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Lessons on Scaling Enterprise SaaS Companies Globally

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TECHNOLOGY

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Introduction from

Andrew Parker

There's nothing like growing a SaaS business at pace. It's a world of constant challenge and change. Having to think strategically while putting out fires. Building high-performing teams and developing products while controlling spending. Acquiring new customers while keeping existing customers satisfied. Keeping investors onboard with the vision while you wait for growth to kick-in.

Even once you've achieved that elusive product-market fit and accelerated growth in your home market, the challenges of international expansion come. Should you sell into foreign markets remotely to test the waters? How many people do you need on the ground? Do you partner with a local company or set up your own operation?

Your life is frustrating and addictive and maddening and amazing – all at once. You can end up going bust, or you can end up changing the world. It's no wonder so many SaaS founders and execs keep returning after exiting. There's nothing quite so exhilarating in the modern business world.

Of course, scaling a SaaS business is fraught with difficulties. It takes some founders multiple attempts with multiple startups to achieve breakout growth. And with high-interest rates making investors ever more selective, it's never been more complicated than it is today. As one of our guests in this magazine puts it: "It was already very complex, and now that's even more true than before."

Even when you're successful, that's when the real work begins. When a company goes from generating annual revenue of $5 million to reaching $20 million, from $20 million to $50 million, and from there to $100 million and more, the challenges themselves change and become more complex – as do the company's talent needs. That's why we've put together this Insights issue – to delve deeply into the most significant challenges and common pitfalls of scaling a SaaS business. We wanted to uncover some common denominators of success from people who've done it themselves. And to find out how they dealt with some of the personal challenges of scaling a SaaS business and taking it into new markets.

What are the differences between buyers in Europe and the US? What are the challenges of recruiting top talent in foreign markets? What attributes should you search for when building high-performing teams? How do you build a compelling employee value proposition in a market where no one's ahead of you? For the answers to all these questions and more, we've interviewed four experienced SaaS leaders from the US and Europe to get their hard-won insights and advice. In this issue, you'll hear from:

- John Appleby, CEO of automated SAP Ops platform Avantra, on the cultural nuances and pitfalls of selling technology in the US and his personal insights on rising to the challenge of becoming a SaaS CEO.

- Guillaume Garreau, COO of early-stage European SaaS investor Hammer Team, on the psychological aspects of scaling a SaaS business, based on his experience supporting dozens of young startups.

- Sameer Kazi, President of ActiveCampaign, discusses what he learned from growing a SaaS company to a successful IPO and leading a leveraged buyout of another company that was hundreds of millions of dollars in debt with shrinking revenues. You learn a lot about yourself under that kind of pressure and Sameer reveals what that was for our readers.

- Lawrence Whittle, President of Verana Health, on why "Patience" and "Pragmatism" are the two most essential words in the SaaS scale-up executive's lexicon and what he sees as the four key attributes you need when hiring talent for high-performing scale-up teams.

This issue of Insight is packed full of important lessons learned in the US, Europe, and the UK about how to solve the common people, process, and product challenges of scaling and international expansion, how to develop as a leader while constantly overcoming new obstacles, and how to avoid burnout while doing it.

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The Psychology of Managing Change While Scaling a SaaS Business

A discussion with Guillaume Garreau

COO OF HAMMER TEAM, EARLY-STAGE INVESTOR IN EUROPEAN SAAS COMPANIES

Hammer Team is the software startup fund of founder Ariel Lüdi. It supports early-stage B2B software solution companies. Since joining in 2016 as COO, Guillaume Garreau has worked with and actively supported many early-stage SaaS firms, including Oxial, Beekeeper, Scandit, and Archilogic.

It all grew out of the experience of working for SAP Hybris, as Guillaume explains: "It started off from the success we had particularly at Hybris and understanding the scale-up journey, the setbacks, what it takes to go international, and what it takes to create a great team and culture."

The value Hammer Team brings to early-stage SaaS companies

Guillaume talks a lot about the importance of a great team and a great culture, and about the psychology behind many of the business decisions needed to grow a SaaS company successfully. This deep understanding of the psychological challenges is a big part of the value Guillaume and the rest of the team at Hammer bring to the SaaS startups and scaleups in their portfolio.

As Guillaume explains: "We do help them by providing capital but more important is the expertise we bring to their journey, from go-to-market strategy and finding product-market fit to scaling a sales organisation. Even more valuable than that is our experience in the operations that sit behind that, such as HR and recruitment, legal, finance. These are all areas where tech founders tend to have little to no experience."

According to Guillaume, the Hammer team often focus on advising tech founders on what doesn't work – the common mistakes to avoid – as well as leveraging the experience of other experts in their network. All with the goal of helping them solve their challenges faster than they could on their own.

Why is it that Guillaume so often ends up jumping into an operational role in many of these startups? .

With a chuckle, he describes himself as a Swiss Army Knife – or jack of all trades – for early-stage SaaS companies because of the variety of functions he has supported. "Usually it's because you have a setup where the company is missing one of the key functions or key leaders," he explains. "You usually have someone more commercially oriented as the founder. You have a technology leader. Maybe a second person on product leadership. But usually, they're missing someone for operations. Or maybe a commercial leader. So if they need support, I just jump in."

The problem of "quiet quitting" SaaS customers

One of the most intriguing ideas Guillaume explores in our conversation is why it's so important to embed customer centricity into a SaaS firm in the early days of growth, as well as later when they look to expand internationally.

"Keeping customer-centric is vital as you grow, not least because this is a very competitive marketplace," Guillaume says. "You must make customer centricity part of your culture. Ask yourself, is this core to your company? Is it a shared value?"

For Guillaume, companies should almost be paranoid about customer success – "in a good way". That's because it's so easy to switch cloud-based providers today for most business functions that companies will do it when it comes time to renew the contract.

Significantly, they'll often do it without warning and without complaining first, so you may have no idea that the customer is unhappy. Guillaume likens this to the phenomenon of employees quiet quitting. Just as employees who feel unfulfilled or frustrated will often leave a company without saying anything, the same is now increasingly true of SaaS customers.

"The customers that are quiet quitting, you don't see them," he says. "They don't complain. They don't call you for the things that aren't working or new requests. They're probably already quitting you."

How to keep customers happy when growing

How can SaaS firms avoid this problem? The solutions for Guillaume are threefold. First, make someone on the leadership team accountable for customer success. "Who is doing this?" he says. "Is it Customer Success? Is it Sales? Is it someone on the technical side? Whoever it is, you must work it out and make this clear."

Second, embed the concept into the company culture. "You need to foster knowledge sharing within the organisation about customers. For example, how do they use your product? What do they do? How are they successful?"

Guillaume cites the example of portfolio company Beekeeper, where "we tried to promote that every employee should go and spend a day with a customer. That was a great way to increase customer satisfaction and reduce churn."

> *If the customer doesn't get what they were promised by sales, you can be sure that they're not going to renew the following year.*

Third, take customer engagement seriously and build relationships throughout the company at every level. "What's your engagement with your customer from closing the deal to implementing to monitoring their adoption or usage?" Guillaume says.

"It's great you acquired this customer. But if on the first day the honeymoon is over and the customer doesn't get what they were promised by sales, you can be sure that they're not going to renew the following year."

Guillaume uses the example of Hammer's recent experience as a software buyer to illustrate what he means. "Recently we purchased some software where there was some work to do in implementation. We dealt with different teams who had no clue who we are and didn't know why we decided to purchase that software. When that happens it feels like it's a different company. Already from the first day of implementation it feels like it's not going to work."

In the enterprise world it's especially important to build relationships "at the right level", Guillaume adds, because that's how you get to really understand the customer, understand their business needs and technical needs, and understand how well you're meeting them. This could mean building relationships in the C-suite. It might mean building relationships with internal sponsors or champions within the enterprise.

"Talent is the anchor of success"

Having touched on the importance of talent, Guillaume is very eloquent on this point: "Acquiring talent and building a high performing organisation is a key source of success and it's probably the number one reason for success in technology startups because, at the end of the day, you need these people to build the product, to market that product, to sell that product, etc. Talent is the anchor of success."

> *You need to have a robust talent acquisition machine from sourcing to onboarding.*

The SaaS companies that succeed when scaling are those that are able to hire more of the right people, Guillaume insists. And how do they achieve this? By refusing to compromise on the quality of those people.

"For this, you need to have a robust talent acquisition machine from sourcing to onboarding and really think it through," he says. "There might be companies, organisations that are good at finding people, but that doesn't mean these are great people or that great people are able to really flourish as they onboard. You really need to get all of these steps together because it's about attracting, it's about getting them to perform, and also about retaining them. It's the entire cycle."

How to attract top talent

Having identified the importance of talent and how challenging it can be to find the right people, what's the solution? Having had a lot of experience supporting portfolio companies on talent acquisition, Guillaume has some powerful advice to share.

His first point is to use referrals from existing employees to find new talent. Great employees usually have strong networks and know other great people, so this can be a fast and inexpensive method to use – especially in the early days of scaling when the team remains small.

> *Why would I want to make a bold move and leave the current job I have to go to your scaleup that nobody knows in my country?*

When growing internationally, Guillaume stresses the importance of employer branding and a strong employee value proposition. This is especially important when you are a small SaaS company that people haven't heard of yet.

"As a talented person, why would I want to make a bold move and leave the current job I have to go to your scaleup that nobody knows in my country? You're going to have to invest a lot in employer branding."

Guillaume suggests several key questions a company should ask to put itself in the shoes of a potential new employee: "What's your proposition? What's the culture? What would I gain from joining your organisation? How would I grow personally and professionally? Will I learn a lot? How motivating is the opportunity?"

Don't forget the importance of onboarding

Guillaume goes on to stress the importance of onboarding new talent when growing. He talks from experience about setting up a new company in a market – the US, say – where you hire the first 10 people. Then a couple leave and that unbalances the company, so another two or three people leave, and suddenly half of your employees are gone.

> *The first day at the job is crucial to whether or not they're going to go home depressed and tell their partner they made a big mistake, or whether they'll say this is going to be a great experience.*

"You know we had a team where this happened. Things were working, but then some people left and it spread like fire, and suddenly 8 out of 10 were gone and we had to rethink the talent strategy completely."

His advice is to have a very robust onboarding process that starts early: "I always say to my teams, your new starter's first day at the job is crucial to whether or not they're going to go home depressed and tell their partner they made a big mistake, or whether they'll say this is going to be a great experience."

For Guillaume, companies must ensure that their new employees hit the ground running and are able to shine early. This makes them happy and increases their engagement, creating a positive feedback loop that's good for the whole company.

Culture is the second most important success factor

Talent alone is not enough to ensure success, and this is where having a strong company culture comes in. "It's not easy," Guillaume says, "but it is the second key element for success."

Your people need to be clear about what behaviours to adopt, and to recognise themselves in the organisation. If they feel like this, they are more likely to go the extra mile when you need them to, Guillaume asserts – "especially when there are setbacks." Part of this boils down to being clear as a founding team what your culture is, and then hiring for that and communicating it clearly at every stage of growth.

You need to build a strong culture and strong management muscle to scale successfully.

Of course, this only becomes more challenging as the company grows. As Guillaume says, "as you start growing above your first 40 or 50 people you also need to build strong management muscle in those middle layers; good managers who can live the culture and are there to lead, to guide their team, to have accountability and to have empathy."

Why are managers so important? To Guillaume, the answer is obvious: "People stay or leave because of managers, so it's crucial to build that strong culture and then the strong management muscle. You need both of these to scale successfully."

Mentality and cultural differences between the US and Europe

Speaking of culture, Guillaume has a lot of experience of growing companies across Europe and of scaling European companies in other markets. What are the cultural differences and similarities Guillaume sees between company founders and investors in Europe and the United States?

"US founders are a bit bolder from the get-go. More fearless, more aggressive in their businesses," he says. "They plan what they're going to solve in the market, how they're going to address the market in their expansion."

By comparison, he says European founders tend to be "less ambitious" at the start, positioning themselves more in terms of where their product is at that moment rather than their vision of where they want it to be.

"This is especially true when it comes to pricing. A European entrepreneur will typically reduce the value they can get from their product by being more mindful of price, whereas the typical US entrepreneur has an awareness of what they see as the value of their product, and they stand by that."

When it comes to investors, Guillaume sees more similarities and fewer differences now compared to a decade or so ago: "It used to be that a lot of tech startups needed to go and look for US investors to realise their ambitions and grow bigger. Now, there are a lot of very strong European investors and VCs and founders can now find support to go big in Europe."

That said, he does see one interesting difference, which is that European investors tend to get more hands-on with their portfolio companies – although he does admit he might be influenced here by the fact that Hammer focuses on early-stage companies at series-A to series-C.

Whatever differences in ambition and outlook there are with founders, Guillaume puts down to broader culture and education. "Not all US startups are successful and there have been several downturns in the market, but the US mentality and spirit is that everybody can become successful. Maybe we're just more realistic in Europe, but founders here will typically get a lot more people telling them they're not going to be successful and that they need to be cautious. So maybe there is something here holding them back, psychologically."

