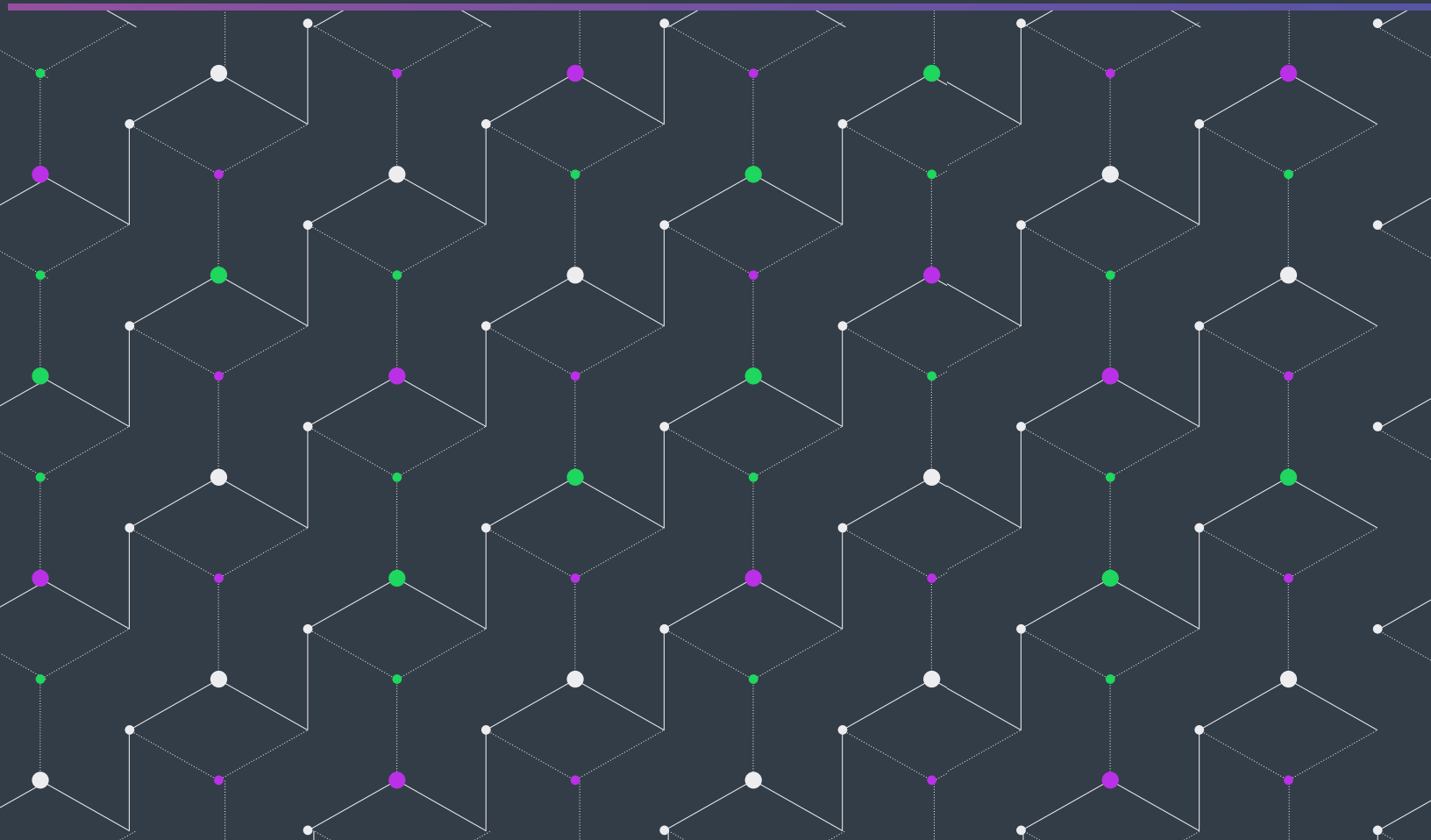revenera™

Revenera Monetization Monitor

Software Usage Analytics 2022

Executive Summary

Software usage analytics—the process of tracking and analyzing how users engage with software—provides actionable insights that help software suppliers make informed decisions about their products. Clarity into how customers use products can help software producers build robust solutions that lead to user engagement and ongoing customer relationships.

