

From Start-Up to Hyper Growth:

Set your SaaS Business for Scale



A  Crayon company



SaaS founders and CEOs should be free to focus on product and customers, not platform management.

Each SaaS business is different, but peel back the brand and the technology and you'll see almost identical challenges. Unsurprisingly, [most startups shut up shop when they've grown to between 11–50 employees](#).¹

While founders and CEOs work hard to keep ahead of the growing complexity, they face constant interruptions from technical distractions, leading to a loss of focus: they de-prioritise customer acquisition and retention, and lose market share to competitors as product innovation takes a back seat.

After helping grow more than 40 ambitious startups into world-class SaaS businesses, we've seen firsthand what helps companies scale – and what holds them back.

Too many founders and CEOs get stuck fighting fires, working in the business not on the business. With the benefit of that experience and the frontline expertise of our CEO, Symon Thurlow we've got the scoop of what to do instead.

Contents

Introduction	03
1. Setting yourself up for scale.	04
2. Getting new features out to market.	05
3. Safeguarding your business reputation & customer trust	06
4. Controlling the cash burn	07
5. Don't forget about your existing customers	08
About Parallo	10

1. Failory Blog, Start Up Failure Rate, <https://www.failory.com/blog/startup-failure-rate>
2. Entrepreneur, Is It Time to Outsource Human Resources?, <https://www.entrepreneur.com/article/217866>

Your problem:

Operational Busywork

Won't Take
Your Startup to
Grown up.

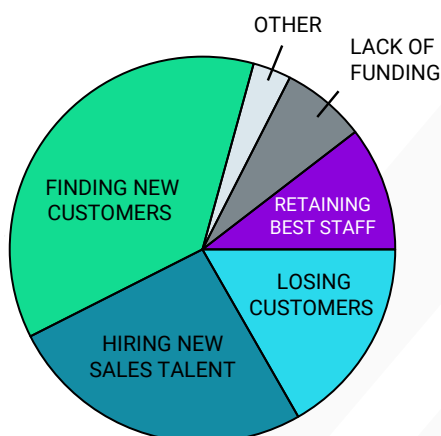


Scaling means more complexity and risk, and more demands on your time and resources just to keep the lights on.

If this is you, you're not alone. Research shows that over-investment in urgent, but not important tasks like platform operations take you away from what should really be your focus: customer acquisition and retention, increasing revenue and getting releases out to market to keep funding lines open.

We want to help you build your business into a world leader, fast and with a minimum of disruption. Understanding and planning for common roadblocks along the way will make things easier. Here we outline five key roadblocks, why they're so common, and how you can work around them.

Common Challenges Facing Startups:



Intrinsic Executive Search, B2B SaaS, Survey Report, 2019

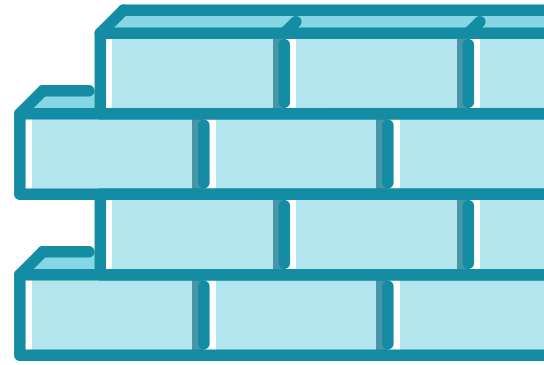
I don't have to learn about hardware, servers, uptime, and databases anymore. I can focus on the product and make sure that it is as competitive as possible in the market we're in.

Danny Ing, CIN7 Founder
and Chief Innovation Officer



1

Setting Yourself Up for Scale.



To scale you need to scale technically, and despite the promise of the cloud that's not always achievable. Any ambitious SaaS company will also have at least one eye on international markets, but all your efforts can be undone by architecture and operations that aren't set up to support your growth. It's basic considerations – avoiding preventable service disruptions (PSDs), poor performance and cost blow outs – but it's these that often trip up fast-scaling businesses.

Build for the market you want.

When you're aiming for maximum operational efficiency, it can seem counterintuitive to build for scale, but it's the only way to come out the other end of a growth spike in one piece. Right from the beginning, your business and software need to be built with your millionth user in mind, not your tenth. Otherwise, when you hit hockey stick growth, your architecture won't scale, and it will be harder to modernise.

"We've seen some companies reach that point and have to start turning customers away. These are the real-world implications," says Symon. "Your funding and valuation is based on revenue, and that won't grow if your application can't take more users, so this issue becomes an existential threat to your business."

Recognise your own limits

While tech founders are super capable and find success with that entrepreneur attitude of just making things happen, most aren't from mega scale backgrounds.

You can only build to the limit of your capability. Recognising that early, gives you an incredible advantage. It means "you can get the help you need to build for scale. It preps you for growth".

