5 — Selling Products

From Code to Product

gidgreen.com/course
Lecture 5

• Introduction
• Payment models
• Pricing
• Payment methods
• Conversion funnels
• Problems
Lecture 5

• Introduction
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• Problems
Desktop software

The #1 most highly recommended editing solution in the world.

**UltraEdit UltraCompare** Sold together or separately

Considered a software masterpiece, the UltraEdit and UltraCompare bundle is the ideal text editing and compare/merge solution!

Together, UE/UC are unparalleled in file management with the ability to manage files/folders via projects, synchronize local/remote folders, and find duplicate files anywhere!

Using Windows, Mac, or Linux? Click to see platform options

The #1 Best Selling Text Editor in the World

**UltraEdit v18.00**

Replacing Notepad or looking for a powerful text editor? UltraEdit is what you’re looking for. Versatile and easy to use, UltraEdit is the ideal text, hex, XML, HTML, PHP, Java, Javascript, Perl, and programmer’s editor.

With over 2,000,000 users worldwide, UltraEdit is the #1 selling, most powerful, value priced text editor available!

See what UltraEdit can do for you
In-app purchases
Software as a service

Everything you need for an amazing website.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Price/MO</th>
<th>Billed annauly</th>
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<tr>
<td>PERSONAL</td>
<td>$12</td>
<td>$13.33 month-to-month</td>
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<tr>
<td>ADVANCED</td>
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<td>$22.22 month-to-month</td>
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<tr>
<td>BUSINESS</td>
<td>$36</td>
<td>$40.00 month-to-month</td>
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</table>

**PERSONAL**
- Core Features
- 20 Pages
- 1TB Bandwidth
- 3GB Storage
- Custom Domain

**ADVANCED**
- Core Features
- Unlimited Pages
- Unlimited Bandwidth
- Unlimited Storage
- Custom Domain
- Unlimited Support
- 3 Audiences
- Unlimited Editors
- Advanced Control

**BUSINESS**
- Core Features
- Unlimited Pages
- Unlimited Bandwidth
- Unlimited Storage
- Custom Domain
- Unlimited Support
- 6 Audiences
- Unlimited Editors
- Advanced Control
- Form Builder
App store products

Sparrow

Sparrow
Sparrow 307 Ratings £1.99

Sparrow is an iPhone mail client designed with love to provide you with an efficient and pleasant mailing experience. With its pane navigation, its new threading system and many new features, you'll never look back.

Warning: Sparrow does not support POP accounts and does not do Push notification yet.

Features:
- Full IMAP support:
  Use your Gmail, Google Apps, iCloud, Yahoo,

Hipstamatic

Hipstamatic
Synthetic, LLC 17 Ratings £1.49

Digital photography never looked so analog. The Hipstamatic brings back the look, feel, unpredictable beauty, and fun of plastic toy cameras of the past! The Hipstamatic keeps the quirks of shooting old school but gives you the ability to swap lenses, film, and flash settings all with the swipe of a finger.

TOTALLY EXCELLENT FEATURES

- Swap lenses, flashes, and films for hundreds of different effects
- Instantly share your best prints to Facebook, Twitter, Flicker, and Tumblr
SaaS and mobile app growth

- **Software as a Service**
- **Mobile applications**

$30 billion

$20 billion

$10 billion

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</table>
Lecture 5

• Introduction
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Payment models

- One time
- Subscription
- Pay as you go

Revenue

Month

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One-time purchases

• Payment = ownership
• Low transaction costs
• Unstable cash flow
  – Publicity bursts
  – Upgrades
• Problem of ongoing costs
  – Technical support
  – Online elements
Subscriptions

• Payment = membership
• Periodicity
  – Monthly, quarterly, annual
  – Discounts for longer
• Stable cash flow
  – Forgotten subscriptions
• Problem of churn
  – Active or passive
Pay as you go

- Payment = usage
  - No easy money!
- Credits or after-billing
  - Credit expiry?
- Volume discounts
- Semi-stable cash flow
- Problem of tiny customers
  - Minimum credit purchase
The free version

• Cournot theorem
  – Price $\rightarrow$ marginal cost
  – Marginal cost $\approx$ zero

• Engine of publicity
  – Everyone loves free

• Get people ‘hooked’
  – No barrier to usage
  – Upsell later on
Time limited

UltraEdit Trial Reminder
This is an unregistered program.
You are using this application on a free trial basis.

