

# PRODUCT-LED GROWTH PLAYBOOK

**Implementing an Effective PLG  
Strategy for Faster, More Cost  
Effective Growth**

OPENVIEW



Product-led Growth Playbook:  
Implementing an Effective PLG Strategy for Faster,  
More Cost Effective Growth  
First Edition

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## FOREWORD: A PRODUCT-LED GROWTH PRIMER

The consumerization of IT – a now ubiquitous trend – has led B2B software users to demand better experiences from the products they rely on every day to get their jobs done. It has also shifted the power center away from the buyer towards the user, leaving companies scrambling to create truly one-of-a-kind product experiences that draw users in and provide on-the-go mobile and cloud access.

Companies like Slack, Expensify and Dropbox have embraced this new paradigm. These companies have not only built products their customers love and actually want to use, but have helped to replace outdated, clunky legacy systems that often created more pains for the user than solutions.

Creating a truly enjoyable experience for the user also provides meaningful returns for the product provider. The products produced by Slack, Expensify and Dropbox serve as the foundation for each company's go-to-market strategy. That is, product usage serves as the primary driver of user acquisition, expansion and retention meaning these companies can forgo spending large sums on traditional marketing and sales activities. Instead, they rely on the products themselves to supply a pipeline of satisfied users and 'hand raisers' they can turn into paying customers.

This phenomenon is what OpenView has defined as product-led growth – a capital efficient model through which companies can scale quickly.

In this guide, we'll walk you through the most common characteristics that unite product-led growth companies. We'll also provide advice for how PLG businesses can optimize their product, marketing, pricing and sales to scale effectively. And if you're a traditional sales-led business, we'll provide key insights into how you too can incorporate product-led strategies to turn your existing business into a more efficient growth engine.

# INTRODUCTION

## THE DEFINING CHARACTERISTICS: IS YOUR PRODUCT RIGHT FOR PRODUCT-LED GROWTH?

There are primarily eight characteristics that product-led growth companies embody. Without following at least some of these eight qualities, it is extremely difficult to make a PLG strategy work for your current product or company. These eight characteristics are:

### **1. The product market conditions are right for the strategy.**

When it comes to implementing a product-led growth strategy, the right market conditions are imperative. The market enables product-led growth when:

- » Marginal costs of serving each user are low
- » The user plays the additional role of being the buyer, or one of the buyers, of the product, or the users have reasonable influence over the buyer(s)
- » The known solutions in the market are inadequate for user needs

### **2. The value of the product is perceived by the user as being a unique “highest-value-product” that they want to use regularly.**

- » The product allows the user to achieve their daily tasks with more efficiency

- » The experience can be personalized for the individual user

### **3. The user realizes significant ongoing value quickly and easily with little-to-no help from company personnel.**

- » The product integrates easily into other products in the user's product ecosystem
- » It is very clear what the product does and requires little explanation
- » Users can use the product without creating an account
- » The initial value is real, not a "demo account" with "dummy data"

### **4. The product "paywalls" follow, rather than lead, the actual value that the user receives and pricing scales as usage increases and more value is delivered.**

- » A free product is offered to show value and build credibility as part of the sales process
- » As user needs become more sophisticated, customer success and direct sales are deployed to complement the sales process

### **5. The product has features that allow the product to market, sell and onboard new users.**

- » Users have a strong incentive to invite others to use the product and the user of the product can easily invite other users to use the product (viral potential)
- » The product automatically communicates through non-product communication channels (for example email, push notifications, text, etc.) to deliver additional value and bring the user back into the product
- » The product monitors user behavior and makes ongoing recommendations to the user to provide additional value
- » Users can connect with other users to exchange ideas from within the product

### **6. Marketing aims to engage users with the product rather than engaging buyers with a sales team.**

- » Users often discover the product when looking to solve a problem
- » Users have great places to learn and exchange ideas with other users and potential users (for example through content marketing, online forums, Meetups, online training and so forth)

## **7. The product has a built-in network effect.**

- » The more people using the product in a network or company, the more valuable it becomes
- » If it's a platform, the more services you connect to it, the stronger the value

## **8. There is a strong product champion within companies using the product to drive greater adoption.**

If your company embodies the above eight characteristics, you should be using a product-led growth strategy to grow product adoption. In fact, a PLG strategy can impact how you think about marketing, product optimization, pricing and sales. Read on to learn how to implement a PLG strategy in your company.

# PRODUCT



## HOW TO OPTIMIZE YOUR PRODUCT WITH PRODUCT-LED GROWTH

The team behind Slack didn't start out planning to build a messaging and team collaboration app. Rather, they spent years developing a (now defunct) multiplayer online game called Glitch, but found it painful to work together productively as a geographically distributed team. Their pain was so great they allocated valuable engineering time to develop an internal collaboration tool – what we know as Slack today.

Kelly Watkins, Slack's Head of Global Marketing, describes this inauspicious founding as the secret sauce behind Slack's success. Since Slack started as an internal tool, "It really was built without an agenda or vanity. It was built to solve some very basic needs...[We thought] 'what's the minimum thing that we can produce to solve our needs as a distributed team working on a game?'"

Slack's experience exemplifies the foundation of a successful product. Start by solving for real user pain. Without that foundation, no amount of optimization will be sufficient to breathe life into your product.

This lesson is echoed by the experience of Expensify, a travel and expense application. Expensify recognized that people hate expense reports – a lot. So much so that the bar Expensify needed to clear with their product wasn't 'expense reports you'll love' or even 'good expense reports', but rather 'expense reports that don't suck!' Jason Mills, Expensify's Director of Sales and Success, explains,

"It's very common for the Expensify team to go to conferences, maybe if we're wearing t-shirts just in random places people are like, 'Oh, I hate expense reports so much. I looked on Google.' A lot of people find us organically, because we're really serving a need, and a pain point that they already have."

If your product doesn't solve a clear and urgent pain, stop reading and go fix that first. Otherwise, here's how to optimize your product to accelerate product-led growth.

### **Strip out anything that isn't critical**

You're in the business of designing a product that you want your users to love. That means cutting out any excess complexity that doesn't directly deliver on solving pain for your users. This entails obsessing over the features that people actually use and being opinionated about how the product should be used. It requires saying 'no' to the laundry list of one-off requests that buyers ask for, but that will be over-kill for the bulk of users.

For ZipRecruiter, the rapidly growing job posting app for small businesses, this has meant going against the grain of what competitors were doing and holding firm to product principles. CEO Ian Siegel emphasizes that, "If a feature is not frequently used, we will remove it" and shares an example of how he slimmed down analytics, contrary to their competitors.

"At a time when everyone else in the industry was providing more and more analytics data on how job ads were performing, we found analytics were increasing the number of calls we got to our support. In what was at the time a controversial move, we turned off a large portion of the analytic information we provided. The result? There was a massive immediate drop in inbound support questions with no impact to business performance."

Monitoring and analytics provider Datadog takes a similar approach, despite being in an industry that isn't traditionally known for keeping things simple. "Datadog is taking a lot of things that have been done previously in monitoring companies and making the experience so easy, so straightforward, so intuitive that it's no biggie," VP of Marketing Alex Rosembat underscores. They do that in two ways, first by focusing on the key problems they want to solve and secondly, by making it seamless for the user to solve those problems. This sets Datadog apart from their competitors that, according to Rosembat, "Were so difficult to use that even though they did solve a problem, it was a problem to actually make it solve a problem."

### **Deliver value immediately**

Great product-led businesses take this radically simple approach to designing products and apply it to how they onboard new users. Their goal is to make it extremely fast for users to get started and see results, which will make the user want to come back over and over again.

At a company like SurveyMonkey, for example, that could mean getting a user to easily design their first survey and

then receiving at least five survey responses. Once that hurdle has been cleared, the user is probably going to come back to the application again and again and need more sophisticated functionality (for instance, advanced survey building tools, team collaboration, analytical tools, etc.).

For Join.me, it means making joining a meeting as seamless as possible. That sounds easy, but is harder than it looks. Join.me's former VP of eCommerce, Eric Bisceglia, says that, "The idea was 'How can we just make it super, super simple to get into a meeting?' No downloads, no concerns or worries, just join the meeting."

Datadog's Rosembat notes that they want to make it as easy to sign up for Datadog as starting a Facebook account. "People are up and running with Datadog within minutes, maybe something very complex might take you a couple of hours to do," he commented This is again unique for the industry, and for most enterprise-grade software.

Users don't want to have to sit through hours and hours of product onboarding or training videos to get started. Rather, product-led businesses guide their users to complete the key functions they need in the context of what they want to do. Slack, for example, stays away from traditional email onboarding and instead focuses on in-app notifications, which educate users at the exact moment they need guidance. Kelly Watkins explains,

"We believe that [product education] really makes sense in context. You'd look at where somebody is in their lifecycle as a user, what are they thinking about doing at that particular moment and then we're trying to communicate value to them at that point."

