

>keylight/

Design your subscription pricing to maximize profits

Expert Session Vol. 4

Thursday, November 17, 2022

Featuring

**Ideal
Price** 
From Value to Price

Session Agenda

- 01 Capture subscription value with the right prices
- 02 Examples & use case
- 03 Set up a flexible pricing infrastructure
- 04 Panel discussion

Guest Speaker

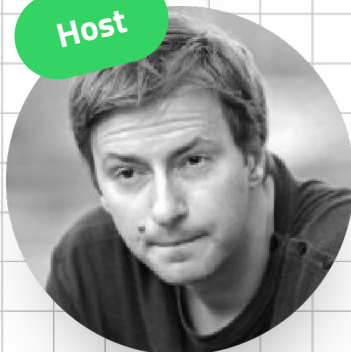


Ian Tidswell

Founder & CEO Ideal Price



Host

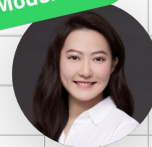


Daniel von Jeinsen

Sales & Partner Strategy

>keylight/

Moderator



Yuan-Tung Wang

Marketing Manager

>keylight/

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

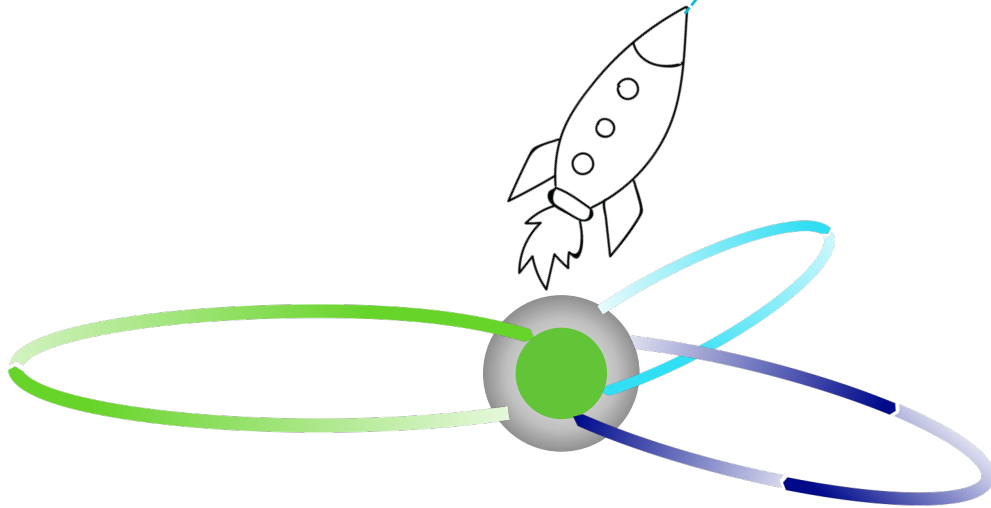
Startup & Scale-up pricing coaching with



Trainer for both leading pricing organizations



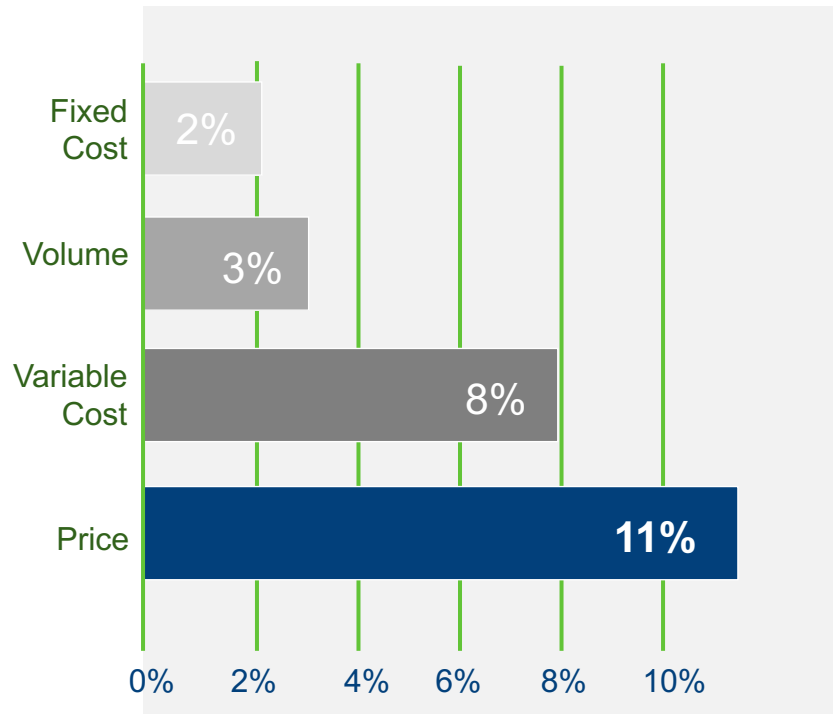
Today's discussion



- Importance of pricing
- One-off vs. Subscription vs. Pay-per-Use
- Designing your pricing architecture
- Using technology to stay agile

Pricing Provides the Highest Leverage Profit Opportunity

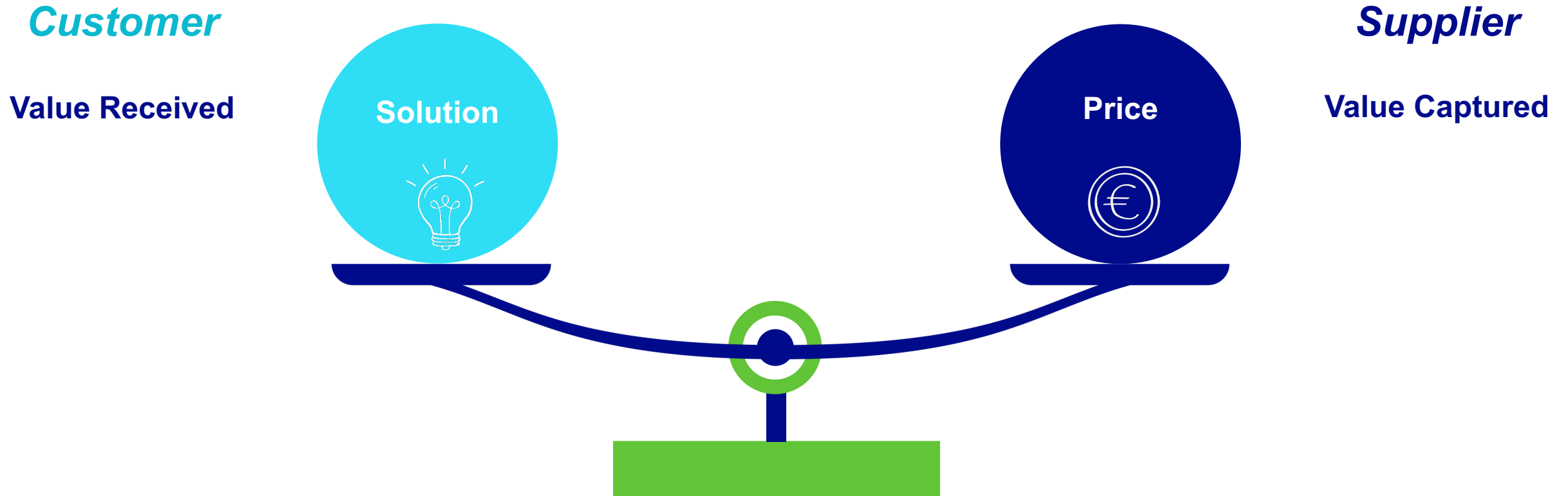
What's the impact of a 1% improvement in each profit lever*?



