

Success Factors for International Software Sales

Erfolgsfaktoren bei internationalen Softwareverkäufen

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CeBIT 2013



Who is Presenting?

Matthijs- I am here to Help!



Matthijs Koorn – Business Development Manager EMEA

- 16 years experience in Sales/Business Development: Gartner, MasterCard and WorldPay. Entrepreneur and currently with Avangate.
- 7 years Payments & eCommerce.
- Bi-lingual English/Dutch and fluent German.
- Married, 3 sons.

Avangate Introduction

Avangate is the agile commerce-as-a-service provider trusted by thousands of Software and SaaS companies to accelerate their online revenue worldwide

eCommerce

Channel
Management

Affiliate
Management

Avangate Commerce Platform

Merchant and Marketing Services

Avangate Helps Sell More Software. Globally.

Over 2,700 Customers. 4,000 Resellers. 37,000 Affiliates.

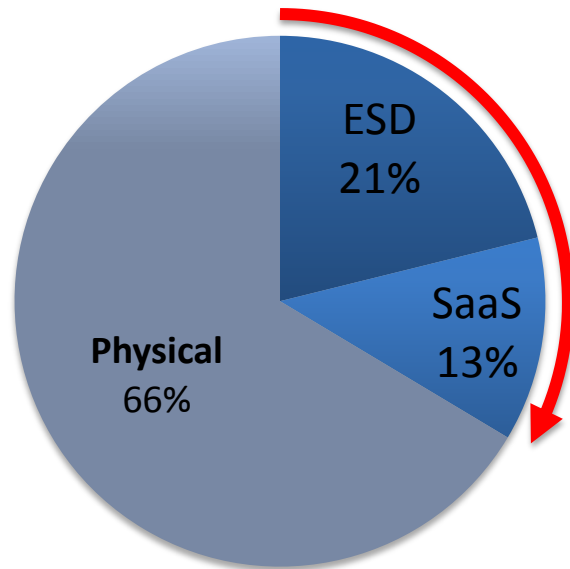
- ▶ Since 2006
- ▶ Deep Focus On Software And Cloud Services
- ▶ Consistent Growth Of 75% Per Year
- ▶ Locally Headquartered In Redwood Shores, CA
- ▶ Global Team Of 120+ Employees With Offices In North America, Europe, And Asia



Software Fulfillment is Being Disrupted Rapidly

2010 Applications Market

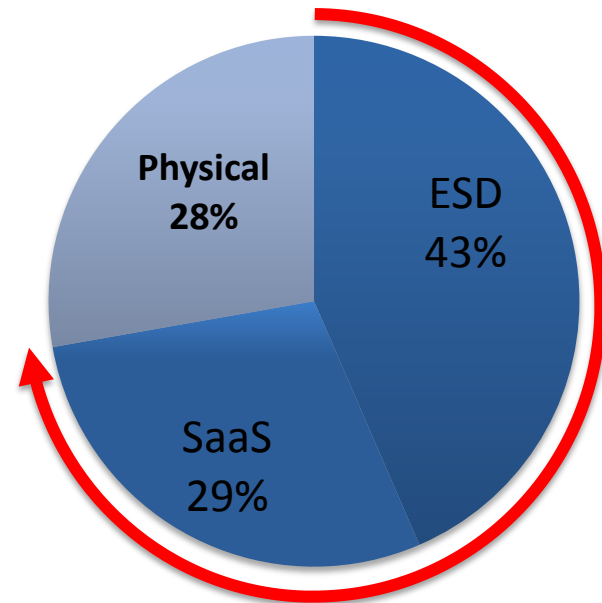
34% Cloud Delivery



2010 Applications Market, \$133B

2014 Applications Market

72% Cloud Delivery

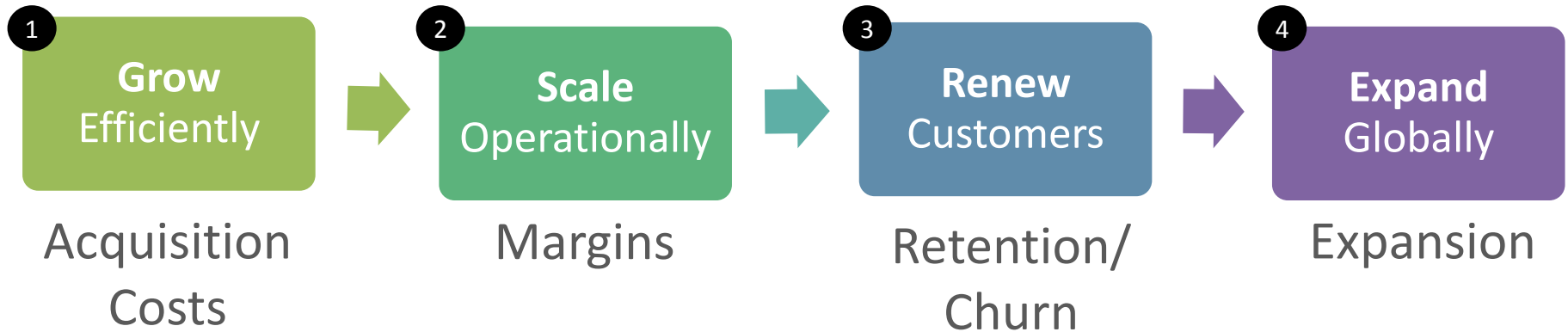


2014 Applications Market, \$167B

Source: IDC WW Electronic Software Distribution, 2010-2014 Forecast, IDC WW SaaS 2010-2014 Forecast and 2010 Vendor Shares, 2010, Avangate Analysis

