

## KiwiTech Show 2 - Transcript - 2022-02-15 KiwiTech FOP

### “Lessons Learned Using a Product-Led Growth Strategy in a SaaS Business”

This is the Investor Connect KiwiTech 2022 podcast series. In this series, we discuss trends and topics in the startup world.

I hope you enjoy this episode.

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**Hall Martin:** Thank you for having us today on this panel about Lessons Learned Using a Product Led Growth Strategy and a SaaS business. If I can have the panel for the session come on, if you could go ahead and start your video and unmute, we have, starting with us, JR Garcia. JR, can you start with a little bit about yourself and what your firm does?

**JR Garcia:** Yeah. First of all, thanks for having me, Hall, and everybody here, and yeah, good afternoon, good morning, depending upon where you are. As Hall mentioned, my name is JR Garcia, part of a firm called Green Park & Golf or GPG Ventures here in Dallas, Texas. And, essentially we are an early stage investment firm, and I know that is a pretty broad definition, but we're investing mostly healthcare. So like 75% healthcare, and 25% in other industries, mainly tech. And even within healthcare, investing across software companies, med device, and \_\_\_\_\_ companies. So it's a pretty broad definition of healthcare. We have been around for about 11 years now, and invested in about a 100 unique companies over that time period. So been with the firm since the beginning, kind

of shaped who we are today, and joined those \_\_\_\_\_ members across Dallas and Houston. So Texas centric, but we'll invest anywhere, and that's the very short intro to me and GPG.

**Hall Martin:** Great, thanks, JR. Next up is Aniket Kumar. Aniket, can you tell us about yourself and your firm?

**Aniket Kumar:** Yeah, thanks Hall. Very nice to be meet everybody on the call and excited to be here. So, as Hall, you mentioned, my name is Aniket Kumar. I am an engineer by background. I work in the energy industry in Houston close to where JR is, developing software products, transitioned over to the investing world after a successful stint in that industry. And I've been with software growth partners for about more than three years now. A little bit more about SGP as a firm, we focus on software companies, we are based here out of California on the West Coast, focus on investing on software companies, especially in the companies that are slightly more mature than early stage startups, but companies that are in the 2 to 20 million of ARR range, still small, and have a lot of good potential. So we come in with a mindset of acquiring majority in those companies in such mature companies, and helping provide capital to build a lot of infrastructure that is needed to scale these companies, to take them to the next level, so investing in sales and marketing, investing in building the infrastructure that is needed to support, provide customer support, customer success. So very excited for the discussion today, and excited to be here.

**Hall Martin:** Great. Thanks Aniket. And next we have Brennan White. Brennan, can you tell us about yourself and your firm?

**Brennan White:** Sure. Great to be here. Thanks everybody. Brennan White, the CEO and cofounder of Cortex. We're an early stage software company based mostly in Boston, but half of a remote team, but with a core group in Boston. What Cortex does is it's a B2B SaaS platform that applies machine learning to visuals to understand visuals like ads and videos, photos, and make them more investable for companies. So companies, you know, customers like Toyota, Marriott, L'Oreal, they have the best of the best, they spend \$600 billion a year on this problem. Right now, they kind of wing it, and Cortex is almost like a Google Analytics for visuals, help them not have to wing it anymore, basically. And as relevant today, we started as an enterprise, kind of, direct sales company, and moved to product with growth and saw some big changes there. So I'm happy to share that today.

**Hall Martin:** Great. Thanks Brennan. For those in the audience, if you would like to post your questions, time permitting, we'll address those as well. But with that, let's go and kick off with our current panel here with the questions. First question I'd like to ask the panel and have you weigh on is what is the main trend in the SaaS space you see going on today? JR, can you kick us off with that one?

