



Pricing Strategy

Florian Garlet

Account Manager ISV, Amazon Web Services

Christian Wirth

Pricing Expert, Optimal Price

Cost-based Pricing

Price = COGS + Premium

5' X 5' Premier Canvas	\$200
Deluxe Oil Paints	\$150
Fine Brushes	\$100
Other Supplies	\$100
30 Hrs Labor (\$100 / hr)	\$3,000
TOTAL COGS	\$3,550
+ 15% Markup	\$383

\$3,933

Competitor-based Pricing

Price = Market Price – Discount

Version	Auction	Sale Price
L	2011	\$11.4 M
J	2006	\$18.6 M
K	1997	\$6.6 M
H	1997	\$7.2 M
M	1997	\$10.0 M
O	1997	\$31.9 M

Value-based Pricing

Price = What it's worth to Customer

Hypothesized Sources of Value for Buyer at Auction

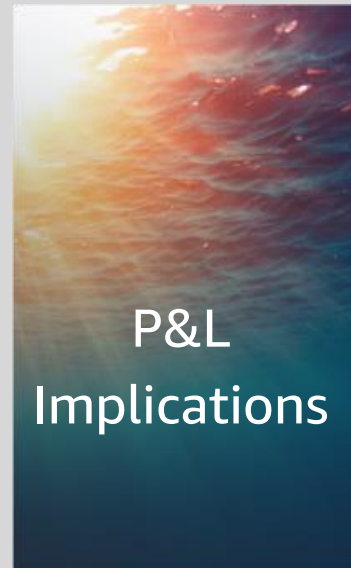
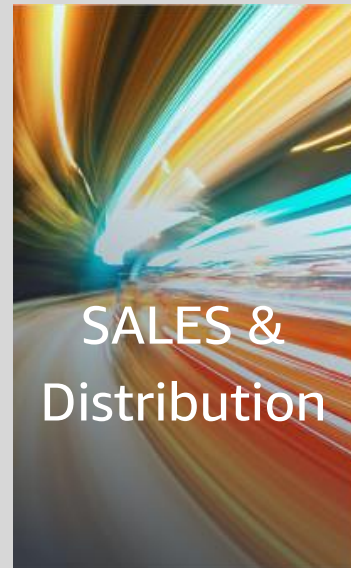
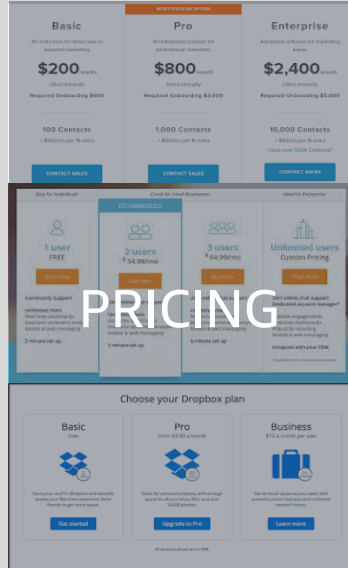
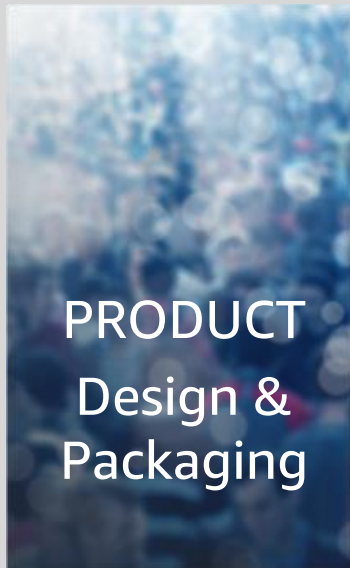
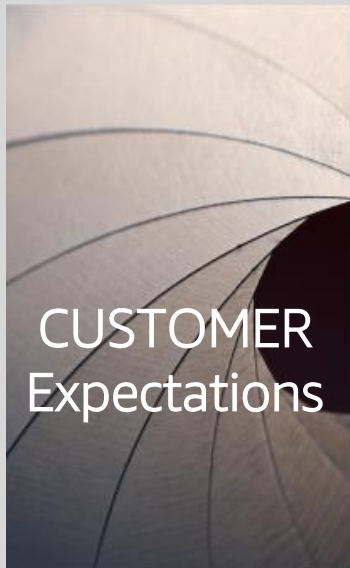
- “Value will rise over time”
- Aesthetics and enjoyment
- Addition to personal collection
- Perception of owner as an educated person

O

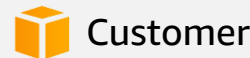
2015

\$179.4 M

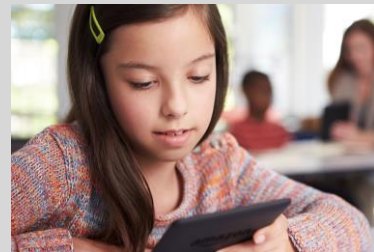
Pricing in a Context of ISV SaaS Journey



Working Backwards from the Customer



- Who is the **customer**?
- What is the customer **problem or opportunity**?
- Is the most important customer **benefit** clear?
- How do you know what customers **need or want**?
- What does the customer **experience** look like?



