



# Going beyond "productization"

X&Y Partners

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[www.thisisxy.com](http://www.thisisxy.com)



Romeu Gaspar  
[romeu.gaspar@thisisxy.com](mailto:romeu.gaspar@thisisxy.com)  
+44 (20) 3239 5245

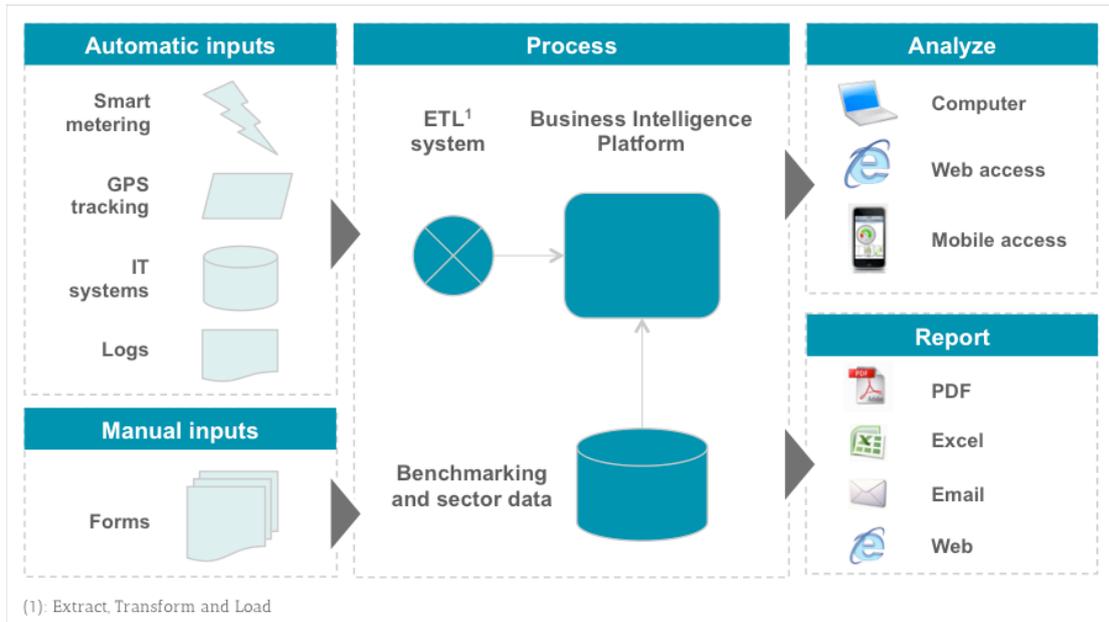
## Going beyond “productization”

“ A personal example of how creating an actual product, instead of merely packaging services into a product, can make a lot of sense

Productization, or turning services into products, has been a big trend among professional services companies, and for good reason: clients get a more tangible offer and companies get to systematize and reuse their previous work. But what about making an actual, physical product? We did it, and maybe you should too. Read on.

We at X&Y often productize our services. In fact, we call them “solutions” to emphasize the results of the service, instead of the service itself. While these solutions pack more than just our time (e.g. proprietary tools and data) the output is usually the same as a service. With one exception: Carbon Analytics is an actual material product.

Carbon Analytics is a real-time carbon emissions monitoring and analysis system. It uses measuring hardware (e.g. energy consumption meters, GPS tracking devices) and business intelligence software to measure and analyze in real-time the carbon footprint of an entire company, automatically reporting the results and suggesting ways to improve them (Exhibit 1).



*Exhibit 1 - Flowchart for Carbon Analytics, a real-time carbon footprint monitoring tool*

Carbon Analytics was born out of necessity. One of our clients asked us for help in selecting a carbon footprinting tool. In our opinion, the existing offer was either powerful but expensive or inexpensive but limited, so we proposed to create something in between. We were very happy with the final result, so we decided to make it into a commercial product. Here is what we learned in the process:

### **Be your first client**

Most professional services companies have at some point developed internal tools to support their day-to-day activities, or have done so in response to the requirements of a particular assignment. Your product should not only be based on what you already do and know, but it should also be something you can use yourself. If it's not good enough for you, it will not be good enough for your clients. McKinsey Solutions, for instance, are both used by their consultants and offered to their clients as a stand-alone tool.

### **Integrate & Partner**

In our case, Carbon Analytics bridged two areas we knew little about: smart metering hardware and business intelligence software. These days, however, most likely somebody has already solved any given problem for you. On the software side, for instance, we opted to partner with CGI, which has a broad track record in software

integration and business intelligence. Integrating & partnering with market experts not only saves you time and money, but also ensures that your solution keeps up with times.

### Do not overlook design

Professional services companies are not used to investing much in design. After all, services are mostly sold based on knowhow and references, not user interfaces and looks. Products are different, as you need to woo your clients with the best possible customer experience. For Carbon Analytics, we hired a professional design firm to help us with all aspects of the product's look and feel (Exhibit 2 and 3), and we looked for differentiating ways to market it. Here is an example of a product presentation we did at Microsoft's Tech Days.



