

Research Report

The 80-20 Rule of Launching a SaaS Product

We asked 100 SaaS founders in the pre-launch, launch, and post-launch phases about their growth strategies and how they prioritize their actions.
This is what they told us.



solveo

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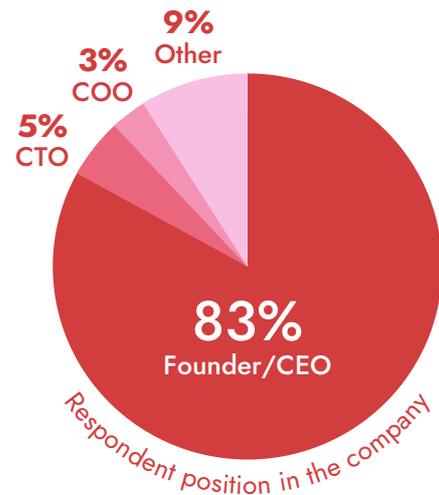
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Overview

Starting a business is always challenging, even if you've done it before. But some entrepreneurs find more success than others with launching, regardless of their experience.

What key activities in the beginning stages of SaaS startups lead to their short-term and long-term growth?

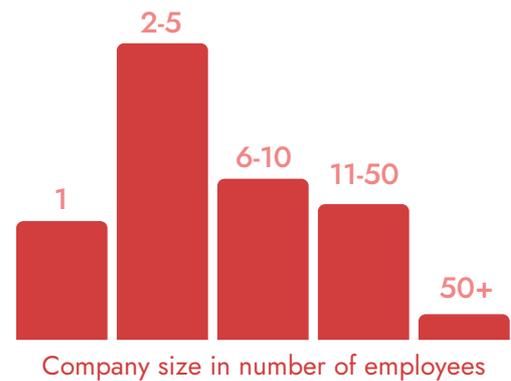
To answer this question, we asked 100 SaaS founders that recently launched or are preparing to launch their SaaS Startups about their resource distribution and growth strategies. We wanted to determine which activities they found were key in each stage and which practices led to their biggest successes.



Participants: SaaS founders that recently launched or are preparing to launch.

Approach: Qualitative, using video interviews and open-ended questionnaires.

Mission: To demystify the launch process and give founders insight into the strategies of their peers.



The 80-20 Rule Explained

You've probably heard of the Pareto Principle, which is based on the observation that roughly 80% of the consequences come from 20% of the causes for many outcomes. It was popularized by the 1997 book by Richard Koch - "The 80/20 Principle: The Secret to Achieving More with Less".

The 80/20 rule has applications in computing and social behavior but has also been observed in economics and business. When applying this principle to business, the common observation is that 20% of the activities in a business lead to 80% of the results.

Why is this relevant?

Around 90% of startups fail within the first 3 years of operation. The biggest reasons, according to a CBInsights report, are:

- 1) running out of funds
- 2) no market need, and
- 3) got out-competed.

This means that to avoid falling, startups need to develop a strategy that balances resource allocation and market validation and prioritizes activities that will lead to fast growth to remain competitive in the fast-paced global marketplace.

To improve the odds of success, startups need to prioritize certain key activities in each phase - the 20% that will lead to 80% of their growth.

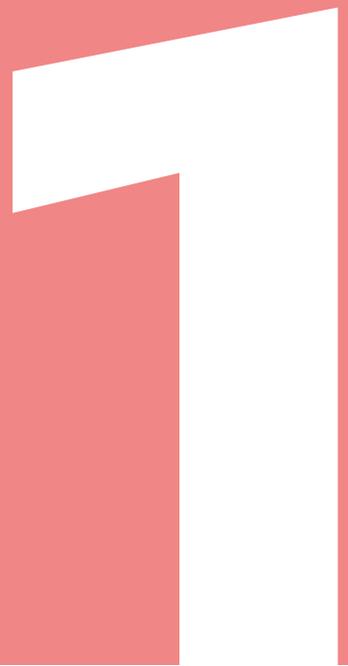
What we will cover:

The key activities to focus on in the pre-launch, launch, and post-launch phases that will lead to the majority of the results

- ▶ 15 Charts and visualizations of our insights from founders in all 3 stages
- ▶ 25 quotes from the founders about their experiences, strategies, and approaches
- ▶ Advice on improving your strategy in each phase from our experience
- ▶ Advise about securing funding and working with external marketing teams

Pre-launch

Setting the stage for a successful launch



Main challenges of the Pre-launch Phase

Passionate SaaS startup founders feel they know what the world needs and are anxious to bring their idea to life, confident that once it is built, buyers will come. Development, however, is time-consuming and costly and, if done without proper feature prioritization, can get prolonged indefinitely.

In addition, securing funding at this stage is possible but difficult without market validation. And balancing between validation and engineering is often harder. The initial teams are small and generally consist of product developers rather than marketers and growth strategists.