**JR Garcia:** Yeah, well, not to kick it off with a kind of a sour note, but I think over the past six months, we're kind of thinking SaaS multiples compressed, so, which is not necessarily a bad thing, but I think just keeping it real for all the entrepreneurs that are raising money, looking at public comps, it's important to gauge your peers and kind of see what's going on. So I'll lead off with that, but I think elsewhere, in the private side, you're seeing, I think, some really interesting kind of nimble opportunities and teams kind of spring up and kind of attack new markets, new problems with solutions. And so, it's something that we as investors' going to keep an eye on, is the insurance as well as public companies, and so, have conversations every day with CEOs and there are some company raising rounds, big and small. And as you're seeing markets in turn become more efficient, you're always kind of competing against dollars elsewhere. And so, as entrepreneurs, it's important to be well aware of that in fundraising mode. But I think we're still seeing really competitive rounds get done, so have a few companies in the market right now raising \$15 to \$30 million kind of rounds, and still seeing competitive term sheets, competitive processes. And so yeah, I don't want to put a damper on it too much, I just want to make sure people are aware of it, and I know you see headlines about stock markets here and there, and it's, for the most part, people say it doesn't really affect private markets, but it does. It has a trickledown effect, and so, I think just be cognizant of that. And I think it's one thing we're kind of keeping an eye on right now is kind of seeing how things play out in this first quarter, you know, into the first half of this year. But that's from my desk.

**Hall Martin:** Great. Thanks, JR. And Aniket, what's the main trend you see going on today in the SaaS world?

**Aniket Kumar:** Yeah, absolutely. I think I'd just like to echo what JR mentioned how I think absolutely valuations have been frothy, and now we are seeing some compression, and obviously with an eye on the public markets. However, I think coming back to the point that Brennan was mentioning, I think we see this is a growing trend, as companies that have put together products, right, for the larger enterprise markets are adjusting their product capabilities to get in line with SaaS product led growth strategies, because that is where I think a lot of scalability will happen over the next 5, 10-15 years or so. So we absolutely feel that companies need to reinvent themselves, and we see that day in and day out as we talk to more and more founders who have invested dollars to build enterprise class solutions, but have to reinvent themselves a little bit from a product perspective, so that they're able to take it forward. So I think that's where a lot of value will be unlocked over the next five to 10 years in the SaaS ecosystem, which is how easy or efficient is it to deploy your product, and how easy or efficient is it for you to scale going forward.

**Hall Martin:** Great. Thanks. And Brennan, what's your take on that question, what do you think is the main trend we're seeing in SaaS right now?

**Brennan White:** Yeah, I'd like to echo Aniket's second point. I think the biggest trend we're seeing is around product led growth being the preferred buying method from the

purchasers. This is my second startup and our first startup we bootstrapped and sold to the same exact customer enterprise style. And that still works, you can absolutely still build a business that way, that was a huge part of Cortex' beginning. But it seems like everyone is getting more educated, and they're seeking out the content that they want to learn about their space, and they want to engage on their speed. And so, being a company that kind of leads with products, and makes it where the customer can educate themselves, and go at their own pace, and then either engage or sign up perhaps without even talking to someone on the team. That's a huge advantage, and that we can speak to it firsthand, but I'm a Techstars alum, and that's true across all of the people, and that I've been working with for the past few years.

**Hall Martin:** Great. Well, let's move to the what is a product led growth strategy, and one of the questions from the audience is: what does it mean to lead with a product? Aniket, can you kick us off there?

**Aniket Kumar:** Yeah, absolutely. I think, I would say, Hall, that there are three pieces in our mind as we think of product led growth strategy. I think the first one being that the product is easy to set up, deploy, easy to use, configure, so that you don't have to have heavy lifting needed at the front end. The second is the product sells itself, where people are trying to buy – try the product, use a freemium version, use a try by motion, and then they're trying to ramp up, and then get to the next level of usage as the product continues to grow and scale. And the third piece which is also very critical is the product is capable enough in its own strength to serve its customers, as Brennan was saying, I think this is the major trend that we see that as more and more individuals are buying software, the old traditional way of buying software is changing. And folks don't want to reach out to your customer support team to get their questions answered, they want to figure it out themselves. So having that capability that the product either has good documentation, has good wizards that are built in so that everybody can address those issues that they see themselves, I would say that is the third piece. So that's the main trend that we're seeing with respect to how do you set up this product led growth strategy, and what are the building blocks that you need to have in place so that you can kick this off, have a good solid foundation, and then scale from there on.

