

Aotearoa New Zealand's SaaS Sector:

2024 Insights from the Cloud



kiwiSaaS



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Foreword from Bruce Jarvis

New Zealand's Software-as-a-Service (SaaS) sector is significant and fast-growing yet paradoxically little-known and relatively invisible, despite generating \$3.6b in largely export revenue in 2023 and barely existing over a decade ago.

SaaS businesses allow users to connect to and use their cloud-based software applications over the internet. They employ a business model specific to cloud-computing, and can be found operating in every industry - from healthcare to manufacturing to agriculture. There are unique challenges in taking a product to market for SaaS businesses, regardless of the industry in which they operate. In a world that is rapidly changing with digital services at the forefront, SaaS has become a sector in its own right.

The services our SaaS sector creates also enables New Zealanders to be more efficient and productive in many aspects of both their personal and working lives, contributing to New Zealand's overall productivity as a nation.

While most people don't realise it, SaaS businesses are rapidly becoming an important pillar of New Zealand's economy. As a sector,



SaaS largely remains an 'invisible giant.' How much the SaaS sector contributes to our economic wealth today, and could do in the future, is only just becoming visible.

The overall revenue growth of New Zealand's SaaS sector is impressive at a 15% Compound Annual Growth Rate (CAGR) since 2016.

The 'high-growth' segment of SaaS businesses - those which generate more than \$10m in annual recurring revenue (ARR) - grew by an even more impressive 18% CAGR.

That means the 'high-growth' segment of the SaaS sector, which includes companies like Xero, has been doubling in size every four years. In 2023, this 'high-growth' group of SaaS businesses alone generated \$2.5b in revenue.

Over the past twenty years, New Zealand's export sector has grown at an inflation-adjusted rate of 3.4% overall. By comparison, the inflation-adjusted rate for the SaaS sector is two and a half times higher, at 8.7%.

New Zealand's SaaS sector has massive global potential for even more growth. The nature of digital exports means that SaaS businesses are not constrained by any of the usual physical or environmental limitations associated with other New Zealand export sectors.

The SaaS cloud-based delivery model effectively gives every SaaS business the ability to have global market reach. New Zealand already has a strong pipeline of up-and-coming SaaS companies aspiring to join the \$10m+ ARR 'high-growth' club.

The challenge, however, is that only 10% of New Zealand's 743¹ revenue-earning SaaS companies currently belong to this 'high-growth' club. This means that only a few have the experience-based knowledge to build a successful SaaS business from a New Zealand base.

The remaining 668 small to medium-sized businesses (90%) are still figuring out how to get there. Every year, on average, only seven of the SME businesses in this larger group are managing to scale up to exceed the 'high-growth' (\$10m ARR) threshold.

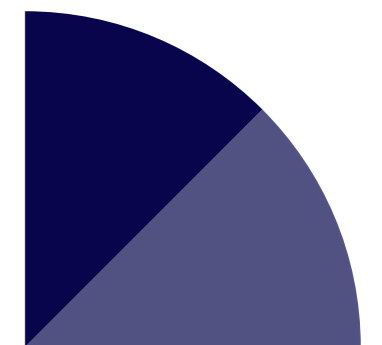
Universal access to knowledge and peer support is their biggest constraint to growth.

Today, to address this constraint, the kiwiSaaS model delivers a knowledge exchange service that enables our scale ups to grow faster. kiwiSaaS serves nearly 4,000 members. Government funding for kiwiSaaS will end on 30 June 2024, and without alternative funding this service will no longer be available.

We all recognise the need to lift productivity and grow economic wealth for a better future for Aotearoa New Zealand. The SaaS sector has proven it is capable of delivering these outcomes for the country. The new sector and GDP economic data that you will read in this report underpins that outlook.

Going forward, what does New Zealand need to do to maximise the economic wealth that the SaaS sector delivers?

Bruce Jarvis,
Head of kiwiSaaS



¹ Based on provisional 2023 Stats NZ data for the 743 revenue-earning SaaS companies identified by kiwiSaaS in its customised data set. This data set only includes companies that generate the majority of their revenue through a SaaS business model.

An Overview of the Economic Impact of New Zealand's SaaS Sector

Economic Rewards

New Zealand's nascent SaaS sector has a unique combination of characteristics that enable it to deliver significant boosts to the economy.

The sector is growing at a 15% compound annual growth rate (CAGR). However, the high-growth segment (companies generating more than \$10m ARR) is growing at a higher 18% CAGR. This relatively small base of 75 companies, or 10% of New Zealand's SaaS sector, produces 68% of its \$3.6b revenue². The remaining 668 (90%) Small and Medium-sized Enterprises (SME) companies in the sector are working hard to reach the levels of success achieved by the top 75 companies.

Lifting productivity

New Zealand's SaaS sector is highly productive by nature. The sector produces an average revenue of \$214,802 per full time employee. The high-growth segment (top 10%) of SaaS companies are producing revenue of \$305,296 per employee on average.

Low emissions: The SaaS sector is relatively climate-friendly due to its lack of reliance on limited environmental or physical resources. Its ability to scale is unique amongst New Zealand's export sector, by not relying on physical exports.

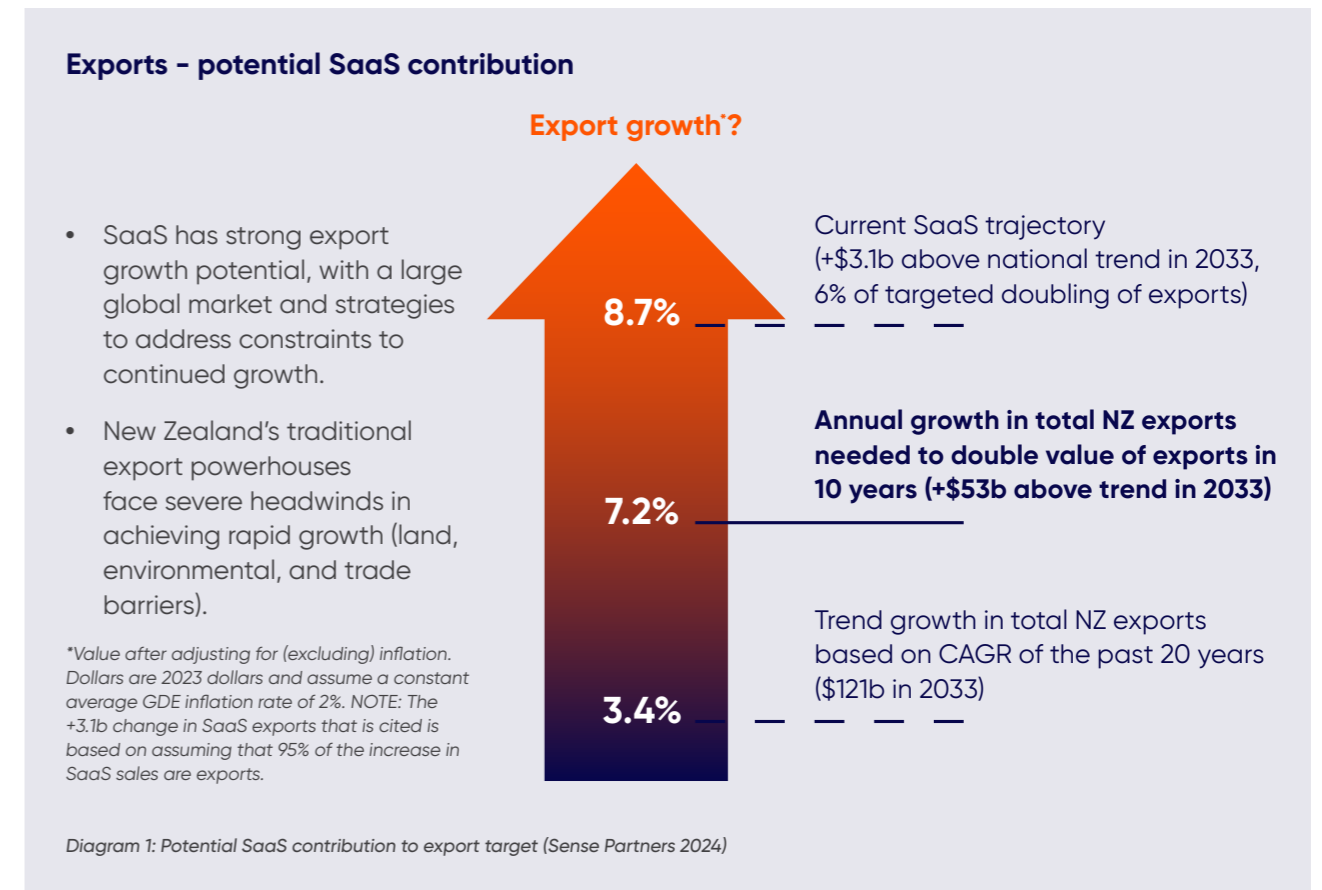
High-paying jobs: SaaS offers affordable and accessible pathways to high-paying jobs in New Zealand. Short courses can enable entry into the sector, and simultaneously, capability can be built on the job through global SaaS expert-led courses to support the professional growth of employees.

Regional growth: Successful global SaaS businesses can be created anywhere in Aotearoa, and due to the digital nature of these companies, their workforce can also be located anywhere. For example LawVu is based in Tauranga and Napier is home base for Re-Leased.

² Based on provisional 2023 Stats NZ data for the 743 revenue-earning SaaS companies identified by kiwiSaaS in its customised data set. This data set only includes companies that generate the majority of their revenue through a SaaS business model.

Doubling Exports

The government has set an ambitious goal to double the 'value' of New Zealand's export revenue in 10 years³.



Achieving this goal, excluding inflation, would require a CAGR of 7.2% across New Zealand's export economy as a whole⁴.

This is a significant leap from the inflation-adjusted CAGR of 3.4% that NZ's export economy has recorded over the past two decades. At this average historic growth rate, export revenue is projected to hit \$121b by 2033. This means an additional \$53b in export revenue is required for the government to meet its target.

New Zealand's SaaS sector can play a valuable role in helping the government meet this target. Since 2016, the sector has achieved an inflation-adjusted CAGR of 8.7%⁵. At this rate, the SaaS sector would contribute an additional \$3.1b to New Zealand's overall exports, which is 6% of the additional \$53b required to meet the export target.

New Zealand's SaaS sector is still young, making this growth and export contribution a significant achievement.

