SaaS Marketing Strategy
Achieving SaaS Customer Alignment

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SaaS Customer Alignment Defined

When I'm not completely absorbed with my agile marketing software startup, I spend my time advising other SaaS companies. SaaS colleagues come to me with a wide variety of problems from positioning to sales compensation to churn analysis, but lately I've noticed a common theme: poor SaaS customer alignment.

SaaS businesses develop intimate, long term relationships with their customers that are enabled by the always-on connection between the SaaS customer and the SaaS business through the SaaS product. Like many long term relationships, it is founded on a recurring cycle of needs fulfilled and expectations met, or not. And I don't just mean customer needs and expectations. There are two sides to every relationship. SaaS businesses need to make money as much as SaaS customers need to spend it. SaaS customer alignment means aligning the goals and actions of the SaaS customer with the goals and actions of the SaaS business at every stage of the SaaS customer lifecycle.

The quality of a SaaS business depends on the quality of its customers.

In SaaS, customers are the fundamental unit of measure. Each new customer brings a new thread of subscription revenue that is woven into a larger tapestry to form the total recurring revenue of a SaaS business. The quality of that tapestry hinges on the quality of your SaaS customers. But, what makes for a high quality customer? A high quality SaaS customer is aligned with your SaaS business goals and your SaaS business processes throughout the SaaS customer lifecycle. SaaS businesses that are well aligned with their SaaS customers have high recurring revenue growth, low acquisition costs and low churn rates. Poorly aligned SaaS businesses struggle to survive and satisfy their customers.

When your SaaS business is well aligned, your SaaS customers consistently take positive actions that lead to positive business outcomes: they try, they buy, they upgrade and they refer you to a friend. When you are poorly aligned, your SaaS customers consistently take negative actions that lead to negative business outcomes: they bounce, they negotiate, they complain, and they churn. In theory, the solution is simple: just get your customers to take positive actions. In practice, it's a little more complicated.

Lifecycle Stage	Positive Customer Action	Customer Alignment	Positive Business Outcome
Need Identification	Initiate	Make what customers want	Big Market Potential
Search for Solution	Learn	Meet and speak the same language	High Growth
Evaluation	Try	Sell the way customers buy	Low Acquisition Cost
Purchase	Buy	Price what customers value	High Average Sales Price
Adoption	Use	Gratify instantly	Low Cost of Service
Ongoing Use	Renew	Deliver quality, recover quickly	Low Churn
Deepening Use	Buy More	Provide variety, enable discovery	Large Upsell
Advocacy	Refer	Streamline sharing	Viral Growth

When your SaaS business is well aligned, your SaaS customers consistently take positive actions that lead to positive business outcomes.

Know Thy SaaS Customer

The good news about actions and outcomes is that they are easily measured. The bad news is that they are not as easily managed. Achieving strong SaaS customer alignment requires the ability to manage SaaS customer actions toward the positive and away from the negative. To do this, you have to understand the underlying motivations for those actions. You have to know how your customers think and why they do the things they do. That means you have to get meaningful and deep feedback from your customers at each stage of the SaaS customer lifecycle—real people. Clickstreams just don't cut it.

That said, it is next to impossible to get inside the head of every single SaaS customer at scale. At each stage of the SaaS customer lifecycle, the SaaS business learns a little more about the SaaS customer and the SaaS customer learns a little more about the SaaS business. Not all of this information is useful or relevant. The key to scaling SaaS customer alignment is to link your understanding of real-world customer motivations to motivational indicators that are more easily measured.

