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RESEARCHING THE "BLACK ART" INSIDE SAAS SALES

Case study of Salesforce CRM

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ABSTRACT

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The aim of this thesis was to study on the area of Software-as-a-Service (SaaS), particularly sales process and tactics to gain insight success in SaaS market. The sales team and sales representative role were also focused in order to define what actions, applications to make hyper growth in revenue of software companies. The case study was about Salesforces – hugely successful American cloud-computing company – is also known as the pioneer in providing cloud-base service in SaaS market.

The qualitative research method was used in the research with hypothesis claim and backup documents. The study materials were acquired through e-library of Centria University of Applied Sciences, formal articles and documents from Internet. In addition, most data were collected from established research works based on SaaS sales process and SaaS companies.

According to the theoretical study part, compelling examples and analysis, the thesis results show that SaaS is in high demand and selling software as a service are becoming more important. The selling and purchasing processes are also so much different from traditional ways, which requires innovation in approaching prospects, communicating with customers and ability to solve their pain points. All of these highlight the imperative role of sales department/ team/ sales person and sales tactics used.

CONCEPT DEFINITIONS

SaaS: Sales-as-a-Service.

ASP: Average Selling Price

SLA: Service Level Agreement

TAM: Total addressable market

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1 INTRODUCTION

Along with the dynamic development of the business and commerce world, the crucial role of sales has inevitably impressed. From the prehistoric times products and services were bought and sold. People all over the world have needs waiting to be fulfilled by the seller of different products, which has created the principle of demand and supply (Mathur 2008, 6). Market is therefore a grant battlefield, where companies need to build a strong sales management to gain the edge on the competitions and win sales battles. There are different components in the marketing discipline included sales, after sales service, advertising and marketing research. Yet it can be seen that the sales function directly brings in the revenue stream so that it turns out to be one of the most important functions of any business (Mathur 2008, 6).

On the other hand, the world today is the present and future of software. Organizations of all shapes and sizes are in favor of SaaS solutions as on-premises deployment, since they have service provider took burdens of security, availability and performance, as well as efficiently reduce IT spending. According to Better Cloud research (2017, 15), about 73 % of enterprises will entirely adopt SaaS to their core business applications. As a result, there are countless software providers from big players to small-medium enterprises (SMEs). When the demand increases with the stagnant supply, market is often filled with competitive products. Strong technical sales will hold the key to company's success.

The objectives of this research are to answer the quest how software companies achieve and sustain hyper growth through selling software as a service and to study the importance of sales process in SaaS business model. In order to achieve the objectives, the concept of SaaS is defined. The study delves into big companies like Microsoft, SAP, Salesforce, IBM, etc., which have gone a long way in keeping their product's attraction, unfolding the latest development and techniques to able to make their software service in good consuming level. Additionally, business scenarios are analyzed to offer a comprehensive view of the sales process impact on the company's growth and revenue.

2 SCOPE DEFINITIONS

In this chapter, the broad definitions of Sales and SaaS are presented. In section 1, sales concept is explained with the latest published sources, followed with a brief description of its characteristics and its role in modern business world. The buzzword SaaS is defined thoroughly in section 2, including looking deeper into its functions and the importance of technical sales in SaaS industry.

2.1 Sales

Sales represent the transaction between the buyer and seller of the selected goods or services for money. The products exchanged can be tangible or intangible and must be in agreement regarding the term by both parties. (Investopedia 2018). Selling happens virtually every day of our lives (Altschuler 2016, 14). At another aspect, sales function is considered more complex in global marketplace. It is about human psychology. Actual selling is valued tactic through directly interacting to all buyers and demonstrating how product or service serves their lives, and typically doing with his/her money. And sales job is challenging but rewarding. (Webb & Gorman 2006, 14-15.)

Academic training/study often offers marketing courses but not likely sales. The mist of marketing and sales concept, therefore has remained manifold. In reality, marketing is about reaching out and persuading prospective customers; while sales take care of finding the common ground between client's perspectives and products, helping buyer to make decision and achieving the signed contract or agreement (Ashton 2015).

Using a metaphor, Schiffman (2002, 7) puts successful sales as "a matter of throwing out a ball to a lot of different people - and following up effectively with those people who throw the ball back." Sales itself is on a noticeable and consistent revolution. By applying technology, training, and best practices, sales are no longer simply a set of skills, but have become true science, which produces some new terms such as sales acceleration or sales automation era (Altschuler 2016, 13).

2.2 Software-as-a-service

SaaS stands for software-as-a-service, with a complete application delivered to the service consumer. It is the most popular and efficient service models delivering cloud-based solutions. Businesses using SaaS are offered with software implementation approach. The service provider handles all of the infrastructure, all of the application logic, all deployments, and everything pertaining to the delivery of the product or service. Since supported in the cloud by service provider, it can be accessed online, easily customized to bring huge values to business performances and management. (Prater 2017; Kavis 2014, 17.) Different from other one-off payment products or services, SaaS is a subscription model, which means its payments stretched out over a period of time. Some common organizational fields utilizing SaaS applications are Enterprise Resources Planning (ERP), Customer Relationship Management (CRM), payroll, accounting, and other common business software.

National Institute of Standard & Technology (NIST) defines SaaS as: The capability provided to the consumer is to use the provider's applications running on a cloud infrastructure. The applications are accessible from various client devices, such as a web browser (e.g., web-based email), or a program interface, however SaaS applications run on SaaS provider's servers. The consumer does not manage or control the underlying cloud infrastructure, including network, servers, operating systems, storage, or even individual application capabilities, with the possible exception of limited user-specific application configuration settings. (Mell & Grance 2009.)

SaaS vendors provide applications that are simple and easy to use. Companies will save cost from expensive training for employees as well as special devices as data resides entirely online. At the same time, SaaS solutions are customized according to companies' vision, purposes, performance, etc., allowing everyone on board in developing how theses apps are managed and operated. The core efficiency is the apps connect with a number of third-party apps and solutions, and usually come with open APIs access to build custom connections.

In summary, acquisition of SaaS in business show four domain characteristics: Shared infrastructure and multitenancy, on-demand self-service with simple interface, elasticity and scalability, consumption based pricing. Therefore, SaaS offers customers with high adoption, lower setup costs, smooth upgrades and integrations, all can be done through Internet connection.

2.2.1 SaaS in current market

It can be seen that B2B market has been saturated since technology industries have grown so dramatically. However, $76 billion is the expected growth of SaaS public market by 2020 (Lambert 2018). The common trend for modern business is to cutting-edge, which make SaaS turn out to be the best option. SaaS applications are easy to use and all data are hosted and implemented in cloud by outside vendors, surely companies will benefit from big financial savings, free from legacy systems and expand the corporate ecosystem.

