

Pricing to Thrive...
...Not Just Survive

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Introduction

Software Pricing Partners

- **Unique focus since 1987**
 - Pricing computer software
- **Practice areas**
 - Value-Driven Pricing
 - Value-Based Selling
 - Strategic Discounting
- **Results**
 - Improved financial performance
 - More value from products & services
 - Increased sales effectiveness

Introduction

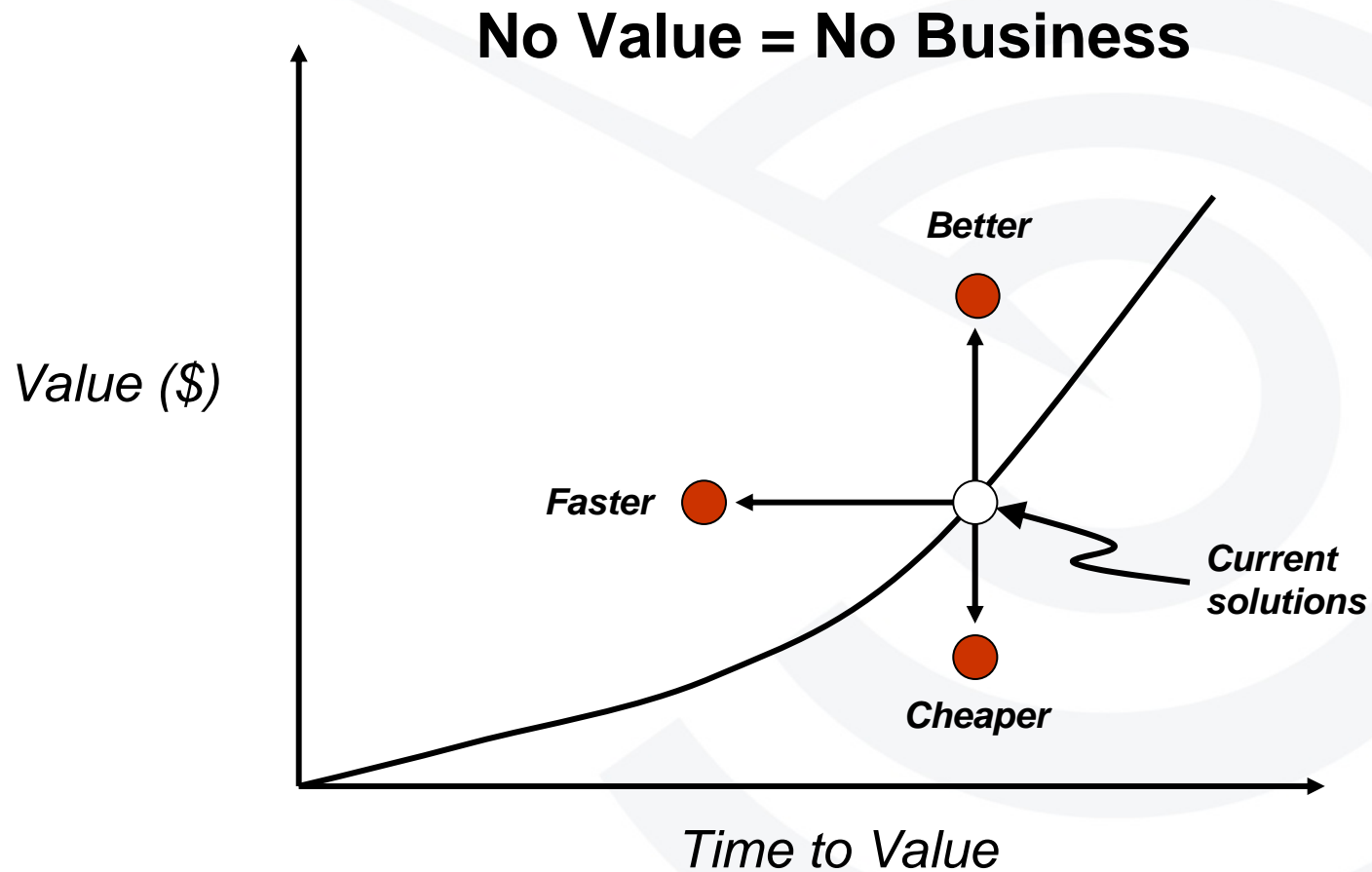
Takeaways

- **Survive by executing basics**
- **Go beyond survival to thrive**
- **Don't overlook economics**

