



Stay ahead of the curve

***How to Respond to
SaaS Competition
– Fast!***

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Agenda

- Introduction
- Long-Term Changes
- Impact Assessment
- Potential Actions
- Wrap-Up

Introduction

MarketShare

- **Unique focus since 1987**
 - > Pricing computer software
- **Practice areas**
 - > Value-Driven Pricing
 - > Value-Based Selling
 - > Strategic Discounting
- **Results**
 - > Improved financial performance
 - > More value from products & services
 - > Increased sales effectiveness

Introduction

SaaS Creates Excitement!

- **Start ups and their investors**
- **Journalists, analysts, consultants**
- **Disaffected customers**
- **Traditional vendors on autopilot**
- **Something new for everyone**
 - > SW folks are addicted to “change”
 - > So are customers...
... but not when it affects business processes

Introduction

Why the Excitement?

- **Something new**

- > Easy to try/buy/use
- > Single priced access, maintenance and support
- > Low price points
- > Bite-sized chunks of products
- > Standard, web-native software
- > Centralized incremental updates
- > Remote management of infrastructure

- **Something old**

- > Speed and customer service (Consumer marketing)
- > Old-style computing (Timesharing, Mainframes)
- > Early desktop apps (Simple, Compact)

Introduction

SaaS Causes Long-Term Change

- Extends meaning of “Product”
- Challenges industry business model
- Delivers broader customer benefits
- Changes competitive playing field

Introduction

Takeaways

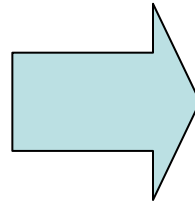
- **Some companies more affected than others**
 - > Little change required for the lucky few
- **Near-term actions possible**
 - > Can blunt competition
 - > Can make you more competitive
- **Go back to fundamentals**
 - > Business planning
 - > Customer segmentation
 - > How you create real value
- **What doesn't kill you will make you strong**

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Long-Term Changes Extends Meaning of “Product”

- Product
- Modules
- Services
- Maintenance
- Support
- Payment



- Product
- Modules
- Services
- Maintenance
- Support
- Payment
- Product structure
- Payment structure
- Infrastructure
- SLA
- Vendor risk