According to the data report in the year 2018 and graph 1, Microsoft pulls ahead in the overall SaaS market with over 17% and 45% of market share and annual growth respectively, which attribute to its leadership in the high-growth collaboration segment. However, Salesforces still dominates in CRM. (Synergy Research Group 2018). Looking at the cloud platform adoption pattern, it remains low on average, around 20%. The reason, which is quite self-explanatory, is that SaaS solutions become popular for various business functions such as sales, HR, marketing, but lack of mature solutions for core business processes like insurance, healthcare, or financial service. (Vivek 2019.)
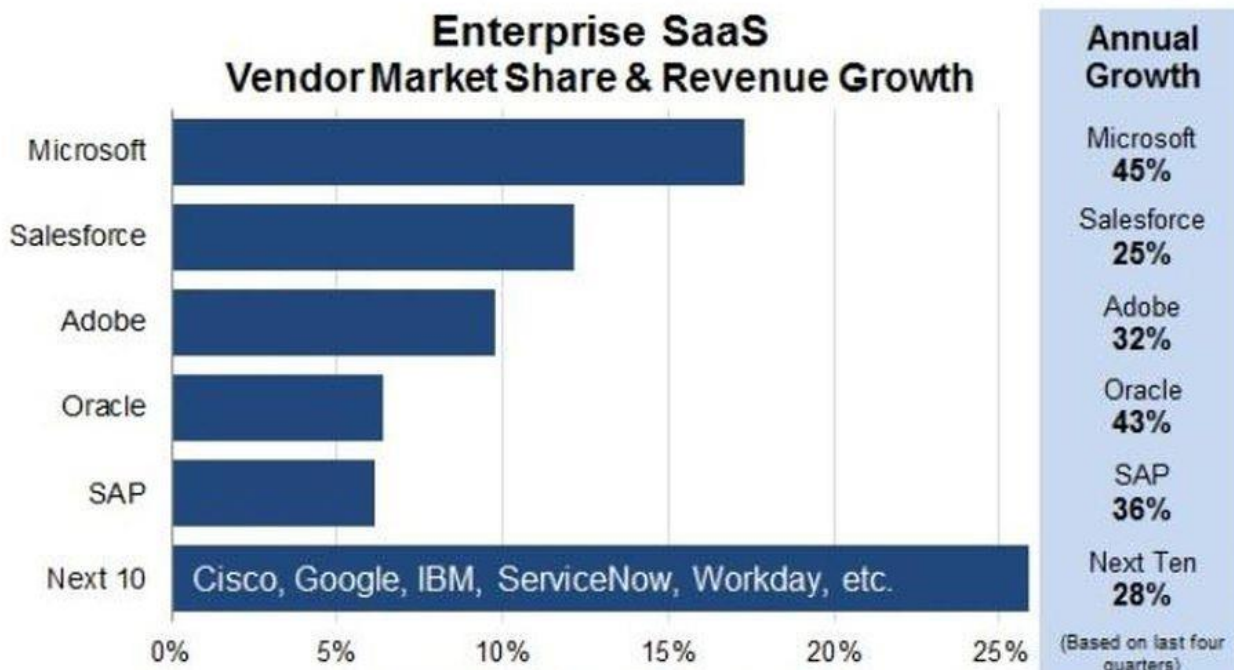
GRAPH 1. Worldwide Market Share in SaaS (Synergy Research Group 2018)

2018 happened with series of acquisitions in SaaS, about 169 acquisitions, with average price of $1.3 billion. German enterprise software giant SAP SE spent $8 billion to acquire survey software specialist Qualtriccs International Inc., while Microsoft bought GitHub – a code repository host and development platform for $7.5 billion. The list goes on with the acquisition of MuleSoft by Salesforce, Marketo by Adobe, CallidusCloud by SAP. (Vivek 2019.)

Undoubtedly, the common by-product of oversupply of IT vendor is the increased competition as well as pressure on service consumers to pick the right applications, that are effectively implemented and right serve the company purposes. Customers are now much better educated about IT products and services and become increasingly powerful, meaning that the traditional role of the vendor sales person has changed dramatically. The traditional 'one-size-fits-all' B2B sales model is no longer the case. Some of the key trends are impacting IT businesses with a particular focus on the implications for vendor sales team. Sales leaders are now facing some new challenges that will require a radical rethink on almost all aspects of their field sales execution plans. Vendor sales leaders must now acknowledge and adapt to these external change drivers and they must do it rapidly in order to survive into the future IT vendor lessons on winning sales in a tough world.

2.2.2 SaaS implementation in business

SaaS service model has been developed and ranged over the infrastructure, performance, security, scalability, privacy, and so on. One of the first pioneers – Salesforces – has succeeded in the execution of delivering the complete applications in the cloud so that service consumers can access on the Internet with a browser. There are typically two service ways of applications from SaaS vendor: Web-page user interface and APIs provision, in which the former is more common than the latter. (Bain & Company 2013.)

Come to the decision of SaaS procurement, a company should consider SaaS as an outsource of all features and services that are not a core competency, if it meets company's needs and is affordable. For example, if the core competency and main focus are in Human Resources, payroll, Customer Relationship Management (CRM), or accounting software, the company should buy these applications and run them on-premises. If there is a business reason to implement a new CRM solution in the next month, then leveraging a SaaS solution is probably

the only way to meet that time constraint. (Kavis 2014, 51.) This is cost saving and time effi-ciency, where company has vendor handled security updates and patches seamless to end user, managed all infrastructure and data center, databases, including capacity planning, backup recovery, etc.
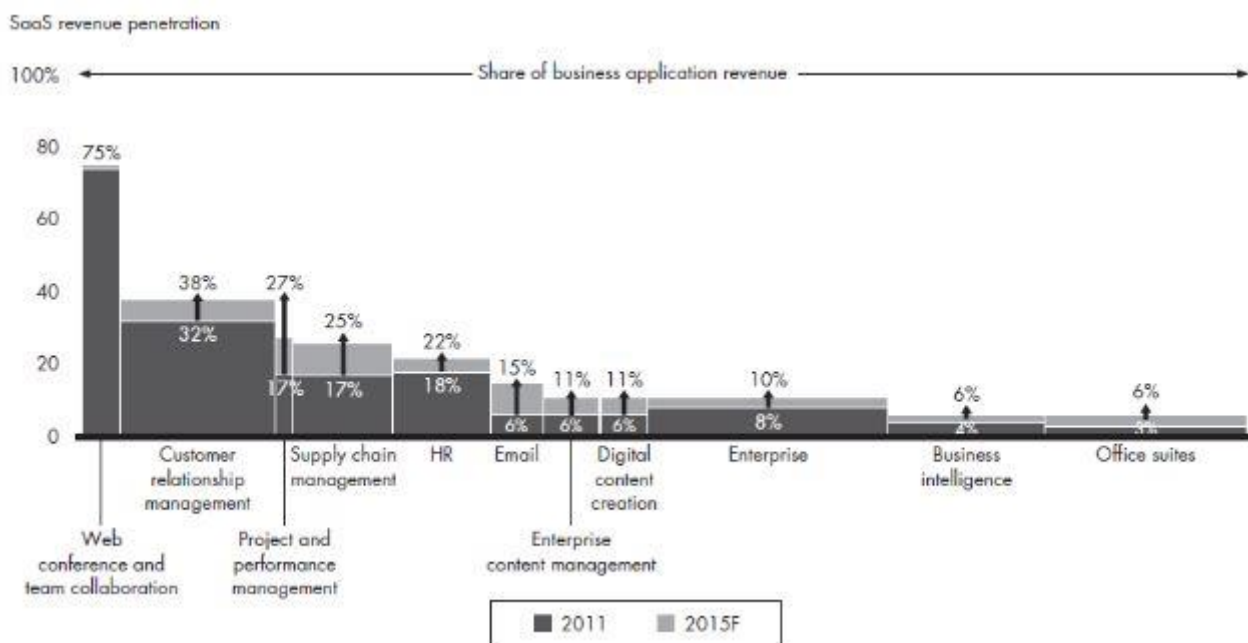
GRAPH 2. SaaS Penetration in Different Categories of Software (Bain & Company 2013)

In the year 2013, Bain & Company investigated the share of business application revenue according to enterprise software. As you can see, in the market by category, Web Conference and Team Collaboration had highest revenue share 75%, CRM filled 32%, HR had 18%, SCM 17%, Project & Performance Management 17%, Email 6%, respectively. The penetration rate was forecasted to go up, strongly in CRM, SCM and HR applications (Ravi 2013).

Another alternative is some companies would choose to build their own applications. In SaaS industry, although "one-sizes-fit-all" does not work anymore, SaaS providers still limit in the level of flexibility if they cater to many customers. Besides, a feature or a configuration company wants may be found from the SaaS vendors. These factors usually continue to impact on the way that organizations identify, procure and consume IT products and services. Cloud Com-puting, Mobility, Virtualization, Managed Service Provision (MSP) are all increasingly seen as effective enablers of change allowing customers to significantly lower the total cost of owner-

ship for the IT products and services that they require to run their businesses. Before a company decides to build the application itself, it should compare the value of the feature(s) and all the opportunity cost for using the resources or reducing the resources to lower costs. Here are the examples of some major companies optimize with SaaS applications. GE Oil & Gas transfers computer data and storage to the cloud to reduce risks and minimize cost; Maersk at the same time also makes use of cloud for it legal system plus invests innovative analytics to smooth operations. (Statista & RightScale 2019.)

