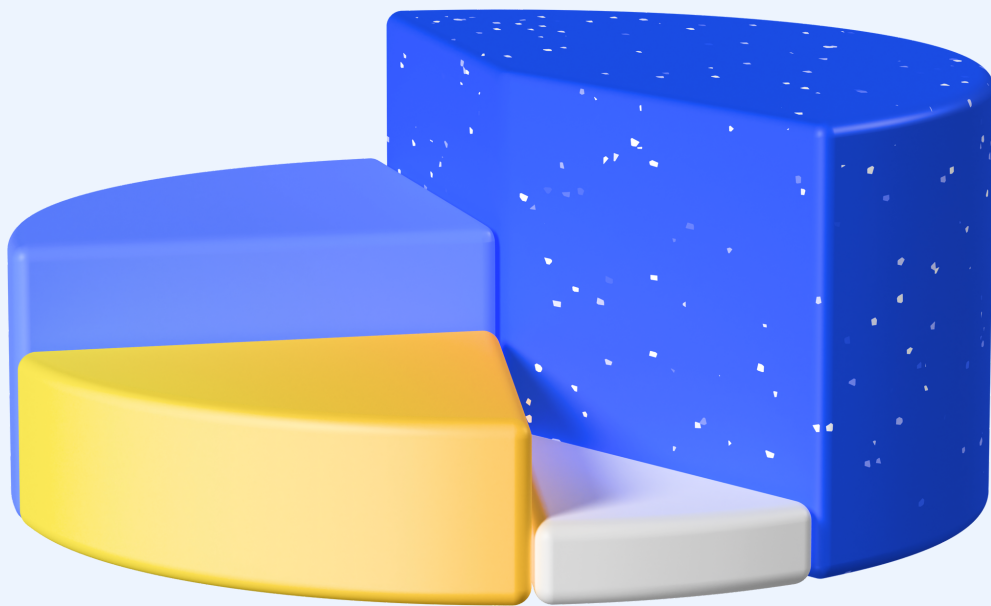




The B2C2B Growth Model: Landing & Expanding Your SaaS



SaaS Trends Report 011

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Trend

Problem

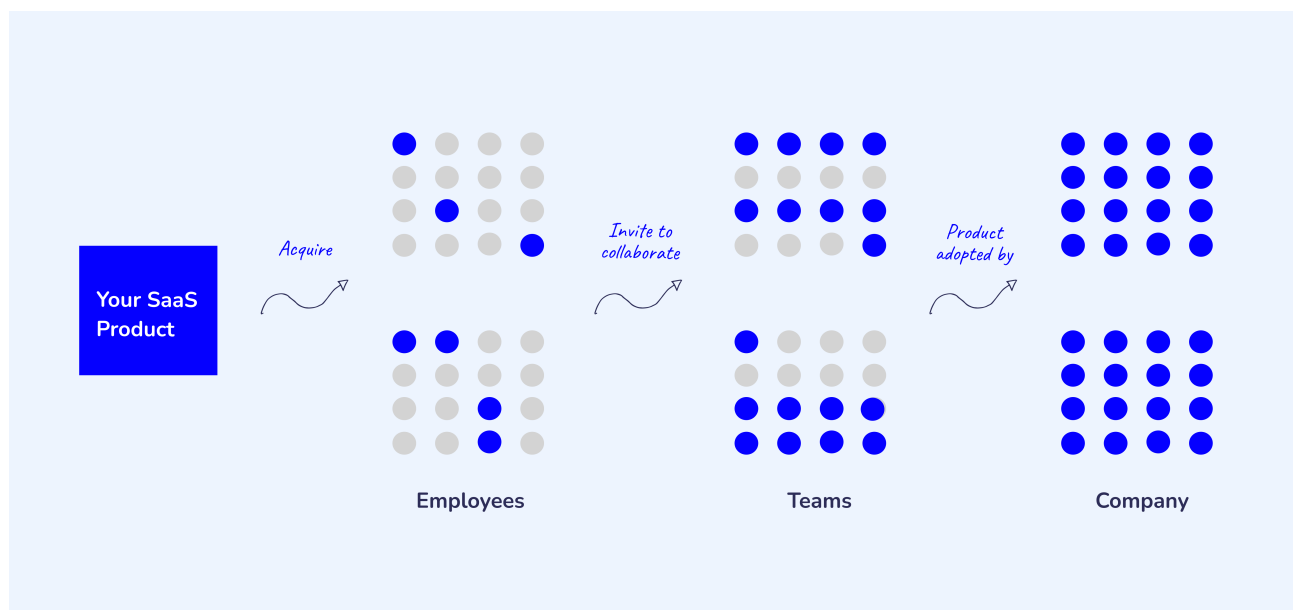
Even the most successful product-led growth (PLG) companies reach a point when additional growth requires developing an enterprise sales playbook. For example, Atlassian, the poster child for the self-serve strategy, had to blend their PLG model with an enterprise sales framework.

