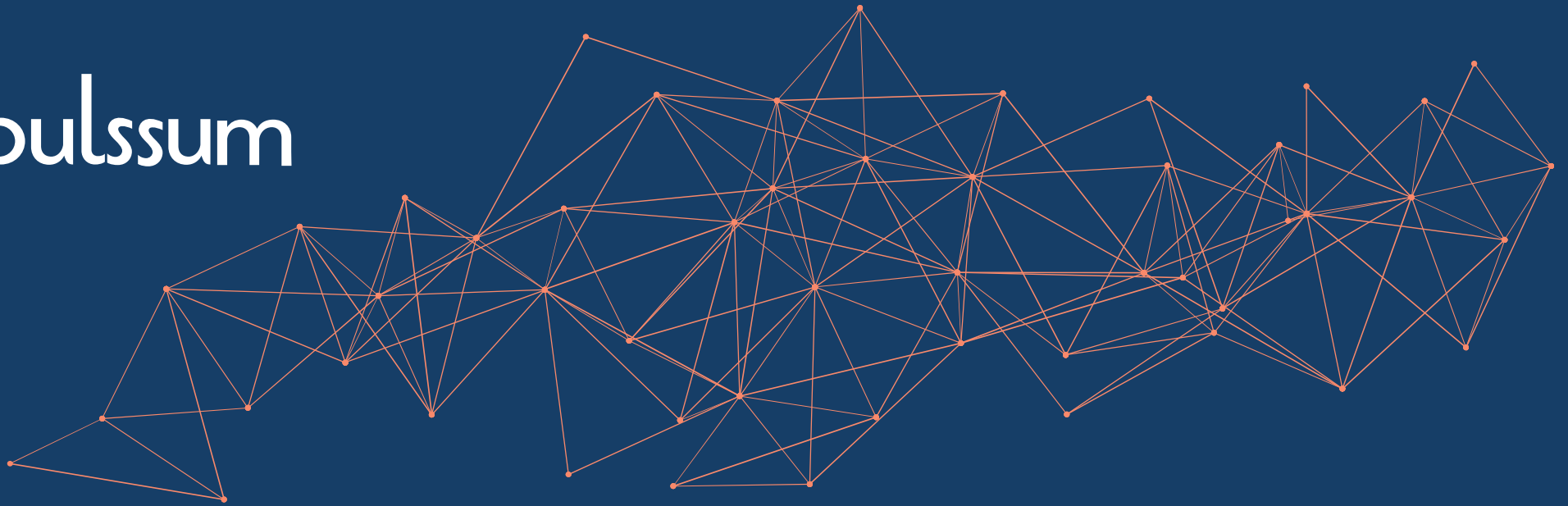


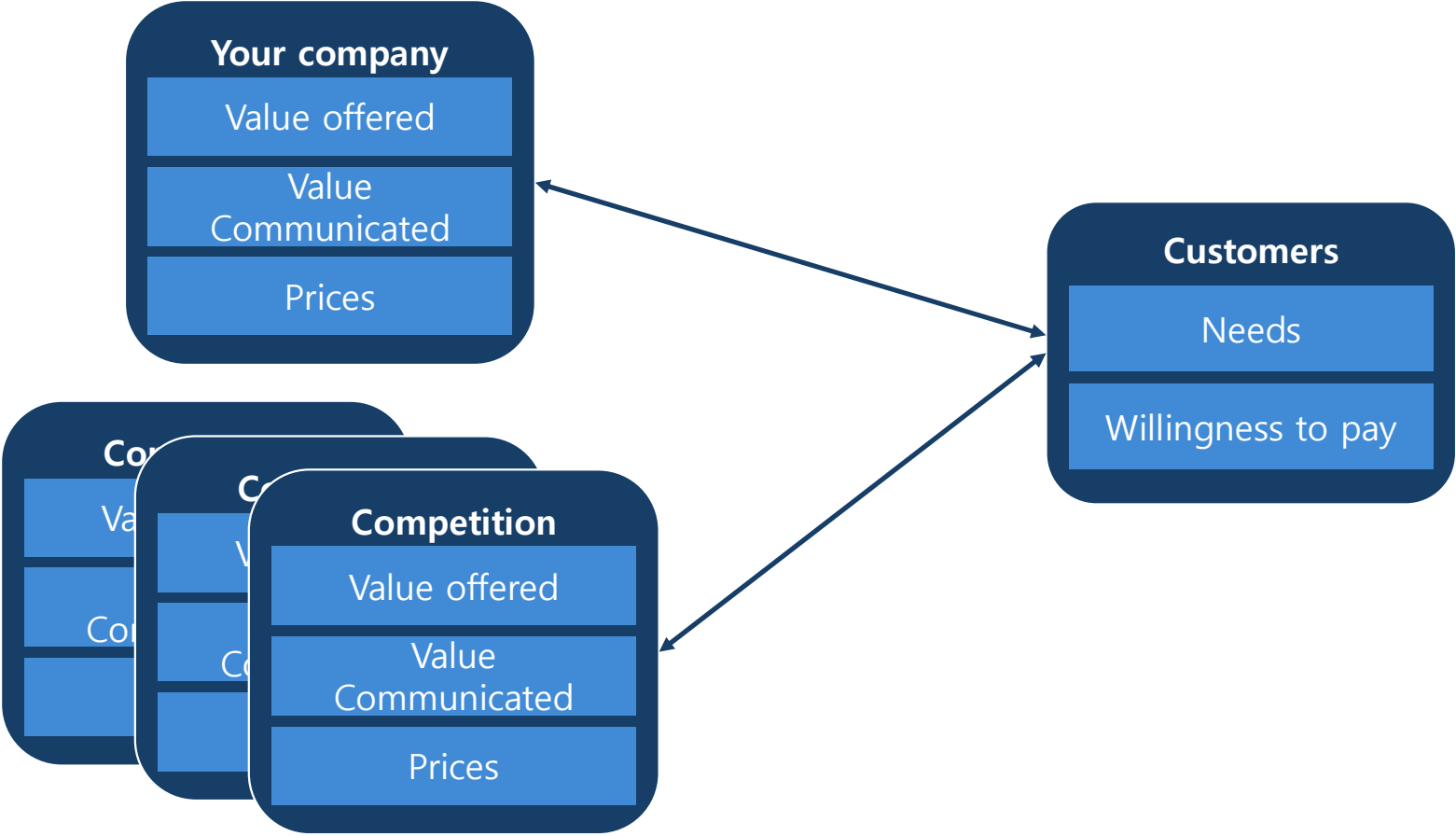
impulssum



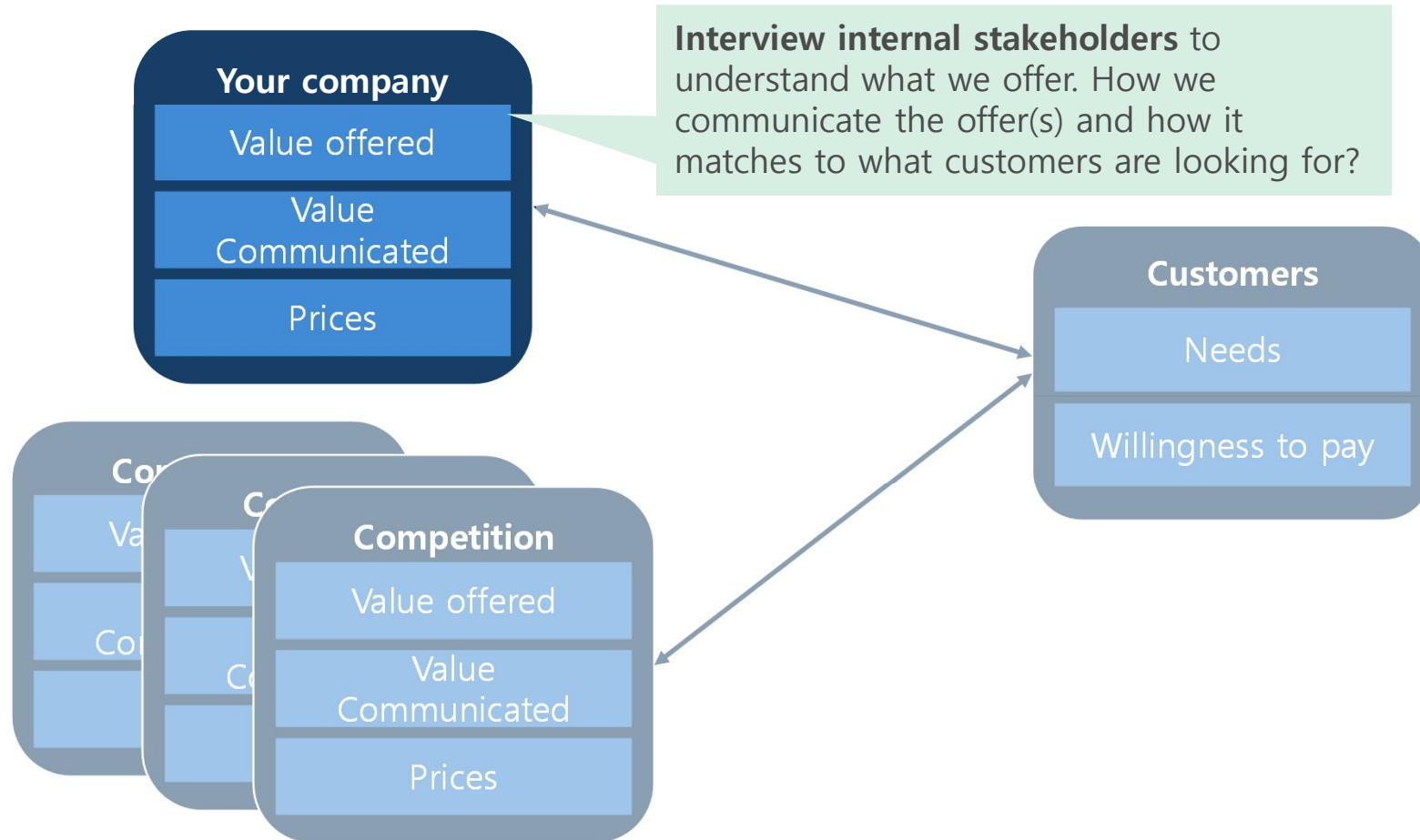
Value Based Pricing (Price list)