Days Remaining: 30

Thank You for Evaluating UltraEdit
Maximize your productivity with the IDM user community resource center - including: support, downloads, news, and more...

Power Tips/Tutorials
"How-tos" for the latest application features, as well as in-depth tutorials on existing features.

Tech Support
Got a question? Get an answer! Utilize your support resources to make your use of IDM software easier.

User-to-user Forums
Join the forums to meet/interact with many other IDM product enthusiasts - share a tip, get advice, and more.

Register
Register for only: $59.95

Upgrade:
$29.95

Register both for only:
$89.95

Save 40% on UC!

Capacity limited

**Monthly Plans**
for frequent senders

<table>
<thead>
<tr>
<th>Subscribers</th>
<th>0 - 2,000</th>
<th>0 - 500</th>
<th>501 - 1,000</th>
<th>1,001 - 2,500</th>
<th>2,501 - 5,000</th>
<th>5,001 - 10,000</th>
<th>10,001 - 25,000</th>
<th>25,001 - 50,000</th>
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</thead>
<tbody>
<tr>
<td>Price</td>
<td>Free</td>
<td>$10</td>
<td>$15</td>
<td>$30</td>
<td>$50</td>
<td>$75</td>
<td>$150</td>
<td>$240</td>
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<tr>
<td></td>
<td>12,000/month</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>

If you send at least once a month, a monthly subscription is your best option. We'll bill your credit card every month based on the total number of subscribers managed in your account. Your monthly fee will be automatically adjusted as your list grows or shrinks.

View international pricing

[mailchimp.com](http://mailchimp.com)
Feature limited

Try it for free and see what monthly plan works for you.
No credit card to try. No contracts. Cancel anytime.

<table>
<thead>
<tr>
<th>Our Plans</th>
<th>Free</th>
<th>Seedling</th>
<th>Evergreen</th>
<th>Mighty Oak</th>
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<tbody>
<tr>
<td># of clients you can manage</td>
<td>$0/mth</td>
<td>$19.95/mth</td>
<td>$29.95/mth</td>
<td>$39.95/mth</td>
</tr>
<tr>
<td>Additional staff who can access your account</td>
<td>3</td>
<td>25</td>
<td>Unlimited</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Unbranded emails</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Project Managers, Team Timesheets, Team Expense Reporting</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>
Collaboration limited

30-day Free Trial on All Accounts
Pick a plan & sign up in 60 seconds. Upgrade, downgrade, cancel at any time.

- **Premium**
  - $99/month
  - FOR POWER USERS
  - Up to 40 users
  - 30 GB storage
  - Unlimited deals
  - 30,000 contacts
  - Enhanced security

- **Plus**
  - $49/month
  - MOST POPULAR PLAN
  - Up to 15 users
  - 15 GB storage
  - Unlimited deals
  - 20,000 contacts
  - Enhanced security

- **Basic**
  - $24/month
  - FOR SMALL GROUPS
  - Up to 6 users
  - 5 GB storage
  - 10 deals
  - 5,000 contacts
  - Enhanced security

We also offer a **free plan** (2 users, no files, 50 contacts) and a **solo plan** (1 user, 1 GB file storage, unlimited deals, 20k contacts, $29/month).
Ad supported

**Upgrades**

**No Ads**

At WordPress.com, we sometimes display advertisements on your blog to help pay the bills. This keeps free features free!

We only run them in limited places, and we do not show ads to logged-in readers, which means only a very small percentage of your page views will actually contain ads.

To eliminate ads on your blog entirely, you can purchase the No-Ads Upgrade. The upgrade is especially attractive and useful to business blogs in order to eliminate any possibility of competitors' ads displaying on their domains.

The No-Ads Upgrade costs $29.97 per blog, per year.

