The ROI of adding analytics to your SaaS

Understand the true monetary impact of integrated dashboards in your own SaaS platform.

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‘The Big Shift’ to data-driven decision-making

Over the past few years, digital transformation has disrupted the way we do business. Companies of all sectors & sizes have come to understand the importance of the rising digital economy. As a result, more and more companies start taking their business online.

The result? **Billions of digital transactions** take place every day. And all of them are supported by a countless amount of online software tools: payment providers, CRM systems, marketing & sales software, and so on.

And that leaves us with... data. Lots of data. Therefore, more & more companies felt the need for BI tools to gain more insights. Now, they can finally **measure what’s working well**, and what isn’t.

For years, data has been the new gold. It has helped C-level managers to **make better business decisions**. To spend budget on the things that matter. To eliminate processes that cost money, instead of bringing in revenue.

Now, what’s next? After the surge of BI, has the analytics market hit the ceiling? Absolutely not. In this whitepaper, we’ll discuss **how business intelligence is becoming an integrated experience.** It’s an emerging trend among SaaS companies to offer dashboards to their users, right inside their own product. So, users never have to leave the platform in search for insights. Read on to learn more about **integrated analytics, and its true ROI**.

What is ‘integrated analytics’?

Integrated analytics, embedded analytics, analytics as a service,... These are just many terms for the same concept. Let’s break it down.

Embedding analytics basically means that you **integrate a ready-made analytics solution into your product**. This ‘product’ can be any online environment: a SaaS platform, a company portal,...

The analytics software is typically provided by a third party, and maintained completely by the vendor. Meanwhile, you are still in full control over the data, the dashboards and user access management.

Many SaaS providers choose this as an **alternative to building such a module themselves**. The cost of integrating existing software like Cumul.io, comes nowhere near the high cost of building and maintaining an analytics module in-house.

Let’s clarify with an example. Imagine you are selling project management software. Your clients can efficiently plan & follow up on their ongoing projects. But what about the following questions?

- Which processes cause issues?
- Which projects were most or least profitable?
- How much time do we lose on certain tasks, projects,...?

Usually, users would export and analyze the data manually to gain these insights. However, with a dashboard integration, you can offer a personalized dashboard to your users. This way, they can analyze their private data easily & securely, inside your own platform.

The state of the integrated analytics market

Businessmen want insights. Anytime. Anywhere.

Years ago, data analysis was only performed in large companies by data scientists. That time is over.

Meet: the 'citizen data scientist'[1]. In our present-day society, modern BI tools like Cumul.io are easy & intuitive for any business user to build dashboards and analyze data, without the help of actual data scientists or IT departments.

By 2020, the number of 'citizen data scientists' will grow 5 times faster than the number of actual data scientists. Therefore, the demand for easy data analysis modules and tools will continue to rise in the future.

The embedded analytics market will continue to grow with 14% annually[2]

Integrated analytics is one of the growing trends in BI today, as pointed out by Gartner[3]. This use case is becoming more and more important, both from a product & user perspective:

1. **SaaS product companies** are looking for ways to monetize the richness of data available inside their application.

2. **SaaS users** feel the need to gain insights from any source. They look for a fast, easy and integrated experience.

Gartner research[3] predicts that by 2020, organizations offering the possibility to analyze usage statistics or private data inside their application itself, will **gain twice as much business value** from their analytics investment.

By 2020, it is expected that, for every human on the planet, 1.7 megabytes of new information will be created every second.4 So, if you want to stay afloat in this flood of data, you better make it as easy as possible for your users to access their data and 'do the math'. And of course, you want to keep them inside your own platform as long as possible...

The opportunity window for SaaS companies?

98% of companies that integrated dashboards have experienced revenue growth directly related to it.

3 main advantages of an integrated analytics module

Integrating an analytics module brings along huge opportunities for SaaS companies. But how far will the window of opportunity open up? A recent study by Logi Analytics5 proves the 3 main advantages of an integration:

1. **Speed up time-to-market**

Building your own dashboarding component can easily cost you months, or even years. 74% of companies that integrated a bought solution had fully operational analytics in less than 6 months.

2. **Boost product usage**

Offering dashboards right inside your platform? That's one less reason for your users to leave your application! On the contrary, they will spend even more time on your platform. 84% of companies who integrated analytics noticed an increase in time spent on their platform.

