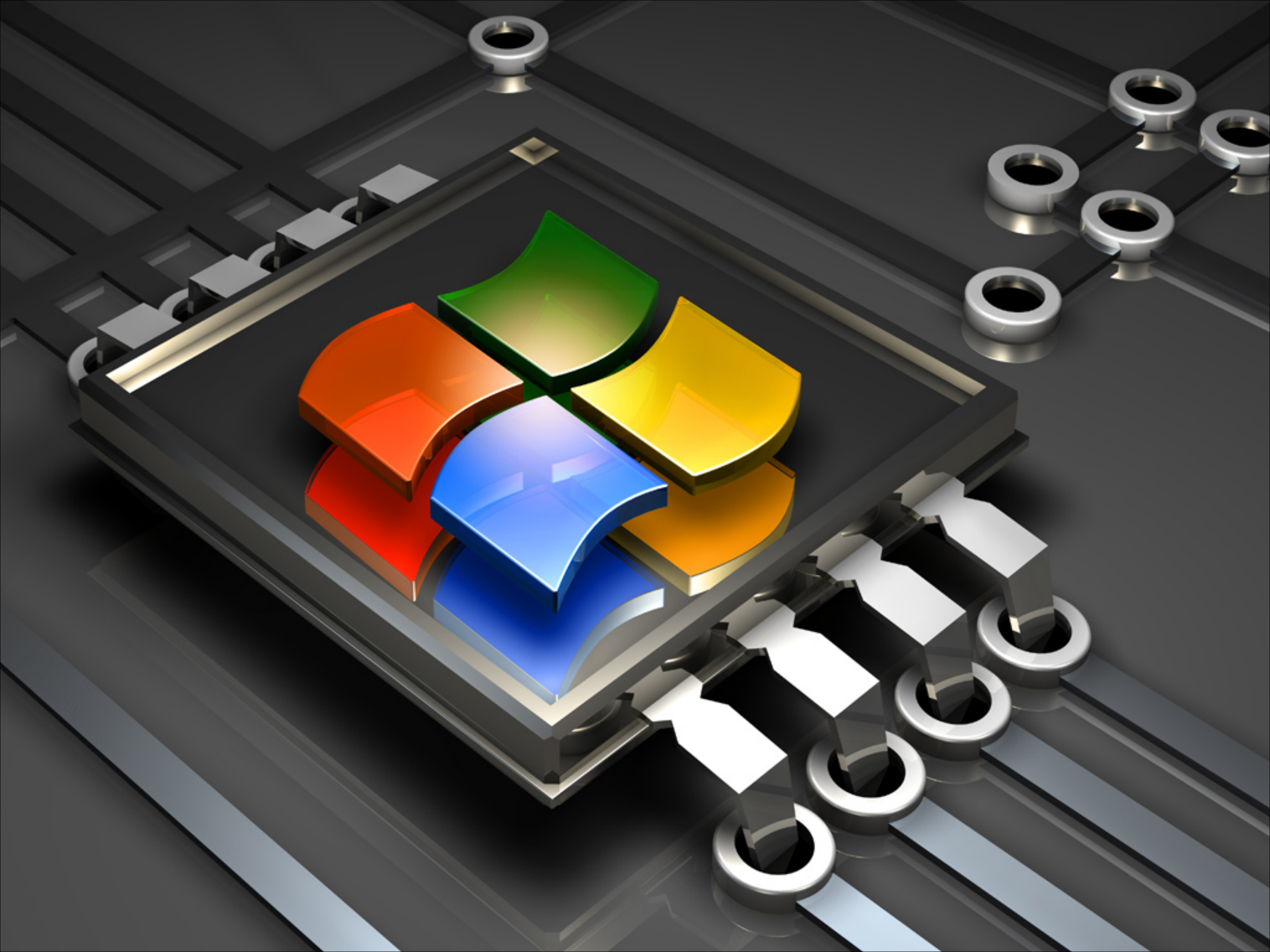


Build Businesses, Not Apps

Elia Freedman
elia@infinitysw.com

eliainsider.com
@eliajf

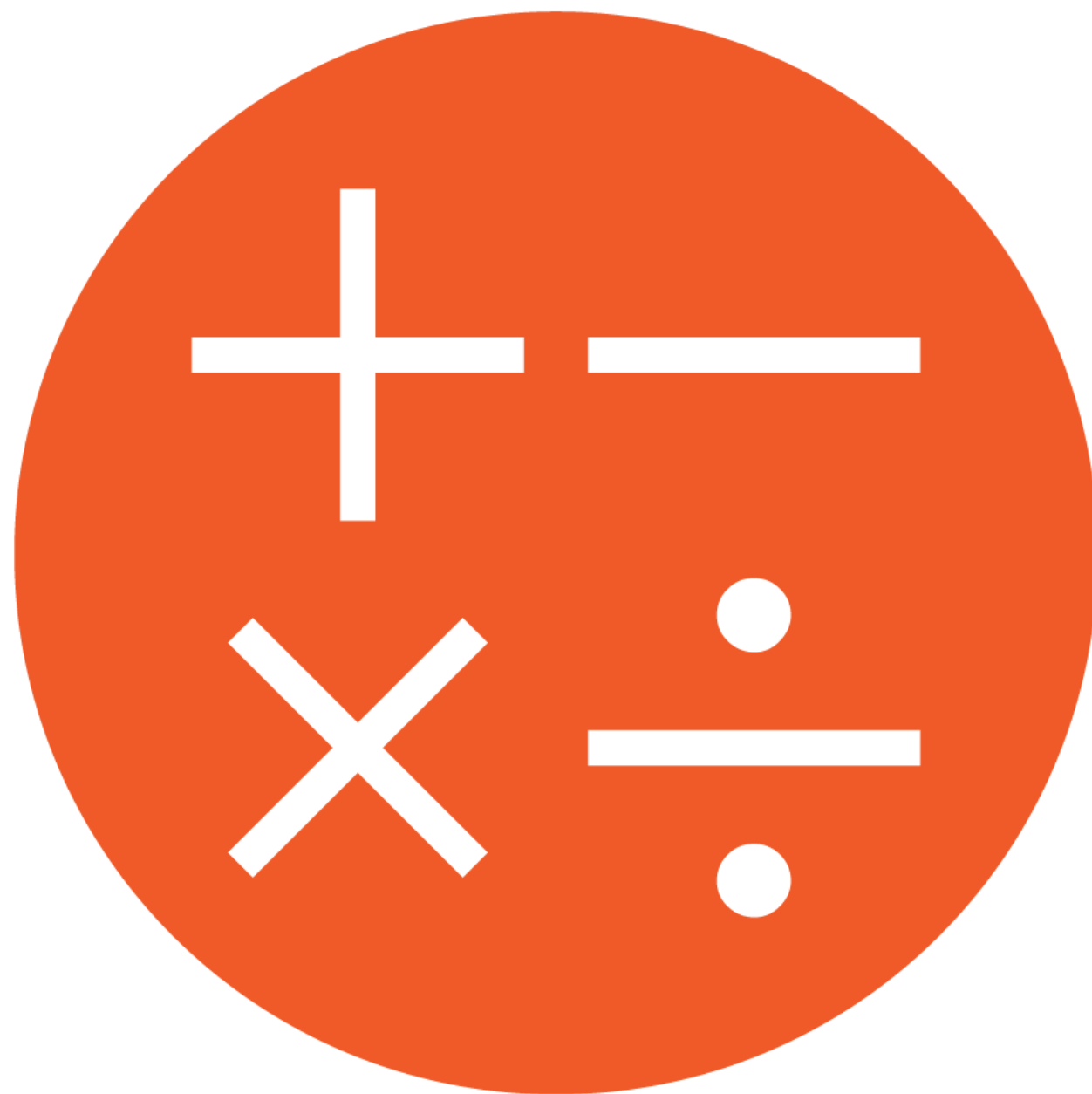


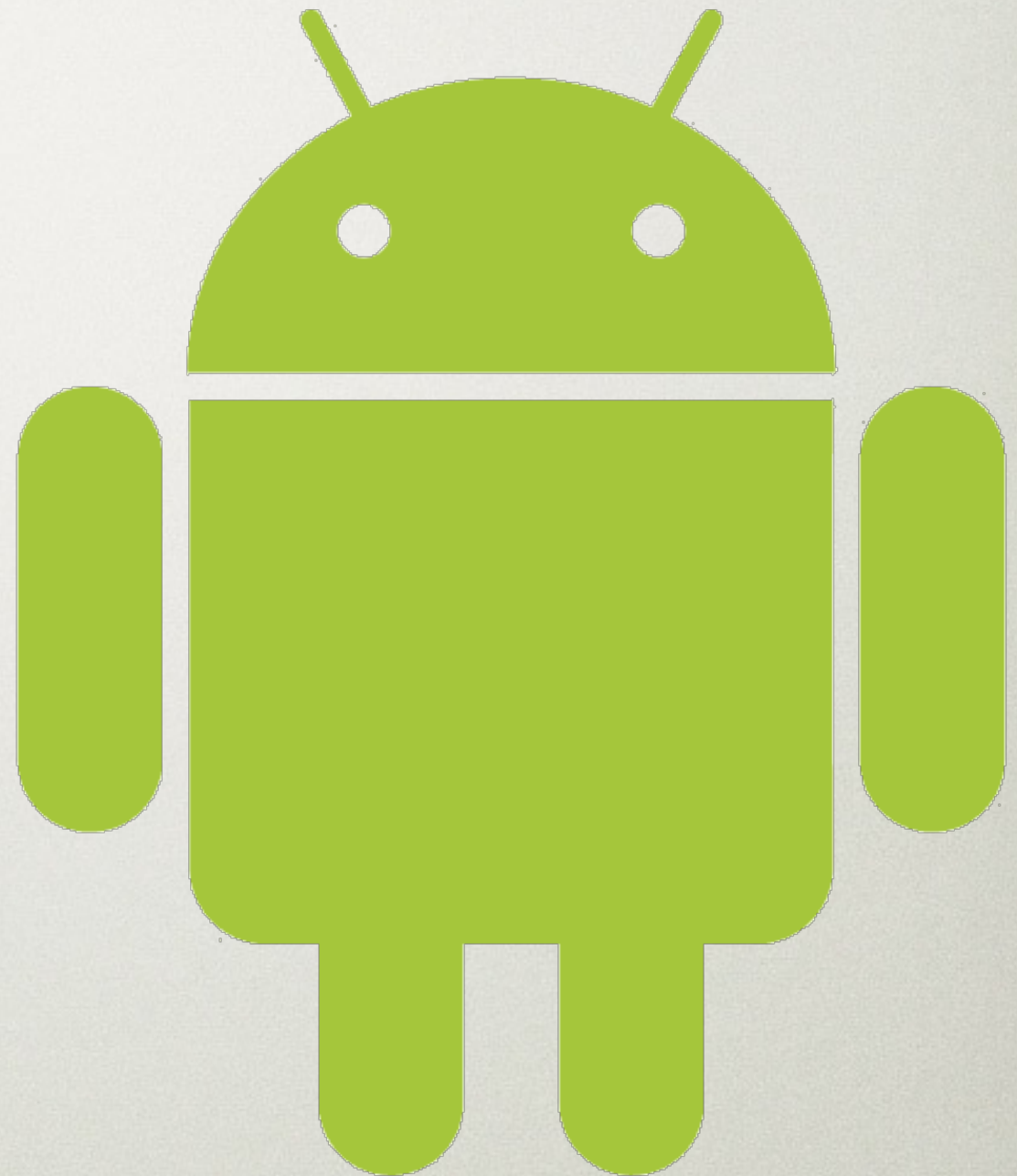


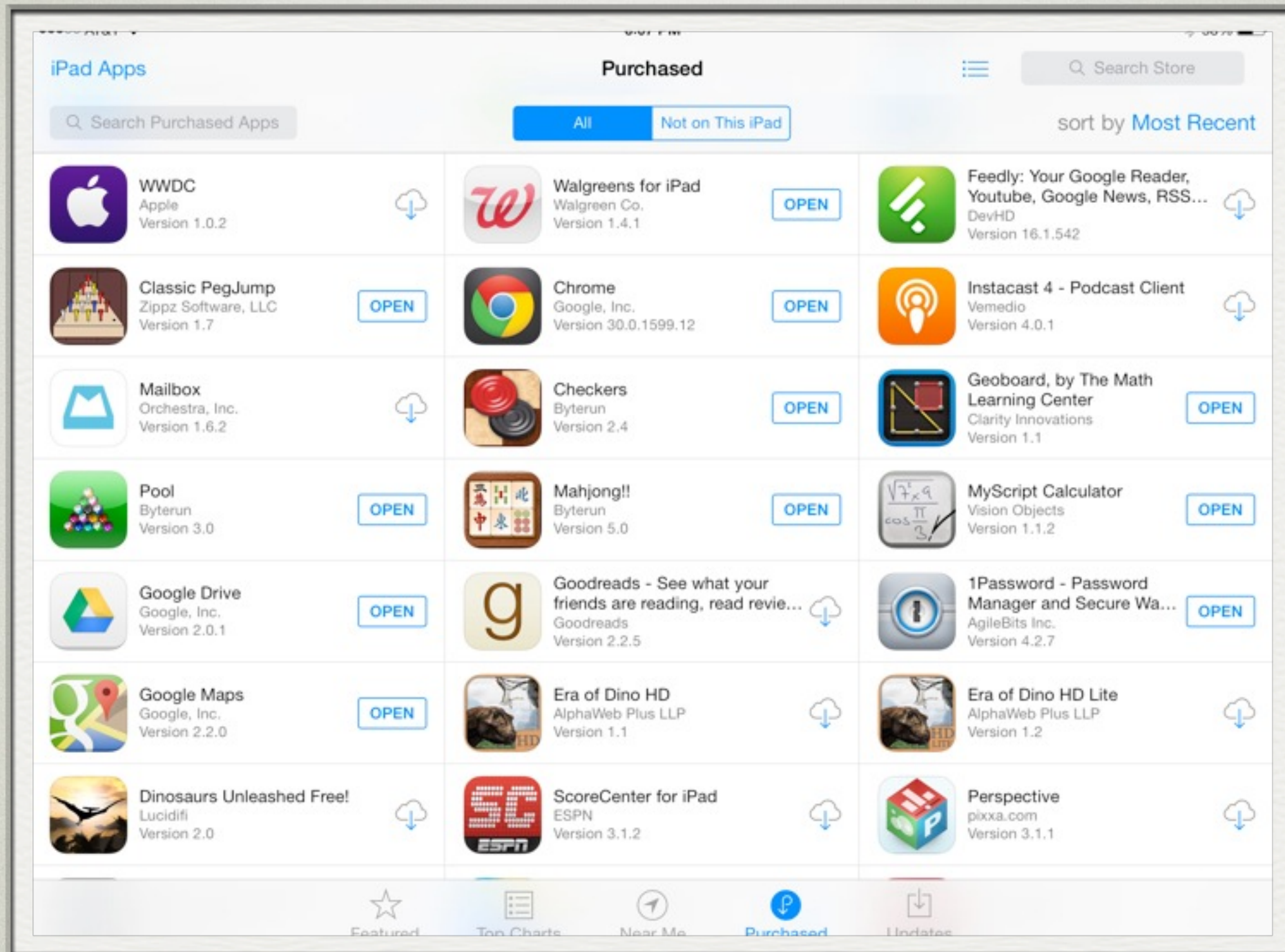
Apple









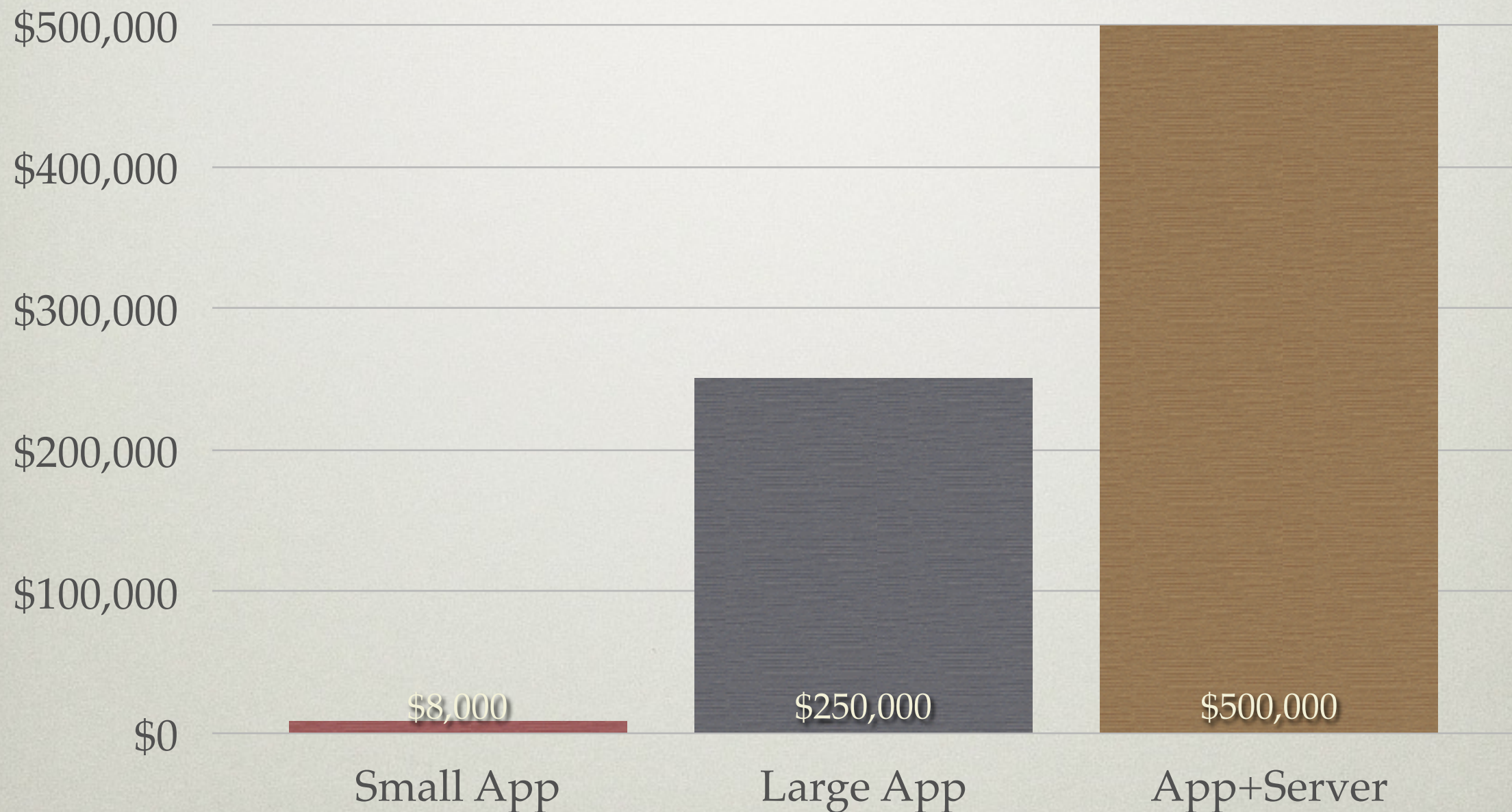


App Store Is An Amazing Place

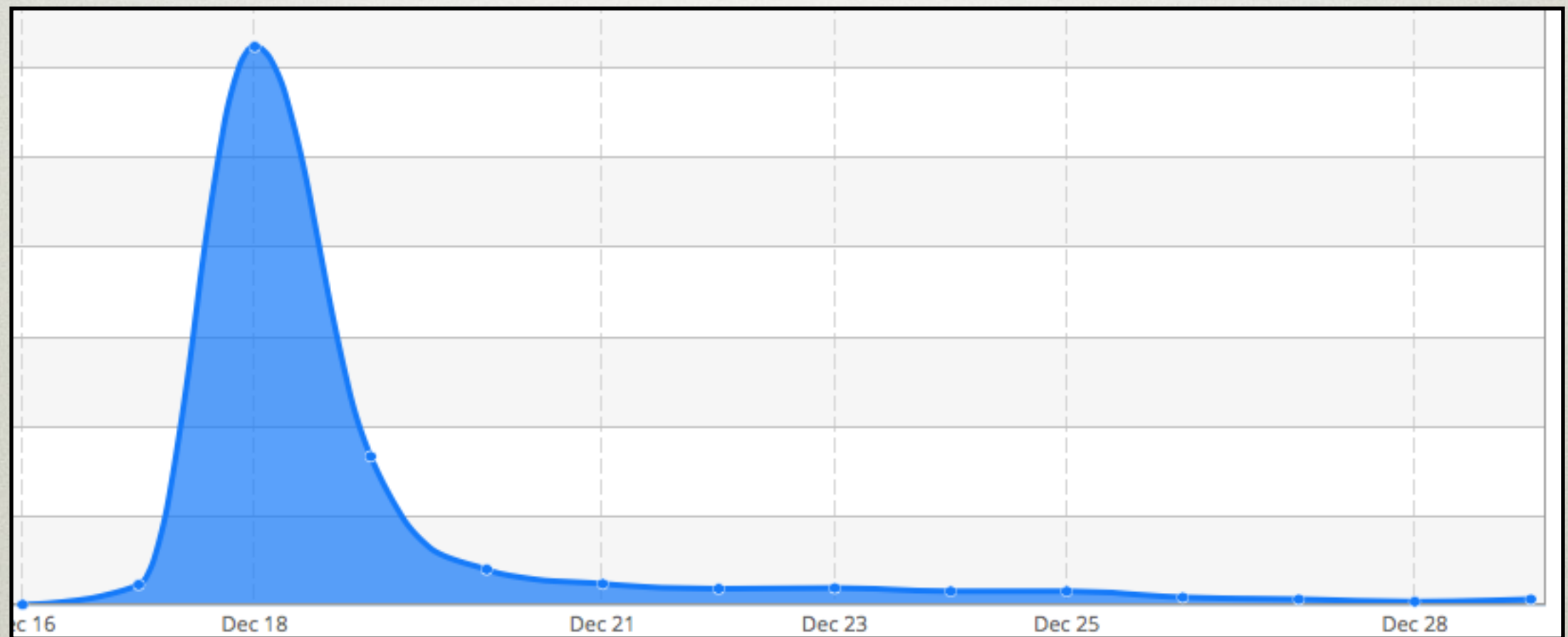
