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Stanislav Kuzmin

# CRM Start-up: how to survive and flourish in highly competitive CRM marketplace with a lean strategy?

Case study: LiiD

Metropolia University of Applied Sciences

Bachelor of Business Administration

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<p>The purpose of this thesis, as the title indicates, is about finding possible areas of improvements and strategy following the Lean Start-Up methodology, for a Finnish start-up that works in the CRM market. The case study conducted from a start-up LiiD. LiiD was founded in 2014. Their product is a mobile application for salespeople that allows them to update their CRM system on-the-go. It automatically logs sales activities, pushes reminders and allows to create tasks straight after the call/meeting /email which allows having a structured and optimized sales process, with none of the important data went missing. Currently, their application integrates only with Salesforce and Microsoft Dynamics CRM</p> <p>For a research author selected a qualitative approach, which consisted of an interview with company CEO – Maria Sundström. In addition to that, the author applied his own personal experience working in that company, and data that company allowed to use (customer acquisition, customer acquisition cost, lifetime value of a customer and internal data about their client's behaviour.</p> <p>The results showed that LiiD has a potential for growth, to become a big player in the market of B2B mobile applications for CRM. The company just started to apply the lean methodology in late 2017 and already had visible improvements. In order to become successful LiiD needs to make a faster shift towards lean approach and customer development.</p> <p>The author recommends the company to focus their attention on the customer acquisition process, and find possible areas of improvements of their current online channels for driving new customers to the business, to reduce customer acquisition costs.</p>	
Keywords	CRM, Lean Start-up, Customer Acquisition

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## 1 Introduction

The purpose of this Thesis is to find an effective strategy and possible areas of improvements that need to be made for startup following the Lean start-up methodology that works in a highly competitive CRM market. It is presented on a webpage Capterra.com, which is a web service that helps businesses to find the right software solutions, to meet their goals (either optimize or improve work processes). According to the Capterra, there is a list of 516 companies that currently operating in a CRM market. *Customer Relationship Management (CRM) is a strategy for managing an organization's relationships and interactions with customers and potential customers. A CRM system helps companies stay connected to customers, streamline processes, and improve profitability.* (Salesforce.com, 2018)

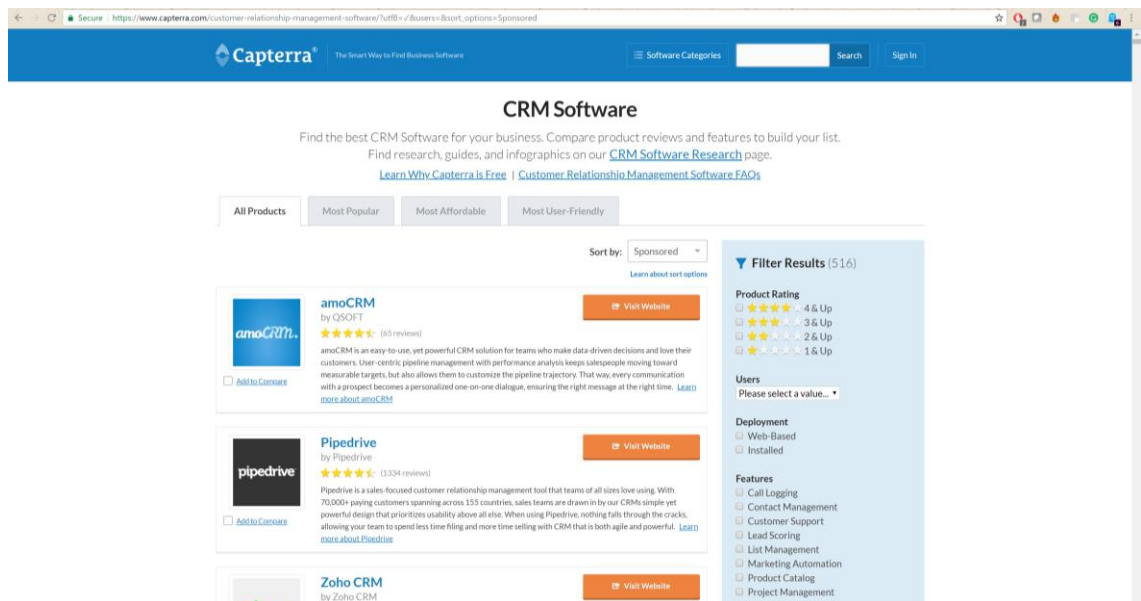


Figure 1. List of CRM Software (Capterra.com, 2018)

The case study was developed around Finnish start-up company LiID, in which the author of this thesis works since August 2016, as a Marketing Manager and later as a Marketing Director.

LiID was founded in 2014, with the idea of providing salespeople with an all-in-one time-saving sales tool. LiID launched a mobile application that allows salespeople to update their CRM on-the-go through their smartphones. Currently, their application integrates

with Salesforce and Microsoft Dynamics CRM, and automatically collects and logs all sales activities straight to CRM, such as calls, emails and meetings. This process allows salespeople to save their time and not to lose important sales data, that further can be analysed and used for future improvements.

## 2 Literature Review

The purpose of this literature review is to understand start-up concepts that entrepreneurs use, to create a product that will survive in a highly competitive market

### 2.1 Start-up

#### 2.1.1 Understanding Start-ups

Every year it is possible to notice the word “start-up” in a media: newspapers, articles, blogs, news and etc, and usually the ones that are getting published in media are very successful start-ups and have a great impact on economic growth and bringing new innovations to the life. But what is the term “start-up” and what is a motivational factor for entrepreneurs to start-ups?

A start-up is usually a newly established entrepreneurial venture, that is a fast-growing business that focuses on offering and developing innovative products or services. According to the Investopedia start-up *“is a company that is in the first stage of its operations. These companies are often initially bankrolled by their entrepreneurial founders as they attempt to capitalize on developing a product or service for which they believe there is a demand.”* (Investopedia, 2018)

Kevin Ready, who is an author of the book “Startup: An Insider’s Guide to Launching and Running a Business”, and have experience in consulting startups and businesses for over 20 years, in his books states that entrepreneurship always starts with a proposition, that is going to solve someone’s problem – specifically:

- The entrepreneur has information or insight that other people don’t have.
- The entrepreneur has a unique product.
- The entrepreneur will deliver an existing product to a group that does not have it.

- The entrepreneur will deliver an existing product in a new way, which could be faster, cheaper, or better.

### 2.1.2 Definition of Start-up

Eric Ries, who is an author of the book “The Lean Startup”, defines a start-up as a “...human institution designed to deliver a new product or service under the condition of extreme uncertainty”. (Ries, 2011) He also invented “five principles of the lean startup” that helps companies to implement a lean approach. This tool will be looked closer in the further sections of this thesis.

Paul Graham, the writer, investor and founder of startup accelerator Y Combinator, that funded over 1000 startups, including huge companies such as Dropbox, Airbnb and Reddit, states that “*a startup is a company designed to grow fast. Being newly founded does not in itself make a company a startup. Nor is it necessary for a startup to work on technology, or take venture funding, or have some sort of "exit."* The only essential thing is growth. Everything else we associate with startups follows from growth.” (Graham, 2012)

### 2.1.3 Types of start-ups

Start-up is not a universal thing. Entrepreneurs have different vision, approaches and goals when they are launching a new start-up. Steve Blank in his book “The Startup Owner's Manual, The Step-by-Step Guide for Building a Great Company” (2012), his points on five different types of start-ups, which differs from each other by strategy and funding strategies:

1. Small business entrepreneurship (*Work to feed their family*) – these types of entrepreneurs are not aiming to become “million-dollar companies”. Most of them are service-oriented companies, that are usually a family business. They make money that is almost enough to live and survive. Typical types of small business are a grocery store, electricians, plumbers, travel agents and etc. They are not looking for an investor, and usually, their funding consists of their personal saving and bank loans. These startups are not designed to scale.

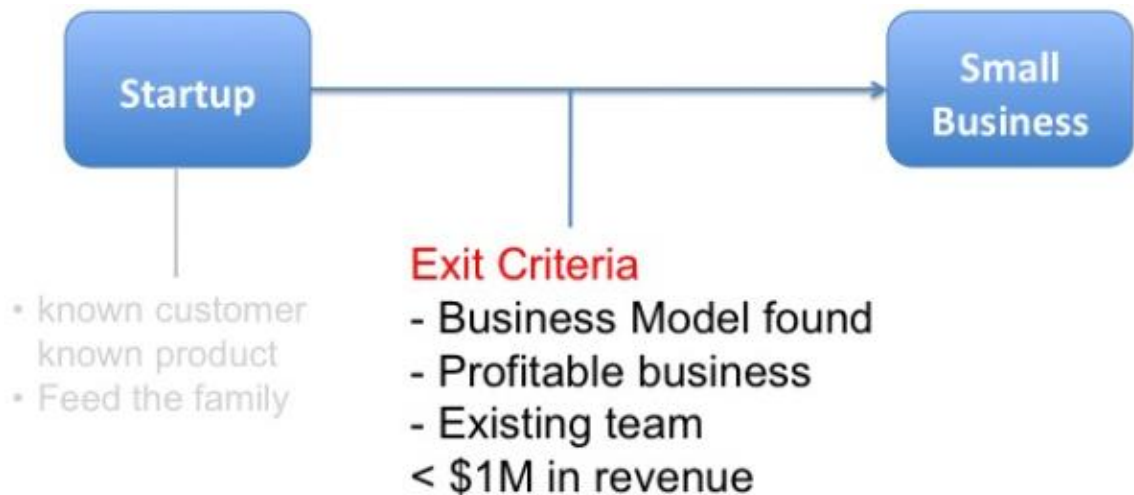


Figure 2. Small Business Entrepreneurship model (Blank, 2011)

2. Scalable startups (*Born to be Big*) – the main difference from small entrepreneurship startups is that scalable startups, focus on not making enough money for a living, but rather creating equity in a company that eventually will become publicly traded or acquired, generating a high revenue. In terms of creating a team, they are always looking for the most talented and brightest minds on the job market. Besides that, scalable startups constantly search for a repeatable and scalable business model, and after they find the model, they attract high investments from venture capitalists. Scalable startups include high capital risks.