3. **Increase revenue**

Dashboards are a feature that many customers are willing to pay for. In fact, 78% of companies is charging their customers more if they want to make use of analytics. So, adding analytics in premium pricing tiers will boost your revenue. A striking 98% claim to have experienced revenue growth, directly related to the embedded analytics.

4 ROI drivers of integrated analytics

As it became clear up to now, adding dashboards to your SaaS will help you speed up your business, generate more cash, and increase usage of your platform. Who wouldn't want that! So, why would any business still refrain from implementing analytics?

For many companies, budget is an issue at play. Although the cost is much lower than a custom build-your-own solution, it is still an **investment**. And you need to convince your managers to foresee the budget.

Before making such an investment, you want to be sure that you'll see the return. **So, how does an integration truly drive ROI?**

To make sure you have a good view, we'll elaborate in more detail on the **4 main revenue drivers** of an integrated analytics solution.

In this final part of the white paper, you'll learn more about these 4 revenue drivers in detail, and we'll do a realistic **simulation of the possible ROI** it can drive for your business.

1. Recude costs in your organization

Build or buy? Underestimating the cost of in-house development

Many decision makers are holding back to buy analytics at first. “Why rent software if we can build it ourselves?” However, are they aware of the real cost that comes with building an analytics component?

1. **The costs of expertise**

To develop high-quality analytics, you need to hire expertise. 1 full-time developer, skilled in analytics will still need months to get a first product operational.

2. **The cost of man-hours**

Each hour your developers spend on analytics is time lost on your core product. You’ll slow down your time-to-market, and potentially put the quality of your core platform at risk.

3. **The cost of maintance**

After paying the high upfront costs to get a first version operational, it doesn’t stop. You’ll need to dedicate personnel for updates & bug fixing, customer support, and to maintain the servers.

The cost of building analytics[6]

Estimated for a basic module:

SET-UP (12 months):
- 1 analytics developer (full-time): $150,000
- 1 data scientist (part-time): $60,000

Before being operational, you will have paid more than **$200,000**, without gaining any new revenue.

MAINTENANCE & SUPPORT:
- 1 developer (part-time): $75,000
- 1 data scientist (part-time): $60,000

Once operational, add another **$11,250 monthly**.

At a $50/month pricing, you’ll need to sell an annual license for the module to at least 350 users, only to bridge the initial set-up cost.

A carefree integration, with transparent pricing

Software vendors like Cumul.io offer integration packages, which start at a much lower price. Your initial risk will be much lower: spread costs over time, while you gain new revenue from the beginning:

1. **Transparent pricing**

You know which costs you're committing to upfront. You just pay the bill each month. Avoid unexpected costs of issues, bugs or delays when developing it yourself.

2. **Faster time to market**

Depending on your requirements, a Cumul.io integration will take between 2 weeks and 3 months to become operational. Much faster than a built solution, plus, you'll avoid the huge initial investment. Gain revenue from the start!

3. **No additional worries about maintenance**

Once the analytics are integrated, you can purely focus on what's important: your dashboards & your customers. No time wasted on bug fixing or maintenance.

The cost of an integration

Let's look at the potential of buying a solution

SET-UP:

The average time to market is between 0 to 3 months.

This is 9+ months faster than our previous example, so 9 extra months of revenue.

COST:

License costs are stable, with monthly or yearly payment. In general, it can be up to 10 times lower than the cost of building.

ROI?

As an example, let's assume a yearly license of $20,000, and a module priced at $50/month.

If you sell it to 34 customers for a year, it will compensate for your license cost. Sounds more feasible and less risky, right?

2. Create upsell opportunities

78%[5] of SaaS are charging their customers for in-app analytics

Adding dashboards to your platform costs money. But, it could produce even more cash! There are many ways to increase revenue with analytics. First, by upselling your existing customers.

Customers are demanding insights, so you need to keep up with analytics to keep them satisfied. But that doesn't mean you should see it as an unavoidable cost. Actually, it's rather **an opportunity to your business**.

Among SaaS companies who are embedding dashboards, 78% are charging their customers for this feature[5]. And it's a price that their customers are more than willing to pay. That makes it the perfect upsell opportunity towards your existing customers.

