



Technical Partnerships:

The Better, Faster Way
to Scale Your SaaS

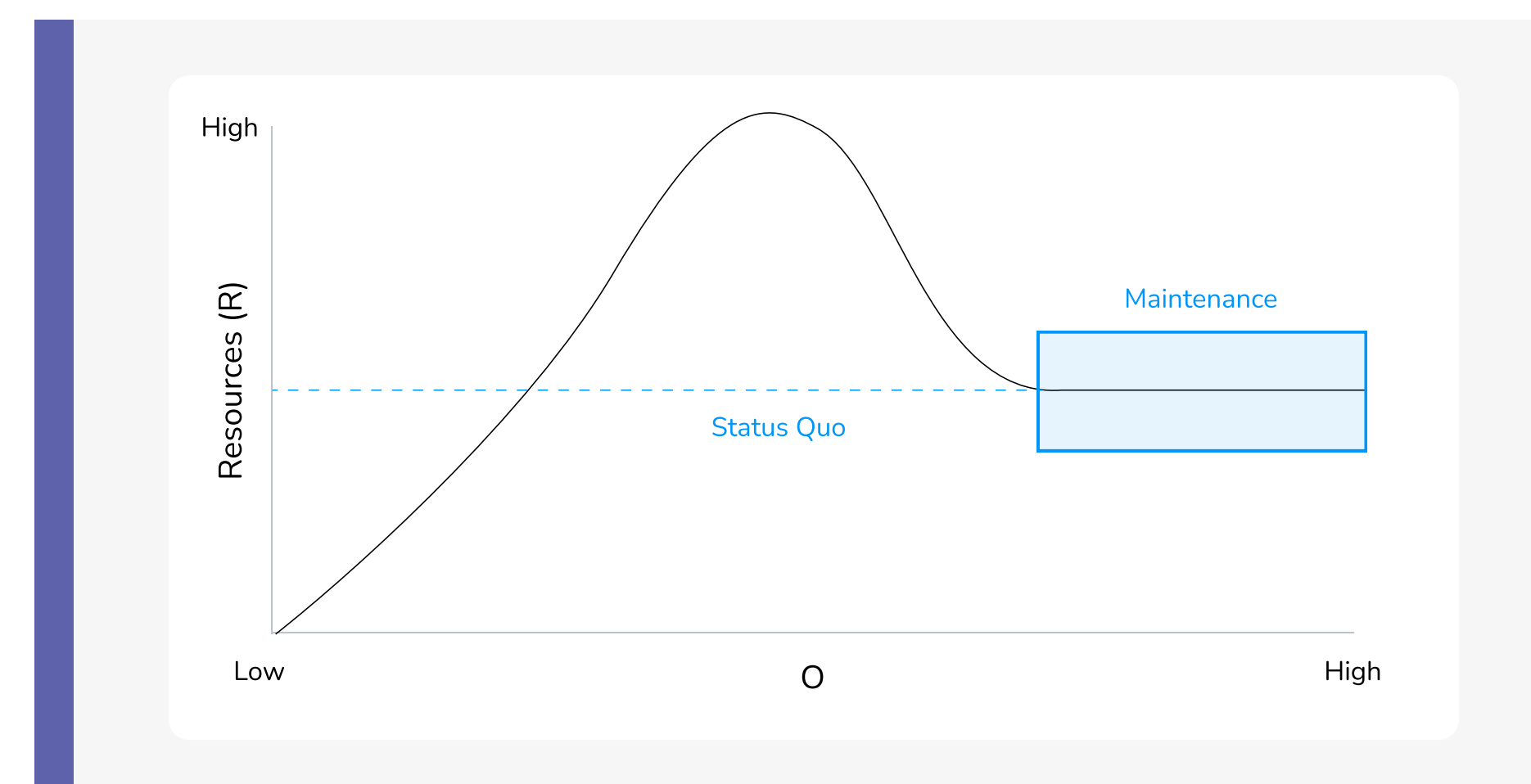


Introduction

“Build the best product features to win,” they said.

The sobering reality is 80% of features built by software companies are rarely or never used. That amounts to over \$29 billion lost to features minimally used by users.¹

If you're lucky, every feature peaks in terms of market opportunity and customer demand. After it becomes widely seen throughout the marketplace, its usage dwindles. Eventually, it becomes a feature engineering, security, and customer service teams struggle to support.



