



Revving the Profit Engine of Your Business Model

February 23, 2023

Welcome



Bob Ternes








- Webinar Host
- Director, SPC
- Passion for Improving
 - Organizations
 - Their Employees
 - The Customers They Serve

We help organizations create sustainable, and profitable software-enabled solutions and services through...

- Agile Acceleration
- Agile Portfolio Management
- Agile Product Management

bob@appliedframeworks.com



THE PROFIT STREAM CANVAS		Solution	Version	
Customer <i>What does my customer value?</i> + Hard / Tangible + Soft / Intangible <i>What might my customer pay for this?</i>		Value Exchange <i>How do I "trade value for money"?</i> <i>Annual license? transaction?</i>	 Solution <i>What are the ways I can provide value to my customers?</i> <i>What are the features / (other) I can provide / create?</i>	
	Customer ROI <i>Is this sustainable for my customer?</i> + TCO vs. Benefits <i>Is it better than competing or alternative offers?</i>			
Profit Engine <i>How do I design/engineer a sustainable business?</i>				
				Customer Licenses <i>What are the Terms and conditions of the use of the solution?</i> + Rights / Restrictions <i>Are they fixed? Negotiated?</i>
Compliance <i>How do I maintain / honor my relationship with external stakeholders? (societal stakeholders)</i> + GDPR, FERPA, HIPAA, COPEA		Solution Licenses <i>What are my in-licenses?</i> <i>How do I manage them?</i> <i>How do they impact my model?</i>		

<https://appliedframeworks.com/category/webinars/>



The screenshot shows the Applied Frameworks website homepage. The header includes the Applied Frameworks logo and navigation links for CONSULTING, TRAINING, BLOG, and RESOURCES. The main content area features a large blue graphic with the text "BUILD PROFITABLE SOFTWARE" and "Profit Streams™ are the evolution of Value Streams". Below this, it says "Create a profit engine that aligns to what your customers value most." and includes a "Learn How" button. A sidebar on the right lists categories: Webinars, Frameworks, Process, Product, Training, and News. The footer includes the "SAFE TRAINING" logo.

Understanding Value Exchange Models
Tuesday November 8th, 2022 @ 1:00PM ET

 **Carlton Nettleton**
SVP of Product, CST @ Applied Frameworks

Webinar: Understanding Value Exchange Models

By Carlton Nettleton | October 27th, 2022 | Frameworks, Profit

Do you understand your value exchange model? The value of a software-enabled solution is the difference between what it receives less their costs. Join Carlton Nettleton to learn about Value Exchange Models and their impact on software-enabled solutions' profitability.

Understanding Software Pricing Structure
Tuesday, November 29th, 2022 @ 12:00PM ET

 **Jason Tanner**
Chief Executive Officer @ Applied Frameworks

Webinar: Understanding Software Pricing Structure

By Jason Tanner | November 15th, 2022 | Frameworks, Profit, Webinars

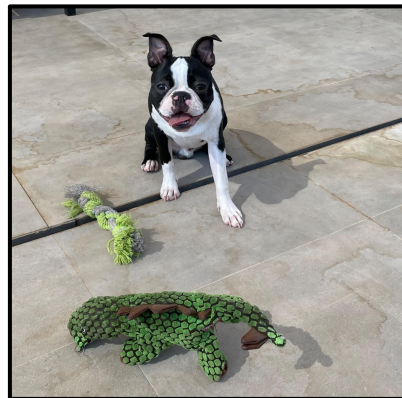
Creating a pricing structure provides a consistent and planned approach to pricing your software-enabled solution that helps to achieve your organizational goals.