Do any of these differences pose challenges for international expansion? Guillaume pauses and thinks about that point before responding.

"Internationalisation is definitely complex," he says. "I worked for large American companies in my early career and I could see there how some of them struggled entering Europe or trying to grow in Europe and not always understanding the differences in the different countries."

Although understanding the nuances of selling product into different cultures in different countries is a significant challenge, it may not be the biggest. This, Guillaume thinks, could be the much more immediate and practical question of where to invest first. »

You need to understand that market deeply – and if you think you can do that remotely, well good luck!

Should a business invest in marketing first? Or in hiring local talent to run the business or sell the product?

"There is no one-size-fits-all solution here," he says, though he does have some advice.

His first suggestion is to understand how relevant your product is for any new market you seek to enter. Just as you wanted to find product-market fit in your first market, so you need to do that again. If you need to adapt your product to the market, it's important to focus first on those adaptations that will have the biggest impact.

His next suggestion is extremely practical. Just as he advises sourcing talent from existing employees, so does it make sense for a company to generate its first revenue in a new market from within its existing customer base.

"If you have a customer with a presence in multiple counties, this is a great way to enter a new country – by offering them local support there or getting referrals from them in that country. Never underestimate the power of word of mouth when you're getting started."

From there, he suggests creating inbound demand from a new market that you can support from your existing countries before entering physically. That way, you can test demand and build a customer base at much lower cost and lower risk while you understand how much potential demand is there.

But doesn't this mean you could just continue to service multiple markets from a single base to keep costs down? That may be possible, Guillaume admits, but to grow in a new country you need to really commit to it: "It's important to ensure that you have a leader in your business who's fully dedicated to a new market because real growth won't happen overnight. You need to understand that market deeply – and if you think you can do that remotely, well good luck!"

Dealing with the personal challenges of growing a SaaS business

The psychology of success is something Guillaume hints at frequently in his advice. Turning to the psychological challenges that face company founders, what are his views on what these are and how best to deal with them?

"One of the key lessons from growth is that you need different types of leaders at different stages of a company. Those driven entrepreneurs who are right for growing a business to revenues of $10 million a year might not be the same people you need to take it to $100 million or beyond," Guillaume says, adding that the changing leadership needs of a growing business can often become a great source of friction within teams.

> *Often the biggest leadership challenge is having leaders recognise where they are at. Some will grow and mature, but others might not.*

"Often the biggest leadership challenge is having leaders recognise where they are at," he says. "Some will grow and mature. Some will be able to grow their leadership skills and communication and all that is required to continue the journey. But others might not."

This has been a very common experience with Hammer's portfolio companies. In fact, as Guillaume says: "If I look at all the companies we've helped in one way or another, I don't think there are many where you didn't have a change in the initial leadership team," he says. "And, depending how it's accepted, depending how it's taken, how it's practically discussed, it can be more or less painful for the business."

This must be a bitter pill for many to take. Do founders often have trouble adapting to this reality and stepping aside?

"We face this often. Sometimes we've had to make the leader recognise the situation. Sometimes they accepted it, sometimes they did not. It just takes time for everyone to see when this change is needed and to get the group to accept that and put it in place." »

> *If I look at all the companies we've helped in one way or another I don't think there are many where you didn't have a change in the initial leadership team.*

How does Guillaume deal with this challenge? "We need to help founders recognise where they are, whether they're still a fit for that leadership role, whether they still have the will, the fearless spirit, the humility. Or is it time to bring in somebody else and refocus on something they're better at – potentially going back to entrepreneurship?"

What does the future hold for Hammer and the SaaS startup scene?

When asked about the future for Hammer and its portfolio companies, Guillaume responds that the current global economic uncertainty is top of mind. It might take years for VC financing to return to stability, so companies must look to whether they have enough cash to weather the storm and keep going.

"Many leaders struggle at the moment to think about how to navigate this. Do I press on the gas pedal or not? Do I invest for growth or focus on preserving cash? It was already very complex and now that's even more true than before."

> *In some types of roles, people will not be ready to risk changing jobs. So you have to do even more to attract them.*

Beyond the financial challenges, Guillaume then points to the importance of attracting and retaining talent: "It's different than it was a year ago, but it's still complex because in some types of roles, people will not be ready to risk changing job. So you have to do even more to attract them."

The last big challenge he sees is the need to continue to adapt to technology changes. "As with the recent big push on AI, yes, there's a lot of fuss, but you need to look at it. How can it help you? What are the potential risks? How will it affect your organisation and how can you embed it? It's important not to miss out on new technology." Through all the ups and downs ahead, Guillaume is motivated by his personal philosophy:

"I play to win," he says. "Bring it on. I'm here for the competition and to finish the race."

With that comes a preference for directness and transparency: "We always advise founders: no bullshit, no politics. It's poison for an organisation. Honest and open conversations may cause tension, but this is usually far healthier than political scheming. That's Ariel's philosophy too."

He also believes in the importance of making hard decisions and following them through. As well as the hard reality of how long success takes to achieve:

"It's going to take 10 years at least to build that success story that you're looking for. Are you ready for that? Are you ready for 10 years of hard work and up and downs? This is something I try to instil in leadership teams because it's important to be realistic."

How to be at the Leading Edge in Enterprise Software

Lessons in transformational leadership from John Appleby
CEO OF AVANTRA

When John Appleby became Chief Executive Officer of automated SAP Ops platform Avantra, it was an IT services company with a different name and John had never been a CEO before. Now, Avantra is a SaaS company and John has the air of a seasoned pro:

"I was talking recently with an analyst at the one of the banks that I've known for a while, and he said, 'My God, you're talking like a CEO!' Well, that's just how it is. You have to learn the language of investors, and there's no one else in the company who thinks the way you have to."

Since becoming CEO in February 2020, John has led Avantra through a rebrand which involved not just a change of name, but an evolution from services to software. He's built a scalable and repeatable B2B sales process, learned how to build more effective leadership teams, and found out how much he loves software.

An odd admission from a person who worked in senior roles at SAP for several years, but John insists that steering Avantra through its transformation to a SaaS company opened his eyes. "I was a software exec at SAP, so I did have some idea of it, but I'm not sure I'd fully understood," he confesses.

"In a software business, you need to focus on having a great product, a secure product, a product that customers are excited to have," he adds. "But that then scales and the same product will work for many customers. In services, once people are assigned to a project or a customer, they're gone, they're consumed. And so, from a personal perspective, the shift to software was surprisingly fresh to me and I can't imagine going back now."

