

CHAPTER

4

Selling Your Gadget

“Make service your first priority, not success, and success will follow.”

—Anonymous

IN THIS CHAPTER

- Gadget Revenue Model
- How Gadgets Give You Business
- Supporting Your Gadget

Gadget Revenue Model

The Sidebar gadget development platform is new, but it uses standard web technologies such as HTML, CSS, and JavaScript. These technologies have matured in the last few years and have a large community of developers. Sidebar gadgets have a much shorter development life cycle than regular software: quick development, easy deployment, and almost no maintenance. This makes the Sidebar gadget development platform very attractive for developers. It's a platform rife with the opportunity to innovate. It's a new approach for providing quick information and tools.

The revenue model of an Internet-based service company depends on one thing: traffic. And Sidebar gadgets have the potential to drive traffic. There will be more than 100 million Windows Vista users in next few years. If your gadget is popular among 1% of them, just imagine your gadget on 1 million users' desktops. A reference to your website will also drive them directly to your online business portal. How you use this new way of interaction and this new set of customers coming to your website depends on you and your own individual service.

A Sidebar gadget is a mini application with the simplicity of a web application and the power of a Windows application. It is a small and lightweight tool. A Sidebar gadget is

not meant to be created as a complete software application, whether sold as a downloadable product or a “try before buy” tool. The revenue model of a Sidebar gadget works best as a free service to drive traffic to your website or as a side product of a bigger application.

It is debatable right now whether you can make millions from a Sidebar gadget, but the potential is there and the possibilities are endless. Do the math yourself; assuming that your gadget is popular:

- There will be 100 million Windows Vista users in the next year (predicted by Microsoft).
- A popular gadget used by 1% of those users means 1 million users.
- If 5% of those 1 million users to become customers, you have 20,000 potential customers.
- Potential revenue equals 20,000 multiplied by \$ x (sales per user).

Users will be using the gadget for free; *customers* are those 5% among the gadget users who go ahead and buy a service from the gadget provider’s website. We discuss this in detail in the later sections.

The type of gadget you build depends on which revenue model you want to use to attract potential buyers:

- **Pull model**—A free utility that pulls customers to the website
- **Push model**—A tool that enhances an existing application or service

We discuss both these models in the following sections.

Pull Model

In the pull model, you create new ways to market your online business by distributing a useful Sidebar gadget freely on the Web. The gadget should have a subset of features you want to sell to buyers and it needs to have enough information to keep users interested and eventually convert at least some of them to buyers.

Gadgets utilizing the pull model should have a link to the website providing the product or service.

TIP

There are two keys to creating a successful gadget with the pull model:

- Using the gadget platform to create a free innovative service to pull the customers to your website.
- Creating a website that sells online service(s) and uses gadgets as a marketing tool by providing free basic services in the form of Sidebar gadgets.

Steps and Different Roles in the Model

A pull model needs a series of steps along with the development of sidebar gadgets. Companies that already have an online service or product to sell can also utilize this model. In action, the model follows these general steps, which are also illustrated in Figure 4.1:

- You have a website that provides the service(s) and/or product(s) you want to sell.
- Choose a subset of the service that you can provide as a basic free service.
- Create a Sidebar gadget that delivers this free service to users.
- Build a user base.
- Drive interested users (potential customers) to the website where more complete services are offered (for a price).

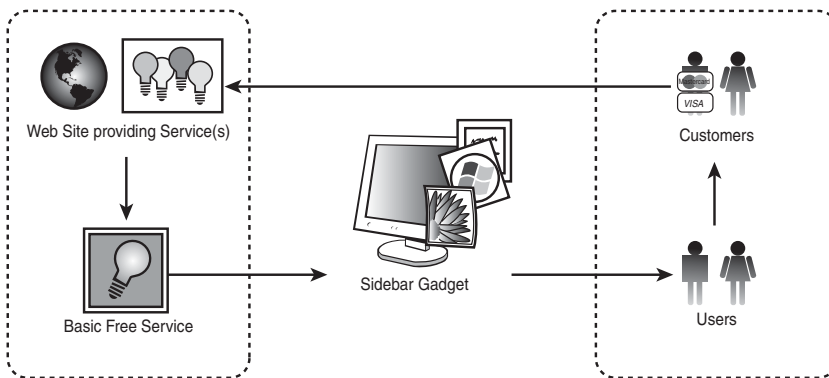


FIGURE 4.1 A pull model uses a gadget to drive traffic to the website.

