

>keylight/

Value-Pricing and Multi-Channel Sales For Modern Subscription Businesses

Expert Session Vol.1



Speaker



Dr. Ian Tidswell

B2B Pricing Expert

Ideal Price & een Consulting

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Moderator



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Marketing Manager

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Ideal Price



Dr. Ian Tidswell



B2B Pricing Expert

LinkedIn: [linkedin.com/in/iantidswellpricing](https://www.linkedin.com/in/iantidswellpricing)

Physicist by training (PhD)

Last 20 years focused solely on pricing, with roles as consultant, change agent, leader & coach

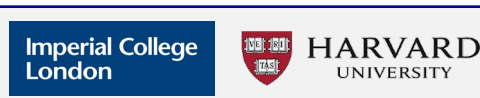
Worked with startup to world-leading companies

Startup & Scale-up pricing coaching with

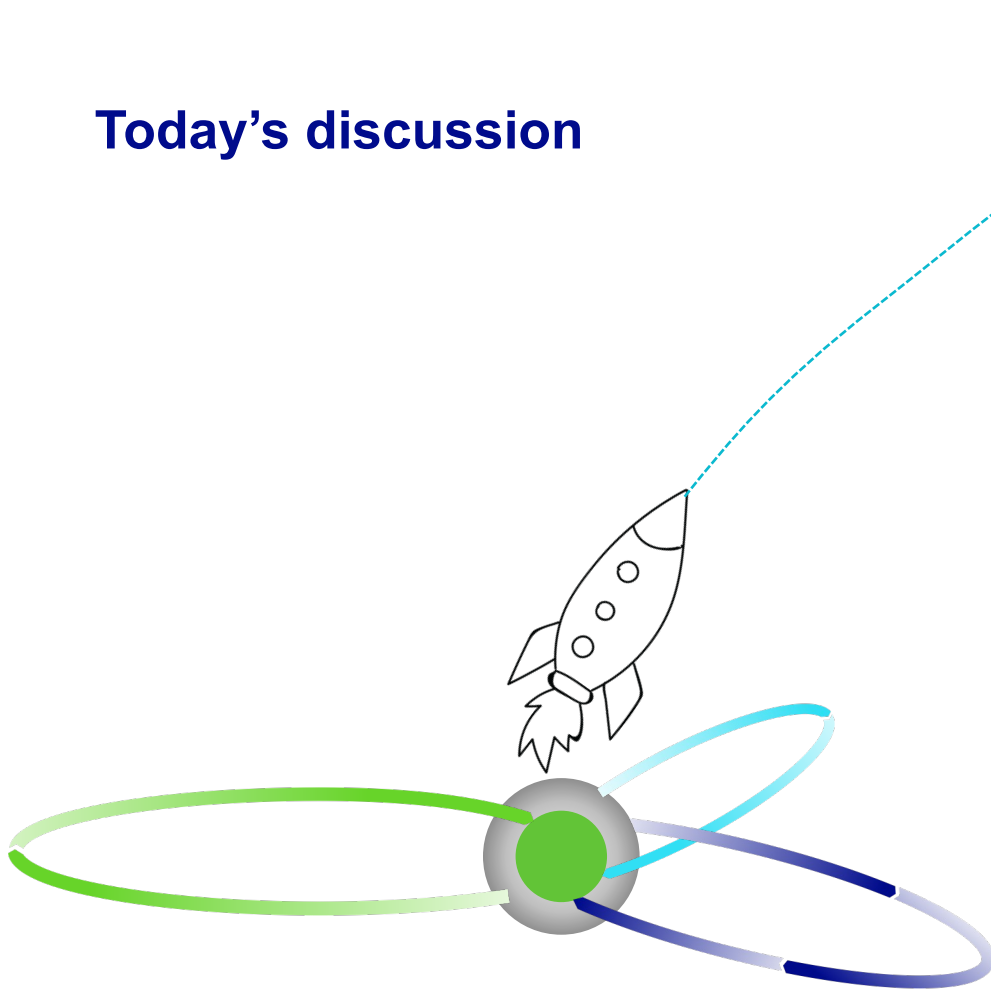


Innosuisse

Trainer for both leading pricing organizations



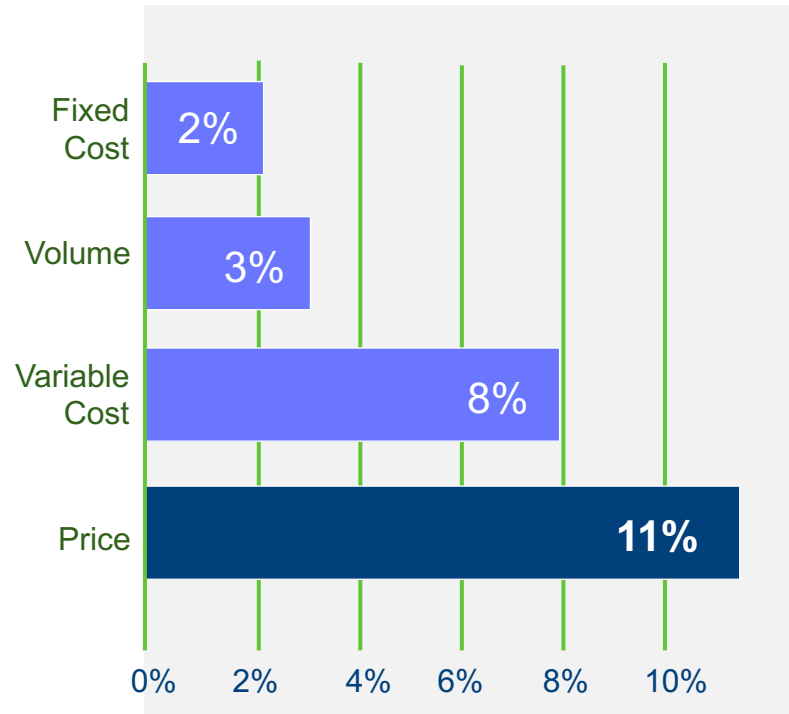
Today's discussion



- Importance of pricing
- The challenge of multi-channel, multi-segment pricing
- 3 Key Goals in your Channel Pricing
- 5 Powerful tools to meet your goals

Pricing Provides the Highest Leverage Profit Opportunity

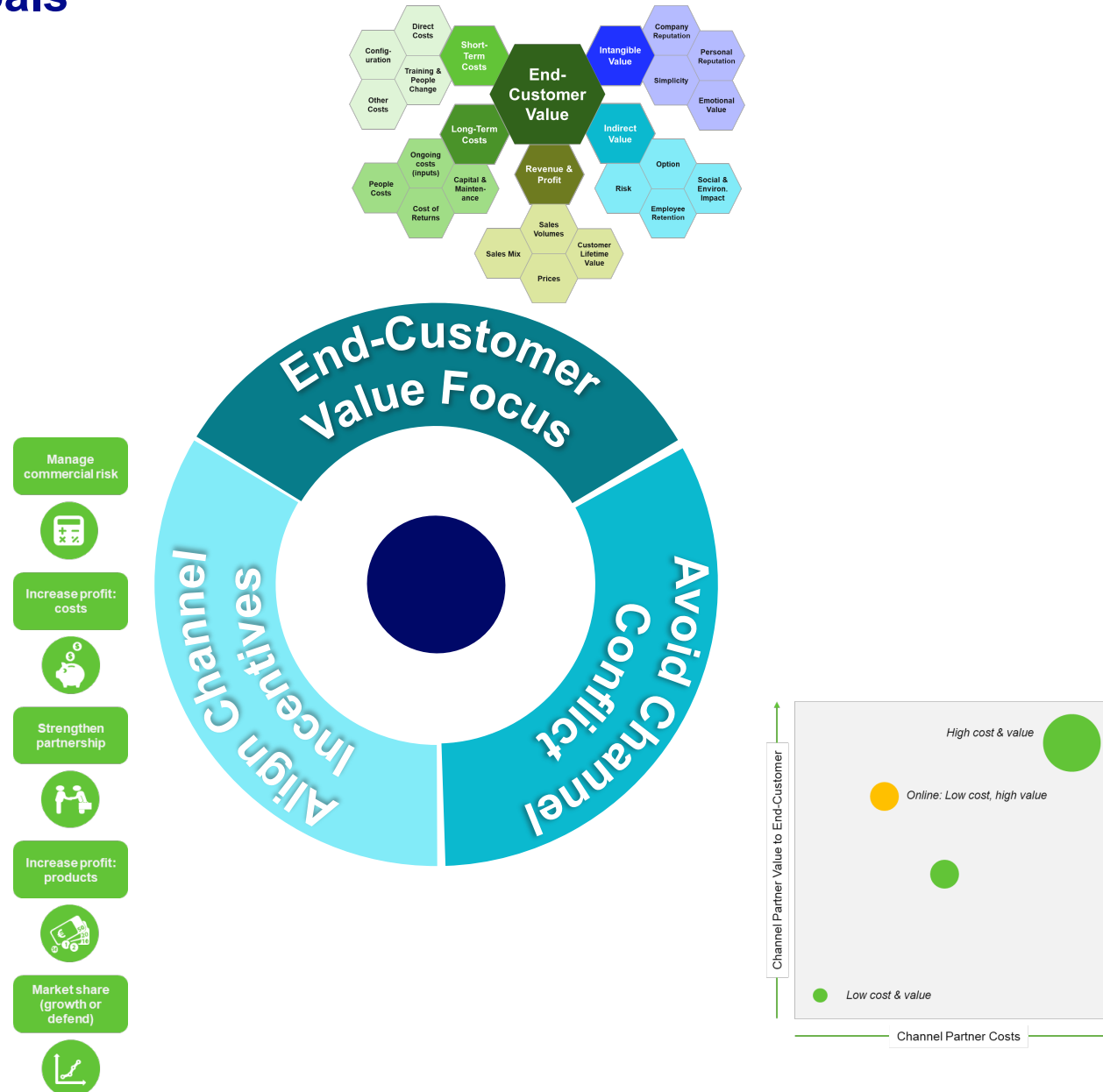
What's the impact of a 1% improvement in each profit lever*?



