# Improving marketing strategies for software product startup companies in Sri Lanka

W.H.P.C.P. Dharmasiri

(169106H)

Degree of Master of Business Administration in Information Technology

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

June, 2018

# Improving marketing strategies for software product startup companies in Sri Lanka

W.H.P.C.P. Dharmasiri

(169106H)

The dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfilment of the requirement for the Degree of Master of Business Administration in Information Technology.

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

June, 2018

#### **DECLARATION**

I declare that this is my own work and this thesis does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Also, I hereby grant to University of Moratuwa the non-exclusive right to reproduce and distribute my thesis/dissertation, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works (such as articles or books).

W.H.P.C.P. Dharmasiri	Date		
(Signature of the candidate)			
The above candidate has carried out research for the supervision.	Master's thesis under my		
Dr. Shantha Fernando	Date		
(Signature of the Supervisor)			

### **COPYRIGHT STATEMENT**

I hereby grant the University of Moratuwa the right to archive and to make available my thesis or dissertation in whole or part in the University Libraries in all forms of media, subject to the provisions of the current copyright act of Sri Lanka. I retain all proprietary rights, such as patent rights. I also retain the right to use in future works (such as articles or books) all or part of this thesis or dissertation.

#### **ABSTRACT**

In the current software industry, the failure rate of the software product startup companies is high. The main reason for the above fact is, the software engineering concepts and the marketing strategies were not aligned appropriately. In Sri Lankan context, vast count of software related undergraduates are joined to the software industry annually. While working as software professionals in the software industry, they gain software based experience in practical manner. This causes them to initiate their own software startup with innovative concepts. The innovative concepts are not sufficient for the software product success as there are number of existing competitors are in the industry and the software product needs to be aligned with marketing strategies.

Through this dissertation, software product marketing strategies will be identified which leads to select best fit set of marketing strategies for the software products. As per the nature of this study, a qualitative research requires face to face interviews to be conducted as the data or evidence collection method. In order to conduct a data collection interviews, it requires interview questionnaire with direct answered, semi structured and open ended questions. The straightforward answers were given by the respondents, are the key findings and their general perspectives are the explanatory evidence for the collected data.

Collected data has been analyzed in a proper method to introduce best fit set of software product marketing strategies for the software products which develop within the Sri Lankan software product startup companies. With the lack of knowledge in software product marketing, the software product startup companies should essential to focus on marketing strategies even if the software product is innovative or non-innovative.

This study identifies the marketing strategies in theoretical and practical perspective. From the set of marketing strategies, the study identifies the best fit set of marketing strategies for the considered software product types through the data analysis of this research for the software product startup companies in Sri Lanka.

As the significance of this dissertation, software product startup companies have to gain a clear picture of marketing strategies which requires to be defined the marketing boundaries for their software products to direct them to their success.

*Keywords:* Marketing, Marketing Strategies, Software Product Startup Companies, Software Products, Qualitative, Interview

#### **ACKNOWLEDGEMENT**

I wish to express my deep gratitude to all those who have helped me in successfully completing my research study on "Improving marketing strategies for software product startup companies in Sri Lanka".

First and foremost, I wish to thank my research supervisor Dr. Shantha Fernando, Senior Lecturer of the Department of Computer Science and Engineering, University of Moratuwa, for the continuous support, encouragement and attention that was extended to me in realizing the research objectives.

Further I wish to convey my special gratitude to the software marketing professionals who helped me by participating to my interviews. The unfair courtesy and cooperation given by the software marketing professionals working in the software companies in Sri Lanka, by sharing their knowledge to the interview questions, is very much appreciated.

Furthermore my earnest thanks to the MBA in IT course coordinator and senior lecturer Dr. Chandana Gamage, academic and non-academic staff of the Department of Computer Science and Engineering, University of Moratuwa, for the guidance and resources provided to me in bringing this study a success.

Finally I wish to convey my heartfelt thanks to all those who helped me in many ways whose names have not been mentioned above, but were instrumental in bringing this study a success.

## TABLE OF CONTENTS

DECLARATION	I
COPYRIGHT STATEMENT	II
Abstract	III
ACKNOWLEDGEMENT	IV
TABLE OF CONTENTS	V
LIST OF FIGURES	VII
LIST OF TABLES	VIII
LIST OF ABBREVIATIONS	IX
1. INTRODUCTION	1
1.1 Background	1
1.1.1 Motivation	2
1.1.2 Research Scope	2
1.2 Problem Statement	3
1.2.1 Research Question	4
1.2.2 Research Objectives	4
1.3 Research Significance	4
1.4 The Limitations of the study	5
1.5 Research Outline	6
2. LITERATURE REVIEW	7
2.1 Marketing	7
2.2 Marketing Strategies	8
2.3 Introduction of software startups	9
2.4 Characteristics of software startups	9
2.5 Erroneous initial Assumptions made by the their software startups	
2.6 Success rate and failure rate of software sta	artups11
2.7 Why Software startups fail / challenges in	software startups11
2.8 Software developments in startups	13
2.9 Marketing strategies for software develop	ment companies13
2.10 Factors affecting marketing strategies in s	oftware companies19
2.11 How to apply marketing concepts for soft	ware startups20
3. RESEARCH METHODOLOGY	23

	3.1	Re	search Problem	23
	3.2	Res	earch Design	25
	3.2	2.1	The Research interviews	25
	3.2	2.2	The interview procedure	26
	3.2	2.3	Process of Data Collection	26
	3.2	2.4	Software startup selection criteria	27
	3.2	2.5	Population and Sample Selection	27
	3.2	2.6	Questions for interviews	28
	3.3	Res	earch Method	28
4.	DA	ATA A	ANALYSIS	32
	4.1	Dat	a Preparation for Analysis	32
	4.2	Inte	rview Data Analysis	33
5.	RE	ECOM	MENDATIONS AND CONCLUSION	51
	5.1	Dis	cussion of research findings	51
	5.2	Rec	commendations	56
	5.2	2.1	Price	56
	5.2	2.2	Promotion	59
	5.2	2.3	After sales service	60
	5.2	2.4	Freemium model / free trial	61
	5.2	2.5	Include a video of how software solutions and company works	62
	5.2	2.6	Third party reviews	62
	5.2	2.7	Customer interaction	63
	5.2	2.8	Demonstration	64
	5.2	2.9	Social Media	65
	5.2	2.10	Search Engine Optimization	65
	5.3	Res	earch Limitations	66
	5.4	Fut	ure research	67
	5.5	Cor	nclusion	68
R	EFERI	ENCES		69
A	PPENI	DIX A		71
Α	PPENI	ory R		74

## LIST OF FIGURES

Figure 3.1: Research Approach

30

## LIST OF TABLES

Table 4.1: Collected number of responses against software product type	37
Table 4.2: General perceptions about the importance of the marketing strategies for any software product type	42
Table 4.3: Importance of the marketing strategies against software product type	43
Table 4.4: Marketing strategies have used and use in the future against software product type	45
Table 5.1: Descending/best order of value of "Yes % + Somewhat %" according to the respondents' general perceptions against marketing strategies	53

### LIST OF ABBREVIATIONS

AIDA - Attention, Interest, Desire, and Action

ERP - Enterprise Resource Planning

Four (4) Ps of Marketing - Product, Price, Place, and Promotion

IaaS - Infrastructure as a Service

IT - Information Technology

PaaS - Platform as a Service

SaaS - Software as a Service

SWOT - Strength, Weaknesses, Opportunities, and Threats

UAT - User Acceptance Testing

WOM - Word Of Mouth