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**Moving from a Sales Led to a Product Led Business:**  
Evaluation and value delivery in SaaS products self-service

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Dissertation

presented as partial requirement for obtaining the Master Degree Program in Data-Driven Marketing

**NOVA Information Management School**  
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**MOVING FROM A SALES-LED TO A PRODUCT-LED BUSINESS:  
EVALUATION AND VALUE DELIVERY IN SAAS PRODUCTS SELF-  
SERVICE**

By

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Master Thesis presented as partial requirement for obtaining the Master's degree in Data-Driven Marketing, with a specialization in Digital Marketing and Analytics.

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## **ABSTRACT**

SaaS companies are transforming their traditional sales processes by taking advantage of their products as the main vehicle to acquire, activate, and retain customers. We focused on the SaaS software evaluation process and value delivery to examine how SaaS products that can be evaluated in self-service, by the users, deliver value along the customer journey. For this, we conducted qualitative research through in-depth interviews with senior executives from companies in different growth stages and geographies and observations to explore the strategies and organizational initiatives to seize the opportunities associated with product-led business models. Our findings evidence two main categories - evaluation and value. Evaluations start top-down, driven by a clear strategic direction from the management team or to address a pressing need that is hindering the business from moving forward, or bottom-up, started by the users with a clear use case, and connected to an urgent, often daily, need. Value, in the product-led model, is now delivered sooner on the customer journey creating a shift to the left in value delivered, now closer to the start of an evaluation, and value captured is going right, now after value is delivered and the product is started to be adopted. A discussion on how sales-led and product-led evaluation and value delivery, across the customer journey, differ is presented. Finally, we offer recommendations to business leaders wanting to move to product-led growth.

## **KEYWORDS**

Product-led; Sales-led; Software evaluation; Value Delivery; SaaS; Business model

### **Sustainable Development Goals (SGD):**

- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Reduce inequality within and among countries

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## LIST OF ABBREVIATIONS AND ACRONYMS

<b>API</b>	Application Programming Interface.
<b>CIO</b>	Chief Information Officer.
<b>B2B</b>	Business-to-business.
<b>B2C</b>	Business-to-consumer.
<b>GTM</b>	Go-to-market
<b>PLG</b>	Product-Led Growth (also used as product-led)

# 1. INTRODUCTION

The Internet, digitalization, and later, digital transformation changed the way we do business, with implications for society as a whole (Unruh and Kiron, 2017). New and innovative digital business models arose, improving several aspects of the organizations and enhancing their value proposition (Rachinger et al. 2018; Volberda et al. 2021). These business models put software applications at the center of this change transforming not only the products built but also their transaction process (Andreessen, 2011).

Software did not bring change just for businesses, it is also having an impact on our daily lives. The use of software applications is changing how we live and interact with the world. Consumers now count on them (applications) to make calls, schedule meetings or a doctor's appointment, take pictures and share them, learn and contribute to others' learning, to be healthier and fit, in a sense, to improve our daily lives (Miller et al, 2021). Finding and using a new app that will solve our next pressing need has become part of our daily routine. And this seems to be permeating how people do their jobs.

The easiness, and ubiquity, of applications to help be more productive, to communicate better, to better organize knowledge is bringing new software, by the hands of their users, and not following a defined procurement process, inside companies at an ever-growing speed. Users are now accustomed to install, use, and interact with software applications on their mobile phones and desktop devices, and this is changing how the applications (products) are built, evaluated, and purchased.

Changes in the way applications (products) are transacted are mainly driven by SaaS companies. These companies are transforming the traditional B2B sales processes (Dubinsky et al. 1981) by taking advantage of their products as the main vehicle to acquire, activate, and retain customers (Hartmann, Wieland & Vargo, 2018). Looking at the selling process from a value creation perspective, companies are providing a free version of their products to support the evaluation and build inside those products levers for growth, known as growth/viral-loops (Balfour, 2021; Hanford, 2020). Products become the protagonist in the selling process, bringing a shift, inside the companies, from being sales-led to being product-led and this recentres the attention and focus on the end-user (Richard, 2022). An understanding of the customer's experience is paramount in realizing this shift.

Examination of experience journeys (Lemon & Verhoef 2016) and extended service encounters explore customers' participation and perceptions before, during and after particular (purchase) events (Akaka & Schau, 2019). However, this research generally focuses on studying the experience that surrounds a particular firm's offering and does not account for the way SaaS products emerge inside companies by the hand of the users, and how this is changing the way SaaS products are built, impacting both the structure and processes of the companies building the products and the way users evaluate and buy those products.

Companies are delivering value to users while they use and evaluate the companies' products for free, and before committing to giving back by buying them (Akaka & Schau, 2019). This entails the need for products to be able to be evaluated, learned and experienced in self-service and all barriers and friction both on the evaluation and adoption to be removed (Gu et al., 2018; Holm & Günzel-Jensen, 2017). A change is also happening in the evaluation process, when value is delivered to the user. Users want to realize value first-hand, through the product experience and without the need for human interaction. Multiple meetings with salespeople, proof-of-concepts, and demos seem no longer needed or even wanted. Value needs to be delivered sooner, by the product (experience), without a need for human interaction (Rangarajan et al., 2021). Products are now bought, not sold, and discovered, not presented.



These transformations are yet to be explored by the research marketing literature. Particularly relevant is to understand the transformation in SaaS products value delivery, reducing the role of high touch sales moments (multiple qualification interviews, Sales-led) in favor of the role of free evaluation moments during the customer journey and moving the decision to buy and adopt products from the company to the individual user. In this sense, we focus on the SaaS software evaluation process and value delivery to understand: how SaaS products that can be evaluated in self-service, by the users, deliver value along the customer journey?

To answer this research question, we particularly focus on understanding how applications (products), that can be evaluated and used for free, emerge inside companies, brought by the companies' employees, in their efforts to be more productive, to communicate better, to better organize knowledge, and how these applications (products) grow inside these companies, by expanding their footprint, and attaching this growth to their product's value, to a point where a B2B relation emerges, and a purchase is needed.

The researched subject can help people and companies by promoting inclusive and sustainable economic growth, and full and productive employment. Inclusive, sustainable, and productive because Product-Led Growth (PLG) is a growth business model or go-to-market strategy where product usage and user engagement drives customer acquisition, retention, and expansion. By offering free versions of the products, PLG companies let all users take advantage of their product for free, and grow as more users get value from those products. It also helps in inclusive and sustainable industrialization, fostering innovation, because PLG companies seem to be far more resilient in crises because of the bigger user base. A reduction in inequality within and among countries is also promoted in the sense that any person, company, or country can use the products for free before committing to buy them.

## 2. LITERATURE REVIEW

### 2.1. SAAS PRODUCTS EVALUATION

#### 2.1.1. Customer Journey

A customer journey refers to the series of multiple touchpoints an individual has with a brand, product and/or service provider, forming the comprehensive customer experience (Lemon & Verhoef, 2016). Current theoretical understanding of the customer journey focuses on conceptualizing what it entails (e.g., touchpoints [Lemon & Verhoef, 2016; Steward et al., 2019]; prepurchase, purchase, and postpurchase phases or stages [Frambach, Roest, & Krishnan, 2007; Lemon & Verhoef, 2016] and offline and online channels [Edelman & Singer, 2015; Frambach et al., 2007; Wolny & Charoensuksai, 2014]). While different customer journey “building blocks” are well described in the literature, the realm of customer journey management is fairly fragmented and lacks conceptual coherence (Rusthollkarhu et al, 2022).

From a customer journey management perspective, it is important to emphasize that customer interactions with brands are not limited to interactions with companies that provide solutions. This interaction also includes communication with the company's partners, industry professionals, the customer's social sphere, and within the customer's organization. The term interaction is used in the broadest sense and includes all possible forms of brand exposure such as advertising, communication with service personnel, traditional and electronic word of mouth (Rusthollkarhu et al, 2022). This increasing complexity in designing experiences requires a shift in the negotiating power from the sellers to buyers, requiring businesses to adopt technological solutions in order to gain access to customers' buying processes (Steward et al., 2019).

The concept of customer journey comes from experience management (Lemon & Verhoef, 2016), and it has also been used in the B2B context to conceptualize buying and selling processes, the B2B Buying Process (Steward et al., 2019), giving more emphasis on the beginning of the journey.

Although every B2B buying process is claimed to be unique, many attempts have been made to generalize and conceptualize patterns of B2B buying. The B2B buying process is often divided into stages, states, or steps. They represent the linear progression of information seeking and/or decision-making behavior of B2B buyers, extending both before and after the actual purchase. B2B purchasing begins with a business problem or pain that a B2B company needs to solve, and can involve a group of decision makers who drive the purchasing process. Therefore, conceptualizing the B2B buying process often includes and begins with an awareness stage where the real business problem is recognized and further clarified. After gaining a better understanding of their essential needs, B2B buyers move on to the evaluation stage, where they research and look for possible solutions and evaluate the pros and cons of each possible option. During the decision stage, B2B buyers try to reduce the number of choices, commit to a particular set of choices (for example, a shortlist of 2-3 suppliers that might help solve the company's problem), and finally validates and justifies one of its alternatives. options (Neda et al, 2021).

