Assessment of factors influencing marketing strategies of Software as a Service or SaaS

Authors:
Natalia Michelsonas
Rahim Mohammed Abdur

Supervisor
Dr. Shogo Mlozi

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Abstract
This paper analyses marketing strategies appropriate for small companies providing SaaS (“Software as a Service”) solutions. The exploratory research approach was adopted to answer the thesis question.

Three frameworks were used by the researchers as the basis for data analysis. The first is the DEMATEL approach developed by Wu et al. (2011), which divides a set of factors into cause and effect groups. The second approach is the TAM framework developed by Davis (1986), which is an analytical tool designed to investigate how users adopt a new information system. The third approach is a KPI model developed by Tyrväinen & Selin (2011) from their literature review which presents the main factors of marketing and selling of SaaS.

This research was performed through the use of literature studies, review of available case studies, survey of relevant companies, and analysis of the information available on SaaS vendors’ websites. Global SaaS vendors, disregarding the type of provided services, were included in the study.

This study found that SaaS vendors should use defensive strategies in the early phases of the solution life cycle, and measure all marketing campaigns, especially with regard to the cost per customer acquisition. It is essential for SaaS vendors to address trust issues and to provide technical and security-related information. It is also important to inform customers about benefits of using the SaaS solution versus on-premise software by providing information on how easy it is to configure the solution, and the available online training and support. Furthermore, free trials or demonstrations should be offered. In marketing of SaaS solutions, social media (together with blogs and forums), Word Of Mouth, and even personalized email campaigns should be the initial strategies used by the marketer. This research also found that both direct (mostly through the Internet) and indirect (through representatives and partners) channels are used by the SaaS providers to communicate with customers.

Another finding is that this topic is relatively new. There are very few academic studies of this area. In addition, it is not easy to accomplish research in this area due to the large spread of SaaS companies and a common unwillingness from the SaaS vendors’ side to participate in surveys.

The conclusion of this study is that marketing among SaaS vendors should be studied more extensively, as information in this area has economic and scientific value for the SaaS vendors, as well as scientific value for the academic world.
1. Introduction

This chapter gives brief background information regarding SaaS, followed by the problem description of the research and its goal. In addition, it describes research questions and the significance of the study.

1.1 Background

SaaS is one of the forms of cloud computing. The adoption of SaaS into business continues to grow and develop within the enterprise application markets. Research by Gartner Inc shows that the market of SaaS will continuously grow in 2013, when worldwide its revenue will reach a total of more than $14 billion for the enterprise application markets (Gartner, 2009). Therefore, SaaS has high market growth potentiality, and needs very strong marketing strategies to capture this market. Particularly small and new businesses must form their strategies with care while competing with giant market leaders like salesforce.com and SAP®.

1.2 Problem Statement

As the SaaS-based solutions are becoming more and more accepted, progressively new vendors are entering into this market. Both large and well-established companies are making their applications available through the web, and even new and small businesses are trying to seize the market with their solutions. Obviously, it is easier for large companies to establish themselves as SaaS vendors. They already have in place a solid customer base, business processes, and an adequate marketing budget. On the contrary, small or newly-established companies face many challenges on the way from creating an SaaS solution to gaining a substantial number of customers. The road from a startup company to a leading, or at least recognized, vendor of SaaS is not always straight. Several pieces of the puzzle have to fall into place. Marketing and sales are among the most important parts. For a small company with limited resources, it is important to avoid making costly investments in the wrong marketing strategy.

SaaS-related topics are currently being studied both by academic and commercial organizations. Areas that are relatively well studied are, among others, aspects related to the acceptance of SaaS among potential customers (Wu et al., 2011) and pricing (Mathew, Nair, 2010).

Despite the fact that the number of SaaS solutions on the market is increasing, there are few academic studies carried out on the subject of SaaS marketing. Tyrväinen and Selin (2011) are among the few researchers who have studied factors of SaaS marketing and selling. They have developed a model based on empirical studies targeting small SaaS ventures. This model takes into consideration such factors as service provider size, service and implementation model, customer size, market communication channel, sales channel, role of buyer, entry transaction size, and customer life cycle value. This study will investigate the current situation in SaaS marketing specific to startups and small SaaS vendors.
1.3 Objectives of the Research

1.3.1 Overall Research Objectives
The overall objective of this study is to investigate how small and new SaaS vendors use marketing strategies effectively to attract new customers.

1.3.2 Specific Research Objectives
The specific objectives of this research are:
1. Explore the best practices in SaaS-specific marketing strategies being used.
2. Assess the spread of SaaS marketing strategies that other entrepreneurs and organizations use.

1.4 Research question
The main research question of this thesis is:
“What marketing strategies can be appropriate for small companies that provide SaaS solutions?”

1.5. Significance of the study
This study can be used by small and startup SaaS vendors in their decisions concerning the choice of marketing strategies for their solutions. This study can also be significant to the academic world, in the sense that it demonstrates the gap in knowledge in the selected topic.

1.6 Key definitions
**Cloud computing:** Cloud computing can be defined as the delivery of computing technology as a service, rather than as a product. It is served through the Internet (Mell & Grance, 2011).

**SaaS solution:** Same as Cloud computing.

**On-premise software:** Software that is installed and run on the person’s or organization’s computers using the software.

**Adwords:** Online advertising service by Google.

**Freemium:** The term freemium is created from two words ‘free’ and ‘premium’. Freemium is a business model that offers core services or products free of charge, and a premium for advanced or special features, for example Skype.

**Word of Mouth:** A form of marketing; satisfied customers recommend a company, product, or service to other people.

**Google Ads:** Google’s advertising system that makes it possible for people and companies to earn money on Adwords by publishing advertisements on their websites.
2. Literature Review
This chapter discusses literature studies of marketing strategies for SaaS that have been presented in scientific journals, books, and websites. In the following sections, both the traditional and SaaS-specific marketing strategies are presented. The information gives an overview of the traditional approach to working with marketing strategies and insight into which theories can be applied to SaaS solutions, as well as a basis for the analysis of marketing strategies being currently used by SaaS providers.

2.1 SaaS Solutions
SaaS is a software deployment or a software delivery model where a specific software application is hosted as a service provided to customers across the Internet. SaaS is hosted and managed by the vendor. Salesforce.com, WebEx, Google Cloud and iCloud are all examples of SaaS. Sometimes, people associate cloud computing with SaaS. However, there are slight differences (DeFelice, 2010). According to Wu (2010), SaaS is a type of cloud service that is viewed as a cluster of service solutions based on cloud computing. Cloud computing makes computing, data storage and software services available via the Internet. Generally, there are three categories of cloud services: Software as a Service (SaaS), Platform as a Service (PaaS), and Infrastructure as a Service (IaaS). Normally, software is installed on computers or servers. In the case of SaaS, software is hosted and maintained by the vendor, and the customer uses the software via the Internet. Figure 1 (Liu, 2010) shows a typical SaaS structure.