Customer Case

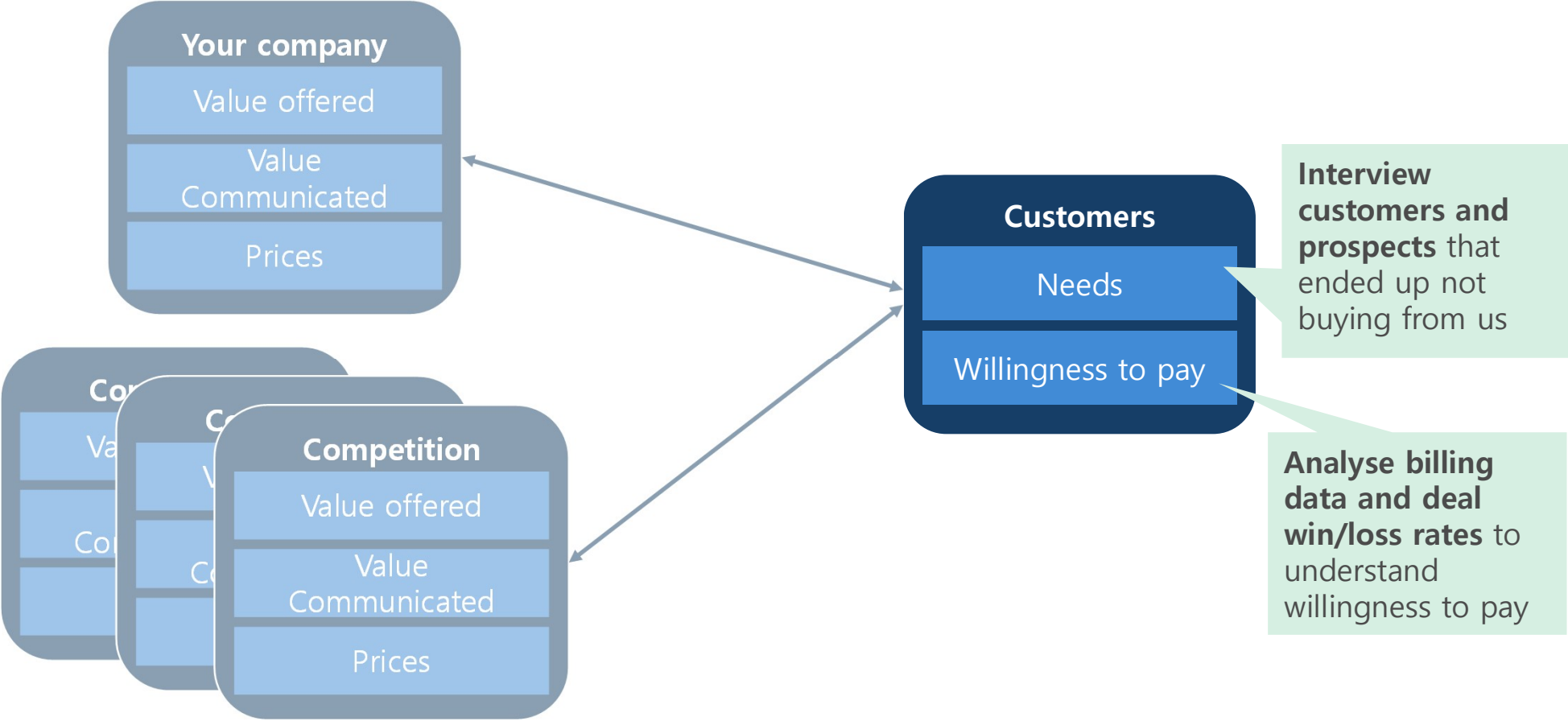
To determine the right packaging & pricing, you need to understand customer needs and competitors' offering for Value & Pricing



