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Why the Subscription Model Will Be Your Company's Future – and What to Do About It

TIEN TZUO

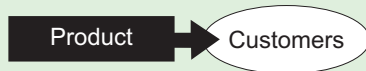
TIEN TZUO is CEO and co-founder of Zuora, a billion-dollar cloud-based software provider. He was formerly chief marketing officer and chief strategy officer at Salesforce.Com where he was the eleventh employee hired. Prior to that, he worked for CrossWorlds and as a sales consultant for Oracle. Tien Tzuo is a graduate of Cornell University and the Stanford University Graduate School of Business. He is widely credited with coining the phrase "Subscription Economy".

The author's website is at: www.zuora.com/subscribed.

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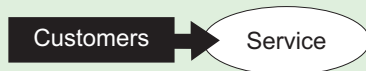
MAIN IDEA

For hundreds of years, the formula for success in business was pretty much always:



- Develop a hit product
- Use savvy marketing to find customers
- Progressively reduce costs, grow profitability

Today, the customer is in the driving seat thanks to digital technologies and networks. To succeed in the marketplace of today, the formula has become:



- Identify wants/needs of some customer group
- Create a service that delivers ongoing value
- Turn one-time customers into subscribers

To excel today, it's better to turn your product into a service which delivers the outcomes customers value. Replace one-off product sales with ongoing subscriptions which offer customers access to the outcomes they value the most. That's the essence of the "Subscription Economy".

"Everything feels different right now. Why? Because I think we're in a pivotal moment in business history, one not seen since the Industrial Revolution. Simply put, the world is moving from products to services. Subscriptions are exploding because billions of digital consumers are increasingly favoring access over ownership, but most companies are still built to sell products. They're not set up correctly for the next hundred years of business. As a result, huge opportunities are up for grabs. If you're not shifting to this business model now, chances are that in a few years you might not have any business left to shift."

– Tien Tzuo



The Subscription Economy

1. What exactly is the Subscription Economy? Pages 2 - 4

The subscription business model is rapidly transforming pretty much every industry on the planet. The advantages of offering people access to the benefits of your product or service rather than mere ownership are so compelling that logically this will be the way everyone does business in the future. Once customers realize they can get the outcomes they want without having to worry about owning physical assets anymore, demand will soar and new revenue streams will start flowing. This is the future of business.

2. How to succeed in the Subscription Economy Pages 5 - 8

To succeed and ultimately excel in the Subscription Economy, break down the silos and get everyone focused on how to deliver customer experiences that generate the outcomes your subscribers want. Zero in on outcomes and come up with the right mix of services, experiences and channels. To prosper in today's Subscription Economy, the new rules are:

The New Rules	1	Innovation	Stay in beta forever
	2	Marketing	Write your own story
	3	Sales	Nail the Big 8 Growth Strategies
	4	Finance	Use forward-facing metrics
	5	IT	Think subscribers, not SKUs