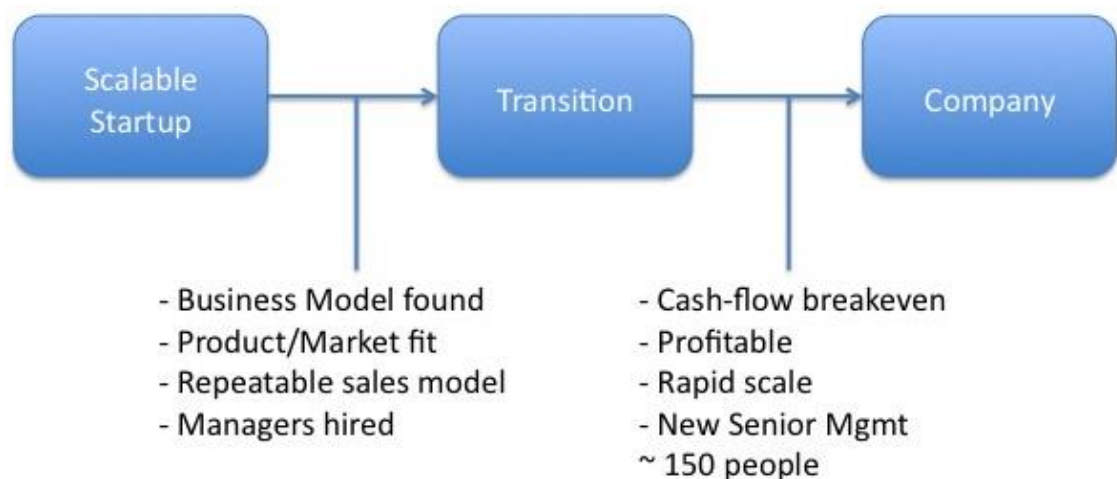


Figure 3. Scalable startup model (Blank, 2011)

3. “Buyable” startups (*Born to Flip*) – this is the new type of startup, that became possible, as developing apps, both mobile and web, has a very low cost, so startup can bypass traditional funding by venture capitalists and fund themselves through crowdfunding. Usually, these startups are likely to be sold to the third parties like larger companies and create wealth to the founders of this startup.
4. Large company entrepreneurship (Innovate or Evaporate) – they have finite life cycles. Entrepreneurs are looking for a sustainable innovative approach. “Almost every large company understands that it also needs to deal with changes in changes that happen on the market: customers change their preferences, new technologies, changes legislation issues, new competitors appearing on the market. The pressure that comes from all the threats mentioned above force them to find solutions for creating new innovative products for new customers.

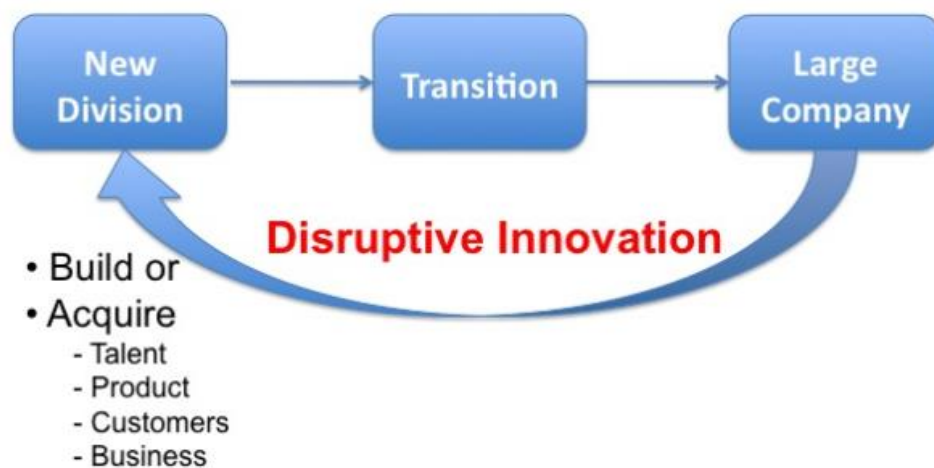


Figure 4. Large company Entrepreneurship model (Blank, 2011)

5. Social entrepreneurs (*Driven to Make a Difference*) – Unlike other start-ups, social entrepreneurs have their goal in making a world a better by addressing social, cultural or environmental issues, and not to aim for capturing and expanding the market share or create wealth for their founders. They may be run as a non-profit, or hybrid organizations.

## 2.2 What is a lean start-up?

Nowadays a large number of start-ups talk about their start-up being a lean start-up. Originally this term was applied and implemented in manufacturing processes. “Lean methods are a series of scientific, objective techniques that cause work tasks in a process to be performed with a minimum of non-value-adding activities, resulting in greatly reduced wait time, queue time, move time, administrative time, and other delays.” (Hobbs, Burton, 2010). Lean includes a variety of techniques that mainly focuses on eliminating or reducing the amount of “waste” activities and add value to the final products according to the customer needs.

As Eric Ries stated, that startups are operating in the condition of high uncertainty. Many startups start their operations with the thought, that people will need their product and that’s exactly what they want. As a result, they spend years building their product, wasting budget and other resources and at the end will not find it’s consumer.

A Lean Startup is an approach to new product development. It is a method that shows how to drive a startup-how to steer, when to turn, and when to persevere-and grow a business with maximum acceleration. (Ries, 2011). *“Using the Lean Startup approach, companies can create order, not chaos by providing tools to test a vision continuously.”* (Ries, 2011)

### 2.2.1 Lean start-up principles by Steve Blank

Steve Blank, who is a visiting professor at Stanford University, lecturer at the University of California, entrepreneur, author of the books “The Startup Owner’s Manual”, “The Four Steps to the Epiphany”, and created a model of “Customer Development” that is used in lean startups, writes that lean method has three key principles:

- Entrepreneurs accept that in the beginning, they have the only a series of un-tested hypotheses. They summarize them in the framework “Business model canvas” that consists of nine building blocks, that basically is a business plan with a hypothesis that needs to be tested.

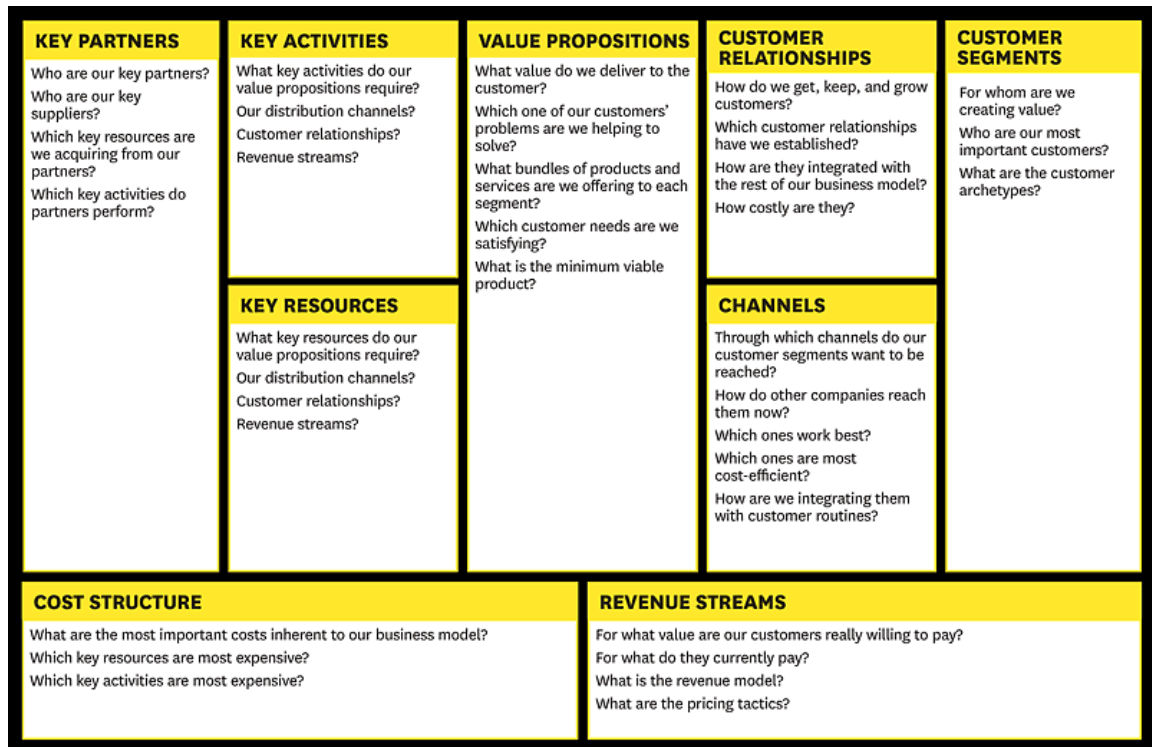


Figure 5. Harvard Business Review: Business Model Canvas

- Second is an approach called “Customer Development”. This is an approach that is used to test all hypotheses that are stated in the business plan. It focuses on going outside and testing their hypotheses that were formed during the business plan stage, by asking potential customers for feedback. *“Facts live outside the building where future customers live and work...”* (Blank, 2012). On a stage of customer discovery, companies are trying to create a minimum viable product. Next, during the product validation, the startup is trying to validate customer interest in their early stage of the product. Through continuous feedback, startups listen to what their customers say and start changing their hypotheses and improving their product. On a customer creation step, startups are increasing their marketing and sales spending, and scaling up the business. And finally, business goes through the transition from start-up, with customer development team that is constantly gathering feedback from the customer to the departments that executing finding.

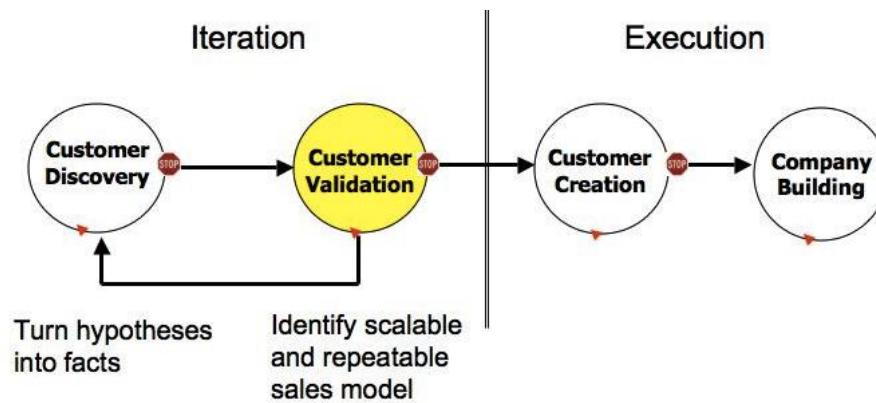


Figure 6. Steve Blank: Customer Development Process

- Agile development. This term comes from the software development industry.. Agile is a set of values and principles: customer focus, output orientation, adaptability in uncertain context and empowering teams. This method builds products in repeated cycles With the agile development, the startup is able to avoid waste of the time and resources, as they are developing a product based on constant customer feedback and testing their minimum viable product. MVP is a development technique in which a new product or website is developed with sufficient features to satisfy early adopters. *The goal of MVP is not just to answer product design or technical issues, but also to test the fundamental business hypothesis. (Eric Ries, 2011)*

### 2.2.2 Lean start-up principles by Eric Ries

One of Steve Blank's student was Eric Ries. In his book "The Lean Startup" (2011), formulated five principles of the lean startup, which, are used in addition to principles stated by Steve Blank, as a guideline for the entrepreneurs to successfully implement and use startup strategy, within their startup:

- Entrepreneurs are everywhere – the concept of entrepreneurship includes anyone who works within a definition of a start-up, that is defined as a *"human institution designed to create new products and services "*. This approach can work in any size of the company.
- Entrepreneurship is management – a start-up can't be seen only as a product, it is a whole institution and therefore it requires a management that is geared to the context of extreme uncertainty. *"Entrepreneur" should be considered as a job title in all modern companies that depend on innovation for their future growth"*

- Validated Learning – startup exists to learn how to build a sustainable business model. Each element of the “vision” have to be tested through constant experiments and therefore validated.
- Build - Measure - Learn – is a framework for establishing – and continuously improving – the effectiveness of new products, services and ideas quickly and cost-effectively, through customer responses – “*feedback loop*”.