By shedding light on the holistic customer journey instead of focusing solely on the buying process or the buying journey, we can observe that an individual user journey is tightly related to the journey of a company because the user's experience while evaluating and buying a product guides the evaluation and buying experience of the company. The customer journey lets us understand the relation between the buyer and the seller, and seems to show that the relation is starting before the

buying journey begins. It is the responsibility of the managers to be able to understand that journey, and the fact that users are now accustomed to try before they buy, and that should help drive the changes on how the products can be evaluated and purchased and also the way sales people and the company interact with their prospects and customers in the entirety of the customer journey.

**2.1.2. Product-led Growth (PLG)**

Openview, the Product-led Growth (PLG) term coiner in 2016, defines PLG as an end user-focused growth model that relies on the product itself as the primary driver of customer acquisition, conversion, and expansion (OpenView, 2021). Product-Led Growth Collective expands on PLG’s definition by adding that it is a business methodology, growth strategy, or go-to-market strategy (GTM) in which user acquisition, expansion, conversion, and retention are all driven primarily by the product itself. It creates company-wide alignment across teams—from engineering to sales and marketing—around the product as the largest source of sustainable, scalable business growth (Product-Led Growth Collective, 2022).

It is a shift from Sales-led growth where field sales representatives (reps) schmoozed with the buyer (the CIO) over dinner and on the golf course (OpenView, 2021), where the key decision-making was simple IT compatibility, and from marketing-led growth where marketing targeted the non-technical executive and sales followed-up. Product-led Growth breaks this top-down decision cycle with a bottom-up distribution model, one that leverages the user experience to empower end users to find, evaluate, and adopt products by themselves. In this sense, PLG redesigns the customer journey (Lemon & Verhoef, 2016), moving the experience with the product to the beginning of the journey. Table 1 illustrates the product-led Growth evolution, highlighting, in special, the role of the customer in self exploring and experiencing SaaS products as part of their experience.

Table 1 – Evolution of Product-Led Growth

	<b>On-premise Era</b>	<b>Cloud Era</b>	<b>PLG and the Age Of Connected Work</b>
Distribution	Sold to CIOs	Sold to executives and managers	Discovered and championed by users
Openness	Standalone systems	End-to-end platforms with basic integrations	Open, API-Based products that play well with the ecosystem
Installation	Installed in fixed location	Available at a destination on the desktop or in the browser	Embedded in the existing context
Pricing	Perpetual license	Seat based subscription	Usage-based (consumption-based), customers start for free and pay after they’ve seen value

Source: Openview (2021).

Users now expect to be able to use and evaluate products, for free, and in self-service before committing to a paid version (Gu et al., 2018; Hamari et al., 2020), and these are all strategies used by PLG companies.

Following Chamaeleon (2022), the shift away from Sales-led was helped by the fact that:

- It is easier to build software products and ever more players are joining the ecosystem.
- Information is easily accessible, making it easy to assess true benefits
- Software is now adopted by the average person, in their personal lives, making it more easier to adopt in the professional life
- Hiring constraints are being loosen because SaaS companies need to scale quicker (work can happen anywhere)

According to Openview’s 2022 Product Benchmark report, PLG companies are more than twice as likely to be growing quickly (100%+ year-over-year revenue growth) than sales-led companies, especially those offering a freemium product, and that the growth rate of public PLG companies is nearly 25% higher than other SaaS companies with higher margins to back it up (OpenView, 2021).

The rapid growth identified in PLG companies has drawn the attention of venture capital companies as well. Table 2 presents a report on the growth of PLG companies prepared by Bessemer Venture Partners. Companies highlight select PLG-company IPOs and direct listings in corresponding year. The list is based on PLG definition of employing a product-first freemium, free trial, or open source strategy as a main GTM driver. Yearly market cap data taken at EOY.

Table 2 – Growth in market cap of public PLG companies

<b>Year</b>	<b>Companies (Examples)</b>	<b>Market Cap</b>
2012	LogMeIn	\$1B
2013	Wix	\$2B
2014	Zendesk, HunSpot, New Relic	\$6B
2015	Shopify, Atlassian	\$17B
2016	Twilio	\$21B
2017	MongoDB	\$41B
2018	DocuSign, Smartsheet, Elastic, Pluralsight, Tenable, SurveyMonkey, Dropbox	\$97B
2019	PagerDuty, Zoom, Sproutsocial, bill.com, Slack, Cloudflare, Datadog, Fastly	\$211B
2020	Snowflake, jFrog, BigCommerce, Asana, Sumo logic, Agora	\$687B
2021	Hashicorp, Expensify, GitLab, Amplitude, Freshworks, Confluent, Walkme, Monday.com, DigitalOcean, Squarespace	\$911B
2022	Current market cap of same PLG companies basket as of 3/11/22	\$513B

Source: Poyar et al. (2022).

### **2.1.2.1. Pillars**

The markets and business models are ever evolving (Rachinger et al., 2019, but a group of pillars seem to be constant for the PLG motion. According to Openview there are 4 constant pillars (Openview, 2021).

#### **a) Pillar 1: Design for the end user**

User experience across the customer experience is relentlessly focused and improved for the end user. A clear understanding of the needs, wants, and the problem or problems the user has and needs to address is the driver for how the products are built. Products, through the user, are the core driver of acquisition, retention, and expansion.

#### **b) Pillar 2: Deliver value before capturing value**

PLG users realize value from the products, by themselves, before committing to a purchase. This is addressed by removing all friction that hinders the user from realizing value as fast as possible, allowing them to try the product, in full or just some relevant features, before hitting a paywall, and ideally solving the problem they have, achieving their expected outcome, fast.

#### **c) Pillar 3: Invest in the product with go-to-market intent**

PLG companies built products with the user in mind but with the intent of driving acquisition, retention, and expansion. Products are built as their own self-service distribution vehicles, enhancing its own distribution, enablement, and ability to capture value. Incremental improvements to the user's journey are done through continuous and controlled experimentation (Auer et al., 2021), aligning the objectives of the experiments with the go-to-market intent.

### **2.1.2.2. Principles**

PLG principles vary and evolve and are tied to a time and a place. In the Age of Connected Work, the ubiquity of software made it fundamental an utility, moving from "owning" software to "renting" it (Poyar et al., 2022). These authors describe the principles below as a guide for entrepreneurs. According to the article writers, public companies like Datadog, Snowflake, and HubSpot, have adopted at least nine of the principles. Not all should be adopted but the ones that help build a defensive competitive advantage and win in the long-term. They bundle the principles in three groups: Build, Deliver, and Monetize. The building principles are foundational and should be adopted first.

#### **a) Principle 1: Build for the end user**

Users are now discovering products and sharing them with colleagues, and influencing their bosses in what to buy. Buyers are following users, so products are built for users, setting those product's end users as the new kingmakers.

#### **b) Principle 2: Build to be discovered**

People seek out solutions to their everyday problems by searching on Google, talking with friends, or their selected online communities. PLG products are built to be discovered, when needed, and then bought, not sold.

**c) Principle 3: Build to meet your users where they work**

Historically, software usage was tied with a specific task and with a person's job. Salesforce if we were a sales person, or SAP if we were on enterprise resource planning. Now it lives in our context, inside the browser as extensions (e.g., Grammarly writing assistant), or built to be used in other products (e.g., Apps and Integrations inside Slack). Users are met where they work, ensuring their workflows are now changed for a new product to be used.

**d) Principle 4: Build for openness**

User's should be able to choose the different products that they want to use and companies need to ensure those products play well together. Apps now live in apps, and data finds the users when they need it. Products should be built as open by default, allowing users to connect them (different products and data) so they fit into their specific context (while they work, when they need them).

**e) Principle 5: Build for flexibility**

Open products let users be creative by building them themselves, by providing the tools to create their own personal customizations, matching their own needs. Learning from what users create helps drive the evolution of the products and help other users with similar needs. This value created becomes part of the product itself.

**f) Principle 6: Build community as a competitive advantage**

A sense of ownership, both for the product and its brand stems from the capacity of a user to be able to create and share their own created products. Users become the ambassadors for the brand/product, and communities are created around the products, offering users connection, belonging and inspiration.

**g) Principle 7: Deliver instant product value**

Companies are winning on the basis of speed, so products are built for value to be delivered as fast as possible. Users need to find success with the products in minutes, not days or weeks.

**h) Principle 8: Deliver instant customer experience**

Users should be able to be helped instantly and as frictionless as possible. Customer experience should be an extension of the product with documentation, in-product guidance, community, and real human support.

**i) Principle 9: Monetize after you deliver value**

For instant value to be delivered, access to high-value features of the product has to be un gated, so that users have already seen the value of the product before having to commit to pay. Pricing needs to be transparent so users understand what they will be paying for and how it relates to the value delivered.