* For a typical Fortune 500 company

- Raising the net **price has a larger impact** on profits than any other lever
- Potential profit improvement in many B2B companies: **2-5 points of revenue**
- Getting pricing right also helps company growth

Three channel-pricing goals



Price is how you capture a share of the value you create

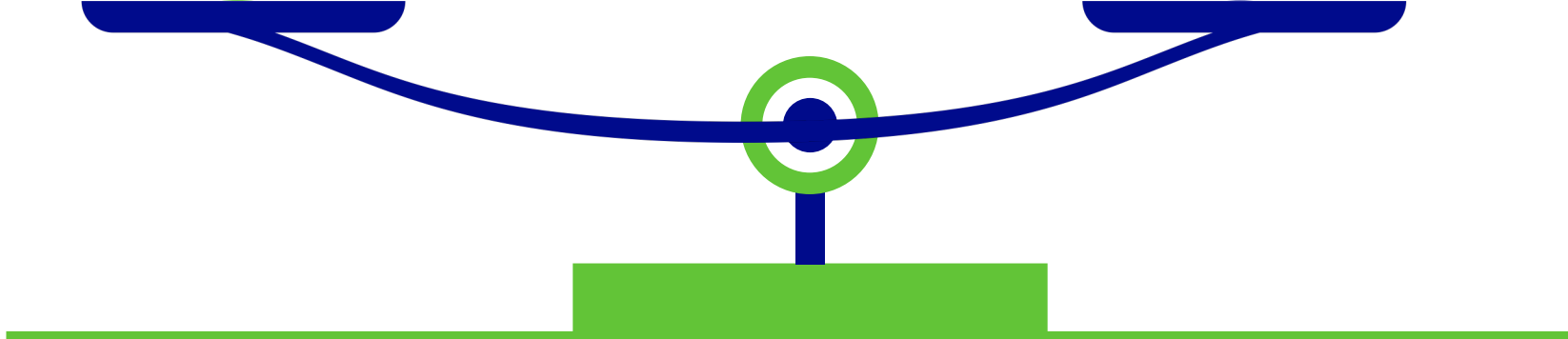
End-Customer

Supplier

Value Received
Risk Exposure
Time to Value

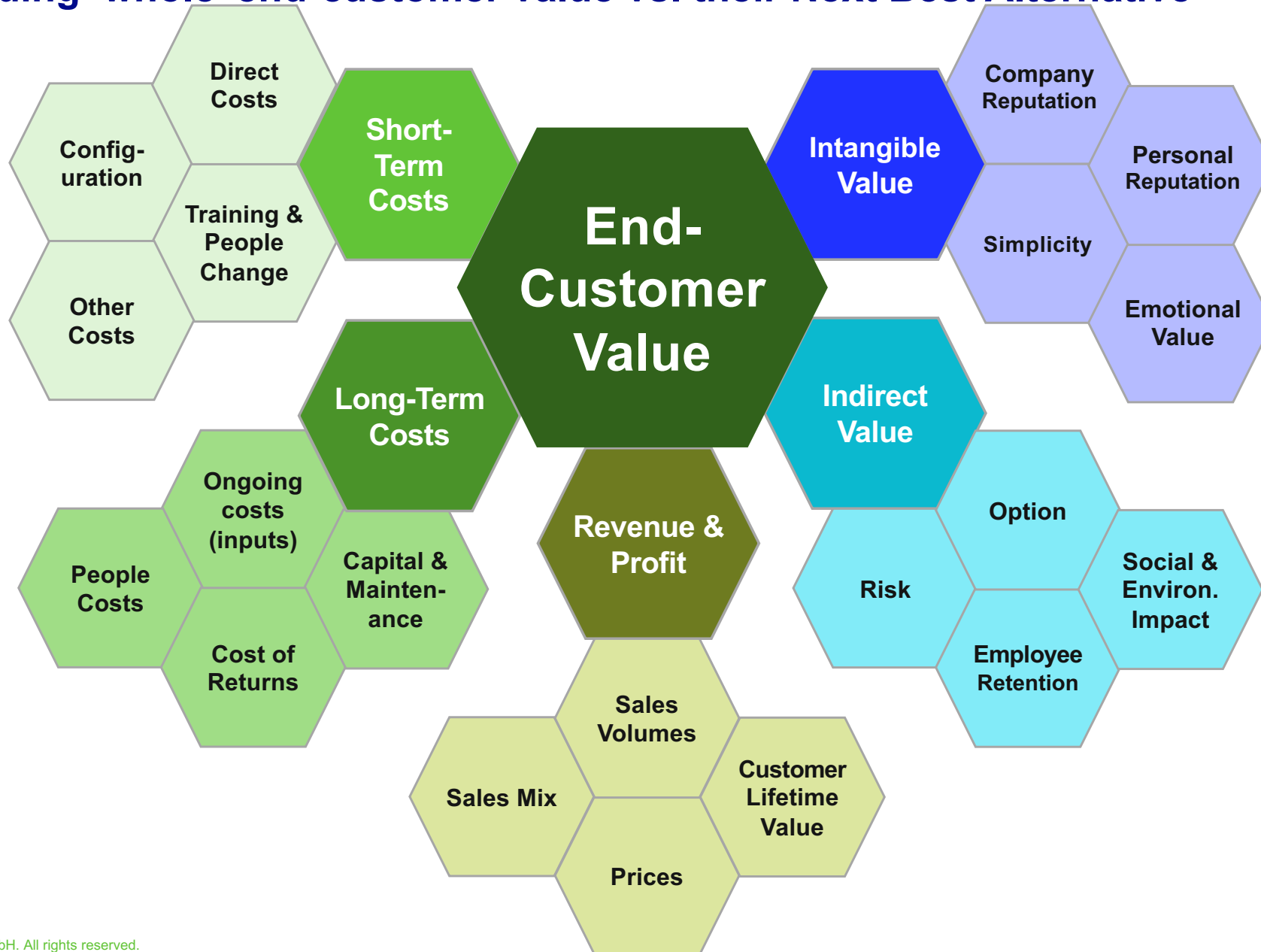


Value Received
Risk Exposure
Time to Value

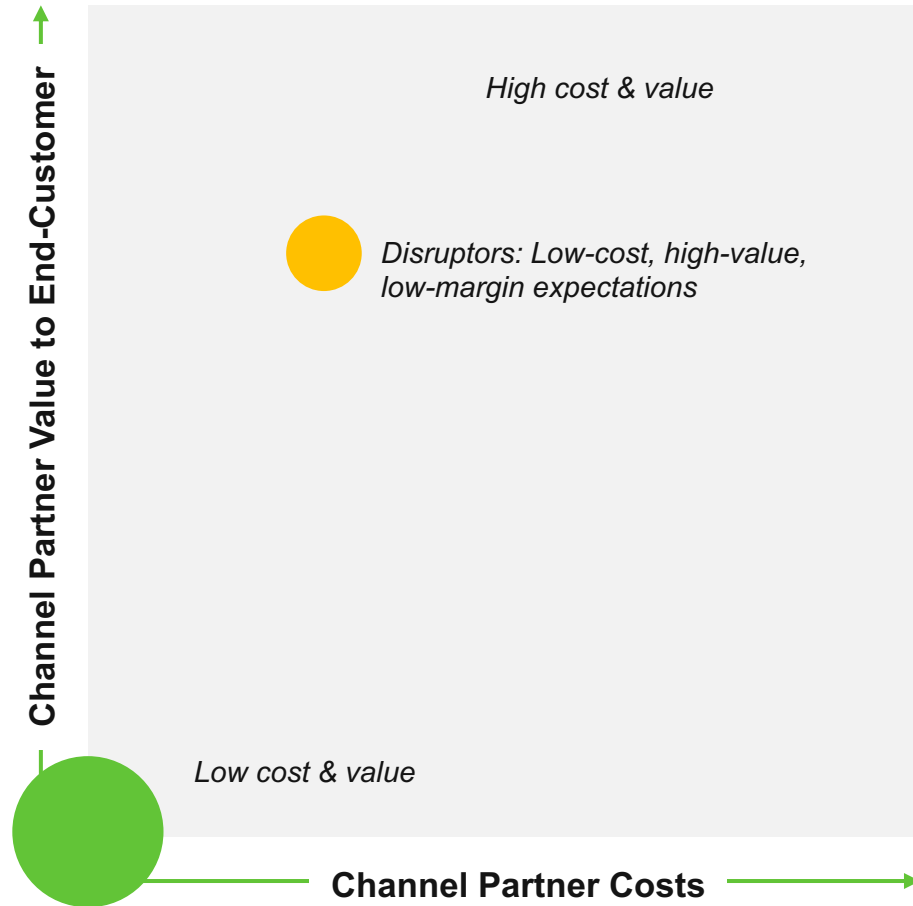


Job 1: design offers that are attractive to
end-customers and price them to value

Understanding 'whole' end-customer value vs. their Next Best Alternative



Channel margins depend on their value-add services & pricing power



- Goal: influence end-customer prices to reflect the value of the core offer **and** channel partner value-add
- Online sales disruptors:
 - High end-customer value
 - Low-costs
 - Low-margin expectations