³ Source https://www.national.org.nz/national_sets_bold_target_for_export_growth

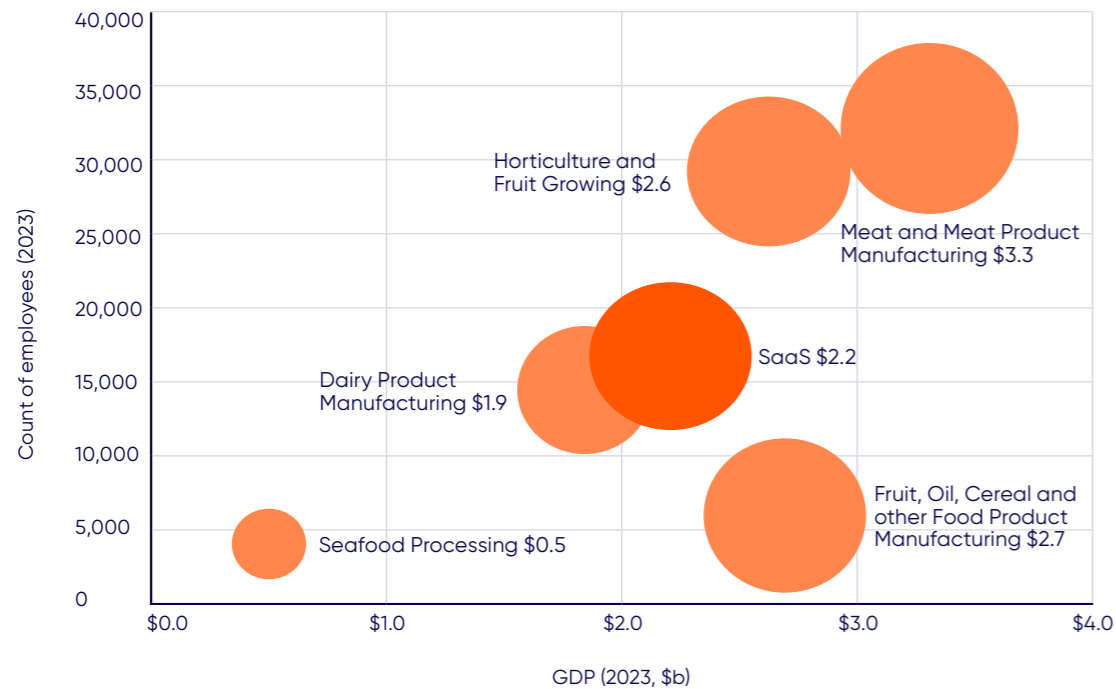
⁴ Sense Partners Report commissioned by kiwiSaaS on the economic value of the SaaS sector, April 2024. [Full report here.](#)

⁵ Based on provisional 2023 Stats NZ data for the 743 revenue-earning SaaS companies identified by kiwiSaaS in its customised data set. This data set only includes companies that generate the majority of their revenue through a SaaS business model.

Current GDP Contribution

The graph below examines the size of New Zealand's SaaS sector in terms of the income (GDP) it generates, compared to some of the country's other major food product and export industries⁶.

2023 GDP estimates (\$b) and employee counts



Graph 1: Industry Added-Value Comparison: 2023 GDP Estimates and Employee Counts (Sense Partners 2024)

SaaS export-led added-value is estimated to have contributed \$2.2b in GDP last year, based on sales of \$3.6b. This added-value draws largely on the knowledge held by the SaaS sector's 16,890 employees, the other inputs are negligible compared to other primary export industries. For example, by contrast, Dairy Product Manufacturing⁷ employs 14,500 people and also requires a high degree of physical inputs from farm to factory to create the milk which is the ingredient needed to produce value-added exports such as milk powder and cheese.

⁶ Sense Partners Report commissioned by kiwiSaaS on the economic value of the SaaS sector, April 2024 *These industries were selected for comparison because they are export-focused industries, like SaaS, and these are the parts of food production that hold promise for long term growth/scale. Many of their upstream counterparts (e.g. livestock farming, fishing) are potentially constrained by natural resource and environmental limits. Note the 2023 estimates for non-SaaS industries are estimates as official GDP numbers are available only to 2022.

⁷ This Dairy Product Manufacturing comparison is to compare the export GDP contributions between Dairy Product Manufacturing and SaaS based on 'added value', which means the process involved in turning the raw materials into a consumable product and the costs associated with doing that. This Dairy example excludes the cost of producing the raw materials such as the milk for milk powder. Total GDP for the Dairy industry- from farm to fork- is more than ten times \$1.9b. For SaaS, all the costs are involved in producing the consumable product - there are few other inputs.

The following table shows that SaaS is estimated to have contributed more added-value GDP per head in 2023 than a number of New Zealand's large primary industries. For example, SaaS generated more GDP per worker at \$131,612 than Meat Product Manufacturing (meatworks) at \$102,892.

GDP Per Head by Industry (2023)

Industry	GDP (\$b)	Full Time Employees (FTE)	GDP per head (\$)
Fruit, Oil, Cereal and Other Food Product Manufacturing	\$2.7	5,940	\$457,339
SaaS	\$2.2	16,890	\$131,612
Seafood Processing	\$0.5	3,950	\$129,226
Dairy Product Manufacturing	\$1.9	14,500	\$128,019
Meat and Meat Product Manufacturing	\$3.3	32,300	\$102,892
Horticulture and Fruit Growing	\$2.6	29,200	\$90,331

Table 1: GDP Per Head by Industry, 2023 (Sense Partners 2024)

To understand the size of SaaS within the context of New Zealand's wider 'technology sector,' SaaS is eight times larger than gaming which in 2023 had revenue of \$434m⁸ and employed approximately 1,100 people. Gaming, like SaaS, has very few inputs other than the employees who produce their consumable products.

⁸ Source: NZGDA report: [NZ Interactive Media Industry Survey 2023 - NZGDA](#)



Future GDP Contribution

When projecting sector growth out to 2030, the power of 'weightless' digital exports becomes evident. SaaS has fewer limitations to scalable growth when compared to some of New Zealand's traditional export industries. The SaaS sector is also much younger – by around one hundred years⁹.

Based on recent growth trends, SaaS export-led added-value is projected to increase at an 11% CAGR¹⁰ (this calculation takes into account pricing/inflation changes and number of companies) to be \$7.4b in 2030. This would see a nominal GDP contribution of \$4.5b for the SaaS sector for 2030. At this projected growth rate, by 2030 SaaS nominal GDP will lead the other top three primary industries listed below.

Projected growth (\$GDP billions, nominal)			
	2023	2030	CAGR (% p.a.)
SaaS	2.2	4.5	11%
Meat and Meat Product Manufacturing	3.3	4.2	4%
Horticulture and Fruit Growing	2.6	3.8	5%
Dairy Product Manufacturing	1.9	3.1	7%

Table 2: Projected Growth by Industry Added-Value (Sense Partners 2024)

*Nominal dollars, including an assumed rate of inflation of 2% on average. Rates of growth are based on extrapolating recent trends. For primary sector trend growth we have used the 20 year compound average rates of growth prior to COVID.

By 2030 SaaS export-led added-value is expected to be bigger, by growth rate and nominal GDP contribution, than New Zealand's top food exporting industries like Dairy and Meat Product Manufacturing.

⁹ Salesforce is considered one of the earliest SaaS companies – it was established in 1999 and has FY 23 revenue of US\$33b. Closer to home, Xero was established in 2006 and has FY 23 revenue of \$1.4b.

¹⁰ The projected growth shown here assumes that SaaS grows at the same CAGR in the next 7 years that it did in the past 7 years. The Sense Partners estimate of the CAGR of the past seven years is based primarily on kiwiSaaS data on sales since 2016 i.e. sales made by dedicated SaaS firms active in 2023. The raw kiwiSaaS data shows a CAGR of 15% between 2016 and 2023.

The 11% CAGR shown is smaller than the CAGR from the raw data because the estimate of sales in 2016 adjusts for:

- Companies that were active between 2016 and 2022 but shut down or merged with other firms. This increases 2016 sales by 20%.
- The difference in prices/inflation between 2016 and 2023 – so inflation is not portrayed as being part of successful growth in SaaS. This increases 2016 sales by 20%.

That gives a 2016 sales estimate of \$2b (in 2023 prices) while the kiwiSaaS data shows sales of \$1.4b. The CAGR calculated after those adjustments is 9%. That is the rate of growth excluding inflation. To arrive at a growth rate that includes inflation in future (11%), a 2% annual growth in prices was assumed.

Constraints to Fulfilling Economic Potential

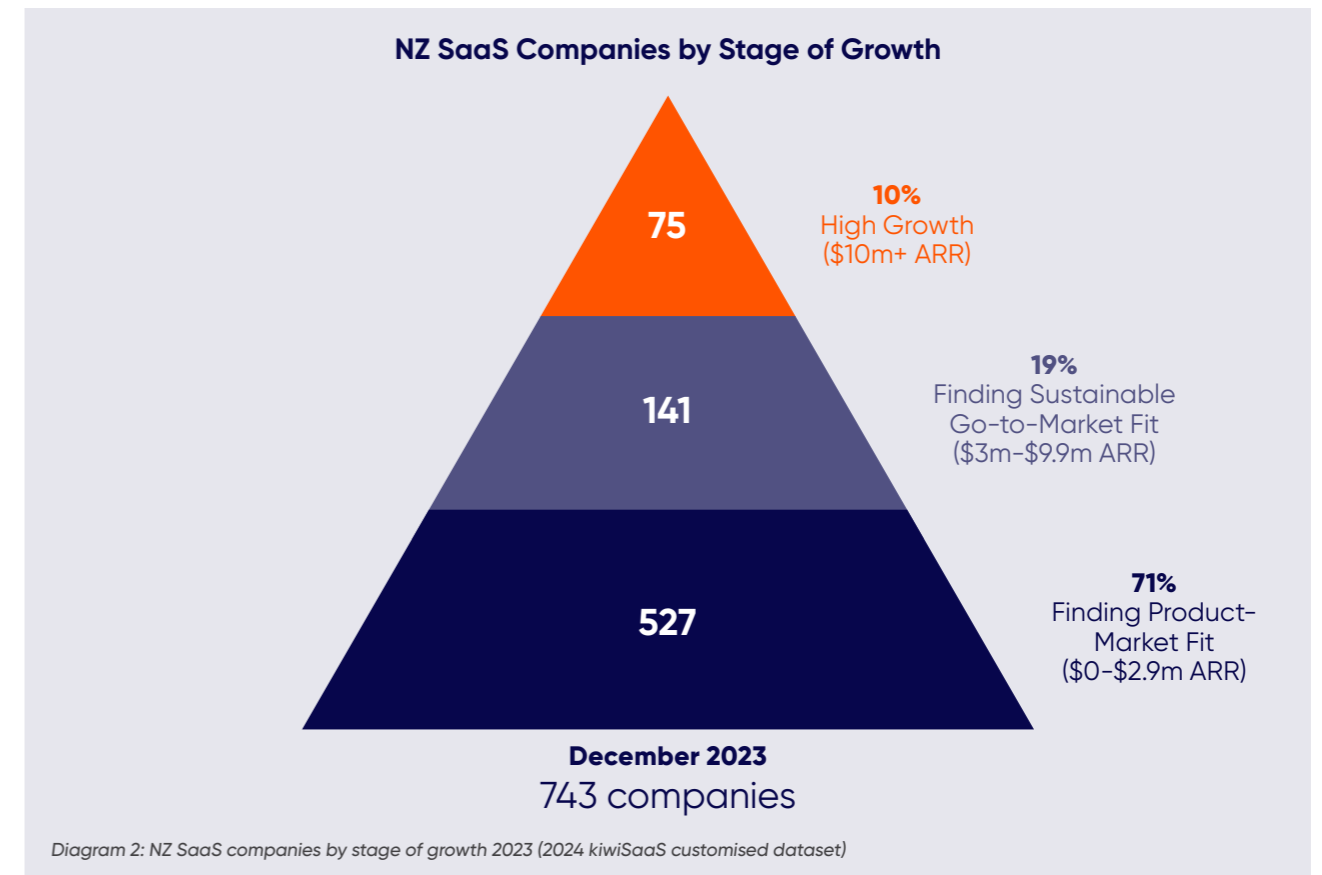
This section considers how much more the SaaS sector's contribution to New Zealand's economic wealth could be, if constraints to sector growth are addressed.

