



Applied  
Frameworks

# Welcome to our Webinar Series: *I Don't Know My Customers...HELP!*

**PART I:** My Organization Doesn't Understand Why We Need to Spend Time Building Customer Understanding...HELP!

Presented by: Kimberly Poremski  
April 12, 2023

# Agenda

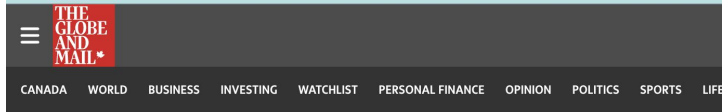


**01 /** Explore 10 barriers to achieving strong customer understanding

**02 /** Discuss the importance of developing customer understanding

**03 /** Next in the series

**04 /** Q & A



## How BlackBerry blew it: The inside story

SEAN SILCOFF > TECHNOLOGY REPORTER

JACQUIE MCNISH >

STEVE LADURANTAYE

PUBLISHED SEPTEMBER 27, 2013

- Smartphone users were basing purchase decisions on **software** applications, rather than just hardware.
- Consumers cared more about **apps** than battery life or security features.
- "The problem wasn't that we stopped listening to customers," said one former RIM insider. "**We believed we knew better** what customers needed long term than they did.



## BUSINESS &amp; TECH

# What Lululemon Could Learn From Abercrombie About Fat Shaming

A co-founder of Lululemon said his yoga pants just aren't built for "some women's bodies." That's just a bad business decision.

By Eliana Dockterman | Nov. 13, 2013



- In 2011, the average dress size for American women was a **size 14**
- The plus-size market generated **\$19.4 billion** in women's-clothing sales alone; **18%** of the women's total clothing market
- In 2013, consumers were expected to spend **\$332 million** on athletic wear sold at plus-size women's-clothing stores. That figure didn't include plus-size athletic gear purchased at stores that don't sell exclusively plus-size items.



# Taco Bell Is Bringing Back the Mexican Pizza Permanently

The chain's CEO also revealed more discontinued items could return to Taco Bell.

By [Mike Pomranz](#) | Published on August 1, 2022

*Taco Bell CEO Mark King...  
"It's going to be re-launched  
mid-September and it's going to  
be a permanent item," King was  
quoted as saying.  
"I had more feedback — hate  
mail! — over the removal of  
Mexican pizza*



# Shaking up a traditional brand to reach modern consumers



*How Farmers® Insurance tapped into next generation consumers with Toggle*

By focusing on consumer pain points, pet peeves and preferred products beyond just insurance for millennials, Toggle identified several key customer findings...

- Millennials value convenience and transparency
- They want a greater sense of control and flexibility in their lives and the things they purchase
- Consumers are used to getting what they want, when they want it
- Renters often need immediate proof of insurance to satisfy their landlord's requirements

Toggle responded with the following...

- An 'on demand' digital renters insurance subscription
- Ability to set up a policy on their phone within minutes
- An 'e-notify' capability to send proof of insurance to landlords
- Technology to 'toggle up' coverage by \$1,000 in real time to see incremental cost

Let's talk a poll!