Four Models for SaaS Transformation

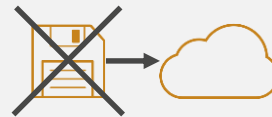


Product

Introduction of a
new Product

Offer an
existing Product

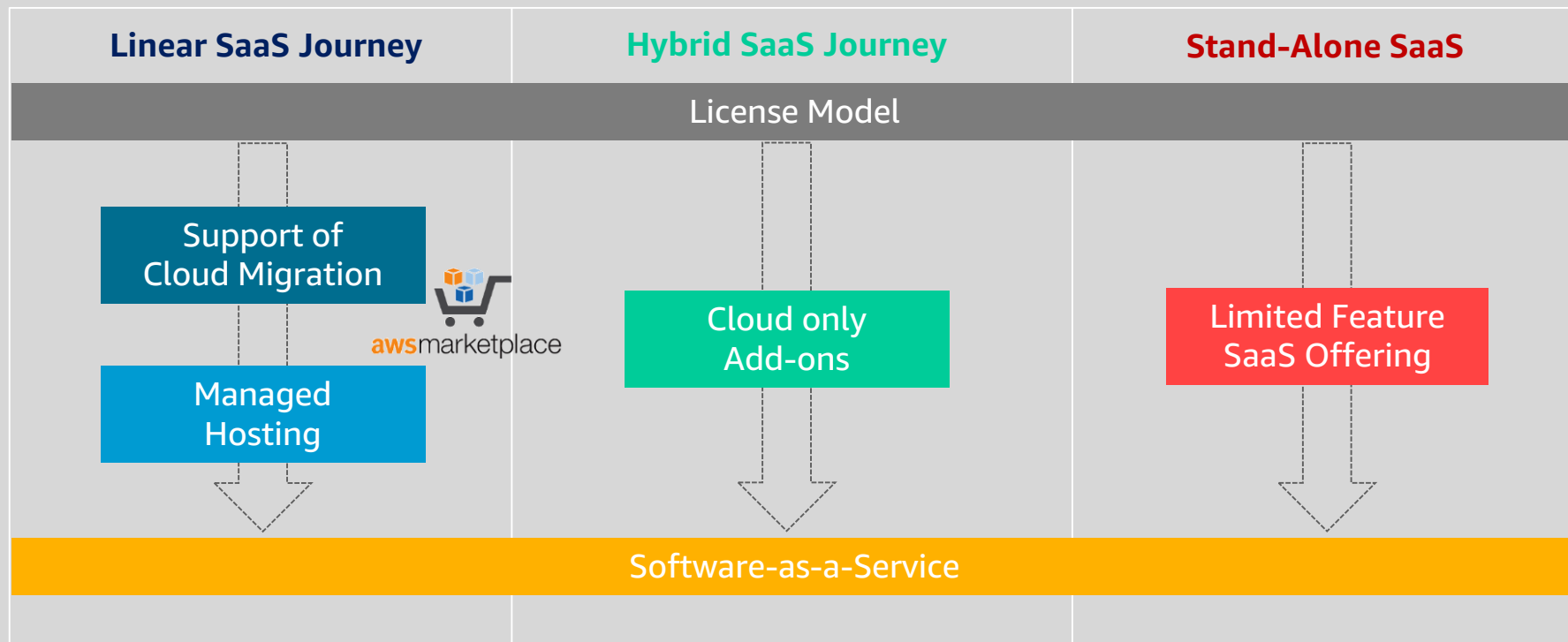
SaaS
only



SaaS / Perpetual
Model



Revenue Streams along your SaaS Journey



Sales and Distribution



Sales

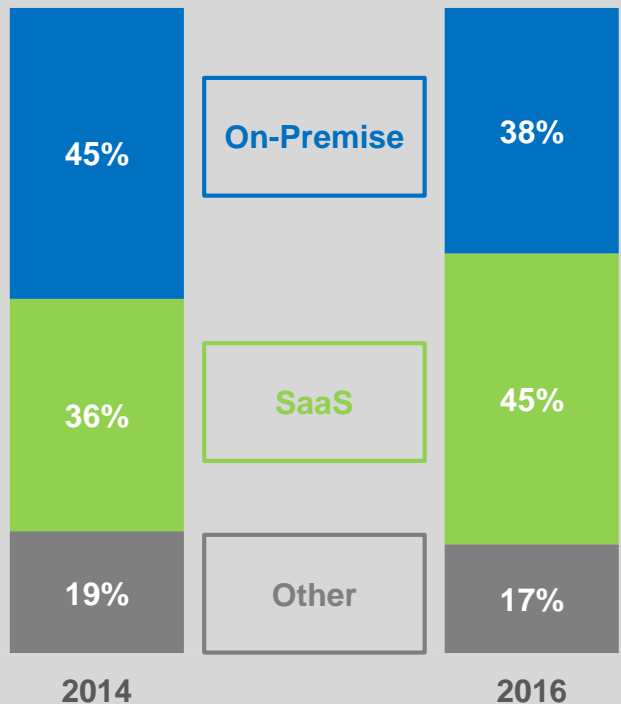
- Hybrid cloud journey
- The structure of the sales organization
- Channels
- Sales compensation with a SaaS product
- Sales training appropriate for SaaS products

ISV Revenue Streams



P&L

- Licensing
- Subscription (per Unit | Payment Type)
- Maintenance
- Support
- Managed Services
- ad-based Revenue
- Consulting
- ...