This is a costly mistake. Don't make this the norm at your company.

We are here to tell you to resist the urge to build each and every feature. Adopting a rigid discipline to focus on your core strengths will allow your team to ship more features faster and delight more customers. Additionally, it will avoid the trauma of “building the plane while you fly it.”

In this guide, we'll share examples of SaaS companies that have accelerated growth by embracing a Buy vs. Build approach to product development — and they achieved speed to market and captured more market share from it.

In the world of SaaS, speed to market is everything. Within the marketing-technology industry, there are 9,932 applications.²

Surely they can't all be building everything from scratch, could they?

¹ Feature Adoption Report, Pendo, February 5, 2019

² Brinker, Scott. “Marketing Technology Landscape 2022” Chiefmartec, May 3, 2022

The Current, Evolving Reality

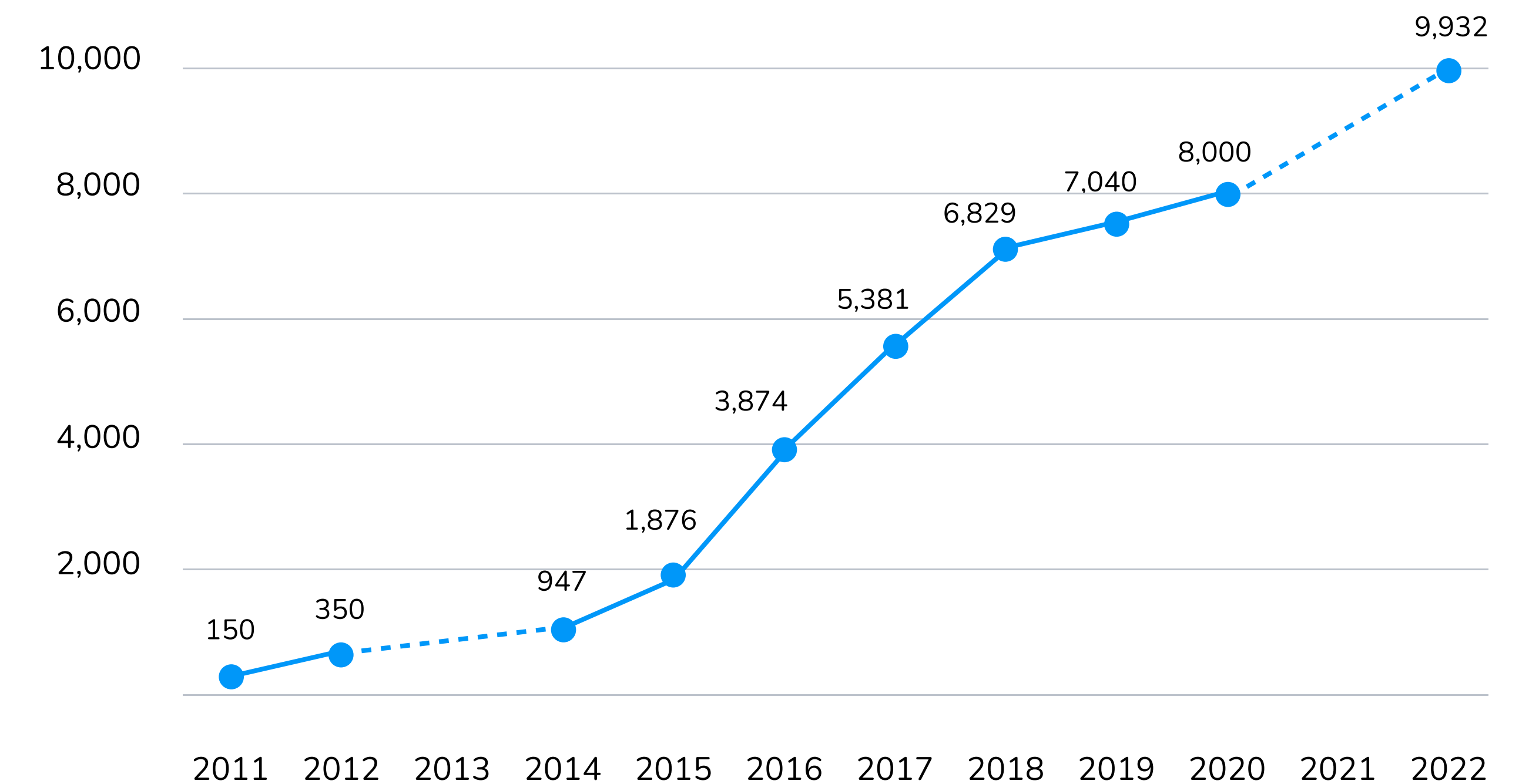
Software development doesn't happen in a Petri dish.

