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5 new ways to make \$\$\$ in software

by [Gordon Graham](#), Editor, **SoftwareCEO**

This time we've got five new ways to make money for your software business:

1. Get free online transactions
2. Sell affiliate's software
3. Earn ad revenue from downloads
4. Win more downloads for trial versions
5. Advertise on the radio?!

None of these ideas is for everyone. Some work better for B2C than for B2B. But if they suit your business model, some of these could work for you.

New idea #1: Get free online transactions

Are you selling B2C software over the web, but tired of transaction fees cutting into your profit?

Transaction fees eat 7 to 15 percent of online sales, taking a real bite out of revenues.



"Online shoppers expect to pay with credit cards — it's an extremely basic 'must-have' for merchants," says Daniel Assouline, CEO and co-founder of a new service called [UpClick](#).

"However, the high costs put software companies in a difficult position... essentially writing off a tenth of their revenues."

Now you can get free online transactions from UpClick that undercut credit card merchant accounts, [PayPal](#), and other e-commerce systems.

The service provides a free shopping cart that your site visitors see after they click on "Buy Now."

When we ask what kind of firms can benefit most from this, Assouline says, "Any software company that wishes to reduce costs and increase revenue."

Well, yes, the service can be used for business products, but it's really best-suited for low-priced consumer software.

"UpClick is used mainly for B2C software products, which on average range between \$30 to \$40... Security-related products would be the number one category. Utilities and productivity software would also be popular."

Based in Montreal, UpClick's system went public this spring.

Its website is a thing of beauty, with crisp, elegant, and functional design throughout. And the service has already been adopted by more than a dozen software firms, including [Ashampoo](#), [Avanquest Software](#), [Sunbelt Software](#), and [Uniblue](#).

You can [see the service pricing here](#), and use [an online calculator to total up your potential savings here](#).

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Cutting fees is one thing, but there's more.

UpClick can also help software firms generate a whole new revenue stream. That brings us to our second tip.

And the service has already been adopted by more than a dozen software firms.

New idea #2: Sell affiliate's software

Part deux of UpClick's offering is a way to earn money selling complementary software.

"Companies that use UpClick to process payments are also eligible — but not required — to cross-sell their products via the platform," explains Assouline.

"When a shopper chooses to accept an offer presented to them at checkout, subsequent revenues are shared between all parties involved."

In other words, you can offer your online shoppers further products of your choosing, and get a cut on anything they order from other members of the UpClick network.

You set your selling price for your software — perhaps with a discount to drive impulse buys — and the commission you pay affiliates. Ideally, a certain number will pick up and resell your product, while you skip the headaches of finding and setting them up as an official channel partner.

For any affiliated software sold, UpClick keeps \$1 plus 6.9 percent per transaction. This share of add-on sales covers the network, and the transaction fees they eliminated.

It's all quite simple and performance-based, with no setup fees and no monthly charges.

"We help increase revenues in two ways: first, by sharing in the profit from cross-sells, and second by giving companies the ability to promote their products through our affiliate network," says Assouline.

[You can check out the list of products already available through UpClick here.](#)

At press time, categories such as "security" were already well-populated; while business software, desktop enhancements, developer tools, and games were still empty... meaning there's still a first-mover advantage in these areas.

In May, the service reportedly processed 3,000 transactions a day for total revenues of \$500,000. And it's growing fast. UpClick can also handle backup CDs, e-books, and online subscriptions.

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"We're excited about the opportunity to work with UpClick," says Phil Schnyder, director of online business development at Avanquest.

"We chose UpClick because the platform delivers immediate ROI with no up-front costs. UpClick's model is fully performance-based, meaning that their interests are fully aligned with ours."

New idea #3: Earn ad revenue from downloads

Our next couple of ideas come from [W3i](#) in St. Cloud, MN.

(By coincidence, W3i is a finalist in this year's [Software Innovation Awards](#) for most innovative service/business model.)



Its business model is so different it doesn't yet have an accepted name; it's been called "bundling" and "software distribution" and even "branded interactive integration" — but

CEO Andy Johnson doesn't like all that jargon.



"We think of ourselves as a consumer software application download network," he says.

This takes a little explaining. W3i's network ties together three different groups:

Group #1. Computers users looking for *cool downloads*.

Group #2. ISVs or software publishers with traffic seeking *more revenues* from their existing software.

"These can range from small startup companies to existing companies trying to improve their economics, or under pressure from their investors."

Group #3. ISVs or software publishers seeking *more distribution* for their software.

In this case, "software" can be a freemium, trial version, toolbar, widget, or a complete full-featured product.

This third group "can be ad-supported or fee-based or what-have-have-you, but they've got an economic model at work, and they're looking for more users," says Johnson.