2.3 Description of the case company

The background of the company is initially presented in this sector. Salesforce.com is a cloud computing and social enterprise software-as-a-service (SaaS) provider. The company was founded in March 1999 and is based in San Francisco, California. (Rouse 2016.)

Salesforce is a platform that eliminates the need for businesses to use software to manage their customer relationships. Salesforce is a business that is based on customer relationship management, commonly referred to CRM, offering a wide range of cloud-based services though it customer success platform including Salesforce automation, digital commerce, community management and analytics and professional cloud service. (Bushnell 2019.) Salesforce went public in 2004 and has posted dramatically increasing revenue year after year. Some of their notable clients include Amazon, T-Mobile, Adidas, Alphabet and General Electric. This is a SaaS innovative company that has been dominated in their field while also pioneering new ways to use technology, enabling business to sell, service and market in the whole new way.

Salesforce is the world's number one CRM platform. The fact is Salesforce is the first company offers a cloud-based CRM platform that offers users effective way to stay connected to customers, prospects, partner and more. The market value for cloud-based CRM industry has grown to $250 billion in 2018 and Salesforces has maintained their position on the top of it since their inception claiming about 20 percent of the market share. Their market cap is $98.75 billion in 2018. Their major competitors in the market include Microsoft, Oracle and SAP, which also invest into cloud-based technology. (Evans 2018.)

3 ANALYSIS OF SaaS SALES

The empirical sales in SaaS industry is presented in this part. The chapter is divided into three main sections; the first section aims to analyze different sales model used in technical field, following up is sales process with prime steps from generating leads to closing, and last but not least important is tactics that sales team uses to achieve good results for company's bottom line. The thesis defines SaaS sales as the process of selling web-based software to clients, therefore, salespeople focus on acquiring new customers and upselling or retaining current clients. All opportunities hang on the decision.

3.1 SaaS Sales model

It is decisive for a SaaS company or startup to navigate the right go-to-market sales model. The right sales model will grow company smoothly from the seed funding. To give the best choice of SaaS sales model for a particular SaaS startup, the strategic spectrum of sales approaches based on factors such as price and complexity, has gravitated toward three methods: self-service, transactional and enterprise. They can be employed one or all three at the same time, however, the first thing is to find balance between price and complexity. These two factors have adversely correlation. Higher complexity results higher costs, thus requiring higher ASP. (York 2012.) The application goes with high price make the willing to pay for it decreases. Getting the right alignment between price and complexity can ensure the value customers place on company's products always exceeds the price, time, fear and frustration they must pay. In other words, once the right balance of the market is achieved, SaaS sales model will be obvious.
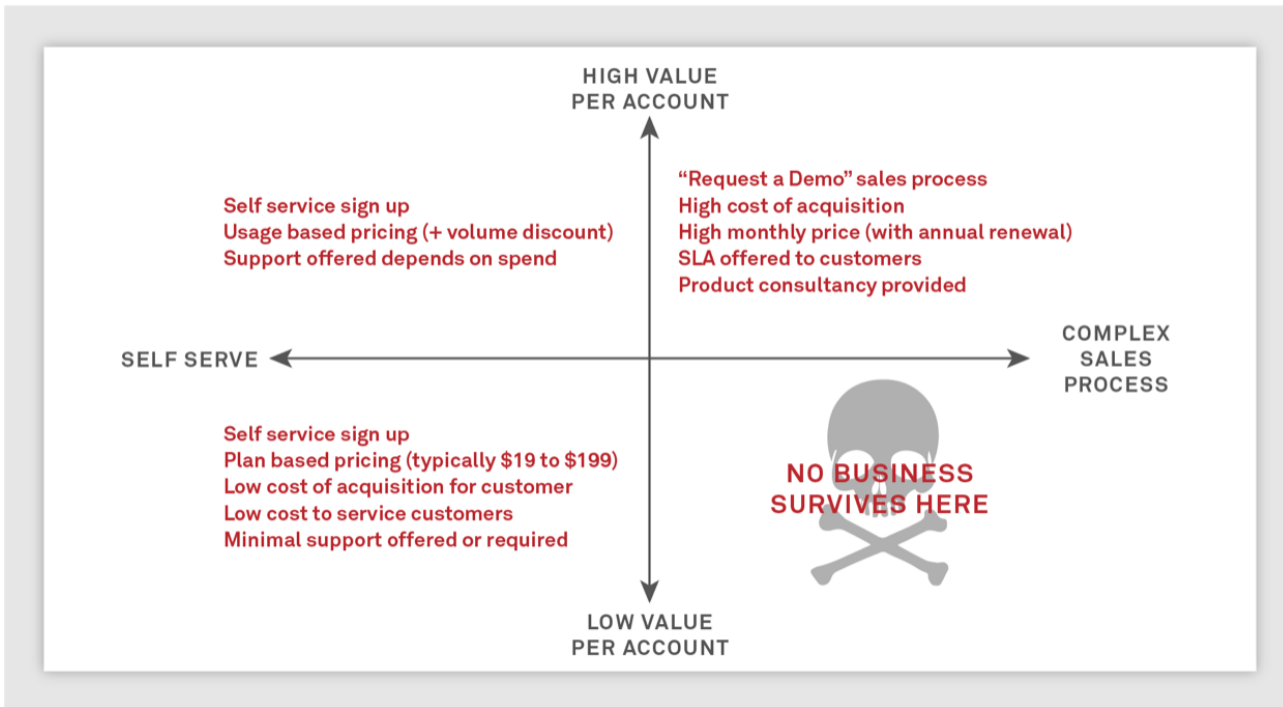
FIGURE 1. Three pricing strategies (Traynor, 2017)

3.1.1 Customer self-service Sales Model

Complete customer self-service is the ideal SaaS sales model, when selling lower-priced SaaS at a high volume. This offers low cost of acquisition for customer and service customer. However, this requires the customers be willing and able to handle themselves, understand the value of product, and how to use it because the support offered is limited. According to Joel York for Chaotic Flow, sales team is likely to make thing easy in the purchase when nurturing customer relationship. The solutions and the tools should be easily adopted by users, such as Slack, Evernote, Spotify subscriptions, a Medium membership, etc.

The customer self-service SaaS sales model typically makes a shortcut to customer-facing functions, and able to scale up to thousands of customers and bring in significant revenue. The vendors need to provide self-service knowledge base portal and in-app product in the beginning, automation and tools for easy on-boarding that allow customers to resolve any issues they encounter. Amazon strongly exemplifies successful automating their customer service by offering an optimal experience. When facing the problems or questions, customers are directed to the relevant page in their knowledge base, and only this is useless then connection to support agents available. To shift to totally self-service, vendor company needs to understand and listen to its customer's pain point until figuring out the best recipe that works. (York 2012.)

3.1.2 Transactional Sales Model

Transactional selling is the most common and the most scalable among three models. Small and medium companies are typically offered recurring revenue subscriptions characterized by phone calls or in person. As price increases, customers require more customized service to pay their money. Transactional pricing boosts startups to go upmarket with little change in their product and business model. Price plan would be a highlight of this sales model. It is considerable that companies having "unlimited access" give an amazing discount and affect price-sensitive customers. (York 2012.)

Good examples come from products that automate a well-defined business process or function with a bit of an Internet twist, such as those offered by Amazon Web Service, Mail Chimp, and Striper. In the transactional SaaS sales model, highly qualified leads that are brought by Marketing department, sales team builds pipeline and improve efficiency by removing roadblocks

through educational content and automation that drive complexity out of the purchase, besides, sales reps are responsible to provide discounts and share tiered pricing model. In addition to support service, support representatives that meet a range of SLAs from limited pre-sales support through premium post-sales support with tools, training and metrics that enable high efficiency and many transactions per representative, complemented by customer self-service tools, template and educational content.

3.1.3 Enterprise Sales Model

When SaaS product become complex and bring so much value per customers, enterprise sales is a popular choice because mostly only large companies could have budget to support high cost of solutions. The core metrics that IT vendor need to make sure are whether they have capacities to sell and service. Two good example categories are cutting-edge enterprise cloud adoption when it comes to major-enterprise-level usage, such as SAP and IBM, and feature-rich suites that automate strategic, core business processes for mid-to-large enterprises, such as Workday and Salesforce. These solutions are often full-scale, highly specialized, and definitely not "one-size-fits-all". Higher ASP brings higher expectations for the business relationship, such as signed contracts, premium SLAs, invoicing, and the ability to speak to an engineering consultant when problems arise.

