

10 Steps in Starting a Software Business

Has it always been your dream to have your own software-related business? Well, it's never too late to start. Those who have the will, but not the skill or the know-how may need help in getting this dream off the ground. Fortunately, that's where this article comes in. Before you [draft a business plan](#), make sure you're aware of what steps to take. It will make your [project management](#) much easier to accomplish in the long run. With that said, let's head straight into the very first step, shall we?

The Conception and Preparation Stages

The first three steps you need to tackle involves laying the groundwork for the business in general. Before you start with the heavy lifting, you must ensure that you have the right information as well as the proper registration.

Conduct a Market Analysis

What separates a viable business venture from those based on mere fantasies is the all-encompassing knowledge of who to sell to, who to prepare against, and the overall state of the industry. Specifically, a [market analysis](#) will help you discover the following:

- Who your customers are
- What their shopping habits are
- How large the market is
- Who your competitors are
- What their strengths and weaknesses are

It is through proper preparation that you can fully take advantage of the opportunities that come your way. The results of your market analysis will also serve as the basis for your [business plan](#) and your future [marketing strategies](#). Regardless of what your particular products or services are, tackling this first step is not something you're likely to regret.

Choose the Right Name and Location

The next step is to [come up with a name for your business](#). Without a name, all of your [branding](#) and marketing efforts will be fruitless. Choose something that sets you apart from your competition. A unique name gets people talking and will help customers remember you. Speaking of remembering, selecting a simple name also comes highly recommended. After all, what's the point of coming up with something difficult and complex if it does the exact opposite of what you intend?

With a name now chosen for your business, the other half of this step involves choosing a location. This has everything to do with attracting the right kinds of people. For example, having university students and faculty as your primary target market will necessitate a location that's accessible to them. You'd have to set up shop near campus. If you plan to sell your products and services to professionals, then your location should be near offices. Other factors that can help you decide on your company's location include proximity to potential suppliers, brand visibility, and any legal implications.

Register Your Business

On the topic of legalities, the third step is to register your business. How this is done will depend on your business structure, as well as the location you chose in the previous step. Take note that small businesses only need to register their name with both local and state governments. There are even instances where registering is unnecessary. Failing to do so, however, will make you miss out on both legal and tax benefits, along with any personal liability protection.

The Planning and Development Stages

The next few stages involve the intricate planning of your company's specifics. To successfully execute your vision, it is necessary to have the right legal structure, the required documents, and a business plan to help serve as your guide, among several others. Yet all of that is easier said than done, so pay close attention to what's said in the sections below.

Write a Business Plan

Having an accurate business plan serves multiple purposes. First, and as stated above, this is to serve as a guide for you in the coming weeks, months, and even years. Putting your thoughts and ideas on paper also helps with your exploration of them, which will provide clarity. A well-crafted business plan will allow you to separate what works and what won't. Lastly, a business plan is a document you can use to draw in prospective

investors in the event that your company needs additional funding. Those who are not familiar with the general format of a business plan may refer to the following:

- Executive summary
- Company description
- Industry analysis
- [Competitor analysis](#)
- [SWOT analysis](#)
- [Marketing plan](#)
- [Operations plan](#)
- Financial or [budget plan](#)

Determine Your Legal Structure

The choice of what legal structure your company will have comes with several important repercussions. Among its many impacts include the amount you have to pay in taxes, the paperwork you can expect, and how your [infrastructure management](#) will shape up. Due to all of these, it is a choice that nobody should make lightly. The options available to you are as follows:

- Sole proprietorship
- Partnership
- Corporation
- Limited Liability Company

Sometimes, the answer is an obvious one, such as when you are literally on your own. In that specific example, it makes sense to select sole proprietorship as your legal structure. However, it pays to keep yourself open to the possibility that your needs will differ in the future. As easy as it may be to pick one now because of your present predicament, it is worth being flexible. That way, you can better adapt to another circumstance down the road.

Obtain Required Licenses and Permits

Yet another essential stage to contend with is the gathering of [legal documents](#). What you are required to get will be based on factors like where your business is located, its legal structure, and the nature of the company. A software-based business can expect only a few essential licenses, such as a general business license and tax registration. Failure to do so may result in your company receiving fines that range from \$250 to \$1,000.

Raise Investments for Your Business

[Funding](#) is an essential part of any new business' growth. While some are fortunate to have capital saved up and ready for use, others will require other means to achieve their budget. If you count yourself among the latter, here are some methods that you can explore:

- Crowdfunding
- Loans
- Angel investors
- VC funding

The first one on that list will require the right pitch on the right platform. Many crowdfunding sites are feasible enough for anybody to utilize if that is the choice you want to make. Loans are another popular method of getting funding for your business. Its use is so widespread that, according to the Small Business Administration, at least 75% of new businesses get their capital from lines of credit and business loans. For the last two, this is where having a well-crafted business plan comes into play. It's worth noting that venture capitalists tend to focus more on mature companies as opposed to soon-to-be established ones.

Hire Your Team

The last stage to tackle before heading into the pre-launch section is the hiring of your team. As a new company, it's likely that you will have to handle this important [HR role](#) and screen your first employees yourself. It helps to have a checklist of all the roles you need to fill up, as well as what you can offer prospective staff. Keep in mind that before you can get actual employees, you'll need to obtain an employer identification number, set up your payroll system, and get compensation insurance.

The Pre-Launch Stages

The next two stages are what you need to take care of just before you go public with your business. Most of the heavy lifting is already over, so consider these the finishing touches. That doesn't mean that these are the easiest parts of [starting a business](#). Think of them as what they actually are--the beginning of the rest of your company's history.

Testing and Marketing the Product

In testing out your products, you can make sure it works the way you intend it to. Softwares with bugs leftover from the development stage will never sit well with customers, so it'll pay to stay vigilant. While you are testing everything, it may be worth your while to begin the preliminary marketing efforts. Doing so can help you make educated estimates concerning how interested your target market is with your offerings. Track all of the results so that you can see what works and what doesn't.

Prepare a Sales Plan

The last step is to come up with a [sales plan](#). People purchase what they want but having proper [service management](#) will help make things smoother on your end. It will also make your accounting efforts less of a hassle since you will have a metric to base things off of.

At the end of the day, setting up a software business is just like establishing any other company. There are things to prepare, documents to acquire, and plans to develop. With the right knowledge at your disposal, the difficulty level of this endeavor does not have to be so high. Take what you've learned and get your business off the ground properly.