

Going Beyond Email: Marketing Software with Targeted In-Product Messaging

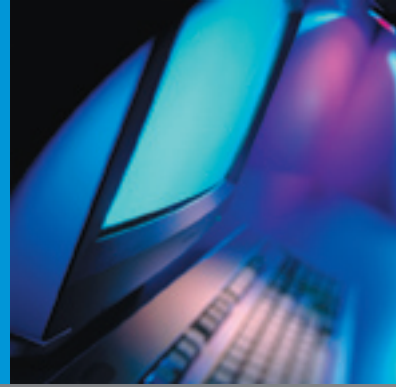
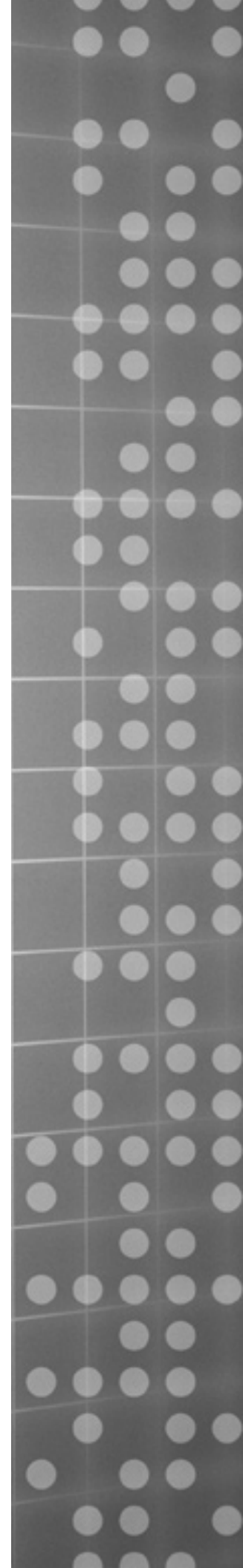


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Going Beyond Email: Marketing Software with Targeted In-Product Messaging

Introduction

We live in a time where email rules the world of software marketing. Because email is relatively inexpensive and easy to both produce and distribute, it has become the most popular and ubiquitous vehicle for marketing applications, with software vendors everywhere flooding the inboxes of prospects and customers each day with news of new products, releases, and promotional offers.

But while email's popularity as a software marketing vehicle is undeniable, its effectiveness remains in question. Most email campaigns receive between 1% and 4% click-through rates, meaning 96% to 99% of the target audience ignored the message's call to action. Is this effective?

Ironically, it is email's popularity that has become its biggest shortcoming. People's inboxes routinely overflow with new email, many of which are marketing new products and services, and the likelihood that any particular

message will be noticed, much less read, becomes more and more remote with each new email that comes in. Plus, with the growing sophistication of spam-blocking software and increasing governmental legislation regulating email marketing, it is becoming increasingly difficult for email marketing messages to get through. Although it is unlikely that email marketing campaigns will become extinct in the near future, most software vendors are looking for other, more effective ways to market their products.

Intended for Product Managers and those responsible for marketing applications, this white paper examines the problems with using email as a marketing tool and discusses a new vehicle for promoting software, called targeted in-product messaging. It also provides an overview of one solution, Acrezzo Software's FLEXnet Connect, which makes it easy for Product Managers to send targeted in-product messaging to their customers and evaluators.

The Shortcomings of Email Marketing

While email remains one of the most popular vehicles for marketing software products, its effectiveness as a promotional vehicle has not improved. In fact, it has been argued that the more email marketing's popularity grows, the more its effectiveness will diminish.

What are some of the reasons why click-through rates of marketing emails are consistently low? Listed below are a few factors:

- **No email address** – Obviously you need an actual email address if you want to send emails to a customer or evaluator, but often software publishers don't have the addresses of all their customers and prospects. If the

user doesn't take time to register the product, if the product was purchased from a third-party reseller, or if a prospect failed to provide an email address when they were initially added to your database (e.g., for downloading a product evaluation or white paper), emailing them isn't possible.

- **Incorrect or invalid email address** – If the person who registered the product initially gave an incorrect email address, if they quit their job or got fired, or if they decided to stop using the email address they provided, your email marketing messages won't reach them.
- **Valid email address, but wrong person** – Sometimes the person who registers or purchases the product is not the person who uses the product; they may have

nothing to do with the product at all. This is especially true with software sold to enterprises. When this happens, if they don't forward your messages on to the right person, your words fall on the wrong ears.

