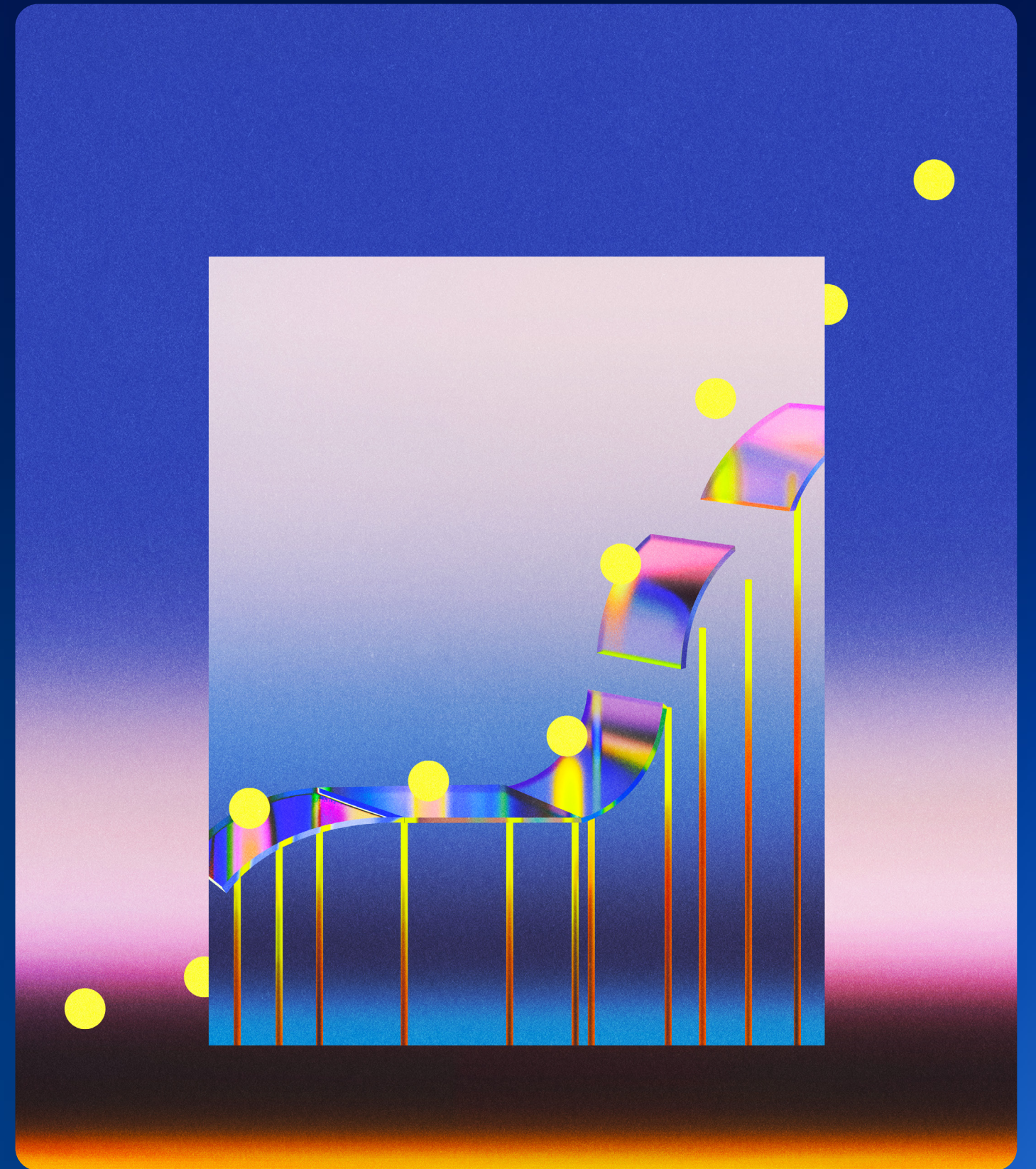# Building a culture for SaaS success

How to reshape your software company around customer value

The transition to a SaaS model requires a big cultural shift for software companies—one that places the customer at the heart of everything you do.

Delivering applications "as-a-service" gives customers the flexibility of subscription and consumption-based pricing, plus and the assurance of continual improvements. It also provides valuable recurring revenue for your business, and a platform on which you can continually evolve your offerings to stay competitive.

Yet fully capitalizing on the SaaS opportunity requires you to embed a SaaS mindset across all areas of the business—from sales and customer service to product development and operations.