## **Make the product stick**

All of this work doesn't stop at onboarding. Top product-led businesses continually focus on driving more usage and integrating their products into users' day to day lives. That's because they recognize that product usage is the 'canary in the coal mine'; it predicts when a user is likely to upgrade, expand their purchase and renew their subscription. Companies can then drive product changes, in-app communication and human intervention to incent behaviors that they know will increase customer lifetime value.

HubSpot makes a great case in point. They take product analytics extremely seriously, according to former VP of Engineering Yoav Shapira. HubSpot brings together disparate data sources like firmographics, feature usage and economic value delivered, and they've found that this accurately predicts retention even within the first few days of a customer's onboarding. Armed with those insights, HubSpot's account management team knows exactly which accounts to focus on and how they should be influencing customer behavior to drive the most impact. These initiatives

have helped HubSpot reduce churn and bring net dollar retention above 100% – not easy for a company that sells to small and midsize businesses.

All of this may sound straightforward on paper. The real challenge comes in building the muscle internally to stay laser focused on the pain point for which you're solving, strip out everything that isn't essential and continuously improve as you learn from customers. Given the knockout success of ZipRecruiter, Slack, Datadog and others, being disciplined about your product and implementing a product-led approach can add up to serious returns.

## **CASE STUDY: HOW HEAP'S MATIN MOVASSATE IS BUILDING A PRODUCT THAT SELLS ITSELF**

"The typical sales conversation with an analytics provider revolves around things like mapping out a tracking plan and drafting an implementation timeline," says Matin Movassate, co-founder and CEO at Heap. "We've tried to eliminate a lot of that implementation work. Instead of the traditional sales process – in which you try to figure out a long-term timeline after the prospect has committed money – we want prospects to gain insight during the sales process."

This unique approach is an example of Product-led Growth (PLG). While there are variations on what it actually looks like in action, the basic idea behind a PLG strategy is that product usage is the primary driver of customer acquisition and expansion, without requiring the intervention of a sales rep – it's fundamentally different than the traditional sales-led approach that caters to economic buyers first and end users second. This is made possible by built-in product features that automate certain marketing, sales, and customer success functions.

Movassate founded Heap to eliminate the bottlenecks that prevent business users from turning data and analytics into real insights. Heap helps to bring data science to the masses by "automating the annoying parts of user analytics." The product automatically captures all user actions in web or mobile apps – no event tracking required. This means that Heap customers can answer any user analytics question instantly with no engineering work required. And whatever

question you ask, the data is already there because Heap tracks everything. They call it “instant retroactive analytics.” By delivering instant results, Heap is reducing time-to-value, or as Movassate describes it “time-to-insight,” a key differentiator against other analytics providers with long configuration processes.

This philosophy of delivering value also applies to Heap’s go-to-market efforts. “All of our marketing positioning stems from the problems we’re trying to solve in the product and the sorts of users we’re building the product for,” Movassate explains. By putting the product front and center, as opposed to leading with sales and marketing, Movassate and his team are able to create a situation where prospects come to Heap already being “pre-sold” on the product and the value it can deliver.

For Heap, the sales process has become something akin to proactive customer success. “Our best sales conversations are the ones in which we serve as a data scientist consultant,” Movassate says. “In these instances, the client has installed Heap (a process that only takes seconds), so on the first or second sales call we’re already able to share insights that we’ve uncovered. We’re able to suggest that they might want to take a different marketing approach, invest in the development of additional features, or focus on a particular segment of users that we can tell — based on the data — will be important for the customer’s business. That’s the most effective way we sell Heap.”

## **A Product that Sells Itself: Driving Growth through the Product**

While unconventional, this product-led approach to growth is clearly working for Heap. Well into its fourth year, the company is going strong and Movassate is only now beginning to build out a marketing team. “By and large, our biggest marketing channel to this point has been word-of-mouth,” says Movassate, validating the product’s ability to sell itself. And, while Movassate believes that marketing can play an important role in identifying new channels and creating content to educate the market, he also believes that there’s a high value in continuing to drive growth directly via the product.

“Heap is most successful when a higher percentage of a company’s workforce is using it,” he explains. “We have the opportunity to help improve adoption within an organization by adding in-product features and functionality that make it easier for people to share Heap-generated insights and onboard new teammates to the software. Using the product as a marketing channel is a growth engineering strategy that will help us increase usage and make our product more attractive to larger companies.”

So, what goes on behind the scenes at a company that is embracing product-led growth? What kinds of operational and strategic elements have to be in play to make this kind of strategy viable? The details vary from company to company and are based on level of product maturation, but a closer look at how the Heap team moves forward provides some interesting insights that just might be universally applicable.

## Intentional, Data-driven Growth Engineering

“In the product lifecycle and in people’s roles, we always try to make sure we use data,” Movassate says. “But today, our growth engineering practice is a distributed rather than a dedicated role. It’s sort of everyone’s responsibility.” You would expect as much from a company that is seeking to give more workers access to actionable insights from robust user analytics, and thereby democratizing data science. Indeed, one of the reasons they have so far been successful without this role is because Heap uses Heap.

Despite the distributed nature of Heap’s growth engineering practice, the team is very intentional about every move they make. “When we’re thinking about adding or building out a certain feature, we first try to get a clear sense of the problem we’re trying to solve,” Movassate explains. “We make sure we can identify which part of the funnel we’re addressing and the impact the feature will have on our business. If there is no compelling story there — no data to suggest that the effort is a high-leverage use of our time — we won’t do it. Essentially, the question to ask is not, ‘can we make this change,’ but ‘should we make this change?’ It’s about prioritization based on impact.”

On the back end, once a feature is built, the team is quick to solicit and analyze user response. “We expose users to each new feature as early as we can, and we use Heap to see how they’re using the feature so we can understand the paths they’re taking,” Movassate says. “And then, when a new feature is fully launched, we are disciplined about measuring the success metrics to determine if people are using it, whether it’s affecting retention or activation,

and whether it’s something that’s coming up in sales conversations. All this data informs how we should refine and build that and future features.” This is what agile product-led growth looks like in action. It’s letting the data inform what to do next, and not showing undue loyalty to pet features that simply aren’t working.

## Well-defined Core Audience

For PLG to really work, it’s imperative that you have an accurate and deep understanding of your audience and their needs. “In terms of our buyer, we need to be very, very focused,” says Movassate. “We know that the most successful buyer persona for Heap is someone who wants to make their organization data-driven.” For Heap, this individual might be in any one of a number of titles from Data Scientist/Analyst to Product to CTO. The title may vary, but the persona is the same.

After honing in on the key persona, the Heap team then needs to consider the wide variety of technical and non-technical end users on the customer’s side, including developers, product managers, analysts, and marketers. “We start by identifying common use cases and then creating interfaces within our product to make it easy for people who don’t want to dive into writing SQL or running a mass-produced job to get the insights they need,” says Movassate. “Basically, we try to build intuitive tools that serve the needs of about 80% of our user base. The other 20% includes developers and data scientists who we serve through robust APIs, good documentation, and customer success.”

As Movassate and his team continue to embody product-led growth, even while testing traditional marketing efforts, they're keen to make sure the product delivers on the stated goal of unlocking insights through automation. "We need to think through the user experience from end-to-end and remove all the unnecessary barriers." It's this line of thinking that reduces time-to-insight for new users while continuing to deliver new insights to the existing 5,000+ customers.

# MARKETING

## HOW TO MARKET YOUR PRODUCT WITH PRODUCT-LED GROWTH

If you're deploying a product-led growth (PLG) strategy for your business, you've likely got a killer product that solves one, if not many, customer pain points. You might be tempted then to rely on your product and word of mouth as driving forces for growth. Beware though, this approach could leave you exposed to competitors. On the flip side, you don't want to open the floodgates on expensive marketing campaigns given the need to run a capital-efficient business. That's where a product-led approach to marketing comes in.

It's all about striking the right balance of smart, yet significant growth that complements your broader PLG strategy. While no two companies are the same, there are commonalities across the most successful product-led growth companies when it comes to messaging, targeting and marketing that we'll discuss in this article. You'll learn how to tweak these methods to meet your own needs and tailor the best strategies to fit your product and market.

### **Target Your Users, Not Buyers**

The backbone of any marketing strategy should be a streamlined message explaining exactly what your product does. According to Ian Siegel, CEO at ZipRecruiter, "Every business only sells one thing." So, if you surveyed your customers, what would they say you sold? If you spent more than 60 seconds trying to answer this question – or



if you've never validated your assumptions, go ask them! For PLG companies like Asana and Expensify, their product and customer experience truly live up to their taglines, "Teamwork without email" and "Expense reports that don't suck."

So what do these taglines have in common? They speak directly to would-be users, not buyers. This subtle difference is a core pillar of product-led growth marketing. Unlike traditional companies that market to buyers and rely on a top-down approach, product-led growth companies build their user base from the ground up, relying on virality and shadow IT to bring the product to entire organization.

