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MARKETING STRATEGIES OF SLOVENIAN SAAS COMPANIES

Ljubljana, January 2015

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INTRODUCTION

In the search for cheaper and better solutions companies have always reached out for external companies to do part of their business for them. Information technology (hereinafter IT) outsourcing has been a viable business strategy since the 1950s, when companies began to invest significant resources in external computing services (Yao, Watson & Kahn, 2010, p. 113). In 2000, so-called desktop applications or on-premise software was replaced by the web-based (SIIA, 2001, p. 3), and it was the explosion of the Internet connectivity and increased bandwidth that made it possible to deliver the software. The terms “software” and “services” became synonymous (Yao et al., 2010, p. 113). Software as a service (hereinafter SaaS) as part of the cloud computing has become a major trend (Baldwin & Cromity, 2012, p.120). Moreover Marketline Research Company (Aster, 2014) has anticipated an increase in the global industry of software and services of 55.2% and a value of 860.9 billion USD in 2018, with the current value at 554.5 billion USD.

The shift towards services made companies rethink their strategies, business missions and the way they approach marketing. In the high technology (hereinafter hi-tech) sector especially, customers became more and more demanding and consequently a large majority of hi-tech companies did not survive this shift (Viardot, 2004, p. xi). On the other hand companies such as IBM, SAP, Cisco and others survived the change and even rely on services as the most important source of their income (Viardot, 2004, p. xi; Rust & Thompson, 2004, p. 2). To be fully successful in this industry it is firstly important to understand that services have specific attributes and that secondly these attributes lead to different approaches in marketing.

While SaaS is globally becoming a leading IT service, the situation in Slovenia seems to be a bit different. There are however a handful of important companies in the market, but an International Data Corporation market research has shown that the IT services market has fallen for the fourth year in a row in 2013 (Monitor Pro, 2013). IT managers and IT employees still perceive SaaS solutions as a threat to their job and decision makers often purchase SaaS without consulting with them (Baškovč, 2009).

When perusing the literature, I noticed that many authors discuss why a company should decide to purchase SaaS, but not much has been said about how a hosting company should develop its strategy in order to gain more customers and be successful. Also after examining the current status of SaaS companies in Slovenia I discovered there have been some studies conducted in the past, but mostly from the theoretical standpoint – what is SaaS, what are its benefits for the hiring company, and how does it work.

My recent internship in a hi-tech multinational company gave me a good insight into how specific and interesting marketing can be in a fast-paced B2B environment. Consequently

it inspired me to take a closer look at services in the IT industry and SaaS marketing strategies. The purpose of my thesis is to examine the specifics of hi-tech services marketing, specifically SaaS marketing strategies, and to understand what factors influence a company's success through marketing activities. With my thesis I would like to contribute to the understanding of how marketing should be structured in a SaaS company and give a general overview of the hi-tech services marketing sphere. This might at least do a little to help Slovenian SaaS companies better focus their strategies or maybe encourage companies which are considering entering this vastly spreading industry. After all, many today extremely successful hi-tech companies might not necessarily had the best product or services, but they certainly had the best marketing strategy (Viardot, 2004, p. xii).

The goal of this master thesis is to identify actual success stories and determine the success factors for SaaS companies by examining the scientific articles, whitepapers and other literature. The goal of this research is to find out current marketing strategies of the Slovenian SaaS companies by interviewing marketing managers and to give a critical assessment after comparing them to the theoretical findings. The goal is also to identify the overlapping points of strategy and the gaps in strategies, and lastly to recommend to Slovenian companies where to direct their strategies, what they are missing and point out future opportunities for them.

The first part of my thesis is based on secondary data I collect through scientific articles, relevant textbooks, case studies, whitepapers, and so on. To examine the marketing strategies of Slovenian SaaS companies I conducted 6 in-depth interviews, therefore I will use a qualitative approach. Due to the difficulty of identifying all SaaS companies in Slovenia, namely because they are all registered under different classifications and also because for many of them SaaS does not comprise a core-business, conducting a survey is impossible. The interview is semi-structured, which allows me to develop basic questions prior to the meeting and then decide for myself which issues to explore (Daymon & Holloway, 2011, p. 225).

The thesis consists of three chapters. In the first theoretical part I present the fundamentals of services and explain what SaaS is about. In the second part of the theoretical part I discuss various marketing strategies starting with services marketing, IT marketing and finishing up with SaaS marketing strategies best examples. The third part of my thesis is a study of marketing strategies in Slovenian SaaS companies. First, I introduce details about the research, methodology, and companies interviewed and then briefly go through the findings. Lastly, I give recommendations to Slovenian SaaS companies and topics for further research.

1 SERVICES IN B2B MARKETS

Services in the past were associated with the work that servants did for their masters (Lovelock & Wirtz, 2007, p. 14) or considered as add-ons, something that was necessary but which did not contribute much value for the society (Grönroos, 2007, p. 1). Today services dominate our everyday life and world's economy. More and more income from the services sector accounts for world's GDP and it is having more and more of an impact on employment. In the European Union more than 70% of people work in the services sector, whereas in Slovenia approximately 60% do so (Cvelbar, 2012). Even though B2B services purchases are made on a much larger scale than individual purchases, both of the services markets contribute quite an equal part to the world's GDP, more or less in the real estate, rental and leasing, and professional and business services industries (Lovelock & Wirtz, 2007, p. 10). There are however the same distinctive characteristics for both of them in terms of the definitions of services, which are presented in the next chapter.

1.1 Definition of services

Many different definitions of services come across when trying to define what services really are. There are authors who source their definitions from a comparison to goods and authors who rather look for independent definitions, leaving the goods aside. But one thing is clear; there is no single point of view from which services could be easily defined.

The broadest definition among all is probably given by Hill (1977, p. 318), who uses two specific terms when defining services – the change and the activity. A service can be defined as a change in the condition of a person or of a good belonging to some economic unit. The change however is the result of an activity of some other economic unit. If there is no activity of the performing economic unit and no change for the economic unit which that activity is performed upon, there has not been any service provided.

Rathmell (1966, p. 33; Bateson & Hoffman, 1999, p. 9) juxtaposed services and goods and claim it is very difficult to distinct between the two of them. For a pure good, a customer should benefit from the good alone, not also from the service; on the contrary, for pure services, no benefits should come from the good. Of course this is almost never the case. Moreover it is better to focus on two distinctive factors than on finding an ultimate definition, namely differences in process and differences in output (Bateson & Hoffman, 1999, p. 9).

James L. Schorr, vice-president at Holiday Inn and before that at Procter & Gamble, explained his own definition, again from the good-service relation, saying: *“Simply defined, in our terms, a product is something a consumer purchases and takes away or consumes, or otherwise uses. If it is not physical, not something they can take away or consume, then we call it a service”* (Bateson & Hoffman, 1999, p. 10).

Lovelock and Wirtz (2007, p. 14) on the other hand say that services should not be defined in relation to goods and offer a more comprehensive definition: services are economic activities offered by one party to another, most commonly employing time-based performances to bring about desired results in recipients themselves or in objects or another asset for which purchasers have responsibility. In exchange for their money, time, and effort, service customers expect to obtain value from access to goods, labour, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved (Lovelock & Wirtz, 2007, p. 15). The authors highlight the exchange of value and a matter of ownership, which was not a part of previous definitions.

To conclude, services are economic activities with the purpose of bringing about desired results from one economic unit to another, do not have a physical shape or ownership, and fully benefit from a combination of services and goods at the same time. The least abstract definition of services can be made when defining specific characteristics of services, which I present in the next chapter.

1.1.1 Characteristics of services

Just as there were many different approaches to defining services, so are there when trying to distinguish them from goods in order to define their characteristics. An early attempt at differentiation came from Rathmell (1966, p. 33), who pointed out that the word “good” is a noun in this sense, therefore it represents a thing, and the word “service” or “to service” is a verb, therefore it represents an act. Another way to distinguish them is to look where the utility comes from. The utility of a good lies in a product’s physical characteristic, whereas the utility of a service lies in the nature of an action, a performance. However there are many combinations between pure good and the pure service. Starting at the pure goods side there are foodstuffs and tobacco, followed by clothes, transportation, recreation in the middle and travel, medical care and housing, and education on the pure service side. Today’s examples of pure services can be life insurance or online banking (Lovelock & Wirtz, 2007, p. 18). Grönroos (2007, p. 53) discusses service characteristics from three different points of view:

- Services are processes consisting of activities,
- Services are at least to some extent produced and consumed simultaneously and
- The consumer participates as a co-producer in the service production process at least to some extent.

Services also have several distinguishing aspects that can result in a negative perception from the customer’s side. Lovelock and Wirtz (2007, p. 17) presented the most extended overview of these characteristics and the implications they have on customers, which are:

- Inventory – Most services cannot be stored or inventoried, which could possibly turn customers away due to their non-willingness to wait for the service to be performed.
- Intangibility – services do not have a physical shape, they are economic activities and therefore cannot be experienced by the senses.
- Visualization and understanding – it is difficult for the customers to visualize the experience of what they are getting and to fully understand what the service will affect in advance.
- Involvement in co-production – sometimes the customer is involved in performing the service, for example by working with service personnel. The customer's involvement might take the form of self-service, often using modern infrastructures like telecommunications or the internet.
- People's nature – because people are often the main part of the service experience it is very important how well-selected they are, how skilled they are, and how they behave. They shape the experience and affect satisfaction.
- Variability of operational inputs and outputs – unlike manufactured goods, provided services are not always of same quality. The "input factors" are often people, which makes it harder to maintain consistency, reliability, or even to lower costs with increased productivity.
- Time factor – services are normally delivered in real time, while the customers are physically present. Customers are becoming more and more time-sensitive and are in more of a hurry than in the past, so they try to avoid wasting as much time as possible.
- Non-physical channels of distribution – information-based services use various distribution channels such as the internet or voice telecommunications.

1.1.2 Non-ownership services

I already pointed out the aspect of ownership in regards to services in the services definition chapter, but Lovelock and Gummesson (2004, p. 34) went a step further and divided non-ownership services into five different groups, which are the following:

- Rented goods services – customers rent a physical good for a certain period of time due to their inability to purchase the product entirely or due to not wishing to own it. Examples of such services are rent-a-car, formal clothing etc.
- Defined space and place rentals – customers rent a smaller portion of a larger place in a building, vehicle or another area. Examples of such services are renting a hotel room, a seat in an airplane, an office in a business building.
- Labour and expertise rentals – customers rent labour in order to perform activities for them which they either not wish to do or do not have the expertise or skills to do. Examples of these services are broad from technical services like car repair or cleaning services to important medical services.

- Access to shared physical environments – customers rent admission to a facility like a museum visit, football match, or spa centre and can take advantage till the validity expires.
- Systems and networks: access and usage – customers rent the right to participate in a specified network and utilize the advantages thereof, such as banking, telecommunications, insurance, or specialized information services. Terms of access can be defined in several ways to better adjust to customer needs and payment abilities.

1.2 Hi-tech services

At this point it would be appropriate to mention how services can be classified. Early literature and research on services offer a wide range of services classification, but all of them either have some downsides or were missing an important point of view. (Lovelock, 1983, p. 11). For the purpose of my thesis I believe going too far into the details regarding this topic is unnecessary. Instead I would like to focus on hi-tech services, which are after all one of the possible classifications according to Grönroos (2010, p. 57). He finds relevant two classifications: hi-touch or hi-tech services and discretely or continuously rendered services that are based on the nature of the relationship with customers. As opposed to hi-touch services, hi-tech services do not depend on people in the service process, but are predominantly based on the use of automated systems, information technology, IT, or other types of physical resources (Grönroos, 2010, p. 57).

Gardner (1990 in Gardner, Johnson, Lee & Wilkinson, 2000, p. 1056) proposes a 3x3 matrix (see Table 1) as a basis for defining hi-tech products, as well as for providing a guide for marketing strategy. Note that even though he talks about products, it is obvious from the examples that the matrix can be used for services as well. Nevertheless, products in Cell 9 can be categorized as being the “most” hi-tech products (paperless banking), with products in Cells 6 (internet communication) and 8 (major software updates) being categorized as slightly less, but still hi-tech.

Table 1. Technology/user-based product classification and examples

Technology Dimension	<u>User Dimension</u>		
	Continuous	Dynamically Continuous	Discontinuous
Stable	(1) “new” snack food	(2) frozen pizza	(3) major software change
Fertile/Evolutionary	(4) upgraded PC software	(5) fax, desk-top publishing	(6) Internet communication
Turbulent	(7) genetically engineered seed corn	(8) hi-definition TV	(9) paperless banking

Source: D. M. Gardner et al., *A contingency approach to marketing high technology products*, 2000, p. 1057.

Examples of hi-tech services are consulting, system engineering, system integration, support, outsourcing, networks, and e-business services (Viardot, 2004, p. 8). One of the very common hi-tech services is also the implementation of enterprise-wide software, such as CRM systems (Dunn & Probststein, 2003, p. 10).

Characteristics of hi-tech services do not differ from those of services in general mentioned in the previous chapter. Dunn and Probststein (2003, pp. 11-12) for example identified the four most important features that companies must keep in mind when doing services business, namely intangibility, perishability, variability, and inseparability.

1.3 SaaS

SaaS is more or less new phenomenon in the software industry introduced in the late 1990s. It has rapidly become a widely recognized idiom due to high-speed connectivity, communication security, and open standards (Demirkan, Cheng & Bandyopadhyay, 2010, p. 119), and companies simultaneously recognized its potential. It offers relatively cheap, time-saving, and good-quality solutions for companies to outsource their activities instead of developing in-house (Komssi, Kauppinen, Heiskari & Ropponen, 2009, p. 61).

To start with I would like to determine the definition of SaaS, which has been described as quite unified in recently published literature. In order to fully understand why SaaS is gaining in importance not only in the hi-tech industry and to fully understand the meaning it has for today's companies, I take a step back in the past and explore the evolution of SaaS. In the last part of this chapter I discuss the advantages and disadvantages it brings for customers, since these are important sources for developing further marketing strategies for SaaS companies.

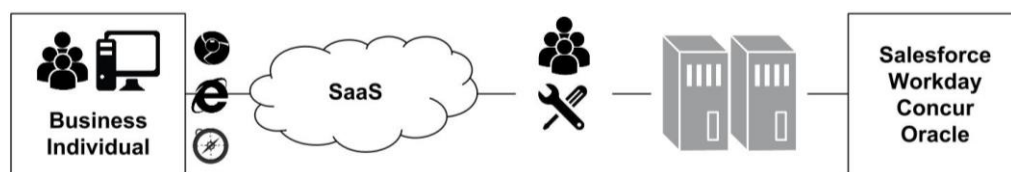
1.3.1 Definition Of SaaS

The definitions of SaaS are quite unified, but only if one takes a look at recent literature from the past five or so years. Going farther back in the literature overview might unearth some more significant deviations from recent definitions, since the term was still in the process of formation at that time. After years of SaaS in use the characteristics became clearer and the definitions more unified.

Authors Susarla, Barua, and Whinston (2009, p. 206) define SaaS as a rented software service delivered via web browser that, simply put, stays on the computer hosted by a third party with the purpose of not buying additional hardware nor software to support it. Similarly Komssi et al., (2009, p. 61) quote Saaksjarvi et al. that "SaaS is time and location independent online access to a remotely managed server application that permits concurrent utilization of the same application installation by a large number of independent

users or customers, offers attractive payment logic compared to the customer value perceived and makes a continuous flow of new and innovative software possible”. Jamsa (2013, p. 17) defines SaaS as a solution model in which users use a web browser to access software that resides in the cloud. SaaS users eliminate the in-house development of service, maintenance, and storage. Figure 1 shows the flow of SaaS. Customers access SaaS solutions via web browsers, such as Internet Explorer, Chrome, or Safari. But from this stage on it is in the domain of the hosting companies, which also own the servers, such as Salesforce, Concur, Oracle, or Workday, to maintain the software and do all the work necessary for the software to work smoothly.

Figure 1. SaaS cloud

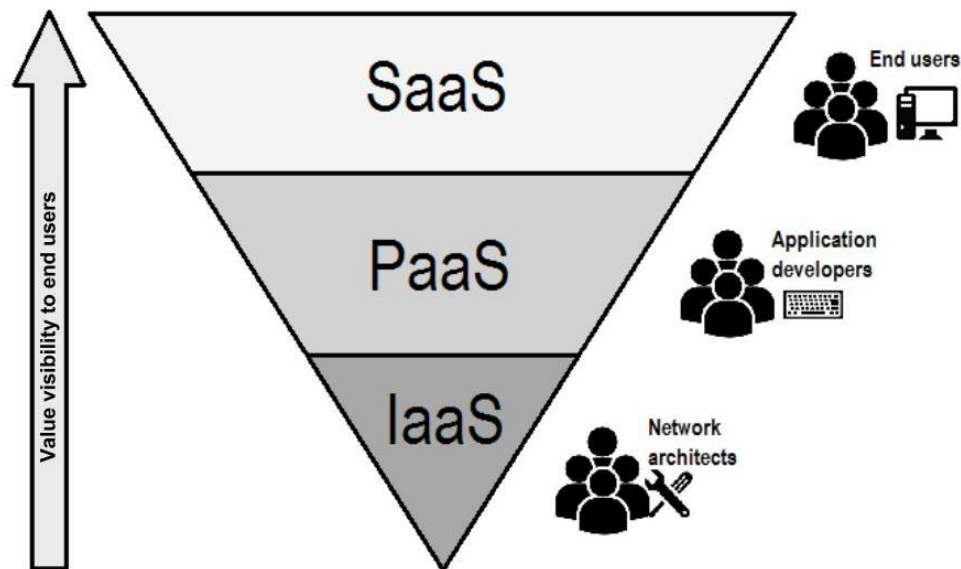


Source: *Cloud Computing Wire - Cloud SaaS*, 2014.

Santy and Sikkell (2014, p. 1) define SaaS as software on-demand that is owned, delivered, and managed by one or more providers and consumed in a one-to-many model. SaaS providers offer services through an internet connection with no purchasing cost of software, no maintenance cost, a high availability of software. They compare utilizing SaaS to the utilization of water or electricity, explaining that consumers only pay for the usage of water or electricity, they do not have to take care of infrastructure or maintain the cables or water reservoirs; the same goes for utilizing SaaS.

Jamsa (2013, p. 17) and Botteri et al. (2010, p. 2) define SaaS by looking at it in a broader context alongside platform-as-a-service (hereinafter PaaS) and infrastructure-as-a-service (hereinafter IaaS). They name remote data centres a cloud or cloud computing. Within the cloud there are three possible services, starting with the broader one there is SaaS, followed by PaaS and IaaS as the smallest segment in cloud computing ecosystem (see Figure 2). IaaS is represented by machines, storage, and network resources, PaaS is a platform within which developers can deploy their applications and which includes servers, operating systems, development tools, etc. Finally, SaaS is a complete software application with a user interface and does not require any computer science knowledge in order to use it, as opposed to PaaS and IaaS (Jamsa, 2013, p. 6), but does on the other hand offer the most visible value for the customer.

Figure 2. IaaS, PaaS, and SaaS chart in relations to value visibility to end users



Source: Qarea, *Cloud Computing Outlook: IaaS, PaaS, SaaS*, 2014.

SaaS is often promoted to be suited for small and medium-sized businesses, because these are the companies who normally lack several IT capabilities and resources (Benlian, Hess & Buxmann, 2009, p. 358; Blokdijk, 2008, p. 77; Rohitratana & Altmann, 2012, p. 1328; Susarla et al., 2009, p. 206). Though “the big” representatives of SaaS, such as Salesforce’s customer relationship management (hereinafter CRM), which was also one of the pioneers launching a large-scale SaaS solution (Jamsa, 2013, p. 9) or Worday’s human resource management (hereinafter HRM) system are to be found in larger companies as well. Apart from CRM and HRM services, the most common services to be offered are also enterprise resource planning (ERP), supply chain management (SCM) and content, communications and collaboration (CCC) (Dutta, Peng, & Choudhary, 2013, p. 40; Santy & Sikkell, 2014, p. 1; Tolliver-Nigro, 2009, p. 8). However, SaaS solutions nowadays cover nearly every aspect of an enterprise’s operational needs (Think strategies, 2008, p. 3).

To summarize, all definitions mentioned in this chapter consist of three main characteristics: online delivery, pay-per-use payment and the one-to-many usage model, which is also called multi-tenant architecture (Yao et al. 2010, p. 114). To illustrate this let us imagine that a company rented Salesforce’s CRM solution. Its employees can access its database via web browser whenever they wish and wherever there is an internet connection. The company pays only for the number of users or for the limited period of time it is going to utilize the database. Lastly, many other companies which rented Salesforce’s service have access to it at the same time, but with their own access data (username and password) that bring them to their own - customised databases.

At this point a question arises – where is SaaS placed in the discussed spectres? First, returning to Rathmell's (1966, p. 33) scale of pure goods and services, SaaS could most probably be situated somewhere at the pure services side, close to education and online banking. Only a small amount of physical goods are needed for its performance and the ones that are used, the PCs are dependent on the user, but more importantly they are probably too intangible for the average user, since expressions such as software, solution, cloud, or the internet are involved. Let us once more take the example of Salesforce and one of its products Sales Cloud. It is described as *a solution to help sales reps everywhere increase pipeline generation, reduce sales cycles, and improve win rates* (Salesforce – Sales Cloud overview, 2014). Again, a very intangible description, as it cannot be expressed in shape or colour, nor material or size.