The importance of testing and feedback in this stage

One of the biggest mistakes we've seen founders make is not testing soon enough and quickly enough. Often, the main reason for this is the human factor - fearing that if the product isn't complete, the users "won't get it." But there are other ways to test and validate an idea.

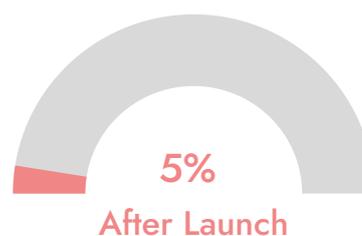
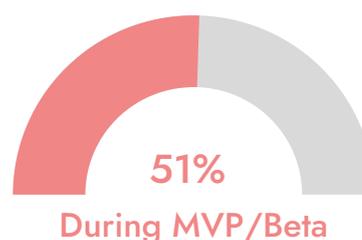
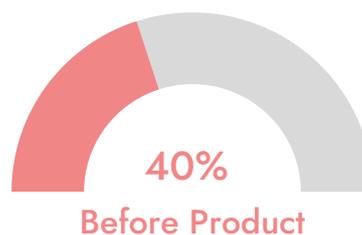
Our research shows that 41% of founders started looking for feedback before they had a product to show or test, which is a winning strategy for early-stage validation.

When looking for feedback in the idea stage, knowing how to approach the target group and what to ask them is important. Some best practices include asking, "How are they currently solving this problem?" and "What would they improve in the current solution?"

Finding the proper channels, approaches, and prototyping methods can help early-stage Startups find out if there's a real need for their solution and what their unique selling point could be.

These are some of the ways our respondents tested their ideas and products in the early stage:

Q: How early did you begin looking for feedback from potential users?



Testing and feedback strategies in the Pre-Launch phase

Q: How did you test and validate your product?



"It's really helpful to give users a prototype or visual reference to determine if they would use a platform or not."

Zack Anselm, Founder of Therr, Inc.



"We scan the feedback/comments forums from complementary and competing products. It is not structured, but it is still a very important source of information."

**Vitaly Malyshev,
Co-founder and CEO, Pleeco Inc.**



"Advertising to the target market at the initial concept phase. A/B testing product features, marketing materials (names, logos, etc.)"

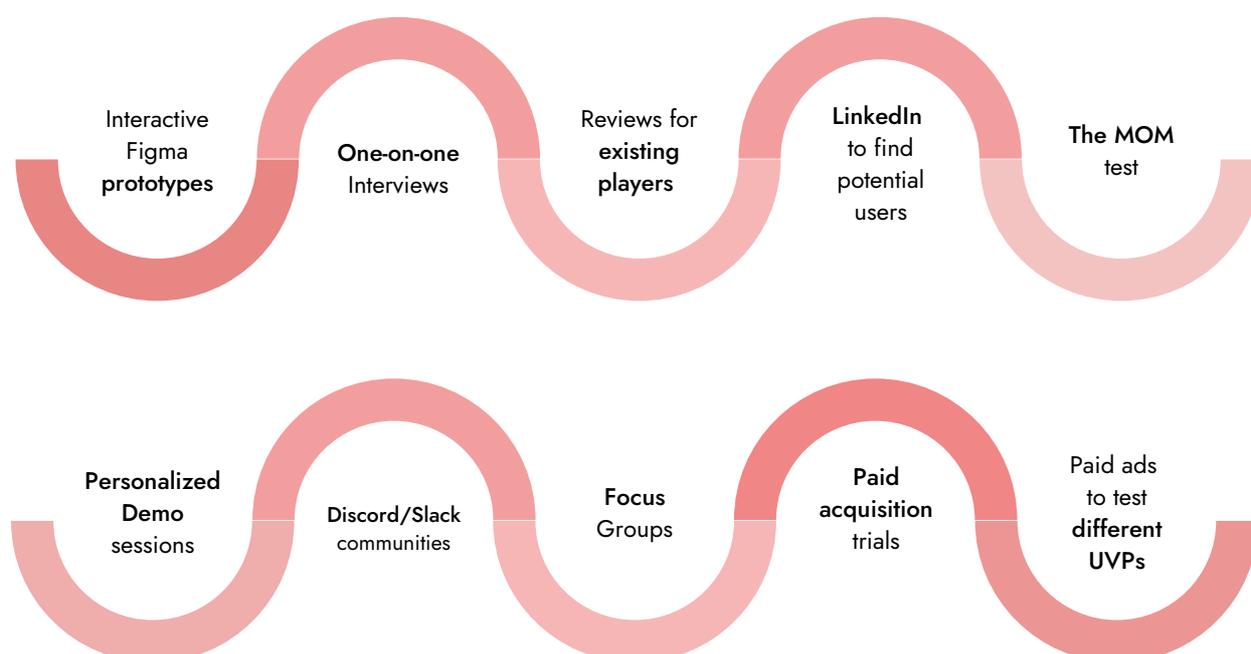
**Casey Dickinson,
VP of Operations at Tilting Point**



"All of the usual suspects: customer interviews, launch a landing page, and work to drive early adopters to sign up for a beta, discussions in popular forums (e.g./r/startups). People on Reddit are usually honest and direct, almost leaning toward being overcritical often. This can play a helpful devil's advocate."

