

# Identify Your Product-Led Model: Worksheet.



When deciding between a free-trial, freemium, or demo model, you need to be extremely careful. Choosing the wrong model can easily bankrupt your business. Unfortunately, you can't just Google the pros and cons or ask a fellow founder which model will work best for you.



Why not? Because that advice comes from people managing completely different businesses—different target audiences, different pricing strategies, and different products, which may range from “simple and familiar” to “how on earth do I even use this thing?”



**What works for them won't necessarily work for you.** To make the right choice, **you need a decision framework** to compare the free-trial, freemium, and demo models. In this worksheet, we'll walk through the **MOAT framework** to help you pick the right go-to-market strategy for your business:

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**Market Strategy:** Is your go-to-market strategy dominant, disruptive, or differentiated?

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**Audience:** Do you have a top-down or bottom-up marketing strategy?

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**Ocean Conditions:** Are you in a red- or blue-ocean business?

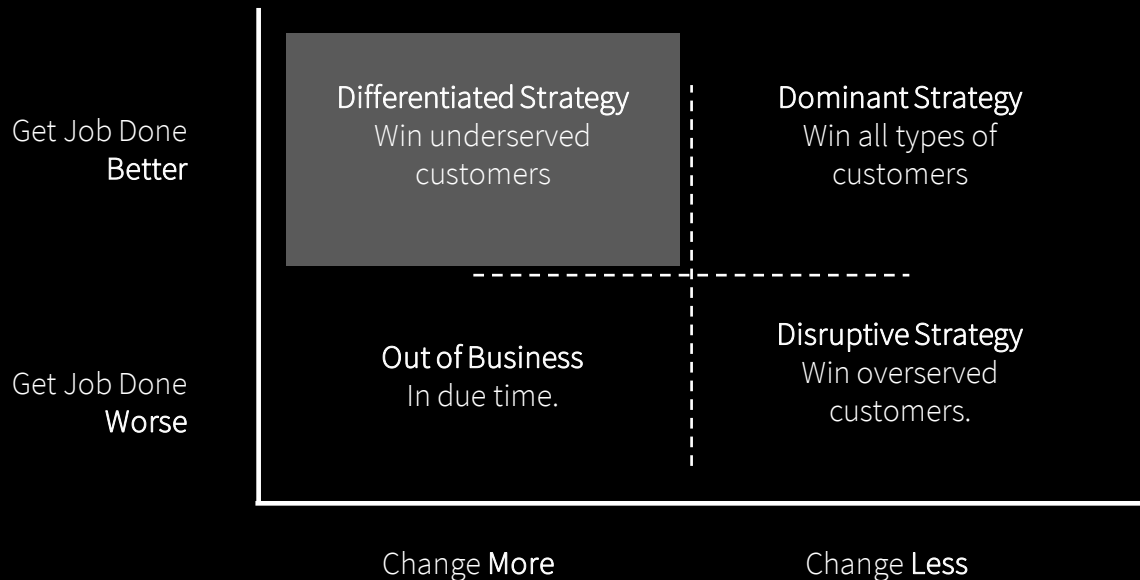
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**Time-to-value:** How fast can you showcase value?



## Step 1

# Market Strategy: Is your go-to-market strategy dominant, disruptive, or differentiated?



### Questions to ask yourself when deciding if a dominant growth strategy is right for you:

1. Is your TAM big enough to support a freemium model?
2. Does your product solve a specific job significantly better and at a lower cost than anyone else in the market?
3. Can your user realize significant ongoing value quickly with little-to-no help from company personnel?
4. Do you want to be the undisputed market leader in your category?

### Questions to ask yourself when deciding if a differentiated growth strategy is right for you:

1. Is your market composed of underserved customers?
2. What is your TAM?
3. Is your Annual Contract Value (ACV) high enough to support a low- or high-touch sales team?
4. Could your prospects experience an “Aha!” moment during a free trial?

### Questions to ask yourself when deciding if a disruptive growth strategy is right for you:

1. Is your market full of over-served customers?
2. Are you competing in a hyper-competitive market?
3. Is your market large enough to support a freemium model? (Hint: Look to your competitors to gauge the market size.)
4. Do you have the resources to support a freemium model?
5. Can your onboarding be completely self-service?

## Activity: Make a decision on your growth strategy.

By now, I want you to decide whether your product follows a dominant, differentiated, or disruptive growth strategy.

### Questions to ask yourself when deciding on your market strategy:

- 1 Do you want to offer the best solution for the lowest price? (Dominant strategy)
- 2 Do you want to offer the best-customized solution for the highest price to underserved customers? (Differentiated strategy)
- 3 Do you want to offer the simplest product for the lowest price to over-served customers? (Disruptive strategy)
- 4 Or are you planning on using a hybrid strategy?



## Step 2

# Ocean Conditions: Are You in a Red- or Blue-Ocean Business?

Here's a high-level overview of the differences between the two ocean strategies:

Red-Ocean Strategy (Harvest Demand)	Blue-Ocean Strategy (Create Demand)
Compete in existing markets.	Create uncontested market spaces.
Beat the competition.	Make the competition irrelevant.
Exploit existing demand.	Create and capture new demand.