+ 60 Billion App Downloads



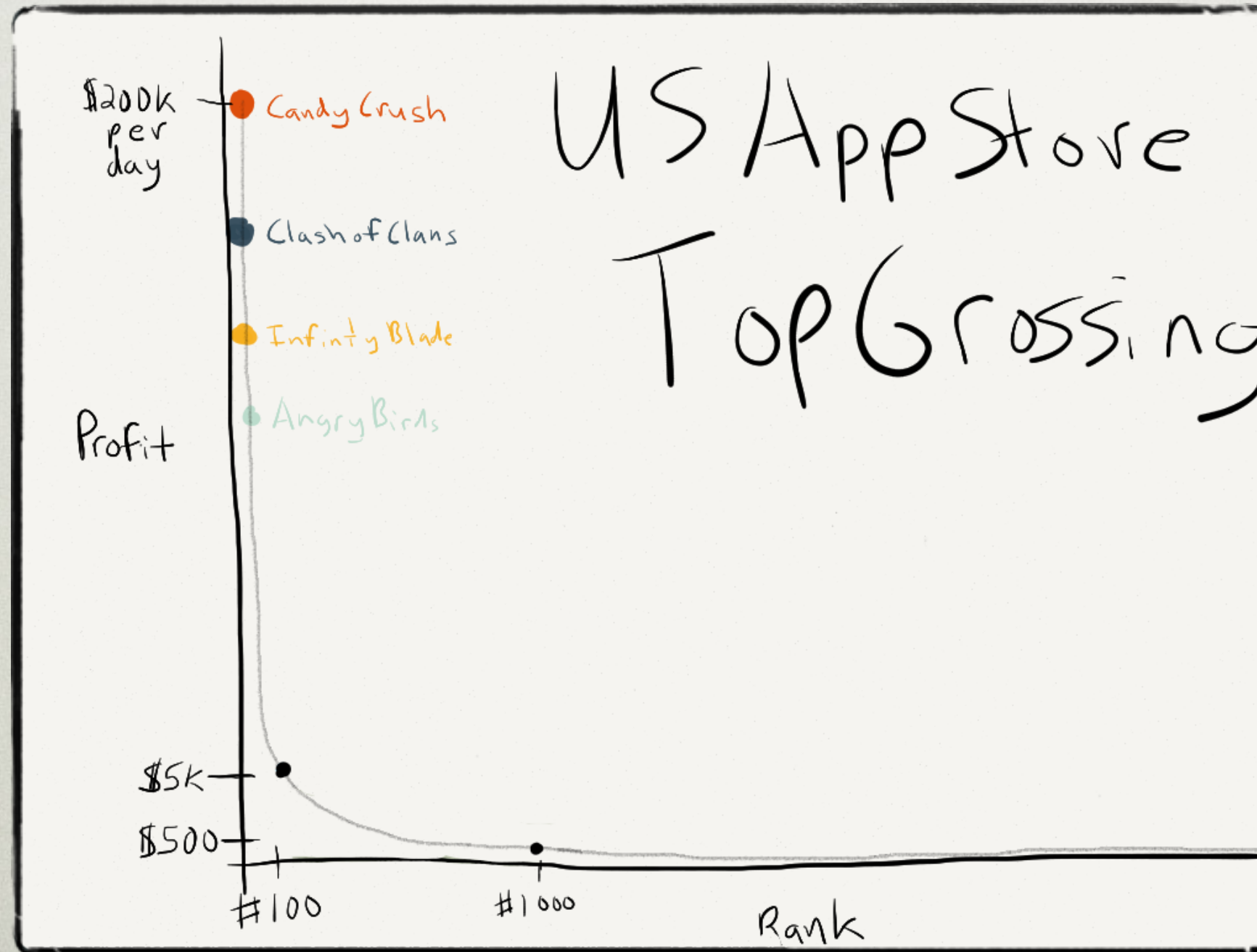
Expensive To Create



Average Revenue/App: \$4,000



Top 100 Apps = 85% of revenue



860,000 apps =
15% of revenue



$$\begin{aligned} & \$15 \text{ billion} \times \\ & \quad 15\% \div \\ & 860,000 \text{ apps} = \\ & \$2,600 \end{aligned}$$



no gold in them thar hills

Build
~~Apps~~ Businesses

Marketing



In The App Store...



