Ascendix

Steps to Building a SaaS Product

DETAILED GUIDE

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#1 Analyze the market

First, conduct a market research to find clear-cut answers to the following questions:

- What challenge(s) will my SaaS app solve?
- What is my target audience, and could I segment it?
- Who are the top competitors of my SaaS application?
- What unique features and value do they provide to end-users?
- Could I build a more trouble-solving solution with unique killer features?
- What business model do my competitors adopt?

Once you get the answers to these requests, you will be clear on your high-level target audience, competitors, and market demand.

HOW TO BUILD A SAAS PLATFORM

One of the key aspects here is to realize why users will choose or intend to pick your SaaS product. In order to verify your business idea at the start, you can greatly benefit from performing the following activities:

#1 Set up focus groups

This marketing approach means that you gather a certain number of users of your target audience that have similar geographical, social, demographic, and other parameters to interview them based on the same questions.

#2 Interview via social media

This approach is much easier and cost-effective compared to focus groups. You just need to select a group of 10-20 users with similar geo, social, and demographic characteristics to interview them by the same questionnaire.

We recommend you prepare a small bonus for the selected users like commenting, liking, or sharing their content to make it beneficial to spend time and help you with the questions.

#2 Create a Business Plan

A business plan is a detailed description of how to launch a SaaS business within your specific niche.

Simply put, you need to find solutions for all the steps to building a SaaS product.
One of the most crucial aspects that you should clearly define is the monetization strategy.

Pricing model

The SaaS technology offers multiple options to make a profit within your future product. Defining the monetization strategy is crucial at the beginning of SaaS software development. It directly influences the way you will build a SaaS app functionality and help you realize how to sell SaaS technology products after release. So, here are the most wide-spread monetization strategies.

Freemium

This monetization model means that your SaaS product provides limited features for free. If a user wants to access more functionality and opportunities, they can upgrade to a pro-paid plan.

Freemium is a great business model to start with as it allows your company to hook multiple users so that they sign up and give your SaaS app a try. The most important thing here is to provide enough free features that will allow your end-users to start getting benefits.

Among the top freemium SaaS companies are Zapier, Mailchimp, and Dropbox.

Flat Rate Pricing

This model is probably the easiest for both your SaaS technology product company and users. It means that you provide a single set of features for a single price.

The most popular flat-rate pricing SaaS products are **Basecamp, Precog,** and **Adobe Creative Cloud**.

Per-User Model

This business model means that your charge fees will depend on the number of users that utilize your SaaS app. The more people use your software, the more favorable pricing they get.

Adobe

precog   Basecamp

asana

Trello   monday

Per-Storage Model

This monetization strategy means that charge fees depend on the amount of storage space users need. This model provides high flexibility as you can adapt to customers' fluctuations and provide an individual amount of storage space if required.

Among the top SaaS per-storage model companies are **Sync, Google Drive,** and **OneDrive.**

Pay As You Go Pricing

Also known as usage-based pricing, pay as you go model means that the more customers use, the higher the charges increase and vice versa. This strategy provides a huge user LTV (lifetime value) as you can always adopt pricing to their current revenue performance.

The leading pay-as-you-go SaaS apps are **Chargify, ConvertKit,** and **SendGrid**.

Google Drive

SendGrid

OneDrive   sync.com   chargify   ConvertKit

#3 Identify SaaS Requirements

The features of your SaaS app are the key value you will provide to end-users. Depending on your niche and pricing strategy, the functionality can hugely vary but should include the core principles of a good SaaS product. They will help stand out from the competition in a beneficial way. Let's briefly discuss them:

High security

As you store customers' data in the cloud, you should ensure high security against multiple vulnerabilities and hack attacks.
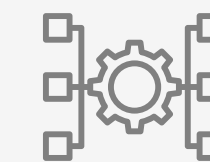
User-friendliness

Try to make your SaaS application as easy-to-use as possible offering simple navigation, high page load speed, etc.

Real-Time Support and Maintenance

Choose the SaaS pro-grams providing ongoing support for customers to overcome any challenges your end-users will face.

Multi-Tenant Infrastructure

SaaS technology multi-tenancy is a system with multiple companies or tenants that share a single SaaS installation platform.

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#4 Define an MVP for Your SaaS Product

A minimum viable product is a feature-limited version of your SaaS application that still offers enough functionality to users so that they provide valuable feedback. This is a beneficial approach to verify your idea and value proposition without much time and fund spending.
Let's discuss the key objectives of building an MVP for your SaaS startup:

1. Collect feedback & verify your idea

The core goal of an MVP approach is to collect early users' feedback and realize what did they like/dislike, what features to add/remove/update.

