

RESEARCH STUDY

THE BEST  
PRACTICES OF

# CATEGORY LEADERS



SaaS and  
Cloud

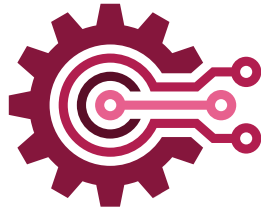
25 Strategies To  
Disrupt And Innovate  
Technology Markets

**BANTRR**

# Four Strategies of Category Leaders

In 2019, we studied the best practices of 15 category leaders in various SaaS business applications ranging from accounting and finance to sales and marketing. We found that category leaders do much more than build a great product. They take a bigger picture view at disrupting the status quo. The software vendors achieving \$1+ billion valuations and highest market share take a disruptive approach to four areas: 1) technology, 2) process, 3) people, and 4) metrics.

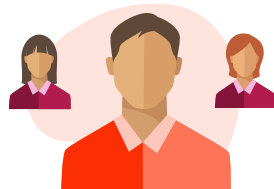
## PROCESS



Category leaders don't want to incrementally improve the current business processes. They want to fundamentally reinvent the way the work is done.

**REIMAGINE THE  
BUSINESS  
PROCESSES**

## PEOPLE



Category leaders don't want to just get a lot of people trained on their technology. They want to create new job functions, new career paths and entirely new organizations.

**REDESIGN THE  
ORGANIZATIONAL  
CHART**

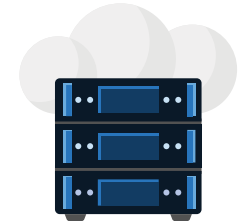
## METRICS



Category leaders don't want to just help customers achieve their existing goals. They want to redefine their KPIs and what it means to be successful.

**REDEFINE  
WHAT SUCCESS  
MEANS**

## TECHNOLOGY



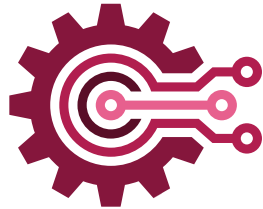
Category Leaders don't want to just plug-in to the customer's existing ecosystem. They want to displace the existing tech stack and replace with their own platform.

**REINVENT THE  
TECHNOLOGY  
PLATFORM**

# Four Strategies of Category Leaders

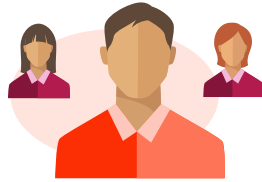
Within each of the four strategy areas (process, people, metrics, and technology), we identified the 5-6 tactics that category leaders are most commonly using to establish leadership:

## REIMAGINE THE BUSINESS PROCESSES



- Executive Evangelists
- Industry Experts
- Publication Library
- World Tour
- Consulting Partner
- Ecosystem

## REDESIGN THE ORGANIZATION



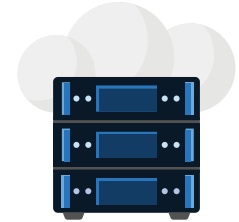
- Training Programs
- Professional Certifications
- Defining New Jobs
- University Programs
- Meetups and User Groups
- Annual Conference

## REDEFINE SUCCESS



- Benchmark Case Studies
- Key Performance Indicators
- Maturity Model
- Industry Rankings
- Awards

## REINVENT THE TECHNOLOGY PLATFORM



- Modern Technology Stack
- Full Application Suite
- Disruptive Technology Lab
- APIs and Development Framework
- Developer Partner Ecosystem
- App Marketplace
- Implementer Ecosystem
- Business Network

Through our research, we identified many companies that excel in each of the different areas of category leadership. However, there was one that excelled in all four– Zuora. A case study of Zuora’s strategy is provided on the following pages.

CASE STUDY

# ZUORA – THE SUBSCRIPTION ECONOMY



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# Zuora Case Study – 1) Reimagining Process



THE END OF OWNERSHIP.  
THE RISE OF USERSHIP.



