stellar

The Critical Role of UX in Software Monetization

The digital revolution has transformed nearly every aspect of our lives. From something as simple as finding a restaurant, getting directions and checking in at the counter, to something as complex as refinancing your mortgage or buying a new home, digital technology is involved in nearly every real-world interaction a person has.

Entire industries have risen around these new digital behaviors, but many software and smart device companies struggle to effectively monetize their products. Software monetization strategy is as crucial to a business's success as the design of the product. That may seem obvious, but many enterprise software providers overlook it, wrongly assuming that software monetization strategy is only for consumer-facing platforms. In today's digital world, offering a high-quality, world-class User Experience is not just a "nice to have"—it's an absolute necessity. The right experience can create a competitive advantage in today's always-on digital world.

The top 10 customer experience leaders outperformed the S&P by

3X

There's no one-size-fits-all approach to Software Monetization. The strategy needs to be tailored to the unique needs of each organization — and more importantly, the users who will actually interact with the system. Creating a software monetization strategy is a multi-step process that evaluates every stage of the customer journey in order to identify opportunities to optimize revenue.

Customer Lifecycle Stages: Your Software Monetization UX Starting Point

For many companies, software monetization starts with understanding each phase of the customer lifecycle — what your customers need at each stage, and how the sales, marketing, and support teams can address those needs.
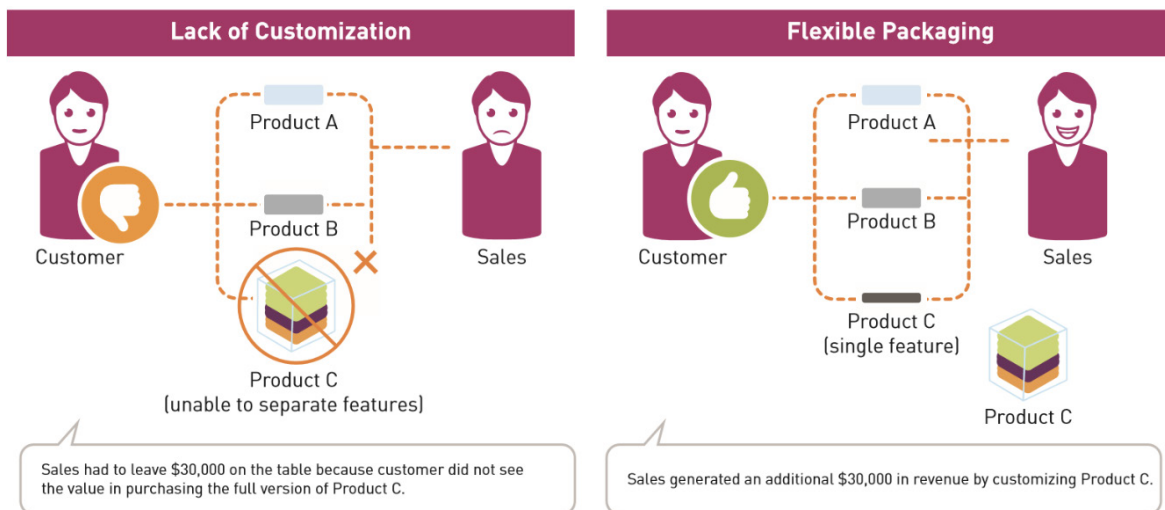
Let's take a look at incorporating UX best practices into the Sales, Registration, and Renewal customer lifecycle stages.

For the sake of this example, we will look at software licensing management (SLM), a tool used by independent vendors and by end-users to control where and how software products are able to run. SLM includes managing software licenses and entitlements, activating software products and features, tracking and managing software usage data, and renewing software and device licenses.

70%
of projects fail due to a lack of user acceptance

The Sales Process: Customization

One of the biggest challenges during this phase of the lifecycle is the lack of customization available to customers. For many businesses, the traditional "one size fits all" approach that software vendors have taken in the past doesn't work anymore. Customers expect products and features that are relevant to their specific business needs. Failing to deliver this kind of flexibility and customization can lead to longer sales lead times, internal operational inefficiencies and, in some cases, lost sales and a reduction in revenue. An SLM solves this problem by monitoring client usage, identifying the products and features they value the most, and curating a customized product bundle that meets their specific needs — and it's all automated.

Lack of Customization

Customer

Product A

Product B

Product C
(unable to separate features)

Sales

Sales had to leave $30,000 on the table because customer did not see the value in purchasing the full version of Product C.