Felix, founder of Foundable.

More approaches used by the SaaS startups:



Product Development based on user feedback and insights

Finding out which features to prioritize, what should be the UVP (unique value proposition), and which customer is your ideal user are only a few of the benefits of early research and testing. Testing and gathering feedback in different ways as early as the idea stage might initially slow down the product development process, but it will speed it up in the long run.

When making the first version of a product, the objective isn't to create a complete, multifaceted platform. Developing too many features from the get-go can hurt your chances of success. As a new name on the market, a brand must instantly be associated with a clear, simple, and memorable UVP. Once established, you can branch out and expand to build a feature-complete solution.

Preparing for the launch

While gathering feedback and running tests with potential users, you are simultaneously building your initial user base. This means that early feedback gathering doubles as a marketing activity. Implementing strategies to keep the early adopters in the loop will help you immensely when you need support during the launch.

Q: What role did customer feedback play in determining which product features or marketing strategies to prioritize?



"Huge. First, we focused on the problem set (sharing goals with friends). This manifested itself in a web-based MVP that was asynchronous. Then, based on feedback from the web-based MVP, we flipped enormously to build a mobile app with more synchronous chat features and notifications, which many users said was lacking in the first version."

Harri Thomas,
Co-founder of Elephants



"Imperative - the concept has been growing and adapting based on requests/demands. We began as a travel platform - where a traveler can learn about a destination, read/contribute to reviews & book a complete holiday. After getting many Facebook messages from users requesting to sell different things or offer jobs on the platform, we have decided to evolve to a hub for the Australasian Realm."

Cameron Jackson,
CEO of Australasia.com



"Customer feedback drives just about everything. It becomes the priority if we get consistent feedback across multiple customers. We still have a core problem/solution to focus on, but if appealing to customer expectations sooner rather than later is possible, then we do."

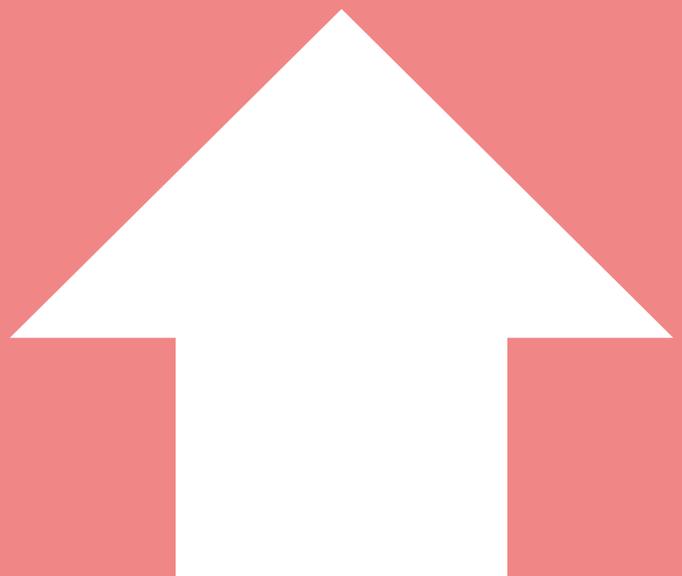
Zack Anselm, Founder of Therr, Inc.

The 80-20 rule for the **Pre-launch phase:**

A Startup can't afford to prioritize all of the strategic objectives, such as growth, before establishing a product-market fit. Learn more about how to find your product market fit in this [comprehensive guide](#) written by our won innovation experts.

Investing 20% of resources in product validation will contribute to 80% of short-term and long-term growth.

It will reveal the UVP, the ideal target user, and which features to prioritize. It will confirm your product-market fit, which boosts your chances of securing funding. Testing and feedback also help you build your primary user base and will help you launch with a bang!



Launch

Sharing your product with the world

2

Main challenges of the Launch Phase

Launching is about preparation, coordination, and collaboration. Preparing for the launch goes beyond releasing an MVP. It would help if you also designed product guides and promotional materials, found the best channels to launch, and created a clear plan to maximize your presence on launch day.

You will also need to coordinate and collaborate with early adopters, your team, friends, and family to get the initial applause to attract more people to the crowd. It requires a lot of research, strategy, and planning, but it's one of the best ways to validate your product market fit and gain traction.

Why you should launch as soon as possible?