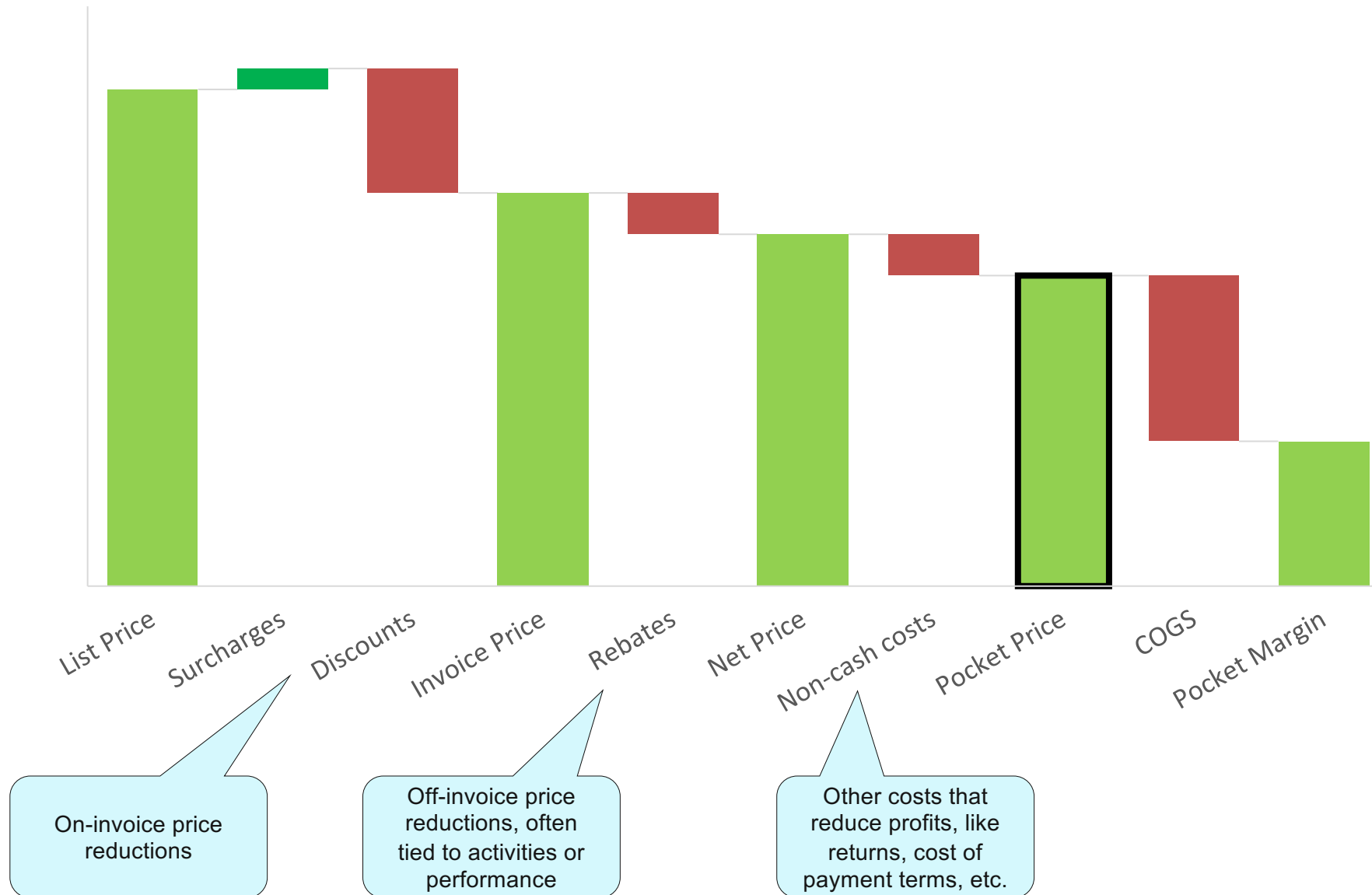
Aligning channel incentives: what are your goals?



Five invaluable channel-pricing tools



1. Price Waterfall: a tool to manage price leakage



2. Channel segmentation priorities

Market share
(growth or
defend)