2. Sound out the market situation

Once collected the feedback from your potential customers, you can conclude whether your value proposition is in demand among your target audience in the market.

3. Test different approaches

MVP is about testing your business concept as well. Try to collect users' feedback on your product's idea and define the better way to move your business.

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#5 Build a Development Team or Outsource

1. Create your own in-house team

An in-house team development is one of the most time- and cost-consuming methods. To succeed with it, you ideally need to find a co-founder as CTO. This person will help you perform talent acquisition, candidate interviewing, team management and leading, and the SaaS product development processes.

The key acquisition channels to find a reliable and experienced CTO that knows how to create a SaaS website are LinkedIn networks, groups, and related Reddit subreddits where startups are looking for partners and vice versa.

Here are some of the most popular business-related subreddits:

/r/entrepreneur
/r/BusinessHub
/r/growmybusiness
/r/startups
/r/SaaS.

#5 Build a Development Team or Outsource

2. Hire freelance software engineers

This method may become pretty risky as you cannot fully control remote developers compared to an in-house team. Different time zones, cultural differences, and other factors can greatly influence the SaaS product development process and the final product quality.

If you still decide that freelance software developers are a great choice for your business, then such platforms as Upwork, Freelancer, Fiverr, and Credo will help you. They provide access to a global talent pool with both junior, senior, and team lead developers with diverse expertise and experience in most IT spheres.

These listing platforms offer an internal rating system, case studies, and client reviews that will help you better understand which candidate is a perfect match for your team.

#5 Build a Development Team or Outsource

3. Outsource software development to an IT agency

A custom software development company that has deep expertise in building SaaS products can become a great choice for your company.

1. An IT agency with solid experience in building SaaS applications is a huge boost by default as they know most of the nuances and aspects beforehand. This can greatly help you save much time and funds for SaaS application development.

2. A software development consultancy can not only build your SaaS online application but also provide consulting services that will help you change a strategy even before the development process.

3. Software development outsourcing allows you to avoid active involvement in the SaaS development process if you want to focus on building your marketing strategy or finding investors for your project.

SAAS PRODUCT TYPES

The technology market is constantly growing, and users are becoming more and more demanding of the software quality and flexibility. For these reasons, SaaS applications currently cover most of the business spheres that may benefit from the Software-as-a-Service technology.

Now let's take a look at the **most popular types of SaaS products and their examples:**

SAAS PRODUCT TYPES

SaaS e-commerce platforms

This software type allows businesses to create a cloud-based e-Commerce product with a wide range of features like inventory management, payment integration, easy-to-use checkout process. Among the top SaaS e-Commerce products are **BigCommerce, Shopify,** and **Volusion**.

Vertical SaaS

Vertical SaaS products are cloud-based software solutions that cater to a specific market niche. Simply put, these SaaS applications aim at meeting the distinct needs of users within a single industry.

The most famous vertical SaaS companies are **Veeva** (life sciences research), **HotSchedules** (restaurant management), and **ClearCare** (home care management).

SaaS collaboration tools

This type of software helps companies and teams improve communication, increase productivity, and boost a company's culture.

The most wide-spread SaaS collaboration software are **Slack, Zoom** (it has a cloud-based web version), and **Trello**.

CRM SaaS software

Cloud-based customer relationship management SaaS software allows businesses to track lead flow, contact clients, automate and boost sales whenever and wherever they are.

For sure, the most famous CRM SaaS solutions are **Salesforce, HubSpot,** and **ZenDesk**.

ERP SaaS software

Fast-growing cloud-based enterprise resource planning software provides companies with advanced features to manage their business process in real-time.

Popular ERP SaaS software includes **Odoo, Oracle ERP Cloud,** and **Scoro.**

SaaS billing software

Cloud-based billing software provides users with a payment gateway, merchant account, and subscription management platform that can also include advanced analytics features.

Best SaaS billing software includes **Stripe, Braintree,** and **Recurly.**

odoo

ORACLE®
CLOUD

Scoro

Braintree

Recurly   stripe

BENEFITS OF A SAAS BUSINESS MODEL

Let's discuss the key advantages of Software-as-a-Service that stimulate entrepreneurs and startups to build a new SaaS product and roll it to the market.

We believe these benefits will bring you closers to realizing the key steps to building a SaaS product.