The second relevant aspect is the non-ownership of services. In regards to the mentioned characteristics, SaaS could definitely fall under the last one “systems and networks: access and usage”. Users do not rent a good, but access and usage. Users also do not rent labour, for example they still insert a new business contact on their own in Salesforce and also they do not rent access to a physical environment.

1.3.2 Evolution of SaaS

Since the early years of the commercial use of computers in the 1950s, all software systems and programs were developed in-house for internal use (Damsgaard & Karlsbjerg, 2010, p. 83). If they were to be bought, the purchase required high up-front acquisition costs as well as regular maintenance, support, and updates. Moreover, over time software became legacy, changes and updates were not possible anymore, and the advantage of owning and having a true customised software solution did not seem so beneficial anymore (Computer word, 2009).

While some authors relate SaaS to an application service provider (hereinafter ASP) (Blokdijs, 2008, p. 24; SIIA, 2001, p. 4; Yao et al., 2010, p. 113), others see them as the predecessor of SaaS. In their opinion, ASPs were the companies which, prior to SaaS' appearance at the turn of the century, worked as brokers of legacy software that companies did not want to own or manage themselves. The ASPs bought the software and servers to take care of the maintenance, while customers only obtained the software's functionalities. The high costs of technical support of course did not go away, delivery of applications became even more difficult, and ASPs were soon deemed a failure (Computer world, 2009).

Even though it was already clear back in 2001 that SaaS was going to cause a sea of change in the software industry, there were still some things that were unclear, only because of the definition of the software services themselves (SIIA, 2001, p. 4). The definitions were constantly shifting between application service provider, internet business

service, business service provider, and similar (SIIA, 2001, p. 4; Benlian, Hess & Buxmann, 2009, p. 357). Some authors also believe that not a lot of attention was drawn to application service providers in recent research and literature, because they were lacking some breakthrough success stories (Benlian et al., 2009, p. 357), however the new acronym SaaS was soon coined and widely used (SIIA, 2001, p. 4) also due to open standards that made SaaS available in a mass market (Damsgaard & Karlsbjerg, 2010, p. 84). So-called traditional on-premise software has eventually switched to on-demand software (Yao et al., 2010, p. 113).

Disregarding how SaaS evolved throughout the years and how exactly it should be defined, there is one thing that it has been agreed on – SaaS does have a bright future (Baldwin & Cromity, 2012, p. 120; Dunn & Probst, 2003, p. 19; Komssi et al. 2009, p. 61).

1.3.3 Advantages and disadvantages of SaaS

Most of the advantages come straight from SaaS' main characteristic: SaaS solutions are available anytime anywhere through web browser, which makes access simple and flexible, as well as possible from multiple devices (Jamsa, 2013, p. 18; Baldwin & Cromity, 2009, p. 124). More importantly, SaaS companies are more customer-focused, and offer user-friendly interfaces that make the user experience even simpler and better (Blokdijs, 2008, 18), therefore there is no steep learning curve (Salesforce – How is SaaS different, 2014).

In comparison to developing your own application or program, SaaS is much more cost effective and shows strong return on investment (Baldwin & Cromity, 2009, p. 125). Moreover, SaaS does not only spare the cost of development, but also the cost of owning the application and therefore the cost of maintaining the software (Baldwin & Cromity, 2009, p. 124), which results in smaller number of hired technicians (Blokdijs, 2008, p. 11).

The payment methods are different, but all of them consider that a company only pays-as-needed (Blokdijs, 2008, p. 18, Rahitratana & Altmann, 2012, p. 1330). Some charge per day, week, or per month, while others charge per user. What it is common to those payment methods is that the accessibility of SaaS is available immediately upon payment (Jamsa, 2013, p. 18; Blokdijs, 2008, p. 18). Last but not least scalability is another advantage of SaaS utilization, since customers can add licences or extend access if they have a need for more users or more time (Jamsa, 2013, p. 7).

There are not many disadvantages to be identified, but one of the biggest is associated with increased risk and security concerns (Krohn, 2011, p. 67). Since SaaS is hosted on remote data centres, many companies are concerned about releasing their data and doubt about the protection of personal data and security (Jamsa, 2013, p. 18; Baldwin & Cromity, 2012, p. 121). They might not trust the hosting company, their security, or simply feel

uncomfortable about having too little control over it, since there were many reports about stolen customers' records (Tolliver-Nigro, 2009, p. 3).

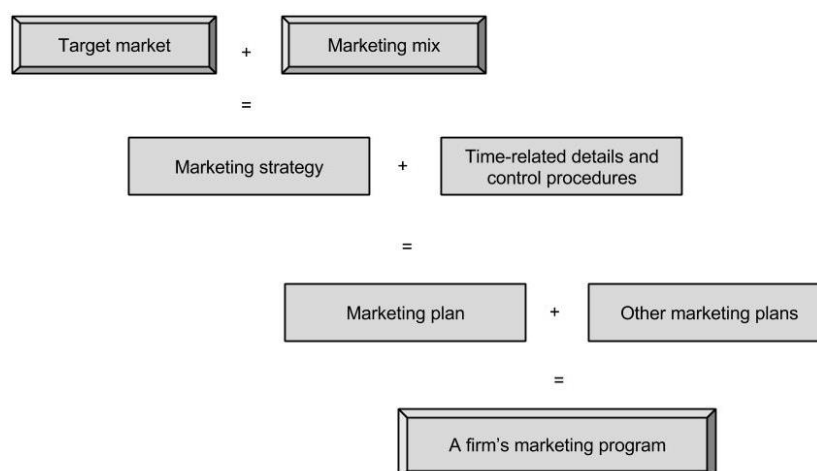
The last, but not so significant disadvantage is that SaaS is not truly on-demand at all, since it requires upfront consulting and specialized customer support services in order to be properly implemented and optimized for the customer (Think strategies, 2008, p. 2).

2 SERVICE MARKETING STRATEGIES

Service marketing has its beginnings in the 1970s also due to Shostack's promotion of service-oriented marketing models and concepts (Grönroos, 2006, p. 317). These early attempts of defining and differentiating service marketing were mainly developed from what had already been known from the goods marketing and can also be referred to as the mainstream approach. But more recent studies try to source findings straight from the services standpoint, or also known as from the service logic (Grönroos, 2006, p. 318). In B2B, even products can be treated by service logic, because customer interfaces fulfil characteristics of services more than those of goods. For example if elements are added such as phone support, websites with most frequently asked questions or instructions on how to use the product, the service logic still provides better guidelines for marketing then the goods logic (Grönroos, 2006, p. 330).

However taking a broader view to services marketing, the following concept of a firm's marketing program can be considered. Marketing strategies include two important parts, namely the target market and marketing mix (McCarthy & Perreault, 1990, p. 36) and in combination with some other elements they all represent a firm's marketing program as you can see in the Figure 3.

Figure 3. Elements of a firm's marketing program



Source: E. J. McCarthy & D. W. Perreault, *Basic Marketing: A managerial Approach*, 1990, p. 36.

As SaaS solutions can be developed to solve problems across many industries as well as to cover specific problem in a specific industry, the target markets will not be discussed in my thesis, however I briefly discuss this issue in the chapter 2.3.3.4 Promotion. The second part – the marketing mix – is an appropriate frame for a good overview of the kind of strategies that can be used by SaaS companies.

2.1 B2B marketing strategies

Another important aspect to consider regarding SaaS marketing is that SaaS services take place in industrial markets. Authors from the 1950s discuss the differences between the industrial and consumer markets that are found in two different sources, apart from some exceptions, some arise out of organization or operational setup and others from the characteristics of the product or service. An example of the first is that the B2B distribution channels are likely to be shorter with fewer middlemen, the media chosen for the promotion and advertising copy are limited to trade and business publications that do not serve mass markets, or that the seller typically goes to the buyer and not vice versa. An example of the second group of differences is that B2B services are marketed with more technical specifications and therefore with more precise descriptions and are subject to greater standardization, as opposed to consumer services, which are often influenced by fashion trends, or that their prices are more limited and vary less than the B2C services (Cassel, Grove, Hankins, Leopold & Lovell, 1954, pp. 154-155).

However, Morris, Pitt, and Honeycutt (2001, pp. 23-25) present the summarized characteristics in three major distinguishing groups. The first characteristic is the nature of service, which in industrial markets is much more complex, bought on a larger scale, and whose relevant properties are typically of technical nature. The service represents a bundle of attributes that cannot be easily replaced due to the specific functionalities they serve to, and that are often accompanied by support services, such as technical support. The marketing challenge is to employ technically skilled sales personnel, to make services clearly understandable, without sugar coating or redundant promotions.

The second characteristic is the nature of the B2B demand derived from the demand of the consumer market. Even though it seems that sales are therefore affected by uncontrolled factors, there is still a lot marketers can do. This is in fact an opportunity for the company to focus marketing activities not only on its buyers, but on all buyers along the channel to the final consumer.

The last distinguishing characteristic is how the customer buys or their buying behaviour. As many people from different departments are involved in the decision making the process often turns into a political buying process. The salesperson's challenge is to learn who the individuals with the strongest decision power are, what the degree of the process's formalization is, and also to be aware that the process can last several months or even

years. Sales personnel need to have strong negotiation skills and invest in a long-term relationship with the buyer.

2.2 Service marketing mix

When creating marketing strategies we keep in mind the four basic marketing elements: product, price, place and promotion or simply put the 4 Ps (McCarthy & Perreault, 1990, p. 37). These were extracted from Borden's 12 elements of the marketing mix of manufacturers that he first referred to as mixing the ingredients in efforts to produce a profitable enterprise (Borden, 1964, p. 7).

However, due to service characteristics some authors suggested additional Ps to the 4Ps method that was subtracted from Borden's list that now forms an extended marketing mix. The suggested additional elements are physical evidence, process, and people (Booms and Bitner in Constantinides, 2006, p. 418). Some authors went further and suggested public opinion and (political) power should be considered referring to it as to megamarketing (Kotler, 1986, p. 120). Lovelock and Wright suggested one more P namely productivity and quality (Lovelock & Wright, 1999, p. 87), since the absence of the aspect of quality was one of the common criticisms when applying the 4Ps to services marketing (Constantinides, 2006, p. 421).

On the other hand some authors believe marketing mix is not missing new elements, but lacks entire aspects, which are the lack of personalization and that the model is too internally oriented. Firstly, regarding lacking personalization, marketers should work more on individual relationships and personalized service. Secondly, regarding the internal orientation, the author believes that competition, trends, and the macro-environment also require significant attention. (Constantinides, 2006, p. 431). Concern has also been voiced about the 4Ps approach not being the most appropriate for industrial markets, as the marketing mix tool is adjusted to mass markets and is mass-oriented, in other words again the issue of lack of personalization, while industrial marketing emphasizes on collaboration, an individual approach, and long-term relationships (Constantinides, 2006, p. 425; Morris, Pitt & Honeycutt, 2001, p. 283).

Accordingly I decided to follow Lovelock's and Wright's 8Ps of services marketing to help explore SaaS marketing strategies, which are: product elements, price, place, promotion, people, physical evidence, process, and productivity and quality (Lovelock & Wright, 1999, p. 87). These also partially cover the exposed missing aspects of the marketing mix approach.

2.3 SaaS marketing strategies

There are no significant differences when discussing the purpose of marketing in general and the purpose of hi-tech marketing. The hi-tech dimension is just another layer added to a service, therefore hi-tech marketing is just a subset of services marketing. Both types of managers seek to increase their market share with higher profits while optimizing their available resources according to the product range, the price, the promotion, and the distribution (Viardot, 2004, p. 23).

The study of Gardner et al. (2000, p. 1074) however showed that hi-tech market characteristics, such as greater degree of turbulence, higher differentiation, higher market growth rate, shorter expected life cycle, more visible future for technology, easier entry into the market, more diverse suppliers, and higher level of consumer involvement in purchase decisions have a significant impact on marketing strategy, resulting in an increased number of sales people and channel intermediaries, more R&D investment, increased importance of product warranties, and a relatively higher price. Further, since SaaS is a strongly intangible service, it requires a slightly more relationship-driven marketing and sales approach (Dunn & Probst, 2003, p. 10).

Each of the following chapters describes a concept that is relevant for SaaS marketing strategies and is presented in structured manner. First I describe the concept and introduce its specifics and characteristics, then I place the SaaS concept in the model just presented, and I close the chapter with a marketing strategy that is suggested for all of the given situations. When possible, an example of a success story is also added at the end. First, let us take a look at different life cycles that come in use when defining SaaS marketing strategies.

2.3.1 Technology adoption life cycle

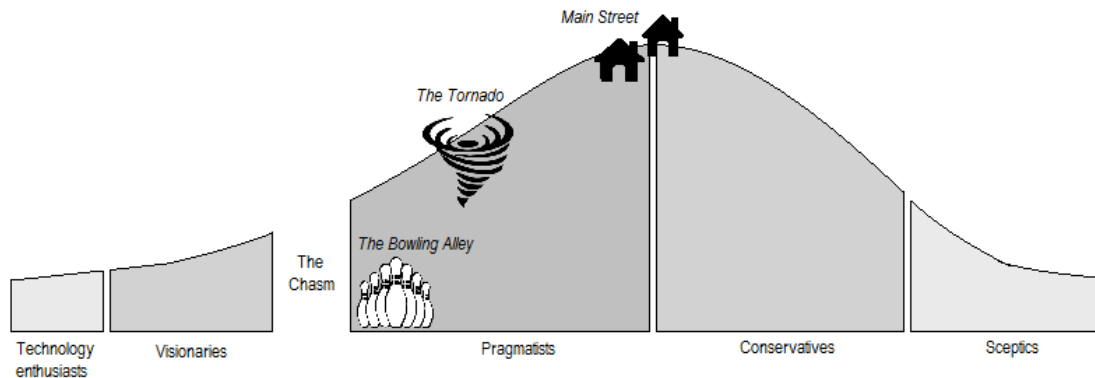
Technical products and services have different adoption speeds than non-technical ones. Moore (in Hutt & Speh, 2010, p. 226) suggests a life cycle of five stages and most appropriate marketing strategies. Here are the five stages with the descriptions (Moore in Hutt & Speh, 2010, p. 224) and the:

- Technology enthusiasts (innovators) – are the gatekeepers to the rest of the technology cycle. Their acceptance of innovation has an important and positive influence on the rest of the organization. In spite of their positive influence, they do not necessarily have access to the resources needed to move an organization toward a large-scale commitment to the new technology.
- Visionaries (early adopters) – have resource control, but are often difficult to serve, because each demands special and unique service modifications.

- Pragmatics (early majority) – provide the pathway to the mainstream market and make the most technology purchases within organizations.
- Conservatives (late majority) – still represent a sizable group of purchasers, but are hesitant to buy hi-tech products or services. They purchase mostly out of not wanting to be left behind.
- Sceptics (laggards) – are critics of hi-tech products and services.

Between the second and the third stage, the adoption of technology slows down. While early adopters have already accepted the service, it still has not found its way to the early majority. This issue is called the chasm, which the company needs to cross in order to enter the mainstream market. Moore (in Hutt & Speh, 2010, p. 226) suggests three marketing strategies in relation to the technology adoption cycle, namely the bowling alley, the tornado, and main street, as shown in Figure 4.

Figure 4. Technology adoption cycle and suggested marketing strategies



Source: Moore in M. D. Hutt & T. W. Speh, *Business to business marketing management*, 2010, p. 226.

The bowling alley strategy is used for crossing the chasm and is about finding a specific solution for a particular business or a niche in the demand side. If we imagine each segment is like a bowling pin, hitting one segment will successfully carry over into the surrounding segments. While this strategy focuses on serving small segments, the tornado strategy is about serving mass markets (Moore in Hutt & Speh, 2010, p. 226). Main street technology is appropriate when supply already exceeds the demand. Moore suggests niche-specific extensions to the basic platform for existing customers, because the basic commodity is not satisfying anymore. Which strategy to choose depends on the industry the SaaS solution is meant for, how complex the solution is, as well how developed the solution already is.

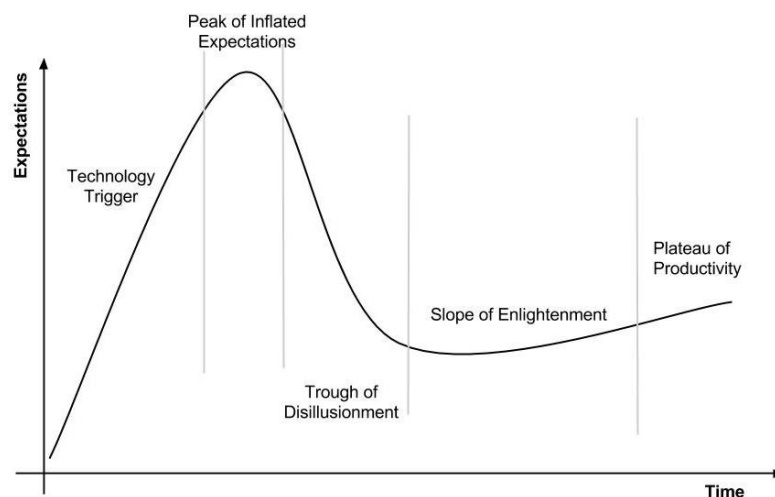
2.3.2 Gartner's hype cycle

A tool to describe the acceptance of hi-tech products and services was developed in 1995 by the research firm Gartner Group. Called the hype curve or cycle, it is used to

characterize the typical progression of an emerging technology to its eventual position in a market or a domain (see Appendix A). To put it differently, the hype curve is designed to help companies decide when they should invest in a technology, as it shows the expectations and visibility in the market in relations to time. In the Figure 5 see the five stages of the hype curve (O’Leary, 2008, p. 242):

- Technology trigger – starts with R&D and laboratory prototypes and is reached when a breakthrough, public demonstration, product launch, or other event generates significant press and industry interest.
- Peak of inflated expectations - at this stage, there is still limited information about the technology, but the first products are available at a high price and much customization needed. Early publicity starts and reports about success stories.
- Trough of disillusionment – because many products and services do not meet high expectations and are difficult to be implemented, interest wanes, investors step back, and only rare supporters believe in success.
- Slope of enlightenment – the second and the third product generations appear, the benefits for organizations become clearer, and the hard work pays off. Yet, only 5% of firms adopt the technology by now.
- Plateau of productivity – the benefits of technology have been fully recognized and the risks have been reduced. The technology starts creating value and is finally accepted.

Figure 5. Gartner’s Hype cycle



Source: U. Banerjee, *Technology Adoption – 2 beliefs you need to undo*, 2012.

According to Gartner's predictions back in 2012, SaaS was somewhere in the middle of the slope of enlightenment, as it was in 2011 (Eto, 2012) (see Appendix A). SaaS is rapidly adopted in enterprises and Gartner predicts that over 50 percent of organizations will have some form of SaaS-based application strategy by 2015 (Gartner in Blaisdell, 2013). In

regards to that I believe we can assume SaaS is moving slowly upwards the slope and close to the peak of the technology adoption curve.

As for the hype cycle and the third phase called the slope of enlightenment, there are some marketing approaches that can be used. At this stage, there may be a call for case studies of how organizations are actually implementing the technology, since the trend for use is becoming clearly established and best practices are becoming accepted. This can help them understand why things went wrong and how it worked, and valuable insights can be gained both for the company as for the customer (Benbasat et al., 1987, p. 370).

2.3.3 SaaS marketing mix

In the next chapters I took a closer look at the specifics of SaaS from the perspective of marketing mix components, defined by Lovelock & Wright (1999, p. 87). These are product elements, price, place, promotion, people, process, productivity and quality, and physical environment. Due to the intangible nature of SaaS some of the elements like physical environment are not so relevant for marketing strategy, as I explain later. Another issue to highlight is the breadth of the marketing theory that of course will not be able to be combined in the next few chapters. I will however only introduce aspects and concepts that are only relevant for SaaS viewpoint.

The next chapters are generally presented in the following manner: first, a short introduction of relevant concepts is listed, second I present the problem that is based on the nature and specifics of SaaS, also called the problem, thirdly I explain the marketing idea in the background, or an approach to solution, also called the solution, and finally I give an example of how different SaaS companies do it in the real world.

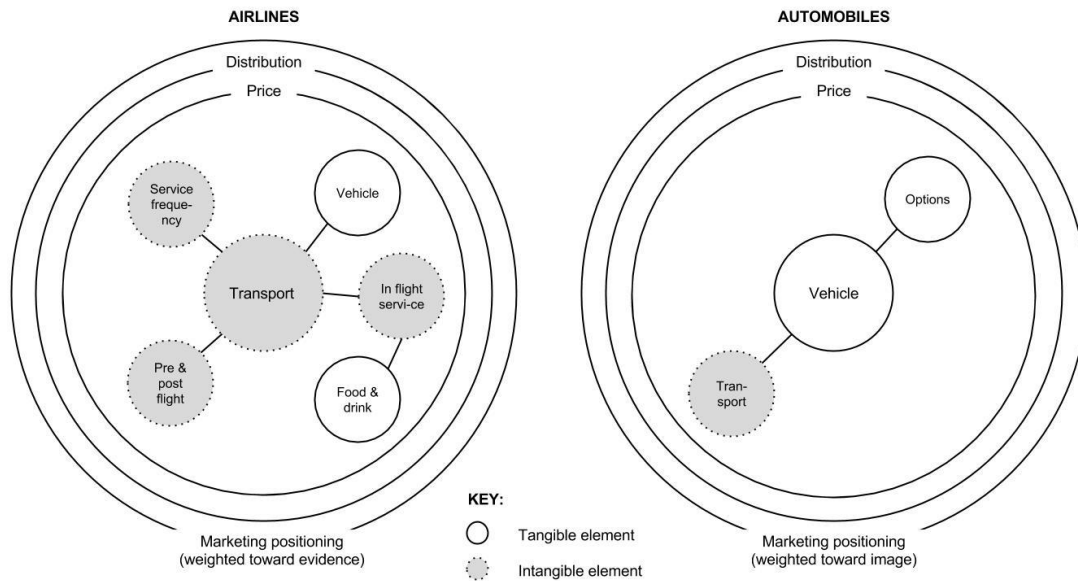
2.3.3.1 Product elements

In this chapter I introduce several concepts that are relevant for building a successful SaaS marketing strategy. These concepts will be discussed: service concept, supplementary services, branding, brand ecosystem, and user-friendly interface.

