

BUILDING APPS THAT ARE VALUE-DRIVEN



**ORBITUM
LABS**

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Introduction

The phrase, "There's an app for that," doesn't even come close to addressing how many digital products there are in today's day and age. Businesses are not only creating apps and websites at a massive scale, but new business ventures are being built wholly around the launch of a digital product.

So with a marketplace brimming with ideas, competitors, and possibilities, how can businesses new and old find their place in the market? And how can you tell the difference between a great digital product and just another download?

Building a great app begins with three primary factors. It must..

- BE FOCUSED
AROUND A
LEGITIMATE
PROBLEM**
- BE BACKED
WITH
EXTENSIVE
RESEARCH**
- BE AND STAY
VALUE DRIVEN
FROM THE
BEGINNING**

In this book, you'll learn how to apply these principles to product development at every stage of the process. At Orbitum Labs, we've come to embrace this philosophy after years of trial and error with our clients and customers, learning from countless failures and ultimately seeing what drives our products' success. I am excited to share our insights with you today and I hope this brings you or your company a step closer to finding success in this highly competitive market.

VLAD AVERIN
Chief Product Officer



Setting product goals and defining success

The first thing you'll want to consider when beginning your product journey is setting your goals right. What are you trying to build, why, and for who? This early stage is often the honeymoon phase of the development. If it isn't properly grounded, however, it can lead to a poor foundation for the whole project. Here's how you can avoid that.

What does success for your product look like?

Most digital products, especially if it's your first venture taken in the digital space, are destined to fail because of the under-realized idea of what success will look like once they hit the market. It's easy to get overly romantic about it, and just as easy to take things irrelevant to success too seriously.

So, what do we know about most of the successful apps out there? Well, there are so many things on the surface: great design and user experience, the way these products save you time and money, a sense of being a part of a great community, or perhaps just the brand behind it that you already know and love. This list could go on and on.

There is a quality that all the successful apps have in common, though. They deliver **value**. It is a single powerful thing that users will judge your product based on, consciously or not. Whether it's a new app for your customers or digital transformation of your existing product or service — it has to generate value in order to be a predictable success.

Now, the good news is that there is a number of research frameworks to apply when looking for value opportunities in your specific niche. Besides that, there are ways to match this created value with a business model.

Finding a value creation opportunity

Having the idea of value in mind, it's time to go hunting the opportunities to add value in your niche.

The classic way to generate value is to solve a legitimate problem that your potential clients or customers have. The best way to do this is to have been in the niche long enough to clearly understand its typical pains and frictions that are asking for a solution.

Another popular case these days is a well-established business being wildly inefficient judging by modern standards of the digital era. We've been able to identify tremendous digital transformation opportunities for some of our clients and multiplied their value output by taking most of their operations into the digital space.

But what if you are new in the business or expanding into a different market segment? In this case looking at the competition might be your best way to start. Consider scanning the market for existing solutions and seeing what the customers love and hate about them. Take the best working practices with you and fix the problems others left untouched. There is **always** a market share waiting for you to win it by adding value.










Quantifying your product goals and measuring performance

After you've come up with value proposition points – or at least got a valid idea on what drives interest the most in your niche – you need to start quantifying your goals around the product. In other words, how do you measure success?







Commercial digital products rely on a set of **KPIs** (Key Performance Indicators) to gauge their [you guessed it] performance. Many of them are typical for virtually every product available online, and you are probably familiar with some of them. However, there are often other, domain-specific indicators that you won't find a handy cheatsheet for. These are the indicators showing how well your offering fits the market.

Here are a few examples of KPIs, both common and specific, for a hypothetical app. Of course, finding the right set for your niche and product would be your homework to do.