You must construct your brand messaging and voice to resonate with end users – those whose daily life will be improved because of your product. Your goal should be to build an army of champions that will drive change in their organizations. Take Expensify for example – they've built their business by focusing on a goal of making their users' lives better, or 'suck less' – however you want to look at it. To do that though, they haven't relied on costly paid advertising campaigns targeting heads of accounting departments nor do they have sales reps cold calling CFOs spewing ROI stats. CEO David Barrett states, "Our users outnumber the buyers 100:1. They are the ones with the power." And that says it all. PLG companies need to rely on a ground up strategy, which brings not only cost-efficiency, but builds trust.

Expensify's end-user-first mentality has led to tremendous growth in part because those satisfied users in turn become such strong advocates for the product and convince accounting managers and CFOs to purchase the product for

entire companies. Correctly implementing a PLG marketing strategy allows your users to essentially market and sell your product for you.

But this is no easy feat. To accomplish this, keep in mind winning over users isn't just about a building a killer product, but also a killer brand to go along with it. The voice of your brand should be relatable and trustworthy – one that's focused on making the working lives of users better. Slack has done this especially well, as Drift explains here:

"It's as if the founders of Slack understood what it's like to work in an office, on a team. So instead of blasting us with jargon, they developed a brand voice that sounds like the voice of a trusted friend or colleague—someone who's in the trenches with us, but who isn't afraid to crack a joke and have some fun every now and then. This playful-yet-helpful style carries over seamlessly into the product, where the colors, micro-copy, signature "knock knock" notification sound, and fun features like Slackbot all contribute to a cohesive (and lovable) brand experience."

### **The Metrics that Matter Most**

Just as nailing messaging is crucial, we can't ignore the metrics. There is a seemingly endless list of metrics marketing teams track with varying levels of accuracy. The most common marketing metrics revolve around lead volume,

lead conversion and engagement. What sets PLG companies apart is that they aren't just focused on the top of the funnel, but the end to end customer experience. The most successful PLG companies don't stop tracking leads once a BDR is assigned or even once a customer first enters their credit card information. Instead, marketing at PLG companies is centered on customer advocacy with a goal of ensuring that each and every customer is successful in their use and adoption of the product. The best PLG companies realize that paying customers are an extension of the marketing and sales team. Keeping these customers happy will in turn fuel your growth. This is precisely why Slack's number one metric is net promoter score, as highlighted here by former Slack CMO and CRO Bill Macaitis:

"I tell my team members that their gold standard is not whether customers bought a product, but did they recommend us? It's a higher bar and a different standard. We also don't see marketing's role as getting customers in the door and then wiping our hands and going on to the next one. Marketing's role is about recommendation, so we spend a lot of time building up playbooks and putting together hints and tips on how to get the most out of Slack."

More importantly, though, is the need to define and communicate your gold standard – whether that's net promoter score or another metric. Your team needs to be aligned on the primary metric for which they should be optimizing. Doing so will not only guide your marketing experiments, but also your product development.

### **Your Product is a Type of Marketing**

Your product is a key form of marketing – after all, that is a core tenet of product-led growth. So virality should be baked into everything you do. Your product must incentivize users to invite others to use the product by ensuring their experience only becomes more valuable and enjoyable as more of their peers sign on. The idea of your product serving as a means of empowering users to refer other users are core to products like Slack, Dropbox and Typeform – three classic product-led growth companies. Both Slack and Dropbox allow users to invite others to the product – Dropbox even incentivized this referral program with free storage. While Typeform updated the footer of their product from "Powered by Typeform" to "Create A Typeform." Doing so doubled their click-through rate from respondents and led to new user growth.

But the best part of this virality other than continued growth? Users don't expect to receive a monetary gain in return for inviting others. They are incentivized to refer and invite others because doing so increases the value they get out of the product. Another prime example of this is InVision, an award-winning product design platform. The majority of the referrals they receive are from their users sharing prototypes, rather than their traditional referral program. Allowing your product to serve as a key marketing tool can be a cheap, reliable

means to acquiring more customers. The growth could be exponential so don't skimp on developing viral aspects of your offering.

### **Prioritizing Your Marketing Channels**

Beyond intra-product marketing, where should PLG marketers look to drive growth? Organic channels of course.

Users search daily for ways to alleviate their pain points. And you want to be there when they do. To do this, you need a strong content marketing strategy. Your content should educate prospects, free users and existing customers on both direct and complementary topics. And please, quality over quantity! Aim for two epic pieces of content that engage your prospect to the point where they are sharing it with colleagues and friends, rather than 20 pieces of average content. Don't necessarily gate your content. Your brand should be a trusted advisor, not a gatekeeper of information. Take this idea of knowledge sharing beyond just content marketing via SEO and social. Look to create communities, both online and off.

In the end, your marketing strategy should have a user-first mentality. This means relaying a clear message of exactly what your product does and the pains it can solve. Speak directly to the end user in a relatable, knowledgeable and trustworthy way. Hold your marketing efforts to the highest bar of customer satisfaction – net promoter score. Cultivate communities and provide valuable insights and content. By doing this, you'll create an army of champions that will multiply your marketing efforts and put your product-led company on a clear path to success.

## **CASE STUDY: HOW TYPEFORM APPROACHES SCALING A GLOBAL SAAS PLATFORM**

Scaling a growth engine starts with segmentation. Define your target customer, buyer and use case. Then focus your messaging and outreach on that segment, and watch the MRR pile up. Easy, right?

But what if your product can be used by anyone, anywhere for anything? Not so easy.

This is the reality for Typeform. "We are a mass market tool that solves very different problems for very different people," says Director of Growth, Pedro Magriço. "We don't want to go after only one market."

The company started as a Q&A-style alternative to old school forms and surveys. But customers quickly began using the product for lots of other things – from job applications to ecommerce shopping carts. Where others might see chaos, Typeform saw the opportunity to build a platform.

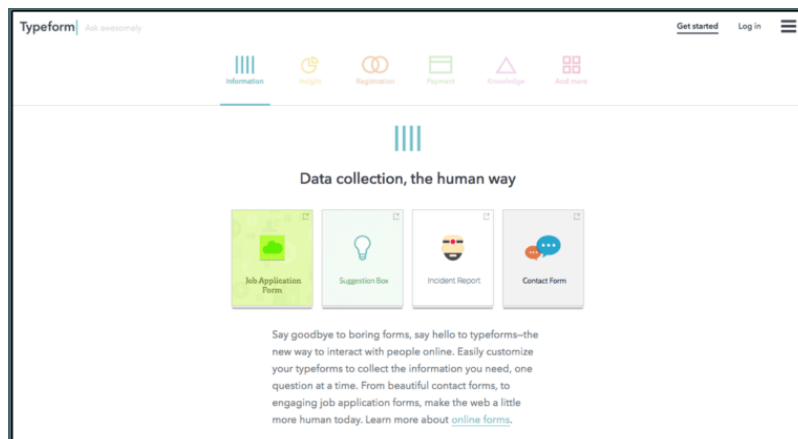
Scaling a SaaS product into a mass market platform is no easy task. Magriço has developed an approach to growth that allows Typeform to tackle unique challenges and embrace a diverse set of customers globally.

## The Messaging Challenge

Typeform has tens of thousands of customers spanning all sizes, industries, use cases and geographies. This kind of customer diversity creates a messaging challenge. With so many different customer segments, who do you target? Who's this product for and what exactly does it do?

"We can't be too narrow and turn people away. But super broad messaging comes across as vague and confusing," says Magriço. "A product that can do everything doesn't end up being used for anything."

Typeform's messaging focuses on the product's underlying value, regardless of the customer's size, industry or use case. "Typeform has a conversational interface, which feels more human and leads to higher completion rates."



Once a customer is in the funnel, they start seeing more content personalized to their role and Typeform templates relevant to their use case.

## Amplifying Virality with Product Growth

Customers usually hear about Typeform because someone else asked them to fill out a typeform. The product is inherently viral, and Magriço focuses on amplifying that virality through a strategy he calls "Product Growth."

Product Growth involves both marketers and developers, who together make changes to the product to increase top-of-funnel and optimize conversion. Sometimes the minor tweaks can have huge impact. For example, changing "Powered by Typeform" to "Create A Typeform" on the free product doubled the click-through rate from respondents.

Ask awesomely... [Create a typeform](#)

"No one uses Typeform in single-player mode," says Magriço. "The sole purpose for creating a Typeform is to ask someone else for feedback. We use this to our advantage and do everything we can to enhance the product's virality."

