



Dear Friend,

Welcome to the second edition of *The Krehbiel Letter*, in which I provide **useful thoughts on publishing technology**, with occasional anecdotes and insights about content and related issues. Please pass this along to anyone who might find it useful.

If you would like to be added to (or removed from) the distribution list, please contact me at greg@krehbielgroup.com.

Best,

Greg Krehbiel

How Much Does a CDP Cost?

I get this question pretty frequently.

If you're one of those shoppers (like me) who looks at the price first, investigating Customer Data Platforms is going to frustrate you. The best answer to "how much does a CDP cost?" is "it depends." But don't worry. I will give you some general ideas.

The pricing question is complicated for two reasons.

1. CDPs do different sorts of things.
2. CDPs have different "origin stories," and their pricing is often a relic of what they used to be and do.

A CDP that started off as an email service provider might base its price on **events**, like page views, clicks, emails sent, etc.

A CDP that used to be an analytics platform might base its price on **total web traffic**, while a CDP that used to be a data warehouse might set its price by **how many profiles are under management**.

There are lots of other price models, including ...

- By "known" profiles
- By the size of the user database
- By API calls and the volume of incoming data
- By the components used, like the data clean room, or the built-in ESP.

You're going to have to get a custom quote from each vendor on your list. But the quote doesn't tell the whole story.

Why the CDP's Origin Story Matters

Most CDPs started off as something else and added or acquired functionality to become a full-fledged CDP. (MarTech defines a CDP as a marketer-managed system designed to collect customer data from all sources, normalize it and build unique, unified profiles of each individual customer. The result is a persistent, unified customer database that shares data with other marketing technology systems.)

Knowing a CDP's origin story is very important, not only because of its possible relationship to price, but because it will give you insights into the company's culture, biases, and how they're likely to view their work and their services. If there's a conflict, it can become a hidden cost in added development time and workarounds.

A good fit can be better than a good price. The CDP that has experience in your business and in your industry is going to do better for you in the long run.

The "Best of Breed" Decision

A company that is considering a CDP probably already has a solution for *some* of what the CDP offers. For example, the company might already have a service to manage a paywall, which most CDPs can also do. This is where you run into the "best-of-breed" vs. Swiss Army Knife problem.

Some CDPs stick to a narrow focus. They provide a consistent, single view of the customer (which is a myth, but never mind that for now). Such CDPs leave it to other services to send emails, cleanse data, create interactions on the website, build forms, provide content recommendations, and so on. They consider themselves "best-of-breed" in their narrow focus, and they expect you to use other solutions for those other requirements.

The Swiss Army Knife CDP tries to incorporate some or all of these other functions into their service.

A potential problem with the Swiss Army Knife model is that its version of some function or service will almost certainly not be as good as the offering from another company that is exclusively dedicated to that function or service – just as the can opener on a Swiss Army Knife isn't the best can opener, but it's the one you have in your pocket.

There's no simple solution to this equation. It's tempting to think that the best answer is to use only the best-of-breed solution for every function, but – aside from the fact that "good enough" is often good enough – that can get impractical.

- There's no guarantee all these services will play well together.
- Signing with all those companies might be prohibitively expensive.
- There's no guarantee these other companies won't merge, change their focus, or go out of business.
- What's best-of-breed today won't be best-of-breed tomorrow.

All of this is relevant to pricing because **the cost of the CDP isn't only what they quote you.** You also have to consider what you can save by eliminating duplicative services (provided you can get out of the contract), or what you might have to add to get all the functions you need.

For example, a CDP that has its own email service provider might save you the money you're currently spending on an ESP. Or, on the other side of the ledger, a CDP that doesn't have a clean integration with an essential service might result in development or middleware costs.

Start with Use Cases

These and many other factors add complexity to CDP pricing. It depends on your size and the services you're looking for, which is why you have to start the process by developing use cases. What are you going to do with a CDP and what return on investment are you hoping to get? Documenting these cases will help you make a list of all the functions you require.

With use cases in hand, you can add and subtract costs from a CDP bid based on what current services you can discard and what additional services you'll need.

Please, Just Tell Me a Price

The minimum investment is about \$5,000/month, and it will go up from there based on volume and so on, as I've mentioned above. It's quite easy to get into multiples of six figures annually, or more, so you should only invest in a CDP if your use cases are likely to result in substantial savings or additional revenue.