The Effect

- One place to buy
- Everyone looks there
- Promotion primarily in the App Store
- Hard to differentiate
- Prices drop





New App Store slogan
"Great for distribution,
lousy for making money!"



RETHINK
EVERYTHING

**Make Businesses,
Not Apps**

1. Think Free

1,000,000 Apps



Keyword Searches

Todo	2197 results
Notes	2200 results
Calculator	2200 results
Spreadsheet	232 results

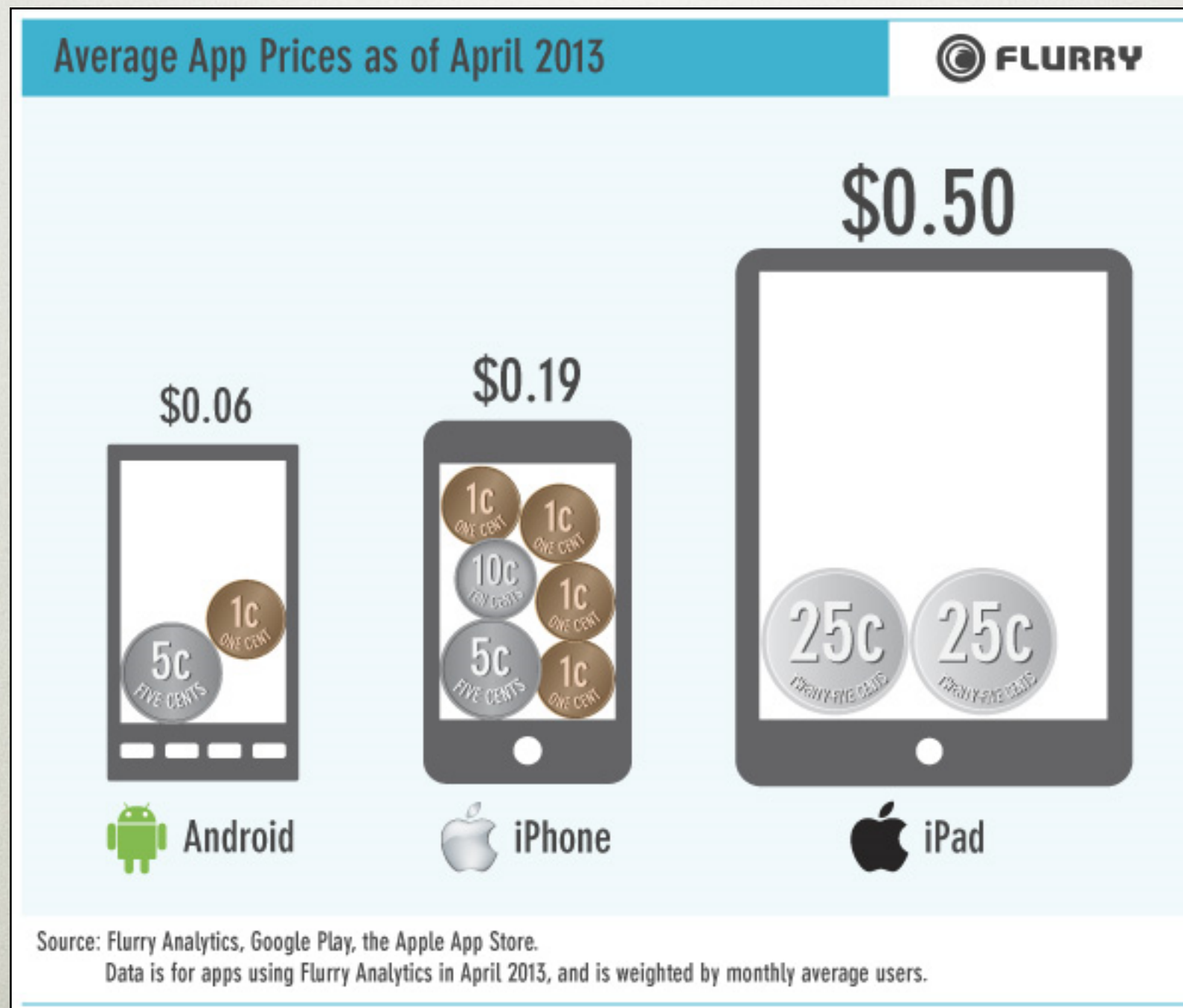
Niche Calculator Searches

Graphing Calculator	88 results
Matrix Calculator	62 results
Statistics Calculator	96 results
Complex Number Calculator	12 results
Hex Calculator	93 results

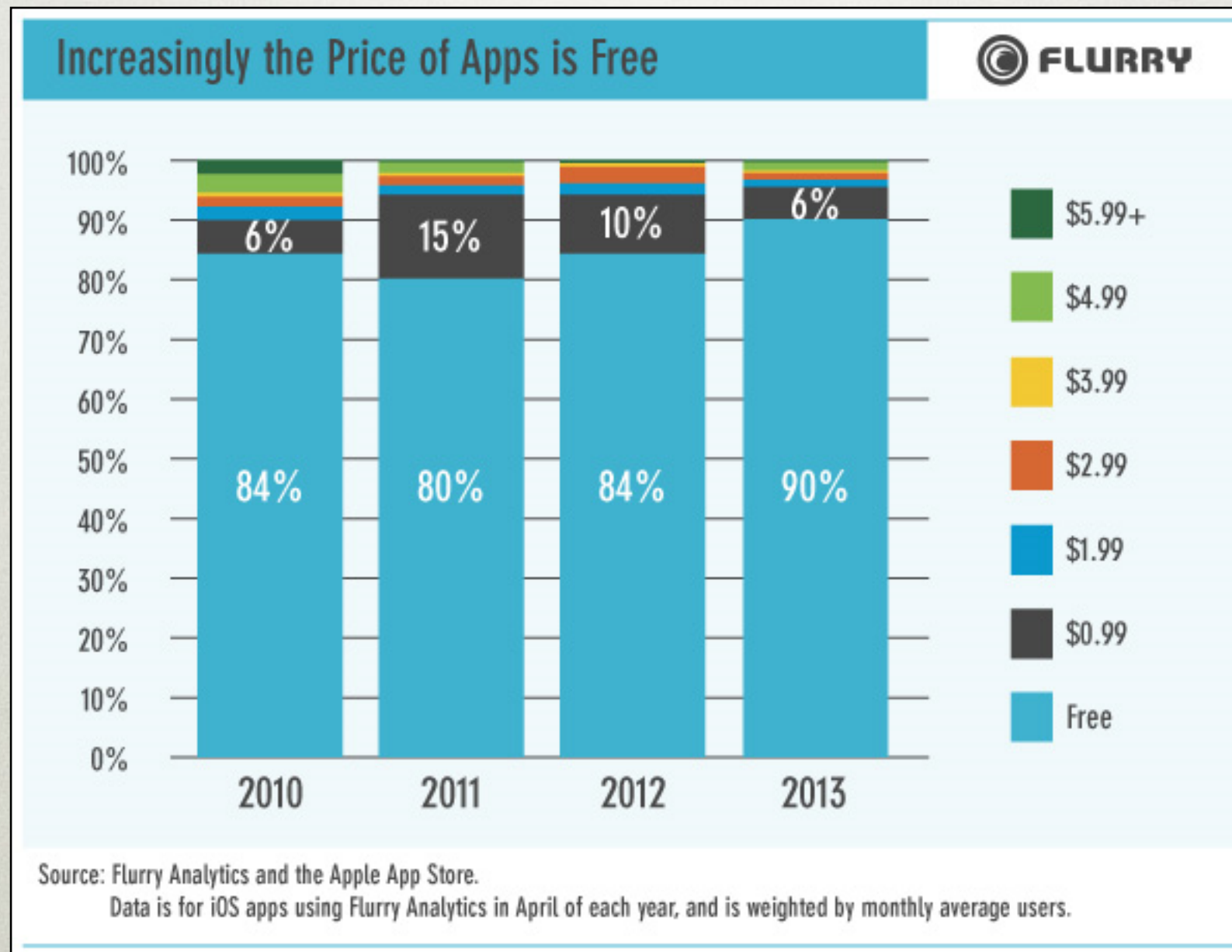
Piano Tuning: 23 results



Average App Price



Free Apps



“By piecing together a few anecdotes I have heard, the top ten best-selling apps are **selling roughly 25% as many copies as they did a year ago.** If a #5 app sold 16,000 copies a day a year ago, #5 might only sell 4000 copies a day today.”

– Jeremy Olson



Apple's App Price Pressure

Pages, Numbers, Keynote all free.



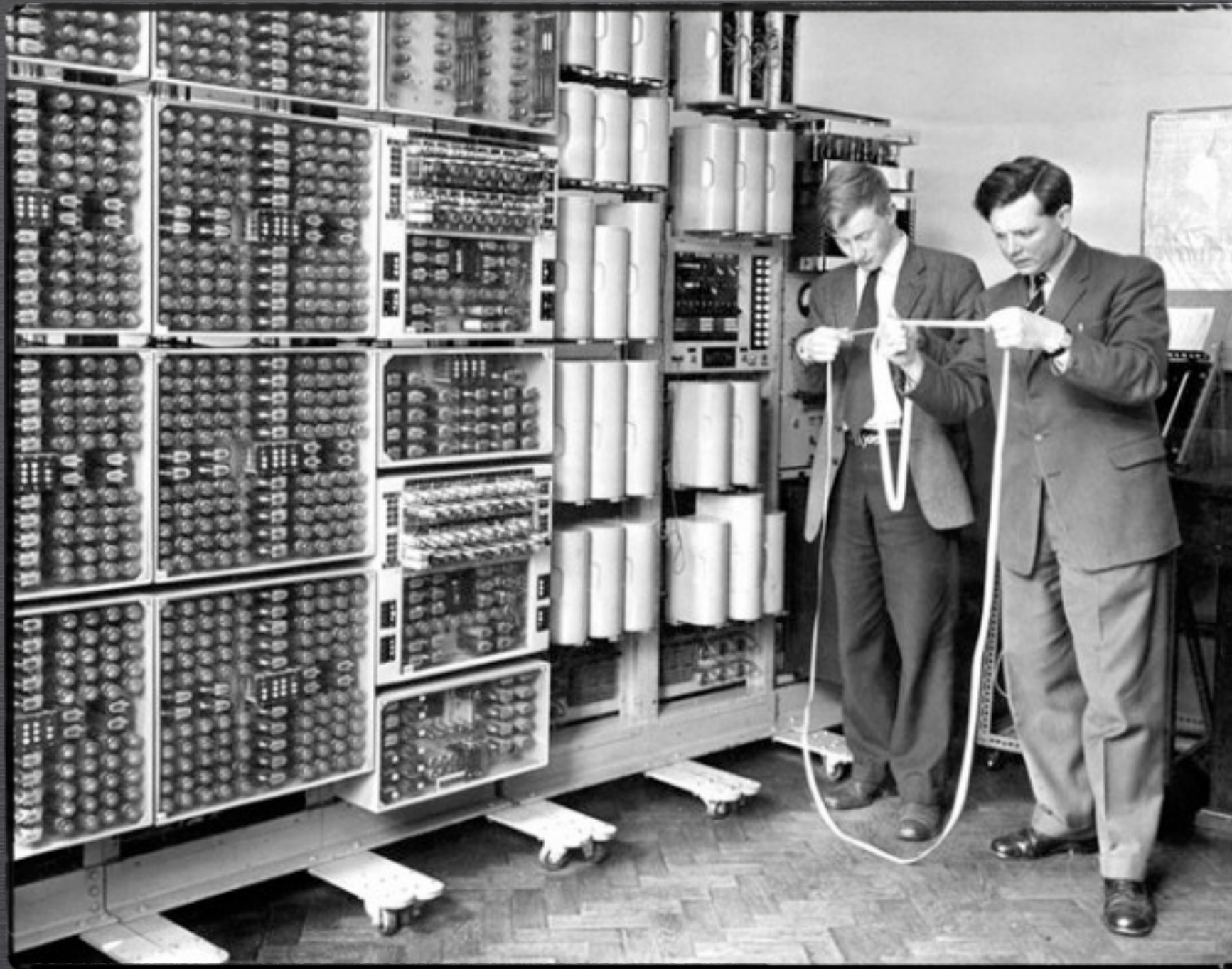
2. Think Recurring Revenue

Finding new customers is
hard and expensive.



We love your business!