Welcome



Carlton Nettleton

- SVP of Product and Certified Scrum Trainer® (CST)
- Twenty years of Scrum & Agile practice
- Live and work in Portugal since 2017



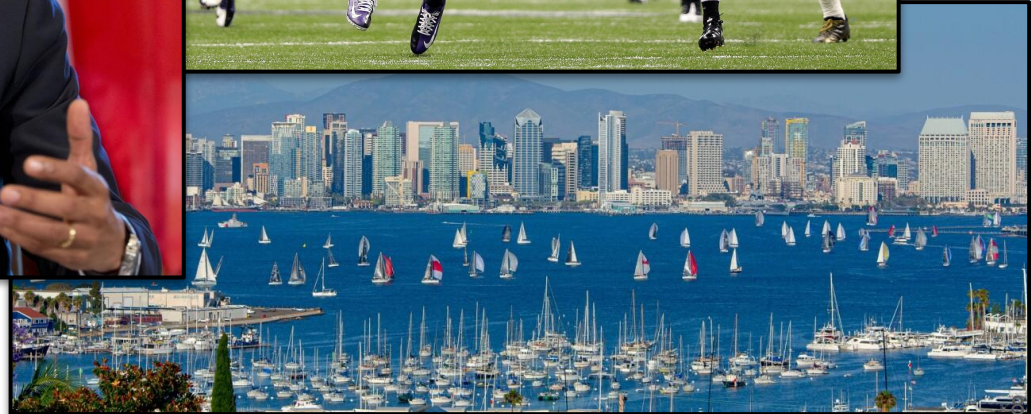


Our agenda

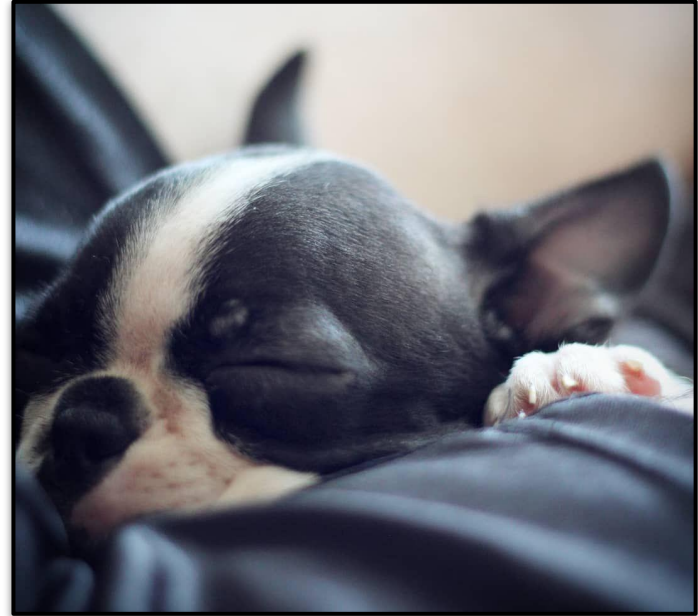
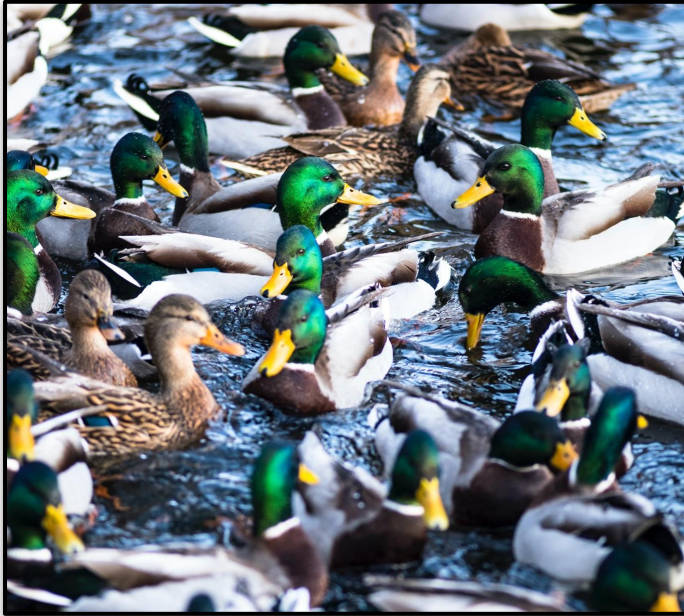
- Why is this topic important?
- What is a Profit Engine?
- What are the most common Profit Engines?

