AI PRODUCT MANAGEMENT 2 · DETAILED COURSE

# AI Product Strategy and Monetisation

Finding AI opportunities, deciding how to build them, and making them commercially sound.

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CHAPTER 20

# AI Product Strategy and Monetisation

Finding AI opportunities, deciding how to build them, and making them commercially sound.

## Identifying AI Product Opportunities

**Look for frequent, costly tasks involving language, patterns or judgement where partial automation helps.**

Look for frequent, costly tasks involving language, patterns or judgement where partial automation helps. The best opportunities also have data available and a clear person who gains.

## AI Opportunity Assessment

**Scoring a use case on value, feasibility, data readiness, risk and cost before committing.**

Score a use case on value, feasibility, data readiness, risk and cost before committing. Decide quickly which opportunities need a prototype and which should be dropped.

## AI Product-Market Fit

**Evidence that users rely on the AI feature for real outcomes, seen in repeat use and willingness to pay.**

Evidence that users rely on the AI feature for real outcomes: repeat use, measurable time saved and willingness to pay. Novelty use fades; reliance does not.

## Build vs Buy vs Partner

**Decide by differentiation, speed, cost, control and data sensitivity.**

Decide by differentiation, speed, cost, control and data sensitivity. Build what makes you different, buy commodity capability and partner when you need speed or expertise.

## AI Business Models

**Seat-based, usage-based, outcome-based, add-on and platform models, each with different margins and risks.**

Seat-based, usage-based, outcome-based, add-on and platform models each have different margins and risks. Usage-based models protect margin when costs scale, but they make revenue less predictable.

## AI Product Pricing

**Price to value delivered while covering variable inference cost, with tiers and limits.**

Price to the value delivered while covering variable inference cost. Tiers and usage limits keep heavy users from eroding margin.

### Usage-Based Pricing

**Charging by tokens, requests, tasks or outcomes, matching revenue to cost.**

Charge by tokens, requests, tasks or outcomes, so revenue follows cost. Customers need a clear way to estimate and control their spend.

### Subscription Monetisation

**Fixed plans with usage allowances, simple to buy but sensitive to heavy users.**

Fixed plans with usage allowances are simple to buy but sensitive to heavy users. Monitor cost per plan so a small group of heavy users does not make a plan unprofitable.

### Enterprise AI Monetisation

**Contracts, platform fees, integrations and services for large customers, often with security reviews.**

Large customers pay through contracts, platform fees, integrations and services, often after security reviews. Price in the cost of those reviews and of custom integration.

### AI Unit Economics

**Margin per user or task after inference, data, support and infrastructure costs.**

Margin per user or per task after inference, data, support and infrastructure costs. Know the margin before scaling, not after.

### Inference Cost Management

**Reducing cost via smaller models, caching, shorter prompts, batching and routing.**

Reduce cost through smaller models for simple tasks, caching, shorter prompts, batching and routing. Routing sends easy requests to cheap models and hard ones to strong models.

### Token Economics

**Understanding price per million tokens and how prompt design and volume change cost.**

Understand the price per million tokens and how prompt design and volume change cost. Long system prompts sent with every request can dominate cost.

### AI ROI Calculation

**Benefit (time saved, revenue gained, cost avoided) minus total cost, over the cost.**

ROI is the benefit (time saved, revenue gained or cost avoided) minus total cost, divided by total cost. Measure the benefit against a baseline, not against a guess.

### Total Cost of Ownership

**All costs over time: models, infrastructure, data, people, governance and maintenance.**

Total cost includes models, infrastructure, data, people, governance and maintenance over the life of the product. Many AI projects underestimate maintenance, especially evaluation.

### AI Product Differentiation

**Advantages from proprietary data, workflow integration, evaluation quality, distribution and trust.**

Advantages come from proprietary data, workflow integration, evaluation quality, distribution and trust. A better model alone is a weak advantage because competitors can access the same models.

### AI Competitive Positioning

**Defining where you win against general-purpose assistants and rival tools.**

Define where you win against general-purpose assistants and rival tools. Be specific about the job, the user and the workflow you serve better.

### AI Product GTM

**Positioning, pricing, proof points, pilots and enablement for launching AI products.**

Positioning, pricing, proof points, pilots and enablement for launching AI products. Enterprise buyers often want a pilot with measurable results before a contract.

### Enterprise AI Adoption

**Moving from pilot to production through change management, integration and governance.**

Moving from pilot to production through change management, integration and governance. Most AI pilots fail at adoption, not at the model.

### AI Customer Retention

**Keeping customers through reliability, improving quality, integration and shown outcomes.**

Keep customers through reliability, improving quality, integration and shown outcomes. Regular reports on results help customers see the value.

### AI Product Scaling

**Growing usage while controlling cost, quality, latency and risk.**

Grow usage while controlling cost, quality, latency and risk. Scale only after unit economics and quality are stable.