General KPIs

-  User growth rate
-  User session length
-  Retention rate
-  Churn rate
-  Stickiness
-  Conversion rate
-  Cost per acquisition

Specific KPIs

-  Average diameter of pizza ordered
-  Total count of songs played per month
-  Number of weekly support requests per user
-  Ratio of text messages to voice messages sent
-  Time of day at which users book appointments the most
-  Average timecode users close videos at

Monetizing value and building business around it

With your product goals defined and a net of KPIs in development, let's talk about how exactly you are going to convert delivered (or perceived) value to something that can be expressed in terms of **ROI** (Return On Investment).

The ways your business can benefit from generated value

It is intuitively not hard to name the most obvious way that a digital product can affect your bottom line — **direct product sales**. This business model has been around for years and works great if you can convince your leads to pay for the value upfront.

This, however, works for a limited number of businesses. Statistically, you'll find one of the paths to good ROI listed below more beneficial.

1 Create new revenue stream

Although it might sound similar to charging for product directly, we're talking about revenue driven by value delivered after the user has started using the product. This often means charging per specific transaction of value or based on a subscription.

2 Expand existing stream

If you are already selling products or services, there is a digital transformation race that is going on right now. You can expand your total serviceable market and multiply revenue by wrapping your offering into a modern digital experience.

3 Cut costs and boost productivity

Depending on your niche, there could be a substantial part of servicing your customers that requires a human touch or otherwise can't be automated. However, there is typically much more in your process that could be handled by software in a manner that's scalable, error-free and consistent in terms of customer experience.

As of today, a shocking amount of businesses haven't started thinking about their digital transformation, leaving competitive advantages such as cheaper service on the table.

4 Win customer satisfaction and loyalty

The world is moving towards virtual spaces, and the pandemic has only sped this process up. The ever-rising bar of customer experience that's considered satisfactory is being moved up by how easy it is to switch between product and service providers with low cost.

You can't predict the next trend your clients and customers would like you to follow but you can be agile enough to ride these waves with your value being digitized and responsive.

5 Establish communication and engagement channel

You may not read all the emails you get in your inbox. You may scroll through a promo post in your facebook feed. But there still is a good chance you'll read all the notifications you get on your lock screen.

When you have your customers using something you give them on a regular basis – even if it's a very basic functionality – you have their attention open to whatever you want them to hear to a much greater extent than if you were just a part of their daily news check.

How free digital products make it

There is a common misconception about app monetization strategies that leads to businesses missing great opportunities to push forward in the digital space. It's often believed that you have to develop the product as one of the direct revenue channels in order to at least justify investing in it.

In today's reality, there is a great and fairly popular alternative to that called **upfront value**. The idea of it is that by giving your clients and customers something that's indispensable to them at the right moment you make them a little closer to your actual monetization channels.

Think about the book you're reading right now. Let's be honest, it took time for us to put it together in an attempt to genuinely share our experience with you. Is it worth it for us? A hundred percent yes! No matter if you're going to use our services or not — we want you to know as much as we do and hopefully succeed in creating your own product. Our expertise is always here should you need a hand anywhere in the process.

If you give your potential clients or customers as much upfront value as you possibly can — it adds up and starts working back for you with the magic of compound effect.



Research and analysis as the driving force

The previous chapters touched on doing research in order to identify the right opportunities, as well as the right set of performance indicators to track when achieving your business goals with the product you create. In this chapter we are exploring some of the methods and practices of doing this research and interpreting its results.

Learn from the market

Chances are your product is adjacent to some of the existing solutions on the market. If it's not — you have a greater chance of failure, but that's another topic.

You can learn a great deal from the experience of the other market players, their success and – what's more valuable – their mistakes. Every industry vertical or specific niche has a history of common practices, standards and innovations in their marketing and operations. With today's rate of technological advancement many of these ways of doing business become obsolete faster than ever.

Are your potential competitors wasting resources that could be saved with a digital solution? Did customer behavior or expectations shift because of the new options available around? Is there an innovation from another industry that could be borrowed to innovate yours?

Learning how to answer these questions becomes less of an option and more of a necessity, because otherwise you'll likely start your product journey from being behind.