There is no such thing as a fully ready product. The challenge is finding the spot between a barely functional prototype and a fully-functional solution to release to the public. This sweet spot is the MVP - the Minimum Viable Product. This version of the product should be enough to see if your core features are proving value to the users and continue development based on the usage patterns and feedback.

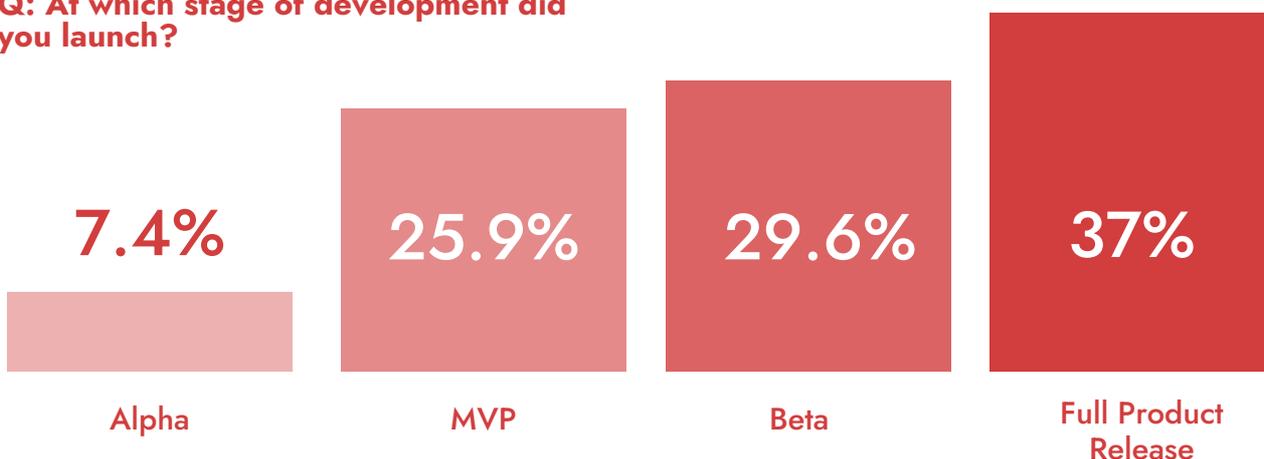
The best way to launch is to do it more than once - running a few soft launches and improving the next release with the feedback from the previous one.



"Launch it live, bottom-line. You can beta test with a small group, or experiment in closed environments, but in my opinion, the best way to validate a product is by going live to the market. Just be prepared to iterate and implement fixes/changes with speed."

Nunzio Presta,
Founder & CEO of
BuyAndSellABusiness.com

Q: At which stage of development did you launch?



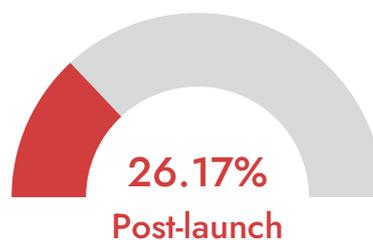
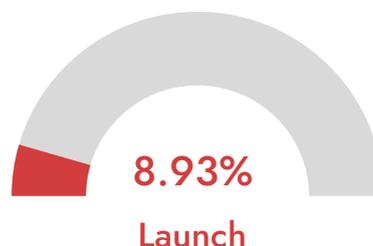
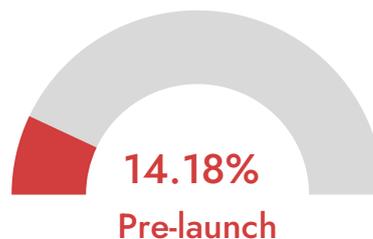
Launching with no budget

37% of the respondents that just launched their SaaS did it for their full product release. Unfortunately, this is the most frequent mistake we see founders make when it comes to launching - postponing the launch until their product is entirely "ready."

There is no such thing as a fully ready product. The challenge is finding the spot between a barely functional prototype and a fully-functional solution to release to the public. This sweet spot is the MVP - the Minimum Viable Product. This version of the product should be enough to see if your core features are proving value to the users and continue development based on the usage patterns and feedback.

The best way to launch is to do it more than once - running a few soft launches and improving the next release with the feedback from the previous one.

Q: In your current phase, what percentage of your budget do you devote to marketing?



The 5 Don'ts when launching (and what to do instead)

1. Don't spend huge resources on your launch to create a big show. When launching, humility pays off more than merch, crazy campaigns, and fireworks.
2. Don't launch without having a basic user onboarding flow. A simple step-by-step video covering the basics is an excellent way to start.
3. Don't launch without checking the user signup funnels. Ask friends and family to sign up and let you know if they found their way around the signup quickly and if they received all the subsequent emails.
4. Don't launch without a plan. Do your research and plan at least 1 month ahead. Even if you have everything ready, you'll need at least that much to execute a launch successfully.
5. Don't expect overnight success. While occasionally, some Startups manage to attract thousands of users upon their launching, these cases are very rare. Also, it's usually not their first launching attempt. So shoot for the stars but be grateful when you land on the moon.

