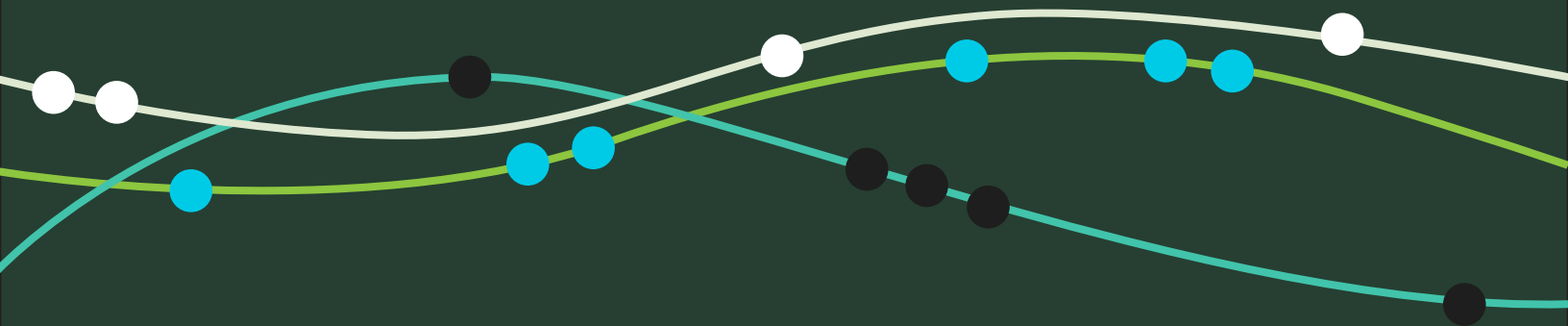


How to turn customer data requests into revenue

Learn why customers are asking for better data access, how SaaS leaders are building data sharing tools, and how much your company might be able to make from data sharing.



Introduction

In recent years, SaaS industry leaders like Stripe, Gong, LogRocket, and Zuora have successfully launched data sharing features. These features go by a wide range of names, including Data Pipeline, Streaming Export, and Data Warehouse Connector. However, they all serve the same purpose: making select customer data contained in SaaS platforms available within the customer's internal data platform.

This guide covers

1. Why SaaS leaders are launching data sharing tools?
2. Which tools SaaS leaders evaluate?
3. How to estimate how much revenue and profit your SaaS platform might generate from data sharing?

SaaS platforms create data silos

Businesses are increasingly adopting cloud-based SaaS platforms to streamline core business operations, like payments, operations, and customer relationship management. These platforms create advantages for businesses, but they also tend to create data silos for companies who use them.

The **pain** of analyzing data spread across multiple SaaS platforms

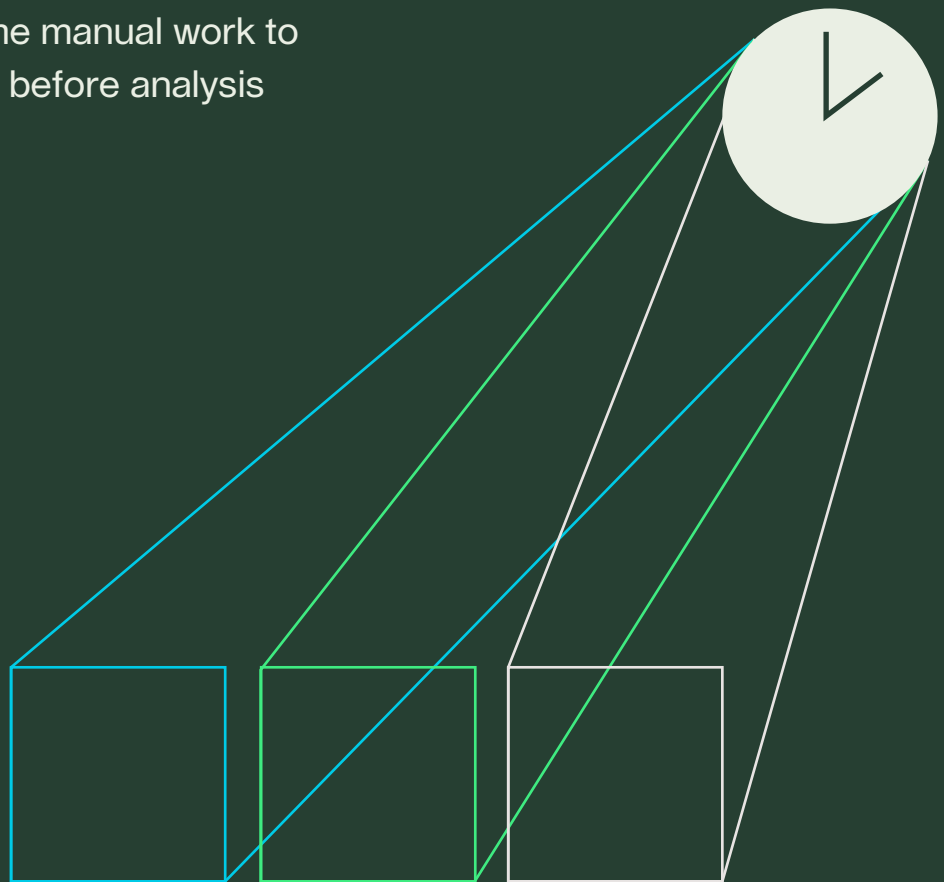
Imagine you're an analyst who needs to report on advertising effectiveness. Your company's advertising data is contained in multiple vendor platforms, customer data in a SaaS CRM platform, and payment data in a cloud-based billing system.

