



OpSource™
The Business of Web Operations

Effectively Marketing Your SaaS Offering

WHITE PAPER

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OpSource
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Introduction

For software vendors both large and small, the Software as a Service (SaaS) delivery model presents significant new sales opportunities. The more established vendors can move downstream and capture revenue from the companies that could not afford the licensing and maintenance costs of software under the old perpetual license model, while smaller and emerging software vendors can now successfully compete with the larger players. Demand for SaaS applications are forecasted to grow explosively over the next several years. In order to reach these potential customers, however, software vendors must develop and implement an effective marketing strategy now.

Fortunately, the SaaS model lends itself to a variety of marketing techniques, many of which are extremely well suited to the small-to-midsize or emerging software company with limited marketing resources. In fact, one of the key advantages of the SaaS model from a vendor perspective is the ability to utilize effective low-cost marketing techniques to tell their story and convince potential buyers of the value of their solution.

Between 1995 and today, buyers' habits shifted from an outbound world driven by field sales and print advertising to an inbound world driven by Internet search. The SaaS delivery model is perfect for marketing programs that exploit this shift. The techniques are typically easy to implement and are highly effective at producing, capturing, and capitalizing on inbound traffic in a very cost-effective manner.

As Deven Parekh and Peter Sobiloff, managing directors at Insight Venture Partners, point out in their editorial "New VC Rules for On-Demand Software," marketing SaaS offerings is not like marketing traditional perpetual license-based software. "Selling software used to mean hiring a big sales force. Marketing is very different today," they write. Parekh and Sobiloff's portfolio companies take advantage of what they call "guerilla marketing" tactics: channel sales, telesales, online marketing, etc.¹ The following is a description of various techniques that can be used to successfully market a SaaS offering.

Person to Person Marketing

There are many small, cost-effective events. These are excellent opportunities to meet people face-to-face and tell them about your solutions. A face-to-face meeting creates a much more powerful and lasting impression than a telephone call or an email.

- Attend as many conferences and small local trade shows focused on your particular industry segment as you can.
- Tell your company's story and explain the unique selling proposition to the attendees. Focus on how your solution solves the specific issues your prospects face. Be prepared to position it to any number of issues that may come up in conversation.
- Collect names, telephone numbers, and emails to use in your email program.
- Follow up promptly with the contacts that you made at the event.

Newsletter

A newsletter is an excellent opportunity to create a regular vehicle to tell your story and relate your solution to industry needs in a semi-objective manner. By including third-party content you will increase the perceived objectivity of the newsletter.

- Develop a newsletter that you regularly send to your customers, prospects, partners, press, and other interested parties.
- The content of the newsletter should be focused on news from the industry, specifically that which touches on best practices that relate to the benefits of your product. You can also talk about new features in your product, any new programs you are offering, and always push the free offer.
- Include third-party content that supports your market position to the industry, including partners.

¹ Deven Parekh and Peter Sobiloff, "New VC Rules for On-Demand Software," SandHill.com, 23 September 23 2005, <<http://www.sandhill.com/opinion/editorial.php?id=47>> (14 April 2006).

Email Campaigns

Email campaigns can be used in conjunction with a newsletter to deliver a more specific message to a specific audience.

- Establish an ongoing email campaign to reach out to prospects that are not on your regular mailing list as well as to augment your newsletter communications to your regular customers and prospects.
- Focus on your message and unique selling proposition when communicating with new contacts.
- Highlight new features and programs when communicating with current contacts.
- Use this as an opportunity to talk about any press you get or awards you win.
- Do not “over email” your list. Be sure to coordinate this effort with the newsletter.

Public Relations

Public relations can be a highly leveraged and highly creditable means of communications. You can use PR to not only tell your story, but more importantly to set the standard that is used to evaluate competing solutions.

- Use public relations to set the standards for the best practices for your solution’s industry. Guide the editorial recommendations to best position your solution’s features as best-suited to the industry.
- Focus the effort to get editors to identify key pain points and requirements in your solution’s market space. Then position your product as the best solution to these issues.

Telemarketing

Telemarketing and inside sales is a vastly more cost-effective sales approach than field sales. The salaries are lower and the overall cost to support them is lower. Most SaaS applications are a lower commitment on the part of the customer. There is no large upfront infrastructure cost or upfront software license. This, combined with a free offer, means that the customer will be more receptive to trying the product and will not require the type of support typically provided by an outside sales person.

- Use inside sales and telemarketing to call the prospects generated from the marketing programs.
- Have inside sales drive the prospect to use the free trial.
- Follow up with the prospect during the free trial period to close a deal at the end of the trial.

