - **Some annuity revenue compensation to maintain account mgt. if important**
 - **Compensation in line with user's payment**
- **Conversations and qualifications**

Empower You Sales Force?

Buying is *taking action* to acquire products or services that you can visualize to help you or your organization *achieve a goal, solve a problem or satisfy a need.*

Does your selling process enable your customer's ideal buying process?

Aligning With Shifting Buyer Concerns*



*Based on the research of Neil Rackham

How many of you had a mother that had a vision for you, her child, that you would have a career as a salesperson?

Salesperson Stereotype

Until proven wrong, buyers assume salespeople are:

- Aggressive
- Insincere
- Pushy
- Manipulative
- Obnoxious
- Over-familiar
- Prone to exaggerate
- Inclined to over sell
- Anxious to tell “everything you ever wanted to know”
- Poor listeners
- Likely to do what’s best for them, not the buyer
- Not to be trusted

These buyer decisions are made in the first few minutes.

Traditional

1. Make presentations
2. Offer opinions
3. Relationship focused
4. Gravitate toward users
5. Rely on product
6. Need to be managed
7. Attempt to sell by:
 - Convincing/persuading
 - Handling objections
 - Overcoming resistance

Intuitive*

1. Converse situationally
2. Ask relevant questions
3. Solution focused
4. Target business people
5. Relate product usage
6. Manage their managers
7. Empower buyers to:
 - Achieve goals
 - Solve problems
 - Satisfy needs

*** Without process, they can't do it on purpose!**

Who Ends Up Selling To Whom?

**B
U
Y
E
R
S**

		SELLERS	
		Intuitive (10%)	Traditional (90%)
BUYERS	Early Market (20%)	2%	18%
	Late Market (80%)	8%	72% <ol style="list-style-type: none"> 1. Sales process 2. Tools 3. Proactive Management 4. Desire

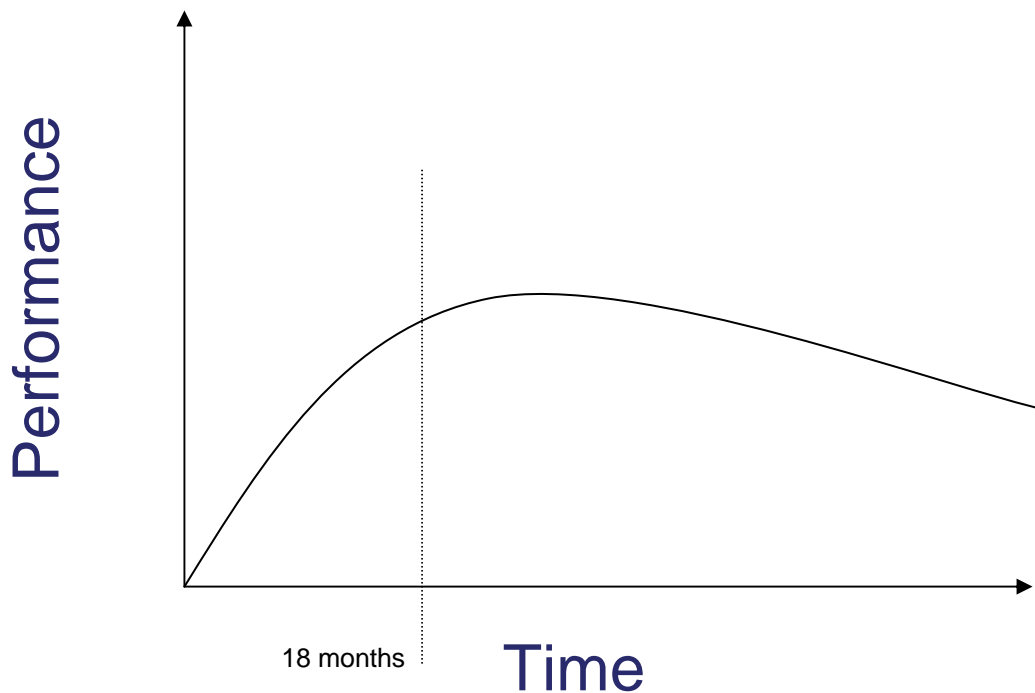
The Sales Person Formula

E +
Expertise +

E =
Enthusiasm =

E
Enemy

(premature elaboration)



Questions

- Invite participation
- Facilitate alignment
- Allow you to first understand, then seek to be understood
- Allow others to add value

Statements & Opinions

- Invite contradiction
- Cause misalignment
- Attempt to impose your opinion
- Make “conversations” one-sided

If you can't describe
what you are doing
as a process, you don't
know what you are doing.

