

Today in SaaS Marketing:

WINNING IN THE NEW AGE OF SAAS

Why marketers should adopt an expansion
mindset for healthy long-term growth

FOREWORD:

An Expansion Mindset for Healthy Growth

In 2011, Marc Andreessen explained why “software will eat the world” and helped launch a new age of SaaS. He recognized that “more and more major businesses and industries are being run on software and delivered as online services,” an insight that deeply informed the business models of the tech companies prescient enough to position themselves to exploit these changes. Andreessen saw how software could transform industries and be widely delivered at a global scale, and his call to action marked the launch of a decade of intense growth: the Golden Age of SaaS.

During this period that spawned more than 25,000 SaaS companies worldwide, we saw phases of immense scaling. Some were fueled by venture capital and private equity firms (valuations tied to growth at any costs), while other emerging go-to-market (GTM) motions took hold, such as the now table stakes format of product-led growth. Through it all there was an almost-singular focus on customer acquisition.

But after more than a decade of enormous development and prosperity, the industry found itself at a crossroads last year. During this soft economic climate, flaws in GTM strategies have been exposed, customer acquisition cost (CAC) payback periods have lengthened, and it’s gotten more expensive to bring on new customers.

These changes represent a major opportunity for SaaS marketers, in partnership with sales and customer success (CS), to rethink the principles to approaching growth. It's why *Winning by Design* and LinkedIn Ads have come together to share the concept of designing an *Expansion Mindset for Healthy Growth*. You’ll find our recommendations are based on a new concept: a successful growth model should focus on doing things better across the *full* customer journey, looking beyond the CAC metric.

Our hope is that these principles offer opportunities and spark ideas that enable you to bring innovative ways of working back to your organizations. **If 2022 marked the end of the Golden Age of SaaS, then let 2023 mark the beginning of the renaissance.**



[Jacco van der Kooij](#)
Founder
Winning by Design



[Rachel Steinberg](#)
Senior Sales Manager
LinkedIn Marketing Solutions

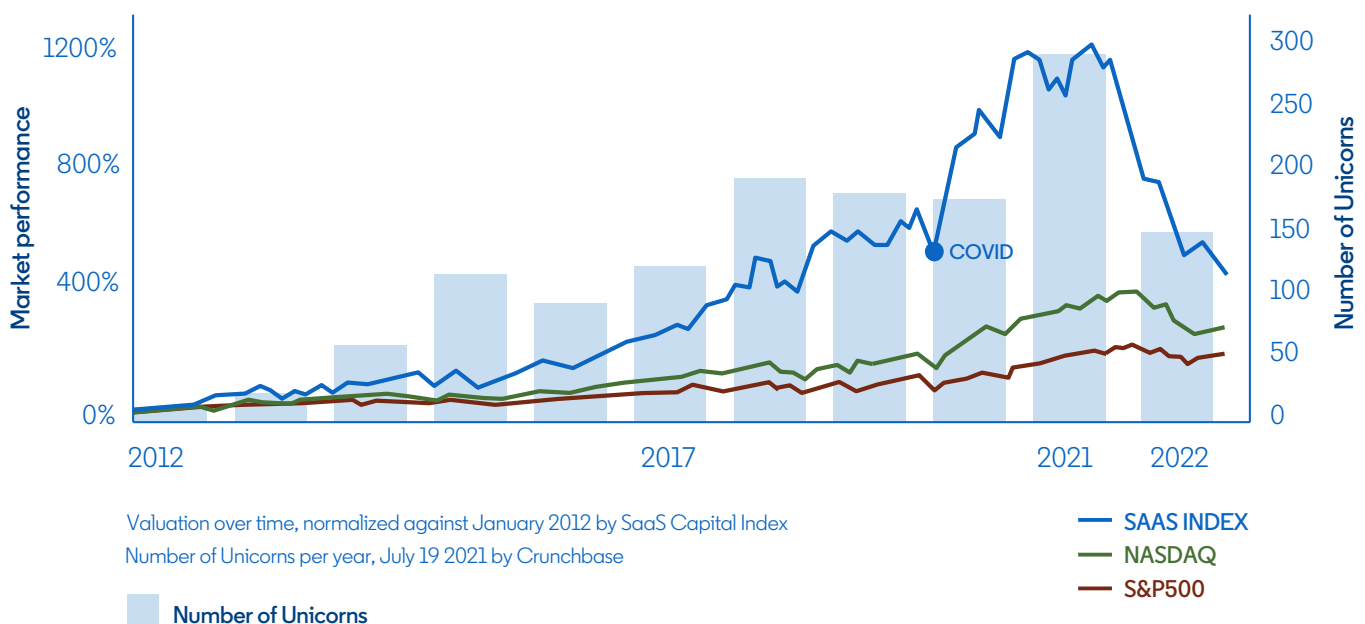
Where has the industry been?