There are outside externalities to contend with as well. While you're planning development sprints and maintaining your backlog, the following events are also happening:

- ➔ Unstable economic conditions resulting in companies freezing, reducing spending
- ➔ Ripple effects from over-hiring in 2022, including layoffs and reduced headcount growth
- ➔ Changing priorities for SaaS companies to focus on revenue-driving activities
- ➔ CEOs & CTOs revisiting the product roadmap to head off experimental bets

Overall, 2022 started strong, but there are major setbacks in Q4 across the industry. Product leaders are closely evaluating their long-term growth plans in 2023 to protect their team's resources and stay competitive.

Marketing Technology Software since 2011



Source: "Chiefmartec.com"

Economy uncertainty



Product priorities



Workforce changes

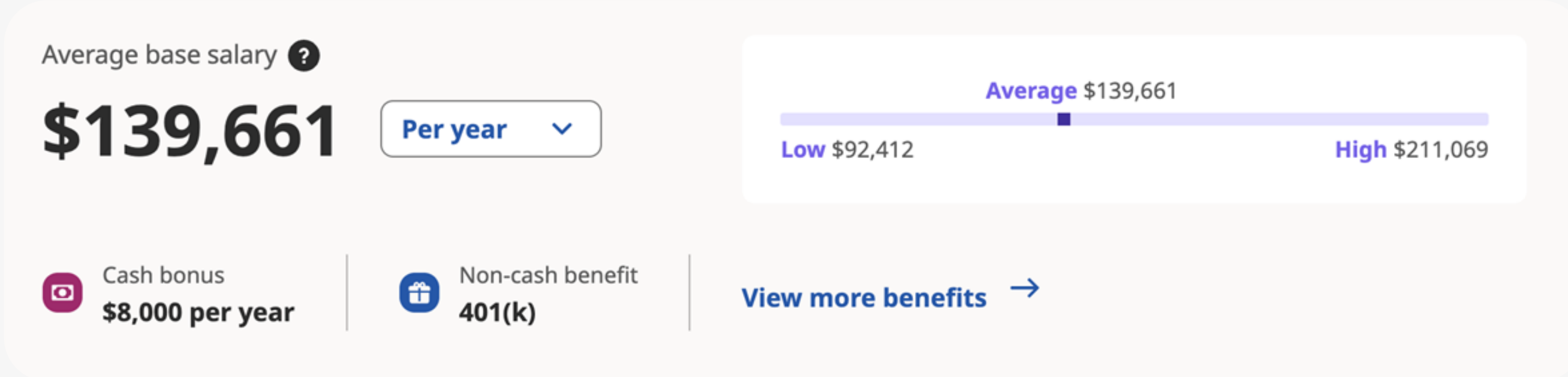


Cost of Product Features

Successful product managers know to validate customer demand before building. Every feature has a cost — today and in the future.

This discipline has proven reliable in building features that comprise a successful application with intuitive features. However, we believe that some product management practices tend to underestimate the long-term maintenance of new features.

Typical software development costs continue to rise for the foreseeable future. A successful software engineer earns \$168,570 on average.³ Assuming eight paid holidays and 10 days of paid time off, you only have 1,936 hours of talent. Focusing their talent on projects to grow the business and delight customers is crucial.



Source: “Senior Software Engineer Salary,” Indeed

One of the inevitable outcomes from Jobs To Be Done (JTBD) research is that after discovering a customer’s unmet needs, you will need dozens of features within your app. You might start out doing email marketing, but soon you’re hosting websites, chatbots, and becoming a text message tool.

In some cases, customers want all of these functions, but not all the time.

How can this be accomplished without burning out your team?

We’ve seen seemingly small features balloon in scope and complexity across all stages of software companies. This trend inhibits further product innovation by occupying excess hours and mind share of the development workforce.

Likewise, many senior software engineers will lament the necessity of correcting (refactoring) legacy features for the long-term viability of the system architecture. But how many such pleas are heeded?