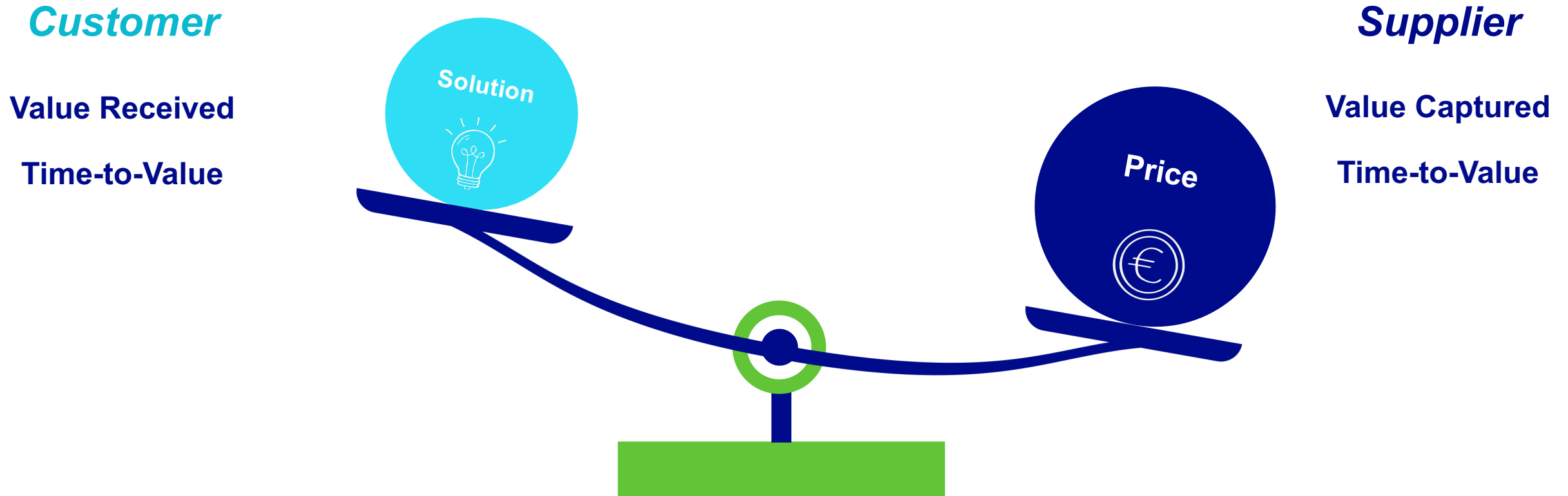
* For a typical Fortune 500 company

- 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 drives company growth

Creating value for customers



Delayed Time-to-Value can reduce customer value received



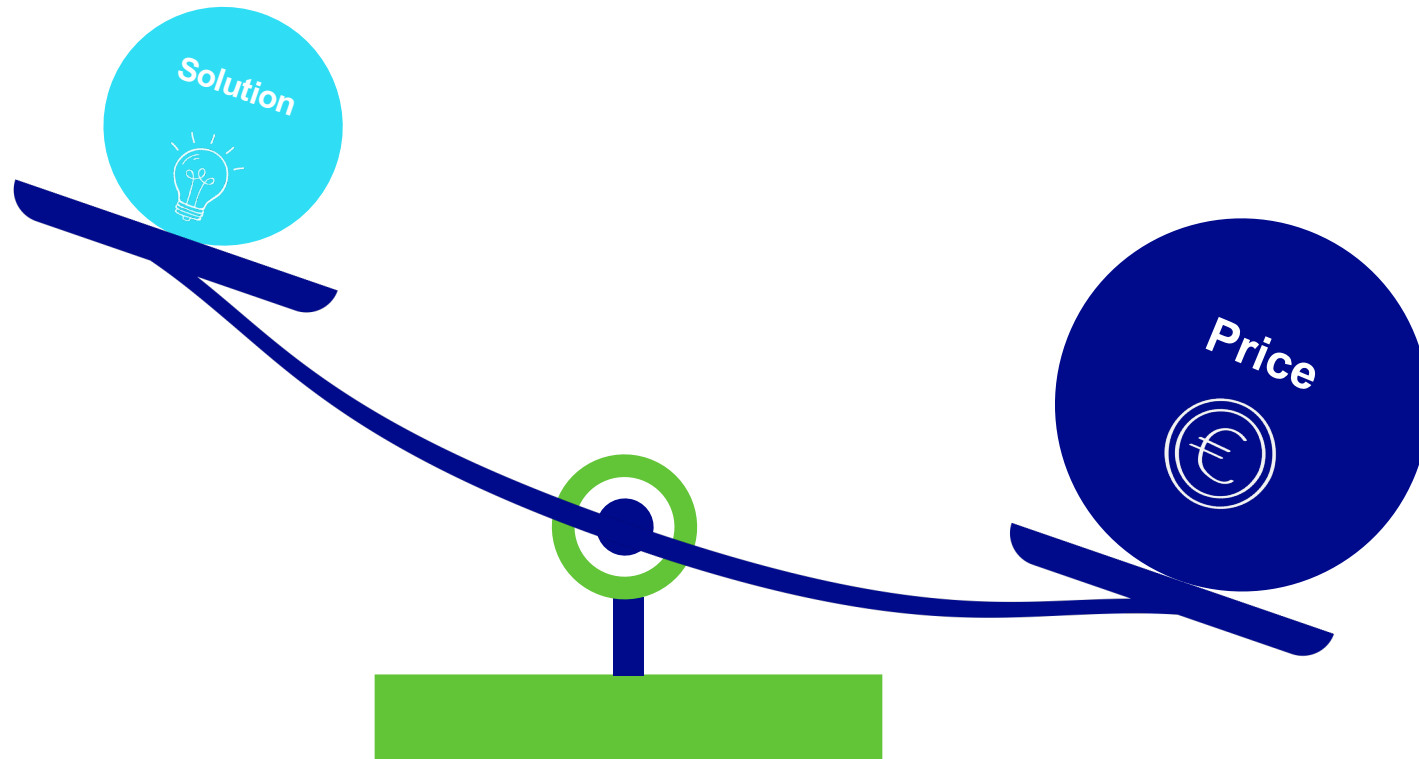
Customer perceived risk from the solution further decreases value

