

## 12 Steps in Starting a Software Business - Complete Guide

A software business is a good business to have due to the demand for software products in the technology industry. There's abundant potential for growth in the software business because of how people rely on software systems for various purposes. That said, there are already existing market demographics for growing software businesses to target. By [preparing a winning business plan](#) and practicing standard business and [project management](#) protocols, there's no reason for a software business to be unsuccessful. So if you're planning to launch your own software business soon, we'll show you the 12 steps to do it effectively.

### Do a Market Analysis

Before you throw yourself into the mix of things in the software market, you need to study it first by doing a [market analysis](#). You have to understand how the software market works. Familiarize yourself with the market's trends and demands so that you can structure your software business accordingly. In a market analysis, you must also study your possible competitors through strengths, weaknesses, opportunities, and threats for [SWOT analysis](#). You need to outperform your competitors, or at least be at the same pace as them to garner visibility and attention. To sum it all up, you have to equip yourself with knowledge regarding the ins and outs of the software market.

### Choose the Right Name and Location

Among the things that establish the identity of your software business is its name and location. Those two components are necessary for the branding and recognition of your business. So choose a good name and location wisely and strategically.

#### Choose the Right Name

[Choosing a name](#) might be as simple as it sounds, that much is true. However, you need to consider if the chosen name is a good one. It should be easy to remember, catchy in a way, and represents your software business well. A good name enables your business to make connections. According to statistics mentioned in Naimeo.com, 82% of business investors tend to place their investments on companies with recognizable names; and, 72% of consumers "make decisions based on brand name alone."

## **Choose the Right Location**

A big step in your business strategy checklist should be [choosing an excellent location](#) to establish your business's office or headquarters. The location should be accessible and easy to find. Since it's a software business, the best location for it is in business parks or urban areas. Simply put, you must choose a location wherein your target market is present and abundant.

## **Write a Business Plan**

Of course, companies can't launch without [business plans](#). That said, you must invest time and effort in writing one for your software business. A business plan should contain everything about your envisioned software company and how you'll bring it to life, such as its general information, [marketing strategies](#), [infrastructure management](#), [service management](#), [budget estimate](#), etc. Your business plan will be read by government bodies and investors to assess the feasibility, potential, and profitability of your proposed software company. So, make sure to formulate it with care and precision.

## **Determine a Legal Structure**

Determining a legal structure is a crucial step in launching a business. You must choose a legal structure that's suitable for your business's scope, size, and organizational build. Here are five types of legal structures that you can integrate for your software business:

### **Sole Proprietorship**

It is the least expensive business legal structure that entitles you as the sole owner of the company. A sole proprietorship structure is easy to arrange. However, you are the sole person responsible if possible debts will arise that'll burden your business. Certain tax deductions are also granted in this structure. The sole proprietorship is suitable for small businesses.

### **Partnership**

In a legal partnership structure, the business is owned by two or more people. They equally share the profits of the business, as well as equally contributing to its expenses.

## **Limited Liability Company (LLC)**

This type of legal structure allows owners and shareholders to minimize liabilities. In an LLC structure, each owner and shareholder will not suffer liabilities due to business losses and debts, as long as there's no proof that they committed unethical and fraudulent business activities.

## **Corporation**

In a corporation structure, the business is considered a separate entity from its owners. The business somewhat becomes a living individual. It'll have legal rights. Also, it can charge lawsuits and sell and purchase properties. Ownerships of businesses with corporation structure are sold through stocks.

## **Cooperative (Co-Op)**

Businesses with cooperative structures primarily provide service to the people who own them. Co-op structures allow lower tax rates, increased funding, and discounts.

## **Obtain Required Licenses and Permits**

[Legal documents](#) must be obtained to start a business. These are the licenses and permits. Those documents serve as proof that your business is bound by legislative laws and provides credible software products and services. If you distribute products and operate your software business without the required licenses and permits, you're technically conducting an illegal business. Licenses and permits can only be obtained in various sections of the state government, and none other.

## **Raise Investments for Your Business**

[Financing a business](#) on your own is difficult, especially if you want it to grow immensely in the future. In that case, partner with other people and encourage or invite them to invest in your envisioned software business. To do that, you have to explain your business's goal and purpose. Let them know that it has the potential to become a household name and generate profit. For that matter, you can present to them your written business plan.

## **Use Necessary Applications and Tools**

In running a software business, you'll encounter countless sophistications along the way, such as tracking its progress, managing its operations, monitoring [accounting](#) processes, and so much more. That said, you need to use applications and tools that can help you oversee every movement in your business. Since your company is a software business, the use of software applications and tools should be an integral part of its operations.

## **Choose the Right Team**

As the business owner, you should also assume an [HR role](#) to find the right people as your pioneering team. Choose individuals who possess the right skills, talent, and intelligence. Aside from those attributes, you should also consider whether a prospective team member has a positive attitude and can manifest professionalism. You need such people to help you realize your visions and bring them to fruition.

## **Register Your Business**

Once you've acquired everything needed to run your software business, you have the green light to register it. You can register your business in federal agencies if its legal structure is a sole proprietorship. If it's a co-op, LLC, corporation, or partnership, register it in state agencies.

## **Test and Market Your Products**

Your software products are, without a doubt, your primary source of revenue and profit for your business. So before you launch your business, make sure to test them first until they reach maximum quality. Suboptimal products can ruin the reputation of a business, especially a startup one. Moreover, you must also advertise and promote them to garner attention in the market.

## **Make a Sales Plan**

Sales are basically driving forces that keep businesses running and standing on their feet. If a business's sales rate is down, that means it's not appealing as much as it should in the market, which could lead to losses instead of profit. That said, you must create a [sales plan](#) to optimize the possible sales of your business. Your sales plan should help in generating leads, [increasing clientele](#), and improving product traffic.

## **Launch Your Software Business**

Once you've made all the preparations together with your pioneering team, that'll be the perfect time to launch your software business. It's a moment-of-truth type of situation. Make sure to execute every procedure and strategy to enable your software business to start on a positive note.

Starting a software business is a long and elaborate process that requires you to exercise patience and commitment. Despite how challenging and daunting it is, success is surely guaranteed if you make smart decisions and equip yourself with timely knowledge about the software industry.