# 10 Barriers

to achieving Customer Understanding







#1: Claiming to know your customers better than they know themselves

#2: Expecting  
your customers  
to tell you what  
they want





#3: Focusing  
on solutions,  
not problems

#4: Focusing  
on outputs,  
not outcomes





# #5: Neglecting to effectively segment customers





# #6: Relying only on quantitative or qualitative data



<https://pixabay.com/photos/scale-question-importance-balance-2635397/>



# #7: Not asking enough customers



# #8: Exhausting the same customer base







#9: Not  
connecting with  
actual end users

#10: Failing to  
make customer  
discovery a  
team sport





**Our highest priority is to  
satisfy the customer  
through early and  
continuous delivery of  
valuable software.**

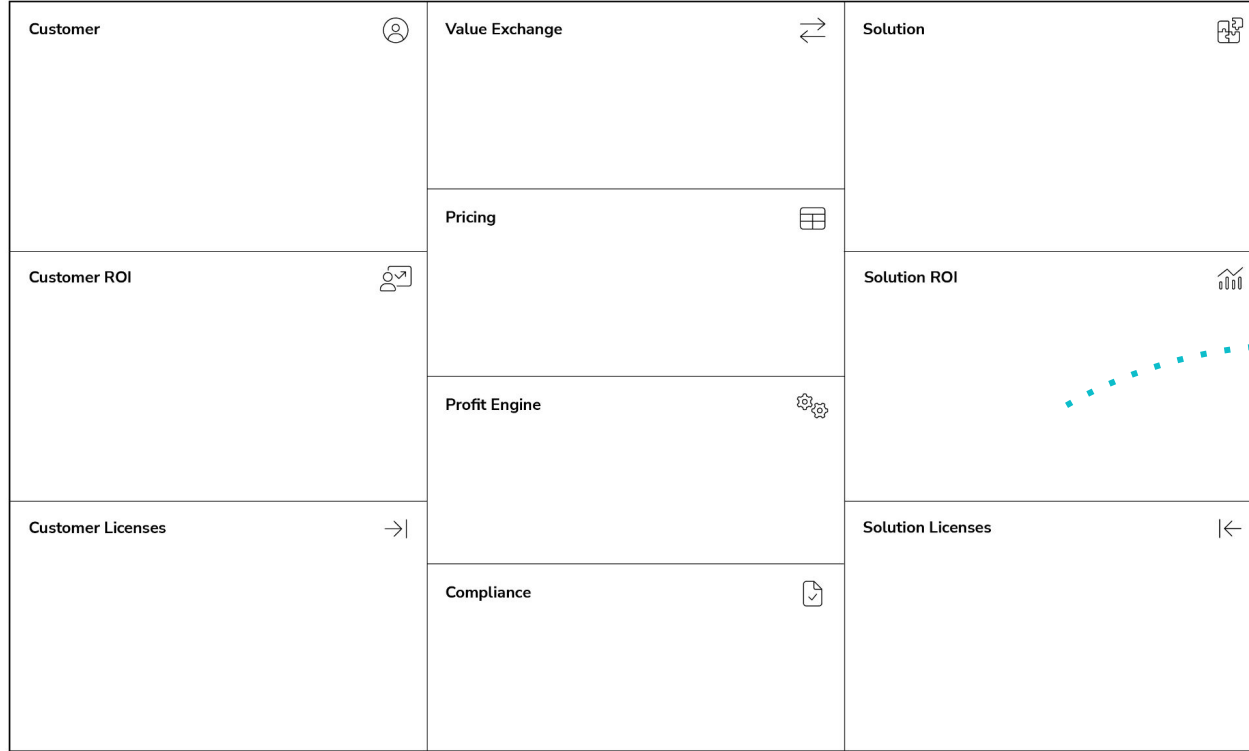


Why is Developing Customer Understanding  
the key to a profitable and sustainable business?

## THE PROFIT STREAM CANVAS

Solution

Version



# Introducing the **The Profit Stream Canvas!**

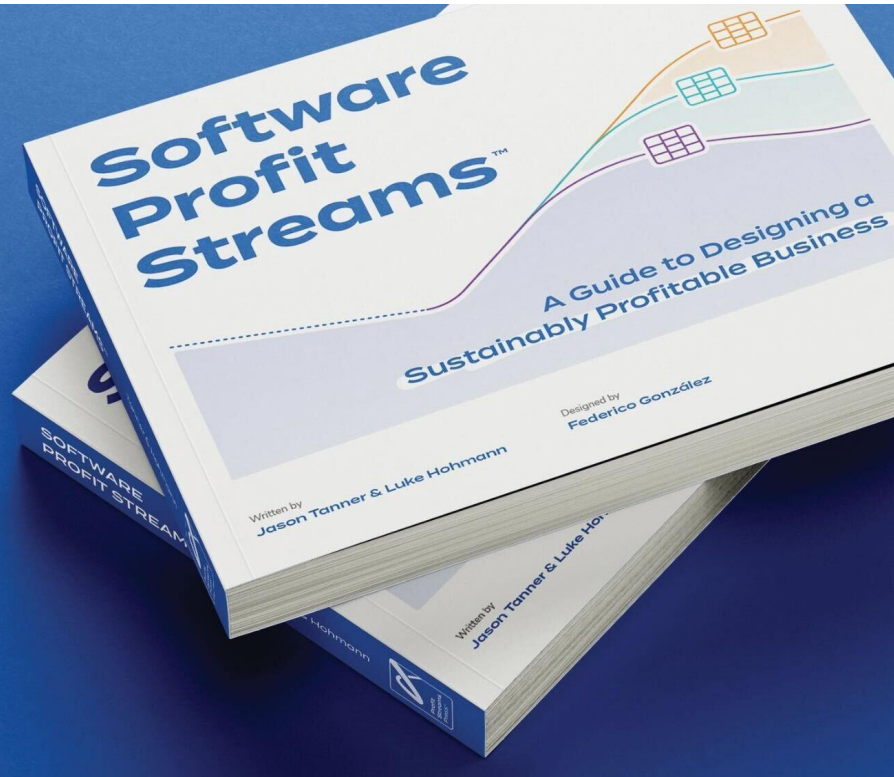
Get the canvas here:  
[profit-streams.com](https://profit-streams.com)