Successful strategy should be simple

What were the key strategies that contributed to Avantra's success? When asked, John doesn't miss a beat:

"Strategies are simple when done well, so there are three simple things we've done that are important," he says, before going on to list them as: having a differentiated product with a clear benefit to customers; investing heavily in the customer experience to optimise customer satisfaction and retention; and having an effective "go-to-market machine".

And the key milestones in Avantra's success? Again, John lists three. The first was to complete the shift from providing services to becoming a Software-as-a-Service (SaaS) product with recurring revenues. The second was to change the brand. "Not a decision you should take lightly," John says, "but it was really important to us to come up with something that helped communicate our new direction and who we were, as well as being easy to remember."

The third key milestone was putting a smaller, leaner executive team in place. "That's something we didn't get right in the first iteration. We had too many people, we reduced it, and I think it works much better as a smaller team," John says.

Key challenges of moving from services to software

When asked what the key challenges had been when moving from a services business to a SaaS business, John's answer is surprising. Bringing people along for the change wasn't too big a deal, in his view. Out of the dozen managed services employees at the company, some were passionate about services and went to work for other services businesses "which are generally customers of ours". Several stayed on to take new roles at Avantra, which would leverage their valuable experience – particularly the newly-created roles of SAP Engineering, "the people who create the use cases and work with the development team", and Customer Services Manager, "our lead individual in a customer to help them deploy, expand, etc."

In short, from a people perspective, the move "worked pretty well," John says. For him, a far bigger challenge was that of setting up a net new business sales machine. »

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"That's probably been the hardest thing – especially for a product which is deep tech. The people that use our product don't have budget. So you've really got to understand the different stakeholders and we've now done that and it's great. And we have a machine for that," he adds.

The pros and cons of becoming a CEO for the first time

Becoming a CEO for the first time can be a daunting prospect for anyone, even though, as John says, he'd already been a senior executive at SAP for two years prior to taking the role. But being a CEO is different. You have to think differently, and you can't always confide in your team.

"Part of the job of CEO is to be a year ahead of where everyone else is thinking from a strategy perspective and then you have to help them understand where the business is going," he says. "So you have to be thinking about things that you can't talk to other execs about in the business because it impacts them."

> *You have to learn to be fluent when talking to investors and the board. There isn't a school for it.*

While CEOs often turn to non-exec directors, mentors, or even their partners to help relieve this pressure, it can still be lonely, John adds.

The second big challenge of becoming a CEO for the first time is learning the language of investors: "You're thinking recurring revenue, EBITDA, cashflow. You're thinking valuation metrics and that's where you live your life. And no other exec in the business lives their life that way. The CEO's thinking about all of those things across the business and how they communicate with investors. And as a first time CEO, I didn't have any of that language or that experience. You have to learn that and be fluent when talking to investors and talking to the board. There isn't a school for it."

How to be successful in the US market

In 2016, John moved from the UK to the US. While this was partly for personal reasons, he was also frustrated with the UK SAP market and craved a more dynamic environment:

"The UK enterprise software market is very conservative. They tend to follow rather than lead. I wanted to do innovative things. I wanted to be on the leading edge. We had this this new SAP product, SAP HANA and they weren't deploying it in the UK, so there was an opportunity to build a business there. And Rob Enslin – now CEO at UIPath, but at that time the President of SAP – said can you please come to the US and build a practice."

That invitation was all John needed to make his move, and over the last few years, he's learned a lot about what it takes to succeed in the US market. As he puts it:

"As a Brit, you tend to think of America as being homogeneous and you tend to think of Americans as being pretty unsubtle. And that's all wrong. It's extremely heterogeneous, and Americans are extremely subtle, much more subtle, by the way, than English people. Even though they appear brash, they're extremely subtle and in many cases sensitive."

The culture in Boston is different to New York, he adds, and both are very different to DC, San Francisco, Dallas, or Chicago. "You need to behave differently, wear different things, and be culturally sensitive in all these places. Because they're not the same."

> *If you try to treat US employees in a European way, they hate it.*

He also points out that the difference in hiring practices makes the talent market difficult to navigate for outsiders. "People expect to be treated differently there than they would in Europe, for example. All the benefits that you get in EMEA, they don't exist. If you try and treat them in a European way, they hate it. You have to be open to that."

When SAP opened its US business, one of the best things they did was to make it an American business. "SAP America looks and feels like a US software business. You don't feel like you're working for a European company, and that was key," John says. "Because, you know, a lot of people have tried to do that and they fail." »

The US is significantly more business metric-centric

When trying to make a sale in the US, the business case has to come first before the technology, John explains. This is different to other markets – Germany, for example – where buyers will tend to go through a checklist of features they want the product to have. “In the US, it’s significantly more business metric-centric. You sell the business case first, features second.”

In the early days of building the SAP business in the US, it was important for John to be physically present in the country, he believes, “because it was easier for me to get to the customers and see them and look them in the eye.” At the same time, “I’m generalising, but Americans love supporting the underdog. So if you can convince them that you've got good product and that they can trust you, they'll buy from a smaller vendor.”

How to keep existing customers happy when scaling

As any experienced SaaS executive knows, selling the product is one thing, but keeping those customers happy and retaining them while also having to focus on growth can be tricky. Does John have any tips for this?

The first point he makes is how seriously he takes it: “Customer retention in software is so important. If you can get into the high 90s of gross revenue retention, growing the business becomes so much easier.”

But how does he do that at Avantra?

“We manage our JIRA backlog really carefully at the engineering level. We then feed that in through product managers that talk to the customers.”

You need to hear your customer stories, to hear the truth from the customer perspective.

Avantra also has an internal ideas website for customers to submit new ideas, “and then we’ve got the customer service managers that hand hold the customers on the implementation. And if there are any things that need to be done then they can help get involved.”

Focusing on retention is an investment that every CEO should make, John insists, while the customer officer responsible for retention or customer relationships “should be at the leadership table – because you need to hear those customer stories, to hear the truth from the customer perspective.”

He adds: “Every software has problems. That's a given. The question is, how do you deal with those problems and how do people feel once the problem has been resolved?”

Evolving a product while growing

One of the ways to help keep customers happy is to keep evolving the product in line with their feedback. Avantra has only recently got to the point where it can start to do this, as John explains that they've been evolving the product according to an internal vision.

This includes going from an SAP monitoring product to one which automates and manages the entire SAP environment, thereby eliminating the need to employ people doing repetitive low-value tasks. It would also help deal with the problem that more skilled SAP technicians are retiring each year and not being replaced.