SaaS businesses in New Zealand can be categorised into three types:

- 1 **'High-growth'**: the 10% of companies generating more than \$10m Annual Recurring Revenue (ARR).

The remaining 90% of companies, defined here as 'Scale Ups', are small to medium-sized enterprises (SMEs) that are either working on:

- 2 **'Finding Go-to-Market fit (GTM)'**¹¹: Companies earning \$3m-\$9.9m¹² ARR.
- 3 **'Find Product-Market fit (PMF)'**¹³: Companies earning between \$0-\$2.9m ARR.



Historically, from 2016-2023, on average a relatively small number of companies manage to graduate to the next revenue tier each year.

On average, just 4% (19 companies) of the 527 companies in the "finding Product-Market Fit" segment, move up to the "finding Go-To-Market Fit" segment annually.

Only 8% (7 companies) of the 141 companies in the "finding Go-To-Market Fit" segment graduate to the 'high-growth' segment on average each year.

It is extremely difficult to predict in advance which of the 668 companies in the scale up phase will make the transition between the segments each year. However, as a company's annual recurring revenue

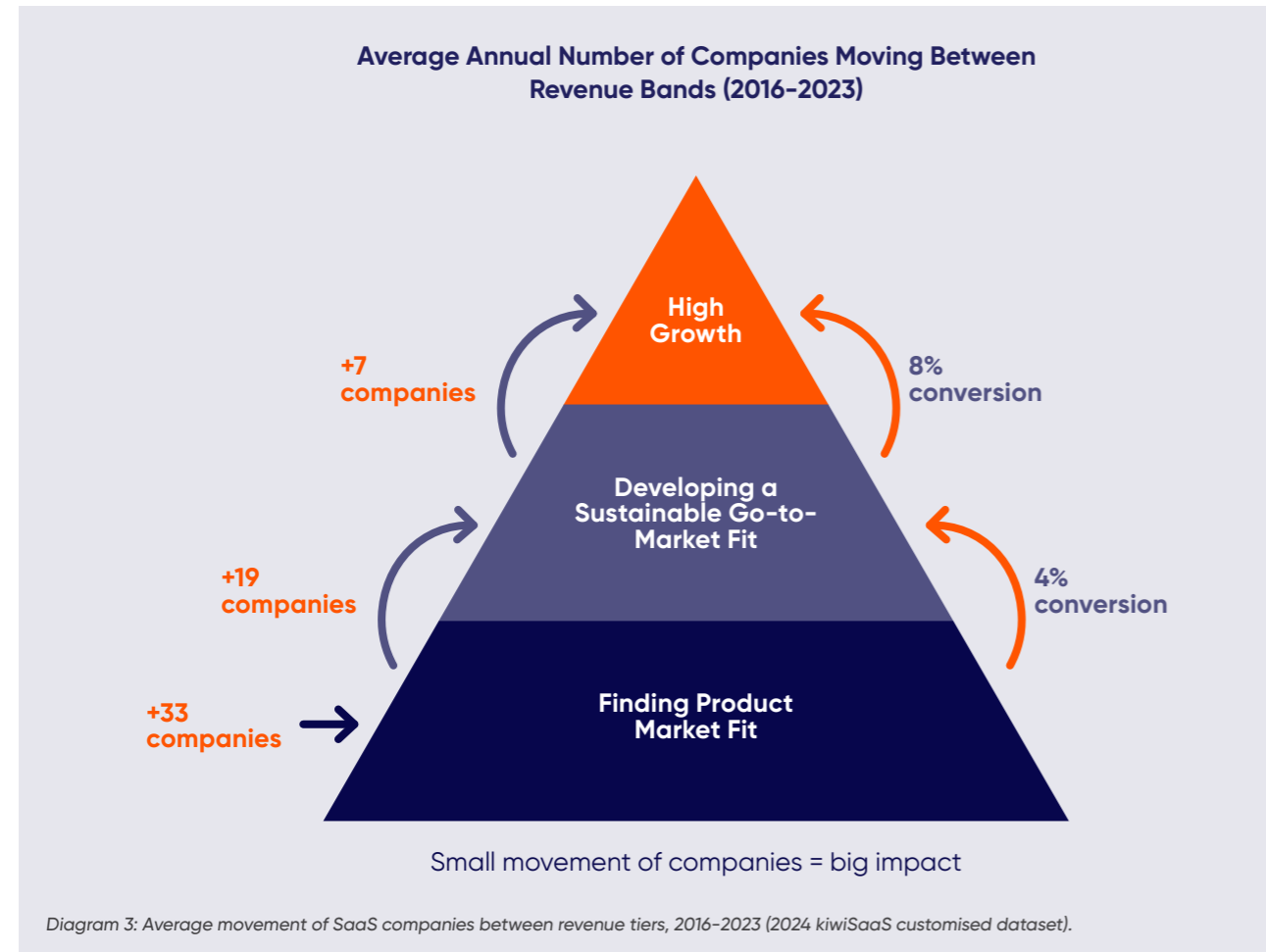
¹¹ Go-to-market fit is concerned with how a SaaS business sells its product. Is it selling the right way to the right people? Does it have a repeatable and scalable sales process? For a detailed explanation of this term refer: [Go To Market Fit vs. Product Market Fit | Predictable Revenue](#)

¹² kiwiSaaS revenue bands based on growth stage, used throughout this report.

¹³ Product-Market fit is when customers start pulling a SaaS business' product toward them, instead of the business pushing it onto them. In other words, people want what the company is selling. For a detailed explanation of this term refer: [Go To Market Fit vs. Product Market Fit | Predictable Revenue](#)

approaches the upper end of each revenue band, it becomes more apparent which companies are more likely to make this transition.

While the data shows that even this small movement between the segments can have a big impact on the sector's export revenue, there is huge potential for more companies to 'graduate' through the tiers faster - if they have access to the knowledge to do so.



There are three key reasons for this relatively low conversion rate:

A small number of SaaS leaders with experience: In New Zealand there are a very small number of senior leaders who have been on the journey of building a 'high-growth' SaaS company. Lived-experience and knowledge is a scarce and valuable resource.

Overwhelming need for knowledge-based support: Those employed in SME SaaS businesses are seeking knowledge from each other, and from those that have successfully built 'high-growth' businesses. There is a strong desire among this group to avoid repeating the same, often costly, mistakes that others before them have made. More conversations, more knowledge transfer, results in better decisions.

Optimisation vs. uncertainty: Employees require different business skills and a different mindset to work in a 'high-growth' SaaS company, as opposed to an SME SaaS company.

The employees working in the 10% of 'high-growth' established SaaS businesses have the dual focus of optimising their product and deepening penetration in their chosen markets. They are working in an established company and markets, with a known product and brand.

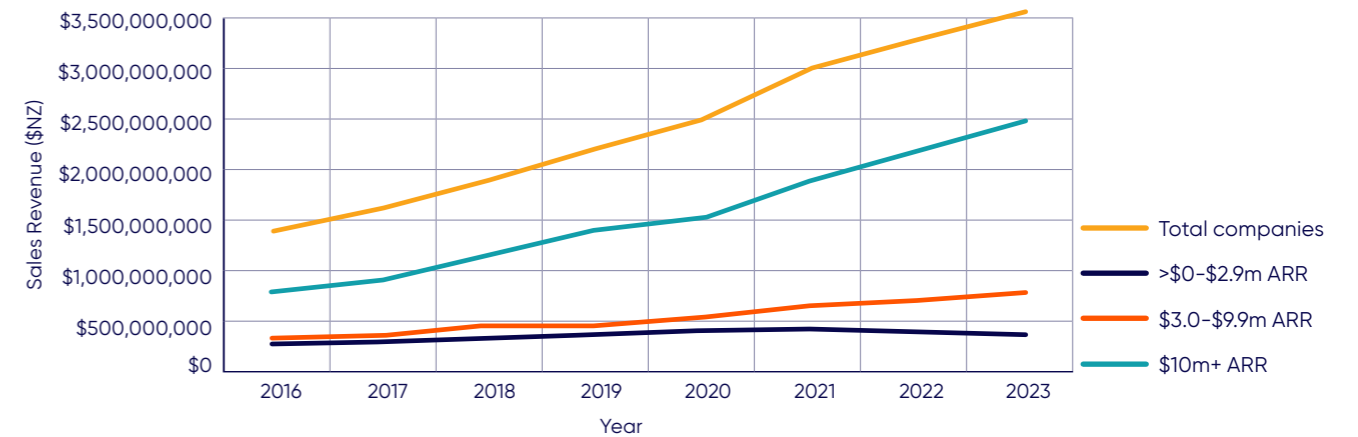
For the 90% of SME SaaS companies generating less than \$10m ARR, the work to find Product-Market Fit or to find Go-To-Market Fit involves a high level of uncertainty for employees. They are working for a company that has an unknown brand, with a new product that's operating in a new market.

SaaS Sector Growth Trends (2016-2023)

Total sales revenue for the group of companies earning over \$3m ARR has consistently tracked upward since 2016, fuelled by their own scaling efforts, and those of up-and-coming SaaS companies that have crossed the \$3m ARR threshold.

Revenues for SMEs generating under \$3m ARR have slowly declined since 2022, despite a growth in the number of companies being recorded. These companies are becoming even more cash constrained as they seek Product-Market Fit.

Sales by Revenue Band (2016-2023)



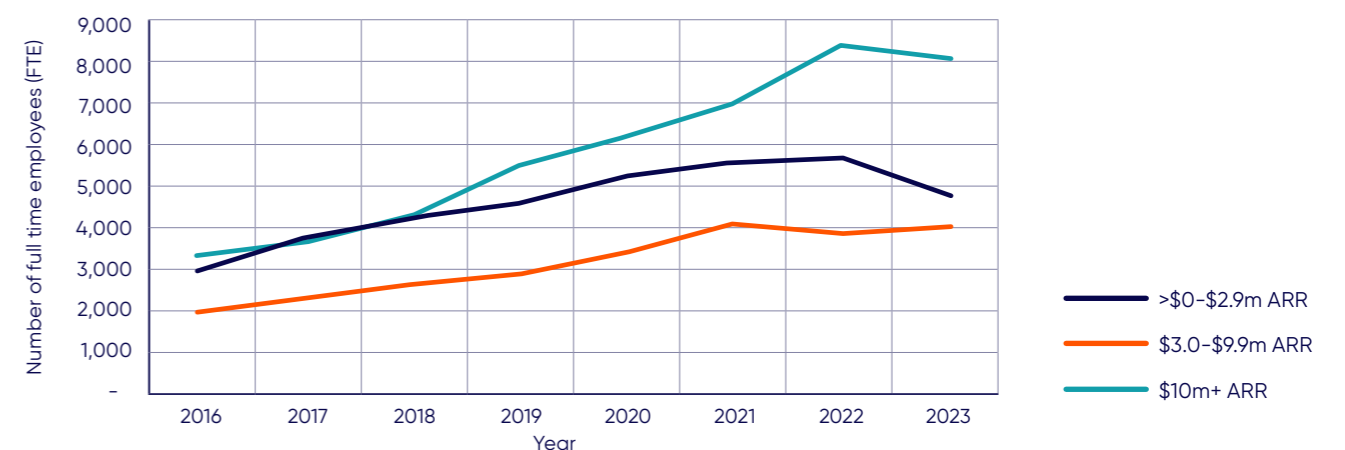
Recent Changes (2022-2023)

Across the SaaS sector overall, while revenue continued to track well from 2022-2023, headcount is now a different story.