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<https://appliedframeworks.com>





Introducing the  
**Software Profit  
Streams!**

Available on Amazon:  
<https://a.co/d/0HQnCQa>



## What is a Profit Stream<sup>™</sup>



**Luke Hohmann**  
Chief Innovation Officer @  
Applied Frameworks



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



## Putting the Profit Back Into Value



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



## Revving the Profit Engine



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



**Bob Ternes**  
Director of Client Delivery,  
SPC @ Applied Frameworks



## Understanding Value Exchange Models



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



## Understanding Software Pricing Structure



**Jason Tanner**  
CEO, CST @ Applied  
Frameworks





# Growth Pricing Workshop

<https://profit-streams.com/growth-pricing-workshop>

# Software Pricing Fundamentals

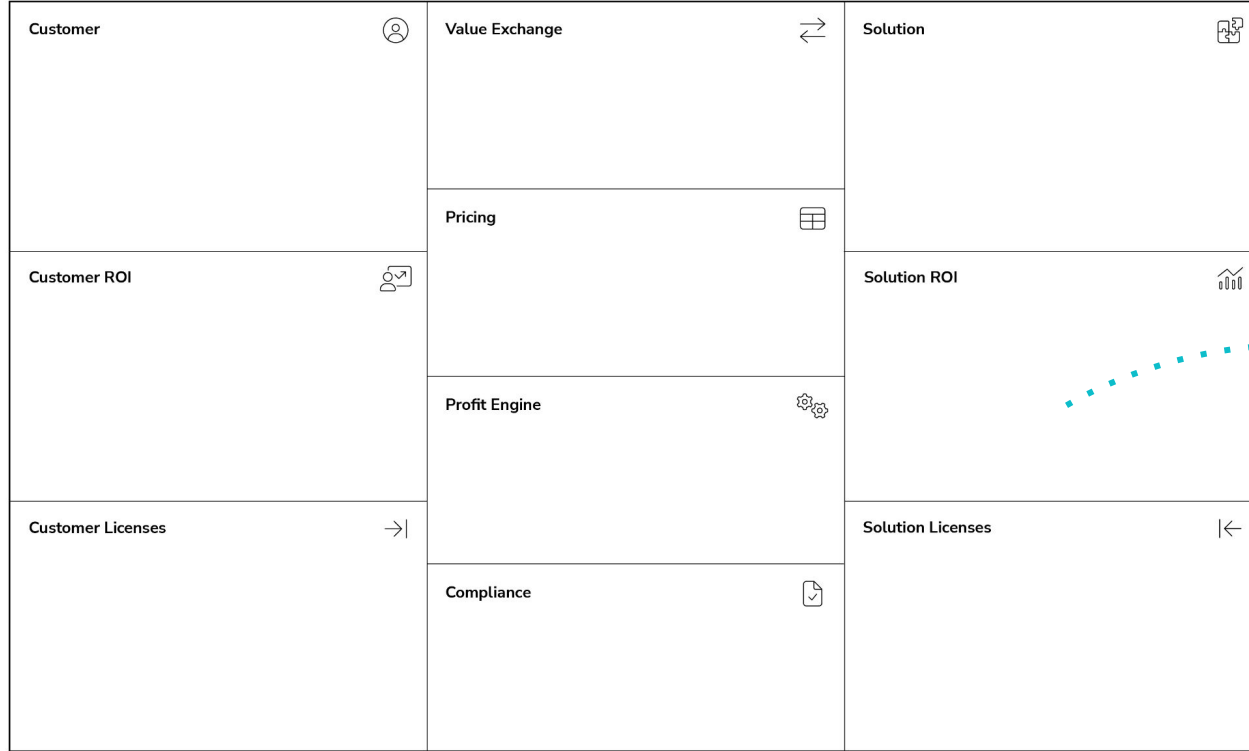
<https://profit-streams.com/software-pricing-fundamentals>



## THE PROFIT STREAM CANVAS

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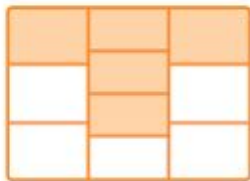


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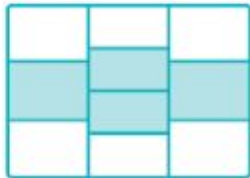


**The Profit Stream Canvas** is organized to help you manage the choices you will make as you design your Profit Streams.