1. Time and Cost Savings

The usage of cloud-based environments does not implicate your business to purchase a license as in the case of packaged software.

2. Facile Updates

The cloud environment always provides end-users with the most up-to-date version of your custom software. It means they do not need to update and install the latest version as it's done in the background.
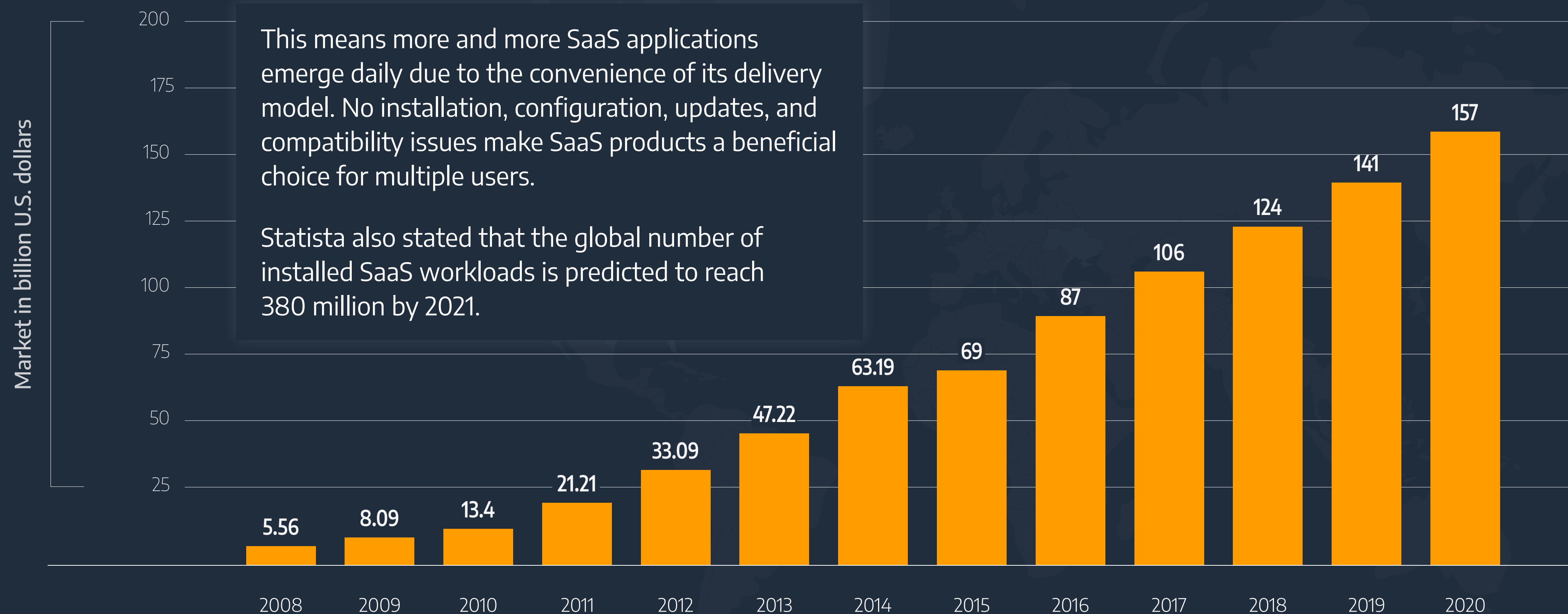
3. Recurring Revenue

SaaS technology enables you to generate recurring revenue and keep track of your monthly/yearly earnings. It becomes possible with a subscription model when your clients pay a specific fee each month or year.

TOTAL SIZE OF THE PUBLIC CLOUD SAAS MARKET FROM 2008-2020

According to Statista, the total size of the cloud Software-as-a-Service (SaaS) worldwide market reached the level of $157 million in 2020 compared to $69 billion in 2015.

This means more and more SaaS applications emerge daily due to the convenience of its delivery model. No installation, configuration, updates, and compatibility issues make SaaS products a beneficial choice for multiple users.

Statista also stated that the global number of installed SaaS workloads is predicted to reach 380 million by 2021.

Market in billion U.S. dollars

Year	Value
2008	5.56
2009	8.09
2010	13.4
2011	21.21
2012	33.09
2013	47.22
2014	63.19
2015	69
2016	87
2017	106
2018	124
2019	141
2020	157

Contact Us

Looking for a SaaS product development company that will build a top reliable and user-friendly SaaS app that your customers will love? We will be glad to help you. **Answer a few simple questions** and get a ball-park estimate.

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