Trials & Upgrades

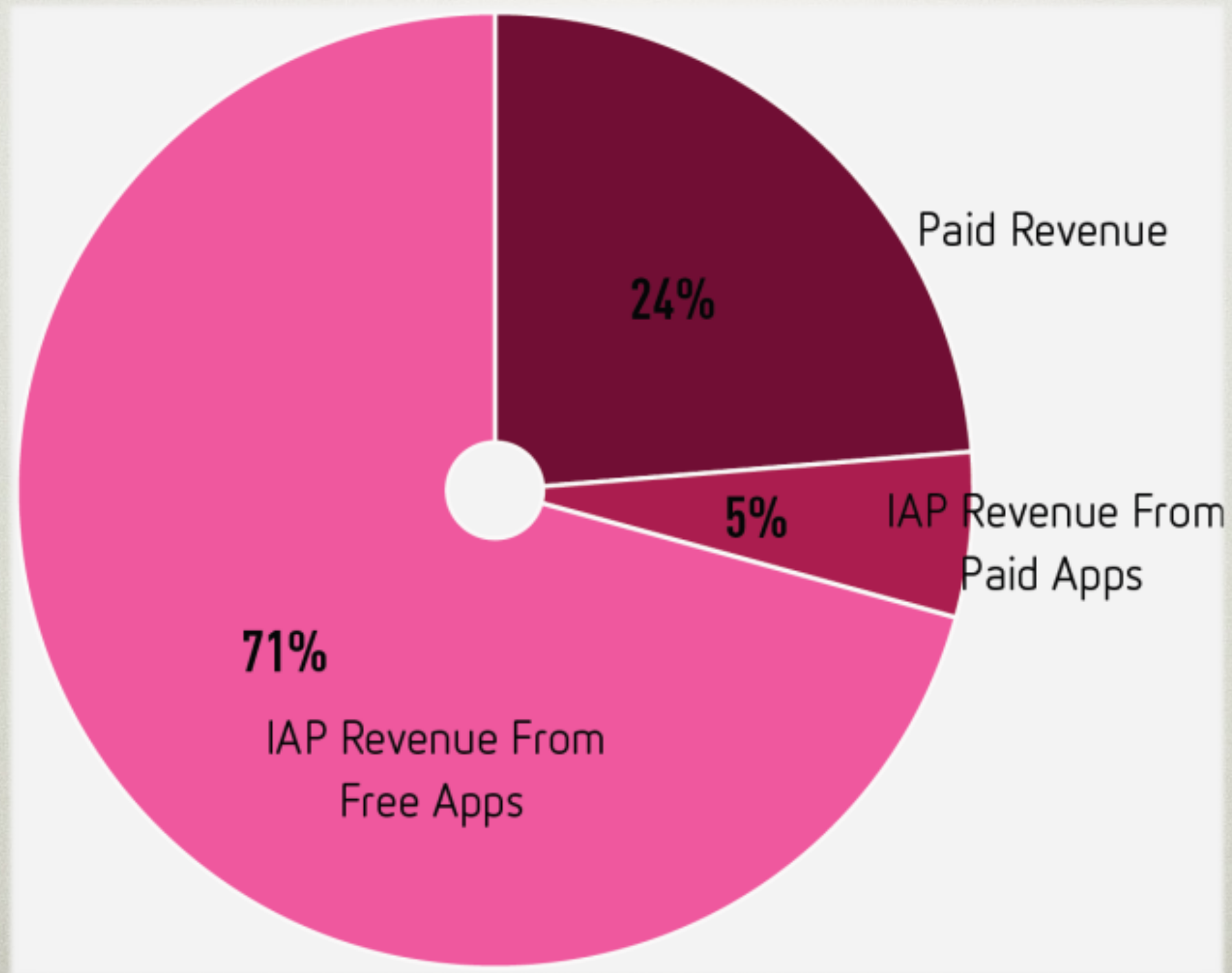
“The only business models I want to work on any more have some **mass-market component** that is absolutely **free**, and a **niche companion product** that **makes money off of the exhaust fumes** of the mass-market component.”

– Joel Spolsky

Get existing, dedicated,
happy customers to pay a few
bucks more



In App Purchases



Will In App Work For You?



David Barnard
@drbarnard

 Follow

The 4 main factors of an App Store IAP strategy:

1. Massive download numbers
2. High conversion rates
3. High prices
4. Reoccurring revenue

 Reply  Retweet  Favorite  More

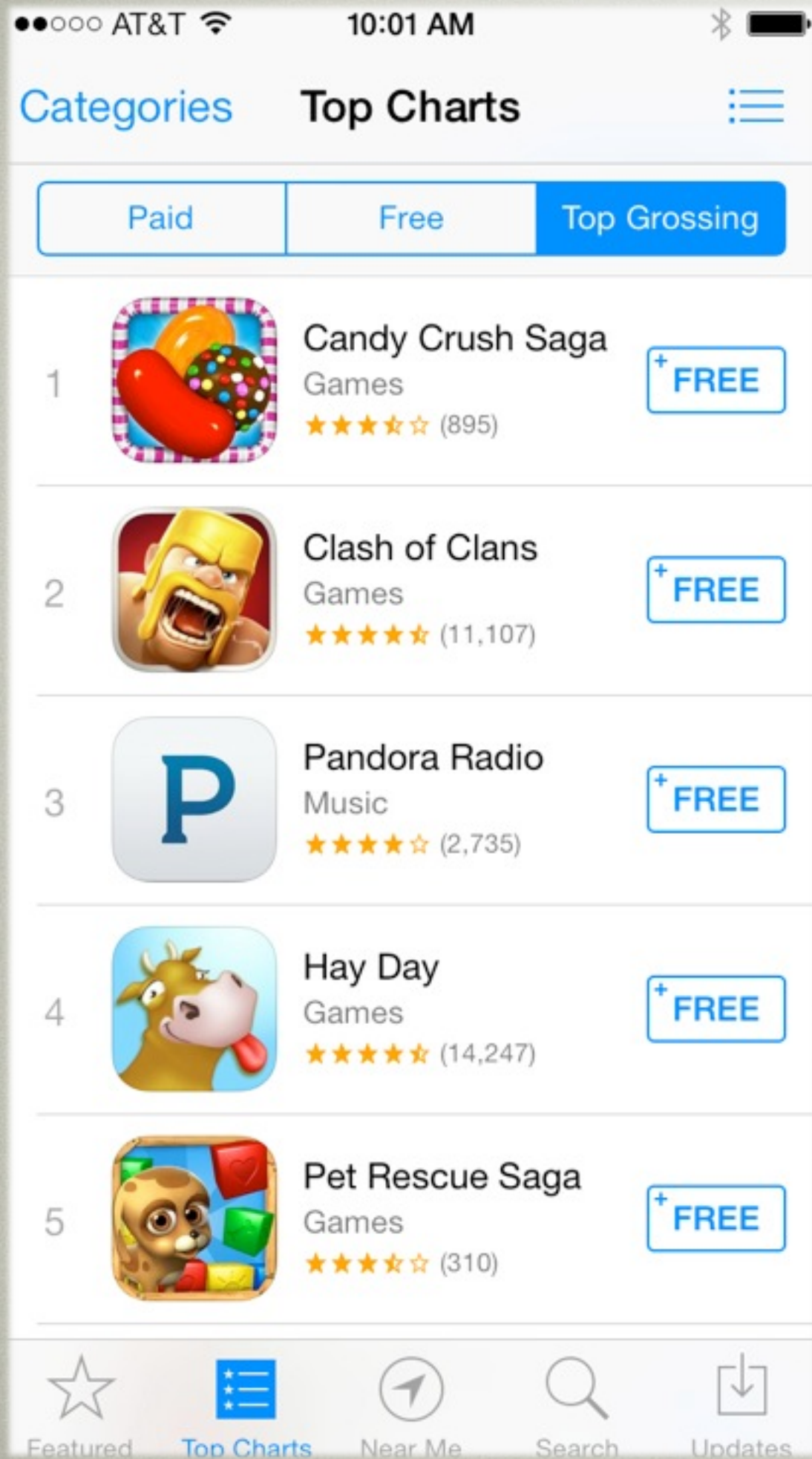
15
RETWEETS

42
FAVORITES



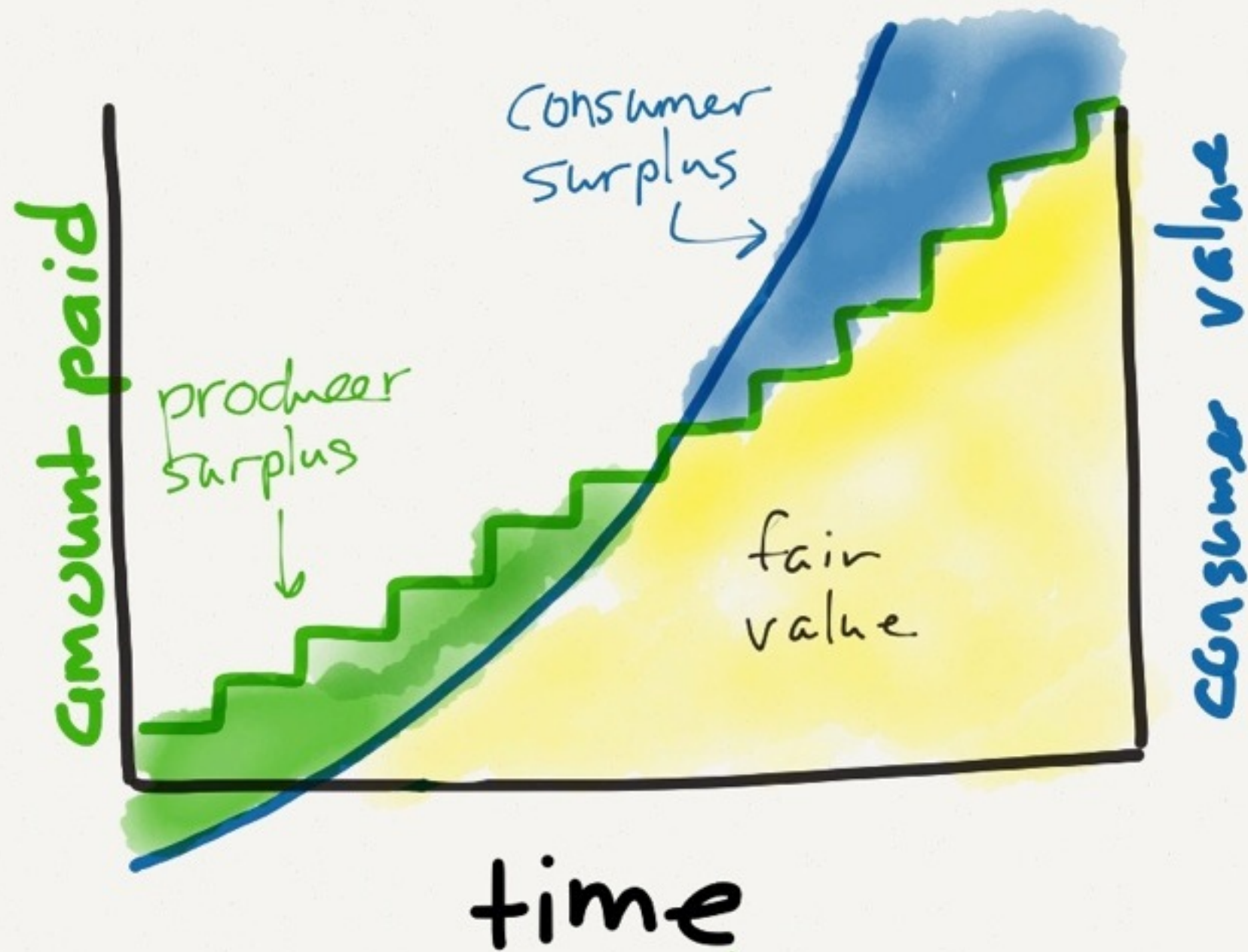


10:42 AM - 29 Sep 13



Especially
good for
games and
entertainment
apps

Productivity Apps · Subscriptions





Asana: teams



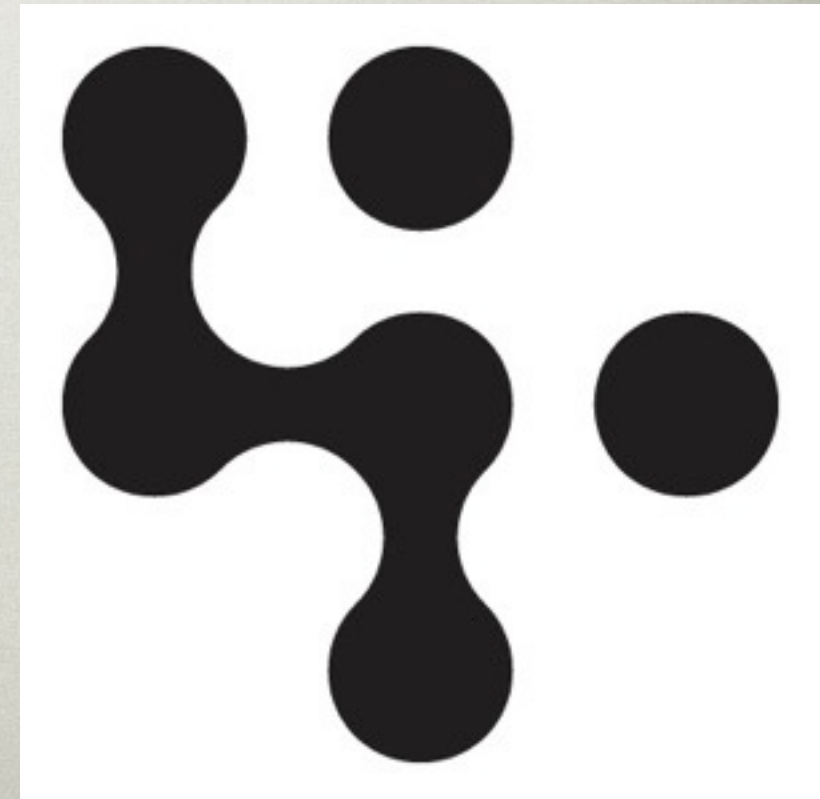
Evernote: freemium



MLB: premium content



Roambi: servers+seats



37signals: trials+subscriptions



A is for Apple.