Avantra has also invested hugely into beefing up cyber security. As John explains: “We put in product management processes, code review processes. We scaled the engineering team. We really professionalised that department from a three out of 10 to a 10 out of 10. Are we perfect? No – but we’re constantly reviewing it, conducting PEN tests, and we’re ISO 27001 compliant. You don’t get complacent when it comes to security!”

Biggest financial challenges of scaling

As a growing private equity-backed software company, Avantra has its share of financial challenges. Although John is clear that their key investor Synova has always been “very supportive”, more small business “are killed by cashflow problems than anything else.”

The result is that he and his team are “always thinking” about cashflow, profitability, and revenue growth. “We focus on a small number of key priorities and not a ton » of things," he says, citing the example of 2022 being all about investing in the company's go-to-market strategy.

Opportunities and challenges ahead

When it comes to the challenges and opportunities that lie ahead for Avantra, John talks about them very much as if they're two sides of the same coin. Their product is available globally now, but their main markets are the English-speaking markets of the US and UK, and the German-speaking markets of Germany, Austria, and Switzerland. As the company expands into outbound sales in other markets, localisation will become more important.

"You have to have a localised presence, product, and go-to-market strategy and infrastructure," John says. "It's difficult and time consuming but something we will inevitably need to do to grow the business internationally."

Effective communication is more challenging now that Avantra has grown to more than 70 employees, but perhaps the most important and challenging opportunity is on the product side:

"I've got a vision to round out what we're doing from an automation perspective. We've got continued scenarios to do there and then to take it up into the business process layer so that SAP leaders can see the health of the business process."

Ultimately, he says, "My goal is to take industry-aligned best practices and processes and be able to support them end to end in a really valuable way and then avoid the kind of downtime that costs really serious money."

Why Patience and Pragmatism are the Watchwords of SaaS Success

A conversation with Lawrence Whittle
PRESIDENT OF VERANA HEALTH

Lawrence Whittle was born in the UK and relocated to the US around 15 years ago. Having worked as a successful VP EMEA for US-headquartered scaleup enterprise software companies earlier in his career, post-relocation he took on global CRO and CEO roles. What has he learned in that time about SaaS scaling and international expansion?

SaaS growth is non-linear

Lawrence believes it's important for executive leaders to understand that building out a business from a startup to a scaleup is nonlinear. "You can't say to yourself, 'It will take three years to get to that point.' You have to do a lot of trial and error to understand each individual market and each individual buyer before you can start to predict growth with anything approaching accuracy," he says.

The kind of growth you can expect will vary according to the nature of the market you're in, he adds, pointing out that his experience as CEO of manufacturing industry-focused SaaS firm Parsable was very different to his time as VP EMEA at Centra Software, a more horizontal technology solution.

"The go-to-market strategy was very different because the nuances of the vertical and horizontal markets made them very different."

> *Dig into the reasons for your early successes before you start adding significant amounts of resource*

Speaking of go-to-market strategy, Lawrence also advises not to get "locked in" too early to a particular strategy before you really understand what is and isn't working. "You'll often find you get false positives or false negatives before you start to build out," he says.

"What I mean is don't suddenly put ten salespeople out there after six months of success. Dig into the reasons for that success before you start adding significant amounts of resource."

Personal challenges of managing growth companies

The business challenges of spearheading rapid growth also come with personal challenges and it's important to recognise your own limitations.

"You can't do everything yourself," Lawrence says. "So you have to be very cautious because when you're building companies, particularly in the early stages, the list of things to do is very, very long. You've got to make sure you get the right balance between what's possible versus what's realistic. Balancing your workload is particularly important."

> *Hiring is probably the biggest variable for a CRO or a CEO*

It's important to be realistic in other ways, too, he says: "You can't judge everyone by your own methodologies, whether it's your work ethic, your strategic mindset, or your tactical execution."

This is why it's so important to hire the right people – and to remember that you're not just hiring a set of skills but people with motivations and feelings: "Are they joining the company to help you build something as opposed to just do a particular role? I think hiring is probably the biggest variable for a CRO or a CEO."

On a more personal level, Lawrence believes it's important to enjoy the work involved. "I enjoy the journey a lot more now than I did in the past," he says. "I mean, I've always enjoyed working but I've managed to moderate the intensity of it. I realised that the journey is really enjoyable if you don't get too obsessed about the destination." »

Relocating from the UK to the US

After 18 years of working for tech firms in the UK, Lawrence relocated to the US in 2008. Relocation brings personal challenges too, but Lawrence plays these down:

"If you look at my first real job experience within the tech space, it started in 1992 at what was then a public software company called Marcam based out of Boston, Massachusetts. And if you look at all the companies I've worked with since then – next up was Centra software, then Nomis, then ProfitLogic – they've all been headquartered in the US."

> *It's a lot easier to get a business established in North America because there's a mentality in the US to try things out, take risks, to be an early adopter.*

So culturally the move to the US didn't represent a huge change or come with much real culture shock?

"One of the biggest things I confirmed from moving to the US was that selling in Europe was a lot harder than selling in the US. Technology buyers in Europe generally have a higher bar, whereas in the US buyers will take bigger risks," he says.

"If you have a technology asset that's of interest, it's actually a lot easier to get the business established in North America because there's a mentality in the US to try things out, take risks, to be an early adopter, whereas that's less visible in Europe."

He thinks it's easier for Europeans to make the transition to working in the US than the other way around – though this does depend on the nature of the role.

"If it's a global role, I think it's easier for someone that's worked extensively in Europe, as long as they've worked for US-based companies, to understand the cultural piece," he says, pointing out his extensive experience of working in high-profile global roles for US-headquartered firms before he made the move to the US.

What could work in the US might not work everywhere

Lawrence's biggest learning from expanding a global business from the US or establishing a business within Europe is to recognise that, while there are common business requirements that transcend languages and geographies, "you do need to understand that what could work on a US level might work on a European level, might even work on a UK level, but not on a France level, for example."

Despite these differences, he adds that, while language is a key variable in different geographies, his leadership style remains consistent.

"My leadership style is very much leading from the front, motivating people, helping people make decisions, so if you hire people with the right mentality, that is somewhat independent of geography," he says.

Four key factors for hiring high performing talent

The upshot of his experience in multiple geographies is that Lawrence believes in hiring the right people. To do that, he recommends focusing on core principles which don't vary regardless of where you are. What stage the business is at is more important than geography, for one thing.

> *I try to hire people that have core competencies and core values, irrespective of the market or the geography.*

As Lawrence explains: "When you're in that early stage, you really do need very smart people, and I mean both IQ and EQ, because a lot of the things you're doing are trial and error. So you need people that are able to understand the solution in a level of detail and understand the psychology of selling."