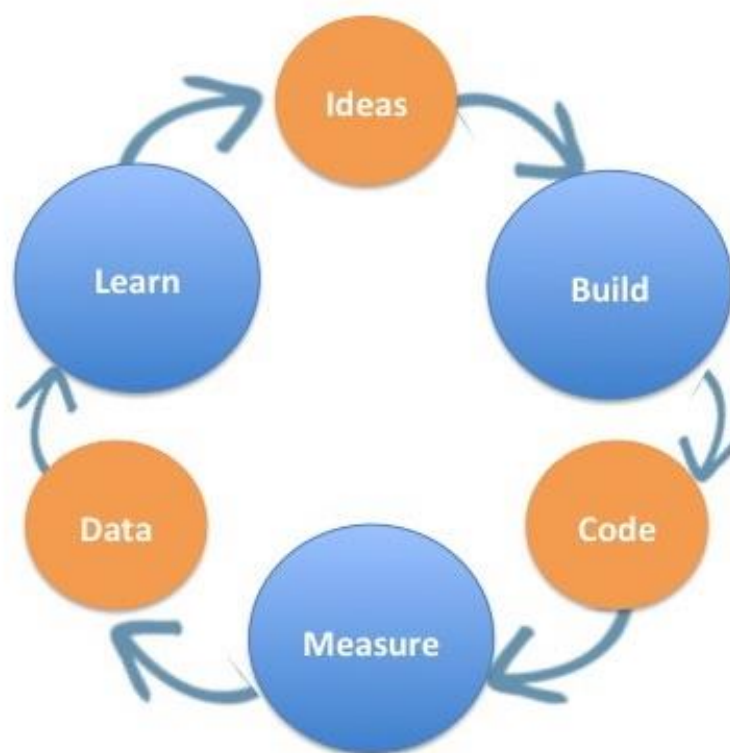


Figure 7. Feedback loop (Ries, 2011)

- Innovation accounting – accounting method designed for startups for figuring out if a startup is making progress, before it gathers enough information for traditional accounting.

## 2.3 Traditional product development

In the section 2.3.1 *Lean start-up principles by Steve Blank* was introduced Customer Development model, where company creates their product based on constant feedback from target customers on every stage on product development. Opposite of that model is traditional product development. Traditional model appeared in an early 20<sup>th</sup> century and was a product-centric model that described a process in manufacturing industries. Later it was adopted and spread to the technology business and became a part of startup culture.



Figure 8. The product development model (Blank, *Four Steps to the Epiphany*, 2013 )

Diagram explains the traditional way how the operations are going inside a company, but not every startup might use this approach. *“this model is a good fit when launching a new product into an established, well-defined market where the basis of competition is understood, and its customers are known”*(Blank, 2013)

On the concept stage, entrepreneurs are aiming to push their vision of how they see their future company and build a business plan around that. They are focusing on defining the product concept, the ability to build that product or service and what technologies will be needed, what features will the product consist of, target markets, finding the distribution channels and costs. This results in a business model that the business will follow through all their processes.

The next step is product development. At this point, everybody in the company transforms their energy into the realization of the business plan. Developers are starting to write a code, marketing department creating all the needed materials needed for a launching stage ( websites, demos, sales materials, presentations and etc.) In a traditional product development approach, the development process is falling into using a linear approach, that is also called the “Waterfall model “ (Figure 9).

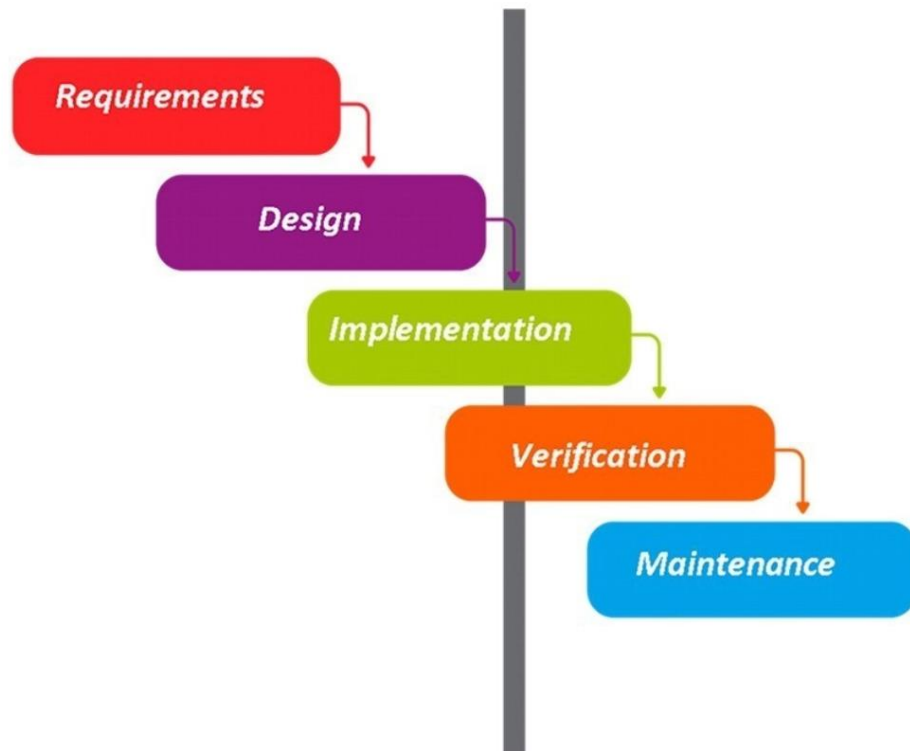


Figure 9. "Waterfall model"

On the general idea, "waterfall model" it's a framework for software development in which, all the phases of product development that companies are going through are not overlapping. As this is a linear approach, the process is going step-by-step and every previous section must be completed before the next stage. *"Once a waterfall process starts, the proverbial train has left the station..."* (Blank, 2012)

**1.Requirements** – On this stage goals and vision are defined.

**2.Design** - From the first stage, the company creates a list of specifications and starts the system design. Developers are provided with clear guidelines and the final product should look like.

**3.Implementation** – Can be also defined as a development. The step where coders are creating software for the project.

**4.Verification** – During the verification step, the software that was written before, are going through various of the test, where minor and major bugs are revealed and fixed. After all, issues are fixed and all the components are error-free, the company is ready to release a beta version of their product to the small number of users, who subscribed for a testing.

**5.Maintenance** - After the delivery of the product to the client, a scheduled maintenance and support is put into place, to ensure the product continues to work as planned and designed.

After launching the product on the market, the company start building sales channels and support the marketing. Usually, these activities include huge PR campaigns, appearing on the media, newspapers, investing a lot of money in online advertising, to meet up the sales forecasts that were defined on the “Concept” stage.

“Waterfall” approach has clear advantages for the start-ups, who already know their market and their customers. As the process is linear, and all the parts of the business plan are written, as a “claim”, and not as a “hypotheses”, then all the steps and processes that need to be taken, during the product development, are clear and well defined. Each stage has a clear milestone and requirement, that needs to be done until a certain deadline. Furthermore, except for reviews during “verification” stage and alpha/beta testing., a customer presence is not required after “requirements” stage. However, this model has its own disadvantages. Steve Blank, stated that the Product Development model is a *“path to disaster”*. He formulated 9 main problems, that this model has and might lead a startup to a failure:

- Assuming, that company knows the customer wants
- The “I Know What Feature to Build” Flaw
- Focus on Launch Date
- Emphasis on Execution Instead of Hypothesis, Testing, Learning and Iteration
- Traditional Business Plans Presume No Trial and No Errors
- Confusing Traditional Job Title with What a Startup Needs to Accomplish
- Sales and Marketing Execute to a Plan
- Presumption of Success Leads to Premature Scaling

#### 2.4 Customer acquisition

Customer acquisition is the process finding and bringing new customers to business. The goal of this process is to create a systematic, sustainable acquisition strategy that can evolve with new trends and changes. (Decker, A., 2018)

For this research, author will focus on online customer acquisition as the case company provides a mobile application solution to their potential customers. Steve Blank presented his model of customer relationship model that shows three main parts, how companies should proceed with getting, keeping and growing their customer base. “Get,Keep and Grow” are among most important hypotheses for any startup. (Blank, 2012).

*Getting customers*, sometimes called demand creation, drives customers into chosen sales channels. It focuses on **customer acquisition**. *Keeping customers*, or retention, gives customers reason to stick with the company and product. *Growing customers* involves selling the more of what they bought as well as new and different product and encourages them to refer product to others.

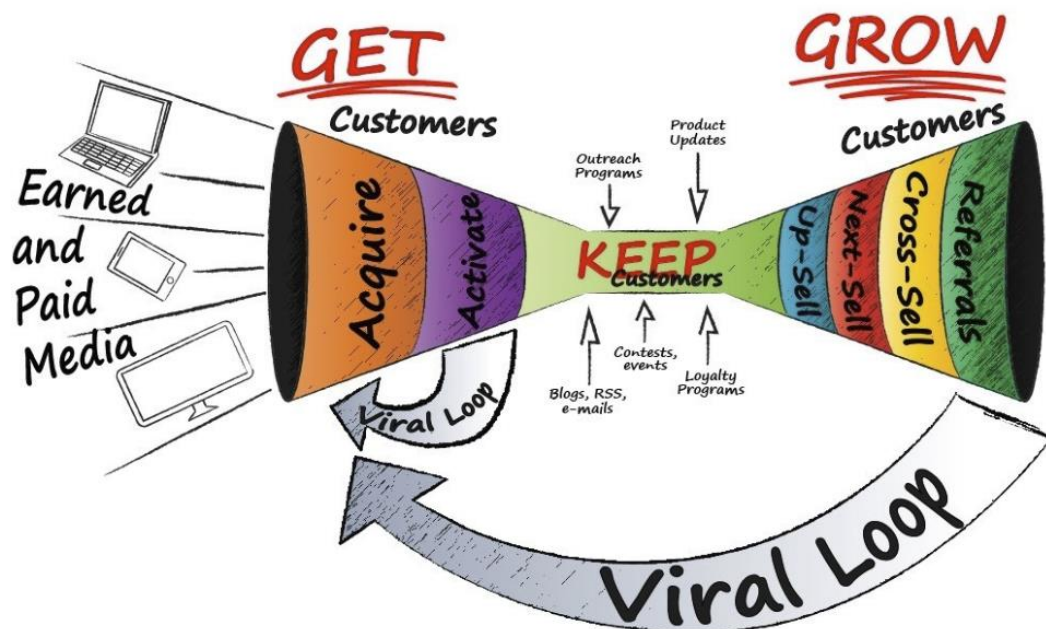


Figure 10. The “Get, Keep, Grow” Customers Funnel in Web/Mobile (Steve Blank)

As the case study for this thesis is start-up that has a mobile application, it is crucial to understand channels of attracting new customers to the business online. (See Figure 11)

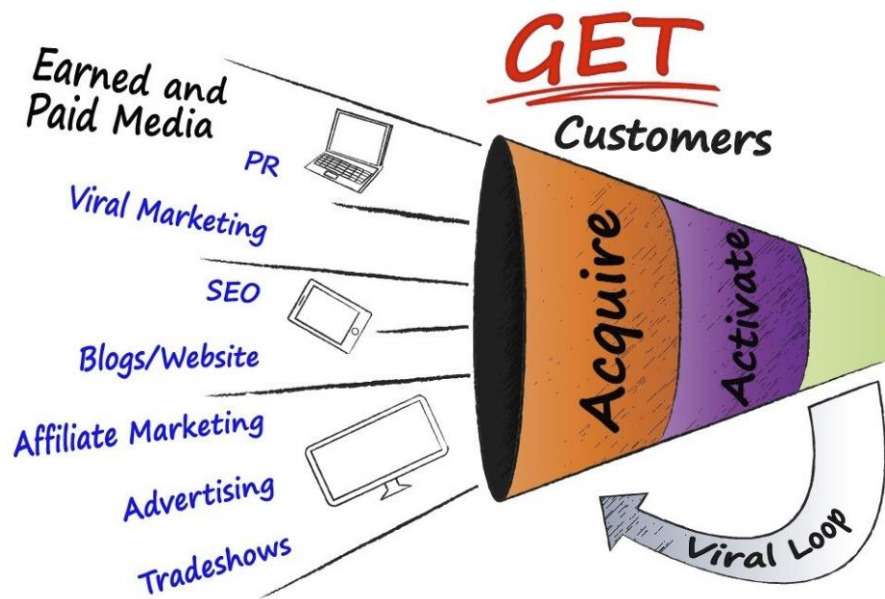


Figure 11. The “Get Customers” Funnel in Web/Mobile Channels (Steve Blank)

#### 2.4.1 Customer acquisition cost

Another key element, that start-ups need to consider, while developing a strategy for attracting new customers to their business is customer acquisition costs (CAC). Getting customer can be very costly and without ways to make Customer Acquisition Costs less than Lifetime value of the customer (LTV) / monetization, business can run out of money.