Flexible Packaging

Customer

Product A

Product B

Product C
(single feature)

Product C

Sales

Sales generated an additional $30,000 in revenue by customizing Product C.

Put your current solution to the UX test:

- **Product Information:** Are you providing simple, clear explanations of product features and pricing options?
- **Help Me Choose:** Are you delivering a tool that helps users choose the most relevant software products and features? Do you employ a self-service approach that offers a trial version so users can arrive at a buy decision at their own pace?
- **Sales Team Interface:** Have you provided your sales and product teams with a tool that allows them to customize products and bundles by turning specific features on or off?
- **Customer Insights:** Are you tracking product usage data to identify opportunities to upsell or cross-sell additional features or products?

Key UX takeaway:
An SLM allows your product management team to address customer needs by creating specialized software packages in real-time, without having to create a new product release, ensuring satisfaction and a quicker time to market.

The Registration Process: Onboarding

Congratulations, you've made your sale. Now you have to guide them through the process of downloading, installing, and, finally, activating and using the product.

Any friction in this stage can sour the new customer relationship. This is especially true when combined with the natural confusion that comes with using new software. Developing a streamlined, fully-integrated registration experience that gets your customers up and running quickly is a mission-critical goal at this stage.
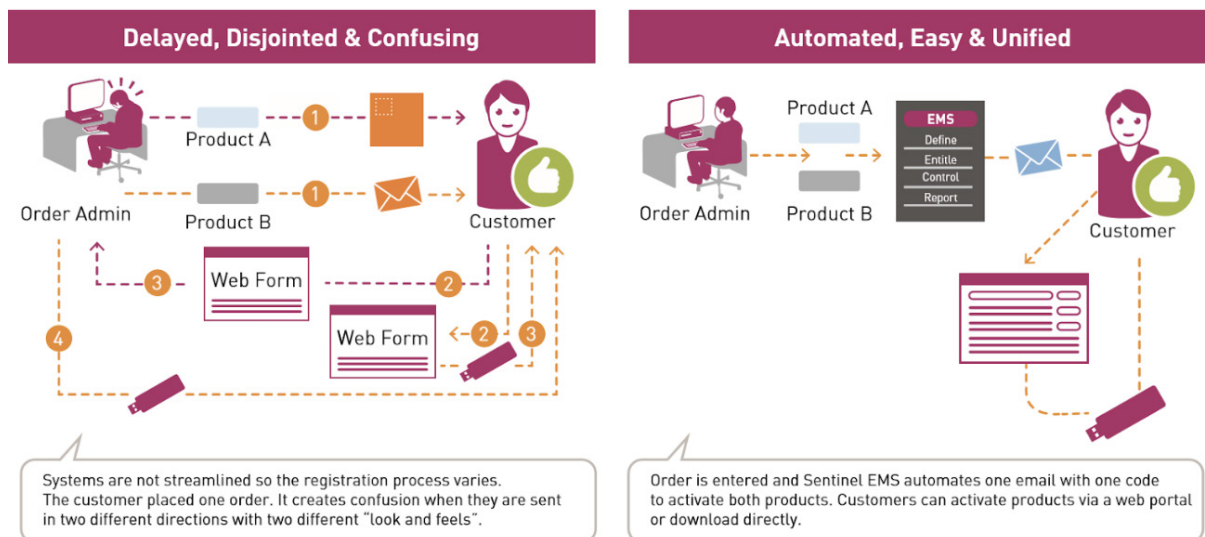
Put your current solution to the UX test:

- **One-Stop Approach:** Does the SLM provide customers with a single place to register, download, install, and activate ALL their products? Do you avoid making users go through different registration pages for different products? (This may mirror your internal company structure where groups or teams within the company "own" specific products, but it creates a significant amount of work for the customer.)
- **Visual Integration:** Do all pages within the registration have a similar style, flow and feel? Are you sending users to different pages with different designs and/or branding that can be confusing and create a "junky," unprofessional experience?
- **Keep It Simple:** Is the registration process a simple user experience that gets the software up and running as soon as possible? Note that while this may feel like an obvious consideration, a surprising number of companies miss the mark here and deliver a cumbersome, frustrating registration process that has a decidedly negative impact on customer satisfaction.
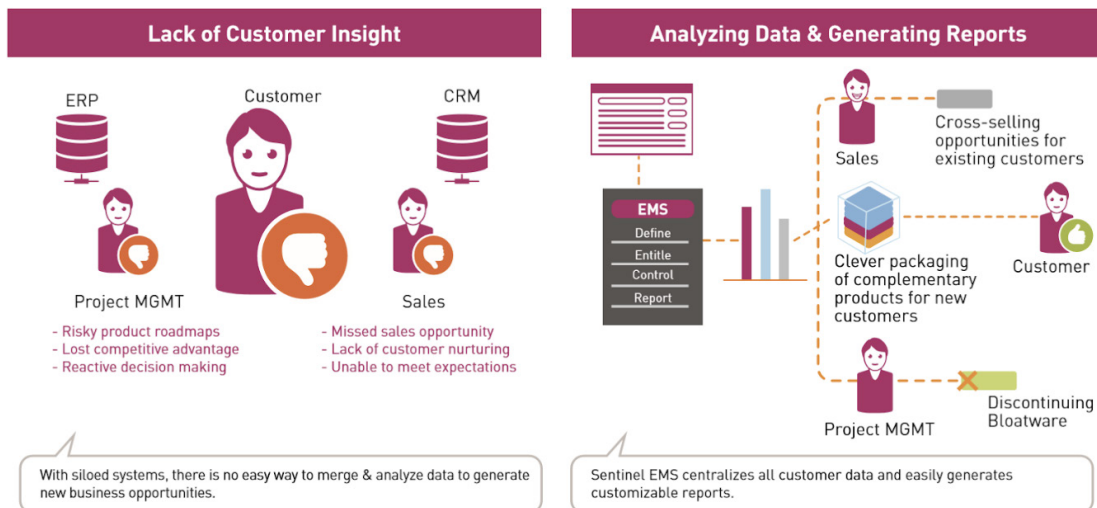
Key UX takeaway:
Leveraging a professionally designed, fully automated, and user-friendly customer portal for licensing management is the optimal way to onboard and welcome your new customers.

The Registration Process: Customer Intelligence

Customer insights are the new currency of business. Mining these insights and converting them into actionable business strategies is the goal of any savvy, customer-focused organization. The registration process is a great time to collect this intelligence and create a competitive advantage.

Building a system designed to collect, report, and inform your decision-makers can be challenging. Many internal systems exist in silos, disconnected from each other, making it difficult to share data and convert it into actionable insights. Integrating these systems can be tricky, but the potential payoff is enormous. By learning how and why your clients use your products, you can improve features, develop new ones and create novel pricing strategies around them.

Lack of Customer Insight

ERP · Customer · CRM

Project MGMT
- Risky product roadmaps
- Lost competitive advantage
- Reactive decision making

Sales
- Missed sales opportunity
- Lack of customer nurturing
- Unable to meet expectations

With siloed systems, there is no easy way to merge & analyze data to generate new business opportunities.

Analyzing Data & Generating Reports

EMS
Define
Entitle
Control
Report

Sales — Cross-selling opportunities for existing customers

Clever packaging of complementary products for new customers

Customer

Project MGMT — Discontinuing Bloatware

Sentinel EMS centralizes all customer data and easily generates customizable reports.

Put your current solution to the UX test:

- **Integrated Reporting:** Is there a single, centralized location for collecting, storing and accessing customer data for reports? Remember, this feature is only useful and valuable to your organization if internal stakeholders use it and act on it, so creating a simple and informative reporting interface and user experience is critical.
- **Customer-Driven Pricing and Packaging Strategies:** Does the SLM capture product feature usage metrics that can inform your product pricing and packaging strategies?
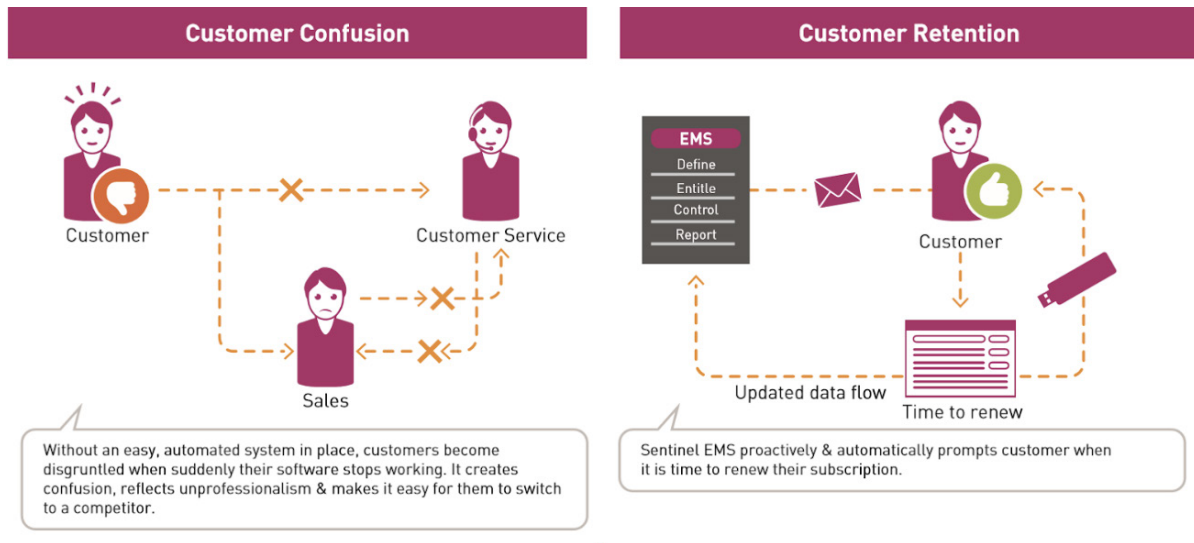
Key UX takeaway:
A Software Licensing Management tool can simplify and integrate the collection of product usage data and insights. This data can be converted into sales, marketing, and product development strategies that reflect real customer behavior and improve customer relationships.

The Renewal Process

At this point, you've completed the sale, onboarded the customer and you've started collecting data and using it to further inform your product and business model. Now, the challenge is getting customers to come back so you can maximize their lifetime value.

Imagine, then, your customer's frustration when their software license expires and the product stops working. Now imagine the peace of mind and assurance your customer has when you proactively remind her that it's time to renew the license. An effective SLM makes the renewal process as simple as possible, ensuring you never lose a customer and never miss out on revenue opportunities. The renewal phase also creates an opportunity for your sales team to review the customer's data and usage stats and proactively cross-sell and up-sell additional features and products.

Customer Confusion

Customer

Customer Service

Sales

Without an easy, automated system in place, customers become disgruntled when suddenly their software stops working. It creates confusion, reflects unprofessionalism & makes it easy for them to switch to a competitor.

Customer Retention

EMS
Define
Entitle
Control
Report

Customer

Updated data flow

Time to renew

Sentinel EMS proactively & automatically prompts customer when it is time to renew their subscription.

Put your current solution to the UX test:

- **Deliver Transparency:** Does your SLM proactively notify users about all their upcoming renewals? Does it deliver these renewal reminders via multiple channels (web, email, mobile) to ensure they are not missed? Remember, not all customers will be visiting the SLM system on a regular basis, so supplement SLM notifications with email reminders.
- **Create Incremental Renewal Reminders:** Does the SLM provide customers with incremental reminders about upcoming renewals at fixed intervals—i.e., 30 days prior to license expiration, 15 days prior, and 5 days prior? This proactive approach will help customers better manage the renewal process and improve customer retention.
- **Offer an Automated/Self-Service Approach to Renewal:** Is the renewal process streamlined? Have you removed all friction from the process? Is it quick and easy for customers to renew their licenses? Doing so will reduce the load on your licensing support and sales teams, and transform a liability into a competitive advantage.

Key UX takeaway:
With a software licensing management tool, the system automatically updates customers when it's time to renew. Adding a role-based portal allows everyone within your company to have full visibility into account information so inquiries are handled efficiently and effectively.

On average, UX increased KPIs by
83%

Conclusion

In today's experience-centric world, delivering anything less than a world-class user experience is a threat to your business. Savvy companies understand the value of UX and how it creates deeper customer relationships, builds operational efficiencies, and improves bottom-line results.

Keep the following questions in mind as you evaluate your SLM options and shape your product vision:

1. Are we meeting customer needs in the most effective way?
2. Are we aligning our internal processes with the needs of the customer?
3. Are we constantly tracking, monitoring, and analyzing customer data to continually optimize and streamline our internal structure and organization?

Finally, it's important to be realistic about your organization's ability to execute and deliver a well thought out, effective software monetization strategy. Consulting with experts who've designed, delivered, and deployed software monetization platforms can go a long way in ensuring that your solution is designed to meet target customer needs and fully integrate with your internal, technical architecture.

stellar