Alongside hiring people with higher IQ and EQ is making sure they are "genuinely motivated to help you build something, not just helping you sell stuff. The motivation of why they join a company is a common factor in the higher performing teams I've led." »

> *Hiring is the biggest challenge for any executive building a business.*

Lawrence believes that curiosity – "people that want to learn and want to understand" – is also key to success. And the final key factor? Collaboration.

"Particularly in early stages, you're working in small teams that may require people to do things that they're not necessarily skilled to do. Therefore a collaborative nature is important."

How to keep customers happy while growing

One of the biggest challenges facing any tech company as it grows is how to keep customers happy. "In the first part of my career, customer success was very much related to successful implementation," Lawrence says, while the sales team was usually responsible for managing the relationship.

"As the market has developed, customer success is everyone's role," he adds. "And you need to have a very clear methodology that's more than just making sure you implement correctly and build relationships. The important part now is ensuring that your customer actually gets value."

Lawrence says his biggest learning over the last decade has been moving towards a more holistic customer success process. That entails systematically monitoring the success of the customer beyond implementation and measuring value.

> *Today, if you don't have a best-in-class solution, you won't be successful*

"The concept of Net Promoter Score is something I fundamentally believe in. That concept of understanding customer success is really about will they recommend you around a whole spectrum of measures."

It was easier to survive in the software market 20 years ago even with a subpar product, Lawrence says. "You could wave your hands and convince people it would be ok. Plus, the buyers were less knowledgeable. Now most buyers are second or third time buyers. They know what to expect and the bar of product functionality and quality is a lot higher now than it was even five or 10 years ago. If you don't have a best-in-class solution, you won't be that successful."

The evolution of SaaS enterprise sales

So does all this mean there's less of a role today for the SaaS enterprise salesperson? Lawrence doesn't think so. Rather, he sees the role as one that's constantly evolving.

"Today we've largely flipped from selling people to helping them buy and I think that's a key difference," he says.

"Most experienced sellers now understand that the buyer is experienced and it's about how you help them buy," he adds.

"The statistics say that buyer intent is the most important thing to understand now. Most buyers will have done a significant amount of research before they even engaged with the seller. So you need to make sure that your level of knowledge around the solution and the market is high enough to help them buy and to influence them into your direction as opposed to just telling them what you have and selling them what you have."

How to keep investors happy in uncertain times

Through the ups and the downs of the markets since the late 90s, Lawrence says he's come to realise there's "a lot of randomness" in the outcomes of companies.

In his extensive career, Lawrence has been involved in two IPOs – the first in 2000 with Centra Software when he was VP of Europe, the second in 2013 with Model N where he was SVP of Sales and Marketing. But he was also around when the dotcom bubble burst. »

> *Patience is more than a virtue; it's essential! You must avoid the temptation to overcorrect too quickly.*

"I've been involved in several financially very successful outcomes but I've also been involved with a couple of companies that I was convinced would be more successful and they weren't," he says. "I don't believe in luck but I do believe in timing. So the timing of when you take funding and the timing of when you either IPO or get acquired is a very big variable in the outcome of companies."

In summary, he thinks the most important asset when dealing with investors and markets is patience: "It's more than a virtue; it's essential!"

It takes time to build companies, and founders and business leaders must avoid the temptation to overcorrect for the episodic nature of valuations.

"You can't easily control when you need money or when there's an outcome. You really do need to have patience as an executive, a seller, and an investor. You have to balance patience with the reality of investor demands. Keep reminding yourself and those around you that things take time."

You'll often need more money and more time than you first thought, he adds, and you've got to be cautious about how you spend money.

"Look at the amount of over-hiring that took place in 2021 coming out of the pandemic," he says. "That's had a direct impact on the number of layoffs that took place over the last year. The amount of hiring was just ridiculous!"

He adds that it is also possible to hire too slowly to take advantage of a growing market. But generally, his watchwords are pragmatism and patience.

What the future holds for Verana Health

Lawrence's current company sees him go full circle, having started his career in life sciences in the 90s. Verana Health, where he is currently the President, aims to leverage the insights of anonymised patient data records to help fine tune the effectiveness of diagnoses and treatments for medical conditions that are "historically notoriously difficult to diagnose and treat".

These include neurological conditions such as Alzheimer's, Parkinson's, and multiple sclerosis. Verana's assets cover distinct datasets not just for neurology, but also for ophthalmology and urology, so its potential positive impact could be huge.

> *Two of the biggest value propositions in the world today are climate change and the ability to prevent diseases at scale.*

"I always like to be mission driven. I don't think there's a better mission than reimagining patient care by utilising data," he says. "We're at the point where we've started to commercialise over the last year. 2024 is really about accelerating that commercialisation now these data assets are at a level of quality and completeness that we can now scale that business."

The company already operates globally to an extent, working with large life science companies that are headquartered in Europe. But Verana has yet to expand into European markets physically because of the tough regulatory frameworks around patient data. Once again, his watchwords for this company are Patience and Pragmatism:

"You need very loyal investors that are patient, and you need to build a business very pragmatically. But then, two of the biggest value propositions in the world today are climate change and the ability to prevent diseases at scale. The value proposition for Verana is so off the charts that we're sure to get there – as long as we can stay patient."

The Keys to Successful International Expansion

Insights and advice from ActiveCampaign President,
SAMEER KAZI

On his LinkedIn profile, Sameer Kazi describes himself as an experienced SaaS CEO, investor, and board member. If anything, this undersells his career. Sameer has been an operational leader, general manager, revenue leader, and CEO at multiple companies since 1999. If anyone knows what it takes to scale a SaaS company in any market, it's him.

As someone who has done both scale-up and turnarounds, Sameer says there are no hard and fast rules he applies when running a company. He varies his approach depending on the context and by applying a first principles mindset.

One example of this is the time he worked at marketing software company ExactTarget, which grew at a CAGR of 57% over six years, raised a large amount of venture capital, IPO'd in 2012 and was then acquired by Salesforce in 2013.

"From that scale-up context, we were very deliberate about the use of proceeds from our capital raise and how we were going to deploy that capital to scale even further and hit all of our aspirational goals," he says, contrasting this to the time he had to lead a leveraged buy-out at a company with declining revenues and "a meaningful debt load".

"I'd never done an LBO or a turnaround before," Sameer says. "I'd never been in the position to manage cash at the scale that business was at. I'd never run an 18-country global organisation before. I'd never sat in a board role as both management and investor before."