- Symon Thurlow

Nailing the architecture, design, build and management of your platform also removes a linear relationship between cost and users – cloud native applications will become more cost-effective as you add more paying customers.

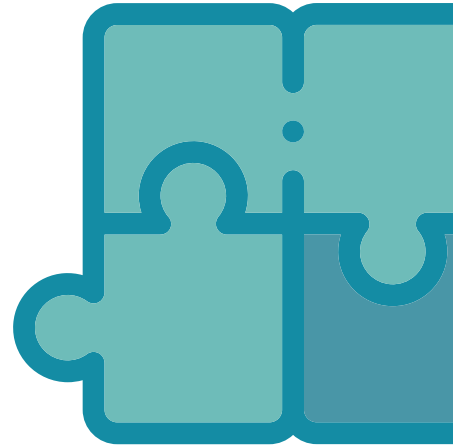
Starting from a no-name company to having more than 150 staff now and thousands of customers around the world, you need a partner to help you scale technically, and Parallo has really helped us with it.

Danny Ing, CIN7 Founder
and Chief Innovation Officer



2

Getting New Features out to market



There's a reason why they call them sprints – the SaaS world is a race. The faster you can get new features into market, the better chance you'll have of growing your market share. But the reality is that product teams can often find themselves focussed on lower value platform management tasks, not building what your customers want.

Keep your eyes on the roadmap

It's crucial to remove those tasks so your people have the headspace to properly plan the product roadmap and then execute on product development and feature releases.

"It's another existential threat. Anything that takes your eye off making your product more valuable to your customers is time wasting," says Symon.

Many SaaS companies still rely on large, infrequent release cycles that require extensive UAT and often leave the business with significant technical debt and bugs that stay in the production system for months.

That's one end of the spectrum – at the other end is what Symon refers to as "continuous-deployment, automated-testing nirvana".

"If you're shipping minor changes ten times a day, there's no such thing as UA testing. All of that waste is gone, your customer is way happier, your team is way happier, it's more cost effective, and it gives you a massive competitive advantage".

- Symon Thurlow

One customer had major challenges with their product testing and release process. They used three environments across their application, with each environment needing at least a 45-minute build time before new features or bug fixes could be tested or applied.

"Over time, the failure rate for the build process rose to more than 50%, despite the development team spending significant time hand-holding each build cycle. It got so bad that the team began testing on the production environment," says Symon.

Parallo re-architected all three environments and built a new automated build-and-release process using Azure DevOps. This resulted in a complete build time of just five minutes across all three environments, with 0% failure.

"They are now highly agile and responsive – their customers love it."

3

Safeguarding Your Business Reputation and Customer Trust.



It's easy for security to take a back seat when other things seem more urgent. Early stage founders may get away with this approach, but as you move from traction to scale phases, maintaining your reputation and customer trust is essential.

With increasing threats from malware and ransomware, plus GDPR and other privacy regulations, SaaS providers who have crossed the chasm into the mainstream will find they're dealing with heightened scrutiny. Your board will also have something to say about all this – they'll want this liability risk removed, or at least a clear path to doing so.

Build-in and out-source security

Selecting a secure cloud platform and building robust security systems into your software is fundamental, but only stage one. The next is to continually scan and optimise your cloud platform and the software itself, to spot threats, close gaps and prevent breaches

"You need to take it seriously. Ideally security is someone's day job, or you work with a partner who provides a disciplined approach to managing it. Otherwise security improvement gets put off, and that's the day you get compromised".

- Symon Thurlow

Part of that proactive management is about identifying and recording the risks and then either actioning a fix or making a calculated decision to defer it.

"That means you've got a system for consistent security posture improvement with a demonstrated audit trail. That due diligence helps protect you from some negative impacts, and also puts you miles ahead of your competitors, so security becomes a sales tool."

4

Controlling The Cash Burn

SaaS companies want to extend their runway, so a big part of scaling is keeping costs down, particularly if you're working towards a capital raise or sale. While startups should look at big-ticket items like extra staffing or office space, operational costs are often overlooked and can add up quickly – especially if big spikes in growth or poor utilisation of resources lead to unexpected usage costs.

Bill shock is more common than you think, and totally avoidable.



Take care of the pennies

Having someone keeping an eye on every cent that goes out of the business is the ideal, but hardly practical. Most founders barely have time for lunch, let alone analysing each line item in bank statements. The alternative is to invest in systems that monitor and optimise platform costs.

Automated cost analysis functionality won't just keep costs down by identifying waste, it can also compare costs between periods, to give you forward warning of usage spikes and the accompanying bills.

"Cloud platform costs are eminently controllable if you follow proven automated processes. For example, our automation library compares spend from the last 24 hours to a 3 and 7-day average so you know about spikes far earlier and can manage them easily."