Customer

Value Received

Time-to-Value

Risk Exposure



Supplier

Value Captured

Time-to-Value

Risk Exposure

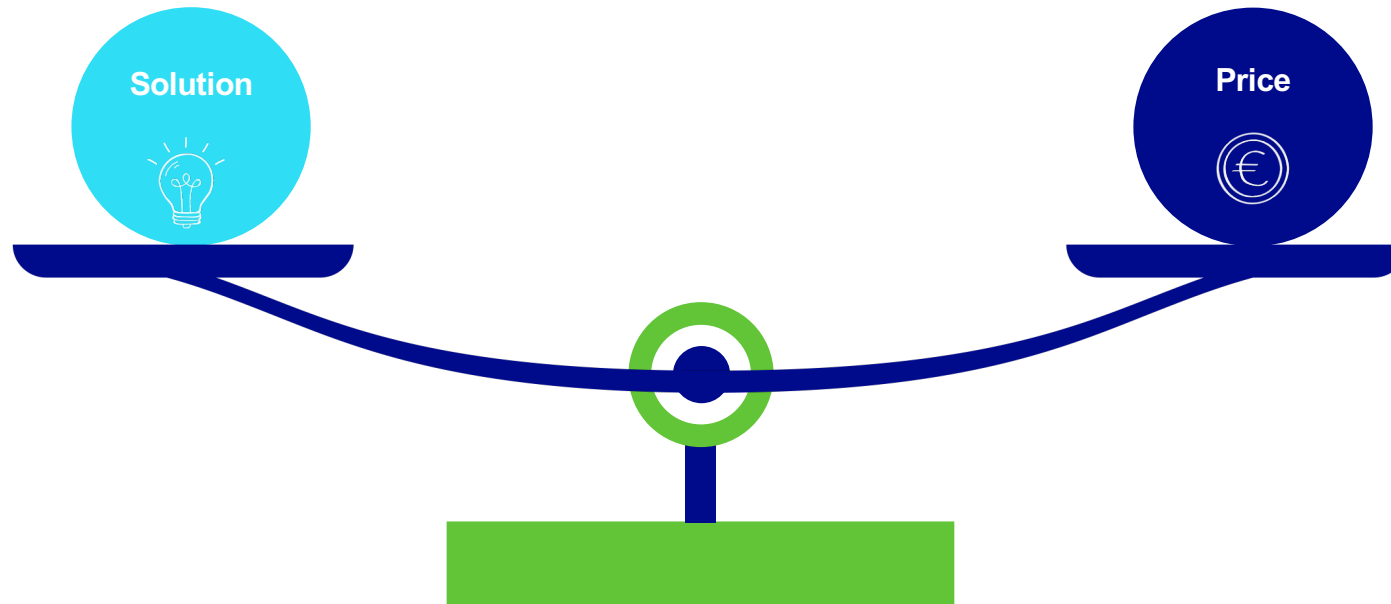
Time-to-Value and Risk can result in the need to reduce prices...