The power of resilience

Put another way, good SaaS leaders are almost always learning new things as their experience grows. Being able to deal with the unexpected, and to learn and grow, is key to success.

"When you're faced with situations where you have to learn how to adapt, that process of adaptation is very uncomfortable," he adds. "And you actually don't know that you're evolving. I was evolving. I just didn't know it at the time, because I was in 'execution mode'."

> *You learn that one can face a lot of things with resiliency, even things you've never felt like you were prepared for.*

What did he learn about himself during that period? "When you're in that position, you learn that one can face a lot of things with resiliency, even things you've never felt like you were prepared for. But everybody can evolve," he says.

"My clarity today about how businesses should operate compared to six years ago is on a completely different scale. I see things in a way that people who have never had that experience, there's no way for them to see that. And there was a point in time where I couldn't see it."

What were the keys to success at ExactTarget?

Talking about his experience at ExactTarget, Sameer points to a couple of significant milestones that he sees as responsible for the company's ultimate scaling success. The first of those happened as a result of the decision made before he joined to move from being an SME-focused business to targeting enterprise-level customers.

"When I got there, ExactTarget had one or two enterprise clients," Sameer explains. "And there was a pipeline of others that were in the mix. The product innovation cycle had to change to accommodate enterprise customers. We became very hands-on with our enterprise customers to help shape the product » based on demand – both performance, scale, reliability, as well as innovation."

One of the challenges with targeting enterprise customers was that ExactTarget couldn't yet offer enterprise-scale services or products.

"I remember being in several pitches where enterprise prospects had very clear expectations of how they wanted to engage with enterprise software companies and we were not that company yet," Sameer says.

"But our team had enough experience that we knew what to say to them, win deals, and then go build that stuff retroactively. We did that work, and it wasn't trivial to get past that hump of evolving from mid-market to enterprise. It was exciting and difficult."

It's that commitment to the transformation which Sameer points to as being so important for the company's success. They went to market, ascertained what that market wanted, and then became a company that could meet those expectations.

There was a second key to this success, though, Sameer adds, and that was the enterprise software talent that the company went out and hired to help meet those transformation goals: "We brought in key talent and those individuals really helped to transform the business."

> *It was really empowering to select a competitor in market that we wanted to hurt and then when we ultimately prevailed, the confidence that it gave our team was priceless.*

When pushed, Sameer adds another element he now thinks was important to ExactTarget's success, and it's not something many talk about openly. Part of Sameer's role in the ExactTarget growth story was when he relocated to London to help ExactTarget grow in EMEA. Once there, he hit upon a strategy that he found uniquely empowering:

"It was really empowering to select a competitor in market that we wanted to hurt and then when we ultimately prevailed, the confidence that it gave our team was priceless," he says.

"What's really interesting about SaaS, because it's a multi-year subscription model, is that when a set of competitors lose and they lose for the period of time, you've earned the right to that customer's LTV. Massive compounding effects".

What people get wrong about international expansion

Sameer speaks warmly of his time in London, growing the ExactTarget business in EMEA. But didn't he find it challenging dealing with different cultures?

> *There is a general sense that business is totally different across the pond and across the world, but I found that businesses are all tackling similar issues.*

"When you're in the US there's a sense that business is totally different across the pond, that people think and act differently," Sameer says. "They won't laugh at your jokes, they won't get enthused. And what I found was that all people have similarities. They want to be part of something meaningful. They want a mission. They want to win. And they want someone that can help shine a light on the path that everybody should be following."

The other big idea often touted in the US is that it's difficult to sell to European customers, Sameer says, adding: "there is some truth to that. However, the other truth is, the kinds of problems that people are trying to solve don't vary from country to country or region to region, depending on what you sell. The use case generally is in the realm of what people want to do all over the world. There might be nuances on the fringes, but folks are trying to solve a problem and software can help solve that problem, whatever the problem might be."

While how you sell can vary according to cultural expectations, the fundamental benefits are the same, and that's important to keep in mind, Sameer believes.

For him, the key challenges of international expansion are less to do with cultural difference, and more with motivation and organisational structure. For example, when Sameer arrived at the EMEA office, he found that the sales and marketing functions were not aligned – a common problem in B2B software sales.

"Achieving that alignment really supercharged the business, which was great. And when the business started clicking, all of these weird 'rules' people had about how business works in either the UK or elsewhere in Europe just went out the door because everybody was winning."

Sameer adds that having done business all over Europe and Asia, as well as the US, it was easy to find common ground when selling to businesses across all markets:

"Ultimately, if you're not trying to sell too hard, if you're just open about who you are, what your solution does, and how one can partner with a prospect, that's a much more straightforward way of representing your products and people in the market."

How to build great leadership teams for international expansion

This suggests that leadership and talent are also key to success, an assertion that Sameer agrees with. When looking for the right people to spearhead international expansion, he admits to being influenced by his own preferences.

"I appreciate leaders who are very hands-on and are unafraid of getting into the muck of what needs to be done to build an office or to scale their presence in markets," he says, "so I was always very deliberate in trying to recruit people with that sort of personality."

> *As a leader, you not only have to roll up your sleeves to demonstrate what is expected of them, but you also have to coach them.*

Such traits are hard to uncover in interviews, Sameer believes, which is why there was some trial and error involved in the process. "We were lucky enough to find people at ExactTarget and at Cheetah who aspired to do more, hadn't quite reached that level yet, but had all of the raw DNA to be great leaders, general managers and salespeople."

Of course, recruitment isn't the only ingredient for creating a great team. Coaching is also important, Sameer believes. "As a leader, you not only have to roll up your sleeves to demonstrate what is expected of them, but you also have to coach them actively."

Navigating the stresses of rapid business growth

As Sameer sees it, many enterprise software companies need professional services for implementation and onboarding, as well as to help customers evolve and adopt new features post-onboarding. It's pretty much essential to ensure that those customers see the ROI from their investment. Yet "most software companies don't want to have direct professional services because it dilutes their gross margins."

In fact, Sameer goes further, adding that, "investment banks and other investors and analysts deem it a 'necessary evil' that a software company's margins should be reduced by offering professional services – so it's a tricky equation to find that balance."

Sameer's experience at ExactTarget reflected this tension. Especially because the company started off serving SMEs and had very high gross margins, but needed to invest in professional services to support its new target, enterprise customers.

It took a period of "conversation and discussion and sometimes knocking heads together," Sameer says, before the C-suite saw the logic of the business case. A combination of direct and partner-driven services is very well understood these days but that wasn't always the case.