![Figure 1: Typical SaaS architecture](Source: Liu, 2010)

SaaS is multitenant, where many customers share the same instance of the software. It has become a common delivery model for many business applications, including enterprise resource
planning (ERP), financial planning, customer relationship management (CRM), human resource management (HRM), invoicing, content management, and service desk management. A customer does not own the software, but rents it, and pays a periodic fee for the service. This form of deployment makes it possible for midmarket companies to get access to enterprise-class solutions at an affordable price, and at the same time avoid expenditures connected with hardware, licenses, and additional personnel (Hazard, 2006).

Matthew et al. (2010) describe SaaS costs as consisting of set up and deployment costs, personnel costs, and recurring costs. The recurring cost is the largest expenditure in the SaaS model. It usually consists of periodic fees, Internet fees, and infrastructure costs – to name a few. Figure 2 shows the different types of costs involved in SaaS.

It is very clear from Figure 2 that 85% of the costs of SaaS are recurring costs, and that set up costs are minimal in comparison.

2.1.1. SaaS vs. on-premise software
There are several advantages of SaaS over on-premise software, including low Total Cost of Ownership (TCO) and better Return On Investment (ROI) (Sun et al., 2007). In most cases, on-premise software requires large upfront investment, while the SaaS solution is hosted by the vendor, which frees up the company’s IT and financial resources (Mallya, S., 2009). Some other
benefits are the possibility for scaling up the application as the number of employees grows, anytime/anywhere access, and frequent product updates (Mallya, S., 2009).

Despite the benefits that SaaS solutions offer, the decision to choose SaaS or on-premise software should be taken after thorough analysis of the organization’s situation and needs. Several aspects should be taken into consideration, such as size of the company, type of the solution, stability of the company’s business processes, level of required integration, and level of IT skill. (Kimberling, 2010)

2.2 Marketing

2.1 Traditional marketing

Traditional marketing strategy describes how to use marketing mix in order to attract and satisfy the market and accomplish a company’s objectives. When a company initiates activities connected with defining marketing strategy, it should seek to answer the question “Where do we want to go?” (Best, 2009)

Traditionally, the following two steps are utilized to build up a company’s marketing strategy (Best, 2009):
- The first step concerns developing a strategic plan and defining the ultimate goal of the current market share. When working with a strategic market plan, a marketing-mix strategy should be developed through the utilization of a strategic planning portfolio. This portfolio divides strategies into offensive strategy and defensive strategy.
- The second step includes building a marketing-mix strategy with regard to, among others, product, price, and advertising.

According to Best (2009), strategies can be offensive and defensive. Offensive strategies are more focused on growth and are usually deployed in attractive markets as illustrated in Figure 3. Such strategies are those that can be used for growth of the company’s market share (“Invest to grow”), to improve the company’s market (“Improve position”) or to enter a new market (“New market entry”). In contrast, defensive strategies are used by companies who find themselves in less attractive markets, with fewer resources, and when a company is forced to reduce its costs. The strategies that are classified as defensive are as follows:

- Protect position
- Optimize position
- Monetize
- Harvest/divest
Figure 3: Portfolio strategies and strategic market plans

[Source: Best, 2009, p.350]

Offensive strategic market plans are usually exercised during the growth stage of the product life cycle, while defensive plans are more appropriate at later stages and are mostly aimed to protect the company’s market positions as shown in Figure 3.

2.2 Product life cycle

Every product has its own life cycle, which usually starts with slow sales growth and ends up in the phase of maturity and decline. Research done by Swan and Rink shows that there are eleven different product life cycles (PLC), and each one has different implications for marketing strategies (Swan, J.E., Rink, D.R., 1982). Marketing strategy needs to be adjusted to meet demand conditions that vary with different PLC patterns. Swan and Rink (1982) emphasized that marketing strategies should not only be planned around the classical PLC, but also that different PLC patterns must be taken into consideration.

The product life cycle described by Best (2009) passes five phases: Emerging Market, Early Growth, Rapid Growth, Late Growth, and Mature Market. Marketing strategies are offensive during the first three phases, and become defensive during the phase Late Growth and up to Mature Market (Best, 2009). Figure 4 shows the different stages of the product life cycle against its market demand.
2.3 SaaS life cycle

The life cycle of SaaS can be divided into three stages: the search for product/market fit, search for a repeatable and scalable sales model, and scaling the business (Skok, 2009). Each phase requires different marketing strategies and different approaches to spending money (Skok, 2009). During the search for product/market fit and for a sales model, a company should be cautious with spending. During these phases, companies should spend as little as possible, to budget just enough to find out the customers’ needs and what functions should be developed. Finding the right niche is an important phase in the development of SaaS. Improper placement means that the company spends too much money on sales and marketing in vain (Skok, 2010). Skok (2010) suggests that expenditure on marketing should be as low as possible, and focus should be on the product development.

However, when the company has found its niche and has developed its business model, it should put all its focus on scaling the business, taking market shares, and on investment, as illustrated in Figure 5.
According to Skok (2009), the SaaS life cycle differs from the product life cycle. During the early stages, Skok suggests “Conserve cash” while Best (2009) recommends offensive strategies. This can be explained by the flexible nature of SaaS. Its life cycle starts earlier than the product life cycle, as SaaS vendors usually offer their solutions before all functions are in place.

2.3 SaaS marketing

One of the advantages of SaaS solutions compared with on-premise applications is the opportunity for frequent updates. Marketing must keep up with the pace of software updates; it should be "agile" (Cohen, 2011). The company should build up a marketing framework where it can frequently update websites, announcements, sales presentations, and all other promotional materials.

However, the specifics of SaaS have certain implications for marketing strategy. Wu (2011) has found that security and technology issues, as well as human psychology, can affect adoption of SaaS. Therefore, the SaaS vendor should emphasize the issue of data security when creating its marketing strategies. According to Brooks (2009), application reliability is a key issue. This includes both availability and performance. A successful strategy for ensuring SaaS reliability must include attention to users' expectations and needs, the health of the network, and the architecture (Brooks, J. 2009, p. 14).

Another issue to be considered in SaaS marketing is the marketing costs. In the case with on-premise software, upfront license fees give some freedom to marketers regarding spending budget and marketing of the product. In the case of SaaS, the situation is more restricted. The
vendor pays all the costs up front, and revenue comes in the form of subscription fees during the customer lifetime. Marketers have to operate with very small margins and make quick adjustments when certain programs do not sell well (Cohen, 2011). Cohen (2011) stated that SaaS marketers cannot afford to waste time and money.

SaaS marketing channel strategy is also different from the on-premise software approach. While traditional software can be marketed and sold through the various channels, resellers and partners, the best channel for SaaS solutions is the Internet in general, and social media, such as forums, Facebook, Twitter and LinkedIn in particular (Botteri, P. et al., 2010).

Due to its subscription business model, SaaS is vulnerable to quick changes in user preferences. Measuring of user activities and behavior become essential to SaaS solutions’ existence and further development. Even measurement of marketing campaigns is important. Current technology facilitates detailed analysis of customer usage data, and makes it possible to test different variations of the same page and much more (Botteri, P. et al., 2010).