Long-Term Changes

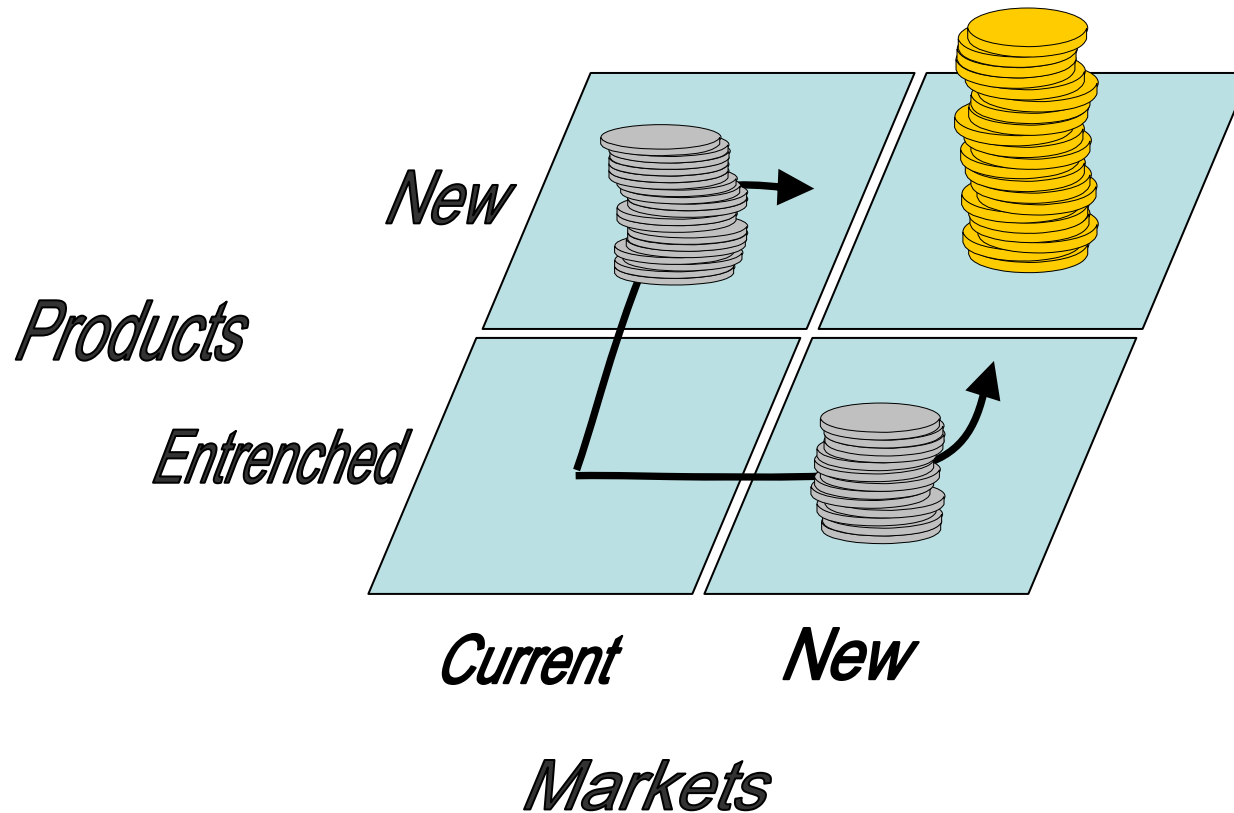
Challenges Industry Business Model

- 
- Limited feature set
 - Packaging simplicity
 - Ordering flexibility
 - Uniform ongoing stream
 - Relationship driven
-
- Feature laden products
 - More complexity
 - Standard terms
 - Hi upfront; low ongoing stream
 - Transaction driven

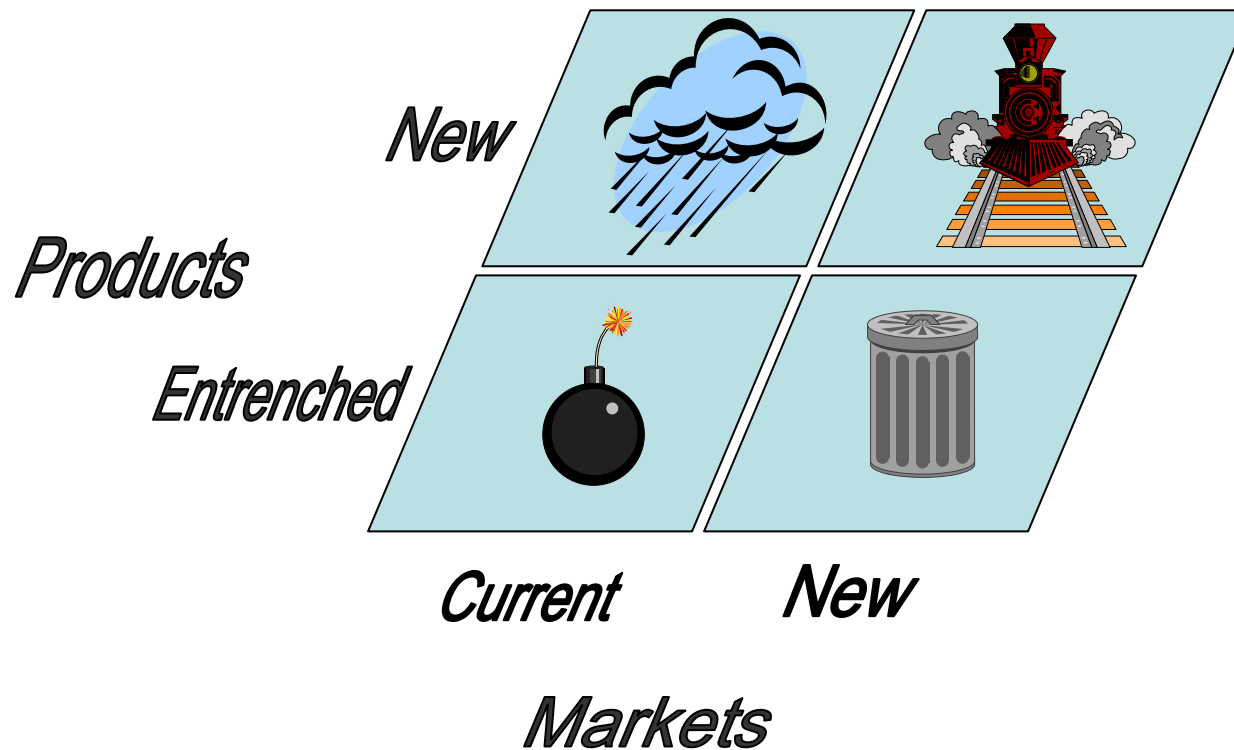
Long-Term Changes Delivers Broader Customer Benefits