### **Solution Sustainability**

Delivering value to your customer over time.



### **Economic Sustainability**

You are making a profit. Your customers' assessment of value is greater than their total cost of ownership.



### **Relationship Sustainability**

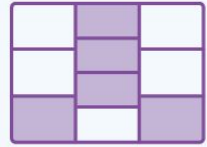
Designing long-term relationships that benefit all stakeholders



# Monetization

How are all elements of profit working in harmony?

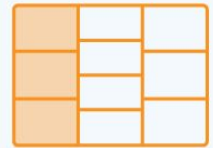
*GET THESE RIGHT AND YOU HAVE A HAPPY CUSTOMER*



*GET THESE RIGHT AND YOU HAVE A PROFITABLE SOLUTION*

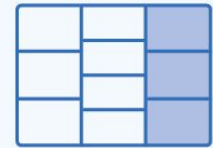
## Customer

- What are their goals and aspirations?
- What problems are they trying to solve?
- How do they perceive value?
- What are their economic choices?
- What licenses do they require?

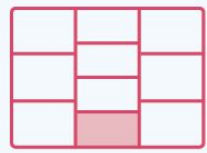


## Solution

- What solutions might you create?
- How will they promote sustainability?
- How will they generate a profit?
- How will you manage supplier relationships?



*GET THIS RIGHT AND YOU'LL HAVE STABLE, HEALTHY BUSINESS RELATIONSHIPS*



*GET THESE RIGHT AND YOU HAVE A GREAT SOLUTION*

## Compliance

How does our solution ethically and responsibly comply with applicable regulations and laws?



*What is  
value?*





## What is value?



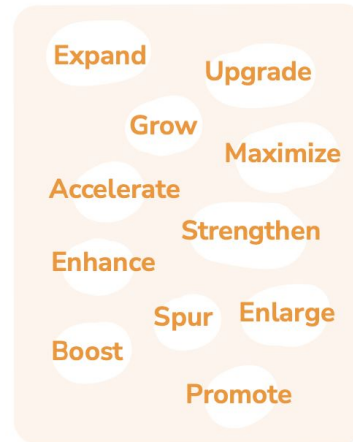
Value is the benefits a customer receives less their costs.





**Tangible benefits** can be captured through a verb that modifies a dimension of value relevant to your customer.

The two main verbs are  **REDUCE** and  **INCREASE**



6 Dimensions customers seek to reduce



**COST**

**TIME**

**CAPITAL**

**RISK**

**COMPLIANCE**

**EFFORT**





5 Dimensions customers seek to increase

REVENUE

PRODUCTIVITY

EASE OF USE

DATA 

OPTIONALITY

**Timeliness:**

Data that is delivered faster is generally more valuable

| Slow ..... Fast |

**Breadth:**

Data that includes related data may be more valuable

| Narrow ..... Broad |

**Accuracy:**

More accurate data is generally more valuable

| Low ..... High |

**Precision:**

Data that is more precise is generally more valuable

| Low ..... High |

**Scarcity:**

Unique and/or scarce data may be more valuable

| Common ..... Scarce |

**Examples:**

Credit scores, stock quotes, patent data, digital goods in video games. An NFT is, by design, an example of a perfectly scarce item - there is only one.



Don't forget intangible dimensions

**Maximize these...**

**Safety**

**Confidence**

**Security**

**Fun / Pleasure**

**Status**

**Creativity**

**Aesthetics**

**Minimize these...**

**Frustration**

**Fear / Anxiety**

**Loneliness**

**Stress**



**Customer Benefit Analysis** focuses on one and only one segment.

Different segments value different dimensions, with different magnitudes.

Change the segment and you change the analysis.



