



How to add PLG to your existing GTM

Thursday, May 11 2023
10:00am – 11:00am PST



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Winning by Design



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PLGEEK

AGENDA

- 01 What is PLG?
- 02 Why does PLG Work?
- 03 How does PLG Work?
- 04 When does PLG Make Sense (Is PLG for Me)?
- 05 How to build PLG from Ground Up
- 06 Critical Success Factors when Adding PLG as Additional GTM



PLG is hot, but it's not for everyone



If it's for you, buckle up:

- 4 years
- \$4M
- Your best and brightest people



PLG and SLG are not either / or... it's not binary



Best companies going forward will blend GTMs to serve the customer

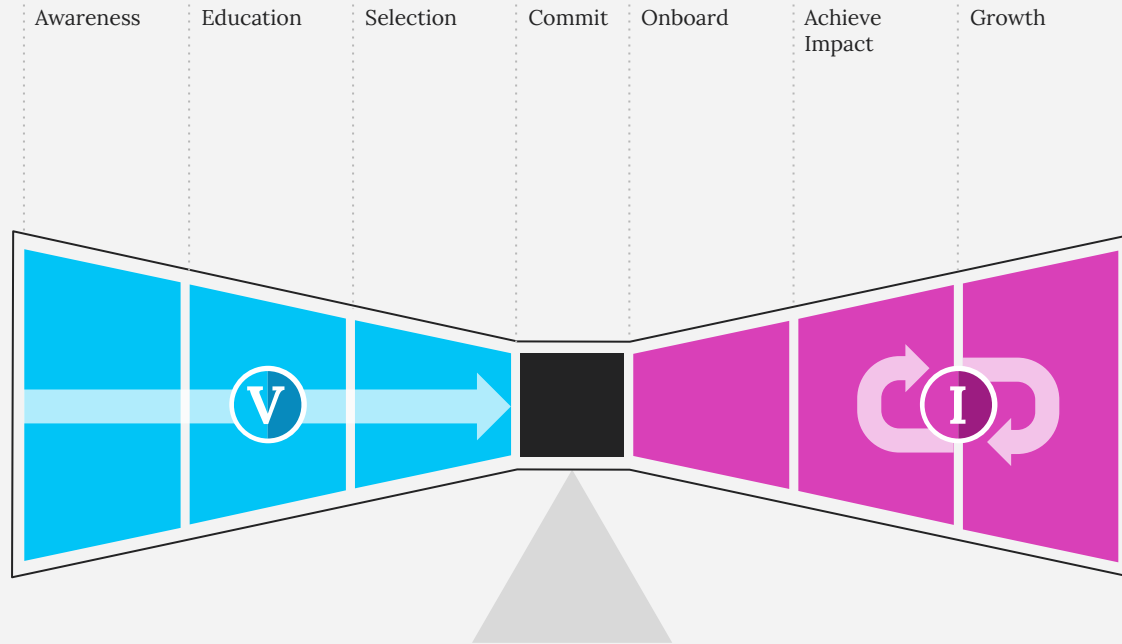
What is PLG?

“

*Product-Led Growth (PLG) is...
a growth model where **product
usage** drives customer acquisition,
retention, and expansion.*

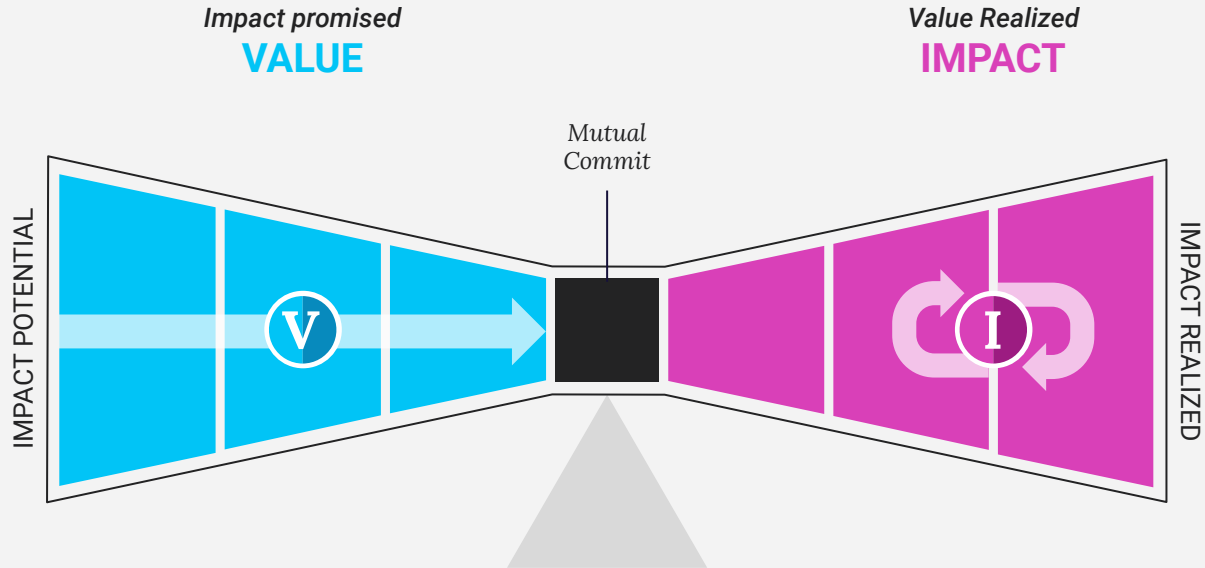
-OpenView Partners

Balance between Acquisition and Expansion.



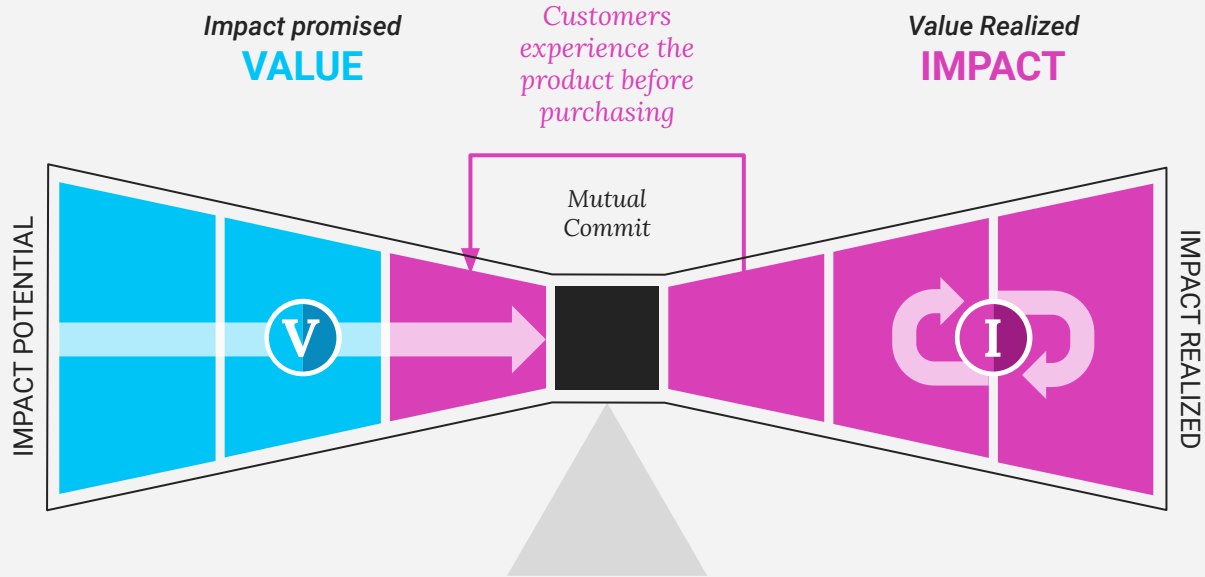
How does this model shift in PLG?

Value vs. Impact



How does this model shift in PLG?