Lifecycle Stage	Customer Motivations	Motivational Indicators (examples only)	Modeling & Forecasting
Need Identification	ask your customers	industry size of business	Targeting Criteria
Search for Solution	ask your customers	blog traffic e-book downloads	A/B Testing
Evaluation	ask your customers	trial page traffic trial product use	Lead Score Qualifying Criteria
Purchase	ask your customers	pricing page traffic sales engagement	Sales Forecast
Adoption	ask your customers	general product usage stats	Onboarding Score
Ongoing Use	ask your customers	satisfaction ratings support tickets	Health Score Renewal forecast
Deepening Use	ask your customers	specific feature usage stats	Upsell Forecast
Advocacy	ask your customers	positive reviews previous referrals	Net Promoter Score

The key to SaaS customer alignment is to link real-world customer motivations to motivational indicators that are more easily measured.

The table above provides a strawman example of what I mean by linking motivation to measurable motivational indicators. What I call 'motivational indicators' go by a lot of different names, e.g., demographics, clickstreams, qualification criteria, pain points, or if you are a statistician: independent variables. In the early stages of the SaaS customer lifecycle, you have very little information about the prospect, so the indicators are largely demographic or early buying behaviors. Later in the SaaS customer lifecycle, you get access to product usage data and direct customer feedback. By the time they are renewing customers, you usually have more data than you can reasonably deal with. The two main takeaways are that the measures only matter if they are indicators of positive customer actions and they will only indicate positive customer actions if they are measures of customer motivation. *Most demographics are meaningless.*

The two most common roadblocks to achieving SaaS customer alignment are that a SaaS business either a) doesn't talk to its SaaS customers on a regular basis to understand their underlying motivations at each stage of the SaaS customer lifecycle or b) doesn't link real-world SaaS customer motivations to the oceans of data coming out of marketing, sales and support systems. Predictive models are developed by throwing spaghetti at the wall to see what sticks without any real understanding of why they work, or more often why they don't.

If It Quacks like a Duck

If you can make a detailed table of motivational indicators by correlating direct customer feedback with your available process metrics, then you are halfway to achieving SaaS customer alignment. The first thing you will notice is that your customers tend to fall into buckets based on specific bundles of motivations and motivational indicators. Like the indicators themselves, these buckets also go by many names: market segments, customer profiles, buyer personae, churn cohorts, or again if you are a statistician: customer populations.

A common mistake is to create arbitrary customer populations based on off-the-shelf demographics that do not indicate any real SaaS customer motivation, such as industry. This doesn't mean demographics like industry are bad. It's just that you are likely to find that there are five industries that matter, because those SaaS customers have specific motivations that align with your SaaS business. And, you will also find fifty industries that don't matter, because they don't indicate anything other than an absence of positive motivations. Focus on the five.

Another common mistake is to create customer populations based on internal criteria, such as date of purchase, that corrupt pure external customer motivations with the internal actions of the SaaS business itself. When buckets are created this way, they say as much about your marketing, your product, your sales and your support as they do about your SaaS customer. These measures are useful when you are trying to determine the effectiveness of marketing programs and changes to your product, but they should not be used to describe your SaaS customers.

**Name your high quality SaaS customers
and it will change how you think
and communicate about your SaaS business.**

Once you can create meaningful buckets of motivational indicators, then the next most important thing to do is to give each SaaS customer type a simple, highly descriptive name. This small thing will do wonders for your SaaS business. When you give your high quality customers a name, it changes how you think and communicate about your SaaS business. Remember, industry doesn't matter if industry doesn't indicate motivation. Customer profiles don't matter if they don't profile motivations that lead to positive business outcomes. On the other hand, if it walks like a duck and it quacks like a duck, then it must be a duck! Call it a duck. When you can discuss your customers efficiently in a shorthand that describes their motivations, i.e., ducks need to quack, birds need to fly, firemen need to put out fires, bakers need to bake, truckers need to deliver, SaaS executives need to make money, etc. then you will find yourself making better, fast business decisions that consistently improve SaaS customer alignment.