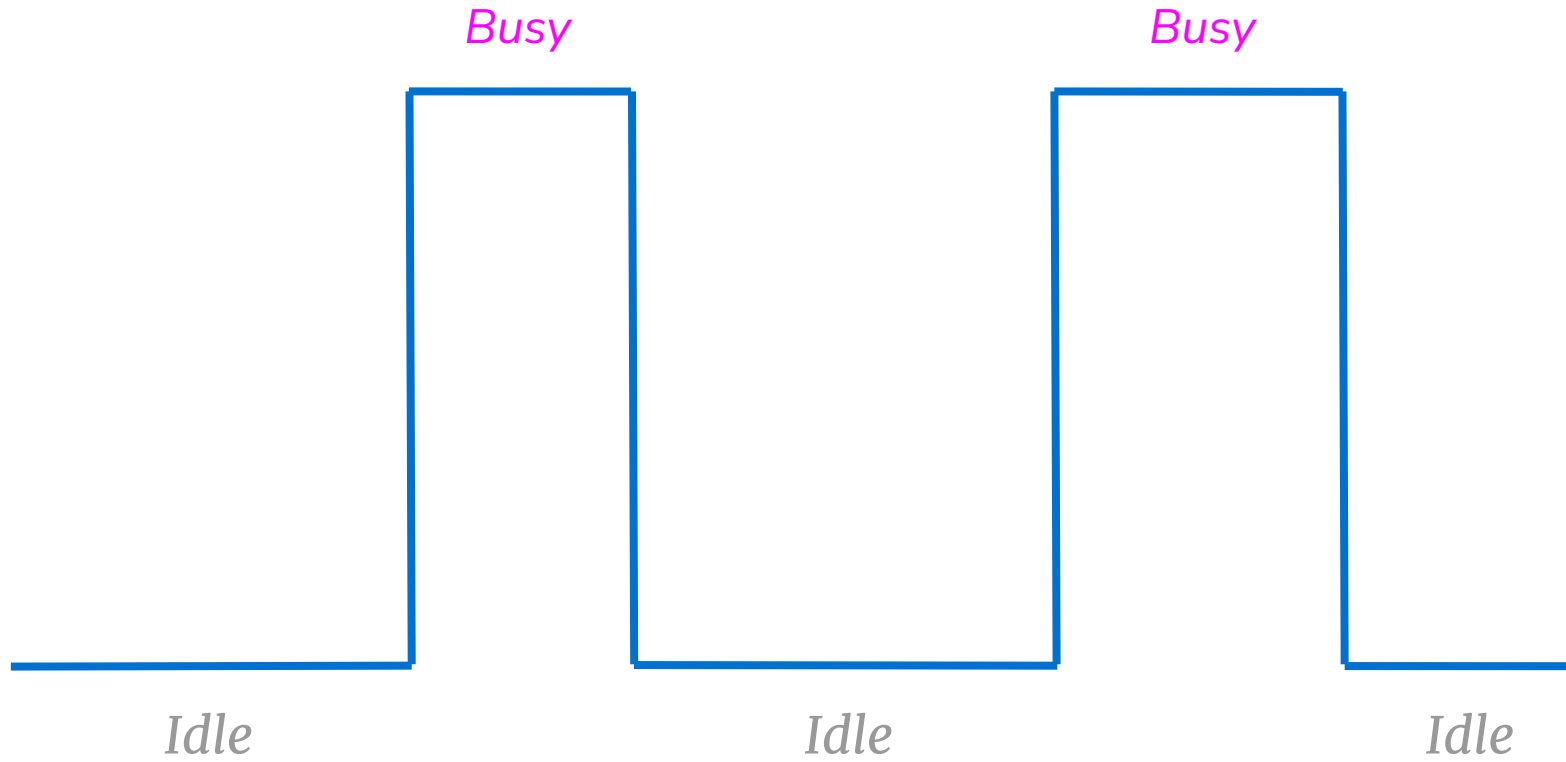
Why is this topic important?