**j) Principle 10: Monetize based on usage**

Users are hesitant to commit for an annual or multiple-year period for products they are unsure they will use since seat-based subscription pricing too frequently results in shelfware (term given to software that has been purchased but never used). It is simple to scale and helps users connect price to value when there is a flexible usage-based pricing model.

**k) Principle 11: Monetize beyond software**

When interacting with the tools users use every day, they expect a seamless and connected workflow. Even though this experience isn't directly related to the product, it is in the realm of the product to deliver this experience. Consider learning from businesses who successfully diversified their revenue sources beyond the product itself and monetise based on payments.

**2.1.2.3. Growth Loops**

The growth/viral loop is a system that begins with user acquisition and keeps the user engaged by delivering value. The loop's ultimate objective is to establish a self-sustaining strategy (sustainable compounding growth) in which users continually return and refer new users (Balfour, 2021; Hanford, 2020).

**2.2. SAAS PRODUCTS VALUE CREATION**

**2.2.1. Value Creation**

Value creation is at the center of the PLG business model, but as a definition is hard to convey or find consensus in research literature. While there is not a final consensus on the various elements that make up a business model, some key elements involve value creation, proposition, delivery, capture and communication (Rayna & Striukova, 2016). In table 3, we detail each element.

Table 3 – Value Definitions

	<b>Definition</b>
Value Creation	The mechanism by which goods and services acquire value that can then be captured and shared—is one of the most important elements of a business model. Value creation derives from core competencies, key resources, governance, complementary assets, and value networks. Firms create value by combining core competencies with key resources (preferably in new ways). Governance—how resources and competencies are managed—can also greatly affect value creation (for instance, by improving productivity). Complementary assets, such as complementary products and services, business alliances and

	<p>partnerships, and customer base and reputation, are critical elements in the success of a firm; the lack of such assets has led to the failure of many firms, despite technological advantages. Consequently, complementary assets are a critical driver of value creation. Value networks, which consist of upstream (suppliers) and downstream (distributors, end users) relationships, are just as critical and arguably increasingly so. In recent years, firms have turned to co-creation and crowdsourcing to widen their value networks; collaborative arrangements and engagement with customers can also increase access to complementary assets.</p>
Value Proposition	<p>The mechanism through which the value created is offered to the market—is another central element of the business model. The value proposition specifies what is offered (the product or service) and at what price (the pricing model). It must be both sustainable for the firm and suitable to the market. Business model innovation often proceeds through changes in the value proposition, for instance, by introducing a “freemium” pricing model or moving from product to service offerings through servitization.</p>
Value Delivery	<p>Describes how the value created is delivered to customers (target market segments) through distribution channels. These elements offer ample opportunity for business model innovation, by addressing the needs of a neglected market segment (for instance, low cost airlines that target budget travelers) or by introducing a new way to deliver products or servitization</p>
Value Captured	<p>Refers to the ability of a firm to benefit from the value created. Thus, it includes the revenue model used to generate cash flow as well as the cost structure. Value capture also includes profit allocation across the value chain. Profit allocation has become more important as firms seldom produce value on their own but rather increasingly rely on co-innovation and other mechanisms to extend their reach and gain access to complementary assets and competencies. Value capture is also a key vector of business model innovation. In fact, at times, changing markets force firms to innovate in this area of the business model, as in newspaper publishing, where the balance between subscriptions and advertising revenues is evolving. Innovation may also allow a firm to gain market leadership through cost restructuring, as in the case of low-cost airlines. As Apple has demonstrated with its 30/70 revenue split on iTunes and the App Store, profit allocation can be a very effective area for lucrative business model innovation. Of course, Apple’s story also illustrates how fleeting such gains can be. When Apple first offered artists and developers 70 percent of revenues, that cut was significantly higher than what other online platforms offered, and it powered a rapid adoption of the iOS platforms. However, as the revenues Apple takes in from app sales have grown, this revenue split has been heavily criticized, and Apple’s 30 percent cut is now often referred to as the “Apple tax”</p>
Value Communicated	<p>How companies communicate with customers and partners about their products and the value they create—is the last key component of an effective business model. Value communication comprises both the story the firm tells and the ethos it communicates as well as the communication channels used to tell that story. Beyond simply describing the products and services they offer, ethos and story enable companies to set themselves apart from the competition and encourage customers to build an emotional identification with the company. Communication channels are constantly evolving, most recently with the increased importance of social media— itself an innovation—in communicating a company’s values and offerings</p>



Source: Rayna & Striukova (2016, p. 22-24).

The traditional B2B sales processes (Dubinsky et al. 1981) evolved and companies are taking advantage of their products as the main vehicle to acquire, activate, and retain customers (Hartmann, Wieland & Vargo, 2018). By offering free products, they are supporting a self-service evaluation, and building inside those evaluations a continuous value delivery process. Products and users are now front and center (Richard, 2022) in the evaluation process and the value delivered by sales in demos, proof-of concepts, and meeting presentations, in the traditional B2B Sales process, is no longer enough for the users wanting to try the product and get its value before they buy it. With PLG the value is delivered before purchase.

A change needs to occur on the evaluation journey, between the moment a user signs-up for the free product and the time a purchase occurs. Value creation is no longer done only after the purchase but happens while the product is being evaluated.

### **2.2.1.1. Value Creation through Self-service evaluation**

Enterprise SaaS companies follow long-established models of predictable performance, growth, and revenue. Historically, these models focus almost exclusively on the buyer. Most times, end-users get access to a product after its purchase and deployment. However, in following PLG business model, SaaS companies enforce the customer experience with the software as the first interactional moment for value creation. The interactions between consumers and the products are a basis for co-creation and co-creation experiences are essential for value creation (Prahalad & Ramaswamy, 2004).

End-users assume the driving seat. While giving the opportunity to self-evaluate the products, companies support consumer work of constructing and experiencing value in their own social context (Grönroos & Voima, 2013) and consequently reducing requirement for sales forces intervention along the customer journey. For example, in the SaaS industry, engagement with software sets the tone, and buyers follow active, engaged users to where value is perceived and realized. Practitioners, rather than executives, have become the de facto decision-makers for adopting modern enterprise products. Evaluation in a “*death-by-meeting*” model with sales does not scale and entails large human capital costs. Companies selling SaaS products want to achieve hyper-growth but with sales or marketing led growth strategies that have heavy and slow buying processes they cannot.

Pivotal to all this is the concept of self-service. In today’s best-in-class Enterprise SaaS, users start small, experience near-immediate value and ramp up their usage (and thus spend) over time. Bringing the value creation closer to the start of an evaluation journey ensures the user achieves and experiences the product’s value faster, setting the stage for product adoption and growth. It’s about making sure that we’re decreasing the time to value that customers get when experiencing the product for the first time (Hanford, 2020).

### **2.2.1.2. Product as the vehicle for value creation (and growth)**

With PLG, the product and its users become the protagonists in the selling process, not the sales representatives or marketing, and this is changing who evaluates a product and who has the power to buy it (inside a company).

Products have built-in loops, or Growth/Viral Loops (Balfour, 2021), to ensure ever more product consumption, usage and dissemination in an attempt to accelerate the buying decision and at

a higher license/subscription value. The companies below serve as illustrations of these built-in Growth/Viral Loops.

### a) Dropbox

*Save and access your files from any device, and share them with anyone* is Dropbox's value proposition. The growth model devised by them, encourages users to invite new users (growth loop) in exchange for more available storage space for free. Users execute on the growth loop when they run out of storage. The value delivered by the product, storage and a way to share the stored files, is tied to the growth loop, happening in the prepurchase stage, so every time a user gets more value from the product, the product expands its footprint, because more users are invited to join.

### b) Slack

*Slack is a new way to communicate with your team. It's faster, better organized, and more secure than email* is Slack's value proposition. Users use slack to communicate individually or in teams or groups. When a user invites another user to communicate, or creates a team or group and adds its members to it, those users are invited to join if they are not yet on Slack. The user and the value of the product drive Slack's expansion.

### c) Calendly

*Calendly is the modern scheduling platform that makes "finding time" a breeze. When connecting is easy, your teams can get more done* is Calendly's value proposition. Calendly is used to share a user's calendar so it is easy for others to get a time on their agenda and meet. When a user invites someone to meet, that person needs to provide their email so that calendly can send the meeting invite. The emails sent also have on the signature that they were sent by calendly and that any user can use the product for free. Again, the value of the product, helping people meet, is what expands the product's footprint, helping it grow.