Shostack (1977, p. 75), the author of a molecular model that is used to define service concept through core and supplementary services and tangible and intangible elements of services, says the more intangible elements a service has in a market entity, the greater the divergence from product marketing will be. In this case a SaaS marketing positioning should be weighted toward “evidence” instead toward “image”. A marketer should make them “real” and more concrete by emphasizing other components of the marketing mix that are relevant to the customer. These should be deliberate actions, not accidental ones (Shostack, 1977, p. 78). One thing that should not be left out are free online trials, where customers can test what are they buying, how easy is it to use, whether it really brings the

benefits they need, etc. (York, 2008, p. 9). In Figure 6 see Shostack's molecular model showing core and supplementary services that can be tangible or intangible.

Figure 6. Shostack's molecular model



Source: G. Shostack, *Breaking free from product marketing*, 1977, p. 77.

Once the core service is defined, a company can offer many supplementary services, which according to Lovelock (in Lovelock & Wirtz, 2007, p. 77) can be divided in two groups. The first group of facilitating services consists of information, order taking, billing, and payment. The second group of enhancing services consists of consultation, hospitality, safekeeping, and exceptions. Not necessarily all of the elements need to be used, it depends a lot on the core service nature. As far as SaaS is concerned it is recommended to direct the majority of supplementary services online, from advertising to billing, including purchase (Giurata, 2013; York, 2008, p. 2). There are not many examples of supplementary services to be found, which is a good starting point to explore in the second part of my thesis.

Another aspect of the product elements component is the brand. Hi-tech marketing can be very challenging due to the complex specifics of SaaS that are not always clear to customers and therefore tend to worry them. They are afraid of something new, see it as a riskier purchase, or are afraid that software would quickly become obsolete. All these reasons slow down and postpone the decision-making (Kulgaeva & Sheresheva, 2013, p. 141; Viardot, 2004, p. 35). Kulgaeva and Sheresheva (2013, p. 142) suggest having a strong brand can effectively avoid this problem, moreover it significantly affects competitiveness. A strong brand is also a good foundation from which to launch new products and improve relationships with channel partners (Ward, Light & Goldstein, 1999, p. 86). Companies can decide to use corporate branding, also referred as to “branded house”, for their SaaS or entirely individual branding also referred as to “house of brands”, with the possible combinations in between (Aaker & Joachimstahler, 2000, p. 9; Devlin,

2003, p. 1046). Cummings recommends that SaaS companies call their main product by the same name as the company and keep it simple, or add a generic term after it like “App”, “Suite”, or “Platform.” Once you are successful, your customers and users will identify you with the company and not the individual product. A good example for that is Salesforce, which uses a combination of a corporate name and an individual one. It combines the name of the platform – Salesforce 1, which is also available for purchase itself, and an individual name of the solution, such as Sales Cloud, Service Cloud, Work.com, Chatter, etc. (Salesforce – Products, 2014)

A step further was already proposed by James Moore (1996, p. 65), who claimed the business ecosystem concept is the recognition that, as in the biological ecosystem, any changes to it affect the system as a whole as a result of existing relationships and interactions between its elements. According to his idea, SaaS company should create a wide spectre of services and offer package solutions and include them into the value added chain (Sheresheva & Kulgaeva, 2013, p. 141). Moreover, some authors suggest creating a "collegial environment," which allows customers to easily interact with them and participate in the improvement of product quality and other processes (Sheresheva & Kulgaeva, 2013, p. 143). For example, Salesforce offers developers all the necessary tools and information they need to develop applications on the Salesforce 1 platform (Developer – Salesforce, 2014).

2.3.3.2 Place

One thing is clear by now, there are no physical channels in SaaS distribution, therefore no brick-and-mortar stores, no searching for an optimal location, no transport issues, but only the internet and a web browser. It sounds perfect, but if there are no location boundaries, that means every similar SaaS solution around the world is your competition, of course not disregarding the cultural specifics or the country regulations, such as regulation of information content (Javalgi & White, 2002, p. 570). In this chapter I discuss the role of trusted advisors and the role of partnering.

There are, however, two other aspects to consider, whether to use intermediaries or middlemen and, if so, at what stage of business and which intermediaries to utilize. Value added resellers (VARs) are definitely not the right channel for SaaS, as many are poorly understood (Botteri et al. 2010, p. 7; Murphy, 2014a), which again arises from mistaking SaaS for traditional software. Instead, SaaS companies must discover their trusted advisors. An example is Xero, which offers an accounting SaaS and does approximately half of its business via channels, such as accounting firms and Certified Public Accountants (accountants in the US). Not only do these trusted advisors obtain a small part of Xero’s revenue, Xero also helps them do more of their core business – accounting. Another example is ServiceNow, an SaaS provider for automation and management of enterprises’ services (ServiceNow – Partners, 2014), and Marketo, provider of SaaS for marketing

automation (Marketo – Partners, 2014). They are both partnered with important companies in their business category, such as business consulting companies or digital agencies, which they also present on their websites. Moreover, ServiceNow even offers a special partner program where partners are entitled to various training modules, development tools, certifications, joint marketing activities, and information in general.

On the other hand the question arises as to what step in the business process to start utilizing the channel and how broad the distribution should be. A SaaS company must first earn some profit in order to negotiate with resellers, otherwise they will not want to sell their product. As for the partnerships, a SaaS company will have to eventually share its unique marketing techniques, which will be impossible if it has not gone through this process itself. To summarize, there is no need to invest in channel partners at too early a stage (York, 2008, p. 10). Channels indeed cost the SaaS company money, but it benefits from expanding the variety of its routes to market. New channels enable a firm to gain new customers; moreover new and different channels can create beneficial horizontal competition among the channels and force them to improve their service portfolios (Homburg, Vollmayr, & Hahn, 2014, p. 42).

2.3.3.3 Price

This is the marketing mix component, where literature has already dived quite deeply and which offers a diverse spectre of discussions. I first introduce possible schemes of SaaS pricing, the importance of free online trials, a concept of *freemium*, dynamic pricing strategies, and finally pricing strategies according to the technology adoption lifecycle.

One of the most common schemes of SaaS pricing is pay-per-use pricing, where the price is set for one unit of use. A unit can be either the number of times the software can be accessed, the number of transactions initiated, or similar. The second pricing concept is “per time period”, which usually gives unlimited access to the software for a week, month, or year (Blokdijk, 2008, p. 18; Rohitratana & Altmann, 2012, p. 1330; Susarla et al., 2009, p. 208). In Totango's recent study of 550 SaaS companies (2012, p.12) it was shown that almost half of SaaS companies use pay-per-use pricing. Entry-level users are charged in average 18.50 EUR per month, whereas high-end users 204.25 EUR per month. By the way, this information also reveals a possible pricing scheme depending on the size of user – whether is it a small or medium sized company (entry-level user) or a huge enterprise (high-end user). There is not however enough data about the study's methodologies to clearly state its credibility, but I believe it gives a good overview of how SaaS companies do their pricing policies.

A free online trial is one of the things that a SaaS company should not leave out under any condition (York, 2008, p. 9). It is about giving customers the option of testing SaaS before the purchase for a limited period of time, for example a week, two weeks, or a month.

According to Totango's (2012, p. 6) study, 44% of SaaS companies offer a free trial, among which 41% offer it for one month, 18% for two weeks, and 4% for a week. However if a SaaS company receives a request to extend the trial, of course it should do so, but in order to prevent this from happening in the future and to convert a free user to paid one, it should find out the reason for extending the trial. Even more importantly, a company should make sure that the user is sufficiently engaged during the trial (Murphy, 2014b).

Together with free trials an interesting and broadly used term has been coined – freemium, portmanteau of “free” and “premium”. It is a popular business model with which a company offers limited SaaS functionalities for free, but for advanced access or more functionalities a user has to pay extra, for one main reason, to generate new users. This model is used by 17% of SaaS companies (Totango, 2012, p. 5), for example Splunk, which offers SaaS for searching, monitoring, and analysing machine-generated big data (Kumar, 2014, p. 28). If a company chooses this model, it should well understand the conversion rate from free users to paid users. Kumar (2014, p. 29), who has examined freemium business models for years now, stresses that apart from having too low a rate of conversion, also too high a rate does not necessarily bring about good results and might be a sign of an unconvincing program. Namely, a 5% conversion rate of 2 million users is a much better outcome than 50% of 100 thousand users. Furthermore a SaaS company should not be misled by a high conversion rate right at the beginning of the business cycle, because early adopters on the technology adoption lifecycle are less price-sensitive.

Also PwC (2013, p. 2), a professional service network, suggests adjusting your pricing strategy according to what stage of technology adoption lifecycle (see Figure 5) the users come from, whether they are leaders, mainstream, or laggards. For leading users the pricing metrics should be defined as perceived by the customers, therefore the pricing strategy is easy to understand, measure, and operationalize. For mainstream users pricing boundaries for usage, features, time, segment, and conversion from trial and freemium should be clearly defined. In this case PwC advises loyalty-based discounts. Finally for laggards pricing should be ad hoc, based on internally-oriented metrics, rather than on customer needs.

Rohitratana and Altmann (2012, p. 3053) discuss four dynamic pricing schemes for SaaS. They discovered demand-driven pricing scheme is by far most efficient. This pricing scheme is market-specific and a SaaS company must clearly identify customer requirements and customers' willingness to pay, which in the real world is highly difficult to do, though it is used by companies Salesforce and Workday (Rohitratana and Altmann, 2012, p. 3042). The next best alternatives are penetration scheme, meaning using low prices to increase market share, and the skimming pricing scheme, which is about setting a high price at the beginning and later gradually lowering it. An example of the first is Google's version of an office suite that is available for free (Rohitratana and Altmann,

2012, p. 3043), while skimming pricing is not really present in the SaaS industry and is more typical for traditional software, for example for the gaming industry (Rohitratana and Altmann, 2012, p. 3044).

Many authors agree that it is not the pricing itself the key to success, but the understanding of what the SaaS's objective is (Bontis and Chung, 2000, p. 247; Lovelock, Wirtz, 2007, p. 126). A SaaS company can follow revenue and profit objectives, such as seeking profit or only covering costs. Others can follow patronage and user-base-related objectives, such as building demand or building user base. This is what the SaaS company should ask itself first before setting a pricing strategy.

2.3.3.4 Promotion

From the marketing theory perspective this is a very diverse and broad component mix with many tools combining the areas of personal communications, advertising, direct sales, public relations, etc. (Lovelock & Wirtz, 2007, p. 165). However, one needs to look farther in order to successfully conduct marketing communication, as I will show in this chapter (Lovelock & Wirtz, 2007, p. 155). In terms of SaaS promotion these are the main concepts that are relevant in order to set successful marketing communication strategy: providing tangible clues, online and offline marketing activities, segmenting the sales approach, word-of-mouth and the role of industry influencers, and relationship marketing.

The first issue or a challenge about SaaS promotion is its intangibility. One of the advertising guidelines for successful market communication is providing tangible clues, so let us first find an answer to this issue (George & Berry, 1981, p. 54). Representatives of small and medium sized companies that are SaaS users have pointed out that the best intangible benefits of SaaS are the following: better and easier access to data and more importantly, better service to their customers, moreover SaaS can even become their selling tool (Sinnett, 2010, p.13). Keeping that in mind, SaaS companies can quickly come up with concrete solutions, meaningful metaphors, and examples of successful SaaS implementation (George & Berry, 1981, p. 54), expressed through informative materials on their websites, such as case studies, webinars (Benbasat et al., 1987, p. 370; York, 2008, p. 3), technical presentations (Viardot, 2004, p. 222) and also newsletters (York, 2008, p. 3). A good example of making intangible service more tangible is also free online trials (York, 2008, p. 3), which I already discussed in the Pricing chapter. Extremely popular and well accepted are professional magazines published by the company itself that have an educational role and can be targeted very precisely (Viardot, 2004, p. 237), for example in Oracle Magazine (Oracle – Oracle Magazine, 2014).

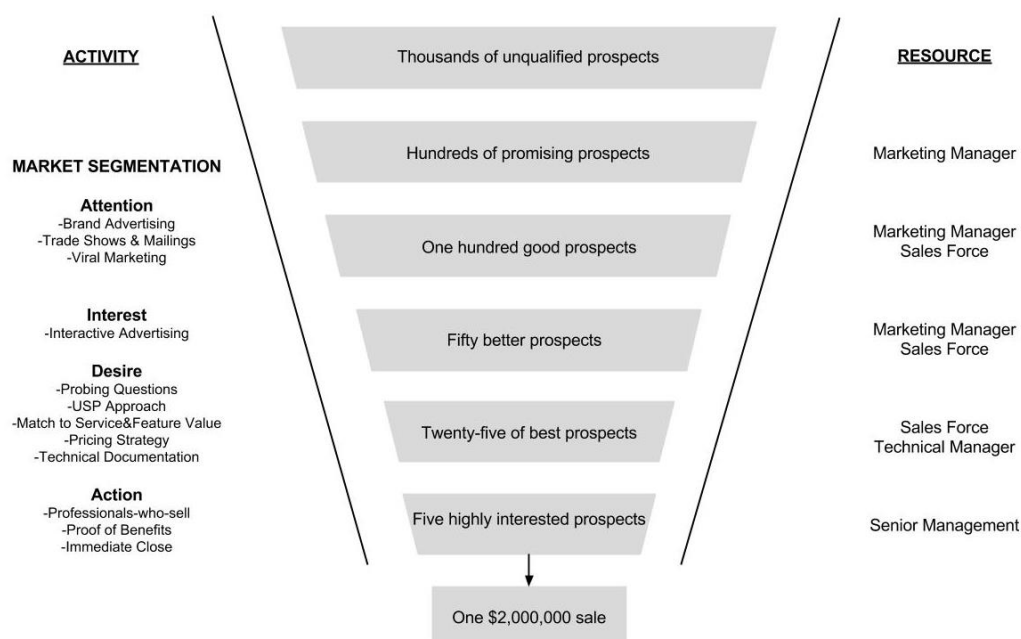
Even though some authors claim all SaaS marketing activities should be directed to the internet (York, 2008, p. 9), where more emphasis can be focused on relationship marketing (Lagrosen, 2005, p. 63), some offline advertising can still be effective. For example, every

year Oracle organizes more than 600 seminars for its 75,000 existing and prospective customers, and has successfully launched it online as well (Viardot, 2004, p. 224). Apart from professional magazines, seminars and conventions are the most appropriate tool for making customers understand the SaaS solution (Viardot, 2004, p. 231), which again is one of the crucial advertising guidelines for market communications (George & Berry, 1981, p. 55). It was claimed that the best tangible benefit of using SaaS was cost savings, whether on hardware and perpetual software licenses or saving on fewer IT employees (Sinnott, 2010, p. 12). This is again an opportunity for SaaS companies to present successful stories of saving users overhead costs, which they will more than clearly understand. For creating awareness, a newsletter is the best tool to utilize (Viardot, 2004, p. 231).

SaaS solutions are developed to solve a certain problem, such as workforce management or sales leads management, and therefore versatile solutions are those which can be sold in various industries. For that reason SaaS companies can make use of segment marketing. For example, they can focus on different industries or types of businesses that have unique requirements, or they can also focus on other differentiating factors, for example such as budget disposability, buying urgency, etc. One of the appropriate marketing tools at this point is adjusting the company's website, so that visitors must first click on a segment they fall into in order to continue browsing. This is how the SaaS company makes sure all information from there on is adjusted to the type of customer, moreover each segment can be approached with a unique selling proposition (Dunn & Probst, 2003, pp. 15-16).

Hand in hand with a segmentation approach, there goes the funnelling approach that utilizes the Attention – Interest – Desire – Action framework (see Figure 7) and is adapted to fit hi-tech services marketing. The first to collect thousands of unqualified prospects are marketing managers who utilize trade shows and mailings to catch their recipients' attention. Together with the sales force they draw interest, where interactive advertising comes in place, starting where the interest starts – online. Oracle for example offers several videos and demonstrations concerning their selling proposition: "Unbreakable. Can't break it, can't break in.", highlighting the database security. At the later stages technical managers and sales force do more personal approach to draw desire and finally, senior managers are the ones who seal the deals (Dunn & Probst, 2003, p. 15).

Figure 7. The funnelling approach for marketing hi-tech services



Source: D. T. Jr. Dunn, & S. C. Probst, *Marketing High Tech Services*, 2003, p. 15.

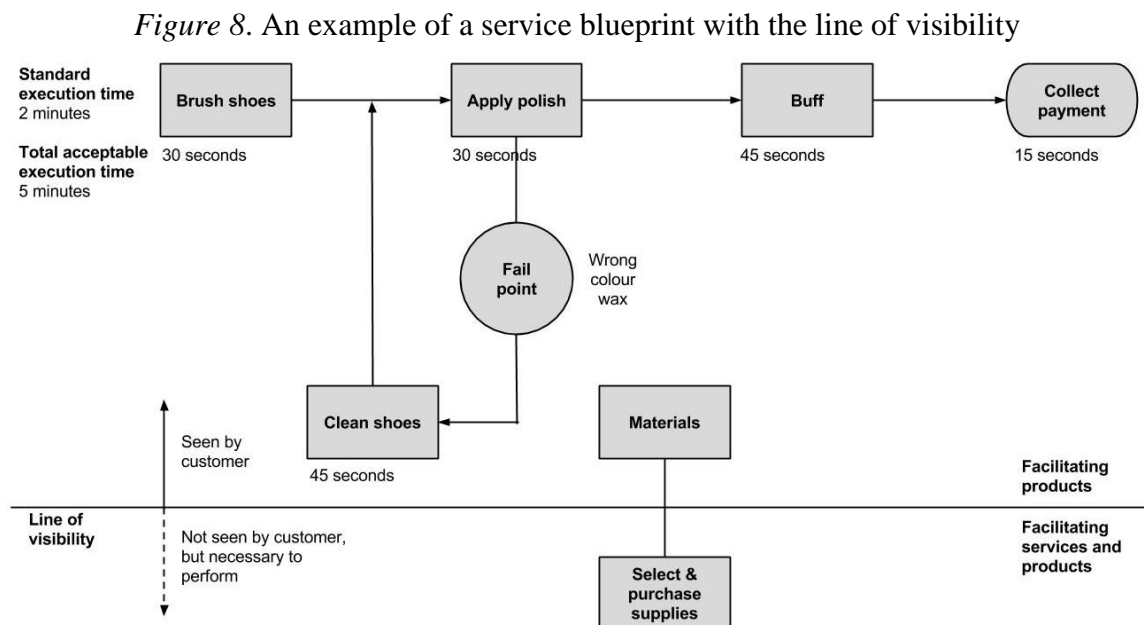
Authors agree on the importance of word-of-mouth in marketing communications (Chen & Xie, 2008, p. 477; George & Berry, 1981, p. 53), which in B2B markets can be expressed with the help of industry influencers (York, 2012) or opinion leaders (Uzunoğlu & Misci Kip, 2014, p. 592). These can be industry experts, press representatives, or analysts, but no matter who they are SaaS companies should go beyond merely telling them the story, but should make them part of their story (York, 2012). Normally these influencers can be discovered in the blogging sphere, where they interpret media information they receive and then pass it to others (Uzunoğlu & Misci Kip, 2014, p. 592). In B2B marketing it also happens that the companies themselves have the role of influencers (Brenner, 2013), or that a company's employees are the influencers and simultaneously represent the company's image, for example Salesforce's influencers (Lauricella, 2013). Apart from many sources from the Internet, there has not been much said about influencers in the SaaS industry or B2B markets in general, which points out the opportunity to study the issue with Slovenian SaaS companies.

2.3.3.5 Process

Products and services of high complexity, such as SaaS, normally also increase the probability of making errors (Marković & Maksimović, 2012, p. 550). Therefore the process of SaaS should be even more worked out – more specifically all the activities need to be identified and links between the activities specified in order to detect errors on time and still enable flawless performance (Shostack, 1984, p. 135). First I will present an example of a just described concept, which is also called developing a blueprint, and

secondly I present a rough example of the SaaS life cycle to show the main elements of the process.

To develop an effective SaaS blueprint a company should consider all the activities, including the ones that are not seen by the consumer, which is the basis to define fail points. An important part of blueprinting is also determining the time-frame (Shostack, 1984, p. 135). A good service blueprint will point out where to find opportunities for tangible evidence, or where employees must be well-trained to interact with customers, or, after all, how to price the service (Shostack, 1984, p. 137). It also encourages creativity, problem solving, and controlled implementation, reduces failures, and improves efficiency of the process (Shostack, 1984, p. 139). Moreover, it shows at what stage customers get involved in the process and at what level they begin participating (Lovelock & Wirtz, 2007, p. 245). Figure 8 shows a service blueprint with the line of visible and invisible activities for the example of shoe polishing.