OWNERSHIP WAS ABOUT THINGS



USERSHIP IS ABOUT TURNING THOSE  
THINGS INTO SERVICES

## THE SUBSCRIPTION ECONOMY

Zuora encourages companies to follow the examples of businesses such as Netflix, Uber, and Spotify by transitioning from the product-driven business model of the 20th century to the new, subscription-centric business models of the 21st century. CEO Tien Tzou describes this new era of companies and business models as “the Subscription Economy.”

Making the shift to the Subscription Economy requires companies to reimagine their end-to-end business processes. Sales is no longer about a transactional approach to acquiring new customers. It’s about helping customers achieve long-term success as well as retaining, upselling, and growing the accounts. Finance is no longer about measuring historical product sales and revenue. It’s about measuring forward-looking metrics on future performance, such as annual recurring revenue.

### SUBSCRIBED – BOOK, NEWSLETTER, PODCAST, MAGAZINE

Zuora has emerged as the leading evangelist for the Subscription Economy. It promotes the vision through a variety of marketing channels unified under the “Subscribed” brand including:

**Subscribed Book** - Offers a blueprint for how to redesign your business model from a product to a subscription business.

**Subscribed Weekly** - Email newsletter that features the latest stories from leading subscription and as-a-service businesses.

**Subscribed Podcasts** - Features interviews with entrepreneurs, analysts, and other innovators discussing the shift to the subscription economy.

**Subscribed Magazine** - Published digitally, semi-annually featuring case studies of subscription economy leaders and insights from Zuora executives.

# Zuora Case Study – 2) Redesigning the Org



Zuora encourages subscription businesses to break down the traditional organizational silos that permeate 20th-century product-centric companies. As an alternative, Zuora promotes its PADRE (Pipeline, Acquire, Deploy, Run, Expand) operating model. Instead of marketing and sales, Zuora encourages companies think about pipeline and acquisition. Instead of customer support and operations, Zuora recommends companies think about deployment, running, and expanding customers. Although not included in the PADRE acronym, the supporting functions of Product, People and Money are important as well. Zuora uses the PPM acronym for Product (think R&D and product management), People (think HR), and Money (think finance, operations, and legal).

Zuora provides a number of venues for subscription economy believers to congregate both face-to-face and online. These forums provide an alternative to the big ERP user conferences which continue to promote the traditional, product-centric view of business.

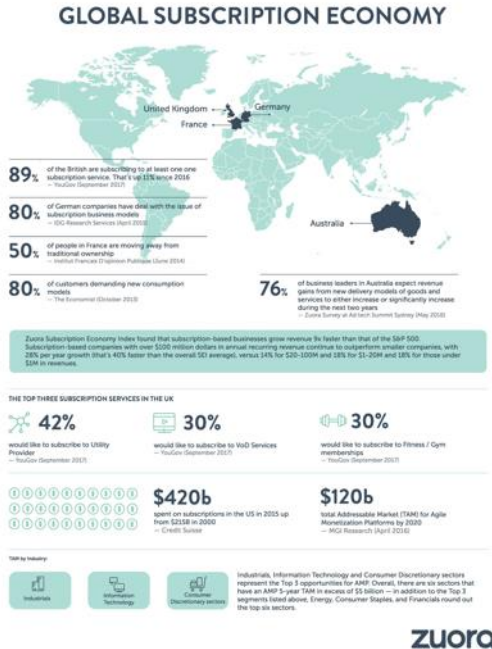
## **SUBSCRIBED EVENTS**

Zuora sponsors series of conferences to share case studies and best practices for success in the Subscription Economy. Each event features tracks for sales and operations, billing and finance, product and strategy teams. Recent Subscribed conference locations included San Francisco, New York, London, Paris, Tokyo, and Sydney.

## **SUBSCRIBED INSTITUTE MEMBERSHIP**

Executives at leading subscription businesses can request to become members of the Subscribed Institute. Members get early access to industry benchmarks and research, as well as exclusive networking opportunities to meet with academics, analysts, and other industry experts.

