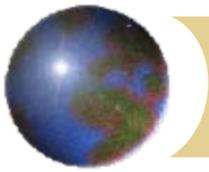# *Selling SaaS in the Asian Pacific Market*

Strategy and Factors to Consider
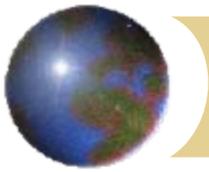
Ken Colby   27th May, 2009

Agenda

- Where to start?
  - Which country do you enter first?
  - "It's all about revenue"
  - Factors to consider
- Impact of your entry decision on your SaaS approach:
  - "It's all about profit … and cash"
  - Options and factors to consider
- Final thoughts
- Q&A

"Where Do I Start?"

- It's a really important decision, because ...
- The Asia Pacific region is BIG!
  - Japan to Sydney is 14 hours by plane!
  - Singapore (equator) to Sydney is 8 hours
  - From New Zealand (+12 GMT) to India (+5:30 GMT) = 7.5 time zones
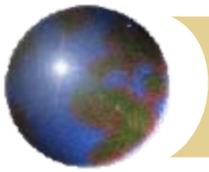
So - How Do You Decide?

- **Economics?**
  - GDP:
    - Japan - $4,844 B
    - China - $4,222 B
    - India - $1,237 B
  - GDP/Capita:
    - Singapore - $52,000
    - Australia - $38,100
    - Japan - $34,200
  - Imports:
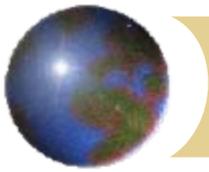   - India - $2,875 B
    - China - $1,156 B
    - Japan - $ 696 B

- **Population?**
  - Largest:
    - China – 1.338 B
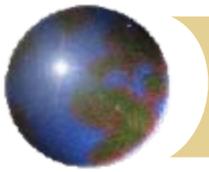   - India – 1.166 B
    - Indonesia – 240 M
  - Median Age:
    - Cambodia – 22.1
    - Philippines – 22.5
    - Malaysia – 24.9

"It's All About Revenue!"

- What am **I** selling, and who is going to buy it?
  - B2B or B2C
- How can **I** get to revenue quickly?
  - English language acceptability
  - Key (anchor) customer possibility
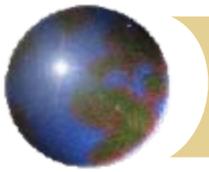 - Other factors to consider

B2B or B2C

- **B2B**
  - Target industry(ies)
    - Ex: Mining
    - Ex: Electricity
    - Ex: Finance
  - Maturity of solution
    - Ex: Japan
  - ROI on Labor Cost
    - Ex: Scheduling & Dispatch
 - Other considerations
    - Ex: Vehicle-based

- **B2C**
  - Cell phone usage
    - China – 547.3 M
    - India – 362.3 M
    - Japan – 107.3 M
  - Internet users
    - China – 253.0 M
    - Japan – 88.1 M
    - India – 80.0 M
  - GDP/Capita:
    - Singapore - $52,000
    - Australia - $38,100
    - Japan - $34,200

"It's All About Revenue!"

- What am **I** selling, and who is going to buy it?
  - B2B or B2C
- How can **I** get revenue quickest?
  - English language acceptability
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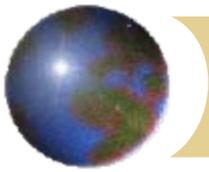
English Language Acceptability

- English is an Official Language
  - Hong Kong
  - India
  - Philippines
  - Singapore
  - Australia
  - New Zealand
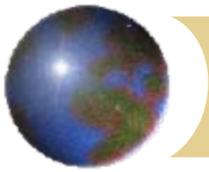- Generally accepted for software - <u>initially</u>
  - Thailand
  - Malaysia
 - Indonesia
- Generally <u>Unacceptable</u>
 - Japan
  - South Korea
  - China
  - Taiwan

Other Factors to Consider

- Localization vs localisation
  - Spelling
    - Labor – labour
    - Organization – organisation
  - Vocabulary
    - Elevator – lift
  - Units of measure
    - Time: 3:30 PM vs 15:30
    - Distance: Miles vs KM
    - Weight: Pounds vs Kilos
- Bottom line: don't underestimate long-term cost of doing business – even in English!
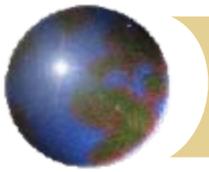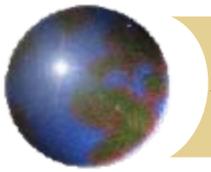
Other Factors to Consider