This report evaluates the trends in how software producers collect and analyze software usage data. It also identifies areas of potential improvement, including the importance of initiating usage data collection and automating collection efforts through purpose-built commercial entitlement management solutions. It builds on findings presented in the *Revenera Monetization Monitor: Software Monetization Models and Strategies 2022*, which focused on software monetization and deployment models..

As suppliers offer hybrid monetization approaches, relying on software usage analytics is particularly important. It helps drive informed pricing decisions for usage-based monetization models, such as consumption and metered.

By 2024, **80% of software suppliers will collect software usage data.**
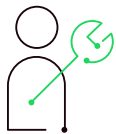
In a trend away from time-consuming processes, **reliance on manual interventions dropped by nearly 10 percentage points**, from 44% in 2021 to 35% in 2022.
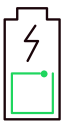
Only about ¼ (26%) of respondents indicate that their organization can currently gather product usage data "very well," indicating room for improvement for the majority of software suppliers.

Suppliers that collect usage data have greater visibility into how customers use their products. For the essential metric of whether suppliers can see if customers are using their product at all, 52% of those who collect usage data have this visibility, while the number drops to 25% among those that don't collect usage data.

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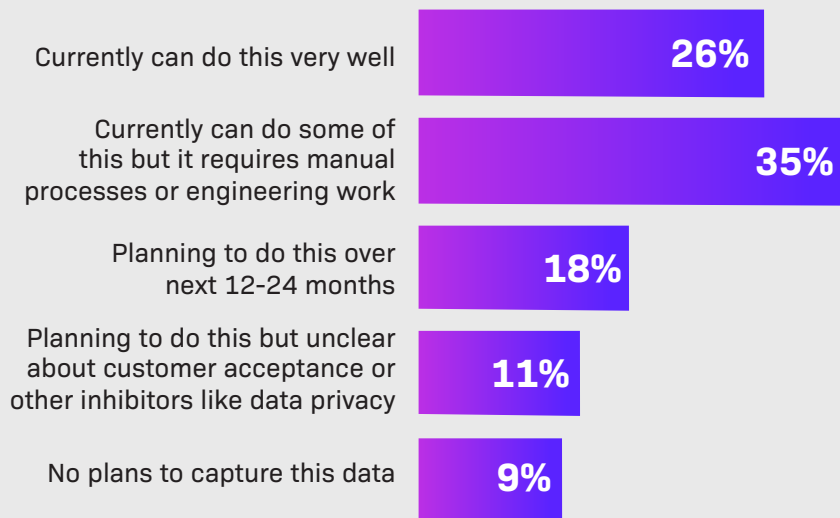
This report is part of an annual series, first published in 2019, focusing on software usage analytics. The first report in the Revenera Monetization Monitor 2022 series addressed software monetization models and strategies; the next will address software compliance & piracy. All reports are based on 261 responses to a global survey conducted by Revenera from mid-April through mid-July 2022.

Software Suppliers' Interest in Product Usage Data

Software Usage Data Collection Trends

More important than just collecting usage data is the capability to visualize, analyze, and report on it efficiently, without requiring manual processes or engineering work. Only about ¼ (26%) can currently collect usage data very well, while 9% have no plans to capture this data, indicating room for improvement.

Please rate your organization's ability to gather product usage data

Currently can do this very well	**26%**
Currently can do some of this but it requires manual processes or engineering work	**35%**
Planning to do this over next 12-24 months	**18%**
Planning to do this but unclear about customer acceptance or other inhibitors like data privacy	**11%**
No plans to capture this data	**9%**

18% of respondents plan to gather software product usage data in the next 12–24 months—double the rate (9%) that planned to do so in 2021, indicating growing interest in the practice.

SOFTWARE USAGE ANALYTICS

Software usage analytics is the process of tracking and analyzing how users engage with software.

It provides:

- **Tracking,** which usually happens via a call-home system that collects raw data about user actions and computing environments,

- **Analysis,** through visualization dashboards that show data, identify trends, user behavior, differentiators across user segments, etc., and

- **Actionable insights,** facilitating context-relevant engagement with the software.
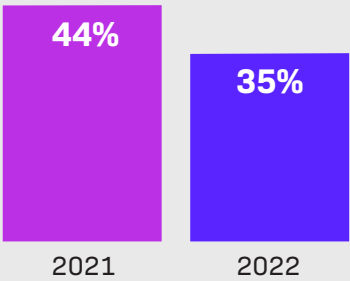
USAGE DATA

Usage data is valuable for all monetization models. It helps product management, marketing, software engineering, sales, customer success, compliance, and senior management teams. Uses include feature prioritization or roadmap development, UI/UX design, beta testing, deprecating features, pricing decisions, software version decisions, and piracy tracking.