Solution

To move upmarket, companies have two sales options: top-down and bottom-up. The **top-down sales motion** is based on outbound and account-based marketing. In other words, you need an outbound sales team focused specifically on identifying, segmenting, and reaching out to enterprise accounts. Usually, the outbound team focuses on connecting and engaging

with executives and decision-makers. Once the executives approve your product signing the contract, the company employees can start using it.

The **bottom-up sales motion or the B2C2B model** aims to attract company employees to use the product. This process is also called “land.” The next step is to transform these employees into product advocates and get them to promote the product inside the company they’re working for. This process is called “expand.”



The ultimate goal of bottom-up sales is to access a company through its employees and become the company’s main provider.

Top-down vs. Bottom-up

The power dynamics inside companies are changing.

Nowadays, employees have the freedom to research, try, and use the tools that work best for their professional needs. That’s only natural as end-users (aka the employees) are the ones adopting (or not) a specific tool.

If a manager buys a year-long software license, yet the employees cannot use the software or get the results they need, there might be no renewal after one year.

Employees or end-users are gaining more control over the tools they're using. And that's a trend we'll see expanding over time.

Quick Note: The B2C2B model is not new. Venture Capitalist Tomasz Tunguz [wrote about it in 2015](#). To this day, there's very little on the B2C2B model. However, more and more SaaS companies use this model to move upmarket.

? Why Should You Care

- ➔ Learn how to enter the enterprise market with a PLG product.
- ➔ Avoid hitting the ceiling in terms of growth.
- ➔ Prepare your next steps in the evolution of your PLG company.
- ➔ Research shows that B2B buyers want B2C experiences. The B2C2B model provides an organic and natural software adoption experience compared to top-down sales.
- ➔ Understand the growth strategy of your competition.

Context & Facts

- ➔ B2B buyers want B2C purchasing experiences. As Nick Vincent, Chief Technology Officer at Wunderman Thompson, notes: "Your B2B customers today are B2C customers in many other parts of their lives. They realize that

commerce can be seamless, fast, efficient, and multi-channel because they see it elsewhere and will hold you to the same standards.”

➔ [The B2B Future Shopper Report](#) by Gorilla, a Wunderman Thompson Company, reveals that:

- **49% of B2B purchases** are currently made online.
- **52% of firms** experience frustration with online B2B buying.
- **89% of companies** in the UK and US find buying online more complicated than offline.
- **90% of buyers** expect a similar experience buying on a B2B site as they do on a B2C site.

➔ According to a [Gartner research](#):

- B2B buyers report spending exceedingly little time with sales reps. Only **17% of the total purchase journey** is spent in such interactions.
- **44% of millennial respondents** prefer no sales rep interaction in a B2B purchase setting.

➔ The [2020 Developer Survey](#) by Stack Overflow shows that:

- **77,1% of developers** prefer to start a free trial when researching new tools.
- **57% of developers** have some or a great deal of influence regarding the technology purchases within their company.