In this ebook, we explore some key considerations for building a culture and structure that will set your software company up for lasting SaaS success.

Adopt a SaaS mindset

Creating a SaaS culture begins with a united vision at the C-level. There must be a clear, cohesive alignment on the implications and expectations of what SaaS truly means for your business.

Adopting SaaS is not just about modifying your product offering; it is about pivoting to a service-centric model that delivers value to customers throughout their lifecycle.

You are no longer selling great standalone products. You are selling an ongoing experience.

Once you make this commitment at a strategic and executive level, it then must filter down into every area of your business operations.

How to start

Customer journey mapping is the first step. This is about working backwards from the needs of your customers, so you can assess your current capabilities and identify gaps that need addressing.

It requires a deep understanding of the different personas that make up your target market. Because only with this insight can your teams build the products, services, and support mechanisms that will drive continued loyalty.

Questions to ask

01 **What are the unique requirements of your target audience?**

02 **How can your products and your teams meet those needs effectively?**

03 **What is the cost to serve this audience?**

04 **What is the long-term value and growth potential for your business?**

The next step: reorganization

When you are confident in making the pivot, it's time to plan your internal changes.

Do a thorough review of your company's existing structures and practices—from sales motions to incentive schemes—and consider how these could be adapted or transformed. For example, you may decide to:

- Simplify your renewals process to free up time for salespeople to do more selling.

- Revamp compensation schemes to recognize the lifetime value of customer service.

- Break down barriers between teams to encourage more communication and data-driven decision-making.

- Empower support agents with insights so they can be proactive in driving customer success.

In summary

As customer preferences continue moving toward SaaS, the whole mindset of your business must head the same way.

Committing to a service-centric model— and continually recalibrating your internal structures— will get your software company in the best shape to succeed.

> Hear more about building a successful SaaS culture in this on-demand webinar.

Make metrics part of your service

SaaS businesses generally acknowledge the importance and value of metrics. Many invest well in established metrics related to spend and revenue like annual recurring revenue (ARR) and monthly recurring revenue (MRR) and churn.

But to really enhance the footprint and efficacy of your SaaS business, it's important to invest in metrics that provide insights into all parts of your business.
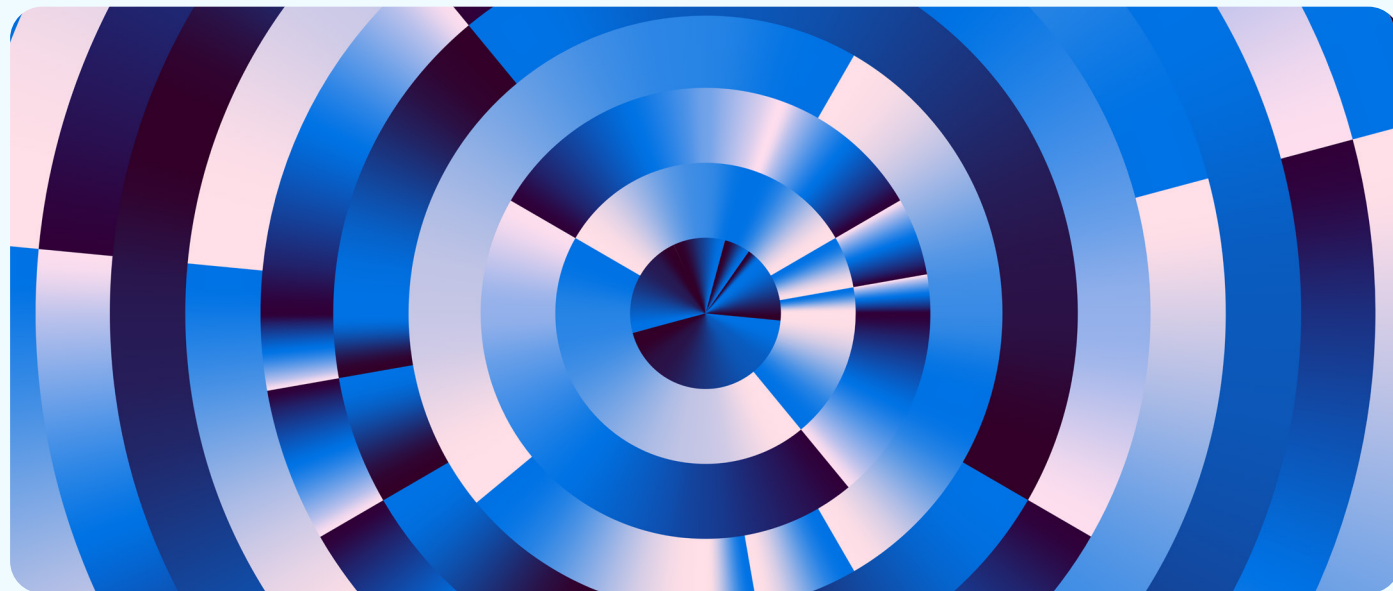
How to start