Everyone knows the old saying “you have to spend money to make money” and SaaS businesses are no exception, with a history of investing in customer acquisition. CAC payback (how long it takes to recoup your customer acquisition costs) has become a key SaaS GTM metric with board level priority, as it can make or break the bottom line.

Marketing departments within SaaS companies were built with this in mind – optimize ad spend, creative development, and web investments for healthy CAC payback periods. Whether your company has pursued sales-led growth, product-led growth, or simply growth at any costs, your marketing organization has likely been tasked with acquiring high-quality customers at massive scale.

Over the past decade, more motions were launched, more people were hired, and more attention was paid to short-term wins centered around reducing the length of the CAC payback period. SaaS companies also began to see a precipitous increase in customer acquisition costs, while at the same time companies went public with less revenue, resulting in record declines in 2022.

The Meteoric Rise Over a Decade and the Dramatic Fall of the SaaS Market in 2022



Where should the industry go?

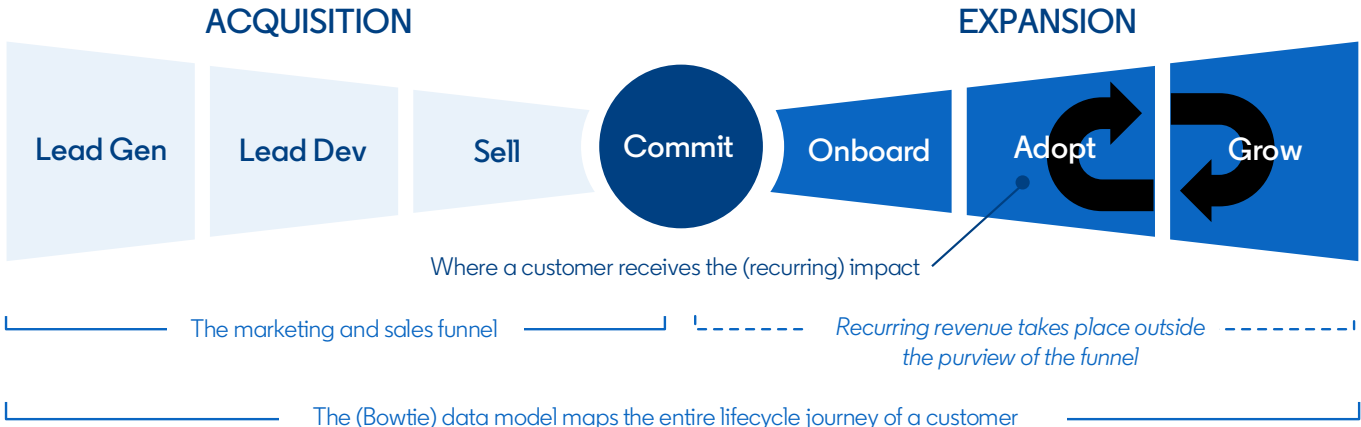
While SaaS GTM models have evolved over time, the measuring stick for marketing success has not – it's still all about CAC. Historically, the traditional marketing and sales funnel has been used to model the finding and acquiring of a customer. But this is flawed, as CAC is a single point in time metric that can fluctuate as companies grow or experiment with different GTM motions.

Given today's market, the journey a SaaS customer takes should not just cover the acquisition process, but more importantly the expansion process, where your recurring revenue comes from. A "Bowtie" model can be used here to cover two critical gaps: the *adoption* stage – where sellers ensure that customers achieve the expected impact, and then, *growth* – the critical activity of growing the business together with your customer. Together with onboarding, these additional stages create a system to generate healthy growth through recurring revenue.

Although the Bowtie captures a logical sequence over an entire lifecycle, few companies capitalize on this journey by leveraging a unified approach. At nearly every SaaS company today, critical business functions such as lead generation, sales, onboarding, adoption, and expansion typically operate in silos and within the confines of the early customer journey.

But only chasing new leads and logos no longer makes the most sense for long-term vitality. As the industry and its customers have matured, SaaS marketers must also develop a new matured approach.