Key Term

➔ **Internal Influencers:** Employees with social clout and influence inside the company.

The prerequisite to making B2C2B happen is identifying the end-users who are the company influencers or the employees who have a saying. As [Tomasz Tunguz](#), a venture capitalist at Redpoint, highlights:

“The power of the B2C2B model hinges on the influence of the C in a sales process. If a startup can convince either a large number of employees in a company to use a product or if they can convince a few of the right people that this is the right product for them, that startup benefits in two ways.”

Core Attributes

➔ Team and collaboration-based software

Although it can work for many PLG companies, the B2C2B model is highly effective for SaaS companies developing team and collaboration-based software. Why? To answer this question, let's review the mechanics of the B2C2B Model:

- **Step 1.** An employee signs up for a free trial or freemium SaaS product.
- **Step 2.** The employee finds value in the product and asks a few coworkers to sign up and try the software.
- **Step 3.** The employee's team starts using the software, getting the job done.
- **Step 4.** The team starts talking about the tool, getting other company teams to try it.
- **Step 5.** The company adopts the SaaS product as more teams use it, getting good results.

Now, let's go back to step number 2. When does someone ask a coworker to try a new platform?

- **Option #1.** When the end-user knows that the coworker will derive individual value from the product.

- **Option #2.** When there's a chance to collaborate on a project initiated inside the platform and derive collective value from it.

You can't ignore option #1, but in most cases, end-users start to popularize the tools they're trying when there's a chance to collaborate via the platform.

Let's put ourselves in the employees' shoes:

- Think about a marketing meeting you may have with someone from the design department.
- To make meeting brainstorming easier, your designer may invite everyone on a Miro board, where you can collaborate and build something together.
- As a result, your marketing team may start using Miro more often, get the job done, and end up adopting the platform as part of the marketing tech stack.

➔ Free trial or Freemium for end-users

Employees are usually searching for new tools they can try. Everyone wants to get their job done efficiently. However, the employees aren't always willing to pay for these tools. At least, not from their wallet. Remember the Stack Overflow data saying that **77,1% of developers** prefer to start a free trial when researching new tools?

To make B2C2B work, make sure to offer a freemium plan, or at least a free trial, to acquire end users, aka company employees.

Quick Note: A freemium plan is desirable. Free trials end after one or two weeks, allowing people to use the platform for a limited time. And this time is often insufficient to derive value from the product and get other teammates onboard. However, a freemium plan will allow company employees to understand its value and share it with the team.

➡ The Network Effect Value and Per User pricing

[Some are saying that](#) per-user pricing is outdated and harmful to SaaS companies. Obviously, in some cases, per-user pricing is unjustified. However, companies such as Notion, Slack, Asana, and Miro keep growing, although they're offering per-user pricing.

This growth happens because of the network effect. What's that?

As Andrew Chen [explains in his book](#), "In its classic usage, a network effect describes what happens when products get more valuable as more people use them."

Tools such as Notion, Slack, Asana, and Miro enable employees and teams to generate value. The more people use and engage via these platforms, the more value is created for the buying company.

That's why per-user pricing is not only justified but also a core attribute for the B2C2B model.

Leverage

➡ **Reduction of cost of acquisition.** The B2C2B Model relies on B2C go-to-market strategies. You don't have to invest in outbound teams and long sales cycles.

➡ **You rely on viral distribution and not on decision-makers.** The adoption of your product inside of a company speaks for itself. You don't have to negotiate with executives who're also analyzing other software proposals, searching for better pricing deals.

➔ **Faster & higher adoption rates.** Before closing a deal with the company, your product is already used by most of the employees.

➔ **Access to data to iterate and improve.** When you rely on the outbound, it's difficult to understand what went wrong. In most cases, executives and decision-makers aren't sharing the reasons why they've ignored your emails or picked another software as their company supplier. As a result, you end up doing a lot of guesswork. On the other hand, with a B2C2B model, you have access to data. You can access and evaluate the funnel and the product-related data to iterate, test, improve, and get better results.