Source: Forrester, The ISV Business Case For Building SaaS on Amazon Web Services (AWS), August 2016

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How much time does an average SaaS company spend on pricing?

6 hours.

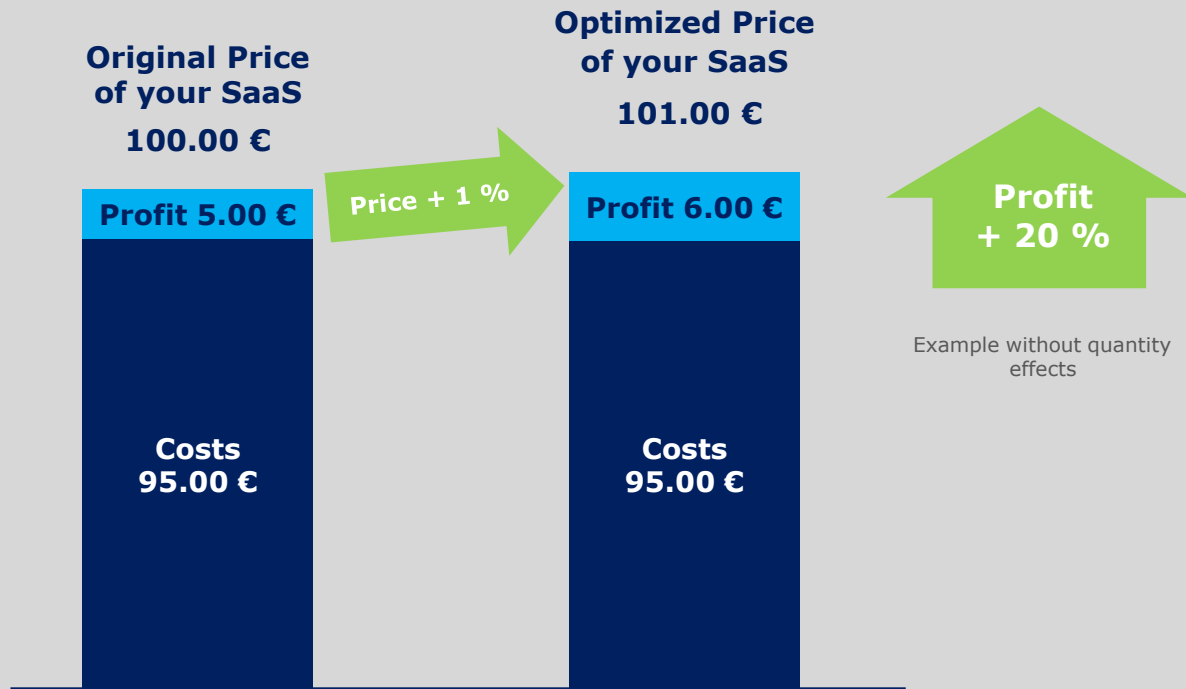


SaaS Pricing in 6 Steps

Christian Wirth

Pricing Expert, Optimal Price

Price is King!



Intro

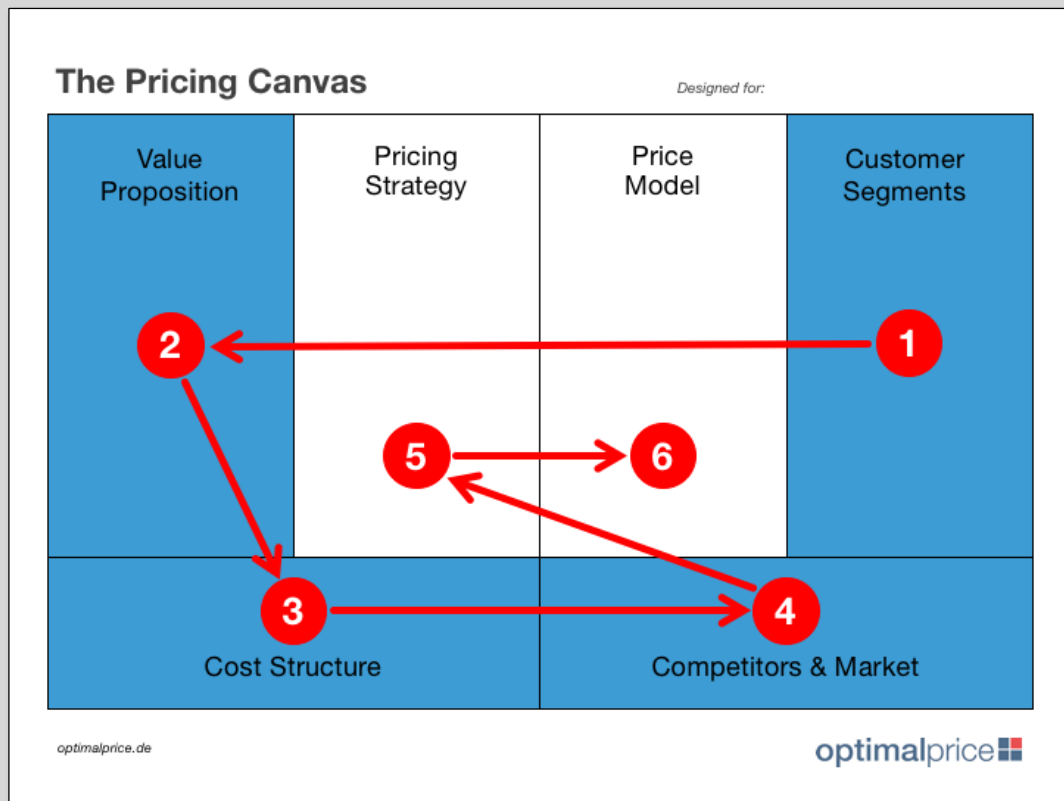
Optimal Price helps you to unlock the potentials of your SaaS prices.