**Hall Martin:** Great. And JR, what would you add to that?

**JR Garcia:** Yeah, I think entrepreneurs are asking what is product led, and what it is is shortening for me, is it's hyper focus on that time to value. Right? And we kind of said it's people who want to buy for themselves, and so, it's something that has been developed, and you're kind of building with an end user in mind, where they can purchase or use something with extremely fast set of low friction, and have a value, and the first thing where the product is, as soon as possible. And so, I think, in contrast to the sales led or market \_\_\_\_\_ we are kind of still on top of the funnel, and it used to be NBC, like, hey move fast and break things and build things where you kind of overpromise what you can deliver. I think it's actually delivering what you promised you can. Right? And people want to be led, have that be self-taught or self-aware what the

value is. And so, having the messaging is not saying, hey, the world, we know is a problem, and then kind of take feedback and kind of build a product in the background, it's having something, and you don't need to have the greatest solution of all time, you just have to provide some kind of value. And then, you can kind of grow and add features, add value as you grow on. But I think that's kind of most important part of product led kind of ground up versus other growth strategies, where you're still kind of filling the funnel. And I think there's probably appropriate times in a company's life cycle to be focused in on different models, but I think today's topic I think that's kind of what I think about it, I think you're looking at something that has some revenue, some proof of concept and looking at scaling, and that's kind of the focus in having that flywheel, that iterative effect, and building is very important there.

**Hall Martin:** Great. And Brennan, what's your take on product led growth or leading with the product, I should say?

**Brennan White:** Yeah, I think I completely agree with what's been said thus far. I think the things I would add is, going from a traditional sales led model to this requires a ton of thinking about simplifying the product and building context quickly within the product. So that was what we worked on in our – it almost took us a year to make that transition, and the kind of big experience was we had a pretty fast sales cycle for enterprise, we had a three-week sales cycle on average, but even then, that was three weeks of building context with my sales team. So they were talking to me, talking to my sales team, getting understanding of how the product might work, what it would look like with the sections of the product, \_\_\_\_\_ there were opportunities to have questions go back and forth. And all of that is lost effectively with product led growth. They have to understand by the time they're having that first experience, they need to kind of understand all of that. And so, it really comes down to making the product really, really easy to understand and putting a lot of work into understanding where the kind of beginner's mindset is coming from, someone who may have just saw an ad or clicked on a piece of PR or something, and stumbled across your product. They don't have a lot to build on, so making sure that you respect that. They're not stupid, they're not ignorant, they just don't know yet what someone else would have known in a traditional sales model by the time they started the software. And so, just having it almost like, when I talk with my product team, I talk about the amplification of the product. It's almost like the same way all of us do this on our phones. If you downloaded a new app on your phone, no one's teaching you, there's no customer service that you're talking to most of the time. It's kind of walkthroughs and app cues and really basic communication that kind of teaches you how to play the game or use the trading app or whatever it is. And so, in the same case, you kind of have to think that way, and I think that's just fundamentally where the market appears to be going that people want to be in control, and not be attacked by salespeople and hunted. And I think this is the expression of that, they want to be able to engage with the product at their speed. And then, of course, what we want, of course, is for them to engage and upgrade and commit, and spread it to their colleagues as fast as possible. And that's where the game is, is making sure the product does that well.

**Hall Martin:** Great. Well, what are some of the growth strategies you can use with product led growth? Aniket, what would you call out as a couple of good examples there?

**Aniket Kumar:** I think I'll highlight one important thing that Hall we've seen in some of the companies that we've invested in, which is, I think, developing a community of your users. And I think you can attack the product led growth strategy by offering a freemium product or offering, let's say, a trial motion. But I think at any stage, at whatever growth stage you are, I think the longer term benefits of having a product led strategy, you would only be able to realize that once you start developing a community, and I know startups, small companies, we always have limited resources. But having investing in that upfront to harness the community, like, to put together a community of individuals who are fans of your product, who not only use their product, but are also ready to shout at the top of the roof, that, hey, I like this software which is helping me solve my problems in the most efficient way. I think I would say that would be the number one focus versus young startups are thinking without being product led.

**Hall Martin:** Great. And JR, what growth strategies would you offer in this case?

**JR Garcia:** Well, I'm going to answer it maybe a slightly different way. Aniket mentioned some of the ways or maybe some of the hallmarks of a product led company, about freemium trials and things of that nature, and I think as people are crapping their strategy, you can think about freemium, pilot periods, you can think about constraints around some features or support for your product over a time period. And so, I think, in our experience, and I've seen some – I think we have a preference for companies that don't kind of handicap or cut features in the very beginning. I think it's important, especially, on the earlier side of companies to kind of have all the features possible. And yeah, put a \_\_\_\_\_ on them for them to either increase usage or increase capacity or just flip from free to buying. I think sometimes companies I think may come to us and say, hey, we have so many customers already, and they're visiting us, we really dive into what are they getting out of it, and can you point me to what value they are extracting, because that's ultimately going to be a customer that sticks with you for life, and hopefully, your net dollar retention is going up. And so, I think, as we have conversations with our companies about strategies, how to set it up, we are like, okay, hey, have all the speakers possible, because you're going to get feedback from users who might value different features. And so, we kind of prefer that route versus other ways of kind of initial traction and kind of go to market. So I think that's something that we look at and have those conversations around. And I will say, just adding to my healthcare experience, it is hard in healthcare, you have regulations, you have committees at hospitals or whatnot. And so, I do understand there's other industries and other ways where even product growth is hard, but I think there's ways to attack it, and to look at the network effects, you know, all with end user in mind that can still be possible there.

**Hall Martin:** Great. And Brennan, what would you say about growth strategies?

**Brennan White:** Yeah, I echo everything that's said, but I would also add that referrals become a dramatically more attractive thing, because, in Cortex's previous life doing enterprise sales, we would get referrals, but they would go to the top of the sales funnel, and they'd spend three weeks in the sales process. And so, it was limited fundamentally by the number of salespeople and the bandwidth of your sales team, whereas now, that limit is not there. So now we see customers refer each other, refer more, refer more, and there is no limit, artificial bandwidth to the size of my sales team or something that would stop that growth. And so, that's been a huge difference, because whereas before, there was kind of like a damper on how fast that channel could grow, now there's kind of nothing standing in the way of referrals kind of continually building on itself and being a really powerful channel for us. And so, that's what we're seeing, and so, and that's a factor of the fact that you're getting rid of that context building, you're making sure the product succeeds on its own, and once you've done that, then it's not that you couldn't have referrals before. It's just a very different thing to see them kind of growing exponentially, it wouldn't have been possible before.

**Hall Martin:** Great. So let's talk about how do you set up a product led growth strategy at a high level, where do you start with this? Aniket, what do you start with in this case?

**Aniket Kumar:** Yes, that's a great question, and I'll share some perspectives that we see, Hall. I think we've touched upon a couple of things here, which is around having a version of the product that is easy to set up, and it could be a lighter version of the product that you offer as a freemium version, which can be out there in the market, and we've seen some companies be very successful with that, or, it could be a very short, full suite product that you can try. You can try all capabilities, all features for a week or two weeks, and then you have to buy. So I think having that that core built up just from the product side, that is definitely one piece that you should have set up as a startup. The second piece I'd say, which is critical and sometimes gets overlooked in the early stages of this strategy is pricing, because as more and more companies are going to this product led growth strategies, the pricing kind of gets convoluted as you start scaling up, and you want to make sure that you've got a pricing structure, which is easy to understand, simple to measure, it's already ingrained in your product, so that you don't have to have very heavy operational infrastructure set up to have customers pay you. So I think building that in a transparent way, and having a pricing structure which is transparent, I would say, I think that would be the second thing that you should set up. And I think we talked about having documentation, having support to make sure that the product is self-capable to support itself with having a very low tech support model, I think building that, and again, from a ground up would be something that I think we should focus on. So I would say, as companies are transitioning, either you can be enterprise class software that is transitioning to this product led approach and growth strategy, and we've seen that happen, it may require a lot of rewiring at the backend to make sure that this product is set up to be successful that way. And for cloud native companies, companies that are coming up that are building ground up, keeping in mind

these two or three things from as the basic fundamental building blocks of the product, I think that would take them to the next stage very fast.

**Hall Martin:** Great. And JR, what would you advise someone to start with in building out their product led growth strategy?