Agenda

- **Surviving**
- Thriving
- Economics
- Wrap-up

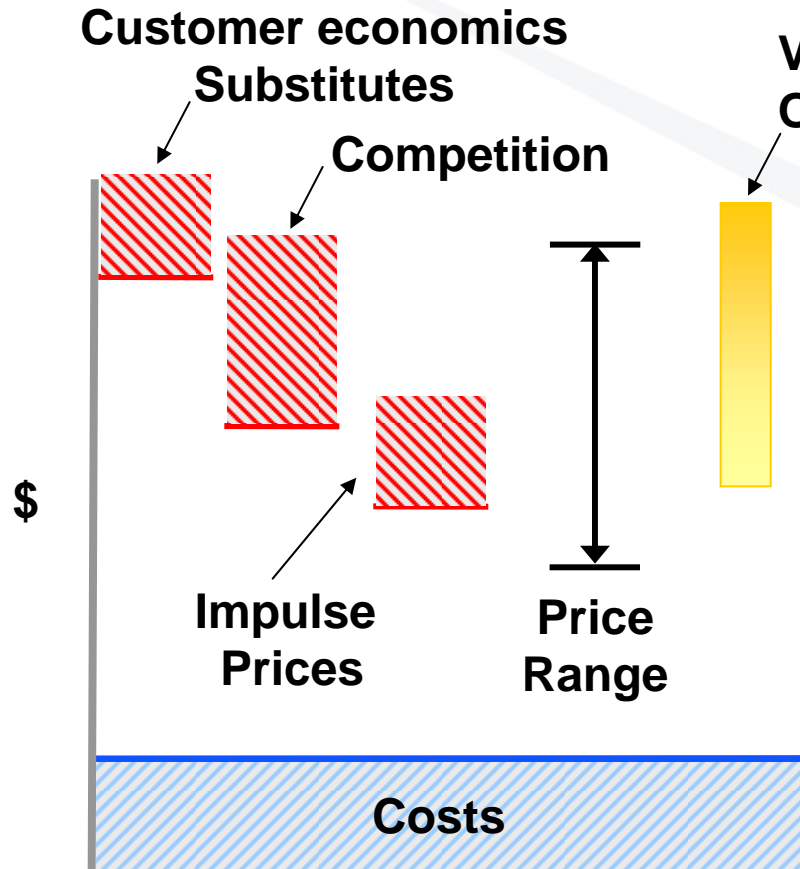
Surviving It All Starts With Product



Surviving **More Than Product**

- **Product**
 - Must be attractive
 - Apparent depth
 - Easy to try, buy, use
 - Promise of a future
- **Services**
 - Implementation
 - User support
- **Other**
 - Ecosystem
 - Reliability
 - Scalability

Price and Package to Attract Customers



- Define the offer
 - Focused app, meet need
- Attract new customers
 - Entry-level product(s)
 - “Good value” pricing