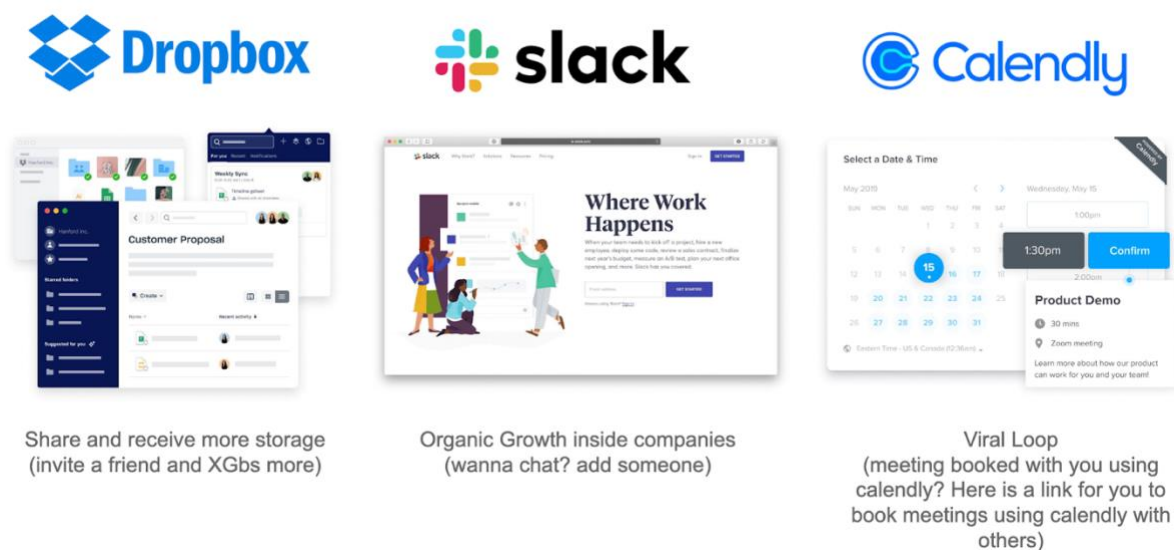


Figure 1 – Examples of Growth Loops

In the examples above and in other PLG products, paywalls block access to specific features to users who have not paid for a subscription, and are normally tied to specific features that are only available if the user, group or users, or company moves from a free to a paid license. Because of the nature of the way products grow inside companies, by tying its value to its expansion inside those companies, getting to the paywalls, or relevant features that are needed but have to be paid for is faster than sales or marketing let motions. This ensures that value is captured faster and monetization is done based on usage and consumption and also beyond the product that is being sold (OpenView, 2021). While these examples help to illustrate some PLG strategy, the transformations in the evaluation process and how value is delivered in PLG require deeper analysis. Additionally, much of the literature debate on PLG is based on the B2C relationship, but it is also important to understand the delivery and creation of value in B2B. Thus, next we explore empirically the PLG business strategy in the SaaS industry.

### 3. METHODOLOGY

We employed an interpretive qualitative research method where data was gathered by performing semi-structured, in-depth interviews. The interview script was drawn from literature and in line with the objective of the study. A recording and posterior transcription of the interviews was done for data analysis.

An interactive process was followed that involved “reading texts (interview transcripts) in full, in order to first gain a sense of the whole picture. After several readings of the text, the next stage was a hermeneutic endeavor, or intertextuality, whereby patterns and differences are sought across transcripts. This strategy of interpretation must broaden the analysis to include a wider range of considerations that helps the researcher arrive at a holistic interpretation. There must also be recognition that the final explanation represents a fusion of horizons between the interpreter’s frame of reference and the texts being interpreted “(Thompson, 1997).

Literature related to the phenomenon in study was not exhausted prior to the research, rather, it was consulted as part of an iterative, inductive, and interactional process of data collection, simultaneous analysis, and emergent interpretation (Goulding, 2005).

#### 3.1. PARTICIPANT OBSERVATION

Observation involves researchers’ subjective participation in the sense that they use the knowledge gained through personal involvement with the research subjects to interact with and gain further access to information from them (Grove & Fisk, 1992)

It involves a long-term immersion in context, involvement in ordinary events, and experiencing revelatory incidents. Revelatory incidents are naturally occurring real-time events witnessed by researchers that stimulate real-time interpretive insights and launch systematic analysis of additional data (Arnould & Wallendorf, 1994). Thus, observations involve incorporating everyday events, settings, interactions, conversations, and uses of objects over time as data source (Ciesielska & Jemielniak, 2018),

The researcher has long-term engagement (+20 years) with the practices of product creation and evaluation and has participated in several SaaS product evaluations in several distinct roles. Being part of evaluation teams allowed the author to not only experience the changes to the evaluation processes, but also to witness the diverse ways new products start to be developed, used and bought inside companies. Given the involvement of the researcher with the study, bringing his professional experience and professional performance as an observational space, a brief presentation of the author of the study is presented. For the author to be able to insert himself in the text, it was decided to use the text in 1st person.

I started working in INESC - Institute for Systems Engineering and Computers around 1997 as part of a group called COGT - Center of operations for telecommunications management. Back then we created software for telecommunications companies in Portugal and our biggest client was Portugal Telecom (PT). We developed software that ensured Faxes, Telexes, and later SMSs (simple message service) messages were correctly delivered. Later we created 118 a system that let users call PT and ask for a person or company phone number or address, among other relevant telecommunication systems. We also selected the hardware (computers) where our software should run, designed and configured the computer network architecture, and were responsible for going, many times by cab with the computers on the back seat, to PTs installations (On-premisses) and setting

all up. We also had maintenance and evolution contracts that ensured the developed software was always running as expected and new features, when needed, were added in.

Some years later Microsoft wanted to create some applications that would run on the browser, for their newly launched cloud offer, Microsoft Azure, showcasing to the companies and the public the advantages of their cloud computing platform. We managed to sell to Banco Alimentar (Food Bank), a Portuguese social solidarity institution that once a year would gather food in supermarkets to help people and families in need, the idea of creating an online app where people could select what they wanted to give and pay after the choice was done. This application was developed with the support of Microsoft that provided us access to their cloud offer and also paid for the advertising, showcasing not only the application but also the fact that it ran on Azure, in a group of major portuguese websites. On the day the application was launched to the public, our then President Cavalo Silva, was one of the first people to donate to Banco Alimentar and used the application in front of the media. This made the volume of requests to the application spike and the cloud servers were not enough to handle that volume. If that happened on the On-premises era we would have to run physically to the datacenters and add more machines, but because the application was running on Azure I just add to go to Azure's management console and change a number from 2 to 4 (servers) and everything was now running as expected. For me the Cloud era had arrived. It was a groundbreaking moment. I really felt and understood, in a real life scenario, how moving from on-premise to cloud would change forever how software was done and delivered.

In 2014 I joined OutSystems, a portuguese start-up, and since 2018 an Unicorn (a company that has an earned valuation of \$1B or higher). They've created a new way of developing software, low-code software development, where the applications are created using a graphical user interface. One of the first products I was responsible for was what we called the Personal Environment (PE). The PE was a cloud environment where users could test the OutSystems development environment for free. But with limitations. There was only one environment available, which for a real life application is not enough. There was no way of connecting seamlessly to the user's/companies data using for example a virtual private network. So when users discovered our product, tried it and were willing to give it a real shot that had to talk with sales, and this was not a great customer experience on both sides of the fence, both for the users evaluating and for our internal teams, be them sales, support, or even finance. Enters Product-led Growth.

Thus, observation allows for gathering data by watching behavior, and events, or noting physical characteristics in the context of research. During the observation, field notes, and ideas emerged and were gathered. Some of those and ideas, follow:

- Both the sales and marketing funnels are changing with the way product value is delivered, before purchase.
- Sales-led growth and product-led growth created a hybrid approach, Sales-led Product Assisted, where sales still have an impact and are needed, but with a more targeted, post-sale role (close to a customer success manager), on the selling process
- The consumer journey is changing, and brands need to find ways to get into consumers' consideration early and then continue to stay on the journey with them afterward when they are triggered to make their next purchase

We also monitored different newsletter and reports from thought leadership reference companies and subjects as data sources and as a complement to the interviews. Some of the materials used are documents from software industry companies, investors, specialists and sector entities blogs. Table 4

lists the type number of documents. Appendix I provides the description of each document and the link to access the full document.

Table 4 – Other documents collected during field work

<b>Document</b>	<b>Number of documents</b>
Reports, Benchmarks and Playbooks	8
Newsletters	7
Venture Capitalists reports	2
PLG Enabling Tools & Marketing Stack	3

### 3.2. DATA COLLECTION AND ANALYSIS

We formally interviewed 10 people (see Table 5) regarding their SaaS product evaluation journeys. interviews were conducted (sampling) with a reflexive focus (Arsel, 2017) to encourage respondents to think deeply about their responses and tell in-depth narratives regarding their experiences (Akaka et al. 2015). A purposive sample was used to select the informants who had recent experience in SaaS product evaluations as users, decision makers, or as part of an evaluation team. Informants are selected only if they have lived the experience under study. Sampling is purposive and prescribed from the start and the main instrument of data collection is the interview (Goulding, 2005; Moser and Korstjens, 2018).

