FIVE ESSENTIALS FOR LEADING A SAAS SALES TEAM

These days it seems as if every technology company has a foot in the cloud — be that as a pure-play SaaS company or a traditional enterprise software company looking to extend its offering. The need for qualified SaaS sales leaders has never been greater. Yet due to the relative youth of this business model, there are comparatively few sales leaders who have come up exclusively through the SaaS pipeline. Realizing that many of today's top SaaS sales executives began their sales careers in traditional software, we set about to define the capabilities of sales leaders who are able to make the transition. Drawing on work with clients and interviews with several top SaaS sales executives, we have identified the critical skills and experiences SaaS providers should look for in their sales leaders.

1. Cross-functional expertise

Increasingly, heads of sales for SaaS-based organizations are forgoing traditional titles such as "SVP of sales" in favor of more inclusive monikers such as "chief commercial officer" or "SVP of customer success." These new titles reflect the changing nature of the sales leadership role. Unlike a traditional software sale, the full value of a SaaS customer is not realized after the initial deal is closed, but across the whole span of the relationship. While some organizations have continued to maintain separate marketing, sales and customer relations departments, many are choosing to blur the lines between those functions to increase the focus on the customer and promote fluidity of interaction between functional areas. "Companies are beginning to see revenue generation as a singular process and the better SaaS leaders can own that whole function,

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from lead creation to customer relations management," said Mark Roberge, chief revenue officer of HubSpot. Managing all aspects of the customer relationship requires a leader who is customer-focused and knows how to manage his or her cross-functional team to deliver the best service possible. Even for SaaS sales execs without formal responsibility across customer-facing functions, collaboration and coordination with departments such as marketing and customer support will be a huge responsibility, much more so than in traditional software organizations. In either case, executives transitioning from traditional software sales to SaaS sales will need to draw on past experience working across functions, and companies interviewing traditional software sales leaders for SaaS models should look for evidence that sales leaders have been effective at cross-functional collaboration.

2. Master of the data

The SaaS model affords sales leaders an extraordinary opportunity to implement and use data analytics to glean direct insight into how clients are using their product, what is working, what difficulties may need to be addressed, and how best to focus future sales efforts so as to maximize their customers' long-term value. Data analytics allow sales leaders to pinpoint problems, highlight successes and adjust strategy accordingly. "Accurate data on customer usage is a huge aspect of pinpointing customer champions and identifying relationships that need attention," said Jeff Lautenbach, chief revenue officer at hc1.com. Data analytics tools also allow sales leaders to accurately evaluate the performance of their sales representatives and can provide valuable insights into how to better motivate and train their teams. SaaS sales leaders must possess not only the technical skills to collect, access and manipulate this data, but also the intellectual horsepower to pinpoint the key metrics for their business and distill the raw data into actionable information. Further, they must possess the confidence and business acumen requisite to take swift, decisive action based on the insights they receive. Sales leaders who understand these metrics command a hefty premium. "Selling SaaS is fundamentally more analytical and it takes a leader who can see this shift and take full advantage of it for a company to really be successful," said Roberge. Leaders who have thrived in the world of traditional enterprise software sales with its gut instinct and relationship-based selling may be overwhelmed by the technicality and precision of these methods — or worse, underwhelmed and think they don't need them. Companies hoping to advance their SaaS offering need to be sure they find an executive who is experienced in data analytics.

