

How to Leverage the Value of Your Application

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Software Pricing Partners

Software Pricing Partners

- Since 1987
 - Pricing software-based offerings
 - Improving B2B pricing and revenue models
- The Ends...
 - More value from products & services
 - Improve financial performance
 - Increase sales effectiveness
- The Means...
 - Pricing Assessments
 - Deal Pricing & Negotiations
 - Custom Consulting

Takeaways

- Value depends on customer needs / perceptions
 - Different customers & needs, different value & prices
- Different customer types value different functionality
 - Value created inside application
- Same product functionality can be priced differently
 - Value can be created outside application
- It's all about “The Offering”
 - Create different economic value for different customer types

Topics

- Introduction
- Same software, different value
- Creating value with pricing model
- Implications and actions

Value Differences

Different Customers Value Different Features

How Many People Use Feature	Many	Standard	Advanced
	Few	Hacks	Options
		Low	High

Perceived Value

Value Differences

It's Not Just About Product Features



Value Differences

It's Not Just About Product Features

Convenience has its costs. Below is a sampling of supermarket and pharmacy prices for various groceries, part of a Consumerworld.org survey on Oct. 2 of grocery prices in Somerville. The group compared the prices of 25 products and found the average pharmacy pricetag was 36 percent higher than the average supermarket bill.

	DRUGSTORE			vs.	SUPERMARKET		
Walgreens 16. oz Ben & Jerry's	Rite Aid	CVS	Stop & Shop	Shaw's	Market Basket		
							
\$4.99	\$5.29	\$6.29	\$3.99	\$5.77	\$3.49		
9 oz. Cheez-Its							
							
\$3.29	\$3.79	\$3.29	\$2.00*	\$3.19	\$2.29		
Campbell's Cream of Mushroom							
							
\$1.69	\$1.59	\$1.59	\$1.00*	\$1.00*	\$1.25		

*Sale price
SOURCE: Consumerworld.org

GLOBE STAFF

Value Differences

It's Not Just About Product Features

Leasing

Who Owns It

You do not own the car when you lease. You're paying for the use of the vehicle, institution that you leased it through actually owns it. This is usually why you pay lease than if you were to buy the car.

Up-front Costs

Leases often do not require any type of a down payment. All you usually have to payment, a security deposit, the acquisition fee, and taxes. If you want to lower your monthly payments

Future Value

In most leases you don't end up owning the car. You're leasing it for a job. Although you may have mileage limitations, you may have to pay extra cost you extra money when you turn y

End of Payments

Most people return the vehicle at the end of the lease or at the end. Others like to trade-in the car. You have to pay options before signing any paperwork to lease the car.

Best Cars to Lease

The best cars to lease are those with low mileage and low depreciation. Review

Buying

Who Owns It

Whether you pay for the car with cash, or finance it and make monthly payments, either way it's yours. Of course, if you're financing it, you'll have to meet the obligations the lender requires, like a certain down payment amount and timely monthly payments. If you don't, they have the right to repossess it.

Up-front Costs

If you're financing it, the bank will probably request a down payment. You can also trade-in another car. The amount of the down payment is usually 10-20% of the car's value.

the future and that depends on how well you maintain the car with regular scheduled maintenance by a factory-

is it. Your vehicle is 100% yours. The lending institution's vehicle is completely paid off and all yours.



Value Differences

It's About the Features of the Offering

Value Differences
Different Customers Value Different Features

Many

How Many Use Feature

Few

SoftSummit '20

- Features
- Options

Perceived Value
It's Not Just About Features

SoftSummit '20

- Quantity
- Commitment

Perceived Value
It's Not Just About Features

BRUNNEN	vs.	ELFENBEIN
Wagner		Big & Green
Big All		Green's
Big		Market Basket

SoftSummit '20

- Sales Outlet
- Product Choices

Perceived Value
It's Not Just About Features

Leasing
Who Owns It

Buying
Who Owns It

Up-front Costs

Future Value

End of Payments

End Date on Lease

SoftSummit '2011

FLEXERA

- Payment Stream
- Rights to Use

Topics

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- **Same software, different value**
- Creating value with pricing model
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Leveraging Code Base

Offer Flexible Deployment Options



April 13, 2011 12:00 PM Eastern Daylight Time

Socialtext Announces New Virtual Appliance Built for VMware

New deployment option helps IT leaders deliver social software in their private cloud and virtualization environments

The virtual appliance adds to a rich set of deployment options offered by Socialtext. The company's enterprise social software platform can be hosted in the cloud (single or multi-tenant), or on premises as a private cloud (a hardware appliance and, as of today, a virtual appliance).