Why Customers Need Their Data

PROBLEM 1

Lost time

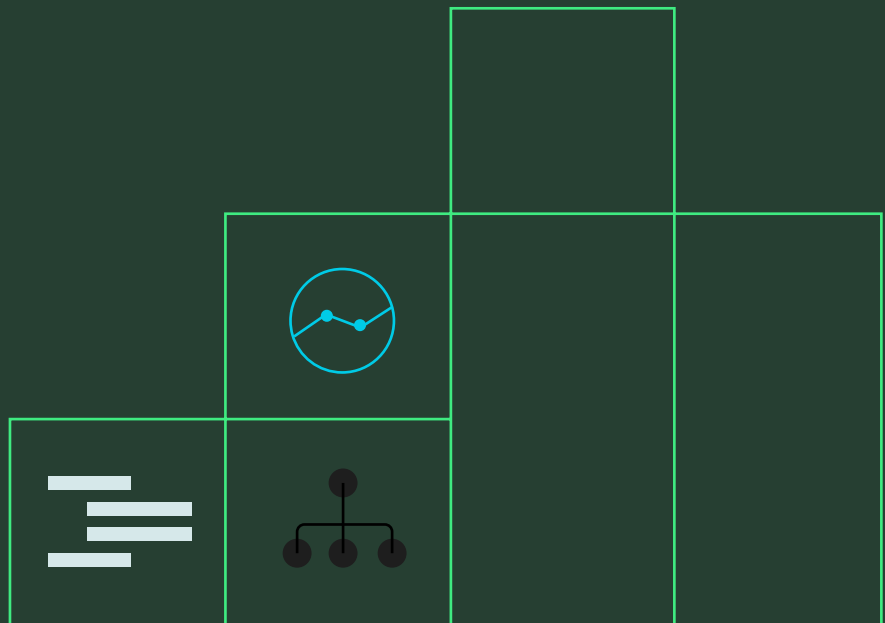
To gather the data, you'd need to access at least three systems to create your report, likely using three different methods. Then, you'd also need to do some manual work to clean and format the data before analysis could start.



PROBLEM 2

Insufficient tools

As an analyst, you're used to working with tools designed for advanced data analysis, like SQL. However, when you log into dashboards, you have to click through packaged insights, ready-made reports, and CSV downloads.