Product leaders have to tighten their belts in terms of budget and team focus to say “yes” to the right functions that fit closely on the roadmap. As you read on, we’ll share examples of SaaS companies that grew with partnerships so they can obsess over their strengths.

³ “Software Developers” U.S. Bureau of Labor Statistics, March 31, 2022

Say Hello to Technical Partnerships

An effective alternative to increasing in-house software development difficulties is to consider a technical partnership. Technical partnerships allow organizations to implement and embed within back-end systems and front-end applications. Companies worldwide are realizing that partnering with already successful tech firms is a great way to scale and compete.

This new type of partnership helps SaaS organizations scale to customer demand while maximizing team resources. The Technical Partnership is a cross between a strategic partner that also provides a technical service or function for your software.

Unlike Application Programming Interfaces (APIs), a technical partnership typically encompasses a full-service approach where both entities work together through onboarding, establishing benchmarks, and maintaining a privileged relationship to not encroach on each other's market or customers.

Technical partnerships offer a strategic relationship that carries less risk and cost of M&A. Both entities benefit from economies of scale through APIs, respectively.

Is anyone upset that these companies use trusted partners to build their platform? No, customers care about the product's outcomes — not the backend infrastructure.

Ask yourself: Are there parts of your application that can be better fulfilled by a partner?

⁴ Uber built a great ridesharing experience with Twilio SMS & Voice" [Twilio](#), May 2022

⁵ "Lyft Case study" [Amazon Web Services](#), February 2016

⁶ "Lumen Customer Stories" [Lumen](#), June 2021

⁷ "BigCommerce & Stripe" [Stripe](#), 2013

Uber

Specializes in logistics
Partnered with Twilio for SMS and Voice⁴



Specializes in ridesharing
Partnered with AWS for cloud services⁵

zoom

Specializes in video conferencing
Partnered with Lumen for connectivity⁶



Specializes in e-commerce
Partnered with Stripe for payments⁷

Technical Partnership Benefits

Relative to other partner activities, SaaS companies stand to benefit from technical partnerships due to their simpler design.

- ✓ Ship innovations to market faster
- ✓ Leverage providers with deep expertise
- ✓ Preserving internal team resources
- ✓ Deliver on more roadmap commitments
- ✓ Mitigating the burdens of extraneous features
- ✓ Lower engineering costs

To achieve these benefits, you should architect some of your software with a robust API, but you don't have to open it up to everyone. The earlier you can offer an API, the more likely you can fulfill potential partnerships. And these opportunities aren't unidirectional — think about the types of services (microservices) you can offer other organizations.

Mitigating risks

Nearly every product and technology we've talked to wants to de-risk partnerships. Over the last several years, the industry has adopted proper security best practices.

Technical partnerships are secured in the cloud through rigorous auditing via GDPR, PCI, and SOC 2 compliance. Also, additional physical and network-level safeguards are offloaded via trusted partners like Cloudflare and Google Cloud.



Build vs. Partner Comparison

To appreciate the value of a technical partnership over building features yourself, let’s consider a detailed cost scenario for each.

For this scenario, we’ll take a look at a small business CRM looking to add a landing page builder.

Building In-House		Technical Partnership
18 months	Timeline	1-3 months
Thousands	Hours	Dozens
\$700,000	Cost (Labor + Infrastructure)	\$60,000
· Design · Development · QA · Security · Bug fixes · Updates · Marketing	Responsibilities	· Design · Marketing
High	Opportunity Cost	Low
High, hard to rollback	Risk	Minimal, rollback anytime

Ask yourself: What would you focus on if you can offload a portion of your platform to a trusted partner?

Build vs. Partner Comparison

The following best practices ensure you get the most from your technical partnership.



Identify champions to carry the vision forward.

Recruit a "champion" who will drive the project forward and ensure its success. This individual should be someone who is passionate about the project and has the ability to influence others and make decisions.



Consider partnering to build a competitive advantage.

Research potential partners and be clear about your development objectives. Only consider features that add to your competitive edge and easily integrate into your current business processes.



Consider white-label partnerships.

These are third-party products and services you can resell under your own brand. These are ideal, so you don't lose loyal customers due to the attractiveness of the point solution.