Seeing the Whole Customer Lifecycle



THE ESSENTIAL NEW GTM APPROACH: Impact and Expansion

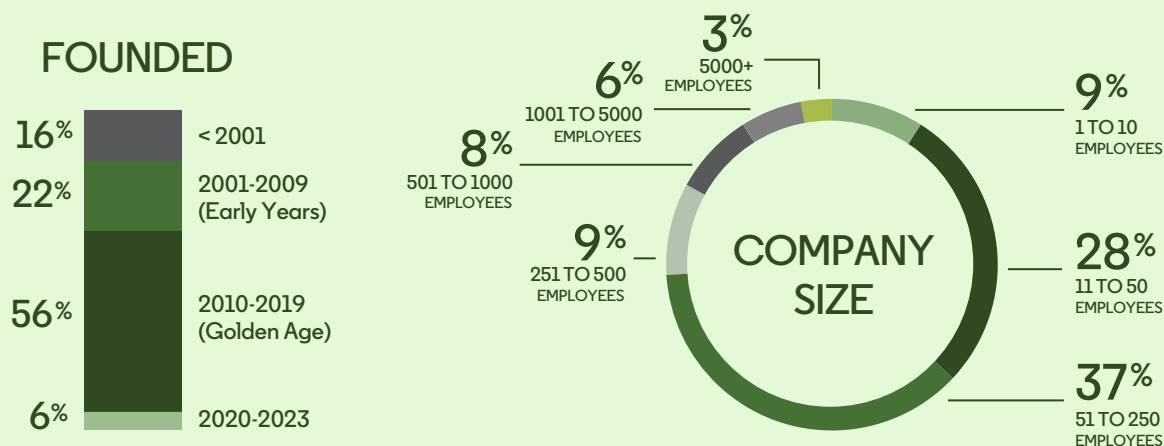
Developing a unified approach by pursuing the Bowtie model will help you break out of the confines of customer acquisition in a scalable and sustainable way. The focus will shift to deploying customer-facing resources and strategies across the entire lifecycle, which not only helps the customer acquire your products and services, but more importantly, achieve the desired impact over time. Recurring impact drives recurring revenue.

Viewing what marketing focuses on through this lens of recurring revenue means measuring success on the full customer journey – going beyond new logo acquisition to also delivering impact for your customers over time. It also means that in addition to gaining new prospects, retention and expansion become core to marketing’s strategy, which are especially important for SaaS companies to be successful in a down market.

Marketers who partner with sales and customer success to help their customers deliver impact will have an opportunity to overtake their competitors and create a sustainable marketing lifecycle. Those that don’t will have to overcome challenges in acquiring new customers sustainably, preserving their win rate, keeping current customers happy, and reducing churn.

Drive recurring impact and design healthy growth moving forward by looking beyond marketing as solely a new logo driver, and pursuing three connected principles that unite marketing, sales, and customer success.

SaaS Customers on LinkedIn, at a Glance



Three Principles For Healthy Growth

We've designed three core principles that leverage your own data and LinkedIn tools to help you get smarter about logo acquisition, support sales in an environment where the sales cycle has slowed, and explore using your current installed base and brand as tactics for growth:

1

Leverage data to lower Customer Acquisition Cost (CAC)

2

Create pipeline acceleration campaigns

3

Reallocate budgets to brand and installed base expansion

PRINCIPLE 1

Leverage data to lower CAC

Don't completely abandon marketing's role as a new logo acquisition vehicle, but consider getting more focused by leveraging your customer lifetime value (LTV) data. Healthy growth comes from learning how to win the *right* customers, which you can identify through data that you already have access to via your existing customer base. Understand which customers are most profitable and provide your greatest LTV, and leverage that knowledge to drive new logos through a refined ideal customer profile (ICP) versus a broad approach. This can help reduce CAC because you're targeting prospects you know are a good fit and will get great value from your solution.

Many SaaS marketers are doing this today *qualitatively* – leveraging sales input to understand customer health, priority verticals, and more, which is valuable but not sufficient to solely rely on, to avoid making your target account list simply a sales "wish list".

Quantitative Metrics to Refine your ICP & Buyer Personas

INTERNAL DATA

- **Firmographic data from existing agreements** - Common characteristics across your customer set (Vertical, Company Size, etc).
- **Customer lifecycle** - Signals, behaviors, or patterns that you see from high LTV customers' journey into an agreement.
- **Customer satisfaction or other account health data** - Customers that are in best standing. From a predictive perspective, strong account health and usage show signals to help predict future converting customers (or can help exclude those in poor standing).

EXTERNAL DATA

- **Technographic data** - The data on the tech stack top customers are using. Work with external vendors to identify prospects using those same applications in their tech stack.
- **Intent data** - Tools and products that can help you predict other top customers via intent signals.
- **LinkedIn data** - Job functions, Titles, Skills, Seniorities, and Product or Service interests. Consider exploring [Website Demographics](#), a free tool which provides demographic information that can be used to develop a more focused and effective marketing strategy.