**COROLLARY:**



## THE PROFIT STREAM CANVAS

Solution

Version

Customer



**What benefits are we providing to a given customer segment?**

Customer ROI



**What are the economic impacts of our solution(s) on a given customer segment?**

Value Exchange



Pricing



Profit Engine



Compliance



Solution



Solution ROI



Solution Licenses



Customer Licenses



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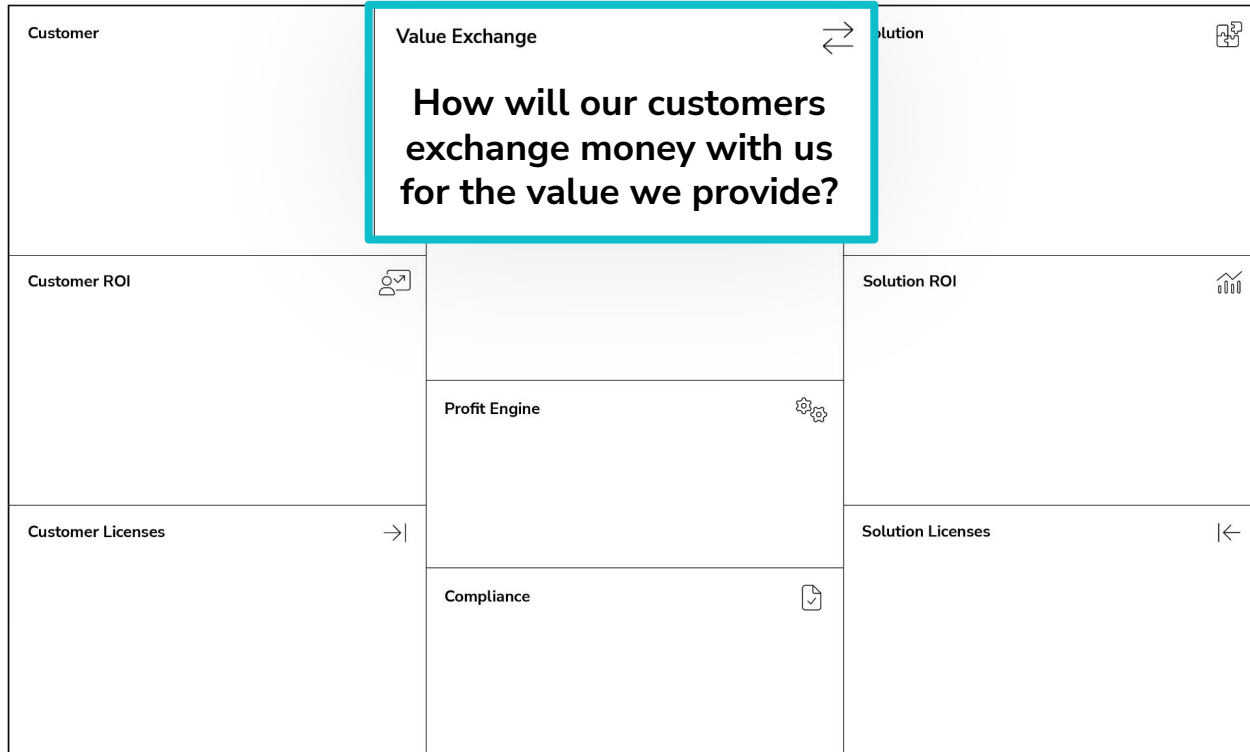
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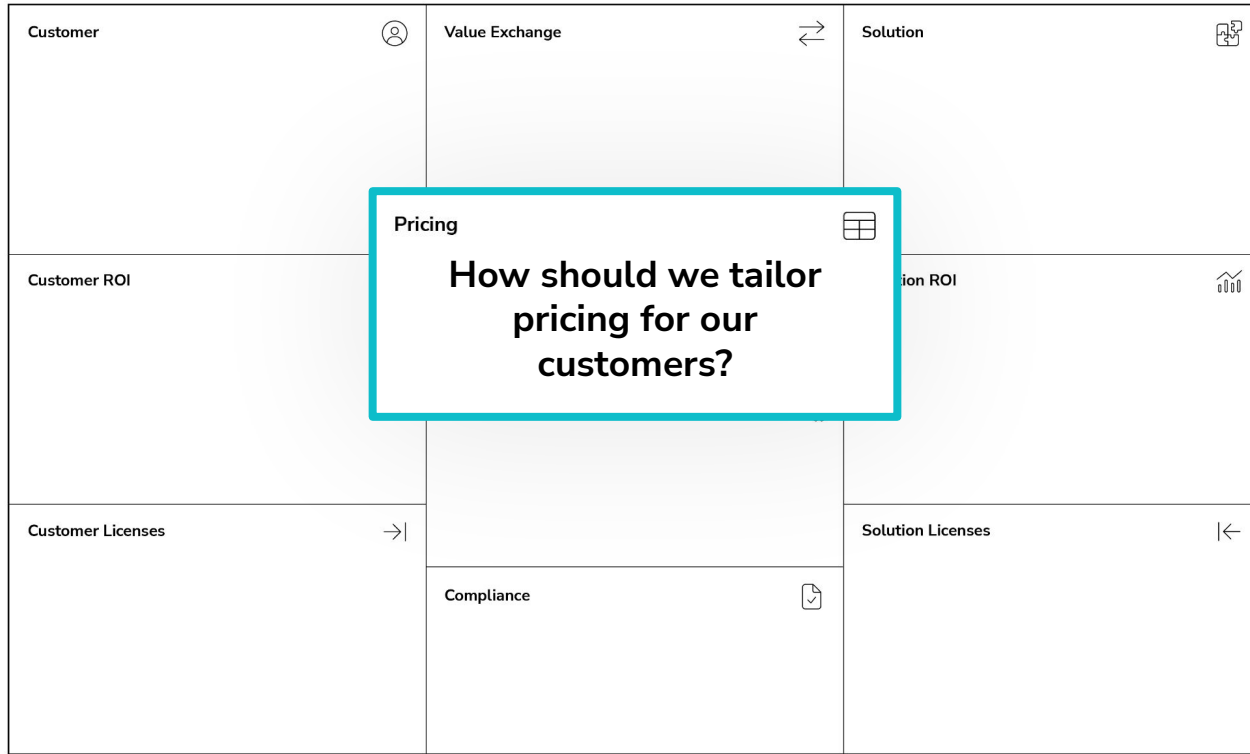


<https://appliedframeworks.com/webinar-understanding-value-exchange-models/>

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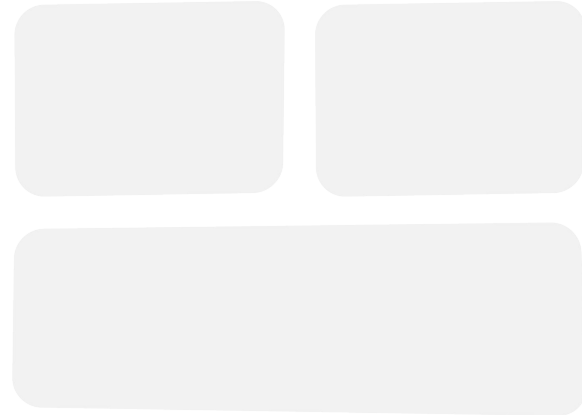
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# The Profit Stream Pricing Model



**Price Strategy** defines how you intend to compete and position your product





# The Profit Stream Pricing Model

**Price Structure** drives pricing by different segments and solution attributes

**STRATEGY**

**Price Strategy** defines how you intend to compete and position your product

**STRUCTURE**



# Slack's pricing fences



## Choose the plan that's right for your team

Pay by the month or the year, and cancel at any time.

### Pro

More power for small teams who want better collaboration



### Business+

Scale your business, increase productivity, and keep your teams connected



### Enterprise Grid

Slack for the most complex enterprises – all the flexibility and power to meet your regulatory requirements, and your growth



**\$7.25 USD**

per person/month, when billed yearly  
\$8.75 USD per person/month when billed monthly

#### All the benefits of Free, and:

- ✓ Unlimited message history
- ✓ Unlimited apps and integrations
- ✓ Unlimited lightweight, voice-first huddles
- ✓ Secure work with other companies using Slack Connect channels

**\$12.50 USD**

per person/month, when billed yearly  
\$15 USD per person/month when billed monthly

#### All the goodness of Pro, and:

- ✓ 99.99% guaranteed uptime
- ✓ User provisioning and deprovisioning
- ✓ SAML-based single sign-on
- ✓ Data exports for all messages

[Contact Sales](#) for a price estimate

#### All the greatness of Business+, and:

- ✓ Unlimited workspaces
- ✓ Support for data loss prevention (DLP), e-Discovery and offline backup providers
- ✓ HIPAA-compliant message and file collaboration



# The Profit Stream Pricing Model

**Price Structure** drives pricing by different segments and solution attributes

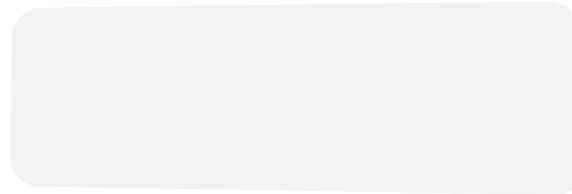
STRATEGY

**Price Strategy** defines how you intend to compete and position your product

STRUCTURE

SPECIFICS

**Price Specifics** identify the actual price levels offered to different customer segments including all the details related to the chosen value exchange model.