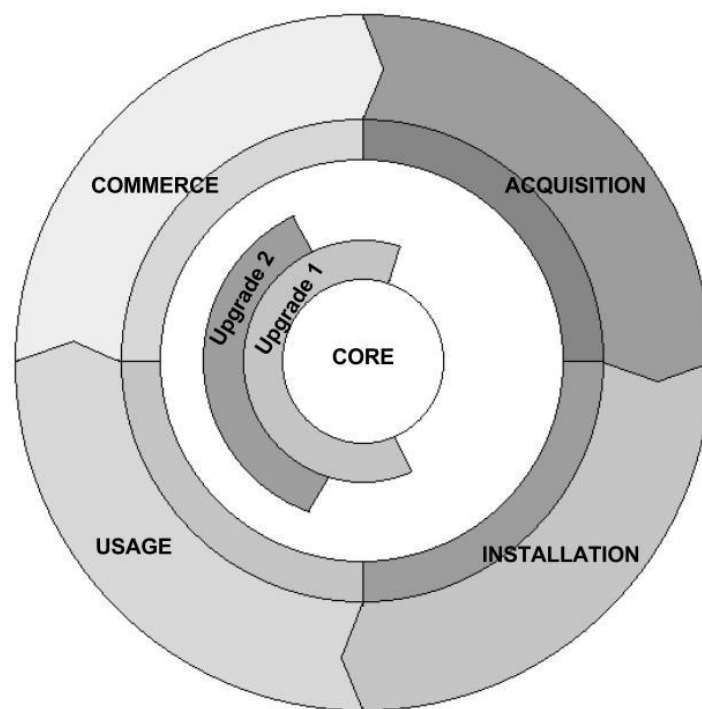
Source: G. Shostack, *Breaking Free from Product Marketing*, 1984, p. 134.

Every product or service evolves through time and has a life cycle of four stages, each of which describes the acceptance of the product or service. The stages are the following: market introduction, market growth, market maturity, and sales decline (Kluyver, 1977, p. 23). In the hi-tech industry life cycles are much shorter and a service or product might quickly become obsolete. The life-cycle concept, however, does not tell marketers how long the cycle will last and it takes a good guess, marketing research, or years of experience to determine it (McCarthy & Perreault, 1990, p. 253). It is also important for managers to understand product externalities, obsolescence, and market growth rates, which are crucial for deciding when to introduce software and keep the service alive (Mehra, Seidmann & Mojumder, 2014, p. 377).

Next, I present a rough SaaS process frame that was suggested by Giurata (2013) from the research firm Catalyst Research, who explains the SaaS life cycle in a bit different way (see Figure 9). He names four stages of the cycle represented in a circle and suggests crucial activities that a company should consider:

- Acquisition – demand generation, trials and demos, purchase
- Installation – set-up, configuration, on boarding
- Usage – trainings, usage metrics, support, community
- Commerce – success metrics, billing, support, updates

Figure 9. SaaS life cycle



Source: P. Giurata, *SaaS Design Principles... in 3 minutes*, 2013.

In the middle of the circle, there is the core application or SaaS solution, which must regularly be updated from the phase of installation onwards. It is the source of a company's revenue.

The acquisition phase starts by generating demand. A company must have available free trials and demos, because all customers expect to see exactly what they are going to use prior to the purchase. The author stresses that all these activities must happen online, including the purchase. Once purchased, the SaaS must be set-up instantly and have minimal configuration. Users should be easily on-boarded without any involvement of the organization. In the third phase it is very important to conduct necessary training modules, which again must be minimal and all online. A SaaS company must also be able to track

and maintain the customer's activities. Support must be incorporated into the software itself. Note that support can often be the biggest source of costs, so it needs to be automated and simplified as much as possible. A SaaS company must also create a community for sharing best practices and issues. The most important activity of the final phase is to determine the right metrics that generate revenue (is it the number of users, the number of transactions?). Once that has been defined, a company can also use outsourced billing system or even support. Finally, a company must enable customers to easily upgrade or add more functions whenever they want (Giurata, 2013). Due to shorter life cycles, which impose many time limits, marketing activities must be more agile and adjusted to efficient time management (Viardot, 2004, p. 23). It does however help if a company has built a strong brand that automatically extends the service's life cycle (Kulgaeva & Sheresheva, 2013, p. 142). It is also recommended to collaborate with the R&D department on a regular basis (Viardot, 2004, p. 23).

2.3.3.6 Physical environment

By physical environment we have in mind the ambient conditions, such as air temperature, scents, music, space, such as equipment, furnishings, and signs and symbols, such as style and décor (Bitner, 1992, p. 60). The only really physical element of SaaS is the device with which the SaaS user accesses the service, and this is completely the user's choice regardless of the SaaS company. Therefore, it is difficult to talk about a traditional environment in SaaS marketing. The only way one can approach all five of the user's senses and give substance to the intangible elements of SaaS is through user interface and conditionally through sales people, if the sales are conducted face to face.

Giurata (2014) from Catalyst Resources suggests a list of directions for creating a friendly SaaS interface, apart from being as easy and quick as possible to learn to use (Salesforce – How is SaaS different, 2014). Giurata (2014) highlights first the importance of SaaS' performance optimization, saying milliseconds matter a lot. Secondly, the SaaS solution must be optimized for smartphones and tablets as well and enable users to benefit from SaaS on the go as efficiently as on the computer. Thirdly, SaaS company should simplify the core work areas where users spend over 80% of their time and provide data visualizations for queries and reporting. Fourthly the SaaS company must measure and monitor customer engagement and receive constant feedback from them. Finally, it should create an experience map of the full SaaS customer life cycle to easily discover gaps and adjust the interface to user's needs.

2.3.3.7 People

SaaS as one of the cloud computing possibilities is more or less standardized, automated, and commoditized service (Briscoe, Keränen, & Parry, 2012, p. 422) falling under low-contact services - it requires little contact with people or even none. York believes many

SaaS companies try to cover their shortcomings with people, which should not be done. For example, they cannot obtain online leads, instead they send employees to a road show, they do not offer an online trial, instead they say “give us a call”, a bug is found in SaaS, they say “contact customer support” and so on (York, 2008, p. 9). Basic functions should be automated, performed smoothly, directed online, and people only added to push sales and service performance over the top (York, 2008, p. 9). However, there are two possible points of contact – when selling and when doing customer support. In this chapter I introduce main characteristics of SaaS sales people and customer support and also customer’s involvement in service, since they are important people’s element in SaaS performance.

Intangible services such as SaaS require more relationship-oriented marketing, which can be very challenging for salespeople with a strong technical background (Dunn & Probststein, 2003, p. 10). This does not tell us that salespeople should not be technically educated, on contrary, if a company just started its business, it is recommended to employ sales people with technical knowledge, which is also called a professionals-who-sell approach to marketing. However, later, as the business grows, sales people should become more marketing-oriented with a sense for customers’ needs (Dunn & Probststein, 2003, p. 13). Professionals-who-sell, namely technical managers, however, are again needed towards the end of sales cycle, when customers require more technical documentation and explanation (Dunn & Probststein, 2003, p. 15).

2.3.3.8 Productivity and quality

Marketing theory offers a quite broad definition of productivity, namely it measures the amount of output produced relative to the amount of input used (Lovelock & Wirtz, 2007, p. 417; Rust & Huang, 2012, p. 48). The input can be materials, technology, staff, and consumers (Johnston & Jones, 2004 in Biege, Lay, Zanker & Schmall 2013, p. 387). SaaS companies should speed up their operations and improve productivity only to the extent where customers’ perception will not be as if they were being pushed through the process (Johnston & Jones, 2004 in Biege et al., 2013, p. 388). Moreover Groengroos and Ojasalo (2004, p. 417) propose to define service productivity as a function of internal efficiency, external efficiency, and capacity efficiency. In other words, the SaaS vendor should focus on the service provider producing the service in isolation (back office), the service provider and the customer producing the service in interactions (service encounter), and the customer producing the service in isolation from the service provider (using the provided infrastructure alone). While the first approach is based on technical specifications and is somewhat out of the scope of this thesis, the second and the third approach were partially already discussed in chapters before this one. The second one can be associated with the “people’s” element, therefore the focus on purchase interaction and customer service interaction, while the third one with the “physical environment” and “promotion”, where I discussed the importance of the user interface and offered training sessions to help

customers successfully adopt a SaaS solution and get the most out of it. In regards to training sessions, Chmielowski (2010) apart from traditional learning sessions suggests agile learning, for example how-to demos, whitepapers, case studies, and optimising content with Google search. Lastly he proposes social learning, where participants learn by interacting with each other, typically through social media and other Web 2.0 platforms.

What about quality? Marketing theory also agrees that productivity and quality should be discussed jointly, due to the positive multiplicative effect that improved productivity has on quality elements, for example improvements in productivity lower the costs, which secures the firm's long-term investments, such as into new services or new features (Lovelock & Wirtz, 2007, pp. 417-418). But more importantly, a SaaS' poor quality is one of the reasons customers discontinue utilizing the SaaS solution (Pring & Lo, 2009 in Benlian, Koufaris & Hess, 2011, p. 86).

Authors agree that customer perception is an important determinant of quality, in other words they compare their perception of a service quality with their expectations (Benlian et al., 2011, p. 87; Parasuraman, Zeithaml & Berry, 1985, pp. 46-47). Their expectations are set on two spectres of the quality of service, which can be measured objectively, such as for example execution time, and on the quality of experience that is measured subjectively, for example the company's reputation (Kritikos et al., 2013, p. 4). One of the oldest and most well-known approaches to measuring service quality is SERVQUAL (Parasuraman et al., 1985, p. 47), which examines 10 generic criteria customers use to evaluate service quality – credibility, security, and access to name just a few. But since SaaS is very much dependant on a complex internal and external web of online infrastructure, data security and service availability have become even more important indicators of quality. As a response to this fact authors Benlian et al. (2011, p. 87) suggest a new adapted model called SaaS-Qual. They discovered that dimensions responsiveness and security are of the greatest importance, apart from the other four dimensions rapport, reliability, flexibility, and features. Responsiveness includes the constant availability and flawless performance of the SaaS, for example through a disaster recovery plan or load balancing, as well as the responsiveness of support staff. While security presents all the tools for prevention, such as regular security audits, usage of encryption, or antivirus technology, from unintentional data breaches or thefts, through losses or intrusions (Benlian et al., 2011, p. 99).

How to prevent failing the customer's expectations and which tools to use? Managers should negotiate contractual uptime guarantees or IT helpdesk or application response time, including penalties and escalation clauses if the performance standards are not achieved (Benlian et al., 2011, p. 120). Another approach is a Service Level Agreement (hereinafter SLA), which is especially useful for dimension security, including clear data protection and backup policies (Benlian et al., 2011, p. 120; Kritikos et al., 2013, p. 4). SLA is a document that defines the performance criteria or quality attributes that a provider guarantees to meet while delivering a service. It typically sets out rewards or penalties as

well (Liang & Atkins, 2013, p. 1103; Paschke & Schnappinger-Gerull, 2006, p. 2). Another element of SLA can also be service-level content – for example targets and time frame; plans for future demand and change management – for example a joint demand forecasting process; communication procedures – for example communication schedules and format; and measurement charters – for example key performance indicator metrics (Benlian et al., 2011, p. 120). Even though warranties are predicted mostly by the consumer products and services (Gardner et al., 2000, p. 1071), they can also be implicated to SaaS services as an approach to service quality. One of the SaaS providers, for example, offers the so-called four nines, meaning the customers will be up 99.99% of the time, in other words in 99.99% of the time no server breakdowns or similar errors would occur (Tolliver-Nigro, 2009, p. 6). Similarly, Amazon's virtual block devices have an advertised annual failure rate of 0.1%–0.5%, meaning up to 1 in 200 will fail annually (Lango, 2014, p. 56).

While writing this final chapter about the services marketing mix, I noticed that the more I was moving towards the end, the more it was clear that the elements were connected and in strong correlation. Many of the examples given in the past chapters could be used in a context of one or another element, which highlights the importance of integrated marketing. However due to the primary characteristics of SaaS, such as flexible payment models and not needing to own any servers, it is very easy to switch between SaaS vendors. Therefore, the quality of SaaS is definitely an element worth keeping an eye on (Benlian et al., 2011, p. 87).

2.3.4 Critical factors of success

In this chapter I examine what factors make a successful SaaS company. This question can, however, be answered also by looking at the problem from the opposite standpoint – what are the main reasons SaaS customers withdraw from the service or to go through the biggest disadvantages of a SaaS solution. First, I list three factors that are most frequently indicated in the literature, and conclude with some that are mentioned only by some authors.

In order to use SaaS it is necessary for the customer to give and store data at a SaaS vendor's or some third party's servers (Baldwin & Cromity, 2012, p. 125; Susarla et al., 2009, p. 206; Tolliver-Nigro, 2009, p. 1), which raises concerns about hacking, data loss from servers, and sharing a server with other customers. Security issues are also one of the main reasons companies quit using SaaS or switch to another vendor (Benlian et al., 2011, p. 86). Other important drawbacks are also data override, legal issues, and unfamiliarity with cloud computing (Baldwin and Cromity, 2012, p.125; McAfee, 2011, p. 22). Baldwin and Cromity point out the core problem is the lack of customer understanding rather than an actual fact, so informing and educating the customer is of greater importance.

Another crucial factor is the online availability of supplementary services, such as billing, purchasing (Giurata, 2013; Solomon, 2013; York, 2008, p. 2), and all marketing activities (Solomon, 2013), more than 80% of US customers search for information about the product prior to purchase (PwC, 2012, p. 4). In addition, these features should be easy and intuitive to execute, moreover the user interface should be designed to enable easy learning and using the SaaS itself (Giurata, 2014).

The next key success factor arises from how the SaaS business model differentiates from traditional software. Traditional software is all about creating an excellent product for the customers, but SaaS solutions are more about the customer support that comes along with the core service. The number of activities regarding customer support might be the distinct factor between one SaaS vendor and its competitor (Solomon, 2013). Low-quality customer support is another of the main reasons customers stop using SaaS solutions (Benlian et al., 2011, p. 86).

Many other decisive factors for successful SaaS business can be found. I already mentioned some of the main reasons customers quit utilizing SaaS solutions, and the last one is unfulfilled technical requirements (Benlian et al., 2011, p. 86). All of the above factors are with respect to customers, but Skok (2012) and Salomon (2013) outline what should be the SaaS vendor's concern internally. One is churn rate and another the so-called 6 Cs of cloud finance. The SaaS vendor should achieve negative churn rate, in other words the number of customers that do not extend their subscription should be lower than the number of new subscribers, or should at least be kept as minimal as possible. Skok (2012) suggests using the up-selling technique, for example to offer more features or upgrades, or cross-selling techniques, such as offering additional products or services. Finally, the SaaS vendor should have clear knowledge about its financial metrics, such as customer lifetime value, customer acquisition cost, churn, committed monthly recurring revenue (CMRR), the CMRR pipeline, and cash flow (Salomon, 2013).

To sum up, the key success factors that SaaS vendors should be focusing on substantially are data security protection, high-quality and regular customer support, and online facilitation of supplementary services.

3 QUALITATIVE RESEARCH OF MARKETING STRATEGIES OF SLOVENIAN SAAS COMPANIES

In the research part of the thesis I present the findings of the research conducted in order to learn about SaaS marketing strategies of Slovenian companies. My initial plan was to include the whole population in the study, and to decide later on the type of methodological approach, depending on how big the population would be. But due to troubles identifying the population units, I decided to choose a qualitative approach quite soon in the research process. The number of potential participants in questions is smaller or

too small for quantitative methods, moreover a qualitative approach makes it easier to explore the problem, due to open-ended questions and an opportunity to find out something that was not initially expected (Flick, 2011, p. 89).

Secondly, as the nature of the topic is very broad and complex, a qualitative approach is more suitable to reaching the goals of my thesis. Qualitative research is also important for many more reasons, firstly because it provides insights and detailed descriptions that are difficult to obtain with quantitative research. Secondly, qualitative research can give actual and memorable examples of best practices, experience, or issues from the industry (Gephart, 2004, p. 455).

In this chapter I explain how the research was conducted, the methodology, and its limitations. At the end, I present the findings of the study, I outline suggestions for how Slovenian companies can improve their strategies, and I give guidelines for future research.

3.1 RESEARCH METHODOLOGY

The qualitative research method used in my thesis is the semi-structured in-depth interview. However, the data can be collected using one or more research approaches, including case studies, interviews, observations, grounded theory, and textual analysis (Gephart, 2004, p. 458). A case study is research that describes a single event or unit of analysis determined by the researcher (Gephart, 2004, p. 458), but in order to get an overview of the Slovenian SaaS companies representing different industries, more than one sampling unit needed to be captured in the research. Secondly, the research problem of my thesis is fairly complex and consists of many different sub-topics that require detailed information about methods and approaches to marketing. An in-depth interview that allows researchers to obtain a more complete picture of what happened and why with many examples and longer explanations seems to be the most appropriate method for my research problem (Boyce & Neale, 2006, p. 3). On the other hand, there are some downsides to this method, such as the fact that collecting and analysing data can be very time-consuming and that the findings cannot be generalized (Boyce & Neale, 2006, p. 4)

Qualitative research is often designed at the same time it is being done and is open to unanticipated events (Van Maanen 1998 in Gephart, 2004, p. 455), which requires some individual judgement, which showed to be true in my research as well. Even though the questions were prepared prior to the interview, additional questions were asked depending on how precise the interviewees' answers were, or in cases where clarification was needed. Moreover, the research problem is quite broad, and it is therefore likely to happen that not all of the participants would clearly understand the questions right away. For this reason a semi-structured interview was more appropriate than the structured one (Bregar, Ograjenšek & Bavdaž, 2005, p. 84).

3.1.1 Data collection and sampling

Data was collected in the summer of 2014. Sampling lasted for about two weeks and also took a bit longer due to summer vacation, when many people are out of the office and are difficult to reach. The criteria at identifying the population units are the following:

- the company is registered in Slovenia and
- it offers a SaaS solution as defined in the first chapters.

During this time I identified the potential participants, where I ran into an obstacle, because a company that offers an SaaS solution does not possess its own code according to the Standard Classification of Activities, wherefore it is impossible to identify all of them in the online Slovenian business directory bizi.si. One can only identify them by simply searching them on the internet. Even though it is recommended for the exploratory research to have a sample of 10 units this was not possible for my research (McCracken, 1988 in Ulaga & Eggert, 2006, p. 121). For all of these reasons the chosen sampling is a purposive non-probability sampling. However, after conducting a very precise search online, my assumption is that most of the population is examined in the research.

The potential interviewees were contacted through the online professional network LinkedIn, through my network of marketing professionals, or simply through publicly available company contact details. At that time they were also informed about the purpose of the research, how the data would be used, and were sent an overview of discussed topics prior to the actual interview. By doing this, a researcher can improve their credibility and give an interviewee the option to prepare for the conversation and consequently improve the quality of the gathered data (Bregar et al., 2005, p. 84).

Finally, the sample consists of 5 participants from 5 different Slovenian companies. The interviews lasted from 15 to 60 minutes, with additional follow-ups via email. Due to some time and distance constraints, one of the interviews was conducted in written form, one via Skype, two phone interviews, and one in person, followed up by a written portion as well. One of them was also much shorter, and only some of the most relevant questions were asked, due to specific requirements from the interviewee. All the interviews conducted by the phone or online were recorded after receiving the participants' consent and later transcribed. The language of the interviews is Slovenian, however all the conversations are translated in English (see Appendix C).

The companies come from different industries and are of different sizes. Some of the companies' representatives wished to preserve their anonymity; therefore their names are coded. In Table 2 find more specifics about the sample characteristics.

Table 2. Overview of the sampling characteristics

Company	Company A	Company B	Company C	Company D	Company E
About the company	Founded in 1996 Employees: 11-50 Industry: accounting	Founded in 2008 Employees: 130 Industry: advertising	Founded in 2008 Employees: 51-200 Industry: information and communication (hereinafter ICT)	Founded in 1987 Employees: 250 Industry: accounting	Founded in 1997 Employees: 100 Industry: accounting
Type of SaaS solution	Accounting solution	Advertising solution	ICT solution	Accounting and CRM solution	Accounting Solution
Specifics of the SaaS solution	Based on artificial intelligence	Display advertising	Service platform and hardware	/	/
About the interviewee	Product manager, 2 years in the company	Chief product manager, 8 years in the company, 15 years in the industry	Channel partner manager, 4 years in the company, 11 years in the industry	Marketing manager, 16 years in the company, 20 years in the industry	Head of marketing, 7 years in the company, 10 in the industry
About the interview	Written interview, conducted by email	Conducted by Skype, lasted an hour, followed-up by email	Conducted in person, lasted 45 minutes, followed-up by email	Phone interview, lasted 15 minutes	Phone interview, lasted 30 minutes, followed-up by email

3.1.2 Data analysis

There are two possible approaches to quantitative analysis; firstly a deductive approach, where you make use of existing theory to formulate your research questions and objectives, as opposed to an inductive approach, where the data is gathered prior to research to see which issues to follow-up and concentrate on (Saunders, Lewis & Thornhill, 2009, p. 498).

As the inductive approach is considered difficult to structure and to formalize and is for this cause recommended for experienced researchers, I stick to deductive perspective to analysis. For this matter I develop a set of research questions and objectives from the theoretical findings in the first part of my thesis.

