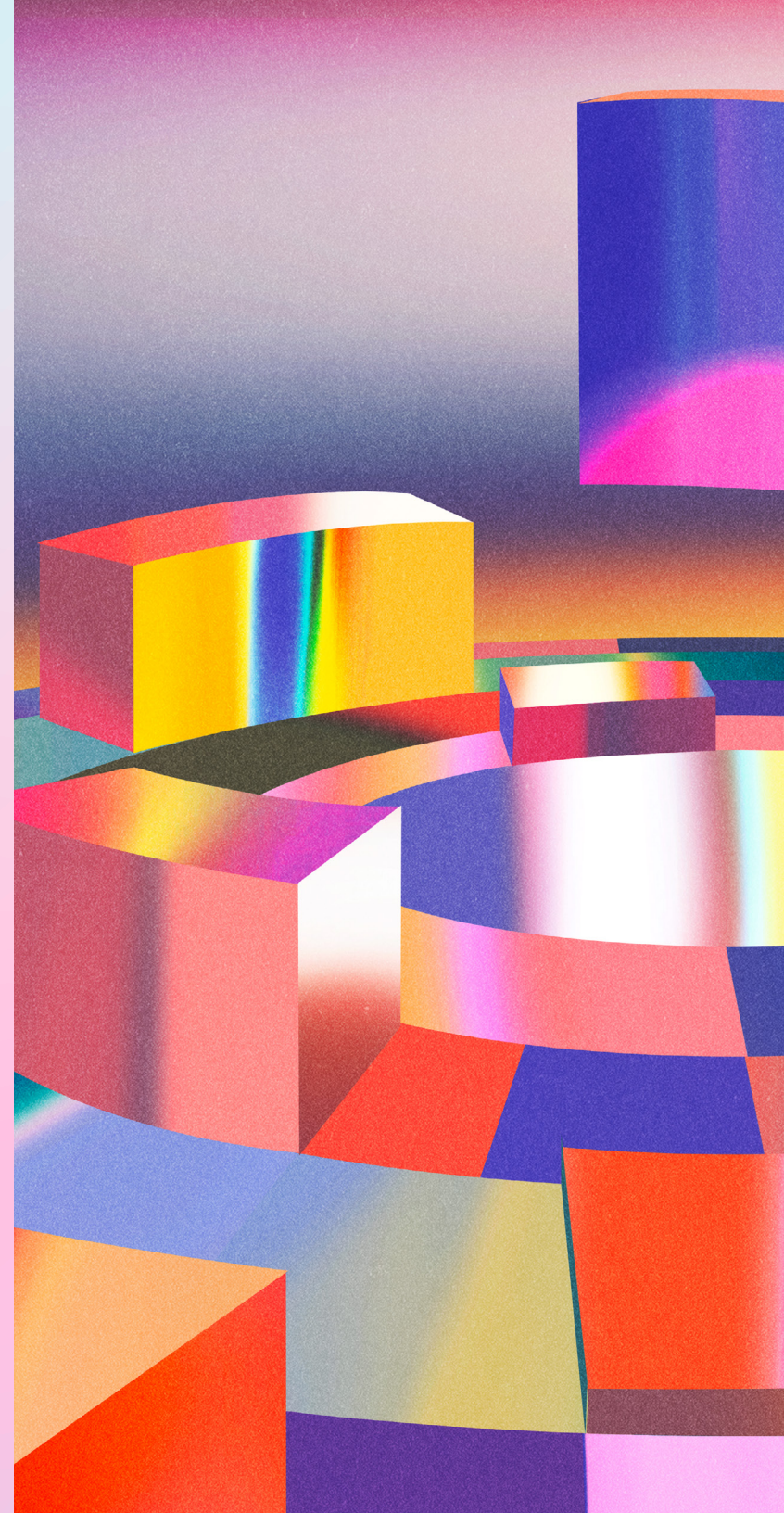




EBOOK

Product-led growth in the AI-era

How software and technology
leaders are driving customer
retention and growth



Introduction

For your software or technology company to thrive in this AI-era, your business is going to need to innovate faster and respond to changing customer needs with greater agility. Ultimately, your success will hinge in large part on your ability to tap into all your data and harness generative AI to meet the quickly evolving needs of the market. Of course, there are a lot of factors to navigate as you transform your business to maintain your competitiveness – everything will be impacted, from the technology you implement to the people you hire and the way you organize and run your business.

While we, at AWS, have a lot to offer to help you in almost every part of your business at every phase of your journey, this ebook focuses on how to unleash generative AI and your data to bring to market the applications and services that will help you grow your revenue and market share. It will explore how to:

- Embrace product-led growth
- Build the right products
- Pay attention to customer churn
- Price to win



63%

of CEOs said that 2025 is
the year of revenue.

[PWC](#)

Embrace product-led growth

Increasingly software and technology companies are moving to product-led growth (PLG) strategies, marking a shift from traditional sales tactics to product-centric promotions. Essentially, the product itself is the primary engine for user acquisition, engagement, retention, and ultimately revenue growth.