Since enterprise deals are big, it requires long and enduring sales cycles. Plus, as they are complex buying processes, requiring enterprise-wide engagement (Brock 2018). Sales representatives reach the right people within the enterprise and regularly spend months working with prospects. There are some challenges of SaaS features that the IT vendors need to overcome to win the deals: SaaS as a self-signup model, ready-made product, and in the cloud; however, major enterprises typically want customized version, or to check through on premise version (Efti 2017). The requirements are high, so are the expectations. The sales team should consider in commitment about what solutions' value will really bring to enterprise, which is need time to study request of proposal and make sure product gets adopted.

Figure 2 below suggests that IT vendors need to adjust pricing policy and level of complexity to able to achieve better profit, velocity and value. It is possible for companies to adopt two different pricing to climb towards ideal market area. Github is an outstanding example to move flexibly among sales models. While Github can compete at a subscription of $7/month, it also

offers Enterprise Github at $2,500/month to major companies. Dealing with big customers, Github directs high-end employees to provide service such as VP pf sales, sales managers or account executives.
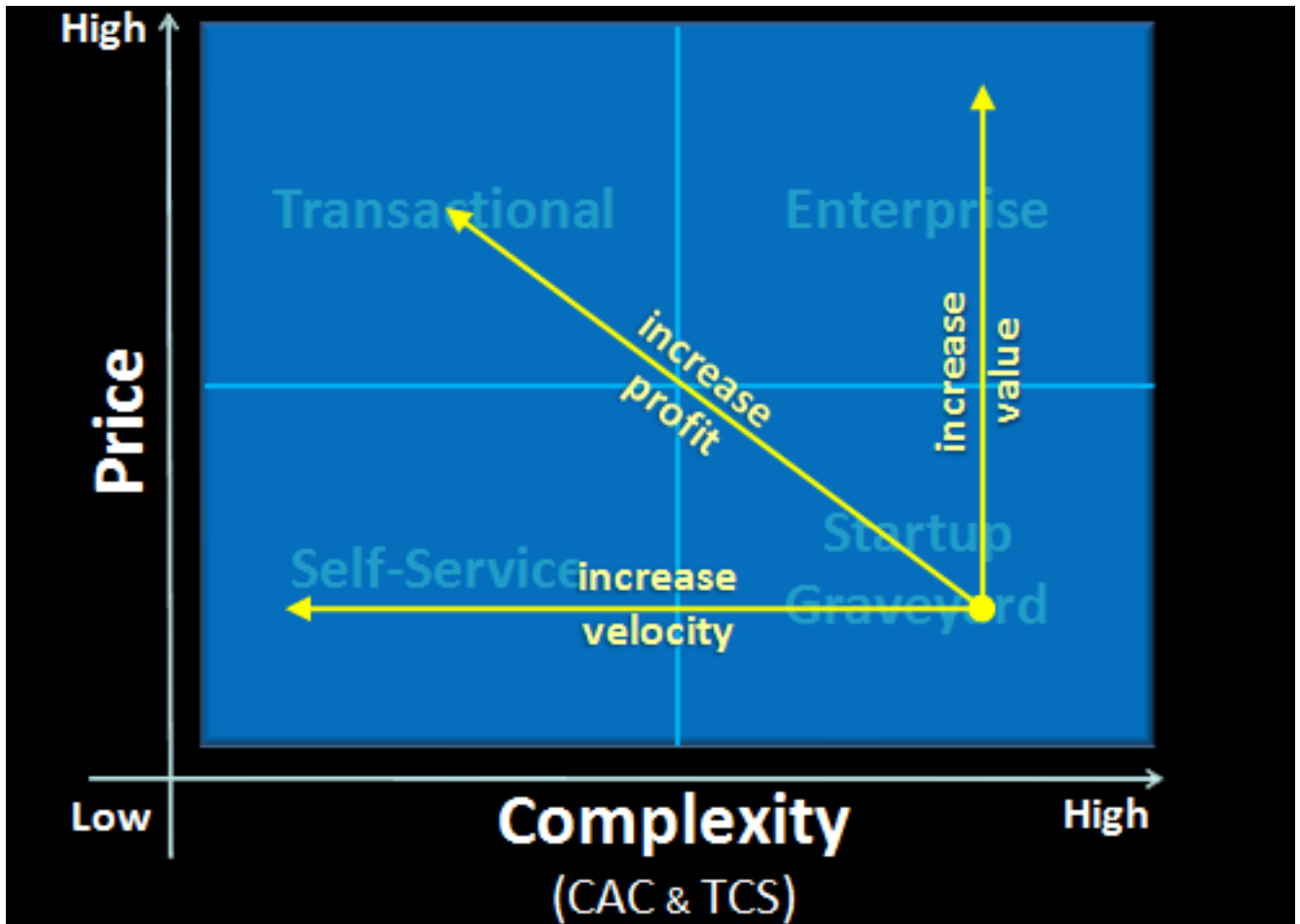

FIGURE 2. Price and Complexity Correlation (York 2012)

3.2 Sales process

Sales process is a set of consecutive steps repeating over a sales cycle, ranging from turning a prospect into a customer. It presents as a guide for sales executives to lead a deal from sales pipeline and close it. In SaaS technical sales world, while sales process includes core steps, there are some adjustments and flexible ways to get things done. This section will dig deep to what happen in SaaS sales process and how sales people perform at each stage efficiently.
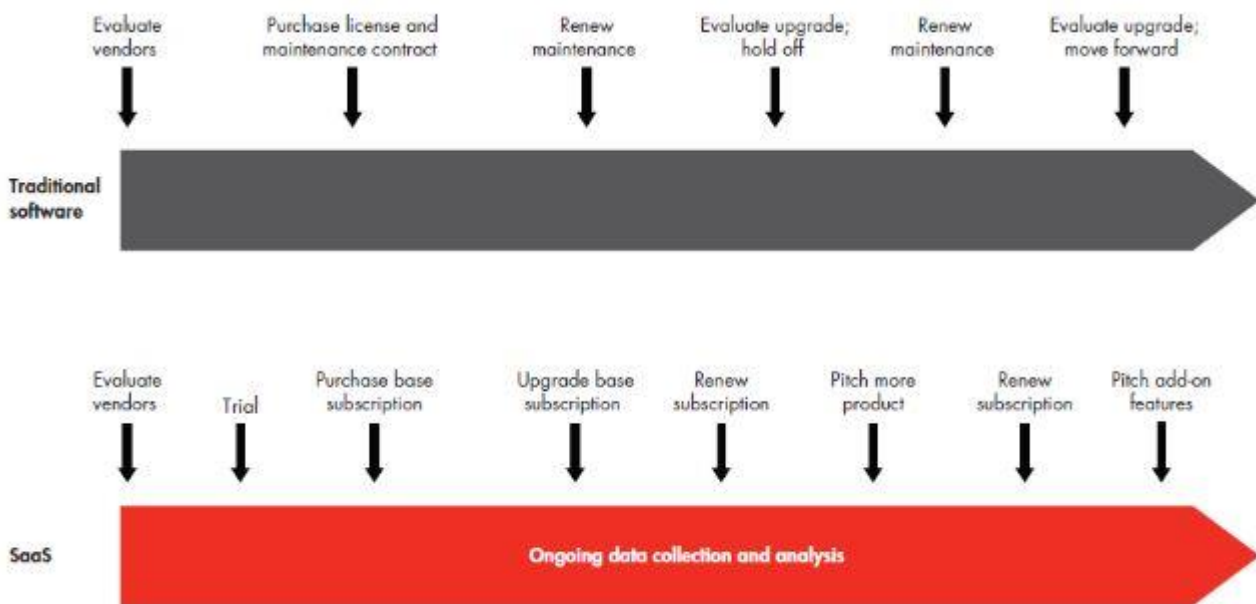
FIGURE 3. Customer Interation between Traditional software and SaaS business model (Bain & Company)

3.2.1 Lead qualification

Building strong lists to generate leads at the top of pipeline is considered as the most important part of the sales process. The start off point is finding ideal customer profile (ICP). For example, the potential customers are running Facebook Ads, they might also be interested in ad optimization or analytics software. In SaaS sales company needs the right customers. Long-term success in SaaS cannot be defined with a high churn rate. Instead of trying to blanket the entire mobile industry with your app, sell to a targeted audience. That starts by getting clear on who that audience is. Defining ideal customers (leads) requires as much specific as possible by extracting the collected data and exporting in Excel, CSV, or Google Sheets. Lead qualification has two major components. The first is the preliminary qualification being used to validate the

prospect's budget and probability of purchase and to identify the key people in the sales team should contact and handle. If the project is big and have the likelihood to win, the lead will be warm-transferred to sales representative. The sales representative will then work further with customers. (Care & Bohlig 2008, 18.)