- W. Edwards Deming

...you were able to capture, codify and document the “best practices” messaging for:

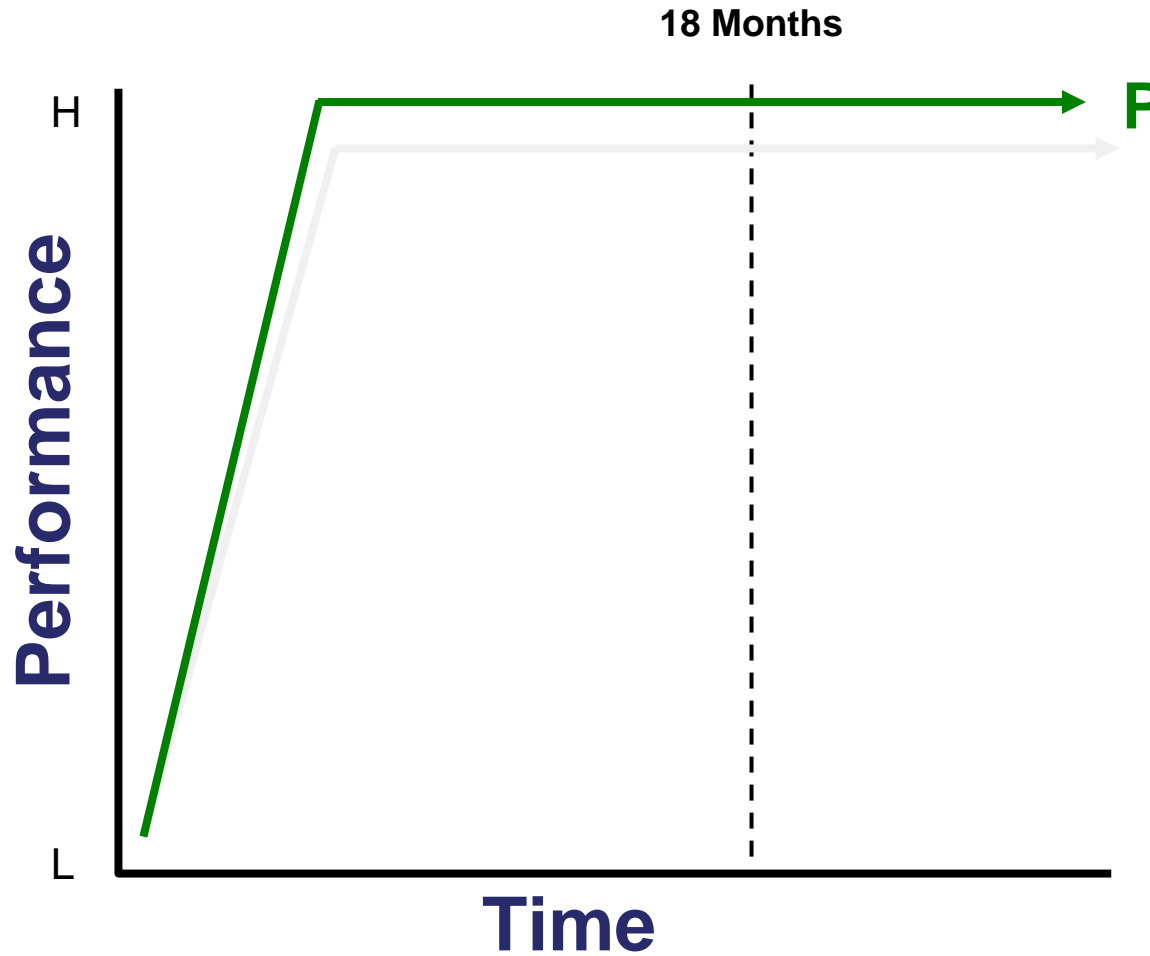
...creating demand for your offerings?

...consistently diagnosing client situations with a bias toward your offerings?

...institutionally positioning optimum capabilities for targeted and interested potential clients?

Would you be able to institutionalize a customer dialog model that respects the buyer’s need to feel in control, allows new salespeople to ask intelligent questions and encourages your most expert people to keep their expertise aligned with your buyer’s incremental interest?

With Artificial Intelligence and Patience Sales Process + Sales Messaging + Sales Tools



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Questions?

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