After 8 interviews no additional information was found. We did 2 more interviews, after the eighth, but reached saturation and stopped sampling.

Table 5 – Informants on SaaS products evaluation journey

<b>Name</b>	<b>Gender</b>	<b>Job Role</b>
Cuco	Male	Head of Connected Retail Product and Engineering
Vidade	Male	Business and Process Analyst Manager
Fonzo	Male	Digital Strategy and Architecture Manager
Savat	Male	Head of Competitive Intelligence
Caju	Male	Digital Marketing Specialist
NomeX	Male	Principal Product Designer
Oliva	Female	Customer Success Platform Director
Torofia	Female	Digital Success Manager
Jujo	Male	Product Growth Senior Director
Soca	Female	Digital Marketing Systems Director

note: Pseudonyms are used as names

The interviews, recorded and transcribed for data analysis, followed a script (appendix II) aligned with the literature and the objective of the study. We asked informants questions about their own experiences of evaluating SaaS products, how the need to use and/or evaluate those products arose, the diverse types of evaluations then went through (self-service vs sales-lev vs hybrid), how were the interactions with the products and with the teams on the product's provider side, the steps of the evaluation process, and how the different experiences made them feel.

Recording was done using Zoom, and the initial transcription of the recorded interviews were done using Descript Software Automatic's Transcription feature (free edition). After analyzing the transcribed text and because most of the informants were not English native speakers, we found that the quality needed for analysis was not present. Descript's White Glove feature, where real humans ensure a quality transcription, was evaluated as an option but we wanted to understand how different software in the Transcription Software space work and decided to take advantage of Rev Speech to Text Services (Rev). We used Rev's video conversion to text, which uses AI and humans, and the quality was not perfect, but a second review on the transcriptions, done by us, ensured the text had the quality needed to do our work.

With the data collected we did the data analysis, with the help of QDA Miner Lite software, where we made use of open codes, in an attempt to identify emerging codes and categories capable of highlighting particularities of the phenomenon in study (Thompson, 1997).

The data analysis sought to ensure the reliability criteria for qualitative research capable of providing evidence of verisimilitude and trustworthiness. For this, firstly, we sought to triangulate multiple data sources (interviews, observations, and publications), allowing the confrontation of interpretative analyzes arising from each data source. Additionally, to reduce the analysis bias that may occur when data analysis is centered on a single researcher, the coding and categorization process was accompanied by a second researcher (co-advisor), who had theoretical knowledge about the subject but was not involved with the context under study. The collected data were presented by the author to the researcher in a set of meetings to identify convergences and divergences in data interpretations. Then, the themes and categories were discussed in order to reach a consensus. The analyzes followed after checking and obtaining a consensus on the themes and categories among the researchers.

Following our method, codes emerged revealing relations between them, and surfacing categories. Each category, with its composite codes, was described and interpreted, mapping the inter-relation between the identified categories and codes, and a relation with theory researched and understood,

The categories Evaluation and Value were identified each containing the following codes:

1. Evaluation
  1. Self-service
  2. Decision
  3. Kickstart or Trigger
  4. Self-service Buy
  5. Friction
  6. Process
  7. Price/cost impact on type of evaluation (self-service vs assisted)
  8. Pricing
  9. Compliance and Security
  10. Buy before you try

11. Self-Service vs Assisted
  12. Buying Power Decision
  13. Proof-of-concept (PoC)
2. Value
    1. Use Case (tied to, and aligned with needs and desired outcome)
    2. Trust
    3. Fit for Purpose
    4. Human Assistance (Help better leveraging the product)
    5. Evaluation Process Transparency
    6. Human side of the Product (see)
    7. Perception (of value delivered)

Next we present the data analysis results. For that, we divided the section in two sections following identified categories: evaluation and value.



## 4. RESULTS

Our findings provide important perspectives and insights on SaaS products evaluation journeys, both from the user that is evaluating the product for his/her use inside a company, but also from the group of users that represent a company or team (inside a company), do an evaluation. We also gathered how value for the user, aligned with the expected outcome and use case, is now delivered closer to the start of the evaluation journey and without the need for human interaction (e.g., meetings or in person demos).

### 4.1. EVALUATION

We identified different triggers that kickstart the evaluation of SaaS products inside companies. Evaluations start top-down, by coming from a clear strategic direction from the management team or to address a pressing need that is hindering the business from moving forward.

*“The buy before you try is usually prescriptive. It's coming from the top-down that says we need to address this problem. The problem will always be around some kind of governance, reporting in analytical capabilities, forecasting, and all of the stuff that will help management at different levels either keep tabs and improve team productivity or make strategic decisions or external factors like compliance and so on.” - Fonzo, Digital Strategy and Architecture Manger*

Or bottoms-up, when a specific, in use, product no longer covers all needed use cases to achieve the intended goal.

*“And there are other areas in our company where the same thing has happened recurrently, where we know that there are better tools that will help us do a better job. But essentially, it's not a priority given that there are other things where the company wants to spend the company money. There was one example where I actually got very excited about a specific tool. It's a SaaS tool. It's called fibery. I used it, so I already knew the company because I consume the blog of the startup. So that's how I heard about it. I continued tracking them and there was a specific scenario where I felt that for process discovery, I could build out something. I jumped in and created the whole thing in like 3 hours. And if they weren't a safe choice, if I could trust that they would not disclose the data I was getting there, I could have started applying it as the departmental use case.” - Vidade, Business and Process Analyst Manager*

Or by the hand of users or teams that, in an attempt to be more productive, communicate better, better achieve their goals, start evaluating and adopting software on their own.

*“I remember a few months ago looking at an Amplitude. Our team was already using it so I decided to dig a little deeper and figure out what it would mean for us to buy it, and that kind of stuff. Interestingly enough, Amplitude is a company that is often shared as an example of a product led company. They have a free edition, you can subscribe, use it, and eventually pay.” - Jujo, Product Growth Senior Director*

*“A product that we use is called highspot. It was interesting because the evaluation process started in a different department and then someone in the company looked and said, “This is not a product for you guys. This is a product for another department. Let's investigate further.”*

*But let's bring the guys that will be the main stakeholders of this.” - Savat, Head of Competitive Intelligence*

In the first scenario, when the evaluation starts top-down, a clear, well defined, structured, company driven (B2B) evaluation process is followed, terminating in the purchase of a specific product that is adopted *by force*, by the product's end-users.

We see this type of evaluation being sales-led, with the help of demos and presentations by the product's representatives (primarily sales), where the company evaluating the product follows an internally created evaluation matrix, allocated budget, and with clear objectives for the product's usage. The stakeholders and some of the end-users are involved in the evaluation process, but also procurement, finance, legal, IT/Digital, and security (depending on the nature of the products, other teams can also be involved). This ensures that from a compliance, security, budgeting, and business continuity perspective, buying and adoption the product conforms with the policies and rules of the company. From the list of products being evaluated, the one that better checks all evaluation matrix boxes, win, and the B2B relation is officialised with a legally binding contract.

*“So, when thinking about software procurement processes for our systems, I usually start by understanding what problems are we trying to resolve and what our functional needs are....So the business needs first and then the tool. And then with those needs, usually we already have an idea of these tools or that tool....I look into the quadrants (Gartner analytics reports) and identify what are the ones (tools on the quadrant) that are best positioned. I look into reviews from users and I will look into a lot of feedback on the internet to understand the nuances. So, the first step is selecting the real providers I will contact...If it's a tool that will cost a lot, I will try to procure five tools maximum. I'm never going more than five, but my ideal is three...But most of the tools that are expensive, they don't allow us to experiment and use and evaluate them. ...what I do is I contact sales...I start to have the first conversations introducing myself, and usually have a document where I give the context; what I need, I explain the business needs, I come with procurement, I send them the RFP (request for proposal) and I start the conversation and I usually like to go to a PoC (proof-of-concept). So I like to go together with the business to PoC and experiment too. So that's something we really do and we have a matrix with all those pieces that we need.” - Oliva, Customer Success Platform Director*

In the second scenario, where an evaluation is started by the users, a clear use case or use cases, tied to a pressing, sometimes daily, need drives the evaluation.

*“When I joined [company alfa], I felt the need to organize myself and track how I would prioritize. I had a lot of themes and a lot of things to do. I started to experiment with Trello. Somebody told me about Trello. I created an account. I still use Trello and I use Trello on my personal life” - Oliva, Customer Success Platform Director*

*“We have evaluated very different products... Now, Figma was really driven mainly by our design system people like our hardcore UX, UI designers. They really wanted to have governance over the patterns that you're using ” - Namex, Principal Product Designer*

note: company alfa is a fictitious name to ensure we do not provide the real company name where the interviewee works at.

When the product addresses the need or needs, other users start using it, brought not just by the initial user, but by the product itself that is built to be easily shared, evaluated, adopted, and purchased (in self-service). The triggers to purchase happen after the product-led automatic expansion of the product's footprint inside the company occurs (growth loops that foster more users to use and adopt the product) and a paywall (consumption, extra features) is hit, or when a need to officialise the product's usage inside the company arises, sometimes pushed by external forces.