Aligning SaaS Customer Acquisition

SaaS businesses can be overwhelmingly complex. If the multi-tenant, cloud-based technology isn't enough, there's the recurring revenue model which creates all kinds of challenges from accounting to sales compensation to funding. Then, there's the marketing. Getting noticed on the Internet gets harder every year and almost every SaaS product category has a crowded field of competitors. And of course there is mobile, which should come first right? In my own SaaS experience, be it scaling sales and marketing teams, consulting for SaaS startups or bootstrapping my agile marketing SaaS, Markodojo, I find myself returning to the common theme of SaaS customer alignment, because it always cuts through the complexity.

Not Everyone Needs Your Stuff

We love our SaaS companies and we love our SaaS products. They're our babies! But, your baby always looks cuter to you than it does to everyone else. Selling to everyone is one of the biggest causes of poor SaaS customer alignment. Some people just don't need your stuff, and they will never appreciate the unique qualities of your baby. Selling to everyone is an ill that inflicts many businesses, not just SaaS businesses, because it is baked into the economics. When growth is the primary determinant of SaaS company value, then there is always pressure to expand your available market. Unfortunately, your available market was probably determined a long time ago when your baby was conceived. Expanding your available market generally requires a new product module, a new SaaS product or even a new business unit.

Selling to everyone is one of the biggest causes of poor SaaS customer alignment.

SaaS customer acquisition should focus on maximizing available market penetration, not increasing available market size, and to do that you have to have a very clear picture of your target SaaS customers. Who truly needs your stuff? Why do they need it? What do they get out of it? How many are there? And, how can you reach them? This information goes by a lot of different names: market segments, qualification criteria, pain points, buyer personae, customer profiles, use cases, etc. The important realization is that they are all the same thing in the end: tools that reinforce SaaS customer alignment. The primary difference is in the depth of data; because you tend to have more of it the deeper the SaaS customer proceeds into the purchase process.

Create a Common Customer Understanding

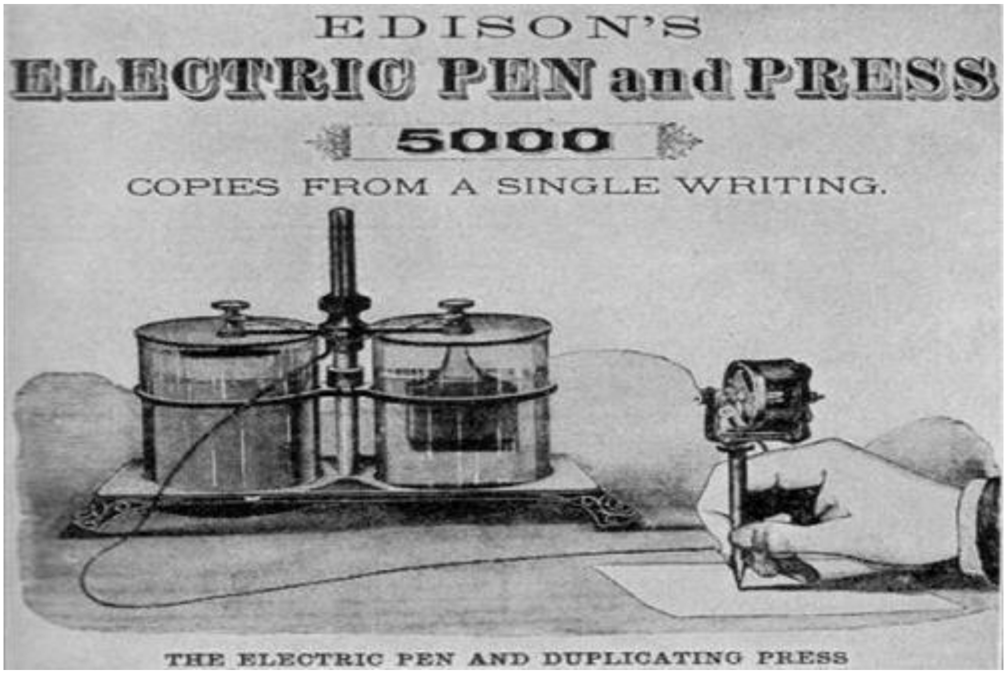
Chances are your SaaS Marketing VP has some version of market segments, buyer personae, and lead scores, while your SaaS Sales VP has some version of qualifying criteria and pain points, and your SaaS Product VP has some version of users and use cases. Do they match? Are they shared? Do they use the same language? In the end, they define the same customer. Work as a team to create one definition of your SaaS customers, a shared understanding of who they are at a detailed level and a common language to describe them. Once you've defined each type of SaaS customer at a detailed level, then give each one a short, descriptive, meaningful name that can serve as a short hand for all the underlying detail.

