



Potential ways to monetize your company's Connected Product

There has been a constant buzz in the past few years around the potential of connected product and connected services. The challenges we hear when talking with our customers is how to take these capabilities and convert them into increased revenue and profit, as well as, extending their product offering. Typically, these discussions are concentrated around three main topics. First, we discuss the “**Capabilities**” that organizations need to deliver these new offerings to the market and their customers. Secondly, we go over the “**Expansion of their Product Offering**” with these new capabilities. Then, we discuss the ability or willingness to participate within their “**Market Ecosystems**” to further expand their reach to new revenue and profits.

Capabilities Organizations Need in Order to Deliver Connected Product and Services

As an organization transitions into delivering Connected Product and Service, the organization needs to ensure they have the following capabilities, either within the company or as partnerships with outsourced vendors. At a high-level, these key capabilities include:

- ◆ Integrated Product Development and IT Development Cycles: Mechanical and Firmware Development in Product Development with the IT Group's Software Development Cycles. Both are required to deliver a connected product and/or service to the market.
- ◆ Creation of a cybersecurity strategy and methods to mitigate cyber risks that were not present before.
- ◆ Development of a connectivity platform and mobile app strategy
- ◆ Development of Data Capabilities—Capture, Enhance, Analyze and Prediction
- ◆ Putting in place the expanded capabilities within Engineering, Manufacturing and Service needed to validate the product/service through design, manufacturing, customer use and service.

Expansion of your Product/Service Offering

Expansion of the product offering entails understanding the needs within the marketplace and customers and providing key functionalities that both enhance the product/service offering and provide the added benefit of creating a direct customer relationship and feedback loop. Key offerings include:

- ◆ Real-time Product Status and Health
- ◆ Prediction of potential issues before occurring (When Adding Data Analytics)
- ◆ Direct Customer Interaction: What's important? How is the product performing? Enhancement requests?
- ◆ Service Enhancements:
 - ◆ Receiving failure modes from the product to deliver one touch problem resolution
 - ◆ Providing Connected “Call an Expert” for service providers needing assistance

Market Ecosystems

Another method to expand your offering is to engage and participate in the ecosystems that already exist. For example, if your product offering is part of the Home Ecosystem, partnering with other “like” home product/service providers can provide an additional market to drive new revenue. Keep in mind, in some instances, the offering that you can provide is also the data captured from your product/offering in conjunction with the product features itself. One key capability is to be able to share your information and features across different platforms. This requires an API Management capability that needs to be built into your connected platform strategy.

Make sure you address these aspects from the onset when developing your Connected Product Strategy. If you'd like to talk about our experience in this area, please give us a call!

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