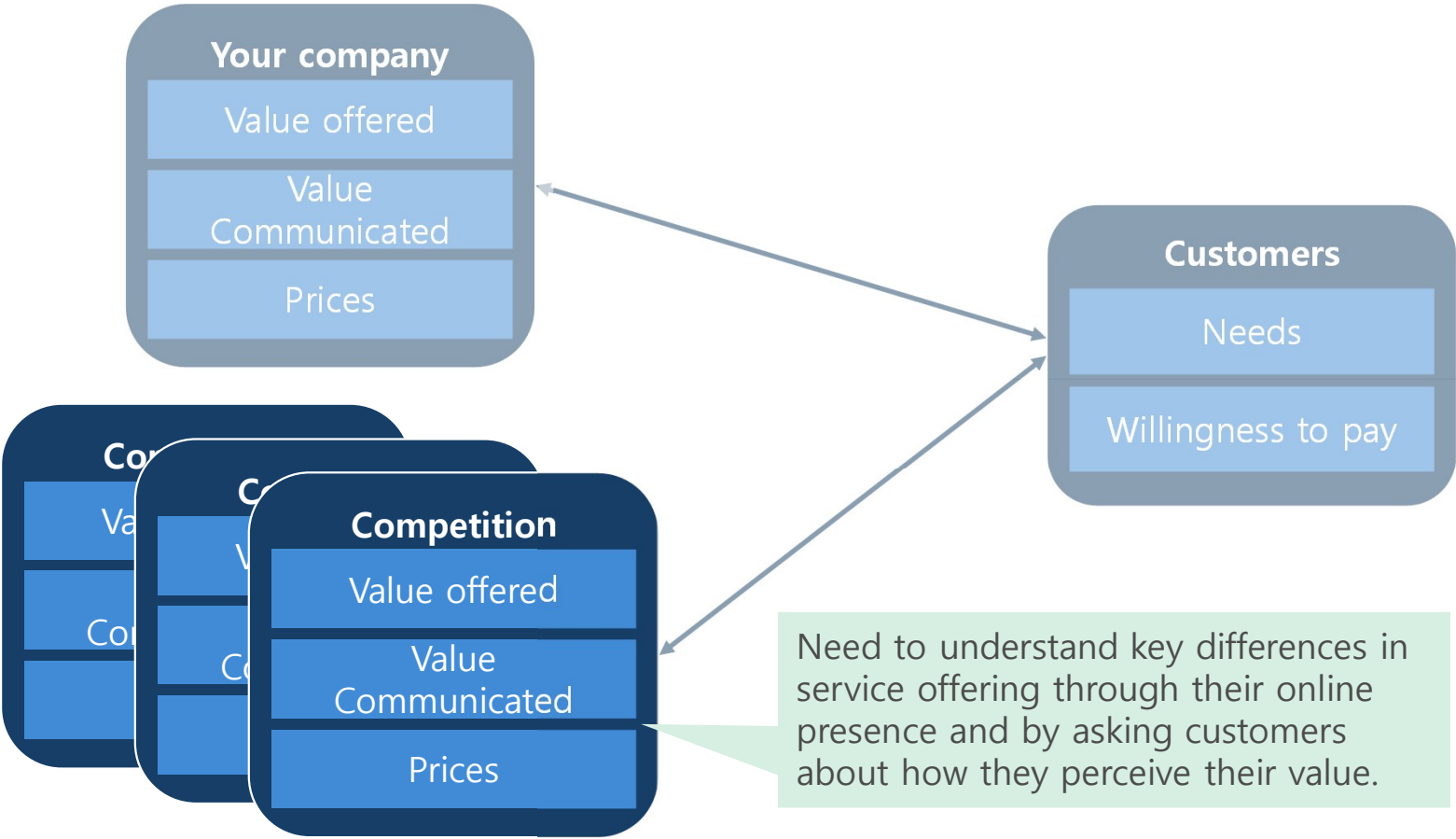
Firstly, understand the value we offer, how good we are in communicating that value to customers and how that value matches to customer needs



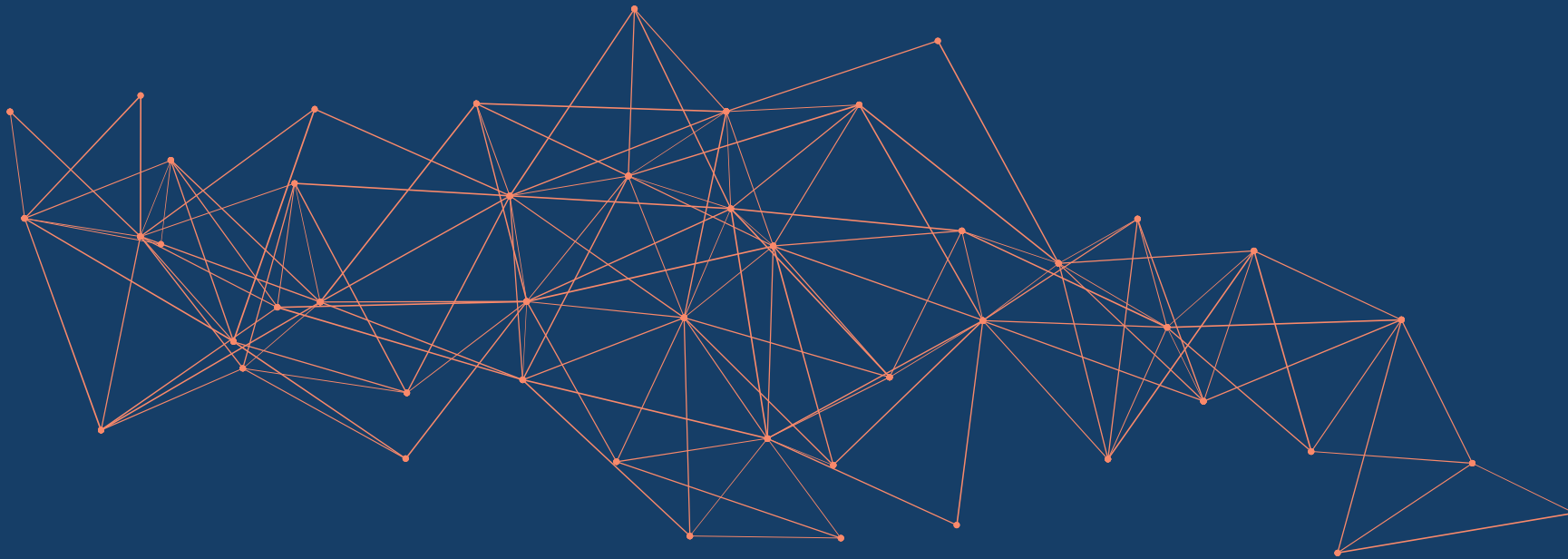
Secondly, need to understand customer needs and willingness to pay through customer interviews and data analysis on the billing & CRM data



Thirdly, we need to understand how the value competition offers differs from ours and how they are perceived by customers



Customer Case #1



Case example: Transforming pricing model and reducing revenue leakage in existing customer-base, moving 85% of base within 9 months with a 35% revenue upside and only 0.4% churn

What they wanted

Our customer came to us with a complex price list. Products grew historically and became too complex. Furthermore, the existing pricing driver allowed customers to share login details, limiting the possibility to monetize fully. The aim was to transform the current pricing into a real SaaS like pricing, create up-sell and cross-sell paths and create a fair Value-for-Money positioning for our customer and their users alike.