*"We also started working (before COVID with people that are not based in Lisbon. We had to find a way of doing that, and even if it was in use (Miro), it was like a very efficient tool working when you compare it to the whiteboard... we're using the whiteboard and taking photos all the time and then trying to move into a digital form. Miro sort of planned for us, and so we were using this smaller paid account until COVID arrived. Right then, the moment COVID arrived, suddenly everybody wanted to use Miro. Then it became a different story, then it's [Namex's company procurement team] talking with Miro about getting the whole enterprise account" - Namex, Principal Product Designer*

The officialization of the product's usage, from a user or users to company adoption, shifts the relation from B2C to B2B, bringing back the stages of the evaluation process described in the first scenario.

*"I remember the first time we brought in Jira (Atlassian product), which is now heavily used by over, maybe, a thousand people in our company, it was paid with the credit card of someone from our team. He paid it and he supported Jira for six months until someone found out and said, "Hey, you should not be paying for this. Here's the company credit card." This was how we bought Jira." - Jujo, Product Growth Senior Director*

Our data suggests that people and teams evaluating products using a clear, well defined, and structured process, tend to lean on the product's representatives to be able to trust that the product being evaluated will fulfill the defined goal for its usage.

*"I believe that every time you engage with humans, you get a sense of empathy that you didn't have before. Whether or not that's going to be actionable in any way or influence anything in your customer journey, that's up for grabs. I've heard this a lot of times, which is when I have an account manager from a vendor. I expect that account manager to be the one that solves my problems with that product. Now, if you don't have an account manager, you are just someone in the middle of the crowd, raising your hands, hoping someone will listen to you. If you have something reasonably mission-critical, that represents a reasonable and sizable investment. I believe that as a consumer, I want to know that I have some kind of dedicated channel to voice my concerns. It's great to have self-service for everything. But when all you have is the support form to ask something about a business problem you're trying to solve? That's a bit of a disconnect in the experience there." - Fonzo, Digital Strategy and Architecture Manger*

In this scenario, demos, proof-of-concepts (PoCs), and time bounded trials surface as the preferred ways of evaluation, even in a buy before you try scenario (where to see the value of the product some initial payments need to occur beforehand).

The ones evaluating in self-service seem to prefer products that can be fully evaluated without the need for human interaction and any type of upfront payment.

*"I think it's very hard for someone or on certain specific products for someone to just get a sense of the value without trying. It's all speculation. Right? It might need you to make good decisions or bad decisions. I'm going to say it might lead you to skip that product because you thought that the value would not be enough. So, if you have evaluated self-service, you might even change your mind and you might say, "Okay. Maybe this is actually what we wanted. So, I was mistaken when I saw the website." ..I would say the self-service evaluation is something that should provide you if it's good enough, the real value that you might have with that specific product....when you start doing this self-evaluation, you want to understand quickly that you are able to do something and then understand the value for the future." - Cuco, Head of Connected Retail Product and Engineering*

*"I don't think that there is any specific advantage to bringing in a sales team to the evaluation. There are tools and Intercom is one of them, where if the product is correctly built, then you can actually explore. So I'm not a fan of having to wait for the sales teams...I would say that the reason why I disliked involvement of the human touch is that essentially if access to the product requires a sales team, there are going to be significant hurdles in any future engagements that you will have with them. Things that you should be able to unlock directly, for instance, will result in a sales negotiation. So in a way, having a salesperson as a gatekeeper, entails, for me, that the way that that company works, is always mediated by sales." - Vidade, Business and Process Analyst Manager*

When an evaluation and purchase is done in self-service and after the product usage arrives at a specific threshold, a human presence that is engaged in helping the users create more value from the product is perceived as positive (human side of the product).

*"I was thinking of an example, something that we use: a mobile device, testing service, and it was bought in self-service. We started very small...As we grew to a certain point, we immediately got engaged by someone saying, "I am your account manager, and your success with our platform is very critical to us". We went through a cycle of 9 months where that account manager was extremely engaged with us, trying to understand how we could better leverage the product and so on and so forth, up to the point where we got to an enterprise package. At that point, once it was set up, they faded away again. The teams using the product are self-sufficient. They are happy with it. The fact that they faded away is okay because we got to the point where we needed to be. They're happy. I mean, we started very small, and now we have a fairly substantial subscription, but they did the job right in this instance. They made us feel like we were engaged with someone that was understanding what you were trying to achieve. I think it's good. The teams are satisfied." - Fonzo, Digital Strategy and Architecture Manger*

The contrary seems to happen when the human presence is purely driven by a sales mindset.

*"So each time there's a salesperson with a regular or typical profile of a salesperson, you're talking to a machine. Interesting in closing the deal and it's pointless. It's something that bugs me out, and is not very helpful." - Vidade, Business and Process Analyst Manager*

*“My expectation was that when I decided to evaluate for a purchase, I was going to get some sort of support from them (product’s team) to help me be successful with the free edition so that it could unlock that purchase. Now, it took three months. They engaged with me, the salesperson, the VP of Sales, the whatever. At some point, I was like.. we want to learn more how to buy, so they get the army of salespeople on a call. I, on my side, was looking for support to understand, "Are we setting up the events right? Is this the most value we can get from this tool? What else can we do? What else should we be doing?", and so on and so forth. I went as far as telling them, "Hey, if we exhaust the limits, we will buy, but we need to get the value first before anything else." They completely dismissed me. They kept trying to sell and sell, and at one point, I asked for services, like, "Can you get someone, a consultant, to come in and help see if this is correct?" They even used that to sell, and they didn't offer. Long story short, three months ago, I wasn't able to buy the services... They were almost blackmailing me. They refused to recommend a freelance consultant to help us out. Fast forward three months, we didn't buy. They, every now and then, send an email, "Hey, are you ready to buy?" I'm like, "I don't have time for this. I don't have time for entertaining sales conversations. I wanted help getting this software that I believe is good to help us do better," but at some point I quit the evaluation and I stopped, and so it stalled” - Jujo, Product Growth Senior Director*

Pricing and product complexity helps drive the type of evaluation, be it assisted by sales or in self-service.

*“So if you ask me a lot of money for the product, I will be much more demanding in the questions I do and what I require and so on. If it's a cheap license, I think I will be doing it more softly and I'm not minding my spending. It's like Netflix. I don't mind paying \$10 or \$15 a month. Experiment and if it doesn't work go okay, then next month I don't pay it. That's the thing. So, it depends on all those charges and other product's prices. That will influence my decision if I buy or not and my evaluation process.” - Oliva, Customer Success Platform Director*

We found 2 catalysts that trigger internal SaaS product evaluations. Top-down evaluations (Park & Smith, 1989) begin with a management strategic direction or with a need that must be met to keep the organization moving forward. Bottoms-up evaluation follows product-drive strategy in consumer evaluation and choice orientation (Park & Smith, 1989). Updating the classic top-down and bottom-up evaluations, we observe that a product no longer addresses all necessary use cases to accomplish the desired result, or by the initiative of users or teams who begin assessing and implementing software on their own in an effort to become more productive, communicate better, and better accomplish their goals.

A clear, well-defined, systematic, and company-driven (B2B) evaluation process (top-down, sales-led) ends with the end users of the product being forced to use it. We see these evaluations as being sales-led, where the businesses assessing the product have demos and presentations done by sales representatives, and adhere to an internally designed evaluation matrix, allocated budget, and with clear goals for the product's use.

When the evaluation is started by the users (bottoms-up, product-led) it is driven by a specific use case or use cases that are connected to an urgent, often daily, need. The triggers to buy occur when a paywall (consumption, extra features) is reached. Then a need to officialize the product's adoption inside the company arises, sometimes pushed by external forces, or when a product-led automatic expansion of the product's footprint inside the company occurs (growth loops that foster

more users to use and adopt the product). The relationship changes from B2C to B2B as a result of the officialization of a user's or users' use of the product, bringing back the assistance of sales in closing a company purchase of the product, many times with a higher value captured.

According to our data, individuals and teams who evaluate products using a precise, well-defined, and systematic method are more likely to rely on the product's sales representatives to be certain that the product will achieve the stated purpose for its use. Even in a buy before you try situation, demos, proof-of-concepts (PoCs), and time-limited trials emerge as the preferable methods of evaluation (where to see the value of the product some initial payments need to occur beforehand). Users evaluating in self-service appear to favor products that can be used without having to talk with the product's sales representatives or any form of prior purchase.

A human presence that is active in assisting the users in getting more value out of the products is viewed favorably when an evaluation and purchase are made in self-service or after the usage of the product reaches a certain level. When the human presence is solely motivated by a sales attitude, the opposite appears to occur. The type of evaluation, in self-service or with sales assistance, is also influenced by pricing and product complexity.