<i>Customer Benefit from SaaS</i>	<i>SaaS Feature</i>
Payment flexibility	<i>Price level Billing term</i>
Less financial risk	<i>Payments aligned with benefits Small packaging increments</i>
More accountability	<i>IT and SW from one vendor</i>
Ease of administration	<i>Self-provisioning</i>
Lower implementation risk	<i>Easy to trial Customer service orientation</i>
Easy deployment	<i>Accessibility</i>
Faster time to value	<i>Simple to use, install</i>
Less operational disruption	<i>Incremental releases</i>

Long-Term Changes Alters Competitive Playing Field



Long-Term Changes Alters Competitive Playing Field



Long-Term Changes **What to Do?**

- **Who needs to respond?**
 - > Most vs. least affected
- **How to respond?**
 - > Greatest impact on prospects/customers
- **When to respond?**
 - > Timing, pace

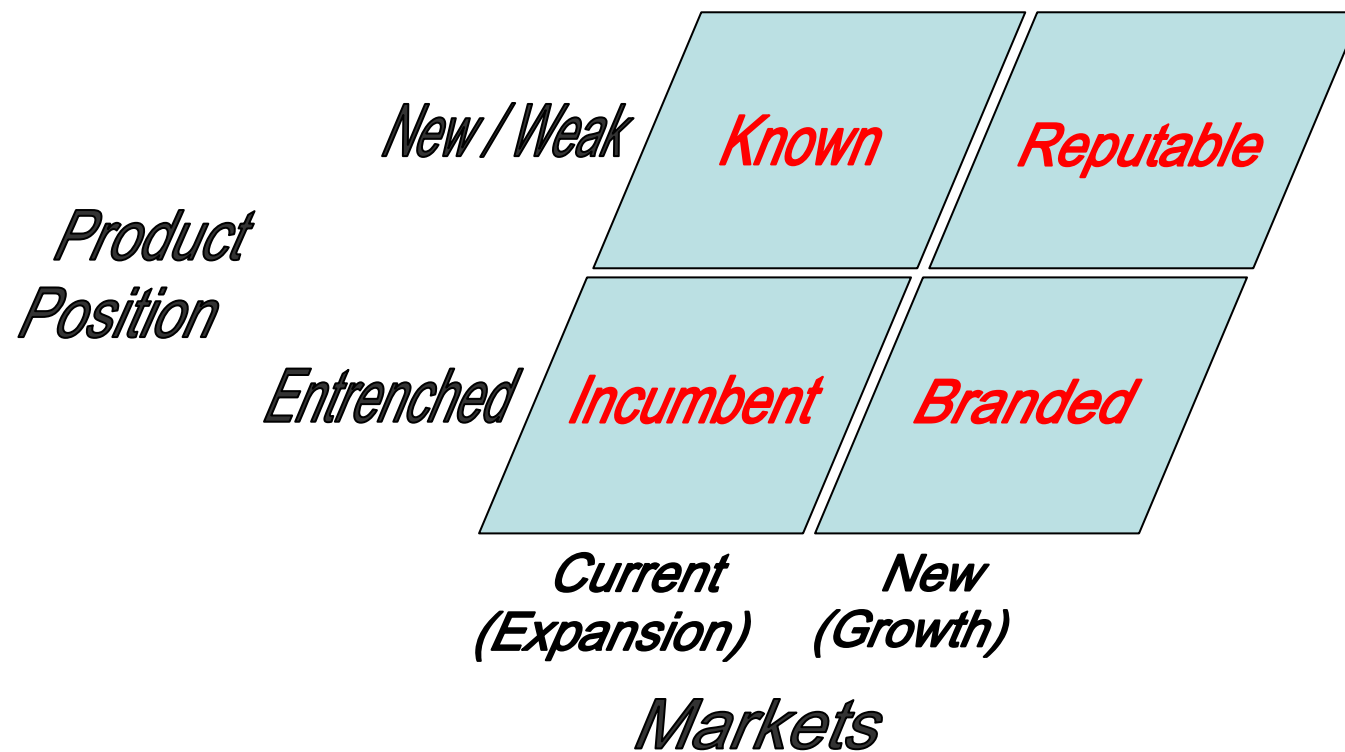
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Impact Assessment **Existing Vendors**