## A Little More Human

Beyond virality, the way you scale a mass market product is by developing a brand that people love. It's why MailChimp and Squarespace are leaders in relatively commoditized categories. I'm not a MailChimp customer, but you better

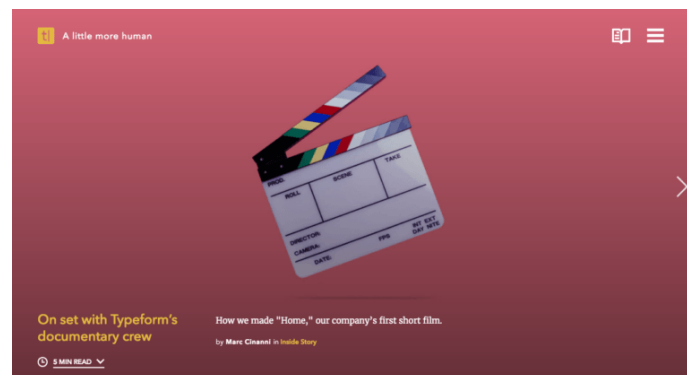
believe I rushed to claim the free Freddie action figure I heard about on a podcast advertisement.



“Ultimately, people find you and stick with you because you have a great product and a brand that resonates with them,” says Magriço. “The web is amazing to reach a lot of people, but it puts you behind a screen and you lose the human element. We’ve designed our product around a conversational interface because it brings a more natural, more human feel to customer and employee interactions.”

“We are here to make the web more human. That’s our brand. You see it in our product, but you also see it in our content, our emails and even our tweets. We strive to make all of our marketing more engaging, beautiful and human.”

Typeform’s blog is called “A Little More Human” and the brand comes through loud and clear in their content.



## Making Sales More Human

What about sales? People generally don’t like being sold to and it feels way more transactional than human.

“Typeform is a mass-market product built on self-service, and we want to maintain that discipline as we grow. But we do have lots of large companies using Typeform at massive scale.”

This means shifting from pure self-service to human touch. The goal is to help these large companies get more value out of Typeform. It’s not about identifying and exploiting potential whales in the customer base.

To emphasize the human orientation, the sales team is a part of customer success rather than Magriço’s growth team. The message is very much, “Hey, I saw that you just started using Typeform. That’s great. I’m here to make you successful. How can I help?”

“We want to help our customers get more out of Typeform, whether or not they pay us more money.”

# PRICING

## HOW TO PRICE YOUR PRODUCT USING PRODUCT-LED GROWTH

The goal of every product-led business should be to get the product in the hands of the user as quickly and as seamlessly as possible. By removing any barriers in the way of initial usage, you're giving users the chance to truly experience your product free from marketing, sales or any other disruptions.

But doing so means you'll have to offer something of initial value for free. This could certainly come in the form of a freemium edition, as is the case with Trello, Slack, Expensify, Evernote, UberConference, Drift and countless other products.

### **The Freemium Approach**

Freemium works particularly well for companies operating in markets with millions of potential users, when there's virality and network effects built into the product, or when you have the capital to worry about monetization later.

In the case of Expensify, a travel and expense app, a freemium offering enables the company to appeal to end users who are sick and tired of outdated expense reports. They want to make it as simple as possible for these users to find and use the product. Monetization happens later, with features that appeal to accounting teams who need more sophistication and customization. As Jason Mills, Director of Sales and Success at Expensify puts it,

“A lot of people find us organically because we’re really serving a need and a pain point they already have. We just happen to be very highly rated, easy to find and have a great business model, because it’s free to sign up and [someone can] use the product without having to necessarily make a buying decision.”

With Drift, a sales communication platform, they’ve recognized that the virality built into their free product serves essentially as free advertising for the business. As CEO David Cancel explains,

“Another reason to go free is because we want to get on as many business websites as possible. We’re willing to play along. But every one of those business websites is free advertising and a referral back to Drift, so why wouldn’t we?”

But contrary to popular belief, a freemium model isn’t a necessary component of product-led growth. Conversion rates on freemium plans are notoriously low, typically hovering between 3 and 5%, and can attract users who aren’t in your target market. Moreover, if you make the free offering too good, you could end up competing against yourself in a deal. As Craig Walker, Founder and CEO at DialPad notes,

“We made our free service almost too good so we have a lot of very dedicated, very happy free users, and sometimes we have a hard time upselling them because they’re like, “Hey, why would I need anything else?” Our stiffest competition is coming from ourselves!”

## The Free Trial

An alternative to a freemium offering is a free trial that doesn’t require the user to enter credit card information in order to sign up. This method is employed by companies like Datadog and Deputy. Alternatively, you might offer a free feature that ties back to the value of your core product offering as HubSpot did with Website Grader.

Yoav Shapira, who served as VP of Engineering at HubSpot during their hyper-growth years, describes how this worked and why it was a good way to quickly prove value to users,

“Trials are good to do, but trials are often too long. At HubSpot we had a tool called Website Grader... Its entire existence was about creating time to value. It’s free. You put in a URL – your site or your competitor’s – and we analyze the site using our marketing methodology.”

Join.me, the online meeting software provider, took a different approach. Initially, new Join.me users would start with a 14-day free trial of their premium product. After



the 14 days, a user could either pay up to keep using the upgraded model or let their trial lapse and be kicked down to the basic version of Join.me. This strategy enabled the company to capture individual users who hadn't been granted licenses to costlier products. Join.me's VP of Product Marketing at the time, Eric Bisceglia, explains,

"The perpetually free model in the early days actually fueled very, very massive adoption because there was nothing good in the market that was doing that...It got to the point where in a few years, we had millions of new users each week."

Over time, Join.me's rapid growth signaled to the company that a freemium product might no longer be necessary to sustain growth. Instead, they discovered a better way to monetize their users. Bisceglia notes,

"The decision was made to end-of-life the free product, move solely to a 14-day free trial, and if you don't buy, you get nothing, and you have to pay to continue. It actually turned out that there was a huge opportunity to monetize that base by turning off that fully free product and going just purely to a free trial model."

## **Monetizing Your User Base**

Now that you've got your product in the hands of as many users as possible, and they've fallen in love, it's time to monetize that value you've created for your users. Successful product-led businesses set up scalable monetization models that make it easy to land-and-expand their customer base.

PLG companies land paying customers by being strategic about the features they place in paid plans and when they attempt to convert free users into paying customers. But they don't stop there. PLG companies then use value metrics and different product tiers to increase ARPU.

Dropbox, for instance, takes a very data-driven approach to identifying what features they can monetize to upsell existing users and strike the right balance between user happiness and monetization. They do so with in-depth user research and customer development, and incorporating pricing into those conversations. As Giancarlo Lionetti, who heads up Product Marketing and Demand Generation at Dropbox for Business shares,

"We really respect the value that we give to the user with the free product, but we do a lot of aggressive testing to see like what that threshold is. What do our users really care about? ... One we'll do a lot of surveying. We'll ask our users, do they value X feature enough to pay for it, right? There's a lot of interactions with our users so we really understand the value they're getting. And if it's worth actual dollars to them, or is it just amusing. We do conjoints, we do user studies."

Slack makes another great example. Their core offering is free for an unlimited period of time, but its message archives are capped at 10,000 messages and file storage is limited to 5GB. Once a free user runs up against those limitations, Slack has in-app notifications suggesting that users upgrade to a paid version. Kelly Watkins, Head of Global Marketing at Slack explains,

“One of the differences between a free plan and our paid plans is that one could transition to a paid plan so you have access to your entire archive of messages for all time. On the free plan, that’s limited to 10,000 of your most recent messages. So generally within the product, when you get to that threshold of 10,000 messages and go over that, we have a very small notification to you that says, “Hey, you know if you would like to have access to your entire archive, that’s available, and here’s how you access that.”

Expensify similarly tracks usage to pinpoint when a company may be ready to become a paying customer. Specifically, what they’ve found, according to Jason Mills, is as follows:

“If you get about three or more users in your company submitting things your way, that’s a signal to us that there’s a latent opportunity here. And that’s an opportunity that we need to reach out and have a better conversation around.”

Expensify also charges based on the number of active users, which gives them a great expansion opportunity as individuals share Expensify with their teams, and then their departments and entire companies.

In summary, start by making it incredibly easy for people to use your product. The value should come before the paywall sets in. After they’ve fallen in love with your product,

include key features in paid plans that users are willing to pay for and communicate with your customers when their usage indicates that they’re ready to pay up. Finally, grow accounts over time with value metrics and packages that naturally scale as customers get more and more hooked on the product. With these tips, you’ll be able to implement a well-oiled PLG approach to pricing in no time.

## CASE STUDY: HOW MEETUP TOOK A PRODUCT-LED APPROACH TO PRICING ITS ENTERPRISE PRODUCT

As anyone in the SaaS world knows, sometimes it takes a few tries to get a thing right. Whether you're talking about releasing a new feature, breaking into a new market, or adjusting product-market fit, sometimes finding a working solution requires coming at the challenge from a new (and even unexpected) direction. This is exactly the approach Brian Lafayette, VP of Revenue at Meetup, and his team took in order to crack the code on how to reach and engage their B2B market.