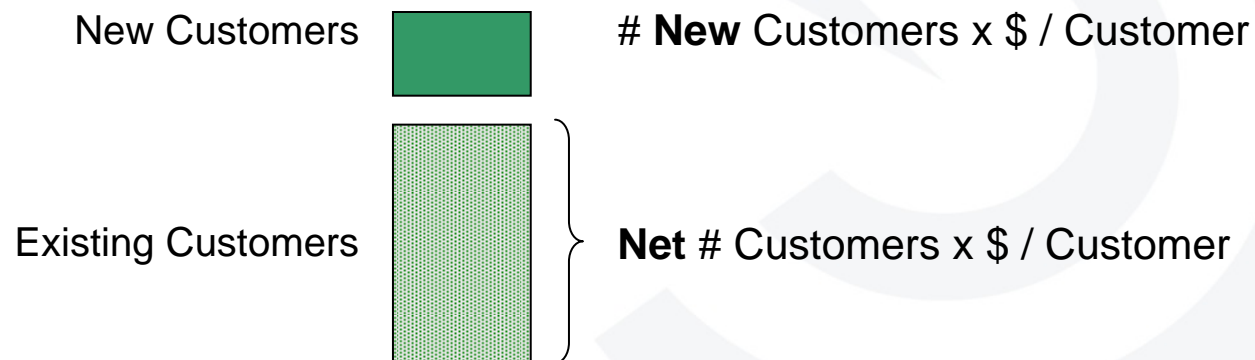
Surviving

Pricing Is More Than “How Much”

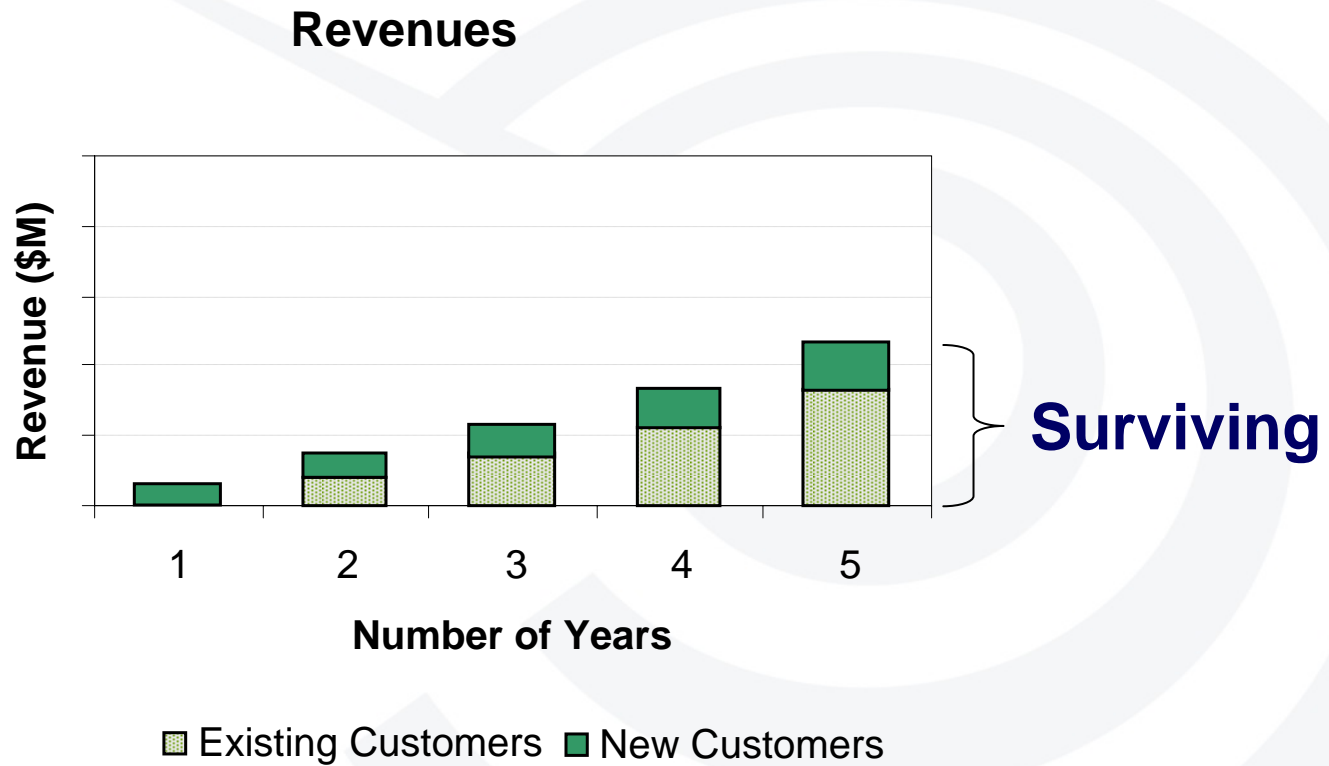
- **Packaging features into products or modules**
 - Granularity for ease of sales
- **License metric based on value delivered to customers**
 - Aligned with customer business metrics
- **Payment stream driven by company and customer cashflow**
 - Time value of money and value delivered
- **Price levels driven by transactions and packaging**
 - Pre-discount prices
- **Discount structure and level driven by objectives**
 - Net price paid