W3i's proprietary installer, Install IQ, is the "secret sauce" that ties all three groups together, providing cool downloads that generate more revenue by building more distribution.

"We're not selling software here. We are a technology company that's trying to fertilize the ground for software distribution, and make a living doing it."

Example: You're an ISV in group 2 above, with frequent downloads of your software. You can earn money through W3i for what amount to ads that pop up during on your installation process.

"We say to those folks, 'For your users who want to download your application, why don't you link that demand to us? We'll put your application inside our installer, and marry that up with other consumer software we think might be of interest, and then pay you for that, ok?'"

"So we treat their users as traffic that we feed into our system," explains Johnson.

W3i's poster child is an online games company that earned more than half a million dollars last year.

Sound crazy? Crazy like a fox. W3i turns around and sells space on your traffic to companies in group 3 above... but we'll come back to that.

"Our point of differentiation is that this is not ad-supported like display ads or banner ads, it's not contextual advertising like paid search."

Example: For a user in group 1, it works like this. They visit your website and download some software to install. During the install, some screens pop up showing other products they might be interested in.

And you get paid for that; an entirely new revenue stream that takes you next to no effort.

"So we take money in from people seeking distribution, we keep some of it to cover our expenses and hopefully turn a fair profit, then we provide what's left to the software developers and publishers who are using that to monetize their distribution," says Johnson.

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OK, how much can a software publisher expect to make?

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Of course, your payout won't be that high; and it will depend on how much traffic you have to sell, and how your users fit into W3i's inventory.

Remember, most of their traffic is for consumer-level toolbars, screensavers, widgets, and casual games. And it's all Windows.

[You can see more details about this here.](#)

Despite its mind-bending business model, W3i isn't just a flash in the pan: It now averages 7.1 million downloads a month.

"We've been in business for nine years, we are growing, we are profitable, in fact we just reported to our board our 29th-consecutive quarter of profitability. So we're not some fly-by-night, over-funded, under-performing dot-com sort of company."

W3i says it's scrupulous about privacy for its users, and security for your code.

For the other side of what W3i can do for you, see the next tip.

New idea #4: Win more downloads for trial versions

Now look at it from the viewpoint of a company in group 3 seeking wider distribution for your software, say a trial version, a toolbar, or maybe an add-in to Microsoft Office.

You can pay W3i for ads that pop up during selected software installs to build traffic for your software or trial version.

"This is a very low-risk thing to experiment with, because we're not charging any sort of placement fee. They just need to have an executable application that we can wrap in our installer."

W3i says it's scrupulous about privacy for its users, and security for your code.

"We take great care to explain that our installer is the only consumer software installer in the country that has been certified in the [TRUSTe Trusted Download Program](#).

"We are adhering to industry best practices. All of our offers are made on an opt-in basis with clear user choice, consent, and control. Every offer has clear uninstall instructions, links to privacy policies, and the like. We're not doing anything funny here."

Our next question, as always, is how much? The answer seems to be that it's fairly negotiable.

"We don't spend a lot of time haggling over pricing. We like this to be win-win for both. We don't expect a prospective client to pay more than what generates a reasonable ROI for them."

Johnson likes to do a trial with some slice of his traffic, see how it works, and then do some figuring. For any given ISV, the cost to acquire a new trial customer has to be within your normal range of what's profitable.

Often he will do a straight revenue split for the first 90 days, and then see how it's working out.

"Once we build up enough data for you to make an informed decision, we'll negotiate at that point, depending on how much volume you want."

Who says you can't advertise software on the radio? And in short, 10-second clips?

Some software firms who've done well with W3i include online backup service [Carbonite](#), utility software maker [Winferno Software](#), and [Yahoo!](#) with its browser toolbar.

Advertise software on the radio?

Who says you can't advertise software on the radio? And in short, 10-second clips?



Here are some humorous and highly effective ads for the venerable software utility, StuffIt Deluxe, now published by [Smith Micro Software](#).

StuffIt is available for both Mac and Windows, for mobile devices, and with lossless compression of JPEG files; all this makes it a true mass-market product.

These ads were created by [Saatchi and Saatchi](#) in New York. They work well because they tell a more-or-less complete story in a one-second sound clip... wrapped with nine seconds of unhurried narration.

That's pretty amazing, and it perfectly suits the product. Take a listen; they're only 10 seconds each.

These three won 2009 gold [Clio awards](#) for radio, the advertising industry equivalent of Oscars:

- [A soap opera romance](#)
- [Eating candy](#)
- [Calling tech support](#)



That last one hurts just a bit. But it's funny, too.

About the author: *Gordon Graham is an award-winning journalist with 30 years in the software industry. And as [That White Paper Guy](#), he helps B2B software firms tell their stories with persuasive, fact-driven white papers and crisp case studies.*