At this beginning stage of process, it is essential to define the Total Available Market. To find company's TAM, the depth of the market presents companies with a similar background. Taking a step back and looking at their customer base will inform you of outlying trends that could support a move into a new industry or market segment. Taking selling sales e-mail automation software as an example, the TAM is everyone who uses e-mail in his or her sales process. Target customers can be cross-reference customer relationship management (CRM) users with Outlook or Gmail users. Whether it is a start-up or an enterprise, specific idea of true revenue opportunity and understanding the profile of customers are essential. As part of this process, the salesperson will measure the target's budget and time capacity, at the same time, sales engineer will examine the customer's technical requirements. If the prospect looks like it has a budget, the high total potential level, and has a technical environment compatible with product's requirement, then the next phase of sales circle is ready. (ValueHire 2014.)

3.2.2 Request for proposal

The main work of this state is that the prospect is going to request details surrounding company, products, and other criteria are important for decision making. In case of being key vendor for the customer, the company might be able to avoid the initiation of an RFP process.

The most important thing for sales team is trying to find out what criteria are used to establish when an RFP is required. Major companies often have very strict guidelines regarding when competitive bids need to be issues and when established vendor can be used. By understanding these criteria, IT vendors can avoid competitors to bid on customers' projects. As customers want to procure SaaS application into their organization system, they will ensure to have a look at the best and most suitable products on the market. (Care & Bohlig 2008.)

"One-size-fits-all" must be omitted in sales process's philosophy, instead personalization is emphasized when doing outreach for the sales team. It is not simply convincing prospects and get their attention without having outstanding product features. Sales representatives need to

truly understand address key differentiators. This includes pricing policy, features and usability, ease of installation as well as support and training. Sales team acts as the most important part of incoming feedback and current market knowledge, such as: track request coming during discussions, create a channel for feature, inform your potential customers once their requested features are in place (ValueHire 2014.)

3.2.3 Need analysis, discovery, customer engagement

Frequently, a prospect will issue an RFP to a large number of vendor and then put together a "short-list" of vendors whose products they wish to pursue. If the company is on this list, it is permitted to ask question of the prospect. Company should choose and focus on 1 or 2 targeting segments at a time, then create product versions, pricing plans, and sales pitches in order to solve each segment. (Care & Bohlig 2008, 11.)

This is a critical phase because it is during your discovery that sales team will learn enough about the customer to put together a personalized solution. This is also the first real opportunity to interact with the customer. The ability to listen and identify pain points and respond with a compelling value proposition is true asset that sales team can utilize. Sales representatives need to listen faithfully to business pain areas and know key metrics on how the product development team map their business process correctly.

3.2.4 Presentation, demonstration, proposal

Demonstration is the most challenging part of the sales process. However, this step is also decisive to turn prospects into buyers. Depending on your client's needs and the quality of your product, this may very well be the case. The truth is that giving a demonstration is easy, however, giving a good demonstration that meaningfully communicates the value of the solution is very difficult. The way to put together a presentation that uses product demonstrations as the proof points for key messages, the ability to choose the correct messages – and then substantiate them – will determine whether your proposal is superior to competitor's.

A further cut by customer is another required proposal by reducing the number of vendors allowed to make proposal. The proposal reflects the solution that company is recommend based on the interaction with the customer. The proposal will also usually include pricing and

different legal terminology describing the way company does business. Many sales teams spend relatively little effort on the proposal, knowing that evaluation is complete by this point. A document describing the recommend products as well as any detail showing other dependencies on the customer, such as other products they may need to have in place. (Care & Bohlig 2008, 12.)

3.2.5 Evaluation

There are possible that customer would able to trial or evaluate the product in advance of a purchase. Many companies have advanced, self-administrating pilot kits. Increasingly, evaluation materials are available directly for download from company's Web site. Most complex hardware and software products will require some level of human intervene to make sure that the customer is able to make the best use of products.

To be able to evaluate the sales lead, we need to go through different stages: Engage key players, create a logic model, develop evaluation plan, collect data, analyze & clarify data, use & share findings. The sooner we start structuring evaluation program, the better it helps to set realistic and designs effective strategies. (Tulberg 2018.)

3.2.6 Negotiation: Closing

At this state, it is entirely up to the salesperson to get the deal. The company may be in for last minute clarification of technical points, but most of the focus is on the financial and legal terms of the contract.

Salesperson can use different techniques to make the deal move to closing stage. It is important to select the right pitch for the situation. We have on the market: summary closes, sharp angel closes, soft closes, now or never closes, and many more that are used by creative salesperson. More often, salespeople and sales engineer put the effort to stressing the value and benefits to get customers sign in. The mantra "make it count" is strong to help sales team achieve their goals. (Wiggins 2019.)

3.2.7 Post-sales support

After purchasing the solution, the service vendor will have to implement and then maintain it on an ongoing basic. The sales team should continue to be involved with the customer. The benefits are form developing the relationship with customers and the opportunity to use the customer as a reference. Over time, it's likely to have the opportunity to sell add-on products to the customer. Continuing to support the customer will improve the probability that these sales will be ongoing as showed in the Figure 4 below.
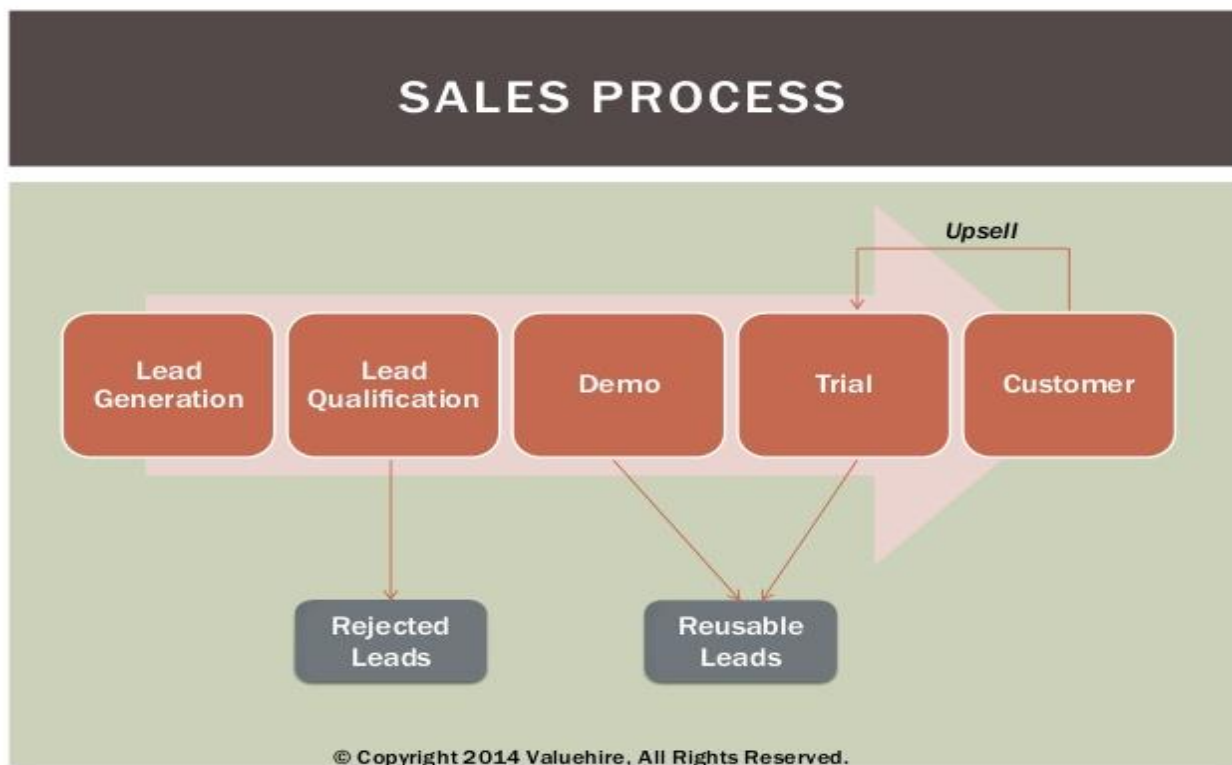