**Red Oceans:** If you're in a red ocean, use a product-led model to widen your funnel, decrease your CAC, and expand globally. You need to grow as fast and profitably as possible.

**Blue Oceans:** If you're in a blue ocean and have a quick time-to-value in your product, use a product-led model. However, if your product is complex, start with a sales-led go-to-market strategy to educate your audience and create demand. Still, ask "when" not "if" you're going to launch a product-led arm of the business.

## Questions to ask yourself when deciding between a blue or red ocean:

- 1 Am I creating or capturing existing demand?
- 2 Does the product have a quick time-to-value?
- 3 Will a product, sales, or product-led GTM suit my business the best?



### Step 3

## Audience: Do You Have a Top-Down or Bottom-Up Selling Strategy?

### What is a top-down selling strategy?

Companies that use the top-down selling strategy: SAP, Oracle, and IBM.

Targets: Buyers

When using a top-down selling strategy, your sales team targets key decision-makers and executives. Typically, these deals include large product rollouts throughout an entire business.

### What is a bottom-up selling strategy?

Companies that use the bottom-up selling strategy: Slack, DocuSign, and Atlassian.

Targets: Users

Bottom-up selling strategies are the norm in the consumer market. Take Facebook, Twitter, or Evernote: Each created a product that can be adopted in minutes. Unlike the top-down selling strategy, where it may take months or years to close a sale (and another year to understand how to use the product), bottom-up selling strategies demand quick adoption and simplicity.

### Here's how Product-Led Growth models fit with selling strategies:

Product-Led Growth Model	Selling Strategy	Outcome
Freemium	Top-Down	Unsuccessful
Freemium	Bottom-Up	Successful
Free Trial	Top-Down	Mixed Results
Free Trial	Bottom-Up	Successful

Questions to ask yourself when deciding between a top-down or bottom-up selling approach:

- ? Are you currently targeting people who can easily use your product and experience its value?
- ? What is your ACV for each customer? Is it high enough to justify a low- or high-touch sales model?

#### Step 4

## Time-to-Value: How Fast Can You Showcase Value?

**Questions to ask yourself when deciding if you have a fast time-to-value:**

- 1 How motivated are users when they sign up for your product?
- 2 Is your product easy for your target audience to use?
- 3 Can users experience the core value of your product without hand-holding?



## Step 5

# Choose Your Product-Led Growth Model

### Questions to ask yourself when deciding your Product-Led Growth Model:

**Bold your answer** to each question below as it will help you later identify whether a free trial or freemium model will work best for your business.

Alternatively, take the [Free Trial vs Freemium Quiz](#). However, please note that some questions are weighted differently in the online quiz.

#### Stage1 - MarketStrategy

1. Is your product highly differentiated?
  - a. Yes - Free Trial point
  - b. No - Freemium point
2. Do you have an expensive solution, in comparison to your market?
  - a. Yes - Free Trial point
  - b. No - Freemium point
3. Do buyers in your market have limited options?
  - a. Yes - Free Trial point
  - b. No - Freemium point
4. Is your market overserved?
  - a. Yes - Freemium point
  - b. No - Free Trial point
5. Do you have the best product in the market and charge the least for it?
  - a. Yes - Free Trial point
  - b. No - Freemium point

#### Stage2 - Ocean Conditions

1. Are you in a hyper-competitive industry?
  - a. Yes - Free Trial point
  - b. No - Freemium point
2. Are you creating a new category for your business?
  - a. Yes - Free Trial point
  - b. No - Freemium point

#### Stage3 - Audience

1. How big is your TAM?
  - a. 5M+ - Freemium point
  - b. 0 -5M - Free Trial point
2. Are you currently targeting people who can easily use your product and experience the value of the product?
  - a. Yes - Freemium point
  - b. No - Free Trial point
3. What is your ACV for each customer?
  - a. 10-1M+ ARR - Free Trial point
  - b. Under 10k ARR - Freemium point
4. Do you currently employ a top-down marketing strategy?
  - a. Yes - Free Trial point
  - b. No - Freemium point

#### Stage4 - Time-to-value

1. Are people able to experience the core value of the product without any hand-holding?
  - a. Yes - Freemium point
  - b. No - Free Trial point

# MOAT Scorecard.

Freemium Points

Free Trial Points

Depending on your situation, you may also want to consider these hybrid options:

- 1 Hybrid Model 1: Launch a new product with a quick time-to-value
- 2 Hybrid Model 2: Go freemium, with a trial
- 3 Hybrid Model #3: Go free trial, follow with freemium



## Additional Questions To Ask Yourself.

When considering freemium:

- 1 How much will it cost to sustain a large segment of free customers? Is a freemium model scalable for your business?
- 2 Can we provide enough value for users to realise product benefits but still limit value to entice them to pay for a subscription?
- 3 How difficult is it to get started with the product? Does it require technical integration and broader organizational approval?
- 4 How will we nurture and prioritize freemium users that are ready to purchase?
- 5 Are we attracting the right kind of customer (i.e. customer in our target market with a real need, an urgency to purchase and a desire to expand the subscription?)