The gadget provides a basic service that is available for free to all in a public server. The basic service should be sufficient enough to create user interest in related products and services.

Case Study: Rare Book Seller Website

TrickofMind, a Fictitious dot-com company with few developers and resources, wants to sell rare puzzle books on the Internet. It has a catalog of books and a payment gateway set up, but what it lacks is users that may become customers.

You, as an analyst, have come up with a plan to leverage the Sidebar gadget platform by following these steps:

1. Create a Trick of the Day Sidebar Gadget. This has a puzzle trick every day in the form of an RSS feed.
2. Track your RSS feeds with online tracking tools such as feedburner.com. Appendix A contains a section about tracking RSS feeds.

3. Deploy your Sidebar gadget on a publicly available server, such as <http://gallery.live.com>, for users to find and download. Don't forget to add keywords and tags to make it easily searchable.
4. Provide a consistent service to users, such as the trick question every day and also some kind of interaction through the Sidebar gadgets, such as a reply link or a link to the website.
5. Provide a link to the website for users interested in puzzle books. Make your website dynamic, informative, and interesting enough for users to return to on a regular basis.

Websites that provide tricks, puzzles, or questions every day already exist, but a Sidebar gadget providing puzzles at your desktop would make yours more usable. A daily trick delivered to your desktop is a very attractive service for puzzle lovers.

Gadgets offer a new approach to the old model, “basic free service, paid pro service.” Almost all Internet companies try to use this model to generate traffic and revenue. The model is not new, but the approach utilizing sidebar gadgets is.

Every day, millions of users search for a gadget that provides them with a daily dose of their favorite hobby. There are websites providing these daily services, but most of them deliver them by mass emails or online forums. Nobody—at the time of this writing—delivers them to your desktop in the form of a state-of-the-art Sidebar gadget. Use the gadget platform and grab those customers before somebody else does. Check the TrickofMind gadget in Appendix B in the “Extras” section.

Push Model

The push model relies on enhancing existing service and increasing customer satisfaction.

This model works where you already have an online business with a customer base. Use a Sidebar gadget to enhance your customer experience and provide that “extra” service exclusively to your customers. This will not only boost the satisfaction of the existing customers but also act as a great marketing tool for new customers. Use the Sidebar platform to create an add-on service that provides users with quick and ready-to-use information that benefits them. Any information that changes daily and is needed by your customer can be provided as an information gadget.

TIP

Consider an appropriate authentication method to ensure that only your paying users have access to the gadget's features.

Steps and Different Roles in the Model

A push model starts with an existing web service, but an existing customer base is what distinguishes the push model from the pull model. There is lot more potential for marketing in a push model where you already have a customer. Your users are already coming to

your website for frequently updated data or information. The following list, which is illustrated in Figure 4.2, describes the components of a push model:

- Existing web application or service
- Existing customer base
- Ready-to-use information gadget based on an existing service
- Gadget deployment in the web portal
- Increased satisfaction for the existing customers, relative to the pull model

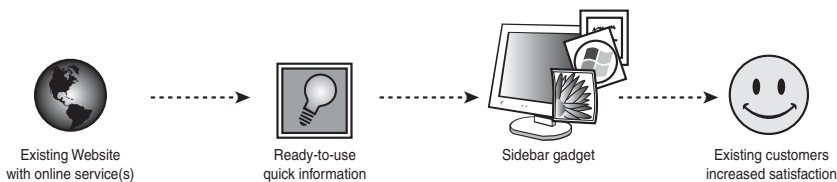


FIGURE 4.2 A push model uses the existing customer base.

Case Study: Real Estate Web Service

Imagine you have a website that displays home rental listings for property managers. Your website receives updates from multiple agents and private sources. Currently, property managers go to the website and filter the results based on their preferences, such as area, price range, and date. The information is dynamic in nature and changes every day. The property managers are always searching for new rental listings, but it's easy for them to miss some of the listings.