You can subscribe to this upgrade from the Store panel of your dashboard.
Making freemium work

• Problem: moving off free
  – Fixed value notion
  – Search for alternatives
  – Especially time limits

• Possible solutions
  – Data lock-in
  – Increased usage over time
  – Collaborative momentum
Lecture 5

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Demand curve

Sales volume

Price

$0 $5 $10 $15 $20

$12 \times 125k = \$1.5m$

$4 \times 500k = \$2m$

0 200,000 400,000 600,000 800,000 1,000,000
Optimal price

Revenue vs. Price

Price

$0.0m

$0.5m

$1.0m

$1.5m

$2.0m

$2.5m

$0

$5

$10

$15

$20

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Lecture 5 — Selling Products — Slide 23
gidgreen.com/course
Optimal price

![Graph showing the relationship between price and sales volume.]

$\$5.77 \times 370k = \$2.13m$
Demand curve reality

• Low prices look bad
  – Charge more, sell more?
• Curve not so smooth
  – $x.99 effect
  – Competing products
• Curve unknown
  – Testing possible, sometimes
Multiple price points

- $12 \times 125k = $1.5m
- $8 \times 125k = $1m
- $4 \times 250k = $1m

Total = $3.5m
Customer segmentation

• People know what they want to pay
  – Give them a reason to pay it!
• Multiple levels
  – Capacity increases
  – Extra features
  – Type of user
  – “VIP support”
• Clear comparisons
### Customer segmentation

<table>
<thead>
<tr>
<th>AD INFINITUM</th>
<th>CARPE DIEM</th>
<th>BONA FIDE</th>
<th>AD HOC</th>
<th>GRATIS</th>
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<tbody>
<tr>
<td>$199.95 per Month</td>
<td>$69.95 per Month</td>
<td>$29.95 per Month</td>
<td>$14.95 per Month</td>
<td>FREE! every Month</td>
</tr>
<tr>
<td><strong>Sign Up!</strong></td>
<td><strong>Sign Up!</strong></td>
<td><strong>Sign Up!</strong></td>
<td><strong>Sign Up!</strong></td>
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<td>60 Users</td>
<td>20 Users</td>
<td>5 Users</td>
<td>1 User</td>
<td>1 User</td>
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<td>Unlimited Forms</td>
<td>Unlimited Forms</td>
<td>Unlimited Forms</td>
<td>10 Forms</td>
<td>3 User</td>
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<td>Unlimited Reports</td>
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<td>20 Reports</td>
<td>3 Forms</td>
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<td>Max Fields *</td>
<td>Max Fields *</td>
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<td>500 Entries / Month</td>
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<td>3,000 Entries / Month</td>
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<td><strong>wufoo.com</strong></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

- Some people always want the best
- Solid mid-range product in middle
- Cheap/crappy option (decoy)
Choosing prices

• Perceived value
  – Marketing
  – Support
• Competing products
  – How do you compare?
  – Sense of fairness
• Keep it simple
• Don’t lose money per sale!
Price vs Process

$1  - Impulse purchase
$10 - Personal credit card
$100 - Claim back from company
$1,000 - Use company credit card
$10,000 - Approval from dept head
$100,000 - Approval from CEO
Justifying high prices

• Lack of competition
  – Or become the standard
• More features
• Differentiate
  – Have a personality
  – Create a tribe
  – Great support
• Competing on price is dangerous!
Other price games

- Razors and blades
- Fives and nines
- Supermarket signposts
- Bundling
- Volume discounts?
- Upgrades/sidegrades
- Time-limited sales
Lifetime value example

• Constant monthly churn rate
  – 5.6% per month
  – Compounds to 50% per year
• Charge $10/month
  – Assume no costs
• Or $100 per year upfront
  – “2 months free”
• Which has higher lifetime value?
$10/month vs $100/year

Total Revenue

Month

$0 $50 $100 $150 $200

0 6 12 18 24 30 36 42 48 54 60

Monthly
Annual

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$10/month vs $90/year
$10/month vs $60/year
But if sales are funding ads...
Customer acquisition cost

• How much to “purchase” a subscriber?
  – At scale, marginal cost of ads
• If LTV ≤ CAC, go home
• Assume CAC is $50
• Charge $10/month?
  – Lifetime value = $180
• Or $60/year?
  – Lifetime value = $120
Start with $10k in the bank...
Lecture 5