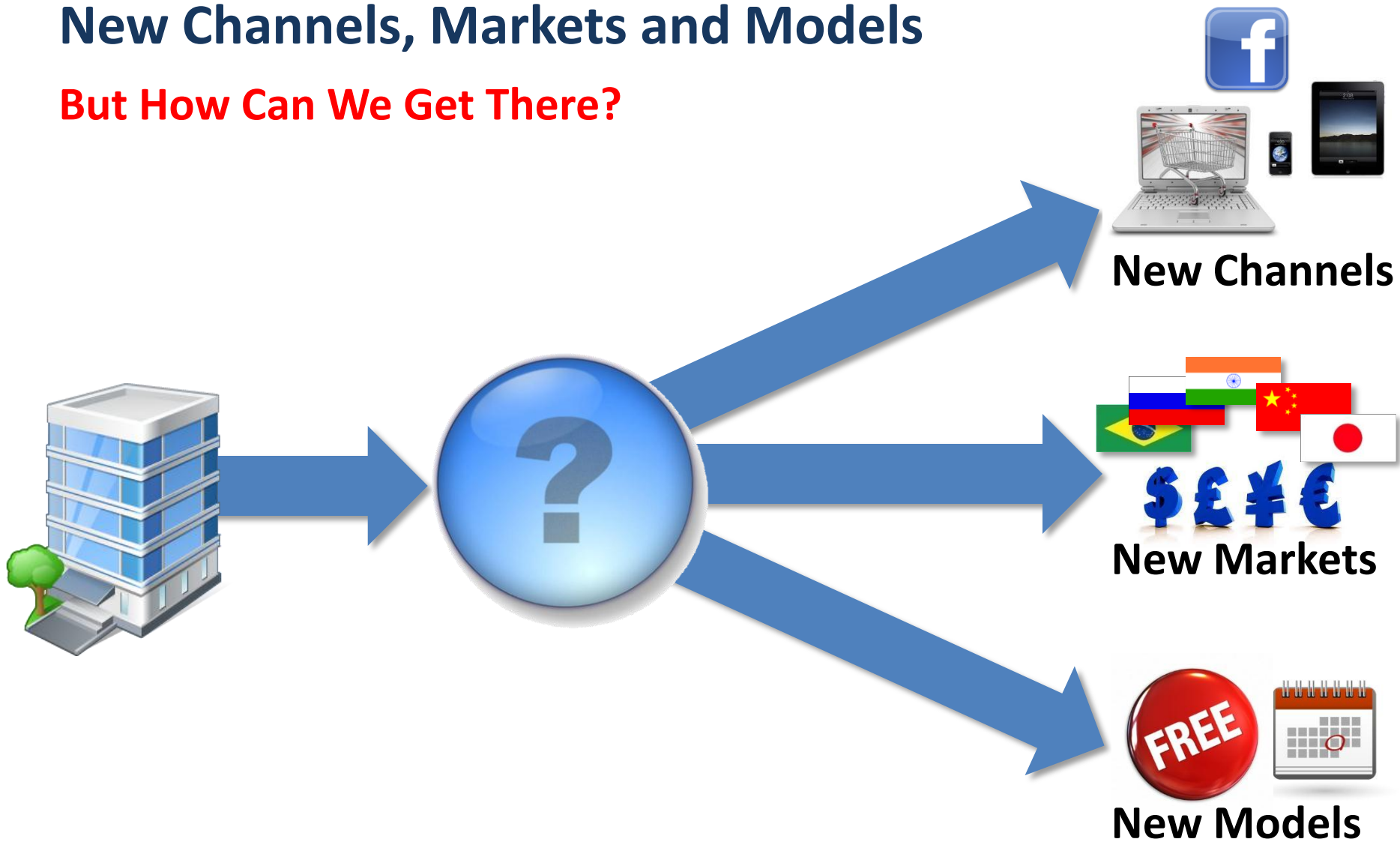
Challenges to Growing a Software Business

How Can I...



New Channels, Markets and Models

But How Can We Get There?



Gluing Tools Together Is Painful



What Software & SaaS Companies Need



Online / In-App Orders



Mobile



Customer Portal / Self-Service



Contact Center



Channel / Partner



Affiliate Network



Marketplaces

Touchpoints

Online, API-based, Account Mgmt, Branded, Rules-based, Personalization / Localization

Distribution

On-Board, Activate, Empower, and Manage across Indirect Channels

Commerce Engine

Acquire, Scale, Retain, Expand leveraging Marketing Tools, Order Management, Fulfillment / Provisioning and Revenue Assurance

Billing

Payments

Systems of Record

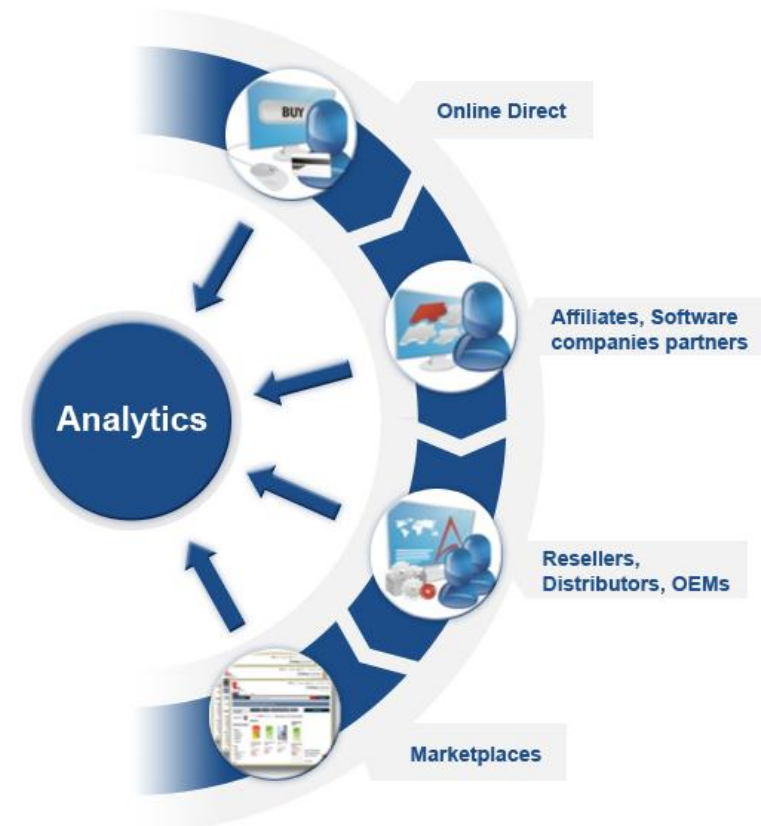
Extend and Integrate across Customer, Product, Pricing, License / Subscriptions, Order, Financials