What we did

We identified potential pricing drivers, analyzed them, and decided on one. The product offering got simplified by introducing bundles, with a user-based rather than an account-based structure. We validated the underlying customer needs through quantitative and qualitative research. Acquisition potential and base migrations determined pricing. We created tools to support the team (one for new quotation, one for communication) with the execution

What we achieved

The target of creating a simplified SaaS like offering has been achieved. Sales has clear up-selling and cross-selling path they didn't have before to execute on immediately, 85% of customers migrated in 9 months, and user structure changed from ~3,600 accounts to ~35,000 users, with a Net revenue retention of 135% and marginal churn increase of ~0.4%.

"The impulssum team delivered at an outstanding level. Not only have they delivered more than we were looking for, but their Value-for-Money was very good."

Chief Markets Officer

The project had 3 objectives, which we delivered through various initiatives



Optimize Sales Potential

- Move to a **SaaS-like pricing model** based on user tiers
- Maximize **monetization** from new **customer acquisition**
- **Simplify product offering** to facilitate the sales process and conversion



Monetize Customer-Base

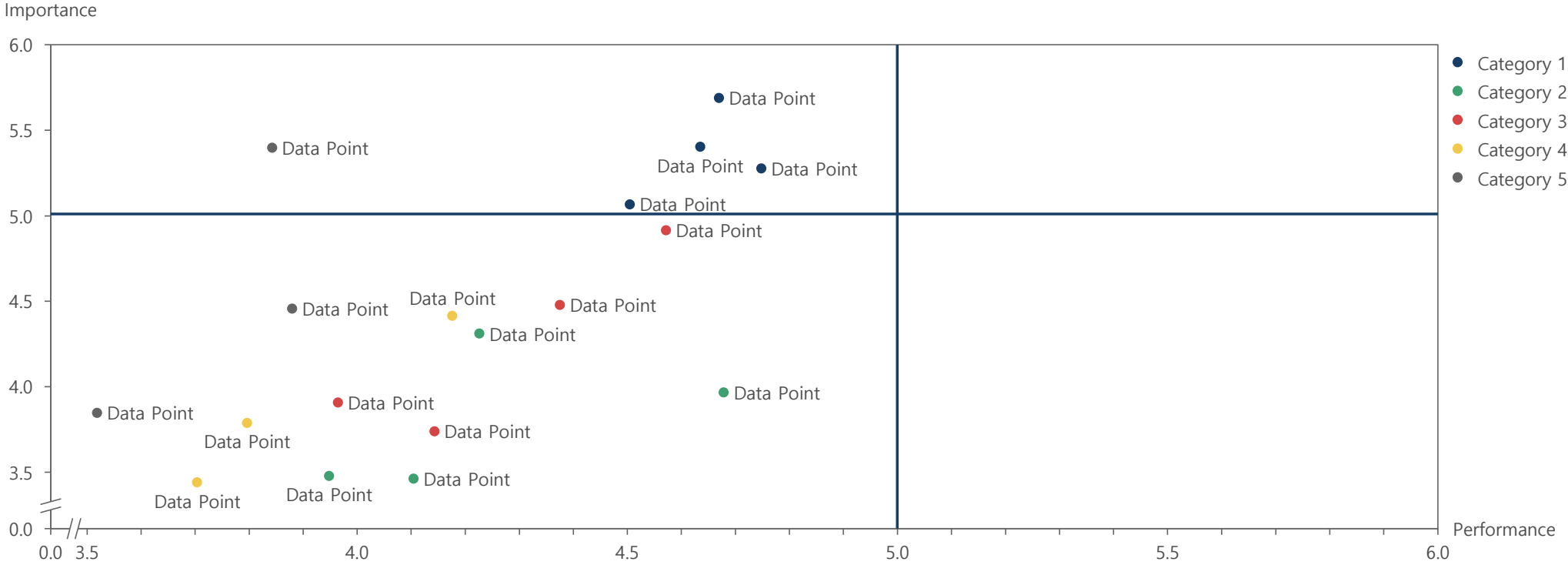
- **Create up-selling & cross-selling opportunities** to higher user-tiers and to bundles
- **Migrate customers to the new pricing model** while **minimizing risk**
- Focus on **limiting account-sharing**
- **Enable** budgeted **pricing targets**



Ensure Proper Execution

- Define **up-sell/cross-sell/down-spin monitoring** to enable proactive steering
- Create a **tool** that allows for **consistent migration** of customer-base
- Prepare positive and **tailored customer communication**

The importance-performance analysis provided insights on customer needs which supported the creation of the portfolio bundles



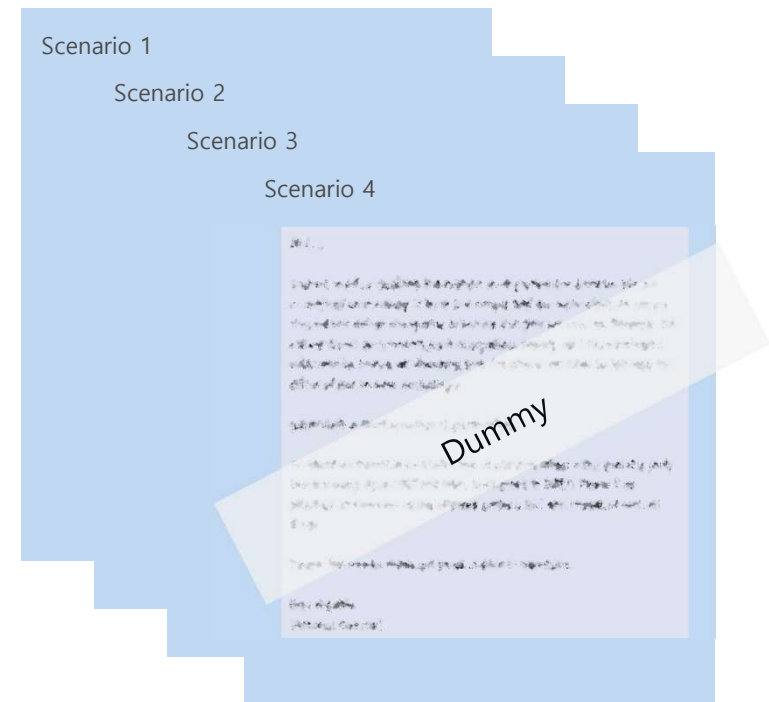
Effectively there are 4 different value-price customer communication scenarios

Communication scenarios

		Products		
		More	Same	Less (not applicable with current business rules)
Users	More	Mostly new Portfolio customers	Mostly new Standalone products customers	Not applicable
	Same	Mostly new portfolio customers	Mostly Standalone product customers	
	Less	Special case customers	Special case customers	

Customers perceiving to receive less 'users' than expected, are to be managed through reactive communication

Based on standard sections for each of the customer communication scenarios we created the 4 different communication templates