The story of their success involves overcoming internal skepticism, facing up to past failures, and then forging ahead with a product-led growth strategy that not only helped them reach their original goals, but also provided the added benefit of uncovering an unanticipated earning opportunity that they now forecast could account for up to 30% of future revenue. And, like so many success stories, this one starts with failure.



### The Situation – Shaky Ground

“This definitely wasn’t the first time we’d tried to connect with the B2B audience,” says Lafayette. “Meetup has been building local communities for thirteen years, and the team here had experimented with a number of strategies including Meetup Everywhere, corporate Meetup sponsorships, and even branded perks and incentives; but nothing seemed to stick.” Despite these failed attempts, it was clear to Lafayette that the B2B audience represented a worthwhile opportunity. In fact, he knew that some businesses were already running groups on Meetup. The problem was that these businesses had to use a workaround in order to achieve the scale they needed in terms of the number of groups they wanted to run and the geographic spread of those groups.

To accommodate these “edge” cases, the Meetup team hacked their own system so they could manually override the three-group maximum that was in place for individual users. Despite the awkwardness of the process, Lafayette was intrigued and encouraged by the fact that none of the companies that signed up for this modified subscription ever canceled.

The catalyst for Lafayette’s reengagement with the challenge of serving the B2B audience was a phone call from Google Developers Groups. They were running about 700 groups all over the world, and they were looking to consolidate and unify those groups on one platform. Discussions with their developers, who had been running the groups independently across a variety of platforms, indicated that the general preference was to use Meetup. From there, the conversation opened up to talk about requirements, and the ball was rolling.

## **The Plan – A Detailed Model and an Aggressive Goal**

Very early on, Lafayette was emphatic about building something that would meet not only Google’s immediate needs, but that would also serve the long term vision for Meetup’s overall business. “We’re an independent company,” he says, “So, even if Google was knocking on our door, the leadership team agreed that we needed to be strategic about how to move forward. We didn’t want to let this one project become a distraction from other things we could be working on.”

Past failures to connect with the B2B audience had left the leadership team feeling skeptical about the viability of another attempt, so Lafayette’s first step was to get leadership buy in. To do this, he built a model to forecast the growth potential of the B2B business. “We set a really hard target with a minimum goal of \$10 million in five years,” he says. “We then defined the criteria that would allow us to meet that goal: how many paying customers, how many groups each customer would have to be running, and the overall mix of customers based on the different price points we planned to offer.”

This detailed plan served several purposes. First, it helped to sell the concept internally based on the revenue potential. Second, it gave the leadership team an easy out by clearly articulating the conditions the team had to meet in order to keep the project alive. And, finally, it provided very concrete guidance for the sales team. “We essentially had a model that forecasted trajectory, and then — as the inputs came in — we could update that to show we were still on the right path,” Lafayette explains. “The model also gave

our sales team super-specific, month-by-month targets that made it easy for us to see exactly when they were falling short, so that we could make proactive changes to improve conversion.”

## **The Research – The Good, The Bad, and The Unknown**

With the plan approved, Lafayette’s next step was research. “The first thing we did was bring in people who had worked on the past sponsorship, perks, and Meetup Everywhere projects,” he says. “We asked what went wrong and learned that the common point of failure was an assumption that large numbers of Meetup groups could be run by a centralized administrator without the support of local people on the ground.” In addition to shedding light on a major customer-side problem, this observation also provided an important internal insight for Lafayette, “Discovering that long-distance group management was a key problem helped us realize that if what you build doesn’t leverage your core product, then — even if it does kind of work — you will lose support quickly because the project will be viewed as a distraction from the core business.”

Meetup’s core product had always been about facilitating and mobilizing local groups. The previous attempts became a distraction because they used different ways to facilitate local interaction. For example, with Meetup Everywhere an entirely different website was built, and the Meetups didn’t appear in the company’s core product. “It was something completely separate from our core product that didn’t really make it any stronger,” says Lafayette. “Now, With Meetup Pro, organizers use all the same tools as our individual

product, but the central administrator can push notifications and other items out to them.”

Building off of their initial learnings, Lafayette’s team then interviewed current businesses that were using the workaround solution. “We talked with existing customers about possible features, what would be most interesting to them, and how they were using Meetup for their existing groups,” Lafayette says. “We also had the price discussion so we could begin to understand the different price thresholds.”

### **The First Step – A Landing Page for a Nonexistent Product**

Insights from the research phase (internal conversations, customer interviews, and also analysis of historical pricing trends) pointed toward a segmented approach. “We saw that for-profit businesses would be willing to pay a lot more if we could offer them a few simple enhancements,” Lafayette says, “So we narrowed our focus to the audience segment with the willingness and ability to pay a premium for a better value and then created a tiered pricing structure that addressed three customer types: big for-profit businesses, small for-profit businesses, and nonprofits/startups.”

While Lafayette had a strong hypothesis, he had no way to be sure that the price ranges the team had defined were viable. To validate whether they could sell the product at the target prices, Meetup’s product, engineering, design, and sales teams had to take the offer to the market. “Essentially, before the Pro product even existed, we created a landing page for it,” he explains. “We added two quick features: a map page that displayed the customer’s network of Meetup

groups in one place as ‘My Network,’ and an admin page that allowed owners to message all members across all groups simultaneously.”

With this modest minimum viable product in place, the team was ready to start working toward meeting the sales goals outlined in the forecast model.

### **The Sales Strategy – Small Changes with Big Effects**

“We started off thinking we might be able to get new companies to bring their groups onto the Meetup platform,” Lafayette recalls. “But, it didn’t go that well. We quickly realized that the approach didn’t work because it was kind of difficult for someone to run meetups if they had to start from scratch, not understanding how it all works.” After that false start, the team was pleasantly surprised to see a lot of unexpected interest from existing customers on the old, hacked “product.” In addition to upgrading many of those customers to the Pro version, the team also got some leads through a kick-off event they ran on an industry forum.

But, where the team really started to gain traction, was when they began making subtle, in-product adjustments to reduce friction in the customer experience. Though the changes were small, they made a big difference in helping automate the up-sell process:

- » They featured Meetup Pro prominently in the help section
- » They began routing people who tried to add a fourth group directly to sales. (In the past, people who tried

to exceed the three-group limit would be denied and would have to write the customer support team for a manual override.)

- » They implemented a simple, third-party form that allowed customers to sign up for the Pro product without having to call a support or sales person.
- » They removed the step of having customers sign a comprehensive master service agreement (MSA), a requirement that was creating a bottleneck with legal departments.
- » They enabled credit card payments. (Previously, the only method of payment was by mailed check.)

Each of these changes might seem inconsequential on its own, but together they helped to create a much more efficient customer experience that enabled a self-managed up-sell for customers who were already familiar with the Meetup product. “We realized that we were getting way, way more traction with people who already had some groups and activity on the network because they already understood the value of Meetup and the role it plays in their organization,” Lafayette explains. “From there, it was just a matter of helping them see how easily they could upgrade to Pro so they could manage their groups in a scalable way.”

### **The Future – Focus, Proof Points, and Smart Scalability**

Roughly seven months after the Pro product launched, the user base has grown to more than 200 organizations that

between them run more than 5,000 paying groups. Perhaps even more impressive than the subscription numbers is the fact that, so far, the product has 100% retention. “One of the keys to our retention rate is that we kept the original hacked solution ‘product’ as a kind of backup option,” Lafayette says. By doing this, Lafayette ensures that customers who don’t convert to the Pro product after their three-month trial still have a product option on the platform.

“We essentially use the original solution like a down-sell,” he explains. “For people who don’t want to pay for the full upgrade, we can offer a solution with fewer features (no admin page, etc.) at a lower cost that allows them to maintain all of their existing groups and add as many new groups as they want.” On the back end, the team has removed the formerly awkward operational process by simplifying the infrastructure so that both the Pro product and the down-sell option use the same billing system. After updating forecasts, Lafayette believes that by keeping people on the platform, this “down-sell” product will eventually account for about 30% of future revenue.

After their initial success with Pro, Lafayette and his team are now working on the most efficient and profitable way to take the product to the next stage. At the moment, Pro is still flying somewhat under the radar because the team isn’t ready to open it up to the full Meetup user base. “We’re not yet ready to handle the demand,” Lafayette admits. “Right now, we’re focused on engaging only the most highly qualified customers and figuring out what’s left to prove in the product to confirm that this is a business we want to invest in for the future. We’re hoping to find those proof points as quickly as possible so we can build out anything we need to have to

support the scaling of the product, and then tell all 17,000 of our likely-to-upgrade customers about it.” Sounds like Meetup Pro will be a product to watch.