Risks

➔ **Not getting certified.** When more people and teams start using your product, the company's Chief Security Officer or the Chief Information Officer will pop up and ask questions such as:

- Is this software safe?
- How is the data managed?
- Can we trust the platform with the company information?

If you don't pass this barrier, the B2C2B model will never work for your product. To start growing inside a company, you need to get certified. You need certifications such as:

- ISO 27001: Information Security Management [[link for more details](#)]
- SOC 2 Compliance: Managing Customer Data [[link for more details](#)]
- SOC 3 Compliance: Security, Confidentiality, Availability, Processing, and Privacy [[link for more details](#)]
- CSA: Cloud Security Alliance [[link for more details](#)]
- And more.

Pool of Ideas

➡ **Adam Ryan, CEO at WorkWeek:** “Professionals are just people — but in B2B, everyone forgets that.” ([Tweet Link](#))

➡ **Jay Rughani, Investor at a16z:** B2C2B allows you to iterate on your product *faster* by engaging users *earlier* and creating *quicker* feedback cycles. You have a head start into the enterprise with user traction, shortcutting long sales cycles. BUT, executing two parallel GTMs is not so easy. ([Tweet Link](#))

➡ **Florian Grailot, VC investor at Astorya.vc:** B2C2B is gaining momentum as a go-to-market strategy. ([Tweet Link](#))

➡ **Alfred Lua, Marketing Lead at ReferralCandy:** The B2C2B trend is also changing how B2B SaaS companies are marketing. They are no longer just selling to procurement people in big, boring companies or the VPs who will not use the tool. They are also selling to the end-user, who will become the champion for the product within the company. They are not just generating leads but also driving signups. ([Article Link](#))



The Outlier

[Miro](#) is a team platform by excellence. The company offers tools for meetings and brainstorming, diagramming, agile workflows, planning, and project management.

Miro started as a B2C company. Everyone could (and still can) use the platform. However, after realizing that 90% of the accounts were used for teamwork, the company leadership developed a B2C2B framework.

Smart B2C2B strategies:

➔ A per-user pricing, yet a free plan for unlimited team members

Miro's free plan offers limited options, such as 3 editable boards only. However, you can create a free plan, build a board, and invite an unlimited number of coworkers to collaborate on the platform.

That's "expand" by excellence. Although Miro doesn't allow free users to do much via the board, it encourages users to invite as many coworkers as possible to collaborate on the platform.

Miro's free plan includes limited features yet unlimited users. That's a brilliant strategy. Just think about it: An employee makes a free account on Miro and creates a board. The user can't do much, as there's a limited number of boards. However, they can invite as many teammates as they want to collaborate on the board. As a result, Miro gets more eyes and hands on the platform, leading to higher adoption rates within a team or company.

➔ Unlimited guests as part of the Business Plan

I'm seeing Miro improving the sales motion by transforming the B2C2B model into a B2C2B2C model. Miro offers its enterprise customers the possibility of inviting an unlimited number of guests. These guests can be the company's customers or other stakeholders who'll be exposed to Miro and, maybe, give it a try.

➔ Miro's Trust Center

A company's Chief Security Officer (CSO) or Chief Information Officer (CIO) doesn't have to waste time learning whether Miro is safe or not. They can simply check the Miro's Trust Center, which includes concepts such as:

- Security
- Privacy & Governance

- Compliance
- Legal
- Other questions

Moreover, the CSO or CIO can access the entire list of Miro's certifications and attestations.

➔ **Unique Inbound Marketing strategy**

You can access Miro's guides and on-demand webinars without having to give your data in exchange. However, there's one gated whitepaper on Corporate Compliance Obligation. You'd think: Miro is a visual online collaboration platform. There should be gated guides on team collaboration.