Customer

Value Received

Time-to-Value

Risk Exposure



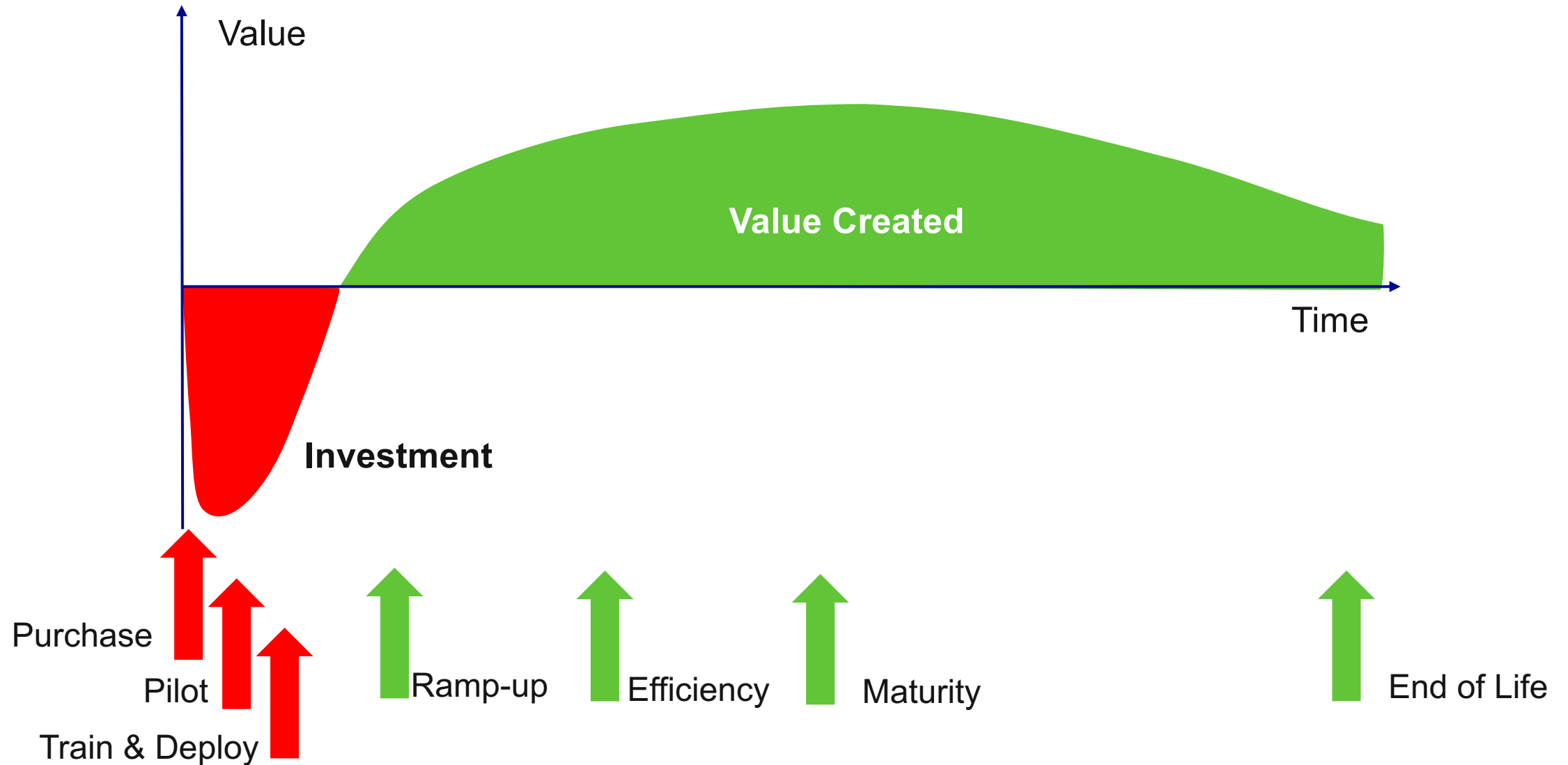
Supplier

Value Captured

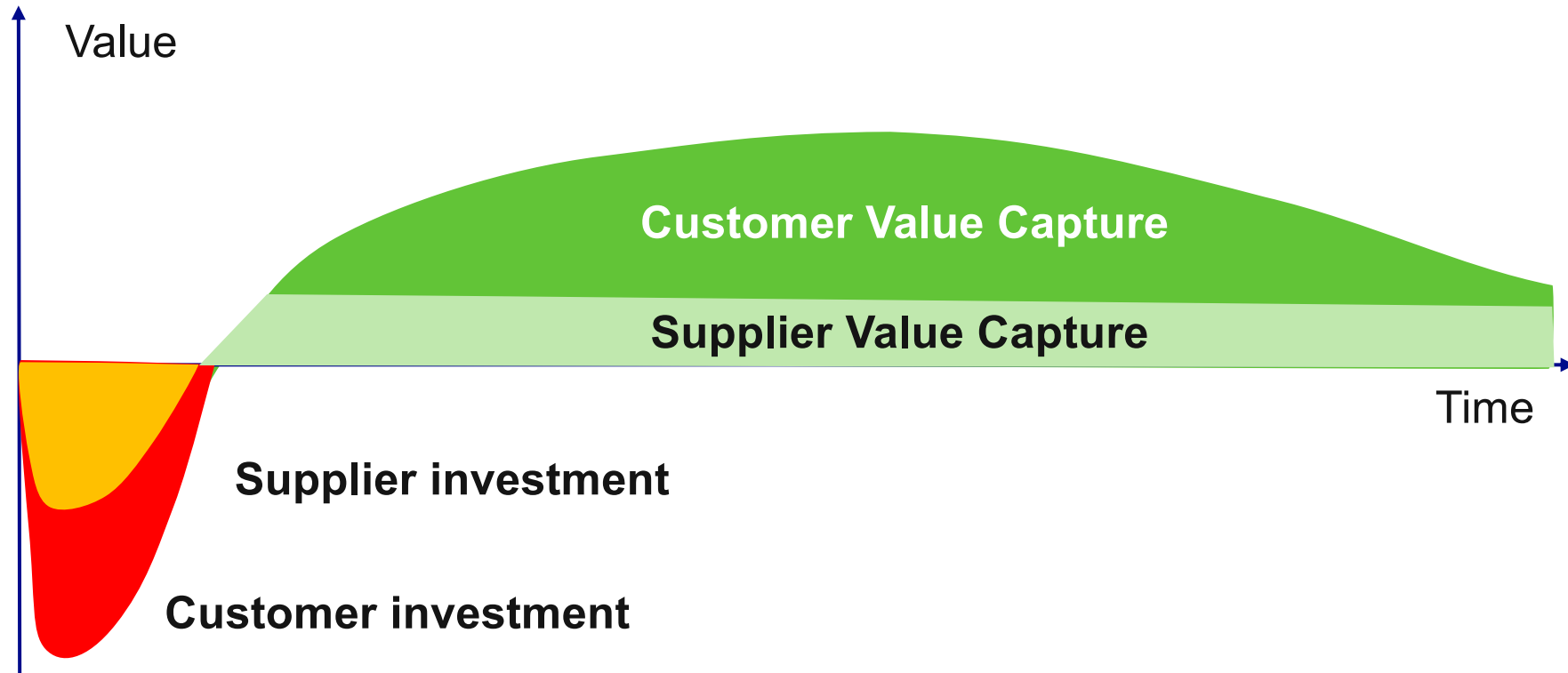
Time-to-Value

Risk Exposure

The value-creation timeline



Subscription value-capture timeline



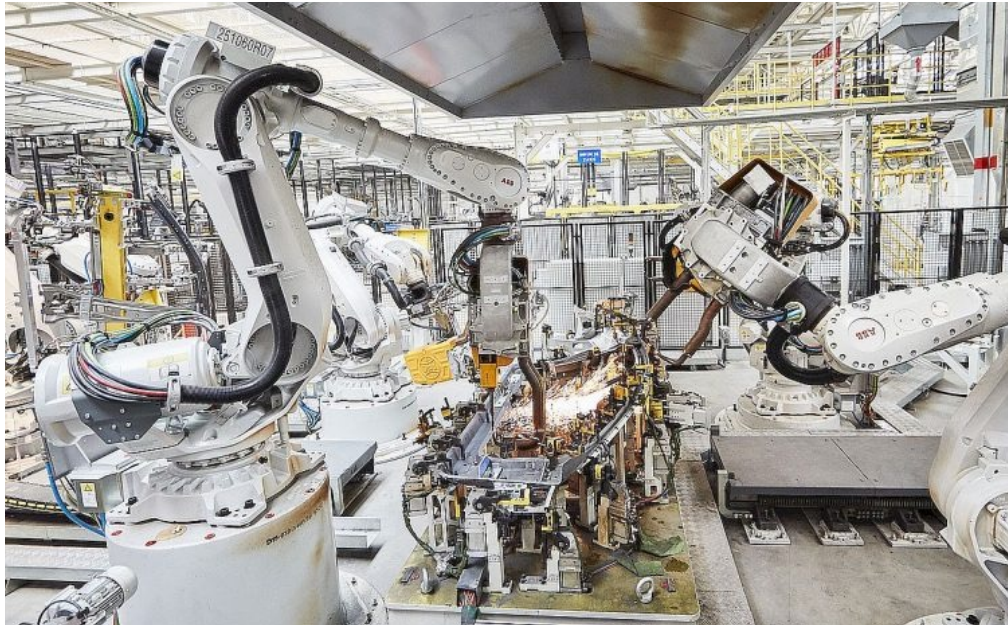
Subscriptions align price TIMING with value capture

Subscription pricing example: NavVis



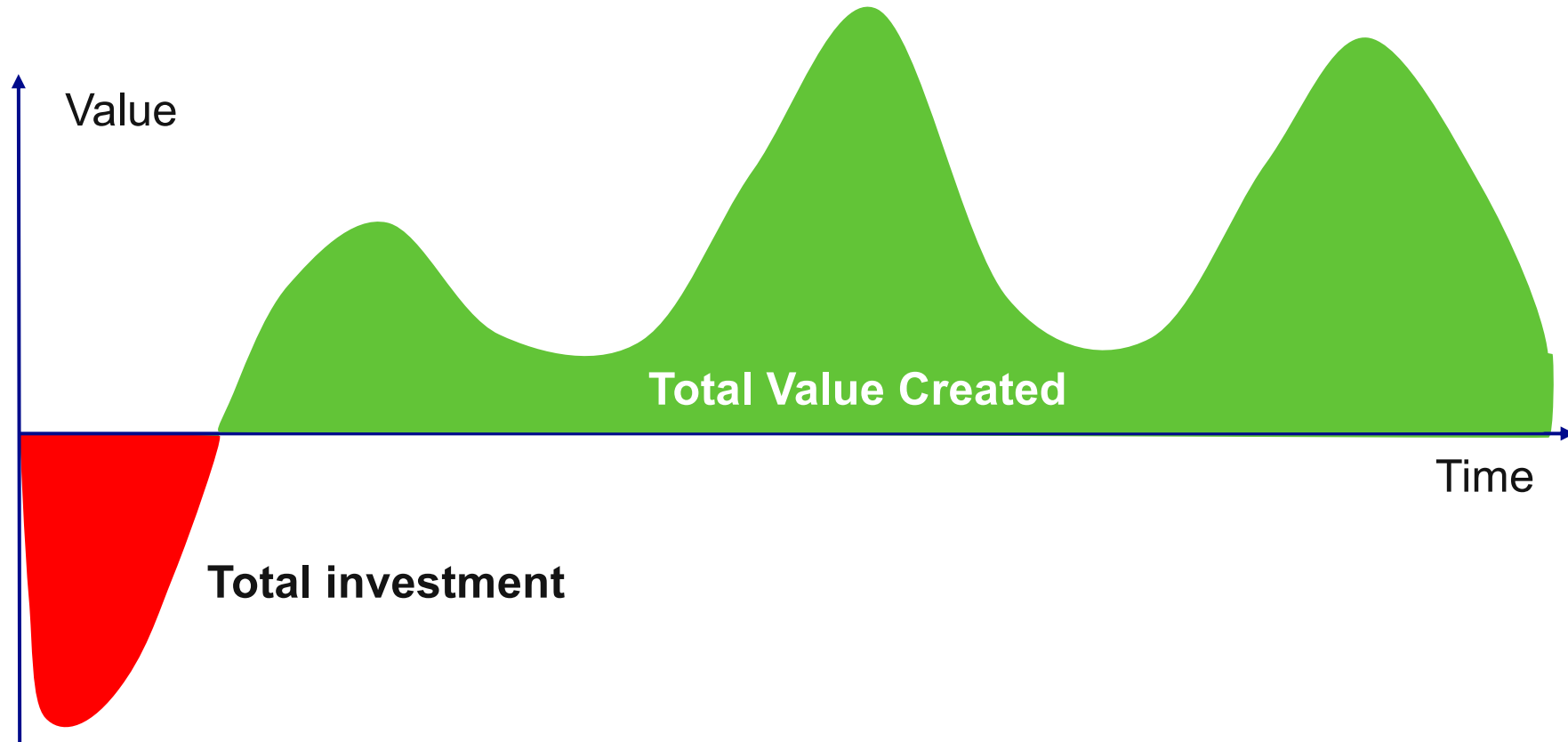
- NavVis sells advanced 3D mapping hardware, software, solutions and services
- The company offers add-on subscription services to their hardware:
 - Data processing
 - Creation, collaboration, publication
 - Maintenance & services
- Subscription services support by increasing customer value (increased time-to-value) and loyalty
- Enhanced services, providing integrations increasing product operational data and productivity