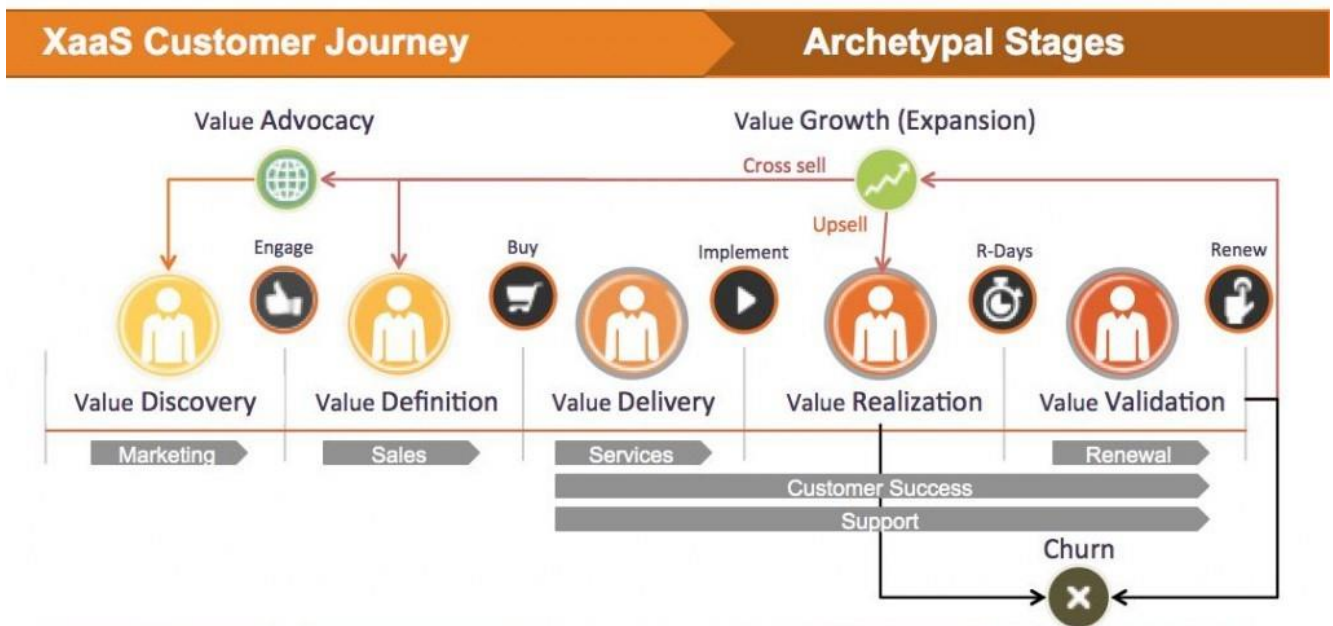FIGURE 4. Software Sales Process (Valuehire 2014)

FIGURE 5. Customer Journey with SaaS Sales Process (Razavi 2015)

3.3 Sales Tactics in SaaS

In SaaS industry, developing a strong sales program is critical but not enough. Sales tactics will boost sales strategies effectively. Salespeople take any sales tactics to put sales strategies in action, from referral program, customer communication language to other utilized sales strategies. In this section, the writing will focus to unfold different but proven sales tactics utilized in technical selling.

3.3.1 Free trial offer

Software company should look at Free Trial as a true sales pipeline. A way to generate we leads is to deliver value in initial experience to customers. And a freemium approach is one of the most common offers. Different companies want to prove their products going with different freemium tactics in a certain amount of time (7 days or 1 month) such as: free premium content, market-share data, free browser-plugin, etc. Besides building first impression with service users, this offering focuses on working with customers to understand and establish what is the expected delivery. Depending on the complexity of the SaaS product, the company can go through various steps to emphasize on unique benefits of the solution; otherwise, company

can simply shorten the process and wait for customer's decision whether they would want to further pay for the products' subscriptions.

The follow-up action from sales team is to acting as the interface with the customer, as well as making sure that the steps performed in the evaluation are meeting the customer's requirements. There should be continuous communications during this period in order to ensure relationship building. The person who can mainly take over this role is the one fully understand technical details and has ability to communicate with customers, such as sales engineer.

In order to achieve high conversion of prospects into subscribers after free trials, the therein process involves qualified leads and meaningful activity. Qualified leads process narrows down the pipeline, for example, 500 prospects in the trial at $500/ monthly revenue is $600k/ annual revenue free trial pipeline; but if 35% are qualified, the annual revenue is $210k, which is much lower than expected. At the same time, meaningful activity happening during trial period will lead prospects to realized value of product and feel technically need to convert. Meaningful activity takes place beyond marketing or outside discussions with sales.

3.3.2 Multi-year contract upfront

This is supposed to sell to enterprise customers. Multi-year contract upfront would ensure steady business revenue, ongoing customer relationship and technical implementation. It means to sell once and revenue dialed in regularly and help company to smooth out predictable cash flow.

This upfront fee or deposit is genuine for salesperson as well as the company to focus 100% of attention on serious customers and do the best for them, instead of spreading the solution out too thin over a huge number of customers. To able to close deal with multi-year contract or annual fee upfront, the job of sales team is to help the prospect see the value.

3.3.3 Competitive Tactics

By investing in researching competitive tactics and understanding how competition sells, software companies can develop a competitive strategy from a technology viewpoint. Ability to fairly compete with competitors is paramount to drive prospects into paying customers and this

is merely a norm in every sales opportunity (Care & Bohlig 2008, 219). At the same time, ultimate competitive advantage is also about ability to learn and adopt quickly.

A competitive strategy should consistently develop for the sales opportunities. Early in the sales cycle, strengths, weaknesses, opportunities, and threats (SWOT) matrix are defined for each major competitor. These valuable information facilitates the boost of company's strengths, especially if competitors are weak in same areas. If capabilities (product, services, technology, and references) might fit perfectly into the prospect's technological architecture, it is the team's job to fully engage the prospect with the expectation to win the business.

3.3.4 Referral marketing campaign

Referral marketing is also known as the word of mouth. Since most services nowadays are consumed and sold online, platforms to handle word of mouth online have been developed. Referral marketing is when you entice your existing audience to get new users/subscribers and/or participants in exchange for a reward or discount. Referral marketing campaign can be executed through Brandibility and deeply integration into users' flows. In SaaS, users should easily access a referral campaign from within their logged in dashboard. All successful referral systems are deeply incorporated within the company's users flow.

After successfully getting the first target amount customers company should start focusing on next bigger goals. It is then when the technique becomes more efficient and worth the effort. In concerning of implementing a referral marketing campaign for SaaS, irrespective of the industry, size, niche or kind of customers it will give good results, if and only if it is properly implemented and executed.

3.3.5 Technology application in sales

Almost every sales organization now utilizes either a customer-relationship management (CRM) or a sales-force automation (SFA) in order to track their customer interactions and sales opportunities. Selling software can be tied to homegrown sales methodology or a standard system such as SPIN Selling, Solution Selling, Customer Centric Selling, which are designed to support and strengthen the process of sales. A CRM system has ability to cover all interac-

tions with a customer, ranging from inbound support calls, outbound telemarketing calls, literature requests, product shipments to legal issues. On the other hand, an SFA system only tracks the sales interactions around a specific revenue lead or opportunity and is therefore sometimes a part including in CRM. SFA implementations have focuses on simplistic pipeline tracking and forecasting systems that offer minimal support for any form of team selling.

