Seven Winning Revenue Models and Choosing the Right One



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- MBA, University of Chicago



Altek Consulting

Drive revenues and profits

- Business, product, and GTM strategies
- New products/markets
- Thought leadership
- Demand generation
- Business development
- Interim CMO/CRO



Business Models

- Product, target market, value proposition, competitive differentiators, GTM strategy, revenue models
- Levers: pricing and costs
- Scalable way to acquire customers
- Monetize customers at significantly higher level than cost of acquisition



Revenue Models

How Will You Make \$\$\$?

Value Proposition
Price
How Customers Will Pay





Revenue Models

- Subscription
- Licensing
- Advertising
- Transactional
- Markup
- Affiliate
- Data sale





Increasingly Everything as a Service (XaaS)

Customers (more than Tech)

- Lower upfront costs
- Reduced support burden
- Better flexibility/scalability
- Enhanced customer experience

Vendors

- Recurring revenues
- OpEx vs. CapEx
- Shorter sales cycle
- Higher LTV



Software as a Service (SaaS)









- Future SaaS driven by data
- Integrate BI/smart data for service-based solutions



Consumer Products as a Service



Care by Volvo

- Car + insurance +
 Maintenance + wear/tear
- No down payment
- No long-term commitment



Hardware as a Service

- Choose Device/service level
- Access to hardware
- Support, analytics, reporting
- Customers pay for value provided by Service

Lenovo







Energy Efficiency and Wastewater Treatment as-a-Service





- No customer out-of-pocket costs
- Monitoring, maintenance, and upgrades
- Growing residual revenue stream



Licensing











Advertising





THE WALL STREET JOURNAL.

Charge advertisers based on ad space or number of clicks



Transactional (Marketplaces)











- Multiple sellers sell their products to customers
- Marketplace is owned by administrator
- Fee for listing and per successful transaction



Markup





Ecommerce, retailers, wholesalers - buy, markup, and resell



Affiliate (eCommerce)







- Online merchant pays affiliate for ad/link to merchant site
- Advertisers pay commissions only for conversions



Monetizing Data

FOURSQUARE

Location data for retailers



Utility bill data for expanded financial access



Which revenue model is right for you?

- Fit with:
 - Offering, buyers, buying process, price point
 - Target market pain point
- Value Proposition
- Competitive ecosystem



Experiment, refine, optimize



Resources

https://www.piesync.com/blog/saas-guide-tools-and-trends/

https://www.coxblue.com/xaas-everything-as-a-service-model-and-the-benefits-to-small-business/

https://prisync.com/blog/e-commerce-business-models-choosing-the-right-one-for-b2b-marketplace/

https://www.ecommerce-nation.com/5-examples-affiliate-marketing/



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