Confidence in Ability to Collect Product Usage Data

Software usage data collection trends are maturing. Over the past year, reliance on manual interventions dropped by nearly 10 percentage points (44% in 2021 to 35% in 2022), indicating progress away from time-consuming processes.

Reliance on Manual Interventions

44% 2021
35% 2022

80%

By 2024, **80% of software suppliers will collect software usage data.**

Suppliers Collecting Software Usage Data

|	
Collecting usage data today	**62%**
Planning to collect usage data by 2024	**18%**
Planning to collect usage data, but unclear about customer acceptance or other inhibitors like data privacy	**11%**
No plans to capture software usage data	**9%**
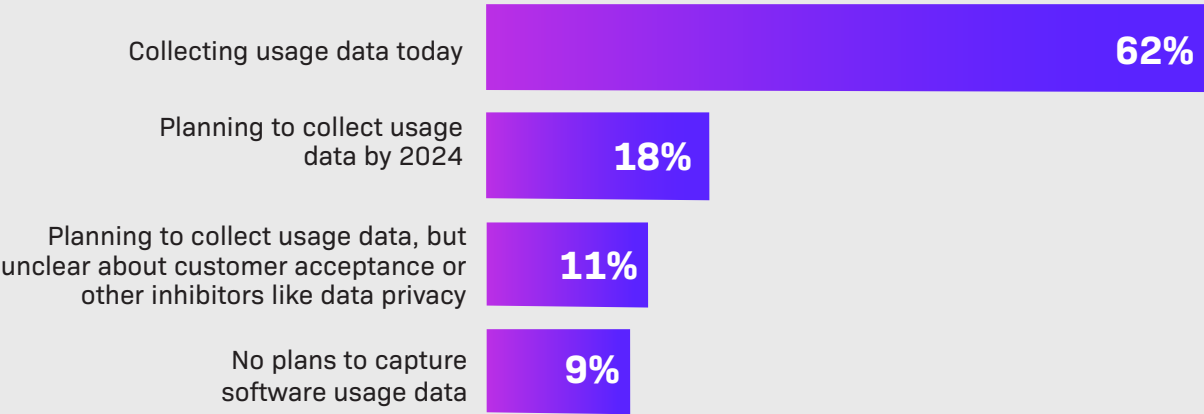
Approaches: Qualitative/Quantitative

Half (50%) of all respondents use quantitative data to segment users to get more qualified customer feedback. Among respondents who find telemetry or product usage analytics effective or highly effective, 77% use quantitative data to segment users.

Quantitative collection methods, such as basic telemetry from the product and advanced product usage analytics, can help provide robust insights into customers' preferences, when combined with qualitative methods (e.g., support calls, customer interviews, sales feedback, and email surveys).

Approaches to Collecting Software Usage Data
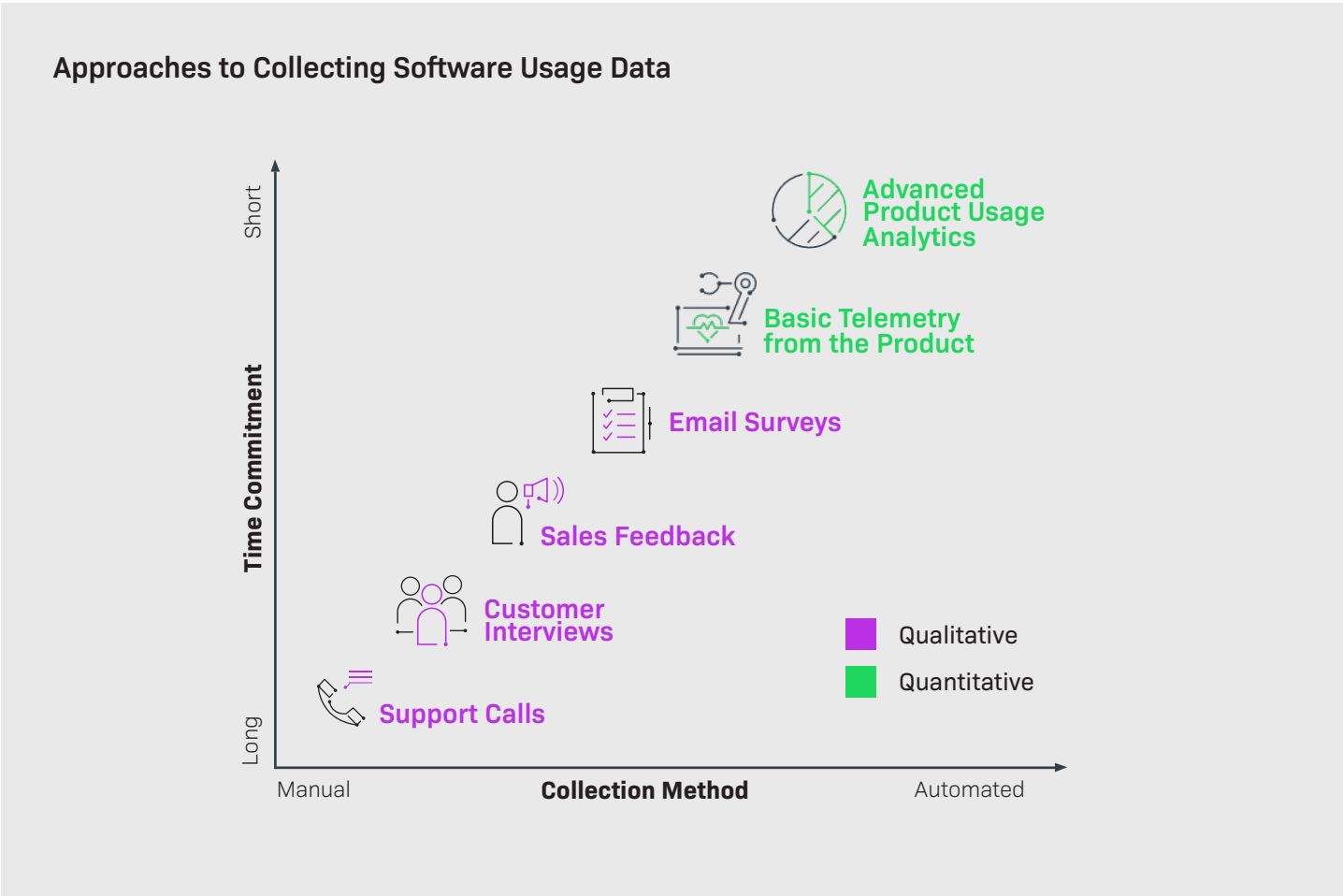
Approaches to Collecting Customer Feedback

While customer interviews are the most popular approach, they are part of a manual qualitative strategy, requiring a significant time commitment. Advanced product usage analytics is an automated quantitative approach, requiring far less time than manual methods.

Approaches for Collecting Customer Feedback Rated "Highly Effective"

Approach	Percentage
Customer Interviews	27%
Advanced Product Usage Analytics	25%
Support Calls	24%
Sales Feedback	15%
Basic telemetry from the product	15%
Email Surveys	11%
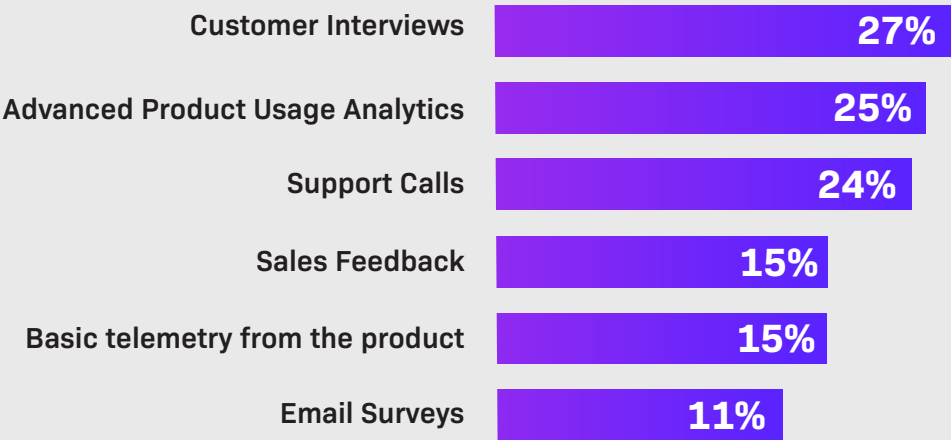
Usage-based Monetization Models Growing

Efficient Usage Data Collection Improves Monetization

Clear insights are essential for moving to or offering consumption and usage-based models. They are a best practice for all other monetization models, as they help strengthen the overall customer relationship.