# The Profit Stream Pricing Model

**Price Structure** drives pricing by different segments and solution attributes

STRATEGY

**Price Strategy** defines how you intent to compete and position your product

**Price Policies** establish the processes and procedures needed to ensure the integrity of the price structure under pressure from customers and competition.

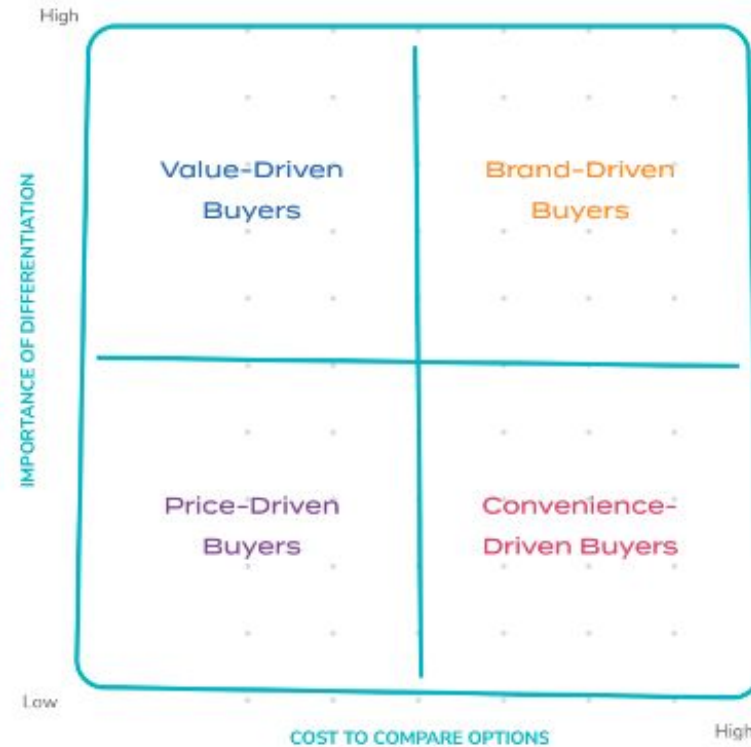
STRUCTURE

SPECIFICS

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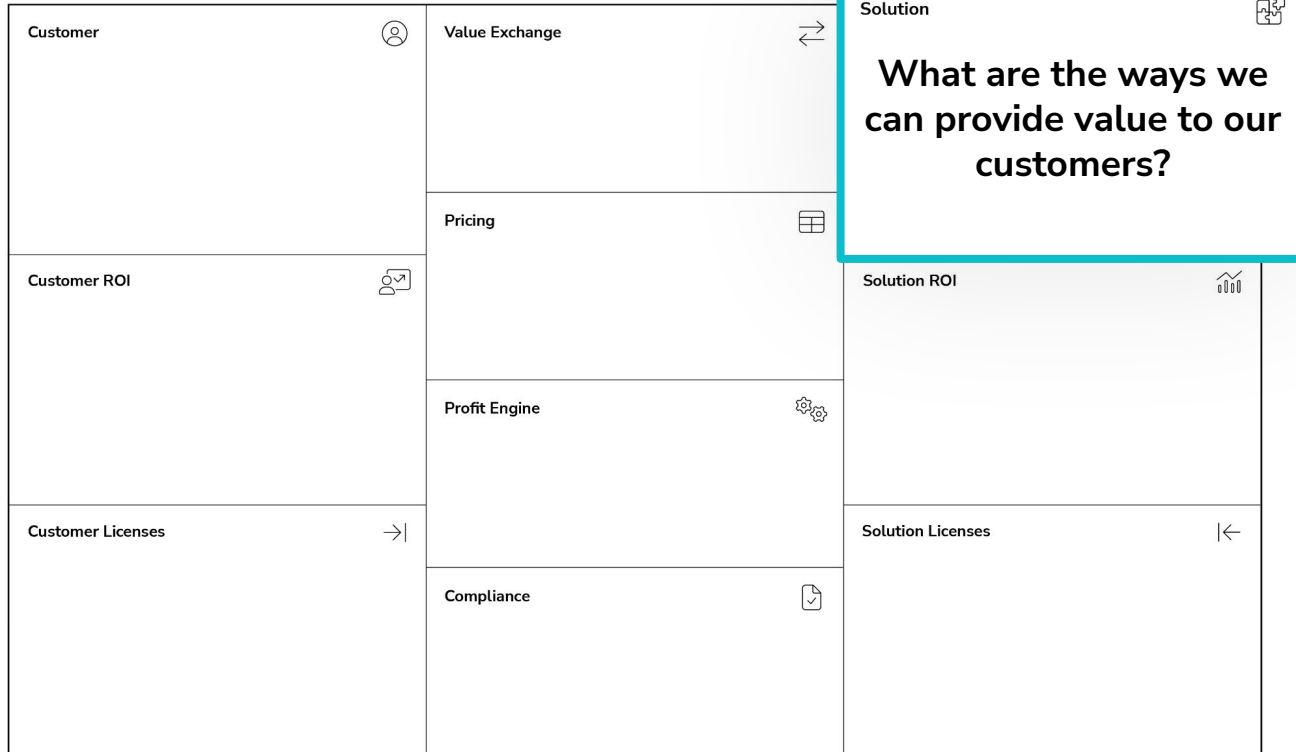
POLICIES