What were you doing in 2013?



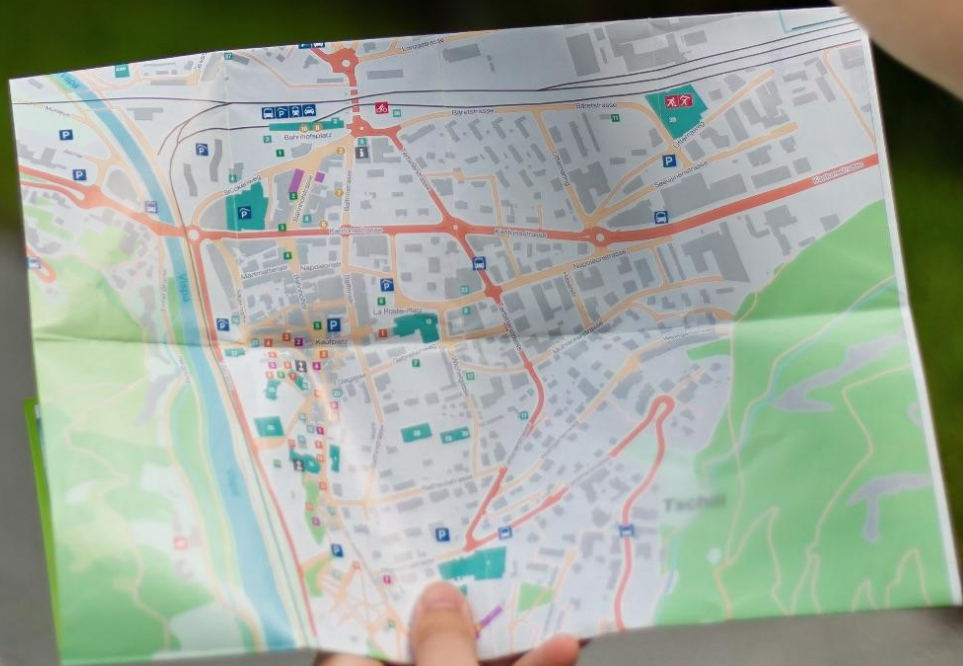
Consultants have two settings





How to solve this problem?

















“Your best customers are those that have bought from you before.”

What is a Profit Engine?

Applied Framework Profit Streams™ Canvas



Customer <i>What does my customer value?</i> + Hard / Tangible + Soft / Intangible <i>What might my customer pay for this?</i> 	Value Exchange <i>How do I 'trade value for money'?</i> Annual license? transaction? 		Solution <i>What are the ways I can provide value to my customers?</i> <i>What are the features / (other) I can provide / create?</i> 
Customer ROI <i>Is this sustainable for my customer?</i> + TCQ vs. Benefits <i>Is it better than competing or alternative offers?</i> 	Pricing <i>How much money will this cost?</i> What is the Price? + Strategy + Structure + Specifies + Policies 	Solution ROI <i>Is this sustainable?</i> + Costs + Revenue <i>Improvements over time?</i> 	
Customer Licenses <i>What are the Terms and conditions of the use of the solution?</i> + Rights / Restrictions <i>Are they fixed? Negotiated?</i> 	Profit Engine <i>How do I design/engineer a sustainable business?</i> 		Solution Licenses <i>What are my in-licenses?</i> How do I manage them? How do they impact my model? 
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- 1. Increase the quantity of value exchanges within the same solution, or*
- 2. Increase the profitability of a single value exchange.*

What are the most common Profit Engines?