A CRM system is key to any IT vendor in managing sales due to some outstanding features such as providing a common language to avoid misunderstandings, a repeatable discipline of sales process, leverage knowledge and account history as well as a quantifiable form of measurement and revenue contribution. Progressing through the sales cycle becomes less stressful once a CRM system is implemented. When correctly executed, each step is ensured to be done and not to be forgotten. Due to advantage of compressing customer's data, a CRM system allows salespeople to reuse materials and historical data from prior sales, with minor changes, to close additional opportunities at new accounts with effective time and effort. Data has become an integral part of sales in successfully making more informed decisions. The choice on the CRM will have a significant impact on the ability to measure the performance of the sales team. Taking Salesforce is the standard for CRMs, Coca-Cola Germany – one of the biggest and out-compete companies in the world – has built an innovative mobile app on Salesforce to keep their sales and distribution operation running smoothly (Salesforce e-book, 8). A SFA system also offers forecasting aspect that assists decision making. Each transaction entered into the system is named as "forecasted", "upside", or "pipeline".

Sales Methodology Correlations

Milestone	Shortened Milestone	Generic Solution Selling Milestone	Typical Activities in this Stage
Unqualified Opportunity	10%—Unqualified Lead	T—Territory	Lead Generation Develop Lead
Qualified Opportunity	20%—Qualified Opportunity	S—Suspect	First Call(s) Initial Discovery
Business Drivers Confirmed	30%—Drivers Confirmed	D—Development	Follow-Up Calls. Detailed Discovery. RFP response
Understand IT Need and can map it to our solution	40%—Need mapped to Solution	C—Execution	RFP response. Proof stage w/demo-presentation(s)
Architecture created, delivered and agreed	50%—Architecture or Solution Agreement	C—Execution	Further evaluation and Competitive Positioning
Purchase Cycle confirmed by customer	60%—Purchase Cycle Confirmed	C—Execution	Initiate POC/Trial
Successful technical evaluation	70%—Technical Win	B—Acceptance	Conclude POC/Trial
Successfully Delivered Formal Proposal	80%—Proposal Accepted	B—Acceptance	Quote , Miscellaneous Technical Q&A
Customer has agreed on pricing and contractual terms	90%—T & C Agreement	A—Negotiation	
Customer signed contract (Closed-Won)	100%—Contract Signed	W—Won	
Closed - Lost	Closed—Lost	L—Lost	

TABLE 1. Sales Methodology Correlations putting in CRM systems (Care & Bohlig 2008)

A CRM system can be the best practice empowering sales process. It achieves more of a success thanks to taking out the validity and provide a true and statistical measurement of one opportunity in the company. "More of a science and less of an art" in prioritization and resource management emphasizes the importance of putting down intuition and reliance more on number and statistics. And an effective CRM system, coupled with SFA compliance, can lead to a successful and repeatable sales process.

4 CASE STUDY – EMPIRICAL RESEARCH

In this chapter, the empirical part is involved. It highlights how to build better pipeline, accelerate sales rep productivity, and maximize sales results. With continuous update software coming, Salesforce makes it easier and effective to accelerate adoption and drive value for every user. Besides, this number one CRM solution company gives a high level focus on customer and sales management, which largely contribute to the dominant success of Salesforces nowadays.

4.1 Salesforce Lightning Experience

Lightning Experience is a modern user interface that helps sales reps sell faster and smarter from anywhere, also customers service support becomes more productive. Lightning Experience offers many new features and entirely redesigned pages, but not every Salesforce feature is supported in Lightning Experience. Salesforce Classics which has basic features is still available, especially the users are able to keep both and switch between the two whenever they want. By guising the sales organization through critical steps and best practices trials, automation will make sales experience greater than ever.

Salesforce's Chief Marketing Officer, Simon Sproule knows how to impress customers with various new and advanced software features, which will surely bring a lot of values to users as well as their experience toward this new platform. The core elements of Salesforce (standard and custom objects, reports and dashboards), and many other features, have been redesigned. The current supported feature set is focused on better supporting sales and the sales process. The Lightning Experience interface focus on using visual elements to display information more intuitive and effective use of screen space. The experience is quite delightful when it comes to care users' feedback with visual advanced features available in the new interface compare to Salesforce Classics. (Barlow 2016.)
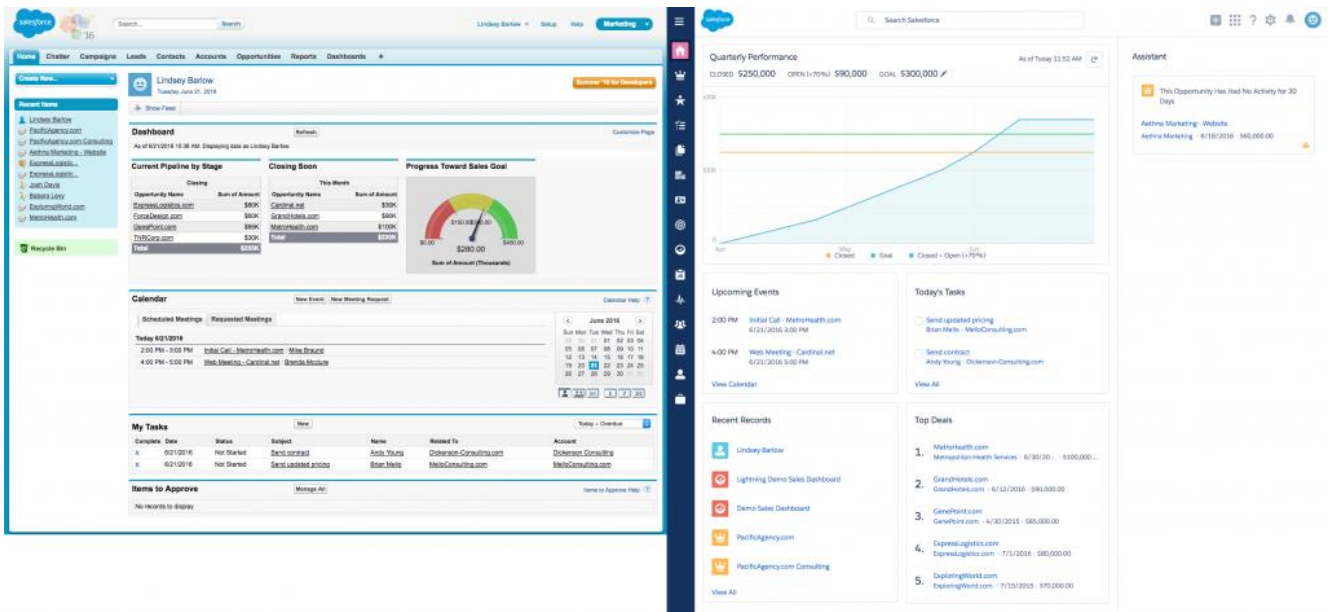
FIGURE 6. Lightning Experience Interface with more advanced featured (Barlow 2016)

4.2 Focus on customer with Salesforce Customer Success

As the rush to digital business accelerates in 2019, the Cloud Wars' most intense battles will be waged around applications as CRM leader Salesforce.com rolls out a slew of new products and programs and mega vendors SAP and Oracle race to keep up in the massive market for customer-engagement solutions. At SAP, redefining the enterprise-apps space is armed to emphasized by interconnecting the formerly disparate and mostly fragmented categories of CRM, ERP and HCM (Evans 2018). For Salesforce, 2019 will be all about pushing its Customer Success Platform—a topic that dominated its recent quarter revenue and continuing to develop the profile of its fast-growing partner organization in order to intensify the business impact of CRM suite.

That mission is seeded by Salesforce's belief that digital transformation grows with the customer's expectations and that since Salesforce is the leading provider of customer-focused applications, it is perfectly positioned to pave the way into the global digital economy. Customer Success Platform is Salesforce's plan to strategically fuse its SaaS and PaaS capabilities into a truly 360-degree set of customer-management and customer-experience solutions.