Grow Efficiently



Monetize Every Touchpoint

- **Acquire Across Channels**
Online, Partner and Reseller Mgmt., Affiliates, Catalog-Driven Order Capture & Mgmt.
- **Convert with Consistent User Experience**
Branded, Context-Driven User Experience, Channel-Specific Pkg-Pricing, Direct and Indirect Unified Mgmt.
- **Add New Revenue Streams**
Affiliate Networks, Onboarding, Partner Portal, Order Entry / Fulfillment, Financial Reconciliation

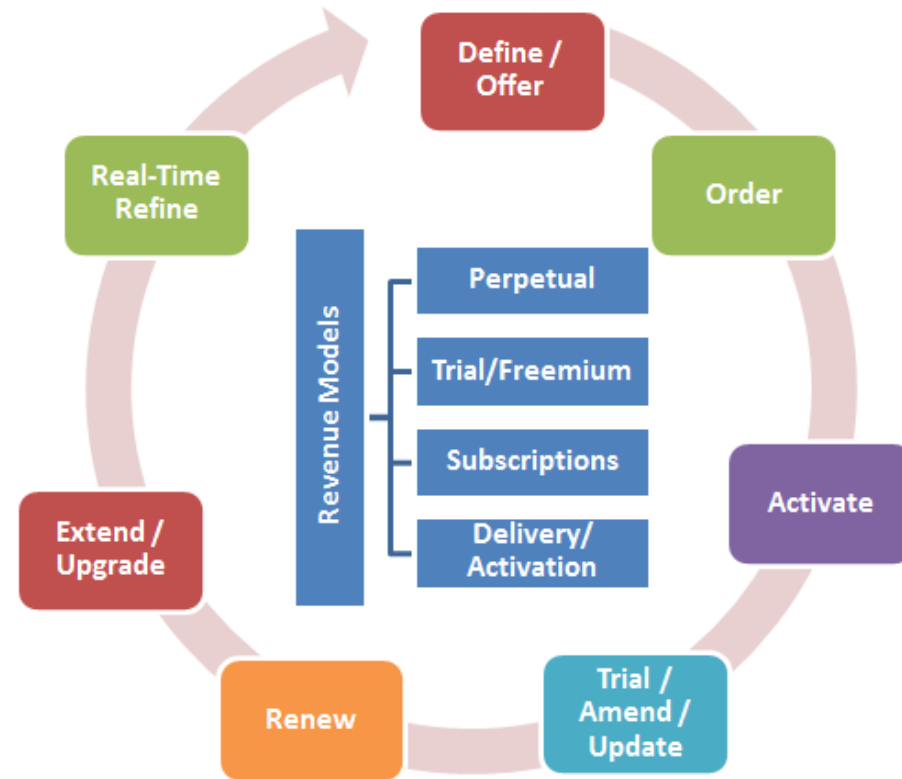


Scale Operationally



Automate your Revenue Models

- **Optimize Your Pricing**
Support Pay Up Front/As-You-Go models, New/Renewal/Upgrade, Pricing Tiers, Bundles, A/B testing
- **Simplify Billing & Invoicing**
Subscriptions, T&C's, Partner Reconciliation Handling
- **Automate Payments and Activation**
Support Global Payment methods, Activation & Amendments



Retain and Renew

Focus on the Moments of Truth



➤ Customer Service Renewals

Assisted Service for upsell, add-ons, renewals, CSR service “on-behalf of”

➤ Customer Self-renew

MyAccount Self-Service with Partner Attribution

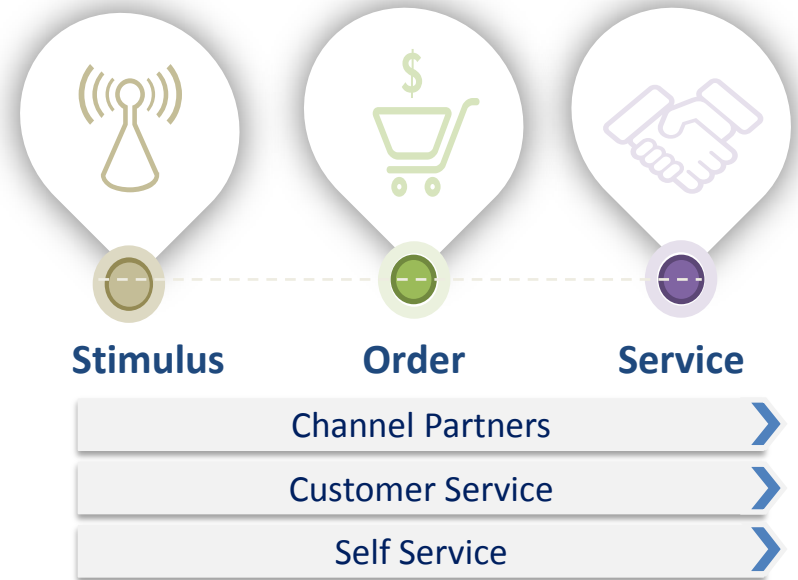
➤ Promotions for Retention

Monthly vs. Annual, Renewal / Upgrade Discounts, Tiered Pricing, Partner Margin Tiers

➤ Automate Renewal

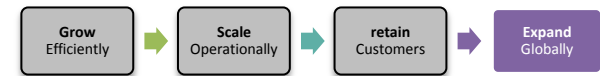
Notifications

Channel Renewal Programs, Email / Marketing Tools



Accelerate Your Expansion

Lower Risks, Faster Time to Market



➤ Get Control

Self-Service user experience, Subscriber Mgmt Tools, Rapid Testing, Real-Time Cross-Channel Reporting

➤ Outsource Global Expansion

Global Distribution Network, Local Payment/ Language Support, Regulation, Tax, Fraud Expertise

➤ Scale Your Business

Global Order/Payments Cloud, 24x7x365 Shopper Support, Fraud/Chargeback/Refund Mgmt