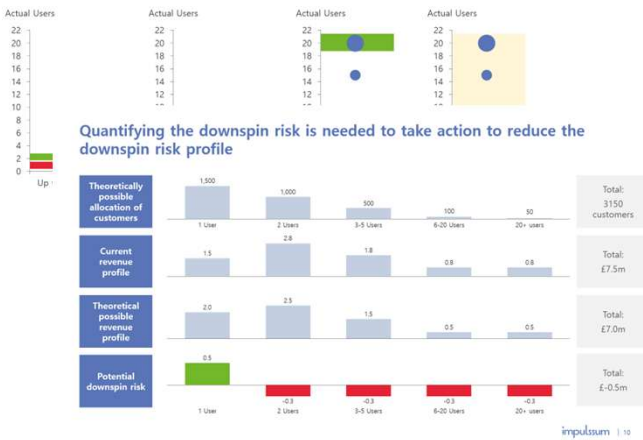


It is important to monitor downgrade-risk and upsell-opportunities based on user utilization, price levels, and feature usage to ensure value creation

Monitor user utilization in each user-tier for upsell/downspin

Users utilized

Analysis on a Pricing Tier basis identifies the customer groups where we need to de-risk (increase # of users) and can upsell (maximum reached)



Monitor price levels versus pricelist for churn risk and price increase potential

Price levels

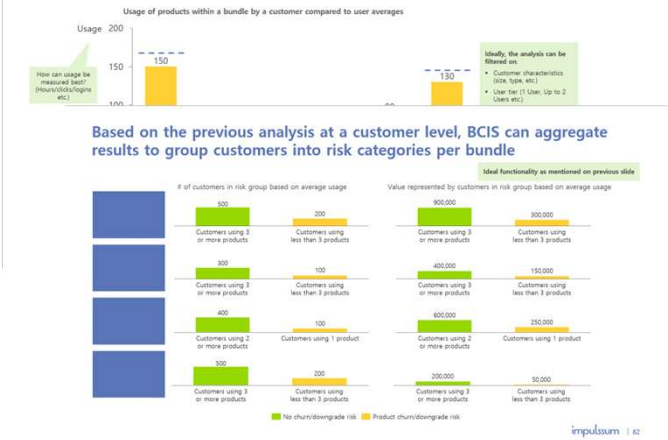
Analysis on a Price/product basis identifies the customer groups who currently pay more/less than recommended for their pricing tier



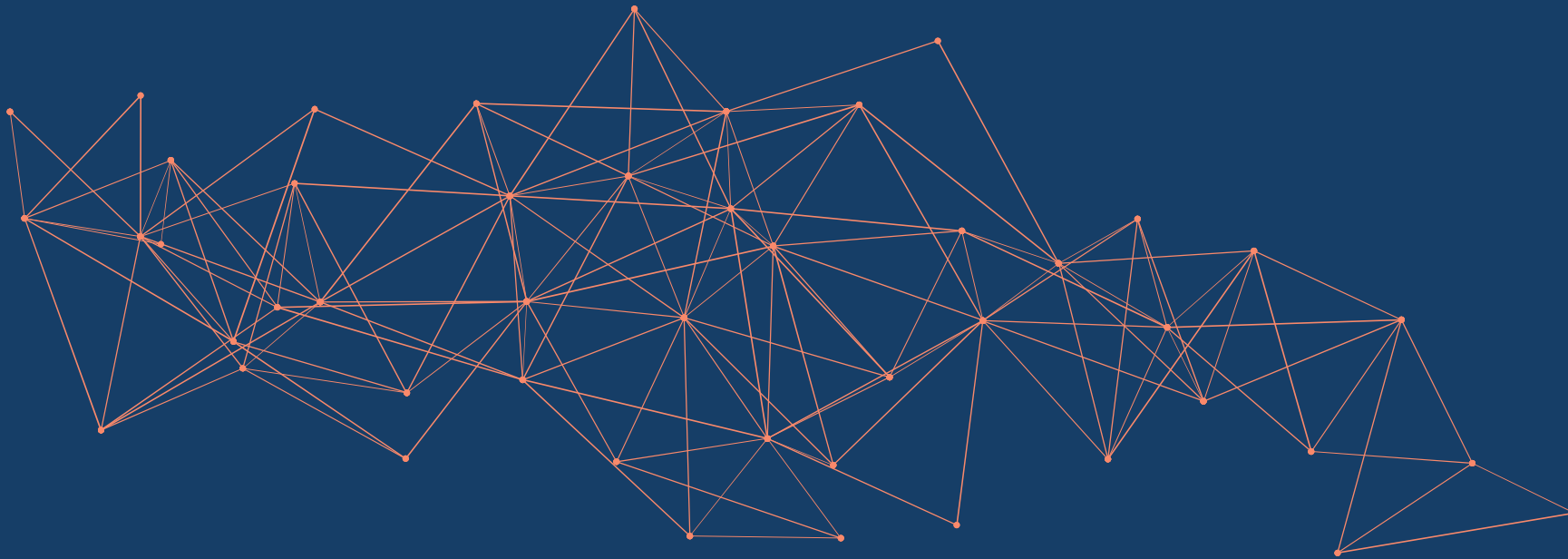
Monitor feature usage in portfolios for downgrade/churn risk

Features used

BCIS can monitor which products/features in a bundle are being used at a customer level by comparing versus overall customer usage statistics



Customer Case #2



The need for a bigger story: To succeed we must...