# Pricing policies are specific to customer segments





## THE PROFIT STREAM CANVAS



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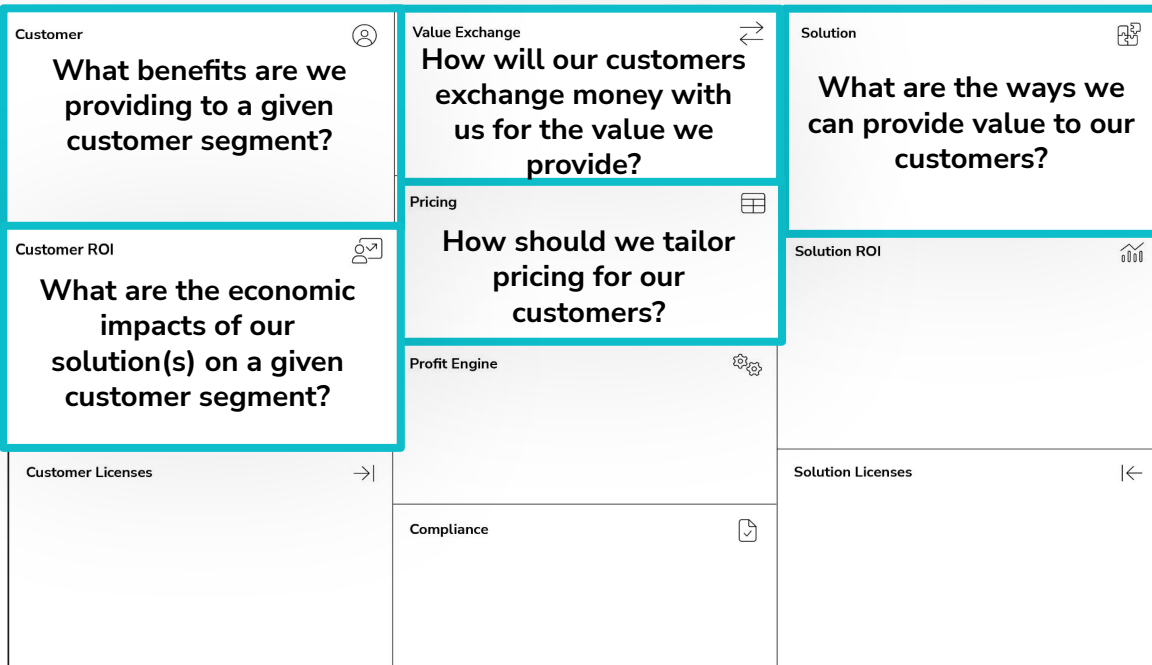
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# Why do I need to understand my customers?



## THE PROFIT STREAM CANVAS



- Helps us **segment customers** to identify the the value each segment desires/needs
- Helps us help our customers achieve greater **customer ROI**
- Influences how we **exchange value** with different customers
- Guides **pricing structures and policies** for different segments
- Helps us identify the right solutions to deliver to achieve **value delivery** for each segment
- Ensure the highest levels of **customer satisfaction**
- Maximize **profitability**
- Ensure **business sustainability and longevity** for our customers and ourselves



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**But wait, there's more!**

Join us for Part II:

**I Don't Know Which Customers to Talk to or When...HELP!**

Wed., May 24, 2023



# Q&A



That's it for now,  
Thank you!



[profitstream@appliedframeworks.com](mailto:profitstream@appliedframeworks.com)

Thank you for stopping by!



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