Learn to Say No

Once you have a clear and common understanding of your ideal SaaS customers, you will find that you also have a clear and common understanding of your poor prospects. Qualify them out, early and often. When you've just raised that B-round and growth expectations are running high, it is easy to fall into the trap of over-selling your SaaS product. Bad prospects waste precious sales cycles and marketing dollars, driving up your customer acquisition costs. If you do manage to close them, they drive up your success and support costs, because your SaaS product is not a good fit for their needs. Ultimately, they cancel and drive up your churn rate. It's better to say no up front, and make expanding your available market an element of your SaaS product strategy, not SaaS customer acquisition.

Are You a Commodity or a Contraption?

One often overlooked item to include in your common customer understanding is the messaging you will use to communicate the value of your SaaS product to each SaaS customer type. That messaging should be consistent at the core in all of the places it might appear: website, sales pitches, email, direct mail, event presentations, press releases, blogs, webinars, and so on. However, poorly aligned messaging that is consistently applied produces consistently bad results.



Your SaaS product messaging must align with your SaaS customer's understanding of your SaaS product. If your SaaS product is a commodity, keep the content simple. If your SaaS product is a contraption, you have to map out an educational journey.

Your SaaS product messaging must align with your SaaS customer's understanding of your SaaS product. Are you a commodity or a contraption? A commodity is a product that is generic. Customers have seen it, used it and are completely familiar with it. It is virtually synonymous with the product category itself, like a Kleenex or a Coke. That is not a bad thing, if you own the category. In fact, that is a very good thing. A contraption is innovative, complex and poorly understood. Knowing where your SaaS product falls along this spectrum is essential to achieving SaaS customer alignment.

Don't get Caught Up in the Content

Today's SaaS marketers have a very broad communications toolkit that includes websites, email, blogs, ebooks, videos, ads, webinars, presentations, press releases and everything in between. It is easy to generate a lot of content. It is even easier to generate a lot of really meaningless content. If your SaaS product is a commodity, keep the content simple and focus it on getting the customer to the next stage: trial. They don't need education.

If your SaaS product is a contraption, your SaaS marketing must be commensurately more sophisticated. In the end, you'd like to lead your SaaS customer to a commodity-ish understanding of your value, such as two words that say it all. It's almost always a good thing to get your message down to two words, but contraptions can't lead with that. As simple and clear as your two words might be, early stage prospects just won't get it. You have to start with the level of interest and understanding of your target SaaS customer and map out an educational journey that brings their pains to the forefront, demonstrates your SaaS product's value and ultimately leads to real understanding of your two words.

Seeing is believing

At the risk of repeating myself, I have yet to see a SaaS product that would not benefit from a free trial. That is, benefit SaaS customer alignment. While it is often difficult for the contraption to pull off a great free trial, even the commodity can run into difficulty if the adoption costs are high. For example, accounting software is a very well understood SaaS product category, but it is difficult to show the real value of the product until you have loaded it up with your SaaS customer's chart of accounts, product SKUs, and so forth. I don't care, and neither does your SaaS customer. Seeing is believing.