PROBLEM 3

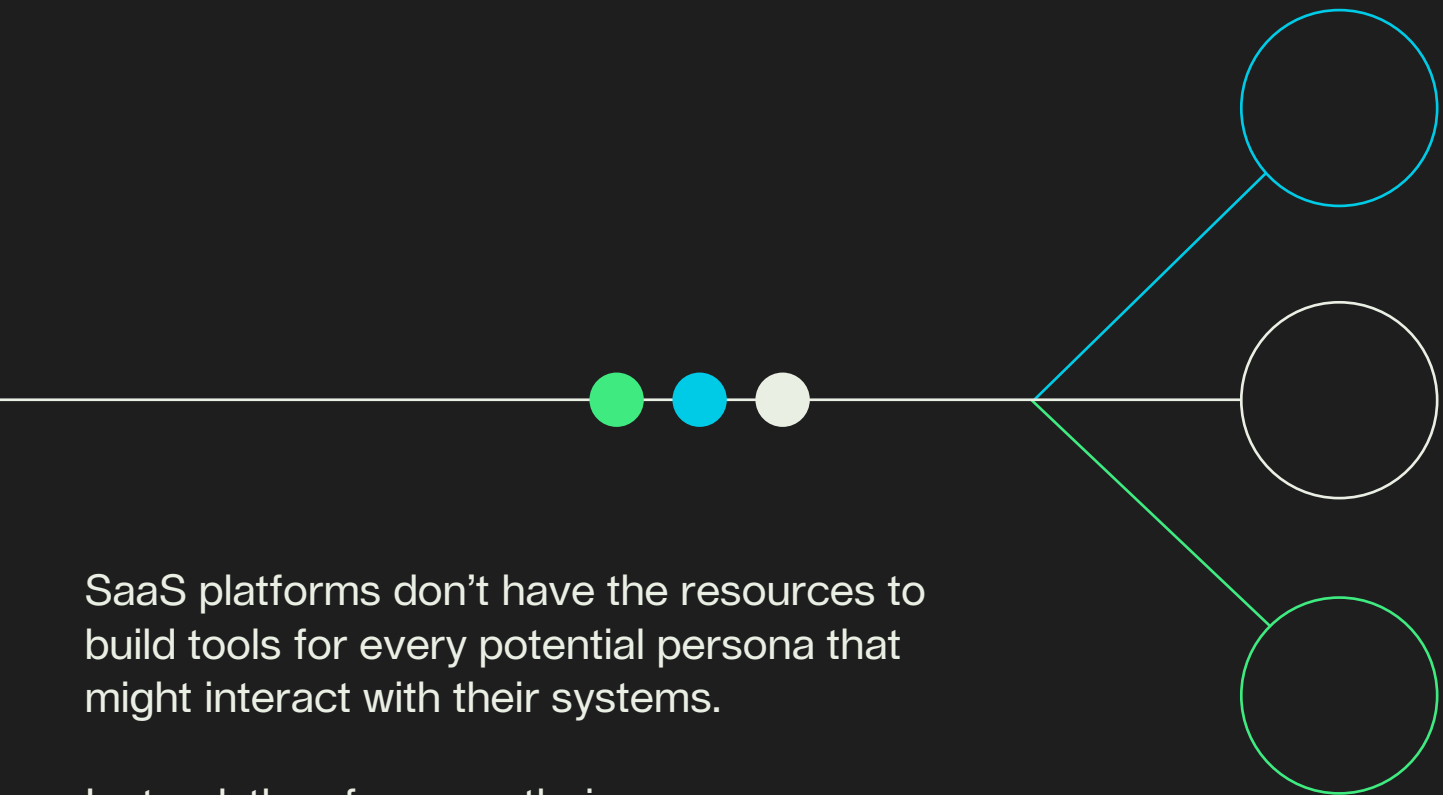
Compounding costs

Say that you need to perform this report daily and that this is just one of many reports you run daily. And you're part of a larger team that runs reports like this all day to help the business stay on track. Your employer would need to spend a lot of money to get information ready before the analysis work can start.

For businesses, the data silos that SaaS platforms create mean lost time and compounding costs. For everyone who needs to pull the data, it means doing a lot of frustratingly repetitive work before any actual work can begin.



Data tools are designed for platform users, not data analysis



SaaS platforms don't have the resources to build tools for every potential persona that might interact with their systems.

