



PRINCIPLES BEHIND A SUCCESSFUL ENTERPRISE APP COMPANY

INTRODUCTION

An enterprise app company is a company that typically builds and sells B2B application-specific software. And more often than not, they aren't just building an app, they're also building a business. While there's no magic formula for ensuring your company hits milestones such as adding customers, becoming profitable, and even filing for an IPO, there are best practices to consider that will get your organization on the right path to becoming a successful company.

"The app economy has created at least 500,000 U.S. jobs and will grow from a \$25 billion marketplace in 2013 to \$46 billion in 2016." — Mobile Future

This e-book will take you through eight principles that can help you build a more successful app company:

- 1 Choose One Direction
- 2 Get Started, Fast
- 3 Build the Product Quickly
- 4 Don't Compromise for One Customer
- 5 Hire Engineers
- 6 Choose the Distribution Channel
- 7 Hire for Customer Growth
- 8 Utilize Technology Partners

principle one

CHOOSE ONE DIRECTION

Most companies explore multiple identities. When determining your vision, you need to clearly choose one business focus. This choice will define your decisions moving forward. For example: you can't be on-premise and cloud. You can't be an app company and a service company (systems integrator). Failure to choose a single focus can lead to distraction and misplaced resources.

Consumer vs. Enterprise: "In the last 10 years, there have been 56 IPOs in the enterprise space that have gotten north of a billion [dollars in market capitalization] and just 23 in consumer." — Jim Goetz, Sequoia Capital

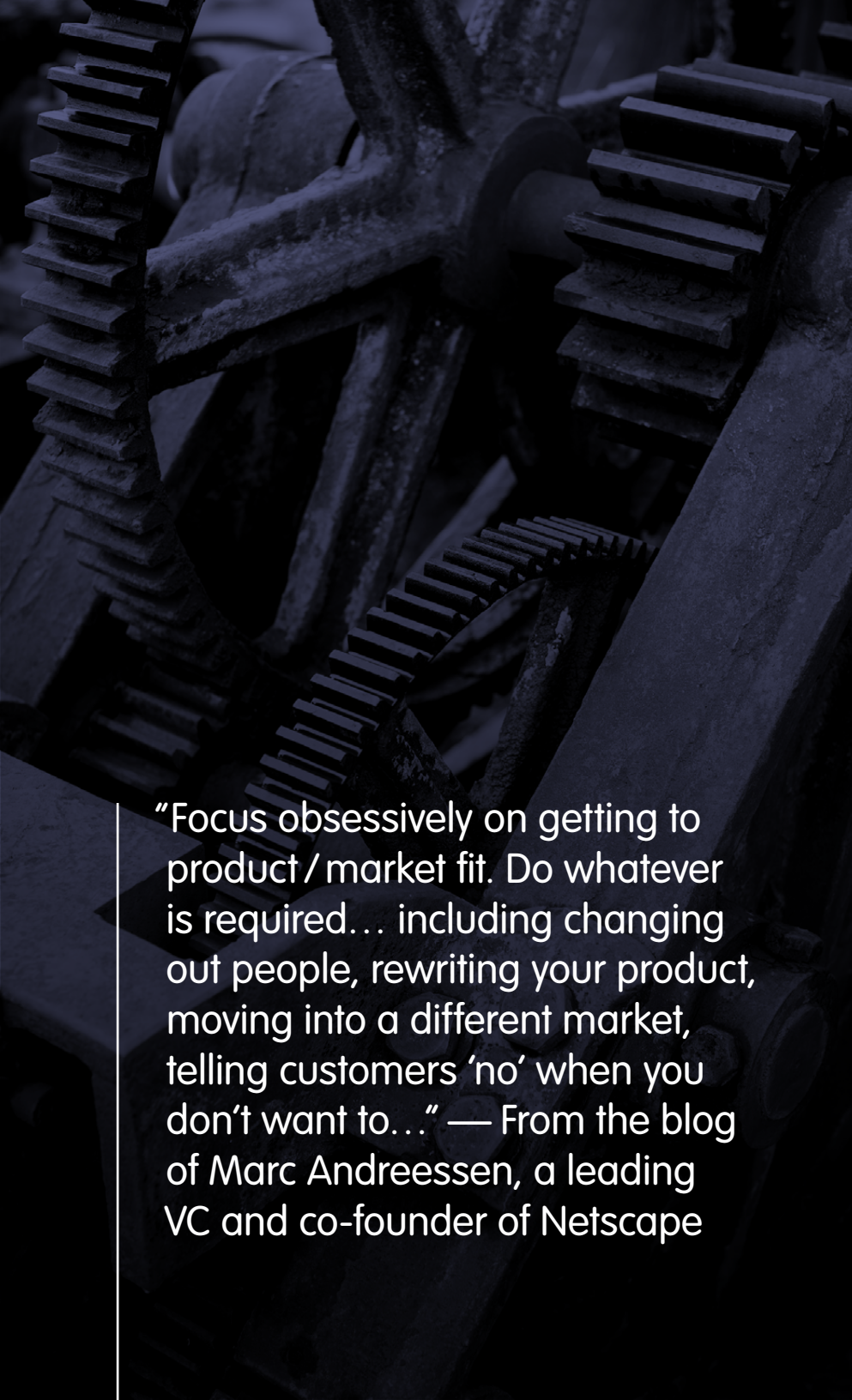


A man with glasses and a beard is sitting at a desk, talking on a mobile phone. He is wearing a dark blue t-shirt. In front of him is a large computer monitor. To his left, a desk lamp with two adjustable shades is turned on, casting a warm glow. The background is dark and out of focus, suggesting an office or home workspace at night.