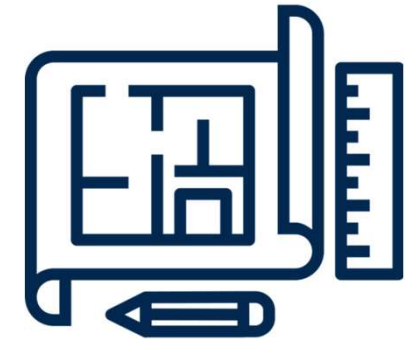
Define our position
in the market



Re-calibrate our value
proposition



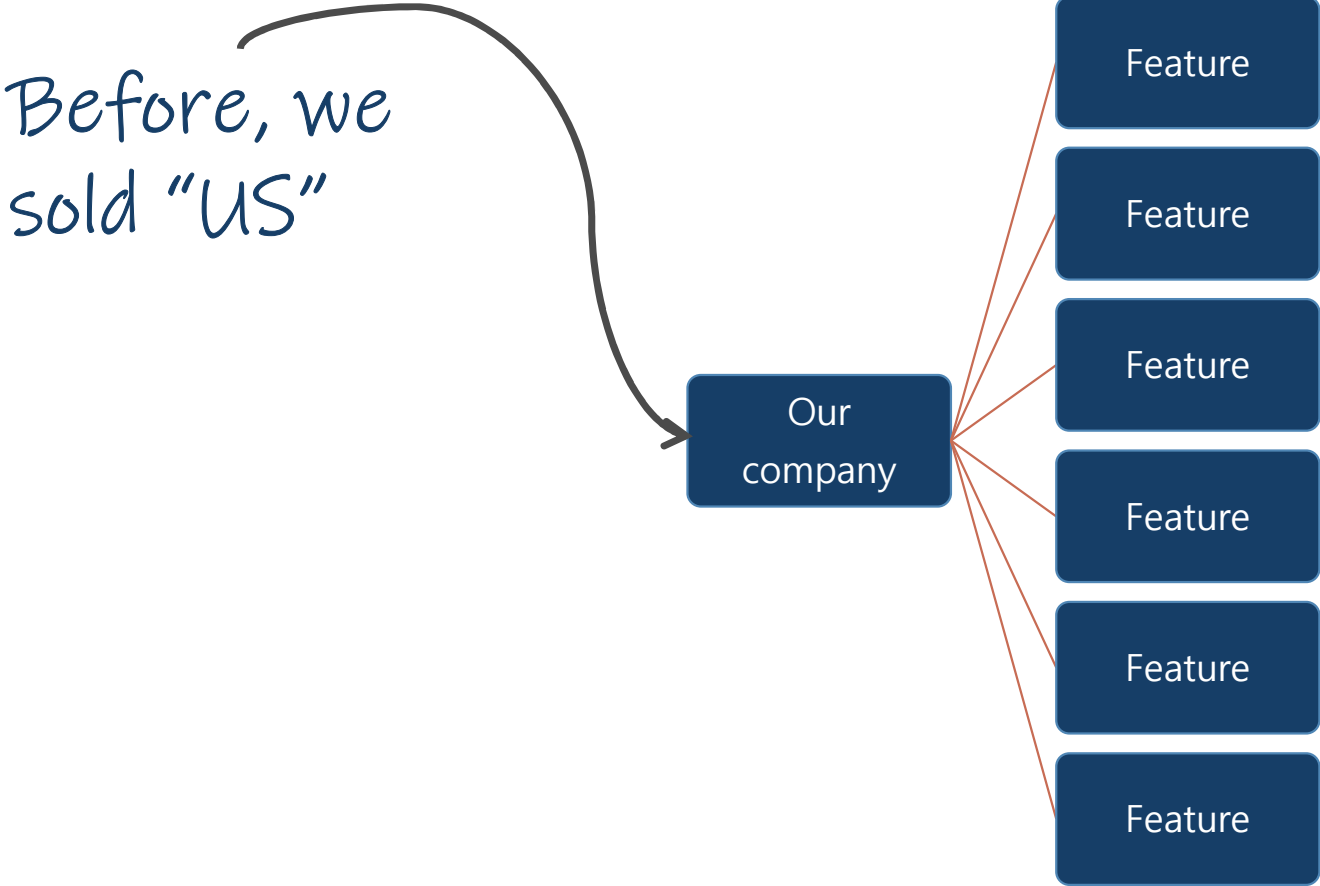
Create new pricing and
packaging



Re-define our Product
Architecture

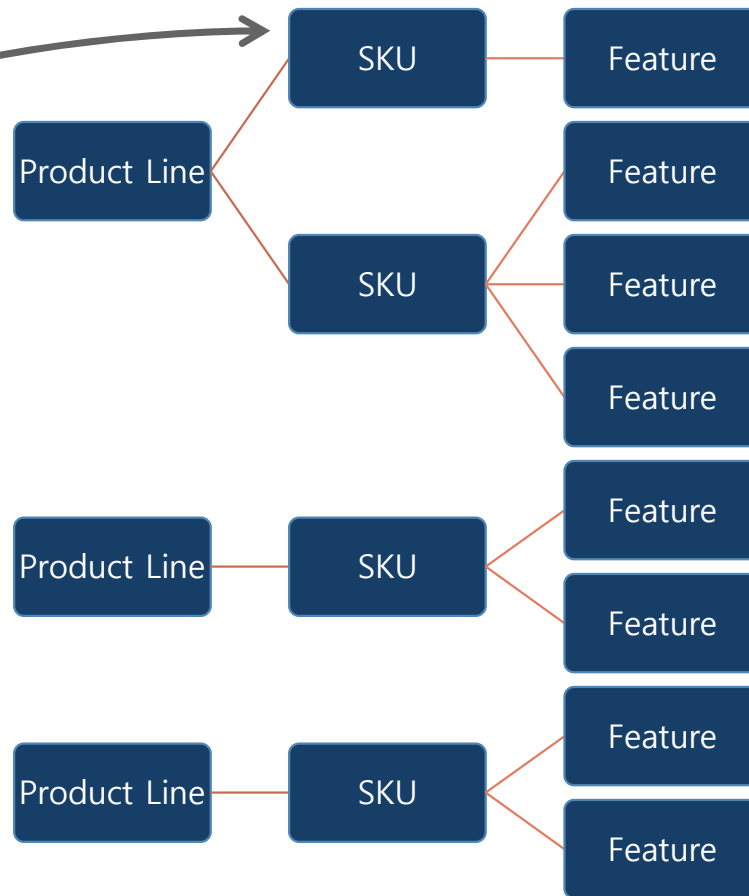
The goal is to lay the foundation for a true **land & expand** SaaS company