Data collected by the qualitative research tools require a different analytical approach mainly due to its non-standardized and complex nature, in other words analysis must be conducted through conceptualization. There are three main types of processes that can be used (Saunders et al., 2009, p. 482):

- Summarizing or condensing the meanings,
- Categorizing or grouping the meanings and
- Structuring or ordering the meanings using narrative.

Especially for in-depth interviews the third type of process is recommended, as well as to support the analysis with interviewees' quotes and examples of their experience (Saunders et al., 2009, p. 497). However to start with and get an overall impression of the answers I as well use the techniques of the first two types. In preparation for the analysis I go through the answers given in a written or audio form and understand every topic discussed, or else a follow-up is needed. Secondly, I write down the recorded interviews and translate the answers to English. In some instances, it was difficult to keep similar wording while translating, so additional words or expressions needed to be added, however the meaning has not changed. From there on I follow the two-stage approach that first supposes a within-case analysis, where one interviewee is the subject of analysis and, the second a cross-case analysis, in which I compare the similarities and differences between all interview participants (Miles, Huberman, Saldaña, 2013, p. 288). The first stage allows me to find an answer to a certain question in other answers given throughout the interview, not only where an interviewee was specifically asked to answer it. In other words I analyse the interview as a whole and not solely answer by answer, and easily detect an outstanding or the most frequent answers. Meanwhile, the second stage allows me to discover any kinds of patterns or the fact that they can be merged in some sort of groups.

3.2 RESEARCH QUESTIONS

With my study I try to reach the following goals:

- to find out the current marketing strategies of Slovenian SaaS companies,
- to give a critical assessment after comparing them to the theoretical findings,
- to identify the overlapping points of strategy and the gaps in strategies,
- to recommend to Slovenian companies where to direct their strategies, what they are missing and point out future opportunities for them.

In order to more easily follow and explore SaaS marketing strategies I divided my research questions into groups with many detailed sub-questions. The purpose of going so far into detail is that it later it is easier to outline the gaps between the theoretical findings and the practical ones. As one of the goals is also to advise Slovenian SaaS companies through giving recommendations about their marketing strategy, I can do this better when I define more specific gaps. This is the overview of the research questions:

- Introduction to SaaS – What kind of services do Slovenian SaaS companies offer? Which industry do they represent and to which industries do they serve? In which part of Gartner's Hype Cycle is SaaS in at the moment in Slovenia according to the opinion of Slovenian SaaS companies?
- Product – Which is the core service and what supplementary services do they have? How do they prove the service's tangibility and show their customers the actual benefits of SaaS? Of what importance is the brand name?
- Place – Which channels do Slovenian SaaS companies use, if any at all, to distribute their service?
- Price – What is their pricing policy? What factors influence their decision on specific pricing policy?
- Promotion – How do Slovenian SaaS companies conduct marketing promotion, including marketing communications, PR, sales? On which target groups do they focus? How important is word of mouth in their opinion and do they take advantage of it? Are they aware of any opinion leaders in the industry? What is their role?
- People – On what occasions do Slovenian SaaS companies interact with customers? Who are the employees in contact with? What is the involvement, if at all, of customers in the SaaS process?
- Process – Are there any potential pitfalls in the SaaS process, including in the sales process? Where can it potentially go wrong and how do Slovenian SaaS companies avoid these pitfalls.
- Productivity and quality – How do Slovenian companies measure service productivity? Do they measure it for the customer as well? What metrics do they utilize? How do they determine the quality of their SaaS solutions?
- Critical factors of success – What are three most important factors that determine success of a SaaS company? Do these factors depend on the industry of where the SaaS solution is offered?

This is also how the analysis of interviews will be structured. For more about the interview questions and the objectives see the interview guide in Appendix B.

3.3 LIMITATIONS

When sampling the right companies for research I was confronted with an identification problem, as mentioned in the 3.1.1 chapter. Therefore only a small number of companies were interviewed. Even though I can assume most of the population was examined in the research, the research results should not be generalized to a broader population, moreover, the sampling is non-probability, which does not allow for generalization of results either.

Due to time and location constraints, not all of the interviews were conducted in the same way, and one of them was also shorter. However, all of them had an opportunity to be followed-up and asked more in depth questions, when clearer explanation was needed.

Due to the specifics of the topic, namely SaaS marketing strategies, many companies did not want to participate and share their strategies, which caused the number of interviewees to become even smaller.

3.4 MARKETING STRATEGIES OF SLOVENIAN SAAS COMPANIES AND THE ANALYSIS OF THE RESEARCH FINDINGS

In this chapter I answer the questions that were set at the beginning of the research part of my thesis. First I analyse the results of the interviews and then through brief comparison of current marketing strategies I define overlaps and gaps between the theoretical findings and the findings in the survey of Slovenian SaaS companies. According to this I give recommendations – if needed – to improve or refine their SaaS marketing strategies.

3.4.1 Technology adoption life cycle and Gartner's Hype cycle

To fully understand what kind of marketing strategies Slovenian SaaS companies choose lets first take a look where in **Gartner's Hype cycle** their SaaS technology can be found and to what extent Slovenian customers have accepted it. Two of the interviewees say their SaaS is currently in the peak of inflated expectations phase, on the other hand two of them say they belong to plateau of productivity, or in the middle of the slope of enlightenment and the last phase plateau of productivity. As for the **technology adoption** phases, most of them claim their customers are early majority or the pragmatics, while one believes they might still be one phase behind, therefore early adopters.

As found in the theoretical part, SaaS customers are pragmatics, or the ones who provide the pathway to the mainstream market and make the most technology purchases in the organizations, and the Slovenian SaaS companies almost fully agree with this. There are, however, some deviations in defining where SaaS technology falls in the Hype cycle, as it was discovered that it is on the slope of enlightenment. One reason might be that in the

case of Slovenia companies assume it is not as accepted among organizations as it is in an international environment. For more understanding I would need to dig deeper in this topic, but the interviewees were only asked to choose the stage. Anyway, at this point I can recommend that companies focus on the “The Bowling Alley” strategy, which is about finding a specific solution for a particular business or a niche in the demand side. If imagining each segment is like a bowling pin, hitting one segment successfully will carry over into surrounding segments (Hutt & Speh, 2010, p. 226). In addition, at this stage customers might not have enough information to understand how the solution works and thus might be somewhat untrusting, so SaaS companies should prepare informative material, such as case studies to simulate successful implementations of their solutions.

3.4.2 Product elements

Once core services are understood I enquire about their **supplementary services**. According to their answers supplementary services can be divided into three groups: client or technical services, services across the vertical market, and information services. Under the first group of technical services or technical support fall the call centres, or email support, in case an error or an interruption occurs in the software itself. In the second group that is offering services that are not directly linked to company’s business domain, but are normally produced by another company along the industry supply chain. Company B, for example, offers apart from its core service – the display advertising also creative services that are typically produced by an advertising agency:

“If a client does not want to do creative production on its own, we also produce ads for them – straight from an idea to the realization of an idea.” (Interviewee B).

The second example is given by company D, that apart from offering an accounting SaaS, it also offers performance of smaller tasks that would typically be in the domain of the hiring company itself:

“One of the offers is also complete service of wage billing, meaning we insert the data, do calculations, print everything out, including prepare envelopes, so all activities related to this matter.” (Interviewee D)

Under the third group fall all the services that inform about certain areas of interest, such as current news in the industry, for example in the accounting industry changes in legislation are the ones that are important, new trends in the industry, but also information that is connected to educating end users on the correct usage of the SaaS solution. Company E organizes large-scale events, where they cover all the listed topics:

“We also organize a large-scale annual conference, with which we cover all modules, all recent news and business trends, all current legislative issues and changes to educate our users.” (Interviewee E)

Moreover some companies give additional information about the current state of a customer’s business activities. They prepare the analysis and consult on how to improve current situation, or as explained by interviewee D they offer:

“[...] support services, namely pre-order analysis and consulting, simulation of results after our solution’s implementation. Of course all these activities are in line with clients’ objectives.” (Interviewee D)

Comparing empirical findings to theory we can see that according to Lovelock and Wirtz, (2007, p. 77) supplementary services are only divided into two groups – facilitating services and enhancing services – not into three. While information services could be placed in the facilitating group, and customer support services could fall under enhancing group of services, services across the vertical market cannot be placed into any of these groups. Offering a wide spectre of services that would normally be delivered by another company in the market is also what Sheresheva and Kulgaeva (2013, p. 141) suggest, because it gives clients the whole service package all in one place. This means for example less worrying about data sharing and a lower transaction cost, and it moreover tightens competition across the vertical supply chain.

Slovenian SaaS companies use different approaches to make their services more tangible and real for their customers. Two interviewees explain that the **tangibility of their services** comes from the specifics of the industry they are in. For example, in the advertising industry you need to understand how agencies allocate their budgets and accordingly try to get the most from placing your brand within the ecosystem, as interviewee B explains. Another two companies say it is important that you translate your services’ advantages into other type of business advantages, for example:

“[...] we give calculations of where they can save, for example savings on time, or financial savings.” (Interviewee A)

Marketers can also explain the tangibility of a SaaS by comparing it to the competitors’ service:

“It is very important which functionalities you enable, what values you bring to the client’s table, all in all which things you are better at than your competitor and how this reflects on the client’s business.” (Interviewee B)

Finally a company can explain the benefits by comparing it to some completely other sphere, for example:

“It is like comparing a car purchase to a car rental. It is the same with computers, servers, software, advanced telecommunications. One option is to buy these things, but in that case maintenance or replacing it if something brakes is not included. Another option is to rent the entire IT process.” (Interviewee C).

At this point of the interview, another two companies noted the importance of **recommendations**, which are the most tangible argument for the customers. After asking if they got recommended often, they explain:

“Yes, we do and indeed the word of mouth is quite important. Our clients have very good experience with us and we do have quite a good reputation.” (Interviewee B) and

“[...] we discovered in our research that another very important factor is recommendations, for example from other companies, partners, or users themselves. [...] this can outweigh the rest of the advantages and the pricing policy [...].” (Interviewee E)

This is another good example of how Slovenian SaaS companies approach marketing after comparing the results to theoretical findings. Because SaaS is a more intangible service than tangible, marketing should be weighted towards “evidence” than towards “image” (Shostack, 1977, p. 78), and the best tangible benefit to be claimed is cost saving (Sinnott, 2010, p. 12). While SaaS companies in accounting and ICT industries can utilize the cost-saving proof, a display advertising company can define its benefits in number of ad views, impressions about the ad, or even in revenue increase. All in all, the customer needs to understand how the provider’s solution reflects on its business, so I suggest that Slovenian SaaS companies prepare reports in numbers and in pictures that provide proof that their solution really works.

3.4.3 Place

Most of the companies do have **resellers** for their services, however they might not be considered as typical resellers that we know from the software industry. They are referred to as channel partners or networks of resellers by the interviewees A and C. Interviewee B stresses the so-called partner collaboration, also between the key players in the industry. Another example of a sales channel is to sell your service as part of the bigger package that reseller is offering, for instance these two possibilities:

“We have sell-side partners (big journalistic companies), as mentioned before, they could also be defined as our resellers, as they sell our service to the agencies. We also collaborate a lot with key players in this industry. Sometimes we recommend some company, another time others recommend us, we could call it partner collaboration.” (Interviewee B)

“One of the biggest Slovenian telecommunications companies offers so-called office in a cloud as a whole package, and our product is a part of this package.” (Interviewee E)

Slovenian SaaS companies are well aware of the possible channels they have for distributing their services. An example of Xero, an accounting SaaS shows it is recommended to search for resellers among the vertical industry, such as agencies and certified accountants, and not only for traditional resellers, whose role is simply to sell companies' services. In that case vertical partners will not only be paid to distribute services, but will also be rewarded with having more of their core business (Xero, 2007). In that place it is recommended to form a partner network (Marketo – Partners, 2014) or partner collaboration, as mentioned by interviewee B. Partnership can include joint marketing activities, information sharing, as well as other perks from each side of the partnership that can be defined.

3.4.4 Price

Regarding the **pricing scheme** Slovenian SaaS companies utilize, almost all of them claim to charge on a monthly basis, while the company from the advertising industry charges per transaction. They all explain that the reason is to be found within the specifics of their industry, in other words because it is “[...] *convenient for the industry*,” as interviewee B adds. Another reason as seen by interviewee C is:

“The purpose of this model is that everything is transparent, so the customer knows exactly what the package includes.” (Interviewee C)

Two interviewees also stress out that prices are the same for all customers, regardless of their size or their role in the industry, “[...] *however the flexibility and adjustability of the product make it possible to satisfy special requests as well.*”, explains interviewee A.

Enabling customers to test their SaaS solution prior to purchase is definitely necessary. All of the interviewed Slovenian companies offer a demo version or a trial version for their customers to experience SaaS solutions first-hand. One company even offers a free trial for an extended period of time as a warranty that what they are using is really what they need:

“We have formed a special group of users – beginners that receive certain additional benefits. As a warranty we offer a longer period of free usage for them not to feel bound to it and to give them enough time to decide whether they need our service at all and whether it meets their expectations.” (Interviewee A)

Slovenian SaaS companies all form their pricing strategies regarding to the specifics of the industries they work in, which is of course the obvious strategy. However as mentioned in

the first part of my thesis, the key to success is understanding what the objective of the SaaS is (Bontis & Chung, 2000, p. 247), therefore if SaaS companies want to increase market share, they should set lower prices but charge extra for additional services.

3.4.5 Promotion

Slovenian SaaS companies promote their services through typical B2B channels regardless of what industry they are in, and they could be divided into four groups - attendance at events, creating content, online promotion, and other channels. All of the interviewees pointed out the first and probably the most important channel, which is attendance at industry events, such as conferences, seminars, and trade fairs, whether to promote their services or to sponsor the event or also to attend as a speaker. The interviewees also explain that events are the most appropriate channel for direct sales, for acquiring new partners or customers, and last but not least to network with other attendees. Events are an excellent opportunity to meet in person with the decision makers, so the companies should know when and who to approach. For example in the advertising industry, as discussed with interviewee B, *“There are some major events that last for several days and the most important decision makers are present there only on some of the days.”* The second often-stated channel of promotion is creating relevant content, by which companies can become better known within the industry or gain a better reputation for it. Companies B and E create and publish:

“We also publish professional articles that are not so much about advertising itself, but more about adding value or information sharing, or PR.” (Interviewee E)

“We can call many things marketing promotion nowadays, [...] I mean all the professional articles that we write, or other content that we generate. We have a team that for example generates research studies or some knowledgeable content that can be analysed out of the data we have. For example, what worked well that we did, what didn't work so well, and so on.” (Interviewee B)

Online promotion is another way of **marketing promotion**. Four of those interviewed explain that they advertise their services on the web, mostly on various web portals, where audience specialized in their industry gather, this especially goes for an accounting industry, but also LinkedIn – social network for professionals of all kinds. Additionally they utilize search engine optimization. Its decision in favour of online promotion summarizes well interviewee E by saying, *“If a customer is searching for a solution, this is probably the first place where it will look for information and your company needs to be there, at least to offer contact information.”* On the other hand company B does not do any online promotion, grounding its statement with *“Our industry (advertising) is relatively small, and the key players are more or less known, thus it is much easier to reach key advertisers in person.”*

In the fourth group are placed less frequently mentioned but still relevant channels, such as promotion on TV, radio, and in print media, but also relying on your partners' promotional channels or the co-use of their channels as stated from interviewee E. Last but not least, interviewee C points out a successful use of radio promotion: *"For building a brand name, the most successful media was radio."*

So far all the interviewees already mentioned the importance of word of mouth or of being recommended by an existing customer or another company. When asked about **opinion leadership**, interviewees refer to it in three different ways – opinion leaders as a company they represent, as an individual inside the company they represent, or a group of people or individual outside the company. Interviewee B in particular believes that the company he represents is a thought leader, in the display advertising industry, moreover he talks about it in a broader context – as *"thought leader positioning"* in the market that at the same time works as a promotion tool through creating relevant content, as already mentioned in the promotion paragraph. Secondly, a thought leader can be one of the individuals in the company who is not only expert in their field of expertise, but also in a broader political and economic area, such as:

"[...] our CEO appears quite often in the media, on events, seminars, conferences, etc., and has become quite representative and known, but more for the software industry and specialization. He not only represents our company, but is also known in the area of economy and politics, he really has become quite popular and wanted among Slovenian TV stations." (Interviewee E)

Thirdly, opinion leaders can as well be found outside the company. Interviewees A and E say in the accounting industry that many accounting experts or advisors whom address are mostly found on various online portals:

"But if I look for a person that has a stronger opinion and is more specialized in one specific area of interest, for example in tax consulting, or import accounting, or let us say production or business analytics, in this case we rely on them to refer us." (Interviewee E)

Interviewee C believes opinion leaders in their industry of information and communications are *"[...] the bloggers and technically oriented media that can position our product in the market."* Last but not least, interviewee E stresses that opinion leaders in the accounting industry are their competitor companies.

So far almost all of the interviewees mentioned the importance of recommendations, also referred to as word of mouth, but in three different contexts: some say word of mouth is used for promotion, some to explain the tangibility of their services, and some in the context of opinion leadership. This shows what a broad influence it can have and how

intertwined with other elements of marketing it can be. One final thought about word of mouth even refers to sales:

“Word of mouth is very important, because it generates greater trust as the sole method of advertising. Good practice and satisfied users are our best “salesmen”.” (Interviewee A)

Well aware of their promotion channels, Slovenian SaaS companies match their promotion strategies to those discovered in the theoretical part. However, there are some more ideas that can be applied to their strategies. In addition to content generation as one of the groups of activities, Slovenian SaaS companies could publish a professional magazine, which turned out to be extremely popular and well accepted (Viardot, 2004, p. 237). The magazine could be published online, so customers could subscribe to it and access it from their own devices, or could be published in a printed version and be therefore more appropriate for distribution on events. The content can consist of success stories, case studies, industry trends, news about your SaaS solution updates, or an article from an opinion leader in the industry, to only name a few suggestions. At this point companies can also adjust their marketing communication according to some differentiating factors, such as budget disposability or industry the customer comes from, and ultimately approach them with a unique selling proposition (Dunn & Probst, 2003, pp. 15-16).

3.4.6 People

Unanimously the interviewees believe no sales can be conducted without a **personal interaction** between the customer and the salesperson. Why so? This way it is the easiest to get all the information from the customer:

“At this occasion we need to collect more information about the customer’s company, what their branch of activity is, whether they have their own accounting department, if they are an agency or if they use cash registers, how many business branches they have, and so on. After the information is gathered, we can schedule a meeting, prepare a presentation, and gather even more details for the offer.” (Interviewee E).

Another reason in favour of personal interaction is that it is the easiest way to communicate SaaS’ advantages:

“The purpose of the call is to communicate all the advantages of our solution and to inform the customer. But the easiest way to do this is to do it in person, which is why in the last phase of the sales cycle we schedule a meeting, where we are able to present our solution in detail and agree on collaboration.” (Interviewee A).

All that being said, personal interaction can after all help closing deals:

“If there is no personal interaction, the percentage of closed deals is drastically smaller. It is the trust that counts and you can only gain it through personal contact.” (Interviewee C).

Four of the interviewees say the salesman is the regular contact for the customer, and additional people from different department, such as technical employees, are included when necessary. One of the interviewees says that the product manager, apart from salesmen, is the one who has bigger role in sales, therefore all the meetings and presentations are in their domain.

The process of sales can vary a lot due to several factors, such as whether the company is being recommended or not, if the customer is contacting the company by itself or is being contacted by the company, and thus it can go through very fast, or last longer, even more than a year. While discussing what might be the potential pitfalls during the sales process, there is no one single opinion, however it seems that the solution for all is good and open communication, as shown by the following examples:

“In order to address our customers properly, we need to know the problems they are facing and offer them an adequate solution. This is most noticeable at the point of first contact and later during presentation in person. The key moment is also at the beginning when the customer starts using our solution and many questions suddenly arise, thus it is extremely important that we are available and responsive for help.” (Interviewee A)

“Until the customer has signed the contract, the deal still might be cancelled and is not definitive. To avoid problems we maintain constant communication with the customer, it is important for the customer to have all the information, and for us to provide it, or include additional people who have the information.” (Interviewee E).

“It might, for example, go wrong if the client finds our salesperson unlikable.” (Interviewee B)

In regards to **customer support** all the interviewed Slovenian SaaS companies offer immediate correction of errors or bugs that appear in the software. Most of them also enable 24/7 client support if so arranged with the clients. Some even define the exact time frame in which they reply to customers, or their so-called response rate, for example:

“Response time depends on the client and what kind of response rate we agreed on. However, our average technical response time is about 6 hours. Classical support system response time is about 4 hours.” (Interviewee B).