Increase profit:
products



Strengthen
partnership



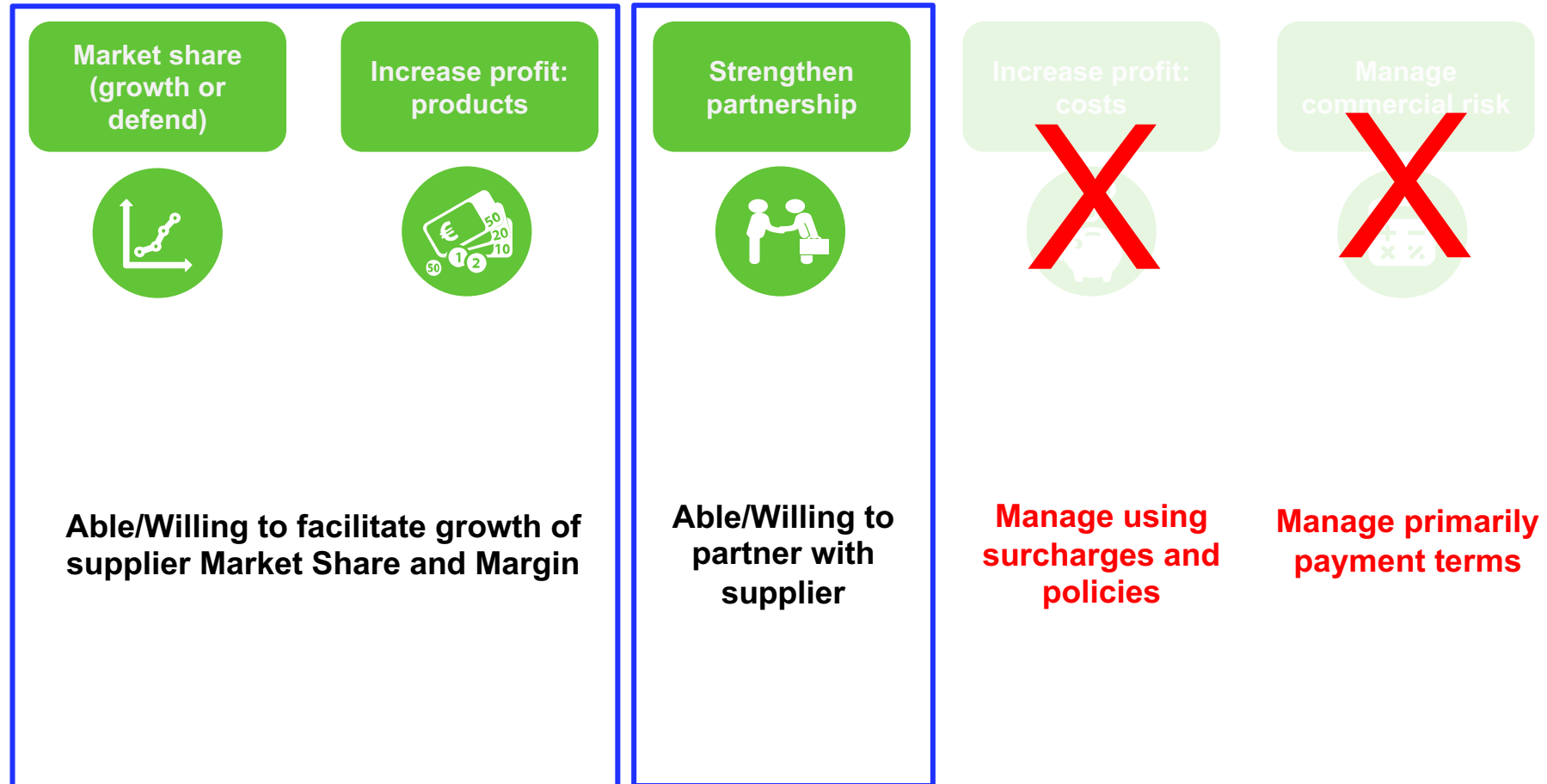
Increase profit:
costs



Manage
commercial risk

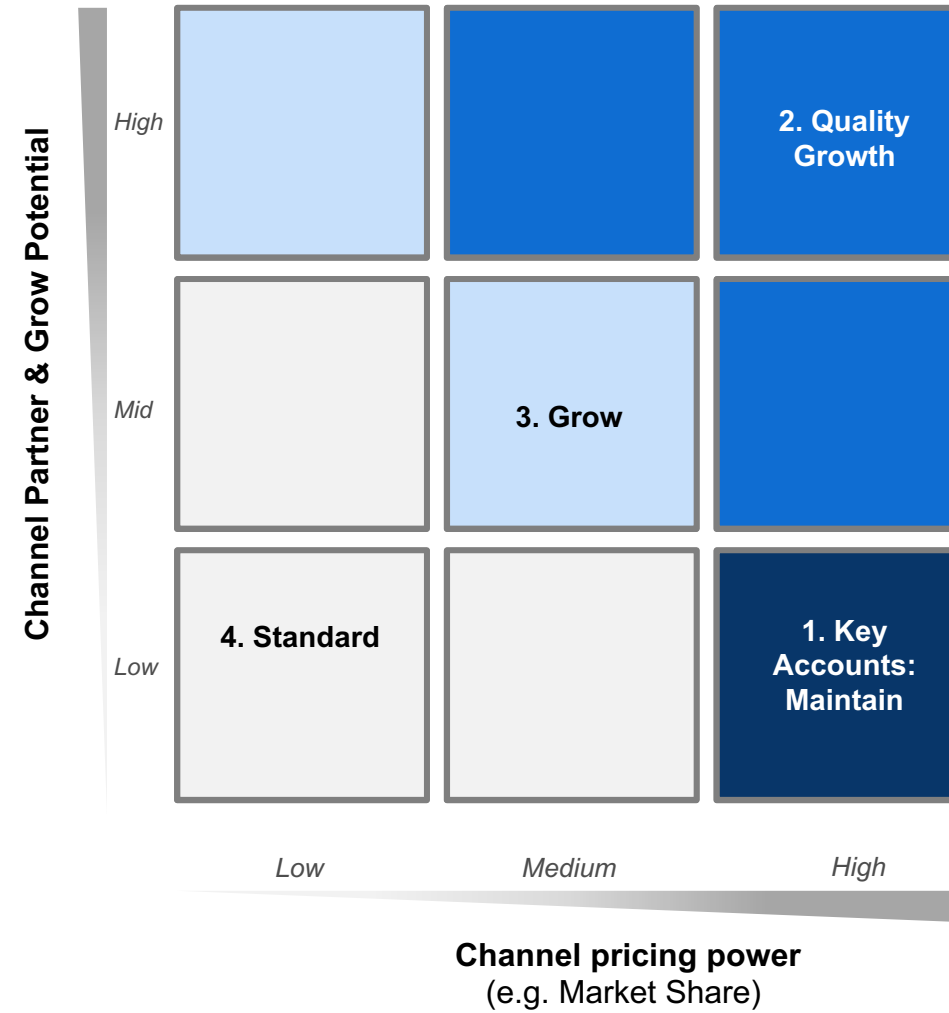


2. Channel segmentation priorities

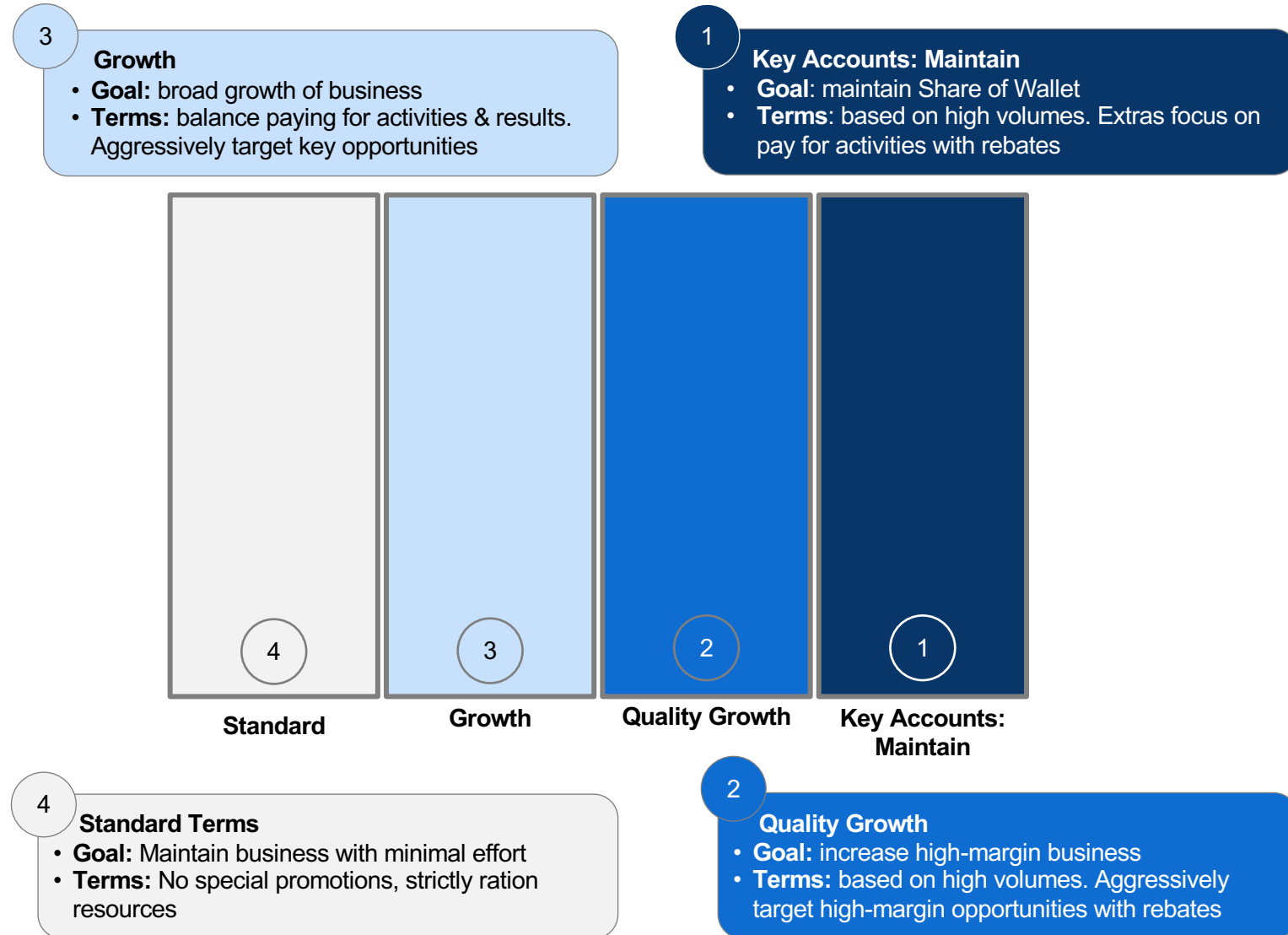


2. Channel segmentation for commercial price policy

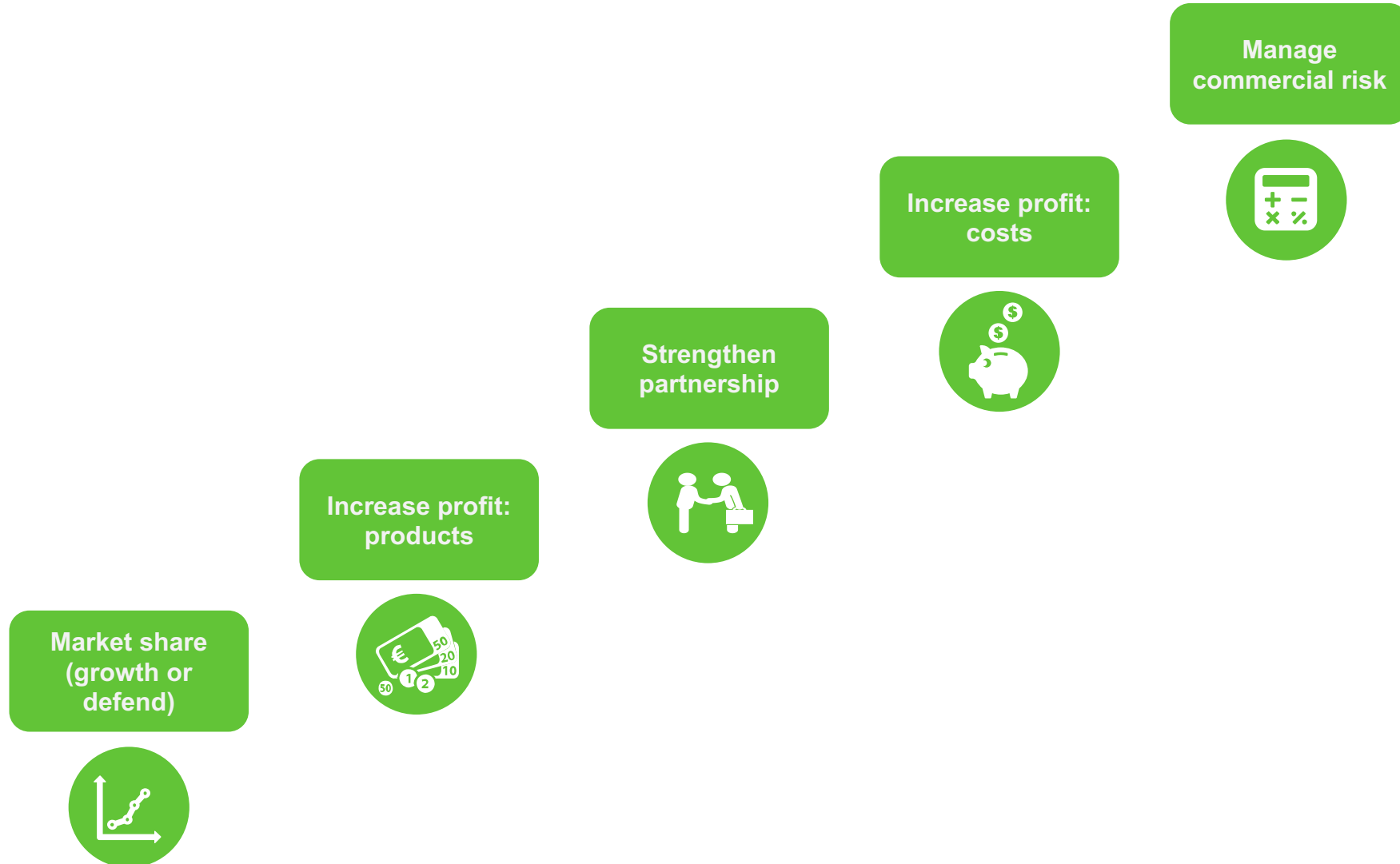
EXAMPLE



2. Channel segmentation for commercial price policy



2. Align channel incentives: menu of incentives



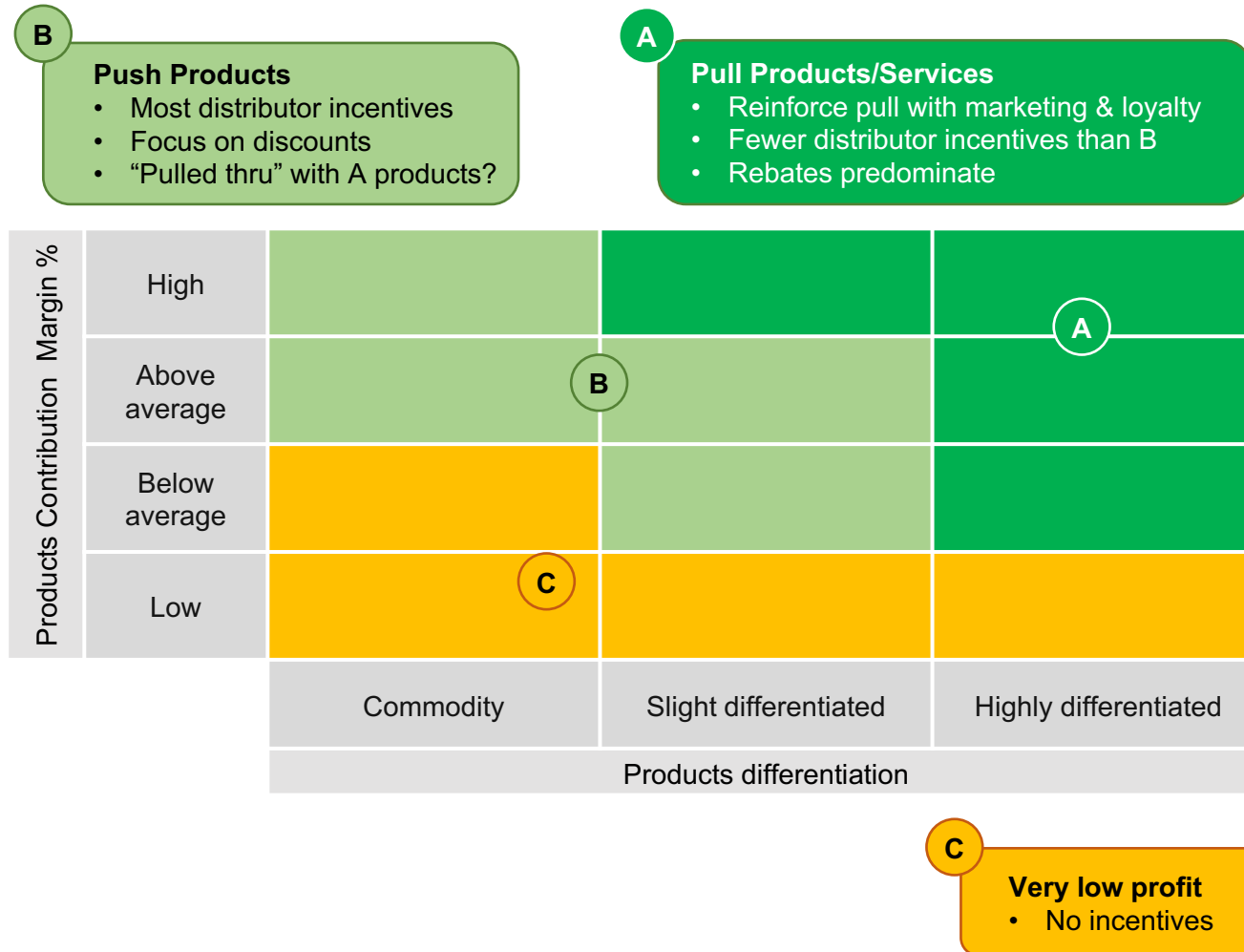
2. Align channel incentives: menu of incentives