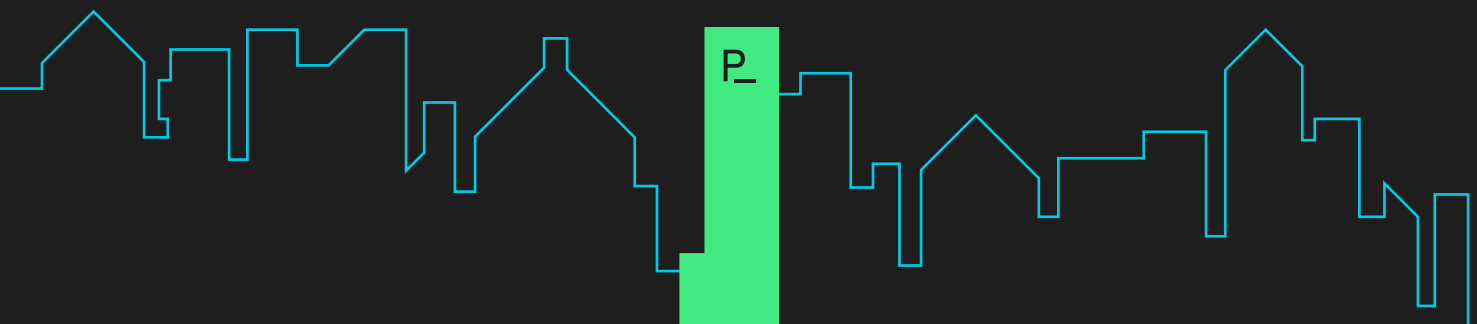
Instead, they focus on their core user personas, the handful of roles that engage with their platforms directly.

Inadequate Tools for Analysis

Beyond these core users are **dozens, if not hundreds,** of roles across companies that turn data into analysis and business strategy

Think of people in these roles as potential Platform Data Customers (PDCs) — people who need programmatic access to the data in your platform. PDCs need access to current and historical data, and if they're doing large-scale data analysis, they already know how to use the tools that job requires, like SQL, data pipelines, and data warehouses.

SaaS companies should consider these PDCs as a core user group that needs access to the data contained on their platforms.



Inadequate Tools for Analysis

Common data tools

SaaS platforms commonly provide data access through a combination of the following. These tools are helpful for platform users but insufficient for data customers engaged in large-scale data analysis.

Webhooks & API's

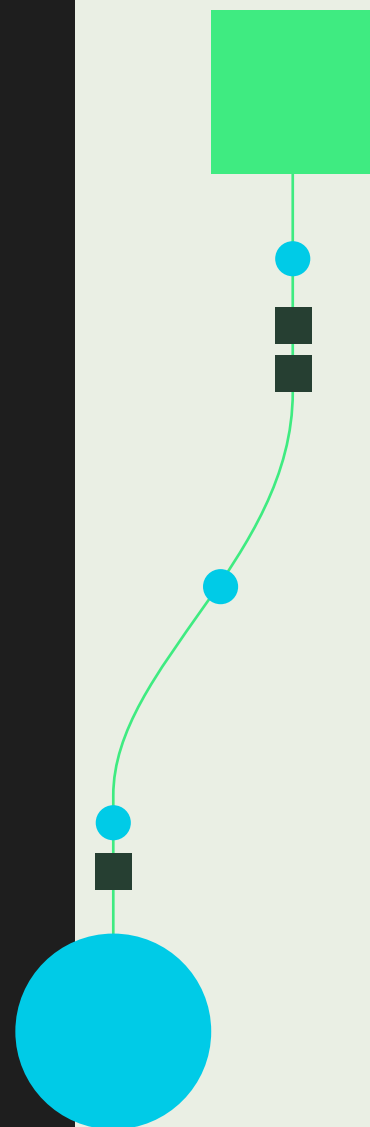
As Erica Libby, who manages Modern Treasury's data sharing product said, "Webhooks and APIs are great ways to pass event data, but they're not the best tools for diving into data sets. For instance, APIs have rate limits. Costs climb quickly (for customers) when finance wants to pull a month's worth of transactions — potentially millions of records — in a few hours."

"Another common problem with webhooks and APIs is occasional data loss on the client side due to problems with data ingestion or API calls," Libby continued. "When data is missing, we have to check multiple systems to figure out where the data loss occurred. It's a time-consuming process that ties up product, analysis, and engineering."

Prior to data sharing, LogRocket's customers "had to be able to pull data and parse it themselves. That's a lot of work," Jessica Rieger, Product Manager at LogRocket, said. "Customers shouldn't have to build a robust data ingest pipeline just to access their own data."