Regardless of which method a customer chooses, Socialtext performs all the updates and upgrades remotely, providing easy maintenance and a low cost of ownership for IT.

Leveraging Code Base

Offer Flexible Payment Options

Flexible Payment Options (Kronos)

License, Lease, Software-as-a-Service (SaaS), Subscription: You Choose

When you select a Kronos solution, you have payment options – you can purchase a perpetual license, lease, or subscribe on a monthly basis.

Choose what's most important to you – maximizing control, reducing up-front expenses, lowering your total cost of ownership, or minimizing demands on your internal IT staff. The options include:

- › **Purchasing** delivers maximum value and control. The price of the license is paid for prior to implementation. Services are provided on a bill-as-you-go basis.
- › **Leasing** reduces up-front expenses and lets you conserve capital by choosing low, predictable monthly payments. You can obtain a perpetual license for \$1.00 when the lease expires. Implementation fees can also be leased with little or no money down.
- › **Software-as-a-Service (SaaS) subscription pricing** gives you reduced up-front fees and affordable "per employee, per month" payments. Kronos manages all the technical issues associated with maintaining, upgrading, and supporting the system. Everything you need is web-based and available any time.

If you are a Kronos customer and need immediate technical support, please go to the [customer portal](#) and log a case.

To get more information, [contact us](#).

Leveraging Code Base

Offer Flexible Hosting Location

	PayPerUse Coupon [?]	1-Year Subscription [?]	Enterprise Subscription [?]	Corporate Subscription [?]
SaaS	\$ 140 BUY	\$ 550 BUY	\$ 3,390 BUY	\$ 7,990 BUY
Minutes [?]	500	unlimited	unlimited	unlimited
Active connections [?]	unlimited	1	10	25
Additional active connections [?]	N/A	\$ 410	\$ 410	\$ 410
Validity period [?]	12 months	12 months	12 months	12 months
ALL in ONE [?]	✓	✓	✓	✓
	Server License [?]	Enterprise Server License [?]	Corporate Server License [?]	
On-Prem	\$ 1,390 BUY	\$ 7,990 BUY	\$ 16,900 CONTACT US	
Active connections [?]	1	10	unlimited	
Additional active connections [?]	\$ 970	\$ 970	N/A	
Validity period [?]	unlimited	unlimited	unlimited	
Free upgrades and updates [?]	12 months	12 months	12 months	
Extended Support Service [?]	15% / year	15% / year	15% / year	
ALL in ONE [?]	✓	✓	✓	

(Source: ISLonline - Online chat and remote connectivity)