2.3.1 Communication and trust issues
SaaS solutions differ from on-premise solutions in the way that they have to target not only potential but also existing customers, as their whole business model is dependent on subscription renewals. SaaS B2B solutions also have to take into consideration the IT departments with the CIO and the customers' legal and procurement departments (Cohen, 2011).

The whole SaaS business model is based on the concept that customers extend their subscription. This means that marketing communications should be directed also to existing customers and should include information about newly-added features, thus pursuing existing customers to stay with the SaaS service.

Although SaaS is by definition hosted outside of the corporate data center, the IT department and the CIO may still be interested in the issues of security, reliability performance and capability for integration with other applications. In order to gain their confidence, the company should include information about architecture of the product, security protocols, data management practices, integration processes, and other IT-related topics (Cohen, 2011).

Purchasing of SaaS is still a relatively new phenomenon, and buyers are not always familiar with the terms and conditions of SaaS usage. There are various contract standards about service level agreements, credits, and subscription terms; different vendors have different pricing models. The SaaS company should educate customers' legal and procurement departments as early as possible in the sales process by describing what the various terms and conditions mean.

2.3.2 Value proposition
SaaS includes not only software features, but also customer service. One of the benefits of SaaS is that users can use the application without concerns about installation and licensing. Therefore, the primary differences between on-premise and SaaS marketing are:

1. Customers expect a hassle-free user experience. Therefore, it is important for a company to emphasize in its value proposition "service" and not "software".
2. By paying a license fee, the customer expects that the company will deliver, from day one, the features for which the customer has paid, and that during the time the customer uses the system, it will be regularly updated and improved.

Cohen (2011) states that the value proposition for SaaS should mention the following:

- Ease of configuration;
- Access to online training and support;
- All benefits compared to on-premise software that customers can think of should be emphasized. The SaaS vendor must be able to convince the customer that the company is able to maintain and develop the solution. There should be information that confirms this.

In addition to these aspects, information about the product’s roadmap should also be available (OpenViewVenture, 2011).

Other aspects, along with the cost advantage, should be emphasized in the value proposition. For example, the following can be mentioned: rapid deployment, reliability, easy updates, and flexibility. Customers may view these aspects as more important than the price of the product/service.

### 2.3.3 Channels

Sales channels can be divided into two types: direct channel, and indirect channel (Best, 2009). In direct sales channels, the supplier company itself handles the sales, while in indirect sales, it is resellers, partners, affiliates etc. For SaaS, and particularly for start-ups, several sources of information show evidence that only the direct channel works, and that the Internet is the first and foremost channel (Botteri et al., 2010). Botteri et al. write that a company should be willing to sell their own SaaS (direct sales). They state that it can be difficult to find a good indirect distribution channel for SaaS, particularly at the beginning, before the company has won recognition. Furthermore, they have found that by definition, the company’s sales prospects are online: “Savvy online marketing is a core competence (sometimes the only one) of every successful Cloud business.” (Botteri et al., 2010, p.9). Benioff (2009) mentioned that Word of Mouth is the main way to reach out to their customers for new SaaS.

This fact is also confirmed by Raouf (2010), who states that SaaS startups usually begin with sales of their solutions online, using Word of Mouth and Google Ads to drive traffic to their websites. Companies should also make available product reviews, free or trial licenses, or web demonstrations. There is rarely a need for a field representative or channel partner. The reason why indirect sales channels do not work is that they require a services offering to wrap around the product. SaaS products typically do not require services. “And selling SaaS for license margin, when the price point is typically low, is not economical.” (Raouf, 2010). According to Raouf (2010), there are exceptions, for example salesforce.com.

However, Rhee K. (2009) has studied consumers’ behavior on the Internet in relation to the question of the benefits of using traditional channels such as mail, call centers, and Internet channels. There are different benefits of using these channels, and consumers need different channels in different problem-solving situations (Rhee, K. 2009).
2.3.4 Web 2.0 and Sales 2.0

Development of technology has brought with it the development of business processes. In the beginning, the web was mainly used for one-way communication. Companies used their websites to inform both existing and prospective customers about features of their product or service by distributing brochures, press releases, and other types of traditional marketing materials. This phenomenon was known by the name Web 1.0. Nowadays, Internet communication has evolved into something referred to as Web 2.0 (Wipond, S.A., 2008). The sales process has also evolved from being more “push”-oriented to “pull”-oriented, where the prospective customer first anonymously finds information, and then contacts the seller in order to get more information, or even to order a product or service (Wipond, S.A., 2008). This kind of behavior is primarily facilitated by the development of the web and such emerging phenomena as social sites (Facebook, Twitter, LinkedIn etc.) and online communities and forums. These sites make it easy for customers to share information, knowledge, and experience with each other, thus creating a positive or negative buzz related to a company or its product/service. This type of information and referral exchange is also known as Word Of Mouth or simply WOM. To help customers find information on the web, companies frequently use search engine optimization (SEO) and various advertising techniques such as Google Ads, which is one of the most popular methods. The usage of Web 2.0 by small and medium-sized companies demonstrates how the focal companies rapidly became internationalized by using Web 2.0 (Bell, J. et al., 2010). The research provides evidence about the significance of using Web 2.0 in communication with customers and in helping companies to become global (Berthon, P.R, et al. 2012).

2.3.5 WOM (Word of mouth)

WOM marketing is a form of marketing where consumers are used to share information between each other. This is achieved through the use of different techniques, such as blog, social media, forums, and communities. Kozinets et al. (2010) describe this approach and its increasing importance. Messages spread by WOM are not only amplified, but also altered several times during the process of their spreading (Kozinets et al., 2010).

WOM communications are coproduced by consumer networks (Kozinets et al., 2010). Figure 6 describes this network coproduction model. It has two distinguishing characteristics. The first one is that the marketer uses tactics to influence consumers, and the second one is the multidirectional exchange of marketing messages among the members of the consumer network.
Berger and Milkman (2012) have conducted research about the types of messages that spread most effectively among customers. They concluded that positive content is more viral than negative content, but the relationship between emotion and social transmission is more complex than valence alone (Berger, Milkman, 2012, p 192). These findings are also proved by the study done by White (2010). Arguments have been put forward about the impact of emotions on customer satisfaction and positive WOM (Whitea, 2010). Cova B. et al. (2010) described the increasing importance of brand communities on marketing.

2.3.6 Email

Email campaign is a well-known marketing technique. Campbell (2008) describes its efficiency and cost-effectiveness. Kent et al. (2003) note also the benefits of using email, but they develop the idea that in order for the email campaign to be efficient, it should be personalized and take the consumers’ preferences into account (Kent, R. et al., 2003).
2.3.7 Metrics
The evaluation of SaaS-specific marketing campaigns could be based on a number of metrics. One of the most important metrics is the CAC - Customer acquisition cost (Skok, 2010). This is the largest expenditure post in SaaS business. It is calculated as follows:

\[ \text{CAC} = \frac{\text{Total cost of Sales & Marketing}}{\text{No of Deals closed}} \]

CAC should be less than CLV, Customer’s lifetime value. Startups can strive to achieve the following equation: \( \text{LTV} > 3 \times \text{CAC} \) (Skok, 2010).