Subscription pricing example: ABB Robots

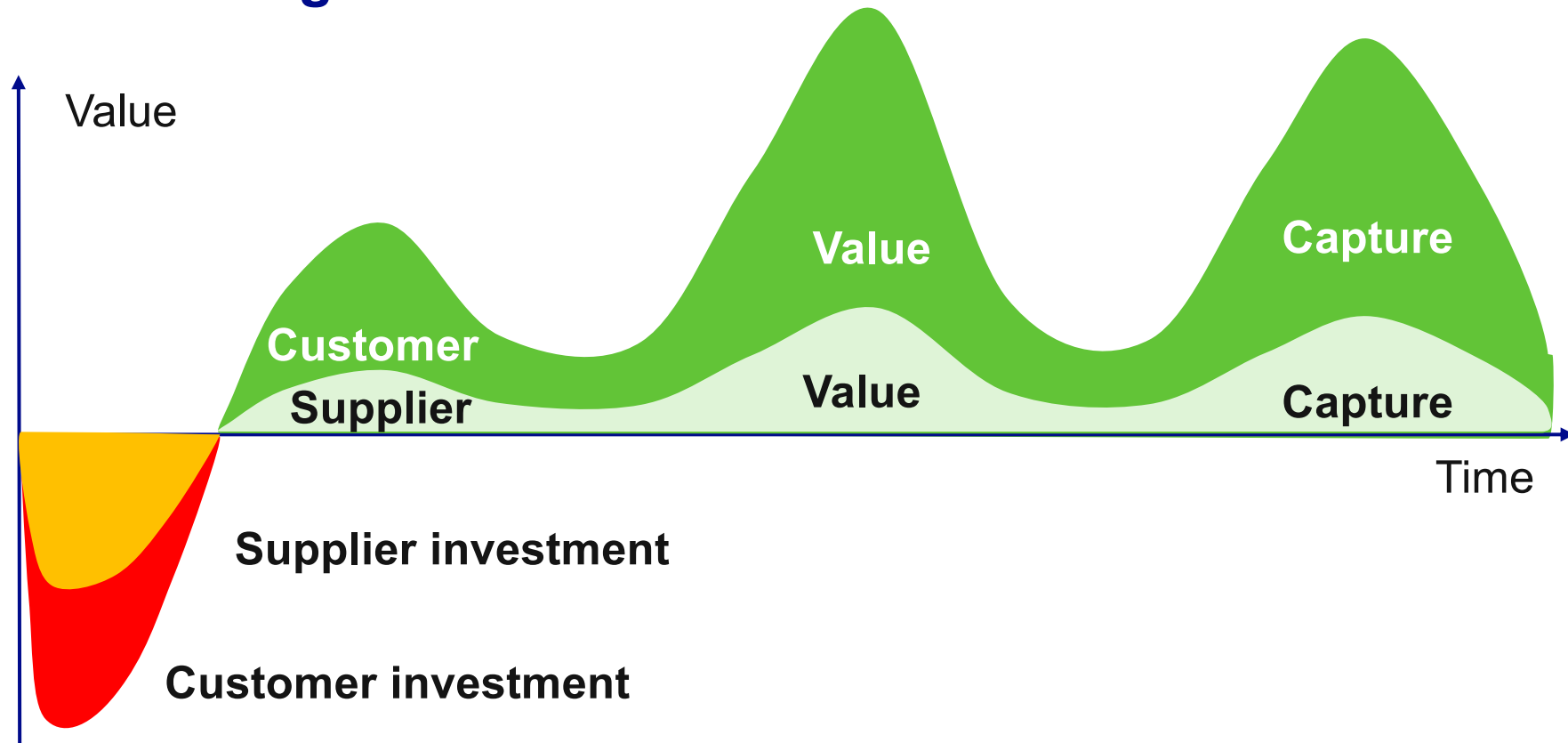


- ABB Robotics sells robots and factory automation hardware, software, solutions and services
- The company offers a wide range of subscription services, including:
 - Connected Services
 - Maintenance & Services
- Services increase ABB revenues & profits by increasing customer value (increased uptime) and loyalty
- Enhanced services enabled by IoT connectivity, predicting failures, increasing responsiveness, and increasing product operational data

'Lumpy' value-creation timeline



Pay-per-Use Pricing

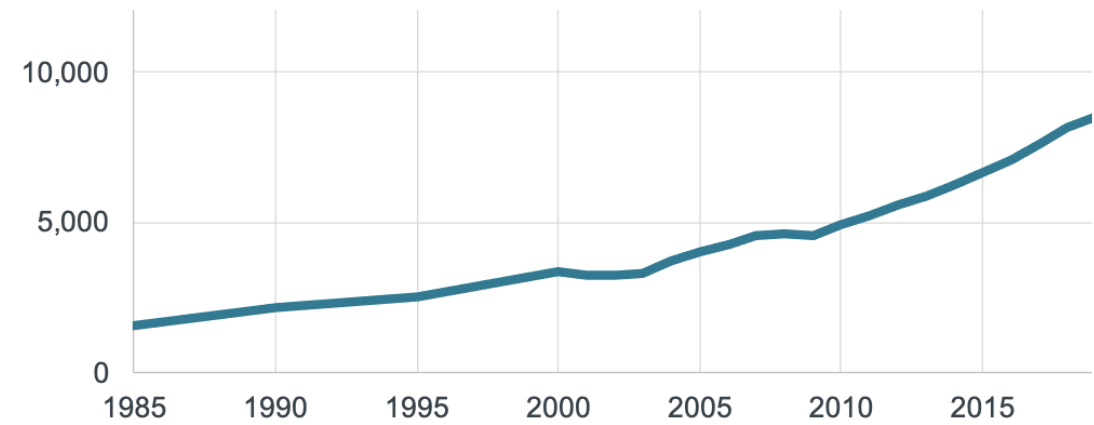


Pay-per-Use pricing aligns customer RISK to price

Pay-per-Use Example: Rolls Royce civilian aircraft engines



- TotalCare solution: full responsibility for engine maintenance & repairs charged as \$ per flying hour
- Airline costs aligned with revenue generation
- Rolls-Royce takes engine reliability risks...



