

Disciplined Entrepreneurship Workbook

Step 16: Set Your Pricing Framework

Worksheet

Customer DMU/DMP

Looking at the DMU, what is important? Accuracy, efficiency, seamless workflow integration, strong ROI.
DMP? Lawyers (end users) experience the pain, Managing Partners and Finance Teams approve purchases.
What spending limits are there? €1,000–€2,000 per year per lawyer on legal research tools.
Other considerations/Summary: Trust in AI-driven insights is crucial. Procurement approvals require GDPR compliance.

Nature of Customer

What is the customer segment? Early Majority (ROI, some risk) with some Early Adopters (tech-curious, innovation-seekers).
How do you know? Interviews and segmentation analysis (~70% Early Majority, 30% Early Adopters).
Other considerations/Summary: Building early credibility is essential.

Value Creation

How much value do they get? 30–50% time savings on research and compliance work.
When? Within 1–2 weeks of onboarding.
How risky is it? Moderate. Poor AI accuracy can lead to trust issues.
Other considerations/Summary: Early measurable impact enhances adoption.

Competition

Who is comp & what are their prices? Westlaw (€1,200–€2,400/year), LexisNexis, free outdated portals.
Which is the best comparable? Westlaw.
What does that indicate your price range should be? €1,000–€1,200/year.
Other considerations/Summary: Localized Cyprus focus differentiates our platform.

Strength of Core

How strong is your core today compared to comp? Strong — Cyprus-specific legal AI database.
Will it get stronger over time? Yes, with real-time feedback and updates.
Do you believe you will be able to raise prices in the future? Yes, as trust and integrations expand.
Other considerations/Summary: First-mover advantage and continuous data enrichment.

Maturity of Your Product

Has your product been validated in the eyes of the customer? Partially — early MVP and demo feedback is positive.

Do they see your company as high risk? Moderate risk due to AI skepticism.

What kind of flexibility can you offer to decrease perceived risk? Early-bird discounts, personalized onboarding, freemium trials.

Other considerations/Summary: Strong onboarding to mitigate anxiety.

1. Initial Decision and Rationale

- a. What unit of product are you using for pricing (carried forward from Step 15, Design a Business Model)?
 - **individual subscription** per lawyer (monthly or yearly)
- b. Based on your analysis, what is the price range that is most appropriate and why?
 - €80–€120 per month per lawyer.
 - This range reflects primary market research insights, comparative pricing from Westlaw and LexisNexis, and feedback from interviews indicating willingness to pay for trusted, faster, localized legal research
- c. In the first year, what do you believe your initial listed price will be, and what will be the effective price to the market and why? (The “effective price” is the actual price your customer pays after discounts.)
 - Initial listed price: €100/month.
 - Effective market price: Around €90/month after early adopter promotions (e.g., 10% launch discounts for first 6 months)DE Workbook Step 4 TAM ...DE Workbook Step 15 Des....
 - The early discount strategy is to build initial traction, encourage onboarding, and gather testimonials while validating pricing assumptions.
- d. Sanity Check: What is your expected estimated marginal cost (cost to produce a unit of product, excluding one-time setup costs)? Does your price per unit significantly exceed your estimated marginal cost in the long term?
 - Marginal cost estimate: €10–€15/month per user (cloud hosting, AI API calls, customer support)
 - Yes, the pricing significantly exceeds marginal cost, ensuring strong profitability at scale (target margins: 50–70%).

2. Test to Validate

- a. In setting your pricing framework, what hypotheses are you assuming to be true?
 - Lawyers will find €100/month affordable given the 30–50% time savings
 - A freemium model will attract small firms and citizen users, upselling to paid subscriptions later
 - High perceived value will reduce price sensitivity over time as credibility grows
- b. What experiments will you run to test your hypotheses?
 - Launch a 14-day free trial and aim for at least 20% trial-to-paid conversion
 - Offer early-bird discounts to first 50 subscribers and monitor signup velocity.
 - Conduct follow-up interviews to validate perceived value versus price sensitivity.
- c. What information will show that your hypotheses are valid or invalid?
 - Conversion rate >20% from trial to paid.
 - Willingness to pay confirmed during follow-up interviews (most users agreeing €100/month is fair).
 - Net Promoter Score (NPS) >40 at 30–60 days post-signup
- d. How long will you give the experiments to run?
 - 60 days post-launch to gather sufficient data