Cost of customer acquisition is calculated, that will be used solving the problem of the current case study, with this formula:  $CAC = (MC + W) / CA$

- CAC – customer acquisition cost
- MC – marketing costs
- W – wages for marketing, sales and developers (time needed for 1 client, implementation process)
- CA – customer acquired

There are many ways to reduce the CAC, that are presented in Figure 12.

## What can drive the balance

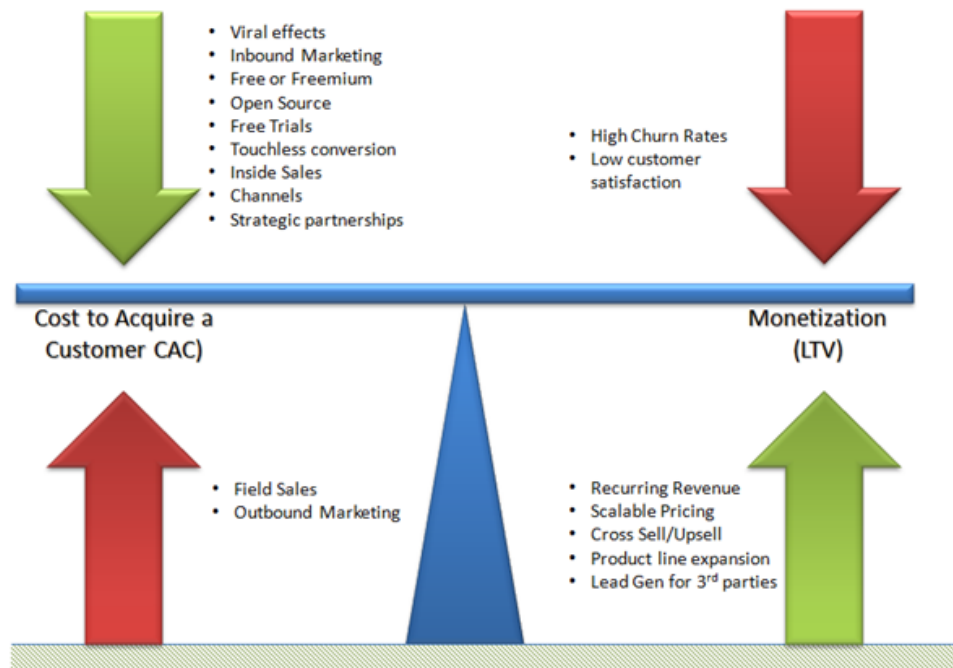


Figure 12. What can drive balance in CAC/LTV ( Skok, 2018 )

David Skok, pointed out two main guidelines that companies should follow if they want become profitable businesses and survive:

- $LTV > CAC$ . (It appears that LTV should be about 3 x CAC for a viable SaaS or other form of recurring revenue model.)
- Aim to recover your CAC in < 12 months, otherwise your business will require too much capital to grow.

### 3 Research methods

To find an answer to the problem statement defined at the beginning of this thesis, it is important to find the right research method that will be conducted to collect data and analyzed in future. In the beginning, the meaning of the term “research” in a common way refers to the search of knowledge.

According to Professor Clifford Woody, who were a lecturer in many universities and Director of the Bureau of Educational Reference and Research, is following “ Research

comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis”.

Research by its objective is divided into 3 groups:

1. *Exploratory research – studies that attempt to provide information where very little is available. This preliminary data collection can help to define a research objective and to understand the problem in hand.*
2. *Descriptive research – studies that portray the market situation, attitudes, beliefs or opinions. Such studies aim to describe rather than to explain causes.*
3. *Causal research – investigations into the reason or cause, of a certain behaviour or observed objectives. (Bradley. N., 2007)*

### 3.1 Types of research

There are many different types of research, such as descriptive vs analytical, applied vs fundamental, qualitative vs quantitative, conceptual vs empirical. (Kothari, C., R., 2004).

#### **Analytical and descriptive**

Analytical research focuses on working with available data, while descriptive research state affairs as it exists at present. It includes survey and fact-finding enquires of different types.

#### **Applied and fundamental**

Applied research is based on action and the main objective of this research is to understand the problem and find a solution for it. While fundamental research concerned with generalization and with the formulation of a theory.

#### **Conceptual and empirical**

Kothari defines conceptual research, as the one which related to some abstract idea or theory. While empirical research relies on experience or observation alone, often without due regard for system and theory.

#### **Qualitative and quantitative**

The main purpose of **quantitative research** is the quantification of data. Through this method, researcher can generate numeric data that can be formulated into statistics that will be analysed to formulate facts. The objective of quantitative research is to develop

and employ mathematical models and theories, that will help in the further analysis to approve or deny the problem statement. The advantages of this approach are that it gives a researcher opportunity to analyze data and he is more objective about the finding of the research. Also, it can be used to test the hypothesis in experiments, due to the opportunity to measure data using statistics,

However, this way of research has its difficulties, as it requires a large sample to study for accurate and detailed results. Except that, quantitative research does not study things in a natural setting or discuss the meaning of things has for different people. This may lead to the raw statistical data without personal aspects of the research topic. Some people may understand questions differently and quantitative approach does not give an opportunity for the researcher for more in-depth analysis with a personal approach.

**“Qualitative approach** to research is concerned with the subjective assessment of attitudes, opinion and behaviour” (Kothari, C., R., 2004). This approach allows getting finding in non-quantitative forms. Qualitative method investigates human behaviour and the reasons for such behaviours. The most common way of conducting this type of research is to collect data from interviews.

One of the advantages of the qualitative approach is that participants who will take part in the interview will be able to provide data in their own way with personal thoughts concerning the stated problem. It enables more complex aspects of interviewees to be studied.

On the other hand, the data collected from a qualitative approach usually can be subjective, which may be an obstacle in getting accurate results, an interviewee may be affected by positive or negative personal experience. Also, open-ended questions may result in data overload and it takes a longer time to analyse answers and generate results. Besides that, to have more accurate results, a large number of interviews needs to be conducted and it can be very time to consume, as time is not only one constraint that affecting this. Due to the fact, that interviews usually were done with people, who have high positions in the company, it may be an issue for them to find a suitable time for that.

### 3.2 The approach used in the thesis

To answer the stated problem, whether a CRM start-up companies are able to survive and flourish in a highly competitive market, the author decided to choose a **qualitative approach**. The reason, for the qualitative approach, is accessibility to the selected company data. LiiD is a company located in Helsinki, Finland, which gives the opportunity to arrange a face-to-face interview with the company Sales Director, Maria Sündstrom. As a company, currently, in a stage of start-up, they are willing to collaborate in the following research, as it will give them a valuable data that might be implemented in the company strategy in the future. To have more accurate results, besides data collected from the face-to-face interview, the thought of company's customers will be collected and analyzed as well, as the company gives access to customer testimonials and their own findings on that.

## 4 Results and findings

In this section will be presented a current situation in a company, growth, processes, technologies used, and CEO's vision. The data was collected through an interview with Maria Sündström, who is currently at the position of CEO at LiiD and quantitative data gathered from sales and marketing reports. The aim was to find the weak points and propose changes that need to be done inside the company to apply the lean approach and increase the competitiveness of the LiiD Product, based on the concepts described before.

### 4.1 Type of start-up LiiD

LiiD was founded with the end goal of becoming a global, recognized and profitable company. Initially, the company was operating only with three employees, from which two of them were developers and one worked in sales. As the company objective was to become scalable they found one major issue, that was preventing them from having a profitable business model. Customer acquisition cost was very high and monetization low. One of the reasons for that, was lack of team members, in sales and especially in the marketing department. Another issue is that customers didn't see value in getting the app, as the company was performing in a tradition product development model, when they spend big amount of resources on building the app, without getting feedback from their clients, to find values that are in demand and focus on them.

Company CEO Maria Sündström said, that first step that company decided to focus on, is forming the right team, that will work efficiently towards a common goal, which makes the company a “huge success”. After couple years since company foundation, LiiD was able to form a team with different backgrounds, where everyone was working towards the same goal and have their own field of focus, and as a result company was able to start doing marketing activities to reduce the customer acquisition costs and have a customer support, that eventually reduced the churn rate. There is still a big room for improvement, as customer acquisition costs is still on a high level, but they already made a step in the right direction.

#### 4.2 Company business model

To understand business better structure better, author with the company CEO designed a business model, that includes nine building blocks.