Dashboards & Downloads

SaaS platforms typically offer users access to dashboards that deliver insights, KPIs, and reports. Usually, these dashboards include data downloads in a variety of file formats. These tools are helpful for users, but they're not ideal for data customers across the business who need programmatic access to large data sets.



The steep costs of overlooking platform data customers



Missing Features = Missed Opportunities

SaaS companies **build, sell, and grow slower** when they don't give PDCs access to the data they need

Endless building

When SaaS companies don't offer SQL access to customer data, product and engineering teams may get requests to build every report that an analyst might ask for and in every format an analyst might need.

Slower selling

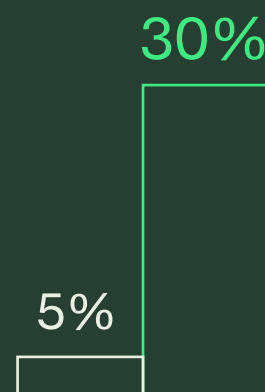
During the technical validation stage of the sales cycle, prospects will ask about data access, reporting, and integrations to serve the needs of PDCs and others across the company. When SaaS platforms don't have fully productized features (e.g., apps and connectors), the sales process slows down so engineering teams can evaluate technical capabilities.

Lost revenue

Given the high costs of manual data collection, most customers are willing to pay for better data access for their PDCs. When SaaS platforms don't have products available, they're losing out on additional revenue that might be available for capture.

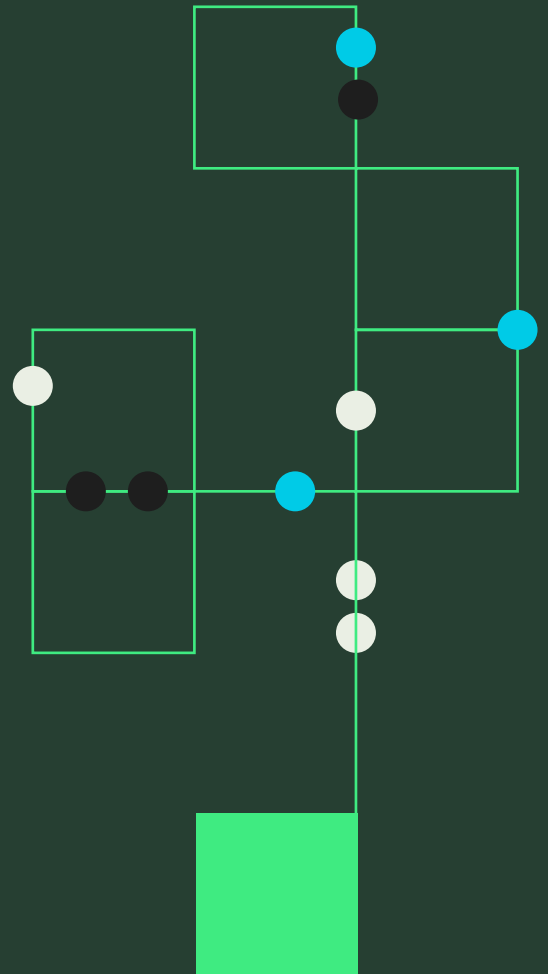
Expand revenue up to 30%

Enterprise customers are generally willing to pay an additional 5% to 30% of ACV for data sharing products.



How SaaS companies have solved this problem

We've talked to hundreds of companies considering building data sharing. Here are the options they researched and some candid considerations for each approach.