What You Need to know is to MAAR

Monetize, Automate, Accelerate, Retain



Monetize Every Touchpoint

- Online and Offline



Automate Your Revenue Models

- Flexibility, Automation, Billing/Payment



Accelerate Your New Market Expansion

- Control, Expertise, Scale

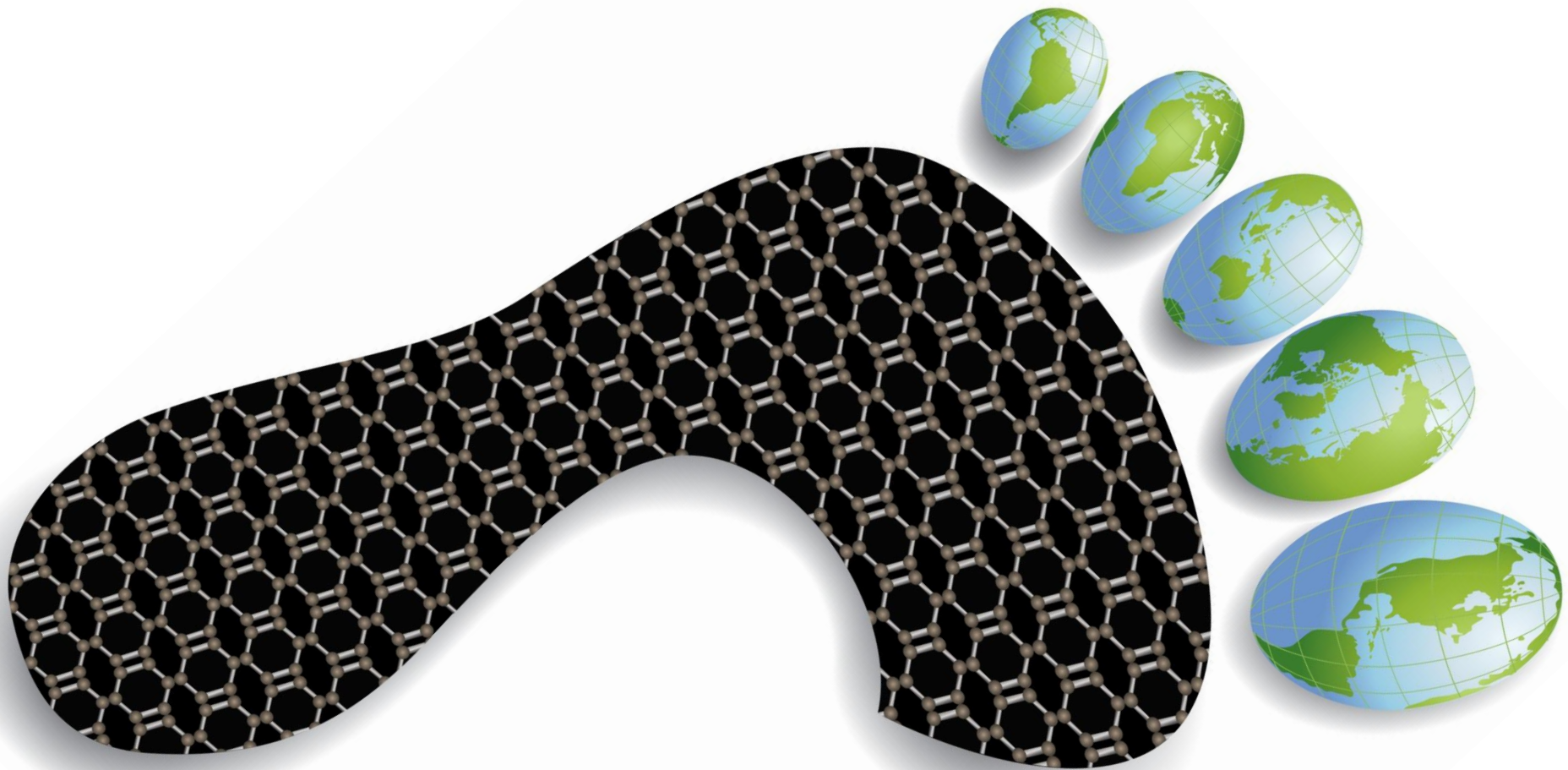


Retain and Renew

- Empowered Channels To Service and Engage



**To succeed where you are going tomorrow,
Plan NOW**



STEP into New Global Markets

Understand Challenges & Opportunities of selling globally

STEP into New Global Markets

Challenges

How many payment methods are enough? Research shows that customers are more likely to purchase if the shopping cart is displayed in their native language (more than 70%) and their preferred payment method is listed as an option.

80% of shoppers in Europe are **less likely** to buy goods online if the website is not in their own language.

Taxation is major headache for a ISV selling worldwide

There are **195 countries worldwide**, how many do you target? What type of strategy do you have? Global or Local?