Some of the other metrics to track are:

- **CMRR** (Committed Monthly Recurring Revenue) - The amount of ongoing revenue from current or projected customers
- **Churn** – Percentage of customers who cancel their service. The ideal target is less than 12% of CMRR
- **Cash Flow**
- **CLV** – The amount of money that the customer can bring in during his/her subscription time. (Botteri, P., 2010)

*Trend based analysis*
Other metrics of interest as described by Skok (2010) are presented in Table 1.

**Table 1: Metrics of interest rate**

<table>
<thead>
<tr>
<th>Stage in Sales process</th>
<th>No of Prospects</th>
<th>Conversion Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campaigns to drive traffic</td>
<td>Eyeballs seeing the campaign</td>
<td>Conversion % to Visitors</td>
</tr>
<tr>
<td>Visitors</td>
<td>Site Visitors</td>
<td>Conversion % to Trials</td>
</tr>
<tr>
<td>Trials</td>
<td>No of Trials</td>
<td>Conversion % to Closed Deals</td>
</tr>
<tr>
<td>Overall Sales Process (start to finish)</td>
<td>No of Visitors</td>
<td>Conversion % to Closed Deals</td>
</tr>
</tbody>
</table>

2.4 Case studies reviews

2.4.1 Intuit and Viral Marketing
Intuit is a provider of business solutions, and QuickBooks, online accounting software, is one of their products. Direct marketing and Web promotions were used by the company in order to promote their SaaS solution. In 2008, Intuit decided to launch a marketing campaign in order to reach generation X/Y small business owners. The company came up with a web-based tool for creation of custom jingles. Users were offered the option of customizing their jingles with certain information about their company and sharing them with friends and customers. Information about QuickBooks, and links to the site, were placed throughout the website. To promote information about the Jingle Generator, Intuit used the following organic social marketing techniques (Smith, K. 2009):
1. Bloggers were contacted to share the story
2. Intuit joined conversations on forums and blogs
3. A video was submitted on YouTube™. Accounts were also created on such sites as Facebook, MySpace, and Twitter.
4. Employees were encouraged to participate in the campaign and send their own jingles to their friends and relatives.

Campaign results exceeded all expectations: a huge amount of traffic, time spent on the website, and number of connections on Facebook.

2.4.2 Monster.com and interactive email
Laundi L. (2007) writes about a well-established company working with online recruitment firm Monster.com, and their attempts to distinguish themselves from numerous competitors. In order to generate more leads, and increase sales and click-through rate, the company decided to launch a new email campaign. Monster contacted Brainshark, a provider of interactive email campaigns, to get help. Brainshark created a dynamic email campaign that could be tested on a real-time basis. This marketing platform helped Monster to analyze how customers read their emails, if they opened attachments and how long they spent on viewing the online content. Monster could also create more personalized email messages, which improved campaign results significantly. The conclusion that the company could draw from their campaign was that an email campaign can still be an effective communication medium, but messages should be tailored, and kept short, as much as possible.

2.4.3 Tripmela.com and cost-per-lead
Tripmela.com, an online intermediary of bargain travels in India, needed to facilitate a steady stream of web visitors. Its main revenue driver was the newsletter subscription list. The company’s attempts to use paid search campaigns and measure cost-per-click appeared to be too expensive and inefficient. The solution they found was the Pontiflex platform for lead generation campaigns. By using the cost-per-lead metric, Tripmela could reach its goal: cost $1.50 per acquisition, better predictability, and an efficient advertising market (Smith, K., 2008).

2.4.4 Radian6 and social media
Smith K. (2008) describes a case study about Radian6, provider of the online solution for social media monitoring with the same name. Radian6 helps customers to analyze company-related events in real time. It has realized that in order to attract more customers, it needs to take an active part in the promotion of social media. The original idea was to create a series of webinars that would educate decision-makers in marketing and contain interviews with some leading social-media experts. During these events, the company found that experienced users frequently communicated through Twitter, while beginners just made notes. In order to encourage novice users to participate in discussions on social media, Radian6 decided to organize a new type of event: a tw webinar, real-time conversation on Twitter together with the online webinar video. Participants were invited to sign up for Twitter accounts and actively follow discussions during the event.

Marketing of the event was accomplished in several ways:
1. Email to the members of the World of Mouth Marketing Association.
2. An ad posted on Facebook targeting users from Fortune 500 companies.
4. Publications from the experts who participated in the event.
5. Twitter posts.

2.4.5 Case studies conclusion

Behind the successful marketing campaign reported in the case studies in most cases were extensive usage of social media (together with blogs and forums), and Word Of Mouth. Personalized email campaigns and measurement of cost-per-lead were other success factors behind the SaaS marketing.
3. Frameworks

SaaS is a very effective solution which enhances a modern organization’s performance and competitiveness. However, many organizations are still reluctant to use SaaS solutions, mainly due to trust concerns such as data security, network security, reliability, data logging etc. (Wu et al., 2011). Some organizations still believe that SaaS may cause more risks than benefits for business. Wu (2011) found that data security is the factor mostly cited as the discouraging cause for the use of SaaS. Therefore, the SaaS provider can create a competitive advantage by developing marketing strategies that emphasize the issue of data security. The adoption of SaaS can be affected by not only the technical issues, but also human psychology, as well as the role of top management, aspects of organization culture, characteristics of professionals and organizational structure (Wu et al., 2011).

3.1 DEMATEL: Decision Making Trial and Laboratory

Decision Making Trial and Laboratory, or DEMATEL, is considered as a promising approach for dividing a set of factors into cause and effect groups with a diagram. The DEMATEL approach is a mathematical method that originated in the Geneva Research Center of the Battelle Memorial Institute. By creating a cause-effect diagram, the SaaS provider can discover cause groups as the decisive factors affecting SaaS adoption. Discovering the decisive factors can enable an SaaS provider to understand customer demand and thereby promote its marketing activities more effectively (Wu et al., 2011). Trust is widely considered as a key factor of success in SaaS. Based on this, Wu (2011) has developed a solution framework using the DEMATEL approach. This framework is shown in Figure 7. In the diagram, perceived benefits (PB) and perceived risks (PR) are considered as two distinct elements that must be handled separately by the DEMATEL approach to discover cause-effect factors. The result of cause-effect analysis can be combined into the PB-PR matrix, which presents four segments regarding the cause-effect factors of PB and PR, as illustrated in Figure 8.

Vector D and vector R respectively denote the sum of rows and the sum of columns from the total relation matrix. The horizontal axis (D+R), called “Prominence,” reveals the importance of the factor; the vertical axis (D–R), called “Relation,” divides factors into a cause group and an effect group.
Figure 7: Proposed solution framework

[Source: Wu et al., 2011]

Figure 8: PB-PR matrix

[Source: Wu et al., 2011]
3.2 TAM: Technology Acceptance Model

TAM has been widely used as an analytical tool to investigate how users adopt a new information system. Based on the theory of reasoned action, Davis (1986) proposed TAM as a method for testing how users move towards accepting and using information systems (Wu, 2011). TAM, in figure 9, shows the relationships between perceived usefulness (PU), perceived ease of use (PEOU) and behavioral intention (BI).