Old Commercial Product Architecture

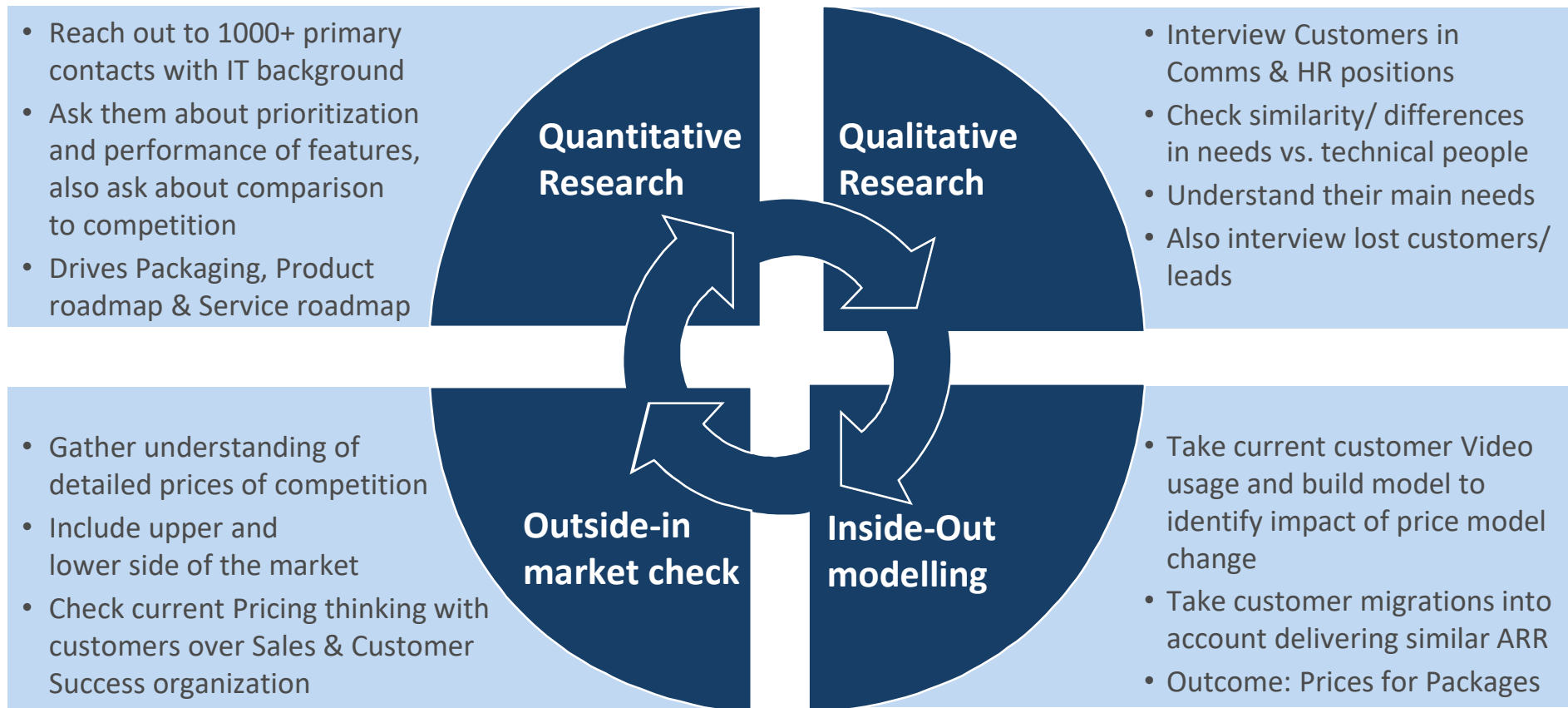


New Commercial Product Architecture

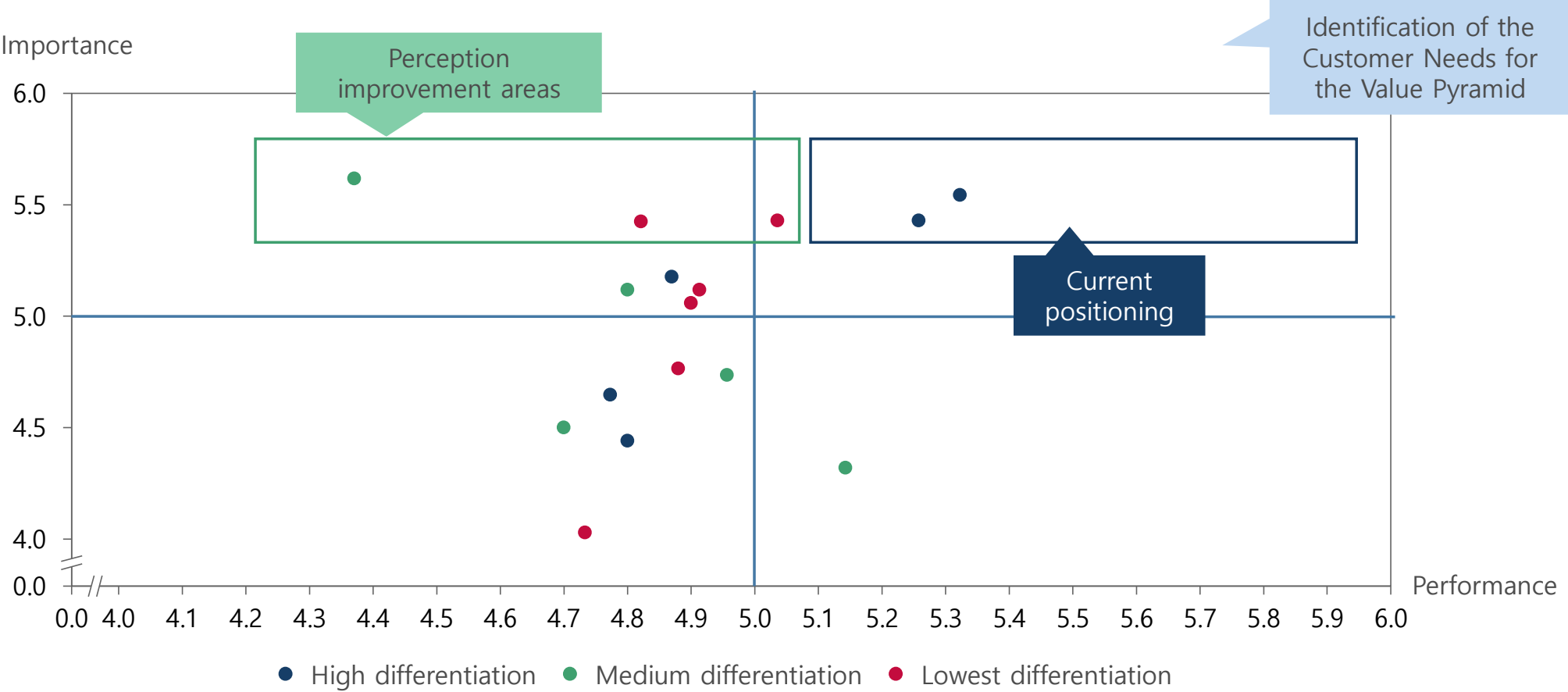
SKUs are
what a
customer can
buy!