**Alfred Fasola:** I think pricing is actually overlooked as well, so I do want to echo that. But I would say, I think it really starts with the organization, and I think hiring up for the right folks across different departments. And I know at the early stages you might not have the departments, but I think even people, you know, being aware of what their mission is, and not just hiring sales and marketing folks that fill up top of the funnel, and they are oriented towards, hey, we're going to lead with our product, and that's going to be of the utmost importance rather than getting a qualified leads that you throw in the bucket, and then our team behind the scenes is struggling to build and fulfill the promises you made because you get compensated either through your own actual compensation, or, if there's other metrics that you think are important. And so, I think it's spending the time, and talking about the team, about the hires you make, and getting people who are right to that kind of strategy. And again, that might not be right for you at this stage, or with products you have, but it's aligning the incentives there, so everyone is focused on product. And this could take into account changing that compensation, it could take into account different KPIs, different measurements that do help the organizations all understand the ultimate goal, and having the feedback, having the iterations get to the product team with the R&D and be measured on that kind of success. And so finance, accounting, ops, R&D, all that kind of thing, hey, \_\_\_\_\_ one's goals are same, and make sure it's bought into that. If not, I think you're going to see return on investment across departments not be what you want, and then ultimately not turn into the \_\_\_\_\_ company that you would like to see built.

**Hall Martin:** Great. Brennan, what would you advise other companies to do to get ready for product led growth?

**Brennan White:** Yeah, I'd agree with what they said, I'd expand on it a little bit, but at first, I'd say you start with the customer. So to use our example, Cortex is a B2B SaaS platform that applies machine learning to stuff that is used by mostly marketers and advertisers. So if we wanted to sell to a strategy team or a team that is skunk works delving into new tech, they would not be really interested probably in a product led growth strategy. They'd want to meet with my lead data scientist and go deep. And so, turning on the product led growth strategy, if that's who I was selling to, would probably be the wrong choice from the get go. Whereas in our case, if the end goal is to make every creative person, any marketer or any person designer working on a photo or a video anywhere smarter, effectively more effective at making this content, you have to ask yourself, do they want to manipulate a bunch of data and talk to a bunch of data scientists and engineers. No, they don't. They don't want to talk to anybody. They think they're super creative, they think they're Don Draper, they want to sit there and do their arts and stuff. And so, they want something to help them, they don't want to be talked



down to, they don't want to get into numbers at all, really. They want it to be as lightweight as possible, kind of nudging them and arming them and supporting them. And so, for us, it was very clear once we said, okay, are we selling to these one-off projects exploratory guys, are we selling to every creative on Earth, and bigger market, more exciting problem to solve is ever greater on Earth. Right? Okay, that's a product led growth strategy naturally. And so, I think you'd start there, who are we selling to and why, and then I completely agree with everyone's point about pricing earlier. I think I'd echo or like expand on that about, it's not just pricing, it's packaging also, which oftentimes gets completed, but just like how they want to buy. So in our case, you take marketers and advertisers and creatives who are not very data savvy, aren't familiar with ML at all, right? All of this sounds very scary. So if we made them jump through the hoops of, okay, you need to go through this long sales cycle, and have this huge commitment, without being able to try something, that's really scary, and that's actually how we started, and that was hard, that was harder. But now you say, okay, the packaging is much more friendly, right? Here, try this, it's your tool, we're not going to breathe down your neck, no pressure, we're not going to tell you how to do your job, this just helps, right? That's much, much less threatening to specifically this type of customer. And so, getting the packaging right was huge \_\_\_\_\_ and, of course, pricing comes directly from that. If they're trying and they want to try individually, then okay, your pricing per user, and maybe your pricing per some other unit, or, if it's the whole team's taking it on, then maybe your pricing per team. And so, to me, yeah, that's where it comes from, is kind of like, how do these people engage with your product. And if so, if it's clearly a product led growth strategy, then fixing the pricing and the packaging to the way they prefer to engage, I think makes it so much easier. And then, the other thing Aniket said, like, keeping it dramatically simpler than you think it is, I think is really important.

**Hall Martin:** Great. So the next question is: what is the role of data in a product led growth strategy? JR, you want to kick us off with what your thoughts are on how data works with a product growth strategy?

**JR Garcia:** Sure, yeah, I mean, like everything, data is there to inform how to build the product, where to go next, how to iterate, what kind of pricing strategy to implement to raise prices, lower prices. I mean, data should be set up in a way to inform the teams and the company about what to focus on next, and that can be like champions of your company and your technology, your product. I mean, it's how do you get feedback from everybody, inside the organization, outside the organizations, take that data, and have it distilled or simplified into the next iteration. Or if there are significant problems, there's customer support that's being done in a heavy way, you can use that to prioritize fixing those kinds of issues there. So again, kind of hiring folks is all \_\_\_\_\_ are directed towards the product data is done again with the product in mind, the end user in mind. Take their experience and see where you can have the most impact, that's shortening their workflow, where are they becoming more efficient, how do you quantify that, and you would be thinking about that in the future, think about it from ground zero and build it to actually have the data come back to the organization in some way that can be

digested and then used to either evangelize that, and get someone who's a regular customer become a champion, and say, look how much time we're saving you. And so, you're always thinking about having data that is set up and flows back to an organization, and hitting a person that can or hitting a silo that can use that to make it better in the future. And so, that's kind of, at a very high level, how I'm thinking about data, and it's kind of important for us to think about, both at the early stages, and then, as you can build the organization out.

**Hall Martin:** Great. And Aniket, what do you see is the role of data here?

**Aniket Kumar:** Yeah, I think I completely echo what our JR said, Hall, because data is at the center of being product led, because you're trying to make decisions based on data, and having clear ROI measurements of what the customers are getting out of using their software, but what metrics are you enabling to deliver ROI to those customers, that's absolutely one piece, but also looking, if you look intrinsic and look internally within the company, you'd also want to track data to make sure that you are making investments in the right areas, and then making the right decisions. So, for example, tracking metrics like trials to conversions, like, how long are they taking, what percentage of trials are happening, how are those conversions happening, that would be one critical piece – tracking usage of customer or usage of your product or the metrics or data that you can see on a month over month basis that's trending up, because customers are coming back and engaging your platform rather than just say downloading a free software and never logging in to try it. So I think driving engagement is very important, and tracking data around usage would be very critical. And absolutely, this is the heart of any SaaS business, which is retention churn, because these are sort of lagging indicators of backward looking metrics, like, apart from \_\_\_\_\_ and converse which are more leading indicators, but making sure that even though you're acquiring customers at the top of the funnel, you are not losing those customers, and you're enhancing the lifetime value. I think, again, having very KPI and metrics driven and being very data driven is what is needed to successfully scale the companies. And the problem, it continues to increase if you don't have the building blocks in place, and that's what we've seen in our experience that you build the right – you put the right pieces upfront, and then you realize the benefits, a year, two years later, as you start scaling.

**Hall Martin:** Great. And Brennan, how do you see the role of data playing here?

**Brennan White:** Yeah, I think data is critical, and it's the kind of the reason why product led growth is so powerful. Because if you can trust the two models, you know, if you've got a sales led model, your data is as good as the salespeople entering it in Salesforce or whatever, and noticing it. And you have all these other pieces and variables, and it's not standardized or reliable, not, you know, you could obviously build a sales team that's good at this. But it's hard, especially as you're scaling a sales team in different regions and things like that. Whereas with product led growth, for us, from the minute we get a lead all the way through the funnel, and into specific cohorts of the product to test different features and communication strategies, you can track everything. So we can

say, we change this cohort to have a different type of communication up front, this even affects the activation of the user, and you can test that in days or less, depending on how many users you get. And I think that's ultimately what you're after – the speed at which you can turn the flywheel is what matters. So if you didn't have reliable data, and you required all the salespeople enter into Salesforce, and required the sales manager to notice that there was a trend happening, that might take weeks, and it might not be accurate, you might miss something. Whereas in our case, now that we're product led growth, we can run a sprint over the course of days, and run an AB test of two instances of the onboarding communication that people receive when they first get in the product and see which one's better and make that change in days. We have an answer in days. And so, and there's no equivocation, it's like, if the data shows that these guys are 25% more likely to upgrade or sign up or engage or refer a friend, those are really valuable, and that's the entire basis of how we make our decisions and how you should be kind of moving forward.

**Hall Martin:** Great. So my next question is: what's the biggest mistake you would advise against when someone's using product led growth, Aniket, what do you see is the biggest mistake out there that people fall into?