Four Profit Engines for Software-Enabled Solutions



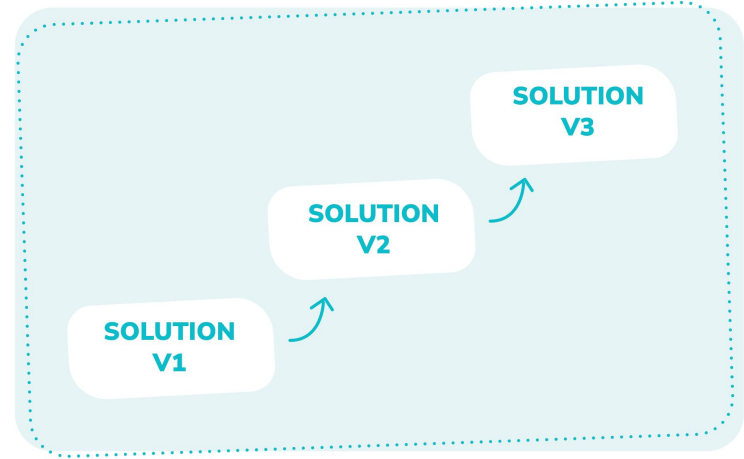
1. Leverage the installed base
2. Product pyramid
3. Platform ecosystem
4. Experience curve



Leverage the installed base



Upgrade the Solution





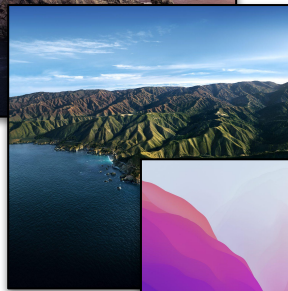
Example: Upgrade the Solution

Most non-software enabled products are **not** upgraded...

... with exceptions



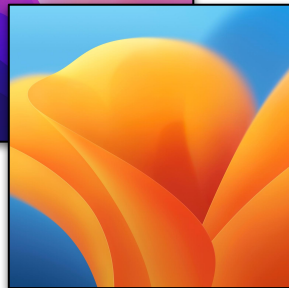
Catalina - macOS 10.15
(2019)



Big Sur - macOS 11
(2020)

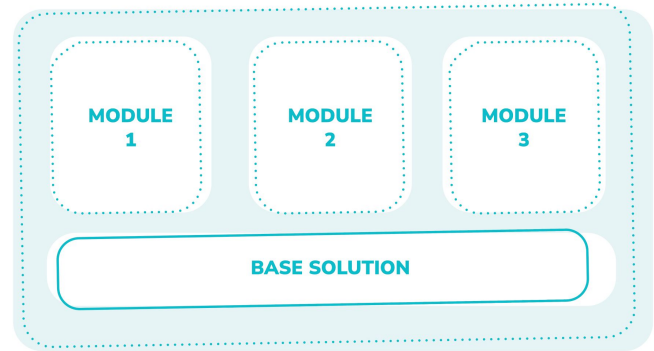


Monterey - macOS 12
(2021)



Ventura - macOS 13
(2022)