Leveraging Code Base

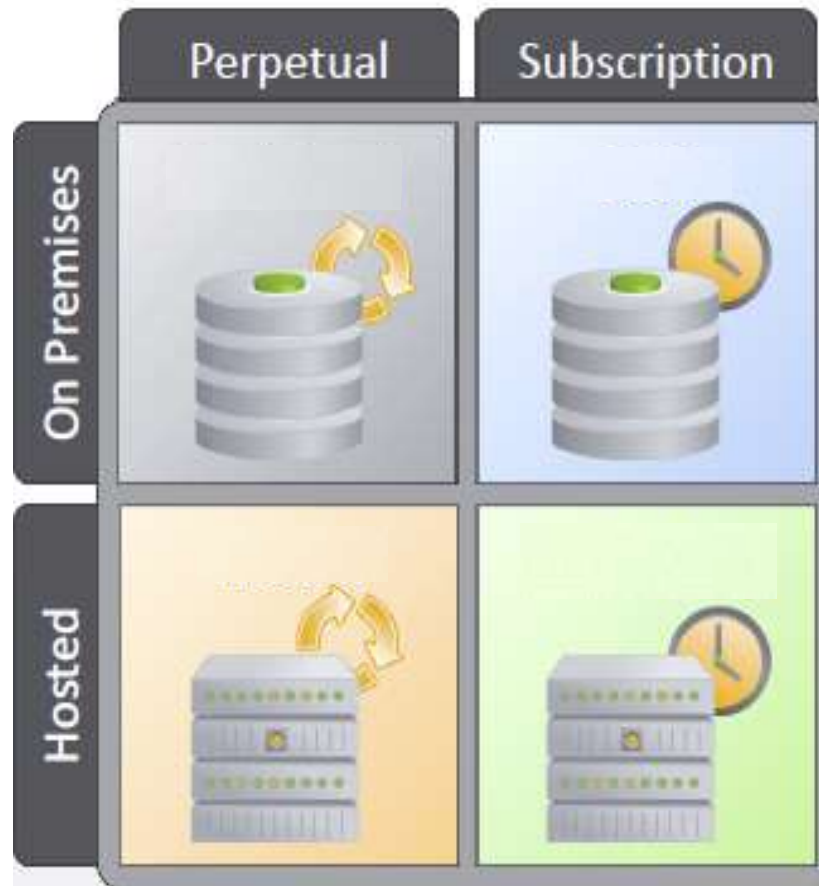
Offer Flexible Hosting Options

Infor ERP SyteLine is now available to customers in the following options:

- On-premise - traditional perpetual licensed software deployed at customer's facilities
- SaaS Subscription - subscription-based monthly pricing of \$149 per named user per month, managed by Infor in a SaaS (multi-tenant) environment
- SaaS Hosted License - same as SaaS Subscription but with a traditional perpetual licensed software pricing model and a \$65 per named user per month hosting fee

Leveraging Code Base

Offer Flexible Payment and Hosting Options



Leveraging Code Base

Different Needs → **Value** → **Price**

Customer Needs

	<i>Match Cashflow</i>	<i>Conserve Capital</i>	<i>Time to Value</i>
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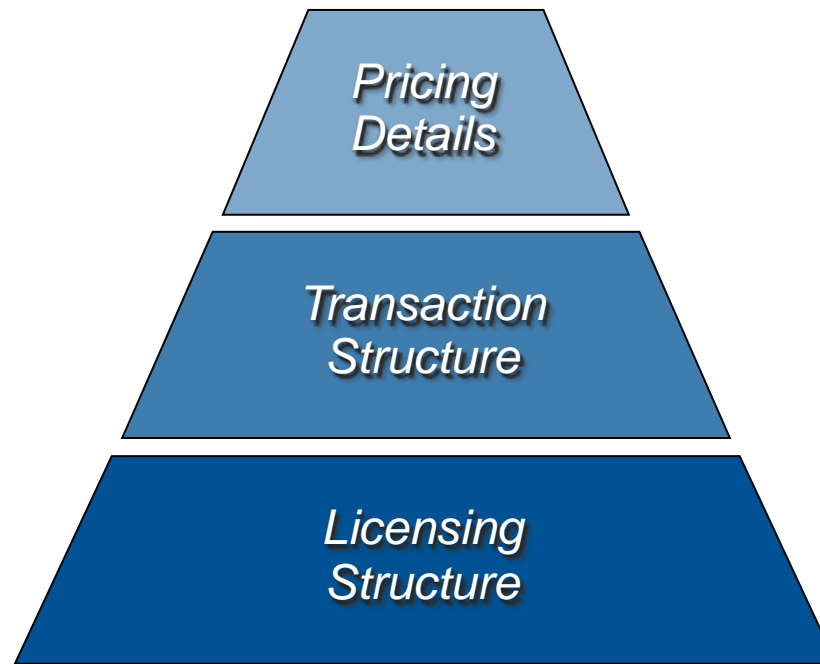
<i>Functionality</i>	✓	✓	✓
<i>Pay for what's needed / used</i>	✓	✓	
<i>Low upfront commitment</i>	✓		
<i>Periodic payments</i>	✓		
<i>Scalability</i>			✓
<i>Remote hosting (etc.)</i>		✓	✓
<i>Cost of ownership / ROI</i>		✓	
<i>Deployment speed / ease</i>			✓
<i>Browser-accessible</i>		✓	✓