Build your balanced pricing architecture

		Up-front pricing	Subscriptions	Pay-Per-Use (tied to revenues)	Pay-per-Use (tied to costs)
Customer	Value tied directly to revenues			✓	
	Cost predictability important	✓	✓		
	Incremental value goes down with higher use		✓		
	Prefer CAPEX to OPEX	✓			
Supplier	High up-front investment	✓			
	Need to qualify customers	✓			
	High variable cost per use			✓	✓
	Investors looking for steady cash-flow		✓		

Use a combination of price carriers to find balance

Price Carriers: the levers to balance value, risk & time

Solutions Prices

Price Carriers (building blocks)



Price Carrier Purpose

1. Value Capture
2. Value Timing
3. Risk Sharing
4. Cost Recovery
5. Qualify Customers (pilots)

Segment 1



Segment 2



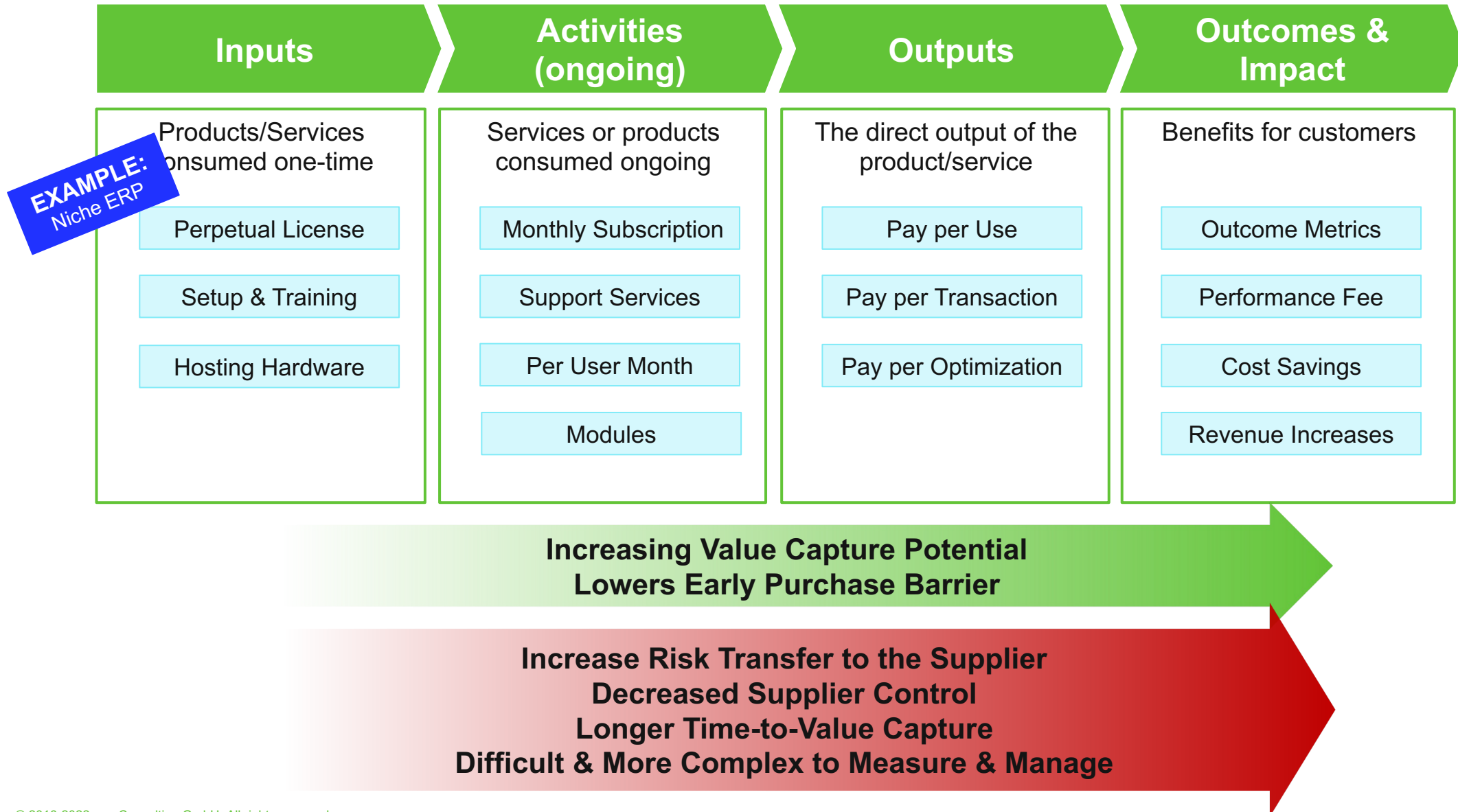
Segment 3



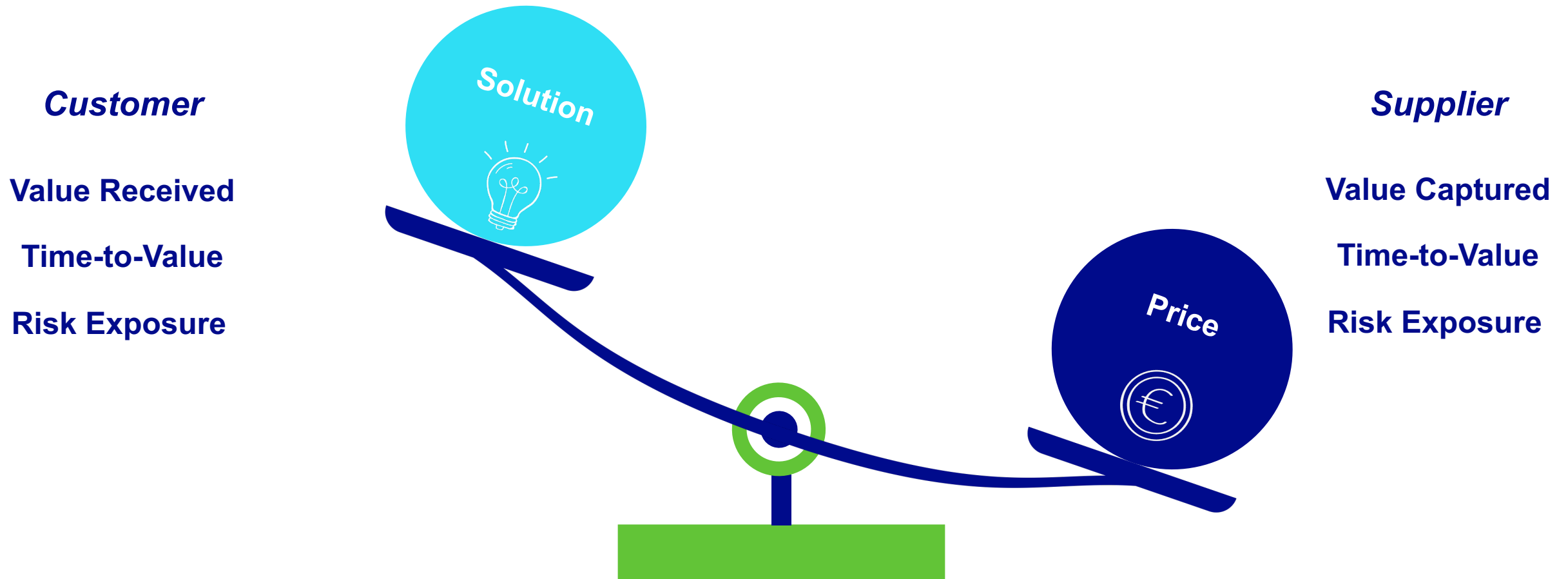
Segment 4



Capture the value: types of Price Carriers (B2B SaaS)