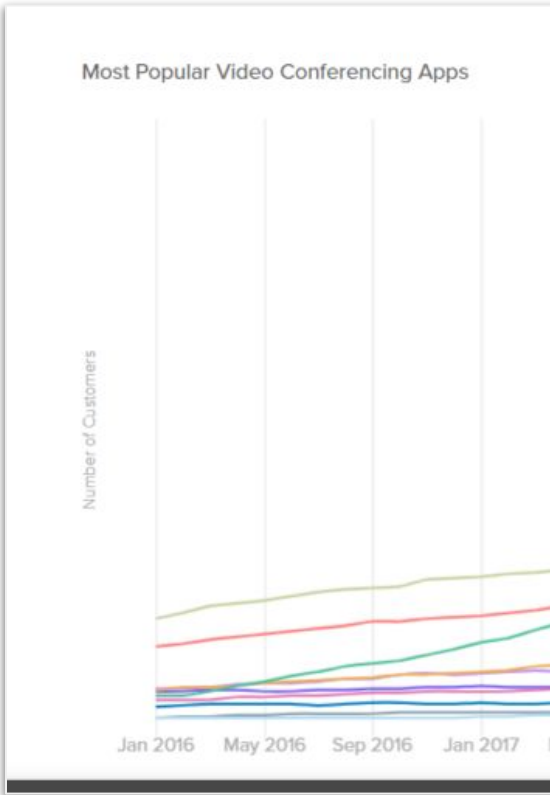
Value vs. Impact

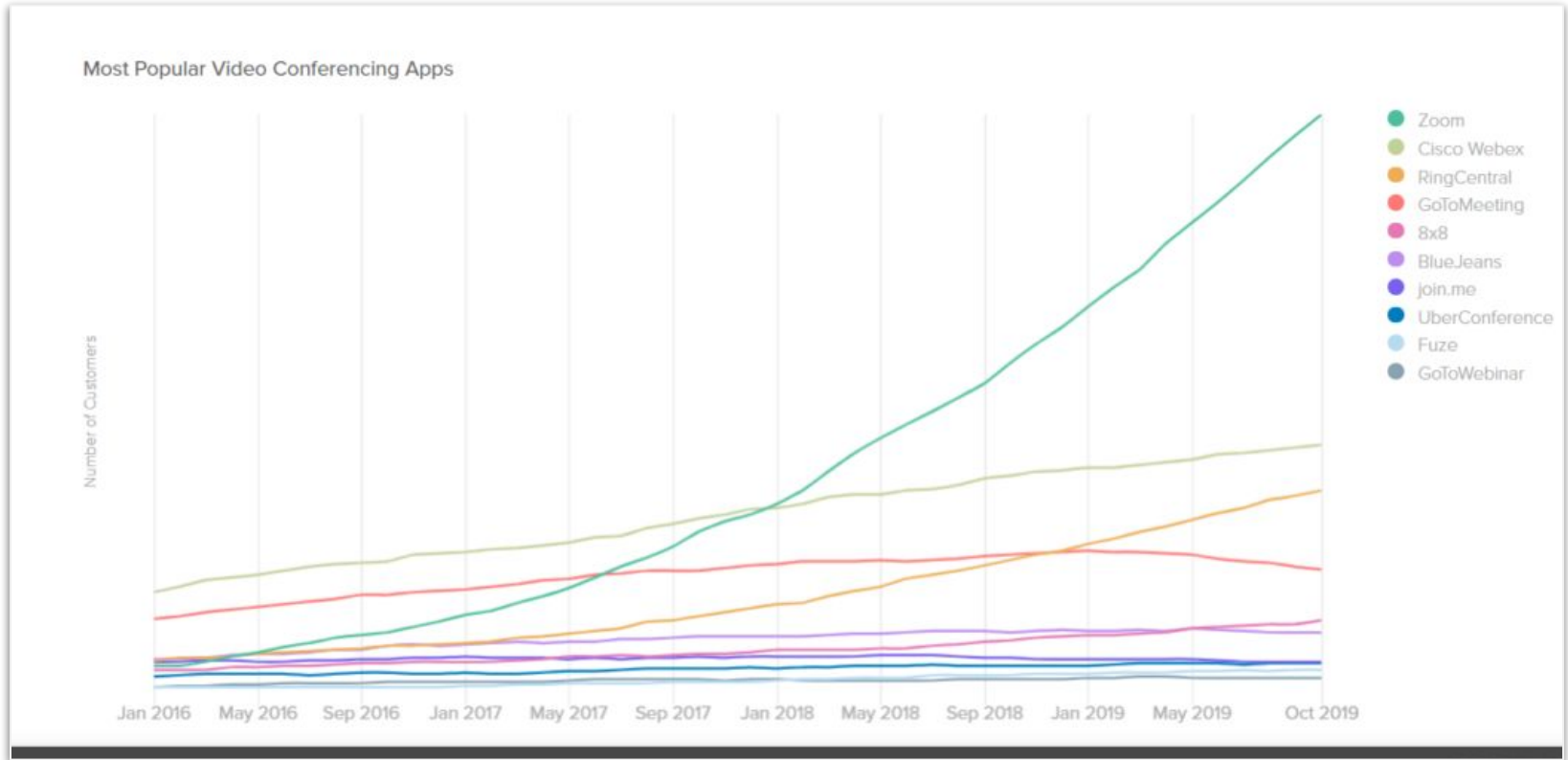


What software product(s) have you personally discovered, installed and used without help from another human?

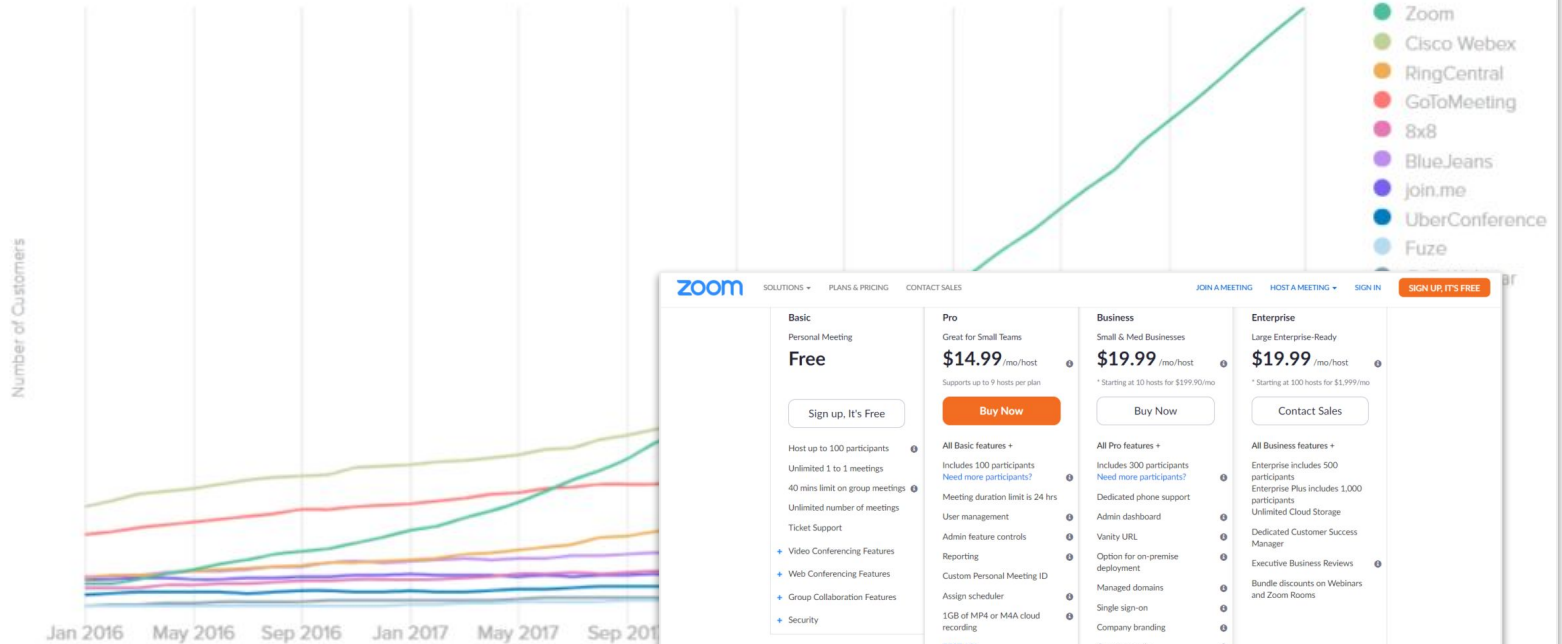
What software product(s) have you personally discovered, installed and used without help from another human?

PLG = the “consumerization” of enterprise software





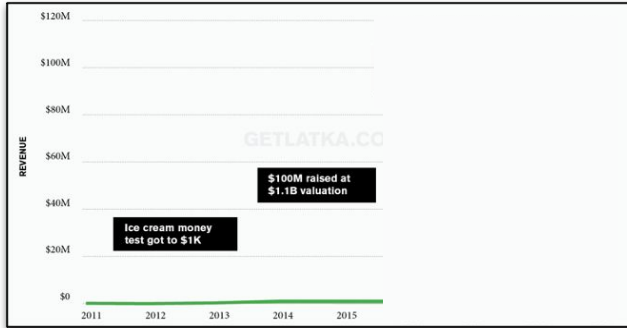
Most Popular Video Conferencing Apps



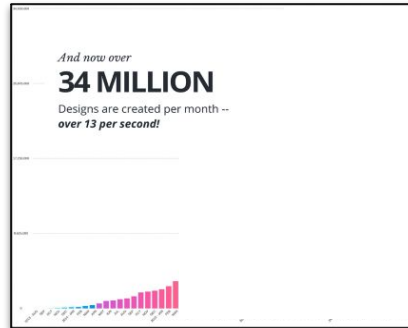
The screenshot shows the Zoom pricing page with the following details:

Plan	Price	Key Features
Basic Personal Meeting Free	Sign up, It's Free	Host up to 100 participants, Unlimited 1 to 1 meetings, 40 mins limit on group meetings, Unlimited number of meetings, Ticket Support, Video Conferencing Features, Web Conferencing Features, Group Collaboration Features, Security.
Pro Great for Small Teams \$14.99 /mo/host	Buy Now	Includes 100 participants, Meeting duration limit is 24 hrs, User management, Admin feature controls, Reporting, Custom Personal Meeting ID, Assign scheduler, 1GB of MP4 or M4A cloud recording, REST API, Skype for Business (Lync) interoperability.
Business Small & Med Businesses \$19.99 /mo/host	Buy Now	Includes 300 participants, Dedicated phone support, Admin dashboard, Vanity URL, Option for on-premise deployment, Managed domains, Single sign-on, Company branding, Custom emails, LTI integration, Cloud Recording Transcripts.
Enterprise Large Enterprise-Ready \$19.99 /mo/host	Contact Sales	Enterprise includes 500 participants, Enterprise Plus includes 1,000 participants, Unlimited Cloud Storage, Dedicated Customer Success Manager, Executive Business Reviews, Bundle discounts on Webinars and Zoom Rooms.