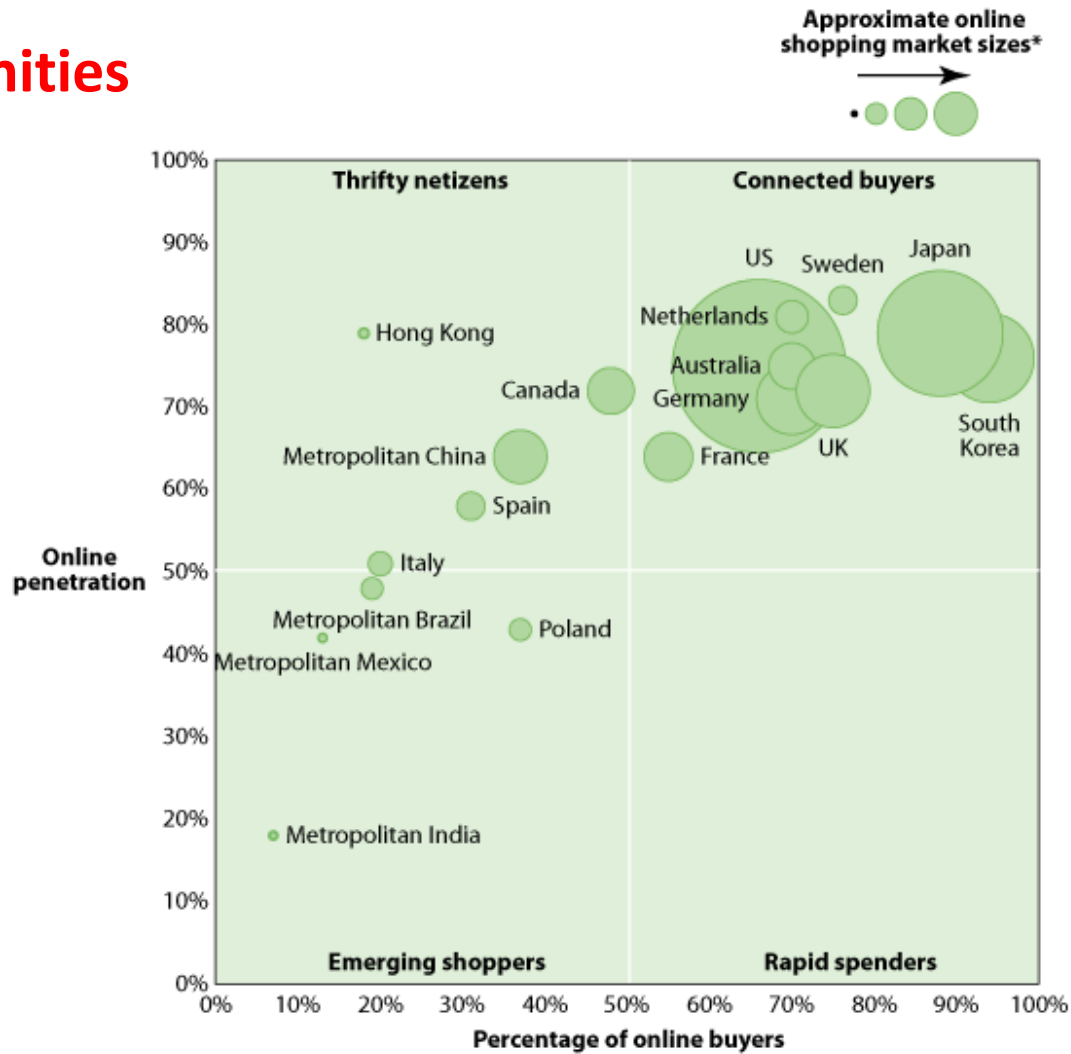
42% online buyers said they would **never** buy products or services online in a different language.

What About buying habits...are they really all the same?