66%

of SaaS companies reported that they were adopting PLG strategies as a core part of their growth models.

[Product-Led Institute](#)

70%

of new SaaS startups are built with a PLG model from the outset.

[Product-Led Institute](#)

2-3x

faster revenue growth is seen by companies employing a product-led approach versus those relying solely on sales-led models.

[OpenView](#)

To succeed, your product has to be easy for customers to use and quickly understand its benefits without needing a lot of handholding or extensive time with sales and marketing. Typically, the use of free tiers, self-service models, or trial experiences jumpstarts the sales cycle, getting the product into the hands of customers, so they can immediately see the value.

Robust online marketplaces, like [AWS Marketplace](#), are a good source of leads to fuel PLG strategies. They can help you increase awareness for your products and reach potential customers with specific offerings. Often these marketplaces are organized to help customers discover and then quickly and safely implement new solutions, providing guidance and standardization that removes the hassle and uncertainty that customers (or maybe its “prospects”) may normally associate with a new product.

“To drive PLG, we have data scientists embedded as part of our sales teams. They provide advice and expertise, doing use case discovery and proof of value (PoV) to develop joint successes. We focus on who the buying group is and what the value is for them, so we can make sure we are showing that.”

Prajakta Damle,

SVP of Product, DataRobotⁱ

 DataRobot

“We see Marketplace as a transacting mechanism – a place for us to drive private offers – but we also see our partnership with AWS as a way to upsell, cross-sell customers. It helps us find ways to elevate ourselves into product centers we normally wouldn’t be in. We then have targeted, intent-driven sales teams looking to jumping on these opportunities to acquire net new logos efficiently because one of the biggest drivers of cost and margin erosion is customer acquisition.”

Anshuman Didwania,

VP of Hyperscalers, ServiceNowⁱⁱ

 servicenow

Build the right products

Companies that are laser focused on what customers want and able to demonstrate how they deliver in a very short period of time will likely be the winners. As we watch AI and automation unfold, customers are increasingly looking for the applications and services that don't just finish tasks, but rather operate autonomously to anticipate and complete what will be needed (agentic AI solutions).

\$5.1 billion

was the value of the agentic AI market in 2024.

[Statista](#)

\$47.1 billion

by 2030 is the predicted growth of agentic AI, at a 44.8% CAGR from 2024–2030.

[LitslinkMarketsandMarkets](#)

33%

of enterprise software applications are expected to have Agentic AI built in by 2028, up from less than 1% in 2024.

[Digital Defynd](#)



The R&D investment required to build these new agentic capabilities will likely be one of the most expensive investments you make, so you want to make sure that money goes to innovation, not waste. For instance, you don't want your engineers dealing with incidents or maintenance, you want them focused on creating value. If you have the right tooling, you can unleash velocity, but you have to measure everything.

And you want to make sure that what you build is something that customers need and have a budget for. This requires laser-focused, upfront research to define and understand your target customers. You can focus on different personas or types of companies (e.g., market, size, structure) that will drive your growth.

"As an R&D team we are focused on looking at different functional needs, such as for our CMO or CTO, and then building repeatable applications that can be deployed into production environments to drive efficiencies and productivity."

Prajakta Damle,
SVP of Product, DataRobotⁱⁱⁱ
 DataRobot

"We have a dedicated growth team for finding and working with those smaller customers, who could end up being our future leaders and hyperscalers, to help them succeed. We optimize for growth with data. We actually carry the self-service growth goal in our product team. We have handoffs for product qualified leads (PQLs), which our growth team takes and runs with to prove the use case. Then, once proven, we kick it back to self-service. We believe services should be for new use cases – they shouldn't be a crutch for a product that is difficult to use. We want line of sight to margin and creative growth."

Claire Vo,
CPO, LaunchDarkly^{iv}

LaunchDarkly ➔

Pay attention to customer churn

Building the right products will play a big role in your growth potential, but don't overlook the impact of churn. If you're trying to drive double-digit revenue growth, but you have a typical churn rate of 10%, you'll have to hit an even higher sales target. If you build products right, you can reduce churn, and if you address what drives churn, you will build better products.

To reduce churn, you first have to understand it. This requires gathering as many different kinds of data as you can to generate product improvements and innovations. Some data sources to mine include:

- **Usage metrics:** see what capabilities and behaviors impact customer preference. For instance, one software company in the FinTech space found if people customize at least five things in the application, it's a sign they'll stay with it; another company uncovered that people who used the service only once or twice a month, or exported its data to another system, considered it a tool, not an essential part of their workflow and were more likely to leave. Make sure you are tracking and mining information across all applicable channels (web, mobile, etc.) to help you double down on the capabilities that drive loyalty.
- **Service tickets:** identify problems with the application or service that should be addressed. You want to make sure you have a workflow to feed insights from your service/IT desk back into your product development teams, so it can be incorporated into product plans and functionality.
- **Customer stats** (pulled from CSAT scores, CRMs, meetings, events, trainings, upgrades, etc.): inform SaaS roadmaps and uncover ideas you may not have thought of before. For instance, if you can attribute higher CSAT to a specific implementation partner, you can dig into what that partner is doing and productize it to benefit future customers. Or if you can pull data out of your CRM system, customer advisory boards, or survey tools you may find emerging edge cases with growing applicability. Or if you can find out from your deal desk when customers are pushing back on renewals, and why, you can build capabilities that head off issues and increase stickiness.