Expected Growth or Decline of Usage-Based Monetization Models Over the Next 12–18 Months

	Decline	Increase
Consumption	15%	41%
Metered	14%	34%

Extensive Use (>51%) of Usage-based Monetization*

Legend: ■ Consumption ■ Metered

	Consumption	Metered
Embedded software	43%	53%
SaaS	43%	53%
Public Cloud	43%	47%
Private Cloud	38%	47%
On-premises software	38%	53%

Where these Deployment Models are Used for More than 70% of a Supplier's Software Lines

Capabilities to Manage the Customer Lifecycle

Data provided at multiple points in the customer lifecycle helps provide insight that is useful to the supplier and that offers clarity to the customer about their usage.

The most commonly used measure of the customer lifecycle is the renewal date, but even that is in place for only 49% of respondents, indicating room for improvement across capabilities to manage the customer lifecycle.

> The **ability to track all customers and their entitlements/use rights jumps from 46% overall to 64% among respondents** using a purpose-built commercial entitlement management solution.

Software suppliers not only analyze usage for their own use, they also share usage data with their customers. Among those suppliers that rely on a purpose-built commercial entitlement management solution, a greater number of their customers ask for usage/utilization data. This may reflect customers' higher expectations from suppliers who are able to provide this data more easily.

Software entitlement management enables suppliers to reconcile what is being used versus what has been purchased and enables them to:

- Identify milestones in the customer lifecycle, and
- Have clear measurements of how their software is being used or where drop-off occurs

Sharing this information with customers helps illustrate the value they are receiving, including:

- Whether they are using the software at all,
- What their entitlements/use rights are,
- Which version each customer is using, and
- Which features each user has adopted.

Having capabilities in place to auto-upgrade customers who are eligible for software renewals, auto-updating devices that are only intermittently connected to the internet, or auto-provisioning features to devices or users can also help streamline interactions with customers.

# Importance of Improving Software Usage Analytics

Better Visibility Required

As software suppliers aim to understand how customers use their products, greater visibility into software usage data is required. Common metrics, shown on a dashboard, reveal if and how customers engage with the software.
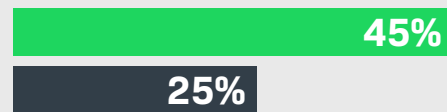
Comparing What Suppliers Can See (Collecting Usage Data vs Not Collecting Usage Data)

🟩 Suppliers that Collect Usage Data
⬛ Suppliers that Do Not Collect Usage Data
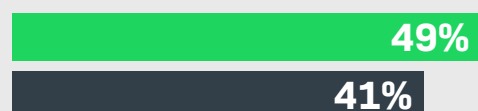
If customers are using software at all
- 52%
- 25%
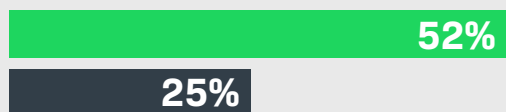
If utilization for a specific customer is increasing or declining
- 45%
- 25%

If features in a product are being used
- 45%
- 43%

Which product version a customer is using
- 49%
- 41%

Whether a trial or freemium user has upgraded
- 21%
- 30%

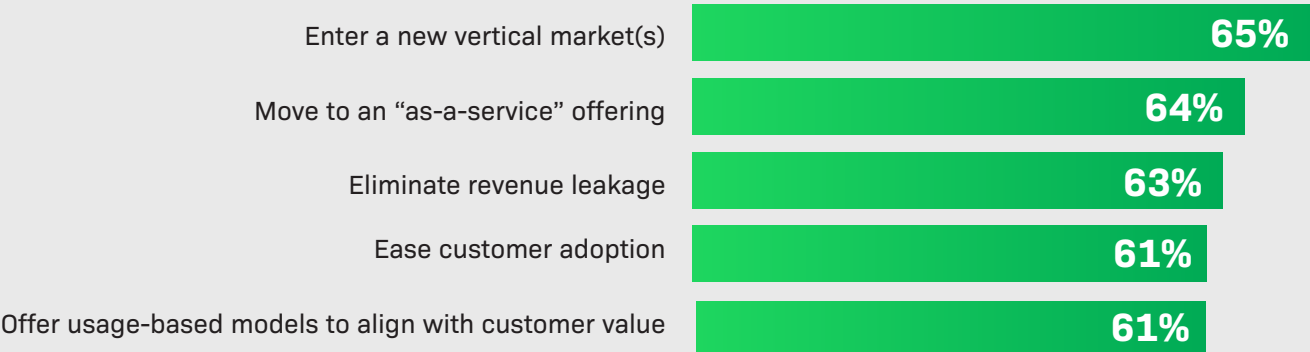**None of the above**
- 10%
- 24%
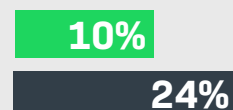
24%

Nearly ¼ (24%) of suppliers that do not collect usage data can't see any common metrics of how customers use their product.

Insufficient Insights Complicate Pricing

The biggest hurdle to aligning price and value is the lack of insights to monetize the most valuable features, as reported by 44%. Software usage data is crucial in order to price the product in alignment with customers' perception of the value. Learn more about why software suppliers are changing monetization models in our first report, *Revenera Monetization Monitor, Software Monetization Models and Strategies 2022*

Usage data is also essential for successfully making planned changes to monetization models. Implementing a recurring revenue model, a driver of change for 48% of respondents, isn't viable without accurate insights

Top Drivers of Planned Change

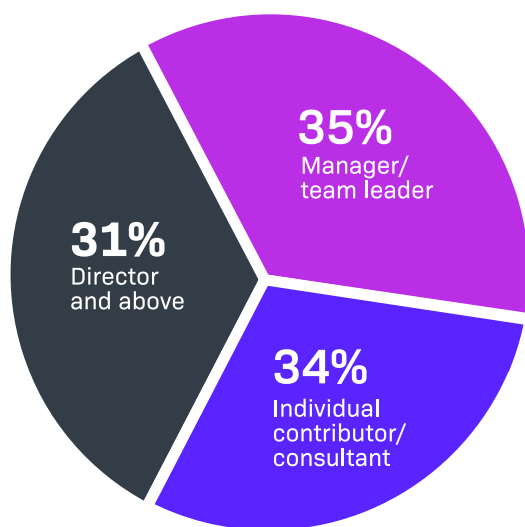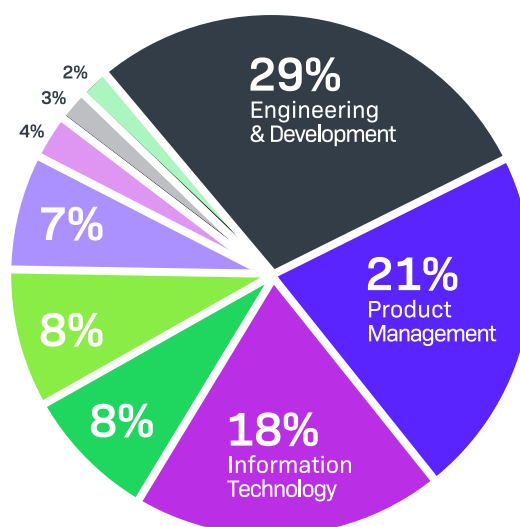| Driver	Percentage
Enter a new vertical market(s)	65%
Move to an "as-a-service" offering	64%
Eliminate revenue leakage	63%
Ease customer adoption	61%
Offer usage-based models to align with customer value	61%

Survey Background

The Revenera Monetization Monitor: Software Usage Analytics 2022 report is based on 261 responses to a survey conducted by Revenera from mid-April through mid-July 2022. This research project looks at software producers' software business models, pricing, usage and transparency. Due to rounding, percentages may not always appear to add up to 100%.
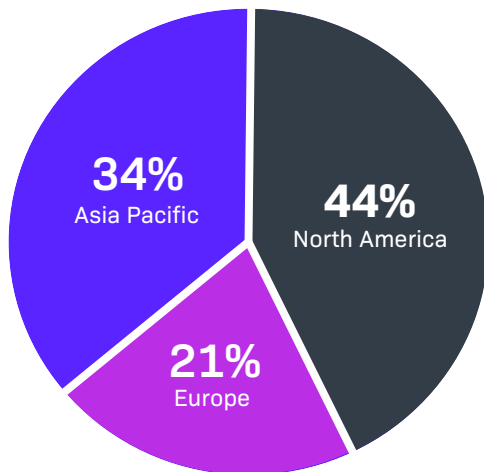
What is your job level?