When discussing the customer’s involvement with the service or the **customer’s co-creation of the service**, most of them point out that they regularly take into account their suggestions for improvements and also about their customer experience. Another example

of the customer's involvement is involvement in the actual service, without any other party involved or so-called self-service, as seen on the following two explanations:

"[...] some customers of ours are also companies themselves, such as more traditional journalist companies, or big gaming companies. These are the direct users. They use the so-called self-service platform. In fact, more than 90% of our campaigns are self-serviced." (Interviewee B)

"[...] if we take a look at wage billing, 99% of the experience is fixed, due to specifics of the accounting industry. But if we take a look at security and data control, then it depends on the client's situation. If the client requests a more customized solution, the percentage of co-creation is of course higher. They claim which areas SaaS should cover and what kind of functionalities it should have. Or they inform us about the problems they wish to solve and we prepare a 100%-customized solution only for one customer." (Interviewee D)

On the other hand, clients need to be qualified to use the service properly and to use all of its features to its fullest. Only interviewee C says that no training is needed, because *"There is no difficulty in using it (the SaaS solution). [...] all in all this does not cause any problems for our customers."* The rest of the interviewed organize series of training sessions or educational material that are included in the service charge free. Regardless of how advanced and user-friendly the SaaS is, some training may anyway be needed, as explained by interviewee A:

"Our service is highly user friendly, in part thanks to artificial intelligence or in other words a virtual robot, which is actually a user interface that understands instructions in a natural language and manages the application. Anyhow, training and schooling are conducted to qualify users on how to deal with the service." (Interviewee A)

Three main channels are used for this. Firstly, they organize training at the client's offices. Secondly they organize training in their own offices or:

"[...] it all depends on the client's preferences, however we have our own educational centre with actual classrooms, where we welcome customers. We also have a so-called mobile classroom that can be relocated to the client's location or wherever they wish us to." (Interviewee D)

Lastly, there is online education, including webinars, videos, and online instruction of other kinds, as explained by interviewee E:

"For example some prefer to do all the training on their own, without our assistance. Therefore we have prepared a learning portal with all sorts of instructions in writing and

videos. [...] The customer accesses step-by-step written instructions or video instructions, where they can see exactly where to click to execute the task.” (Interviewee E)

Company D went a step further and included testing of the customer’s knowledge:

“We also offer an e-learning system, where all the training material is uploaded and client can access it via the internet. At the end, the client must pass a test that includes an overview of the most important topics for using our product at its best.” (Interviewee D)

The fact that most of the companies have their own departments or systems that deal with customer training, which is noticeable from how they refer to them – a client enablement team (interviewee B), educational centre and mobile classrooms (interviewee D), and educational academy (interviewee E) – shows that this is an important part of their service.

In the theoretical part it was discovered that SaaS is a low-contact service, in other words it requires little contact with people or none whatsoever. According to York (2008, p. 9) it should stay like this, functionalities should be automated and directed online, especially supplementary services, however the survey results showed it is not so. Slovenian SaaS companies believe personal interaction with customers is absolutely necessary, moreover the sooner it happens the better it is. Even from the training perspective, some prefer to be trained in person, not via online videos.

3.4.7 Productivity and quality

Productivity of the service is understood differently among the interviewees, most probably because they work in different industries. Company E, offering the accounting solution, and Company C, offering an ICT solution, claim not to measure any specific metrics but the up-time rate, as explained by interviewee C. The second company from an accounting industry does measure the conversion rate between the number of customers who subscribe to the free trial and the number of customers who become users. They do not track any metrics for the customer, but do however *“[...] track their satisfaction, solve issues, and at the same time ask for their reports on savings.”* From this statement it is clear that they encourage their customers to track savings, which is a good tool to show the tangible results of the service, as already stated by interviewee A at the beginning of this chapter. Company B has the clearest and most defined measurements, which might be attributed to the nature of the industry they are in, which is advertising. There are three types of metrics:

“There are performance metrics for the ads, such as campaign goals, or some more or less technical metrics that are used to determine whether the campaign was successful or not. The second group consists of efficiency metrics. Lastly, the third group is relevant for us, it

consists of technical metrics, for example uptime, errors, bugs, and similar.” (Interviewee B)

There is no doubt that data security is a hot topic, but most of all it is an important element of SaaS services, which the interviewees are fully aware of. Therefore also the customers demand that the solution reach very high standards. How do Slovenian SaaS companies deal with this sensitive issue? They all obtain standards certifications and take care of other important data security elements, such as data encryption, back up, remote locations, etc. Interviewee C listed all the important standards and stressed out the importance of knowing regional legislation as well:

“Our customers trust us in regards to data security, because different countries have different regulations we need to take into account. There are also certain certificates that define security, such as ISO27001, MNO, MNZ, NATO, MORS.” (Interviewee C)

In some cases, SaaS companies are dependent on their providers as in the case of company D, therefore they need to be even more careful when defining security to the customer:

“The infrastructure that we offer is hosted by our partner. There are some specific standards that define data security and our partner guarantees those standards. They have proof that they meet all the standards and have certified security centres.” (Interviewee D)

However, some customers still prefer to host the service on their servers, so Slovenian SaaS companies need to offer this option for them as well. As explained by interviewee B, the advertising industry is a bit specific:

“Agencies prefer to use products that can be easily replaced, and therefore they prefer to keep all their data in-house, data management is crucial for them. Also if we track the data, the results are directed straight to them; we do not store them.” (Interviewee B)

Does a good approach to data security also point to the **quality of the service**? Some believe that it does, but there are some other factors that define quality, too. One of the most frequent answers is that the quality is to be defined after comparing the service to the competitors, for example company B:

“There are certain features that are simply better than the competitor’s; they are also more innovative, and faster. I am talking about very specific features for our industry.” (Interviewee B)

Some companies, such as for example company C, prefer to compare the solution to the solution used in the traditional alternatives:

“We send our customer a comparison between our service and a traditional solution. In this presentation we stress all the advantages the usage of our solution has. [...] (Interviewee C)

But in both cases above, the quality originates from the product. The second most frequent answer is reliability. In this case reliability does not only originate from the product, but also from the people behind the product, as stated by interviewee A:

“[...] our customers are informed about the values and standards we have set and of course we abide by that. [...] it also originates from having a team behind the solution that is professional, kind, and regularly available.” (Interview A)

Finally, representative D from an accounting industry believes that apart from the service’s essential legislative compliance, the possibility of customization and user experience are the factors that define the service’s quality the most.

Theoretical findings show that customers define quality in regards to their expectations, which consist of objective and subjective expectations. While Slovenian SaaS companies are well aware of the importance of data security that supports objective expectations and is at the same time one of the two most important quality indicators (Benlian, Koufaris & Hess, 2011, p. 99), they should also focus on responsiveness, which was defined as the second most important indicator. However, reliability, as mentioned by the interviewed companies, is also on the SaaS-Qual model. By providing tangible clues they can lower the influence of subjective perception and turn them towards the objective. According to theoretical findings, Slovenian SaaS companies could also include more elements of quality or more specific goals in their SLA contracts, such as time frames, quantities of targets, communication schedules, or key performance indicator metrics.

3.4.8 Critical factors of success

Lastly I inquire about the general **factors of success**, which were quite similar to previous answers. Interviewee A sees success in having a fast and simple solution, interviewee D believes price is key, because all the services are of good quality and this should not be particularly stressed, lastly interviewee E sees the key to success in giving up-to-date information, the latest news, and trends, rather than in SaaS itself. However, the most outstanding success factor is to be found in the broader context, believe interviewees B and C, and that is in the positioning of the product and understanding of the business ecosystem:

“The key to success is [...] excellent product positioning in a market, in other words an excellent go-to-market strategy.” (Interviewee C)

“[...]good understanding of the ecosystem you are in. Understanding the business itself, what do customers really need? The combination of business and product strategy is very important.” (Interviewee B)

Even though it was discovered in the theoretical part that security, high-quality and regular customer support, and online facilitation of the supplementary services, Slovenian SaaS companies reveal another two important factors – positioning of the product and understanding of the business ecosystem.

3.5 DISCUSSION AND RECOMMENDATIONS

After examining SaaS marketing strategies in detail, first by looking into the literature and then by collecting primary data among the Slovenian SaaS companies, I discovered that the strategies are quite similar. At some occasions additional ideas from the theoretical part can be added to Slovenian SaaS marketing strategies, but on the other hand, Slovenian SaaS companies show another important aspect of marketing that was not embraced in theoretical study, as seen from the analysis in the previous chapter. In this chapter, I present the main ideas that can be extracted from the theory and survey results, and suggest future research directions.

3.5.1 Practical implications

Five main ideas keep coming to light that are essential for SaaS companies when developing their marketing strategies, according to both the theoretical findings and survey results. I first explain why the idea is relevant and then suggest in what way to put it into practice. The correlations between marketing elements and main ideas are also shown in Figure 10 at the end of the chapter.

1. Providing relevant content

Many tools, approaches, or elements in SaaS marketing turn out to have plenty to do with providing content. Firstly, in the Hype Cycle SaaS is currently in the phase called the Slope of Enlightenment, where it is recommended to inform customers about SaaS' advantages and benefits. Secondly, one of the supplementary services groups is all about creating content, as discovered in the survey analysis, whether this is providing industry trends, legislative changes, and case studies, or pre-order analysis and simulation of results after SaaS implementation. After all, providing all the training sessions and instructions to customers to be qualified for using the SaaS is about creating content. Finally, for the purpose of promotion and to represent the thought leaders in the industry, publishing relevant content, such as giving interviews, guidelines, or implementation analysis, is essential. Moreover some companies see giving relevant information to customers as one of the success factors in SaaS marketing. So for this matter Slovenian SaaS companies can

start publishing a corporate magazine, or organize special SaaS solution events only for sharing information about trends or how to get the most out of their service.

2. Creating a partner network

Slovenian SaaS companies found their resellers vertically down the industry, or within the larger industry, where their SaaS solution is offered as part of a bigger package. They are not considered as typical or “just” resellers, but more as a partners with whom they collaborate, and where spreading a good word about one another is of big relevance. Therefore, at this point Slovenian SaaS companies can form a special program for partners, where members would have access to a bigger spectre of information, upgraded services, or perks in some other form. For example access to 24/7 customer support, special prices, priority for software updates, or access to special events that would only be organized for partners. A further idea could be designing a certification model, where customers would be given a chance to obtain a certificate after using the SaaS solution for a certain period of time or to a certain level of success with using it.

3. Providing tangible clues

Slovenian SaaS companies should put a lot of effort into providing tangible clues. The problem of tangibility is first mentioned as one of the services’ characteristics that limit or make the services marketing more challenging. Tangibility is important in relation to product elements, where it was mentioned in the context of supplementary services, and it turned out all supplementary services are intangible in the case of Slovenian companies. The third mention of tangibility was in regards to promotion. Therefore Slovenian SaaS companies should provide tangible clues, such as reporting about cost saving, time saving, revenue improvement, or simple case studies, successful implementations by SaaS companies. Including them in marketing communication makes the SaaS solution more of a product with tangible characteristics and turns customer’s expectations toward objective and measurable expectations. Last but not least service tangibility helps customers understand the service, as this was shown to be one of the reasons they stop using it.

4. Personal interaction

No matter what activity or marketing component was discussed with Slovenian SaaS companies, it was clear that it should be offered in person as well. More specifically, whether discussing customer support, selling the service, or giving training to customers, companies should have in mind offering the possibility of solving this in person. Even though theoretical findings show it is good to have processes automated and directed online, Slovenian SaaS companies prefer to keep it on personal level.

5. *Proper positioning in the industry ecosystem*

There is a long list of suggested approaches and key success elements that might be crucial for SaaS marketing, however most important factors are seen when looking from afar. First it is a good understanding of the ecosystem the company finds itself in, moreover understanding the business itself and what customers really need. Once this is understood, the company can place its SaaS solution where it is offered the most room for success with the most proper go-to-market strategy. In combination with strategically included supplementary services, such as responsive client support, provision of relevant information, and last but not least services from vertically down the industry, a well-rounded package can be formed. To sum up with the words of one of the interviewees: *“the combination of business and product strategy is the most important.”* The connection between all the discussed main ideas is shown in Figure 10.

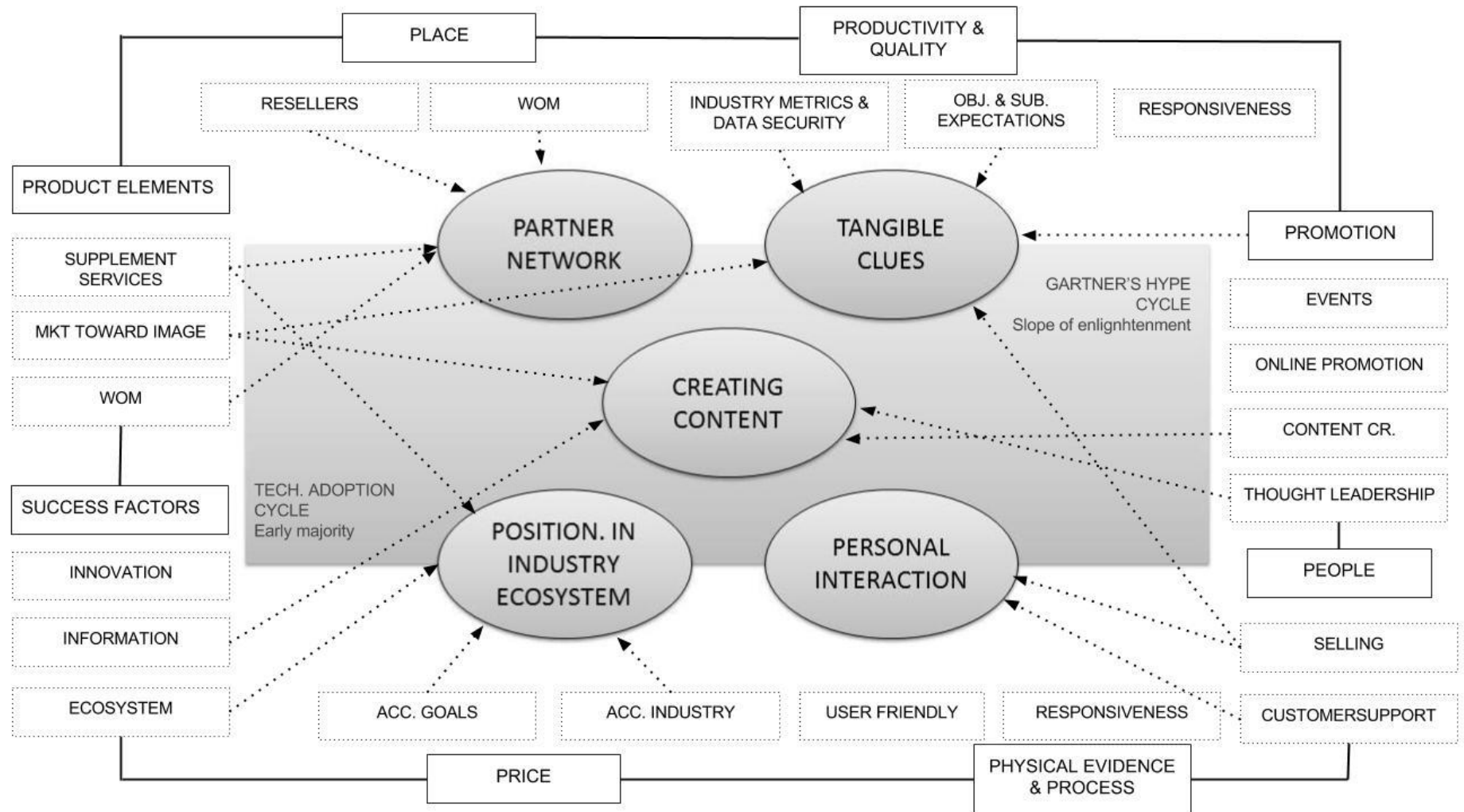
3.5.2 Future research directions

For the purpose of this thesis and for reasons of simpler data collection, qualitative research was conducted, which included a small number of companies. To come up with more specific and statistically verifiable results, a quantitative approach should be taken that would also examine a probability sample and larger amount of companies or even the whole population. In that case metrics could be analysed as well, for example churn rate, customer acquisition cost, customer lifetime value, and other metrics mentioned in the 3.3.4 chapter.

The sample comprises companies from various industries – the accounting, advertising, and ICT industry. At this point it would be reasonable to research the specifics of SaaS marketing strategies in each of these industries.

There is a big discussion on how SaaS is defined and how it differs from other similar technologies, such as web applications or traditional software that is installed on a device. Therefore it would make sense to take a closer look at how the marketing of each of those products differs, if it does at all. Lastly in order to understand how to adjust marketing strategies, market research or customer analysis could be conducted.

Figure 10. Main ideas of SaaS marketing strategies in correlation with marketing mix elements



CONCLUSION

Since the late 90s, when SaaS was first introduced, companies started (Demirkan et al., 2010, p. 119), whether for time saving, cost saving, or simply for its user-friendly and accessible service, rapidly recognizing its advantages (Jamsa, 2013, p. 18; Baldwin & Cromity, 2009, p. 124). Prior to research, the literature overview showed that not much had been discussed about how companies should focus their marketing strategies, however many arguments were to be found for companies to start utilizing SaaS solutions. Not only for the certain specifics that originate from the nature of services in general, but also due to characteristics that originate from SaaS, such as non-ownership, online delivery, payment-per-use, and multi-tenant architecture, the question arises as to what SaaS marketing strategies should be in that case. As SaaS is becoming widely recognized and utilized, and more companies are according offering SaaS as their core business, the results of the thesis could contribute to a better understanding of SaaS marketing.

This master's thesis examines marketing strategies as a combination of B2B marketing, services marketing, and hi-tech services marketing, and outlines the main findings from the survey conducted. The authors believe there are no major divergences between these branches of marketing. Instead, hi-tech marketing is just another layer or a subset of services marketing (Viardot, 2004, p. 23). In addition, the thesis compares the theoretical findings to primary data findings that were extracted on a sample of five Slovenian SaaS companies which were asked a series of questions in in-depth interviews and finds overlapping points and suggests further approaches to SaaS marketing.

The results show that the marketing strategies of Slovenian SaaS companies are in line with theoretical findings and in some cases even improve upon the marketing ideas. After combining the best suggestions from both parts of the thesis, five main elements of marketing strategy emerge, namely providing relevant content, creating a partner network, providing tangible clues, personal interaction, and the right positioning in the industry ecosystem.

Firstly, providing relevant content such as case studies, success stories about the implementation various SaaS, training material, current news and trends in the industry, and also pre-order analysis and results simulations solves several issues among many stages of marketing. Moreover by publishing articles and giving interviews it can also help establish the thought leadership in the industry as one of the most powerful tools of marketing promotion. Secondly, Slovenian SaaS companies should create a partner network that helps not only distribute the service itself, but also spread the good word and give recommendations to potential new customers. A way to do this is also to form a special partner program, whose members would access additional benefits in exchange for official collaboration. Thirdly, Slovenian SaaS companies are also encouraged to focus on

providing tangible clues for their SaaS solution, which can solve the problem of not understanding and trusting SaaS solutions. This can be achieved by providing cost- and time-saving calculations, or even revenue increases. Moreover providing tangible proof helps clients understand how the advantages of SaaS reflect on their business and helps move expectations from subjective measured to objectively measures in terms of quality perception. Fourthly, personal interaction turned out to be crucial for success, even though it was initially found that supplement services should be automated and directed online. Customers should be given a choice to choose between impersonal client support, training, and communication or personal one. Lastly, in order to completely understand marketing approaches to SaaS, Slovenian companies should think of the industry ecosystem they are in, understand the market, the customers' needs, and the main players in it. In line with this, proper go-to-market strategies can be formed to fully embrace the success opportunities there are.

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APPENDIXES

TABLE OF APPENDIXES

Appendix A: Different technologies along the Gartner’s Hype Cycle..... 1

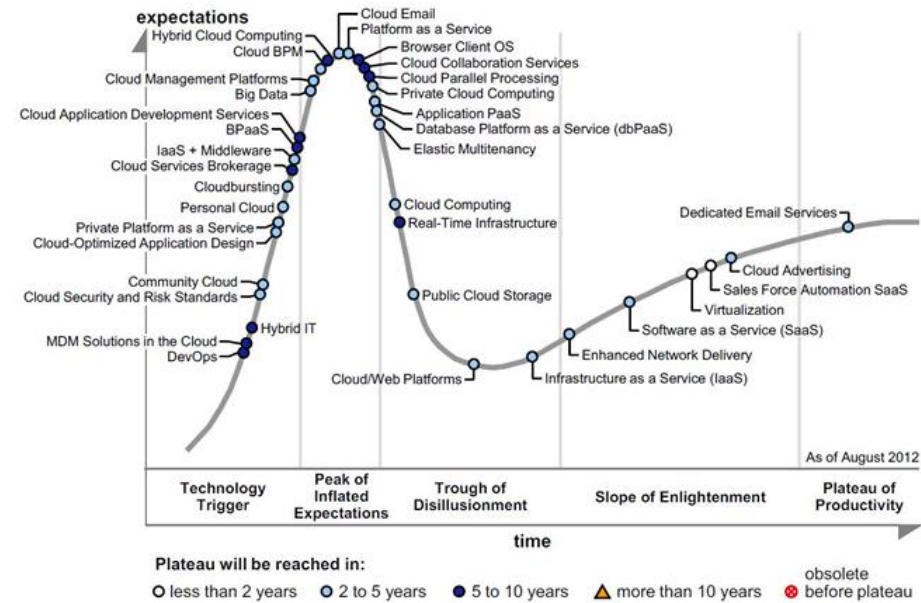
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Appendix A: Different technologies along the Gartner's Hype cycle

Figure 11. Gartner Hype cycle for cloud computing 2012



Gartner Hype Cycle for Cloud Computing 2012

CLOSE

Source: Gartner in Eto, *The Cloud: Gartner Hype Cycle Update*, 2012.

Appendix B: Interview guide

Table 3. Interview guide with interview questions, additional questions and objectives

#Q	Section	Question	Additional questions	Objective
1.	Introduction	Introduce yourself	Name, family name, position, years in the industry	To define sample characteristics.

#Q	Section	Question	Additional questions	Objective
2.	Introduction	Could you describe the SaaS solution you offer?	The name, what is the main functionality or the problem it solves, in which industries can it be used, how many years is it on the market, which companies are the main customers?	To define sample characteristics.
3.	Gartner's Hype cycle	Where in in the hype cycle is your SaaS at the moment?	Show the graph and explain.	Is it really in the slope of enlightenment as found in the theoretical part?
4.	Technology adoption life cycle	Where in in the technology adoption life cycle are your SaaS customers at the moment?	Where in in the hype cycle is your SaaS at the moment	Are they really the early majority? Do companies take this into account at the pricing policies?
5.	Product Elements	What is your core product? Tell me more about the supplementary services.	Example: tangible or intangible, technical support, physical elements...	To check how well fragmented is their solution. Is SaaS really only an intangible service?
6.	Product Elements	With what fact do you support your service? What arguments do you use to make the service more real and tangible?		To check the rule "provide tangible clues"?
7.	Product Elements	Of what importance do you think product name is?	Depending on what factors do you name your products?	Is it an individual name, a corporate name...?
8.	Place	How do you distribute your service?	Do you have partners, resellers, partner programs?	Do they have special offer for certain group of buyers (like for example Worday)
9.	Price	What is your payment scheme?	Per time? Per user? Per click?	
10.	Price	Is there a reason for this kind of scheme?		No reason, or is it due to their strategy (new customer acquisition,

#Q	Section	Question	Additional questions	Objective
				bigger market share...)
11.	Price	Do you charge differently to different types of buyers? How and why?	The size of the buyer, its importance for the industry, technology adoption life cycle?	To check price policy consistency. Does it make sense (by PwC)? Do they distinct buyers to entry level companies or high end companies (by Totango)?
12.	Price	Can your customers try the service before purchasing it?		To check free online trials.
13.	Price	If so, do they measure the conversion rate?	How do they translate this information into business? What do they learn from it?	Do they adjust the strategy according to the rate?
14.	Promotion	How do you do promotion?	Which promotion channels do they utilize, Promotion channels, which ones are more successful? Promotional tools...	To check online/offline focus.
15.	Promotion	What segment of people do you target? Technically educated or business educated?	(If they target both) Which promotional tools are better to address one group and which are better for another?	Do they distinguish between the two groups (one is focused on awareness and another to understanding)?
16.	Promotion	Are there any opinion leaders in your industry?	Do you know who exactly they are? Are they involved in your promotion?	
17.	Promotion	What about word of mouth?	How important it is?	
18.	Promotion/People	How are your customers involved in the service?	Do they give feedback, suggest updates, develop the service, do they have a community for customers, developers?	What part of service depends on the customers? (30%, 50%, 90%)?
19.	Promotion/Product	Does your SaaS solution need any physical elements to fully work?	Apart from computers, smartphones and Tablets?	Is SaaS really solely intangible service? Addition to the molecular

#Q	Section	Question	Additional questions	Objective
				model. Dodatek k "molecular model"
20.	People	Considering the complete buying cycle, at what stages do customers interact with employees?	For example with a consultant, salesman, customer support?	To check the importance of personal interaction. What is the ratio between personal-impersonal?
21.	People	Is there only one salesman along the buying cycle? Or do people exchange depending on the stage of the cycle?	Does marketing Na primer, marketing manager generates leads and calls them? Who does the negotiation and closes the deals?	To check the Funnelling approach.
22.	People	How do you make sure that the customers are properly skilled, educated for the use of the service?	Do they even need to be skilled?	How much does the customer affects the SaaS experience?
24.	Process	Are there any possible pitfalls in the buying process?	For example, do they need to be really careful not to lose a deal at some specific points? Are there some situations they need to available more for the customers?	To check if the security is really a big concern.
25.	Process	How often do you update your service?		To check if updates are really an important part of the SaaS process.
25.	Process	Are you available for your customers 24/7	On the phone, email, in person?	To check if customer support is really an important part of the SaaS process.
26.	Productivity & Quality	How do you measure the productivity of SaaS?	Do you present these measurements to your customers?	
27.	Productivity & Quality	How do you take care of the security?	Do you have some certificates, or standards?	
28.	Productivity	What are in your opinion factors of	Do you include the definitions of the quality	To check if they have SLA.

#Q	Section	Question	Additional questions	Objective
	& Quality	quality? How do you explain it to your customers?	in the contract?	
29.	Productivity & Quality	One of the SaaS companies offer 99.99% satisfaction with the service, or else the company returns the money. Do you offer something similar?		To check if the customer is protected in case of bad service? To check if warranties work on B2B markets.
31.	Critical Factor of Success	Generally speaking, which are the success factors that make SaaS company successful?		To check if the factors are the same as discovered in the literature.
32.	Critical Factor of Success	What about success factors in your industry?		To check if they are the same regardless to the industry.

Appendix C: Interview transcripts

Interview A:

Product manager, 2 years in the company

Written interview conducted by email

Q: What is your SaaS solution about?

A: We offer many web solutions, the newest solution we have on the market is an innovative accounting solution. On one hand our target group are accounting agencies, and on the other hand there are small companies who run their own accounting, start up companies and other smaller companies. What is special about our services is that we incorporated artificial intelligence in it. Our services are not only about selling a software product, but mostly about new way of working and new approach to accounting. The software connects accountants and their clients closer together and enables all the reporting and financial overview in a much more natural, intuitive language. It was launched last year, however it is a result of over 20 years of experience and knowledge, because we had already offered client server technology based solutions before.

Q: So this is the core product that you've just described. How about support services?

A: Support services are training and schooling of users to qualify them for correct usage of the application. We also offer technical support via different channels, such as phone, email, in person, and remote access. We inform our clients about accounting law changes, and other news that might be relevant for their industry. Data security is assured anyway, but we also offer additional protection if asked for.

Q: How do you present the service to your customers in order to make it more tangible more real or them?

A: We give reference of our existing customers and calculations of ways where they can save, for example savings on time, or financial savings.

Q: Of what importance do you think a brand name is?

A: It is important. Customer's trust and reputation of a company is associated with the brand name. For naming our solutions we use a certain prefix that associates with the company name, and then add to it additional name that is associates what the services is about. For the purpose of selling our solutions abroad we prefer more specific name that actually describes the service, because the official brand is not recognized yet so well.

Q: What kind of channels do you use to sell your service?

A: We address our clients with email campaigns or mass mailing, classical mail, phone campaigns, we go to trade fairs, congresses, lectures, and other events. We organize free of charge events and create partner network, where resellers are included.

Q: How do you charge for your service?

A: Our payment method is user-based and is charged monthly.

Q: Is there any specific reason you decided for such method?

A: This is a standard way of charging for web application. Apart from that it offers customers more flexibility and lowers the risk.

Q: Do you change paying methods depending on the customer? E.g. depending on a size of a company, or its importance for the industry?

A: In general it is the same for all of the customers. However the flexibility and adjustability of the product make it possible to please special wishes as well.

Q: Can your customer try out the service before purchasing it?

A: We offer a one-month free trial that comes together with the video instructions.

Q: Do you measure conversion rate?

A: We do measure conversion rate. This is a starting point for assessing user experience and all the materials a customer receives signing up for a free trial.

Q: How do you promote the service?

A: Some of the advertising is associated with appearance on specialized trade fairs and conferences. We focus fairly on advertising on the web, such as AdWords, LinkedIn, different web portals. Sometimes we advertise in print media also.

Q: Do you target audience with technical background or business audience?

A: We target people with business background, because technical education is not needed in order to use our solutions. End users are generally accountants and businessmen. Also decision makers in general do not have technical background.

Q: Are there any opinion leaders in your industry in your opinion?

A: There are opinion leaders in every industry. We try to connect to them and include them in the service itself. This is why we connect to different experts and advisors and (accounting) web portals.

Q: What about word of mouth?

A: Word of mouth is very important, because it causes greater trust as the sole advertising. Good practice and satisfied users are our best “salesmen”.

Q: How do you include customers in creation of your service?

A: We encourage our customers to forward us their suggestions and systematically ask to report about their customer experience. We have formed a group of users that exchange their experience and best practices.

Q: Does your service require usage of any physical elements?

A: No, it does not.

Q: In what situations or at what occasions is there a personal interaction between the customer and the seller?

A: We believe personal interaction is very important, because that way we can really get to know the customer, its problems, wishes and demands. The customer interacts mostly with product manager and salesmen.

Q: Is there only one person who is in contact with the customer along the sales cycle?

A: It depends on the type of a campaign or the approach. Normally is product manager the one who set the criteria of what kind of customers we target with the specific campaign. Marketing department generates the leads. In case of an extensive campaign, a broader team, or a call centre if necessary, does the lead generation. Lastly, a product manager does all the meetings and presentations.

Q: How do you take care that the customers are appropriately trained, qualified to use your SaaS solution?

A: Our service is highly user friendly, also thanks to artificial intelligence or in other words a virtual robot, which is actually a user interface that understands instructions in a natural language and manages the application. Anyhow, training and schooling are conducted to qualify users how to deal with the service. At the same time their monthly subscription includes technical support, which means they can ask for help at any time.

Q: Could you tell me something more about how the whole SaaS process looks like starting from software development?

A: The development of the program is separated, but only for the record, we make use of lean approach to this matter. So, at this moment the solution is developed and the sales cycle begins with the definition of our target customers for each separate section – for example for newly founded companies. Afterwards we address them for the first time via email or standard mail, and last but not least we call them. The purpose of the call is to communicate all the advantages of our solution and to inform the customer. But the easiest way to do this is to do it in person, this is why in the last phase of sales cycle we schedule a meeting, where we are able to present our solution in details and agree on collaboration. This is followed by discussing about some technical activities on our side, such as user account creation, data transfer and similar.

Q: Do you see any possible pitfalls in this process or steps where you need to be even more careful?

A: Each of these steps is very important. In order to address our customers properly, we need to know the problems they are facing with and offer them an adequate solution. This is at most noticeable at the point of the first contact and later at presentation in person. The key moment is also at the beginning when the customer starts using our solution and many questions suddenly arise, thus it is extremely important that we are available and responsive for help.

Q: How often do you take care of the errors or any other distortions that occur?

A: This happens in real time. Any errors, demands or wishes that customers have are not eliminated periodically, but as soon as possible.

Q: Is there available 24/7 support?

A: It can also be arranged that the customer has 24/7 support.

Q: How do you measure productivity of the service? Do you use some specific metrics for this matter?

A: We keep in touch with our customers after they purchase our services. We track their satisfactory, solve issues, and at the same time ask for their reports on savings.

Q: How do you take care of the data security?

A: Data security is our key priority – and our customers are aware of that. Our datacentres reach all the necessary standards, including data encryption, data backup to different remote locations and so on.

Q: How do you define quality and how to you communicate it to your customers?

A: Security, accessibility, flexibility, simplicity, and clarity... our customers are informed about our values and standards we have set and of course we abide it.

Q: A company that offers SaaS solution claims 99.99% satisfaction with its solutions, which is defined in SLA, if not they return money. What kind of warranty do you offer?

A: We have formed a special group of users – beginners that receive certain additional benefits. As a warranty we offer a longer period of free usage for them not to feel bound up to it and to give them enough time to decide whether they need our service at all and whether it meets their expectations.

Q: Where does your added value originate from?

A: From the product itself – artificial intelligence, simple usage etc.. And also from the team behind the solution that is professional, kind, and regularly available.

Q: In general, what do you think factors of SaaS success are?

A: In comparison to previously known client server technology it is much more price reasonable, flexible, secure and accessible, meaning from whatever location, at any time and from any device.

Q: What about in your industry?

A: Simple usage, speed, security and the team.

Interview B:

Chief Product Officer, 8 years in the company, 15 years in the industry

Interview conducted by Skype

Lasted 1 hour

Followed-up by email

Q: Can you tell me something about yourself, what is your role in the company?

A: I am one of the 3 founders of the company, namely chief product officer. I am responsible for overall product development, including product strategy, and marketing.

Q: What is your SaaS solution about?

A: Our SaaS solution is a bit specific for the industry we are in which is display advertising. The solution is working on all sorts of displays, we started advertising on mobile devices, but today we are present on other devices too, including desktop. Our product belongs to buy-side stack, if I explain it from the ecosystem standpoint. In display advertising there are two sides, buy-side technology and sell-side technology. The first one is meant for the advertisers who are buying ad inventory, but is not limited only to this purpose. So for advertisers who in order to do display advertising utilize certain tools. These tools are called by-side tools, or buy-side stack. Another part is sell-side stack meant for media owners that sell ad inventory. For efficient and successful sales they utilize sell-side technology, tools or platforms if you will. Buy-side stack is an enormous concept divided in many activities that need to be covered. Namely all from creating ads, buying ads, to forming ads, including all the administration around it, like budget allocation; all in all it is a quite complex area. To simplify, one needs to take a look at value chain between the advertiser and consumer, there are about 20 different links in between and pieces of software that allow this connection. In the buy-side stack we cover some of those functionalities that are rounded up to one entity, namely ad creation this is where we are the strongest. Most of the times these are simple images that are becoming more and more interactive, known under a name rich media or interactive display. In the past rich media was created with Flash, however most of the desktop ads are still made with Flash. As the technology moved forward, it enabled new ways of creating ads for mobile displays, which is HTML5 that made Flash a useless tool in this case. Another link in the value chain is serving the ads, but more importantly to analyse and to optimize them. After we create and

serve the ad, we deliver complete analytics, which is the foundation for the ad optimization, for example to adjust the content. Another key element in the serving part is ad formats, what are the formats available for display advertising. To summarize, our main activities are ad creation, ad serving, ad analytics and optimization. Each of those parts has additional elements that at this occasion do not need to be explained more into details.

Q: Correct me if I am wrong, you offer your platform to the agency and the agency then adds its input?

A: On one side we target agencies that represent the brands. But on the other side we also target sell-side partners, or the media owners, such as Pandora. Last but not least, some customers of ours are also companies itself, such as more traditional journalist companies such as New York Times, or big gaming companies, for example Rovio. These are the direct users. They use so-called self-service platform. In fact, more than 90% of our campaigns are self-served.

Q: So this is the core product that you've just described. How about support services?

A: We offer classical mail service or house management. Then there is technical service that helps at serving ads or tracking them and their role is more operational, they often support ad operations people. At the client side, agencies' side, or publisher side these things are more or less well structured. Creative services are another aspect of support we offer which actually represents the agency. If a client does not want to do creative production on its own, we also produce ads for them – straight from an idea to the realization of an idea. The third part of our service is account management. Lastly, we also offer classical support system.

Q: Are you available for support 24/7?

A: Response time depends on the client and what kind of response rate we agreed on. However, our average technical response time is about 6 hours. Classical support system response time is about 4 hours.

Q: How do you present the service to your customers in order to make it more tangible more real or them?

A: In our case these arguments are very specific, we use a bit different approach that is convenient on the market, and because of that our sales approach can be a bit challenging. For examples, agencies that buy inventory have separate buckets or budgets. There is a digital bucket, TV bucket, radio bucket, and inside these buckets there are even more buckets. Inside the digital bucket there is for example display, search, video, social bucket. And it divides forward... each of those buckets has a budget. We of course are "located" in one budget only, some companies are in many more. The first challenge therefore is in sales, second one is in communication. So, you get as much as you are able to get out of these buckets. It is very important how you place yourself in this ecosystem, which

functionalities you enable, what values you bring to the client's table, all in all which things you are better in than your competitor and how this reflects on the client's business. We communicated our product very successfully via sales pitch and marketing activities, for example through thought leader positioning, or classical PR activities, and so on.

Q: What kind of channels do you use to sell your service?

A: We have sell-side partners, as mentioned before, they could also be defined as our resellers, as they sell our service to the agencies. We also collaborate a lot with key players in his industry. Sometimes we recommend some company, another time other recommend us, we could call it partner collaboration.

Q: How do you charge for your service?

A: Our payment system is transaction based, or on the quantity of servings. So it depends how many ads are served to a client.

Q: Is there any specific reason you decided for such method?

A: There are agencies that also charge by the so-called man-hours, I am not sure if this is the right term. But advertising industry in general charges by the number of transactions, so it is kind of convenient for the industry. However this might changes one day.

Q: Can your customer try out the service before purchasing it?

A: Absolutely. Our clients get to know the service very well before purchasing it. There is a so-called pitch phase, followed by many different demonstrations, then it is possible to get a trial version. There is also a period of time when we test, if the implementation works properly. The software is actually so complex, it might be difficult to visualize it for someone who is not involved in it.

Q: How do you promote the service?

A: We can call many things marketing promotion nowadays. As I mentioned before thought leadership is very important. With thought leadership means all the professional articles that we write, or other content that we generate. We have a team that for example generates research studies or some knowledgeable content that can be analysed out the data we have. For example, what worked well that we did, what didn't work so well and so on. Another example is to be present on events, like industrial event and conferences or to sponsor those events. There are some major events that last for more days and only some of the days the most important decision makers are present there. Evening parties are an excellent opportunity to meet them, to pitch to them and to network with them and to do business.

Q: So online promotion is not so often?

A: Our industry is relatively small, and the key players are more or less known, thus it is much easier to reach the key advertisers in person. We are in B2B sector, we don't need to reach millions of people, but we need to reach maybe one hundred two hundred or five hundred people. And direct way to target those advertisers in the best way.

Q: Who is your primary target, the decision makers or also end users of the service?

A: Yeah, it is important to reach both of the group. It can happen that once you already convince the decision maker, but when it comes down to end users they refuse to use it and prefer competitor's solution. It is important to cover both spectres.

Q: Do you get recommended often? How important is the word of mouth.

A: Yes, we do and indeed the word of mouth is quite important. Our clients have very good experience with us and we do have quite good reputation.

Q: Can you tell me about the sales process?

A: The process can vary a lot. It can start with a strategic pitch, once you study your potential client and do many talks, presentations, discuss their needs, problems that have... Sometimes the process can be very tactical, sometimes very simple, sometimes it goes fast, and sometimes is last over a year. So, it is very diverse.

Q: Where in this process do customers interact with employees?

A: The sooner the better.

Q: Not by any chance sales can be automatized?

A: Not at all. This is B2B, we don't need to reach millions of people.

Q: Is there only one person who keeps in contact with the client?

A: The salesperson is more or less the same, but of course he or she need to include other people from different departments when necessary.

Q: Do your customers need some special knowledge or skills to use your service?

A: We have a team called client enablement that go to clients and train them. They prepare webinars, workshops, and similar. This is of course free of charge and comes in a package.

Q: Where in the sales process are the most critical stages? If any?

A: Again this is very dependent on the circumstances. Of course the pitch presentation needs to be flawless, but then it depends on what kind of issues they have, what kind of wishes they have. It might for example go wrong, if the client finds our salesperson unlikable. Or suppose a client uses our product and something simply goes wrong with it. I don't say this happens to us, but there is always a possibility that something goes wrong.

Q: How do you measure productivity of your service?

A: In our case we have three groups of metrics. There are performance metrics for the ads, such as campaign goals, or some more or less technical metrics that are used to determine whether the campaign was successful or not. The second group are efficiency metrics. Lastly, the third group is relevant for us, it consists of technical metrics, for example uptime, errors, bugs, and similar.

Q: Can you tell me about data security?

A: Data security is extremely important, the client knows exactly which data belongs to them and which data belongs to us. This also means that their data is stored on their servers. On the other hand there are clients who store everything on our servers. Agencies prefer to use products that can be easily replaced, and therefore they prefer to keep all their data in-house, data management is crucial for them. Also if we track the data, the results are directed straight to them, we do not store them. So, it depends in general, we do not store their data, but if we do of course, we define all the conditions, define what we store it, how we store it, and what we do with it. From data point of view we are very European-like, because in comparison to other American companies, we handle data carefully and play a fair play.

Q: How do you define quality of your product? How do you communicate it?

A: There are certain features that are simply better as the competitor's, they are also more innovative, and faster. I am talking about very specific features for our industry. Innovation and reliability in my opinion are the key elements of quality.

Q: A company that offers SaaS solution claims 99.99% satisfaction with its solutions, which is defined in SLA, if not they return money. What kind of warranty do you offer?

A: We do not guarantee it in this way. Moreover, in my opinion warranties are common in B2C industry, not in B2B. It is simple, if the client is not satisfied with our services, it will switch to competitor.

Q: Key factors of success?

A: Innovative product, reliable product, good understanding of the ecosystem you are in, understanding the business itself, what do customers really need? The combination of business and product strategy is very important.

Interview C

Channel Partner Manager, 4 years in the company, 8 years in the industry

Interview conducted in person

Lasted 45 minutes

Followed-up by email

Q: Tell me about your SaaS product?

A: Our SaaS product is basically information and communication service for hosting desktops and applications in the cloud, in other words completely managed information communication service. We target small and medium-sized companies. Our service is suitable for almost all industries, there are however some restrictions with companies that offer video or audio service due to graphic card limitations.

Q: What would you define as your core product? Do you offer some supplementary services?

A: Our service is a complete package of information and communication technologies that small and medium-sized companies need for business.

Q: How do you present the service to your customers in order to make it more tangible more real or them?

A: It is like comparing a car purchase to car rental. It is the same with computers, servers, software, advances telecommunications. One option is to buy these things, but maintenance or replacing hardware if something brakes is not included. Another option is to rent entire IT process.

Q: What kind of importance the brand name in your opinion?