- Quick key customer win is a possibility
  - Your industry-leading reputation opens the door
  - You have a key partner with Asia Pacific operations
  - A key customer in USA takes you into their Asia Pacific subsidiary
- Bottom line: a large, anchor customer can reduce initial investment, or risk, or both
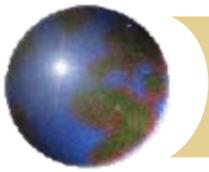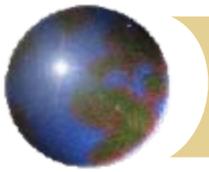
Other Factors to Consider

- Expatriate considerations
  - Expatriate cost of living
  - Cultural acceptance of expats
  - Culture vs USA
  - Recreation
  - Climate
  - Health, and health-care
  - Political stability
- Bottom line: if you staff from the USA, you must consider viability and affordability of a successful expatriate assignment

Impact of Your Entry Decision

- Good news – you've got your first customer

- Bad news –you've now got to ensure they're successful

- Revenue is important, but sooner or later:

  "It's all about Profits … and Cash!"

Options and Factors to Consider

- Where do you put your SaaS infrastructure?
- How do you deliver your SaaS solution?
- How do you implement the software?
- How do you support your customers?
- What about corporate structure?
- How do you invoice?
- Do you need to change your standard agreements?
- Others?
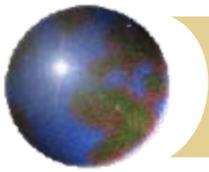
Where do you put your SaaS infrastructure?

- Obvious answer
  - Initially continue from the USA
- However, longer-term
  - Responsiveness/latency could be an issue
  - Data laws or cultural acceptance could be a problem
- So – if you have to locate it in Asia Pacific
  - Where you have people?
 - Where your initial or key customer is located?
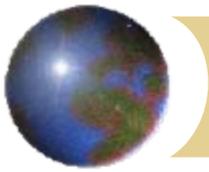
SaaS Location Considerations

- Hosting costs
- Data location – is it an issue or not?
- Time zone
- Economic health
- Political stability
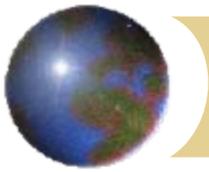
How Do You Deliver the Solution?

- **Internal delivery**
  - Most control, but highest initial cost
  - Significant investment
    - People, infrastructure, real estate
    - Utilities, legal, finance
- **Outsource**
  - Much lower initial cost, but there are risks
  - Selection; oversight; cultural acceptance
- **Key partner**
  - Trust is higher than with unknown 3rd-party
  - Initial costs are lower
  - Shared interest in your success
  - However, it may increase complexity
   - Dependant on structure of relationship
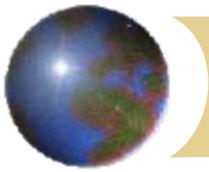
How Do You Implement the Solution?

- Options
  - Internal resources
  - 3rd-party professional services
- Factors to consider
  - Your market share - will 3rd-party services companies invest?
    - Significant up-front services required?
    - Specialty skills needed? Length of learning curve?
    - How thorough are your implementer training materials?
  - Significant BPR required?
  - Requirement for large data building or conversion?
  - Training requirement?
    - Large number of users?
   - New processes, or updated functionality for existing?
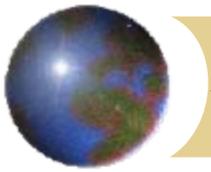
How Do You Support the Solution?

- Obvious answer – initially from the USA
- However:
  - Remember the time zones – you can quickly burn out your US staff
  - Related – solution for business hours or 24x7?
  - English language – how long acceptable?
 - Cultural acceptance of non-local staff
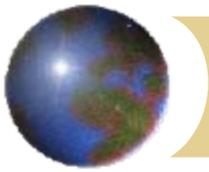
Other Factors to Consider

- What about corporate structure?
- Tax considerations?
- How do you invoice?
- Do you need to change your standard agreements?
- Others?
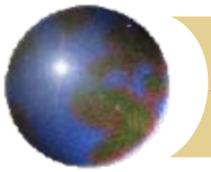
Final thoughts

- Where you enter Asia Pacific is a key decision
  - What are you selling and who will buy?
  - How can you get to revenue quickly?
- How you deliver your SaaS solution is equally important
  - Where do you locate it – initially and long-term?
  - How do you implement and support it?
- Bottom line
  - There are many factors to consider
  - Choose wisely, and achieve profit as well as revenue
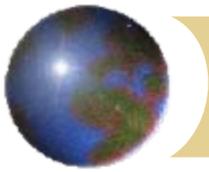
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