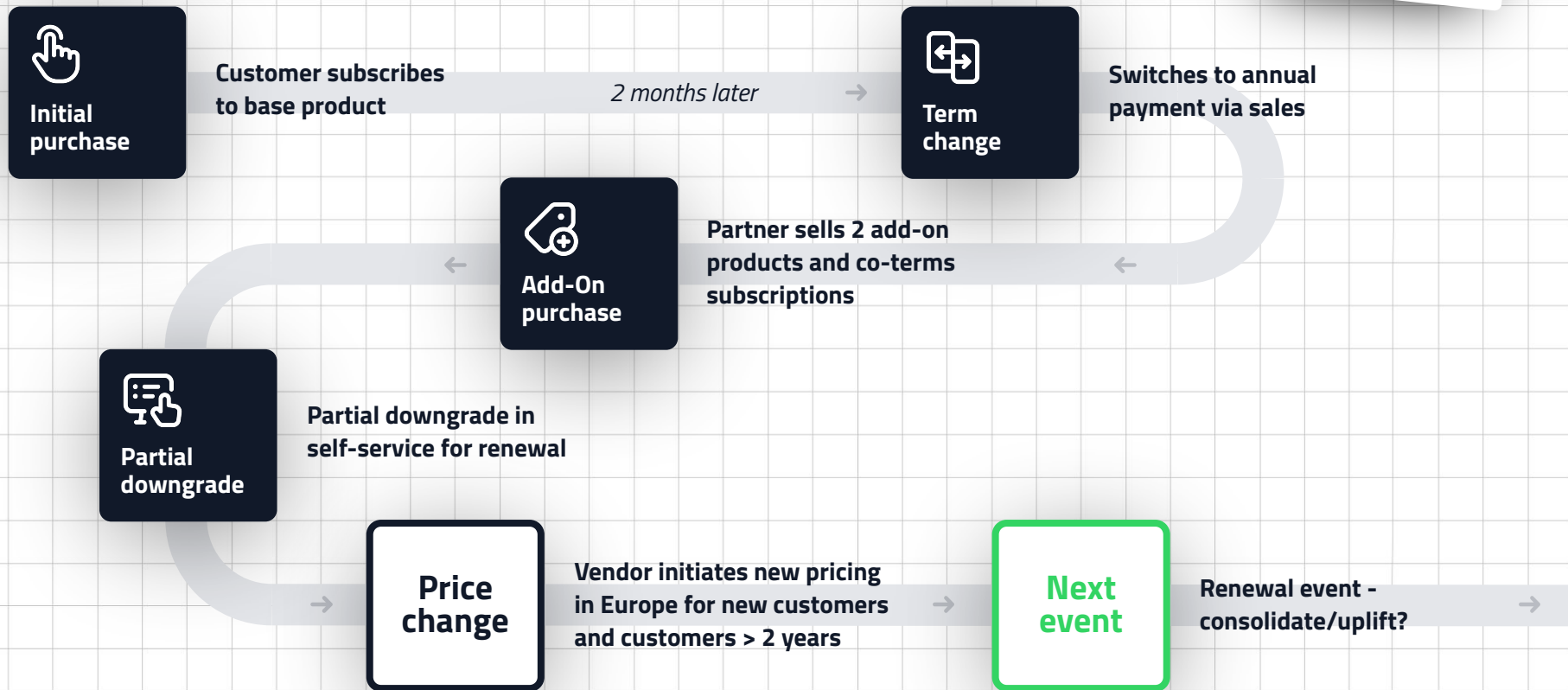


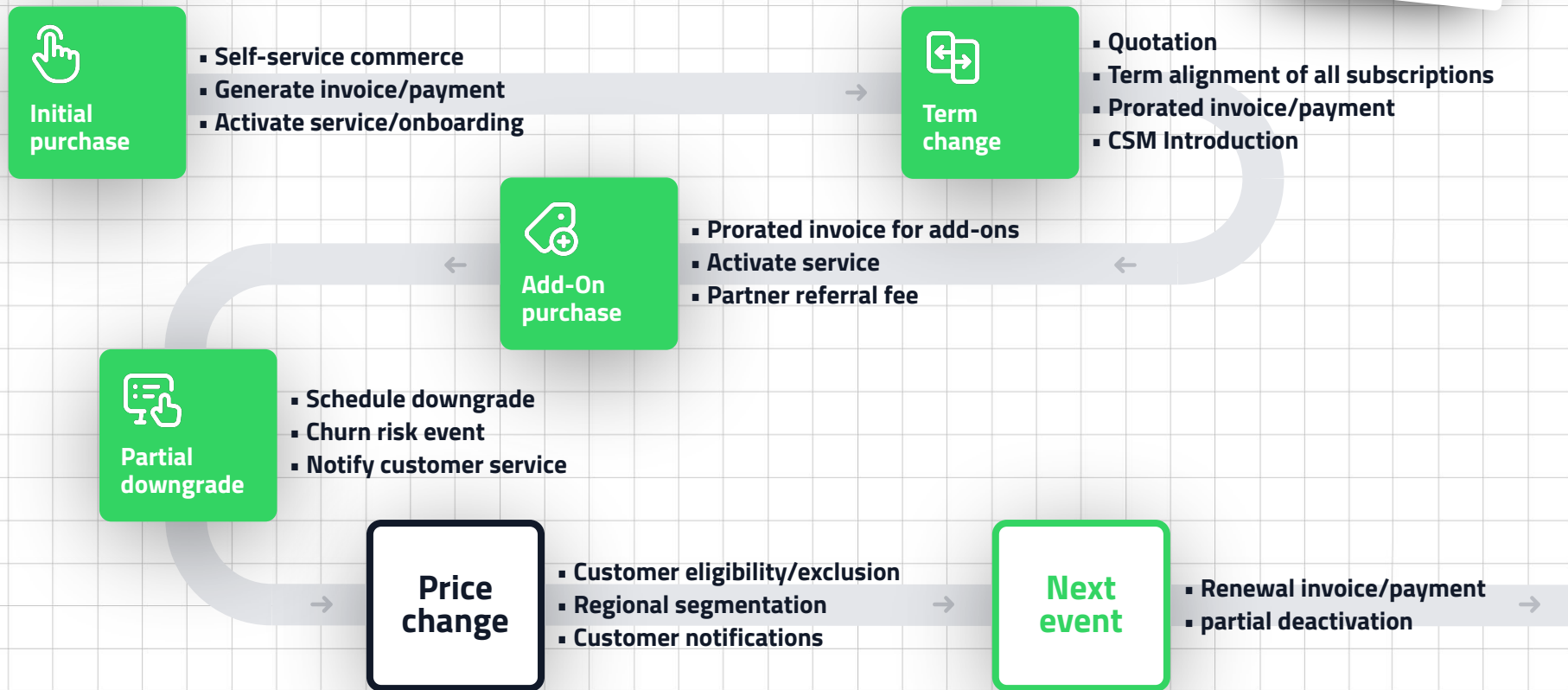
How will you use Subscription and Pay-per-Use pricing to increase value capture?