Manage commercial risk	Cash on / before delivery	Early payment incentive	Payment mode incentive	Cost increase pass-thru		
Increase profit: costs	Outsourced logistics payments	Self pick-up incentive	Small order size surcharge	Reducing returns incentive		
Strengthen partnership	Exclusivity	"Basic hygiene" penalties	Information sharing incentive	Loyalty Programs	General partner incentives	
Increase profit: products	Product revenue incentive	Product volume incentive	Product sales growth incentive	Product sales target incentive	Early order incentive	Cross-sell incentive
Market share (growth or defend)	Total sales value incentive	Sales target achieved incentive	Sales growth incentive	Consumption rebate	Share of wallet rebate	Free of Charge

Activity Based

Outcome Based

3. Discount/rebate strategy for push/pull products



4. Product Exclusivity / White Label

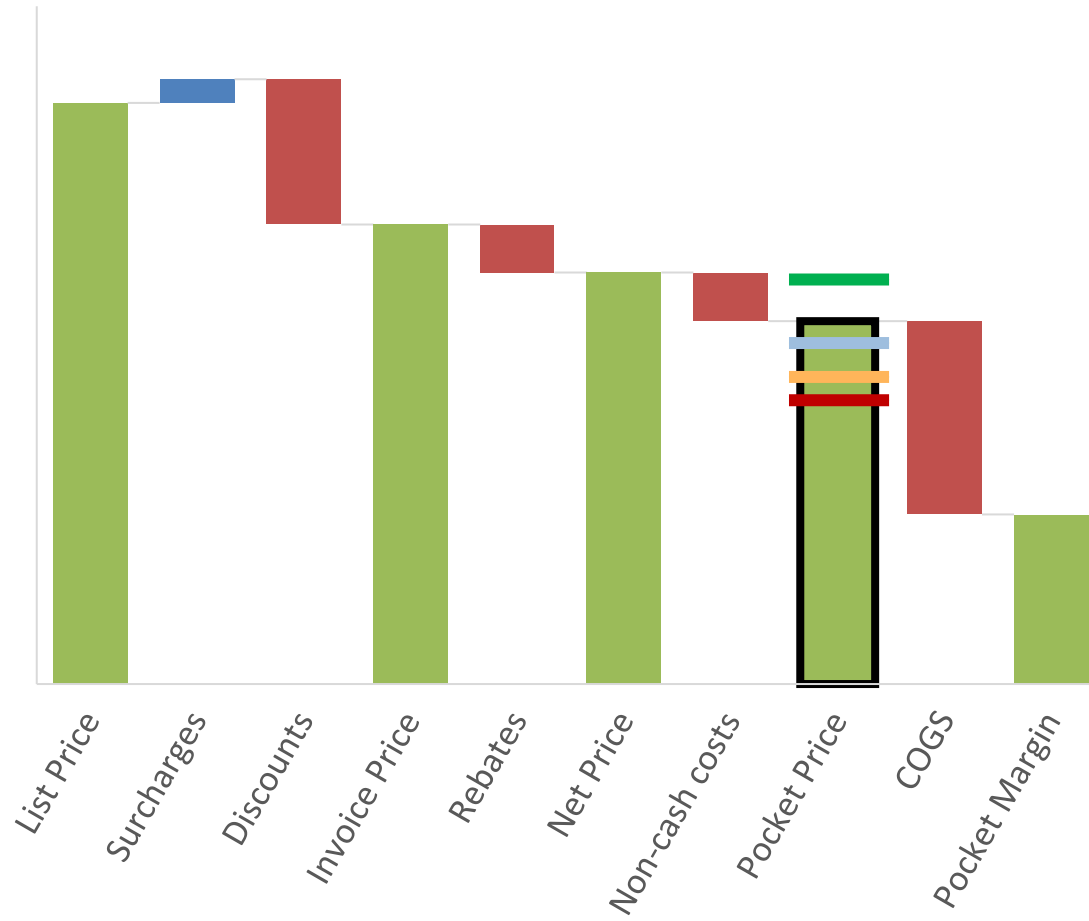


- When to use**
- Expand market reach
 - Limited downside

- Advantages**
- Incremental business
 - Reduced risk of cannibalization
 - Aligns supplier/partner incentives

- Key Conditions**
- Limit by time, geography or product
 - Minimum performance targets

5. Price Corridor



- **Price/discount corridor**, consisting of:
 - Segment target price (sales rep)
 - Area target price (manager)
 - Approval levels (e.g. sales manager, BU manager)
- Strategy independent: values can be adjusted to meet new needs
- Keylight system to manage targets

5. Bringing it all together in the price corridor

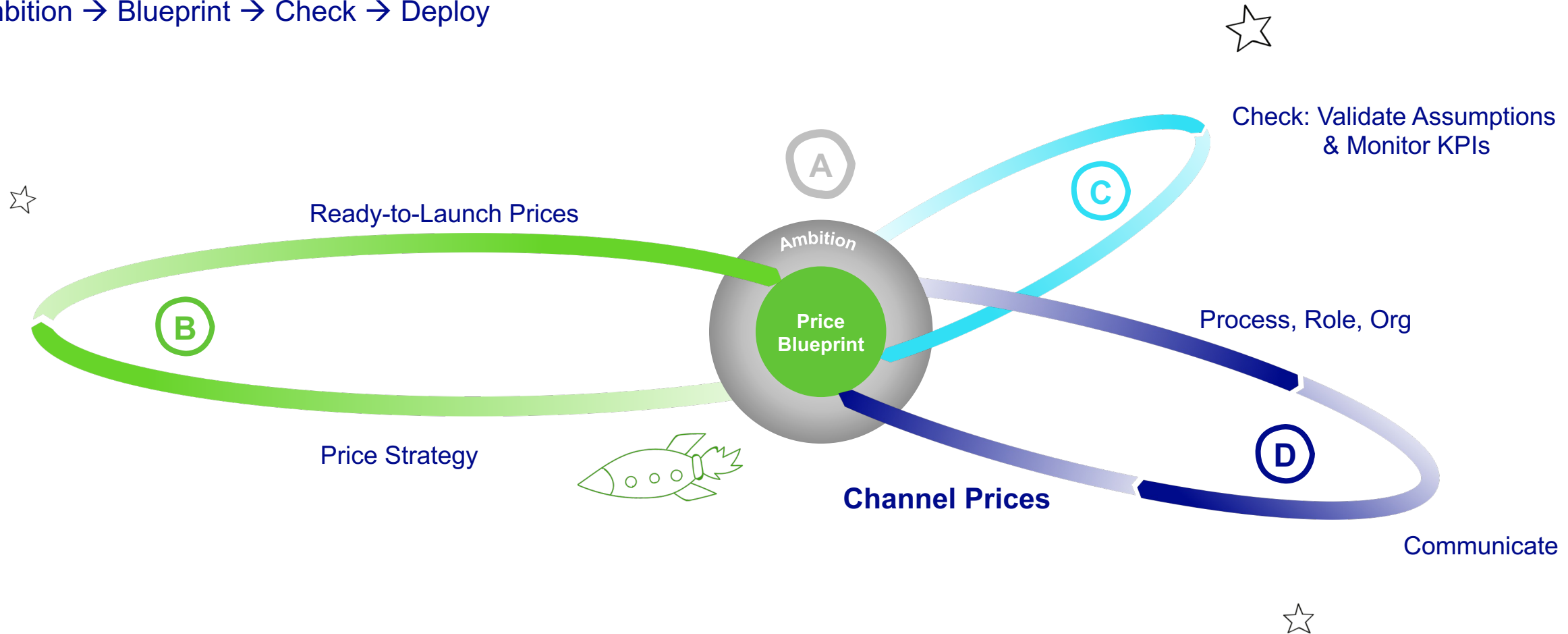
Channel ↓	Product →	A	B	C
Key Account	Target	20%	25%	0%
	Floor	25%	30%	10%
Quality Growth	Target	20%	30%	0%
	Floor	30%	35%	10%
Growth	Target	15%	20%	0%
	Floor	15%	25%	5%
Standard	Target	10%	10%	0%
	Floor	15%	20%	0%