In the 2022-2023 year, overall headcount reduced for the first time since 2016 by 1,070 people (6%). A detailed examination shows that headcount dropped across all revenue bands except for a small group of scaling companies earning between \$3.0m to \$4.9m ARR. The companies working on Product-Market-Fit in the 'under \$3m' revenue band saw the greatest reduction of 910 people, and the number of companies in this band reduced by 21.

Headcount is the major cost for all SaaS businesses as they require few other inputs, aside from computers and an internet connection, to create cloud software. Primary export industries, by contrast, require a range of other inputs such as land and machinery, for example.

Headcount (FTE) by Revenue Band (2016-2023)



The recent reduction in headcount for the 'over \$10m ARR' group of companies likely reflects a change in focus from expansion activities (requiring team sizes to increase) toward achieving operating cost leverage (growing the topline revenue more than overhead costs).

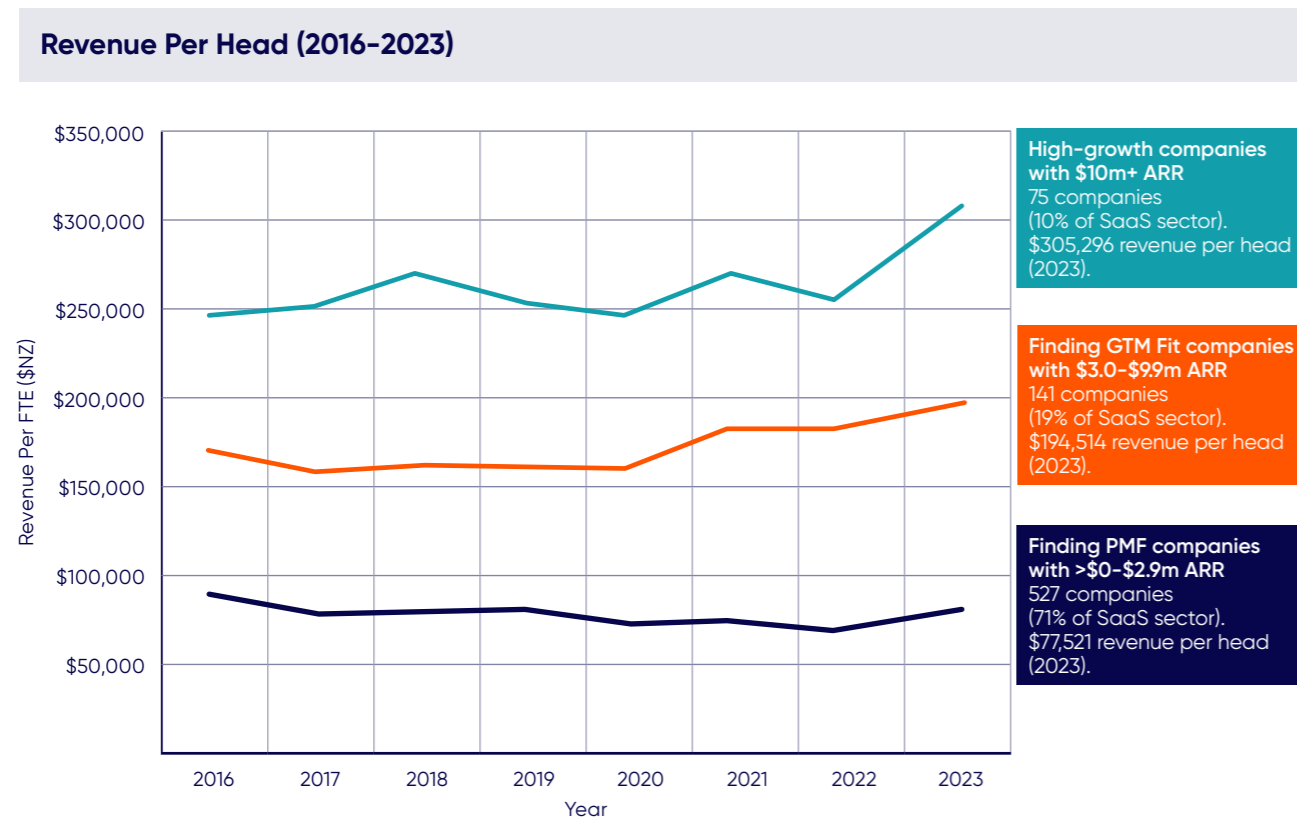
Across the sector, the appetite for investors to fund losses has also reduced recently, likely contributing to the focus on profitability over 'growth for growth's sake,' and the overall reduction in headcount¹⁴.

Revenue per head disparity

The graph below shows the revenue per head generated by companies in the three different ARR revenue bands each year since 2016. The steep increase in revenue per head for '\$10m+ ARR' companies between 2022 to 2023 shows that businesses in this group are successfully navigating recent market changes.

However, the graph also highlights the significant disparity in revenue per head between the '\$10m+ ARR' companies and the remaining 90% of scale up SMEs in the sector (those in the Product-Market-Fit and Go-to-Market Fit segments.)

SaaS companies that are still trying to find Product-Market-Fit generate 75% less average revenue per employee than 'high-growth' (\$10m+ ARR) companies. Companies generating less than \$1m ARR have a significantly lower average revenue per head of \$38,487.



Graph 4: Revenue per Head (FTE) by Company Revenue Band (2024 kiwiSaaS customised dataset)

The scale up companies which comprise 90% of New Zealand's SaaS sector are, on average, generating less than half (43%) the revenue per head than the companies in the 'high growth' segment. The most important thing these companies require in order to scale is knowledge, however they are also the ones least able to afford to pay for training or upskilling their staff.

¹⁴ Source [Beyond Hypergrowth: How SaaS Companies Can Successfully Pivot to Profitability](#) | by BCGonTech Editor | BCGonTech | Medium

Top SaaS Businesses in Aotearoa by Total Revenue (FY2023)

The following table shows the New Zealand SaaS companies that ranked in the TIN Report's 'Top 100 Technology Companies' for 2023. Note that the TIN100 ranks companies by total revenue (as opposed to New Zealand landed revenue which is used in all other figures cited in this report).

The TIN100 features sixteen companies which primarily operate using a SaaS business model. Many other companies on the TIN100 list include SaaS products as a part of their larger technology offering - including businesses like Datacom (\$1,490,000,000 total revenue, ranked 3rd) and Gallagher Group (\$392,484,000 total revenue, ranked 5th).

TIN100 Rank 2023	SaaS Company	Total Revenue FY23 (NZD\$ 000s)
4	Xero	\$1,399,884
6	Pushpay	\$344,241
11	Sequent	\$248,184*
12	Xplor	\$235,500*
21	Orion Health	\$180,100
27	Vista Group	\$135,100
44	EzyVet	\$80,100*
51	Foster Moore	\$69,133
58	Straker Translations	\$59,408
62	Vend	\$54,658
64	Education Perfect	\$51,322
71	Serko	\$46,492
76	CIN7	\$42,900*
87	Volpara Health	\$35,010
89	Auror	\$34,400*
93	Kami	\$32,500*

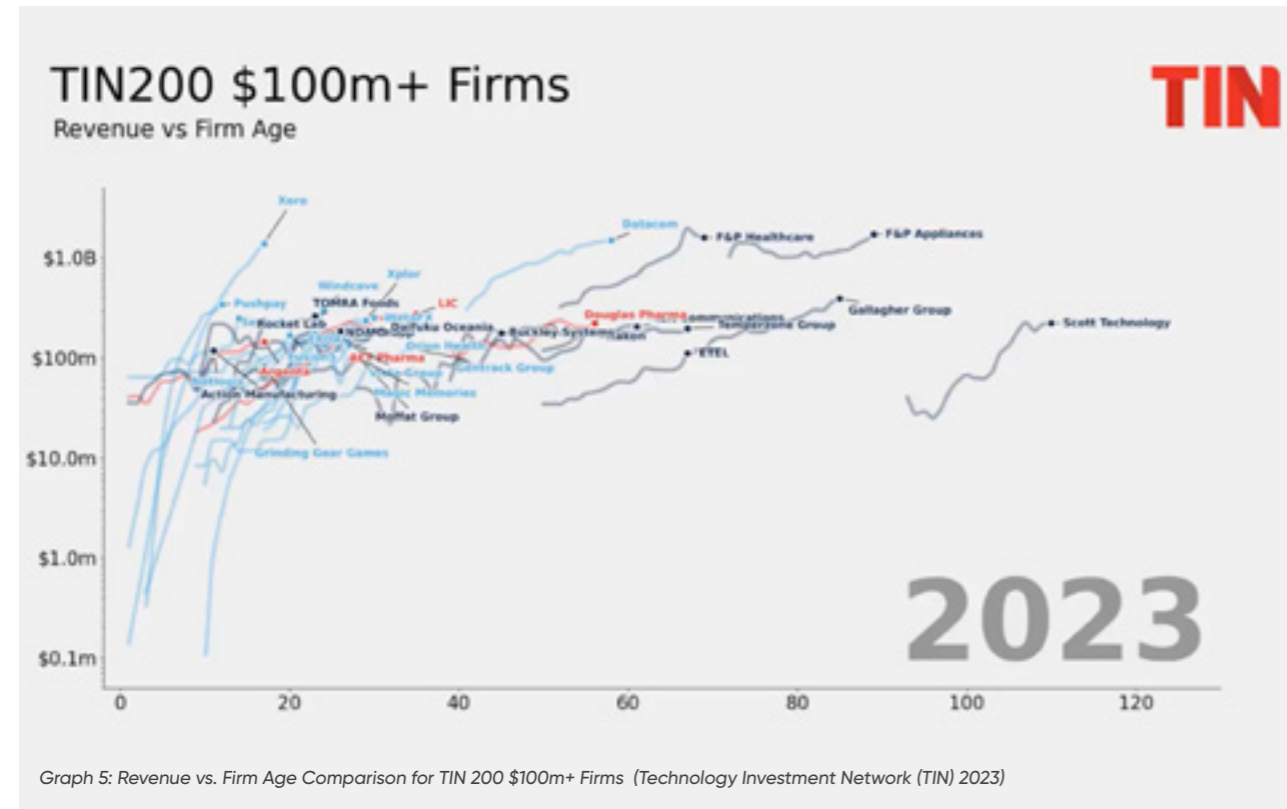
Table 3: SaaS Companies Ranked by Revenue FY23 (TIN Report 2023)

*Revenue has been estimated by TIN Report

All of these companies have employees who are members of the kiwiSaaS community.

The Significance of SaaS in New Zealand's Wider Tech Industry

Within the context of the wider New Zealand tech sector, TIN (Technology Investment Network) examined the growth of 15 of our largest 'young' ICT¹⁵ businesses with an average birthdate of 2000. TIN defines ICT or Information and Communications Technology as 'companies creating software and providing IT services and support.' Growth for this 'young' group of ICT companies is dominated and led by SaaS firms including Xero, Pushpay, Xplor and Serko (shown in light blue in the graph below). TIN found that these companies have much steeper growth trajectories than our country's more 'established' tech firms which have an average birthdate of 1971.



While more New Zealand tech companies, old and new, are unlocking recurring revenue through SaaS offerings, TIN concludes that it is this group of 'young' ICT firms that are the primary growth driver of the country's tech sector.

New Zealand's SaaS Sector Is Well Positioned To Capture A Share Of The Growing Global Economic SaaS Market

The rise of cloud computing, technology advancements, and growing demand for the convenience of subscription-based software services, are all contributing to the explosive growth of the SaaS sector globally.