- **Opt-out law** – The CAN-SPAM Act passed by the US Congress in January of 2004 ensures that if a recipient wants to unsubscribe or opt-out of receiving emails from you, you must stop sending them emails or be subject to severe penalties. For many software vendors, this law means that they aren't able to email a significant percentage of their user base.
- **Spam blockers** – With the growing popularity and sophistication of spam blockers, there is no longer any guarantee that your email messages will ever reach the user's inbox. And since spam blocker rules are constantly evolving, getting your emails past them has become a never-ending struggle.
- **Overloaded inboxes** – Your email message has to compete for the attention of the recipient with every other new message in the inbox. The more emails a person receives, the less likely they are to pay attention to yours, and if a person only checks their inbox once every few days, your email could literally be one of hundreds they have to sort through.
- **Bad timing** – Ideally people will see your email message at a time when they are thinking about your product or the problems it solves. Unfortunately, you can't control when a person checks their inbox. If they see your message when they are preoccupied with other matters or when they only have a few seconds to browse through all their new emails, chances are your message will be ignored.
- **Subject line limitations** – Most inboxes only display the email sender's name and a subject line about 40-50 characters long. That means you have very limited real estate to persuade someone to open your email. If your subject line isn't able to grab their attention, they will delete your message without opening it.

While it is unlikely that the practice of email marketing will vanish any time soon, it is clear that it has significant shortcomings that hinder its effectiveness. So what should Software Product Managers do? Give up email marketing entirely? Of course not. But instead of relying so heavily on email as your primary marketing vehicle, combine it with other, more effective forms of marketing, such as targeted in-product messaging.

What Is Targeted In-Product Messaging?

More and more Product Managers, tired of the shortcomings of email, have begun using targeted in-product messaging to improve the way they market their software products.

Targeted in-product messaging refers to marketing messages with content tailored to fit the actual profiles and preferences of each recipient. Where email blasts often segment mailing lists into two or three large groups and then alter their messages slightly to suit the generic, assumed characteristics of each, targeted in-product messaging breaks down target lists with far more precision, delivering tailored content to individual users or small user groups based on real data about their profiles and actual preferences.

Targeted in-product messaging also differentiates itself from email by the timeliness and directness of its delivery. Where a Product Manager's email gets dumped into a user's inbox to wait for the recipient to visit and hopefully take notice, a targeted in-product message proactively appears on that user's desktop at the best possible time – as they actively use your software – making it more efficient and effective. It delivers the right content to the right user at the right time.

How Does It Compare to Email?

Targeted in-product messaging compares favorably to email as a software marketing vehicle in several key ways:

- **Sent directly to user** – One of the biggest advantages of targeted in-product messaging over email is that it appears in front of the user as they use your software. There are no spam blockers to fool, and because no contact information is needed, there is no risk of your message being sent to a nonexistent or incorrect inbox.
- **Seen at the best possible time** – Users see your message at a time when they are most likely to be receptive to it: when they are actively using your product. Your message hits them when your product and the problems it helps them solve are at the top of their minds.
- **Exclusivity** – Your users see only your targeted in-product messages when they access your product – no one else's. Unlike email, your messages don't have to compete for the recipient's attention with hundreds of other messages from other software vendors and product marketers.

- **User-specific messaging** – Targeted in-product messages use actual, real-time reporting data about a software product’s users to establish their profile and preferences (i.e., what OS do they use, how often do they use your product, which features do they use most often, etc.), which then helps determine what marketing and promotional content will be most effective for each user or user group.
- **Easy to measure** – Depending on which email tool you use, you might only be able to determine the total number of click-throughs your email receives. You don’t know how many people opened the message, or how many unique recipients clicked through. With targeted in-product messaging, you can generate reports that tell you how many unique users opened the message, clicked on the links, and what days each of these events occurred.
- **Higher click-through rates** – Because of the targeted nature of the content and the timely delivery of the messages, targeted in-product messages receive far higher click-through rates than email. Where emails usually receive between 1% and 5% click-through rates, targeted in-product messages routinely get rates of 60% and higher.

How Does Targeted In-Product Messaging Help Generate Additional Software Revenue?

From converting evaluators to customers to promoting new products and services, targeted in-product messaging is helping Product Managers hit – and surpass – their revenue targets.

Converting Evaluators to Customers

For many software vendors, providing prospects with an evaluation or limited-time trial version of their products is an essential part of their sales cycle. One shortcoming of evaluation software, however, is that Software Product Management has no way of knowing anything about how a prospect’s evaluation experience is progressing. How often has an evaluator used the product? Are there any features they are particularly interested in? Has the evaluator hit a potential deal-breaking roadblock that requires Product Management’s assistance to overcome?