Figure 9: Technology acceptance model
(Source: Davis, 1989)

TAM can help vendors establish the factors affecting an organization’s SaaS implementation. Davis (1986) argued the following issues:

- The user’s motivation can be explained by three factors: PU, PEOU, and Attitude Toward Using (ATU)
- The ATU is a major determinant of whether the user will actually use the System
- The ATU is affected by two major beliefs: PU and PEOU
- PEOU has a direct influence on PU
- These two beliefs, PU and PEOU, are both directly influenced by system design characteristics

While developing marketing strategies, SaaS vendors must come up with the solution to the problems of security and trust. Wu (2011) found that most users have considerable fear about their data leakage and loss of privacy.

3.3 KPI: Key Performance Indicator of marketing and selling SaaS

Transactional marketing and relationship marketing are the two main approaches to marketing (Tyrväinen & Selin, 2011). Although SaaS services are technically cost efficient, controlling the marketing cost is a major challenge for vendors in order to maintain profitability. Tyrväinen & Selin (2011) initially developed a model from their literature review that presents the main factors of marketing and selling of SaaS. This model is shown in Figure 10. It consists of eight dimensions representing eight factors, which are: service provider size, service and
implementation model, customer size, market communication channel, sales channel, role of buyer, entry transaction size, and customer life cycle value.

It is clear from Figure 10 that a small service provider with small number of customers (<10) would be more likely to provide self-services through the Internet to end users for a small entry cost.

![Figure 10: Eight dimensional model representing main factors affecting marketing of SaaS](Source: Tyrväinen & Selin, 2011)

Based on this eight dimensional model, Tyrväinen & Selin (2011) conducted some case studies. These studies indicated that it would be valuable to rework the eight dimensional model that was developed on the basis of literature study.

Tyrväinen & Selin (2011) clustered eight dimensions into four separate groups that can be represented as four separate quadrants. This new model, shown in Figure 11, has key performance indicators (KPI) in four areas: 1) business, 2) target customers, 3) sales process, and 4) customer relationship. Two dimensions, entry transaction cost and customer lifetime value, from the eight-dimensional model, have been converted into KPIs of sales process and customer relationship respectively. The details of the new four areas are given below.
1. **Business** area contains the dimensions Service and implementation model and Provider size. The case studies of Tyrväinen & Selin (2011) found that the service and implementation model for the small SaaS provider is self-service. The KPIs applying in this area are revenue and headcount growth, cash flow, and committed monthly recurring revenue (CMRR) from the customer base.

<table>
<thead>
<tr>
<th>KPI – Revenue and headcount growth</th>
<th>KPI – Number of potential users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash-flow, CMMR</td>
<td>Number of customers</td>
</tr>
</tbody>
</table>

![Business model](Source: Tyrväinen & Selin, 2011)

2. **Target customer** area contains the dimensions of Customer size and Buyer role. In large customer organizations, SaaS is purchased by business managers, and in small organizations, it is purchased by the top management (Tyrväinen & Selin, 2011). The KPIs of this area are the number of potential users, and the number of customers.

3. **Sales process** area contains the dimensions of Sales channel and Market communication channel. Case studies of Tyrväinen & Selin (2011) show that the entry transaction size is directly related to cash flow. Therefore, this is a KPI for this area, together with customer acquisition cost.

4. **Customer relationship** area contains the two dimensions of Development new sales and Maintenance after sales. These two dimensions are necessary to avoid churn and to
guarantee cash flow from customers respectively. Therefore, customer lifetime value and churn are the two KPIs of this area.

According to Tyrväinen & Selin (2011), the revised model, Figure 11, can be exploited to design a marketing and sales strategy for SaaS. This model has been developed based on empirical results targeting small-growth ventures, whose business model is based on offering SaaS services especially for small enterprises. Therefore, this model can be very useful for new and small SaaS providers.
4. Methodology

4.1 Research approach

According to the objective of the research, marketing research can be classified into three categories (McQuarrie, 2010): exploratory, descriptive, and causal research. To answer the thesis question of what marketing strategies can be appropriate for small companies that provide SaaS solutions, an exploratory research approach was adopted. This kind of research is appropriate for problems that are not clearly stated. It is also appropriate in early stages of research projects when the problem is not well defined, and when researchers need to get a deeper insight into a problem area and create a basis for further investigation (Forza, 2002). The aim of this research is to formulate problems precisely, to gather explanations, and to develop hypotheses.

Three frameworks were used as a base for data analysis, as follows:

- **DEMATEL approach** developed by Wu et al. (2011), which is an analytical approach to divide a set of factors into cause and effect groups.
- **TAM framework** developed by Davis (1986), which is an analytical tool to investigate how users adopt a new information system.
- **KPI model** developed by Tyrväinen & Selin (2011), which is a model presenting the main factors of marketing and selling of SaaS.

This research was performed through literature study, review of available case studies, survey of relevant companies and analysis of information available on SaaS vendors’ websites. The primary data was obtained from the survey done among SaaS vendors and analysis of SaaS websites. Secondary data was acquired from the literature study and case studies review.

4.2 Questionnaire design and measurements

In the choice of questions and measurement of variables, all three frameworks, DEMATEL, TAM, and KPI, were utilized. Tyrväinen & Selin (2011) proposed a model with eight dimensions representing eight factors: service provider size, service and implementation model, customer size, market communication channel, sales channel, role of buyer, entry transaction size, and customer life cycle value. Each factor has several alternative responses. Both DEMATEL and TAM frameworks emphasize the importance of addressing trust issues in adoption of new solutions. The questions in the survey and the website analysis form were based on a number of categories identified from the frame of reference as well as secondary data.

The questions of this research survey are divided into subsections concerning company information, customer information, and sales channels. Section “Company information” consists of questions that help to obtain an understanding of the company’s size, SaaS solution, profitability, and marketing situation. Section “Customer information” provides information about the company’s typical customer, its lifetime, and information available for customers on the company’s website. The purpose of the third section “Sales channels” is to give insight into the company’s policy regarding sales channels, as well as efficiency of these channels. A survey letter to the SaaS companies and list of questionnaires can be found in Appendix A1. The website analysis form is provided as Appendix A2.
4.2.1 Study Area
The decision was taken to study SaaS vendors globally, without any specific geographical connection or distinction with regard to the provided type of service.

4.3 Data Collection and Marketing Research

4.3.1 Data Collection Technique
Email addresses of 180 different globally-located SaaS providers were collected. A questionnaire was compiled in Google forms, and a link to the questionnaire was emailed to the chosen SaaS providers.