# Zuora Case Study – 3) Redefining Success



Zuora is actively investing to help the industry redefine success in the new subscription economy through its “Subscribed Institute.” Positioned as “The Think Tank for the Subscription Economy,” the Subscribed Institute provides qualitative and quantitative research on business maturity models and monetization strategies. Specific publications of the institute include:

## MATURITY MODEL

Designed for CXOs, the Subscription Business Maturity Model offers 300 success criteria and five stages of maturity across four dimensions (strategy, process, systems, and culture).

## INDUSTRY BENCHMARK

Studies key business issues for subscription companies such as trends in usage-based pricing and managing change orders.

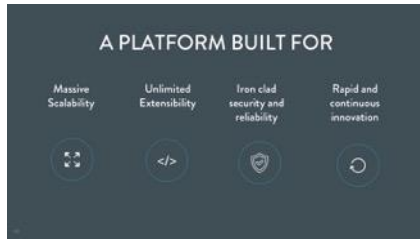
## ECONOMIC INDEX

Tracks growth metrics of hundreds of companies in SaaS, IoT, media, telecommunications, and corporate services sectors and their performance versus the overall S&P 500.

## THIRD-PARTY RESEARCH

In addition to the official Subscribed Institute publications, Zuora also subsidizes research by third parties to help promote its vision through recognized thought leaders such as Gartner, IDC, Forrester, Deloitte, and YouGov. On its website, Zuora hosts a library of reports from these organizations discussing best practices and trends in subscription business models.

# Zuora Case Study – 4) Reinventing Tech



Zuora doesn't just solve point problems in the subscription business model, it provides a suite of applications to “launch, monetize, and manage the entire order-to-revenue process on a single platform.” Much like many other leading SaaS and cloud providers, Zuora is seeking to achieve exponential growth by encouraging a community of third-party developers to build on its platform. Zuora wants to be the “connective tissue between your CRM, ERP, and entire IT architecture.”

## APPLICATION SUITE

Zuora offers four primary applications. Billing automates recurring invoices with real-time taxation. RevPro helps comply with the new revenue recognition accounting standards. CPQ to configure, price, and quote subscription packages. Collections to automate dunning workflow to minimize churn.

## CENTRAL DEVELOPER PLATFORM

Third parties can extend and integrate with the Zuora platform with a set of APIs to query data, build workflows, monitor events, and send notifications.

## ZUORA MARKETPLACE

Pre-built tools, utilities, applications and integrations across a wide range of categories including billing, payments, finance, products, collections, customers, and analytics.



PART ONE

# REINVENT THE TECHNOLOGY PLATFORM



Best Practices  
of Category  
Leaders

25 Strategies To Disrupt  
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# Best Practices - Technology

Most new software vendors have a vision for how they can make better use of technology to solve a customer's problem. But category leaders are more ambitious than most. They don't just want their customer to buy a specific, point product (e.g. talent acquisition). Instead they want their customers to buy an entire application suite (e.g. hire-to-retire). Category leaders don't want to just plug into their customer's existing tech stack. They want to replace it with their own platform.



## A FORCE IN THE MARKET

Category leaders recognize that they cannot accomplish this alone, so they set out to build an ecosystem of partners that collectively become a force in the market. They ask – How do I get the best developers building on my system and the best consulting firms implementing my applications?

Once they educate the partners on how they can profit from their success, the potential for growth becomes exponential.

# Best Practices - Technology



## REINVENTING THE TECH PLATFORM

### 1) MODERN TECHNOLOGY STACK

Category leaders win with IT buyers by offering modern technology that provides a foundation for future growth. Most are cloud-native. Many have mobile-first architectures. Others are experimenting with blockchain, artificial intelligence, and other emerging technologies.

### 2) FULL APPLICATION SUITE

Category leaders don't build point products that solve niche problems. They build entire suites that enable customers to take a holistic approach to attack an entire category of business processes.