- **Usually have an edge**
 - > Products work
 - > Have customers, revenue
 - > Established track record
- **History can be an issue**
 - > Business practices
 - > Reputation in market
 - > Installed base needs special handling
- **Change can be hard**
 - > Have something to lose
 - > Maintaining growth, profitability
 - > Executives avoid career-limiting moves

Existing Vendors Evaluate Your Position



Impact Assessment

Evaluate Your Options

- **Framework for evaluation**
 - > Which SaaS benefits to deliver
 - > What it takes to deliver the benefits
- **Delivering benefits requires action**
- **Evaluate actions**
 - > How long will it take?
 - > How much will it cost?
 - > How hard will it be?
- **Assess overall risk**

Evaluate Your Options

Which SaaS Benefits to Deliver?

<i>Customer Benefit from SaaS</i>	<i>How Long</i>	<i>How Much</i>	<i>How Hard</i>	<i>Overall Risk</i>
Payment flexibility	<i>F</i>			<i>L</i>
Less financial risk	<i>F</i>	<i>L</i>	<i>E</i>	
More accountability			<i>E</i>	<i>L</i>
Ease of administration		<i>L</i>	<i>E</i>	
Lower implementation risk	<i>S</i>	<i>H</i>		
Easy deployment	<i>S</i>		<i>H</i>	
Faster time to value		<i>H</i>	<i>H</i>	<i>H</i>
Less operational disruption	<i>S</i>	<i>H</i>	<i>H</i>	<i>H</i>

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Potential Actions Position Determines Action

Customer Benefit From SaaS	Vendor Risk	Vendor Position				Potential Actions (Examples)
		Incumbent				
Payment flexibility	L	✓				Lower entry prices Choice of payment plan
Less financial risk						Term-limited trial "Bite sized" products
More accountability	L					Single tenant hosting Usage reports
Ease of administration						Flexible bill presentment Web-based license admin
Lower implementation risk						Premium support options
Easy deployment						Browser accessible
Faster time to value	H					Simplify user interface
Less operational disruption	H					Mandatory dot-releases

Potential Actions

Position Determines Action

Customer Benefit From SaaS	Vendor Risk	Vendor Position				Potential Actions (Examples)
		Incumbent	Known			
Payment flexibility	L	✓	✓			Lower entry prices Choice of payment plan
Less financial risk			✓			Term-limited trial "Bite sized" products
More accountability	L		✓			Single tenant hosting Usage reports
Ease of administration						Flexible bill presentment Web-based license admin
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Potential Actions Position Determines Action

Customer Benefit From SaaS	Vendor Risk	Vendor Position				Potential Actions (Examples)
		Incumbent	Known	Branded		
Payment flexibility	L	✓	✓	✓		Lower entry prices Choice of payment plan
Less financial risk			✓	✓		Term-limited trial "Bite sized" products
More accountability	L		✓	✓		Single tenant hosting Usage reports
Ease of administration				✓		Flexible bill presentment Web-based license admin
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Potential Actions

Position Determines Action

Customer Benefit From SaaS	Vendor Risk	Vendor Position				Potential Actions (Examples)
		Incumbent	Known	Branded	Reputable	
Payment flexibility	L	✓	✓	✓	✓	Lower entry prices Choice of payment plan
Less financial risk			✓	✓	✓	Term-limited trial "Bite sized" products
More accountability	L		✓	✓	✓	Single tenant hosting Usage reports
Ease of administration				✓	✓	Flexible bill presentment Web-based license admin
Lower implementation risk					✓	Premium support options
Easy deployment					✓	Browser accessible
Faster time to value	H				✓	Simplify user interface
Less operational disruption	H				✓	Mandatory dot-releases

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Potential Actions Position Determines Action Areas