4.4 Unit and Level of Analysis
Each research project requires a unit of analysis. The unit of analysis is the major entity that researchers are investigating and analyzing in their study (Trochim, 2006). For example, any of the following could be a unit of analysis in research:

- Individuals/organization
- Groups
- Artifacts (books, photos, newspapers)
- Geographical units (town, census tract, state)
- Social interactions (dyadic relations, divorces, arrests)

The units of analysis of this thesis work will be the SaaS providers, decision makers in the SaaS organization and SaaS professionals.

Level of analysis is an expression that points to the location, size, or scale of a research goal (Yurdusev, 1993). It differs from the term “unit of analysis” in the way that it refers to a more or less integrated set of relationships, while the unit of analysis refers to the distinct unit from which data have been or will be gathered. As the research objectives of this study are to provide analysis of best practices suitable for SaaS startups and to investigate the spread of marketing strategies used by other SaaS vendors, first and foremost, the target organizations of this thesis work are SaaS vendors all around the world. The goals are to investigate the marketing strategies and the method of addressing marketing issues by these organizations to market SaaS.

4.5 Validity and reliability
The integrity of any kind of measures is mainly evaluated in terms of validity and reliability. Validity is concerned with whether investigations are measuring the right concept, while reliability is concerned with stability and consistency in measurement (Forza, 2002). Lack of validity introduces a systematic error, while lack of reliability introduces random error.

To ensure the validity and reliability of this research, SaaS providers were given the same set of questionnaires, and the same type of data was collected. All the responses from the organizations were recorded so that they could be reviewed at any time, and bias due to interpretation error by readers could be prevented.
4.6 Data analysis

Google forms were used for data acquisition for the survey, and the results of the survey and websites analysis were collected in spreadsheet documents. Results are presented in the form of tables and diagrams.
5. Results and Analysis
This chapter presents the results of the research survey and analysis of the information available on the website of SaaS providers. Survey results and website analysis are grouped in accordance with the chosen frameworks and studied variables.

5.1 Survey Results
The response to the survey from the SaaS providers was very poor. A total of 180 SaaS providers were requested to participate in the survey, and only nine of them responded. Thus, results provided below are based on a response rate of 5%.

5.1.1 KPI framework

"Business" area

What is the size of your company?

<table>
<thead>
<tr>
<th>Size</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10</td>
<td>4</td>
<td>36%</td>
</tr>
<tr>
<td>10-50</td>
<td>2</td>
<td>18%</td>
</tr>
<tr>
<td>50-100</td>
<td>2</td>
<td>18%</td>
</tr>
<tr>
<td>&gt;100</td>
<td>1</td>
<td>9%</td>
</tr>
</tbody>
</table>

What kind of service do you offer to your SaaS customers?

<table>
<thead>
<tr>
<th>Service</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-service</td>
<td>6</td>
<td>67%</td>
</tr>
<tr>
<td>Deployment service</td>
<td>6</td>
<td>67%</td>
</tr>
<tr>
<td>Integration</td>
<td>8</td>
<td>88%</td>
</tr>
<tr>
<td>Tailoring</td>
<td>5</td>
<td>56%</td>
</tr>
<tr>
<td>Training and consulting</td>
<td>9</td>
<td>100%</td>
</tr>
</tbody>
</table>

Effortom det går att välja fler än en knapp, men procentalser överstiga 100%.
“Target customers” area

What is your typical customer?

- B2B: 8 (85%)
- B2C: 2 (22%)

“Customer relationship” area

What is your customer lifetime, years?

- < 1: 1 (9%)
- 1 - 2: 0 (0%)
- 3 - 5: 4 (36%)
- > 5: 4 (36%)
"Sales process" area

What is an average entry transaction size, euro?

- < 1k: 2 (13%)
- 1-10k: 3 (27%)
- 10 - 100k: 4 (38%)
- > 100: 0 (0%)

Do you use direct channels in your sales?

- Direct sales: 8 (89%)
- Online marketing: 5 (55%)
- Direct marketing: 1 (11%)
- Telemarketing: 2 (22%)
- Representatives/Agents: 4 (44%)
- Other: 0 (0%)

Eftersom det går att välja fler än en kryssruta kan procentatsen overstiga 100%.

What indirect channels do you use?

- Resellers: 6 (67%)
- Partners: 8 (89%)
- We do not use indirect channels: 0 (0%)
- Other: 0 (0%)

Eftersom det går att välja fler än en kryssruta kan procentatsen overstiga 100%.
What marketing alternatives do you use?

- Word of mouth: 7 (79%)
- Personal marketing: 5 (58%)
- Email Campaigns: 7 (78%)
- Social Networks: 4 (44%)
- Group Messages: 3 (33%)
- RSS feeds: 1 (11%)
- Podcast pushes: 1 (11%)
- Slide pushes: 2 (22%)
- Video pushes: 3 (33%)
- Search Engine Marketing (Organic): 7 (78%)
- Affiliate Networks: 0 (0%)
- Search Engine Marketing (Paid): 5 (56%)
- Other: 0 (0%)

Eftersom det går att välja fler än en kryssruta kan procentsatsen överstiga 100 %.

Does your company have:

- Facebook page: 4 (67%)
- Twitter: 6 (100%)
- Blog: 4 (67%)
- Other: 1 (17%)

Eftersom det går att välja fler än en kryssruta kan procentsatsen överstiga 100 %.
5.1.2 DEMATEL and TAM framework

**What information is available on your website?**

- How secure is your solution
- Technical information about your solution
- Legal information
- Information that it is easy to configure your solution
- There is online training and support
- Your plans of developing and maintaining your solution
- Solution's roadmap

**How does your company communicate to existing customers?**

- Email / newsletters
- Information on company's website
- Facebook
- Twitter
- Blogg
- We do not communicate to existing customers
- Other

Eftersom det går att välja fler än en kryssruta kan procentvärden överstiga 100%.

**Trust**

**What information is most important to have on your site? - Technical information about your solution**

1. 1 1 0%
2. 2 1 9%
3. 3 3 27%
4. 4 4 36%
5. 5 0 0%
Perceived benefit

How do visitors get information about the solution?

- Free version
- Trials/web demos
- Product manuals
- Other

Eftersom det går att välja fler än en kryssruta kan procentåtten överstå 100%.

Perceived ease of use

What information is most important to have on your site? - Information that it is easy to configure your solution

1 0 0%
2 1 0%
3 1 9%
4 5 45%
5 2 18%
Perceived risk

What information is most important to have on your site? - There is online training and support

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<th>4</th>
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What information is most important to have on your site? - Your plans of developing and maintaining your solution

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</table>

What information is most important to have on your site? - Solution’s roadmap

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<td>2</td>
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<tr>
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<td>9%</td>
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<tr>
<td>4</td>
<td>1</td>
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<td>9%</td>
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<tr>
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<td>0%</td>
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</tbody>
</table>
5.2 Investigation of SaaS vendors’ websites

A total of 50 different SaaS providers’ websites were analyzed as part of this research. The results of the analysis are presented in Table 2.