### 3) APIS AND DEVELOPMENT FRAMEWORK

Category leaders know that they cannot build every possible new feature for every different industry and use case. So they create open APIs that allow third-party developers to build extensions to their applications to fulfill the need for "long tail" features.

# Best Practices - Technology

## 4) DEVELOPER ECOSYSTEM AND 5) APP MARKETPLACE

Software vendors know that the fastest way to get the adoption of their technology is to figure out ways for others to grow and profit from it. So category leaders recruit third-party developers to build applications on their platforms. The new apps can be certified and sold in an online marketplace. The best programs have online portals, regional meetups, and dedicated conferences.

## 6) IMPLEMENTER ECOSYSTEM

In addition to recruiting developers, category leaders also build ecosystems of 3<sup>rd</sup> party consulting firms to help customers implement the software. Using partners rather than in-house, professional services resources also boosts gross margins.

## 7) BUSINESS NETWORK

Category leaders want to play a central role in the day-to-day activities of their customers. To do so they build marketplaces and business networks that enable them to broker recurring transactions between the customer and its business partners. Most vendors will only join a few business networks so a “winner takes most” phenomenon occurs.



PART TWO

# REIMAGINE THE BUSINESS PROCESSES



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# Reimagining Business Processes



## DISRUPTING THE STATUS QUO

Every B2B software company defines a value proposition for its products. But most software companies limit their thinking to incremental improvements on the status quo:

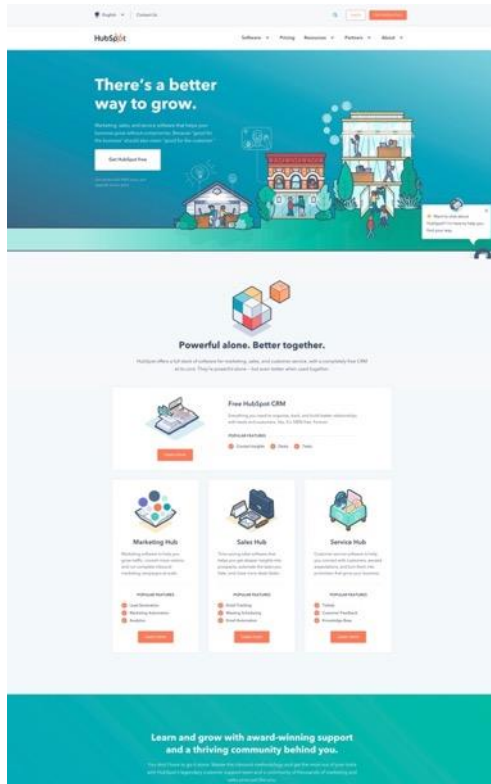
- Cost savings through incremental process efficiencies in the operations, supply chain, and service delivery functions.
- Top-line revenue growth through incremental productivity gains in marketing and sales.
- Risk mitigation through incremental improvements to governance, risk, and compliance programs.

But category leaders think differently. They don't want to incrementally improve the current business processes for their customers. They want to fundamentally reinvent the way the work is done.

They want to disrupt the status quo and define a new frame of reference. To get their potential customers to reimagine the way work is done, they start by defining a bold vision of the future and then charting a plan to change the world.

There are five best practices that category leaders follow.

# Case Study - Hubspot



## REIMAGINING B2B MARKETING

Hubspot wants companies to reimagine the way they perform marketing. Buyers are tired of getting interrupted by marketing and harassed by salespeople with tactics such as advertisements, email solicitations, and cold calls. Hubspot's vision was to create a new category of inbound marketing. Stop the aggressive outbound techniques and instead draw prospects in with useful content that helps them do their job. To get companies to reimagine marketing they have used strategies such as:

### EXECUTIVE EVANGELISTS

Brian Halligan (CEO) and Dharmesh Shah (CTO) published a book on Inbound Marketing in 2010. Since then, both executives have been the lead evangelists for the company (and the category).