Exhibit 2 - Example of the Carbon Analytics interface

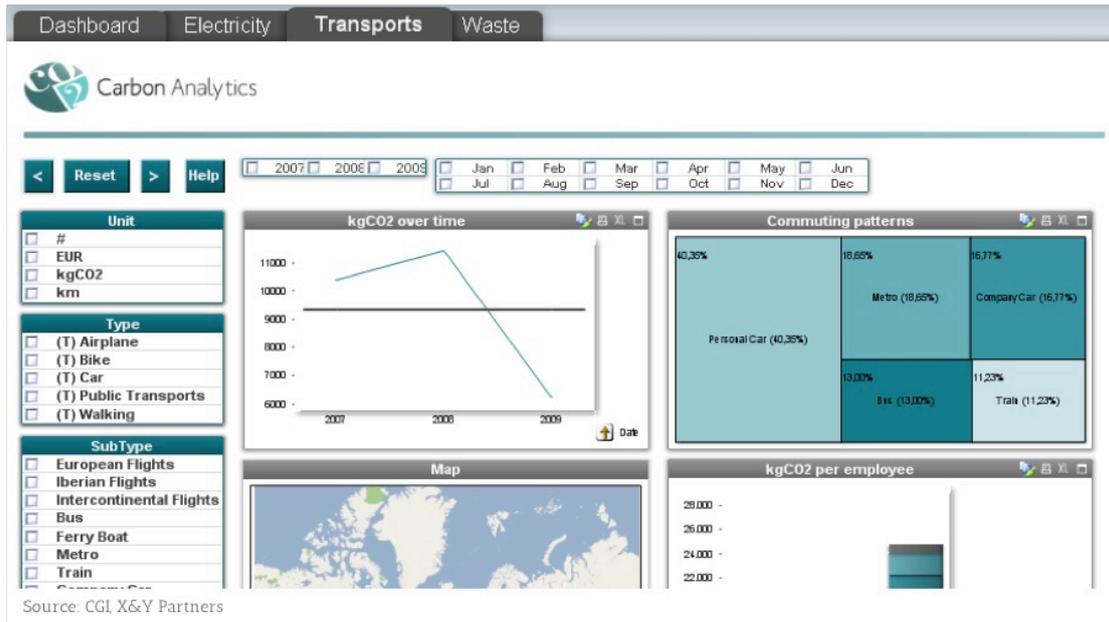
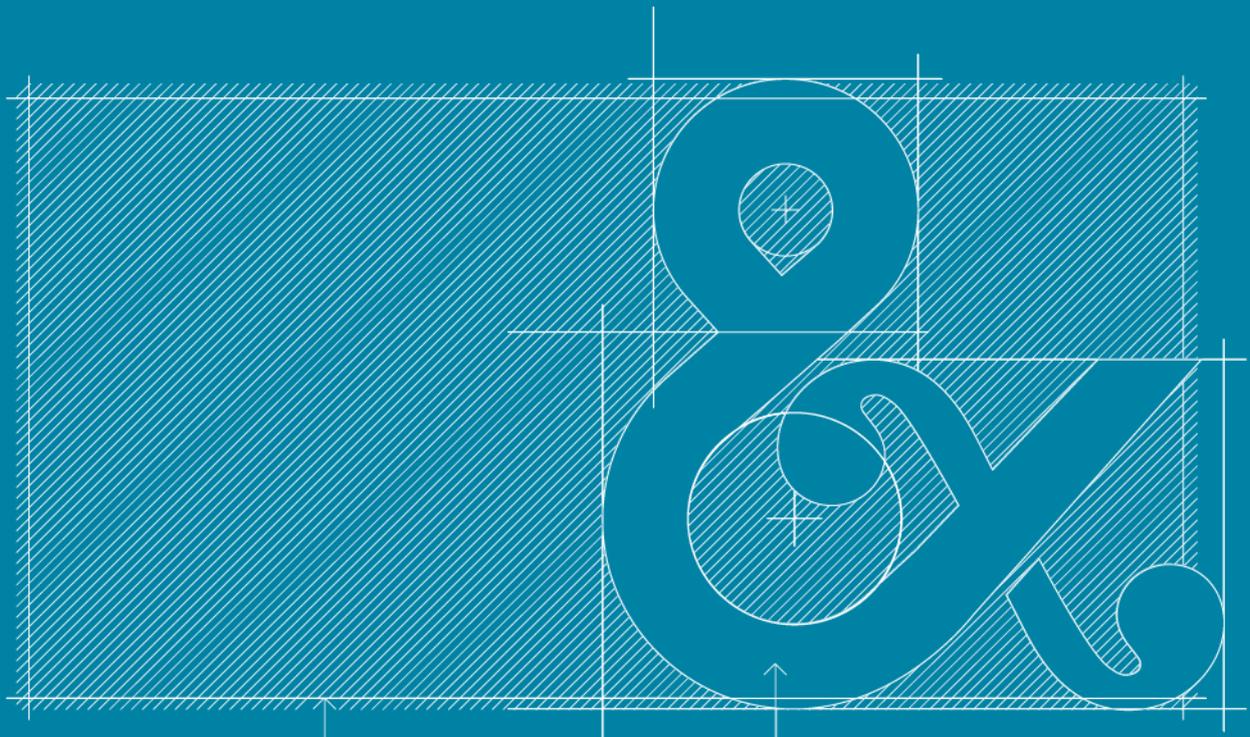


Exhibit 3 - Example of the Carbon Analytics interface

### Keep your pricing simple

Pricing services is usually very simple: you set an hourly rate and figure out how much time you need to complete a given assignment. Pricing a product is more complex, but it is important to keep it simple by, for instance, identifying the single factor that most influences your product costs, and building your pricing structure around it. Carbon Analytics' cost, for instance, is particularly sensitive to the number of system interfaces (e.g. smart meters, GPS devices, inputs and outputs to proprietary IT systems), so we built the pricing scheme around a base configuration, plus an extra for each additional interface.



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