STEP into New Global Markets

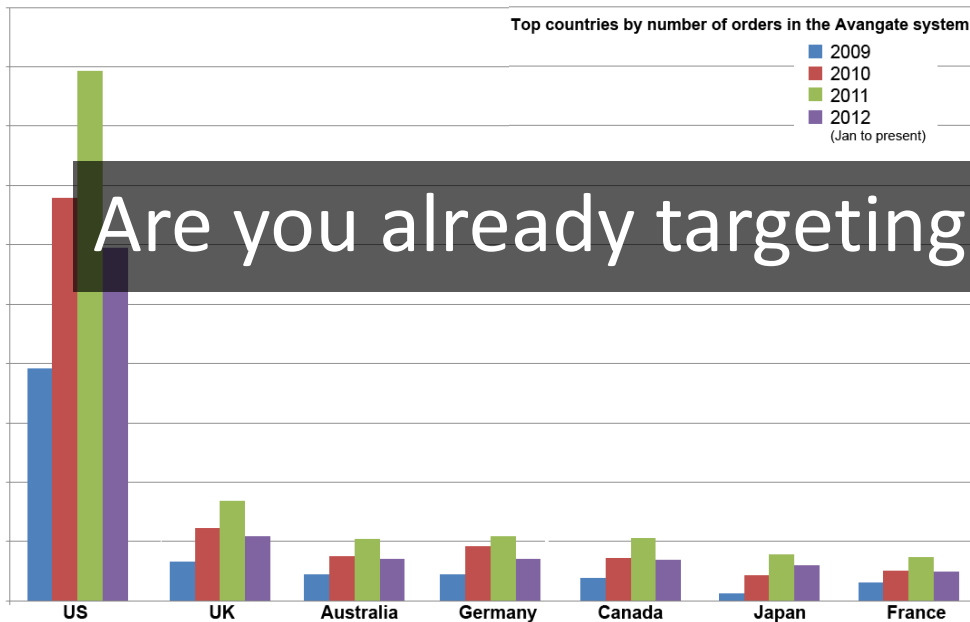
Opportunities



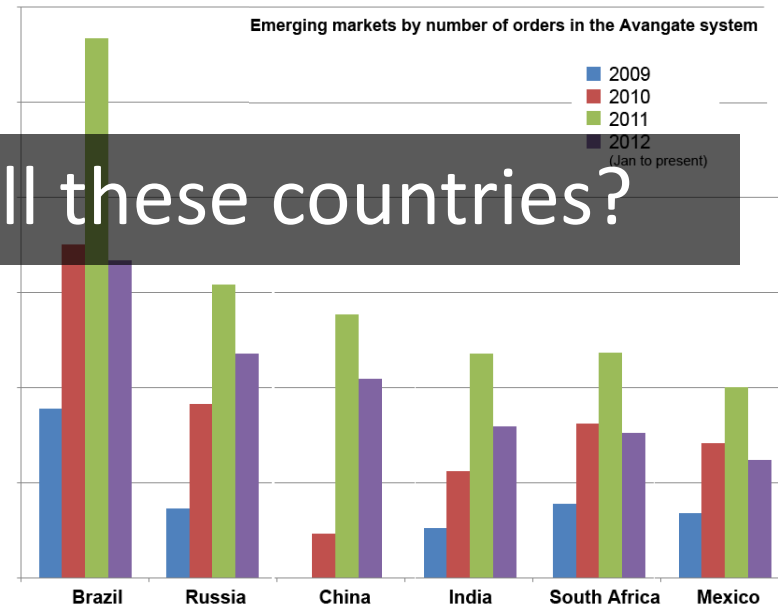
Source: Forrester Research

STEP into New Global Markets

Top Countries by Order Volumes



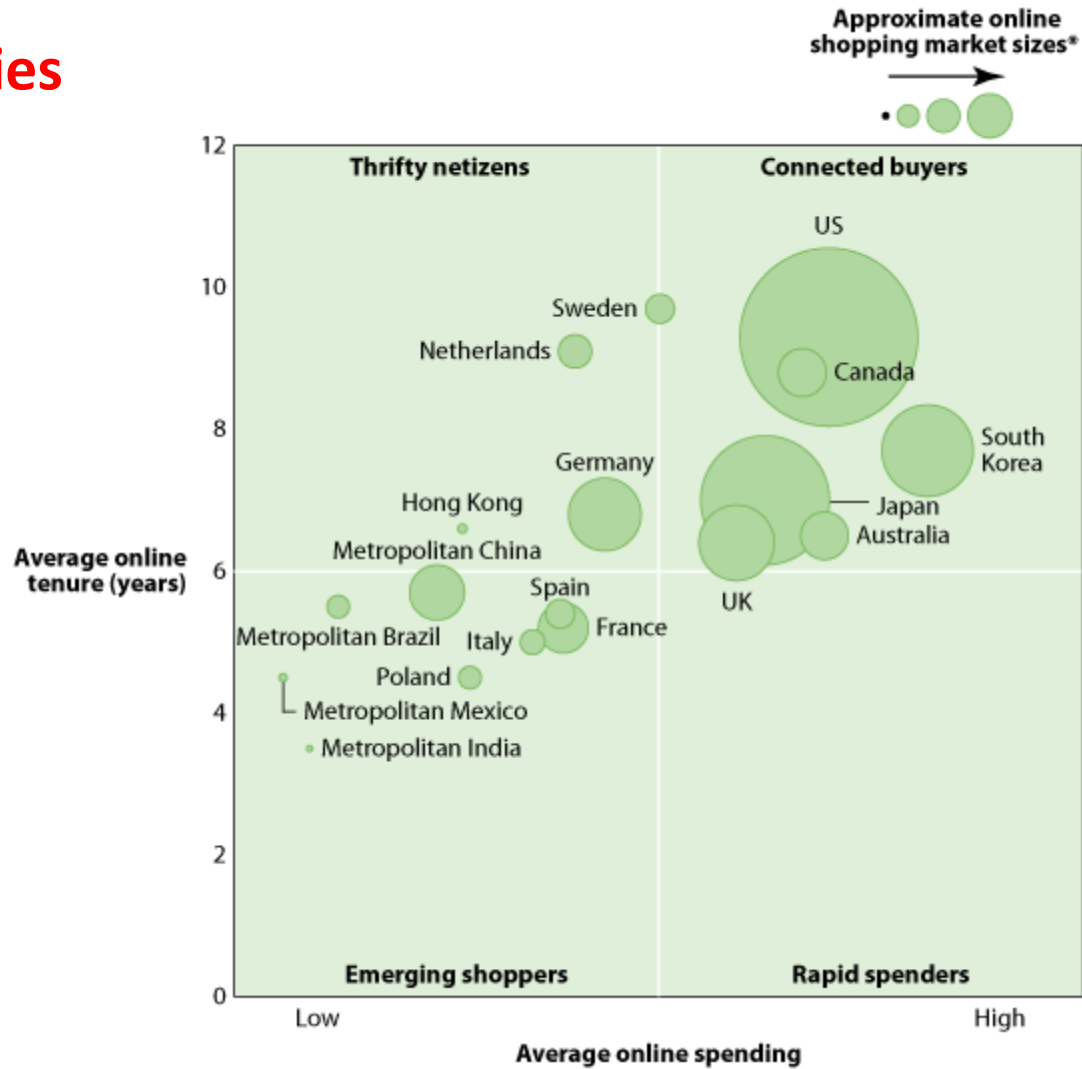
Emerging Countries by Order Volumes



Are you already targeting all these countries?