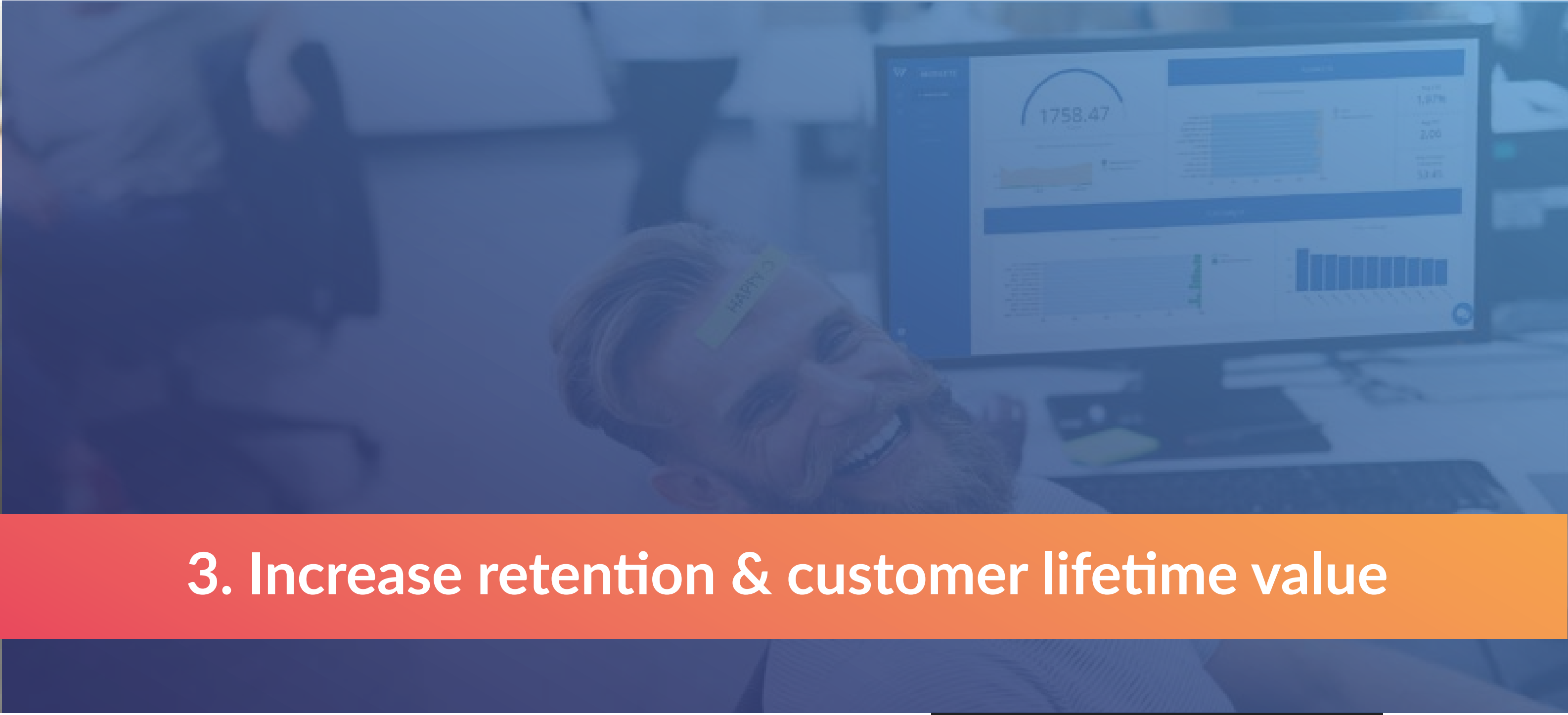
So, **start monetizing the data in your platform** by adding dashboards. The same study[5] shows that 60% of end usersare using analytics that are embedded in other applications. So, the potential is definitely there.

Your upsell potential in dollars

Let's continue our example case. For $50/month, your customers can enjoy this premium analytics feature.

Let's say you currently have 200 customers. If 60% of all end users is using embedded BI, that means you have an upsell potential of 120 customers.

In dollars, that means you're potentially looking at $6,000 of extra revenue on a monthly basis. Exclusively from your existing customer base, so no acquisition costs!



3. Increase retention & customer lifetime value

Reducing the risk for churn with an “all-in” customer experience

Next to increasing revenue, you also need to guarantee that your recurring revenue is not at risk. Integrated dashboards will **reduce the risk for churn**.

A happy customer is a loyal customer. 62% of companies[5] reported that embedded dashboards have **strongly increased customer satisfaction**.

