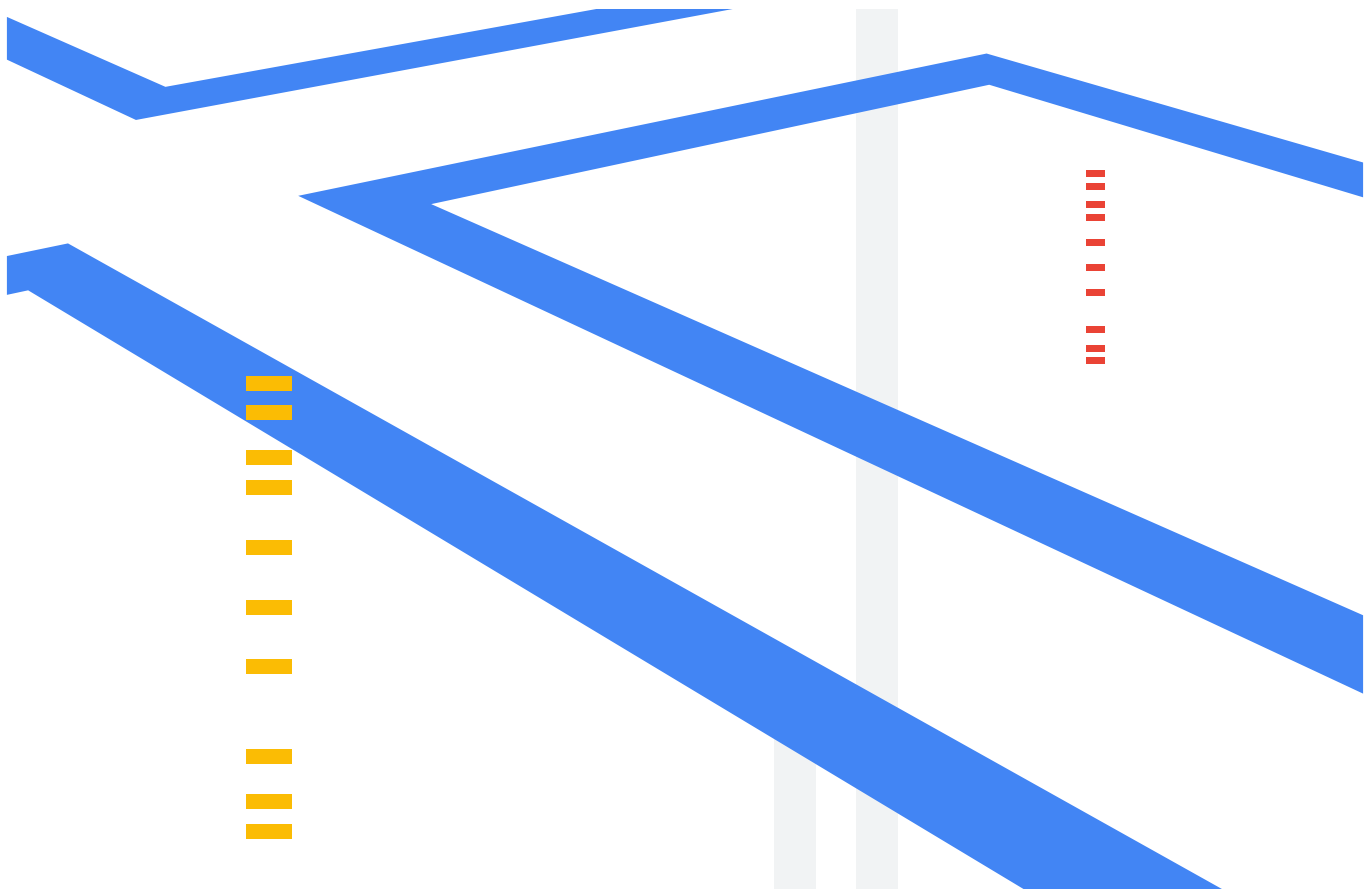


Monetizing Data with Embedded Analytics



To drive growth and innovation, leading organizations creatively leverage the data they collect to maximize its value and fuel growth. Embedding analytics in your product offering is an effective, proven way to monetize data. Let's review some best practices.

The expectations of customers, partners and end users continue to grow for the digital products they use. Core to this expectation is a clear understanding of the value of their products in use -- the buyers need to justify to their stakeholders the continued or increased spend on their vendor's software offerings.