Resource Center

A resource center is a place on your website that presents all the information about your marketplace and your solution. Include white papers, ROI tools, industry best practices, and relevant third-party content.

- Make your resource center a place people go to learn about your industry, not just your product. Do this by including third-party content and information about partner solutions that may augment your solution or address different issues altogether in your industry.
- Be sure to include specific information about the problem your solution addresses and why your product it is the best solution for it.
- Capture data from every visitor to the resource center who uses tools or downloads content.
- When a visitor clicks through to a partner site, be sure to track it and follow up to with the partner to capitalize on the opportunity.

Free Trial

The free trial is a cornerstone of the SaaS marketing program. It allows a no-risk opportunity for customers to try your product and helps make the low-cost marketing and sales efforts more effective.

- Develop a free offer that allows a customer to use your product for a limited time or for a limited number of users for free.
- Try to avoid an offer that limits features or functionality. You want your prospect to experience the best product you have to offer.
- Allow them to be hooked on the benefits of you product before they have to pay for it. Once they are hooked they will be happy to pay to continue using it.

Co-operative Marketing Programs

It is critical to expand your reach beyond the solutions you offer. This can be done by forming relationships with key providers that offer products that either augment your offering or provide a solution to a problem unrelated to your solution, but still in your industry. These partners will help you generate a far greater number of leads than you can on your own.

- Ask your customers about other solution providers they use. Use this as an initial list for potential partnerships. Partnership candidates can also be found at industry events.
- Create relationships to do joint marketing programs, such as tradeshow, webinars, and workshops. Share the costs and leads generated.
- Post-reciprocal links on your websites. Be sure to measure the traffic between the sites and follow up on opportunities.
- Develop a reciprocal commission program so the partner's sales team is compensated when you close deals they refer to you.

Viral Marketing

The concept of viral marketing is to “infect” customers with your product and then have them do the work of “infecting” their associates and friends. A good viral marketing program provides many benefits. First, it ensures you have happy customers, because if the customer is not happy they will never refer other customers to you. Second, it is a very effective method of convincing new customers of your value. And, most importantly, it is the lowest cost method because other people are doing the selling for you simply by telling others what is working for them.

- Create a referral bonus that offers an incentive to customers that recommend your product to their colleagues and acquaintances.
- Be sure you have an excellent customer service program.
- Include a reminder of the referral program in all the communications.
- Be sure to create success stories and case studies that use actual customers as examples of how to benefit from your product. Include specific ROI calculations.
- Use specific quotes from your customers in marketing collateral and on your website.

Webinars

Webinars are an inexpensive way to nurture and generate leads. As the economy changes and fewer people are traveling, webinars can bring hundreds of people together to learn from thought leaders about the state of the industry and what they should be thinking about. They can be marketed through eblasts, in newsletters and on your events or calendar page.

- Produce webinars that have timely topics and are delivered by industry leaders. This is not the time for overt sales pitches.
- Try and schedule webinars far in advance and promote them
- Come up with a plan as to who many a month/quarter you will do, and when, and stick to the plan. For example, schedule webinars for every third Wednesday of the month.
- Record them and make the recording available.

Summary

It is clear that customer demand for SaaS offerings is only going to increase. The numerous advantages of SaaS over the perpetual license-based model of software delivery created a significant opportunity for software vendors. In order to capitalize on this opportunity, software companies must build marketing programs that reach their intended audience and highlight the value of their solutions. As illustrated above, there are a variety of low-cost, effective marketing techniques that can be used to accomplish this.

About OpSource

OpSource™ delivers Software-as-a-Service (SaaS) and Web applications for on-demand companies, with hundreds of applications, millions of users and billions of transactions supported daily. OpSource On-Demand™, the leading Web operations solution, is defining how Web-based software is delivered. By choosing OpSource as their Web application delivery partner, companies are freed from investing in and managing the complex and costly infrastructure and services necessary to deliver applications over the Web. They can instead focus their resources on developing, marketing and selling their applications and services. Further, by using OpSource Connect™ companies can leverage Web services such as OpSource Billing CLM™, OpSource Analytics™ and OpSource End-User Support™ and integrate their applications with other SaaS applications over the Internet as well as with enterprise applications behind the corporate firewall. OpSource On-Demand is suitable for companies at any stage of growth, with any type of on-demand application. OpSource is the only company to offer Success-Based Pricing, a pricing model that allows businesses to begin with a modest minimum commitment and scale expenses as revenues increase.

Headquartered in Santa Clara, CA, OpSource has Web application delivery centers in Virginia, London and Bangalore. For more information about OpSource, visit www.opsource.net.



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