A practical first step is to understand all the expenses involved in building and maintaining your product portfolio. You can then agree on some clear cost metrics (e.g., unit cost, average cost of service, idle cost, R&D cost), that will inform future decisions around building and maintaining your product portfolio.

These metrics should be held up as navigational beacons for all teams to follow—guiding everything from product development to operational efficiency programs. It's about having clear and transparent guardrails in place that will support the financial long-term health of your business.

Value for all

Another important area for effective metrics is your technical operations. This is particularly relevant for SaaS business with a multi-tenant architecture.

If you can accurately measure how resources are consumed by each SaaS user, you can put measures in place to allocate them more efficiently and reduce your costs. Which means you can deliver better value to end customers and drive-up satisfaction and loyalty.

Shared responsibility

Some metrics, like those around cost optimization, can be seen as the responsiblity of specific teams. But they should be viewed as a shared responsibility across the entire organization.

From product management to the C-suite, every team member should understand the importance of metrics, and feel collective ownership of the initiatives you put in place. Instilling a shared ethos around metrics will ensure decisions are always based on insight.

For example:

- Product managers will better understand how features impact your SaaS cost profile.
- Architects will be able to balance cost, scale, and availability of your core systems.
- Leaders will know if the business is in the right shape to respond to customer needs.

Never an afterthought

Measurability should be a non-functional requirement that's baked into product development, akin to scalability, security, and performance. It must be part of the conversation from the get-go, not an afterthought to be looked at when resources have already been allocated.

In summary

Embedding a company-wide culture around metrics will help you get more out of your resources and ensure customers receive optimal value throughout their lifecycle—ultimately contributing to an uptick in satisfaction, loyalty, and repeat revenues.

Tie it together with Product-Led Growth

We've looked at the need to adopt a customer-first mindset and make metrics a core part of your SaaS service. Now let's consider an increasingly popular approach that brings both of these together: Product-Led Growth (PLG).

The aim of PLG is to acquire, activate, and retain customers in a frictionless way at lower cost. This can be achieved by implementing automated self-service capabilities and seamless onboarding—and collecting metrics, feedback, and valuable customer insights so you can optimize products in an informed way over time.

Here are some common principles of PLG that can help you tie customer centricity and cost optimization together:

Land first, expand next

The first goal is to attract users and make it easy for them to try your solution. This goes back to defining your target audience and personas, understanding their challenges and drivers, and building a user experience that's centered around their needs.

First impressions matter a lot, so a streamlined and automated onboarding experience is crucial to landing new customers.

Only then can you think about pointing them to new, additional, or paid-for capabilities that expand the relationship.

Rethink
user experience

Responsibility for user experience (UX) in a software company has typically been owned by UX, product, and development teams.

However, for SaaS businesses adopting PLG, customer-facing teams have an important role too. They can provide insights from all stages of the customer journey, which can be used to inform new capabilities that differentiate your solution.

A PLG approach also recognizes that customers are likely to do their own research and use third-party reviews when considering a new solution—which means trials and freemium offerings are essential. These help lower the barrier to entry, widen your funnel, and reduce customer acquisition costs.

Innovate with
pricing and packaging

Thanks to the flexibility of the SaaS delivery model, you can offer innovative pricing and packaging structures that help differentiate your product.

Firstly, because PLG is built around easy self-service, your pricing should be transparent and frictionless, making it easy for customers to try, buy, and (if necessary) cancel. Your packages should also reflect the level of value that customers receive—so as their value grows, so does your revenue.

Along with tiered pricing structures, you can also innovate with hybrid, usage-based models. For example, giving users the flexibility to upgrade to more premium packages when API demands increase, or allowing them to pay on-demand once their usage exceeds their contractual allowance.

Measure the right things, consistently

Metrics are key to PLG. If you have data on how customers discover, try, and buy your product — and why they expand their usage or choose to cancel—you can identify how to enhance their experience.