It's important to inventory all the signals you have available, identify any gaps in the customer journey, and then figure out how to fill them, so you have a clear picture of what your customers do and don't like about your product. With so much potential data to collect and analyze, AI will be necessary to help you automate as much as possible. Finally, you will want to share any insights you gain widely to drive change and increase success. Make sure to overcommunicate, break down silos, and get everyone involved in the product planning. Chief revenue officers are under pressure, so they'll welcome your partnership to reduce churn, which is one of their biggest challenges.

Price to win

Make sure your products are priced to win. This will likely mean adopting consumption-based pricing (CBP) structures. These models address the increasing costs your business incurs as you incorporate or deliver generative AI-powered products and services. Every generative AI query consumes compute resources that you need to pay for – CBP builds those costs into your models, charging customers for what they use, to keep your operations sustainable.

It can be tricky to get the consumption meter right – you can price based on consumption or the outcomes or value your product creates:

- **Pricing based on consumption:** can charge for capacity (\$ per GB of storage or \$ per compute hour), activities (\$ per API call of an agent or \$ per query), or work units (\$ per chat managed, \$ per lead sourced). While straight capacity is the easiest to figure out, it is also the hardest to extract additional value from – it is what it is and there's not a lot of wiggle room. Activities and work units, however, offer more potential to charge and receive more revenue for more volume, regardless of outcomes.
- **Pricing based on outcomes:** can charge for KPIs (\$ per autonomously resolved chat or \$ per lead converted to opportunity) or dollar value created (% of revenue generated or % of cost reductions realized). These offer the biggest potential upside for companies, but also the biggest operational challenges. There is a lot of complexity to figure out, as you navigate a lot of moving parts that may be partially owned by your customers and put metering and cross-functional processes in place to ensure everyone gets what they are due.



60%

of companies are currently either fully implementing or experimenting with CBP.

[Revvana](#)

Currently, many software and technology companies are adopting hybrid pricing models that combine seats, features, and consumption elements as they work to get the tooling and metering right. In the future, we expect more outcome-based pricing will give you the measurable revenue and retention gains you are looking for to grow your business.

Not one size fits all: getting the consumption meter right

Archetype	Meter type		
Output/Value based	Dollar value created	↑ HIGH	↑ HIGH
	KPI/outputs based		
Consumption based	Work units	↓ Operational complexity LOW	↓ Upside potential LOW
	Activities		
	Capacity		



AWS helps you harness the potential of generative AI

With enterprise-grade security and privacy, access to leading FMs, and a broad array of services, tools and applications, AWS makes it easy to adopt, build, and scale generative AI to meet the needs of your use cases and customers. Please reach out for more information on how we can support you in your generative AI journey and create differential value for your products that set you up to compete and succeed.

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with our experts to help you begin or accelerate your generative AI journey

- i. Source: Panel Discussion, “Accelerating Profitable Growth with SaaS”, during an AWS for Software Companies Executive Forum, Feb. 20, 2025, in Palo Alto, CA. Listen to podcast: <https://art19.com/shows/aws-for-software-companies-podcast/episodes/95d0f0a4-5eea-48b7-a08a-78d1436f2af3>
- ii. Source: Panel Discussion, “Accelerating Profitable Growth with SaaS”, during an AWS for Software Companies Executive Forum, Feb. 20, 2025, in Palo Alto, CA. Listen to podcast: <https://art19.com/shows/aws-for-software-companies-podcast/episodes/95d0f0a4-5eea-48b7-a08a-78d1436f2af3>
- iii. Source: Panel Discussion, “Accelerating Profitable Growth with SaaS”, during an AWS for Software Companies Executive Forum, Feb. 20, 2025, in Palo Alto, CA. Listen to podcast: <https://art19.com/shows/aws-for-software-companies-podcast/episodes/95d0f0a4-5eea-48b7-a08a-78d1436f2af3>
- iv. Source: Panel Discussion, “Accelerating Profitable Growth with SaaS”, during an AWS for Software Companies Executive Forum, Feb. 20, 2025, in Palo Alto, CA. Listen to podcast: <https://art19.com/shows/aws-for-software-companies-podcast/episodes/95d0f0a4-5eea-48b7-a08a-78d1436f2af3>
- v. Source: Presented by Jonathan Shulman, Senior Partner, McKinsey and Company, in the keynote “Market Trends in the Software Industry,” at the AWS for Software Companies Executive Forum at re:Invent, in Las Vegas, November 2024. Listen to podcast: <https://art19.com/shows/aws-for-software-companies-podcast/episodes/41ef5b01-b818-48c1-87fb-bbd0c7c8453d>