Find a way to demonstrate the value of your SaaS product in a real-world customer experience. The ideal scenario is that the customer signs up and is instantly gratified by the first thing she does with your SaaS product. Every SaaS business should strive for that ideal. If you are a bit of a contraption, then you need to help them out along the way with in-product ques and education. If you are a large complex, enterprise, transaction-oriented system with no hope of delivering a live system pre-purchase, then set up a production environment that your qualified prospects can test drive. Let them see it. If your product is good, they will buy it. And, even if it has some rough edges, they won't be surprised later on. You will be more aligned with your SaaS customer.

The Cloudy Nature of SaaS Pricing

SaaS pricing is one of the most important dimensions of SaaS customer alignment. SaaS pricing isn't that hard to do. It's just hard to know if you are doing it right. Many SaaS businesses just give up and copy Salesforce.com or some other category leader similar to them. SaaS pricing is difficult for two reasons. First, pricing is inextricably linked to volume, and most SaaS businesses don't have that much volume to work with. Second, SaaS pricing recurs renewal after renewal. To test SaaS pricing, you need lots of purchases. And, you need to be able to separate those purchases in a scientific A/B testing sort of way. Unfortunately, most SaaS customers don't make good test subjects.

The SaaS pricing learning curve is very slow.

The difficulty of getting real data when it comes to such an important decision as your SaaS pricing model significantly ups the ante on the quality of your SaaS pricing judgment. You need to make the best SaaS pricing decisions you can, because you will be stuck with the results. The average SaaS business might change its SaaS pricing model every couple of years. The SaaS pricing learning curve is very slow. You must try to get it right the first time.

SaaS Pricing Should be Simple

There is a natural tendency to over-complicate SaaS pricing. Don't. Your SaaS product might be overflowing with features, but your SaaS customers probably only come in a couple of flavors. Your SaaS pricing choices should say more about your customers, than they do about your features. Moreover, you're just fooling yourself. You don't know if one low-level feature is more important than the next. You can't test it. So, why make it complicated?? Keep it simple and create bundles based on your SaaS customers and their list of needs, not your SaaS product and your list of features.

Build Upsell in from the Start

A good SaaS pricing model separates your SaaS customers based on their choices and maximizes both your revenue and their value. Customers that value capability A, pay a little more for A, but not so much more that they don't benefit or don't buy it. It's Economics 101. What you generally don't cover in Economics 101 is the SaaS customer that sticks around year after year. SaaS customers evolve as their businesses grow and their use of your SaaS product deepens. This evolution demands that you stay aligned with your SaaS customer over time. From a SaaS pricing perspective, it offers the opportunity to create time-based bundles and usage-based pricing that reflect the natural evolution of your SaaS customers and build upsell into your SaaS pricing model from the start.

Aligning SaaS Customer Success

SaaS businesses develop intimate, long term relationships with their SaaS customers. Keeping that relationship positive and aligned over the years is a real challenge. In fact, many public SaaS companies have yet to turn a profit. If they don't keep their customers around for years, then all that capital invested in customer acquisition will have gone to waste.

Churn Starts on Day One

It is typical in B2B software for customer acquisition to eat up 50% or more of total costs. In traditional licensed software, that cost is immediately recovered when a deal is closed by the revenue of the deal. There is very little uncertainty about the value of any new contract: it is the margin reaped between license revenue and acquisition costs. In SaaS, however, customer acquisition costs are recovered over time as the customer renews each period. There is a great deal of uncertainty about the value of any new contract, because the customer might cancel early or stick around for years.

A SaaS contract is like a stock or bond.
You invest up front
on the *promise* of future returns.

The economics of a SaaS contract are like that of buying a stock or a bond, where you make an up front investment based on the *promise of future returns*. As the future unfolds, the value of that investment has little correlation to the price that you paid. It is determined by how effectively the underlying business manages its future. In SaaS, the work doesn't end when then deal it is signed. It begins, because churn starts on day one.