It's the first thing you should know about personal computers.

Discover the special thrill of personal computing — with Apple! It's a home computer, a business computer, a classroom computer, *your* computer. No wonder tens of thousands have already chosen Apple. Join the excitement in your local computer store. Call for the one nearest you. **800-538-9696.**
In California call **800-662-9238.**



apple computer
10260 Bandley Drive
Cupertino, CA 95014

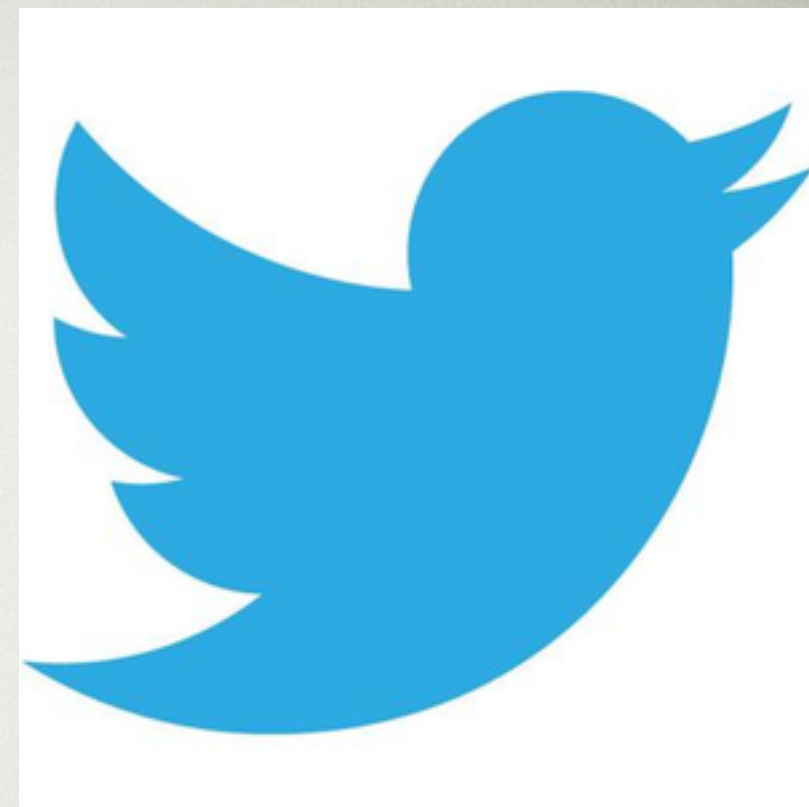
Ads



PBS: sponsorships



Facebook: banners



Twitter: promoted tweets



Google: AdWords

3. Think Customer Acquisition

Finding new customers is hard
and expensive ... and required.



Monthly Recurring Revenue

(MRR)

Amount charged to an average customer
each month.

Lifetime Value

(LTV)

Revenue expected from a customer over its lifetime.

$$\text{LTV} = \text{MRR} \times 20 \text{ months}$$

Cost to Acquire a Customer

(CAC)

Total cost of getting a single customer.
Only part of the business expense.

$$CAC = LTV \div 5$$

Conversion Rate

How many customers convert to paid.

Average: 1%

Cost Per Click

(CPC)

How much we can pay for an ad to get customers to click through to our website and still make a profit.

Cost Per Click Examples

Price	Ad Spend
\$4.99 app (\$3.49 net)	\$0.007 CPC
\$20/year	\$0.07 CPC
\$5/month	\$0.20 CPC
\$50/month	\$2.00 CPC

Promotion Examples

Ad	Cost/ Customer	Product Price*
"Finance Calculator" AdWords	\$2.51	\$50/month
Daring Fireball RSS Feed	\$0.04	\$20/year
Core Intuition Podcast	\$0.03	\$20/year

* minimum price level from examples that could make a profit with this ad

4. Think Cross-Platform

Singular Place Problem

- One place to buy
- Everyone looks there
- Promotion primarily in the App Store
- Hard to differentiate
- Prices drop