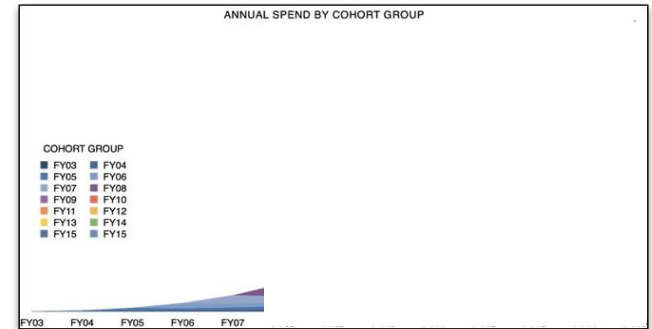
Gitlab



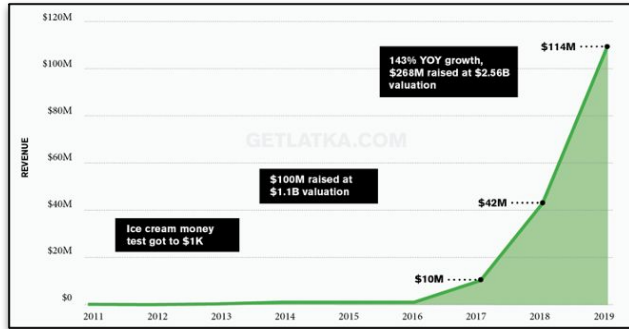
Canva



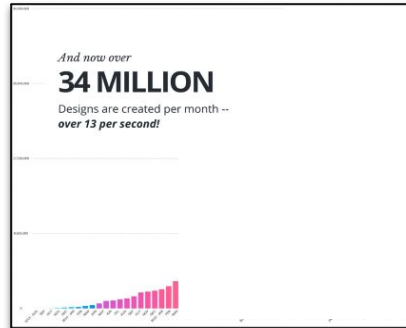
Atlassian



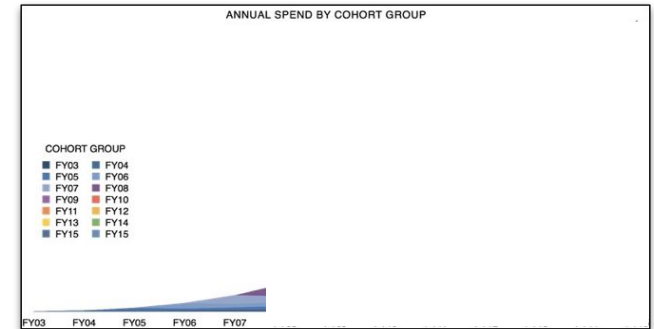
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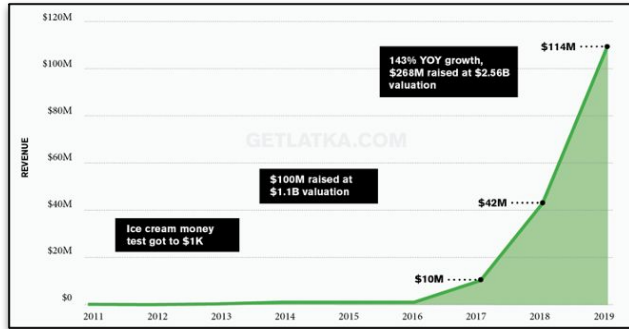
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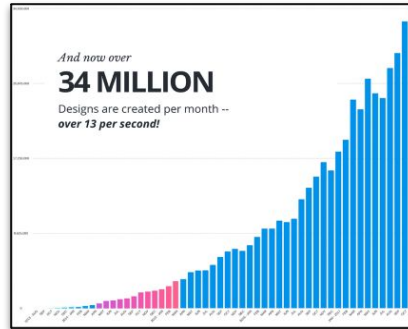
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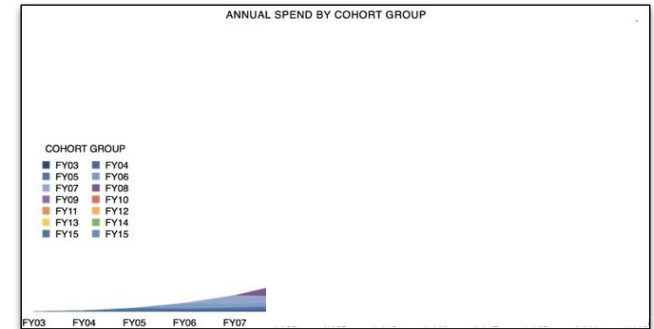
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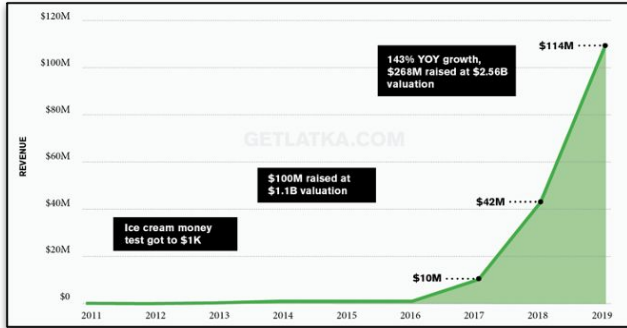
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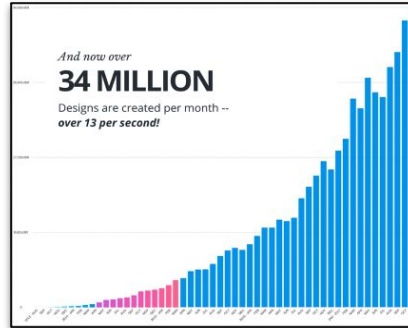
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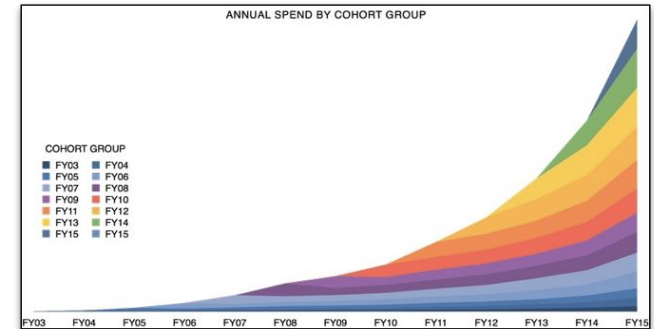
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Canva



Atlassian



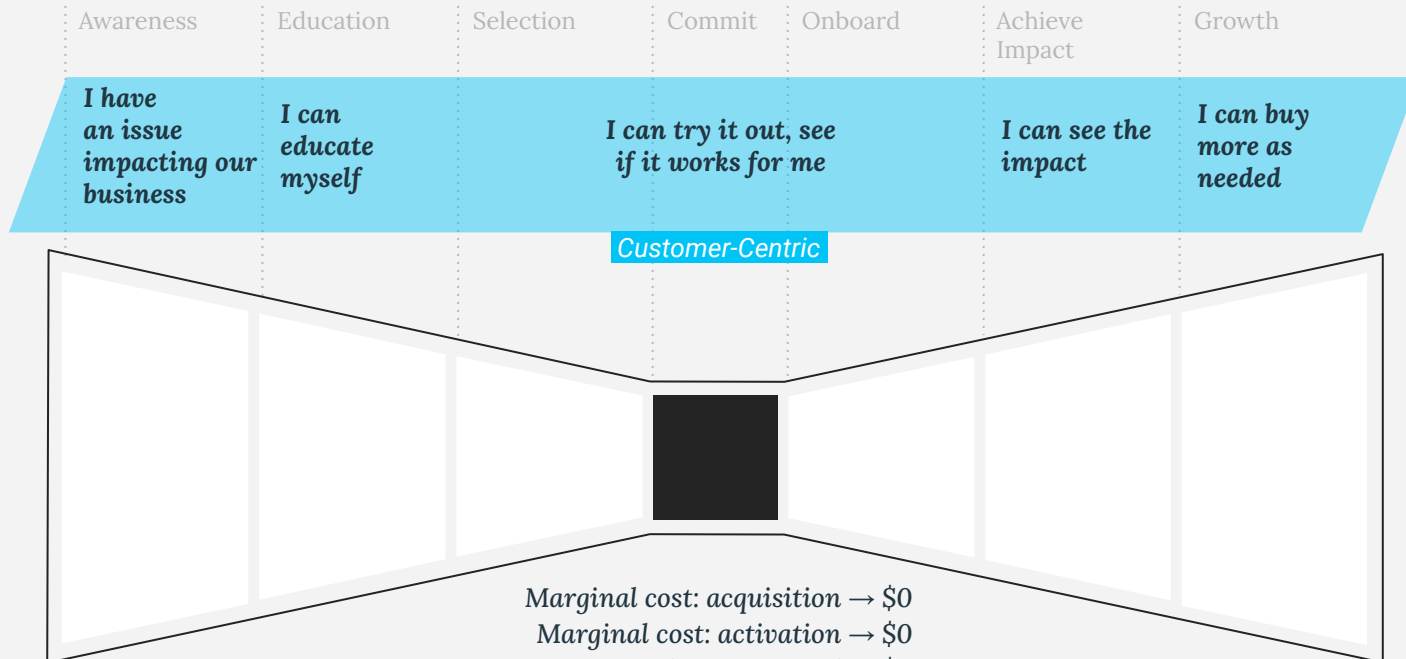
Non-linear growth machines...
 ...take time to build

Why Does it Work?