# SALES

## SALES & PRODUCT-LED GROWTH

You've built a phenomenal product. One that everyone (and their mother, brother, coworker, and friend) wants to use. More importantly, you've built your company around the idea that you are different. You live to serve your customer, to make a product that delights and excites and doesn't get bogged down in procurement cycles and delayed implementations. You don't want your company aligned around a boiler room, 'always be closing' sales culture.

We're here to tell you that it doesn't have to be that way. Sales is not a dirty word.

Remind yourself of this: a sales team, by any other name, is still a group of individuals focused on acquiring and accelerating new revenue for the company. In product-led businesses, this often takes the form of customer experience, customer support and / or customer success. When approached in the right way, layering in a human sales effort into your product-led business can accelerate growth while maintaining envy-worthy unit economics.

But what should sales look like in a product-led company? The fundamentals of sales remain the same – it's all about engaging the right people, at the right time, with relevant information. But the who, when, and how have to adapt to support a product-led business.



## Who

You're generating hundreds, maybe thousands of leads and creating great buzz, but are you attracting the right customers? You should consider three things here:

1. Target market segment is as important as ever. Do you understand your ideal buyer? It's more than LTV and CAC – it's important to understand how you stack up against your competition, relative deal size, speed of adoption and the value you deliver to the end user. Any sales and marketing tactics you do employ should be targeted at this segment.
2. Your product is a lead gen tool. A free product (should you choose to employ this PLG pricing technique) is offered to show value and build credibility as part of the sales process, but every lead is not created equal; neither is every customer. Leverage your knowledge of your ideal customer profile to point your resources at the right trial and / or free product leads and use your product to help identify those people.
3. Let them come to you. Steer clear of traditional high-activity, dial for dollars, inside sales plays. Cold-calling is not for your business. You have users in your product who will naturally hand raise – they will want help, to have a question answered, or request a new feature. Align your resources to supporting these engaged users and moving them further through your funnel.

## When

You don't have infinite resources, so an "early and often" or traditional "swarm" sales approach does not work. Instead, you need to make every interaction count. There are three places to focus the time of your 'sales' team:

1. **Support:** Provide an exceptional customer experience from the first time they touch your product. Put SLAs in place for response time, ensure that every question is answered quickly and issues are resolved to offer a frictionless product experience. These are not quota-hungry salespeople, but helpers and product evangelists who are educating your users and the market
2. **Conversion:** The fastest way to move the needle is to get more out of the leads you're already generating. Review your entire funnel for opportunities for 1:1 or 1:many touch points and opportunities to remove drop off points. Examples include, but are not limited to, live chat, public training, FAQs, minimizing setup time, mobile experience and more.
3. **Retention:** This is really about adoption. Don't wait until you see signs of churn, spend time in the first few days / weeks / months monitoring usage. A product that is core to an employee's or company's daily life is hard to replace. There are many creative ideas to increase adoption. These might include prompting users with in-app messaging, offering services support in initial setup, extending a referral bonus to

enhance your network effect, sharing tips & tricks via automated email touch points and more.

## How

Repeat after me: less is more. Don't try to engage a buyer in an hour long demo, refrain from pitching in every conversation, resist the urge to over-engineer or over-complicate interactions. Instead:

1. Employ a bottoms up sale. It's about arming power users with a business case to take to the decision maker. Show value to your end user and make your product core to their everyday activities. By focusing on the end user experience and encouraging them to invite their coworkers in, you extend the network effect and build a base of users that can grow to department and / or company-wide adoption
2. Get your compensation plan right. Don't pay your sales / customer success people on metrics that encourage traditional sales behavior. If you track dials or talk time, that is what they will focus on. Tie them to what really matters: CSAT, NPS and net churn.

Now here's the fun part. At some point, you may start to move up market. Do not fall into the trap of assuming the same style of selling will scale with you. Be flexible, be nimble and be ready to adapt. What works for an SMB market may not work as deal size grows. If the day comes where you need an experienced enterprise sales team to close 6-figure deals, my advice is this: embrace it, but don't let that style creep into your core segment or detract from the success you've had in a product led model.

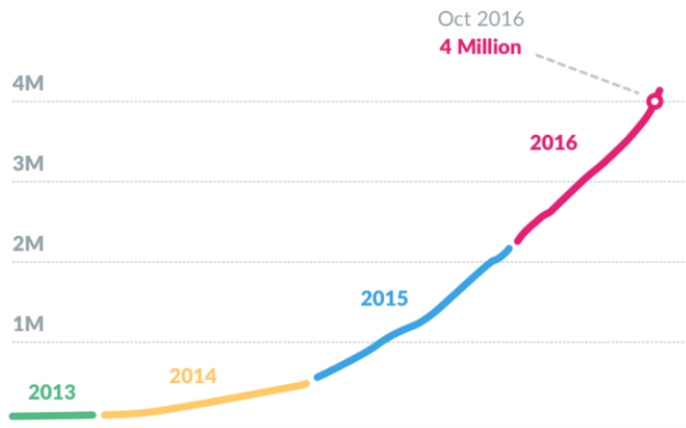
## CASE STUDY: HOW SLACK CONVERTS 30% OF THEIR FREE USERS TO PAID

They have 1.25+ million paid users. Their trial to paid conversion rate is sitting at 30%.

There's just no better way to put it: Slack is absolutely kickin' ass in the SaaS world.

But they don't need me to tell the world how well they're doing. Just look at their stats:

- » They are the fastest growing SaaS company. Of all time.
- » They have gone from being valued at \$0 to \$4 BILLION. In just 4 years.
- » They are adding \$1 million in new contracts. Every. 11. Days.
- » They have 77% of the Fortune 100 using their software.
- » They have 4 million active daily users.



Growth chart for Slack's active daily users [Source]

Oh, and did I mention they did ALL of this without a million-dollar marketing technique, a fancy email strategy, or a pushy outbound sales team? Actually, it wasn't until recently that Slack even bothered hiring salespeople and they managed to become a \$1.1 billion company before bringing on a CMO.

There's a lot that Slack has done right with its marketing to get to 4 million active daily users. But perhaps more impressive is Slack's conversion rate. While other SaaS companies hope and pray to convert up to 10% of free users to paid, Slack converts a whopping 30%.

So, how did Slack do it? Let's find out.

The first thing to look at is the layout of Slack's freemium model.

Free	Standard	Plus
\$0	\$6 <sup>67</sup>	\$12 <sup>50</sup>
For teams wanting to try out Slack for an unlimited period of time	per active user, per month billed annually \$8 billed monthly	per active user, per month billed annually \$15 billed monthly
Your current plan	Upgrade Now	Upgrade Now
<b>Free includes</b> All of these great features: <ul style="list-style-type: none"> <li>Searchable message archives, up to 10k of your team's most recent messages</li> <li>10 apps or service integrations</li> <li>Native apps for iOS, Android, Mac &amp; Windows Desktop</li> <li>Two-person voice and video calls</li> <li>5GB total file storage for the team</li> <li>Two-factor authentication</li> </ul>	<b>Standard includes</b> Everything in Free, and: <ul style="list-style-type: none"> <li>Unlimited searchable message archives</li> <li>Search for relevant people and channels</li> <li>Unlimited apps and service integrations</li> <li>Custom retention policies for messages and files</li> <li>Guest access</li> <li>Priority support</li> <li>OAuth via Google</li> <li>Mandatory two-factor authentication</li> <li>Custom User Groups to reach a team or department</li> <li>Group voice and video calls</li> </ul>	<b>Plus includes</b> Everything in Standard, and: <ul style="list-style-type: none"> <li>SAML-based single sign-on (SSO)</li> <li>Compliance Exports of all messages</li> <li>99.99% Guaranteed Uptime SLA</li> <li>24/7 Support with 4-hour response time</li> <li>User provisioning and deprovisioning</li> <li>Real-time Active Directory sync with OneLogin, Okta, Centrify, and Ping Identity</li> <li>20GB file storage per team member</li> </ul>

As you can see, Slack's "free" plan still comes with a bunch of good benefits and is perfectly usable on its own.

So, to see how Slack really won over those paid users, I signed up for a free account to see how they'd try to convert me. Here are the three big things that jumped out during my experiment:

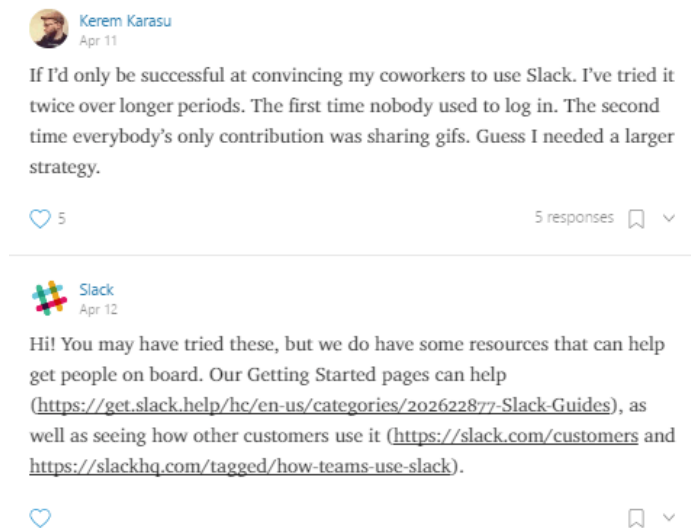
1. Slack has an excellent onboarding process.
2. Slack isn't salesy in the slightest.