Q: In your opinion, what has been your product's biggest success so far, and which activity led to it?



"Hitting 100 active users in the alpha stage and surpassing \$1k in revenue with only organic marketing."

**Mantas Karmaza,
CEO of Mantas Digital, MB**



"The biggest success is the feedback we get from our customers, and also the percentage (85%) that finish the initial assessment after trying it out."

**Adam Casole-Buchanan,
Product Manager at Joorney**

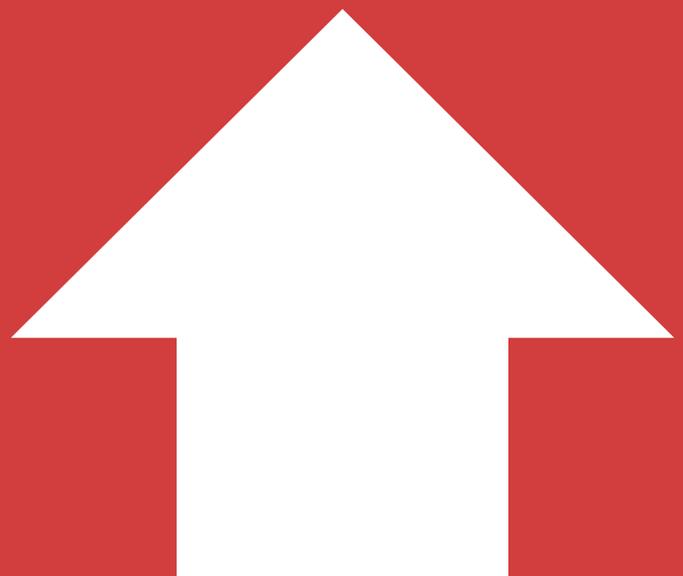
Chapter 2: Launch

The 80-20 rule for the **Launch phase:**

The launch is one small step of a Startup's journey and growth. It's important to keep your eye on getting more users and feedback rather than marketing objectives like traffic and engagement. Use an honest approach and communicate that you are looking for feedback from early adopters.

Investing 20% of resources in testing and validation will contribute to 80% of success both during the launch and after.

Think of your launch as one grand experiment. It should reveal new use cases, possible issues with your product, and a better understanding of your positioning, target group, and how to launch better the next time. So learn, implement, and launch again.



Post-launch

Analyzing, Iterating and Growing

3

Main challenges of the Post-launch Phase

The post-launch phase begins with the necessary analysis of the launch activities. Looking at the feedback gathered and the effect of the launch strategy itself will help improve both your product and your future launch attempts. The next immediate challenge is retention. How will you keep the new users engaged and meet them at their varying interest levels? How will you remain relevant while improving your product on the back end?

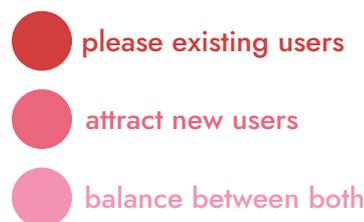
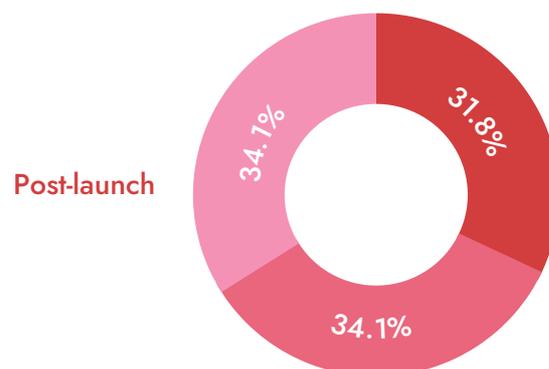
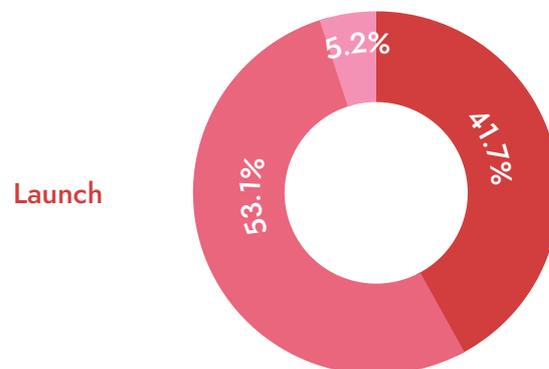
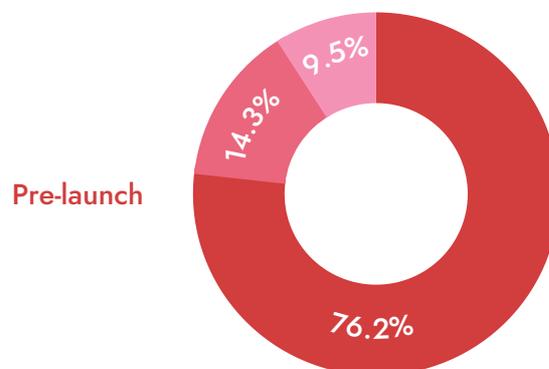
The biggest challenge of the post-launch phase is retaining momentum. Of course, the marketing activities shouldn't stop, nor the testing and feedback gathering. But they need to be balanced with more sustainable growth activities and KPI measurement.