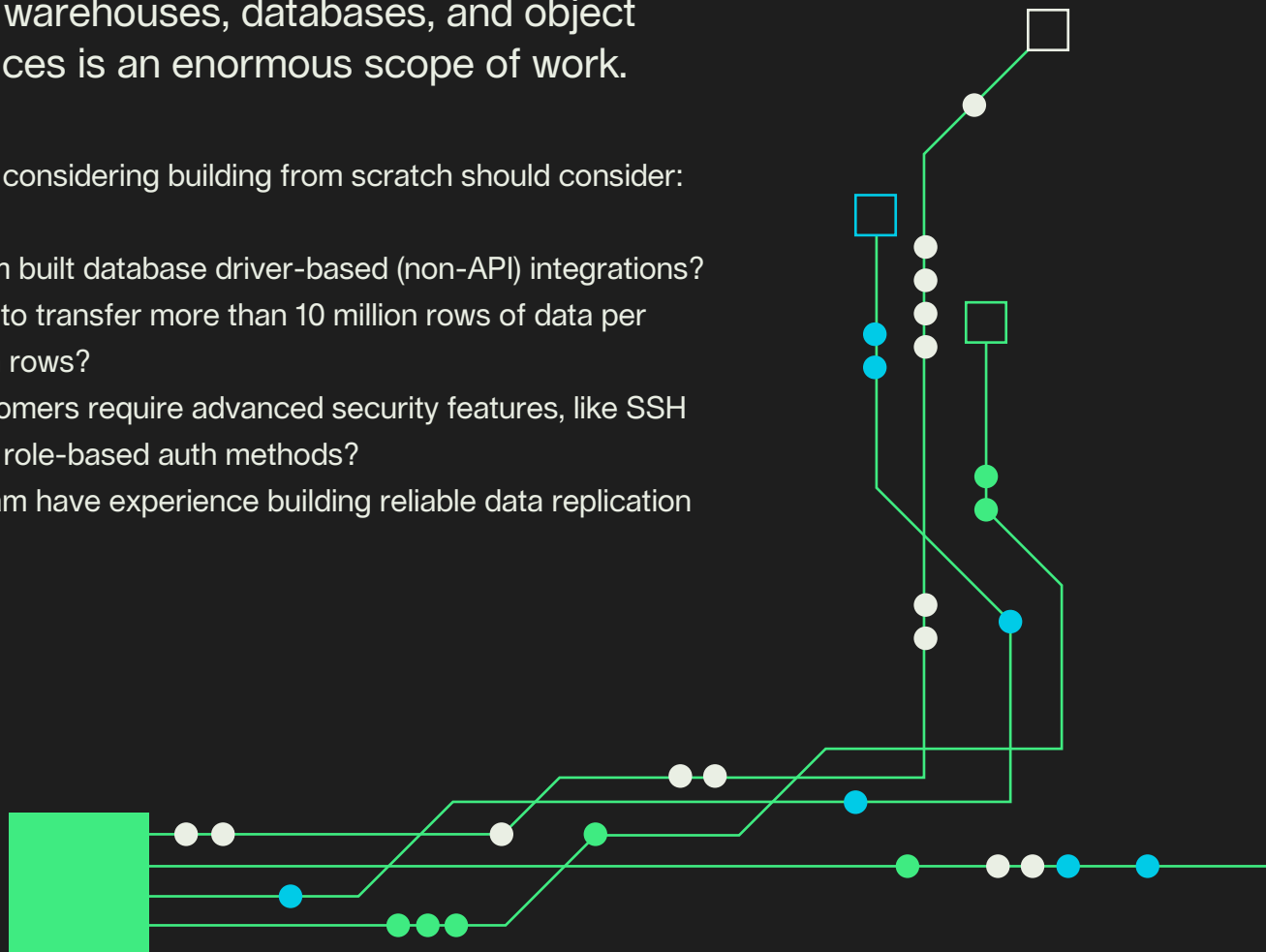


Building in-house

While building an external data pipeline may sound fun, building and maintaining connections to the most popular data warehouses, databases, and object storage services is an enormous scope of work.

SaaS companies considering building from scratch should consider:

- Has your team built database driver-based (non-API) integrations?
- Will you need to transfer more than 10 million rows of data per day? 10 billion rows?
- Will your customers require advanced security features, like SSH tunneling and role-based auth methods?
- Does your team have experience building reliable data replication at scale?



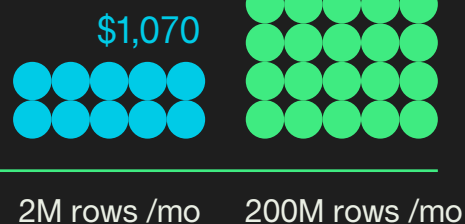
ETL automation

ETL automation platforms are an excellent way to move data around inside a company. For example, an e-commerce company may use an ETL tool to consolidate data from its shopping cart, analytics, and support systems into a single databases.