Target discounts or prices should be emphasized with sales

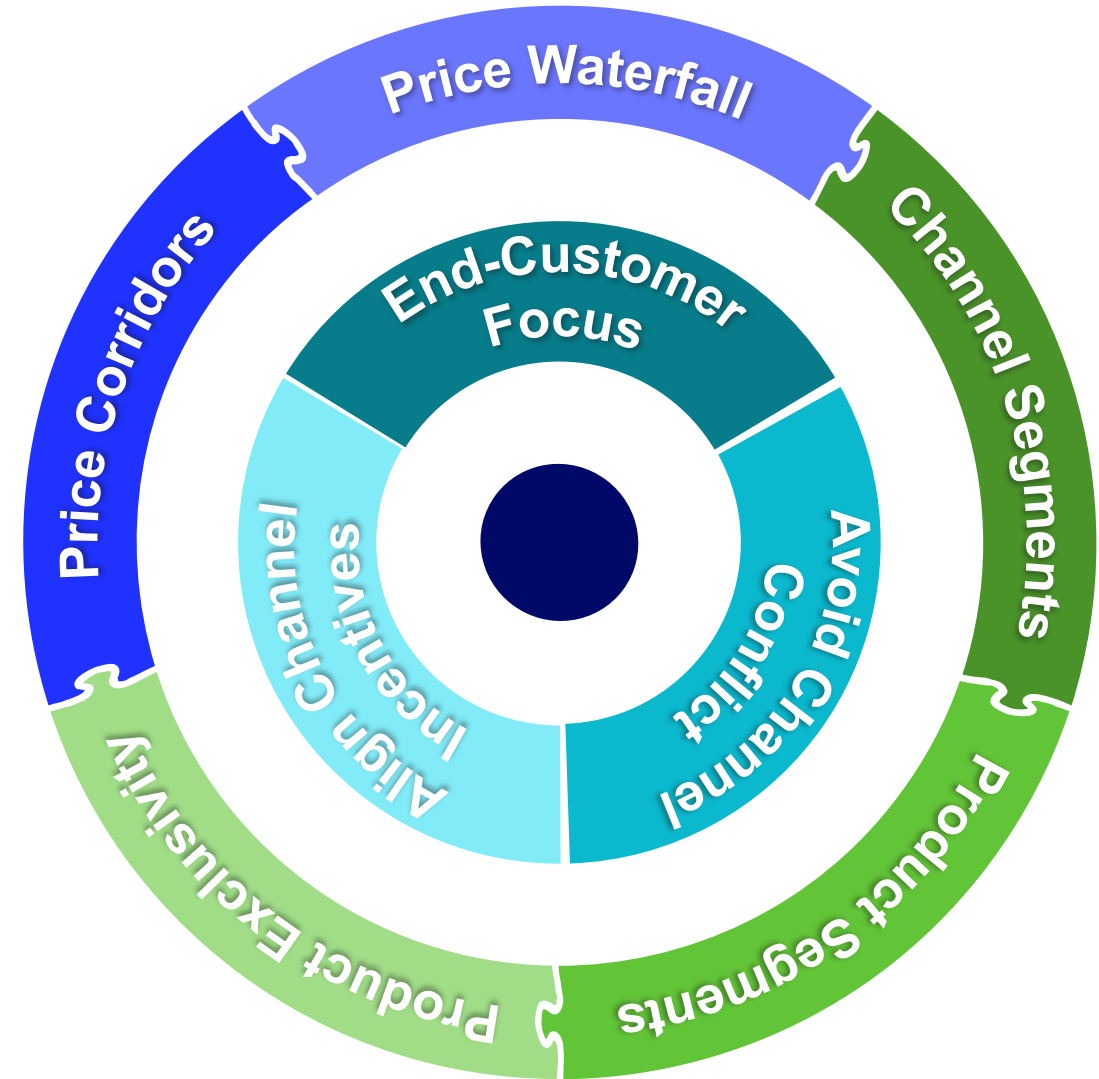
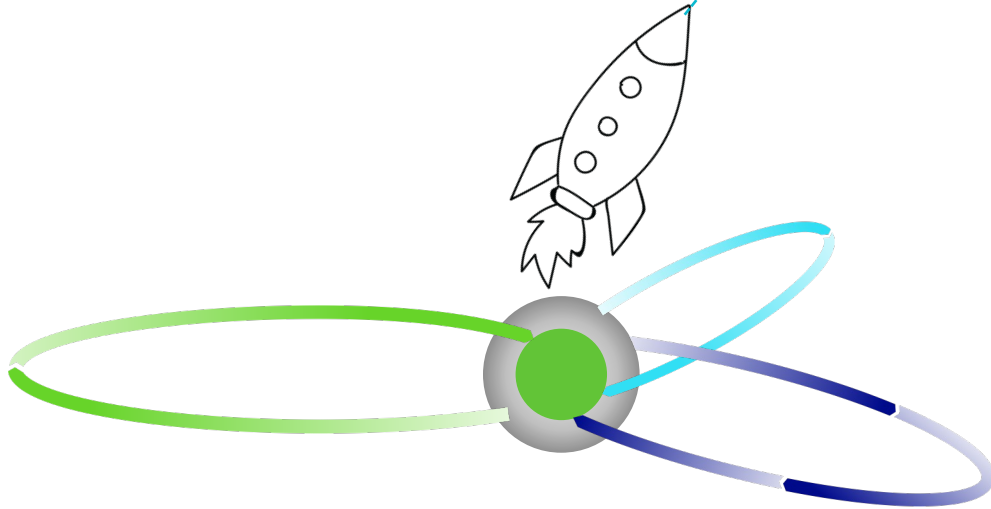
Floor prices/discounts trigger exception processes

ABCD Steps to Innovation Pricing

Ambition → Blueprint → Check → Deploy



Summary





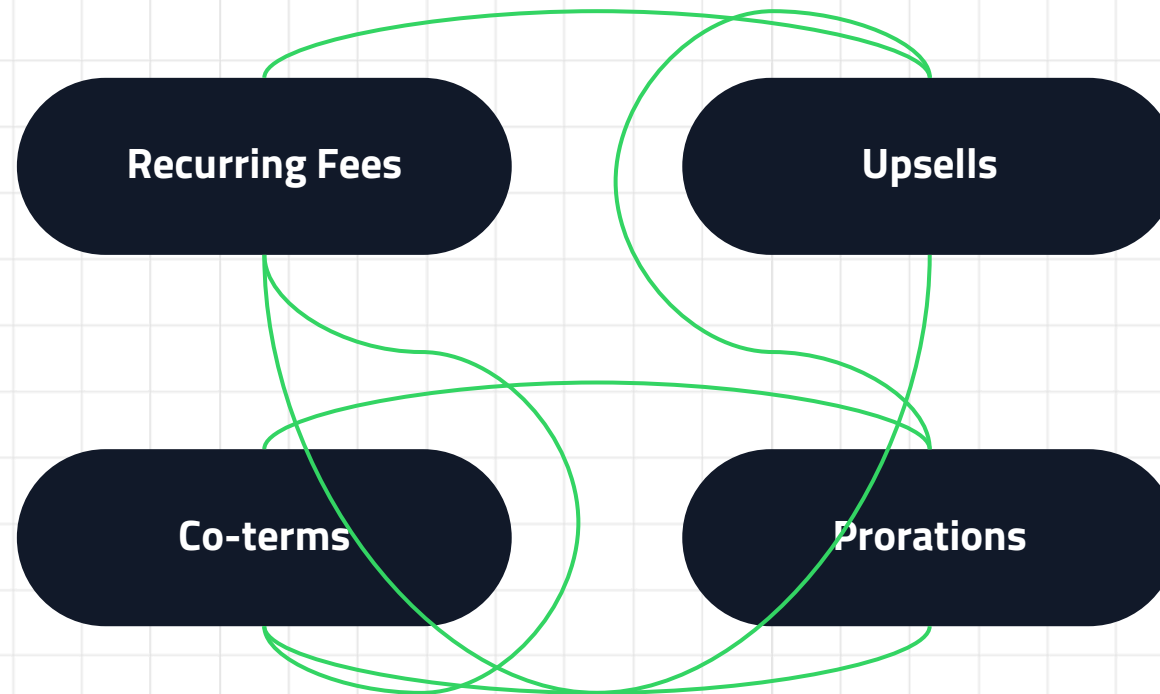
Unchain your **subscription business**

Some background...