58x
ROI

Case in point

Monte Carlo turned to LinkedIn to find “surgically precise” leads with the right tech stack in place, generating **58x ROI on influenced opportunities created**.

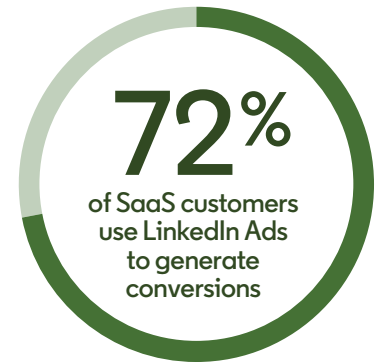
LinkedIn Checklist for Leveraging LTV

- ✓ Using Matched Audiences features, upload Company Targeting and Contact Targeting data. Exclude current customers and create a similar audience leveraging demographic data and/or lookalikes. Use this information to continue marketing directly to customer accounts, continuously strengthening the relationship.
- ✓ Develop content based on win rates – what has resonated previously with top customers or those that became customers quickly? Leverage our reporting and analytics to understand what content drove the most engagement.
- ✓ Drive engagement in-feed with Sponsored Content, and retarget and nurture through Document Ads and Conversation Ads.

PRINCIPLE 2

Create pipeline acceleration campaigns

Focus on pipeline acceleration as another way to get more efficient with new customer acquisition – advance both prospect and upsell opportunities and increase pipeline velocity. Healthy growth in this context means helping find the warmest leads in your pipeline (net new and upsell) and speeding time to close. Consider these LinkedIn tools to accelerate sales and customer success pipeline.



Pipeline Acceleration Checklist

IDENTIFY AND EXPAND THE ICP

- Clarify the structure and makeup of buying committees for prospects; partner with sales to regularly update pipeline tracking tools.
- Extend messaging to the entire buying committee – senior decision makers and adjacent cross-functional groups – to increase awareness among those who can influence the deal’s completion.
- Develop content designed to speak specifically to interests, pain points, objections, or previous pipeline challenges.

ACTIVATE AND ADVANCE OPPORTUNITIES

- Adopt features like Company Targeting to help sales move deals through the pipeline by targeting (the increasingly large) buying committees at companies with open opportunities.
- Use Matched Audiences, Retargeting, and Sales Navigator features to share lead information between marketing and sales teams.

- ☑ Share high-impact upsell opportunities with the sales team for customized reach out.
- ☑ Refine the impact with LinkedIn's Company Engagement Report, which highlights how frequently and widely LinkedIn campaigns are reaching key accounts, and how that translates into engagement and website visits.
- ☑ Nurture through impactful products including Document Ads and Conversation Ads that give greater insight into what will interest buyers, and target your messaging accordingly.

\$1.2M
pipeline
generated

Case in point

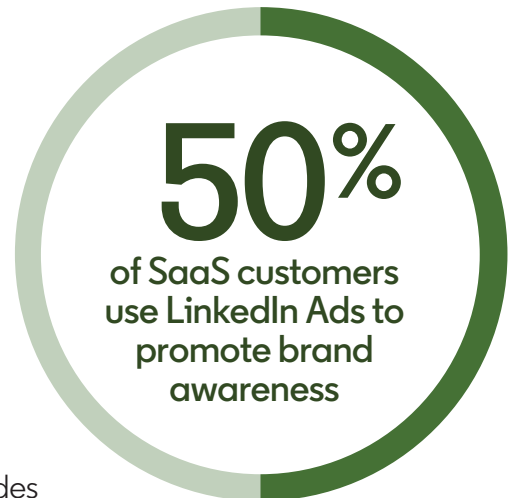
Vivun leveraged LinkedIn's targeting capabilities to clearly define their ICPs and buying committees. They then honed their ABM strategy to target previously engaged and hard-to-reach accounts, resulting in **\$1.2M of LinkedIn-attributed pipeline.**

PRINCIPLE 3

Reallocate budgets to brand and installed base expansion

In this difficult and complex economic climate, many companies have cut or greatly reduced marketing budgets, putting a spotlight on dollars in versus dollars out and maximizing ROI. There's greater focus than ever on investments, with more stakeholders such as the CFO involved in budget allocations. With that can come pressure to see results on marketing campaigns right away, and specifically within SaaS, a collection of new logos and high-profile prospects.

But as [research](#) from LinkedIn's B2B Institute shows, typically 95% of prospective buyers that marketing reaches are out-of-market and won't buy for months or even years. This 95:5 rule guides marketers to put an emphasis on making an impact long-term, not short-term. In a downturn, this pattern becomes even more pronounced as companies may cut costs to manage margins, reducing the number of buyers in-market, and economic demand shifts to future buyers.