STEP into New Global Markets

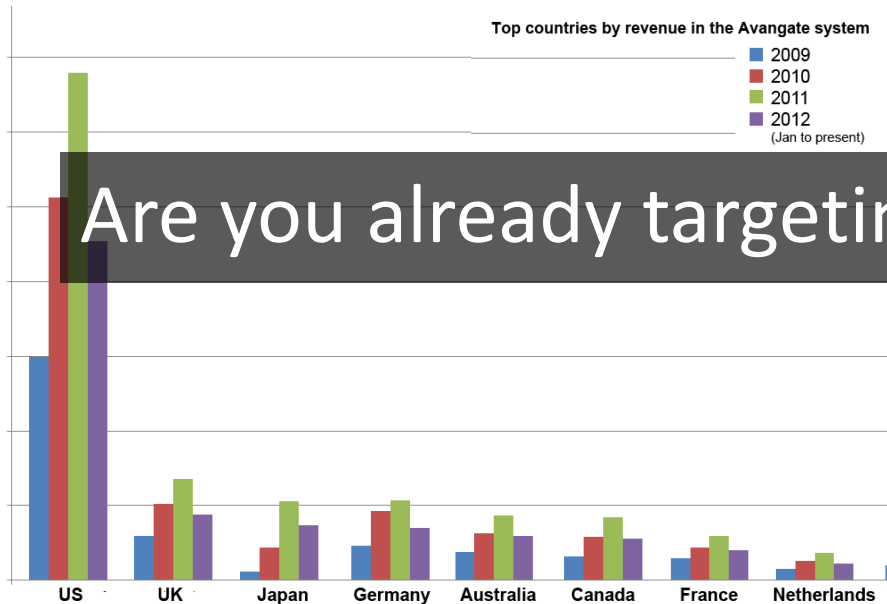
Opportunities



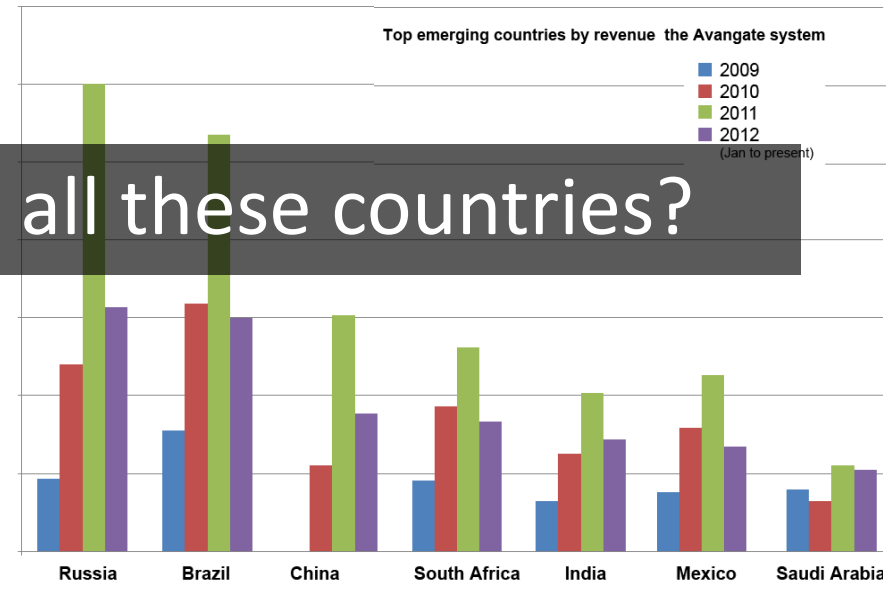
Source: Forrester Research

STEP into New Global Markets

Top Countries by Revenue



Emerging Countries by Revenue



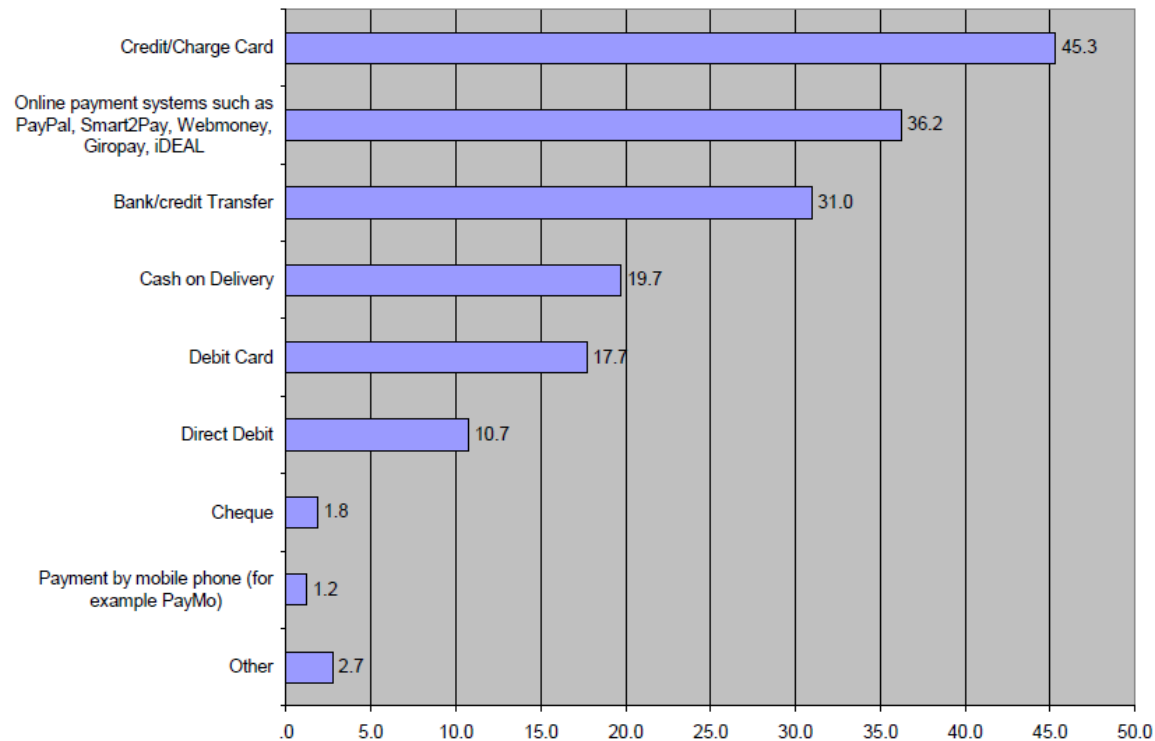
Are you already targeting all these countries?

STEP into New Global Markets

Do you know what is your Shopper's preferred payment method?

Payments methods used for online purchases over the last 12 months

Unit: Percentage of Online Shoppers



Source: Civic Consulting (2011). "Consumer market study on the functioning of e-commerce".

STEP into New Global Markets

VAT and Sales Taxes adapted to Your Buyer Needs and Location

	VAT		
	Consumers	Businesses	
		Valid VAT ID	No VAT ID or invalid
The Netherlands	✓	✓	✓
Europe	✓	✗	✓
EU shoppers buying from the US	✓ (pays country's VAT)	✗	✓ (pays country's VAT)
Worldwide	✗	✗	✗

	Sales tax			
	Consumers		Businesses	
	Order with Backup Media	Order without Backup Media	Order with Backup Media	Order without Backup Media
	Payments are made using Discover/Novus or VISA, MasterCard and AMEX for vendors with Intelligent Payment Routing (local payment processing for the US).			
Minnesota	✓ (for the full value of the order)	✓ (for the full value of the order)	✓ (for the full value of the order)	✓ (for the full value of the order)
California	✓ (for the full value of the order)	✗	✓ (for the full value of the order)	✗
Georgia	✓ (for the value of Backup Media)	✗	✓ (for the value of Backup Media)	✗
US (except the states above)	✗	✗	✗	✗

STEP into New Global Markets

Implement Regional Pricing Strategies



- **Target Developed and Emerging Countries in Tandem**
Use specific strategies, local currencies and different prices best suited to shoppers in each market. Control pricing at country or regional level increasing the appeal of your offerings in emerging markets with lower spending power per shopper (E.g.: US: \$50 | Europe: 50 EUR | Brazil: 90 Reals | etc.)
- **Match Regional Prices in Local Currencies to Specific Product/Subscription Options**
Provide local customers not only with regional prices in the currency they're most familiar with but also with specific product/subscription options.
- **Have a Strong Offer to Tackle Competitors**
Drop prices to match those of rivals with established positions in one market, and increase them countries where competition is light. At the same time, when entering new markets, localized pricing will enable you to position your products as better alternatives to local offerings.
- **Have a Fully Localized Strategy: Subscription and Upgrade Prices**
Maintain localized prices throughout the lifecycle of a subscription, including upgrades, not just for the initial purchase. This should be the default behavior even if subscribers change their country of residence, or if customers upgrade from a different country than the one in which they initially purchased your product.