### PUBLICATIONS

Hubspot has published an amazing library of content on its website with educational guides, marketing templates, and automated tools to help companies perfect their inbound marketing. The company has hundreds of titles ranging from "How to create a podcast," and "How to build a brand." They built interactive apps such as a Blog Ideas Generator and Social Media Calendar.

### WORLD TOUR

Hubspot evangelists can be found speaking at large growth marketing, inbound marketing, and disruptive marketing trade shows around the world. The company also hosts its annual Inbound conference and its own event series in major cities.

### PARTNER PROGRAM

Hubspot recognizes that many corporate marketing organizations look to outside agencies for advice and consultation on how to select technologies. As a result, the company built a network of thousands of marketing agencies around the globe that are certified in Hubspot technology.

# Best Practices of Category Leaders

## REIMAGINING BUSINESS PROCESSES

### 1) EXECUTIVE EVANGELISTS

A hallmark of most category leaders is a visionary executive who acts as the chief spokesperson for the category by evangelizing the vision. Some author a book, while others blog. Almost all going on the speaking circuit encouraging businesses to re-imagine the way they approach their work.

### 2) INDUSTRY EXPERTS

In addition to having an evangelist, category leaders stack their leadership teams with experts from the industry. These thought leaders bring instant “street cred” to the company, which is critical to gaining mindshare with the key analysts, customers, and other influencers in the market. They typically have a strong personal brand and a large social media following that helps the company get its story out into the market.

### 3) PUBLICATION LIBRARY

Category leaders publish detailed “how to” guides instructing companies on how to reimagine their business processes in a new frame of reference. Most software vendors think of these e-books and white papers as “content” to generate leads, but category leaders view these as blueprints for change. They share them freely because they want as many people as possible to read and adopt their viewpoints.





# More Best Practices of Category Leaders



## REIMAGINING BUSINESS PROCESSES

### 4) WORLD TOUR

Category leaders are highly visible at industry tradeshows. Not only do they exhibit and sponsor, but they get evangelists on stage sharing the vision. Some create their own roadshows, hosting small seminars in each major city around the US to gain mindshare.

### 5) CONSULTING PARTNER ECOSYSTEM

Category leaders know that their strength is in writing great software, not consulting on process change. To disrupt the status quo, they need help enabling companies to reimagine their business processes. So they partner with management consulting, systems integrators, marketing agencies, and outsourcing firms that can help big companies with future state design and large transformational projects.

PART THREE

# REDESIGN THE ORGANIZATION



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# Re-Designing the Organization



## STARTING A MOVEMENT

Category leaders know that technology alone does not change the world. It starts with people embracing and adopting the vision. The best category leaders think about starting a movement. They want to launch <New Category> nation.

The first step in building “the Nation” is getting as many people as possible trained on the product. But the strategy goes much deeper. Category leaders want to seed a new job market for talent. They seek to create new career paths that young professionals can pursue immediately following school or mid-career.

## DISRUPTING THE ORG CHART

Disruption doesn't just come from the bottom up. It needs to come from the top down as well. So category leaders ask not just - how can we get a lot of people to learn our technology, but how can we create an entirely new function within the organization? How can we get CEOs to fundamentally shift their thinking towards our re-imagined vision of the world so that they re-design the org chart?

# Case Study - Gainsight



## DEFINING NEW ORGANIZATIONS AND ROLES

In the founder's book, Gainsight defines a vision for an entirely new organizational function within businesses – the Customer Success department – charged with growing subscription revenues by helping customers achieve their goals. Gainsight offers an excellent example of thinking far beyond technology to redefine the corporate organizational structure at the highest levels.

## TRAINING THE WORKFORCE

To accelerate the growth of the new Customer Success organization, Gainsight takes a programmatic approach to talent and career development. For just a few hundred dollars, interested professionals can take three levels of online courses (101, 201, and 301) at Customer Success University. Those who complete the training receive a Certified CSM designation.