## 4.2. VALUE

Evaluations start top-down by coming from a clear strategic direction from the management team or bottoms-up when a specific product no longer covers all needed use cases or by the hand of users or teams, and value delivery, before it's captured, is at the core of a success evaluation (when a product is purchased).

When value is delivered fast, and the product delivers on its promise (value proposition) during the evaluation journey, paying is seen as a logical step not a barrier for further usage or adoption.

*“So it needs to be an immediate gratification in the sense that you will be able to learn and start from something simple into understanding what is the future (with the product). You will be able to build complex things if need be. For example, by going into an expert mode and you have to code something more complex.” - Cuco, Head of Connected Retail Product and Engineering*

*“It wasn't only me evaluating... So, that's actually evaluating the tool partially to buy them. In the case of Miro, we started using that for our own needs (but work related), not for the company, and we didn't even think about upgrading it, but when more and more people started seeing (and using it) that it reached the Head of our Department, so then [Head of Department] started to make it official saying, “ Okay. Who is going to be our point of contact with Miro?” “Who are the people we're going to invite?” - Namex, Principal Product Designer*

The same happens when value is continuously delivered while in a free product evaluation, or for free after an initial purchase.

*“I took a ton of value out of SEMrush and we bought SEMrush. I saw that they have these onboarding calls with the SEO experts from SEMrush. I subscribed for one of those calls. It was a free call after I paid. I spent one hour talking to this Russian SEO lady, who taught me a ton of stuff, but also about SEO, in general, that I took so many notes. I remember that call 'til today because it helps expand what I was getting out of the product. I came out of that call feeling,*

*"Oh, shit. I should have done this before." It's like the Matrix effect, right? Now I know kung-fu, and I started working based on that hour a lot. That's an example." - Jujo, Product Growth Senior Director*

But when the perception of value is undermined by friction, value delivery is also undermined, and a purchase is jeopardized.

*"Yes. If I go back to the Amplitude example versus SiteSpect, if I hadn't been using Amplitude, I would have given up, right? My experience with them was really bad. The product is a blank canvas and you need to do a lot of work to start seeing the value. For that, you need help because the documentation sucks." - Jujo, Product Growth Senior Director*

Trust also plays a central role tied to the capacity to see, or not, the value delivered by a product.

*"Not having access to the product or any kind of evaluation or PoC and jumping to a commitment of one or two years, that's kind of hard to do today. I would say that (not being able to try the product and see its value) will show lack of trust from the product to the market. It's not that the product is bad. Most of the time, it is because at least in my mind, the company is selling so much that they don't want to focus on having new customers or the product is so specific that will be hard to evaluate in a short time or in self-service...I can subscribe for a service that is more than 50K without having a rep. If I'm using the product, I really trust the product." - Savat, Head of Competitive Intelligence*

*"If I could trust that they would not disclose the data I was getting there, I could have started applying it as the departmental use case. The challenge there was that the data and the information that we were gathering were highly classified or kept confidential for our company goals. And essentially, I knew that it was a no-go in that regard. We couldn't release the budget for it but it will be another tool. Not compliant with what we have and the regular processes. But the key obstacle was that I did not trust that we could use their tool while safeguarding the company secrets and key information." - Vidade, Business and Process Analyst Manager*

Human assistance can also contribute to better understanding and leverage the value delivered by the product before committing to a purchase.

*"Superhuman is an email client. It's an expensive email client. You pay around \$30 a month. I think you should subscribe and pay a month so that you can get the full experience. They will onboard every single person with a half an hour call. Before you sign up, they ask you a ton of questions. They qualify you, and some people don't get access, some people do. When you manage to get through, they will go with you on a Zoom call and they will run an onboarding call on your email box. You share your screen, you install Superhuman, and they go through your inbox. They say, "Don't clean up your inbox before you join. Join us with the inbox as it is. If you're getting too many emails, if you're disorganized with your email, and you fail to follow up on stuff, you'll get out of that call with five or six good tips of productivity that adapt to your needs, because they run the onboarding on your email and then you can follow up with questions. "Hey, how do I do this? How do I do that?" They will reply within the hour. It's absolutely impressive. Impressive onboarding." - Jujo, Product Growth Senior Director*

*“When you step up a little bit above the norm, and you show some potential, then they can engage their resources and say, “Look, let's try to see if there's growth potential there and that it can be mutually beneficial, right? I mean, ultimately, everyone thinks their product will be beneficial to their consumers. It's just how much effort I can put to each consumer to make sure that they're having it. In this example, I think it worked because we were happy where we were. They reached a good point because we were growing fast. It's at that point where, if I keep buying this online, no volume discounts, and so on, I'm wasting money. They managed to get you to an even higher price point, but you're effectively happier because of the way they engaged and the service they're providing.” - Fonzo, Digital Strategy and Architecture Manger*

Decision to purchase looks to be tied not only to value delivered but to how it is delivered. If it is fast, close to the evaluation start, tied to needs, and continuous, not only the purchase will happen faster but a higher value is captured (by the product's seller). The gap between perceived value and value delivered is eliminated. There is a shift to the left in value delivered (closer to the start of evaluation) and value captured shifts to the right (after value is delivered and the product is started to be adopted).



## 5. DISCUSSION

We set ourselves to explore how SaaS products that can be evaluated in self-service, by the users, deliver value along the customer journey, and how a transformation in SaaS products value delivery, is reducing the role of high touch sales moments (multiple qualification interviews, Sales-led) in favor of the free evaluation moments during the customer journey and moving the decision to buy and adopt products from the company to the individual user. Table 6 presents the found distinctions.

Table 6 – Sales-led vs Product-Led

	Elements	Sales-led	Product-led
Evaluation	Growth Driver	Sales processes drives acquisition, retention, and expansion	Product is the primary driver of acquisition, retention, and expansion
	Evaluation Driver	Driven by sales, with demos, PoCs, and meetings	Self-service evaluation, encouraging the users to learn by themselves, and achieve their desired outcomes
	Sales cycle	Long sales cycle; qualification meetings, objection handling, negotiation	Shorter sales cycle; low entry barrier
	Evaluation Control	Personalized experience (helped by sales reps)	Less control on how users experience the product
	Cost efficiency	Big sales teams	Built-in cost efficiency because the product drives growth
	Drop out	Human presence (sales reps) makes it harder to stop the evaluation	Easier for a prospect to drop out if value is not immediately delivered
	Value	Value delivery	Show/Tell the value of the product (sales reps are responsible for delivering value)
Time to value		Slower time to value (sometimes only seen not tried)	Faster time to value (perceived and delivered)
Value drivers		Sales drives the user to value, sometimes users pay before trying (and getting any value delivered)	Product drives the user to value in self-service, and for free
Product usage		After sales-led conversion	In Self-service
Purchase		Purchase only possible through a sales-led interaction	Try, buy, expand and renew with no human interaction needed

Scalability	Scales slowly (hiring sales people is needed to accommodate more users/companies wanting to buy)	Scales fast, users can simply try and buy
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In the exploration of how value SaaS products, evaluated in self-service or with the assistance of sales, are evaluated and how value is delivered along the customer journey, some distinctions came to light.

The main drivers of acquisition, retention, and expansion in sales-led evaluations is the sales process itself, supported by sales demos, meetings, and PoCs, and in product-led we see the product, through the users' usage of it, as the primary driver. The human interactions, typical of a sales assisted process (Rangarajan et al., 2021), that qualify, negotiate, and ensure all objections are handled incur in a longer sales cycle with a clear impact on scalability, because people are needed to support the prospects during their evaluation of the product. In product-led try, buy, expand and renew can occur without the need for human interaction.

Value is delivered and captured across the customer journey at different times. In the sales-led model a personalized evaluation experience, provided by sales, shows/tells the value to the prospects, while in product-led value is delivered in the product's experience, in self-service, and for free. Time to value, delivered and perceived, is faster in product-led, and closer to the start of the evaluation and value is created when the product is already being used and adopted by users

## 5.1. THEORETICAL DISCUSSION

A contribution to the research literature has brought to front a recurrent theme in SaaS companies evaluation and value creation processes. It showed an evolution in the sales models (sales-led vs product-led) and how value is delivered in each of the business models, something neglected in the research. Business models are ever changing and at a fast pace, and this is a challenge for theorization, making it hard to understand PLG from a theory standpoint. Our study helped re-think important concepts from the field of Marketing, and contributed to a better understanding of the occurring changes on the customer journey, and how value is delivered and captured at different stages. In PLG value is delivered closer to the start of the evaluation but value is captured later, and when the product is already in use and being adopted. The users that evaluate products are co-creating value (Prahalad & Ramaswamy, 2004) and this impacts how it is delivered and captured across the customer journey.

The study contributes to the understanding of emerging B2C business models and how they permeate B2B growth strategies, changing the the customers' buying processes (Steward et al., 2019). Much of the customer journey literature focuses on the end consumer experience. In our study, it is possible to identify which journeys that start with the consumer (B2C) can become a B2B relationship along the journey.