Since its inception in the late 1990s, the SaaS sector has been rapidly growing worldwide. In 2020 the global SaaS sales market was valued at \$225,603.7m¹⁶ and New Zealand's SaaS sector revenue (\$2.4b) only captured 1% of that global market share.

International demand and opportunities for SaaS products are increasing with no signs of slowing. Estimates state the global SaaS sector is on track to be worth \$714,966.0m in 2030¹⁷, growing at a CAGR of 10.4%¹⁸.

North America was the largest region in the global SaaS market back in 2020, accounting for 57.5% of market share. It was followed by Western Europe, Asia-Pacific, and then the other regions. Over the 2020-2025 period the fastest-growing SaaS region has been predicted to be Asia-Pacific with growth forecast to be at a CAGR of 17.3%.

This is followed by the Middle East, South America, and Africa where the markets are expected to grow at CAGRs of 17.0%, 16.2% and 14.0% respectively, from 2020-2025¹⁹.

¹⁶ The Business Research Company: Global Software As A Service (SaaS) Opportunities And Strategies Market Report (thebusinessresearchcompany.com)

¹⁷ The Business Research Company: Global Software As A Service (SaaS) Opportunities And Strategies Market Report (thebusinessresearchcompany.com)

¹⁸ The Business Research Company: Global Software As A Service (SaaS) Opportunities And Strategies Market Report (thebusinessresearchcompany.com)

¹⁹ The Business Research Company: Global Software As A Service (SaaS) Opportunities And Strategies Market Report (thebusinessresearchcompany.com)

¹⁵ Full TIN definition of ICT companies is "those creating software and providing IT services and support. They work within a number of industries from telecommunications to financial services and gaming.". Graph source: https://www.linkedin.com/posts/technology-investment-network_two-decades-ago-tin-began-collecting-data-activity-7186491872767283200-RCxV?utm_source=share&utm_medium=member_desktop

Capturing the Economic Potential for SaaS: How Do We Lift Sector Capability?

To maximise the economic opportunity presented by New Zealand's SaaS sector, these questions need to be asked:

What do early stage SaaS companies need to scale successfully?

Research conducted in 2021²⁰ with SaaS founders and leaders, combined with research into the needs of software entrepreneurs, identified that SaaS companies in the early stages of growth need to lift the capability of their teams.

How do we do this? SaaS information is now available online. The likes of Google and ChatGPT have democratised content, making it instantly available at low (or no) cost globally.

Content is not a scarce resource, however knowledge is. Knowledge is the ability to understand and apply content within a specific context. In New Zealand, the hands-on knowledge gained by those that have built a successful SaaS company (or are in the process of doing so), is in very short supply.

Access to knowledge from lived-experience lifts the capability of those working in New Zealand SaaS companies - making them better informed, more aware of potential risks, and likely to make better decisions and fewer mistakes.

Consider the example of learning to apply and use performance metrics that are specific to SaaS companies.

Chat GPT provides good content about SaaS metrics. What it doesn't provide is the knowledge to apply and use these metrics, or information on how to incorporate these metrics into a business' current accounting practices, or how to make changes within the business so its performance metrics can be improved.

What results is inconsistency in the use and application of SaaS metrics which, in turn, can limit business improvement and makes

investment decision-making harder. It is not uncommon for New Zealand SaaS companies to have to recalibrate their metrics, going back a number of years, when they decide to seek investment.

By providing more people working in SaaS with greater access to this scarce knowledge base, New Zealand's return on investment will be an increase in the number of faster growing, more sustainable SaaS companies.

How can we allocate limited resources to maximise the likelihood of more SaaS companies crossing the 'high-growth' threshold?

A question often considered when allocating scarce resources is "how do we choose who to serve and who not to serve?" Which SaaS companies should benefit from this knowledge?

Many factors determine a SaaS company's ability to scale successfully. Bearing in mind that investors with years of experience seldom have a 100% track record of successful investments, any criteria for selection is problematic from the outset.

Rather than 'picking winners,' the ideal scenario is to enable all SaaS businesses to have access to knowledge and let the market determine success.



²⁰ Digital Technologies Industry Transformation Plan, pages 16 - 19

What's Happening In The Sector Today: Solutions To Drive Knowledge Exchange

So how might New Zealand facilitate the transfer of knowledge between **all** those working in the sector, in a cost-effective manner?

The 2021²¹ research with SaaS leaders (described in the previous section) identified four solutions to address this question:

- 1 Community knowledge exchange
- 2 Structured learning led by global experts
- 3 Sharing business performance best practice
- 4 Understanding sector performance

With government funding, the 'kiwiSaaS' initiative was then launched online in March 2022 to deliver these four solutions and to enable effective SaaS knowledge exchange across New Zealand.

kiwiSaaS is a public-private initiative to boost growth of the SaaS sector. The respective contributions to this partnership are outlined in the diagram below.

21 Digital Technologies Industry Transformation Plan, pages 16 – 19



The kiwiSaaS solutions were developed with the intention that they would eventually be fully community funded. However, Government funding is now ending on 30 June 2024, which is a year earlier than originally anticipated, and has made the transition to community funding more challenging. While work on this is ongoing, at the time of writing a sustainable future funding model is yet to be identified and the future of the kiwiSaaS initiative beyond 30 June 2024 is uncertain.

The solutions currently delivered through the kiwiSaaS initiative are described in the following pages. Whether the kiwiSaaS initiative continues past 30 June or not, they are a useful set of case studies.

SOLUTION 1: Community knowledge exchange

For SaaS companies that are going global from New Zealand, community is difficult to find as they have no natural means of connection. Each SaaS company sells to different offshore markets and different industry market verticals, and they employ different ecommerce and pricing models. Without a mechanism for SaaS professionals to connect, they may not even be aware of the existence of other SaaS companies in their own neighbourhood. This is the opposite for individuals working in established professions such as law or medicine who serve clearly defined vertical markets.

What those working in SaaS do have in common is a business model that is specific to cloud computing. This model presents many unique challenges that can be overcome with the right knowledge. As the people growing our SaaS businesses are busy and time poor but tech-savvy, community learning is best facilitated through digital platforms that enable as many peers as possible to connect and share knowledge in a way, and at a time, that suits them.

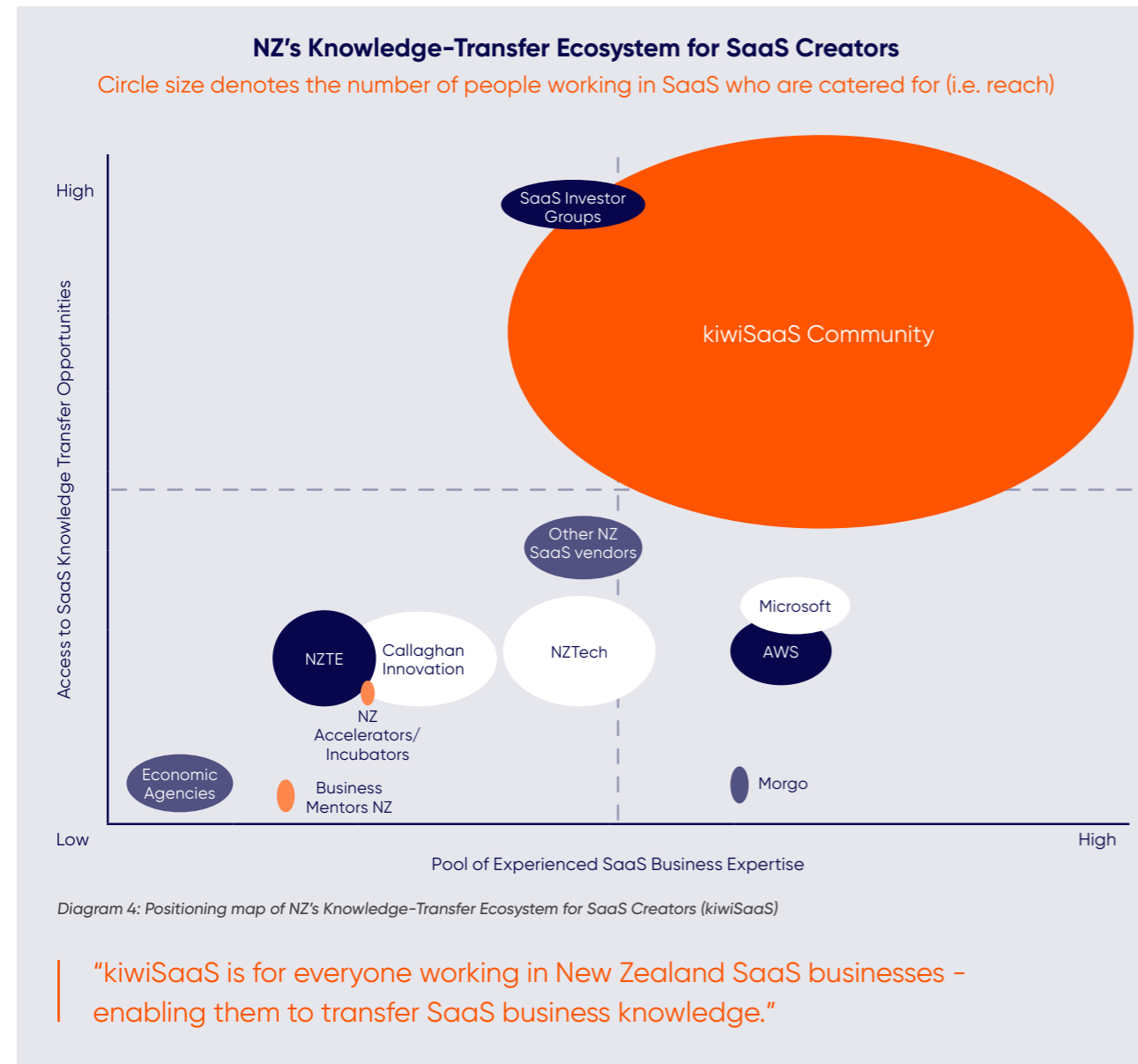
Introducing kiwiSaaS

The kiwiSaaS digital platform has been actively connecting the individuals working and investing in New Zealand SaaS businesses for the past two years. kiwiSaaS offers a programme of in-person and online initiatives specifically designed to facilitate much-needed knowledge transfer.

As opportunities for SaaS span many different industry verticals and global markets, SaaS businesses in New Zealand don't observe many direct competitors. The kiwiSaaS community

has proven it has a propensity to participate in open knowledge exchange, with members investing almost 3,000 hours of their valuable time in knowledge-sharing to date. Because they understand the tough challenges of scaling a SaaS business, those members who have succeeded and have lived experience are generously 'giving back' to the community with their valuable time and expertise - to help build the SaaS sector as a whole.

kiwiSaaS occupies a unique position in New Zealand's tech ecosystem: providing access to a substantial pool of experienced individuals with SaaS-specific business expertise. This access to knowledge is available for all those working in New Zealand SaaS businesses, irrespective of their region or location, job function, level of experience, company investor, industry or business lifecycle stage.