Cross-Platform

iOS App Store

Your Web Site

Kindle Store

Google Play

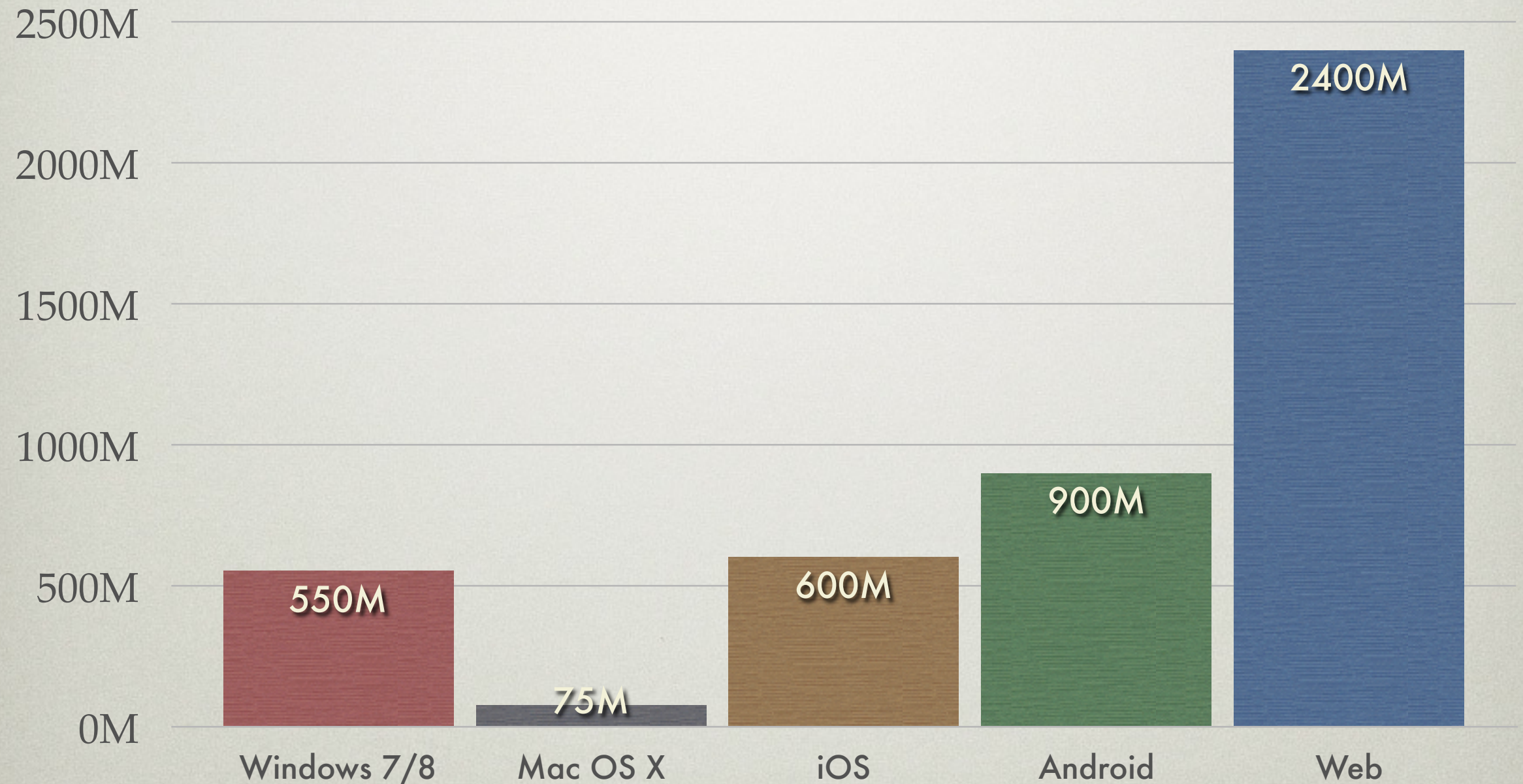
Windows Store

Mac App Store

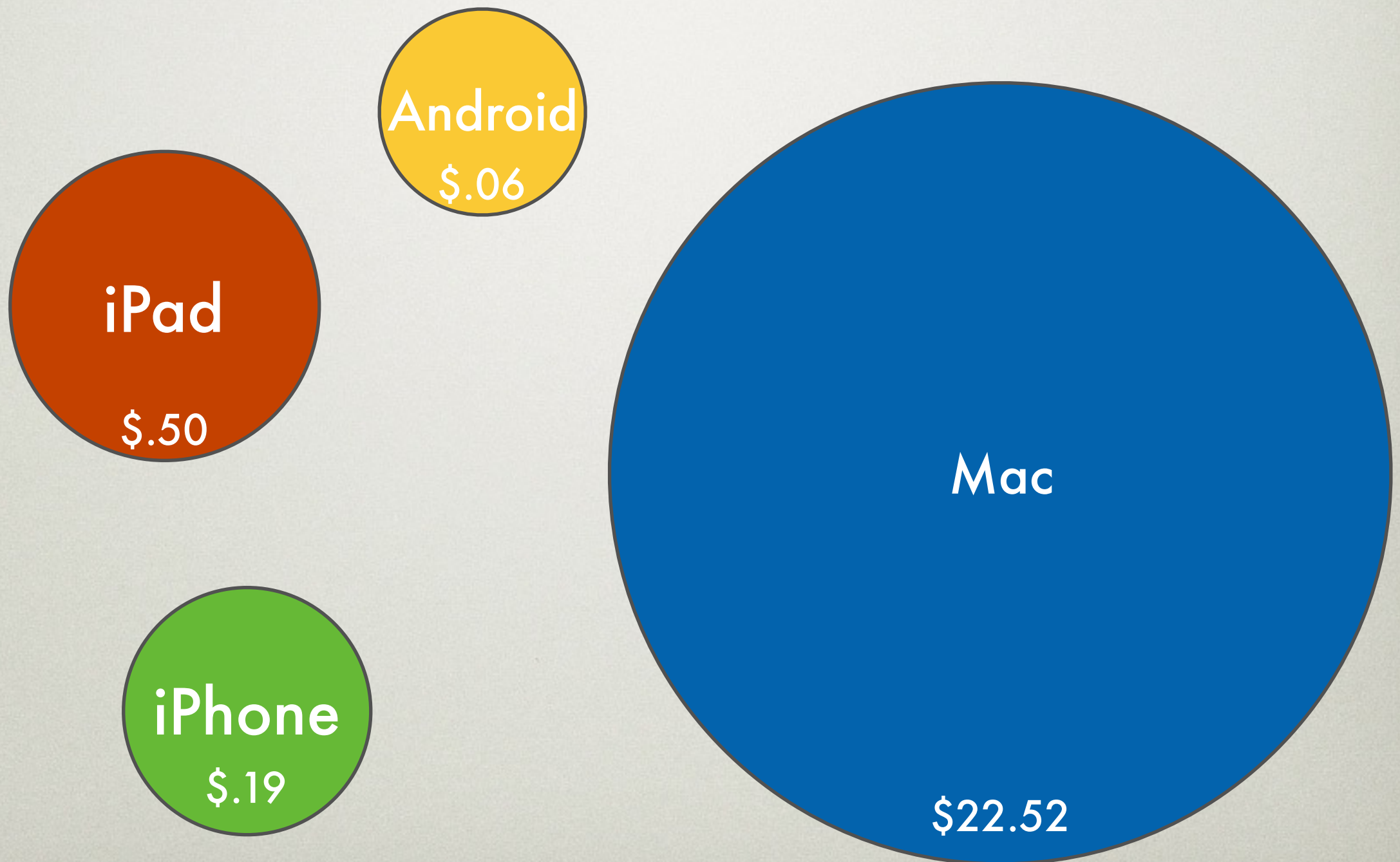


Samsung App Store

Available Systems

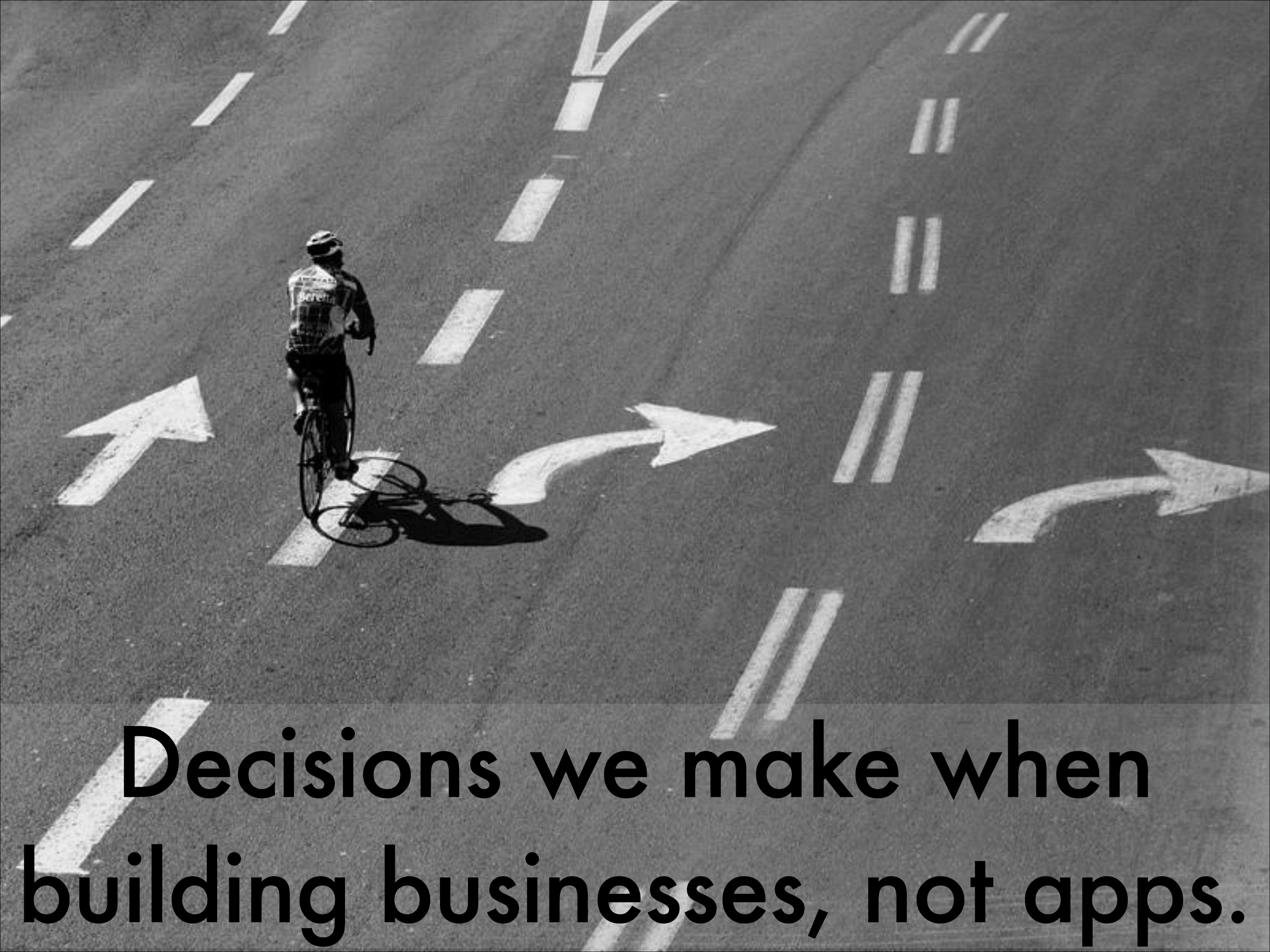


Average Prices



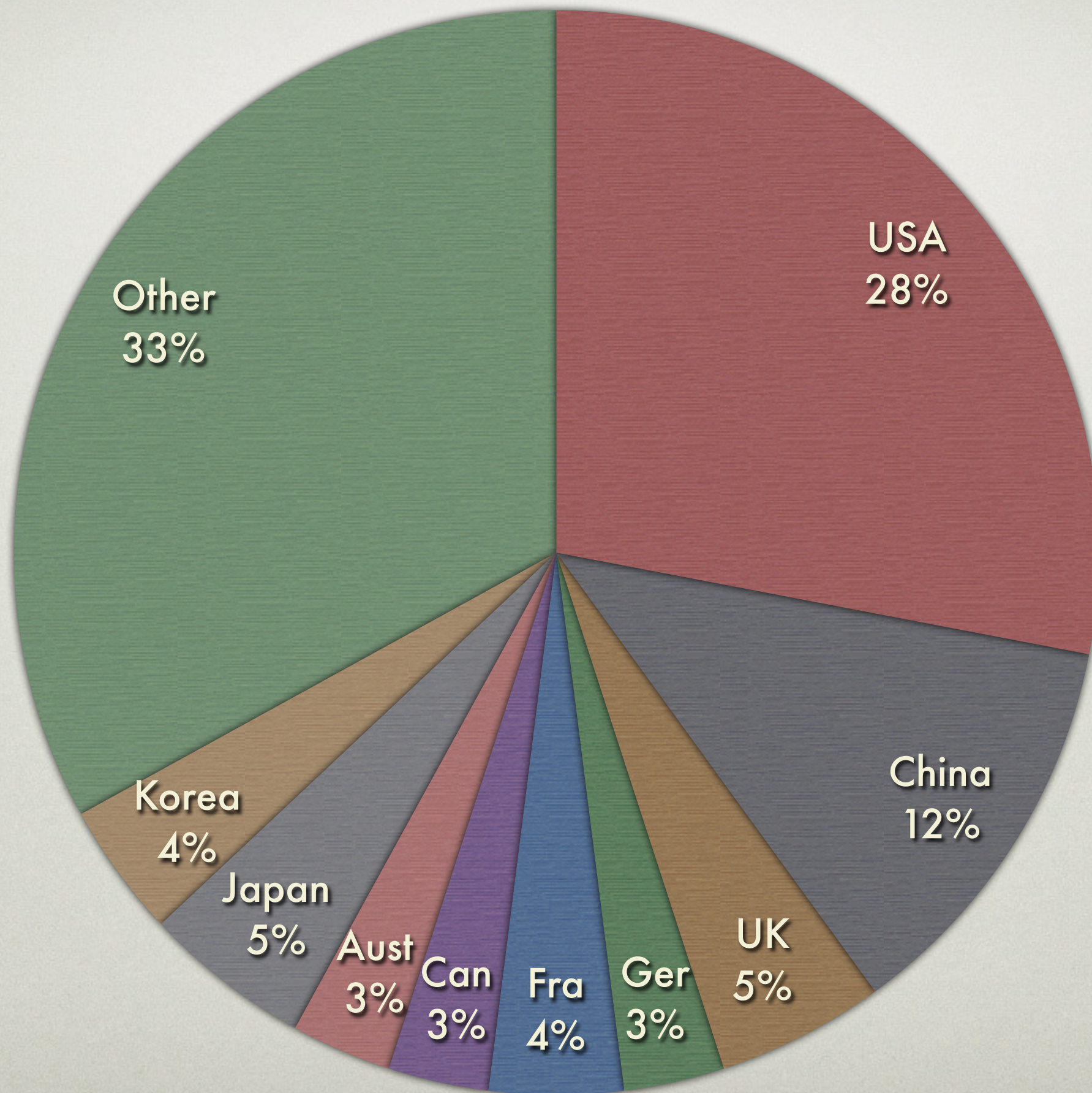
Cross-Platform Considerations

- Customer systems
- Build with cross-platform technologies
- Plan for multiple screen sizes
- Store decisions
- Server expenses
- ...



**Decisions we make when
building businesses, not apps.**

5. Think Global



Localization Considerations

- Icons
- Minimize text
- Localize dates, numbers
- Text layout (l-to-r, r-to-l)
- Far East characters
- ...



At a minimum, localize
App Store descriptions.

Accessibility



Matt Gemmell:

<http://bit.ly/hJylZZ>

6. Think Product

Think Simple

Who's this deal with?
Type the name of the other person or company

Name the deal

Describe the deal

How much?
\$ - USD Fixed bid

Category
None [Edit categories](#)

Who's responsible for the deal?
Ella Freedman

Who can see this deal?
☒ Everyone
☐ Just me
☐ Me, plus this group...
☐ Me, plus these people...

or [Cancel](#)

Highrise

iTunes

Summary Info Video Sorting Options Lyrics Artwork

Name

Artist

Year

Album Artist

Track Number
 of

Album

Disc Number
 of

Grouping

BPM

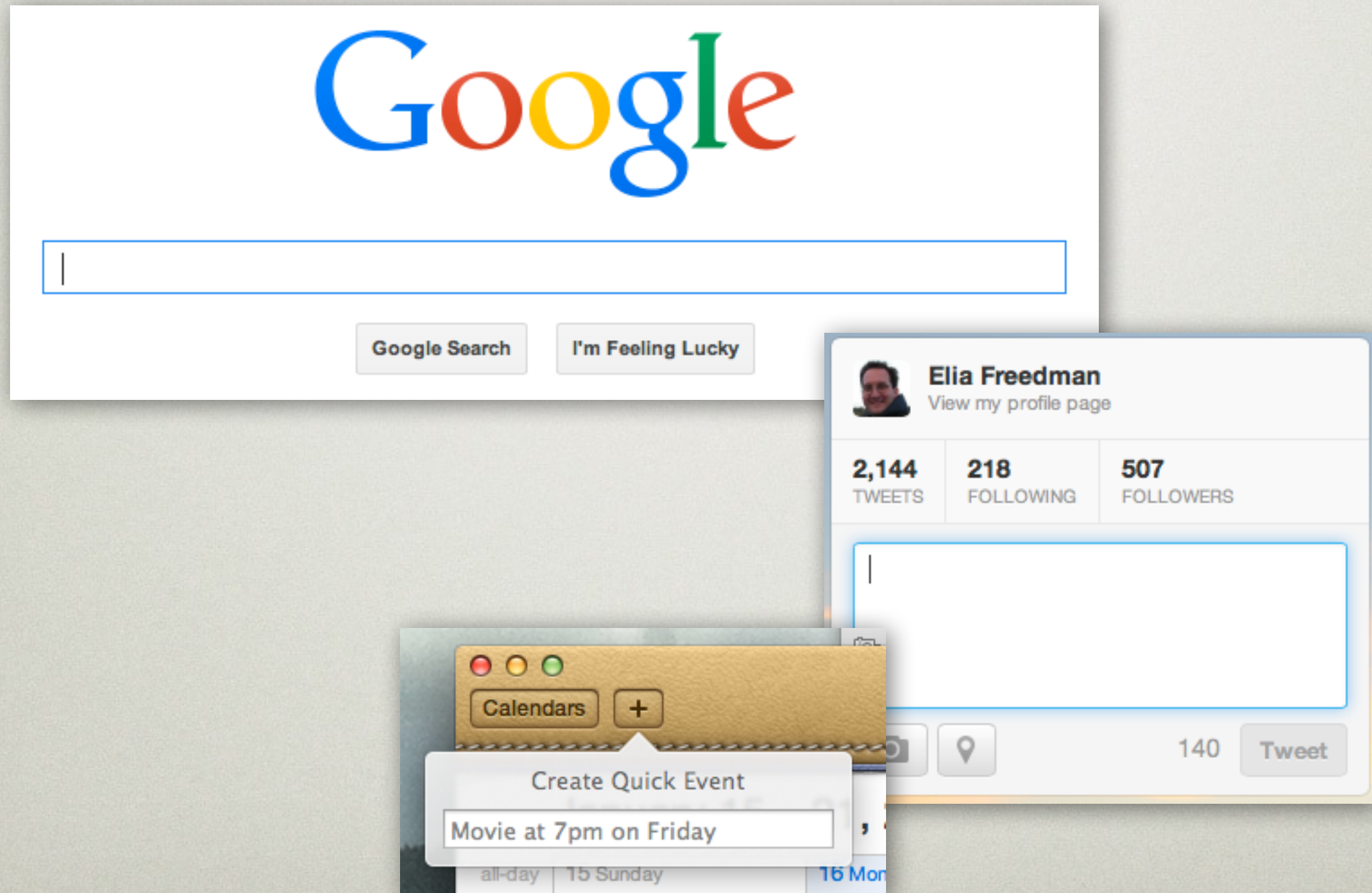
Composer

Comments

Genre

☐ Part of a compilation

Single Box Theory



Think Depth

<	Area Conversion	New
Inches ²	45,360.000000	
Feet ²	315.000000	
Yards ²	35.000000	
Rods ²	1.157025	
Miles ²	0.000011	
Acres	0.007231	
Millimeters ²	29,264,457.6000	
Centimeters ²	292,644.576000	
☆	🕒	📤 ✎ ?

powerOne

<	Mortgage	New
MORTGAGE		
Price	149,000.00	⊞
Down Payment	20.00	
Down Type	Percentage	
Interest/Yr%	4.250%	⊞
Years	30	⊞
Payment	586.39	⊞
Payment Timing	Monthly	
Loan Type	Conventional	
☆	🕒	📤 ✎ ?