35% Manager/team leader

31% Director and above

34% Individual contributor/consultant

What is your job function?

29% Engineering & Development

21% Product Management

18% Information Technology

8%

8%

7%

4%

3%

2%

■ Product Management

■ Engineering and Development

■ Information Technology

■ Marketing/Sales

■ Finance

■ IoT Strategy

■ Licensing/Compliance/IP Protection

■ Operations

■ Support

Where are you located?

34% Asia Pacific

44% North America

21% Europe

What's your company's annual revenue?

30% <$10 million

45% >$101 million

25% $10-$100 million
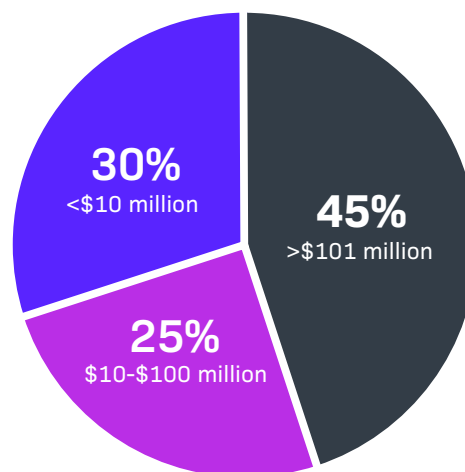
What technologies are you using to manage entitlements?

23% Purpose-built commercial entitlement management

4% Other

9% None

37% CRM or ERP solution

27% Homegrown solution

What is your industry?

16% Other

46% Software

9% Telcom

7% Medical Devices

6% Computer Hardware

16% Manufacturing and industrial automation
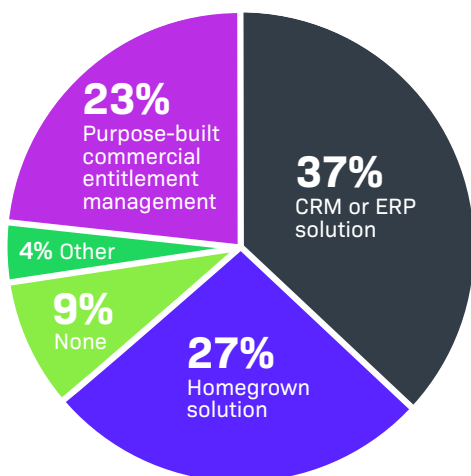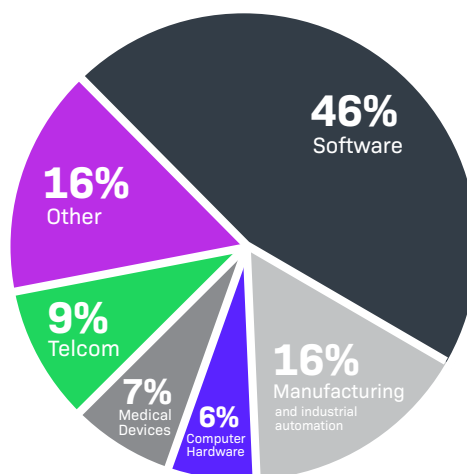
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The Bottom Line

Clarity into how customers use software is essential, yet relatively few software producers do it well. Today's software suppliers must have accurate and actionable insights. Implementing a software usage analytics solution that can automate the collection process and identify how customers use your data can address important considerations, including how to refine products, how to drive improved product engagement, and how to make informed decisions that improve customer retention.

NEXT STEPS

Learn how Revenera can help you protect your applications, manage compliance, understand customer needs and drive recurring revenue.

LEARN MORE >

Learn more in the first report of this year's series, *Revenera Monetization Monitor: Software Monetization Models and Strategies 2022*

Revenera helps product executives build better products, accelerate time to value and monetize what matters. Revenera's leading solutions help software and technology companies drive top line revenue with modern software monetization, understand usage and compliance with software usage analytics, empower the use of open source with software composition analysis and deliver an excellent user experience—for embedded, on-premises, cloud and SaaS products. To learn more, visit **www.revenera.com**