

# **Drive revenue and margin with an best practices pricing and discounting strategy**

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BMC Software**

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**The Computer Education Management Association**

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# Anti-Trust Law and Pricing Survey Discussion



**Talk about survey results and experiences in the past**



**Don't talk about current or future pricing or plans related to pricing of your company or any other specific company**

# Pricing Survey: Strategy

- Click Tools Survey:

- 66 questions
- Adaptive: skip non relevant
- 59 responses (2013: 51, none in 2015)

## 4. Which of the following describes your company's business?

Hardware	7	12,96%
Software	40	74,07%
Software as a Service (SaaS)	35	64,81%
Other	3	5,56%

(Response: 54)

## 5. What was your company's worldwide annual revenue in the

\$100M or less	11	21,15%
Between \$101M and \$500M	15	28,85%
Between \$501M and \$1B	9	17,31%
More than \$1B and less than \$3B	9	17,31%
More than \$3B and less than \$10B	5	9,62%
More than \$10B and less than \$25B	1	1,92%
\$25B or more	2	3,85%

# Pricing Survey: Regional Prices

	1. Open Classroom per Student and day		
Country	List Price	Average Realized Customer Price	Average Realized Partner Price
<b>Americas</b>			
<b>US/Canada</b>	\$746	\$659	\$557
# of inputs	33	31	29
maximum	\$1.000	\$1.000	\$938
minimum	\$490	\$212	\$300
<b>Mexico</b>	\$660	\$594	\$507
# of inputs	26	22	21
maximum	\$1.000	\$1.000	\$850
minimum	\$275	\$275	\$256
<b>Brazil</b>	\$660	\$597	\$505
# of inputs	26	22	21
maximum	\$1.000	\$1.000	\$850
minimum	\$233	\$233	\$205

## • Excel Pricing Sheet

- Education prices
- By country/region
- List & street prices for customer and partner
- 44 responses  
36 in 2015, 31 in 2013

# Part 1

## Pricing Strategies



**- That's more like it. 10?! Are you trying to insult me?! Me, with a poor dying grandmother?! 10?!**

# Pricelist and Currencies

**39%**

**global price list w/  
single base currency**  
(majority up to 3m ed revenue)

**VS**

**49%** local

**pricelists in local or  
base currencies (>3m)**

**72%**

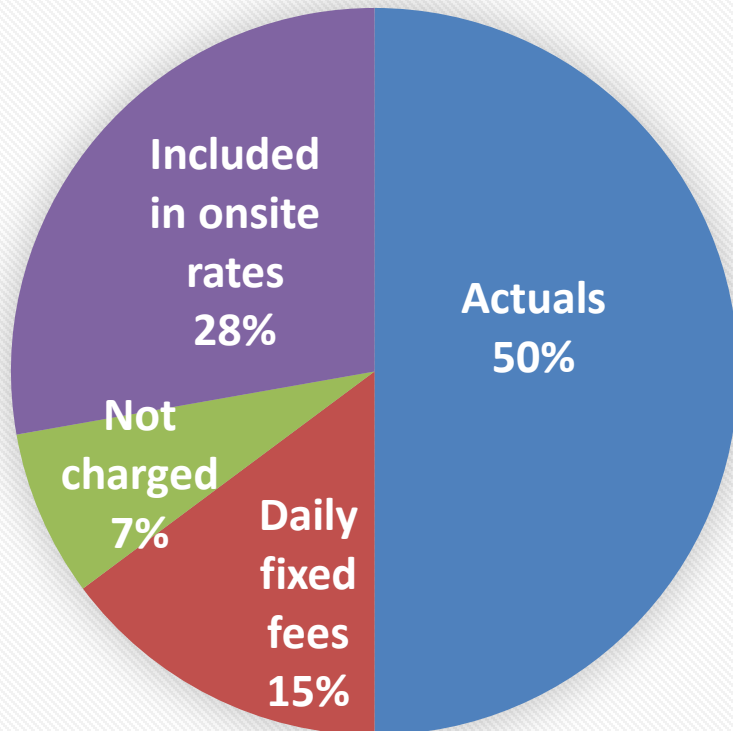
**Have prices in local  
currency at fixed Fxrate**

