

Ten Essentials of Software-as-a-Service Solution Marketing

1. Build a marketing strategy specifically for your SaaS solution

While many of the *tactics* of marketing a SaaS solution are identical to those used in marketing an on-premise solution, the *strategic* elements – the audiences, the value proposition and the schedule – are different. You'll need to do more than simply tweak your on-premise marketing strategy to meet the unique challenges of marketing your SaaS solution.

2. Market the *promise*, not just the *product*

With SaaS solutions, customers are subscribing to the promise that your company will not only deliver functionality in the product today, but will provide fast and reliable access to the application, protect sensitive data, and deliver valuable enhancements *over the entire life of the subscription*. To win their trust, show customers your future plans and your record of delivering on past promises, provide proof of your reliability, and give them evidence that you can provide security.

3. Invest in the brand

Customers need to trust their SaaS solution vendor. Market this quality as part of your corporate identity, your brand. Customers are investing in your company as much as in a particular product, and they want to be in a positive relationship. In addition to spending on lead generation, allocate resources to ensure that your corporate brand is positive, compelling and clear.

4. Win over the IT professional

Though your solution doesn't run in their data center, IT professionals still very much care about security, reliability, performance and integration with other applications. Address these concerns directly with all the documentation required by IT of any other critical application to be deployed in the enterprise.

5. Market to your existing customers

Your existing customers will come up for renewal once their subscription expires. That means that they are also *prospective* customers, so treat them as such. Get them on-board painlessly, keep them informed of product enhancements, help them gain value from the solution, and engage them in a community.

6. Manage your customer acquisition costs carefully

The sales and marketing costs required to acquire customers are typically the largest single expense item on a SaaS solution provider's income statement. Ensure that you're spending this money efficiently. Under a SaaS business model, unproductive activities can't be covered by large up-front license fees.

7. Build a marketing process that can keep up with the development process

One of the fundamental advantages of SaaS over on-premise applications is that they are often updated frequently, perhaps every quarter. Put in place a process that makes it possible for SaaS Marketing Strategy Advisors 2009, all rights reserved Page 2 of 2 marketing to keep up with this more aggressive product release schedule. The product introduction process that fit the on-premise model won't necessarily fit the SaaS model.

8. Educate the prospective customers' procurement specialists

Purchasing SaaS solutions is still relatively new to technology buyers and they may not be familiar with terms and conditions. Few contract standards have emerged about service level agreements, credits, and subscription terms, and vendors have introduced several different pricing models. Educate the prospective customers' procurement specialists and legal department, and do it early in the sales process. Explain your rationale for particular terms and conditions, and ensure that your own sales executives understand what's negotiable and what's not.

9. Promote the entire experience, not just the features

The SaaS customer's experience includes the speed of deployment, ease of configuration, access to support, and the simplicity of the purchase process. Market all these features and benefits of the entire "service," not just the product functionality.

10. Don't sell on price alone.

SaaS solutions might cost significantly less than a similar on-premise application, and this may generate the initial interest from a prospective customer. But customers value other benefits as well, including rapid deployment, reliability, easy updates, and flexibility. In fact, they may view these as even more important than price. Promote these other advantages in addition to the cost advantage.

Peter A. is Managing Partner of SaaS Marketing Strategy Advisors, an advisory services firm providing expert guidance to companies selling software-as-a-service solutions to enterprises. For further information see www.saasmarketingstrategy.com

© 2011 SaaS Marketing Strategy Advisors