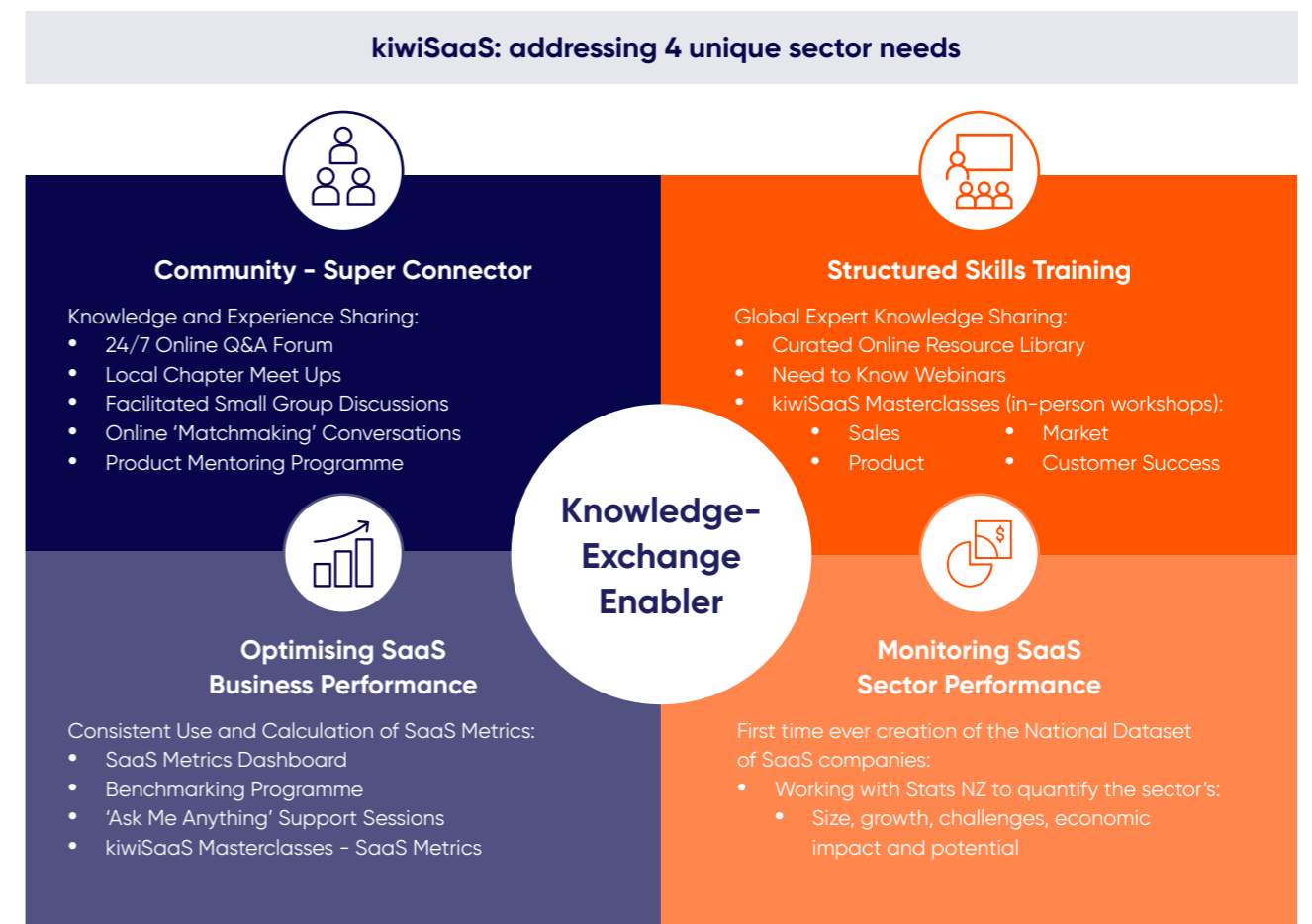


kiwiSaaS: New Zealand's online SaaS sector Super-Connector

Current kiwiSaaS membership exceeds 3,962 people²² and is fast growing. Members of the online kiwiSaaS community engage in discussions, solve daily problems, seek solutions to challenges, receive help from their peers and international SaaS experts, and broaden their networks locally and internationally.

²² kiwiSaaS membership data current as at 4 June 2024

Members can choose to participate in open community conversations or private conversations in confidence. There are a variety of kiwiSaaS services that facilitate these conversations, including: the 24/7 online Q&A Forum, the monthly 'matchmaking' programme which pairs members with similar functional roles and interests for focused online calls, and the 'Product Match' Mentoring Programme that matches early stage founders with experienced Product Managers.



To address the potential isolation that SaaS founders and remote workers may experience, particularly those in regional areas, the SaaS community hosts regular Local Chapter meetups. These gatherings provide an informal setting where people can network with local colleagues, exchange ideas, and discuss relevant topics. The online community map also allows members to connect with others who live close by, and many members are now starting to organise their own regular local gatherings.

By bringing the sector together, kiwiSaaS creates a 'network effect': the more people that join and share their insights and experiences, the more the community 'knowledge bank' grows, ultimately leading to faster scaling and more efficient SaaS businesses. A lot of this accumulated knowledge is captured within the online platform's forum discussions and resource library, for all kiwiSaaS members to access when they need it.



SOLUTION 2:

Structured learning led by global experts

People working in our SaaS businesses need access to global best practice to ensure they can learn in the flow of work and compete in their target offshore markets. As SaaS is a nascent sector, there are very few local SaaS leaders with the specific functional skills, lived international experience, and time to provide this education. Connecting SaaS workers to global SaaS experts through short interactive workshops, enables them to quickly and effectively learn 'hands on' business skills. Exposure to 'real life' examples also helps them apply the knowledge they learn within the context of their own businesses.

kiwiSaaS Masterclasses and 'Need to Know' webinars

kiwiSaaS delivers highly curated short course training. It focuses on SaaS-specific business knowledge and how it can be applied to members' own business situations.

Its range of SaaS business short courses are either requested by the community, or developed and delivered by the few that have lived experience relating to the topic.

Through its 'Masterclass' series, kiwiSaaS makes access to globally-recognised SaaS experts affordable and convenient for everyone working in the sector. Local partners, members, and SaaS thought leaders are also carefully selected to present at bi-monthly interactive 'Need to Know' webinars.



SOLUTION 3:

Sharing business performance best practice

The 'math of SaaS' is complex. It involves calculating and monitoring many SaaS-specific performance metrics (such as 'customer acquisition cost' and 'customer lifetime value'). Solid SaaS metrics are essential for securing investment and to speed deal flow, so they can have a significant impact on SaaS business success or failure - particularly in the early stages of growth. However, individual SaaS companies across New Zealand are currently using SaaS metrics in different ways, which can limit business performance. Best practice knowledge transfer around the calculation and use of SaaS metrics, across the sector, is vital.

kiwiSaaS Business Performance programme

Through its Business Performance Programme, kiwiSaaS is addressing the SaaS sector's siloed approach to measuring performance - by promoting expert-led, global best practices in the consistent use and calculation of SaaS metrics. The programme teaches companies how to set up their accounts, which metrics to focus on, and the correct inputs and calculations to use. Programme participants also attend the adjacent kiwiSaaS Masterclass series to learn what each SaaS metric means, and what changes they need to make within their business to address metrics that indicate poor performance.

Once a critical mass of companies have completed the Business Performance Programme, data collected from participant companies can be 'anonymised' for the purposes of benchmarking. The kiwiSaaS Benchmarking Programme will allow participating companies to compare their performance against the performance of their peers, with the knowledge that they are actually comparing 'like for like.'

Companies are much more investable if they have their accounts set up correctly, along with a solid understanding of core SaaS metrics and how to calculate and track them.

The universally inconsistent use and calculation of SaaS metrics was recognised recently in the USA with the establishment of the SaaS Metrics Board²³ to address the matter. Creating an 'NZ Inc' standard which aligns with the US SaaS Metrics Board will have wider implications for attracting offshore investment into the New Zealand SaaS sector.

The kiwiSaaS approach to provide nationwide SaaS metrics standardisation and support is a world-first.

²³ Source: <https://www.saasmetricsboard.com/>

SOLUTION 4:

Understanding sector performance

In order to make informed decisions about how to support SaaS company growth, good New Zealand SaaS sector data is essential. Without ongoing accurate data and insights, exploiting opportunities and addressing challenges will occur in a data vacuum. Informed decisions on the scarce use of support resources will also be difficult to make.

kiwiSaaS Customised Dataset of New Zealand SaaS Companies

For the first time ever, a clear understanding of the dynamics of New Zealand's SaaS sector is emerging - its growth and economic impact. A number of these insights are detailed earlier in this report. The insights are based on company information collected from kiwiSaaS community members, and analysis of this data

which is undertaken by the kiwiSaaS team in association with economics experts and Statistics New Zealand. When dealing with scarce resources and seeking to make outcome-based decisions, good data is essential. With the insights provided in this report, future SaaS sector decisions can be based on data rather than opinion.



Graham Grant
CEO, Seequent

"I'm involved in kiwiSaaS because I wish we had kiwiSaaS when we were starting out. The least I can do now is help some others up a few steps. It's on all of us to make NZ_INC a global SaaS powerhouse."



Aaron Ward
Co-Founder, AskNicely

"I love dairy products and Lord of the Rings movies as much as the next person but I'll be involved in kiwiSaaS until Wikipedia says, 'New Zealand is best known for the many global software businesses that were started there.'"



Nick Whitehead
CMO, Serko

"One of Serko's principles is to re-invest in the communities that have supported our success. For us nothing is more relevant, or more valuable, than to support kiwiSaaS to directly build on the ecosystem of our sector in this country."



Hannah Ippolito
Co-Founder, Squarekicker

"As a startup with two first-time founders, kiwiSaaS has been an invaluable source of connection for us. The experienced members have been generous with their time, sharing a wealth of knowledge that is applicable to our stage and context. There is no doubt we have managed to avoid some costly mistakes thanks to the insights that have been shared."

What Does The Future Hold For The SaaS Sector?

With 90% of SaaS companies in the scale up phase, New Zealand is presented with both an opportunity and a problem.

The data shows that what's holding New Zealand back from capturing more of this enormous economic opportunity is not creating more startups, it is creating more *successful* scale ups. To achieve this, scale ups need unrestricted access to SaaS business knowledge built from lived experiences.

Some individuals within established 'high-growth' companies (the top 10% of the SaaS sector) have this knowledge and have demonstrated a strong desire to give back to the industry. While their focus is to deliver shareholder value, they have also demonstrated a willingness to invest their time to help scale ups to succeed as their companies have done.

With government funding for kiwiSaaS ending on 30 June 2024, the question before the country is how do we continue to effectively and efficiently leverage the knowledge capital within New Zealand's SaaS sector so we can enable more of our scale ups to be successful?

Economically, we would all win.



SaaS in Action: New Zealand Case Studies

New Zealand SaaS Businesses Fuel National Productivity

Today's world is fuelled by software. Software is one of many invisible forces that keeps the modern world spinning on its axis.

SaaS is transforming the way people and businesses run their lives and enabling more efficient ways of working.