Leading software builders see the technical challenge of meeting these expectations as a lucrative opportunity. Across industry and segment, teams who strategically make valuable data transparent to customers boost their users' ability to make business decisions and move forward. Consequently, this value creation has the potential to increase software vendors' revenues and competitiveness, while also reducing account management and other costs

Creating this value for customers or partners, however, is not without risk. Showing data to customers is extremely high-stakes. When the data you show customers is wrong, the trust in your product and loyalty to your brand can evaporate. Worse, if important decisions are made on wrong data, real people can be significantly harmed.

It's critical to be rigorous in planning and executing the technology and go-to-market strategies of your embedded analytics offering. Sufficient care along the journey can deliver a highly demanded, reliable customer experience whose value is objectively worth incremental payment.

What makes a great data product? What is the best way to build it and go to market?

In the following pages, we'll guide you through the most important considerations and best practices for successfully monetizing data with embedded analytics.

Go-To-Market Strategy

Developing and going to market with an analytics offering is a highly strategic endeavor. Intelligently providing data to your customers and partners has the potential to significantly improve revenue, costs and competitive dynamics. Before writing any code, it's important to zoom out and take the 30,000 foot view of the market and your company's place within it. What are the jobs to be done by your analytics offering? Who is your competition? How do they see the world? What are your differentiators? What is your primary advantage? What macroeconomic or business trends might impact your success?

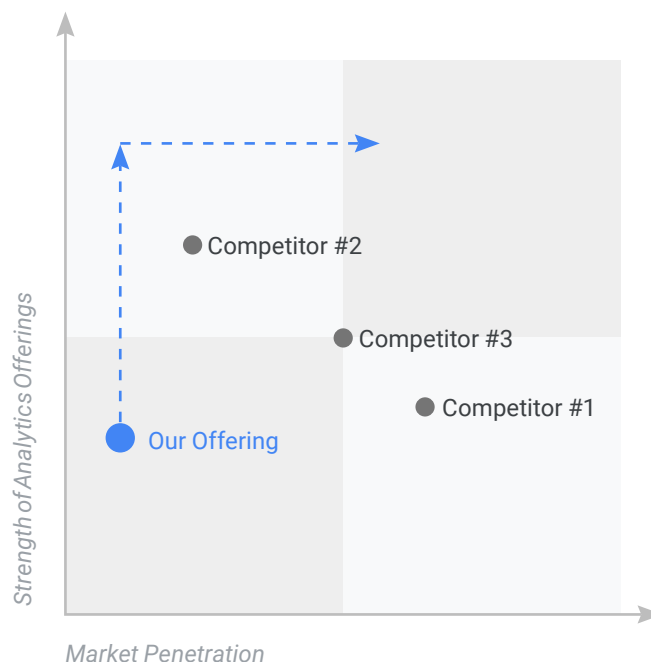
The first step: get strategic alignment.

Host a Product Workshop

Figuring out a winning strategy is hard and important work. The direction you choose can have long-reaching product, organizational, and market implications. Rigorous debate of key issues helps surface differences in opinion and is a great way to bring objectivity and diverse perspectives to assess the potential risks and rewards of your project. Best practice for kicking off such a strategic initiative is to gather the appropriate senior leadership team members and key subject matter experts from product and marketing teams for a dedicated strategy offsite. Typically, these in-person sessions can last 4-8 hours in length to allow for sufficient discussion and alignment on high level objectives and direction.

Establish Where You are Today

With this team, get a clear sense of the various high-level markets in which you compete. It can help to draw out a "market map" on a two-dimensional plot. Choose whatever combination of axis dimensions best visualize the dynamics of your market by teasing



out the differences in competitive strategies. Position your product and its competitors on the plot to visualize relative positions. Some example plots for strategic comparison of products include: Enterprise/SMB vs. Cloud/ On-Premise; Premium/Low-price vs. Global/ Local; Direct/Channel vs. Incumbent/Startup. Strength of analytics offering vs. Market penetration etc.

Align on Where You Need to Go

With an understanding of your place in the market, what are you going to do about it? Are you trying to lead the market with your analytics offering? Match the competition? Or is analytics merely a box to check for buyers to even consider your offering? Achieving alignment on your goal and how you measure the product's success are essential in determining how best to resource, and avoid under-/over-investing. It is also important to highlight time, dependency and resourcing challenges at this stage.

Codify the Product Narrative

Aligned at the high level, you can start to zoom in on the details. List out drafts for the core ideas around your proposed analytics offering: product name, launch date, goals and metrics, target personas (including user pain points and goals) and the estimated size of the opportunity.