Customer Benefit From SaaS	Vendor Risk	Vendor Position				Potential Actions (Examples)
		Incumbent	Known	Branded	Reputable	
Payment flexibility	L	✓	✓	✓	✓	Pricing & Packaging
Less financial risk			✓	✓	✓	
More accountability	L		✓	✓	✓	Licensing & Billing
Ease of administration				✓	✓	
Lower implementation risk					✓	Product Development
Easy deployment					✓	
Faster time to value	H				✓	
Less operational disruption	H				✓	

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Wrap-Up

SaaS is Part of Climate Change

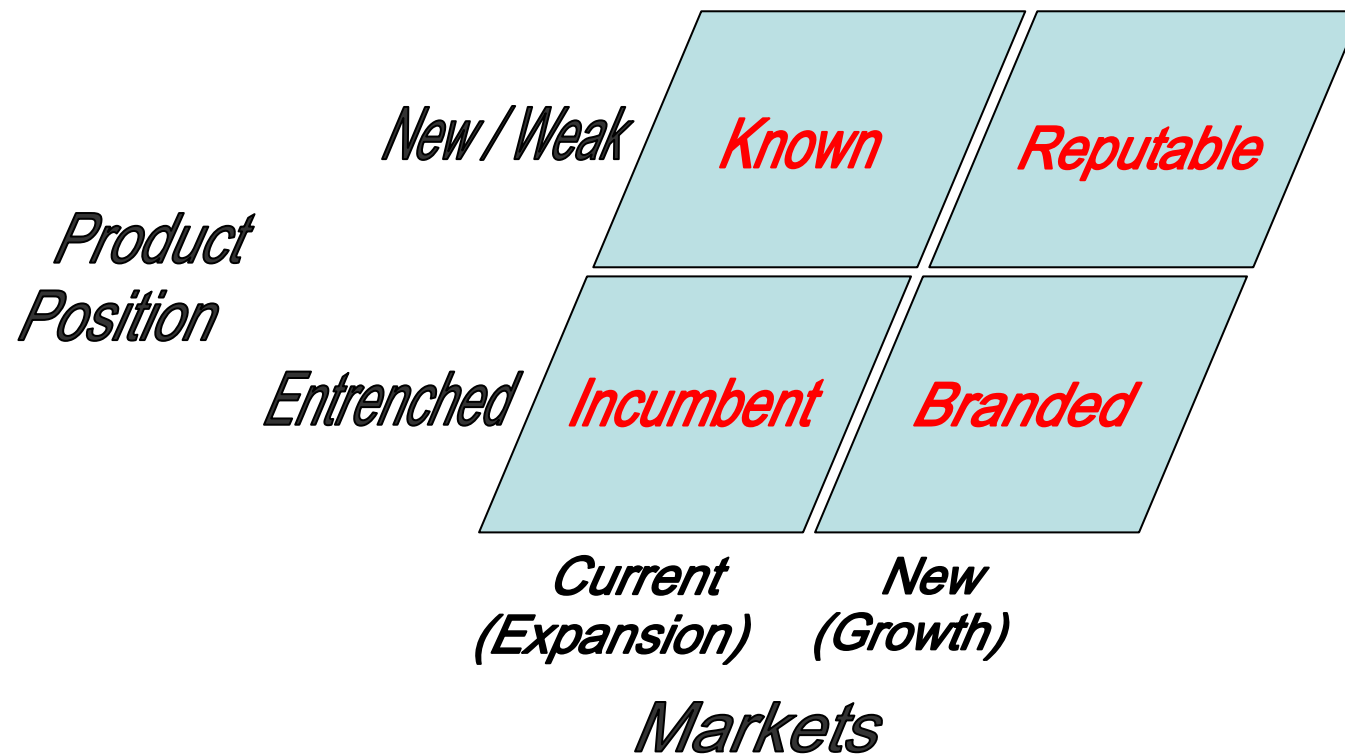
- **Overall increases in ...**
 - > Industry maturity
 - > Communication
 - > Globalization
 - > Commoditization
- **Customer reacting to ...**
 - > Budget pressures
 - > ROI vs. risk
 - > TCO vs. price
- **Competitive pressures from ...**
 - > Consolidation
 - > Fewer Chasms to cross
 - > Desperation

Wrap-Up

Adapt to SaaS or Disappear

- **Typical responses less effective**
 - > Technology
 - > Features
 - > Price cutting
- **Business skills count more now**
 - > Understand and target customer need
 - ... segment
 - > Change the game
 - ... new business models
 - > Improve performance
 - ... manage price and discounts
- **Pricing models must evolve**
 - > Pay to keep → Pay to use

