

SaaS Strategy Planning

Market Definition Initiative

March 29, 2022

Initiative Summary

Background

- SaaS offerings face unique challenges and often show a 6 to 12 month lag before generating revenue after launch.
- A critical success factor of a SaaS release is to understand the market opportunity for that offering.

Objective

- Improve our approach to identifying the needs of the market and defining the target market for each SaaS release.
- Ensure that the **product strategy** aligns with the **target market**.
- This initiative will establish guidelines for defining the target market including key data points.

Benefits

- Provide a clearer view of target markets for SaaS offerings which will accelerate customer acquisition.
- Deliver more customer-centric SaaS offerings which will lead to more satisfied customers and more consistent revenue growth.

Expected Outcomes

- Best practices for Product Management on Target Market Definition as part of SaaS product strategy.
- Proposed Next Steps

Why Market Definition?

How does a Market Definition fit into the Big Picture?

- During planning and design, we define our Market Fit Hypotheses – these are the relevant data points that allow us to deliver value unique within that marketplace.
- Once a product strategy has been developed for a SaaS release, we can validate Market Fit through feedback to ensure that the key assumptions are still a good fit and that we are executing on our strategy.
- Keeping execution aligned with strategy will lead to improved use cases and value propositions that are more easily communicated to the sales teams and customers.

Market Definition

What are we doing today?

1. What are the key data points that make up a market definition? How do we define each point?
2. Create examples of each data point / hypothesis.
 - Note any items which should be considered as next steps.
 - Are there gaps in this approach?
 - What else needs to be done to execute on the market definition?

Follow Up

- A draft document incorporating ideas and feedback from all PGs will be sent out for comments and discussion.
 - Calls can be set up for discussion if warranted.
- Once all comments have been received and draft revised a final draft will be published.
- Any proposed follow up actions will be published as *next steps*.

Market Fit Hypotheses

As a starting point for developing a product strategy the following are listed as potential data points which define a target market.

Note: Not every aspect may be relevant to every release, may only focus on a few key areas.

1. Target Market - The very best potential customers.
2. Problem You're Solving - Validate nice to have or need to have.
3. Value Proposition - The Promise you are making to the customer on the value you will deliver for them.
4. Strategic Differentiation - Why is your solution 10x better than anyone else's.
5. Competition – How does this compare to the alternatives?
6. Acquisition Strategy - How will you find and attract your best customers cost-effectively
7. Monetization Strategy - What are your primary / secondary strategies? How will customer value this?
8. KPIs - What does success look like?

Validate Market Fit

Once a product strategy has been developed for a SaaS release it is important to take every opportunity to validate that the key aspects are still a good fit and that we are executing on this strategy.

- Validate the market strategy, feature set, and design.
- Get **feedback** as often as possible.
 - During design and implementation, spend time in front of actual customers who are using the design.
 - Understand their pain points.