Describe the Minimum Viable Product

With the narrative in mind, crisply summarize the essential elements of the product you must deliver. Describe the function of the product, the reason someone would pay for the minimum viable version of it, the top pain points it solves, the necessary functionality, and the personas who benefit most from using it.

Understand and Design for the User

Once you have high-level alignment on go-to-market and product strategy, shift your focus to deeply understanding the chosen personas who will most value your analytics product. As you think of these, remember the objective is not to make marketing personas primarily concerned with articulating the buyer's journey. Rather, these are end user personas, who have a specific task they are trying to do better and a pain they are trying to solve. Who stands to benefit most from the value your analytics product creates? Why do they want it? Why would they need it? Why is it strategically valuable for them?

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Conduct User Research

Understanding your user is different than understanding your customer. The end user has much more narrow task-oriented objectives they are hoping to accomplish with your current and future products, and these objectives roll up to a larger strategic goal for their broader organization. Leverage your user experience research team's expertise

to discover how users actually interpret and interact with your product in their day-to-day, and how they might feel about your analytics offering. Conduct in-depth user interviews to understand the thought process behind how they use your product and any early prototypes of your analytics offering, and reconcile those insights against relevant product activity data and user research survey results. By gathering data points from a breadth of representative users and a depth of interaction with some of them, you will better understand persona needs and behaviors, both qualitatively and quantitatively.

Build Out Your Top User Personas

Pick two or three personas who will be directly impacted by an your analytics product offering. Are they strategic leaders or tactical executors? What are their work priorities? What projects are the tasked with? What data do they need to do their jobs better and accomplish their mission? List out their goals, pain points, tools used today, and key needs, so you have clarity on who you are building for and can communicate that clearly with other internal stakeholders.

Define Your Offering

By now, you have done your diligence on establishing what you need to build and can confidently specify the requirements of your minimum viable analytics product. Keep in mind as you put together your requirements document, that building a compelling analytics offering in your product has mission-critical backend technology considerations that can make or break your user and brand experiences. These considerations are covered in detail in our technology [white paper](#).

Document Your Requirements

What is the goal and how will you measure your success? What are explicit non-goals that are out of scope for your analytics product? List these out along with an executive summary of your research, execution plan, critical technology interactions. Use whatever Product Requirements Document (PRD) structure best works for your team's needs.

Structure Your Offering

The most common framework is a variant of "Good-Better-Best" tiering. You can also allow users to get features a la carte and, depending on resources and strategy, could even completely customize your offering for each customer. In a Good-Better-Best framework, which capabilities would be exclusively in your premium offerings? Where does the value of each capability start to grow, and can you threshold or otherwise gate those valuable experiences to incentivize your customers to not only engage with your analytics, but also upgrade at high rates?

Here's an example tiering of analytics features to incentivize engagement and upgrades:

	Good \$	Better \$\$	Best \$\$\$
Historical Data	6-11 months	12-23 months	24+ months
Granularity of Data	aggregates	row level	row and column level
Ad hoc Analysis	static reporting	self-serve exploration	build reports, schedule, actions, alerts
Data Actions	none	Storage only: Box, Dropbox, Drive, AWS S3	All, including: Slack, Twilio, Adwords
Customization	none	metrics only	metrics, filters, reports
End User Type	view only	view and explore	explore with actions
Admin Reporting	static only	explore only	automated actions

By folding your analytics capabilities into the tiers of your core product offering, you reduce the burden on the buyer to decide on whether to get the additional analytics capabilities you've built.

Set Your Pricing

Information that can improve decision making is inherently valuable. If you are able to surface the data customers care about in your product, it is completely reasonable to charge for that incremental value you are creating. Solving real pain points and making workflows significantly more efficient is something customers want to buy. The question then becomes how to price your offering strategically. To do so, make sure you continue tying the mission of the persona to the pain points, and the specific analytics that can help them overcome those challenges.