If the price tag scares you, don't let that stop you from doing a little investigating. You might not need a full CDP. By working on your use cases, and considering what functions are required to make them happen, you might discover things you can build yourself, or some "not quite CDP" solutions that solve your requirements.

The best thing about considering a CDP is that it requires you to think about what you're doing, why, and what benefit those current or potential activities would bring to your company and your customer. That exercise can sharpen your focus, and you might discover revenue opportunities that make the price sting a little less.

Can you swat a bug with that "magazine"?

If it's not ink on a page, it's not a magazine.

Some people get bent out of shape when I say this. They assume I'm being a Luddite, or expressing a dislike of digital publications. Neither is true, as I'll demonstrate.

In the same way that a magazine is ink on paper, a news app or website is not a newspaper, anything you can send by email is not a newsletter, and text you can read on your phone is not a book.

I know there are a lot of publishers who refer to a digital magazine as a magazine, and a digital newsletter as a newsletter. I respect their ideas and their experience in the industry, but in this case, they're making a mistake. First, they're inviting confusion. Second, they're limiting product creativity.

I've worked with companies that have both print and digital newsletters and magazines, and *people are constantly getting them confused*. It can be annoying, especially because there's a very simple fix.

Use different words for different things. And they are most definitely different things.

People have mostly adopted the book/e-book distinction, as illustrated by a recent headline from Bo Sacks: "Penguin Random House wants you to get off your phone and read a book for once."

In other words, an e-book on your Kindle app is not a "book." It's an e-book.

Use e-book, e-newsletter, and e-magazine to refer to a digital product. I'll admit that e-newspaper sounds a little weird, but we'll get over it. The other alternative is to toss "digital" everywhere, but that gets wordy and unwieldy.

This is about being precise with words so we can speak clearly, but it's not only about that. It also impacts revenue and product.

For example, let's imagine someone wanted to make the best possible edition of *The Hobbit*. What would it look like?

It would be bound in leather. The title and author would be stamped in gold foil, and a full-color image would shine out of an inset on the front cover. The spine would resemble a dragon's scales. The paper would be thick, and have an ancient, almost parchment-like quality. Or maybe it is parchment. The book would be full of images, always set on the page opposite the relevant text. Some of the images would be oversized, and they would fold out in full color, on glossy paper. A fold-out map would be attached inside the back cover, and there would be a silk ribbon for a bookmark. QR codes lead to audio guides to correct pronunciations and additional information.

How much of that translates to an e-book? Some, but not most. But an e-book offers other possibilities. You can hyperlink text. You can allow readers to share comments, or to ask questions.

I hope the point is obvious. There are ways to make a fantastic print product, and there are ways to make a fantastic digital product, and they require different thinking. Reducing it all down to "book" means you'll probably pick only what's common to both formats, which will make the book and the e-book a poorer experience.

The same can be said for newsletters and newspapers, but especially for magazines.

A magazine can have scented pages, blow-in cards, and tear-out coupons. You can write in it. You can put it on your coffee table. You can read it in the tub without fear of destroying an expensive electronic gadget, and you can flip its pages on Amtrak even when the WiFi is awful. An e-magazine can't do those things, but it can have audio, video, and discussion boards. You can also track which pages people read in your e-magazine. An e-magazine isn't limited by issues, by a single production date, or by printing and mailing delays. And subscribers can search.

If you think of it as "a magazine," you might do the print edition first, then convert it into a "digital edition," or you might be the really hip "digital first" company and create a print edition from the digital content, but in neither case are you likely to capitalize on all the cool things you could do with this product.

By thinking of your digital product as a "magazine," you're limiting it.

What I'm proposing is the furthest thing possible from Luddism, or being down on digital publications. I'm saying we should set print and digital free from outdated thinking and make both of them the best they can be. One way to facilitate that is to stop calling them by the same words. Create an environment where words are precise, and where product creativity can be maximized.



Hey Google! Don't try to protect me against disinformation!

Curating content to be relevant to me is a nice service. Trying to protect me against things Google doesn't want me to know is paternalistic nonsense. We can't allow the fringe cases to set the agenda for how we access information. A free society can't allow social media companies to decide what we can and can't see. Liberate the search results! (Use the QR code on the left to hear me opine on the issue. And please leave a comment!)