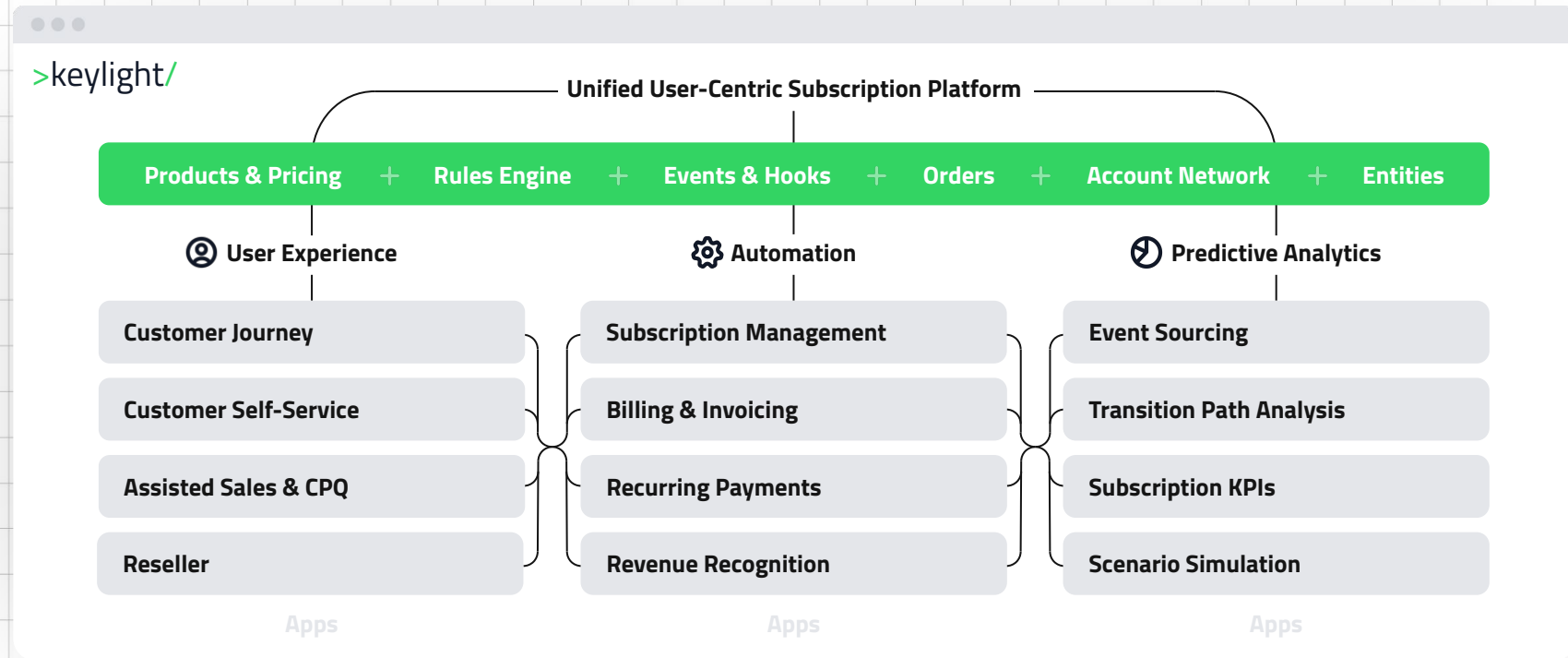
Flexible pricing infrastructure

Product catalog and price books

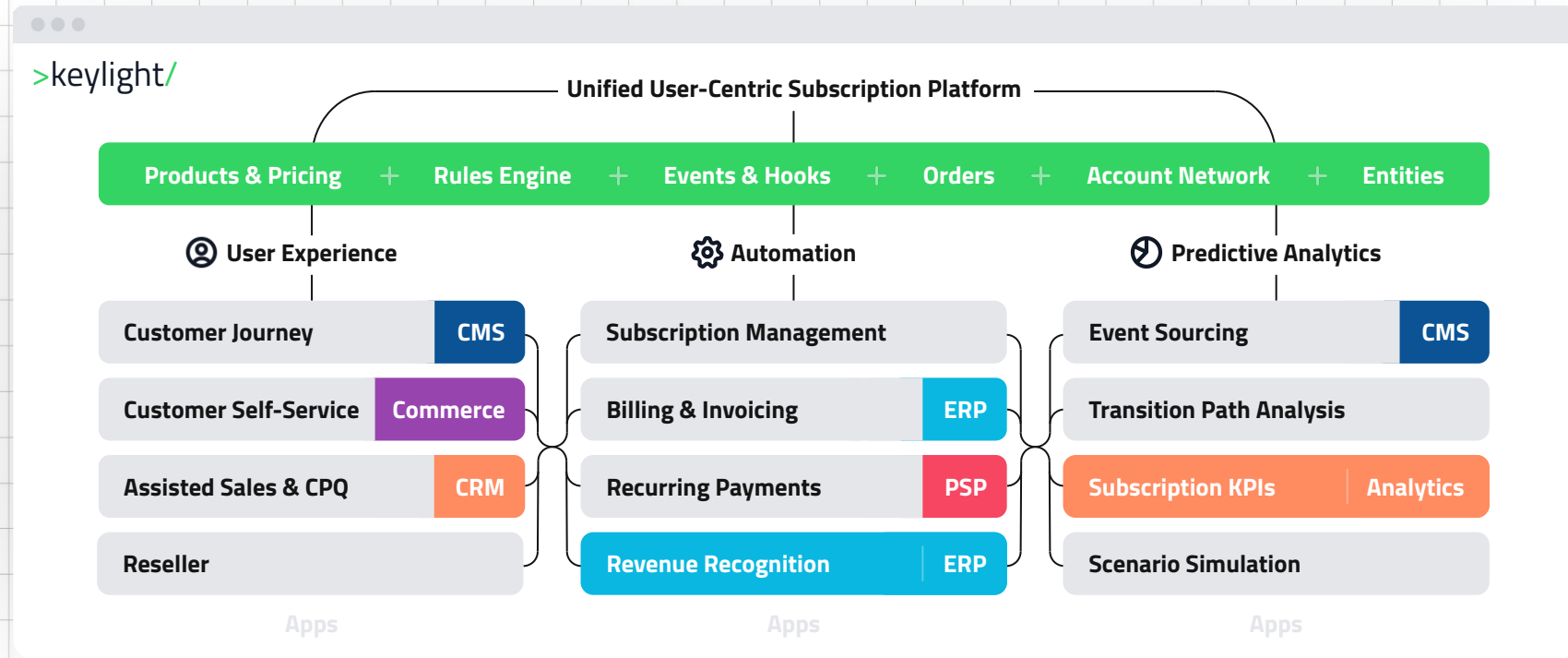




Subscription architecture: **modern, unified & composable**



Subscription architecture: **Flexibility is key**



01

When is **pay-per-use**
a good model?

02

When and how to **share risk** with subscription pricing?

03

How do I know if I
got my pricing **right**?

04

When and how to **raise prices** in the current environment?

Q&A

Type in your questions

Click

Activities





Daniel von Jeinsen

Sales & Partner Strategy

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Assessment Consultation

Book a free hour with us

Let's talk about

- ✓ Your current system & challenges
- ✓ Your use cases & requirements

Book a demo at www.keylight.com

Need more information or support?



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Thank you

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Coming Up

The next **Expert
Session Vol. 5** will
take place in the
new year. See you
in 2023!