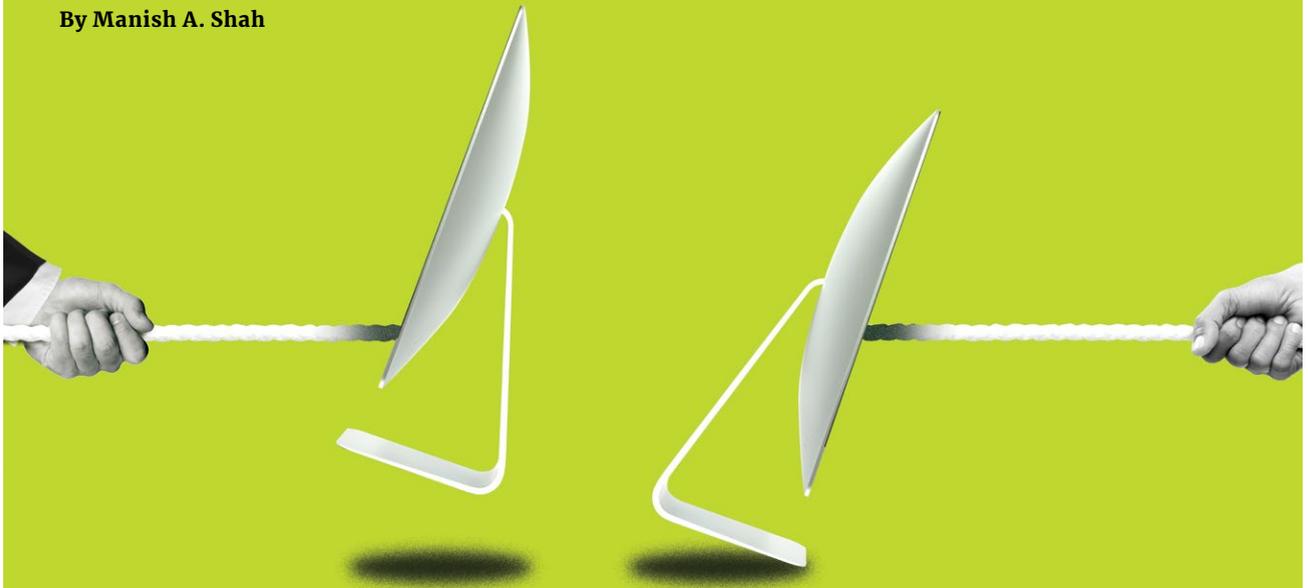


Ending the Tug-of-War between SaaS Providers and Their Customers

By Manish A. Shah



Implementing a SaaS Center of Excellence can help both the software company and the client win in the long term.

It is not uncommon for business development executives at SaaS software companies to find themselves frustrated when developing client relationships. Yes, they did make the initial sale; however, they may find it difficult to “get a seat at the table,” gain access to higher levels of executives, or grow their account. Company sales quotas can force the executive to start farming the client for other buyers—and not always in the most coordinated manner.

On the flip side, the client can also feel frustrated. One of the most common frustrations is not feeling heard by their SaaS vendor to accomplish their goals. This can lead to countless

tickets being opened with their own internal technical resources who may be unaware of the SaaS vendor to begin with.

Fast-forward a year in this game of tug-of-war, and the SaaS company is struggling to coordinate billing and invoicing from 15 different buyers within the same client, each with their own buying cycle and set of unique licenses and cost centers. Meanwhile, on the client’s IT side, countless open tickets have yet to be resolved across a range of issues, including customized needs for data integration, security, lost or forgotten passwords, and complex reporting needs. To help its internal IT team, the client,

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unknown to its IT team, begins hiring its own outside IT resources—commonly referred to as “shadow IT.”

These are examples of a variety of tugging competitions that exist between the SaaS providers and their business and IT clients. If the problems aren't addressed, high levels of frustration and lack of trust may damage the relationship. Eventually one side will win and pull the tug rope so hard that the relationship is severed. But this relationship shouldn't be about winning; it should be a fair give-and-take on both sides. So how do you resolve a situation like this?

There is a solution for keeping an even, healthy tension on the rope so that both sides can benefit! It's called the SaaS Center of Excellence (CoE). At the outset, the SaaS company may find this construct a threat to its sales trajectory and negotiating power. However, after years of researching best-in-class CoEs, we've found that the opposite is true. When a company implements a SaaS CoE, both the SaaS company and the client win in the long term. The SaaS company can build deep relationships with high-level executives, and the client can gain much-needed support and influence on the strategic product roadmap to support unique business needs.

A SaaS Center of Excellence is a corporate-wide support center where all users of a SaaS software solution can go for the fulfillment of their customized needs. Even the most sophisticated SaaS users may be unable to meet all their needs on their own. Examples include upgrading licenses to super-admin status, building out interfaces to corporate-wide databases, or developing a cross-functional executive dashboard. A Center of Excellence ultimately captures all the various needs from its user base and rolls them up into capabilities that the software vendor, client business executives, and client IT executives partner on to govern and fulfill. Capabilities can include everything from licensing and procurement management to custom implementations, data integration, interface development, customized training, and collaborative knowledge management. A successful CoE also needs a clear governance model across the CoE capabilities that allows the Center of Excellence to run smoothly across multiyear SaaS contracts. A best-in-class CoE has a governance structure that has well-defined roles and responsibilities across various team members, with clear escalation points for quick decision-making.

The benefits of a SaaS CoE include:

- Partnering at the highest level of executives and on down into projects and work teams
- Global knowledge management and implementation of best practices
- Synchronized billing cycles, including ease of invoicing, forecasting, and pricing
- Clear roles and responsibilities between the SaaS provider and the customer
- Robust strategic product roadmaps that help both the software company and the customer
- Quick deployment of help and support solutions with rapid resolution
- Highest level of security, reducing the risk of potential breaches
- Creating a mutual test-and-learn environment while maximizing the productivity of all users

So, why don't many companies implement a CoE? The reason is simple. They feel overwhelmed in a “boiling the ocean” kind of way. Too expensive, too much time, not sure where to start? In our experience and in following a consultative methodology, a CoE can be up and running in as little as two to three months. Note that standing up a CoE is indeed a project and requires executive support and dedicated resources; however, once stood up, executives only need to be involved part-time to help govern it.

So, for those struggling with the tug-of-war, either on the client side or on the SaaS provider side, secure a small investment for a project and build out a CoE with ultimate benefits that can be mutually enjoyed for many years to come. *zzz*

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