## MAKING A MARKET FOR TALENT

Gainsight goes one step further beyond training and certification programs, the company also invests in making a job market for talent. Gainsight devotes a section of its website called CareerHub, allowing companies to post jobs for Customer Success professionals.

## DEVELOPING A CAREER PATH

Long-term success in building a category requires the ability to not only train and attract new talent to the profession but to retain the workers. Category leaders not only offer entry-level positions, but they offer a multi-staged career path. At Gainsight's annual Pulse conference, there is an entire track dedicated to the career journey of CSMs.

## PUBLISHING BENCHMARKS AND METRICS

And, of course, category leaders not only define a vision but execute the strategy, and they measure their success. Gainsight, for example, publishes an annual salary benchmark that offers data on the salary, seniority, and job growth of the CSM profession.

# Best Practices of Category Leaders



## RE-DESIGNING THE ORGANIZATION

### 1) TRAINING PROGRAMS

Category leaders try to get as many people enabled on their technology as possible. They do not just target the end-user customers, but they promote it to third-party developers and system integrators as well. The more people invest time to learn the technology, the greater the odds it becomes the application of choice for new projects.

### 2) PROFESSIONAL CERTIFICATIONS

Category leaders want to ensure that their projects are successful. They not only want users, developers, and administrators trained, they want them certified with a high level of quality. The best category leaders establish a level of prestige for their certifications. It becomes a badge of honor on their resume, LinkedIn profile, and email signature.

### 3) DEFINING NEW JOBS

Category leaders don't wait for customers to figure out how to recruit and organize talent. They take a leadership role in writing job descriptions, charting career paths, and advocating organizational changes. Some help their customers with recruiting talent by creating online job portals to match job seekers with open roles.

# More Best Practices of Category Leaders

## 4) UNIVERSITY PROGRAMS

Category leaders understand that the battle lines in the war for talent are being held at universities. Traditional brick-and-mortar companies are competing with the likes of Wall Street hedge funds and Silicon Valley tech firms for the best and brightest. Category leaders invest in developing talent early, sponsoring university programs and high school scholarships.

## 5) MEETUPS AND USER GROUPS

A critical success factor in launching a new category is to make professionals in new roles feel like they are part of a movement that is making a difference in the world. Think *<your brand name>* nation. They launch online communities, organize regional meetups, and formalize user groups.

## 6) ANNUAL CONFERENCE

The movement amplifies when you can get a large crowd of like-minded professionals together in person. That is why category leaders host an annual multi-day conference. They aspire to create “The Dreamforce” for their sector - the “must attend” show that draws not only their customers, but the whole industry - partners, media, and analysts.



PART FOUR

# REDEFINING SUCCESS METRICS



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# Re-Defining Success

## NEW METRICS AND KPIS

Category leaders disrupt their target industries by redefining the metrics and KPIs used to benchmark success. The process starts by investing heavily in projects that make early adopters successful. Once the desired outcome has been achieved, category leaders get their early adopter customers to become evangelists for their vision. They invest to get the customers on the public stage to promote the benefits that can be realized with a new approach. These early successes are then used as a springboard for a broader public relations campaign.