Don't Fumble Your Handoffs

Separating hunters and farmers is a common SaaS sales best practice. Deals are closed by an aggressive quota-carrying sales team: the hunters, and then handed over to a more service oriented group of account managers and customer success reps for on-boarding, renewals and up-sell: the farmers. Your SaaS customer has only one SaaS customer life cycle. Every time you hand-off a SaaS customer relationship, you create the opportunity for that SaaS customer to fall through the cracks in your process. When you break up responsibility for the SaaS customer life cycle, you must put processes in place that sew it back together. It might be as simple as an onboarding checklist and a formal meeting with all the relevant parties. Or, you might create teams that link specific sales reps to specific account managers and success reps. Use whatever approach works best for your particular SaaS business, but don't fumble your hand-offs.

Onboard in Real Time

Sales, marketing, customer success, and technical support teams all play critical roles in servicing SaaS customers and driving SaaS business revenue. However, they should always be considered the second choice when the same goal can be accomplished directly by innovative **SaaS product design**. As much as we love our teams, they don't have economies of scale. More importantly, *they are not in front of the customer when the customer needs help with the product*. The SaaS product is. Onboarding is best when it is done in real-time as the SaaS customer uses the SaaS product. Build your SaaS products to detect and react to the needs of the SaaS customers based on their experience and usage. Don't clutter up the user interface with advanced features for first time users. Strive for instant gratification. Design for discovery to expose deeper capabilities based on deeper usage. When all else fails, provide tips, education and immediate access to support within the product itself.

If They Use It, They Will Stay

There are many potential causes of SaaS churn. SaaS products that don't deliver enough value to justify their use. SaaS products that are so hard to use, such that SaaS customers never really get up and running. SaaS products that are so casually used that SaaS customers don't incur any switching costs. Or, SaaS customers that simply go out of business. Whatever the root cause of SaaS churn, its impact is always measured by use. They might not come if you build it, but if they use it, they will stay.

It's a bit of a tautology to claim that SaaS product usage is the best predictor of SaaS churn. In one sense, churn is simply non-use. Over time, however, SaaS product use tends to **deepen switching costs** as SaaS customers put more and more of their data into the SaaS product, invest more of their time learning the SaaS product and bake the SaaS product into their business processes. The cumulative impact of ongoing SaaS product use creates an economic hysteresis that makes it easier to go forward and renew, than to go backward and churn.

Use Your Usage Data

SaaS product usage patterns provide unprecedented insight into SaaS customer alignment. Well aligned SaaS customers get up and running fast, use your SaaS product on a regular basis, discover new capabilities in the course of regular use, and expand their use over time. Only SaaS products offer this level of customer intelligence. Many other products from vending machines to automobiles embed SaaS-like components for the sole purpose of obtaining this kind of information. Use your usage data to gain a deeper understanding of your SaaS customer's needs and habits to improve SaaS customer alignment.

Qualify Churn like You Qualify Leads

SaaS sales and marketing organizations spend an enormous amount of time and energy qualifying leads. They track conversion rates, create A/B tests, develop lead scores, put lead development teams in place, and so on. Lead qualification increases the probability of closing a deal and enables the SaaS sales and marketing organizations to focus on the best prospects. So it is with churn. Churn is just negative retention, and retention is revenue. Whereas lead scoring models are built on weak, superficial metrics for SaaS customer intent, such as click streams and page views, SaaS customer success models can be built clear indicators such as product usage, support tickets, and direct customer feedback. If you can qualify your current customers' likelihood of cancelling better than you qualify leads, then you will have developed a significant advantage in the never-ending battle against SaaS churn.

Help Your SaaS Customers Help Themselves

There is no **market for lemons** in SaaS. SaaS customers gain a complete understanding of your SaaS product before they pay you. If they don't like what they see, they churn. On the other hand, the SaaS business incurs the same customer acquisition costs. If your SaaS sales and marketing machine is too aggressive, your reps may make quota, but your SaaS business will pay for it in the end. Many enterprise software vendors pay lip service to solution selling, but SaaS vendors must deliver. The only sure way to build a sustainable, recurring SaaS revenue stream is to help your SaaS customers help themselves.

