

How To Think Like A SaaS Company (Guide 2020)

How can a [service business](#) think like a SaaS company? This is the question that we are going to be focusing on in today's article. In our exploration, we will be considering some of the unique benefits of adopting the mindset of a SaaS company and the specific areas of your service business that can be positively impacted by this unique approach.

The model of a service business has been replicated across a wide variety of industries and sectors. For the most part, this model can work well for small business owners. However, as you start to scale your service business, you might start to encounter some roadblocks that will [stunt your growth](#) and your ability to scale.

If you have ambitions to scale your business, the service model will only get you so far. To facilitate growth, you will need to learn from the core characteristics and traits of the SaaS model. Before we dive into fundamentals of the SaaS company model, let's talk about some of the common traps that service businesses can find themselves in.

Common Service Businesses Traps

As you try to scale your service business, it's important to be aware of some of the potential pitfalls that you could run into along the way. This puts you in a position to limit the impact of these pitfalls and continue on your upward trajectory. If you touch a stove and it's hot, you're not going to touch it again. If there's a hole in the ground, you're going to walk around it.

Trading Time For Money

Trading time for money is a common issue that service businesses have. Many service business owners spend most of their time delivering to customers. This can be problematic when you do not have any time left to work on your outreach campaigns and other growth initiatives. This can significantly impact your ability to grow in the long term.

Unpredictable Revenue

When you don't know how much revenue you will be generating from one month to the next, this can prevent you from making big growth investments. This is a problem faced by service businesses that predominantly take on project-based work. They lack the financial stability to make investment decisions that can be justified in the long term and in the short term.

Saying "Yes" To Everything

Service businesses are often scared of turning down projects. This can sometimes lead to the erosion of their margins as they desperately attempt to keep their pipelines full to the brim with projects. A full pipeline might look good in the short term but without solid margins across all of your projects, you will not be able to scale your service business.

Modeling A Service Business on A SaaS Company

How can you start to model your service business around a more efficient operational structure? I firmly believe that service businesses can benefit from adopting a SaaS model, productizing their offering in the process. The SaaS model encompasses a lot of incredible characteristics that service businesses could benefit from whilst on their growth journey.

You can learn a lot by studying the models of other businesses. This can help you to identify inefficiencies in your own business and expose you to alternative ways to run your operation. It's all about looking at the problems that your business has from a fresh perspective. In doing this, you will be able to find solutions to these problems and improve your growth trajectory.

This is why I feel strongly about encouraging service business owners to study the merits of the SaaS company model. SaaS companies rarely wrestle with the three previously mentioned traps that service businesses fall into. This is because the SaaS business model is specifically designed to block and prevent those problems from occurring with a robust, systematized approach.

Self-Service

Many SaaS companies operate with a self-service sales model. This includes an automated process for [customer acquisition](#), onboarding, and payment. SaaS companies can gain new customers in a matter of minutes, whilst it can take several days for traditional service businesses to acquire new customers. This automated approach removes the back and forth dialogue that often happens over email or phone.

With traditional service businesses, potential customers can grow frustrated by slow response times. A self-service model removes this frustration, automatically guiding potential customers through a meticulously defined funnel without the need to rely on the presence of humans. This gives SaaS companies more time to answer specific questions from potential customers that have contacted them directly about the service.

No Sales Close

The vast majority of SaaS companies do not have sales teams and this is simply because they do not need them. They have engineered their websites to guide potential customers through a sales funnel that ultimately leads to a buying decision. There are always going to be potential

customers that will want to speak on the phone with you and this is something that you would need to accommodate.

How could you close a sale for your traditional service business without having to talk to anybody? What kind of assets would you need to create for this to be possible? You won't be able to create this infrastructure overnight but it's something that you can work on across several months. You can study the sales funnels of SaaS companies to see how they successfully manage to lure potential customers towards the finish line.

Building A Strong Asset

SaaS companies want to be an asset. They understand the power of having consistency running through every aspect of their business. A highly systematized approach can be appealing to potential investors that are on the outside looking in. Building these systems can add a level of automation to a traditional service business, ultimately giving you more time.

The greatest strength of SaaS companies is their lack of dependence on a single person. The business owner does not have to be at the very forefront of day-to-day operations. Instead, they can be focusing on other vital elements of the business, such as [growth marketing](#). As a traditional service business owner, how could you remove yourself from the day-to-day operations of your business?

The answer to that question is likely to require some thought. It would be nearly impossible to make this happen overnight. Many people build SaaS companies with the end goal of exiting and selling. If you adopt a systematized approach to running a service business, you will be able to make your business more appealing to potential investors or buyers further down the line.

High Margins

SaaS companies can have profit margins that are as high as 80%. This is something that can be incredibly advantageous and is largely down to the leverage that they have with the software. It can be challenging for a traditional service business to attain these high margins, but you could certainly explore leveraging software and technology to push your margins higher.

How could you be leveraging technology to remove unnecessary expenses from your service offering? This is the question that you need to ask yourself as you look to make your service business more sustainable. Higher profit margins could be right around the corner if you take the time to invest in leverageable software and technology.

Recurring Revenue

This is a very desirable trait! SaaS companies typically operate on a recurring revenue model, adding a level of predictability to their finances. When potential investors look at a SaaS company, they want to see consistency in their revenue numbers. Investors often look specifically for companies that have consistent recurring revenue.

Even if you're not thinking about selling your service business any time soon, it's always good to be planning for the long term. Three years down the road, if you start to get tired of running the business, don't you want the freedom to be able to sell it?

Scalable

How can you build systems to help your service business to scale much further beyond where you currently are? This is an essential question that needs to be answered if you want to create sustainable growth for your business. SaaS companies can often be easily scaled due to the automated nature of their offering. The more automation that you incorporate into your operation, the more scalable your service business will be.

Service businesses do not automate enough of their workflow. When you really start to dissect the operational processes in your business, you will find opportunities for automation. By default, tech-savvy SaaS developers are instinctively drawn to automation. Traditional service business owners need to adopt some of this enthusiasm for automation if they want to scale their businesses.

Final Thoughts

I hope you enjoyed finding out more about the benefits of running a service business like a SaaS company. Taking this approach has enabled me to build and scale several highly-profitable productized services. I am now on a mission to teach service business owners about how they can successfully transform their businesses into productized services.

Are you ready to start pulling the levers of growth? Get access to my [free video training](#) session for service businesses that are looking to productize their model. See you there!