As an analyst, you come up with a plan to leverage the push model for Sidebar gadgets.

1. Make global listings available in XML format as RSS feeds, with date and region as parameters.
2. Create a Recent Listing Sidebar gadget that uses settings specific to the rental listing to filter the feed data into a set of top 20 listings. Let the gadget update the feed every hour.
3. Deploy your Sidebar gadget in your web application exclusively for property managers.

Here is the list of benefits:

- Use of the gadget ensures proper flow of important information.
- The gadget makes listings available to property managers without requiring them to go to the website. With multiple instances of the gadget, the property manager can set up different search criteria.

- This results in better flow of information, reducing search costs and potential missed listings.
- Use of gadgets results in increased satisfaction among property managers.

The push model facilitates the property manager in viewing useful information quickly and efficiently. With the power of the Sidebar gadget, the property managers can manage more properties in less time, which increases both their revenue and customer satisfaction.

The push model can be used with many online businesses with an existing customer base. Think of this new way of providing features to your customers as something that offers you a significant competitive edge.

How Gadgets Give You Business

Typically, gadgets are not meant to be sold as individual products. Both push and pull revenue models utilize a Vista Sidebar gadget as a tool to do business more efficiently. The platform provides a unique way to interact with customers. The business model of a gadget is not to sell and make profit out of the gadget itself but rather out of the information, service, or product that the gadget supports.

The reason is simple. Sidebar gadgets are based on HTML, CSS, and JavaScript, so the gadget's source code actually goes with the gadget when you deploy it. The .gadget extension is nothing but a .zip extension in disguise. Anybody with this information can open the source of the HTML file and make changes to it. In addition, thousands of gadgets are freely available online, delivering all kinds of services, which makes it difficult—if not impossible—to sell a gadget.

Four kinds of gadgets can generate revenue (see Figure 4.3):

- Ad Gadgets, which are gadgets used as advertising tools
- Gadgets that are side products for enterprise-level applications
- Utility Gadgets, which provide a watered-down version of a utility
- Free Information Gadgets, which collect trends and usage statistics

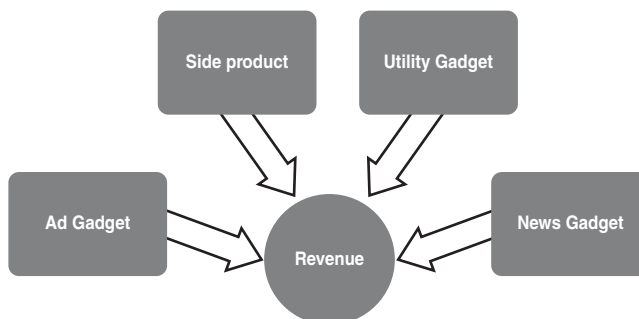


FIGURE 4.3 These four types of gadgets are all capable of generating revenue.

The Ad Gadget

The Ad Gadget is meant for advertisement of a service. It is based on the pull business model in which you create a free subset of a service, but compel the user to subscribe for an advanced set of features. An Ad Gadget becomes the starting point of an already existing service on the web and helps business in the following ways:

- Free basic service in the Sidebar gadget acts as an advertisement for the actual service on the website.
- The service on the website can be free, with a revenue model derived from advertisement banners on the website.
- The service on the website can be a paid subscription for a Pro Account. Revenue here comes from subscribers.

TIP

The Ad Gadget is not meant for displaying advertisements but to be used as an advertisement tool for a particular service.

4

Case Study: Site Statistics, Ad Gadget with Pull Model

A website statistics provider company such as sitemeter.com shows statistical information about visitors for a particular customer's website. It gives free information for the last single month. The statistics provider company's revenue model is based on advertisement banners on the website and paid professional accounts.

In addition to offering a free basic service (statistics for last month), what if the organization created a Sidebar gadget for advertising its free service? The information in the gadget would whet users' appetites, and compel them to visit the website for more detailed statistics.

Here is how the pull model works for the Site Statistics Gadget (also see Figure 4.4):

- Free basic statistics in the Sidebar gadget pull users to the website. The gadget has a link to the website, which provides detail statistics. Users visit more often through the gadget than they do by actually navigating to the website.
- The gadget provides a subset of the free basic service and still pushes users to go to the website for detail statistics. This helps drive in the revenue from banner advertisements on the website.
- The gadget helps in driving traffic to the website. It also acts as a tool for marketing the paid subscription for the Pro Account. The revenue model of a paid subscription is strengthened by the presence of the gadget.