(quantitative)

PLG Leverages Marginal Unit Economics

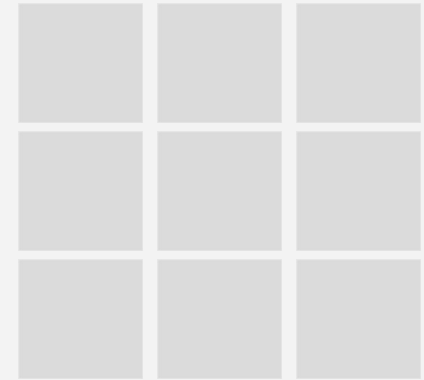
Economically, PLG ensures: Marginal cost of marginal \$ARR approaches \$0



Variability = 0

PLG Reduces Variability

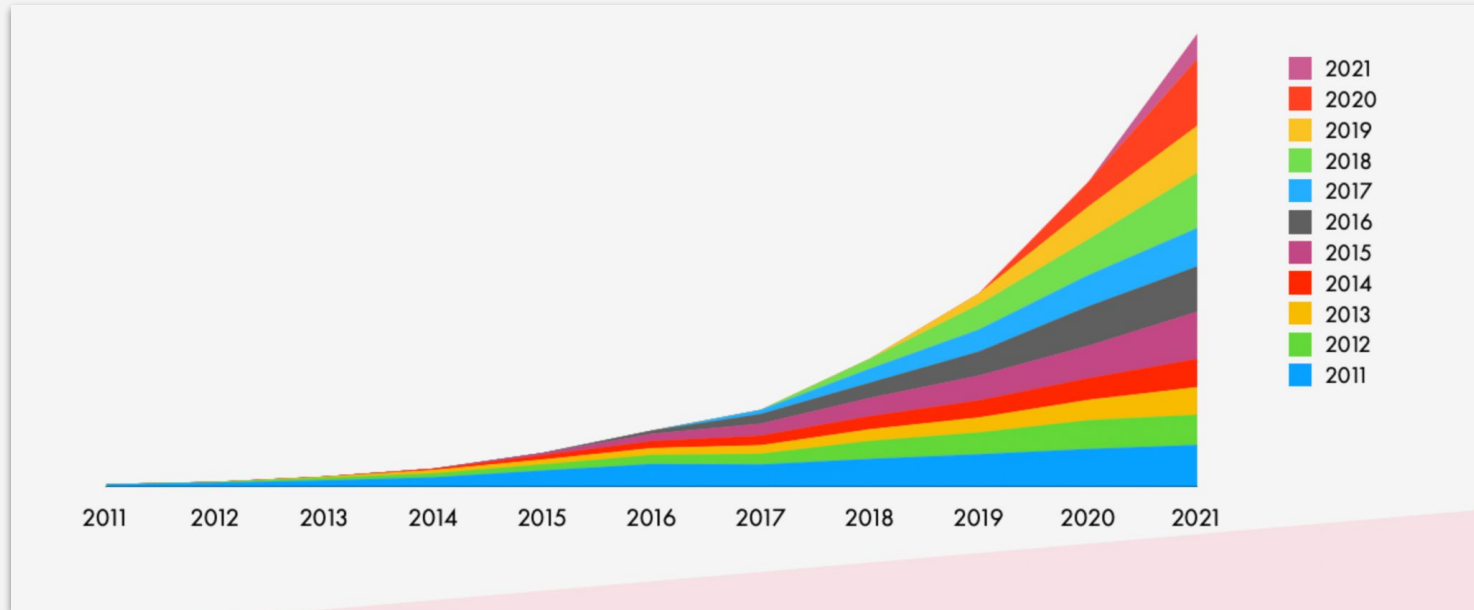
Since all decisions about contract terms and use case fit are made programmatically, variability approaches 0



Stackable Revenue

Land and Expand Strategy Drives Growth Across Cohorts

Since PLG can "afford" to start small, cohort growth is almost built in, assuming an excellent user experience



How Does it Work?

(process)

First Principles

of PLG

01

Empathy (for the end user)

First Principles

of PLG

01

Empathy (for the end user)

02

Generosity

First Principles

of PLG

01

Empathy (for the end user)

02

Generosity

03

Instrumentation

When Does PLG Make Sense?

(Is PLG for Me?)

PLG may be for us if...

- ✓ Our product effectively solves a problem that a large market cares enough about to want to pay to solve (works best in a “red ocean”)
- ✓ Our customer will be able to self-serve to experience our product value
- ✓ Our product is one that users choose to use and love to use vs forced to use
- ✓ Our product can be adopted by end users directly (i.e. doesn't require BU/company-wide adoption - such as HR system, intranet etc)
- ✓ Our current GTM motions are predictable and stable
- ✓ We have complete exec alignment and sponsorship

How to build PLG from Ground Up

PLG from the Ground Up

- 01 Executive Commitment
- 02 Dedicated Team–Best Talent
- 03 Carve out and Protect PLG
- 04 Focus on End-User Value
- 05 Give it Time–4 years?
- 06 Measure what Matters–at the Right Time

PLG Team



Ben Williams

Former VP of products



Led PLG, developer experience and developer education at Snyk

[\(Recent article - a best-in-class PLG org\)](#)

Build a "Full Stack" Team

PLG Team / Typical Roles



Product Manager



Engineer (3-5)



Designer



Data Scientist



Marketer

Snyk's PLG Team Principles

Know the User

Focus on Value

Optimise for Learning

Test to Invest

Data over Opinion

Progress over Perfection

PLG Discovery Process



ICP—"important"

Can be done with secondary research

- What needs are we serving?
- For what type of company?
- Where do we find them?
- How many are there?

Discovery

PLG Discovery Process

"I need to _____. I'm looking for a solution to help me get that done. I'll search, try, and choose, based on how quickly and easily I can get my job done."



ICP—"important"

Can be done with secondary research

- What needs are we serving?
- For what type of company?
- Where do we find them?
- How many are there?



JTBD—"critically important"

Requires primary research

- Who is our end user?
- In what situation does she find herself wanting to "hire" a solution?
- What are her alternatives?
- What are her priorities?
- How does she search for a solution?

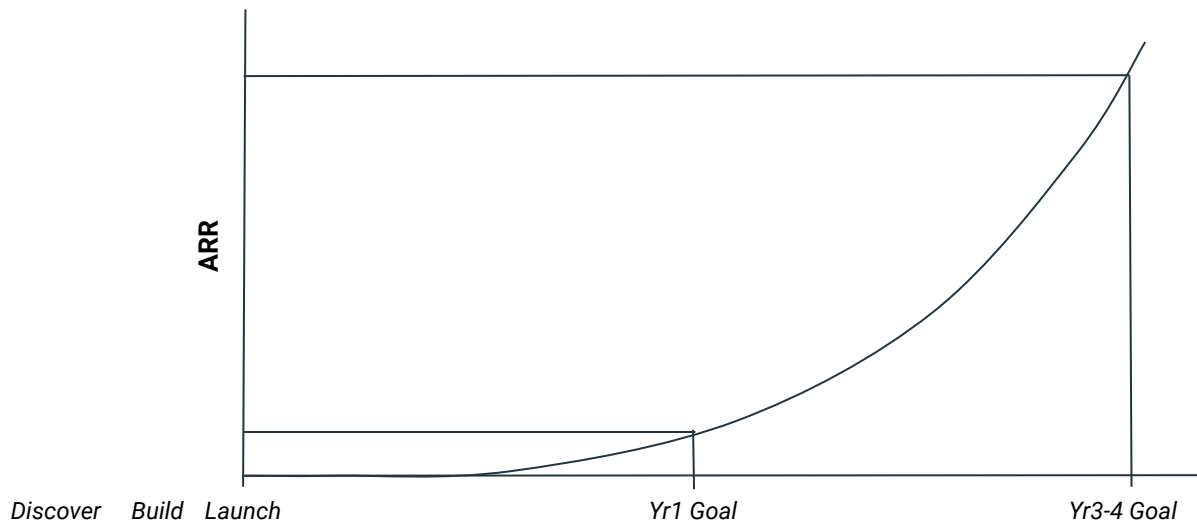
Discovery

PLG Metrics Evolution

When starting a new PLG GTM from scratch, we observe 4 distinct post-launch phases:

- PMF (Product-Market Fit)
- GTMF (Go-to-market Fit)
- Monetization
- \$ARR Scaling

Each phase has distinct measurement, with exit criteria established to avoid wasting money on scaling too soon.