## Summary of terms

| Term | Meaning |
|---|---|
| **Identifying AI Product Opportunities** | Look for frequent, costly tasks involving language, patterns or judgement where partial automation helps. |
| **AI Opportunity Assessment** | Scoring a use case on value, feasibility, data readiness, risk and cost before committing. |
| **AI Product-Market Fit** | Evidence that users rely on the AI feature for real outcomes, seen in repeat use and willingness to pay. |
| **Build vs Buy vs Partner** | Decide by differentiation, speed, cost, control and data sensitivity. |

| | |
|---|---|
| **AI Business Models** | Seat-based, usage-based, outcome-based, add-on and platform models, each with different margins and risks. |
| **AI Product Pricing** | Price to value delivered while covering variable inference cost, with tiers and limits. |
| **Usage-Based Pricing** | Charging by tokens, requests, tasks or outcomes, matching revenue to cost. |
| **Subscription Monetisation** | Fixed plans with usage allowances, simple to buy but sensitive to heavy users. |
| **Enterprise AI Monetisation** | Contracts, platform fees, integrations and services for large customers, often with security reviews. |
| **AI Unit Economics** | Margin per user or task after inference, data, support and infrastructure costs. |
| **Inference Cost Management** | Reducing cost via smaller models, caching, shorter prompts, batching and routing. |
| **Token Economics** | Understanding price per million tokens and how prompt design and volume change cost. |
| **AI ROI Calculation** | Benefit (time saved, revenue gained, cost avoided) minus total cost, over the cost. |
| **Total Cost of Ownership** | All costs over time: models, infrastructure, data, people, governance and maintenance. |
| **AI Product Differentiation** | Advantages from proprietary data, workflow integration, evaluation quality, distribution and trust. |
| **AI Competitive Positioning** | Defining where you win against general-purpose assistants and rival tools. |
| **AI Product GTM** | Positioning, pricing, proof points, pilots and enablement for launching AI products. |
| **Enterprise AI Adoption** | Moving from pilot to production through change management, integration and governance. |
| **AI Customer Retention** | Keeping customers through reliability, improving quality, integration and shown outcomes. |
| **AI Product Scaling** | Growing usage while controlling cost, quality, latency and risk. |

**Practice exercise:** Estimate unit economics for an AI feature: tokens per task, cost per task, price, margin and the usage level where it stops being profitable.

**Self-check**

1. Explain Identifying AI Product Opportunities in two sentences to a non-technical stakeholder, then say what you would measure for it.
2. Explain Inference Cost Management in two sentences to a non-technical stakeholder, then say what you would measure for it.
3. Explain AI Product Scaling in two sentences to a non-technical stakeholder, then say what you would measure for it.

## Related SkillNavora material

- AI Product Strategy : Opportunities, positioning and strategy.
- Pricing and Monetising AI Products : Pricing models and unit economics.
- AI Tutor : Ask questions on any topic.
- Study Library : Every lesson, class and PDF by programme.

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ORIGINAL CONTENT

# Original AI Product Management content

The AI Product Management programme already on SkillNavora, included unchanged so the full course is in one place.

**Quick links** Study Library (all material) Learning sites for PM AI builder tools (how-to) Webhooks & Playwright MCP Webhook URLs and keys (start here) AI Skills Academy AI Skills Map Context engineering (PDF) AI skills & templates (PDF) Orchestration (PDF) PRD library (120 ideas) AI PRD Writer AI PM Toolkit AI Evals (PDF) Browser automation (PDF) AI second brain (PDF) PM handbook Top 100 PM questions AI product sense Q&A (86) PM practice test Practice Lab Tool tutorials AI Agents & MCP for PMs

PRD documents

## PRD library: template, framing guide and 120 PRD ideas

Learn how top PMs frame a PRD, download the free template, and turn any of 120 ideas across 15 industries into a full PRD with AI.

Open the PRD library ✨ AI PRD Writer PRD template (Word) AI Evals for PMs (PDF)

Context window

## Context window: what a model can see at once

The context window is the most tokens a model can consider in one request. It covers your prompt, any documents you paste, the conversation so far and the reply. Anything outside it is invisible to the model. For PMs: a longer window fits more material but costs more and can slow responses; put the most important facts near the instructions; use retrieval (RAG) rather than pasting whole libraries; and test answers on long inputs, where quality can drop.

Context engineering course Context windows in the AI PM 2 course

Tokens and context in the Grokbot course

AI-First Product Management

# Resources for Product Managers

The PM Master Handbook, AI and product tools with their official websites, interview practice, a frameworks cheat sheet, a PRD template and free courses.

Open the PM handbook library: all 68 PDFs ↗ PM Glossary Handbook Tokens, Pricing and Tokenization Vibe Coding addendum

**PM Master Handbook by** SkillNavora
23 modules and 620+ pages: 12 Product Core modules, an 11-class AI Tools Lab, frameworks, case studies, projects and interview prep.