However, the company adopted an extraordinarily unique and smart approach by offering ungated content and gate one whitepaper that might interest ONLY the companies who're 99% ready to integrate Miro into their tech stack. A CSO, CIO, or CEO will only be interested in Miro's regulatory standards if they're prepared to make a serious move. And by gating this whitepaper, Miro will identify the accounts worth contacting and engaging.

➔ **Customer education programs and communities**

Miro makes product adoption easy and fun. People can attend live or on-demand webinars, workshops, task-oriented courses, and more. Also, people can engage with other Miro users, find inspiration, get help, or ask questions. All that for free.



Case Examples

Quick Note: The examples are presented in no particular order.

➔ **Notion, project management software**

- Notion offers free and per-user pricing plans.
- The company diversified its messaging, focusing on individuals, small teams, and enterprises.
- Notion makes it easy to share pages, collaborate within a workspace, add new members and guests, and more.
- The [Notion for Startups Program](#) allows companies to apply for a discount. Verified teams can get up to \$1,000 in credit. For a team of 10 people, this represents ten months of free Notion. These programs may incentivize individual users to suggest using Notion as part of the team or company tech stack.

➔ **Asana, a work management platform**

- Asana offers free and per-user pricing plans.
- The company published the list of its privacy and security certifications.
- Asana has a [Trust at Asana](#) page, including an [Asana Security and Privacy whitepaper](#).

➔ **Slack, a business communication platform**

- Slack offers free and per-user pricing plans.
- When using Slack, companies derive value from its network effect.
- When users create a free Slack account, they can invite an unlimited number of members.
- Slack provides a complete list of certifications and attestations.
- Also, the company created a [Trust Slack page](#) that includes an ungated datasheet and whitepaper.

➔ Coda, an all-in-one doc platform

- Apart from Pro, Team, and Enterprise plans, Coda also offers a free plan for personal or team use.
- Coda offers bulk seat discounts if someone wants to purchase the tool for the entire team or company.
- CSOs or CIOs can review the company's certifications and attestations by going to [Trust at Coda](#) page.

➔ Shift, email & app management software

- The company offers a freemium tool based on per-user pricing for teams.
- The individuals can use the product without having to involve their teammates. However, Shift also offers collaboration tools, providing more value when used collectively by a team.
- It's worth noting that people who use the free plan can't remove the Shift label from the emails they're sending. That's one of the strategies the company deploys to get more eyes on its brand.
- The Shift team crafted the company messaging around teamwork, encouraging power users to onboard other team members.

➔ Basecamp, a project management platform

- Basecamp offers a free plan for personal use and a monthly flat fee plan (\$99) for teams, including unlimited projects and unlimited users.
- There are no per-user fees. As the Basecamp indicates, "Unlike most group software, we don't charge you based on how many users you add. Five users or 50, the price is the same. This adds up to significant savings as your company grows."

➔ Figma, a vector graphics editor

- Figma offers free and per-editor pricing plans.
- Apart from Figma Professional and Figma Organization, the company offers Figma Enterprise. Figma Enterprise provides hands-on training,

advanced security options, and custom workspaces that enable scaling design processes company-wide.

- Customers can find security details on the [Trust Figma](#) page.

➔ **Airtable, low-code platform for building collaborative apps**

- Airtable offers a free plan for both individuals and teams. If a team wants to scale up its processes, it can choose between a Plus or Pro plan. Both Plus and Pro plans are based on per-user pricing. Finally, the Enterprise plan offers advanced scale, [security](#), and control options.
- It's worth noting that the Enterprise Plan also includes an Ongoing Success Program (onboarding, training, and support) and Professional Services (consultation, migrations, and more).

➔ **Loom, a video messaging tool**

- Loom provides a free plan. Each team or company can start a plan that includes 50 creators. Each creator can make up to 25 videos of 5 minutes maximum.
- Next, the company offers a Business and Enterprise plan. The Business Plan is based on per-user pricing.
- The company keeps improving its [security commitment](#). For example, Loom expects to add soon the Role-based access control (RBAC).