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Credit cards

- Visa: $2,040B
- MasterCard: $901B
- AmEx: $540B
- Discover: $114B

US Purchases 2011
nilsonreport.com
Credit card payment process

- Shopping cart
  - Product & Price
- Credit card form
  - Card & Amount
- Payment gateway
  - Card & Amount
- Merchant account
  - Cash - charges?
  - Cash - charges

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Online payment processors

- Simplest and easiest
- Paid weekly or monthly

Cash – 5 to 10%

Shopping cart -> Your account -> Merchant account

Credit card form -> Payment gateway -> Payment processor
Your own merchant account

Shopping cart

Your account

Merchant account

• Merchant account approval
• Harder for non-US

Credit card form

Payment gateway

Payment processor

Cash

Cash – 2 to 5%
Collecting card details

- Shopping cart
- Credit card form
- Payment gateway
- Payment processor
- Cash

Your account

- Control e.g. recurring
- PCI DSS compliance

Merchant account

Cash – 2 to 5%
Selling via PayPal

- Pay with PayPal balance
  - Popular with non-Western customers
  - You can also use it
- Credit cards also accepted
- Low fees (2.5% to 5%)
- Problem: account freezes
  - Receive but no withdrawal
  - You are at their mercy
iOS/Android app stores

• Controlled software marketplaces
• Hit-driven, e.g. Top 25 paid
  – Advertise on other apps, not in-store
  – Promote via free version
• Apple/Google take 30%
  – No credit card / distribution fees
  – Same for in-app purchases
• Avg paid prices $2—$3 but most free
Games and games on iOS

<table>
<thead>
<tr>
<th>Rank</th>
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<td>2</td>
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<td>3</td>
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<td>FREE</td>
<td>FREE</td>
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<td>FREE</td>
<td>FREE</td>
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<td>7</td>
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<td>FREE</td>
<td>FREE</td>
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## A mix on Android

### Top Paid in Apps

<table>
<thead>
<tr>
<th>Rank</th>
<th>App Name</th>
<th>Developer</th>
<th>Description</th>
<th>Price</th>
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<tbody>
<tr>
<td>1</td>
<td>Draw Something by OMGPOP</td>
<td>OMGPOP</td>
<td><strong>LIMITED TIME ONLY: UPGRADE TO THE AD FREE VERSION FOR ONLY $0.99</strong>. The...</td>
<td>$3.70</td>
</tr>
<tr>
<td>2</td>
<td>Cut the Rope</td>
<td>ZEPTOLAB</td>
<td>Cut the Rope, catch a star, and feed Om Nom candy in this award-winning game!</td>
<td>$3.57</td>
</tr>
<tr>
<td>3</td>
<td>Where’s My Water?</td>
<td>DISNEY</td>
<td>WHERE’S MY WATER IS THE HIT DISNEY APP! NOW WITH OVER 160 LEVELS! SWAMPY’S ST...</td>
<td>$3.70</td>
</tr>
<tr>
<td>4</td>
<td>Beautiful Widgets</td>
<td>LEVELUP STUDIOS</td>
<td><strong>EDITOR’S CHOICE</strong> Beautiful set of widgets including clock+weather, with some toggles</td>
<td>$9.95</td>
</tr>
<tr>
<td>5</td>
<td>Camera ZOOM FX</td>
<td>ANDROIDSLICER</td>
<td>★★★★★ “The Best Camera App for Android” - Lifehacker ★★★★★ APP OF THE WEEK SA...</td>
<td>$10.60</td>
</tr>
<tr>
<td>6</td>
<td>Root Explorer (File Manager)</td>
<td>SPEED SOFTWARE</td>
<td>Root Explorer is the ultimate file manager for root users. Access the whole o...</td>
<td>$14.81</td>
</tr>
<tr>
<td>7</td>
<td>Paper Camera</td>
<td>JFDK LABS LTD</td>
<td>See the world through a novel, original, stylish and captivating lens. Real...</td>
<td>$7.05</td>
</tr>
<tr>
<td>8</td>
<td>Tuneln Radio Pro</td>
<td>TUNELN</td>
<td>Browse and listen to radio -- live, local and global. Browse and listen to ra...</td>
<td>$3.70</td>
</tr>
<tr>
<td>9</td>
<td>Poweramp Full Version Unlocked</td>
<td>MAX MP (MSR LTD)</td>
<td>Powerful Music Player for Android. This application unlocks Poweramp (Trial), ...</td>
<td>$18.62</td>
</tr>
</tbody>
</table>
Invoicing