Topics

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- Same software, different value
- **Creating value with pricing model**
- Implications and actions

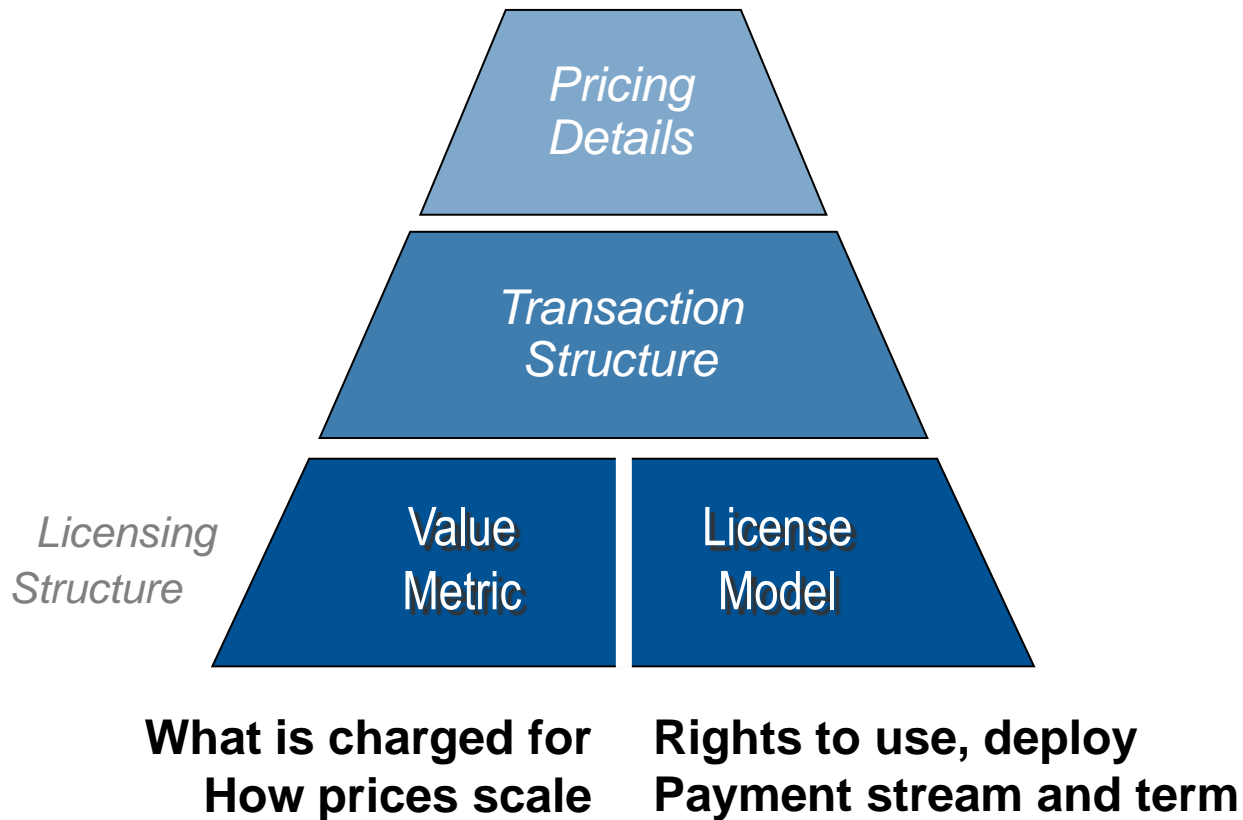
Pricing Model

Pricing Model Hierarchy



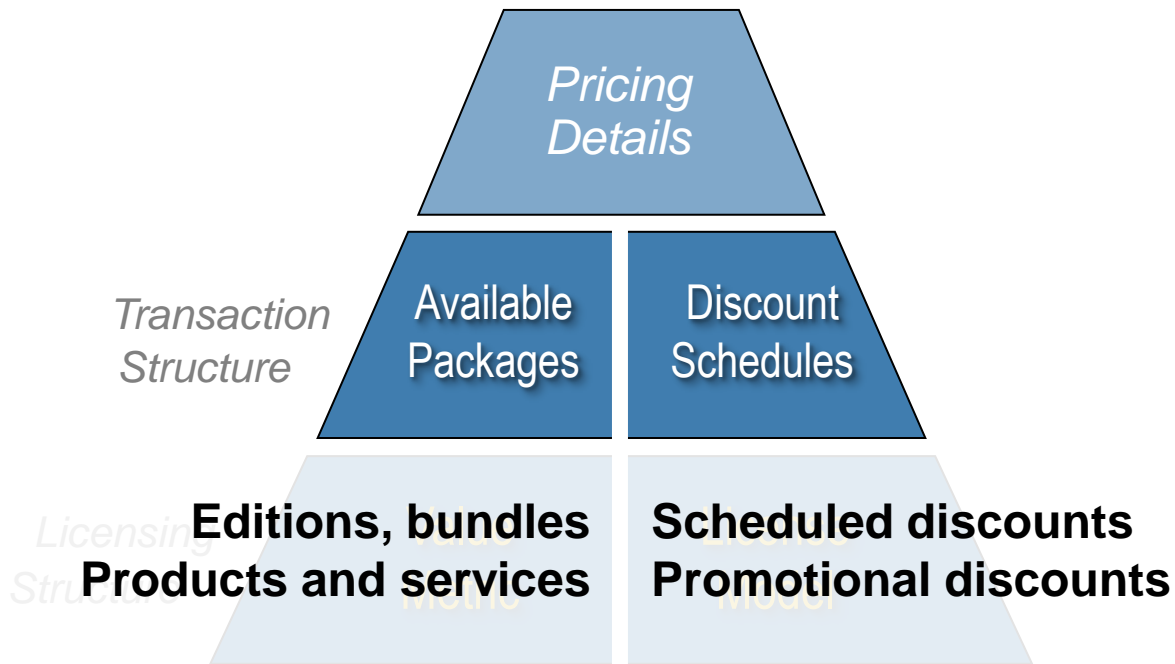