For instance, when a user is navigating a free trial, it should collect metrics on what they perceive as valuable. These can serve as catalysts for converting users into active paying customers.

Once users are activated, the same model can be used to drive further expansion. For example, by measuring and analyzing the number of times a user logs in, the features they use, and the time they spend on the platform, you can refine your product to maximize lifetime value and improve retention rates.

Get more tips for expanding your SaaS business via a Product-Led Growth strategy.

Create a culture for SaaS on AWS

There's more to consider on your SaaS journey than just technical operations. You need to adopt the right culture, mindset, and strategic vision.
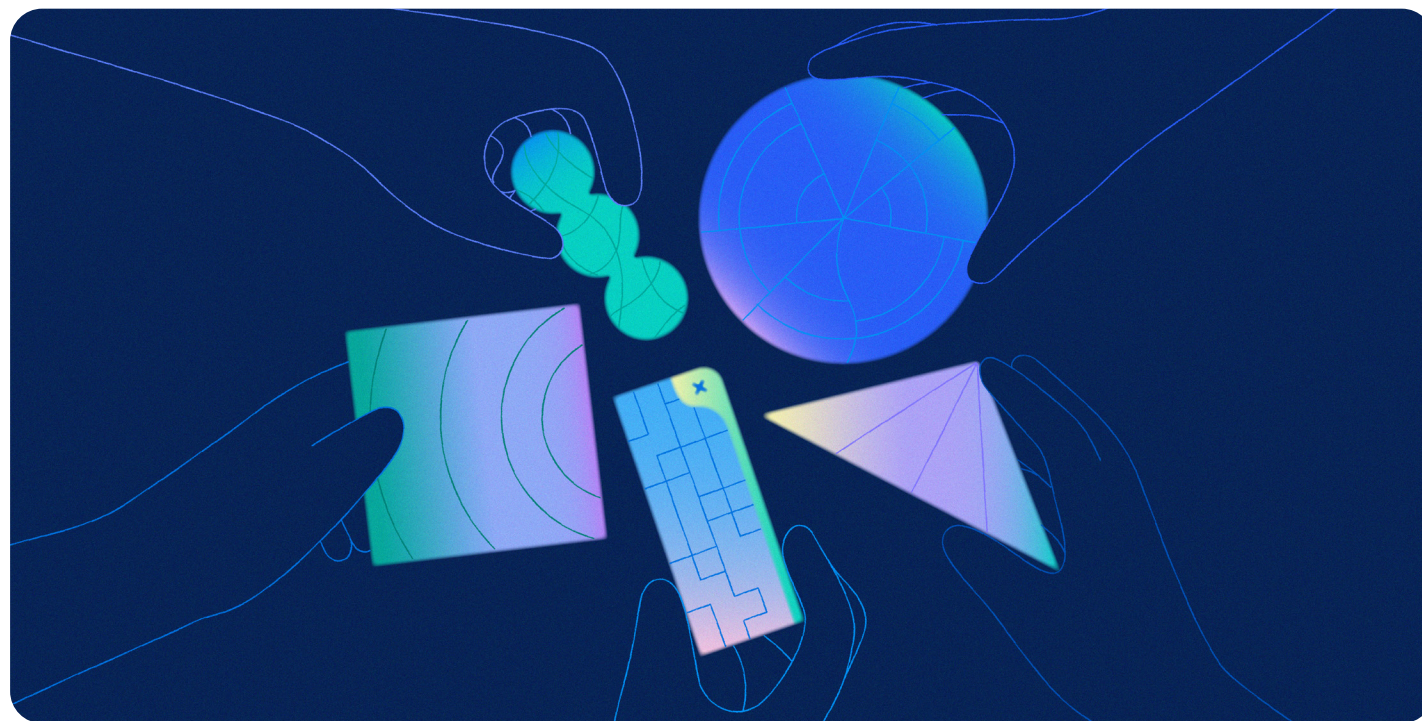
Here are some tips to get started:

01 Build cross-functional teams with people from product management, engineering, DevOps, marketing, sales, and finance.

02 Break down silos to encourage communication, collaboration on shared goals, and data-driven decision-making.

03 Adopt a talent strategy that aligns to SaaS principles to support long-term growth.

04 Empower customer success teams with insights to drive customer adoption, expansion, and renewal.

05 Review your sales organization's incentives and enablement to reflect the SaaS business model.

FOR SOFTWARE AND TECHNOLOGY

Discover the full portfolio of consulting available from AWS to help software companies fully capitalize on the SaaS opportunity.