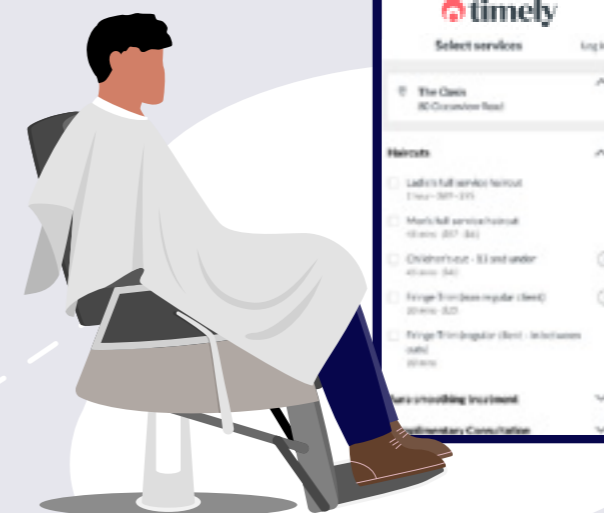
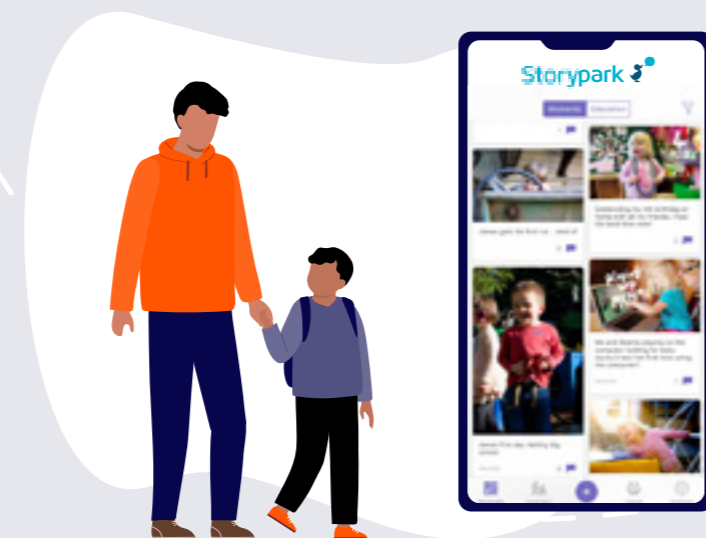
At an individual level, New Zealand SaaS businesses are responsible for creating many of the innovative productivity solutions that Kiwis use on an everyday basis.

A SaaS day in the life of a kiwi family



School drop off

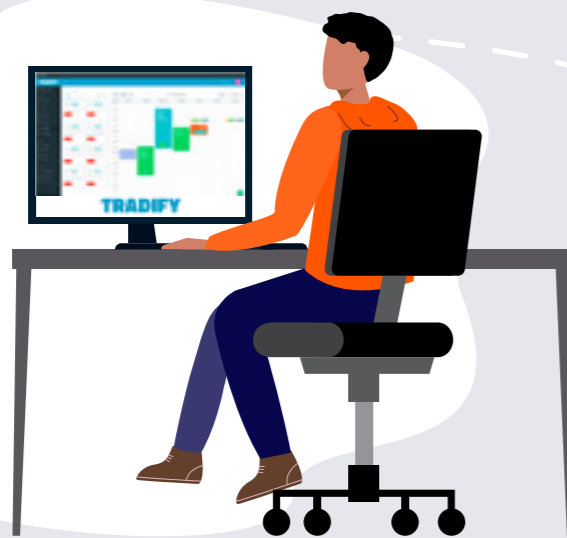
Shy child Rangī has just started attending kindergarten. While he's there, his dad Jack stays connected with his teachers through **Storypark**, helping Rangī adjust quickly.



Time for a trim

While Rangī is at kindergarten, Jack goes for a haircut appointment at his local barber which he booked using **Timely**.

A SaaS day in the life of a kiwi family continued...



Admin - tick

Tradie Jack gets home and starts working on some customer quotes, job scheduling, and invoicing using **Tradify**.



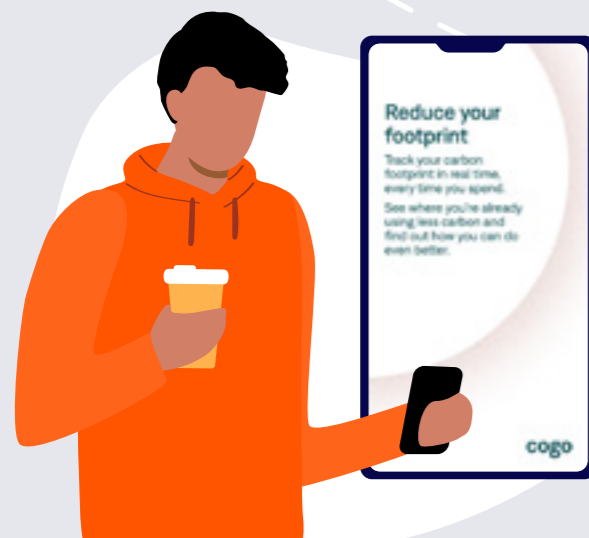
Health taken care of

Breast cancer runs in Jack's wife Hayley's family and she trusts the **Volpara Health** AI-powered software her clinic uses for regular screening and early detection.



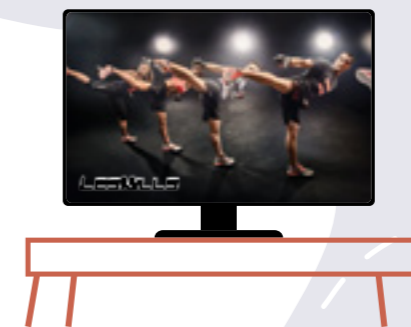
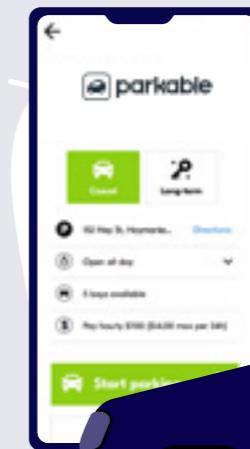
Reducing your carbon footprint

During his lunch break, Jack checks the bank account he shares with Hayley. His mobile banking app uses **Cogo** to show how his family's purchases impact the environment - and ways to reduce and offset their carbon footprint.



Parking, no stress

Jack heads to an afternoon meeting in Auckland's CBD, using **Parkable** to locate and reserve a parking spot in advance, ensuring a stress-free trip and online payment convenience.



Move that body

After work, Jack fits in a quick **Les Mills+ BODYCOMBAT** workout at home.



Musician in the making

In the evening, Jack helps his daughter, Maia, with her keyboard practice. They practice learning to play some of her favourite songs with **Melodics**.



United By A Shared Business Model, New Zealand's SaaS Sector Is Not Constrained By Verticals

New Zealand's SaaS businesses are driving a new wave of innovation that is transforming markets across the world, from healthcare and education through to tourism and agriculture.

These businesses are pushing the boundaries of productivity, efficiency, and profitability with their ground-breaking solutions.

Growing global success from regional New Zealand

When we think of global companies originating from Aotearoa, our minds often gravitate toward the major cities of Auckland or Wellington as the primary hubs. However, for SaaS companies, the power of cloud software allows them to expand beyond urban centres and grow from regions across the country.

LawVu, a rapidly growing legal tech startup headquartered in Tauranga, is revolutionising the legal industry, and leveraging this power of regional staff to achieve worldwide success.

Sam Kidd and Tim Boyne founded LawVu in 2015 from their base in the Bay of Plenty. The pair recognised that in-house legal teams were suffering from burn-out as workloads were increasing and becoming more complex.

To address this challenge, they developed a category defining legal workspace for in-house legal teams. This unified suite of productivity and collaboration tools enables them to optimise productivity, enhance visibility, and maintain control of tasks on a single platform.

The decision to primarily operate out of Tauranga stems from Boyne's deep roots in the area as a third-generation resident, but also the pair recognising the influx of talent into the regions and the flexibility that technology now gives you to operate globally regardless of location. As well as Tauranga the company also has employees in Christchurch, Queenstown, Dunedin, Napier and Invercargill, demonstrating its commitment to regional development and the potential for a thriving SaaS sector beyond major metropolitan areas.

In 2021, LawVu's success in attracting and retaining talent in Tauranga was recognised when the team won the Tauranga Business of the Year award.

"It was so nice to be locally recognised as we didn't have much to do with the local business community at the time as most of our business dealings were outside the region and New Zealand. Winning awards like this helped with our profile locally. It opened people's eyes to this exciting opportunity right on their doorstep. An opportunity to work with a company operating on a global scale and the chance to work with some huge brands," says Kidd.

LawVu's Tauranga base hasn't limited its reach. The company continues to expand its workforce, including staff members from Tauranga, Wellington, Auckland, the United States, Australia, Ireland. This remote-first approach enables LawVu to tap into a larger talent pool and offer regional employees the opportunity to work for a leading global company without relocating.

LawVu brought on MOVAC as a new capital partner last year, taking their total funding to just over NZD\$55m. This combined with a strong working relationship with Microsoft has enabled LawVu to begin leveraging some of the latest AI capabilities for their customers. LawVu's headcount has remained stable over

the last two years at 130 FTEs, utilising improved technology and new ways of working to continue to grow their customer base and revenue. Internationally, LawVu has continued to see success in the US as their largest customer base market, with the UK market rapidly growing. LawVu is also seeing strong signals in Canada.

"We raised at the right time, that's for sure," says Kidd.

"The current economic climate is tough, so having that capital behind us has enabled us to remain tightly focused on building and delivering the right product for our customers. As markets moved, our clients' needs increased as well. It's been the classic case of more work and fewer resources available. We work hard daily to deliver a product and a service that helps our customers be more productive. Our recent developments in AI throughout the LawVu Workspace is a testament to our commitment to present the right tech at the right time so our customers can move faster."

LawVu's success exemplifies the exciting opportunities available for Kiwis based outside of the main cities in Aotearoa. By embracing remote work and actively seeking talent from diverse regions, LawVu not only benefits from a broader talent pool but also contributes to the growth and development of regional economies.



"Our recent developments in AI throughout the LawVu Workspace is a testament to our commitment to present the right tech at the right time so our customers can move faster."

LawVu co-founders Tim Boyne and Sam Kidd

Low-Carbon, Weightless Export Potential

New Zealand's geographical distance from key international export markets, often a challenge for traditional industries, is less relevant in the context of the SaaS sector.

The digital nature of SaaS businesses allows them to export their products globally via the internet without incurring the costs and complexities associated with physical shipping.

Further, there are plenty of great SaaS businesses in New Zealand that make it easier for their customers to measure and reduce their carbon footprint. SaaS businesses can sidestep the environmental and logistical costs of physical exports, unlocking great economic opportunities while promoting and utilising sustainable business practices.

CarbonClick – Tracking carbon offsetting and reducing carbon footprints

CarbonClick, an Auckland-based carbon offsetting SaaS company, is leading the way in simplifying carbon offsetting for businesses and individuals globally, enabling them to make a significant environmental impact while being environmentally responsible themselves.

CarbonClick began in 2019 when co-founders Jan Czaplicki and Paul Brady, worked on a carbon offsetting program for a major international airline. They witnessed the challenges businesses faced in creating offset programs, accessing or performing due diligence on offset projects, and tracking and reconciling credits to prove customer payments. Recognising these barriers, they set out to develop CarbonClick.

"Carbon Offsetting is a vital tool when it comes to both fighting climate change, and repairing damage to the very environment that we rely on for our survival. However, it's a minefield to navigate, and carbon offsetting done poorly can be counterproductive. From poor quality credits, to businesses not decarbonizing sufficiently before offsetting, there is greenwashing in many forms. CarbonClick was invented to work with good businesses, making offsetting a simple, meaningful, and transparent part of their environmental toolkit," says Dave Rouse, CEO CarbonClick.

