Pay-per-use is an economically beneficial pricing model for many consumers segments due to the avoidance of upfront lump-sum payments and the following depreciation / obsolescence of the purchased good.
Knowing of the benefits of this innovation tactic, clever innovators can study how other industries have solved its key challenges. The challenges are very similar across very different industries (e.g. distribution, transaction and asset management).

Utilities

Consumption-based pricing was the legacy pricing model for utilities enabled by

- **Distribution:** low cost via government-funded infrastructure
- **Transactions:** business to consumer (if privatised)
- **Asset management:** consumer-owned assets are to be purchased (e.g. handheld, metering)

Software

With *reliable low-cost distribution at no increased piracy risk*, monthly subscriptions pricing models were introduced

- **Distribution:** low cost via fast-speed, broadband internet
- **Transactions:** Direct business to consumer (*intermediaries eliminated*)
- **Asset management:** direct licence, piracy control, regular updates

Car sharing

With *location-specific, wireless technologies*, the pricing model could be extended to *mobile* physical goods, incl cars

- **Distribution:** low cost (compared to car rental); location-specific
- **Transactions:** mobile, real-time, business to consumer
- **Asset management:** GPS, wireless, security, user accountability

Worksheet - Pay-per-use business model

Take action now & boost your innovation skills:

1. Which offerings of your company may be suited for a pay-per-use business model? Consider all your products & services (not just your main ones).

2. How can you solve the key challenges for your product/service associated with this pricing model?

Find the article under: *http://www.innovationtactics.com/pay-per-use-business-model/*

Notes - Pay-per-use business model

Date: