



The Guide

Introduction and why SAAS (start here)

Are you ready to start your own Software as a Service (SAAS) business and become financially successful? Look no further! With my years of experience in software engineering and my first-hand experience starting and growing a successful SAAS business, I am here to guide you through the process and share the lessons I've learned along the way.

One of the biggest benefits of a SAAS business is the predictability of recurring revenue. Instead of one-time sales, you can rely on a steady stream of income from your customers. Additionally, with the ability to constantly roll out new updates and improvements, you can offer your customers a constantly evolving and improving service. And as your business grows, you'll find that the SAAS model is highly scalable. With a large customer base, the revenue potential is enormous.

But don't be fooled, starting a SAAS business also has its challenges. Depending on your niche, it can be harder to sell the service and customers may prefer to own the license outright. You will have to work hard to educate your potential customers on the benefits of a subscription-based service over a one-time purchase. Additionally, as competition increases, you'll need to constantly provide more value to your customers to stay ahead of the game. The SAAS market is highly competitive and you'll have to work hard to stand out and prove the value of your service.

However, with the right approach and strategy, these challenges can be overcome. By following the steps and advice outlined in this guide, you'll greatly increase your chances of success. I'll be sharing the knowledge I've gained through my own experience and conversations with other successful SAAS entrepreneurs. From finding the right niche to building a solid marketing strategy, I'll walk you through every step of the process. So, let's get started on building your successful SAAS

business today! With the right mindset and approach, you'll be well on your way to financial success.

Before you start

The problem to solve

Starting a business is an exciting journey, but it's important to have a clear idea of what problem you're solving before diving in. Without a solid idea, it can be difficult to stay motivated and achieve success. But don't worry, finding the perfect idea doesn't have to be a daunting task.

The first step is to identify a problem that interests you and that you have some knowledge about. It doesn't have to be a completely new idea, there are plenty of opportunities to improve existing solutions. By focusing on a problem that resonates with you, you'll have a clear direction and purpose for your business.

But having an idea is only the first piece of the puzzle. You'll need to put in the work to shape that idea into a tangible product. This may involve market research, prototyping and user testing to ensure that your solution is viable and addresses the problem in a meaningful way.

It's also important to remember that it's not just the idea that counts, it's the execution. Even the best ideas can fail if they are not executed well. So, be prepared to put in the hard work and effort to turn your idea into a successful business.

That being said, not having a clear idea yet doesn't mean you should give up on starting your own business. Instead, take the time to explore different problems and industries to find something that truly interests you. It can be helpful to start by identifying a problem that you personally face, or something that you're passionate about.

When you do have an idea, it's important to validate it before diving into execution. Research the market, talk to potential customers and test your idea to ensure that it's viable. This will save you a lot of time and resources in the long run.

It's also important to keep in mind that the idea is not set in stone, it will evolve as you learn more about the market and customer needs. Be open to feedback and be

willing to pivot if necessary.

In short, having a clear problem to solve is crucial for the success of your business. Take the time to find an idea that resonates with you, validate it and then focus on executing it well. With a solid idea and a well-executed plan, you'll be well on your way to building a successful business.

Time and funding

Starting a business takes time and resources, but there are a few options for obtaining the necessary time and funding.

The first option is to build and verify your idea in your spare time, while working a day job to pay the bills. This approach allows you to test the waters and validate your idea before committing fully. It also reduces the risk of losing all your savings if the idea doesn't work out.

The second option is to seek funding from venture capitalists (VCs). This option allows you to go all in with your time and effort, but it comes with a tradeoff. VCs often ask for a high percentage of ownership in your business and their input may not align with your vision for the company.

Another alternative is to self-fund the business, using your own savings or by taking a loan. This can be a bit more risky, but it allows you to maintain full control over your business and put in more efforts to make it successful.

At appointmed, we chose the first option and built the business in our spare time, which allowed us to validate the idea before making a significant investment. This helped us to have the whole business to us, without being dependent on outside entities.

Ultimately, the choice of time and funding depends on your personal circumstances and the stage of your business. Consider your options carefully and make a decision that works best for you and your business.

Building vs. buying

Starting a business requires a combination of skills, willpower, effort, and capital. One way to acquire the necessary capital and give yourself a headstart is by buying

an existing business. There are plenty of marketplaces where small to medium-sized business deals are brokered, allowing you to purchase an established business and grow it. However, keep in mind that I personally don't have any experience with buying an existing business, so I can't give specific advice on this.

Another option is to build a business from the ground up. This approach has its own set of advantages. By building a business from scratch, you have the opportunity to shape it according to your vision and put all the right workflows in place. Additionally, you'll have a deeper understanding of every aspect of the business, which will come in handy as the business evolves.

Building a business from the ground up also allows you to create something unique, something that aligns with your values and goals. You will be the one creating it, so you'll have complete control over the direction and vision of the business.

It's worth noting that building a business from scratch also comes with its own set of challenges and risks. It may take more time and effort, but it can be a rewarding experience.