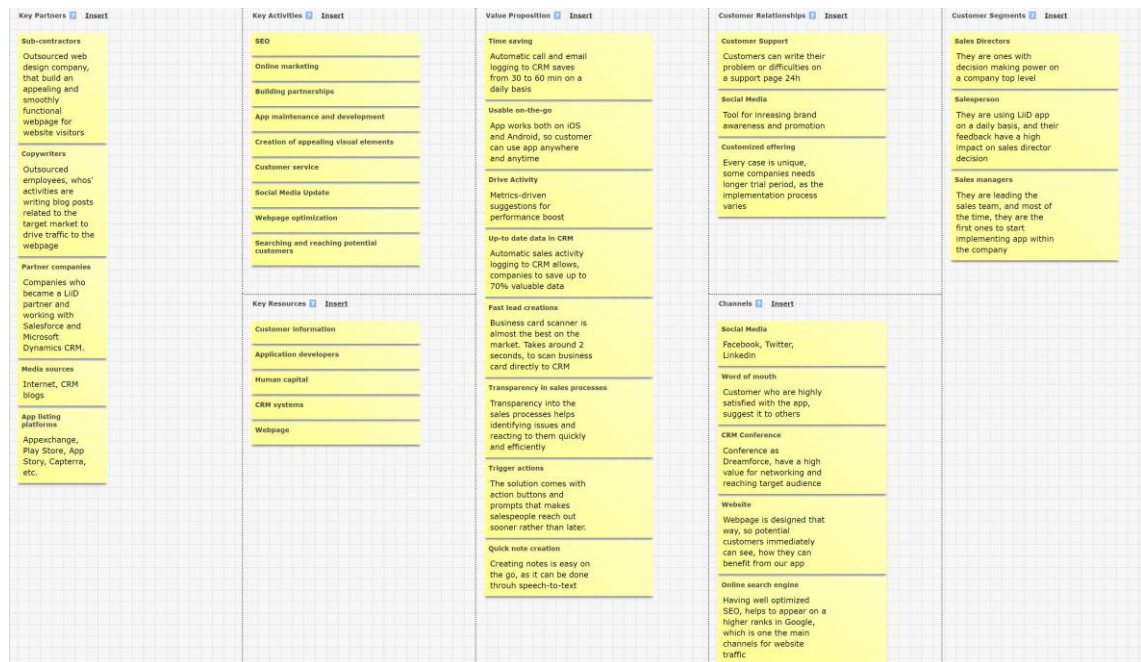


Figure 13. LiiD Business Model (part 1)

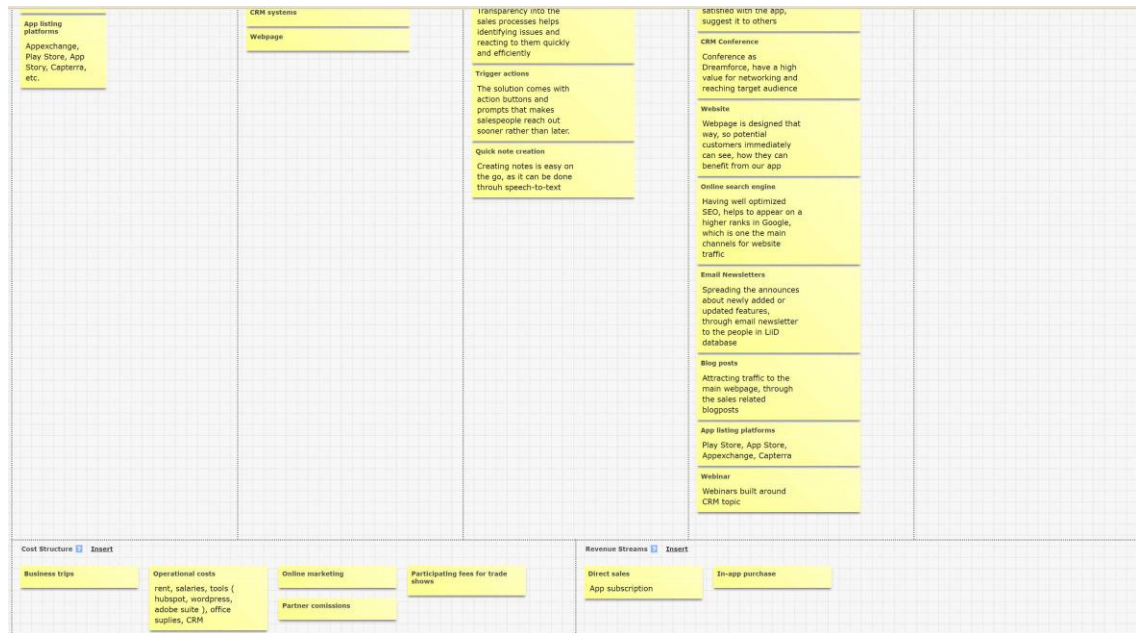


Figure 14. LiID Business Model (part 2)

### Key partners

- a) **Sub-contractors** - Outsourced web design company, that builds an appealing and smoothly functional webpage for website visitors.
- b) **Copywriters** - Outsourced employees, whose activities are writing blog posts related to the target market to drive traffic to the webpage
- c) **Partner companies** - Companies who became a LiID partner and working with Salesforce and Microsoft Dynamics CRM. They are promoting LiID app among their clients and helping in spreading awareness of the product.
- d) **Media sources** – To create awareness of the product and helping to promote LiID, company using web pages that are focusing on the topic of “sales” and “CRM”. The company is paying commission for being listed on these websites and posting there “promoted” blog posts.
- e) **App listing platforms** – Platforms such as play market for Android users, an app store for iOS users, are crucial for companies whose product is a mobile application. Except for these two major platforms, LiID is listed on AppExchange, which is a platform for listing certified applications for Salesforce and it gives the company more trust among Salesforce CRM users.

### Key activities

- a) **SEO** – Having optimized and well structure SEO is crucial for LiiD for reaching their target customers. On a highly competitive market, LiiD investing a significant amount of resources to have a higher search engine rank, so potential clients can easier find LiiD product on the Internet.
- b) **Online Marketing** – App promotion through social networks, such as LinkedIn, Facebook and Twitter.
- c) **Building partnerships** – LiiD is growing their partnership base, as it makes companies more trusted and attract more clients to the business. Working with CRM systems is very sensitive for clients, and it has to do with their data which bring up security issues. Trust is the key point in this business
- d) **App maintenance and development** – Making a custom change in the app for the clients can potentially cause some errors in app code, and it requires constant maintenance and improvements, to make sure everything is running smoothly and customers are satisfied with product features.
- e) **Creation of appealing visual components** – Nice and clear visual components (images, photos, video materials) that are showing app values are necessary to attract customers in marketing activities
- f) **Customer service** – On a daily basis LiiD receives questions from existing and new customers about an app. And the company wants to make sure that all problems handle smoothly, to keep the customers.
- g) **Social media updates** – Keeping up-to-date social media channels are important to spread the message about new features or improvements that are done with an app and increase awareness and interest in the app.
- h) **Webpage optimization** – It is important to understand the webpage visitor's behaviour, their "journey", how they get from the "Home" page to actually buy the product. LiiD is doing a/b split testing, to make the customers "journey" comfortable and intuitive.
- i) **Searching and reaching potential customers** – Sales team are looking for the companies who can potentially benefit from our app, and calling them, or emailing, to start a conversation, that can potentially result in getting a new customer.

## Value proposition

- a) **Time-saving** – Having an always updated CRM data manually takes a lot of time. If the salesperson is trying to have 100% of data entered in their CRM without missing any important piece of data, it can take up to 1 hour per day.
- b) **Usable on-the-go** – LiiD is a mobile app, which makes it usable everywhere and anytime. It can also work in offline mode, making a salesperson independent from an Internet connection and he can be sure that data will be successfully logged to CRM once the Internet connection is established.
- c) **Drive activity** - Company is helping organizations to boost their sales by building a metrics-driven culture. The app is using feedback alerts, social recognition and AI-based smart suggestions on whom to call to push salespeople towards excellence. Besides that, the app is creating a weekly/ monthly activity reports that give insight into activity levels and suggesting improvements.
- d) **Up-to-date data in CRM** – It is crucial that sales activity data is safe, organised, standardised and easily accessible. App provides automatic sales activity logging to CRM. The LiiD solution integrates seamlessly with the sales cloud, logging 100% client calls, emails and meetings in Salesforce or Microsoft Dynamics CRM.
- e) **Fast lead creations** - Salespeople are on the go all the time. They meet a lot of people and in doing so, they receive a lot of business cards on different events and conferences. Sometimes valuable contacts might get lost if they are not added to the database straight away. But entering contacts details from business card manually might take a lot of time. LiiD has a business card scanner inside the app, which quickly scans business card straight to the Salesforce or Microsoft Dynamics CRM.
- f) **Transparency in sales processes** - Total visibility into your pipeline. The solution focuses salespeople mind and efforts on the pipeline, so they can see where they are and what to do next. It also shows the current flow and analyses steps, for taking the potential lead to the customer, which helps to find weak and strong points.
- g) **Trigger actions** - Increase revenue by getting the sales team to focus on the behaviours that lead to sales. The solution comes with action buttons and prompts that makes salespeople reach out sooner rather than later. They encourage salespeople to work systematically and always create the next task immediately after a call or meeting. This ensures every sales activity takes them

closer to their target and creates a pool of prospects they can reach out to. It allows to cut through “the noise” and focus salespeople’s attention on the actions that matter.

- h) **Quick note creation** - Staying informed, saving meetings and taking notes is vital. That’s why LiiD comes with a speech-to-text feature which allows users to add notes just by talking. Users can easily add comments on how their meeting or phone call went without having to type a single character. In addition, when they sync the calendar with LiiD, it allows easily log all events and meetings to Salesforce or Microsoft Dynamics CRM with just one swipe.
- i) **Boost personal motivation** - Solution uses instant positive feedback, peer recognition and achievement notifications to strengthen the behaviour we want to see more of.

### Customer relationships

- a) **Customer support**
- b) **Social Media** – Through Facebook, Twitter, LinkedIn company interacts with their audience.
- c) **Customized offering** – After a potential client had a live demo of the product, the terms for the trial period and the implementation process is negotiable.

### Customer Segments

- a) **Sales Directors** - They are ones with decision making power on a company top level and can propose an app to implement in other divisions.
- b) **Sales Managers** - They are leading the sales team, and most of the time, they are the first ones to start implementing app within the company
- c) **Salesperson** - They are using the LiiD app on a daily basis and based on their feedback and experience, sales managers making a decision, if this a good solution for their company or not and pushing decision towards sales director.

### Key Resources

- a) **Customer information** – Having accurate information about the customer, helps LiiD to find right customer approach, and analyze the flow, how the app is used. Based on that information, developers can find weak and strong points of the app.
- b) **Application developers** – Their role is crucial in company success as company product is an application.

- c) **Human capital** – Sales team, marketing team, development team, are working towards a common goal
- d) **CRM systems** – LiiD is using two CRM systems (Salesforce, HubSpot). HubSpot is used for gathering information for marketing activities, and Salesforce for the sales team.
- e) **Webpage** – Having a well-designed webpage is important for communicating the product values for potential customers, which affects their decision-making process.

### Channels

- a) **Social Media** – Spreading awareness about company product and interacting with potential customers.
- b) **Word of mouth** – Customers who are highly satisfied with LiiD product suggesting it their colleagues and other companies.
- c) **CRM conferences** – Events for networking and promoting app for target customers. One of the biggest events is Dreamforce ( Event organized by Salesforce for showcasing products for that CRM )
- d) **Website** – Increasing traffic to the webpage, increase awareness about the product and place where people schedule a demo for the product or can have a free trial period.
- e) **Online search engine** – Source for marketing promotions.
- f) **Email newsletters** – They are sent for people who subscribed to product/blog/offers updates.
- g) **Blog posts** – Source for growing the subscriber's database.
- h) **App listing platforms** – Place where people can read reviews and download LiiD app.
- i) **Webinars** – One of the channels for spreading awareness and have a live demo of the product for a bigger audience.

### Cost Structure

- a) **Business trips** – Costs for travelling to CRM conferences and living expenses.
- b) **Operational costs** – Office supplies, servers, salaries, vacations, online services (email hunter, HubSpot, Adobe software, development software), rent.
- c) **Online marketing** – Marketing costs for promoting through Social networks, AdWords, Blog posts.

- d) **Partner commission** – When a partner brings a new customer, LiiD pays a commission of 10% of the deal.
- e) **Participating fees for trade shows** – Having own booth at conferences and tickets.