Table 2: The data presented below covers the analysis of 50 SaaS vendors’ websites

<table>
<thead>
<tr>
<th>Framework variable</th>
<th>Question</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEMATEL, TMA</td>
<td>Technical information about solution</td>
<td>98%</td>
</tr>
<tr>
<td>Trust</td>
<td>Legal information</td>
<td>90%</td>
</tr>
<tr>
<td>Trust</td>
<td>Information about data security and reliability</td>
<td>60%</td>
</tr>
<tr>
<td>Perceived ease of use</td>
<td>It is easy to configure the solution</td>
<td>10%</td>
</tr>
<tr>
<td>Perceived ease of use</td>
<td>There is online training and support</td>
<td>82%</td>
</tr>
<tr>
<td>Perceived risk</td>
<td>There are plans of developing and maintaining your solution/Roadmap</td>
<td>2%</td>
</tr>
<tr>
<td>Perceived benefit</td>
<td>Free trials</td>
<td>70%</td>
</tr>
<tr>
<td>Perceived benefit</td>
<td>Demo</td>
<td>38%</td>
</tr>
<tr>
<td>Perceived benefit</td>
<td>“Contact us for demo”</td>
<td>32%</td>
</tr>
<tr>
<td>Perceived benefit</td>
<td>White papers</td>
<td>20%</td>
</tr>
<tr>
<td>KPI</td>
<td>Newsletter subscription</td>
<td>12%</td>
</tr>
<tr>
<td>Sales process</td>
<td>RSS-feeds</td>
<td>38%</td>
</tr>
<tr>
<td>Sales process</td>
<td>Blog</td>
<td>68%</td>
</tr>
<tr>
<td>Sales process</td>
<td>Social Media (Facebook/Twitter/LinkedIn)</td>
<td>82%</td>
</tr>
</tbody>
</table>

The analysis of the websites revealed that the most important factors in communication with customers are technical information about the solution, legal information, and online training and support. Customers place high importance on the possibility of free trials or demonstrations. SaaS providers are using social networks and blogs to keep in touch with the customers and to share up-to-date information regarding the organization, its developments, and services.

Figure 12 shows the important aspects of the websites of SaaS providers, based on the analysis of 50 different SaaS providers’ websites.
Figure 12: Important aspects of SaaS providers’ websites
5.3 Analysis

Analysis of the marketing strategies used by SaaS vendors, as well as factors behind the choice of these strategies has been done based on literature review, case studies review, survey, and analysis of companies’ websites. Frameworks referenced by this study are based on the three methodologies: DEMATEL, TAM, and KPI model, described in Chapter 3 of this report.

According to the KPI framework, the size of the SaaS vendor affects the service implementation model, entry transaction size, buyer role, marketing, and sales channel (Tryvainen & Selin, 2011). Neither the empirical data nor the survey results show any direct connection between SaaS vendor size and implementation model, entry transaction size, buyer role, marketing, and sales channel. For example, among companies who participated in the survey with company size less than ten people, 50% offered “Deployment service”, “Integration”, “Tailoring”, “Training and consulting”; and 50% even offered “Self-service” in addition to the alternatives mentioned above. Most of the companies offered their solutions to B2B customers and to “Business Management”.

SaaS and on-premise software have different life cycles, and this has implications for the marketing strategy. The life cycle of on-premise software should start with offensive strategies, while SaaS solutions should start defensively, to verify that the product fits the market and customer needs.

Communication and trust issues

Wu et al. (2011) in their DEMATEL framework, and Davis (1986) in the TAM framework, state that trust issues are one of the most important factors behind the acceptance of new solutions. Empirical data, results of the survey and websites analysis from this thesis work prove that theory. Cohen (2011) emphasizes the importance of providing both legal and technical information. However, companies participating in the survey of this research did not grade alternatives relating to the presence of legal information as important as those for technical information.

Free trials and/or web demonstrations are essential for informing customers about a solution’s features and benefits, and are part of the “Pull”-marketing strategy which is one of the components of Web 2.0 (Wipond, S.A., 2008). According to Wu (2011) and Davis (1986), information about benefits is one the factors influencing customers’ willingness to adopt a new solution. Once again, this thesis work has proved this theory by presenting empirical data, results from the survey and websites analysis.

Channel strategy

Empirical data, results from the survey, websites analysis, and case studies of this thesis confirm the findings in the KPI framework presented by Tyrväinen & Selin (2011). Email and company websites are the most dominant communication channels, while some companies are using blogs, Twitter, Facebook, and LinkedIn for communication with their customers. Companies use varying alternatives to deliver the message to the customer. Most popular are Word Of Mouth, email campaigns, and organic SEO. These alternatives are closely followed by personal marketing, paid SEO, and social networks.
Due to the specifics of the SaaS business model, it is important for SaaS vendors to keep acquisition costs of customers as low as possible (Tyrväinen & Selin, 2011), (Botteri et al., 2010, p.9). In most cases, sales organizations are not appropriate in SaaS companies in the early stages due to their high costs. In place of the sales organization, all of the respondents of our survey used indirect channels such as resellers and partners. For the direct channels, direct sales and online marketing were most often used.

**Metrics to evaluate an SaaS marketing campaign**

The measurement of all marketing efforts is essential in order to evaluate the most suitable practices. Some of the important values to measure are cost-per-lead (Smith, K., 2008), campaigns, visitors, new customers and trials (Skok, 2010).
6. Conclusions and Recommendations

The research question of this study is “What marketing strategies can be appropriate for small companies that provide SaaS solutions?” To answer this question, the researchers of this thesis studied available literature, both academic researches and information available on the Internet. The researchers also analyzed available case studies, information on SaaS vendors’ websites and data from the research survey.

During the research, it was found that the vendor’s size affects only the size of the marketing department and marketing budget, and has no impact on marketing strategies. Therefore, this research can conclude that SaaS vendors should use defensive strategies in the early phases of the solution life cycle. It is essential for SaaS vendors to address trust issues and provide collateral such as technical information about the solution, legal information, and information about data security and reliability. It is also important to inform customers about the benefits of using the SaaS solution vs. on-premise software by providing information on the ease of configuration of the solution and details of online training and support. Availability of free trials or demonstrations is also one of the important factors behind the successful promotion of SaaS solutions. All the resources of this research have proved that behind most successful marketing campaigns there is often extensive usage of social media (together with blogs and forums), Word Of Mouth and even personalized email campaigns. Regarding channels, it has been found that both direct (mostly through the Internet) and indirect (through the representatives and partners) are used.

Another finding is that the topic is relatively new. There are few academic research works in this area. Our experience during the development of the thesis is that it is difficult to accomplish research in this area, due to the large spread of SaaS companies and common unwillingness from the SaaS vendors’ side to participate in surveys (in this research case, the response rate was very low, at 5%).

This research has studied SaaS vendors globally without taking into account their geographical location or types of service offered. The research method initially chosen has proven to be both time-consuming and inefficient due to the vendors’ unwillingness to participate in the survey. Furthermore, available academic research has also proven to be insufficient, which has also had implications on this study.