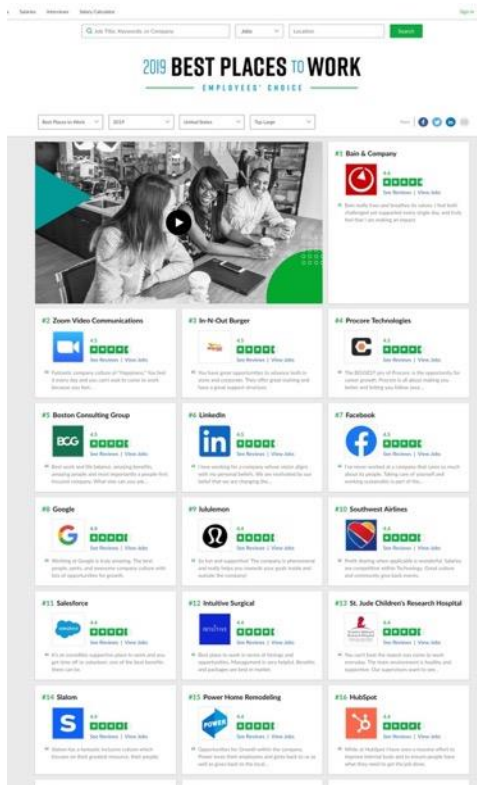
## EXPOSING OPPORTUNITY

Category leaders succeed by pointing out the inherent limitations and challenges of the status quo. They publish research studies, KPIs, and industry benchmarks that quantify and expose the underperformance, spend leakage and missed revenue opportunities in their target markets. They then seek out the attention of the media, analysts, investors, and other influencers in a market, which they use as a communications channel to propagate the message into the market.

Once the concept is established in the market, senior executives begin to react quickly with a “Fear of Missing Out” mentality.



# Case Study - Glassdoor



## REDEFINING SUCCESS FOR HUMAN RESOURCES

HR has historically been a function that most executives have viewed as “soft-skill oriented,” with many “touchy-feely” activities whose impact is difficult to quantify and measure. But Glassdoor is changing that. The company has introduced a set of hard data metrics that is continuously being updated by a crowdsourced community of users.

### DEFINING NEW METRICS

In effect, the company has introduced an NPS equivalent for employee experience with the potential to revolutionize the way human resources departments measure their employee engagement. Users on the Glassdoor site can rate their employers on culture and values, compensation and benefits, work/life balance, senior management, and career development opportunities. The result is a set of quantifiable metrics that job candidates can use to compare different potential employers. Glassdoor also enables companies to create KPIs they can use to evaluate their own performance.

### PUBLIC SCORECARDS

Perhaps, the greatest stroke of genius in Glassdoor's approach has been to push the employer brand metrics and KPIs into the public domain. The Glassdoor rating is effectively a live report card on company culture, compensation, and management that is in the public domain. Everyone from prospective employees to prospective investors can check out the CEO approval rating and the company's attention to work-life balance.

### COMPANY RANKINGS

To draw even further attention to its ratings, Glassdoor publishes regular rankings of companies based on its data. Examples include Best Places to Work (Employee's Choice), Highest Rated CEOs (Employee's Choice), and Best Places to Interview (Candidate's Choice). Getting listed in these rankings has become a badge of honor for human resources organizations that are all aspiring to strengthen their employer brand. These rankings drive competition between companies that encourages the behavior changes sought by the category leader.

# Best Practices



## RE-DEFINING SUCCESS

### 1) BENCHMARK CASE STUDIES

Category leaders actively recruit early adopters as evangelists to share their case studies in the market. Getting a customer to speak at a high-profile industry conference raises visibility for the new vision and establishes proof the business improvements can be realized.

### 2) KEY PERFORMANCE INDICATORS

Category leaders reframe their customer's vision of success by defining new performance metrics for growth, customer success, cost savings, or employee productivity.

### 3) MATURITY MODEL

Category leaders help companies benchmark their performance towards the new vision of success by publishing maturity models. The model becomes the foundation for the category leader's sales and marketing efforts. Your company is only a 4 out of 10, but if you were a 9 you would gain the following advantages.

# Best Practices



## RE-DEFINING SUCCESS

### 4) INDUSTRY RANKINGS

Category leaders find a way to rank company performance against their new success benchmarks. Once the ranking is published, they use public relations strategies to get news coverage. Soon top executives are asking - why are we not ranking on this metric that is all over the news?

### 5) AWARDS

Category leaders institute formal award programs that recognize individual heroes, all-star teams, or trend-setting companies. They create visibility for the awards with marketing strategies such as a public call for nominations, recruiting high-profile judges, and hosting announcement ceremonies to crown the winners.

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B2B SaaS, Cloud,  
and Tech Marketing