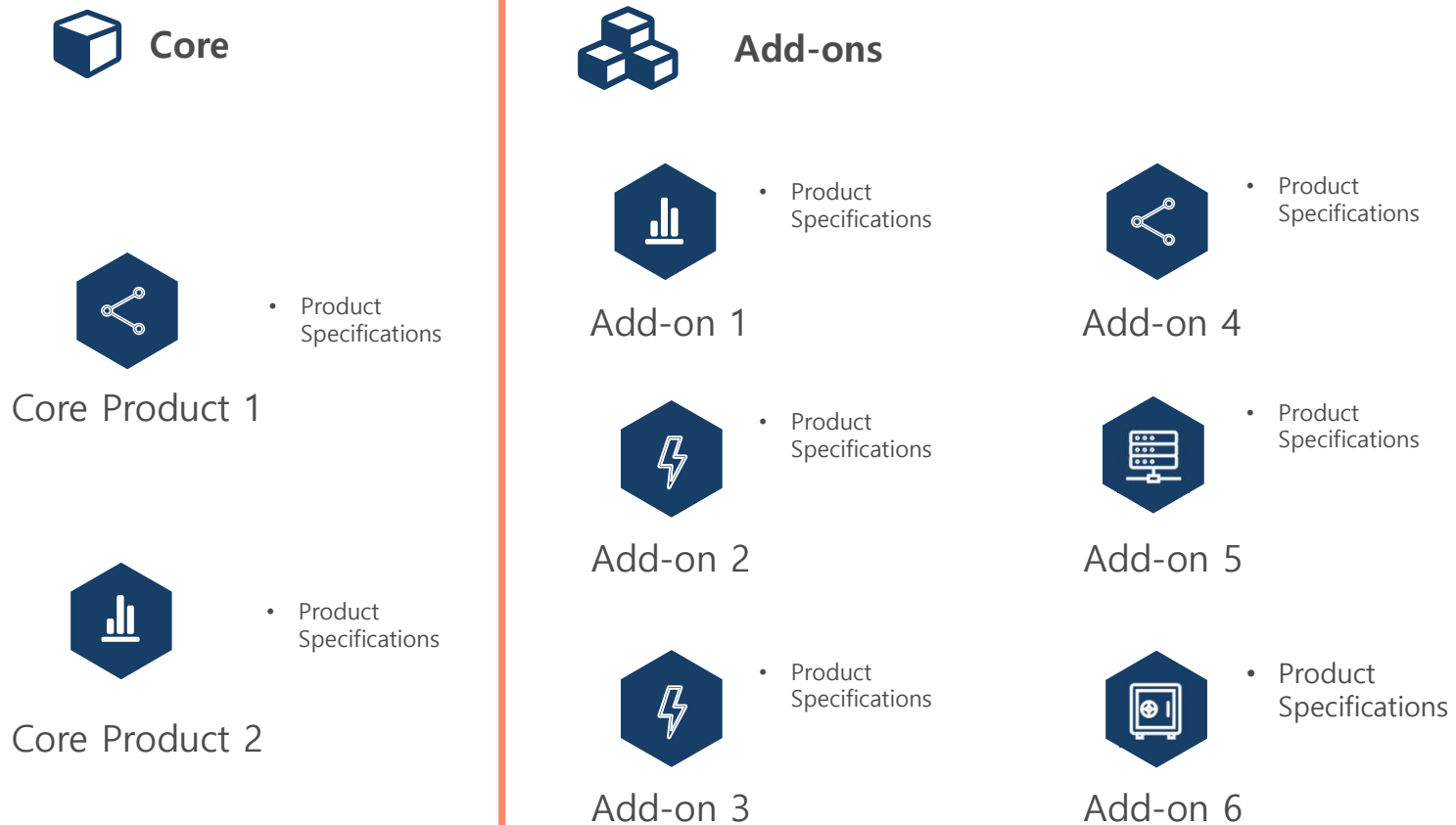
Project Approach covered 4 areas to deliver full outside-in picture, that can be aligned with the inside-out ambitions



Customer analysis (Importance-Performance Matrix) identified current Positioning and improvement areas



2 CORE PRODUCTS, 6 ADD-ONS – more to come enabling a land & expand strategy



Good alignment between consultant and organization as well as Senior Management Support are keys to success

	Best Practice
Leadership Buy-in & Ownership	<ul style="list-style-type: none">• Management team buy-in• Everything run by and signed off by the local Management Team
Integration of Consultant	<ul style="list-style-type: none">• Consultant ideally an extended part of your team (not only delivering a Powerpoint)• Really working together with people from your organization so that they understand what is happening
Accountability	<ul style="list-style-type: none">• Ensure that people also understand what is expected from them• Install a heartbeat incl. Senior Management alignments
Efficient Resource Management	<ul style="list-style-type: none">• Identify realistic resource capacities available and adjust timeline accordingly• Buy-in for prioritization from entire extended local Leadership Team
Help people with the change	<ul style="list-style-type: none">• Identify what is needed for people to change• Ensure you are supporting people to change while also making clear that they need to change

Using the Pricing Calculator to enable the sales organization to directly use new pricing

Size of product needed	0 Driver
Price	120 US\$
Unit price (considering all products)	0,600 US\$ / Driver

Select the bucket with number of views per year AND GET:

Total price for customer

Unit Price (for all products together)

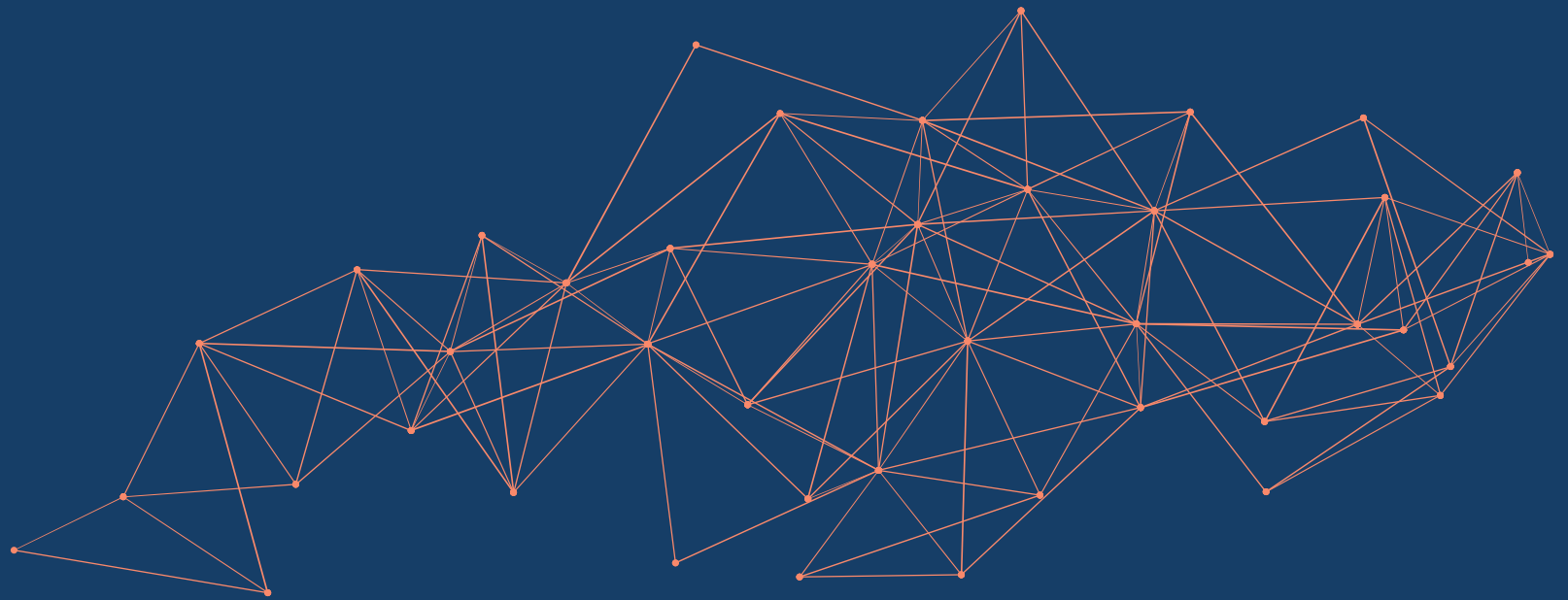
This has been done in the CRM, but could also be done in different tools like Excel and everything in between

Core Product 1 & Add-ons	Included	Price	Unit price
Core Product 1	Yes	20	0,100
Add-on 1	Yes	20	0,100 (requires Core Product 1)
Core Product 2 & Add-ons			
Core Product 2	Yes	20	0,100
Add-on 2	Yes	20	0,100 (requires Core Product 2)
Add-on Area 3			
Add-on 3	No	0	(requires Core Product 1)
Add-on 4	Yes	20	(requires Core Product 1)
Add-on 5	3	20	
Add-on 6	No	0	

Pick the chosen Core Products and Add-ons (yes/no)

If you would like to discuss this approach for your business, please contact us!

impulssum



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