Avoid the Downside of Upsells

Upselling is a critical component of many SaaS business strategies. For some SaaS businesses, long term profitability hinges on upsells. The importance of upsell revenue and retention revenue lead many SaaS executives to the natural conclusion that these revenue streams should be on quota to get the same level of individual motivation and accountability that sales has for new revenue. Putting account managers and success reps on aggressive quotas, however, is a double edged sword. Bad cops can't be good cops.

A lost deal only implies an opportunity cost: revenue we might have had. Unlike new business, a lost customer is a real cost: revenue you would have had. If your upsell effort is so aggressive that it creates bad SaaS customer alignment, they your cancellations might very well cancel out your upsells. Avoiding the downside of upsells requires striking a careful balance between revenue accountability and customer success. In that regard, culture matters more than quotas. Make sure your SaaS customers are successful first, and your upsells will sell themselves.

Advocacy Compounds Lifetime Value

A SaaS customer that upgrades can easily be worth 2X one that doesn't. A SaaS customer that brings your new SaaS customer, each of which might upgrade, can easily be worth 10X. The best SaaS customer advocates do more than provide logos for your website and quotes for your press releases. They recommend you to their colleagues and bring in new business at a fraction of your average acquisition cost.

Smart SaaS businesses put in place ongoing programs that identify, nurture and enable SaaS customer advocates, because the lifetime value of a SaaS customer advocate compounds with each referral. But remember, your SaaS customer advocate is not helping you. You have been paid for your services. She is helping the colleague she refers to you, because she thinks your SaaS product is genuinely valuable. And, she is helping herself to the good feeling of doing a colleague a favor. Help her, help her friends, and help her, help herself.

Achieving SaaS Product-Market Fit

Finding product-market fit is a central, early stage challenge of every startup. SaaS startups, however, have unique advantages. Unlike consumer Internet products, SaaS products are essential business tools. SaaS customers take them very seriously. SaaS customers want to provide feedback and they want to see that feedback acted upon in a timely fashion. In other words, SaaS customers want product-market fit as much as the SaaS vendor. Unlike offline B2B products, the SaaS product creates an always-on connection between the SaaS company and the SaaS customer. By leveraging that connection, the process of getting and acting upon SaaS customer feedback can be automated and accelerated.

Try, try, try again

There have been many great books and articles written on the topic of **product-market fit**. Surprisingly though, you are unlikely to find any better advice than that given in the **old nursery rhyme**: "If at first you don't succeed, try, try try again."

SaaS customers want product-market fit as much as the SaaS vendor.

Of course, you don't want to just try things at random. You want to try things that will systematically improve SaaS customer alignment and move your SaaS business closer to product-market fit. You need to test your current product-market fit, then make adjustments in the right direction based on the results. In other words, you need to create a continuous loop of SaaS customer feedback and SaaS product development that increases product-market fit on each iteration: listen, build, deliver…listen, build, deliver…try, try, try, again. The unique advantages of SaaS, however, allow you to increase the velocity at which you 'try, try, try' and accelerate your path to product-market fit.

Let Your Customers Be the Judge

When angling toward SaaS product-market fit, it is essential to understand the different roles played by the product and the market. The product proposes and the market judges. SaaS startup founders, product managers, UI designers and software engineers all have strong ideas and even stronger attachments to the SaaS products they build. This vision and ownership is an integral aspect of technology innovation. Once that innovation is out there, however, you need to get the clear and unbiased appraisal of your potential SaaS customers. Talk to them. Listen to them. Build a customer-focused culture that continually seeks to understand and better meet the needs of your SaaS customers.

Agile SaaS enables fast iteration.
The faster you iterate;
the faster you'll acheive SaaS product market fit.