Automation can also help you optimise spend as your cloud use dynamically changes according to demand.

"On average we see SaaS companies drop their consumption costs by 20% with optimisation – that's cash back into the business for product innovation and growth."

- Symon Thurlow

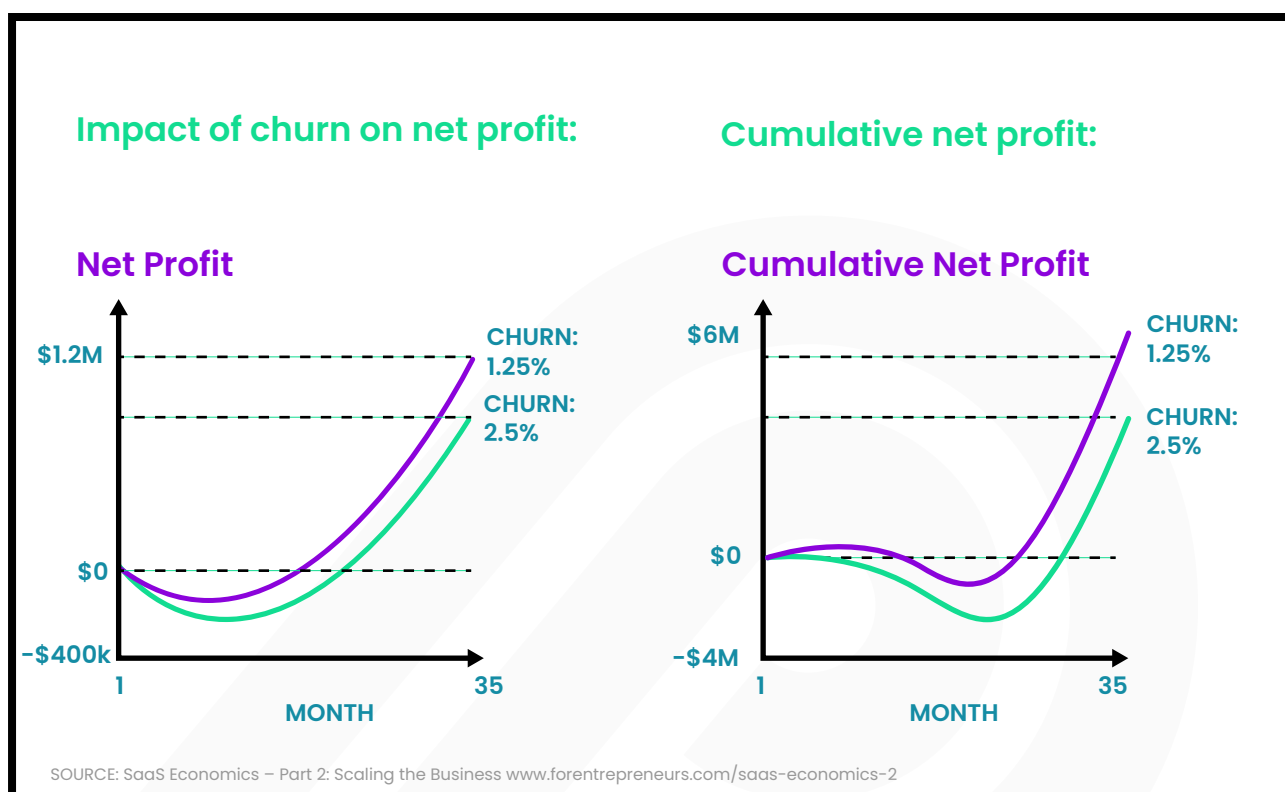
With our platform expertly managed by Parallo, we're now set up to be at the leading edge of the innovation curve.

Mark McCaughan,
Merlot Aero CEO



Don't Forget About Your Existing Customers

Many SaaS C-level execs and founders focus far too much on new customer acquisition – nearly 75% of their time – and not enough on reducing churn or expanding the value of existing customers. Halving your churn rate will double the lifetime value of the customer and investing more in upselling can be 300% cheaper than finding the same revenue by getting new clients. ProfitWell recommends that at least 30% of your revenue should come from expansions, but most SaaS companies can barely hit the 10% mark.