A: It is important, this is also why we invested in our brand. Once it becomes well known, it can help at sales.

Q: What kind of channels do you use to sell your service?

A: Yes, we sell our products via channel partners, but they are mostly foreign companies, some are also Slovenian.

Q: What kind of pay scheme do you have?

A: We offer our services by a fixed price, pay as you go. In the customer decides to use the service for a longer period, we don't charge the implementation of the service. Of course what all the package involves is part of the arrangement before the purchase. All in all, payment is conducted on a monthly basis depending on the usage.

Q: Is there any reason behind this payment model?

A: The purpose of this model is that everything is transparent, so the customer knows exactly what the package includes. We also do not offer different paying schemes for companies of different sizes, or out of some other reasons. However, payment conditions can be a bit flexible in this case.

Q: Can your customer try out the service prior to purchase?

A: Yes, the customers can test the demo version by submitting a request online. Almost all functionalities are available to try out.

Q: Tell me more about promotion and marketing communication of your service? Who do you target mostly, technical educated audience or business educated audience?

A: We tried out almost all forms and channels of promotion: the web, TV, radio, newspapers. For building a brand name, the most successful media was radio. For direct sales it is good to be present on the events and having presentations on trade fairs, conferences... We target business audience.

Q: Are there any opinion leaders in your industry?

A: Of course: They are mostly bloggers and technical oriented media that can position our product in the market.

Q: What about word of mouth?

A: I think this is the most important for acquiring new business.

Q: What about contribution to service from customer's side?

A: Once a year we conduct a survey about customer's satisfaction or non-satisfaction. We also take their suggestions to improve our service.

Q: Does your service require some physical objects as well?

A: It does. Customers can decide to rent it from us or to provide their own hardware.

Q: Could you tell me something more about the purchase process look like? In what situations or at what occasions is there a personal interaction between the customer and the seller?

A: The only person who is in interaction with the customer is salesperson, and that is at the beginning at the presentation, and at closing the deal. If there is no personal interaction the percentage of closed deals is drastically smaller. It is the trust that counts and you can only gain it through personal contact.

Q: Is there only one person who is in contact with the customer along the sales cycle?

A: Indeed, one salesperson with the support of technical team.

Q: How do you take care that the customers are appropriately trained, qualified to use your SaaS solution?

A: There is nothing difficult to use. Updates of our operating system or office tools can be a bit confusing, but all in all this does not cause any problems to our customers.

Q: How do you take care of the errors or any other distortions that occur? How regularly do you update SaaS solution?

A: If an error occurs we fix it immediately as soon as possible. We apply bigger updates about 3 times a year.

Q: What about customer support?

A: Our customer support is on in the typical time frame from 6 am to 10 pm. For certain customers the support is on 24/7.

Q: How do you measure productivity of the service? Do you use some specific metrics for this matter?

A: We do not measure any productivity. We only measure the uptime which is higher than 99.99%.

Q: How do you take care of the data security?

A: Our customers trust us in regards to data security, because different countries have different regulations we need to take into account. There are also certain certificates that define security, such as ISO27001, MNO, MNZ, NATO, MORS.

Q: How do you define quality and how to you communicate it to your customers?

A: We send our customer a comparison between our service and a classical solution. In this presentation we stress out all the advantages the usage of our solution has.

Q: A company that offers SaaS solution claims 99.99% satisfaction with its solutions, which is defined in SLA, if not they return money. What kind of warranty do you offer?

A: Our SLA needs to be 99.9% achieved. We also have a Demo Try & Buy. We give warranty on data security. We have to pay a financial penalty in case of breaching a contract.

Q: Where does your added value originate from?

A: From a constant support of a person – employee. We offer much higher level of service support than our competitor.

Q: In general, what do you think factors of SaaS success are?

A: The key to success is a good price politics, a good product, an excellent product positioning in a market, in different words an excellent go-to-market strategy.

Interview D

Marketing Manager, 16 years in the company, 20 years in the industry

Phone interview

Lasted 15 minutes

Q: Does this product have any support services?

A: At every SaaS solution we offer there are support services, namely pre-order analysis and consulting, simulation of results after our solution implementation; of course all these activities are in line with clients objectives. After the implementation there is also customer support available, including training sessions for the purpose of correct usage of our product, and in case of error occurrence, we arrange maintenance in an agreed time frame. We offer different sorts of customer support whether via email or phone, in different time frames, all of this can be adjusted to client's preferences. We also offer a special solution for submitting tickets, which is called control over information system. It is internal system that allows us discover errors.

Q: Can you tell something more about training sessions available?

A: As I mentioned before, it all depends on client's preferences, however we have our own educational centre with actual classrooms, where we welcome customers. We also have so called mobile classroom that can be relocated to clients location or wherever they wish us to. For instance, for one of our clients Post Office of Slovenia, we organized learning sessions all around Slovenia with our mobile classrooms. We also offer e-learning system, where all the training material is uploaded and client can access it via the internet. At the end, the client must pass the test that includes an overview of most important topics to use our product at its best. Last but not least, we organize learning session in client's offices.

Q: To what extents the client co-create SaaS experience?

A: We have many solutions, but if we take a look at wage billing 99% of experience is fixed, due to specifics of the accounting industry. But if we take a look at security and data control, then it depends on the client's situation. If the client requests more customized solution, is the percentage of co-creation of course higher. They claim which areas SaaS should cover and what kind of functionalities it should have. Or they inform us about the problems they wish to solve and we prepare 100% customized solution only for one customer.

Q: It sounds like you offer both pure SaaS solutions and traditional software.

A: Correct. One of the offers is also complete service of wage billing meaning we insert the data, do calculations, print everything out, including prepare envelopes, so all activities related to this matter. In this case high level of security is very important. Second option is for them to log in. Third option is that they buy software solution.

Q: Returning to the specific SaaS solution we have in mind during this interview, it says on your website you charge it on a monthly basis. Why so?

A: It is not only on a monthly basis, but it includes more factors. In Slovenia paychecks are released every month, but also number of users is relevant, as well as unexpected events that depend again on accounting industry we are in.

Q: Can your client test your service prior to purchase?

A: Yes, always. We have so called demo centre, with which we enable testing to clients.

Q: What about marketing communications? What channels do you utilize?

A: We utilize most of the typical channels for B2B marketing. Most of all we go to events, such as IT events, sponsorships, sports sponsorships, direct sales, advertising, different web portals, PR, basically no unusual channels, we only focus more on some channels and less on others.

Q: How much and at what points do customers interact with other people in sales process?

A: Throughout the whole process there is only one person who is in contact to the client. We have established a process of key account management. However, people from other departments help and support when they are needed.

Q: Which are the key success factors for SaaS solutions like yours? Could you name three?

A: I believe at the moment in Slovenia price is a very important factor, but only at this particular the moment. As far as quality is concerned, all solutions in this market are of high quality and this is something we should not point out specifically.

Interview E

Head of marketing, 7 years in the company, 10 years of industry experience

Phone interview

Lasted 30 minutes

Followed-up by email

Q: Could you briefly introduce yourself and the company?

A: I work in marketing and cover Slovenia and Southeast Europe, more or less countries of a former Yugoslavia, where we also have offices. At the moment we are expanding our business in Switzerland and in the future plan to be present in Poland and Romania as well.

Q: What about your SaaS solution?

A: We are known for accounting solution that includes complete management of companies of all sizes in all industries, whether it is a small company, medium sized, or big sized, accounting firms, it does not matter and we do not only focus on one specific industry. We offer many different options for companies, from software licences that are

installed to customer's computers to so called solution in a cloud. We are active since 1997.

Q: Your core product is accounting solution. Does it have any supplement services?

A: The programme includes also wide array of support activities that are absolutely necessary. However customers have different preferences. For example some prefer to do all the training on their own, without our assistance. Therefore we have prepared a learning portal with all sorts of instructions in writing and videos. Even more concretely, suppose somebody wants to submit an expense report, there is an icon in the learning portal customer can click on. The customer accesses step-by-step described instructions or video instructions, where he or she can see exactly where to click to execute the task. But this is only one of the options. Another one is helpdesk as one of the very common ways of customer support, which is incorporated in the solution and allows submitting a ticket right away. The user ticks what folder is he or she using, what functionality does not work, describes his or hers issue and we answer as soon as possible via phone or email. Onsite in our offices we also have so called educational academy, which is an internal learning department. Customers come to our offices, where we have prepared actual classrooms and teachers to guide them through the process. Additionally we offer so called calling centre for the users to call in and we solve the problem together. As sad at the beginning, we have a very wide variety of additional services. We also organize a bigger annual conference, with which we cover all modules, all recent news and business trends, all current law issues and changes to educate our users. The conference can be live streamed and users can join us from different locations without being physically present.

Q: When you talk about your services, you refer to it as accounting services. How do you present your customers the service more tangible, how do you explain what is in it for them?

A: It depends heavily on which focus group we are targeting, but when referring to accounting programs, we need to know these customers are very specific. Whether it is an internal accountant inside the company or an accountant in an accounting agency that has a couple of clients of his own. According to our research the most important thing is that the programme is lawful and that they can be one hundred per cent sure that elements like forms, applications, and different reports are in the right form. Another important factor is that the program works fast and is responsive, and as well that customer support is available. In case he runs into a problem, he needs help right away, not for example in two days. These are our arguments that we are stressing out when selling our solutions. Last but not least, we discovered in our research that another very important factor is recommendations, for examples from other companies, partners or users themselves. This is a very strong decisive factor that can outweigh the rest of the advantages and the pricing policy, when one is deciding for which company to choose.

Q: What kind of selling channels do you utilize for your service?

A: We utilize different channels for selling our service. The primary channel is internal selling. In our sales department we have several teams that are responsible for different segments of customers and different sizes of companies. Another channel are partners that we have all across Slovenia. They take care of the implementation of the program plus of the customer support that means we really have a broad spectre of selling. One of the biggest Slovenian telecommunications companies offers so-called office in a cloud as a whole package, and our product is a part of this package.

Q: Can you tell some something more about your pricing scheme?

A: There are two options, the first one the customer buys our software and gets a full ownership of it. In this case they only pay for software updates once a year. Second option is monthly pricing scheme, which is actually a hosting form of service. When a customer decides to buy our program, we give it access, whereas database is stored on our servers. We take care of updates, for the data back up, and customer basically pay a monthly rent of the service. All in all, there are to options; renting or buying the programme.

Q: Do you offer your clients to test the service prior to the purchase?

A: Of course. We have different versions of the program and different licences depending on the type of company, whether it is a small and medium sized company, a big company, an accounting agency, retail customer, such as stores, or for companies that prefer stronger analytical support and so on. They can simply download their version from our website and use it as they wish. If they wish to fully purchase the program and start using this specific version, we offer a simple data transfer for them. Another option is after the purchase. If a client isn't satisfied with the programme, ninety days after the purchase, they can decide not to use it anymore. Of course this is different if they use the online version and they are renting the service.

Q: What about your promotion? How does it work?

A: We use many different promotion channels and wide channels. Most common channel for companies that offer software are through partners, so we basically co-use their promotion channels. Otherwise we as well promote ourselves in print media, tv ads, at the trade fairs that are focusing whether on finding new customers or finding new partners in Slovenia and international. We also publish professional articles that are not so much about advertising itself, but more about adding value or information sharing, or PR. A very important channel is the internet. If a customer is searching for a solution, this is probably the first place where it will look for information and your company needs to be there, at least to offer contact information. We also participate in interviews, for example in some TV show.

Q: Which groups do you target? Are these the accountants that are actually using your solution, or the decision makers, or the companies in general?

A: We target complete business audience, but of course some of the solutions we offer are more appropriate for accounting agencies, some small companies, and for this matter we adjust the content. We also adjust the content depends on the type of promotion channel we use, and depending on which specific target group we want to draw attention. What I am trying to say, we target different segments inside the business audience.

Q: Are you aware of some opinion leaders or thought leaders in the accounting industry?

A: I think there are some opinion leaders present in Slovenia, moreover I believe these are our competitors, so the companies, and of course we don't rely on them. Inside our company however we do have a person – our CEO that appears quite often in the media, on events, seminars, conferences, etc. and has become quite representative and known, but more for the software industry and specialization. He is not only representing our company, but is also known in the area of economy and politics, he really has become quite popular and wanted among Slovenian TV stations. But if I look for a person that has stronger opinion and is more specialized in one specific area of interest, for example from tax consulting, or import accounting, or lets say production or business analytics, in that case we rely on our customers to refer us. In my opinion the companies as an institution have stronger influence, as individual representatives.

Q: Could you tell me something more about the purchase process look like? In what situations or at what occasions is there a personal interaction between the customer and the seller?

A: There can be many different purchasing processes, for example if our solution is already known by the customer, or has been recommended by someone, or the customer already has experience using it from some other company, then the process is rather short. But that is not the most common way. More commonly it goes like this, a customer contacts us, because it has an interest in our solution. At this occasion we need to collect more information about the customer's company, what is their branch of activity, do they have its own accounting department, are they an agency or do they use cash registers, how many business branches they have and so on. After the information is gathered, we can schedule a meeting, prepare a presentation and gather even more details for the offer. If they decide for the purchase, we capture the starting conditions before the implementation, then we arrange data transfer if necessary, training and so on. Third possible way is that the customer is contacted via our call centre.

Q: What about people involved in sales process?

A: We have many sales employees. When a potential customer is discovered, a sales person becomes an owner of this account, but along the process cooperates with people

from other departments, when necessary. Usually this happens towards the end of the process, before the implementation.

Q: Are there any potential pitfalls along the process? Is there any critical point that you need to be even more careful?

A: It is difficult to generalize the pitfalls, but one thing is clear. Until the customer has not signed the contract, the deal still might be cancelled and is not definitive. To avoid problems we keep constant communication with the customer, it is important for the customer to have all the information, and for us to provide it, or include additional people who have the information.

Q: How do you measure productivity of the service? Do you use some specific metrics for this matter?

A: We do not specifically focus on any metrics from customer's point of view or that the customer might measure later. We listen to customer's wants and we provide the solution. However, if the customer has some additional wishes for customization, or gives its own suggestions for enhancement, even at the later stages of use, we do consider. Together with development department we implement the changes, moreover about 70 per cent of customer's suggestions, we take into account. We welcome and appreciate every suggestion that come from the client side.

Q: What about data security. Is that an issue for the customers?

A: Of course data security is very important and we need to guarantee it. The infrastructure that we offer is hosted at our partner. There are some specific standards that define data security and our partner guarantees those standards. They have a proof that they meet all the standards and have certified security centres. The customer can be calmed down. In case the customer prefers to have its own infrastructure, it is also an option. Recently we noticed increase in choosing the hosting option, because the costs immediately fall. There is less cost with administration, maintenance, data backup and so on.

Q: Could you say what is the ratio between the customers who prefer to buy software and the ones who prefer to choose SaaS solution?

A: The solutions that we offer in a form of hosting are still in development and are not available for all the programs yet. But where we do offer hosting, more that 50 per cent of customers decide for it. If we consider all the services that we offer, then this percentage is of course smaller. But we do notice the trend in customers deciding rather for renting the service and in the long term, we expect it to be even bigger.

Q: You already mentioned that important factor of quality in your industry is that the software is in line with law regulations. What are some other the factors of quality of your SaaS service?

A: Yes, this is not only the only factor, it is also important that you give customers an option to adjust your service, and to offer them good user experience. As I mentioned in one of the previous answers, we listen to customers' wishes and suggestions and constantly improve the program. At the beginning the program is the same for all customers, but later we of course have to optimize the functionalities and the content.

Q: That being said I assume your added value originates from the information not so much from the SaaS?

A: Correct, we cannot afford not giving our customers the latest information, or informing them about the latest trends. All this needs to be incorporated in our software. Not just on time, but sometimes also even before the changes occur.

Q: Just two more questions to wrap up the interview. What do you think that key factors of success are in case of SaaS? Not just for the accounting industry, but more generally?

A: I think the key factors are happy customers. The customers are satisfied when the program works flawlessly, without errors and interruptions, and that customer support in case an error after all occurs, is very responsive as well. And of course the program needs to be functional.

Q: So what would you consider as responsive customer support?

A: We have different levels of responsiveness depending on the urgency. If some element is essential that the program works at all, this is urgent matter and needs to be solved immediately. But it's about more general topic, for example a customer has suggestions or some question, we reply in two days latest.

Q: How would you define then factors of success specifically for the industry you work in?

A: Since accounting industry is present everywhere in all different companies, whether this is production company, or a store, a warehouse, a big business or a small one. So we need to adapt to it and to the customers, as I said before, as well as to their industries. And to give customers a possibility to access support as soon as possible.

Q: Thank you for your time!

A: You're welcome.

Appendix D: Slovenian summary

Podjetja so vse od pojava prvega SaaS-a v poznih 90. letih (Demirkan, Cheng & Bandyopadhyay, 2010, str. 119) hitro začela prepoznavati vrednost tovrstne storitve, bodisi zaradi njenih prednosti, kot so privarčevanje na stroških, času, bodisi zaradi njene prijazne uporabniške izkušnje, ki je dosegljiva na vsakem koraku (Jamsa, 2013, str. 18; Baldwin & Cromity, 2009, str. 124). Pregled literature opravljen pred samo raziskavo je pokazal, da je na temo, zakaj naj bi se podjetja odločala za SaaS storitve, veliko že veliko napisanega,

zaznati pa je vrzel, ko je govora o SaaS strategijah trženja. Pojavi se namreč vprašanje, kako naj se trži storitev, ki ima zelo specifične lastnosti, izvirajoče iz značaja storitev na splošno, pa tudi iz SaaS-a samega po sebi, ki so, da nima lastništva, da je dostavljen preko spleta, da se zanj plača po uporabi in da sloni na tako imenovani večnajemniški arhitekturi. SaaS je danes že v polnem razmahu, mnogo podjetij pa ga ponuja kot svojo osrednjo dejavnost, zato želim s svojo raziskavo nekoliko pripomoči k boljšem razumevanju trženja tovrstne storitve.

V svojem magistrskem delu preučujem trženjske strategije, ki so preplet medorganizacijskega trženja, trženja storitev in trženja visokotehnoloških izdelkov. Nekateri avtorji so mnenja, da velikih razlik med njimi ni, da pa je trženje visokotehnoloških izdelkov le kot dodatna plast ali podzvrst trženja storitev (Viardot, 2004, str. 23). Dodatni cilj naloge je tako primerjati teoretske izsledke z ugotovitvami iz raziskave petih slovenskih SaaS podjetij, ki so sodelovala v poglobljenih intervjujih, ter najti ključne točke prikrivanja ali razhajanja.

Rezultati so pokazali, da slovenska podjetja izvajajo trženje na podoben način, kakor je bilo ugotovljeno v teoretičnem delu naloge, ter imajo v nekaterih primerih celo bolj nadgrajene in dodatno razvite določene trženjske pristope in ideje. Na podlagi analize pa je moč sklepati o petih glavnih poudarkih, na katere naj se osredotočajo marketingarji. Ti so zagotavljanje ustrezne vsebine za kupce, ustvarjanje partnerskega omrežja, ponudba oprijemljivih dokazov o storitvi, osebna interakcija in prava umestitev v ekosistem panoge.

SaaS podjetja naj pripravijo študije primerov, prikaz uspešnih zgodb, ki so nastale po implementaciji njihove storitve, zagotovijo dovolj materialov za učenje uporabnikov o storitvi ter nenazadnje obveščajo o trendih in novostih iz dejavnosti. Poleg tega objavljane člankov in sodelovanje v intervjujih lahko pripomore k utrditvi vloge nosilca mnenja v panogi, ki pa je eno najmočnejših orodij oglaševanja. V okviru druge ugotovitve, ustvarjanja partnerske mreže, naj se podjetja obkrožijo s partnerji ne le zaradi distribucije svoje storitve, pač pa tudi zaradi priporočil, ki jih lahko dajo za njihov SaaS. Eden od načinov je, da pripravijo partnerski program, čigar člani imajo posebne ugodnosti v zameno za sodelovanje, kot na primer dostop do ekskluzivnih informacij ali skupne poslovne dogodke. Naslednji poudarek pri SaaS trženju naj bo na zagotavljanju otipljivih dejstev, saj ta lahko pomembno vplivajo na razumevanje prednosti, ki jih prinaša SaaS, ali za razčiščevanje morebitnih strahov ali zadržkov pred njim. Dejstvo lahko prikažejo na primeru privarčevanja, ali zmanjšanja porabljenega časa, pa tudi na povečanju dobička. Poleg tega otipljivi dokazi kupcu pomagajo doumeti, kako se uporaba SaaS-a pozna na izboljšanje njihovega poslovanja, ter pomaga premakniti zaznavanje kakovosti storitve iz subjektivnega na bolj objektivno. Naslednja ugotovitev je, da osebna interakcija s kupci ključnega pomena, čeprav je bilo prvotno rečeno, da naj podjetje svoje podporne storitve čim bolj avtomatizira in jih usmeri na splet. Kupci naj imajo na izbiro med osebnim ali

neosebni stikom pri aktivnostih kot so podpora strankam, komunikacija med nakupom ali pri izobraževanju.

Zadnja ugotovitev pomembna za celostni pristop k SaaS trženjskim strategijam je, da morajo podjetja gledati na svojo panogo kot na celoten ekosistem, poznati trg, potrebe kupcev in poznati glavne igralce na njem. V skladu s tem naj postavijo primerno strategijo vstopa na trg, se pravilno pozicionirajo ter tako osvojijo vse priložnosti, ki se pojavijo.