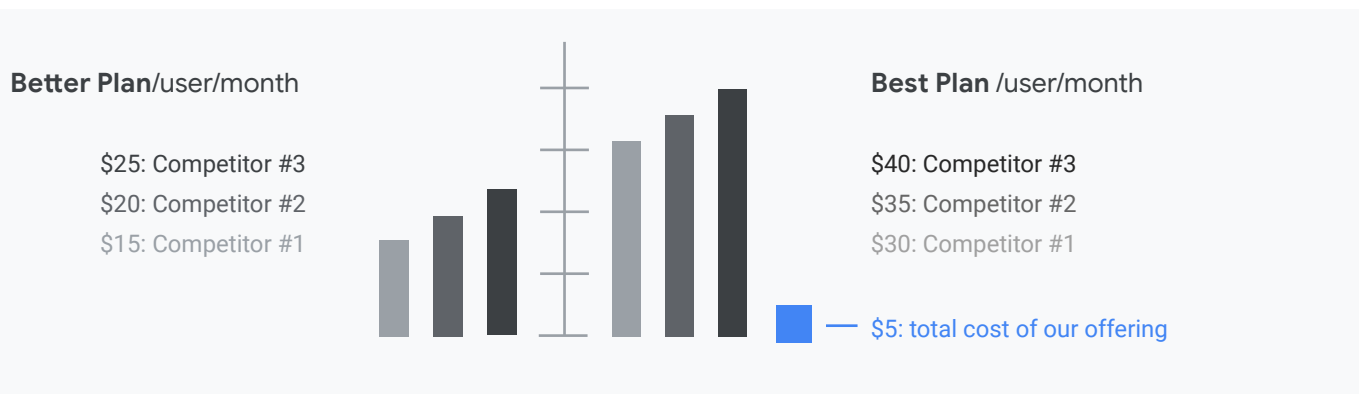
Visualizing Your Pricing Considerations

Laying out prices on a simple plot is a useful way to visualize your potential options for pricing various product tiers. On your plot, first mark the cost of your product without analytics -- how much does it cost today to serve each customer? Relative to that, indicate the cost of your product with your analytics offering included which primarily consists of your incremental server and database needs (i.e. "cost of goods sold"). After that, mark your current price(s) as your product currently is (i.e. without the analytics in it yet). And finally, mark down the price your top competitor charges or analytics in their product. If it's appropriate, you can look back at your market map to choose other competitors whose prices may be strategic to include for reference.

Depending on your original strategic goal (i.e. to lead the market, match the competition or 'check the box') you can then explore pricing combinations that maximize your revenue potential -- it's part art, part science, and feeling uncertainty about precise numbers for each tier is normal. If you are adding more value than your top competitor, you probably want to price above them. For other pricing scenarios, talking to your sales team can be a helpful feedback loop for gauging the customers' willingness to pay for a new priced offering; however, keep in mind that short-term sales incentives may or may not align with the long-term competitive strategy and goals you established. With enough budget, you can also explore conducting professional pricing research studies that validate price sensitivity in your market.

Explore Alternative Pricing Models

The Good-Better-Best framework doesn't work for everyone. Other models include: charging a usage fee, charging fees for professional analytics services or providing a la carte pricing. Whatever model you choose you'll want to make sure that it reduces unnecessary complexity for the buyer while fairly reflecting the value you are generating.



Plan Your Launch

Major product and pricing changes are a big deal and launching those changes smoothly requires careful cross-functional planning. The launch of a new, priced analytics offering, impacts every part of the organization in some way or another. Whatever launch process you use, be sure to kick off execution several months in advance and communicate up and across the organization as you go.

Execute

Identify the individual who will be responsible for planning and driving the launch. Collaborate on the launch strategy, and help brainstorm a long list of ideal launch activities, before whittling down that list to what is realistic to prepare by your launch date and with finite resources. These include marketing campaigns, sales enablement, product documentation, post sales enablement, support FAQs and of course internal communications. Make sure you list, scope and time each discrete sub-project, and socialize the plan with the leadership team and effective mechanisms in place to rally cross-functional team members around the launch and hold sub-project owners accountable for progress. All too often, lack of clear ownership and follow-up can lead to activities falling through the cracks and a last minute scramble to meet the launch date. Strong project management and organization skills are characteristics required of the launch driver, as it takes a team to create impactful and smooth launch.

Over Communicate

Weekly cross-functional launch meetings of managers (and front-line individuals) closest to the changes are a good way of surfacing potential oversights, fostering collaboration, holding people accountable to progress, identifying and removing any roadblocks and keeping track of the various activities. Proactive updates to the executive team can help rally additional budget and resources. Finally, err on the side of over-communicating in written and presentations to maximize the chances of a smooth and successful launch.

Post-Launch

Once the product is shipped, and the updated pricing is live, the journey is just starting. To maximize impact, post-launch marketing and sales activities can compound the impact of the initial effort. Additionally, as a product owner, you are responsible for improving and scaling the product over time, so staying close to customer feedback, and product activity metrics will make sure you continue driving product-market fit and growth.

Success Stories

Check out how other organizations have monetized analytics: [Kollective](#) [Urban Airship](#)

For more information about embedding analytics considerations and best practices go [here](#).