Pricing Model

Pricing Model Hierarchy



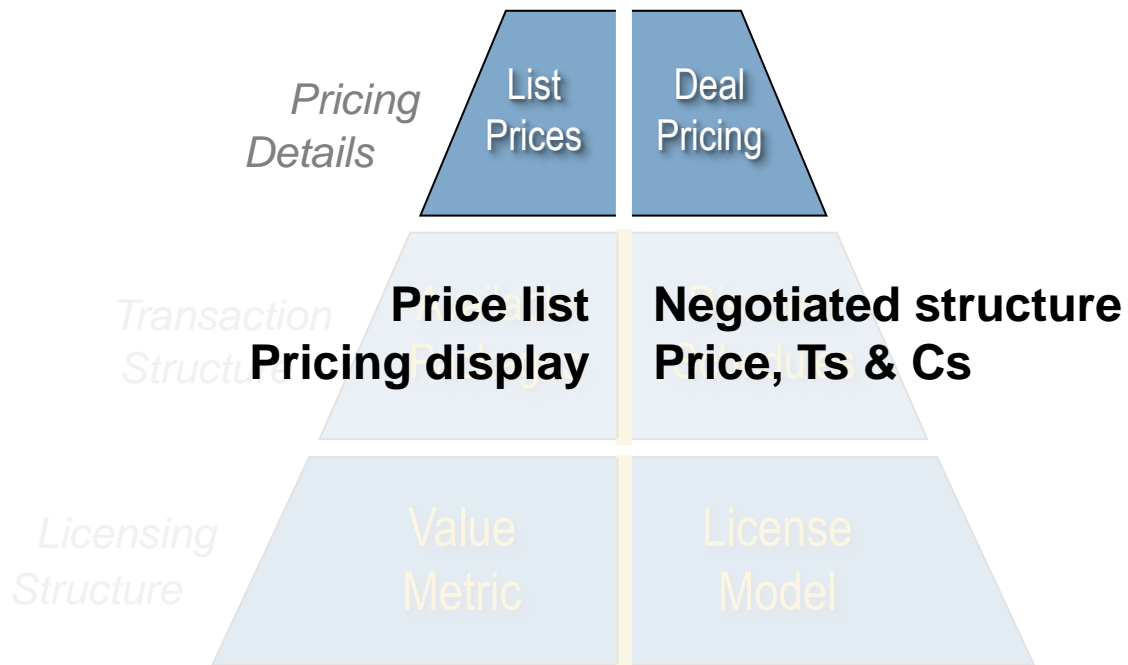
Pricing Model

Pricing Model Hierarchy



Pricing Model

Pricing Model Hierarchy



Use Pricing Model to Create Value

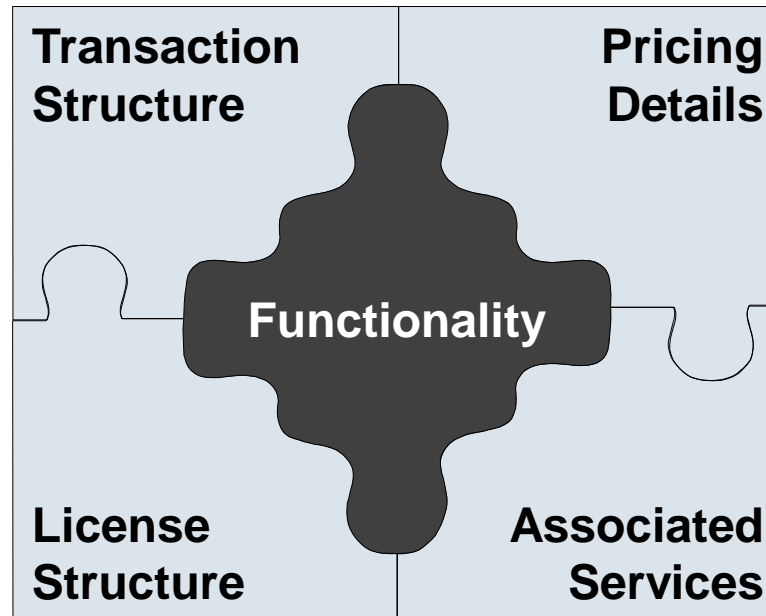
	Licensing Structure	Transaction Structure	Pricing Details
<i>Functionality</i>			
<i>Pay for what's needed / used</i>	✓	✓	
<i>Low upfront commitment</i>			✓
<i>Periodic payments</i>	✓		
<i>Scalability</i>		✓	✓
<i>Remote hosting (etc.)</i>		✓	
<i>Cost of ownership / ROI</i>			✓
<i>Deployment speed / ease</i>		✓	
<i>Browser-accessible</i>			