principle two

GET STARTED, FAST

Sure, you should make a point to be in-the-know and to gather as much information as you can before launching your company. But remember, there's no substitute for biting the bullet and getting started. Research the market and the customers' needs as much as you can, but execute quickly and continue to gather information to make it perfect as you move. If you're building with the right technology or cloud platform, you can push changes pretty quickly along the way. Don't get beat by spending six months in design.



"Focus obsessively on getting to product / market fit. Do whatever is required... including changing out people, rewriting your product, moving into a different market, telling customers 'no' when you don't want to..." — From the blog of Marc Andreessen, a leading VC and co-founder of Netscape



principle three

BUILD THE PRODUCT QUICKLY

Once you have taken the leap and launched your product, focus full-stop on building it out. Avoid being distracted by other priorities. Your primary goal is product-market fit, and to do that you need product to test with. Once the initial product portion is locked down, you can shift your focus and test how it fits within your desired market. Building the product first also allows you to fail fast, and with failure, comes the chance to make changes that lead to a win. Make a point to recognize quick failure as a part of your path to success.

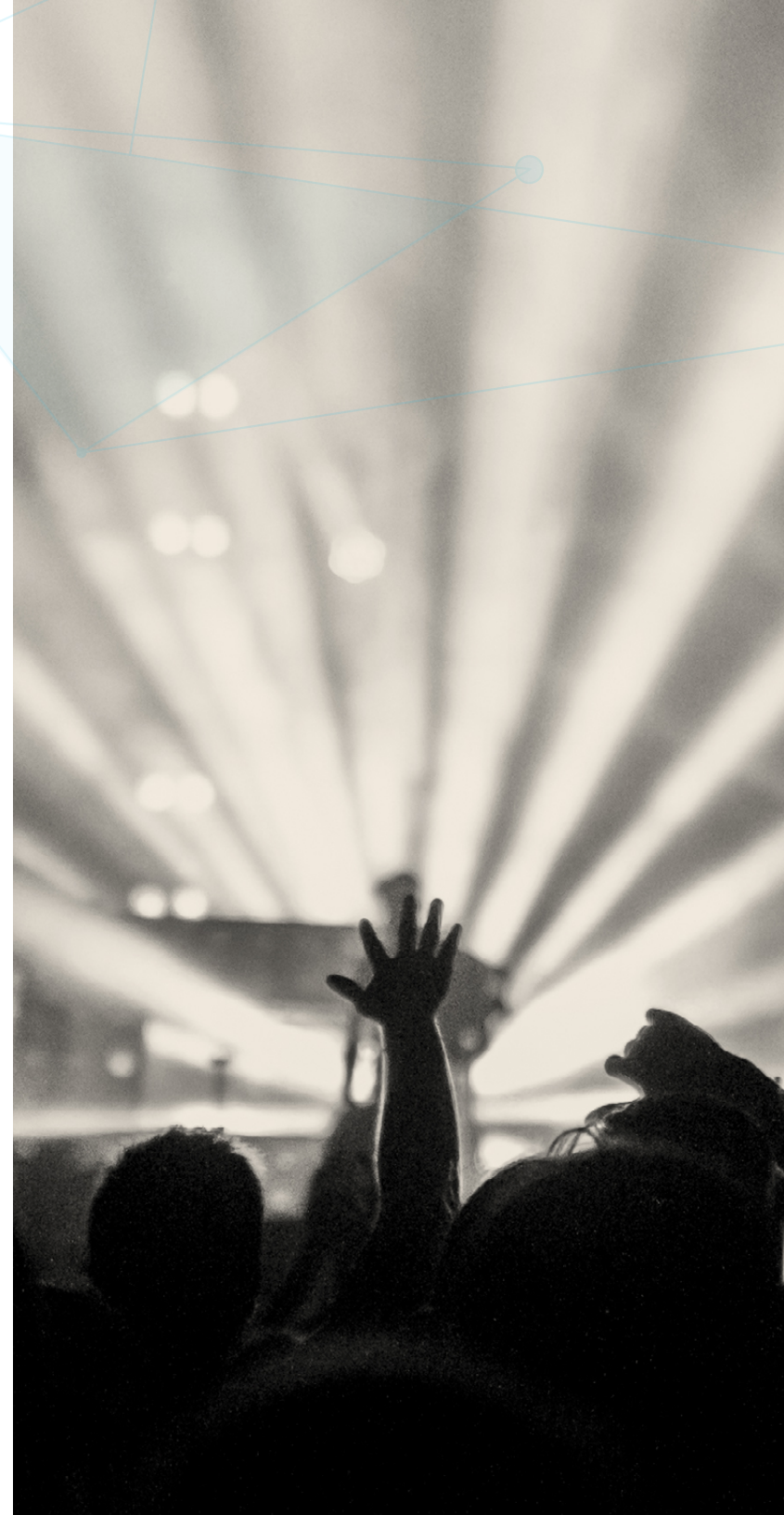




principle four

DON'T COMPROMISE FOR ONE CUSTOMER

Every company is lured towards closing a deal with that one big logo. This can be especially true for companies in the early stages of growth. Be careful not to fall too deeply in love with the idea of this customer, as it can lead you away from your initial focus and vision. Tailoring your product to meet that one customer's specific needs can undermine its overall success. In general, users want applications that are simple to learn, easy to get addicted to, and offer the same experience on all devices. When wooing users, give them the option to try before they buy. If they offer feedback, take it into strong consideration as you build and release new iterations.





principle five

HIRE ENGINEERS

New companies should hire for where they see their business in 12 to 18 months, not where they are today. Hiring for your present needs is expensive and tricky, but remember, it's the best app, and not the app from the biggest company that is going to come out on top. One of the top apps on the Salesforce enterprise app marketplace, AppExchange, comes from LevelEleven, a company with around a dozen employees.



LevelEleven built an app to increase gamification across sales reps using Salesforce Sales Cloud — a perfect example of a small company that made it big.



principle six

CHOOSE THE DISTRIBUTION CHANNEL

Now it's time to decide how you want to get your application into the market. In addition to selling it directly with salespeople, consider the ecosystem you want to align to. One option is listing the app in an enterprise app marketplace, such as Salesforce's AppExchange, which is used by small businesses as well as Fortune 100 companies. App marketplaces offer additional places to showcase your app and help customers see reviews from their peers.

AppExchange customers want to run their company on the Salesforce Platform and they seek industry specific apps that will dramatically benefit their enterprise. 63% of Salesforce customers use at least one AppExchange app. 23% use more than five.