FIGURE 7. Salesforce Customer Success Platform (Thryve 2018)

Salesforce wins over its competitors due to scalability and customization. When companies implement a CRM, they are not only thinking about long and sustainable as well as unbeatable development. Salesforce's scalability and customization make it easy for companies to choose the platform. It assuredly only takes less than 3 years to have CRM met customers' business needs. In addition, multitenant architecture has also been executed so that customer can experience same infrastructure and platform regardless of their size or their purchase plan. Customers of Salesforce do not need to worry about downtime for updates or upgrades. Multitenancy makes upgrades simultaneous and seamless as well as does not require users to intervene.

4.3 Key success factors behind Salesforce SaaS Sales

Salesforce SaaS sales have followed these key business initiatives: maximize customer experience delight, improved employee engagement and operational improvement and business innovation. These are goals of cost control and require fundamental change and process improvement and many decisive changes than just simply executing the same old apps and workflows in data center.

It gathers, organizes information about prospects should be accessed which products are selling, which customers are buying, and how the sales staff is performing; it integrates with Facebook, Twitter, etc.; it customizes depending on desktops, laptops, tablets, and smartphones in the cloud. Most useful product in the world can't sell itself, no exception for software, especially to sell Salesforce. That it's so costly--its full-on CRM product starts at $65 per user per month, and the most expensive version goes for $300--and complex is just the beginning. Salesforce solves problems that some businesses do not even know they have. Salesforce does it so much better in tracking which employees and prospects were performing or not.

Many of the structures and institutions have been invested, such as: in-house sales teams; geographic sales representatives' office; sales conferences; quotas; training academies. Equally the strategies and tactics Patterson's sales are perfected: the open-ended question, the scripted pitch, the art of defusing objections by acknowledging the customer's concerns before countering them, trust and relationship building. Selling SaaS also includes something about telling stories - Salesforce may be outdoing the ancient master. The last tip is to feel the urgency to close the transaction. Granted, Salesforce sells a subscription product and the quicker the close, the greater the lifetime value of the contract. (Whitford 2014.)

Whilst Salesforce's success attributes to many factors, the stand-out record is their marketing and sales spending (Ranaweera 2014). Salesforce.com has spent a staggering $1.5 billion in its first 10 years to generate over $1bn in revenues by year 10 as we can see from figure 8.
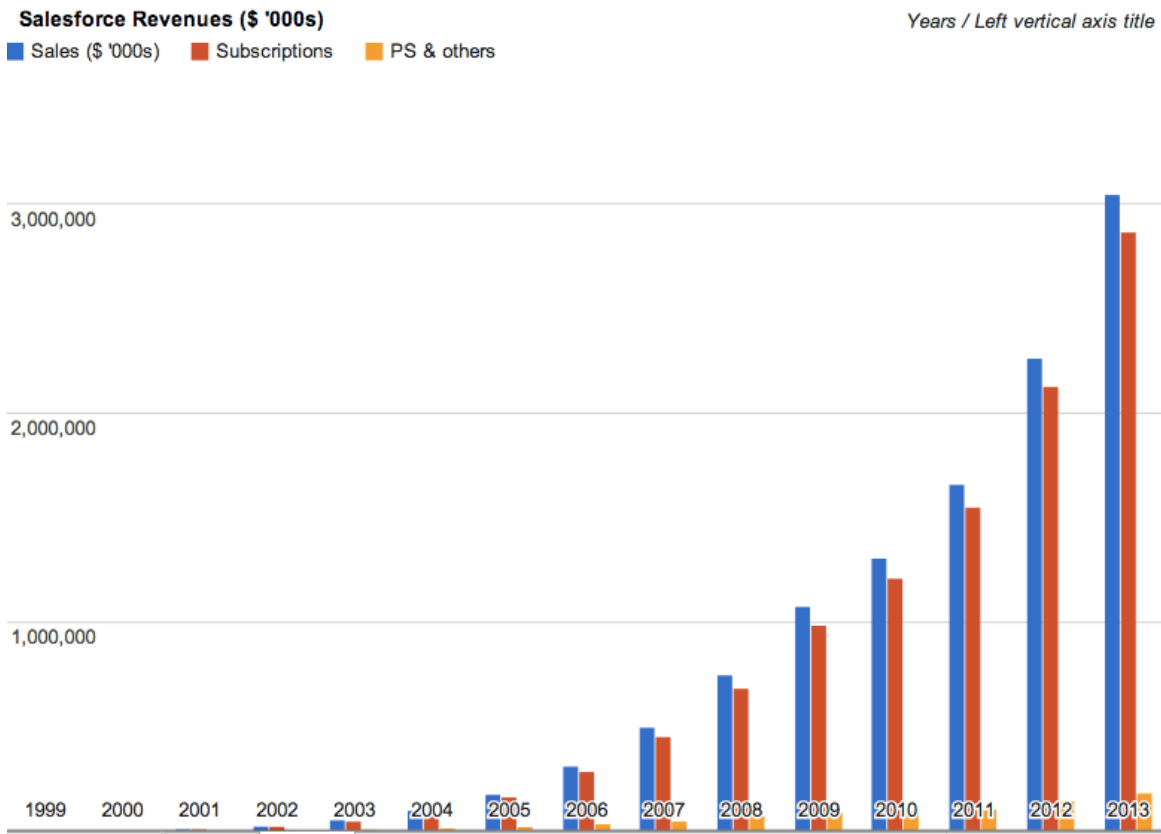
FIGURE 8. Salesforce's Growth over 10-year-period (Salesforce annual report 2013)

In 2013, Salesforce spent over 52.92% of their revenues in marketing and sales, about $1.6 billion. More remarkably, Salesforce.com continuously spent $25.3 million in marketing and sales over the next 12 months (Feb 2000 - Jan 2001), a big number 467.19% of revenues appeared that year.

To achieve revenues of $5.4 million in first 12 months is still a remarkable success today. Would be interesting to watch how these % change as Salesforce.com marches towards $5 billion and $10 billion annual revenues in near future.

In the book "Behind the Cloud", it details in short the idea of growing employees to form a lead generation organization, was intensively boosted by Rod Acker. The team went from 4 to over 30 in six months. In summary the leaders of company seeded the market in an enormous way by building a huge, loyal, and renewable base. Customers have no doubt to switch and use SFDC wherever they went. This brilliant strategy has been well researched and executed. It was a focus and it very quickly generated a cash flow and loyalty, and grew more from there. (Benioff 2009, 80.)

5 CONCLUSIONS

With today's constant growth of innovative technology, the software business of 2020 is expected to be markedly different. Software has been a high growth, profitable sector for years, and disruptive changes could happen every period. And software industry's giants are sure not to leave behind software as a service wave. Scale economics with heavy costs are an important and challenging part in selling software, even when newcomers often show compelling and promising growth. The bare truth is that software does not sell itself, good-developed software accompanied by right sales model and tactics will grows revenues. Software vendors need to get right in transforming their business and embracing the SaaS model. In these transformation, sales department plays a crucial role. For example, SaaS's rapid development cycles require more customer contact than with the traditional model, which intrigues sales team involves more on daily basis. Compared to the old days of one-time payoff products or service, long-term loyalty is essential for success. Moreover, regular development cycles are encouraged across all business functions, from marketing and selling to customer service and support. For instances, Microsoft has released weekly updates for Office 365, plus a remarkable change through two- to three-year cycles.

Focus of sales in SaaS is the core of this thesis. The theory of sales as well as SaaS were covered and its hyper growth of current market. Three different SaaS sales models were identified and it is important that software vendor decide which model(s) to pursue. In addition, SaaS sales process was described following technical sales with cloud service. In the end, the research came to analyze tactics that build successful SaaS sales. The best lead generation strategies rely on a combination of tactics but it is all fueled around establishing and cultivating a human relationship.

To conclude, SaaS sales are relatively an outstanding part which directly generates revenues for company. The genuine point that this study aimed to show is selling software process, especially in SaaS wave, is different compared to old sales games. This means to embrace customer insight and experience, organize for innovation, speed products/service strengths for effective marketing and utilize technology in sales and customer management. The number and degree of expertise of a sales team for selling of a Software as a Service (SaaS) product would depend on the domain, nature of the product, and market.

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