Topics

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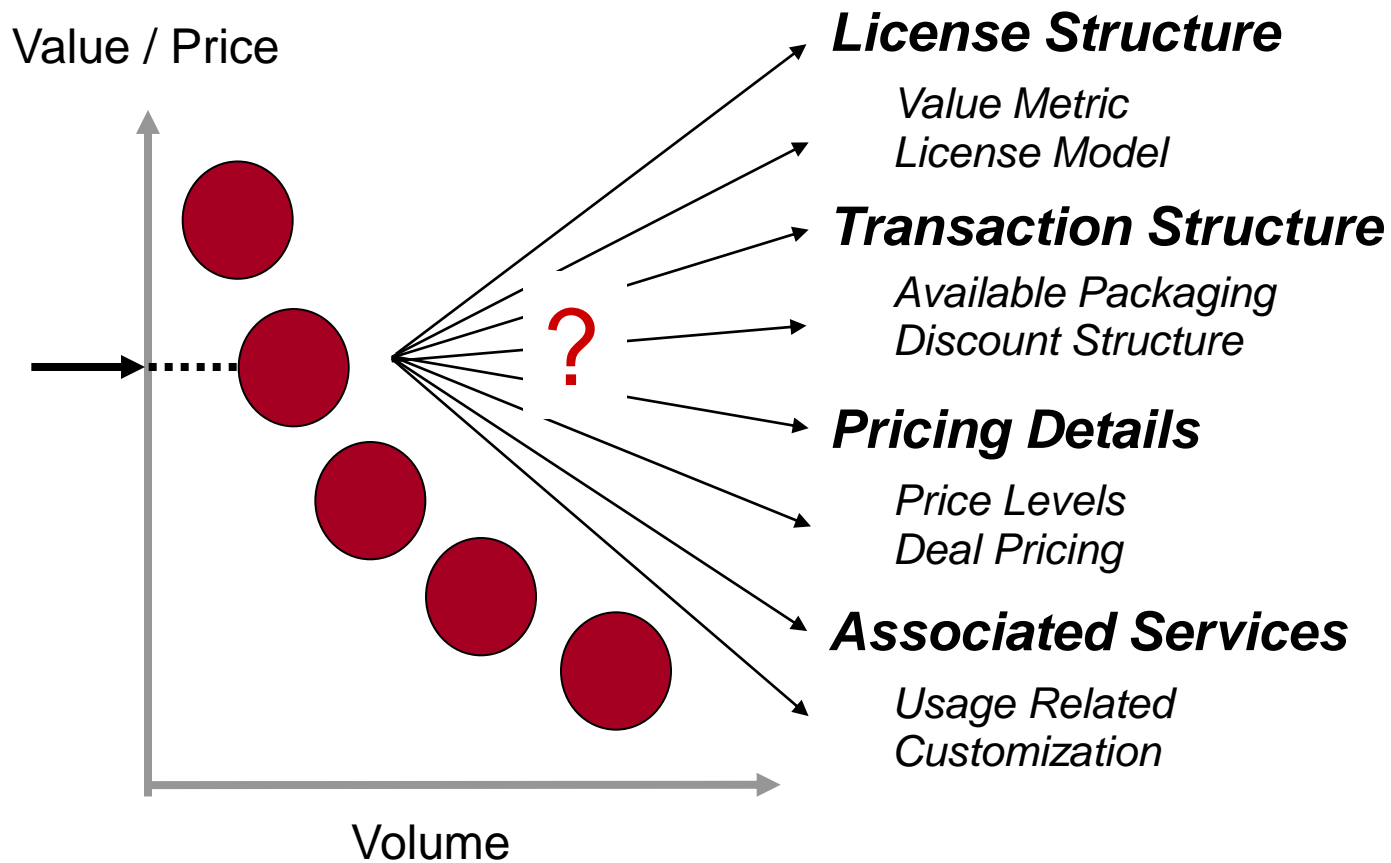
Implications

It's About the Features of the Offering



Implications

It's About Value Creation



Possible Actions

Different Needs → **Value** → **Price**

Match Cashflow

Functionality



Pay for what's needed / used



Low upfront commitment



Periodic payments



Scalability

Remote hosting (etc.)

Cost of ownership / ROI

Deployment speed / ease

Browser-accessible

Possible Offering

Small company focus

Small quantities

Limit package choices

Barebones support

Some options

No premium services

Possible Actions

Different Needs → **Value** → **Price**

Conserve Capital

Functionality



Pay for what's needed / used



Low upfront commitment

Periodic payments

Scalability

Remote hosting (etc.)



Cost of ownership / ROI



Deployment speed / ease

Browser-accessible



Possible Offering

Medium- to large-cos.

Standard quantities

Standard packages

Standard support

Some options

Some premium services

Possible Actions

Different Needs → **Value** → **Price**

Time to Value

Functionality



Pay for what's needed / used

Low upfront commitment

Periodic payments

Scalability



Remote hosting (etc.)



Cost of ownership / ROI

Deployment speed / ease



Browser-accessible



Possible Offering

Medium- to large-cos.

Standard quantities

Standard packages

Premium support

On-premise option

Start-up services included

Non-standard configs.