Our findings allowed us to refine and confirm the pillars (Openview, 2021) and principles (Poyar et al., 2022) discovered and discussed in the PLG thought leadership space. In PLG customer experience is continually improved and relentlessly focused on the end user. Value delivery is driven by a clear understanding of the needs, wants, and expected outcomes a user is trying to achieve while evaluating a product, and the products are the primary force behind customer acquisition. The product

and its evaluation experience is designed for the user. This occurs by removing any friction that prevents the user from getting value delivered and fast. Product can be evaluated in full or just some relevant features, before a user commits to a purchase. Value is delivered before it is captured. With the user and a fast delivery of value in mind, an optimized and self-service journey is created and continuously improved with the intent of driving acquisition, retention, and expansion. The product evaluation and delivery of value evolve with a go-to-market intent.

## 5.2. MANAGERIAL DISCUSSION

The results surfaced managerial implications for those deciding to move to a PLG business model. A move from sales-led to product-led entails risks and should be carefully balanced by managers and their companies, who should assess if the products they sell, and the customers they sell to, are a fit from this change.

As in any strategic move inside a company, executive alignment is of paramount importance. This alignment should come with a clear set of objectives and goals that will create alignment between the different teams involved thus creating a clear charter for PLG implementation. The charter should contain clearly defined roles and responsibilities in executing the shift or adherence to product-led, making it clear who owns and is accountable for what. Teams should then start and identify the opportunities by understanding the customer experience, and mapping out the key user journeys that take users to a purchase (free to pay), and what is creating friction. The hypothesis that stems from the identified opportunities should have the objective of removing friction across the customer experience by bringing the user faster to value, and this should be done by continued experiments based on data (from data to value). Continuous experimentation and A/B testing should be incorporated in the testing of hypotheses (Auer et al., 2021).

Customers want to be in control over how they discover, try, and purchase their products. Investment in the product should be done upfront. Start by testing freemium vs free trials with a specific use case or new product. With this you will learn what PLG strategy best fits the company, while winning the approval of your internal department by showing the value of doing the shift. To make your product better in every way, Management, Marketing, Customer Support, Engineering, Growth, and Product teams must collaborate. Discuss strategic priorities often and make sure each team is aware of their responsibilities. Understand the different metrics that PLG aims to improve and how they differ from the sales metrics, selecting the PLG metrics that you will be optimizing against. Remove all friction points from the user experience with the objective of letting the user see the value of your product, fast. Ensure the communications with your users (e.g. emails sent) match the stage of the customer journey they are at.

Both product-led and sales-led strategies are valuable. They do not exclude each other, and if correctly implemented can accelerate the SaaS companies' growth. A sales-led strategy is preferable if the product is complex, has a long sales cycle, and is expensive (and vice-versa).

## 6. CONCLUSIONS AND FUTURE WORKS

The study aimed to understand how SaaS companies are transforming their traditional sales processes by taking advantage of their products as the main vehicle to acquire, activate, and retain customers, moving the business models from sales-led to product-led. By conducting qualitative research through in-depth interviews with senior executives from companies in different growth stages and geographies and observations we explored the different strategies applied in selling products with the different models (sales-led vs product led)

Our findings showed that evaluations start top-down, driven by a clear strategic direction from the management team, or bottom-up, started by the users with a clear use case. Our data also showed that value, in PLG, is delivered sooner on the customer journey creating a shift to the left in value delivered, now closer to the start of an evaluation, and value captured is going right, now after value is delivered and the product has started to be adopted.

The effectiveness of a sales-led or product-led model is tied to the product and how it can be evaluated. Highly complex and costly products benefit from sales interactions, while products with a clear user case, tied to a clearly identified need benefit from being able to be evaluated in self-service, for free, and without the need for human support in the evaluation process.

This study has potential limitations. There is a lack of previous quality research studies on the PLG topic that could be used as reference and dialog with the findings. The ever-changing nature of the business models also proved to be a limitation. Changes to the marketing and sales funnel were identified (move from the sales-led funnel to the product-led flywheel) but not brought to light, as were changes to the metrics used in PLG. Hybrid models where sales-led and product-led play together are outside of the discussion, and when one should be used or the other in a hybrid model was not taken in consideration. PLG strategic modes: 1. Fast-working where products must deliver immediate value; 2. Habit-forming where products must drive group behavior change; 3. Paradigm-shifting where products must radically unblock executives were identified but not brought to light and discussed in this thesis.

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## APPENDIX

### Appendix I - List of documents collected during the fieldwork

<b>Reports, Benchmarks and Playbooks/Programs</b>	
Product Led Growth Benchmark	<a href="https://productled.com/blog/product-led-growth-benchmarks-2022">https://productled.com/blog/product-led-growth-benchmarks-2022</a>
Product-Led Sales (PLS) Benchmark	<a href="https://www.surveymonkey.com/r/pls-benchmark-survey-2022">https://www.surveymonkey.com/r/pls-benchmark-survey-2022</a>
Openview: SaaS Benchmark Report	<a href="https://openviewpartners.com/2022-saas-benchmarks-report/">https://openviewpartners.com/2022-saas-benchmarks-report/</a>
Openview: Product Benchmarks	<a href="https://openviewpartners.com/2022-product-benchmarks/">https://openviewpartners.com/2022-product-benchmarks/</a>
Pendo: The value of being product led	<a href="https://www.pendo.io/pendo-blog/new-report-the-business-value-of-being-product-led/">https://www.pendo.io/pendo-blog/new-report-the-business-value-of-being-product-led/</a>
Amplitude: Product Strategy Playbook	<a href="https://amplitude.com/flywheels-playbook">https://amplitude.com/flywheels-playbook</a>
Reforge cohort-based program	<a href="https://www.reforge.com/">https://www.reforge.com/</a>
Value Communicated	<a href="https://pages.qwilr.com/SaaS-Buyer-Experience-Study-2021-Full-Report-tPftLda8SiOI">https://pages.qwilr.com/SaaS-Buyer-Experience-Study-2021-Full-Report-tPftLda8SiOI</a>
<b>Newsletters</b>	
Product-Led Growth	<a href="https://productled.com/blog/">https://productled.com/blog/</a>
Kyle Poyar's Growth Unhinged	<a href="https://kylepoyar.substack.com/">https://kylepoyar.substack.com/</a>
Tomasz Tunguz	<a href="https://tomtunguz.com/">https://tomtunguz.com/</a>
Andrew Chen	<a href="https://andrewchen.com/list-of-essays/">https://andrewchen.com/list-of-essays/</a>
Madkudu	<a href="https://www.madkudu.com/">https://www.madkudu.com/</a>
Appcues	<a href="https://www.appcues.com/blog/">https://www.appcues.com/blog/</a>
Chameleon	<a href="https://www.chameleon.io/blog">https://www.chameleon.io/blog</a>
<b>Venture Capitalists</b>	
Product Led Growth: 5 Learnings from our Masterclass	<a href="https://www.session.vc/blog-2022-08-31--product-led-growth-5-learnings-from-our-masterclass.html">https://www.session.vc/blog-2022-08-31--product-led-growth-5-learnings-from-our-masterclass.html</a>
10 product-led growth principles	<a href="https://www.bvp.com/atlas/10-product-led-growth-principles">https://www.bvp.com/atlas/10-product-led-growth-principles</a>
<b>PLG Enabling Tools &amp; Marketing Stack</b>	
Openview: The Product-Led Growth Market Map	<a href="https://openviewpartners.com/blog/the-product-led-growth-market-map/">https://openviewpartners.com/blog/the-product-led-growth-market-map/</a>
PLG Tools 2022	<a href="https://www.productledalliance.com/pla-tools-of-choice-2022/">https://www.productledalliance.com/pla-tools-of-choice-2022/</a>
Martech stack The ultimate marketing technology stack for 2022	<a href="https://www.intercom.com/blog/the-ultimate-marketing-technology-stack/">https://www.intercom.com/blog/the-ultimate-marketing-technology-stack/</a>

### Appendix II - Interview Script

<b>Objective</b>	<b>Question</b>
"Grand Tour"	Could you describe a typical day on the job?
Bring the evaluation experience to mind	What was the last time you had to evaluate a product or service to use on the job?
	How was that experience in contrast with similar ones?
Motivations for evaluating a product	How did the need to evaluate that product or service arise?
Understand product fit	What did you enjoy about those products or services?
	What specific needs did the product meet for you or your team?
	What specific needs does the product fail to meet?
Understand the evaluation process	Can you describe the different steps you went through while evaluating the product?
	Was the evaluation done only by you or also others?
	How did you, or your team, define what product to select based on your evaluation?
	Did you manage to evaluate the product for free?
	How were the interactions with the product representatives?
How is the consumer perceived	How were you perceived as a prospect buying a product?
Probe specific topics of interest	<i>Based on the topics of interested gathered from the questions above, deep dive on those to try and infer more relevant questions to do</i>