### Revenue Streams

- a) **Subscription for enterprises and teams** – Monthly or Annual payments for app subscription (teams or big organizations)
- b) **In-app purchase** – Monthly / Annual payments that are done by individuals through the app. Meant for individual users

### 4.3 Product Development

Before launching a company, LiiD founders wanted to make sure that they were building a product that target customers will find valuable in their working life. They previously had experience working in sales and especially with CRM systems, and they found a major problem, that almost every business has, and it was low quality of the data in the CRM system. The problem was not the data itself, but the amount of it. They've done a research and it turned out that salespeople log only 20% of their sales activities into the CRM and as a result a large amount of valuable data, that later could be used for analysis for finding the weak spots and suggest improvements is gone. They stated a hypothesis, that the problem was that the process of entering data to CRM is time-consuming and it was confirmed by research that Maria Sündström did while working in Meltwater in the sales department.

The core idea of LiiD, was to make a mobile application that will allow logging all sales activities to CRM automatically, so all the necessary data will be captured and keep company CRM up-to-date. At that moment there several companies that were providing the same solution, and to make the LiiD app more appealing to the target customers they made a decision to add extra features in their app and the final list was following.

- Automatic call, email, meeting logging to CRM
- Creating leads and accounts
- Connecting the calendar
- Creating tasks for yourself with a reminder
- Personal Sales Assistant

- Creating notes for future tasks

Company founders believed that customers will find these features valuable and started to build the app. At that point, it was decided that the company will go with **Traditional Product development model**. The process took around 6 months until they could release the app to the market. *“We believed that customers would be highly satisfied with these features, as we made that list according to our own previous experience, so we thought that there is no need for an extra research,”* said company CEO Maria Sundström when they launched their product. During the next 6 months through the cold calling and small amount of marketing activity, they found only 12 clients, from which 5 stopped using the service after 2 months (churn 41.6%) and company MRR (monthly recurring revenue) was only 2,430 EUR. The result was disappointing, as the company invested a huge amount of resources that wasn't paying off.

#### 4.4 The shift toward customer development model

The previous model wasn't working and the features that the company developed in their app were not valuable and appealing for the customers. It was decided to rethink of the values that the company is aiming to bring to their clients and find the weak spots in their app and business model itself. LiiD designed a survey when their clients could evaluate the current features and write their feelings about what they would like to see in the app and the results were following (See Figure 15)

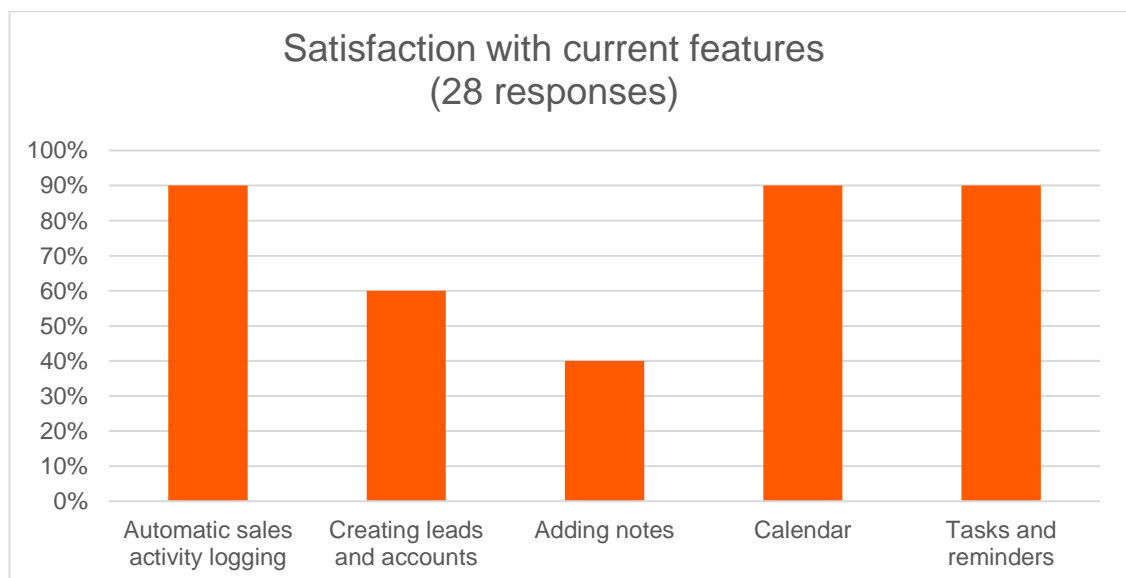


Figure 15. Feature satisfaction level

Research results showed, that customers were not fully satisfied with any feature that app had and app weakest points were adding notes to the tasks and lead/account creation. And in the survey, every feature except the level of satisfaction also included the field of “why exactly they satisfied/not satisfied with the current feature” and “suggested improvements”. LiiD highlighted the key problems and improvements that appeared in most of the answers

### **Automatic sales activity logging**

- **Problems**
  - Sometimes app crashed and last several activities are not logged and require manual logging
  - Not logging call when the number is not entered in CRM
- **Improvements**
  - Optimize app, so it runs smoothly
  - Ability to edit logged activity from CRM, or remove if it wasn't important through the app
  - Possibility to look through activity history from past dates

### **Creating leads and accounts**

- **Problems**
  - Time-consuming to manually enter new contact details which are not convenient when a client on the conference and have a lot of business cards with him that needed to be entered in CRM
- **Improvements**
  - Possibility to scan business card directly to CRM

### **Adding notes**

- **Problems**
  - Time-consuming and not supporting other languages except English
  - Hard to read notes
- **Improvements**
  - Adding a possibility to enter notes in different languages
  - Changing fonts
  - Speech-to-text – possibility to add notes with a microphone

### **Calendar**

- **Problems**
  - The app doesn't have option edit tasks in the calendar view. To edit them user still needs to use default calendar like Google Calendar

- **Improvements**
  - Improve functionality of the in-app calendar

#### **Tasks and reminders**

- **Problems**
  - Hard to identify what task type was created (call, meeting, email)
  - Impossible to customize how reminders work.
- **Improvements**
  - Add icons, that will show the task type
  - Add option to customize reminders, for example, add a feature when the user can set by himself, when and how often he would like to be reminded about upcoming activity

After all the suggested improvements were done, the company was able to keep their current clients and increase their satisfaction with using the LiiD app and attract 30 more clients, from which only 9 resigned after 2 months, which resulted in reducing churn rate from 41.6% to 24.3%. *“This was a big step for us, and we felt that we started to move towards the right direction. For our next improvements in the app, we started to follow the same Customer development model”.*

LiiD currently building their new product which is going to have a name LiiD Sales Trail, and the company is currently going through the same process. Through the constant customer feedbacks on every step of developing an application, LiiD is testing their new features, and the author gives an example of that in section 6.5 *Customer feedback loop*. At the moment of conducting research, the company moved from Customer Discovery to Customer Validation step.

#### 4.5 Build-measure-learn feedback loop

In this section, author analyses, how the company uses the core of the lean start-up model – a build-measure-learn feedback loop. During the development and launching process of the app, that currently on the market, LiiD was not using this strategy, and they just build their product based on team’s previous experience in the CRM market, and assumptions of what might be useful for target customers. The analysis was made about the product that LiiD is currently working on and especially in terms of UI / UX (user interface/user experience) design.

Initial **idea** was to build a new app, that will give customer more values, rather than just automatic logging and tracking their activities into their CRM system. There are plenty of competitors on the market, who provides the same solution. Moreover, another major issue was to make users want to use the app. According to LiiD internal data, they noticed that user activity in the app is dropping by 20% after three months of using the app. After data analysis for understanding why, it was found that 25% of the users are churning, because they see no value in the app (see figure 16)

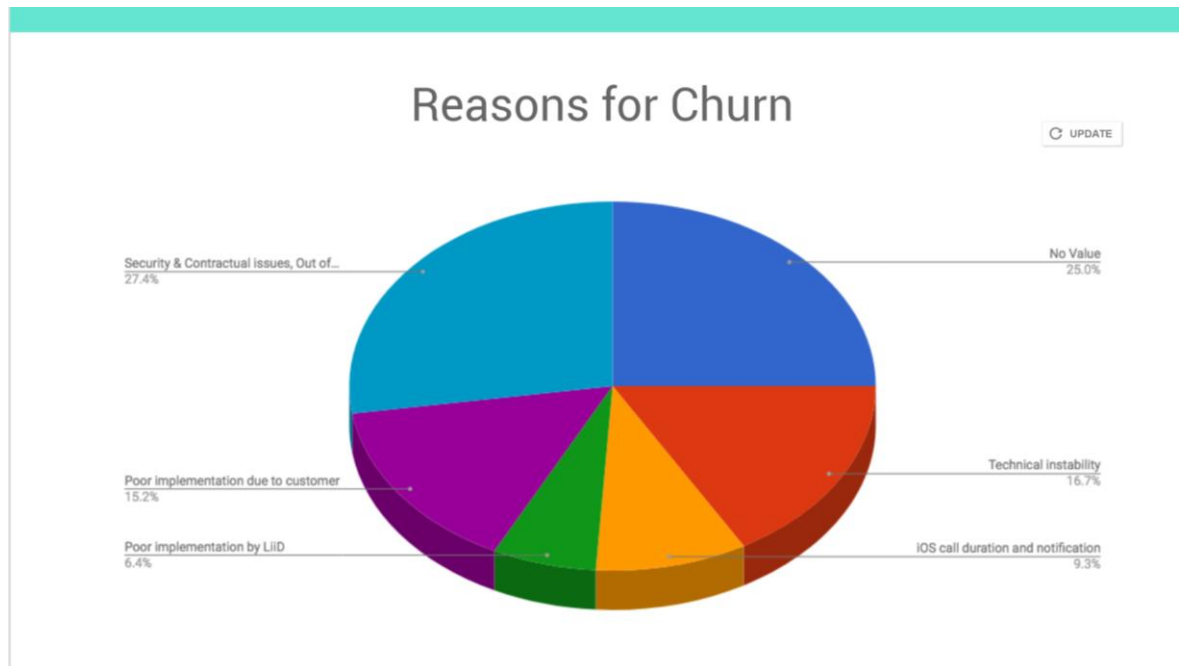


Figure 16. LiiD Customer analysis: reasons for churn (67 responses)

The same analysis was done to see the issues, why clients don't buy the app after a live demo, or after using trial period (see figure 17). Except for the lack of value problem, that company had with existing clients, the analysis showed that the company needed to improve their product, by adding features that customers needed and improve customer support, as 14.6% of all customers who had a trial period, said stated that they lack attention from LiiD, to quickly resolve issues that they came up with.

## Why don't they buy?

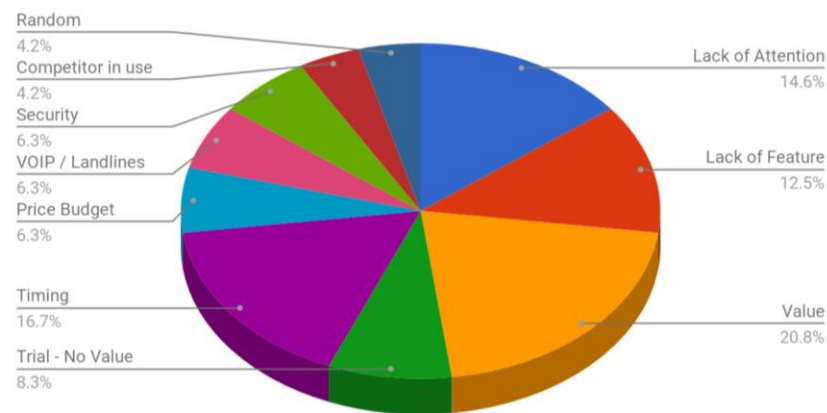


Figure 17. LiID Customer analysis: reasons for churn (67 responses)

After a month of discussions with the Board and a team, LiID came up with new values, that their existing customers and new ones would want to see in the app and started to develop a new product.