Highly target direct messaging enables Product Managers to take a more proactive role in their prospect’s evaluation experience. Instead of crossing your fingers and hoping an evaluator’s experience runs smoothly, targeted in-product messaging helps you ensure they have a favorable evaluation experience by displaying messages on the prospect’s desktop based on how they are using the

eval. Product Managers now have more control during the evaluation experience and can now favorably influence the evaluator’s behavior.

Types of targeted in-product messages Product Managers can send evaluators include:

- **ROI and best practice messages** – Convincing evaluators of the ROI of your product – or that your product plays a unique and essential role in industry best practices – are proven methods for increasing sales. With targeted in-product messaging, you can notify evaluators as they use certain features how it impacts ROI or display quotes from industry analysts about the crucial part it plays in best practices.
- **Unused feature reminders** – Chances are an evaluator won’t spend significant time using every one of your product’s features, but if you have a killer feature that you know helps land sales and the evaluator hasn’t used it yet, you can send them a message directing them to it and explaining how it benefits them.
- **Evaluation expiration alerts** – If the evaluation software expires after a certain number of days or times used, you can send messages warning prospects that their evaluation version is about to expire. If the evaluator used a particular feature frequently, the message could tell them that they need to purchase the full product to continue to enjoy that feature.
- **Help assistance messages** – When evaluators encounter problems using a product, they usually go to the Help section and run a search for assistance. If they aren’t able to get the help they need, it could force them to abandon the evaluation. You can send messages based on their Help searches directly to their desktop, ensuring they get the assistance they need to continue with the evaluation.

The types of messages you send to evaluators obviously depends on the type of software you develop, but regardless of the nature of your products, targeted in-product messaging can be a very effective tool for helping to convert evaluators to paying customers.

Convincing Existing Customers to Upgrade

Many software vendors derive a significant portion of their yearly revenue from upgrading existing customers to the newest product release. But existing customers are often reluctant to spend money on a new version of software they already own without a compelling reason. That’s where targeted in-product messaging comes in. It provides an excellent vehicle for persuading existing customers of the

value of upgrading to a new product release. Types of targeted in-product messages Product Managers can send customers include:

- **New version available** – Displaying messages about a new version of a product customers are using – as they use it – is an effective way to market upgrades. Customers already have your product in mind, and there is no better time to make your argument for them to upgrade by telling them about new features and functionality they currently do not have. It's the perfect time to offer them a link to an evaluation version of the new release, which they can download and use right away.
- **Upgrade to existing feature** – If your new release has made significant enhancements to existing functionality, you can send them a targeted in-product message whenever they access the current version of that feature and describe how new enhancements will make the user's life easier. You could also link them to a Web page, or even an animated tour, with compelling content about the enhancements.
- **Special promotional offer** – Every product's customer base has certain users who absolutely refuse to pay for a new release unless the deal is just right. Product Managers are often willing to extend special, targeted promotional offers to these customers to get revenue they otherwise would never get. A targeted in-product messaging solution like Acreso Software's FLEXnet Connect makes it easy you to identify these stubborn customers and send them exclusive promotional offers based on their profile and preferences.

Marketing Training Courses and Maintenance Plans

Most software vendors generate revenue by offering training classes and technical support services to their user base. Using targeted in-product messaging is a good way to market these services to their target audience. Types of messages include:

- **Targeted training classes** – If customers frequently use the Help section of your products, you can send them messages based on their Help searches that promote the most appropriate training classes. You can also target customers by their geographic location, so whenever new classes for your product are coming to their area, you can notify them ahead of time and send them a link to register.
- **Maintenance plan promotions** – Most software vendors sell technical support on yearly programs

called maintenance plans. For frequent users of your products, these plans are often well worth the extra annual fee, especially if they routinely have questions about how to use your software. Targeted in-product messaging is a way to ensure they realize the availability and value of moving to a maintenance plan.

- **Expiring maintenance plan notices** – For customers already on a maintenance plan, you can send them a message a few weeks before their plan expires with a link that makes it easy for them to renew their plan. If they renew the plan, this is the last message they will see. If they don't, you can automatically send them reminder messages every few days until they do.

Marketing New Products

Whenever you are ready to promote the release of a brand new software product, a logical place to start is with your existing customers, especially if the new product has the same target audience or is a complementary solution to the application they already use. Sending customers a message about the new product as they use your software is an excellent way to market it. If the new product is somehow tied to a feature or group of feature in the customer's software, you can send them a message about it whenever they use that feature.

FLEXnet Connect: Targeted In-Product Messaging Made Easy

Acreso Software's FLEXnet Connect is a Web-based application that enables Product Managers to increase revenue by delivering targeted in-product messaging to any user of their products and evals.