Primary v. Power User

CancelNew/Edit TemplateSave

Name: Mortgage

Category: Real Estate

Sharable: ☒

EquationDescriptionExamples

```
[validations_begin]
if(begin<=0;"Begin Period must be > 0";"") ::
if(end<=0;"End Period must be > 0";"") ::
if(begin > ceil(years * timing); "Begin Period must be <= Years * Periods (rounded up)";
"") ::
if(end > ceil(years * timing); "End Period must be <= Years * Periods (rounded up)"; " ") ::
[validations_end]

Mortgage ::
Price "" price,2,totint:pmt = -tvmpmt(
  years * timing; rate;
  if(dtype == 0; price - down; price - down%);
  0; timing; type; 0
) ::
"Down Payment" "" down,2 ::
"Down Type" "L0;Amount;0;Percentage;1" nuclear dtype ::
"Interest/Yr%" "" rate,3,totint:pmt = -tvmpmt(
  years * timing;
  rate;
  if(dtype == 0; price - down; price - down%);
  0;
  timing;
  type;
```


Think Design

TodayYesterdayOtherCar #1

Distance:

Type:

Business

Charity

Medical

Other

003.

114

225

6789

Destination:

Apple Cupertino

Purpose:

Consulting

Frequent Trips:

+

Edit

Post Office (3.2)

FedEx (4.4)

Fry's Electronics (20.7)

Santa Clara Valley Audubon (6.7)

\$ Spent

Save Data

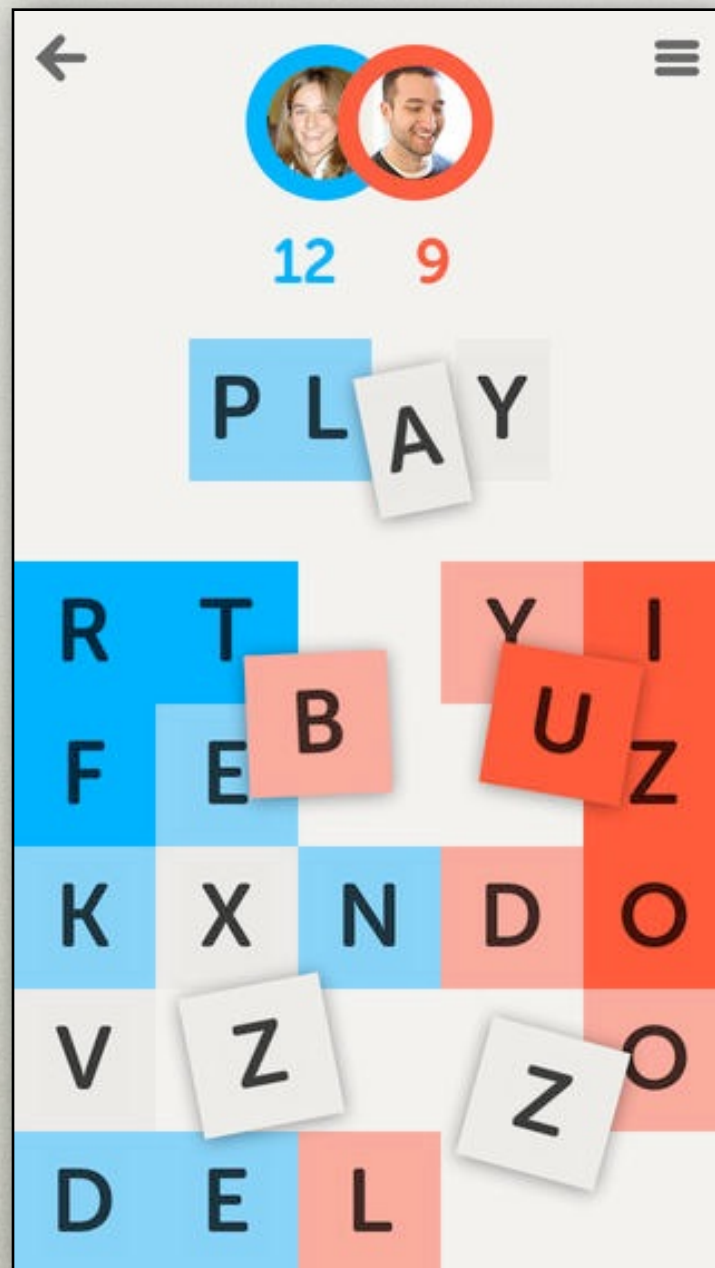
Clear

Latest:

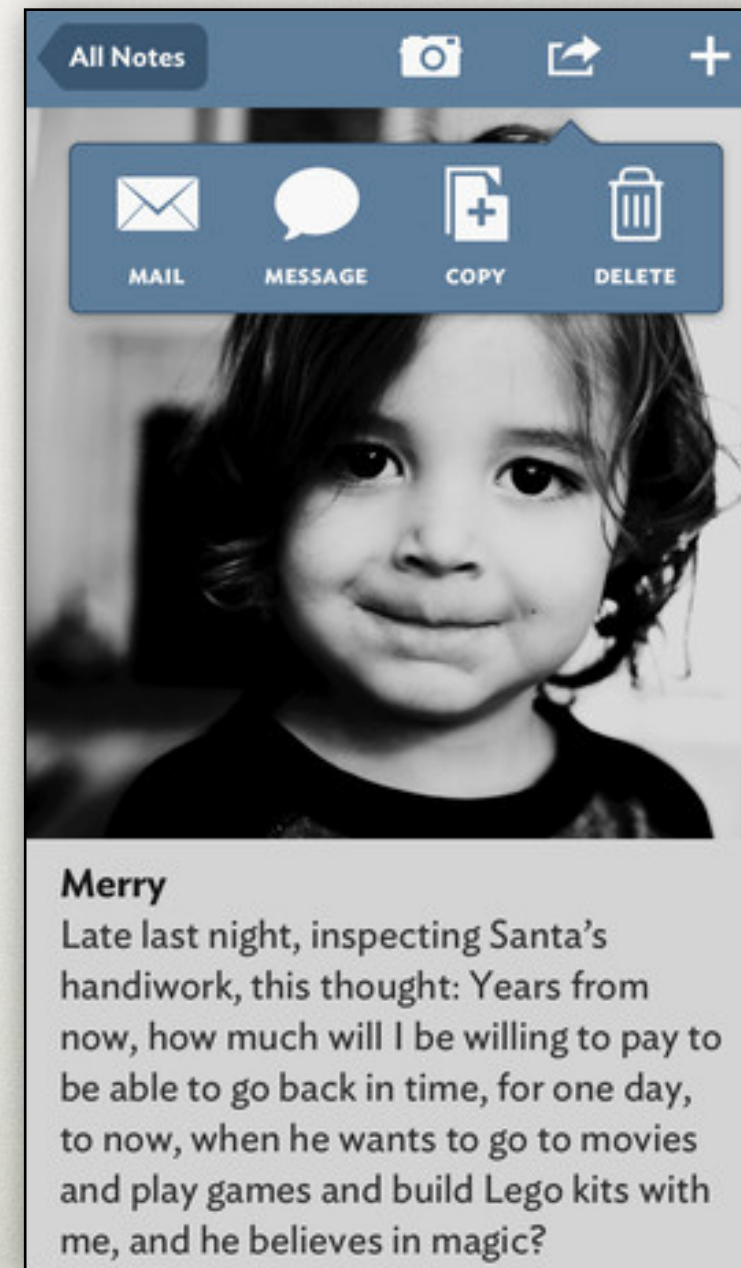
Date	Distance	Destination
6/18/08	20.7	Fry's Electronics
6/19/08	5.5	Dentist
6/20/08	3.2	Post Office

>

Form & Function

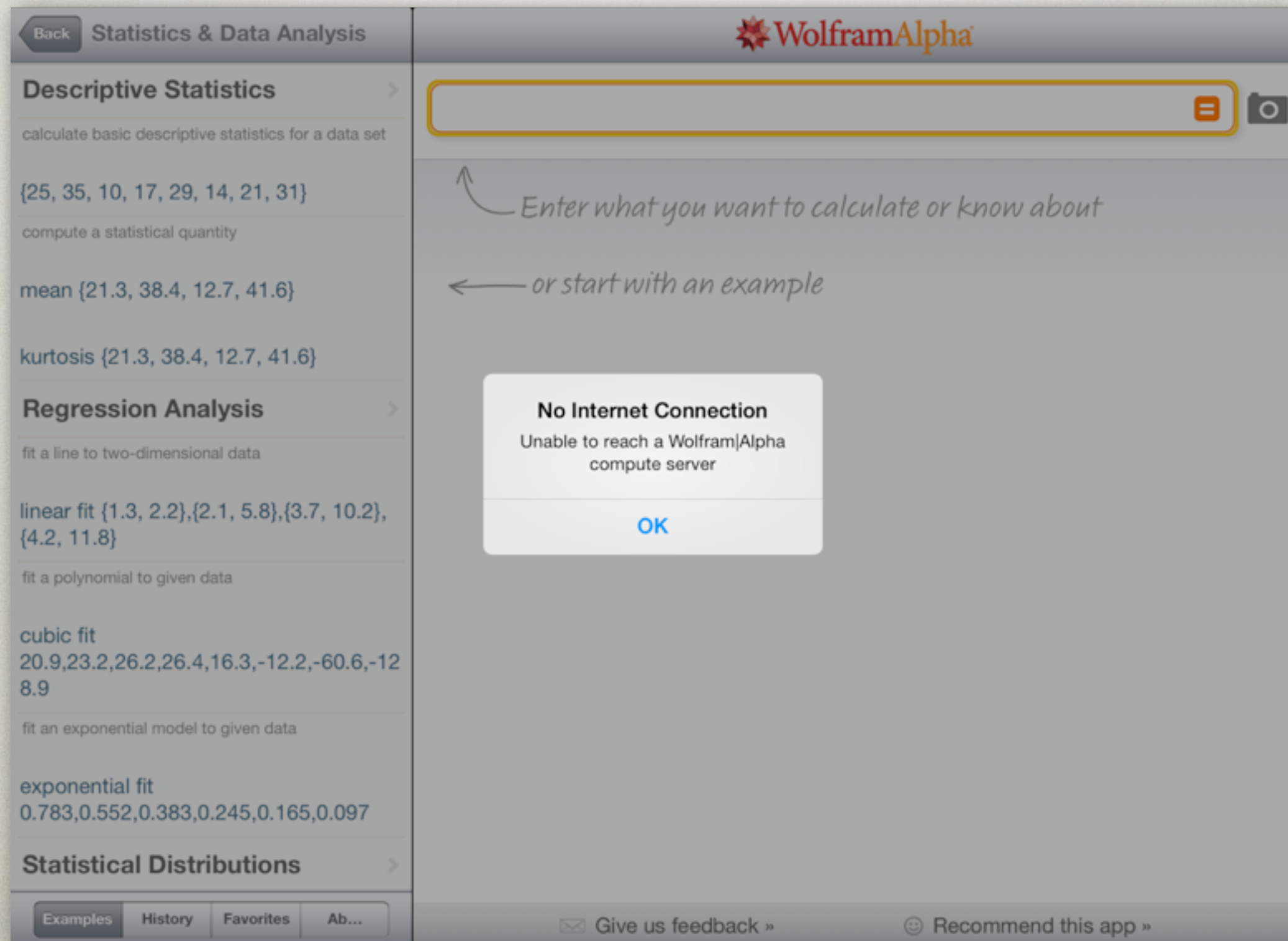


Letterpress



Vesper


Think Offline



Dual-Mode Use Cases


iCloud

Setup Instructions | ?