The conclusion of this thesis is that marketing among SaaS vendors should be studied more extensively, as information in this area has economic and scientific value for the SaaS vendors, as well as scientific value for the academic world.
7. References


Appendix

A1. Survey letter and survey questions

A1.1 Survey Email
We tried two different formats of survey email.

Version 1
Dear Sir/Madam,

The purpose of our study is to describe best practices in SaaS specific marketing strategies that are being used, and study their spread and knowledge about them among SaaS-entrepreneurs. For our investigation, we herein developed a number of questions that are relevant to the essay.

Your name will be anonym, if desired.
Your answers will be of great help for the essay results.

Thank you for your participation!

Version 2
Dear Sir/Madam,

Would you like to know what marketing strategies are used by other SaaS vendors? By participating in our survey you have possibility to get access to the survey results.

- We are two students working on our master thesis at Blekinge Institute of Technology, Sweden. We study SaaS marketing strategies.
- Survey consisting of 26 questions and will take less than 5 minutes to answer.
- Your name will be anonymous. If you wish to get access to the results, leave your email address. Your email address will only be used for sharing of the survey results.

Survey can be found here.

Thanks in advance!

A1.2 Questionnaire

Dear SaaS vendors
Kindly, may we ask you a few questions to know your views regarding on factors influencing marketing strategies for SaaS.

In the space provided below, we would like to know your address for possible contact in the future, however, feel free to leave it empty if you wish not to mention it. We promise full and complete confidentiality. There is no need to write or mention your name anywhere in this sheet. As this study is solely for academic purpose, there is no “right” and “wrong” answer. Thank you for your cooperation.
GENERAL INFORMATION ABOUT COMPANY AND SaaS SOLUTION

SECTION 1: COMPANY INFORMATION

1. What is the size of your company?
   a. <10
   b. 10-50
   c. 50-100
   d. >100

2. How long have you been in the SaaS market
   a. <=1
   b. 2
   c. 3
   d. 4
   e. >=5

3. What was your profit for year
   a. 2011
   b. 2010
   c. 2009
   d. 2008
   e. 2007

4. What service and implementation model does your SaaS solution deploy?
   a. Self-service
   b. Deployment service
   c. Integration
   d. Tailoring
   e. Training and consulting

5. At what stage is SaaS solution now
   a. Search for product/market fit
   b. Search for repeatable & scalable sales model
   c. Scaling the business

6. What is the size of your marketing department?
   a. 1
7. Do your marketing personnel have marketing training and education?
8. Do your marketing personnel have experience in marketing?
9. What is the size of your marketing budget?
10. What is your marketing cost per revenue?
11. What is your development cost per revenue?

SECTION 2: CUSTOMER INFORMATION

Describe your typical customer
12. What is your typical customer?
   a. B2B
   b. B2C

13. Customer lifetime value, €?
14. Customer lifetime, years?
   a. <1
   b. 1-2
   c. 3-5
   d. >5

15. What is an average entry transaction size?
   a. <1k€
   b. 1-10k€
   c. 10-100k€
   d. >100k€

16. Who is your typical buyer?
   a. End user
   b. Technical buyer
   c. Business management
   d. Top management

17. How many customers do you have?
18. Size of churn?

19. What information is available on your website?
   a. Security of your solution
   b. Technical characteristics
   c. Legal information
   d. Solution is easy to configure
   e. There is online training and support
f. Benefits compared to on premise software,
g. Information about plans to develop and maintain solution
h. Info about products roadmap

20. What information is most important to have on your site, please arrange decreasing from most to least?
   a. Security of your solution
   b. Technical characteristics
   c. Legal information
   d. Solution is easy to configure
   e. There is online training and support
   f. Benefits compared to on premise software,
   g. Information about plans to develop and maintain solution
   h. Info about products roadmap

21. How does your company communicate to existing customers?

22. How do visitors get information about the solution?
   a. Free version
   b. Trials/web demos
   c. Product manuals

**SECTION 3: SALES CHANNELS**

23. Do you use direct channels in your sales?
   a. Direct sales
   b. Online marketing
   c. Direct marketing
   d. Telemarketing
   e. Representatives/Agents

24. Do you use indirect channels?
   a. Resellers
   b. Partners

25. Marketing alternatives used
   a. Word of mouth
   b. Personal marketing
   c. Email Campaigns
   d. Social Networks
   e. Group Messages
   f. RSS feeds
   g. Podcast pushes
   h. Slide pushes
   i. Video pushes
   j. Search Engine Marketing (Organic)
   k. Affiliate Networks
1. Search Engine Marketing (Paid)

26. Choose three most influential marketing alternatives from above and describe why.

27. Does your SaaS solution have a Facebook page?
   a. Yes
   b. No

28. Does your company tweet?
   a. Yes
   b. No

29. Does your SaaS solution have a Blog?
   a. Yes
   b. No

30. How often email campaigns are run?
   a. More than once a week
   b. Once a week
   c. Once a month
   d. Other

31. What is your budget of Search Engine Marketing (paid)?

32. How do you measure your marketing campaigns?
   a. Campaigns to drive traffic
   b. Visitors
   c. Trials
   d. New customers
   e. Other
## A2. Website analysis form

<table>
<thead>
<tr>
<th>Technical information about solution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal information</td>
<td></td>
</tr>
<tr>
<td>Information about data security and reliability</td>
<td></td>
</tr>
<tr>
<td>It is easy to configure the solution</td>
<td></td>
</tr>
<tr>
<td>There is online training and support</td>
<td></td>
</tr>
<tr>
<td>There are plans of developing and maintaining your solution /Roadmap</td>
<td></td>
</tr>
<tr>
<td>Free trials</td>
<td></td>
</tr>
<tr>
<td>Demo</td>
<td></td>
</tr>
<tr>
<td>“Contact us for demo”</td>
<td></td>
</tr>
<tr>
<td>White papers</td>
<td></td>
</tr>
<tr>
<td>Newsletter subscription</td>
<td></td>
</tr>
<tr>
<td>RSS-feeds</td>
<td></td>
</tr>
<tr>
<td>Blog</td>
<td></td>
</tr>
<tr>
<td>Social Network (Facebook/twitter/linkedin)</td>
<td></td>
</tr>
</tbody>
</table>
A3. Acronyms

ATU – Attitude Toward Using
B2B – Business to business
BI – Behavioral Intention
CAC – Customer Acquisition cost
CIO – Chief Information Officer
CLV – Customer Lifetime Value
CMRR – Committed Monthly Recurring Revenue
DEMATEL – Decision Making Trial and Laboratory
IT – Information Technology
KPI – Key Performance Indicator
LTV – Life Time Value
PB – Perceived Benefits
PEOU – Perceived Ease of Use
PLC – Product Life Cycle
PR – Perceived Risks
PU – Perceived Usefulness
ROI – Return On Investment
SaaS – Software As A Service
SEO – Search Engine Optimization
TAM – Technology Acceptance Model
TCO – Total Cost of Ownership
WOM – Word of Mouth