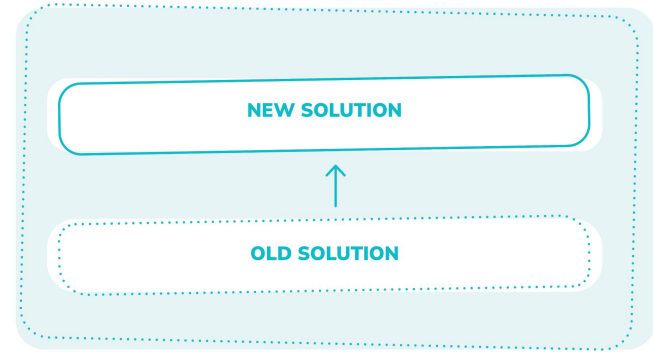
Add Modules



Example: Add Modules



Replace the Solution



Example: Replace the Solution

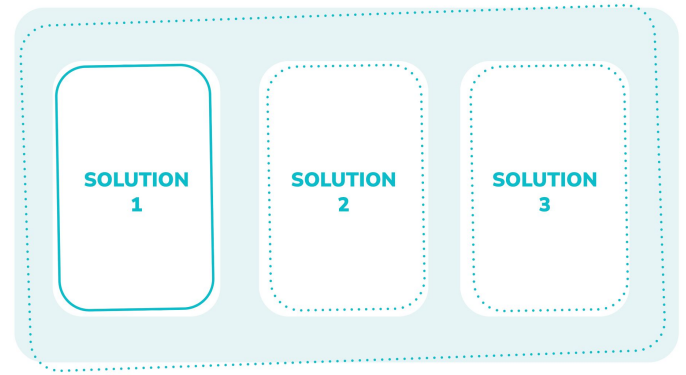


Adobe Creative Suite 6



Adobe Creative Cloud

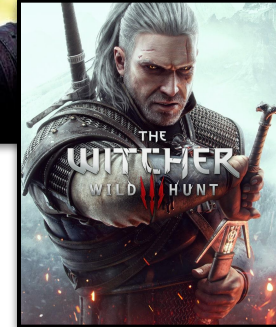
Add Related Solution(s)



Example: Add Related Solution(s)



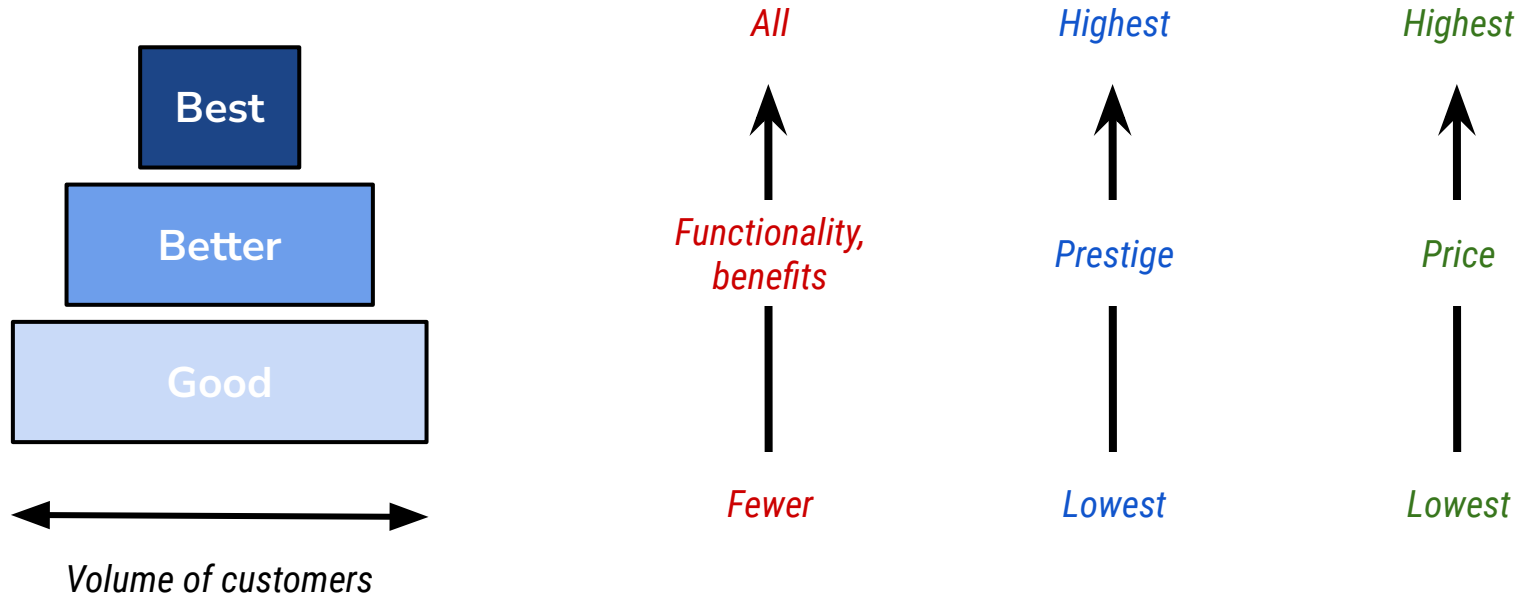
THE
WITCHER



Product pyramid



Exploring the Product Pyramid



Example: Product Pyramid



Premium

Express



Premier
Assisted

Deluxe Assisted

Premier DIY

Deluxe DIY

Basic DIY (free)