Sign in to iCloud

Apple ID

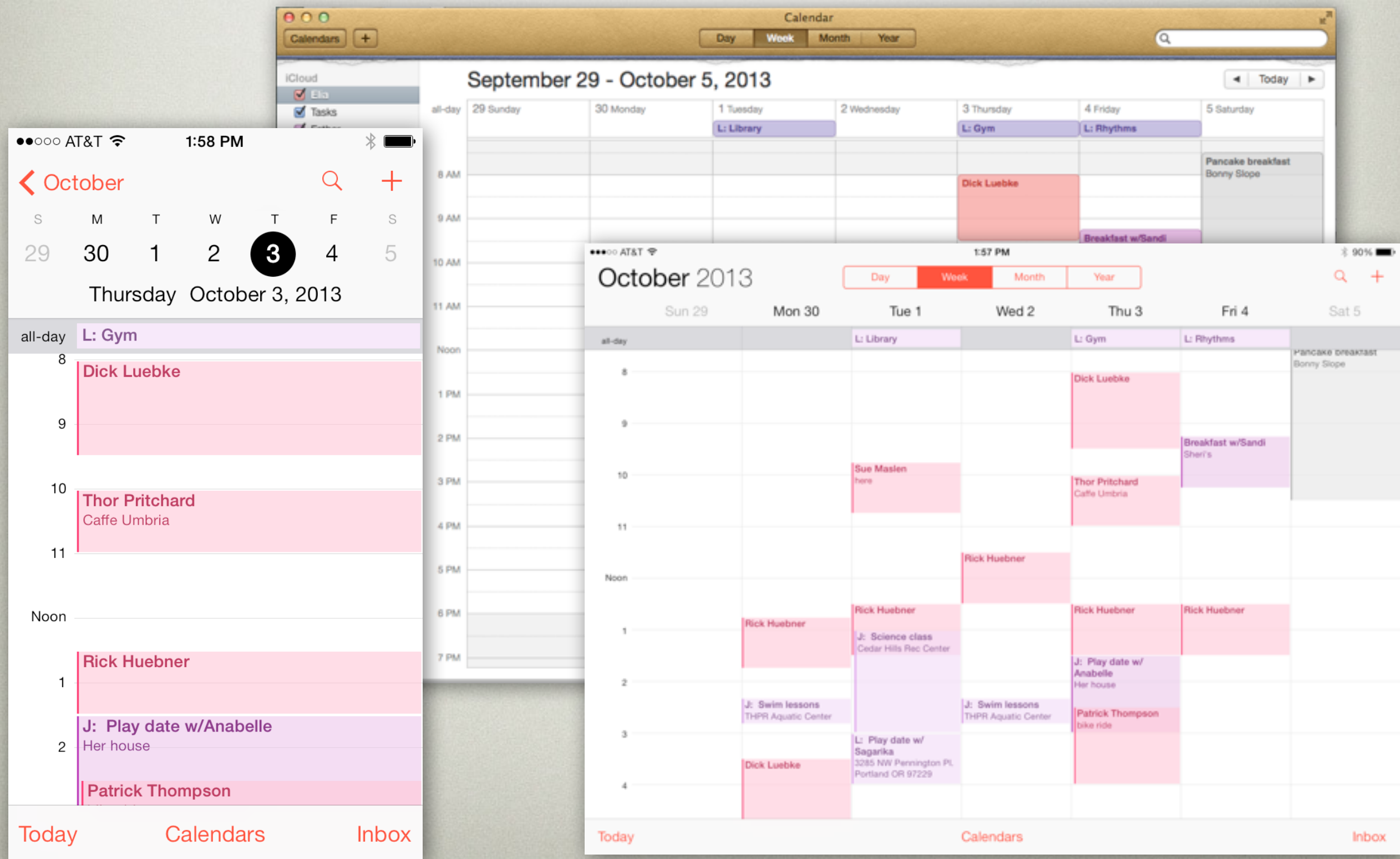
Password 

☐ Keep me signed in

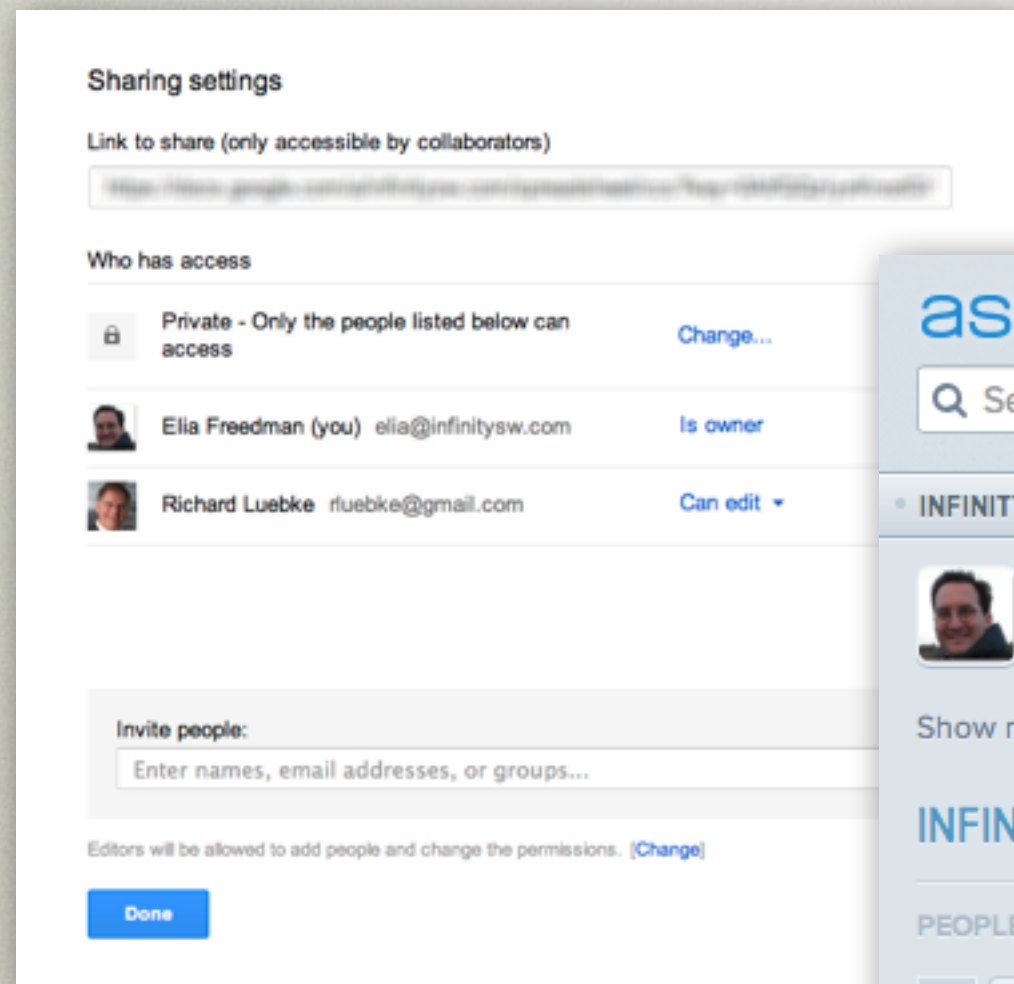


[Forgot ID or Password?](#) | [System Status](#) | [Privacy Policy](#) | [Terms & Conditions](#) | Copyright © 2013 Apple Inc. All rights reserved.

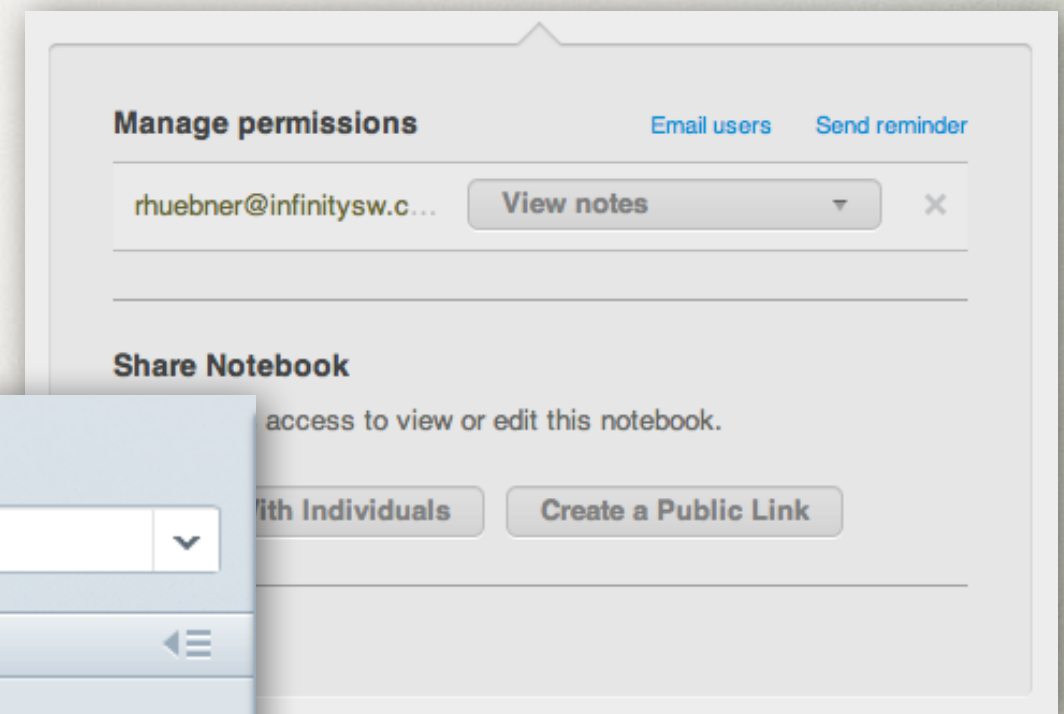
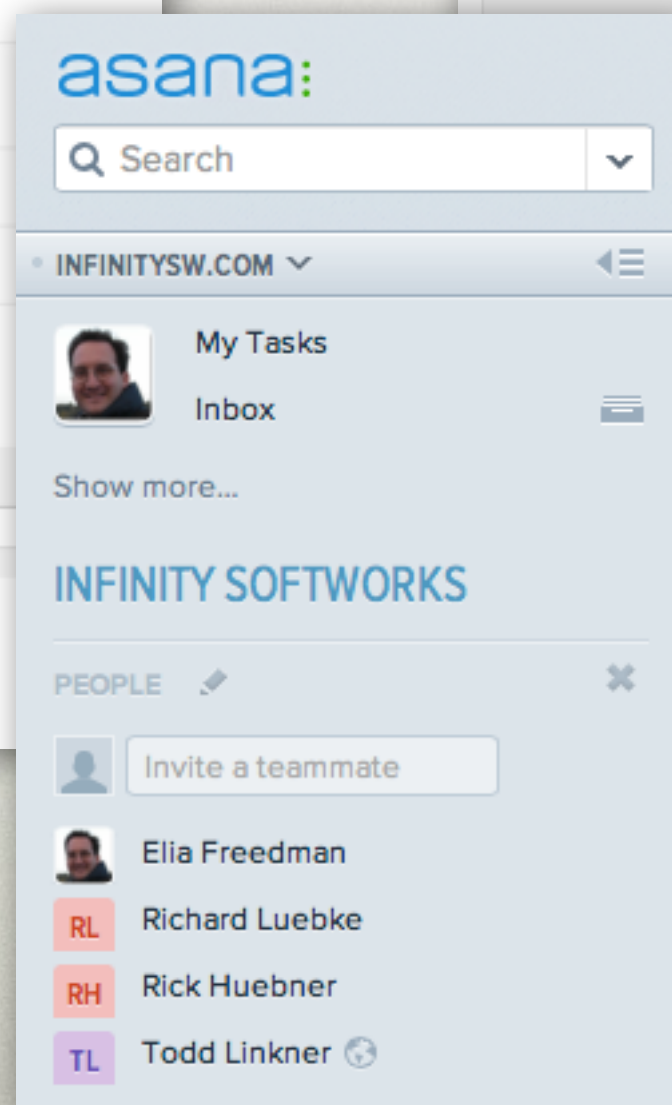
Think Connected



One-to-One or One-to-Many



Google Docs



Evernote

7. Think Whole Stack

“We believe that we need to **own and control the primary technologies** behind the products we make.”

– Tim Cook

© 2005 F.W.
Hagshet

WHY CAN'T
WE OUTSOURCE
CONGRESS?



“You don’t want to **limit your success** just because you didn’t want to write your own server.”

– Brent Simmons









Build Businesses, Not Apps

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eliainsider.com
@eliajf

Photo Credits

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- Developer: <http://bit.ly/Lajj6y>
- Apple logo: <http://bit.ly/1aALjfp>
- Android logo: <http://bit.ly/1fokWXJ>
- Millions of Apps: <http://bit.ly/103QTOL>
- App Blocks: <http://bit.ly/1amoiri>
- Distribution person: <http://bit.ly/19zC65t>
- Rethink Everything: <http://bit.ly/GGAJFn>
- 4-Ps: <http://bit.ly/1gqg4De> (re-designed internally)
- Premium: <http://bit.ly/15nBZqb>
- Piano: <http://bit.ly/160fepF>
- iWorks: <http://bit.ly/GLtY5y>
- Sumo: <http://bit.ly/1aayeml>
- Customers wanted: <http://bit.ly/1foqjG4>
- Existing customers: <http://bit.ly/19jUSf2>
- Computer old days: <http://bit.ly/SdHJfv>
- Hand with money: <http://bit.ly/19zQryE>
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- Twitter logo: <http://bit.ly/WoPJKy>
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- Ads: <http://bit.ly/19A3KiE>
- Binoculars: <http://bit.ly/XpvdJx>
- Bicyclist: <http://bit.ly/19D31xg>
- App store country icons: <http://bit.ly/1fmD7Qv>
- Accessibility icon: <http://bit.ly/1gtSqpr>
- Steven's Creek app: <http://bit.ly/1bgpnSu>
- Vesper screenshot: <http://bit.ly/10TaNh6>
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- Servers: <http://bit.ly/1aqZJcT>
- Cell towers: <http://bit.ly/15rtRF5>
- Mt Everest: <http://bit.ly/Zz9lv0>