We show you how to win new customers and how to maximize your profit with a smart SaaS pricing.

Optimal Price does not focus on the price point only. We have a much broader view on pricing.

We design individual pricing models with a customer-centric and agile method: The Pricing Canvas.

Our Method



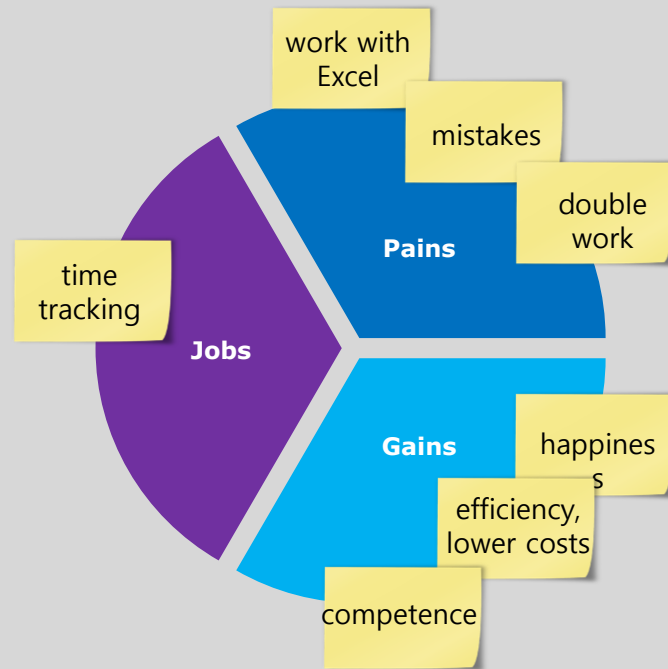
1

Customer Segments - Personas and Needs

Personas



Needs



2 Value Proposition - Basis for Pricing

Photography

2

Value Proposition - Price Objects



product
product versions
sub-products
options
accessories
services
extra charges

iPhone
8 plus
notes app
storage capacity
protective cover
technical support
express delivery