With the new product, the **build** started with two key activities, back-end development and designing an app prototype, through Adobe XD (design software). The company decided to do the design for the new app by themselves, as they previously experienced difficulties, when they wanted to outsource that process, and the major problem was no control of the design process, which ended in wasted money with no result. The team member, who were previously responsible to marketing activities, changed his field to UI/UX design, as company decided to stop doing any marketing activities related to the old app. App developers started with core processes that weren't dependent on app design, such as, CRM integration, settings for cloud database integration etc. As stated at the beginning of this section, it is more about app UI/UX design. The company wanted to make an app interface that will be intuitive and valuable for the users.

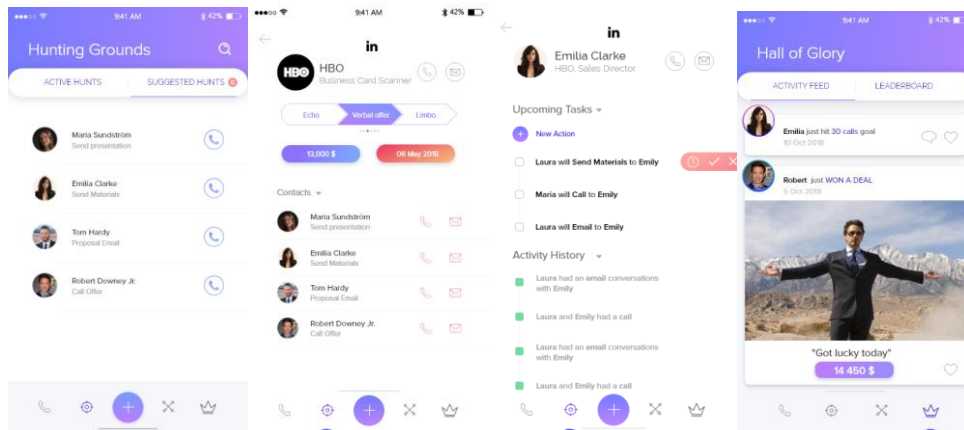


Figure 18. LiiD First app version

After first app screens were created designed, developers started to **code** an app to make it possible to show to their clients and collect feedback. They were using simple open source components to make this process quick and don't waste the extra effort in making complicated coding.

As soon as version 1.0 was ready, LiiD designed a survey for their clients to get the feedback and **measure** collected **data**. The idea was to find out if the current U/ UX design will be intuitive for the users and understand what improvements would be valuable for them. During this process emailing surveys and several live demos were conducted.

According to collected data, the company **learned** several key points of improvements:

1. The proposed colours are a bit hard to constantly look at
2. The structure on the screen should be more intuitive, by highlighting key elements with colour.
3. The information on the screen was either not valuable or not sufficient.
4. The font is hardly readable
5. They would like to have the option to customization.

It took around one and a half months of constant feedback loop process to develop a product that would satisfy the needs of 90% clients and potential customers and you can see the results on Figure 17 and 18.

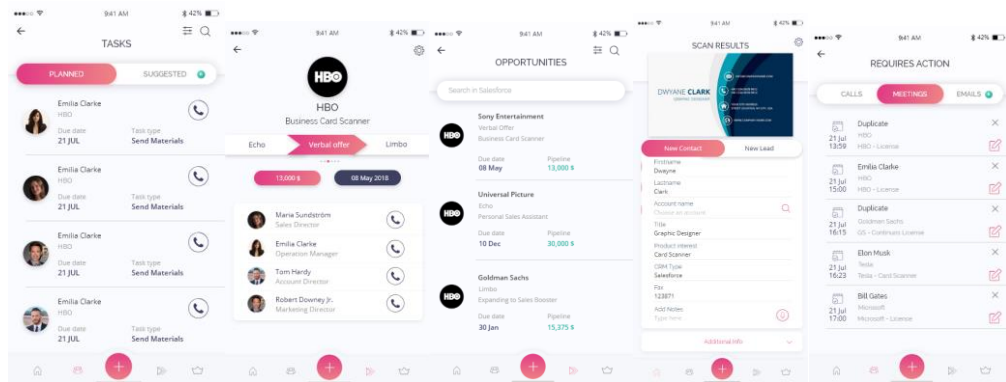


Figure 19. LiID Final app version

Except for the final version of the app, LiID designed clean onboarding screens when users install the app for the first time, so they can clearly see the core activities of the app.

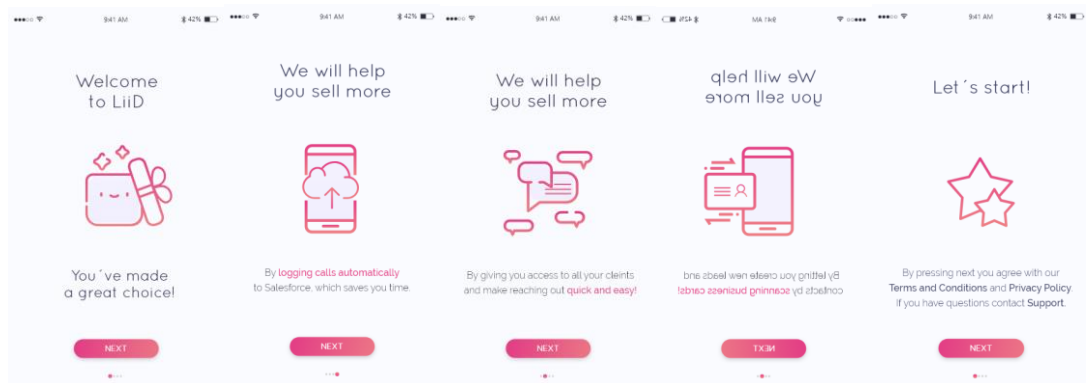


Figure 20. LiID In-app onboarding process

## 4.6 Customer Acquisition

In this paragraph, the author will present the customer acquisition process that the company used in early years after they were founded and current methods, as well as the cost of customer acquisitions.

### 4.6.1 Company early stage

As were mentioned before company founders had a previous experience working with CRM systems, Maria Sündström in company Meltwater as Sales Manager and later as Managing Director, Risto Linnoskivi and Juha Herranen as a Senior Developers in Steeri. After a first app release, first potential customers were found through previous

connections, as founders already knew the companies that were using Salesforce CRM and Microsoft Dynamics CRM, as the LiiD app supports these two major CRM systems. It resulted in getting 12 clients, which resulted in 2430 EUR in MRR.

LiiD was able to achieve that result in 6 months and in terms of MRR that result was not satisfying. They started to collect feedback from those clients, to find the reason, why companies are not willing to buy their product. Results of their survey can be seen in paragraphs *6.3 Shift towards customer development model* and *6.5 Build-measure-learn feedback loop*. After all app improvements were done, that was based on the feedbacks, they needed to find another source of getting the clients. LiiD didn't have any marketing team working with them until 2017, and the team was only 3 people – 2 app developers and 1 sales person. In 2016, the company hired 2 more salespeople. At that time, after company felt, that their product was improved and now became more appealing and valuable to customers, they decided to participate in Dreamforce event, which is organized by Salesforce and considered as a biggest event in CRM industry. It was decided to participate in that event not only as visitors for networking but as a company that had a booth, where they were able to showcase their product.

Participating costs at this event were 15 000 EUR, as the company was a newcomer to that conference. Besides costs of getting a place for a booth, LiiD also needed to get the flight tickets to San-Francisco, and accommodation costs, which resulted in 5000 EUR. Total investment was 20 000 EUR. LiiD was expecting to have a major success there and attract a lot of potential clients, but the results were not satisfying. Out of 20 000 EUR investment company was able to attract only 6 clients which resulted in 1300 EUR MRR. Customer acquisition cost was 3,333 EUR (without marketing costs and salaries) which is extremely high for a small startup that aims to become scalable. After the event, LiiD realized, that their product is still very raw, to present it on an event of that level, and decide to proceed with finding customers through cold calling, but they came up with another problem, which is finding leads with CRM systems that application supports. Sales team started to search leads through LinkedIn search, where they were looking for every position that was related to sales. Besides LinkedIn search, LiiD received an offer from company that was focusing on providing user database, based on a target segment, target customers, location etc. Buying user database for 4000 EUR didn't pay off, as from list of 200 contacts, only 4 clients were found with 5-10 users that bought subscription, and 430 EUR in MRR, which dropped using service after 3 months.

In 2017, LiiD started to make big changes in the company. They fired two sales people that were hired before, as they were not the right fit for LiiD and hired a marketing person. By doing that they were able to start focusing on spreading awareness through social media channels, email newsletters and create a brand presence in media.

#### 4.6.2 Online marketing

Establishing an online presence is a highly important process in customer acquisition. Most of the customer is coming through the website, where after getting familiar with LiiD product they are contacting our sales team via email or “schedule a demo” form on the webpage. Online marketing team focuses on driving traffic to the LiiD webpage ([www.liid.com](http://www.liid.com)), through social media campaigns on Facebook, LinkedIn and Twitter. Most part of the budget is allocated to LinkedIn, as this is the major platform where the company can target right segment (sales directors, sales managers and other sales positions) and advertising on LinkedIn is the most expensive compared to others like Facebook and Twitter.

In addition to that, the marketing team is spreading awareness through blog posts, that they write on their webpage and then share them through social media channels. Blog are usually written about sales related topic, such as “How to collect, manage and use the data in sales?”, “How to Improve Sales by Activity Tracking?” and “Why do you need a business card scanner when visiting a trade show”. Through these blogs, LiiD is able to highlight the importance of features that their application has. According to LiiD data, out of 300 website visitors, 3 of them are scheduling the demo. They still require more accurate data to analyse the behaviour of the visitors to optimize their webpage to make it more appealing to the visitors, so they can easily see products values and eventually schedule the demo. Currently, after the launch of the new version of the product, LiiD is planning to start using Google AdWords, and outsource that activity to a company that specialises in Google Ads.

#### 4.6.3 Partnerships

LiiD is aiming at building a wide partnership network to find customers through the partners. In 2018 June, the company launched a partner program, that is meant for implementation partners, consulting firms, and systems integrators. Those companies are helping their customer to implement Salesforce software and also might add to their offering LiiD application. Partner program has also benefited for the partners, as LiiD is paying a commission of 10% for every customer that comes through a partner. Besides, having a good channel for customer acquisition, having a partner logo on LiiD webpage,

increases trust and credibility for webpage visitors. Currently company has a partnership network that consist of 10 partners, who are offering service to Salesforce CRM clients.

#### 4.6.4 Customer acquisition costs

For a company to become scalable, except getting product/market fit, another key factor is having costs of acquiring customers lower that monetization. In the following section, will be presented data to identify where clients are coming and costs to acquire them.