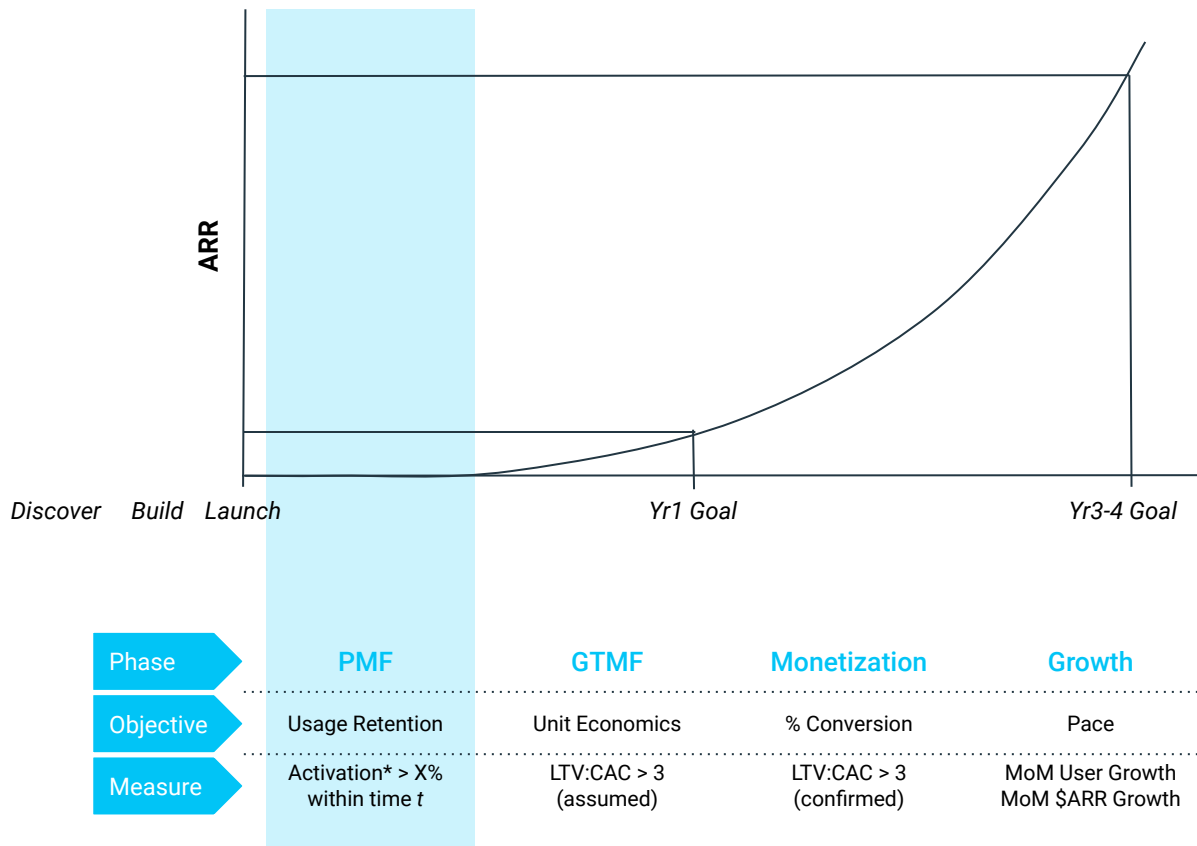
Phase	PMF	GTMF	Monetization	Growth
Objective	Usage Retention	Unit Economics	% Conversion	Pace
Measure	Activation* > X% within time t	LTV:CAC > 3 (assumed)	LTV:CAC > 3 (confirmed)	MoM User Growth MoM \$ARR Growth

PLG Metrics Evolution

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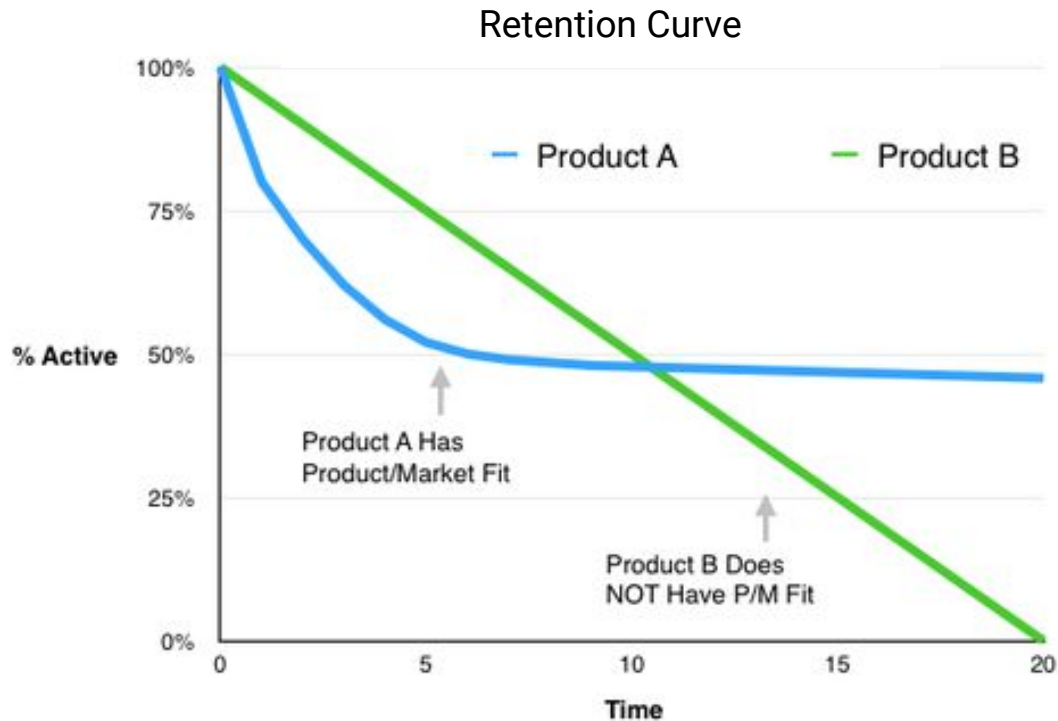


Product-Market Fit: Customer Retention

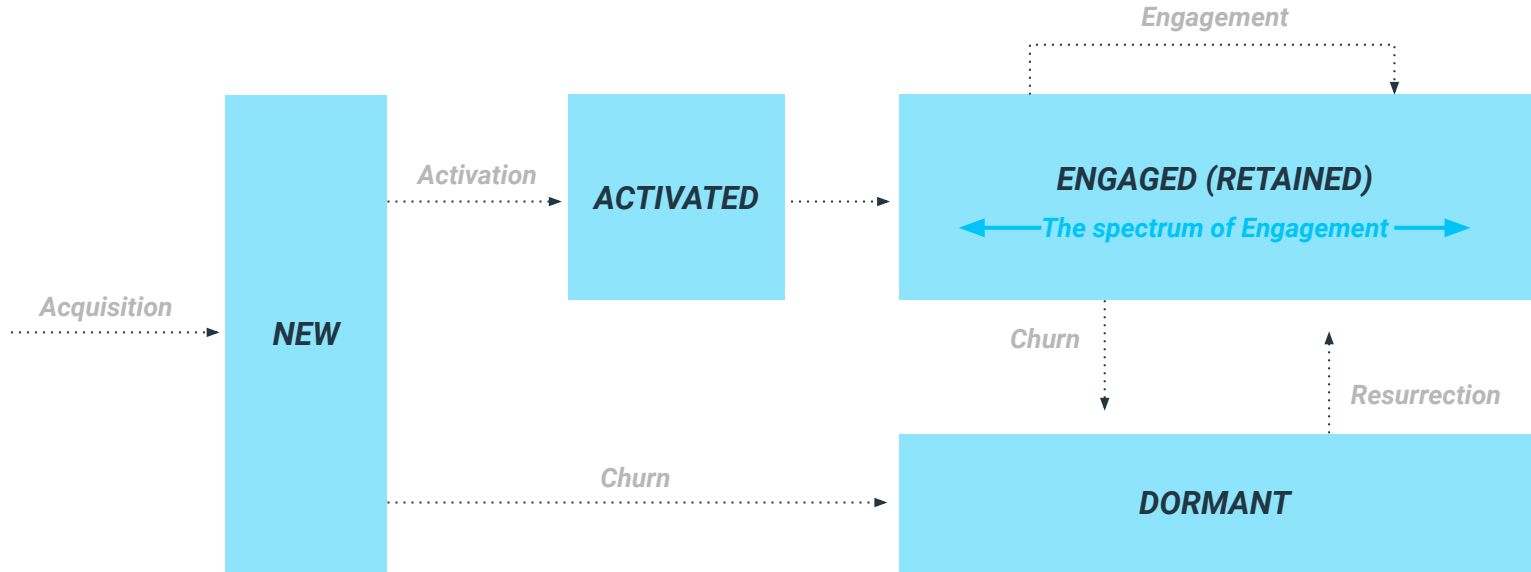
New user churn should flatten, indicating that a % of users are finding sustained value in your product over time.

As you gain more customers, you can continue analyzing retention to optimize the user experience further.

This is a lagging indicator.



Product State Model



Retention equation

Retention is lagging. It's the output. You improve retention by improving your ability to activate new users, keep current users engaged, and resurrect users who have gone dormant.

Retention

=

f(Activation, Engagement, Resurrection)

Retention equation

Retention is lagging. It's the output. You improve retention by improving your ability to activate new users, keep current users engaged, and resurrect users who have gone dormant.