• (Semi-)manual process
  – Only worthwhile for bigger customers
• Paid by check or bank transfer
  – No %‐based processing fees!
• Delivery or payment first?
  – Customer may expect delivery
  – Payments need to be chased
• Also: receipts for prior payments
Lecture 5

• Introduction
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• Pricing
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• Conversion funnels
• Problems
Customer concerns

• Am I buying the right thing?
• Is the price what I was promised?
• Are there additional costs, e.g. tax?
• How long is this going to take?
• Who are these guys, anyway?
• Is it safe to enter my credit card?
• Will I be able to get technical help?
• Can I cancel or be refunded?
Entry to purchase

Thank you for trying WinZip!

Your evaluation period has expired!
WinZip is NOT free software.

Evaluation Version

Days Installed: 110
Total Archives Opened: 1

Buy Now

Use Evaluation Version
Enter Registration Code...
Entry to purchase

WinZip is the world's #1 zip utility for file compression, file sharing, file encryption, and data backup. With over 20 years of experience, we are constantly improving our software to provide you with the fastest, easiest way to zip/unzip files, share data, and protect your work!

Starting at $29.95
Buy WinZip Now
Download WinZip

New! WinZip 16
- Zip and unzip files instantly
- Protect files by encrypting them as you zip
- Zip and email files in one easy step
- Back up and archive your data automatically
- Send large files fast using our NEW ZipSend file delivery web service
- Share files on Facebook with our new NEW ZipShare Facebook app

Get the best WinZip yet: Get WinZip 16.0 today!

Need to Send Large Files Fast?
Try our NEW file delivery web service!
- Send up to 2GB quickly and easily
- Avoid email size limits & bounced messages

SIGN UP FREE

Compress
- Reduce file size
Encrypt
- Secure sensitive data
Share
- Package and share files
Backup
- Prevent data loss
Choose a version / level

WinZip 16
Zip. Deliver. Done.

WinZip is the world's leading Zip utility for file compression, file encryption, file sharing, and data backup. WinZip saves space and time, making it quick and easy to zip/unzip, protect, and share your work.

- Zip and unzip files with ease
- Compress files to save space, conserve bandwidth, and speed up sending
- Open Zip, Zipx, RAR, 7Z, LHA, B2Z, CAB, IMG, ISO, and more
- Password protect confidential files with strong AES encryption
- Bundle files into convenient zipped packages
- Send files fast with ZipSend
- Share files on Facebook with ZipShare
- Backup data files with just a click
- View full feature list

Attractive multi-user pricing available.

WINZIP STANDARD
$29.95

WINZIP PRO COMBO
$59.95

BIG ZIPPER COMBO
$84.95

WINZIP Standard:
- Let's you...
- Zip documents, photos, PDFs, etc.
- Unzip most compressed file types
- Fit more onto portable media
- Send files faster
- Protect files with password-based encryption

WINZIP Pro Combo:
- Gives you all WinZip Standard capabilities PLUS...
- Backup your documents, pictures, email, etc.
- Automate routine zipping tasks
- View, rotate, and resize images within Zip files
- Burn files to CD/DVD/Blu-ray
- Zip your email attachments automatically with WinZip Courier (Included)

Attractive multi-user pricing available.

BIG ZIPPER COMBO:
- Includes three great products for one low price...
- WinZip Pro for essential zipping/unzipping
tasks, plus data backup, image management,
and more
- WinZip Courier for automatically zipping and
encrypting outgoing email attachments
- WinZip Self-Extractor for distribution of zipped
files to recipients that may not own WinZip
Order summary

![Order summary image]

**Your Shopping Cart**

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Qty</th>
<th>Price (USD)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>WinZip 16.0 Standard Edition, Single-User License</td>
<td>1</td>
<td>$29.95</td>
<td>$29.95</td>
</tr>
<tr>
<td>Add a year of Upgrade Assurance</td>
<td>1</td>
<td>$7.95</td>
<td>$7.95</td>
</tr>
<tr>
<td>Please send Back-up CD(s) - FREE Shipping!</td>
<td>0</td>
<td>$9.95</td>
<td>$0.00</td>
</tr>
<tr>
<td>Please include downloadable disk image files in (ISO file)</td>
<td>0</td>
<td>$4.95</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

You've been chosen for a special offer! Check this box to get WinZip 16.0 Pro instead for just $10 more (regular $49.95) and get all standard features PLUS.