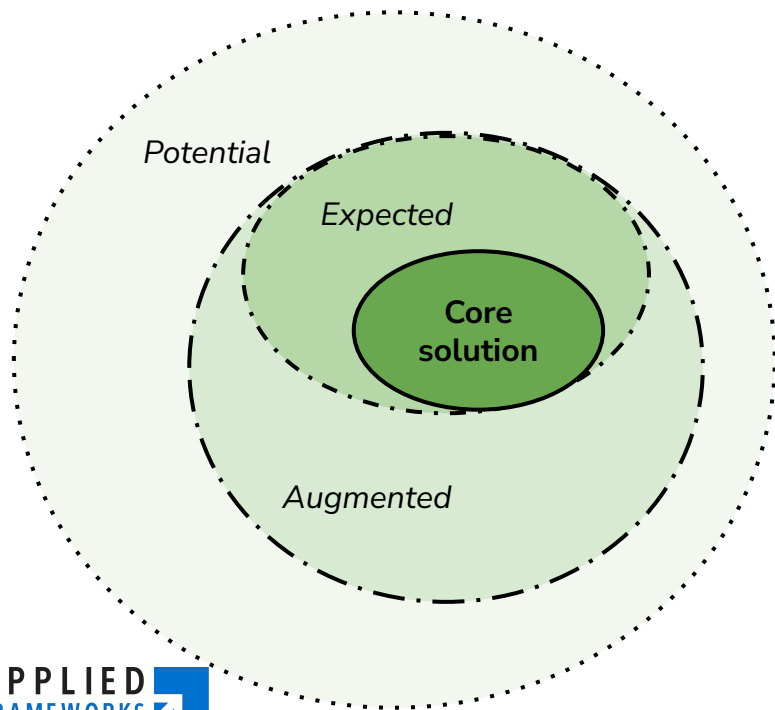


Platform ecosystem



Exploring the Platform Ecosystem

Leverage Whole Solution Thinking



Define the Boundaries

- 1) Will you certify participants in the ecosystem?
- 2) Will you distribute other solutions through the ecosystem?
- 3) Will you sell other solutions provided by other participants in the ecosystem?
- 4) Will you offer solutions that compete with other solutions in the ecosystem?
- 5) How will you make the platform interesting for participants to join? What value do they gain?