principle seven

HIRE FOR CUSTOMER GROWTH

Selling to the enterprise requires a bigger sales and marketing team than selling to consumer companies does — including sales reps, marketing, and customer support or success staff. As with engineers, hire based on your vision for where you want to be in a year or so, knowing that expertise takes time to acquire. Be especially careful not to underinvest in customer success staff. If you are making your app a subscription-based app, which has proven to be the most successful model, you'll need a post-sales team to ensure the customers are happy enough to renew.

If there is one axiom that is true in Software as a Service (SaaS), it is that it's cheaper to keep a customer than to acquire a new customer. Given how much sales commissions can cost, it's key to focus on keeping customers — in addition, it creates a truly rapid revenue growth model, each year compounding on the previous.



principle eight

UTILIZE TECHNOLOGY PARTNERS

When building an app company, you don't have to go it alone. In actuality, there is a huge ecosystem of successful cloud-technology companies, willing to create partnerships with new software vendors. Collaborating with these established companies can bring tremendous opportunities to scale and attract customers by pulling your company into deals it wouldn't normally see. This scale will help your app company grow and gain credibility much faster than it could on its own.



"The global enterprise mobility market will rake in \$140 billion a year by 2020." — Visage Mobile

CONCLUSION

Building a new business is an exciting and nerve-wracking time. The eight principles detailed on the previous pages will help you lay a solid foundation for your enterprise app business and set it on a path for growth and success.

Key Takeaways:

- Pick a single identity for your business.
- Value execution over perfect information.
- Build your product first and fail fast.
- Don't compromise your product to please one customer.
- Hire engineers for the present and future.
- Choose how you will get your application into the market.
- Hire as many customer success staff as salespeople.
- Partner with other cloud technology companies.



BUILD APPS FOR THE APPEXCHANGE AND TAP INTO A \$110 BILLION OPPORTUNITY.

The Salesforce AppExchange is the business app marketplace where you can sell your app. With more than 2,500 apps, AppExchange helps Salesforce customers be more productive, connected, and mobile. Visit the [AppExchange](#) to see the apps being built today.

See how you can become a partner and build apps.

Visit our partner page >

The information provided in this e-book is strictly for the convenience of our customers and is for general informational purposes only. Publication by salesforce.com does not constitute an endorsement. Salesforce.com does not warrant the accuracy or completeness of any information, text, graphics, links or other items contained within this e-book. Salesforce.com does not guarantee you will achieve any specific results if you follow any advice in the e-book. It may be advisable for you to consult with a professional such as a lawyer, accountant, architect, business advisor or professional engineer to get specific advice that applies to your specific situation.

© 2014 Salesforce.com. All rights reserved.