- WinZip Pro Wizard
  - * Full-featured internal image viewer
  - * Ability to zip directly from supported digital cameras
  - * CD/DVD burning and FTP upload

(Please note that Pro Upgrade Assurance is $9.95.)

Sub Total (USD): $37.90

Cart Total (USD): $37.90

- Proceed to Checkout >>
Customer information
Payment information

Name on Card: Gideon Greenspan
Credit Card Number: 
CVV: (what's this?) 
Expiration Month/Year: 03 2012
How did you hear about WinZip?

Submit Order

When you submit this order, it can appear as if the server is not responding.

The WinZip Order Processing server will actually be processing your order. The next page cannot be sent to you until the order is fully processed. Please click "Submit Order" only once. This can take up to 2 minutes at peak times.

Purchase risk-free with our 30-day satisfaction guarantee
Subscription concerns

• Will I be able to cancel?
  – Will it be a fight?
  – Can I get a payment refunded?

• Can I upgrade/downgrade?
  – Is there a penalty for that?

• Will the price go up?

• Will I be informed of each payment?
Subscription concerns

How does the 30-day free trial work?
If you cancel a paying plan within 30 days of signing up you won’t be charged a thing. If you choose to cancel your account in the future you will never be charged again, but you are responsible for charges already incurred up until your cancellation. Refunds cannot be issued after your initial 30 day trial and we don’t prorate for partial months.

Do I get a 30-day free trial if I upgrade?
If you upgrade from a free account to a pay account you are not eligible for the 30-day free trial. The 30-day free trial on paying plans only applies if you sign up for a paying plan now. You can always downgrade later if you choose.

Can I change plans at any time?
Yep. Simply click on the “Account” tab on your dashboard and you’ll see your options.

Do I have to sign a long term contract?
No. Highrise is a pay-as-you-go service. There are no long term contracts or commitments on your part. You simply pay month-to-month. If you cancel, you’ll be billed for the current month, but you won’t be billed again.

Are there per-user fees?
No. The prices you see above are all inclusive. For example, the Premium plan is $99/month for up to 40 users. That means you pay $99/month total no matter how many users you have as long as it’s 40 or less.

What types of payment do you accept?
Currently we accept Visa, Mastercard, and American Express. We do not accept PayPal. At this time we only accept payments online so we will not be able to accept a P.O., invoice you, or take an order over the phone.

Your data is safe and secure
Our state-of-the-art computer servers are protected by biometric locks and 24-hour surveillance. Our product software and infrastructure is updated regularly with the latest security patches. Our network is protected by an enterprise-class firewall to keep your data safe.

What web browsers work with Highrise?
Internet Explorer 7 and higher, Firefox 3 and higher, Safari 4 and higher, Chrome 4 and higher.

Any questions before you sign up?
If you have questions about Highrise or the sign up process just submit a support request and we’ll get right back to you.

Got terms of service and privacy policies?
Here are our Terms of Service and our Privacy Policy.
Lecture 5

- Introduction
- Payment models
- Pricing
- Payment methods
- Conversion funnels
- Problems
Credit card fraud

• X uses Y’s credit card without permission

• Why do you care?
  – Y comes after you
  – You get a chargeback

• Payment processor solutions
  – Card security code (not on stripe)
  – Address confirmation
  – Verified by Visa / MasterCard SecureCode
  – Fraud detection algorithms
Risk assessment

If possible, review manually
  – Big orders
  – Purchase from “unusual” country

<table>
<thead>
<tr>
<th>Risk Details</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>Warning</td>
</tr>
<tr>
<td>Security Level</td>
<td></td>
</tr>
<tr>
<td>AVS</td>
<td>Acquirer returned</td>
</tr>
<tr>
<td>CVC</td>
<td>E - Postcode and address not checked</td>
</tr>
<tr>
<td>Shopper IP address</td>
<td>A - CVV/CVC matched</td>
</tr>
<tr>
<td>Shopper IP country</td>
<td>41.205.181.163</td>
</tr>
<tr>
<td>Card issuer country</td>
<td>Nigeria (NG)</td>
</tr>
<tr>
<td></td>
<td>Nigeria (NG)</td>
</tr>
</tbody>
</table>
Chargebacks

