

GLOO

Pricing Strategy Analysis

Ownership vs. Rental Model

Strategic Decision Framework

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1. Executive Summary

Gloo is a pre-revenue B2B SaaS consulting company building custom business intelligence tools for account management and sales teams. As we prepare to go to market, a fundamental strategic question must be answered:

Should clients own or rent the tools we build for them?

Our Recommendation: Hybrid Model (Consulting + SaaS)

- Implementation fees capture consulting value upfront
- Monthly subscriptions create recurring revenue (ARR)
- Clients own their data; Gloo retains platform IP
- Buyout option available after 18 months for enterprise clients

Metric	Year 1	Year 2 (Projected)
Total Revenue	\$467,000	\$1.2M+
ARR (Annual Recurring Revenue)	\$389,000	\$840,000
Estimated Valuation (6x ARR)	-	~\$5,000,000

2. Market Research Findings

B2B SaaS Pricing Trends (2025)

- **66%** of B2B buyers prefer subscriptions over perpetual licenses (lower upfront cost, continuous updates)
- **38%** of SaaS companies now use usage-based pricing models
- Subscription fatigue is driving demand for clearer value alignment
- Hybrid models combining subscriptions with usage-based elements are emerging as best practice

Competitor Landscape

Competitor	Model	Starting Price	Target Market
Gainsight	SaaS + Perpetual Option	~\$5,000/month	Enterprise
ChurnZero	SaaS Only	~\$1,500/month	Mid-Market
Gloo (Proposed)	Hybrid	~\$1,500/month	Mid-Market

Key Insight

Gainsight offers a perpetual license option that ChurnZero doesn't — this is a differentiator. By offering a buyout clause, Gloo can address enterprise concerns about vendor lock-in while maintaining the recurring revenue benefits of SaaS.

3. Template IP Structure

The "Core + Custom" Model

When building tools from templates (e.g., ROI Calculator), intellectual property should be layered to protect Gloo's core assets while giving clients appropriate ownership of their customizations.

Layer	What It Includes	Ownership	Example
Core Template	Base code, algorithms, UI framework	Gloo (Always)	ROI Calculator engine
Client Customizations	Features, branding, integrations	Licensed to Client	Custom metrics, Salesforce integration
Client Data	Numbers, configs, generated outputs	Client (Always)	Revenue data, saved reports

What This Means for Multiple Clients

- ✓ You CAN sell the same core template to multiple clients
- ✓ You CAN incorporate general improvements from one project into the core
- ✗ You CANNOT give Client B the specific features built only for Client A
- ✓ If Client A wants exclusivity on specific features, they pay a premium

Recommended Contract Language

"Client receives a license to use the customized tool. Gloo retains ownership of all underlying code, templates, and methodologies. Client owns all data entered into the system and may export it at any time in standard formats."

4. Pricing Models Compared

Model 1: Pure Project (Ownership Transfer)

One-time fee: \$15,000 - \$35,000 per tool. Client owns the customized version.

Metric	Value
Year 1 Revenue	\$490,000
Year 1 ARR	\$40,000 (support contracts only)
Year 2 ARR (projected)	\$80,000
Valuation Multiple	1.5x revenue
Estimated Company Value	~\$750,000

■■ Lower valuation multiple, no compounding revenue

Model 2: Pure SaaS (Rental Only)

Setup: \$3,000-\$8,000. Monthly: \$800-\$2,500. Client rents access.

Metric	Value
Year 1 Revenue	\$273,000
Year 1 ARR	\$324,000
Year 2 ARR (projected)	\$696,000
Valuation Multiple	8x ARR
Estimated Company Value	~\$5,600,000

■■ Slower cash early, need to prove ongoing value for retention

Model 3: Hybrid (RECOMMENDED)

Implementation: \$8,000-\$20,000. Monthly: \$1,200-\$2,500. Annual commitment.

Metric	Value
Year 1 Revenue	\$467,000
Year 1 ARR	\$389,000
Year 2 ARR (projected)	\$840,000

Valuation Multiple	6x ARR
Estimated Company Value	~\$5,000,000

✓ Best of both: upfront cash + compounding ARR + strong valuation

5. Recommended Pricing Structure

Tier	Implementation	Monthly	Includes
Tier 1 Single Tool	\$12,000	\$1,500/mo (annual)	One customized tool Standard support Quarterly reviews
Tier 2 Tool Bundle	\$20,000	\$2,500/mo (annual)	2-3 customized tools Priority support Monthly reviews
Tier 3 Full Platform	\$35,000	\$4,000/mo (annual)	All current + future tools Dedicated success manager Weekly reviews + SLAs

Buyout Option (Available After 18 Months)

Component	Calculation	Example (Tier 2)
Perpetual License Fee	3x Annual Subscription	$\$2,500 \times 12 \times 3 = \$90,000$
Ongoing Support (Optional)	25% of Monthly	\$625/month

Note: Buyout provides perpetual license to the customized version only. Gloo retains core template IP. Client can continue using the tool indefinitely but will not receive future platform updates.

6. Sales Positioning

When Prospects Ask: "Do I Own It?"

"You always own your data — it's exportable anytime in standard formats. You're subscribing to our platform because that gives you continuous improvements, security updates, and support without managing infrastructure yourself. Think of it like leasing a car with full service included versus buying and maintaining it yourself. And if you ever want to bring it fully in-house, we have a buyout path after 18 months."

Key Differentiators to Emphasize

- Data ownership is non-negotiable** — clients always own and can export their data
- Lower total cost** — vs. Gainsight's \$60K+/year with 6-month implementation
- Flexibility** — buyout option that competitors don't offer
- Continuous value** — platform improvements, not a static tool that ages
- Low risk** — prove value before long-term commitment

Handling Common Objections

Objection	Response
"We need to own it for security/compliance"	Your data stays in your control. We can discuss on-premise deployment options for enterprise (Tier 3+).
"We don't want to be locked in"	18-month buyout option + data export anytime. No lock-in, just ongoing value.
"One-time cost fits our budget better"	Implementation fee can be larger, subscription smaller. We're flexible on the split.
"What if you go out of business?"	Escrow agreement available for Tier 3. Source code held by third party.