Attracting new users vs. pleasing the users you already have

Startups need to constantly analyze insights from existing users and rapidly improve the user experience to retain them. On the other hand, the challenge of attracting new users remains after the launch. It's all about the balance between the two, and it's apparent from our findings that the post-launch founder knows that as well (see and compare the charts on the right).

Balancing between pleasing existing users and attracting new ones is difficult, but these activities can also conflate. Finding ways to do so simultaneously is a winning growth strategy.

Q: In the current development phase, do you think it's more important to focus on new features to please existing users or on marketing to attract new ones?



Using behavior as feedback

Pre-launch testing usually results in direct feedback through suggestions and compliments. The feedback that comes after the MVP is much more powerful and accurate. User behavior is indicative of the real potential of your product, revealing issues in your UX and leaks in your customer journey. It's the most honest feedback one can get.

Startups must constantly analyze and iterate based on their insights to improve the user experience.

Having a great user experience will also drive word of mouth - a priceless form of marketing that is also the most effective when it comes to growth. This means that the more information you get from your existing users on improving and implementing the experience, the more new users you will likely attract.

This might include creating more onboarding materials, shifting the order in which features are shown, enabling users to give you feedback throughout the user experience, and creating video content to flatten their learning curve.

Q: How have you promoted your product so far?



"Our PH Launch got us in a few design & wp developer newsletters but hardly into anything targeting writers directly. I think designers generally share a lot more than marketers.

We've been reaching out individually to bloggers with an article on how to post on wp or a content marketing tools listicle to get included. We got included in a few, and it's driving around 50 clicks – 10 installs/day today."

**Axel Lavergne,
CEO of The Meta Company**



"Discord for beta testing and community building. Product Hunt for the first beta launch. Online directories and blogs to list products and get some initial attention."

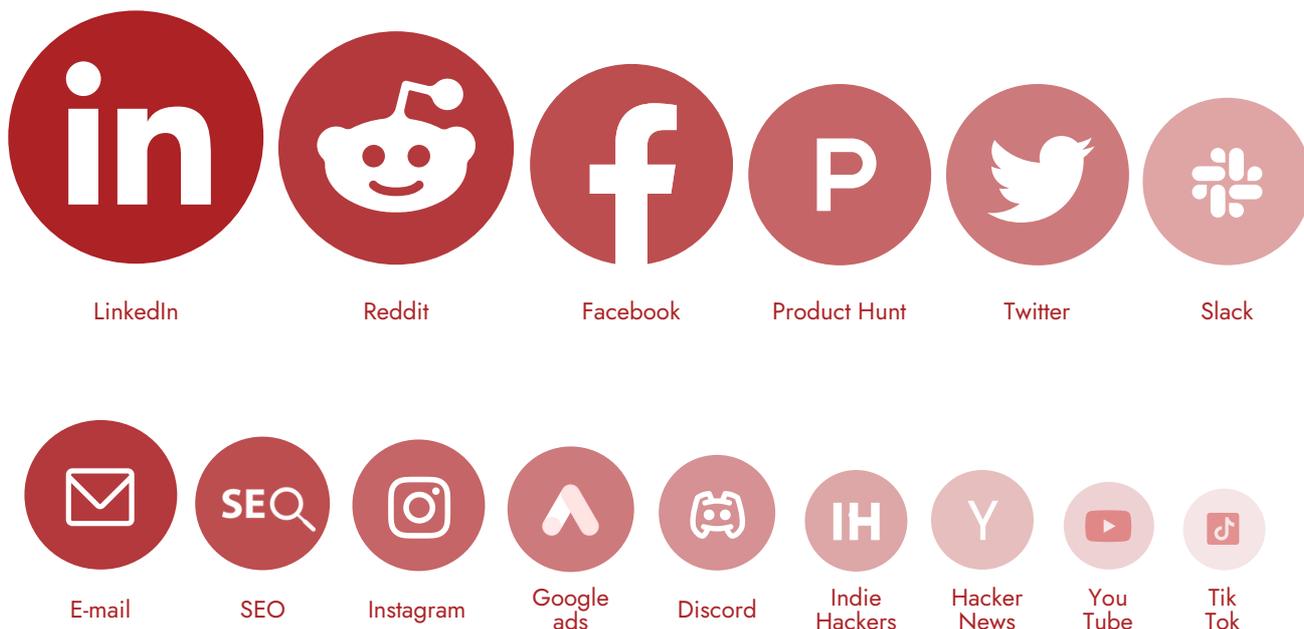
**Lorenzo Satta Chiris,
CEO of Einote**



"ProductHunt, Slack communities (e.g., Support Driven is relevant for us.), IndieHackers, LinkedIn, Reddit, Quora, G2, Capterra, and a few more of those."