Wrap-Up Know Your Place



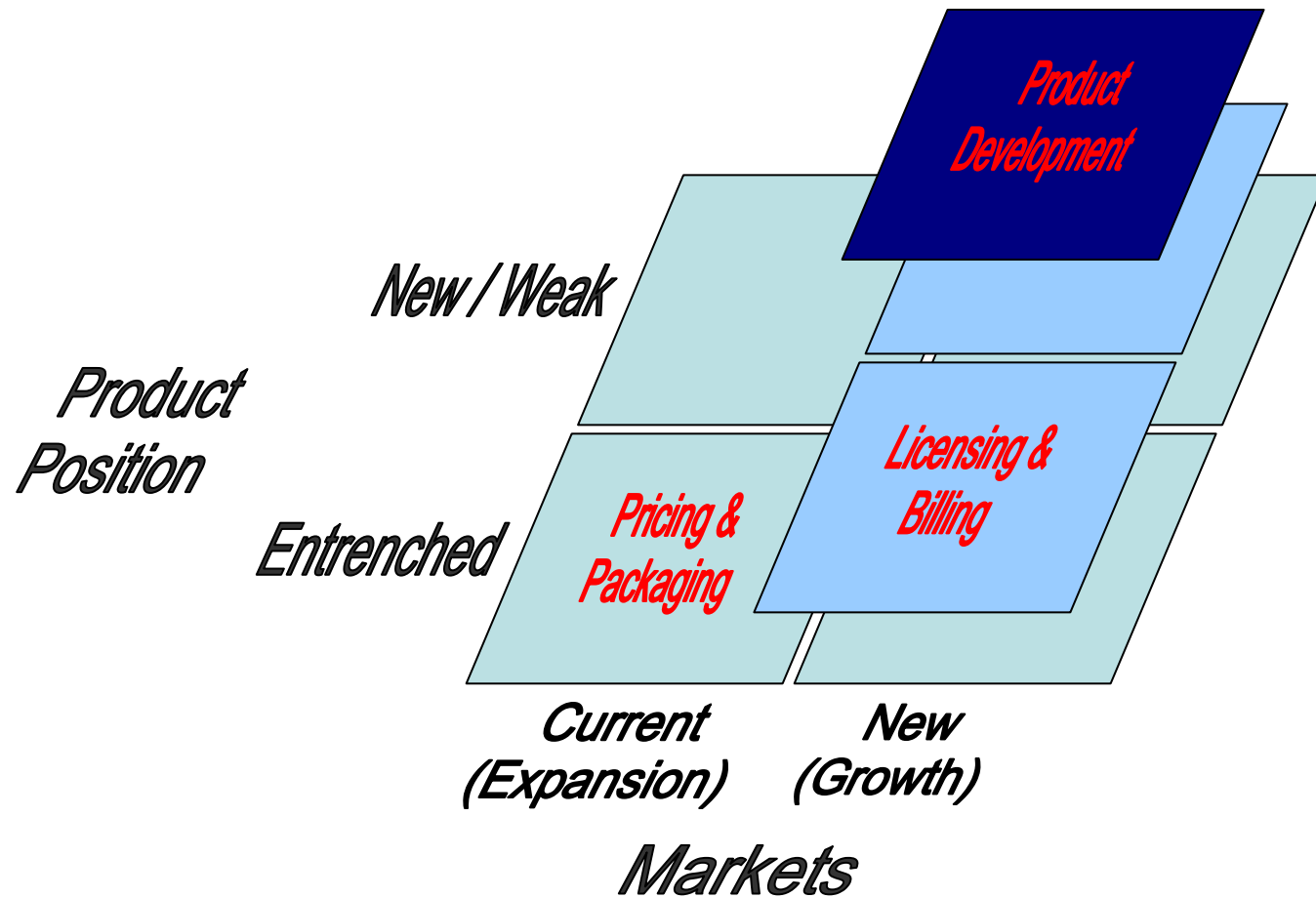
Wrap-Up

Focus on Specific SaaS Benefits

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Wrap-Up

Exploit Interim Tactics



Wrap-Up
Be Creative – Find a Way



Just Do It

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Thanks!

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