Surviving Survival Revenues

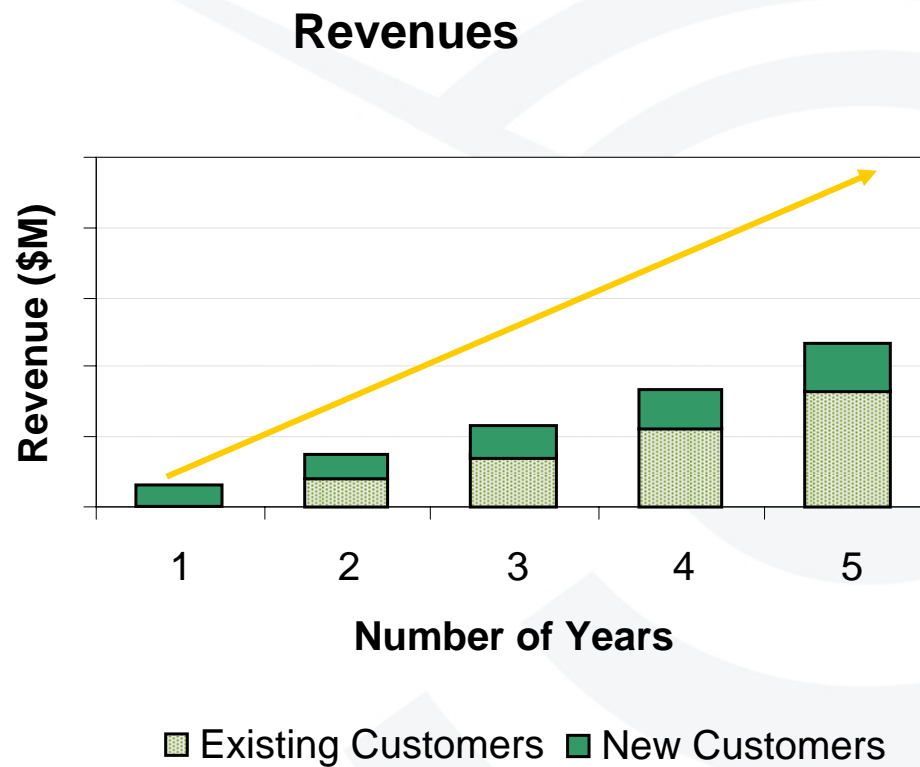
- Acquire new customers
- Retain existing customers