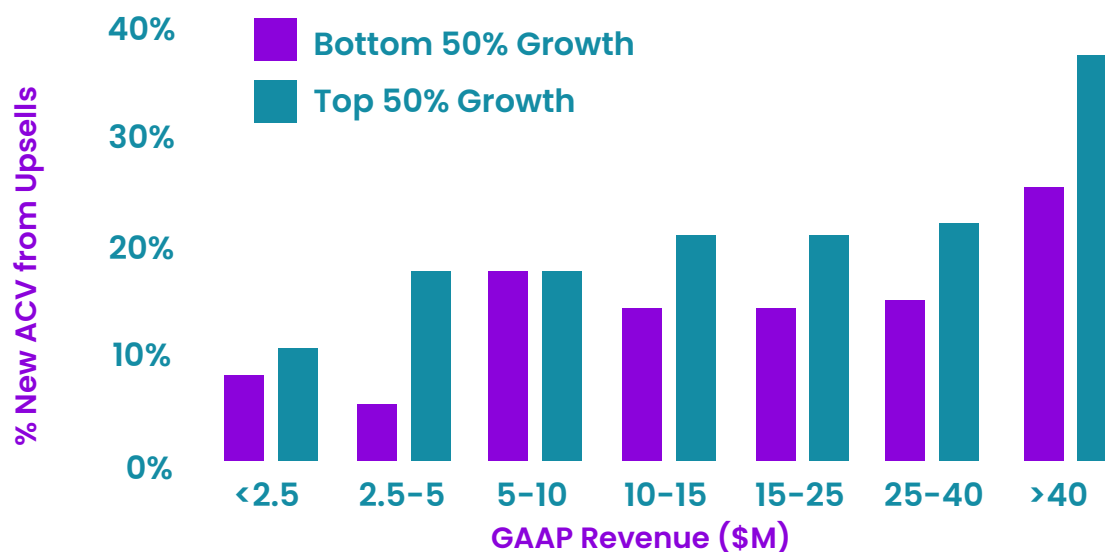
3. ProfitWell, Data Shows Our Addiction to Acquisition Is Getting Worse, <https://www.priceintelligently.com/blog/saas-growth-focused-too-much-on-acquisition>

4. Product-led Growth, Data and Trends, <https://www.productled.org/data-and-trends>

5. ProfitWell, 30%+ of Your Revenue Should be Expansion Revenue. You're Likely Only at 10%, <https://www.priceintelligently.com/blog/saas-subscription-expansion-revenue-is-crucial>

Impact of upsell on growth performance:

Data from 2015 Pacific Crest SaaS survey



Nail user experience

So what's holding you back from activating, retaining and upselling customers? Beyond the must-haves of great UI, your application functionality and performance is make-or-break. Getting it right all comes back to streamlining operations, speeding up feature releases and solving performance and reliability issues before they affect your (new and existing) customer experience.

"The best user experience is the key to increasing customer loyalty and spend, and reducing churn," says Symon.

This comes down to site reliability engineering (SRE) and Application Performance Management (APM). Again, all things that need to be the main focus for someone on your team or a trusted partner, not an afterthought. This also brings new customers.

"If your customers are happy, they'll stay, and you'll bring in more customers – it creates a virtuous cycle relationship. That's why we think our ultimate customer is our customer's customer."

- Symon Thurlow

In the SaaS market, faster is better, and that makes us more competitive. Our customers like the speed with which they can have new solutions and improvements. Our speed to market is now part of our product pitch and our business positioning, and that's gold.

Mark McCaughan,
Merlot Aero CEO



Parallo–We'll Optimise Performance, Security, Availability and Cost, so You can Get Growing

Some of APAC's most successful startups and SaaS companies have a secret weapon – Parallo.

Our application-based managed service is designed specifically to remove the grunt work of managing cloud platforms for SaaS businesses – so you're free to focus on growth. Here's how Parallo do that:

The Parallo Automation Library

Powered by machine learning, PAL automatically tackles cloud-related hurdles, optimising performance, security and availability, while minimising cost.

The automations can preemptively scale infrastructure components, assess daily costs to identify usage spikes, detect waste to avoid overpaying and compare spending periods to prevent bill shock. Meanwhile self-healing functions prevent problems before they become an issue.

This always-on monitoring information is fed into a ChatOps channel for you and the Parallo engineering team. This gives you instant access to the findings and a simple way to get your questions answered.

It keeps everything running smoothly, so you can focus on the things that will get you scaling – product and market.

Proactive Cloud Platform Management

Parallo's proven Cloud Platform Management service, takes away the technical noise of running SaaS apps on public cloud, so you can zero in on product, prospects, people and customers.

Find out how we can optimise your cloud platform's security, performance, availability and cost. **Book your free current state assessment now at parallo.com/contact**

About Symon Thurlow— Co-Founder and CEO, Parallo



Symon's career started as a Systems Engineer over twenty years ago. He's a techie at heart and wrenched himself off the tools to become the Technical Director of a business continuity services provider. In 2011 he established Parallo with Shaun and Nicole, two longtime workmates who each provide a little yang to Symon's abundant charisma and optimism. In 2014 Parallo won their first SaaS customer and haven't looked back.

Out of work you'll find Symon in a little tin boat off the coast of Great Barrier Island looking for his last iPhone.

Connect with Symon on LinkedIn
[linkedin.com/in/symonthurlow](https://www.linkedin.com/in/symonthurlow)