In summary, starting a business can be done in multiple ways. You can buy an existing business or build one from the ground up. Both options have their own pros and cons, so it's important to carefully weigh the options and choose the one that works best for you.

Prepare for success

Starting a SAAS business can be a challenging task, with a high failure rate. But, with the right tools and experience, you can set yourself up for success. That's where this guide comes in. It will provide you with the tools you need to navigate the space and achieve the sweet spot of recurring revenue and financial freedom.

One of the key factors to success in any venture is to surround yourself with like-minded individuals who are already where you want to be. They can inspire you and show you the path to success. If you don't have such a network yet, there are plenty of opportunities to connect with others in the same boat. Join Facebook groups, Discord channels, Slack groups, and the Zero to SAAS Telegram channel. These communities can be a valuable resource for learning, networking and inspiration.

Don't go it alone! Building a supportive network of peers and mentors is essential to the success of any business. Take the time to connect with others in the industry, share knowledge and collaborate on ideas. With the right tools and a strong network of support, you can increase your chances of success and achieve your goals.

The first steps

You're thinking that I've given you a bunch of fluffy and great reasons why you should run a business, but no actual steps to get the thing on the road? Now buckle up and keep your notepad ready!

Identify the perfect customer

Before introducing your product to customers, it's crucial to identify the perfect customer for it. Take the time to be creative and describe in detail who your ideal customer is. Consider factors such as age, education, profession, and more. This will help you narrow down your target audience and make it easier to reach the right people.

When we started out with appointmed, we didn't do this task soon enough and it cost us a lot of effort. Don't make the same mistake. By defining your target audience early on, you'll save time and resources in the long run.

It's also important to make sure that your target audience can and is willing to pay for your product. Focusing on a broke target audience will make it harder to generate revenue.

The key is to not try to appeal to everyone, but to find your niche and focus on introducing your product to the customers within it. By identifying your perfect customer, you'll be able to create a more effective marketing strategy and increase your chances of success.

Validating your solution

Before building a solution to a problem, it's important to make sure that the problem actually exists and that people are willing to pay for your solution. One way to do this is by validating your solution with potential customers.

To validate your solution, you need to present it in a way that potential customers can understand it. This can be done through wireframe designs, a rough prototype, or even a simple excel sheet. The important thing is that you can present it to potential customers and gather feedback.

When we started appointmed, we knocked on the doors of physiotherapists with a couple of designs in hand, and asked them to show us how their daily workflow would work with our solution. This helped us gain valuable insights into their business and refine our solution to better fit their needs. We then pledged to build the solution if they would pay a monthly fee starting now.

When we had our first customers, we knew that we were on the right track. This was the first time we started writing code.

It's important to validate your idea as early as possible to make sure you don't waste time and resources going in the wrong direction. You don't need to have all the answers from the beginning, but your general direction should be on target. By validating your idea with potential customers, you can ensure that you're building something that people want and are willing to pay for.

The MVP

When validating your solution with potential customers, take note of the features that are mentioned repeatedly. These are the core features that your product cannot exist without. Once you have a list of these required features, you have a valuable asset in your hands.

Use these core features to design the first iteration of your product, also known as the minimal viable product (MVP). This will be the version of your product that you will start selling.

As you continue to validate and sell your MVP, don't forget to gather feedback and incorporate it into your design. Try to find as many friendly customers as possible, who are willing to give feedback and participate in building your product. Allow them to use beta versions of your MVP and schedule regular meetings to iron out any issues and refine the workflow.

Keep in mind that customers may not always have a clear idea of what the minimal viable features are. They may request additional "bells and whistles" that may not be

essential. Be sure to filter out these non-essential features and keep your MVP as lean as possible. This will prevent your product from becoming overcomplicated and a maintenance nightmare.

The MVP is an important step in validating your idea and developing a product that customers want. By keeping it lean and focused on the core features, you'll be able to iterate and improve your product over time while maintaining a manageable level of complexity.

The first customers

Securing your first customers is essential for the success of your SAAS business. In the beginning, it's important to focus on building relationships with your customers rather than scaling.

You can do this by going door-to-door or making lots of phone calls to reach potential customers. This will help you get a better understanding of their needs, test your MVP and gain valuable feedback.

When we started appointmed, we spent a lot of time cold-calling potential clients and walking around Vienna to talk to our target group. This is how we got our first clients. We still maintain good relationships with them, and they have recommended us to friends and peers.

If you want to learn from examples, check out <https://www.first1000.co/> and see how other founders got their first 1000 customers.

The first customers are the foundation of your business, and the relationships you build with them will be invaluable in the long run. They will help you validate your MVP and provide you with valuable feedback to improve your product. Don't be afraid to put in the hard work and hustle to get your first customers, it will pay off in the long run.

Hiring the right people

Hiring the right people for your team is crucial for the success of your business. As your business grows and evolves, your team should too. It's important to remember that not every employee will be a good fit for every role, and that's okay.

For example, a sales manager with experience leading a team of 200 may not be the best fit for introducing your product to the first 5 clients. Similarly, your friend from school may not have the skills to manage a team of 60 developers.

When we started appointmed, we had to learn this the hard way. We struggled with sales and hired an expensive sales expert who was used to leading a large team. However, without a sales team, she was unable to make progress and our growth plateaued. We waited too long before letting her go.

When hiring, it's important to take your time and make sure the person is a good fit for the role. Don't hire just because you have the money, and remember to hire slowly and fire fast if necessary. Your team is the backbone of your business, so make sure to choose wisely.

Scaling your customer base

As your business grows, it's important to shift your focus from acquiring new customers to scaling your customer base. Instead of relying on door-to-door sales and cold-calling, focus on building an inbound funnel, optimizing your website's SEO, and leveraging word-of-mouth.

The key to scaling your customer base is to prioritize customer satisfaction. When you solve your customers' problems and make them feel valued, they will become loyal advocates for your business.

For example, at appointmed, we made it our mission to provide fast and reliable support. This helped us stand out from our competitors and earn positive reviews.

It's also important to note that not all customers are created equal. The Pareto principle applies to SaaS businesses as well, where 20% of your customers will produce 80% of the revenue. Identify these valuable customers and focus on keeping them happy. On the other hand, if you have customers who are causing more trouble than they're worth, it may be best to let them go.

To keep your customers talking about your business, find ways to incentivize them to share your product. Build a network effect into your product, implement a referral program, or leverage social media. At appointmed, we pick a random customer every month and go the extra mile to make them happy, whether it's by sending them a special coffee or simply listening to their feedback. By making your customers feel valued, they will become powerful advocates for your business.

Getting to profitability

When it comes to building a profitable SAAS business, paid advertising is just one piece of the puzzle. The most important part is creating a solid foundation that allows your business to make money. This means being mindful of your expenses and structure your pricing in a way that every new customer adds to your bottom line.

One key metric to track is customer churn, or the rate at which customers cancel their subscriptions. Keeping this number low means reaping the true benefits of a SAAS business: recurring revenue. Provide value to your customers and make sure that the perceived value of your product is greater than the expected and paid value. This will ensure that customers only leave your subscription when they no longer need the value you provide.

Be a numbers nerd and track your business's KPIs (Key Performance Indicators). Never try to compete on price, as this puts you in a weak position. Instead, focus on providing value and keeping churn low. This will lead to a profitable and sustainable business.

We at appointmed found the following “formula” very helpful when checking if our value proposition is favourable for our customers:

Perceived value > received value > expected value > paid value

Create a flywheel

Now that your business is profitable, it's time to turn it into a self-sustaining cycle. One way to do this is by incorporating a network effect into your product. This encourages your customers to invite and onboard new customers, leading to increased value for everyone involved. WhatsApp is a great example of this, by allowing users to invite non-users to the app through a text message.

If incorporating a network effect isn't an option, you can still get your customers to invite new customers by making them happy and proud to share your product with their peers. Encourage word-of-mouth advertising by providing exceptional service and a valuable product.

Another way to build a self-sustaining cycle is to invest in advertising and finding the

most cost-effective way to acquire new customers. By spending less to acquire a new customer than that customer brings in revenue, you can continue to grow your customer base and increase profits.

Creating a flywheel for your business is essential for long-term success. By incorporating a network effect and investing in advertising, you can turn your profitable business into a self-sustaining cycle.

Resell and upsell

Congratulations on building a loyal customer base for your SaaS business! Now that you have a deep understanding of your customers' needs and preferences, it's time to think about how you can expand your offerings and bring in even more revenue. One way to do this is through reselling and upselling.

Reselling refers to the process of selling complementary products or services to your existing customers. For example, if you run a project management software, you could resell a time tracking tool to your customers. This not only increases revenue for your business, but also provides added value to your customers.

Upselling, on the other hand, is the process of selling a higher-priced or premium version of your existing product to your customers. For example, you could offer a basic version of your software for a lower price and then offer additional features or services at a higher price point. This not only increases revenue, but also allows customers to access more advanced features and tailor the product to their specific needs.

By implementing reselling and upselling strategies, you can not only increase revenue for your business but also provide added value to your customers. It's a win-win situation for both parties. So, think about how you can expand your offerings and take your business to the next level.

Continue learning

As you continue to grow your successful SaaS business, it's important to keep learning and growing. One great way to do this is by surrounding yourself with a community of like-minded individuals who are also working on similar projects. Share ideas and lessons learned, and discuss the challenges you're facing.

One way to find this community is by joining the "From Zero to SaaS" group on Telegram, where you'll have access to a network of individuals who are also building their own SaaS companies. The group is led by the author of this guide, who will be available to answer your questions and provide guidance.

To ensure that you get the most value out of the group, a small fee is charged for membership. This will not only help to cover the cost of running the group, but also help to keep you committed to your goals.

Don't hesitate to take that next step in your SaaS journey, and join the "From Zero to SaaS" community on Telegram today. Connect with others, learn from their experiences, and build your own profitable SaaS business.

Write me on Telegram @csupnig and ask to join the "From zero to Saas" community.

More info on: <https://www.supnig.com/zerotosaas>