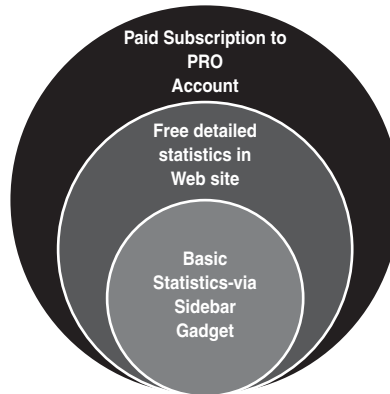


FIGURE 4.4 Ad Gadget for Site Statistics provides a subset of free basic service on the Vista Sidebar.

The pull model here has two modes of revenue: revenue from advertisements on the website and revenue from the users who come from the link in the Sidebar gadget. Eventually there will also be revenue from users who become subscribers to the Pro Account, an account that provides the detailed annual statistics and other advanced services and that comes with a paid subscription.

Benefits of Using an Ad Gadget

An Ad Gadget not only provides an advertisement of the web service but also acts as a marketing tool that is freely available in online communities. Following lists the benefits of an Ad Gadget:

- Free advertisement of the service through the gadget.
- Wide availability (The gadget can be made available in free online communities such as <http://gallery.live.com>, which gives the service exposure to millions of users.)
- Increase in number of users for your service.
- More satisfaction among existing paid account holders.

Gadget as a Side Product

A gadget as an add-on to an enterprise-level application is also a great selling tool. This kind of gadget follows the push model and is targeted toward existing users.

Any enterprise-level application, such as a Customer Relationship Management (CRM) or Enterprise Resource Planning (ERP) application, deals with a lot of frequently updated data. Users sometimes find it difficult to filter down data relevant to them for a particular

scenario. A sidebar gadget providing the ready-to-use data can be very useful in this kind of scenario (see Figure 4.5).

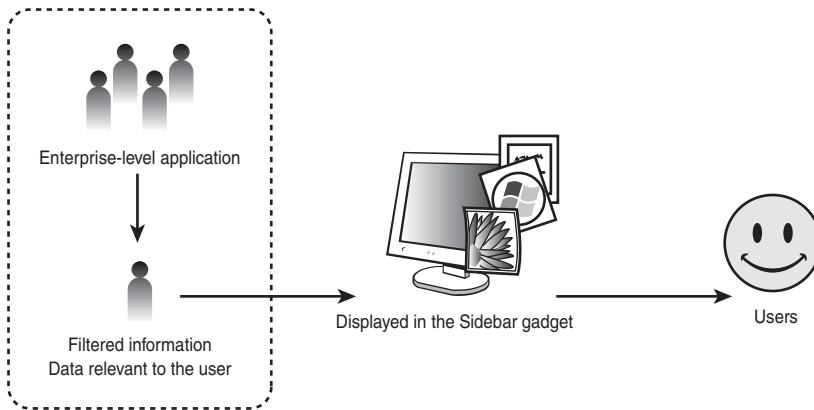


FIGURE 4.5 A Sidebar gadget used as a side product increases both the usability of the main application as well as customer satisfaction.

A gadget as a side product becomes a useful tool for existing customers. To enable a gadget for an enterprise-level application, you have to make sure of the following:

- First of all, expose required data to be displayed in the gadget in an open XML format (recommended RSS feed format).
- Enable a way to authenticate users to display data filtered by the individual user.
- Use existing web technologies such as Ajax and SOAP to access secure data from an XML web service.

This kind of gadget works as a complementary product to the actual application and is primarily used for displaying user-relevant information, as well as frequently updated data.

Case Study: Microsoft CRM Gadget, Gadget as a Side Product

Microsoft Dynamics Customer Relationship Management is a powerful enterprise-level application. Its capability to integrate with Microsoft Office applications, Microsoft Outlook, and Blackberry mobile devices makes it a state-of-the-art application.