How to keep customers happy as you grow

Another key stress for many growing SaaS companies is keeping existing customers happy as they focus on acquiring new ones. For Sameer, however, this tension is often due to a deeper problem:

"Many companies – even those who have achieved more than $50 million in ARR – struggle with product-market fit, but they will not admit that to themselves." »

It's important to figure out what real value your product is adding, and then to communicate that value and the ROI to the customer so they're aware of it.

In other words, companies can achieve early success even without knowing the real value their product offers the customer. "So it's important on the one hand to figure out what real value your product is adding, and then to communicate that value and the ROI to the customer so they're aware of it."

The other key aspect of success as you grow is to ensure you have relationships in the C-suite – including the CEO: "Building those relationships to really know your customers – there's absolutely no substitute for that."

Advice for US-based CEOs looking to expand into Europe

So, based on his experiences, what advice would Sameer offer to other US-based CEOs who might be looking to expand in Europe?

"Finding the right hands-on leader in-region is very important," he says. This could be someone local or a US leader that goes into the market to bring company culture to the forefront, he adds.

If you want to go directly into any market, there's a minimum investment that one should be prepared to make.

"Most companies dabble in international expansion in the enterprise space in particular," Sameer warns. "What they say is we'll have a sales rep and maybe one other person to support and then we'll see how it goes. But that's not a great equation for international expansion and success."

Instead, there's a minimum level of investment one should make to have credibility in a market, he insists. "If one doesn't have the wherewithal to do that, then there are alternative ways of coming into market via partners, affiliates, etc. But if you want to go directly into any market, there's a minimum investment that one should be prepared to make."

Services and solutions we can provide

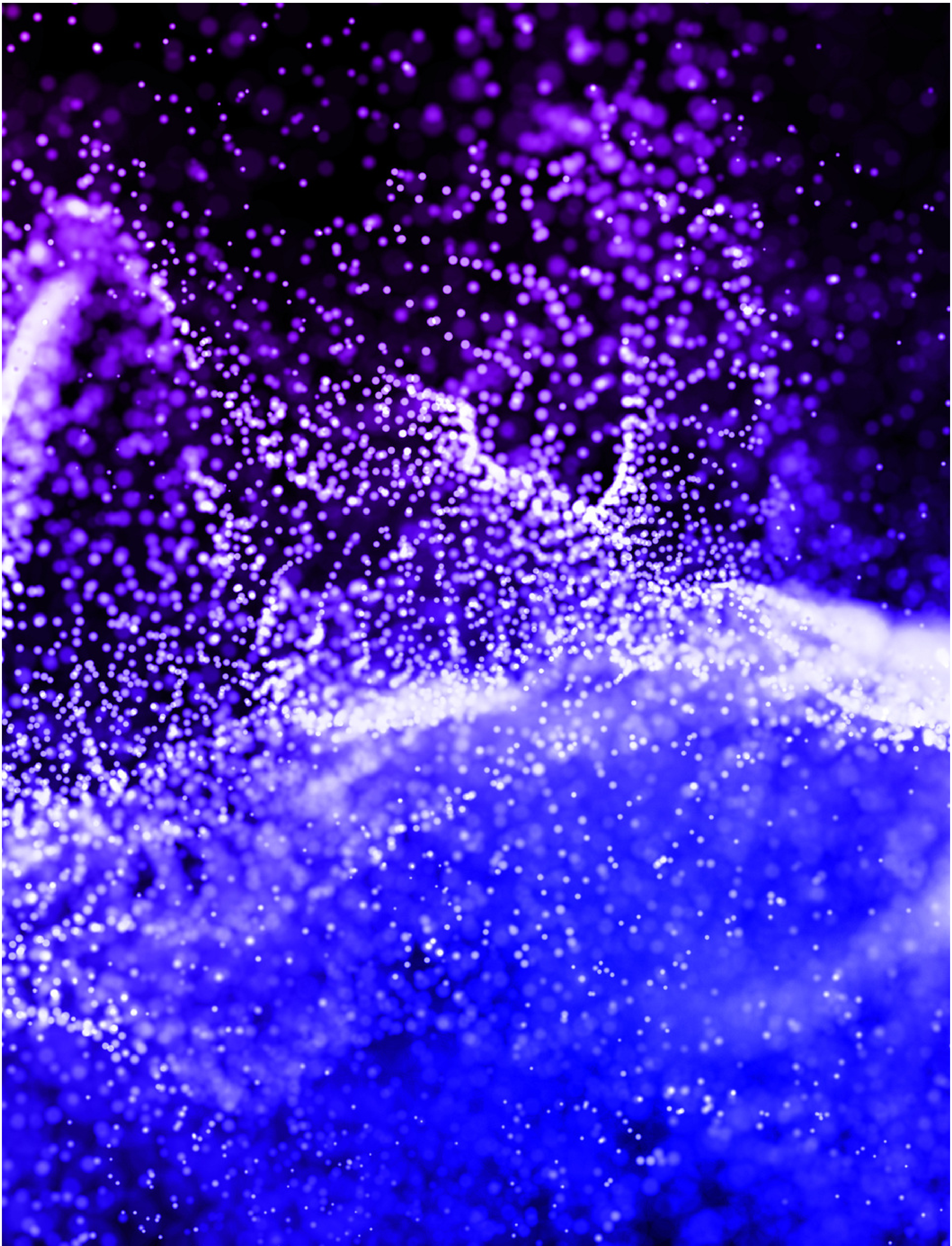
Executive search, Interim:
We execute senior-level searches to place talent in leadership roles. In addition to identifying, approaching, and assessing candidates, we take a hands-on approach to managing the process for clients and candidates. As brand ambassadors, we act as extensions of our clients to attract top-quality talent and determine the ideal organisational fit.

We also pride ourselves on our firmwide commitment to diversity initiatives and promoting fair hiring practices. As a team, we make it our personal mission to foster diverse networks of talent through professional and personal affiliations, including our own hosted events, conferences attended, and involvement with industry bodies such as Boardwave, MegaBuyte and Chief.

Leadership Assessment & Advisory:
We partner with organisations to advise and support management teams in the development and retention of great leaders. Our assessment process leverages quantitative tools and the qualitative assessments of our experienced teams. We then provide tailored coaching and other leadership services to maximise success.

Organisational Analysis:
We analyse firms' existing team structures and provide recommendations on potential hiring needs or organisational structure augmentations that can help the firm operate more effectively.

Talent Mapping & Pipelining:
We provide firms the opportunity to engage with top talent without a search, and provide insights on the broader competitive landscape. We map out firms that are of interest and provide insights on team structures and dynamics across functional areas and geographies. This allows clients to better understand talent at key competitors and in the market broadly.



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