Olaf Jacobson, founder of Soon

Q: What channels have you used to promote your product?



The visualization shows the channels mentioned by the SaaS founders in order of frequency, from the ones most frequently mentioned to the ones least frequently mentioned

Retaining marketing momentum

A launch creates much buzz, but that buzz soon fades. So it's essential to keep momentum with constant marketing activities to keep gaining new users. The only reason to stop growth activities is if a big bug is discovered, which often happens during the influx of users at the launch. But as soon as that's resolved, marketing should resume.

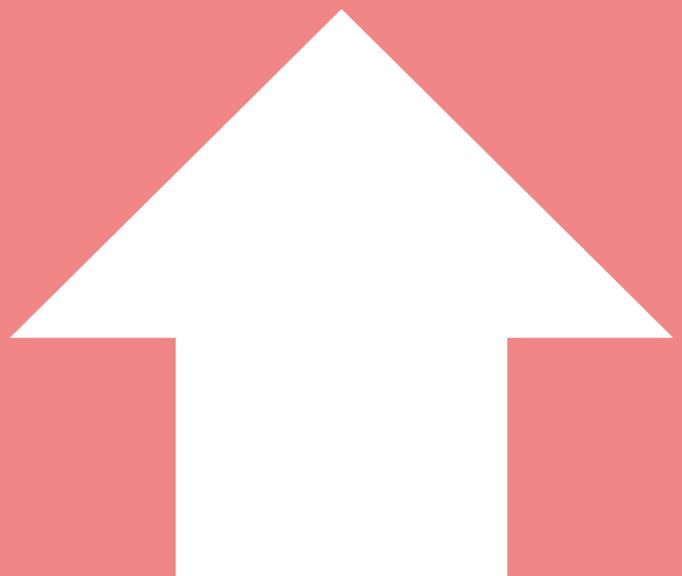
Testing also shouldn't stop after the launch. Testing different growth tactics is often the only way to discover which channels and approaches are the most suitable for your niche.

The 80-20 rule for the **Pre-launch phase:**

The post-launch phase is all about balancing between retention and acquisition. Finding activities to unite the two is a leading strategy, and those activities almost always stem from the data you've gained through the launch and influx of new users.

Investing 20% of resources in analysis to power iteration decisions will lead to 80% of retention and new user acquisition.

The post-launch phase is only the beginning of a Startup's growth journey. Experiment with different approaches, run A/B tests, improve your product to answer the user needs better, and be persistent in your efforts. There is no such thing as overnight success.



Securing Funding

Boost growth or bootstrap

4

The opposing views on securing funding

Securing funding is possible at any stage of the product launch process. Arguably, the further along you are, the easier it should get, but as our research shows, pre-launch SaaS businesses, on average secured funding more frequently than the ones that just launched or those in post-launch.

There is also a dividing opinion on whether getting funding is smart or retaining complete control of the startup and bootstrapping is a better way forward.

Q: Have you secured external funding?



"Nope. Fundraising is a dangerous game. Sounds fun, but it turns entrepreneurs into employees of their own idea."

Joris Van Huet,
Founder of Anima Cloud Efflux



"Yes, we got the first round when we were ramen profitable. It wasn't hard; mostly, we showed our numbers and kept contact showing how much we were growing."

Pedro Santiago,
Co-founder of SplitC



Tips for getting funding

1. It's never too early to start seeking funding. Regardless of the stage, you are in; if you have a business idea with great potential and proof of that potential, you might be able to get outside investments.
2. The best way to get funding is through networking. Pitching events and joining Startup Accelerators are examples of how you can expand your network and build relationships with potential investors.
3. Create a well-constructed pitch deck and avoid lengthy explanations. Of course, it's an important asset to have in your portfolio. Still, also in the process of building it, you will refine your understanding of your own business through the eyes of potential investors.
4. Be aware that investors don't look only at the business idea's potential but also at the leadership, the team, and the business structure before deciding to invest.
5. Having a product-market fit is a must for attracting large sums from investors.
6. Do your research or get expert advice about how much money you can (and should) and how much equity to offer in return.
7. There are many different forms of funding. Sometimes government grants are also available with many more lenient contracts than private equity funds.



"For startups in the earliest stages, irrespective of the economic scenario, it's best to bootstrap and seek investments from friends and family. First, prove your idea has potential and try to understand your market as much as possible.