Figure 21. Company acquisition channels (73 clients)

For analysis, the period from January 2018 to September 2018 will be taken. The company sales figures and CAC calculations can be seen in *Figure 22 LiID CAC Analysis*.

	2018 ( January-September )	Per month
MRR increase	13000	1444.444444
New clients	63	7
Average contract value		206.3492063
Costs	per year	per month
Marketing	3000	333.3
Marketing Salaries	19800	2200
Developers (implementation,support) up to 8 hours per client	14112	1568
Sales Salaries	59400	6600
	96312	10701.3
Average Customer Lifetime	12 months	
Cost of customer acquisition (CAC)	1528.8	
Customer Lifetime Value (LTV)	2476.190476	

Figure 22. LiID CAC Analysis (Confidential)

According to the data, the company spends around 1528 EUR to acquire a customer that pays in total 2476 EUR in 12 months. For SaaS business model LTV should be about 3 x CAC for being viable, currently at LiiD Customer Lifetime Value is only 1,6 higher than the cost of customer acquisitions.

## 5 Conclusions and recommendations

The research question, the author wanted to answer was: how CRM start-up can survive and flourish in highly competitive CRM market using lean strategies. The case study was done from a Finnish start-up company LiiD, that develops a mobile application that allows salespeople to optimize and perform their sales activities through their smartphones and it integrates with Salesforce and Microsoft Dynamics CRM.

The research was done based on the literature review, authors personal experience working in that company and the interview conducted with company CEO Maria Sundström. Authors' goal was to review principles and strategies of lean start-ups and analyse current situation in LiiD, weak and strong points and suggest a further improvement for their business.

Based on principles of defined by Eric Ries and Steve Blank, for start-ups to become a lean they should:

1. Come up with hypotheses that constantly needed to be tested. First, they start with summarizing them in a framework "Business model canvas"
2. The shift from the traditional product development model to "customer development", where they proceed to the next step only after they finished the previous one.
3. Follow agile development, that has set of four main principles: customer focus, output orientation, adaptability in uncertain context and empowering their team. The company should build the product in repeated cycles, which will allow them to avoid waste of the time and resources.
4. Apply build-measure-learn framework in their business activities and constantly repeat that cycle. It focuses on improving their product, quickly and cost-effectively, through customer feedbacks.
5. Validated learning – based on all the feedback and constant interaction with their customer, they will be able to build a sustainable business model.

Results showed, when LiiD was established, they were not using any lean principles at all, which resulted in the waste of company money and other resources.

LiiD started to build their mobile application and defining core values that they can provide to their customers only based on their previous working experience, without testing them and conducting the surveys among their target customer group. As a result, attracting new clients was not effective at all, as they saw no value in using LiiDs' mobile application.

Furthermore, analysis of company current costs was done based on the average number, and it shows that attracting new clients to the business is very expensive for the company. David Skok states that for a viable SaaS recurring revenue model monetization (LTV) should be 3 times bigger than customer acquisitions costs (CAC). Currently, LiiD average LTV is only 1.6 times bigger.

This could be improved by optimizing and improving the customer acquisition channels. (LiiD customer acquisition can be seen in figure 21). Now, most of the clients are coming to the business through cold calling, which is not cost effective, as it requires a lot of work from the sales department and a result increasing the CAC. For further improvements, the company needs to increase the number of customers that are coming through online marketing, such as Website, Content Marketing (Blog and social network), Affiliate Marketing, SEO, Partnerships. The author suggests, to improve in-app purchase conversion rate, as this is the cheapest channel to get new clients. Results show, that during the development of the new product, they included in-app onboarding process, which will help to clearly identify values and solutions, that LiiD application provides, for everyone who installs their app through App Store or Play Store.

Another issue that the company got is the lack of team members. They made a decision to transfer the only person who was doing marketing for the company to product development (UI/UX design) and they totally stopped spending money on online advertising. The company needs to expand their team to effectively allocate their resources and do not stop in the future their promotional activities.

Current research results are not very accurate due to the lack of needed data. The company currently in the process of releasing a new app to the market and because of

that, they stopped promoting their old version of the app, that is currently on the market, as all efforts were allocated to the new one.

In the future research, the author will analyze sales funnel process, to find the steps where the company could improve their process of customer conversion to get more clients.

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**Interview with CEO at LiiD – Maria Sundström****How you come up with the idea of starting CRM startup?**

*Two of the founders previously worked for a company that did the CRM integration implementations. They always heard from their clients that the biggest problem is when it comes to the CRM is not really the system itself, but getting salespeople to log what they are doing. We started to elaborate on the idea how we can help the lives of salespeople and get all the valuable information into the CRM that really needs to be there, and that is how we came up with the idea of LiiD.*

**What type of startup LiiD belongs to and aiming to become?**

*We founded a company with the idea of becoming a major player in the CRM market and eventually becoming scalable. First of all, it requires the “right” team for this goal. We are looking for people who also are passionate about our idea and will put maximum effort for a successful outcome.*

*Currently, we have a struggle of finding the right strategy for that, as the main idea of being scalable startup is having customer acquisition costs lower than money flow, that comes into the company. But according to our results, I can say that we are moving in the right direction.*

**Did you do any research on the CRM market before starting a company? If yes, then what kind of research have you done?**

*We did not do that much research. I think we should have done more before we founded the company. However, we researched which are the biggest CRM’s on the market and that is how our choice stopped on salesforce. And of course, we also checked what other big CRM’s there are and approximately how big the market is. We have done some research during the time we have been working at LiiD though.*

**How did you choose your primary CRM platforms that you decided to work on?**

*We chose Salesforce because they have the biggest market share. And then we added Microsoft Dynamics CRM because it’s quite big on the market in Finland. And we had a lot of companies saying that they will buy our solution when it works for Microsoft Dynamics.*

**What makes your product different?**

*Process automation is what makes our product different. There are a lot of apps for CRM's but the biggest problem with them is that people still need to do a lot of the work themselves.*

**Who is your target customer?**

*Our target customers are sales people that are using Microsoft Dynamics CRM or Salesforce and using their mobile phones when reaching out to clients.*

**How did you choose the target market?**

*Basically, we don't have a specific target market so it's more companies that use Salesforce or Dynamics. We are however focused on the US, Western Europe and the counties in Asia with buying power. We also focused more on countries that culturally feels easier for us. So, for example, Japan or China feels a bit difficult.*

**How do you retain customers and attract new ones? How do your sales funnel perform?**

*We have three channels for getting new customers, and one is direct B2B sales, what you would call cold calling. So we contact companies that we think could have a use for LiiD. The second one is through digital marketing so we are driving people to our webpage to try to get them to install LiiD and then either purchase a license for themselves or for their whole sales team. And number three is to get new clients through partnerships so we have a partner in the UK market. They're trying to sell our solutions and then a few partners around the globe that recommend us to their customers or try to book a meeting for us. Currently, it's very much just trying different channels to get new clients.*

*In order to retain clients, we try to make sure that they really actively use the app. We can see who is using it and how many calls emails and meetings have been logged. We also try to do a training session and support the client as much as possible to make sure they know how the app works. The best thing is always if we can build something specifically for the client on the app or if we can get that to be part of their daily routine, reporting or way of working.*

**What action do you take to lead customer from using the free version to convert into paying client?**

*The free trial is only for 14 to 30 days, depending a bit on how they used application. Whenever someone installs that we reach out to them asking if they have a specific need or if they would like to schedule a demo. We try to get the people to use the app as much as possible in order to secure that they want to continue using it after the trial as well. We also try to do training sessions to make sure they know how the app works.*

**What marketing strategies do you implement?**

*We do email marketing, use social media, try to speak as much as possible on different events. We do a bit of content marketing on our webpage. We try to keep up with the pace of writing at least 1-2 blogs every week. We have also visited different events and fairs, but it's expensive and the return on investment hasn't been that great. But it's just a lot of different things, I think we need to improve.*

**Have you heard of the Lean Startup theory?**

*Yes, I have heard about the lean start up Theory at least when I went to school. Isn't it something about developing a product based on customer needs, testing it on the market, developing more and then testing. So not building anything and then selling it but more building based on feedback from the clients. Our product has always been used by companies already from the beginning. So all the features of that are actually developed based on customer needs.*

**How do you allocate workload inside your company? What divisions do you have?**

*We have two main divisions, one is Development and the other is Sales. The development division takes care of everything related to the product and sales division takes care of everything related to customers, bringing in new ones, keeping the current ones happy, as well as marketing activities. So, marketing is the third division but it's operating under sales. Then one of the development employees is also taking care of the administrative stuff, such as finances. What we are striving to do is really to have everyone employed in the company to have one workload that is totally their own, so that everyone would be responsible for one chunk. The workload is one of the biggest problems when it comes to starting up, there's just so much to do, and it would also be very important to focus on the most important things.*

**How is your decision process looks like?**

*The decision process really depends on what we're deciding on. The main idea is that the development team led by Juha can make decisions on things that are relevant to the*

*product. The service division led by me (Sales Director) can make decisions on anything related to sales and marketing. Decisions that are influencing the whole company such as decisions regarding investments big purchases that takes up a lot of money are made by the founding team and also by the board of directors. So the main idea is that smaller decisions can be made by the one that is responsible for that area while bigger decisions are made by including the rest of the founders and sometimes also other key players. Customer support is divided between sales and development, depending on who can help the client better and what kind of problems they have. It would though be optimal if we would have someone who would be responsible for client support.*

**What steps do you take before making next move in product development?**

*We just discuss a lot. We talk about whether it's actually something that the clients need, as well as try to figure out how much work is needed, and if we have the resources to do it. Usually, almost everyone in the company is included in these discussions. But it's the most important thing for us so we want to give it a lot of attention.*

**Have you thought about switching to “buyable startup” or merge with other company to have access to more resources and get a bigger market share? If you see this as a good prospect, would you be willing to merge or would like to remain independent?**

*At this point, we are not interested in merging, but it has never really been an option, as we haven't seen anyone that would be a good fit. Of course, if we would find a company that we would benefit from and who would benefit from us then it might be a good option*

**Did you experience any major failures? If yes, then how do you solved it?**

*I think one of our biggest failures was probably that we were a bigger team in the beginning and then we had to let go some of the people. We were actually six founders from the beginning and now we only have three left. And then we did a few hires that were unsuccessful, that's of course failure, I think our road has been filled with small everyday failures, as well as successes, but I can't think of anything major. However, there is a lot of stuff that we could have done in a better way or being smarter about.*

**What are the major difficulties do you meet with at this stage? What do you consider your weakest point at this moment?**

*One of the most important thing for us is getting new leads that will be converted into paying customers. Right now this process is looking pretty slow and we did not figure the perfect strategy for that yet, that will be consistently generating positive results. Or that's at least what I as a sales person think, we would have wanted to have more revenue by now. For us, a difficult thing has also been getting the team to really work. It's very difficult when you're a small group with different backgrounds everyone cares a lot about the product but you don't always have the same vision. Decision-making is occurred to be also difficulty, sometimes it would be easier if we had just one person making that decision instead of everyone discussing how or whether to do a certain thing.*

Do you plan to broaden the amount of CRM platforms that your app currently supports?  
If yes then which ones would you like to start with?

*Yes, we are planning to broaden the amount of CRM platform that we support.*