➔ **Webflow, a no-code website builder**

- Webflow just launched [Workspaces for Teams](#). For some time now, the company has been building features for collaboration. This strategy fits perfectly with the B2C2B approach.
- Moreover, Webflow is also changing its pricing scheme, adding a new pricing model focused on teams and the number of seats.
- The pricing structure is quite interesting, as it will allow Webflow to acquire new users and expand inside companies. People can use the **Starter Workspace Plan** for free. If they want to invite collaborators, they need to upgrade to **Core Workspace**, opening three seats. As the

team grows and scales, the Webflow users can upgrade to **Growth Workspace**, which offers up to 9 seats. For more seats, the customers can choose the enterprise plan.

Get Started

Considering the case examples above, we can identify the following prerequisites you need to consider if you want to get started with a B2C2B sales model:

- Think whether your tool can enable team collaboration or not. Suppose you don't provide this feature, but you want to transition to a B2C2B model. In that case, it's crucial to re-think the platform and focus on developing collaboration-related features and opportunities.
- You need a product that can be used both individually and collectively. Your product should provide value whether used by one person alone or an entire team.
- Individual users should derive more value from the product by sharing and using it with other team members.
- Since your product should become more valuable when used company-wide, per-user pricing is justified. However, if you want to differentiate yourself from the rest, you can follow the Basecamp model and offer a flat fee.
- You can't launch a B2C2B sales model if you're not offering a free trial or a freemium plan.
- Don't remove the company branding for your free plan users.
- Individual users won't care about your compliance and security certifications. However, if you want to grow company-wide, you need to get your certificates. Subsequently, you have to build a trust center and make your certifications available.
- Find ways to incentivize your individual users to get their co-workers to try the platform.

Opportunities

➡ Automate the B2B customer acquisition strategy

Instead of relying on unscalable marketing strategies, create a system that will get other people (the intermediate consumers, aka the company employees) to do the selling for you.

➡ Re-purpose the strategies you use today

You can use your outbound strategy to strengthen your B2C2B model. For example, you can target key company employees with a personalized approach.

Here's one tip on how to identify key employees: Check people's LinkedIn account for clues.

In some cases, influential employees are active on social media, promoting their brand, engaging with other people, and creating valuable content. That's not a rule, but you can start by approaching the employees who're active on social media.

➡ Create an infallible customer acquisition channel

Consider creating a free plan to deploy the B2C2B sales model successfully. And if you choose to offer a freemium product, you'll add a powerful acquisition channel, differentiating yourself from the rest of your competition. How?

[According to ProfitWell](#), "Freemium isn't a way of monetizing your customers, it's a way of acquiring them." As the article suggests, freemium will encourage word-of-mouth marketing, lower customer acquisition cost, and build customer habits, which increases the friction to move to another brand.

Moreover, companies use freemium to strengthen their expansion revenue position. If customers are familiar with your product and what it can do, they're already primed to make a purchase. As Patrick Campbell, founder and CEO at ProfitWell, notes, expansion revenue is [4X cheaper than acquisition](#).

Predictions

- Freemium may become the standard across all PLG companies.
- More and more PLG companies will find ways to make their product compatible with collaborative work.
- The ease of collaboration and teamwork will provide a competitive edge.
- We may see new personalized marketing strategies to connect and incentivize employees to use a platform and promote it team or company-wide.
- Some PLG companies may create attractive referral programs for employees. If the employees get their entire teams to use a platform, they'll receive a reward.
- We may also observe an increased number of Startup or Team Programs. PLG companies will offer significant discounts and credits, incentivizing teams to kick-start their work on the platform.
- The per-user pricing is here to stay. Although ProfitWell advocates against it, I see it justified when the B2B buyer gets more value by having more team members using a platform.
- We'll see a new wave of compliance software, helping companies be up to date with the new regulations and directives. It would become easier to get security and compliance certificates.