Then, when you're ready to grow, you can start looking for outside investments. Outside investors will be interested in the value you offer to the consumers and whether the product or service can grow under the management of your team. "

Cory Leff,
Co-founder of Hyacinth
Capital Advisors

External Marketing Teams

Hire in-house or grow with outside help?

5

Marketing for the Launch: in-house vs. outsourcing

All activities, from fathering initial user feedback, to the launch, to post-launch strategies, require marketing tactics and expertise. Unfortunately, not all founders have experience in this field, so they either need to hire an in-house expert or seek help from external terms.

There are also opposing views on what is better. Altho over 88% of founders developed their marketing strategies solely in-house, there are also different reasons for their decision (in most cases, due to lack of funding).

Q: Did you develop your marketing/growth strategy in-house or hire an agency to help you?

In House: 88.4%

Hired an agency: 2.1%

Both: 9.5%



"I tried both ways. Using an agency is a great way to do something immediately if you don't have your own team. But I believe it is important to start building your own marketing team as early as possible."

Vitaly Malyshev,
Co-founder and CEO, Pleeco Inc.



"Both. We have some consultants. We are trying all the time some new approaches and ideas."

Marketa Chalupnikova,
Co-founder of Tolgee



"In-house until we raise funds."

Jacob Kononiuk,
Founder of Readilyau.com



"In-house, but we plan to get an agency involved when we can."

Luke Wilson,
CTO of Instantecom

What no one tells you when launching a product?

1. Don't underestimate the importance of onboarding. The experience your first users get is the key to retaining lifelong customers. As tempting as it is to shower your users with all the unique features of your product, it's much more important to show them how your product can help them solve their core problems simply and easily.

2. Don't marry your initial idea. Many founders struggle to let go of their original vision even when it's clear they need to tweak it. Your product should evolve based on the feedback you get from the users. Remember that you're creating the product for them, not yourself.

3. While getting as much feedback as possible is important, it can be hard to distinguish between sound advice and irrelevant input. The rule of thumb is to listen to the behavior more than the words. That's why interactive prototypes and a/b ads are better at validating an idea than surveys or one-on-one demos.

4. It's really hard to get your first 100 users. Launching - even if you don't have much to show is one of the best ways to attract potential users. Don't stress about the launch too much. Launch early, and re-launch often.

5. Product development and distribution, marketing, and testing are important. If you neglect those aspects, your development efforts might be futile. If you don't have in-house talent, hire external teams to fill the gap.

6. A fresh perspective is something you will always need. This is one of the biggest reasons outside experts and consultants can be a big advantage. It's easy for a founder to get lost in the day-to-day and overlook the bigger picture. Stay sharp by involving fresh, experienced eyes in your growth process.



"Having a great product is good, but having a scalable one is better. Scalability is the ultimate goal of every entrepreneur and the only way to get there is by having a clear vision with space for improvement. Finding which feature serves the biggest benefit to the users, i.e. the core of your product will set the foundation from which you can start building up and reach great heights."

Ivan Zografski,
Growth Consultant and
co-founder of **Solveo.co**

A final observation

Each Startup will have its evolution and growth story. Different channels and approaches work for various niches, and there is no single best way to reach the top. What dictates decisions will always be the users, their preferences, behavior, and needs. Both for product development and growth activities, in all the stages of development, the more you listen to and understand the users, the better your Startup will be.

The 20% of activities that lead to 80% of the growth revolve around the user and your interactions with them.

Here are some final quotes from the founders we interviewed on their biggest successes so far:

Q: What led to your success so far?



"Getting traction by partnering with newsletters. We have seen 150% ROI on this."

**Goutham Bandaru,
Founder of Founders' Book**



"Launching the premium plan and seeing many users switching from free to paid through in-app engagement and email campaigns."

**Paul-Louis Valat,
Marketing at PLEZI**



"Proper product-market-fit leads to customers referring other customers and even investors."

**Ian Delisle,
CEO of Brizo Data**



"Coming to PH #1 of the day.
The ingredients:

1. Fine-tuning messaging by talking to people before launch
2. Being proactive, and responsive to customers
3. Leveraging the community for the initial boost."

**Vinod Bollini,
Founder of Aarzo, Inc.**



"Visibility, brought about by SEO strategy."

**Miracle Elijah Mambasa,
CEO of BioKeyPer, Inc.**



About us

Solveo is a strategic design and innovation consultancy.

We are experienced professionals with a shared enthusiasm for business innovation and design. With over six years of expertise, we successfully helped over 50 international companies launch new products and services.

We know that taking a new product or service to market takes much more than Google ads, video content, and growth hacks.

Our holistic strategic approach ensures a successful launch by empathizing with customers, analyzing the customer journey across all touchpoints, developing a clear value proposition, and building and executing a communication and marketing strategy.

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