Sophisticated and User-Friendly Targeting System

Whether you want to send a single targeted in-product message to every user or a series of coordinated messages to a particular user or user group, FLEXnet Connect makes it easy. FLEXnet Connect has a sophisticated targeting system that enables you to send messages to individual users or user groups based on a wide range of characteristics, such as product version, user's operating system, user's time zone and area code, and much more.

You can also send messages to only a certain percentage of your users to test each message's effectiveness before sending them to a wider list. FLEXnet Connect will report back the success of every message, letting you know who opened it and who clicked on the links inside. You can then send the most successful message to the remaining list, or alter the less effective message to improve response before send it to others.

FLEXnet Connect also makes it easy for you to execute promotional campaigns by automatically sending a series of targeted in-product messages to users at predefined moments, such as three days after they download an eval or whenever they use a certain feature. You simply define the events that require the delivery of a certain message, and FLEXnet Connect does the rest.

Detailed Product Usage Reporting

For targeted in-product messaging to be successful, you need accurate, real-time data about your product's user base. If your relationship with your users explicitly permits, FLEXnet Connect has reporting tools that provide detailed data about your user base and the way they use your products. This data is invaluable for maximizing the effectiveness and relevance of your messages and promotional campaigns. It also helps Product Managers and software development teams create more compelling and lucrative products.

Simple to Implement

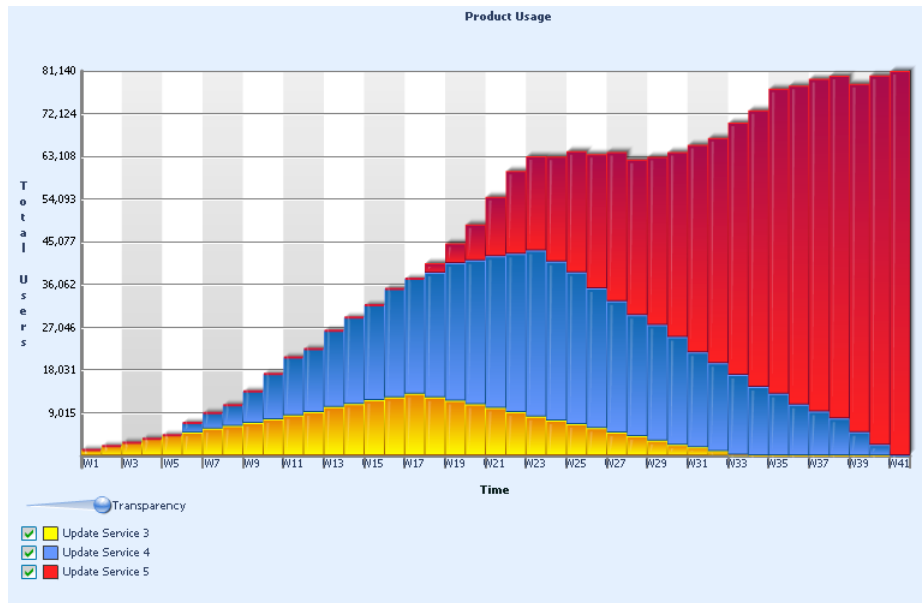
FLEXnet Connect is extremely easy to implement and integrate into your products. It requires absolutely no engineering, no coding, and no developers – so you can be up and running in a matter of minutes without diverting any your developer resources away from other projects. Simply run the FLEXnet Connect Integration Wizard and

your product is automatically configured to send targeted in-product messages. FLEXnet Connect is also a multi-platform tool, enabling you to send messages to users running on virtually any client platform, including Windows 95, 98, NT, 2000, and XP, as well as Mac OS X, Solaris, Linux, AIX, and any flavor of UNIX.

Summary

While email's popularity as a software marketing vehicle is undeniable, its effectiveness remains in question. More and more Product Managers, tired of the shortcomings of email, have begun using targeted in-product messaging to improve the way they market their software products. From converting evaluators to customers to promoting new products and services, targeted in-product messaging is helping Product Managers hit – and surpass – their revenue targets. To help Product Managers simplify the process of sending targeted in-product messaging to their customers and evaluators, there are third-party tools like Acreso Software's FLEXnet Connect.

To learn more how FLEXnet Connect makes it easy to conduct targeted in-product messaging campaigns with your user base – or to evaluate FLEXnet Connect for its ability to update software, visit <http://www.acresso.com/fnc>.



FLEXnet Connect provides detailed data about your user base and how they interact with your products.



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