3. Slack puts customer success at the core of all they do, motivated by their innovative “Fair Billing” pricing model.

Let’s analyze the first item: Slack’s excellent onboarding process.

Part of what holds other companies back from converting their freemium users is that these customers often don’t completely understand how to use the product or they don’t truly realize all the product’s benefits and applications.

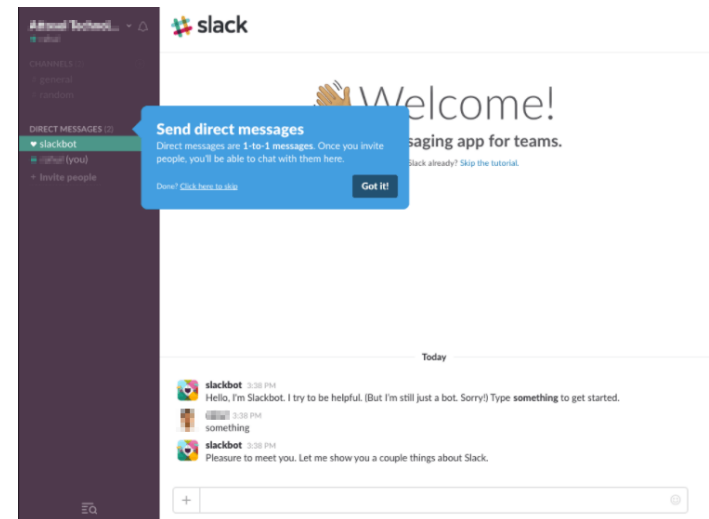
But Slack has an extra challenge in overcoming this. Slack isn’t a product that’s sold to a single person – but one sold to a team. Which means they have a lot of people to convince.



Slack responding to a Medium comment as an “extension” of their customer onboarding

So what they do is simple, yet brilliant: they provide all the training, tutorials, and resources the customer needs to get the rest of his or her team on board. That way, the customer isn’t stuck with the burden of training and Slack can ensure that the information they put out shows Slack in its best light possible.

Here is a quick example. As part of Slack’s onboarding process, all new users who login for the first time are instantly taken through a tutorial.



Slack’s Help Center is also very well laid-out, showing new customers exactly what steps they need to take next. Plus, they also have a ton of helpful info on their YouTube channel and in their Medium publication.

A famous memo (which has since been republished on Medium) that Slack founder and CEO Stewart Butterfield

sent to his team on July 31, 2013, gives us an insight into why Slack has prioritized such a strong, easy-to-follow onboarding process:

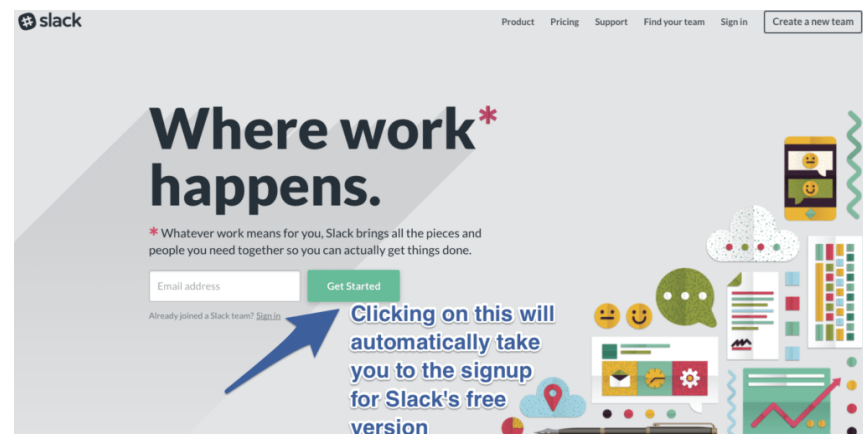
“Putting yourself in the mind of someone who is coming to Slack for the first time—especially a real someone, who is being made to try this thing by their boss, who is already a bit angry because they didn’t have time for breakfast, and who is anxious about finishing off a project before they take off for the long weekend—putting yourself in their mind means looking at Slack the way you look at some random piece of software in which you have no investment and no special interest.”

Now onto the second item: Slack’s non-salesy sales process.

When I went through the process of a free sign-up, here’s what I discovered: I never, at any point, actually felt like I was being “sold to.”

First of all, if we look at Slack’s homepage again, you won’t even find an option to sign up for the paid plan. And after clicking that green “Get Started” button, you are automatically taken through the process to become a free

user...without encountering a single message about the paid plan the entire time.



Even if you don’t go through and click that “Get Started” button here or on another page, you won’t find any sort of lead gen elsewhere on the website asking for your name, title, phone, company or website. In other words, Slack doesn’t seem to have any sort of process in place to gather full lead data or contact info (they only ever ask for your email address). Yet another way Slack avoids that salesperson persona.

Now, after I signed up, I kept waiting for some sort of email autoresponder campaign aimed at getting me to convert to a paid user. But yet...there was nothing. Not a single email was sent to me with a mention of upgrading to the paid plan.

Is Slack missing out on conversions by not trying to upsell it’s free users? Maybe. But it’s obviously not bothering them enough to change it. So for now, at least, Slack will remain true to their “not a salesperson” voice.

The third item ties the first and second together: Slack puts customer success at the core of all they do.

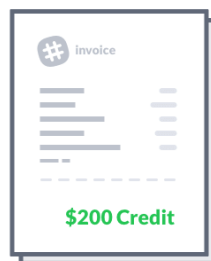
Though Slack's first step with any new customer is an easy onboarding process, that alone is not enough...they also need to keep their customers actually using the product by offering genuine, non-salesy help.

And Slack has no better motivation for this than their innovative "Fair Billing Policy."

## Fair Billing Policy

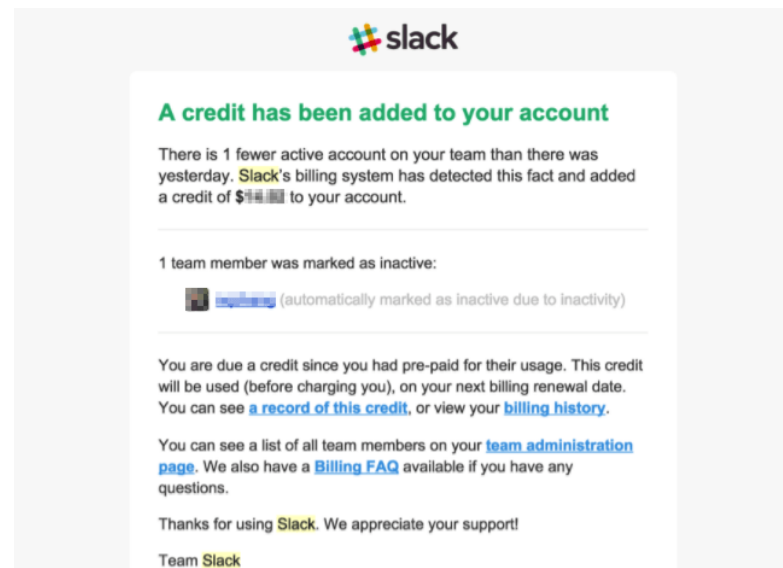
Most enterprise software pricing is designed to charge you per user regardless of how many people on your team are actively using the software. If you buy 1,000 seats but only use 100, you still get charged for 1,000. We don't think that's fair. And it's also hard to predict how many seats you'll need in advance.

At Slack, you only get billed for what you use. So you don't pay for the users that aren't using Slack. And if someone you've already paid for becomes inactive, we'll even add a prorated credit to your account for the unused time. Fair's fair.



In simple terms, here's how their policy works: if a Slack user stops using the software for 14 days, Slack will give you your money back through prorated credit. Slack's Head of Customer Success explained this himself at the very end of this panel at SaaStock London (29:25 to 30:40).

Slack's user consumption model forces Slack's growth to correlate with their customers' growth, otherwise this happens:



The email Slack send you when you get credit back

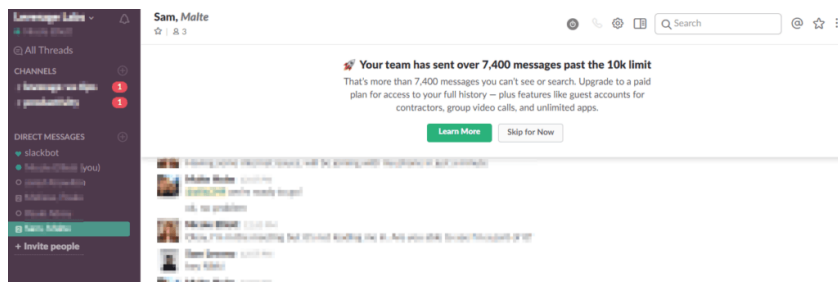
This "Fair Billing" model keeps Slack's whole team ultra-accountable to providing awesome onboarding and a comfortable user experience so they can onboard as many active users as possible. Sales people can't just sell an account and then move on.