Listen to users and take notes

Public feedback has never been as widely spread as it is today, which is not only a great marketing tool for the product creators, but also a source of insights for their competitors and a powerful tool for idea validation.

You might be surprised to learn this, but some companies out there deliberately choose to ignore some of their users' feedback. This often happens with so-called *upmarket* businesses that have no choice but to focus on the 'bigger fish' to meet their growth objectives. Other companies do care about all user segments, but they might not have the resources to address all the issues. That's where your product comes into play!

When studying user feedback and sentiment around a particular target area of the market, try to gauge how hot it is in terms of opportunities, and pay attention to:

- Ⓐ what they praise — you want to copy and improve on top of it
- Ⓑ what they hate — you want to fix it.

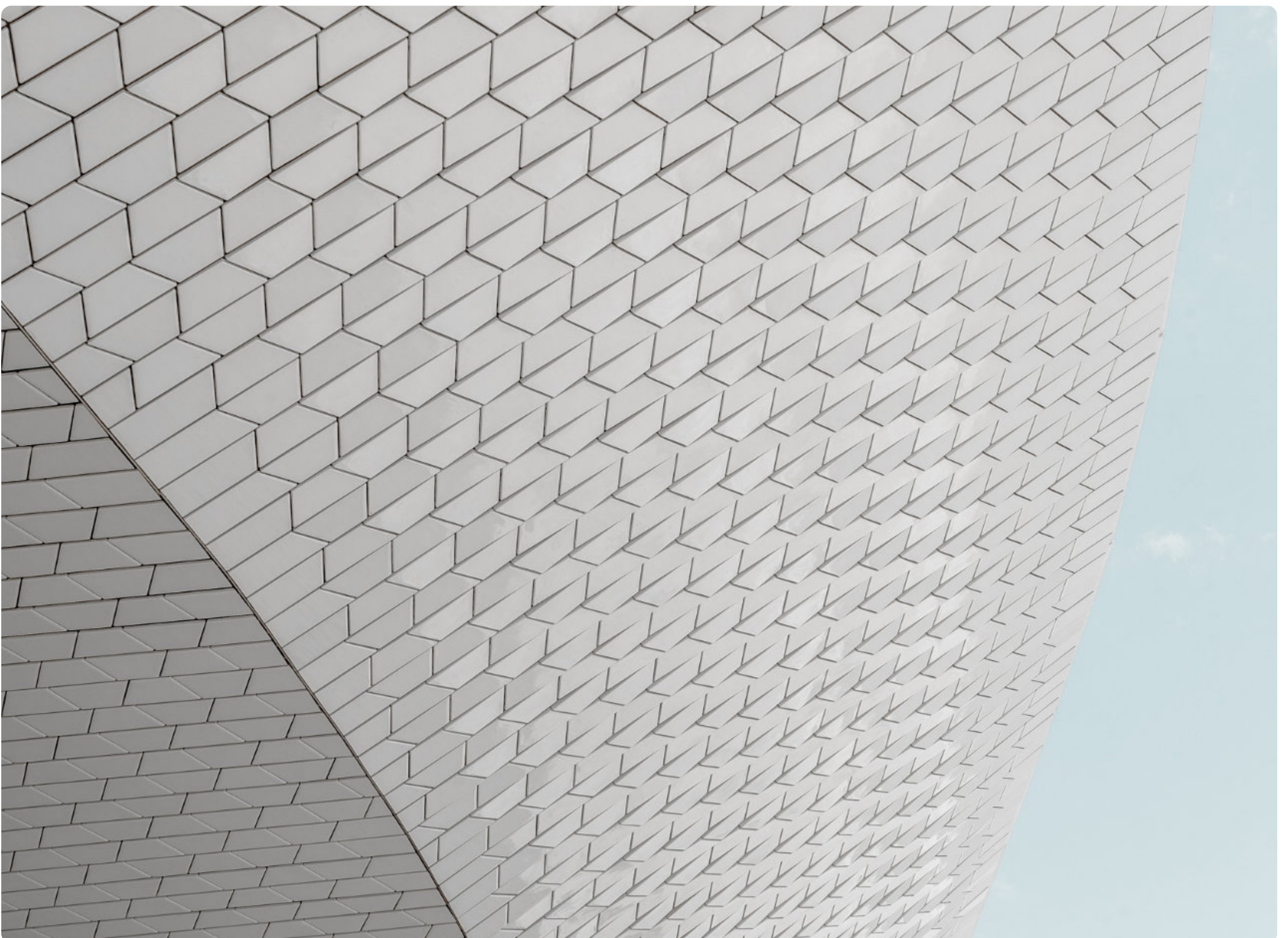


Track signals and spot trends

You've done your research up to this point to make sure you have a product/market fit on the start. However, the real challenge begins once you become a part of the market.

Remember how fun it was to look at your competitors losing their market share and customer loyalty while you develop a solution to the problem their users demanded? Well, prepare to get in their shoes.

If you want to stay relevant and push forward, you have to practice market monitoring, social listening, and many other kinds of intelligence. Your product roadmap should be agile enough and incorporate updates suggested by ongoing trends and market signals.



Building value on a regular basis