Activation:
The best leading
indicator of retention



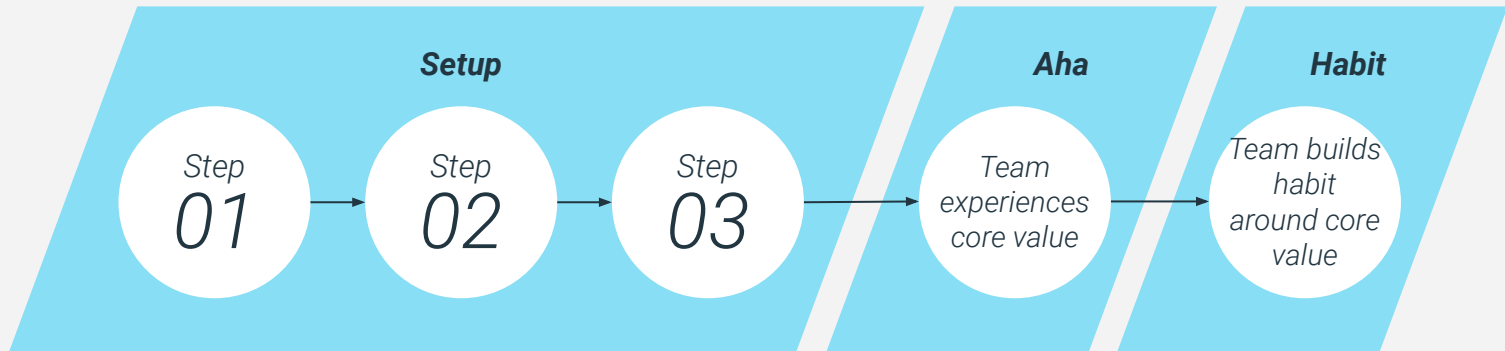
Retention

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f(Activation, Engagement, Resurrection)

Activation

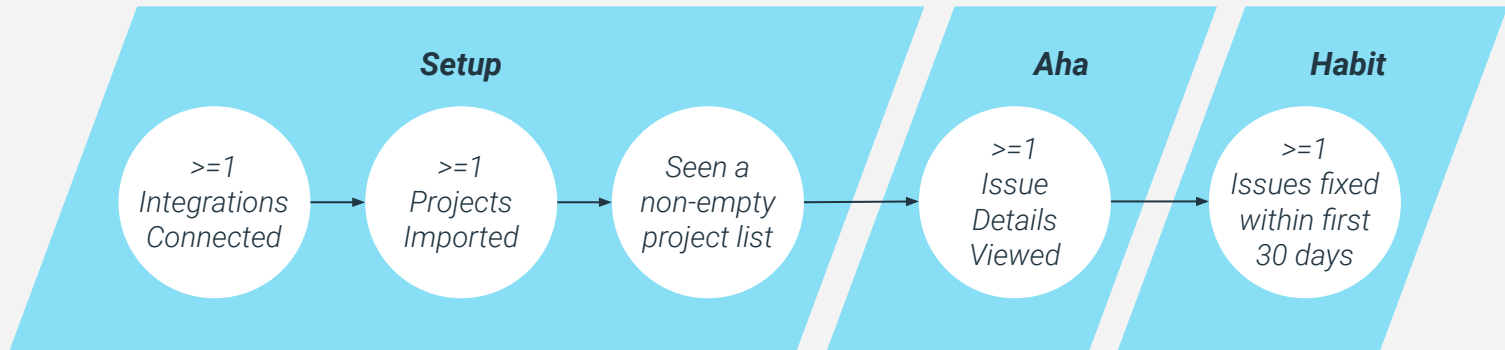
Activation Process



The steps users/teams need to take to be able to experience the core value

Activation - Snyk example

Activation Process



___% of activated teams still fixing issues 15 weeks after sign-up vs ___% of non-activated teams.
(retained)



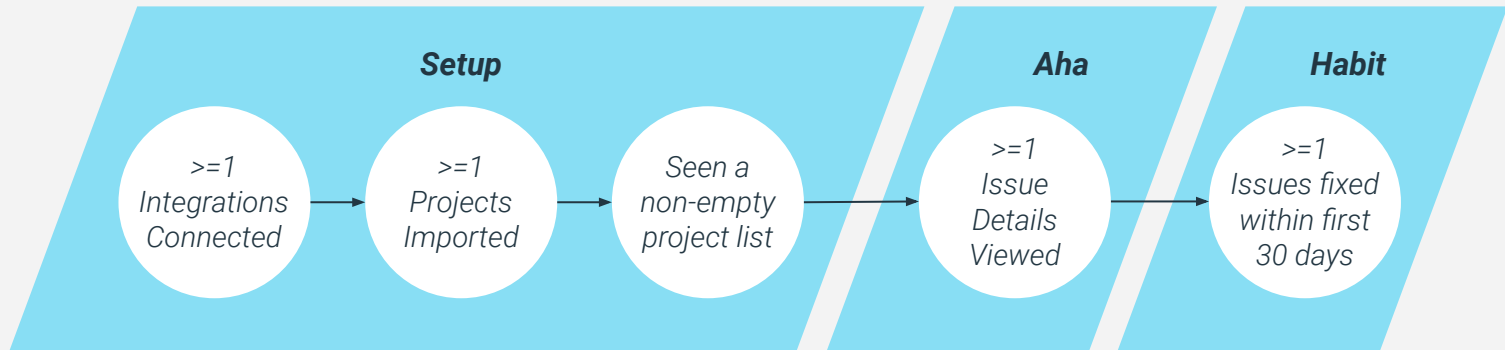
A



B

Activation - Snyk example

Activation Process



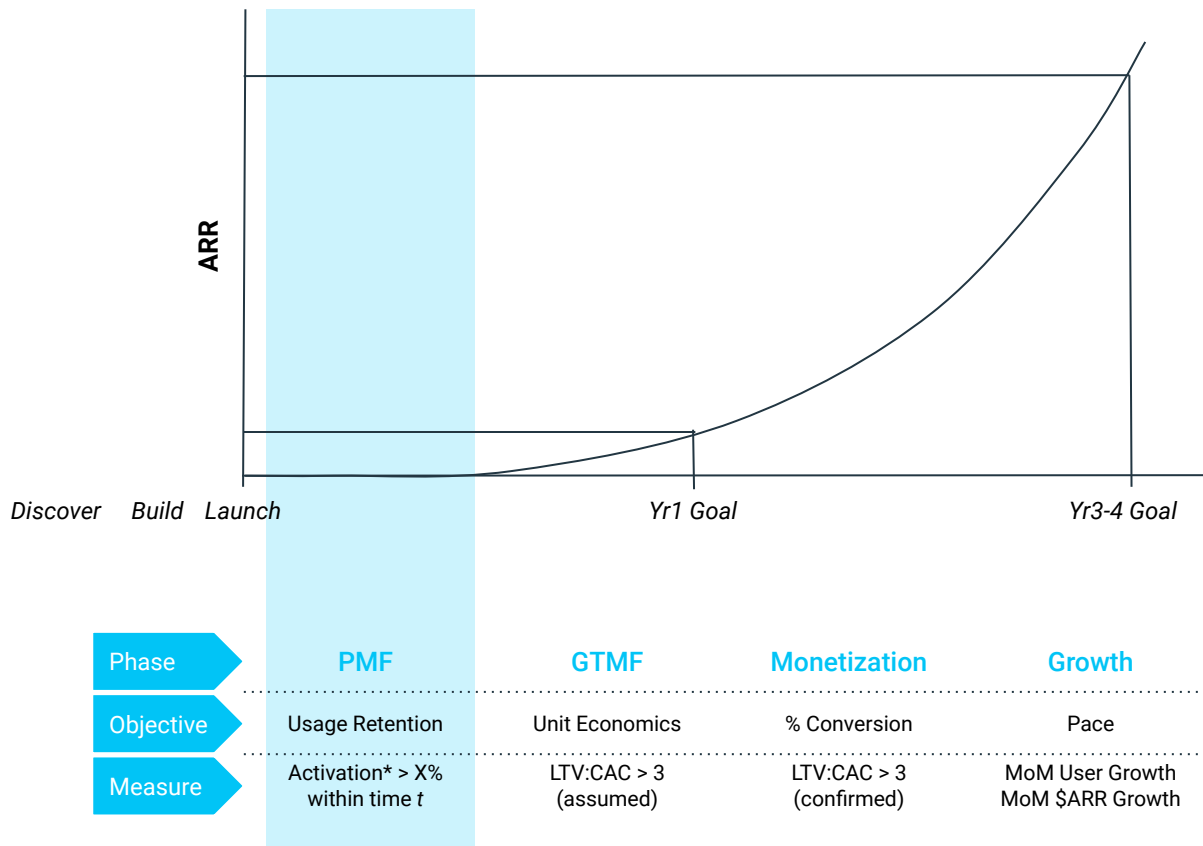
48% of activated teams still fixing issues 15 weeks after sign-up vs **3%** of non-activated teams.
(retained)

PLG Metrics Evolution

When starting a new PLG GTM from scratch, we observe 4 distinct post-launch phases:

- PMF (Product-Market Fit)
- GTMF (Go-to-market Fit)
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- \$ARR Scaling

Each phase has distinct measurement, with exit criteria established to avoid wasting money on scaling too soon.



PLG is Not an “Either-Or”

Every PLG Company at scale has Sales.