For this reason, Slack MUST make sure their product is fully integrated into their users' day-to-day work...or they won't get paid. Instead of pushing the customer toward the paid plan, they just set usage limits after a high level of user consumption has taken place. Limits like this:

- » Chat history that stops after 10,000 messages
- » File storage that stops after 5GB

## » App integrations that stop after 10 apps

Slack then uses very strategic in-app messaging (that triggers based on usage limits) to convert freemium users into paid customers, like this:



In-app messages like the one pictured above prompt users to upgrade to a paid plan (but are only shown to the user once Slack has been fully integrated into their day-to-day work). This prompts the customer when they are likely to be most receptive to Slack's sales message.

Most enterprise software pricing is designed to charge you per user upfront regardless of how many people on your team are actively using the software (for example, if you buy 1,000 seats but only use 100, you still get charged for 1,000).

But as you can see, Slack's untraditional pricing model is wholly at odds with what most enterprise companies do.

Yet, it's working. The proof is in the data: Slack has converted 1.25M+ of their 4M+ users into paid users.

Want to peek inside the other facets of Slack's impressive growth strategy? Go to [openview.vc/slack-growth](https://openview.vc/slack-growth)

## FULLSTORY'S SCOTT VOIGT ON WHY SALES IS NOT BINARY

You either love or hate sales. You can go all-in on self-service and let the machine handle customer acquisition. Or you can hire an army of reps and let the humans sell. There is no in-between.

This commonly held view of sales is wrong. Sales is not binary.

FullStory's Scott Voigt says the answer is a bionic approach to sales. Man plus machine. Human, but more than human.

### Empathy and Clarity

Two of FullStory's guiding principles – empathy and clarity – led them away from sales early on.

"A lot of people don't enjoy being sold to, including the folks at FullStory," says Voigt. "As a company, we are super leery of anything where we have to talk to someone in order to see the product."

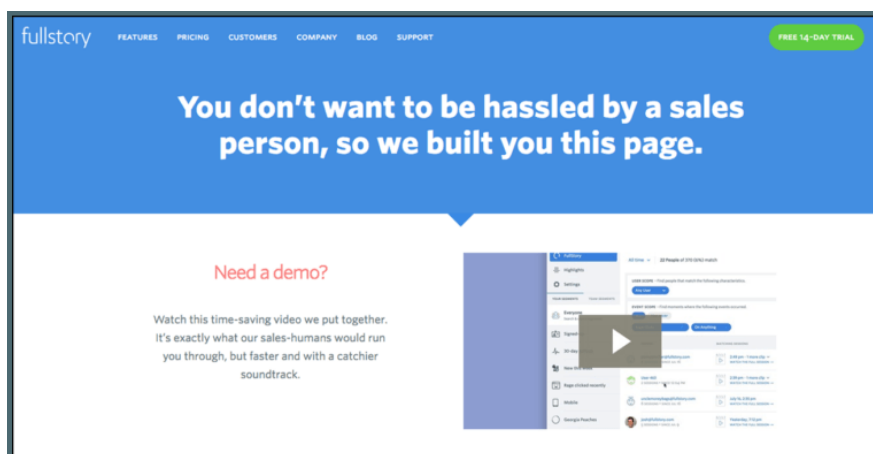
Having to talk to someone suggests that something needs to be hidden – most likely the product's cost or complexity. "We just want to cut to the chase and quickly understand the product and pricing."

Valuing empathy leads to the Golden Rule. If FullStory doesn't like being sold to, it would be weird if they turned around and aggressively sold their product to others.

Valuing clarity leads to transparency. Simplicity and clarity is easier said than done when it comes to product marketing, website copy and pricing pages. But customers are desperate for it.

## Does It Work for Everybody?

FullStory's focus on empathy and clarity means the company leads with self-service. I mean, look at the messaging on their awesome sales page:



But self-service doesn't work for all customers. "I wish it worked for everybody. But in fact there is a correlation between the size of a company and the complexity of the buying process for that company," says Voigt.

Complexity means your buyer needs help. The self-service machine falls down under the weight of a complex buying process. And if one of your humans doesn't step in, the

customer will turn to someone else's human (and ultimately someone else's product) to help them.

Empathy isn't partial. You need to cater to the needs of both the "leave me alone" people AND the "help me buy your product" people.

## Making Things Bionic

Empathetically coming to the aid of people with complex buying processes means embracing sales. But after initially avoiding it, FullStory wasn't eager to do sales in the traditional way.

"Old school customer interactions are remarkably inefficient," Voigt says. "Hire an army of sales reps to get new customers and a boatload of support folks to keep them happy. We're living in the 21st century and there has to be a better way."

This is where FullStory's third operating principle comes in – making things bionic. It means making a human process more scalable through technology. But it's not robotic automation stamping out generic crap. "The human component is the heart of bionics, because of that all-important first principle: Empathy. Being bionic helps us scale empathy. It allows us to be human with an ever-growing number of customers," Voigt explains.

What does this look like in practice? FullStory provides intelligent, personalized customer success to anyone using the product. All users are created equal, and there is no fundamental distinction between prospects and customers.



"If you've ever tried our product, you're a customer."

Similarly, there is no fundamental distinction between sales, support and success efforts. "If everyone is a customer, then we want everyone to be successful."

The intelligence and personalization comes from FullStory using its own product to deliver an amazing customer experience. A common example is receiving a proactive note saying, "It looks like you may have tripped on a bug earlier today. I'm really sorry about that. We've fixed it now and you should be all set!"

FullStory does the same thing when it sees users expressing frustration at the product during a session. We've all been there – the site is slow and you aggressively click the mouse in hopes of a response. FullStory calls this user behavior "rage clicks." The team gets a rage click alert and the customer gets a message asking how they can help.

"Customers love this kind of care and attention. It leads to better customer conversion and satisfaction, but it would be impossible without bionics."

## **Onward!**

We've been sold a false dichotomy – that you must choose either the path of self-service or sales, but not both. But there is a better way, and it's called bionics. Man plus machine. Human, but more than human.

Onward to a better future for your company and your customers!

## CLOSING

As we've discussed in this book, a product-led growth strategy can be an efficient and effective way to grow your customer base, win loyalty and scale your business. But, by its very nature, a product-led strategy is only ever as successful as the underlying product. Product-led companies aim to build truly stellar products that put the user, not the buyer, front and center. They avoid jargon in their marketing, instead preferring a more casual, colloquial approach. And most importantly, PLG companies simplify and streamline everything from the actual product to its marketing, sales and pricing all in an effort to make onboarding new users as clear and as seamless as possible.

We hope that this book inspires you to explore how implementing a PLG strategy could positively impact your bottom line, lead to happier customers and revamp your business for the better.

As with all things, PLG is an evolving philosophy. We look forward to introducing new components of this strategy and learning from SaaS operators like you who implement and iterate as you learn and grow.

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## **ABOUT OPENVIEW**

OpenView is an expansion stage venture firm helping build software companies like Instructure, Kareo, Datadog and Expensify into market leaders. Through our Expansion Platform, we help companies hire the best talent, acquire and retain the right customers and partner with industry leaders so they can dominate their markets. Our focus on the expansion stage makes us uniquely suited to provide truly tailored operational support to our companies. Learn more about OpenView at [openviewpartners.com](https://openviewpartners.com).

# CEOS, FOUNDERS AND PRODUCT LEADERS TRUST OPENVIEW TO DELIVER PRIMARY RESEARCH, TACTICS, ADVICE AND STRATEGIES ON EVERYTHING FROM PRODUCT-LED GROWTH TIPS AND TACTICS FOR SALES, MARKETING AND BEYOND.

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"Product-led growth has enabled companies to scale at a speed beyond the imaginable. With this book, you too can learn how to apply a PLG strategy and take your business to the next level."

– **Pedro Magriço**, Head of Product Growth, Typeform

"The breakthrough moment for us on the HubSpot Sales products came when we started thinking of our (amazing) sales team as a "Revenue API" for the product; wherever we could develop a product that would sell itself we did that, and where the product team needed help converting users to customers we generated leads rotating them to sales. Product-led growth has taken us to the next level."

– **Christopher O'Donnell**, VP of Product, HubSpot

"Meetup's product-led growth strategy equipped us to succeed with a B2B audience while staying true to our core product. This playbook is a must-read for anyone looking to build or optimize a product-driven business."

– **Brian Lafayette**, VP of Revenue, Meetup