hotel accommodation
deluxe
breakfast
half-board
wellness
laundry
late check-out



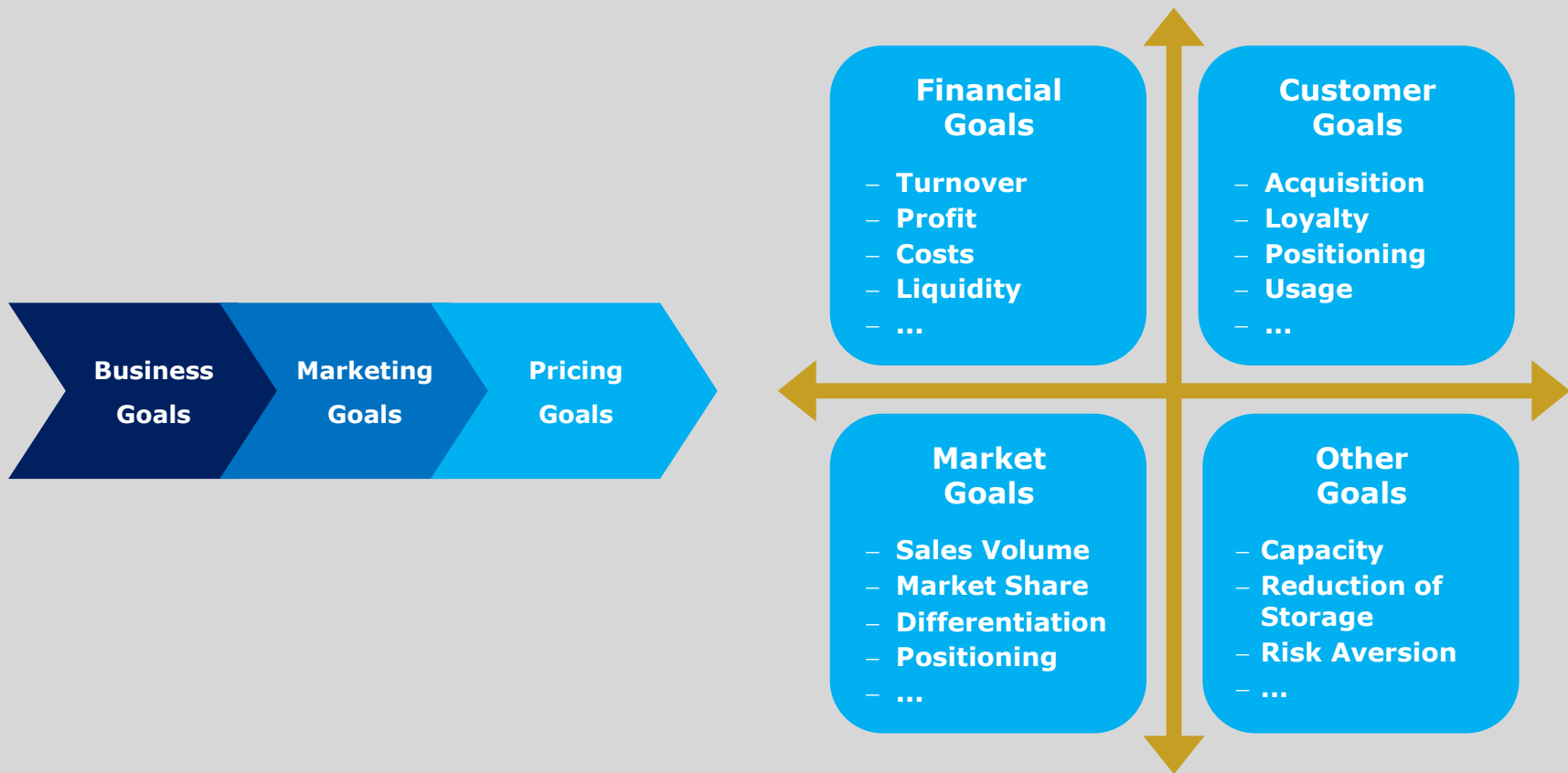
CRM Solution
Salesforce Lightning
contact management
support module
sales analytics
advisory services
premier services

3 4 Costs and Competition

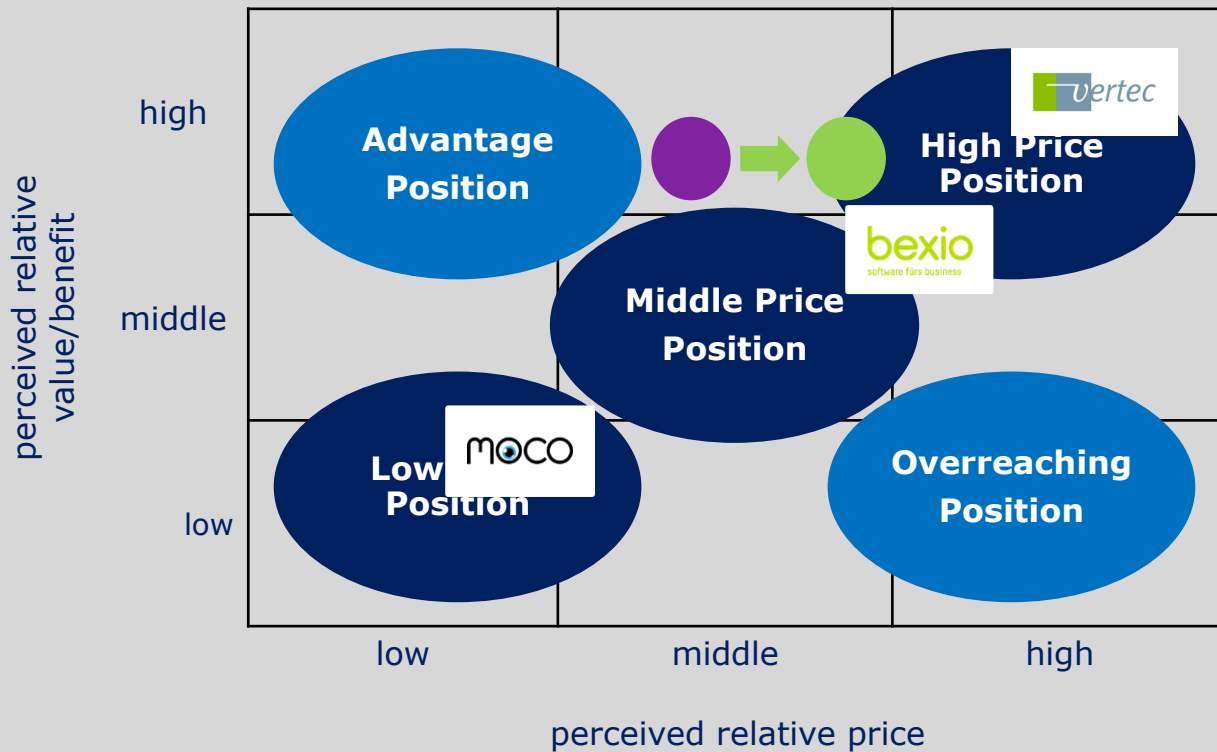
The customer needs and the willingness to pay of the customers are the drivers for a successful pricing.