THIS PROVIDES TWO OPPORTUNITIES:

1. Invest in brand

Brand building primes future buyers long before they enter the market and boosts short-term sales too, but organizations tend to overinvest in short-term sales activations and underinvest in brand. With fewer buyers in-market, the pool of leads has contracted, so instead of serving messages like “act now” to many prospects that can’t, double down on *memory generation* and invest in effective brand advertising that increases future demand from future buyers.

As [Peter Field correctly observed](#), “brand advertising is not about profiting in recession, it is about capitalizing on recovery.” When buyers re-enter the market, it’s likely that the most memorable B2B brands will end up capturing the majority of sales. Be confident your brand messages will resonate on LinkedIn by leveraging LinkedIn’s advanced professional targeting parameters as well as impactful in-feed [Sponsored Content](#).

LinkedIn Brand Marketing Best Practices

- Ensure your company's [LinkedIn Page](#) is up-to-date with your latest content by posting regularly and leveraging tools including newsletters, events, videos, and showcasing the impact your products and services provide.
- Leverage free monitoring insights to help you develop content that will specifically speak to your target audience's interests, like the [Insight Tag](#) and [Audience Insights](#) hub.
 - Using these features as well as [Product Pages](#) for two-way communication are valuable data points that can be communicated back to product, sales, CS and more – a foundation for data-driven decisions.
- If you have limited opportunity to create new content, maximize effectiveness by repurposing existing creative that customers remembered and recognized.
- Promote directly to targeted feeds with [Sponsored Content](#). [Retarget](#) audience members who interacted with initial campaigns and leverage [lookalikes](#).
- Monitor and optimize thought leadership campaigns based on performance and audience data using [Website Demographics](#).

2. Shift from acquisition only to being a driver of upsells and cross-sells

The most critical way to grow existing customer relationships is through upselling, a strategy that should not be underestimated, as acquiring new customers can be much more expensive than selling to existing ones. After all, the success rate of selling to a customer you already have is up to 70%, while the success rate of selling to a new customer is 5-20%.

Improve customer retention and upsell potential with LinkedIn's ABM solutions, as you can nurture existing customer relationships and promote the benefits of your solution to your broad base of users on an ongoing basis. The first principle's ICP refinement best practices can also be leveraged in an installed base expansion ABM approach.

Installed Base Expansion Checklist

GAIN A DEEP UNDERSTANDING

- Know your customers' pain points, decision makers, buying committee structures, the impact they want, and the possible objections.
- Extend messaging to senior decision makers and adjacent cross-functional groups, increasing awareness among those who can influence the deal's completion.
- Have sales receive automated notifications from marketing funnel completion/retargeting, allowing them to reach out with the most information possible.
- Refine the impact with LinkedIn's [Company Engagement Report](#).

ALIGN & COORDINATE

- Have the sales team regularly update information on existing accounts, providing you with the most up-to-date understanding of every account's situation.
- Use [Matched Audiences](#) features including [Company Targeting](#), [Contact Targeting](#), and [Retargeting](#).
- Share lead and company targeting data with CS to add new stakeholders to account teams, helping further to determine the right stakeholders and strategically account map.
- Reinforce key value propositions and warm new members of the buying committee, improving CS' chances to advance active expansion opportunities.
- Partner with Sales on [Sales Navigator](#) features to share lead information between marketing and sales teams.

+40%
cost-per-lead
efficiency

Case in point

[BambooHR](#) implemented a four-tiered approach including thought leadership and retargeting that **increased cost-per-lead efficiency by over 40%**.

2023: The Moment for Healthy Growth

SaaS has prospered over the past 20 years. Born during the dot-com years, it advanced during the housing crisis, and with the advent of the pandemic, SaaS reached a higher level of maturity. During each moment it faced, SaaS has not only thrived, it has flourished as it's evolved from one state to another while dealing with a shifting landscape.

While the evolution continues, SaaS marketing strategies need to do the same, they must help the industry embrace a new way of thinking: an *Expansion Mindset*. Focusing on expansion via healthy customers, pipeline opportunities, and new strategies such as brand and growth from current installed base will simultaneously combat rising CACs, reduce emphasis on new logos only, and drive greater collaboration and partnership with sales and CS.

By applying the three principles with a focus on impact, we not only find healthy growth, but also find new ways of working that allow SaaS organizations to make better decisions in the renaissance to come. SaaS marketers: can you transform yourselves once again?

LinkedIn Ads

Winning
by Design