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### Product Core modules

1Fundamentals of Product Management*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
2Product Strategy and Strategic Thinking*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
3Problem Discovery and Market Research*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
4Problem Framing and Prioritization*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
5UX and Design Collaboration*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
6Effective Communication and Stakeholder Management*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
7Product Analytics and Metrics*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
8Product Launch, Growth, and Monetization*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
9Tech 101 and System Design for PMs*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
10LLMs, RAGs, and AI Foundations*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
11Vibe Coding for Product Managers*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
12Agentic AI and AI Systems*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides

### AI Tools Lab

13AI Tools Landscape and Your Starter StackPDF ↗ 14Claude for Daily PM WorkPDF ↗ 15Claude Code: Basic to AdvancedPDF ↗ 16Lovable: Basic to AdvancedPDF ↗ 17Replit and Other AI App BuildersPDF ↗ 18Figma and AI Design ToolsPDF ↗ 19Notion, PRD Tools and AI DocumentationPDF ↗ 20Automation with Zapier, Make and n8nPDF ↗ 21AI Chatbots for BusinessPDF ↗ 22Voice Agents for BusinessesPDF ↗ 23Learning Paths, Courses and CommunitiesPDF ↗

### Business AI Stack (chapters 24 to 31)

24The business AI stack: tools and where to learn themPDF ↗ 25Next.js: customer-facing dashboardsPDF ↗ 26Zoho CRM: managing customers and leadsPDF ↗ 27WhatsApp Business Platform: customer messagingPDF ↗ 28Deployment with Vercel and AWSPDF ↗ 29Jira: tracking product and development workPDF ↗ 30Meta Business Suite, social media marketing and Google AdsPDF ↗ 31A one-page website that generates leadsPDF ↗

### Complete AI tool guides (15)

1n8n: workflows, Gmail and an AI reply agentPDF ↗ 2Make: scenarios, routers and lead routingPDF ↗ 3Zapier: invoices from Gmail to Drive and a sheetPDF ↗ 4Webhooks: how apps talk in real timePDF ↗ 5Replit: one app for the web and a phonePDF ↗ 6Lovable: a job application trackerPDF ↗ 7Figma: components, auto layout and handoffPDF ↗ 8Claude Code: an AI coding agent in your projectPDF ↗ 9MCP: connecting AI assistants to your toolsPDF ↗ 10LLMs: how they work and how to call themPDF ↗ 11RAG: answers from your own documentsPDF ↗ 12AI agents: a job-search agent with approvalsPDF

↗ 13Agentic AI: planning, guardrails and teamsPDF ↗ 14Generative AI: uses, limits and a weekly reportPDF ↗ 15Other AI tools: choosing one per jobPDF ↗

Complete AI tool guides (one PDF, 30 pages) ↗

## Libraries

★Framework Library*29 frameworks with worked examples and templates*PDF ↗ ★Case Study Library*12 product case studies*PDF ↗ ★Practical Projects and Portfolio*5 end-to-end portfolio projects*PDF ↗ ★Interview Handbook*100+ PM interview questions with model answers*PDF ↗ ★AI Tools Lab*Every AI tools class with step-by-step labs*PDF ↗

## PM interview practice (free, on the original sites)

Hand-picked public question banks and guides from other PM communities. Each link opens the original page in a new tab.

## PM frameworks cheat sheet

| Framework | Use it to | How it works |
|---|---|---|
| **RICE** | Prioritise a backlog | Reach × Impact × Confidence ÷ Effort. Score each idea, then sanity-check the ranking. |
| **Kano** | Decide which features delight | Classify features as Must-be, Performance, Attractive, Indifferent or Reverse using a short survey. |
| **MoSCoW** | Scope a release | Must have, Should have, Could have, Won't have (this time). |
| **Jobs-to-be-done** | Understand motivation | When [situation], I want to [motivation], so I can [outcome]. |
| **AARRR (Pirate metrics)** | Map the growth funnel | Acquisition, Activation, Retention, Referral, Revenue. |
| **HEART** | Measure user experience | Happiness, Engagement, Adoption, Retention, Task success, each with goals, signals and metrics. |
| **North Star metric** | Align the team | One metric that captures the value users get, supported by input metrics the team can move. |
| **Five whys** | Find the root cause | Ask 'why?' repeatedly until you reach a cause you can act on. |
| **CIRCLES** | Answer product design questions | Comprehend, Identify users, Report needs, Cut through prioritisation, List solutions, Evaluate trade-offs, Summarise. |

## PRD template

PRD: [Feature name] Owner: [Name] · Status: Draft · Last updated: [Date] 1. Problem Who has the problem, what it is, and the evidence (data, interviews, tickets). 2. Goal and success metrics Primary metric (with baseline and target), secondary metrics, guardrails. 3. Users and use cases Target segment, top 3 user stories: "As a [user], I want [action] so that [benefit]." 4. Solution What we'll build (link designs), what's out of scope, open questions. 5. AI behaviour (if applicable) Inputs, model, prompt/approach, what it must never do, human review, evaluation set and pass criteria, cost per request. 6. Launch plan Experiment design, rollout stages, support and comms, rollback criteria. 7. Risks and dependencies Technical, legal/privacy, operational; owners and mitigations.

## Free courses