Sales-Led Growth (SLG) companies can add PLG in a number of ways:

- Side-car product that does not compete with core product
- Down-market product for a different set of users
- Free trial or freemium product to onramp existing ICP users

And principles of PLG apply across the spectrum of an SLG company:

- Self-service onboarding
- Self-service renewal
- Self-service upgrading
- Self-service expansion
- Templates
- Guides
- Wizards



imgflip.com

JAKE-CLARK.TUMBLR

PLG + SLG at Scale



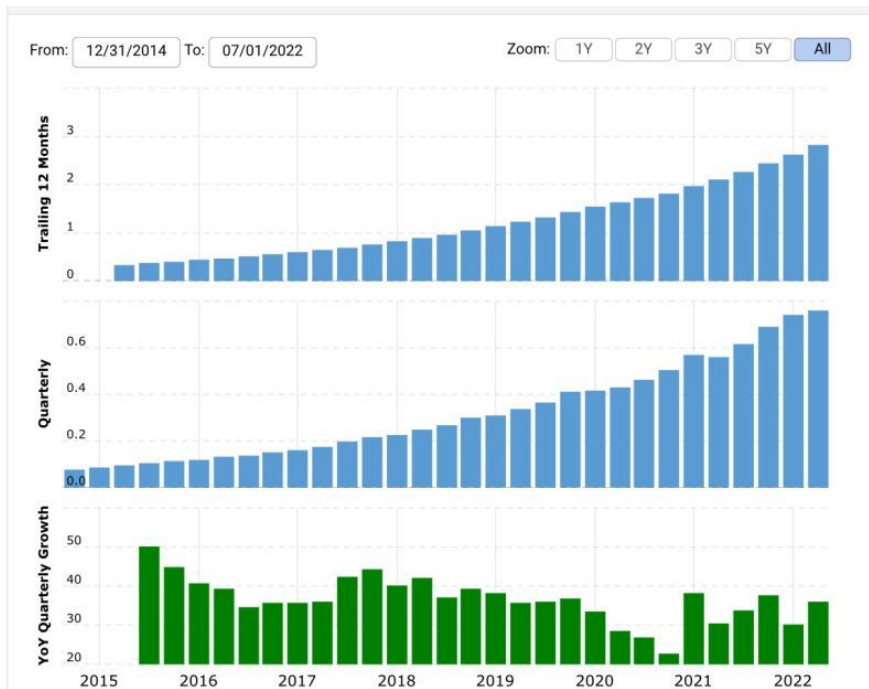
Atlassian Has Grown 30% YoY for 20 Years

Atlassian is famous for *not* having a sales team... until they hit \$100M in revenue.

But now they do.

What does the sales team do, and how is it different?

1. They are called “advocates”
2. They are not allowed to sell to non-customers (all new account acquisition is #plg)
3. They are not allowed to sell to customers with <\$30K *existing* commitment to Atlassian
 - o even if they’re Chevron, Inc.
 - o even if they spend \$5K already
 - o even if they want to buy more
4. They run 4 expansion plays—that’s it. Those 4 plays are optimized for a minimum ACV of \$100K (if an advocate is going to work on it, it better be a big deal)
5. No discounts, ever



“

“You have to believe in the system. Could we grow faster with sales led? Yes. Twilio did. But we built a system that is consistent and long-term. Next milestone is \$10B. And I sleep fine at the end of each quarter.”

[Cameron Deatsch, Atlassian CRO](#)

HubSpot Added PLG at \$100M ARR

After having built a \$100M business and immediately prior to their IPO roadshow, HubSpot spun out a separate team to launch a separate product for salespeople.

10-person team was chaired by CEO Brian Halligan, with a steering committee consisting of other company leaders.

Focused on end-user value for sales.

Insisted on self-service activation.

Began with free-forever product; upgrade to Pro for \$10 per month.

Team stayed under 15 people for 3 years, until the business had hit \$10M

When the business was folded back in, the core business took lessons from the spin-off, not vice versa. Everything at HubSpot became product-led.



↑ separate PLG team ↑

“

“The way to differentiate in a world of AI and self-service is to provide value to your user far ahead of the transaction, so they can understand your product and value proposition. It's a show, not tell. And it gives you the core opportunity to be different via ease, not better via features.”

Kipp Bodnar, CMO, HubSpot

MongoDB Added PLG at \$100M ARR

At \$100M ARR and 4 years prior to IPO, MongoDB carved out a “self-service cloud” business called Atlas.

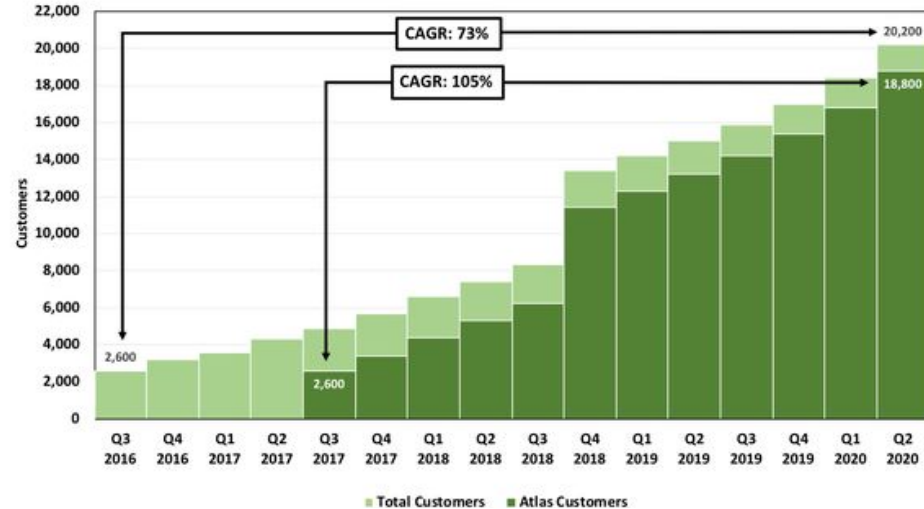
This team “took over” the inside-sales segment of the business, which wasn’t producing good unit economics.

First order of business was to create self-service monetization.

CEO (Ittycheria) hired Sahir Azam to lead a product team and set an unreasonable goal of \$10M in 18 months. A cloud engineering team was dedicated to the effort (dotted-line).

Upon initial success, a formal Growth Team was created, including analytics, product marketing, product management, performance marketing and engineering.

MongoDB Customer Growth:



“

“We run 3 GTMs and allow the customer to transition seamlessly based on what’s best for them.”

Sahir Azam, Chief Product Officer, MongoDB

Critical Success Factors when Adding PLG as Additional GTM

PLG from the Ground Up

- 01 Executive Commitment
- 02 Dedicated Team–Best Talent
- 03 Carve out and Protect PLG
- 04 Focus on End-User Value
- 05 Give it Time–4 years?
- 06 Measure what Matters–at the Right Time

DISCUSSION

Product-Led Sales: Customer Journey

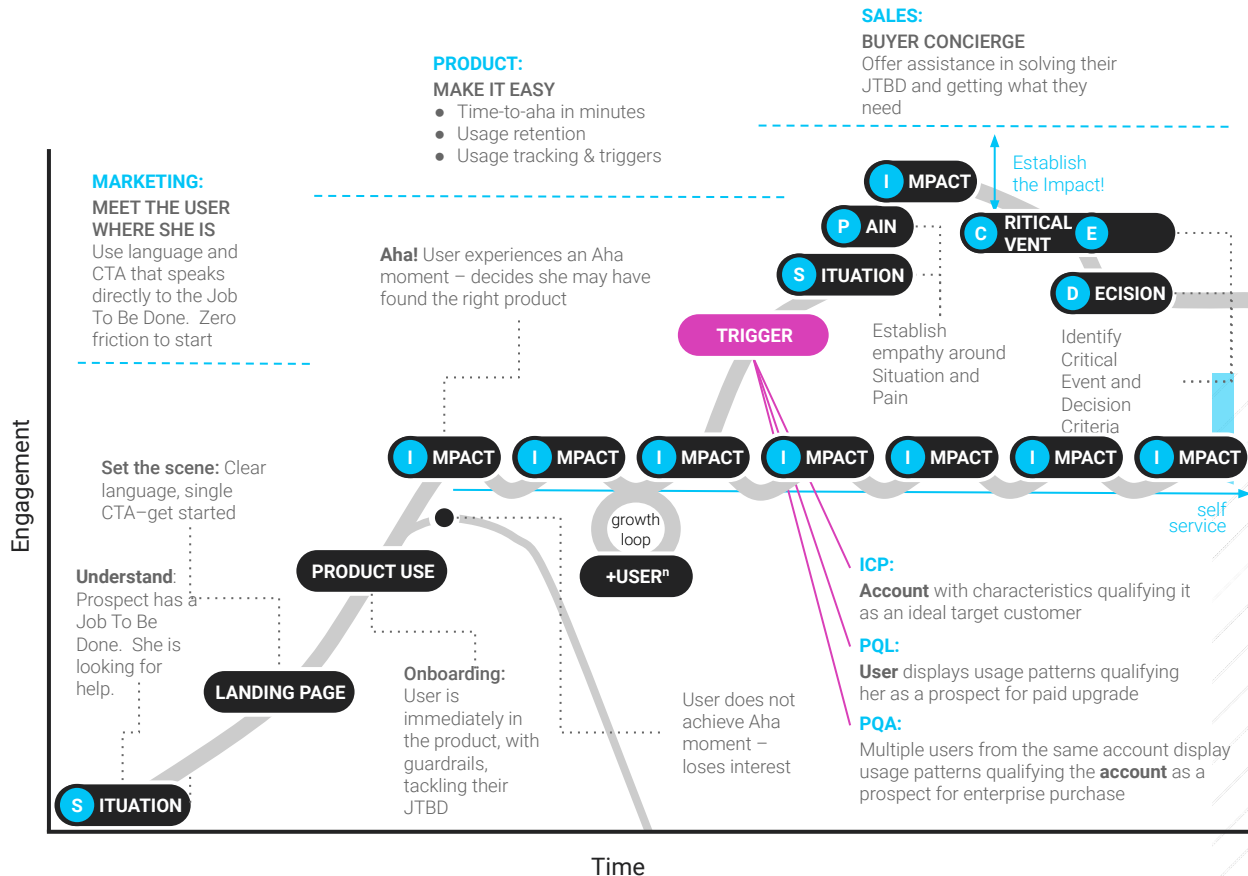
PLS requires orchestration across marketing, product, and sales

Our job with Product-Led Sales is to create an easy way for prospects to experience our product prior to purchase (PLG), and then for our sales team to recognize and respond to signals that they can use assistance.