- Customer asks bank for money back
  - Card was stolen
  - Product absent/deficient
  - Friendly fraud
- Full price taken back from you
  - No recourse without customer signature
- You pay fine, $15–30
  - Much higher if too frequent
Refunds

• Customer asks you for money back
• You can argue, but...
  – It’s (probably) not worth your time
  – It harms your reputation
  – They have chargebacks
• You pay back full price
  – But no additional fees
• Easy interface at payment processor
Subscription retention

• Active churn
  – Try to intercept
  – Ask why afterwards
• Passive churn
  – Card failed / expired
  – Notify and request renewal
  – Special offers
• Expect average 1–3 years
• Acquisition > Retention cost (generally)
PCI DSS compliance

<table>
<thead>
<tr>
<th>PCI Data Security Standard – High Level Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Build and Maintain a Secure Network</strong></td>
</tr>
<tr>
<td>1. Install and maintain a firewall configuration to protect cardholder data</td>
</tr>
<tr>
<td>2. Do not use vendor-supplied defaults for system passwords and other security parameters</td>
</tr>
<tr>
<td><strong>Protect Cardholder Data</strong></td>
</tr>
<tr>
<td>3. Protect stored cardholder data</td>
</tr>
<tr>
<td>4. Encrypt transmission of cardholder data across open, public networks</td>
</tr>
<tr>
<td><strong>Maintain a Vulnerability Management Program</strong></td>
</tr>
<tr>
<td>5. Use and regularly update anti-virus software or programs</td>
</tr>
<tr>
<td>6. Develop and use secure systems and applications</td>
</tr>
<tr>
<td><strong>Implement Strong Access Control Measures</strong></td>
</tr>
<tr>
<td>7. Restrict access to cardholder data by business need to know</td>
</tr>
<tr>
<td>Design a unique ID to each person with computer access</td>
</tr>
<tr>
<td>Restrict physical access to cardholder data</td>
</tr>
<tr>
<td><strong>Regularly Monitor Test Network</strong></td>
</tr>
<tr>
<td>10. Track and monitor all access to network resources and cardholder data</td>
</tr>
<tr>
<td>11. Regularly test security systems and processes.</td>
</tr>
<tr>
<td><strong>Maintain an Information Security Policy</strong></td>
</tr>
<tr>
<td>12. Maintain a policy that addresses information security for all personnel.</td>
</tr>
</tbody>
</table>
Customer support

- Money = obligation
  - Threat of chargebacks
- Pre-sales enquiries
- Email + phone is best
- Respond within 1 working day
- Really read / listen
  - Speak their language
- Never get angry
Bitcoin: The solution?
### Bitcoin: The solution?

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely low cost</td>
<td>No (easy) subscriptions</td>
</tr>
<tr>
<td>Irreversible</td>
<td>Exchange rate fluctuations</td>
</tr>
<tr>
<td>Pseudonymous</td>
<td>Confirmation delay</td>
</tr>
<tr>
<td>Universally available</td>
<td>Government interference?</td>
</tr>
<tr>
<td>Rapid settlement</td>
<td>Easy to steal (like cash)</td>
</tr>
<tr>
<td>Decentralized</td>
<td>Accounting uncertainty</td>
</tr>
</tbody>
</table>
Coinbase Offering

Payment processing that will add to your bottom line.

No Fees.
Your first $1,000,000 in payment processing is free on Coinbase. After that pay just 1% to cash out bitcoin (or less based on volume). [more...]

No Chargebacks.
There is no need to worry about chargebacks when using Bitcoin – they don’t exist.

No Exchange Rate Risk.
You receive the exact amount of local currency you price your products at, guaranteed.
Books

Don’t Just Roll the Dice
A usefully short guide to software pricing
Neil Davidson

Conversion Optimization
The Art and Science of Converting Prospects to Customers
Khalid Saleh & Ayat Shukairy