Costs and competition are 'only' limits.

5 Pricing Strategy - Pricing Goals

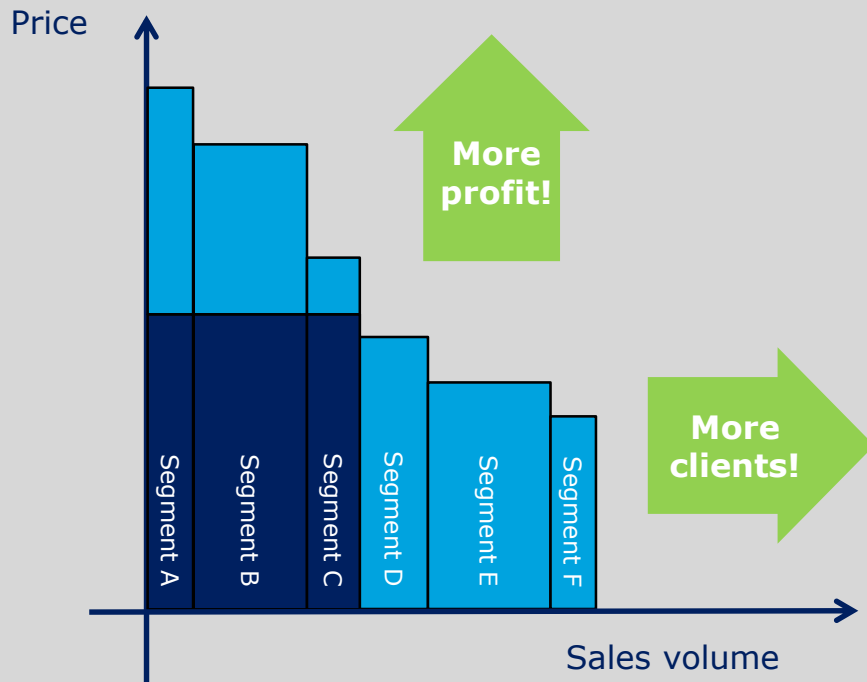


5 Pricing Strategy - Positioning



5

Pricing Strategy - Differentiation



Sales Cloud Pricing

Sell faster and smarter with any of our fully customizable CRM editions.





SalesforceIQ CRM Starter	Lightning Professional	Lightning Enterprise	Lightning Unlimited
Out of the box CRM for up to 5 users	Complete CRM for any size team	MOST POPULAR Deeply customizable sales CRM for your business	Unlimited CRM power and support
Starting at \$25 USD/user/month (billed annually)	\$75 USD/user/month (billed annually)	\$150 USD/user/month (billed annually)	\$300 USD/user/month (billed annually)
WATCH DEMO	TRY FOR FREE	TRY FOR FREE	TRY FOR FREE

Compare editions and features

[GETS CHAT](#) [FEEDBACK](#)

5

Pricing Strategy - Differentiation

 <p>REWE Abholservice REWE Feine Welt Pures Vergnügen 480ml 480ml (1 l = 5,19 €)</p> <p>2,49 €</p> <p><input type="checkbox"/> - 1 + <input type="checkbox"/></p>	 <p>REWE Abholservice Cremissimo Vanille Eis 1000ml 1000ml</p> <p>3,69 €</p> <p><input type="checkbox"/> - 1 + <input type="checkbox"/></p>	 <p>REWE Abholservice REWE Beste Wahl Bourbon-Vanilleeis 900ml 900ml (1 l = 2,21 €)</p> <p>1,99 €</p> <p><input type="checkbox"/> - 1 + <input type="checkbox"/></p>	 <p>REWE Abholservice ja! Bourbon-Vanille-Eis 2,5l 2500ml (1 l = 0,96 €)</p> <p>2,39 €</p> <p><input type="checkbox"/> - 1 + <input type="checkbox"/></p>
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Price for 1 Liter

5,19 €

3,69 €

2,21 €

0,96 €

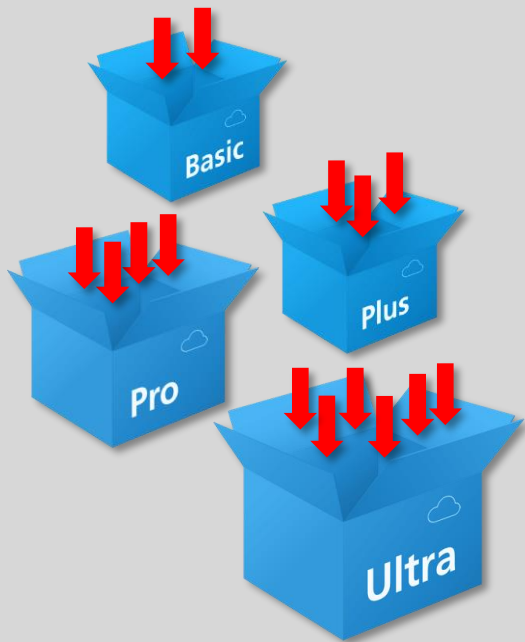
Pricing Strategy - Differentiation

The image displays four overlapping screenshots of software pricing pages, each representing a different pricing strategy:

- Bexio:** A page titled "Pakete und Preise" (Packages and Prices) showing four distinct packages for different user segments (e.g., "Ideal for self-employed and startups", "Perfect for all business owners", "Special for smaller businesses", "Higher functionality"). Each package has a monthly price and a list of features.
- myfactory:** A page titled "Cloud-ERP - die moderne, anpassbare und günstige Software" (Cloud-ERP - the modern, adaptable and cheap software). It features a table with four plans (CRM, ERP, eCommerce, PPS) and a list of features for each.
- Marketing Professional:** A page showing a tiered pricing strategy with four plans: Free, Starter, Basic, and Professional. Each plan has a monthly price and a list of features.
- Netflix:** A page titled "Choose a plan that's right for you." showing three plans: Basic, Standard, and Premium. Each plan has a monthly price and a list of features.

- user / active user
- features
- customer segments
- contract duration
- billing cycles
- and many more

5 Pricing Strategy - Bundling



- reduce complexity
- segment the market
- package complementary products
- support weak products
- stimulate new needs
- generate price emotions

5

Pricing Strategy - Psychological Price Levers

Contact +49 89 77 77 xxx

Fair and Flexible Pricing!

Our pricing plans are tailored for your specific needs...

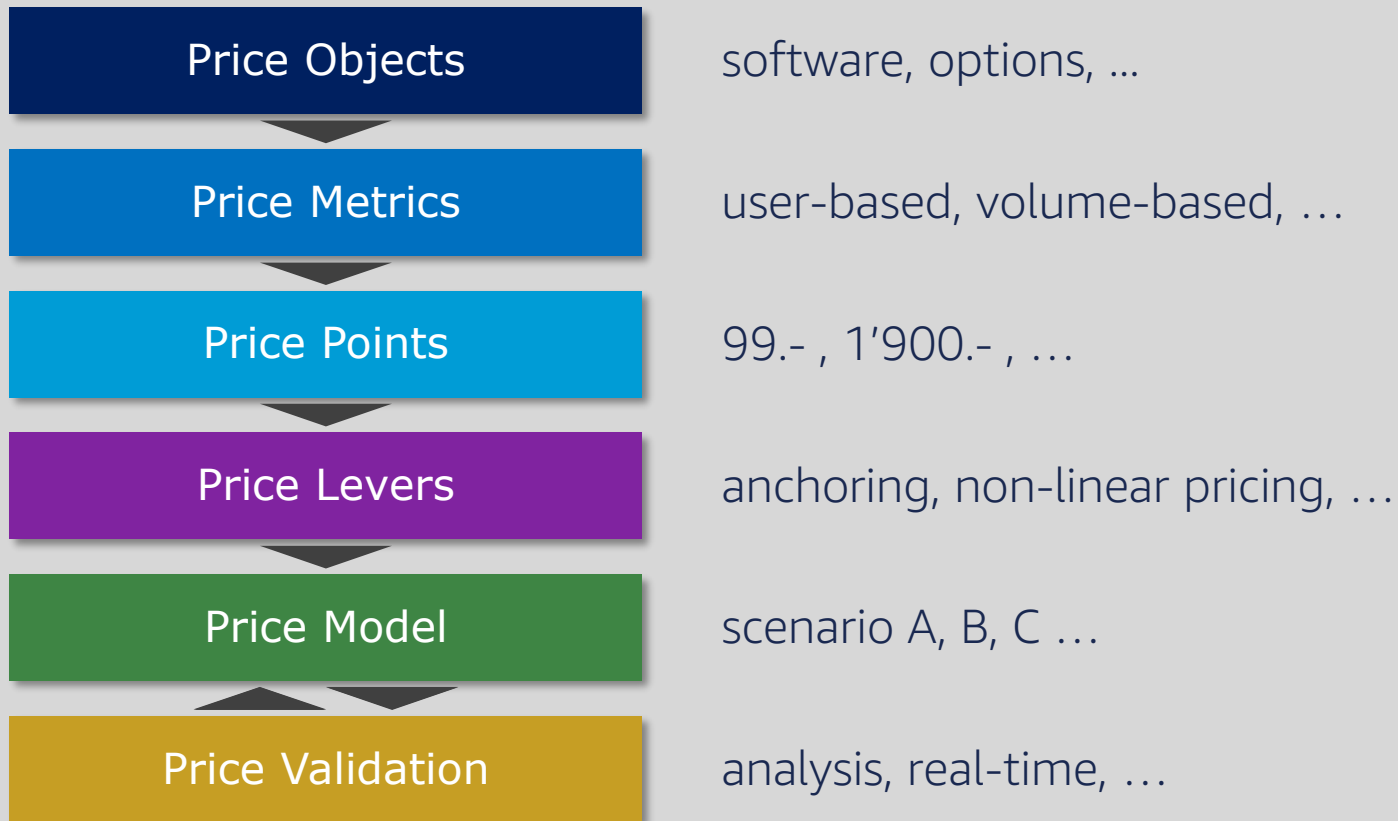
Basic	Plus	Pro	Ultra
Free Trial	Free Trial	Free Trial	Free Trial
100 \$ / month	190 \$ / month	280 \$ / month	...
<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> ... <input type="checkbox"/> ...
Sign up	Sign up	Sign up	Sign up