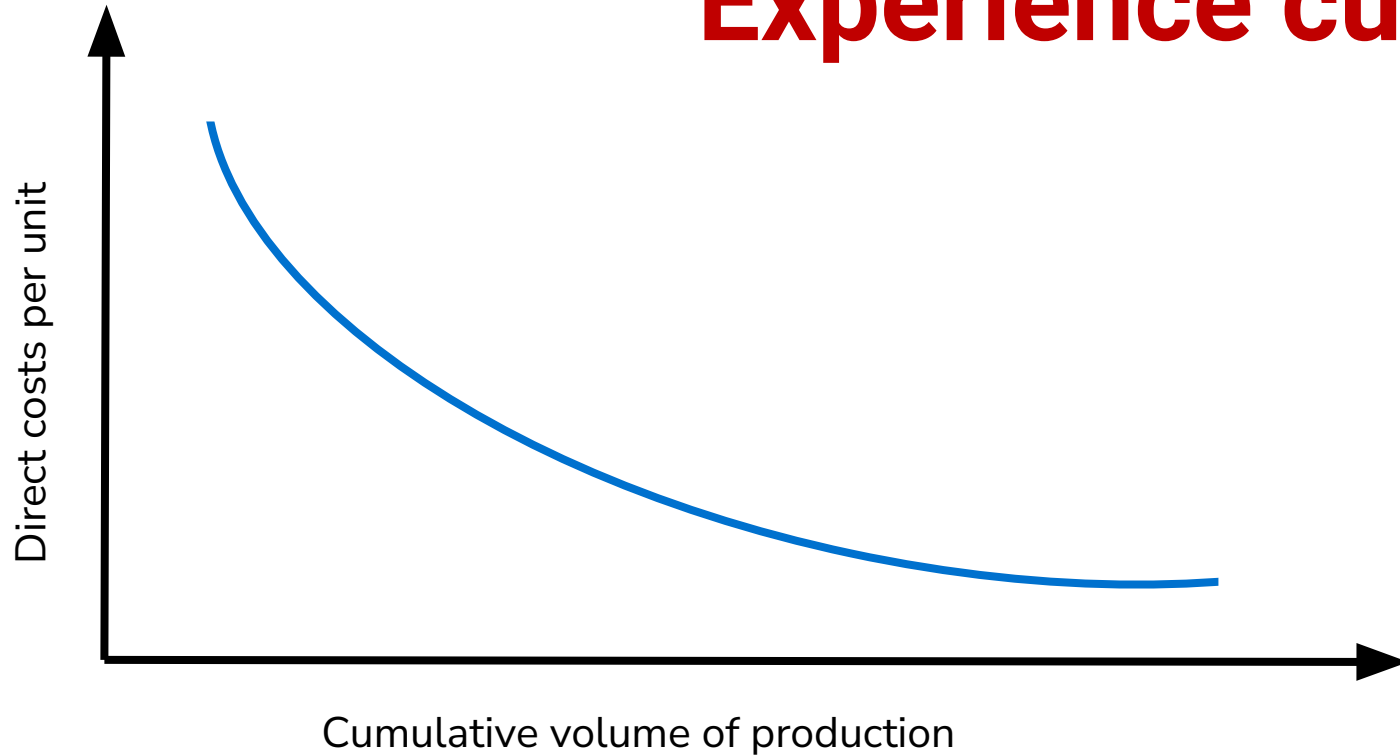
Example: Platform Ecosystem



Adobe Creative Cloud



Experience curve



Exploring the Experience Curve





Example: Experience Curve

- Stable architecture
- Reusable components across solutions
- Software patterns and common standards
- Automation of testing, deployment and onboarding
- Identification and implementation of self-service support opportunities










What more do you want to know?

What's next?

You tell us!



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The Book and The Class



profit-streams.com

OVERVIEW

Maximize Your Software Profits – Course Description

Maximize Your Software Profits is a two-day interactive workshop that introduces you to the details of the Applied Frameworks Profit Stream™ Canvas. In this workshop, your instructor will condense a bunch of dry theories about pricing, licensing, systems thinking and compliance into specific actions you can take to design a system that will yield a steady stream of profits to support the growth of a sustainable business.

The activities, tools, and techniques covered in this workshop will enable you to fund innovation, improve your portfolio management, quantify the “value” in your value streams, and demystify the process of how to define the price for a software-enabled solution. This workshop includes:

- Two virtual classroom sessions of seven-hours each
- Lots of collaboration time with your classmates
- A preprint of the **Software Profit Streams™** book written by Luke Hohmann and Jason Tanner and designed by Federico Gonzalez.

AGENDA

Day #1

- Opening and Logistics
- Profit Stream™ Canvas Overview
- Customer Value Analysis
- Value Exchange Models
- Solution Design Options
- Customer and Solution ROI

Day #2

- Review and Q&A
- Pricing and Profit Engines
- Customer License Agreements
- Solution In-License Agreements
- Compliance
- Closing and Next Steps

<https://appliedframeworks.com/maximize-your-software-profits/>



Thank You!

Have additional questions?

profitstreams@appliedframeworks.com

Stay informed about Profit Streams:

www.profit-streams.com

Closing Thoughts