When we started in 2015, we initially **focused on Subscriptions**

Recurring Fees

Subscriptions become **complex with modifications**



Our next evolution: **the subscription commerce portal**

Self Service

Guided Sales

Partners &
Resellers

Commerce portal components also **seemed simple, initially**

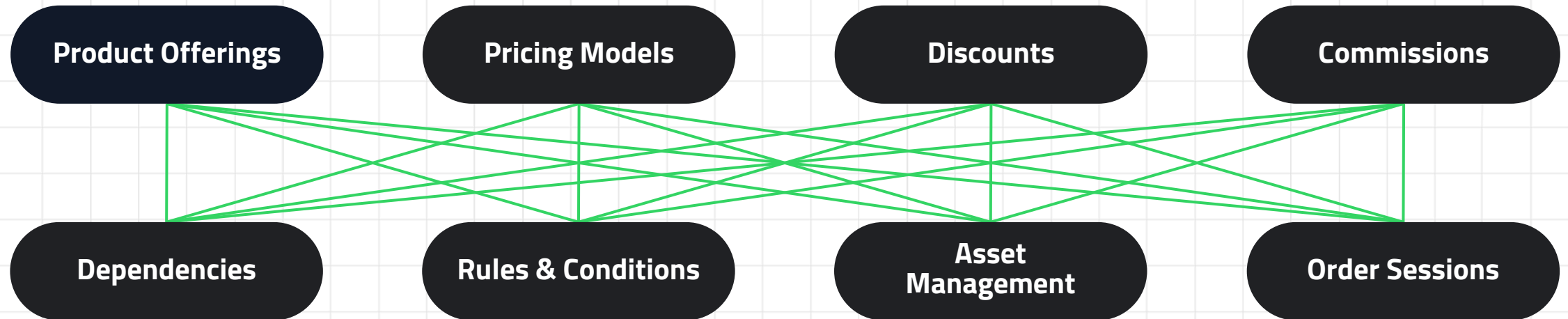
Product Offerings

Pricing Models

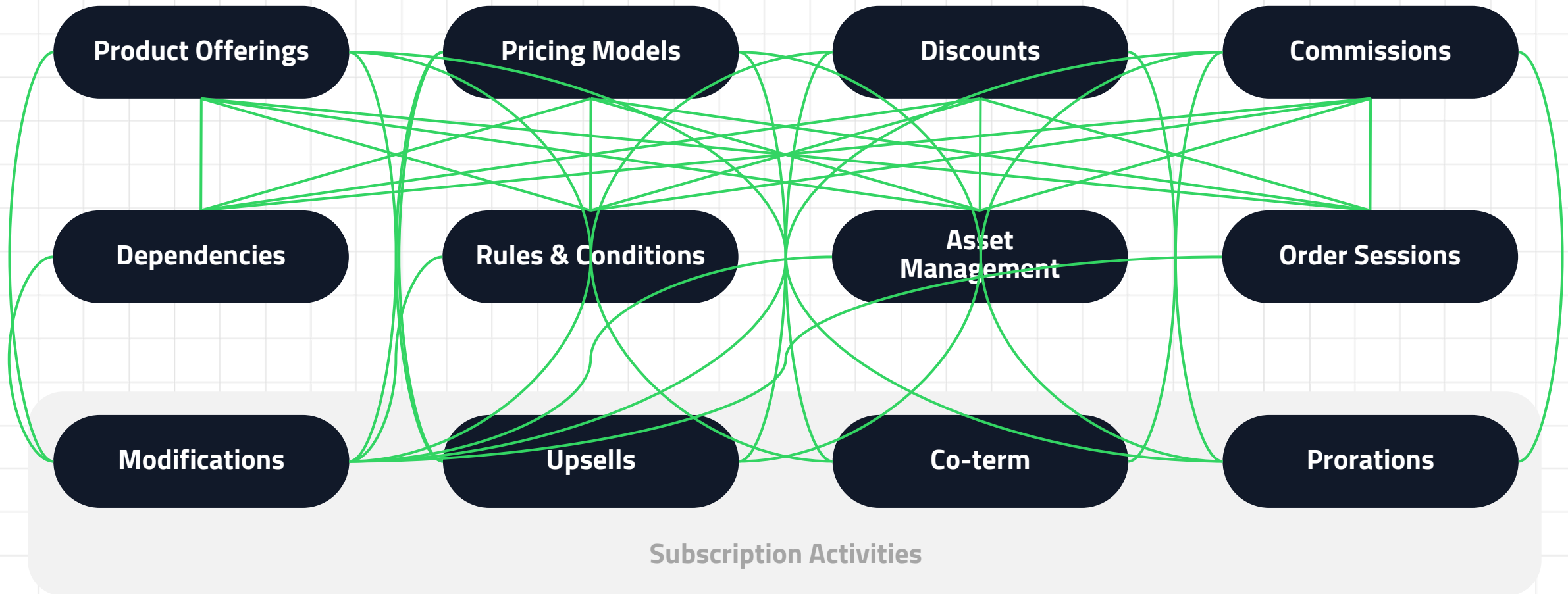
Discounts

Commissions

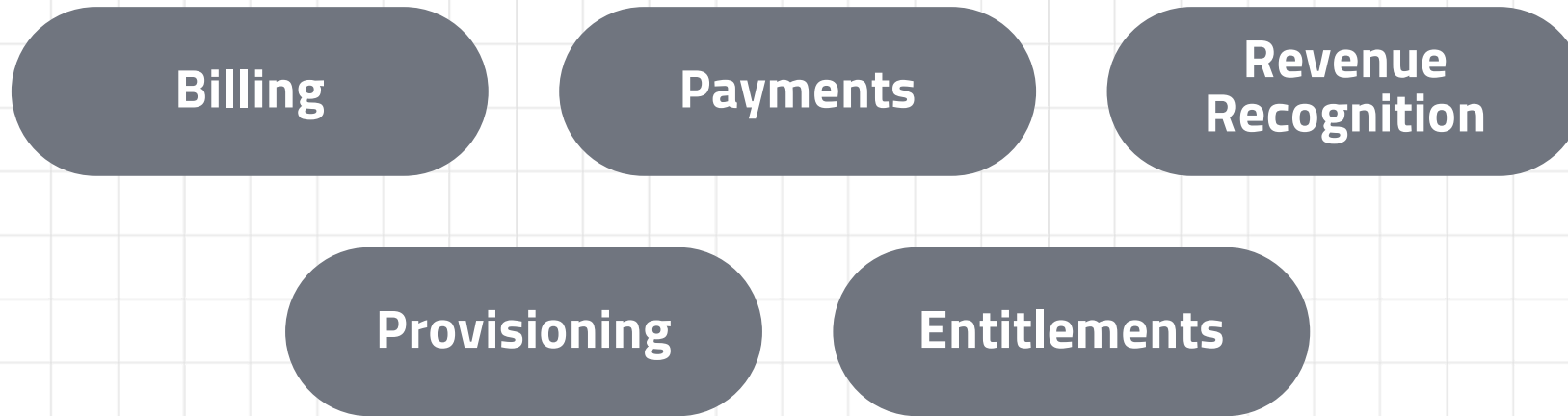
More requirements **increased complexity**



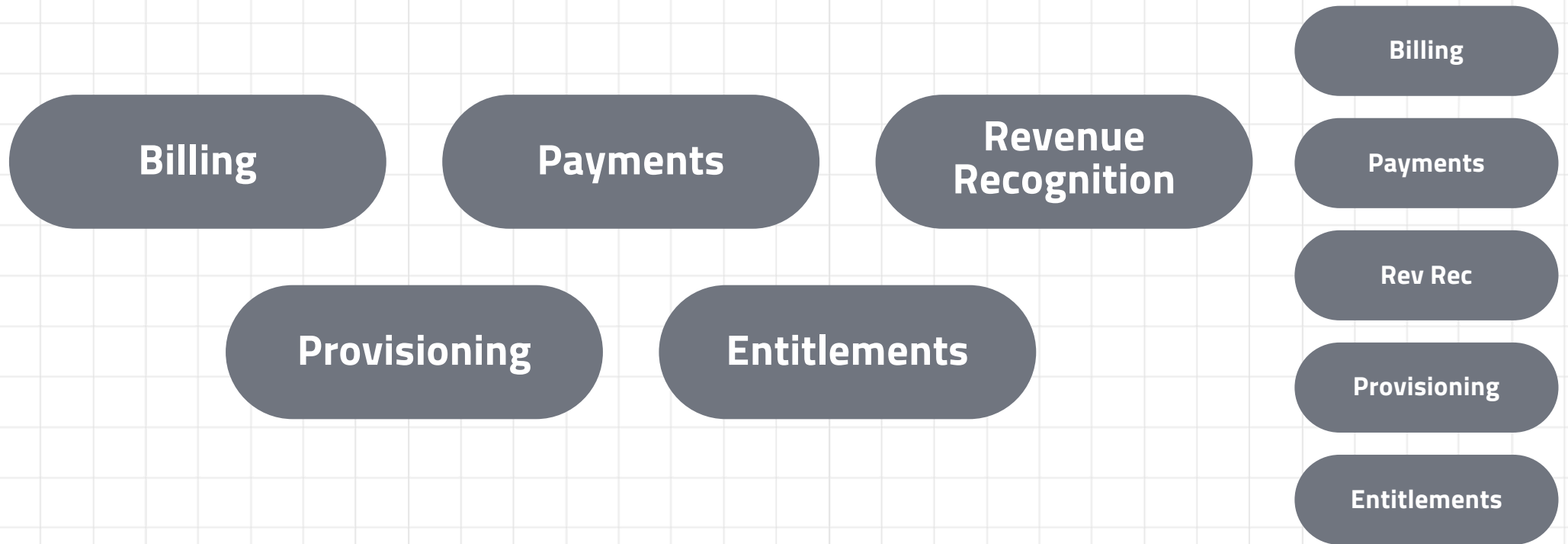
We saw even more complexity when **adding subscriptions**



Backend activities also **seemed simple**, at first



Backend activities also **seemed simple**, at first but...