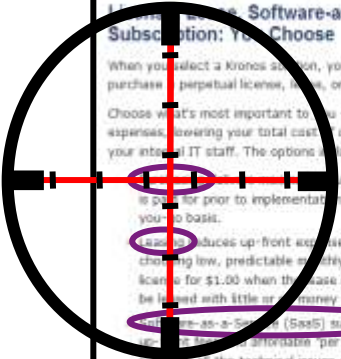
Possible Actions

Other Opportunities for Adding Value

- Different metric if different use
- Global usage and support
- Virtualized application
- Usage administration

Possible Actions

Deliver What Your Target Wants



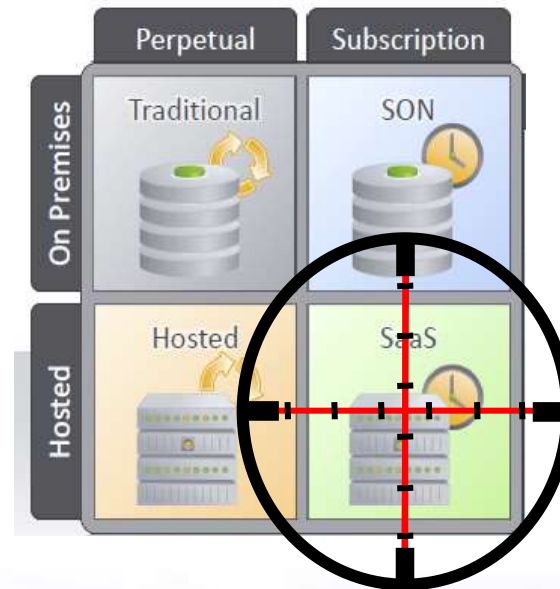
Flexible Payment Options
Kronos offers Software-as-a-Service (SaaS),
Subscription: You Choose

When you select a Kronos solution, you have payment options – you can purchase perpetual licenses, leases, or subscribe on a monthly basis.

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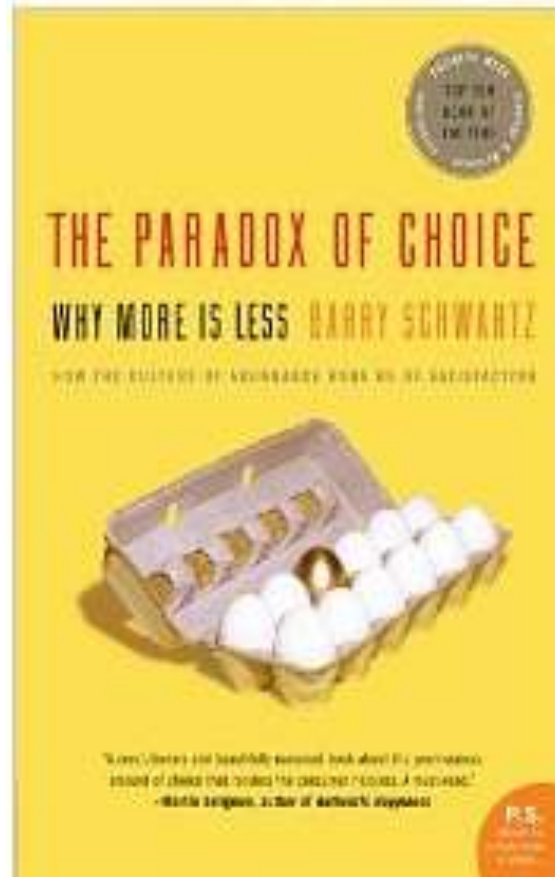
- **Perpetual Licenses:** Maximum control. The price of the license is paid prior to implementation. Services are provided on a bill-as-you-go basis.
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- **Software-as-a-Service (SaaS) subscriptions:** Long gives you reduced up-front expenses, predictable monthly payments, Kronos manages all the technical issues associated with maintaining, upgrading, and supporting the system. Everything you need is web-based and available any time.

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Possible Actions

Simplify the Choices



Thanks!

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½-Day Software Pricing Bootcamp
26 October <http://bit.ly/paoTjN>