Before you consider applying to become a data source for an ETL platform, consider:

- How much data will your customers need, and how often will they need their data refreshed? ETL services have relatively low throughput. They're not a good fit for high-volume data that needs to be refreshed frequently.
- Would your company rather capture the margin you'll be handing over to the ETL vendor?

Here's an example of how much ETL vendors might charge a customer to move 2 million and 200 million rows per month.



Native sharing

Some databases and data warehouses have built-in data sharing features. SaaS platforms can use these native capabilities to offer data sharing to their customers. However, these native sharing features can only share data from one account to another. They don't share data across platforms.

Native sharing is a great way to share data between companies that use the same data platform. For example, imagine that a payment processor uses native sharing to offer its customers access to real-time and historical payment data. Its customer, a global restaurant chain, uses the processor's data sharing feature to give each franchise access to its payment data.

If your customers are likely to use a variety of data platforms, this approach may not be the best fit.

In our experience, SaaS platforms need to support at least seven data platforms to share data with the majority of their customers.

Prequel's data sharing platform

Prequel was founded to help SaaS companies share data with their customers. Prequel's Data Sharing Platform is the only product that allows SaaS companies to:

Support every customer on every platform

Prequel connects to the most popular data warehouses, databases, and object storage services, more than 20 in all, including BigQuery, Snowflake, Databricks, Postgres, and Redshift.

Update large datasets quickly

Our platform is designed for high-volume data sharing. It can update up to 100M rows of data every 15 minutes for each destination.

Onboard customers in minutes

Customers sign up in a couple of clicks using a white-labeled interaction. They can choose which tables they want to receive and how often they want their data updated.

Deliver an enterprise-class data product

Our platform includes everything SaaS companies need to deliver a thoughtfully designed experience to their customers, along with the tools and expert support internal teams need to be successful.