Different systems **required integration**

Self Service

Guided Sales

Partners/
Resellers

Commerce Portals

Billing

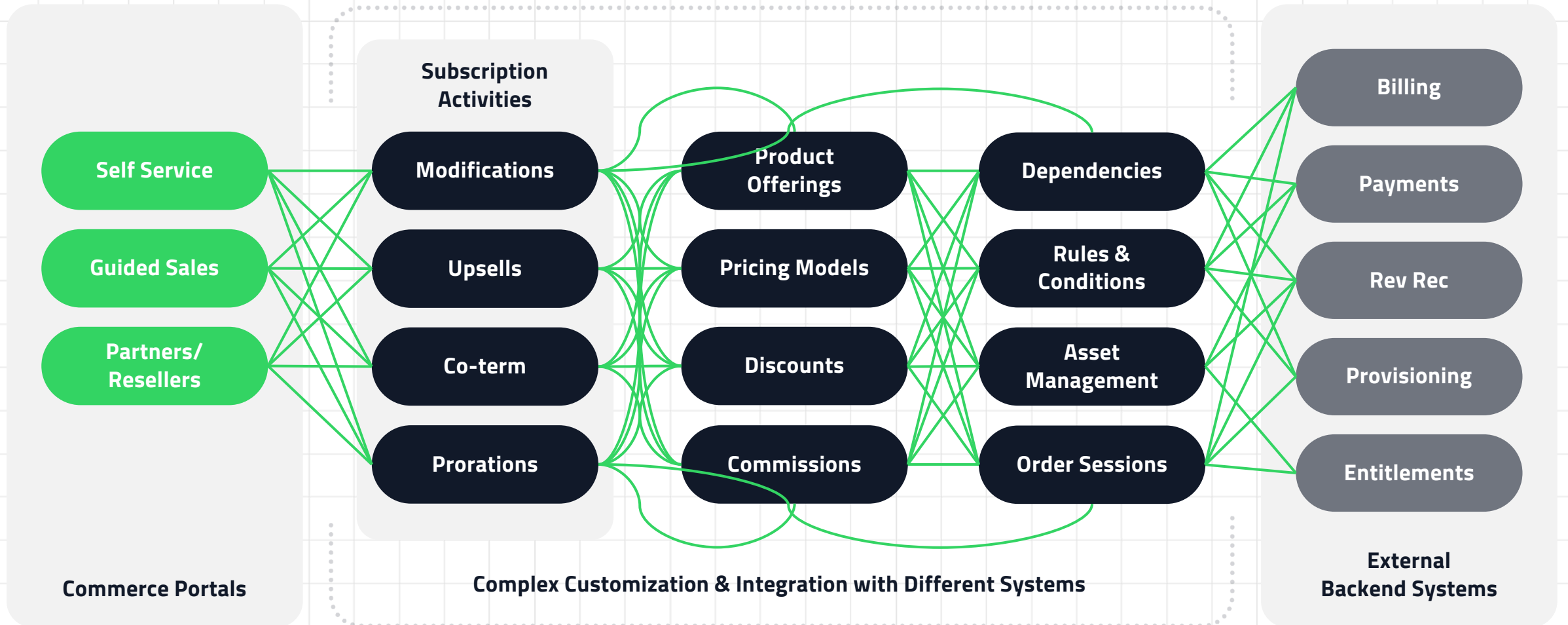
Payments

Rev Rec

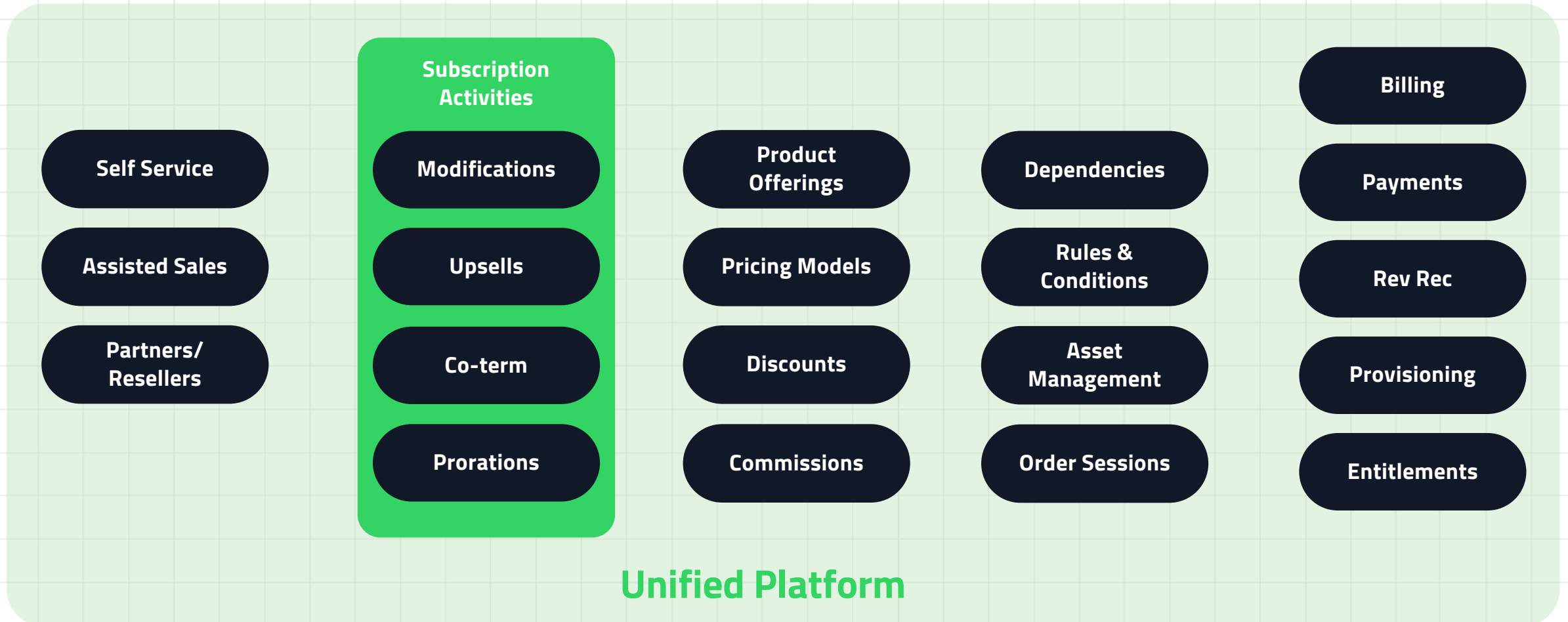
Provisioning

Entitlements

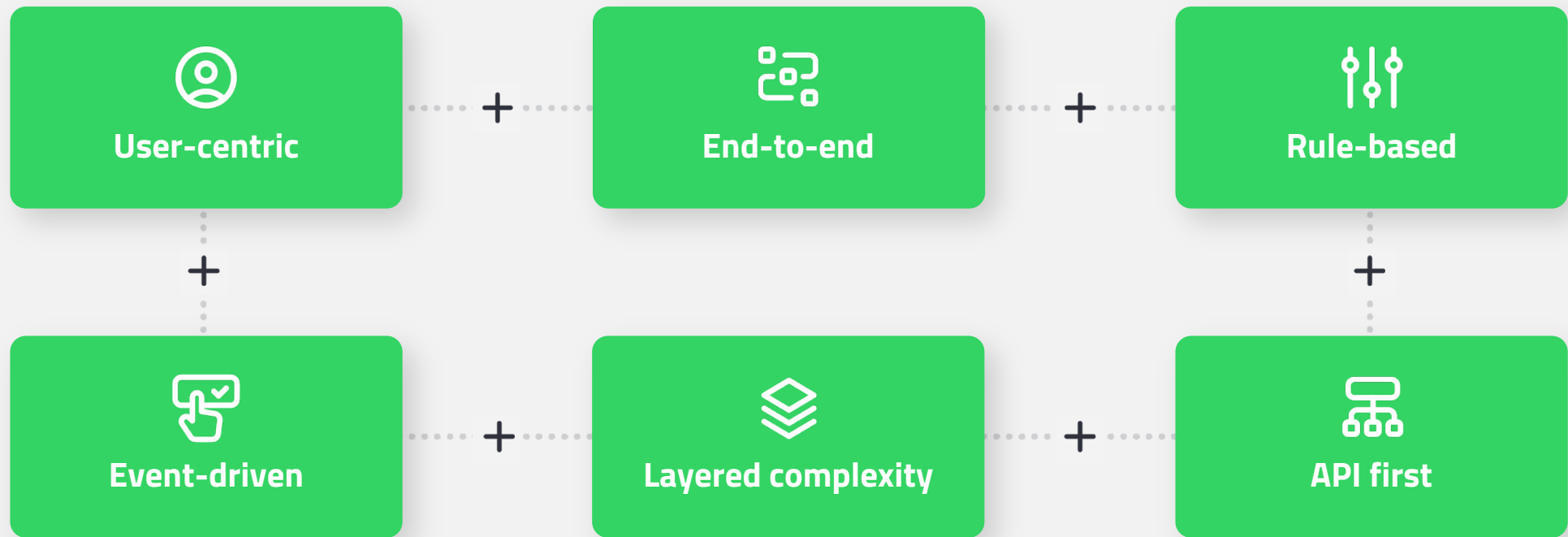
Here's what happened when **everything was put together**



This is why we've created **the keylight platform**



The keylight **fundamentals** unify the platform



Value Pricing Tools + keylight

keylight's products

- ✓ Allow for multiple prices within the same or multiple currencies
- ✓ Decouple prices from "billing period" allowing for billing and payment flexibility
- ✓ Allow for A/B testing of different prices within the same product
- ✓ Allow for Immediate updates within Customer Journey Selections for new customers while
- ✓ Support "Tagging" to allow for filtering and segmenting pricing for different Sales channels



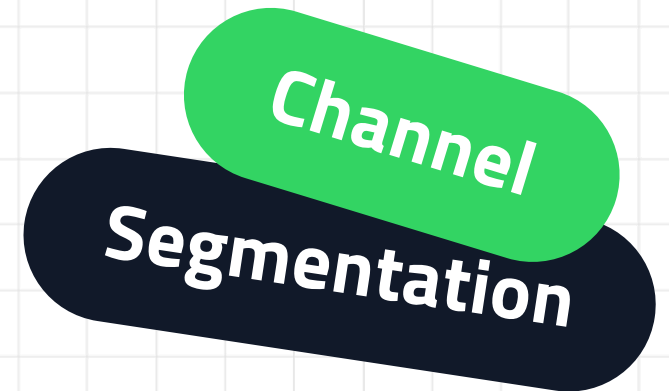
Manage Price Leakage

- ✓ Product Rules
- ✓ Price Rules
- ✓ Promotions
- ✓ Surcharges



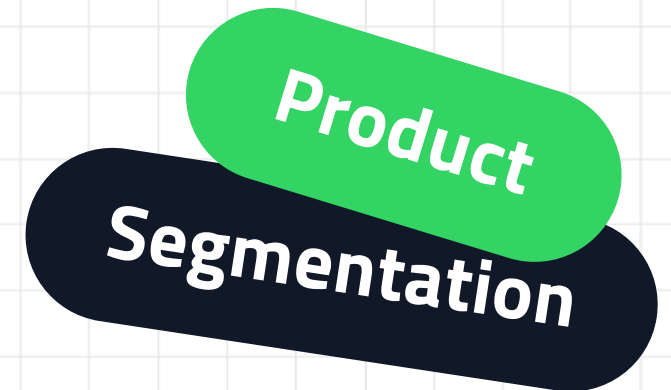
Set Channel Segmentation Priorities

- ✓ Self Service
- ✓ Guided & Assisted Sales
- ✓ Partner and Resellers



Product Segmentation Priorities

- ✓ Discounts
- ✓ Referrals
- ✓ Commissions



Commerce branding allows for exclusivity

- ✓ keylight allows for “whitelabeling” products and services for channel partners in the commerce portal
 - This includes adding partner logos, fonts and colors
 - Allows for a tailored end-user customer journey from the partner
- ✓ Use keylight “Tags” and “Price Rules” avoid channel conflicts

Exclusivity

Takeaways

- ✓ The keylight platform allows you to easily determine your ideal Price Targets
- ✓ You can easily use the 5 Ideal Price tools with keylight
- ✓ keylight's teams of PhDs make subscription commerce easier for you
- ✓ Our platform fundamentals remove the complexities resulting in a unified platform

>keylight/ Assessment Consultation

Learn more
www.keylight.com

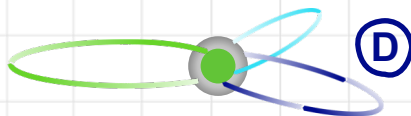
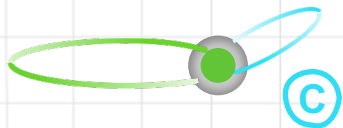
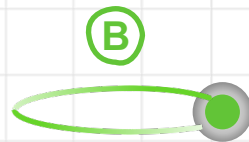
Discovery...

- ✓ Your current system & challenges
- ✓ Use-cases and requirements



Price coaching programs to find your Ideal Price

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AMBITION: Your starting point

BLUEPRINT: Designing your pricing architecture

CHECK: Test your key hypotheses

DEPLOY: Get ready to deploy your pricing

Value Finder

Who	Early-stage pre-revenue products
Get	• Deep understanding of value drivers and barriers • Roadmap of next steps over 6mo

2 Days

- Offer design
- Price Carriers
- Core Price Design
- Segment pricing
- Good/Better/Best Pricing
- Price Anchors
- ...

- Price Research
- Price KPI monitoring

- Negotiation
- Price & Value psychology
- Channel pricing
- More...

Price Foundation

Who	Teams needing a pricing strategy and outline pricing
Get	• Pilot pricing • Outline pricing for biz plans, investors, early cust. • Roadmap of next steps over 6mo

3-4 Weeks

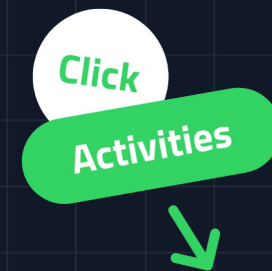
Ready-to-Launch

Who	Teams launching a product or service in the coming months
Get	• Everything in Price Foundation • Detailed pricing for 1-2 key offers for a website, sales, etc. • Outline pricing for future products • Deep-dive into a few C&D topics • Roadmap of next steps over 6 mo.

7 Weeks

Q&A

Type in your questions



Thank you!



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Coming Up

Expert Session Vol.2
Thursday
September 22, 2022
4 PM CET / 10 AM EST

**It's
free**