STEP into New Global Markets

Implement Regional Pricing Strategies



Localize Your Marketing Campaigns: Upselling and Cross-selling

Make sure that marketing efforts such as upselling and cross-selling campaigns can be done with localized offerings. Products suggested to shoppers should feature the same localized details as the original items they started purchasing, including local currency, preferred payment method and localized prices.

Accelerate Your Time-To- Market for the Local Strategies

When you're planning to start selling globally, the localization capabilities for your pricing strategies need to be supported by a mature ecommerce platform offering global reach through out-of-the-box capabilities and a collection of localization features that will help you reduce the time to market.

Product Price					
US	Germany	Rest EU	Brazil	Russia	China
\$50	50 EUR	40 EUR	90 Reals	1000 Rubles	200 Yuan

Localized Pricing Options (Advanced Example)				
US	Europe	Brazil	Russia	China
1 year - 1 user	1 year - 1 user	1 year - 1 user	1 year - 1 user	Family pack
2 years - 1 user	2 years - 1 user	user	3 years - 3 users	1 year - 5 users
3 years - 1 user				
\$50	40 EUR	90 Reals	1000 Rubles	200 Yuan
\$80	70 EUR		2000 Rubles	
\$120				



The Key to Success: EXPERIMENT and continuously OPTIMIZE your Global Strategies

Example – Expanding to New Markets

Target globally, sell locally: Czech, Slovak Republics, Hungary online stores

The image displays three overlapping screenshots of the Kaspersky website, illustrating localization for different markets:

- Czech Republic (top left):** The website is in Czech. The main headline is "Chrání mé bezpečí" (Protects my safety). The price for Kaspersky Anti-Virus 2013 is 773.83 CZK.
- Hungary (middle):** The website is in Hungarian. The main headline is "Safeguarding". The price for Kaspersky Anti-Virus 2013 is 8,815.17 Ft.
- Slovak Republic (right):** The website is in Slovak. The main headline is "Chrání moje bezpečie". The price for Kaspersky Anti-Virus 2013 is 30.87 €.

Each screenshot shows a localized product list, navigation menu, and a "No Risk! Money Back Guarantee" badge. The Avangate logo is visible in the bottom right of each screenshot, indicating the local e-commerce partner.

Example – Expanding to New Markets

AVS4YOU: 40% Increase in Software Sales | 30% lower abandon rate



Before

Prices displayed in USD on the French microsite and geolocated in EUR for France in the Avagate shopping cart.

Abonnement Illimité
Inscrivez-vous pour **\$99 \$59**
Cliquez pour VOUS inscrire !

Abonnement limité à 1 an
Inscrivez-vous pour **\$59**
Cliquez pour VOUS inscrire !

VISA DELTA VISA Electron AMEX Discover

AMEX PayPal CARTE BLEUE JCB DISCOVER

AVS4YOU.com

Commandes de facturation Confirmation de commande Commande finale

Enregistrement

Abonnement limité à 1 an
18 Outils • Mise à jour gratuite • Assistance technique gratuite !
Quantité 1

TTC **34.51 EUR**
HT 23.40 EUR

Besoins d'aide?
Téléphone +33 88 800 0000 (toll-free)
+33 911 174 9800 (France +10)

After

Prices displayed in EUR on the French microsite and geolocated in EUR for France in the shopping cart.

Abonnement Illimité
Inscrivez-vous pour **€99 €59**
Cliquez pour VOUS inscrire !

Abonnement limité à 1 an
Inscrivez-vous pour **€59**
Cliquez pour VOUS inscrire !

VISA DELTA VISA Electron AMEX Discover

AMEX PayPal CARTE BLEUE JCB DISCOVER

AVS4YOU.com

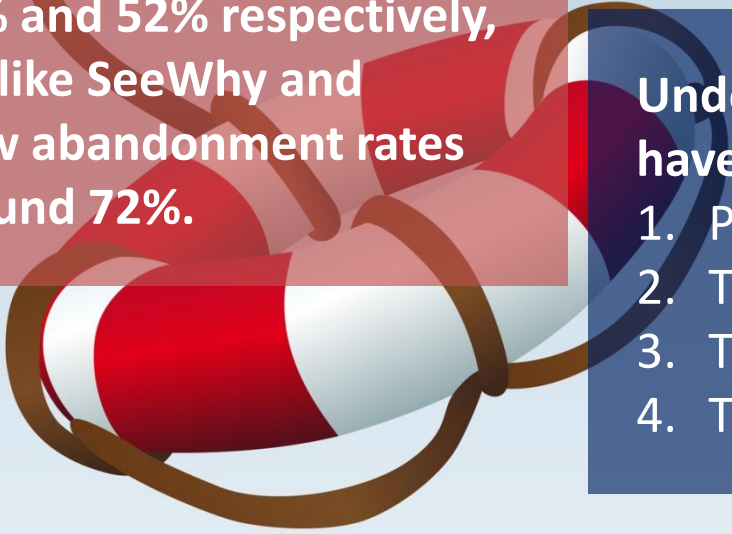
Commandes de facturation Confirmation de commande Commande finale

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Quantité 1

TTC **34.51 EUR**
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Besoins d'aide?
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+33 911 174 9800 (France +10)



According to Forrester Research and MarketingSherpa, abandonment rates are 55% and 52% respectively, while others like SeeWhy and Fireclick show abandonment rates hovering around 72%.

Understand what blockers your clients have:

1. Price
2. They aren't ready to buy
3. They were interrupted
4. They didn't have money on their card



STOP losing Revenue! Recover order abandonments!

Use enhanced lead management tool to **recover more than 15% of you abandoned orders and convert up to 40% of unfinished payments** into sales.

Forrester's Mobile Commerce Forecast: 2011 to 2016 report forecasts that consumers will spend more than \$31 billion on their mobile devices by the end of 2016, with a compounded annual growth rate of 39% from 2011 to 2016.

Mobile Retail Buyers As A Percent Of Mobile Internet Users:



Source: Forrester Research Mobile Commerce Forecast, 2012 To 2017 (US)

55% of all Mobile Traffic is via Tablets

Commerce Booms to 15.1% of all online sales

Benefit of the Fast Mobile Commerce Growth

Mobile Commerce Is Positioned For Rapid Growth In The Coming Years

Questions?

Thank you!

Find More Resources at www.avangate.com

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avangate
generate e-sales ■■