CarbonClick offers tailored tools and resources for businesses and individuals, making calculating, reducing, and offsetting their carbon footprint easy. Their user-friendly solutions seamlessly integrate into daily practices to make it simple for customers to take climate action.

The funds collected from customers are invested in carbon-neutralising projects, such as tree planting alongside activities that contribute to sustainability and emissions reduction in other ways, such as clean energy. This approach ensures that every offset delivers the most significant climate impact by not only removing carbon from the atmosphere but also restoring native ecosystems and creating sustainable green jobs.

The company's efforts have been significant, enabling 1,250 businesses and 267,059 individuals to take climate action. Together, these reduced 306,981,170 kg of CO2 emissions, equivalent to the CO2 sequestered by 15,348,061 trees each year.

With a commitment to quality, every project undertaken by CarbonClick is fully certified and aligned with the UN Sustainable Development Goals. CarbonClick adds a further layer of audit on top of certified projects, sorting the best from the worst –ensuring that each offset actually contributes to meaningful and measurable impact.

CarbonClick's mission is to build a sustainable company that not only helps others offset carbon emissions that still exist after

decarbonization efforts, but also to exemplify sustainable practices in their own operations.

CarbonClick's commitment to sustainability was recognised through its certification as a B Corporation. The certification validates CarbonClick's adherence to the highest social and environmental impact standards.

"Achieving B Corp status was a real celebration of our values and achievements being recognised externally. We strive to be the leading company globally regarding ethical, high-impact carbon offsetting," says Rouse.

By exemplifying sustainable practices in their own operations and achieving significant milestones, CarbonClick showcases how a company can drive positive global change at both a business and individual level, while also embodying sustainable values.



The CarbonClick team: Tom Crowder, Carolin Fischer, Dave Rouse, Paul Brady, Jan Czaplicki, Nick Greenslade, Kat Peter, Michelle Noordermeer

Delivering Productivity Increases For New Zealand's Economy

By automating manual processes, streamlining project management, and enabling real-time collaboration, SaaS solutions enable businesses across New Zealand to optimise their operations and streamline processes.

In addition, the data-driven insights provided by many SaaS platforms facilitate informed decision-making, leading to better business outcomes. This, in turn, drives economic growth, making the SaaS sector an integral part of our country's overall productivity.

Hnry - Boosting productivity for sole traders and New Zealand's economy

Hnry, a New Zealand-based SaaS business, is revolutionising the accounting landscape for sole traders. The brainchild of Claire and James Fuller, Hnry was founded in 2017 to streamline taxes, payments, invoicing and expense tracking for sole traders. It enables users to focus on their core business instead of navigating complex financial processes.

The Fullers were driven by their own frustrations as sole traders struggling with time-consuming financial admin. They envisioned a solution that would automate financial tasks, and consequently transform the work of many sole traders. Their own personal experience, paired with an understanding of New Zealand's SaaS landscape, enabled them to create a solution uniquely fit for purpose.

"We created the product we wished we'd had when we were freelancers," says Co-Founder and CEO James Fuller. "The Hnry service is designed to revolutionise self-employment, making it more affordable and accessible than it's ever been."

Hnry operates on a pay-as-you go model, an approach which works for dynamic sole traders. Its intuitive digital platform offers on-demand, personalised support, demonstrating Hnry's commitment to customer-centric service.

Sole traders make up around 19% of New Zealand's economy, accounting for over half a million workers in Aotearoa. In 2022, Hnry published an independent survey which showed that sole traders were spending an extra **12 hours per week** on administration tasks when they prepare for the end of the financial year, representing a \$300m cost in time. That \$300m is only 10% of the \$3.2 billion total productivity that Hnry estimates is lost by sole traders to administration each year.

"Freeing up time, money, and energy for sole traders is a win-win situation. Instead of spending precious resources on tax and financial admin, they can focus on business growth – which translates to growth of the overall economy," says Fuller.

The business raised \$35m in early 2023 in a round led by AirTree Ventures to support its expansion into Australia. Since then, it has continued its

rapid growth, more than doubling its customers across New Zealand and Australia.

Through its innovative, automated tool designed to reclaim time for sole traders, Hnry exemplifies how SaaS businesses are boosting productivity across the economy. What sets Hnry apart is their relentless focus on making sole trading affordable and accessible for everyone. By automating tedious administrative tasks, Hnry frees up sole traders to focus their time, money, and energy on their core business. The end result is more efficient operations, informed decision-making, and increased economic productivity.

Hnry's success is a testament to the ingenuity and innovation of the SaaS sector in New Zealand, exemplifying how smart solutions can deliver massive productivity gains for the economy.



Hnry co-founders Claire Fuller and James Fuller

Expanding Career Horizons

New Zealand's SaaS sector presents a variety of career prospects across both technical and business roles.

On the technical front, SaaS companies seek talent in coding, web development, quality assurance, and cloud infrastructure. These roles involve creating and maintaining the software infrastructure, building user interfaces, and implementing new features.

The business-oriented career paths include specialised SaaS marketing roles focused on promoting products and conducting market research. Additionally, customer success roles nurture user experience, and SaaS administration involves managing accounts, licensing, and providing technical support.

The dynamic nature of the sector, continuous innovation, and the increasing reliance on cloud-based solutions ensure that the range of roles in SaaS will continue to evolve and expand.

KIWA Digital – Opening up the SaaS world to everyone

The software as a service (SaaS) industry has long been associated with coding and technical roles. However, Kiwa Digital, a world-leading media tech company based in Auckland, challenges this notion by highlighting the multiple roles in SaaS businesses.

Founded in 2003 by Rhonda Kite, an award-winning film and television producer, Kiwa Digital has revolutionised the post-production stage of media production with its cutting-edge SaaS tool, VoiceQ.

VoiceQ quickly gained global recognition for its impact on the localisation industry. It allowed for precise synchronisation and high-quality performance, speeding up the dialogue creation and replacement process. VoiceQ aims to break down language barriers and enable more profound communication between cultures by facilitating accurate dialogue and cultural authenticity.

"VoiceQ localisation software was developed to solve a problem for our media industry – How to efficiently localise popular imported children's TV programs into te reo Māori in a country with no dubbing infrastructure. Twenty years later, VoiceQ offers a suite of native and cloud tools for TV, Film, Anime, and Gaming localisation and has been credited globally as "the power behind English dubbing", says Steven Renata, CEO of Kiwa Digital and managing director for VoiceQ.

VoiceQ's capabilities have made it a preferred choice for over 270 studios worldwide, including major networks such as Netflix and Disney.

Professionals utilising VoiceQ deliver over 2 million minutes of dubbed and audio-descriptive international content each year. Notable examples of content employing this software include Disney's Moana, The Lion King, Frozen, and The Lego Movie, as well as popular video games like The Witcher: Wild Hunt and Cyberpunk 2077.

While Kiwa Digital's technical achievements are remarkable, its commitment to providing diverse career opportunities is equally noteworthy. Renata is passionate about expanding the narrative around career opportunities in the sector.

Recognising that the industry extends far beyond coding and tech-focused roles, Kiwa Digital actively seeks talent from various backgrounds to contribute to the success of VoiceQ and the wider SaaS industry.

Kiwa Digital offers various career paths that cater to a diverse range of skills and expertise. Beyond technical roles, opportunities exist in audio engineering, voiceover, client

management, design, deployment, marketing, production, project management, customer service and sales.

"The opportunity is huge with a very wide range of roles available. We want to help create the best talent in the world," says Renata.

The SaaS industry in New Zealand, exemplified by Kiwa Digital's inclusive approach, offers many exciting career opportunities beyond traditional technical roles. As more individuals recognise the breadth of career pathways within SaaS, the industry can attract a broader range of talent, fostering innovation, collaboration, and inclusivity in this ever-evolving field.



"VoiceQ localisation software was developed to solve a problem for our media industry – How to efficiently localise popular imported children's TV programs into te reo Māori in a country with no dubbing infrastructure..."

Kiwa Digital CEO, Steven Renata

Global From Day One

From the outset, New Zealand-based SaaS businesses are set up to extend their services to customers around the globe.

SaaS products, delivered via the internet, can easily cross borders and reach international customers. The potential markets are enormous. Despite being geographically distanced, SaaS businesses in New Zealand are developing innovative software solutions that address worldwide needs across a myriad of industries.

Partly - Conquering a global niche from Aotearoa

A common assumption people often make when exploring a new business opportunity is that if a problem is already globally prevalent, then surely somebody, somewhere, must have already thought of a solution?

That was the scenario for Partly, the Christchurch-based business transforming the auto parts industry that raised \$37m this year, being valued at \$180m - the largest Series A raise ever in Aotearoa.

In 2020, Levi Fawcett, a former engineer at Rocket Lab, launched Partly with Mark Song, Evan Jia, Nathan Taylor, and Tony Austin to solve a seemingly straightforward yet incredibly complex challenge: creating a comprehensible, and accessible database for millions of vehicles, car parts and connections between them.

The team's solution catered to manufacturers, retailers, and online marketplaces that needed to manage, source and sell car parts effectively. It was an untapped global challenge waiting for a unique SaaS solution.

"Prior to Partly, we had a general online marketplace and discovered a significant demand from car part sellers. However, they were constantly facing frustration due to the limited selling options available in the predominantly offline industry. Recognising this critical gap in the market, we embarked on the development of Partly as a solution," says Mark Song, Co-founder of Partly.

Partly does more than just list parts, however. It integrates seamlessly with prominent online platforms like eBay and Shopify, enabling Partly's customers to reach a huge network of potential buyers.

The value of auto parts processed by Partly's system has already reached a monthly run-rate implying an annual volume of US\$150m, growing at an impressive rate of 30% per month. The annualised \$4b worth of product is being ordered through Partly's system indirectly - meaning there's no direct handling. These are big numbers - and they indicate Partly's potential to capture a huge share of the global auto parts market - estimated at \$1.9 trillion.

Among its growing list of customers, Partly has two Fortune 500 companies and the UN's World Food Programme, which uses Partly's service to manage repair work and maintenance on its fleet of 30,000 vehicles across the globe.

The Partly team have big aspirations to become the largest New Zealand-based tech business in the next five years, aiming to outpace even Kiwi SaaS behemoth, Wellington-based Xero. Partly plan to use their recent \$37m funding round to

double their team to over 100 people in the next year, with many new hires located in Europe.

"While our business is still in its early stages, we are thrilled about the promising opportunities that lie ahead."

"In particular, we are expanding our operations to London, which serves as a crucial hub for Europe. Our focus is now directed towards empowering individual sellers, enabling them to transcend the limitations of traditional marketplaces," says Song.

Partly truly demonstrate what's possible for New Zealand's SaaS businesses when they think and operate globally from day one. They show how geographical boundaries don't need to limit Aotearoa like they used to, with SaaS opening up the opportunity to solve worldwide problems and capture massive global markets.



Partly co-founders Nathan Taylor, Evan Jia, Levi Fawcett, Mark Song, and Tony Austin

Sponsors

kiwiSaaS is New Zealand's SaaS knowledge exchange enabler - facilitating collaboration between industry and government to grow the SaaS sector in Aotearoa.

kiwiSaaS and its initiatives would not be possible without the support of its generous community partners and the SaaS companies of Aotearoa.

These partnerships have been instrumental in enabling kiwiSaaS make a meaningful impact in the sector by facilitating the development of valuable resources, hosting influential events, providing access to industry experts, and cultivating connections among SaaS practitioners.

Partners and sponsors of the kiwiSaaS initiative:





www.kiwiSaaS.com