Now to the creative part of it. When you have a carefully validated product concept, business model defined and a framework of measuring success — you're ready for the cycle of product design and development. Yes, that's right, **the cycle**. Follow along!

Make iterative design your philosophy

None of the products you're using in your daily life was working straight from day one. You would probably hate your favorite app today if the team behind it wasn't using iterative approach to its evolution.

The more research and analysis you're doing, the clearer your product vision, design ideas and priorities are. The more often your design implementation sees the world (or vice versa), the better and more diverse your collected feedback and data are. More data means more analysis and new insights. Can you spot the cycle yet?

Keep your users in the loop







You want to set it up the way that lets your users start interacting with whatever it is you're building as early as possible. Embracing iterative approach gives you excuse to start very small, with the minimal set of features just enough to start adding value for your users, clients or customers.

Just as you took advantage of the public feedback about your competitors, you should listen closely to what your early users have to tell you about your product (especially before it goes public). They are your best source of validation and insights on this stage, and they will be your best advocates in the future if you make them a part of your development cycle.

Embrace the data and make insights work for you

This is extremely important. There is growing gap between products that build complex automatic data collection and analysis systems around their KPIs and products that don't.

Some of the best design or marketing decisions you are going to make will be data-driven. There is an endless list of things you can tap into with the correctly configured analytics system, such as:

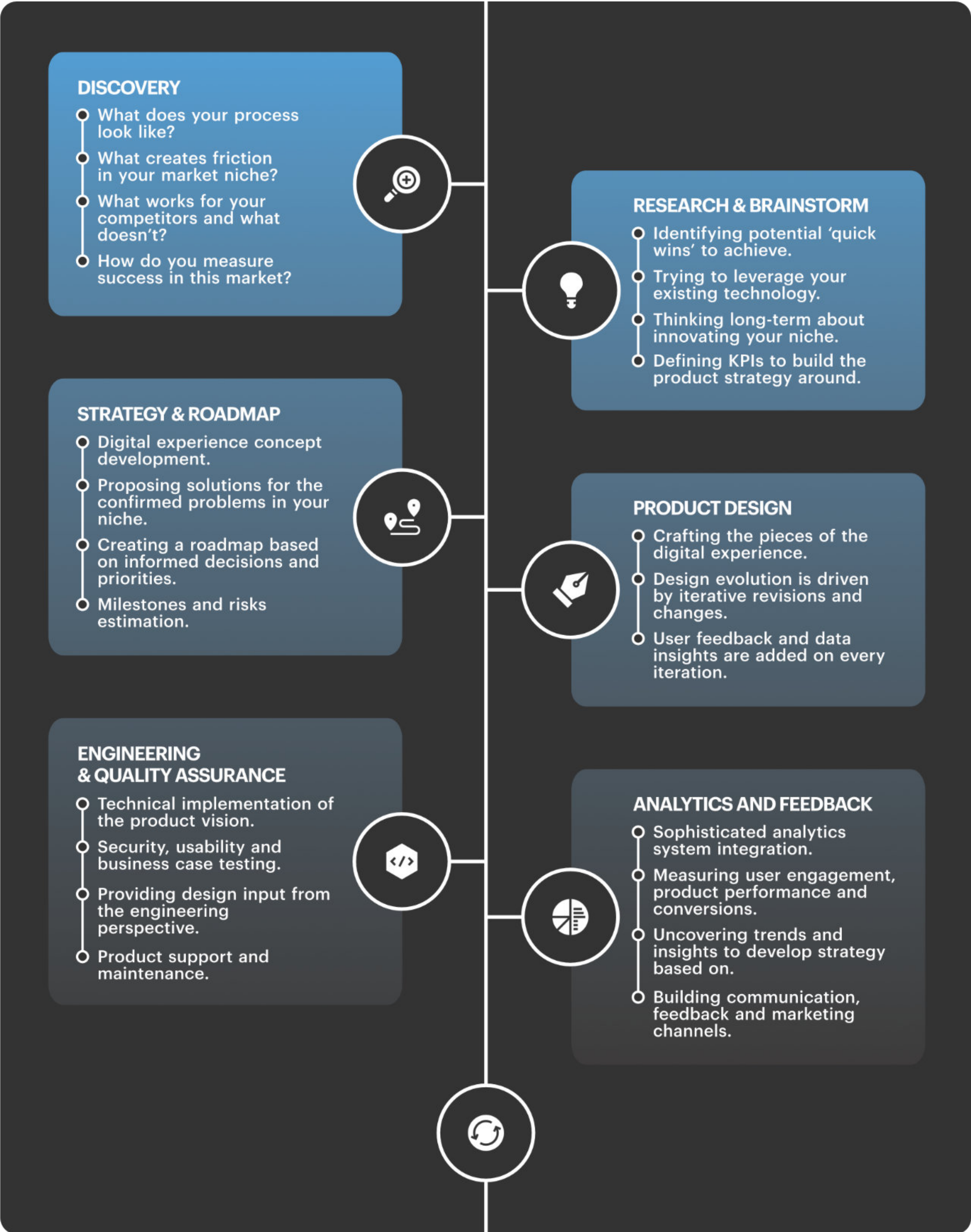
-  user acquisition and retention dynamics
-  correlation between customer journey patterns and revenue
-  geographic and demographic dependencies
-  real-time events development
-  unexpected system behaviour
-  and so much more!

Properly processed data can be critical to spot anomalies and issues long before they become growing concerns. Ideally, this should help you deal with things in a preventive manner instead of reacting to user feedback. This can protect one of your most valuable assets — relationship with your customer.

Finally, there is a practice of **A/B testing** that lets you employ data to measure and compare the performance of your newly introduced features and make informed decisions about their evolution.

The complete cycle

It is time to synthesize everything mentioned in this book and take a look at the bigger picture. Here is the approach to value-driven digital product development we take at Orbitum Labs. It is truly a never-ending cycle of rediscovery and refinement.



The secret sauce

The path described in this book can be a long and arduous one, especially if it's your first attempt to build something value-driven. It doesn't have to be that way, though.

If your startup or enterprise is looking to create a digital product, the experts at Orbitum Labs can offer advice, insights, and development resources to help you enter the digital space with confidence. Our iterative process is supported by research and experience, which are immensely valuable when it comes to navigating the ever-changing market of digital products.

- ✓ Start with informed decisions immediately
- ✓ Build on top of our expertise and trends awareness
- ✓ Navigate the minefield of digital space confidently
- ✓ Lead the market instead of chasing it

BOOK CALL TODAY

Discovery session, **free** of charge