SaaS customer focus doesn't mean SaaS product design by committee. After the market judges, its the product's role to re-propose. Beyond modest improvements to existing features, it is unlikely that the feedback you receive will translate verbatim into the capabilities your SaaS product needs to reach product-market fit. You may need to innovate and provide an unforeseen solution to an unforeseen problem. You may need to walk away from a particular segment of the market, because it will never fit. It is also unlikely that your second or your third try will be perfect. The faster you iterate, the faster you will achieve product-market fit.

Accelerate Feedback through the SaaS Product

Getting direct, in-person feedback from your customers should be at the top of your priority list when you are working toward SaaS product-market fit. That said, your SaaS customers will naturally spend much more time in front of your SaaS product than they will in front of you. Don't waste it. In the same spirit of letting your customers be the judge, the best time to get SaaS customer feedback is real-time.

Open as many feedback channels as possible to your SaaS customer directly inside your SaaS product. New feature requests, current feature ratings, bug reporting, support inquiries, and so forth are just one click away from the events that precipitate them when you enable them inside your SaaS product. Long before SaaS product usage data helps you convert trials and reduce churn, it should help you improve SaaS product-market fit. Product usage metrics provide unbiased insight about what is being used and what isn't. It can also tell you what is being used with difficulty versus what is being used with ease. By turning on real-time feedback directly within your SaaS product, you accelerate the SaaS customer side of the listen, build, deliver loop and increase the velocity at which you approach SaaS product-market fit.

Go All Out Agile

Agile software development has seen wide adoption throughout the software industry. However, there is one often overlooked aspect of agile software methodologies that has been lost in their loose translation from their **agile manufacturing** roots: the customer. Many software engineering teams turn to agile as a means to increase productivity and manage risk. However, the primary goal of agile is not higher productivity; it is increased responsiveness to customer needs. In most agile software development teams, the product manager provides a surrogate voice of the customer. This is not enough. A fundamental tenant of agile is that the output of your team, your SaaS product, must be of value to the customer, otherwise it is not real output. That is, features that have no value to the customer are waste.

**The goal of Agile isn't higher productivity;
it's faster response to customer needs**

Adopting agile software development in your effort to achieve SaaS product-market fit is a good idea. Complementing it with **agile marketing** that plugs unbiased customer feedback directly into the software development process is a great idea. Agile should not end at the SaaS product manager. SaaS product and marketing managers shouldn't just gather and analyze customer feedback, they should take the lead in collecting as much of it as possible and sharing it with the entire team to reinforce a culture of customer focus.

Automate SaaS Product Integration, Testing and Deployment

Like agile, automated integration, testing and deployment have seen wide adoption in the software industry. And like agile, they are often pigeon-holed as engineering best practices. They are not. They are SaaS business best practices, because they enable rapid reaction to market demand and specific customer needs. Automated testing is particularly important when you are redesigning and refactoring on a regular basis to improve SaaS product-market fit. When combined with agile software development and **agile marketing**, they create a SaaS product delivery machine capable of rapid innovation that follows the SaaS customer's lead and drives rapidly toward SaaS product-market fit.

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About

This whitepaper is based in part on recent blog articles at Chaotic Flow by Joel York. Joel York has 20 years of experience bringing software and software-as-a-service (SaaS) products to market and is a recognized leader in the cloud community. Joel has managed global sales and marketing organizations serving over 50 countries, including local operations in the US, UK, Germany, Israel and India. His experience ranges from freemium SaaS subscriptions to $5M enterprise deals. Joel shares his expertise on SaaS and cloud business strategy at Chaotic Flow and Cloud Ave.

Currently CEO of Markodojo, Joel has held senior management positions leading the sales and marketing organizations from startups to public companies, including Meltwater, Xignite, Navis, eMind, Passlogix and SPSS. He also consults on SaaS strategy and operations as Principal at Affinitos, where he has worked with numerous rapidly growing SaaS startups such as Zendesk, Conduit and AppFirst. Joel began his career at Deloitte Consulting. He holds a B.S. in Physics from Caltech, an M.S. in Engineering Physics from Cornell University and an M.B.A. from the University of Chicago.

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