In addition, 84% claims5 that their end users are spending **more time on the platform or app**, since they added embedded dashboards. The more your platform offers an “all-in” experience, the smaller the risk for churn.

The ROI of “damage repair”

Here’s a hypothetical example, just to show you how much existing revenue you could potentially secure with an integration.

Your company has recently hit $1 million ARR. With a 5% annual churn rate, this means you’ll lose $50,000 of existing revenue.

Let’s say you can decrease churn with 1% after implementing dashboards. This means **you’ll save $10,000 annually**.

4. Drive new business

96%[5] of adopters experience an increase in customer win rate

For now, we've only looked into retaining and upselling existing customers. But there's a huge potential with your prospects as well.

Driving new business can be tough, especially in highly competitive SaaS markets. But, adding analytics to your platform has proven to be a perfect means to attract new customers.

In particular, companies who offer integrated dashboards are **converting more leads into paying customers**. 55%5 of embedded analytics adopters claim to have seen a strong increase in their win rate. In addition, 41%5 saw a slight increase.

Next, analytics are still **a real differentiator**. Competitors who lag behind in offering the right insights, will not be able to keep up. So, by adding dashboards to your platform, you'll stay competitive, and you might even sniff away some clients from your lagging competitors.

New deals, new revenue

Let's see what a slight increase of +1% in win rate can mean for a company with:

- Avg. deal size: $5,000
- Avg. win rate: 40%
- Avg. monthly new customers: 20

On top of your regular growth in new clients, you'll add **another $2,500 of new revenue each month**.

So what about a strong increase? If the win rate went up +5%, that company would be looking at an extra **$12,500 of new revenue each month**.

Now try to fill in your own averages, and learn how much extra revenue you could gain in both scenarios.

So, after discussing the 4 ROI drivers, it's time to take a step back. What is now the **total ROI of your analytics investment**? Let's recap! If we add up the total extra revenue that was produced in the example case, we're looking at the following:

1. Revenue of upselling 60% of existing customers:	+ $72,000 annually
2. Revenue of reducing churn by -1%:	+ $10,000 annually
3. Revenue of new business (+1% win rate):	+ $30,000 annually
	+ $112,000 annually

The ROI depends on the cost of your license. If you'd build a solution yourself, this extra revenue won't outweigh the initial costs. However, if you decide to integrate a solution, you'll be sure to have a positive ROI. Let's assume a license cost of $20,000 annually: that would come down to an **ROI of +460%**.

Of course, this is just an example, and the final ROI will be dependent on a lot of factors: your analytics needs (which will influence your license cost), your pricing, the market you're operating in,... However, it's clear that the potential of integrating dashboards in your application is definitely worth the cost.

Conclusion

Integrating dashboards into your platform will **help your business move forward**. There's a lot of potential to grow your revenue and customer base, that much is clear.

But that's not where it ends. What's even more important, is that analytics will help yóu to **move other businesses forward yourself**. That is, your customer's business.

You'll enable your users to become more data-driven, by giving them access to their personal or usage data in a very visual way.

The insights they gain through your platform will enable your customers to grow their business too. And what's more fulfilling than to see a smile on your customer's face? Now that's a true human return on investment.

Sources

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4. "IDC Digital Universe Study: Big Data, Bigger Digital Shadows and Biggest Growth in the Far East", EMC Corporation. (link)
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Interested to try **Cumul.io as your integration partner**? Start a free 10-day trial to explore our platform, or book a demo with one of our experts.

About Cumul.io

Cumul.io is a software company that provides an intuitive platform for rich data analysis.

The platform empowers **business professionals** from all trades to get more out of their data, thanks to **real-time analytics & drag-and-drop dashboarding**.

Cumul.io allows for seamless **integration of dashboards** into other SaaS-platforms or applications, providing an analytical building block to your product or service.

We help you to offer powerful analytics to your customers. Easy insights for your users, and a hassle-free integration for you.

Speed up time-to-market

Skip ahead of the development of analytical features and don’t worry about maintenance. Easily design stunning dashboards and integrate them within your own SaaS platform. You’ll be up and running in minutes.

Help your clients unlock their data

Empower your users to get insights in their private data or usage statistics. Increase your revenue by offering value-added analytical features in premium pricing tiers.

Tailored & flexible dashboards

Personalize dashboards and datasets on a client-specific basis. Let your account manager, analyst or client customize dashboards themselves, without having to dive in the code.