Sales shows up not as sales, but as a “buying concierge.” To do this, we must display true empathy and work to discover:

- The user’s Job To Be Done (Situation)
- The user’s struggles (Pain)
- What our solution may be able to do to help (Impact)

The magic moment is when we are able to “scoot around to their side of the table” (virtually) and begin working on the problem with them.

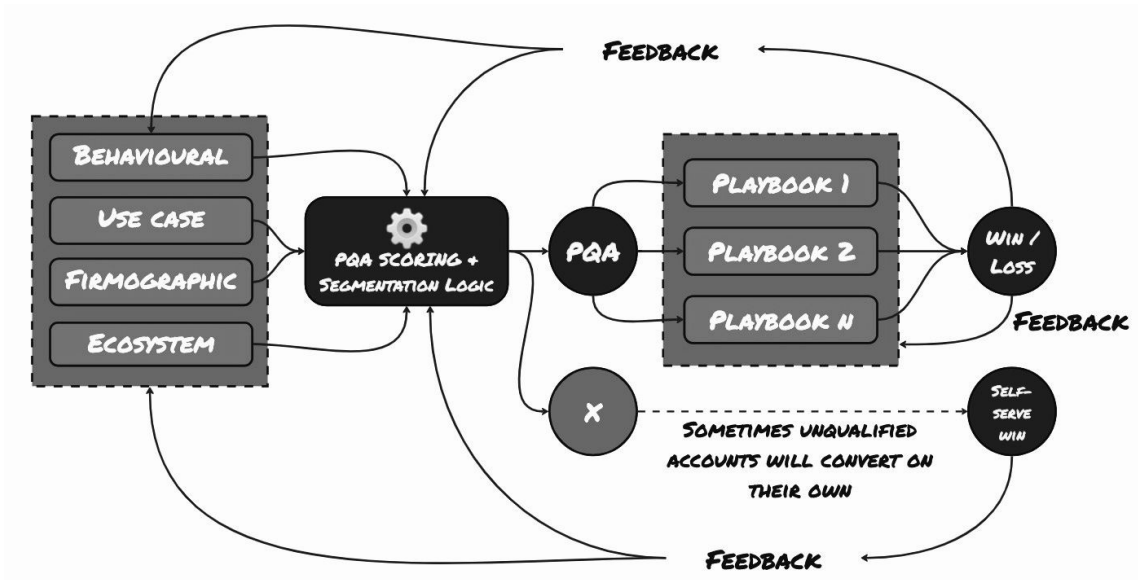


The product-led sales process

Looking at the product-led sales process from 50,000ft, we can break it down to 4 key steps:

1. Collect data about accounts
2. Objectively score each account
3. Act on the subset of accounts that meet scoring criteria
4. Periodically review performance to improve each of the first 3 steps





What is PLG? (5 slides)

- Definition
- Examples
- Prominence

Why does PLG work? (4 slides)

- Economics

How does PLG work? (3 slides)

- Mechanics
- First Principles

When does PLG Make Sense (Is PLG for Me)? (1 slide)

- Single slide

How to build PLG from Ground Up (6 slides)

- Carve out a team
- Focus on end-user value (Persona & JTBD)
 - Core value
 - Or sidecar product
- Give it time—protect the team
- Measure what matters at the right time

Critical Success Factors when Adding PLG as Additional GTM (1 slide)

- Single Slide

Product-Market Fit

Activation as Leading Indicator of Retention

Customer retention is the best statistical representation of achieving Product-Market Fit (PMF), but it is a **lagging indicator**.

If we define Activation as “achieving first value” and insist on this being the core value proposition of the product, it can be a **leading indicator** of retention, and therefore a good measure of PMF.

We want to provide value before requiring value: Reducing friction in user onboarding and optimizing for time-to-value is critical to ensuring new users experience value and don't just log off and never return.

A leading indicator [L] can vary, but should be framed as: What percentage (P) of customers achieve a certain event(s) [E] within time [T]?

Activation rate by product type

Product type	Median	60th percentile	80th percentile
B2B enterprise SaaS	33%	40%	65%
B2B prosumer SaaS	25%	30%	46%
B2C freemium/subscription	40%	50%	65%
B2C free/ads	21%	30%	63%
B2C marketplace	16%	25%	47%
B2B marketplace	23%	26%	55%
E-commerce	15%	18%	20%
DTC subscription	35%	50%	75%

lennysnewsletter.com

2022 Forbes Cloud 100: 66 out of 100 are PLG

(PeerSignal.org Verified)

Each year, Forbes partners with Bessemer Venture Partners and Salesforce Ventures to identify the top 100 Private Cloud companies in the world.

Each year some companies exit this list via IPO or otherwise, and others enter.

Of the 2022 class of 100, 66 have been verified by PeerSignal.org as having a legitimate PLG GTM motion

Company Name	PeerSignal PLG Verified?	Forbes Cloud 100 Rank	Forbes Cloud 100 Valuation	Company Name	PeerSignal PLG Verified?	Forbes Cloud 100 Rank	Forbes Cloud 100 Valuation	Company Name	PeerSignal PLG Verified?	Forbes Cloud 100 Rank	Forbes Cloud 100 Valuation	Company Name	PeerSignal PLG Verified?	Forbes Cloud 100 Rank	Forbes Cloud 100 Valuation
Stripe	Yes	1	\$95 B	DataRobot	Yes	26	\$6.3 B	Yardi	No	51		Rippling	No	76	\$11.13 B
Databricks	Yes	2	\$38 B	Fivetran	Yes	27	\$5.6 B	Yotpo	Yes	52	\$1.4 B	Dataiku	Yes	77	\$4.6 B
Canva	Yes	3	\$40 B	Postman	Yes	28	\$5.6 B	Mambu	No	53	\$5 B	Aiven	Yes	78	\$3 B
Miro	Yes	4	\$17.5 B	Collibra	Yes	29	\$5.25 B	Dataminr	No	54	\$4.1 B	dtl Labs	Yes	79	\$4.2 B
Figma	Yes	5	\$10 B	Netskope	No	30	\$7.5 B	Lacwork	No	55	\$8.3 B	Sentry (sentry.io)	Yes	80	\$3 B
Airtable	Yes	6	\$11.7 B	Rubrik, Inc.	No	31	\$3.3 B	TriPActions	Yes	56	\$7.9 B	Arctic Wolf	No	81	\$4.3 B
ServiceTitan	No	7	\$9.5 B	Guild Education	No	32	\$4.4 B	MessageBird	Yes	57	\$3.8 B	Wiz	No	82	\$6 B
Talkdesk	Yes	8	\$10 B	Cohesity	Yes	33	\$3.7 B	Lucid Software	Yes	58	\$3 B	Axonius	Yes	83	\$2.6 B
Plaid	Yes	9	\$13.4 B	LaunchDarkly	Yes	34	\$3 B	Chainalysis Inc.	No	59	\$8.6 B	Cedar	No	84	\$3.2 B
Attentive	No	10	\$7 B	Intercom	Yes	35	\$12.7 B	ClickUp	Yes	60	\$4 B	Shippo	Yes	85	\$1 B
Celonis	Yes	11	\$11 B	Benchmarking	Yes	36	\$6.1 B	8sense	No	61	\$5.2 B	Kong Inc.	Yes	86	\$1.4 B
Grammarly	Yes	12	\$13 B	Grafana Labs	Yes	37	\$3 B	Lattice	Yes	62	\$3 B	HighRadius	No	87	\$3.1 B
Zapier	Yes	13	\$5 B	Contentful	Yes	38	\$3 B	Iceteris	No	63	\$5 B	Cybereason	No	88	\$5 B
Gong	No	14	\$7.25 B	Algolia	Yes	39	\$2.25 B	Rapyd	Yes	64	\$10 B	Alloy	No	89	\$1.35 B
CheckOut.com	No	15	\$40 B	Outreach	No	40	\$4.4 B	Deel	No	65	\$5.5 B	Branch	Yes	90	\$4 B
Checkr, Inc.	Yes	16	\$5 B	Forster	No	41	\$3 B	1Password	Yes	66	\$6.8 B	Harness	Yes	91	\$3.7 B
Gusto	Yes	17	\$9.5 B	Podium	Yes	42	\$3.1 B	Highspot	Yes	67	\$3.5 B	Clarity	No	92	\$1.06 B
Klaviyo	Yes	18	\$9.5 B	Automation Anywhere	No	43	\$6.8 B	HIBob	No	68	\$1.05 B	Seismic	No	93	\$3 B
Carta	Yes	19	\$7.4 B	OutSystems	Yes	44	\$9.5 B	Personio	No	69	\$8.5 B	Flutterwave	Yes	94	\$3 B
Snyk	Yes	20	\$8.6 B	Cockroach Labs	Yes	45	\$5 B	Motive	No	70	\$2.85 B	Vercel	Yes	95	\$2.5 B
Calendly	Yes	21	\$3 B	Automatic	Yes	46	\$7.5 B	Airwallex	Yes	71	\$5.5 B	Pendo.io	Yes	96	\$2.6 B
Scale AI	Yes	22	\$7.3 B	Workato	No	47	\$5.7 B	ThoughtSpot	Yes	72	\$4.2 B	OwnBackup	No	97	\$3.35 B
Notion	Yes	23	\$10 B	Cloudinary	Yes	48	\$2 B	ActiveCampaign	Yes	73	\$3 B	Netlify	Yes	98	\$2 B
OneTrust	Yes	24	\$5.3 B					Papaya Global	No	74	\$3.7 B	MURAL	Yes	99	\$2 B
Tanium	Yes	25	\$9 B					Secure	No	75	\$4.5 B	Front	Yes	100	\$1.7 B



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