One important feature of the CRM is that it acts as a central repository for all customer-related data and accounts related to a particular member. Normally a member has to log in to Microsoft Dynamics and access information filtered by different criteria, using a user interface provided by the application, an intranet application, or a website. Creating a gadget that displays the list of accounts and contacts associated with a current member is of immense help. The user no longer has to start Microsoft Dynamics and go to the

accounts page to get this information. This is possible because the enterprise application enables gadget development by supporting the following (as illustrated in Figure 4.6):

- Microsoft CRM is exposes data through web APIs.
- Authentication for the member is possible from the gadget.
- The enterprise application provides a web service for accessing data.

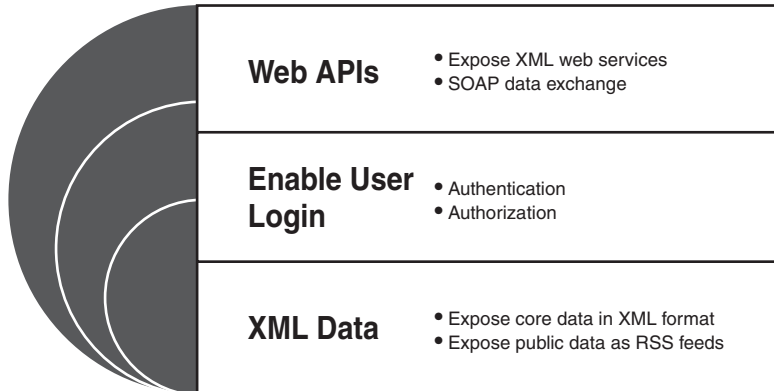


FIGURE 4.6 An enterprise-level application needs to expose data through web APIs and should support the technologies for gadget development.

Benefits of Using Gadgets as Side Products

A gadget used as a side product compliments the main application. The case study showed how a member of an enterprise-level application can benefit from the use of the gadget. A gadget as a side product increases the usability of the main product by doing the following:

- Providing ready-to-use information.
- Providing filtered and relevant data.
- Displaying data related to the logged-in member.
- If you use multiple instance of the gadget, enabling the member to search information with different filters.

Utility Gadget

A utility gadget normally is a watered-down version of a Windows application, giving access to quick tools and features provided by the operating system. Some utility gadgets provide information on CPU usage or available drive space. This kind of gadget can be used to create revenue within the pull model.

A utility gadget can be both a basic version of the main application or a side product complementing the application. For example, a basic utility in the form of a gadget can be distributed freely over the Internet, and a more feature-rich application with advanced features can be purchased from your website. If the gadget is popular, it will drive traffic to your website and eventually help sell the application.

In the actual implementation, a utility gadget typically is a watered-down version of the full application. This functionality can be exposed as an active component to be called and used by the gadget. In this scenario, the full-featured application exists on the provider's website and the Sidebar gadget platform is used in the following ways:

- A Sidebar gadget with a basic or watered-down version of the application
- A gadget that acts as a side product to the application

Trial software is quite standard for companies selling products and doing business online. The addition of the sidebar gadget can be a major advertisement for the utility and can be leveraged as a trial version of the software.

Case Study: Backup Software Utility Gadget

DBKP, a fictitious backup software company, provides robust, reliable, and complete backup software. The company provides a "trial version" of the software implemented as a gadget, providing some basic free services.

The company creates a gadget that provides quick access to the application's popular features, using APIs exposed in a dynamic link library that the application also uses.

Benefits of the Utility Gadget

The utility gadget can be both a free service for advertisement of the company as well as a side product for the actual application. It provides the following benefits to the company:

- The right set of features in a Sidebar gadget can make it instantly popular, resulting in lot of traffic to the website.
- The gadget provides quick access to the features of the backup application and makes the application more useful.

A utility gadget's feature set, which is meant for driving users to buy the actual product, has to be carefully chosen so that it drives potential users to purchase the product and become customers.

Free Information Gadget

A free information gadget, as the name suggests, provides regularly updated information as a free service. In turn it collects usage statistics from the gadget users. This can be thought of as similar to the process of mining web logs, where web logs are analyzed for page usage statistics. Information such as page views, durations on a page, and number of visits are used to make decisions. The only difference is now you are making the data available through the gadget and tracking the RSS feed instead of web pages.