3. Solutions-oriented and customer-focused

The operative word in SaaS is not "software," but "service." SaaS companies distinguish themselves from traditional software vendors by not just selling a product, but by providing a service — product, hosting, IT services, as well as business insights surrounding the implementation and usage of the product. As Mike Arenth, former executive vice president of customer success at Ariba, put it, "The difference between selling SaaS and selling traditional enterprise software is that with SaaS you're selling an outcome to your client instead of just selling them tools to get to the outcome themselves." This solution-oriented and customer-focused approach requires a leader who can work with customers to define exactly what they are hoping to achieve and then help them deploy the product for maximum effect. Unlike traditional software sales, SaaS sales departments maintain close customer relationships over the long term, acting not only as liaison between the company and customer, but often as confidant and quasi-business consultant — at least in regards to their

product. In fact, it is increasingly common to see executives with consulting backgrounds move into SaaS sales leadership roles, as these individuals are highly solutions-based and able to quickly insert themselves into customer organizations and creatively engage with problems that they encounter. Traditional software sales leaders intending to make the jump to a SaaS sales organization must be cognizant of this difference and be prepared for the shift in focus from short-term client acquisition to long-term client retention and development.

4. Process-focused

We found near-unanimous agreement that the speed of the sales cycle was the most difficult part of making the transition from traditional sales to SaaS sales. A traditional software sales deal can drag out over a year or more, as both parties go back and forth over needs assessments, proofs-of-concepts and package terms. The payoff for this long negotiation period, however, can be enormous, and a small number of large deals can make or break a quarter. Due to the subscription-based pricing model, in which the upfront deals are smaller and client revenue trickles in over time, SaaS leaders can ill-afford to spend all of their time concentrating on just a few big deals. Successful SaaS sales and revenue generation requires onboarding new customers as rapidly as possible and then quickly expanding their number of users to maximize revenue. For SaaS sales leaders, this means putting in the right processes, systems and teams to enable rapid acquisition and onboarding of new customers. "You really have to build velocity into your core business model," said Lautenbach, "and if you can't make that shift, you're going to have a hard time reaching your goals." Traditional software sales leaders stepping into a SaaS sales role need to be ready for this rapid "land-and-expand" model if they want the business to grow. Adjusting can prove difficult, especially for leaders who staked their traditional software sales careers on developing a handful of heavy hitters and pulling in a few flagship accounts. Organizations should be on the lookout for leaders who have experience in quick-paced sales processes or in volume-oriented sales organizations, as they are often better equipped for the transition.

5. Hiring and training for success

One of the largest responsibilities for sales leaders is building and outfitting their sales organizations with the tools and people necessary for success. SaaS sales leaders can't rely on just a few superstar salespeople; they need every single sales team member to pull his or her own weight if the business is to achieve consistent and adequate revenue growth. As Arenth explained, "A handful of elephant hunters doesn't cut it anymore. I need 12 solid months of revenue generation from all of my reps, not just one good month." Sales leaders need to find and develop sales reps who are flexible and agile enough to move fluidly between all of the stages of revenue generation — from pre-sales to customer relations management — as ownership of the whole process increasingly falls to sales teams. Recalibrating and readjusting expectations to create a SaaS-optimized team can prove difficult for sales leaders steeped in the dynamics of traditional software sales organizations. Those who have been able to make the transition surround themselves with individuals who have this broader skill-set and establish the processes and incentives to ensure that the sales team is engaged at all phases of the customer lifecycle, not just when closing the deal.

Conclusion

Successfully transitioning from traditional perpetual license enterprise software sales to SaaS sales requires sales leadership to possess new capabilities in five key areas:

- Cross-functional expertise
- Data-based decision-making
- Service and solutions focus
- Ability to adjust to the speed of SaaS sales
- Hiring and training the right sales talent

The intricacies of the SaaS model pose many challenges that traditional perpetual license sales leaders must overcome to be successful. Mastering the requisite go-to-market strategies and operational nuances of SaaS requires a sales leader who not only possesses extraordinary sales and business acumen, but who also has a firm understanding of the fundamental SaaS model. Companies planning to expand their offering into SaaS must take great care when selecting their sales leadership. Sales leaders who do not come equipped with the proper capabilities or don't understand the nuances of SaaS sales can quickly put a company in a tough financial situation. However, by evaluating candidates for sales leadership roles against the critical capabilities required for success, SaaS companies will greatly improve the odds of selecting the most effective sales leader.

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