Testimonial

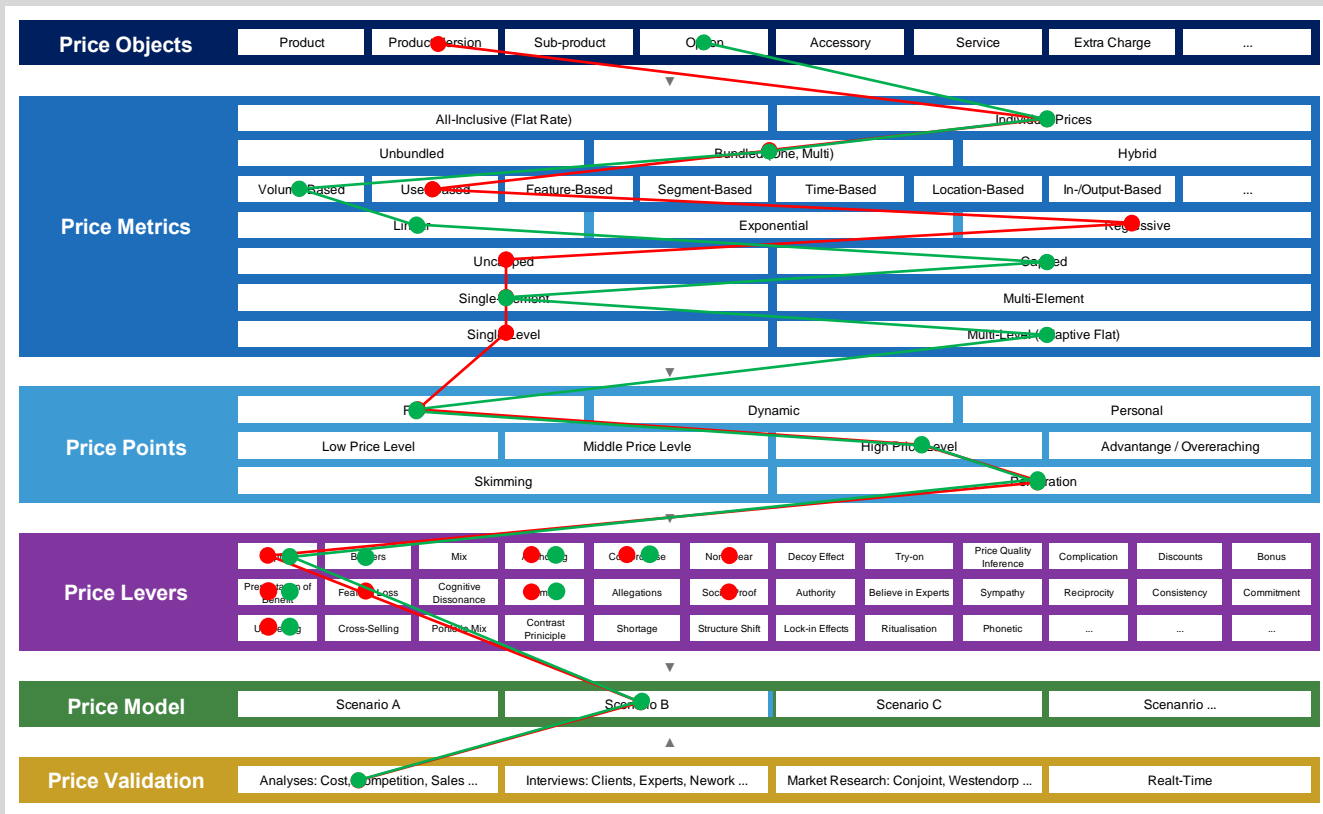
Need Help?
Chat with us!

- anchoring
- compromise effect
- non-linear pricing
- visual appearance
- priming
- social proof
- try before buy prices

6 Price Model - Components



Price Model - Optimal Price Matrix



Summary

- The Pricing Canvas is an effective tool for your SaaS pricing.
- A deep understanding of your customers and your value proposition is key.
- Price positioning, differentiation, bundling and price levers are powerful tools.
- You can maximize your profit with a smart combination of price objects, price metrics, price points and psychological price levers.
- Price is King!

Thank you!



And....one more thing!

Mini Pricing Academy coming this summer

More pricing content is coming in a summer webcast series that will dive deep into:

1. Data driven pricing strategy
2. SaaS metrics
3. Value based pricing

Delivered by Patrick Campbell, CEO of ProfitWell, this series is based on data from over 8000 recurring revenue businesses.



Mark your interest on the event questionnaire!

Thank you!