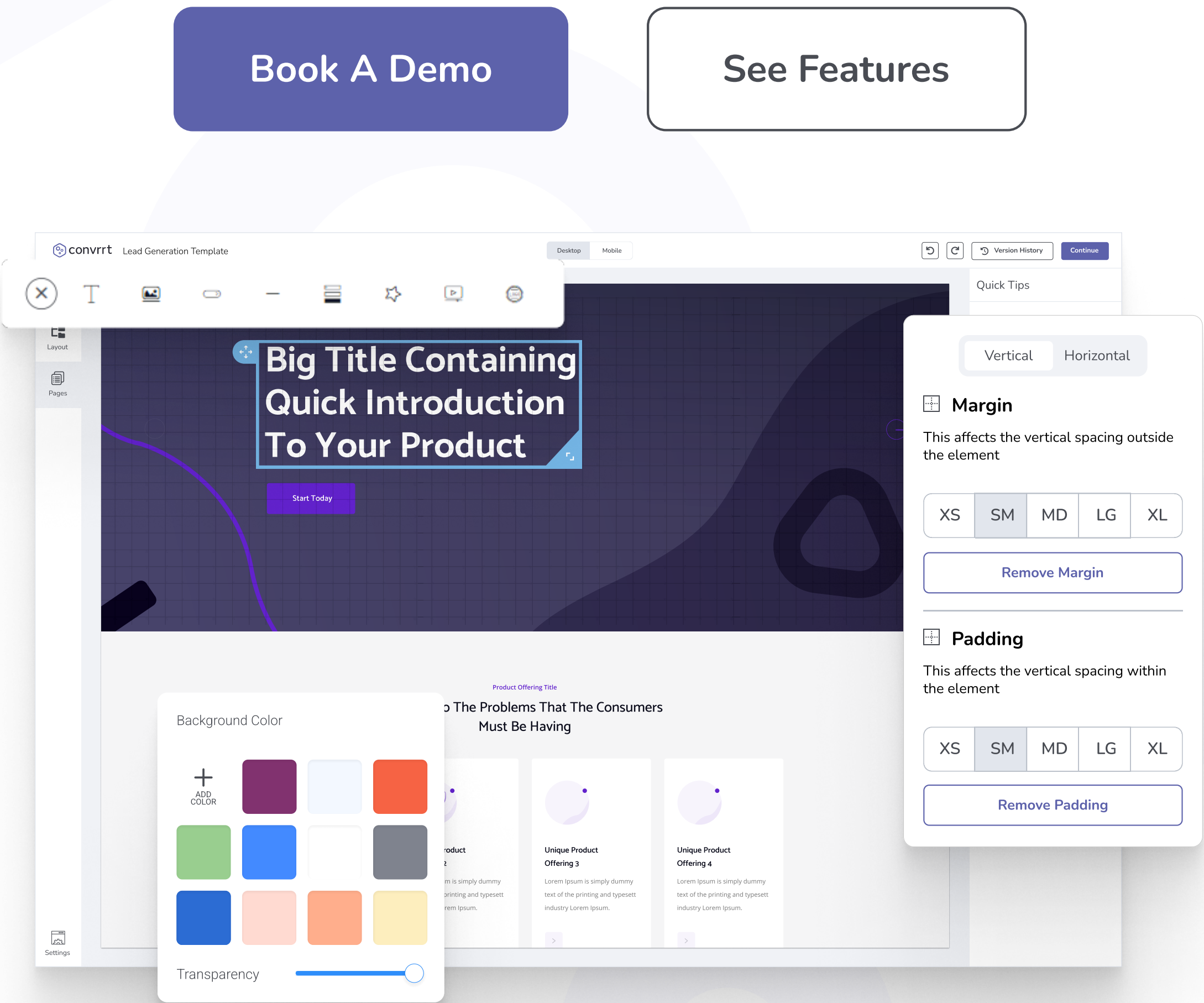


Start small and validate the opportunity.

You don't have to go all in on day one. Consider opting for a phased release that targets 33, 66, and 100% of the installed account base. Observe how users take to the partnership. Apply some marketing gas to ensure it's successful.

Landing Page Management Without 18+ Months of Development!

It's here. Grow your SaaS business faster, keep more customers, and scale customer success.



- ✓ Increase product adoption
- ✓ Lower development costs
- ✓ Achieve speed to market

Our clients have generated more than 12 million leads with Convrrt