The free information gadget's revenue model is based on the current trend in advertising, which values user choice. That is to say, this revenue model depends greatly on the statistics related to the number of users who views a particular piece of information. Data related to information that was shared a greater number of times or commented or viewed are used for advertisement purposes.

For example, a gadget providing video feed can use the statistical information on which video was shared or played the most. The demand for this kind of information becomes the basis of the free information gadget. These gadgets also promote a parent website and help generate revenue from banner advertisements.

You'll find more information on collecting usage statistics from the gadget in Appendix A.

A free information gadget can even use live data streaming for things such as broadcasting or podcasting. It can also have built-in advertisements, just like a real radio or video channel.

These gadgets take data in the form of an RSS feed from the provider website and display the data, formatted, to the user. The data in the information feed can contain links to pictures, audio, video, or just plain text or HTML. The gadget provides the title and a short description of the information. The user can click on either one to read the information or play the audio or video related to it.

This revenue model is based on the usage statistics of the information and also the ad banners in the website. The whole advertisement network is switching toward this trend, which is based on this kind of usage information.

To create a free information gadget, follow these steps:

1. Make your data available in the form of an RSS feed.
2. Track the usage of individual items in the feed.
3. Provide a link from the gadget to the actual website.

Case Study: NYBC News Gadget, a Free Information Gadget

NYBC, a New York broadcast company, provides access to the news from its website but consumers don't seem to be using the service. It provides a lot of options for users to add their opinions, ask questions, interact with the reporters, and rate and share news with others.

The company provides top local news in the form of an RSS feed that is freely available in the website. The data available is in a variety of formats: audio, video, and HTML with pictures. NYBC also provides streaming servers for live commentaries. The customers are local to New York and it has a lot of presence in the newspaper market. What it's aiming for is an online presence.

The company leverages a Sidebar gadget platform to solve this problem. As an analyst in the company you come up with a News Gadget for New Yorkers. The gadget provides the following:

- Frequently updated news in the form of an RSS feed
- A radio feature built into the gadget for live streaming
- Links to the news website

Benefits of the Gadget

Having a gadget on your desktop, which gives you regularly updated news in the form of text, audio, and video, is far more attractive than visiting a website to access information. The gadget platform can provide the following benefits in the current scenario:

- Subscribers love the easy-to-use gadget for their favorite newspaper.
- Online activities will increase because each news item will have a corresponding link to the website.
- The RSS feed can be tracked easily for usage information.
- The streaming server can also include audio and video advertisements.

Supporting Your Gadget

Supporting a gadget is similar to supporting any product, but in many ways it is relatively easier. Gadget support is crucial because if you are developing a gadget for revenue, you have to make sure that it works properly.

Because no help file comes with the gadget, if you want to include some kind of tutorial, it has to be done in the support page. Remember that gadgets are all about interactivity. A forum dedicated to the gadget is very helpful in acquiring feedback from users in the form of suggestions and new feature requests. As with any software product, you need to provide an upgrade path for new features and services.

Support features that can help maintain a gadget include the following:

- A link to the support page, which describes the features.
- An email link to contact the developer or the company that provides the gadget.
- An online forum that provides a mechanism for users to communicate with each other and the developer/company for issues. A link to a forum in the gadget is helpful.
- A page dedicated for suggestions, new features, and so on.
- Auto-update functionality. Detailed further in Appendix A.

Links should be provided in the Settings page to enable the user to visit the corresponding web page.

TABLE 4.1 Differences Between an Application and a Sidebar Gadget

Application	A Sidebar Gadget
Normally has a help file associated with it.	No help file.
Has about a page that contains company or developer information for contact.	A gadget's settings page can be used to add an email address or website information.
Products normally have dedicated forums for support and a huge user community.	Contact information in the form of email address. A support/suggestions page is desirable. A light-weight forum for a discussion board is also helpful.
Comes with auto-update functionality.	Needs to be upgradeable and needs user's interaction for upgrade.
Products normally have dedicated forums for support.	Contact information in the form of email address. A support/suggestions page is desirable. A light-weight forum or discussion board is also helpful.
Flyout page.	320 pixels×240 pixels.