**Aniket Kumar:** Yeah, I think that's a great question, Hall, I feel that not seeing the whole picture, or not seeing the holistic picture of where your organization is headed, probably that is the biggest mistake. Because we just talked about data, we talked about every piece of data or every piece of information fits together. And I'll give an example, like, we've seen situations where companies are doing well with respect to acquiring new customers at the top, like, yes, we are having a lot of trials and we are having a lot of top of the funnel traction, however, we are losing a lot of customers and our retention rates are really poor, our churn rates are very high. So I think not seeing the holistic picture together by pulling in pieces around trials, conversions, pricing, usage, retention, churn, like, all these data pieces that we just talked about, I think, I would say, that would be the biggest mistake, because you can have a false impression that, hey, we are acquiring good customers at the top, but then there are certain other reasons because of which you may be losing customers that need to be fixed – you need to – for you to scale successfully. You don't want to be leaking customers, you don't want to have a leaky bucket, because then you would never have a good LTV/CAC that everybody strives for to be successful.

**Hall Martin:** Great. JR, what do you think is the biggest mistake people make in putting together a product led growth strategy?

**JR Garcia:** Yeah, I think that's a great question, because for me, it's as \_\_\_\_\_ before it'd be aligning incentives across the organization, because sometimes there's an attorney of a company, you're doing some early experimentation, and you don't know what exactly the value is, I mean, hopefully, the team is experienced, and they know some pain points. And so, they develop parts to get there, but it's always extremely hard to kind of know exactly what you're solving for. Right? And from the \_\_\_\_\_ you are

going to experiment, and it really is going to be more trying to get a champion, maybe not necessarily product led or product kind of growth oriented, it's going to be more sales and marketing, just trying to get people to listen to you, like, pay attention. And so, in that journey, where do you make that switch, and say, aha, we've got it. Right? And so, I've seen some companies where they maybe immaturely or prematurely, I guess, I should say, kind of switch this, when they still don't have the messaging right, they kind of say, okay, we got it, boom, we're going to go, and it's like a false start. And it's like, okay, they didn't really understand the value they are providing, and maybe that led to imperfect pricing, where you just didn't see value there. And then all of a sudden, they're left scratching their heads, and so, it is really making sure that you \_\_\_\_\_ end users and the value providing there, and there's never bright line tests. But you have to make sure you're going in kind of unbiased, because these teams are coming from the position, where they were previously, where they knew the pain was there. But just because there is a problem, it doesn't mean that you're the solution that is going to be led, and kind of have an network effect already in place from day 30, let's call it, and take a little bit of time. And so, I would say, having the right kind of mindset and then kind of ground built beneath you, and being unbiased and make the decision to go to your product kind of growth strategy is very important. Because there's people from point to all different types of metrics, but actually I'm seeing out there, after around that \$10 million revenue mark, then that's when they really see a project strategy kind of start returning the investment made earlier. And so, I've seen some companies where they get to less than a million ARR, or right around a million ARR, then they kind of make investments, make decisions based on that with a suboptimal user base. Well, the demographics aren't wide, and you can't make assumptions on rolling it out or scaling it up to a much larger population. So you have to make sure, like, any experiment you're running, you want to make sure that population you're on, can be applied to even bigger populations and the market you're going after. So kind of be aware of that and aware of biases there.

**Hall Martin:** Great. Thanks. And Brennan, what's your take on that question? What do you think the mistake is people make there?

**JR Garcia:** Yeah, basically the final point that JR just made is exactly my point, I think you need to know exactly who you're selling to, you need to know already that that market is big enough, and kind of back to the point I made a while back, like, you need to know that that's how they want to buy and that you're not doing this, because you want to do it, or, because your VCs told you to do it. I think you need the – the reality is the customer knows, and if you get a bunch of customers to buy or to commit to buy, or to just show interest in buying this way versus that, that's likely where the truth is. And so, to me, just making sure the tail is not wagging the dog is really important. Right? And then short of that, having the data set up, like, when we first started our product led growth strategy, we didn't have enough data tracking in place. So but like, oh, we're trying to answer the question of which cohorts of the groups coming in where are best cohorts and why and we couldn't really answer that because we didn't know what defined the best cohort of user, you know, all these things that we hadn't really thought

through. So, thinking through the tracking, and robustly tracking everything, even things that might seem inconsequential at first, and making sure that you have the right reasons for doing it, I think are probably the two biggest things people could – two mistakes they could avoid.

**Hall Martin:** Great. Thank you guys. Well, we're at the end of our time here for the panel today. I want to thank all of our panelists for their time, their wisdom, their experience, and appreciate all the good questions from the audience. And with that, we'll go ahead and close the panel, and pass it back to Karandeep for the startup presentations.