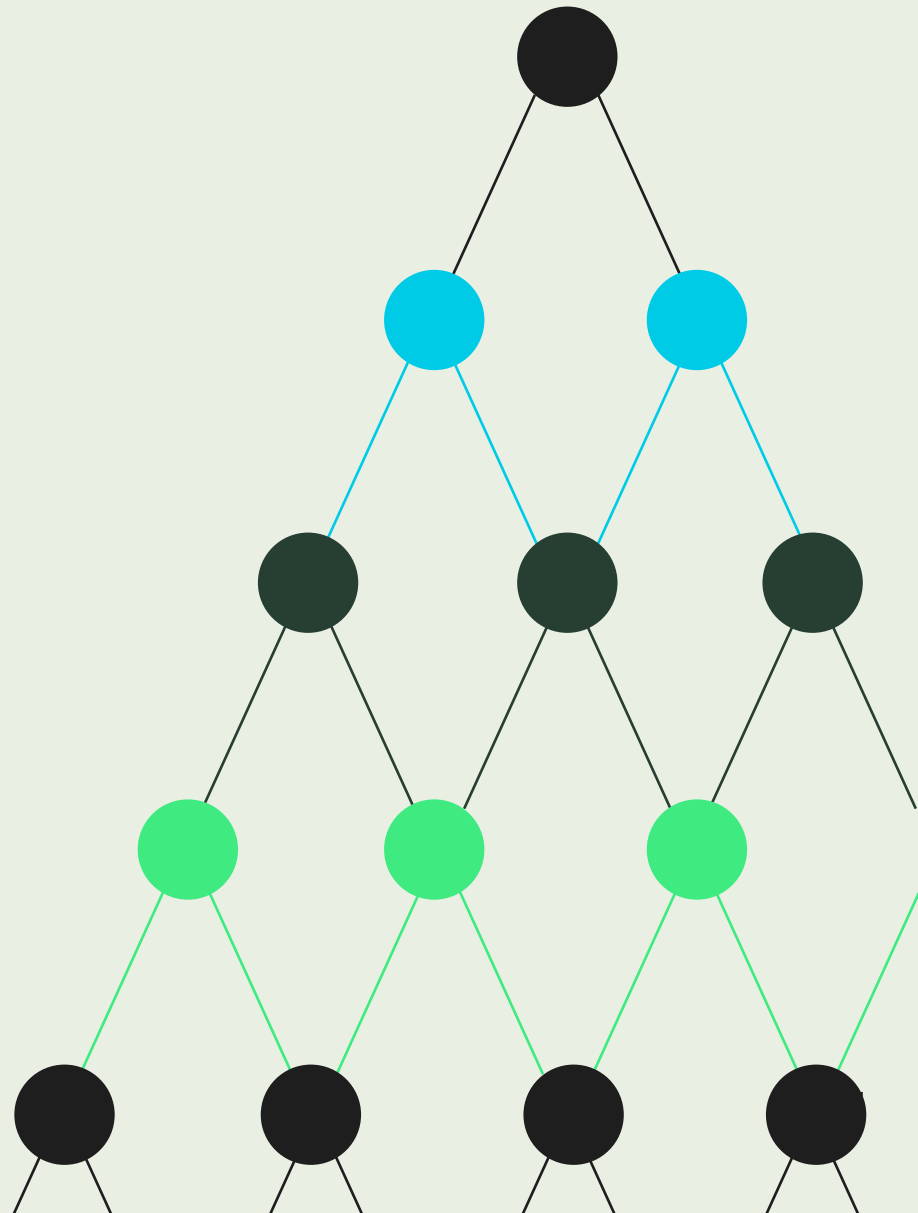
Launch in as little as one day

Prequel can be set up in less than a day. All you need to do is select your data source, outline the data you'd like to share, run a test, and go live.

"We spent a total of 7 hours in one day to get Prequel up and running. It was a 24 hour turnaround from onboarding to sending data to our first data destination."

-Allen Cunningham
Data Engineering Lead at PostScript

How much can SaaS companies make from data sharing?

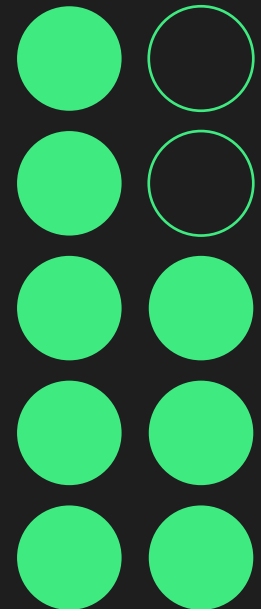


Revenue

How many customers will be interested?

Up to 80% of your enterprise customers may be interested in data sharing, as well as some of your larger mid-market customers who have a variety of PDCs, sophisticated data infrastructure, and data-driven cultures.

80%

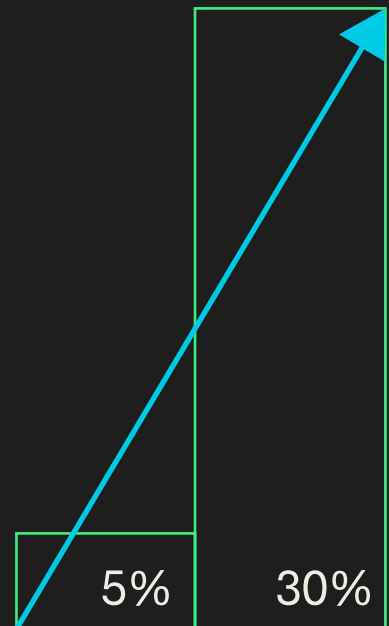


Revenue

How much can you charge?

The price range for data sharing products is roughly 5% - 30% of the annual contract value.

Willingness to pay is tied to the value of the data. For instance, if your customer needs access to your data to process orders or maintain compliance, you'll be able to charge more. If, on the other hand, you're sharing less crucial data, you'll need to charge less.



Expenses

How much does data sharing cost?

With Prequel, your costs will likely be between 10% and 30% of expected revenue, allowing your business to outsource data sharing while maintaining software industry margins. We offer destination-based pricing instead of row-based pricing so that your revenue and expense models remain in alignment and expenses remain predictable.

For more information, please reach out to hello@prequel.co or [set up a time to talk](#).

See how much your company can make from data sharing



Are you ready to turn customer data requests into revenue?

You're not alone. Some of the biggest SaaS innovators are working on data sharing right now. Why get bogged down in data requests when you can turn on data sharing, provide a better experience to customers, and drive additional revenue for your company?

Schedule a Demo

See how Prequel helps SaaS leaders like Zuora, LogRocket, and Gong who use Prequel to share billions of rows of data with their customers.

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