



Building a successful 'software-as-a-service' business

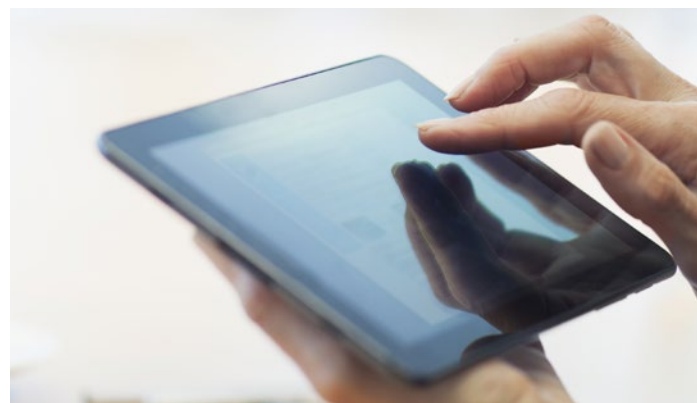


The current market and financial opportunity for 'as-a-service' businesses is appealing. However, the journey towards this kind of model can often be difficult and many companies struggle to deliver healthy growth. For the software sector in particular, this evolution is a must and, with the right approach, can deliver great value to businesses and shareholders.

The challenge

A subscription model coupled with a 'product-as-a-service' model totally redefines the relationship between business and customer. The way the company operates is an integral part of the product itself. The maturity of all functions (both front and back-office) has an impact on both the quality of service and customer perceptions of the brand.

The exceptional level of collaboration and outstanding customer experience required in a Service model is difficult to maintain as the company scales. Finally, this type of deferred-revenue model makes financial management more complex as, initially at least, fast-growing SaaS businesses are rarely profitable.



Essentially, there are 4 main levels to the challenge: delivering on customer expectation, delivering a product 'as a service' model, operating the business in a way that creates value from a subscription model and building capabilities and a culture suited to the digital nature of the business.

Customer expectations

Expectations are high and the customer experience needs to be entertaining, intuitive and seamless not just in terms of product, but right through the process from purchase to billing, and on-boarding to in-product purchase.

The level of cross-disciplinary collaboration required is a cultural revolution for many businesses and can be a challenge to maintain at scale.

Subscription model impact

Financial management must fit with a deferred revenue model. The faster the business grows, the more money it is potentially losing.

The traditional sales approach no longer works. More focus on retention and up-sell is vital to payback the upfront acquisition cost.

'As-a-service' product delivery

Products are designed to deliver great experience, but also to facilitate acquisition and up-sell. Product and customer success teams must excel at capturing customer insights and monitoring product usage.

Cloud operations should scale easily and run seamlessly, allowing a flow of frequent updates and new feature releases to match customer demand and feedback.

Capabilities and culture

A culture of speed, agility and automation needs to deliver faster, data-driven decisions and be able to adapt quickly to customer feedback.

Successful businesses actively design and build their operations, capabilities and culture in the same way a product is designed and built.

The opportunity

The SaaS model or other 'product-as-a-service' models offer many opportunities to vendors. A recurring revenue model, for example, is easier to predict, increases stickiness and provides opportunity for higher revenue per client. Software or 'product-as-a-service' models provide valuable transparency on customer usage that aids up-sell and helps to improve the design of the product. Whatever the model chosen, leadership teams that embark on this journey and achieve sustainable growth, can deliver great value to their customers and shareholders.

The Approach

We find that successful businesses design and actively build their operations, capabilities and culture in the same way a product is designed and built. And from our experience, it takes several iterations and a thoughtful process from the leadership team.

It's vital to strike a balance between driving change across all functions in parallel, and doing it at a pace that is manageable. And this is where a top-down approach isn't enough. Organisations that constantly delight their customers have created a culture where employees are engaged, and empowered to trial their best ideas. Our approach enables organisations to reshape themselves, mobilise employees, staggers the changes to come and keeps the focus firmly on customer satisfaction. In this way, we can help businesses hit those three crucial goals of growth, sustainability and customer satisfaction.



Accelerating Growth

- Customer acquisition and upsell
- Performance management
- Scalability, processes and tools



Securing Sustainability

- Sustainability drivers management
- Sales effectiveness and retention
- Capabilities and culture



Delighting customers

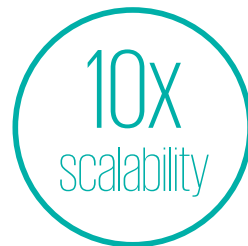
- Product 'as-a-service' delivery
- Customer success and resolution
- Employee engagement

The Results

Working with leadership teams, we aim to increase sales performance, improve customer satisfaction, shorten time-to-market and become better equipped to face the disruption generated by rapid growth curves.



Reshape a traditional on-premise software business disrupted by SaaS start-up and prepare their migration to a SaaS business and operating model at the front end of digital trends.



Prepare an IoT market leader to scale its 'as-a-service' Internet of Things business - at the pace of the market growth, delighting its customers and shortening the lead-to-cash cycle.

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