Surviving Survival Revenue Profile



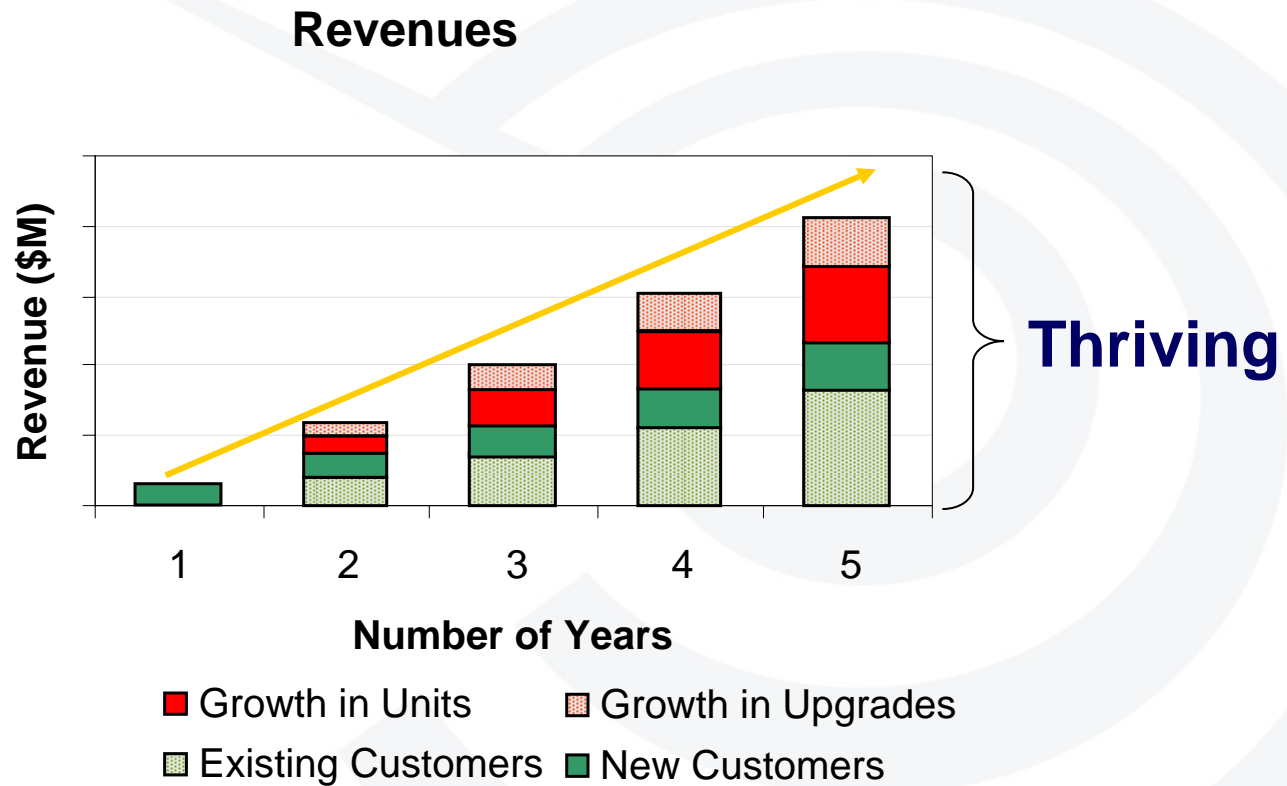
Surviving Survival Revenue Profile



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Thriving Thriving Revenue Profile



Thriving Revenue Profiles

Sources of Viral Units Growth

- Existing customers
 - Within original department
 - Across departments, BUs
 - Accelerate pilot-to-deployment
- New customers
 - Current targets
 - Expanded targets

Thriving Revenue Profiles

Sources of Viral Upgrade Growth

- **New products and packages**
 - Keep it simple
- **Upscale add-ons**
 - Specialized users, usage, capabilities
 - Premium price for premium value
- **Sensible pricing and value increments**
 - Absolute price
 - Relative price and value

Agenda

- Surviving
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- **Economics**
- Wrap-up

Economics

Critical to SaaS Success

- **Mis-estimated costs**
 - Costs to serve
 - Expansion costs
- **Unrecovered revenues**
 - Billing tracks packaging, payment options
 - Metering for monitoring, control
- **Unrealized revenues**
 - Discount dollar leaks

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- Surviving
- Thriving
- Economics
- **Wrap-up**

Wrap-up

Pricing to Thrive – Not Just Survive

- ☑ **Align value with price paid**
- ☑ **Add value with must-have features**
- ☑ **Use packaging to target customers**
- ☑ **Monitor usage data**
- ☑ **Link payment stream with value delivery**
- ☑ **Keep billing agile**

Make the effort – It's worth it!

Thanks!

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