Majority offers in \$, €, £,  
AUD

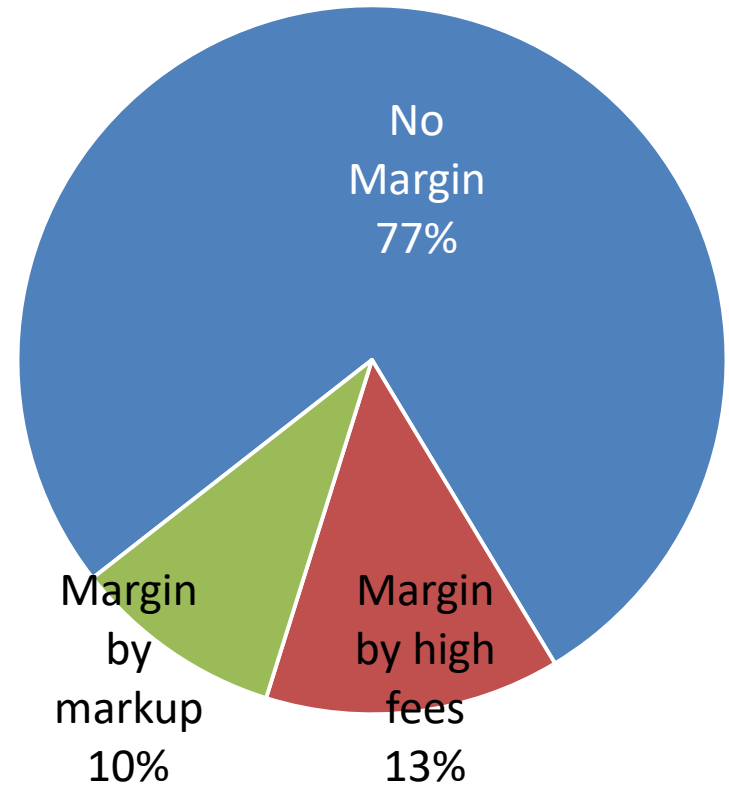
20-30% also JPY, INR, CAD,  
SGD

# Travel & Living

T&L Charged at:



T&L Margin



And **91%** don't charge for instructor travel time



# Pricing Approaches

**54%**  
transactional

Revenue via customers buying learning products as required (DECREASED by 11% since 2013)

**21%**  
credits

**Revenue via selling training credits**

For 67% one unit of the credit is equal to an amount in their base currency

**17%**  
subscription

**Revenue via selling subscriptions**  
(INCREASED by 10% since 2013)

**3%**  
Bulk purchase

Revenue via selling bundles or volumes often as pre-payments

# Subscriptions: What's Included

	Unlimited	Limited
eLearning/WBTs	23	3
Recorded instructor-led training	10	4
VILT - virtual classrooms	10	3
Access to other self-study options	9	3
Access to online/virtual labs	9	4
Support to find required training	6	0
ILT - live classrooms	4	2
Student books	4	4
Exclusive webinars	4	2
Access to exclusive community	4	3
Instructor support (at regular dates)	3	5

Numbers are numbers of members with this training type included

# Subscription T&C

**82%**

**Of subscriptions are  
valid for 1 yr**

**81% vs 73%**

**Subscriptions for  
SaaS vs On Premise  
Software Products**

**70%**

**Have individual  
subscriptions**

41% have company and 26%  
department subscriptions

**89%**

**Of subscriptions are  
sold separate from  
product subscription**

# Pricing by Audience & Content

## Audience

(higher, same or less in comparison to technical)

	+	0	-
End User	0%	77%	23%
Business	2%	86%	12%
Partner	4%	32%	64%

## Complexity

(higher, same or less in comparison to 1<sup>st</sup> course in path)

63% have only one

but also 32% 2-3 pricing levels

	+	0	-
Overview	2%	78%	20%
Beginner	10%	84%	6%
Advanced	30%	68%	2%
Workshop	20%	66%	15%

# Education Attached to Licenses



**5%**

mandatory attach

**22%**

mandatory attach, but  
can be removed

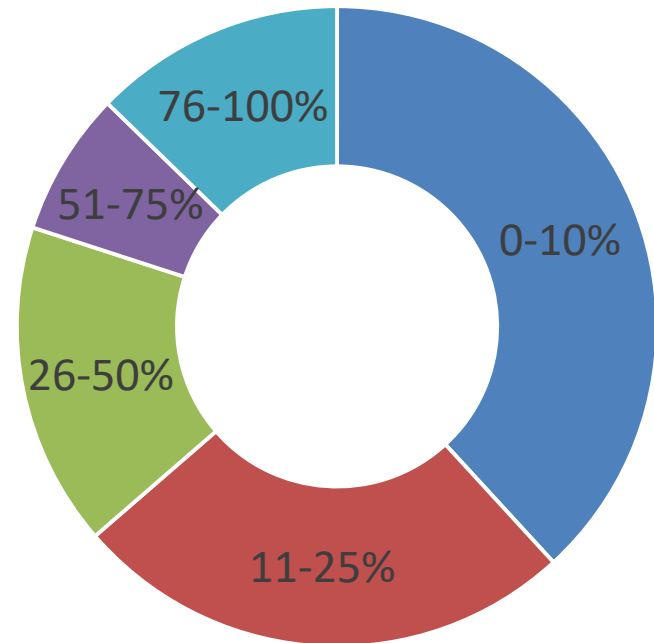
SHARE WITH US HOW  
YOU DID THIS!



**73%**

NO mandatory attach

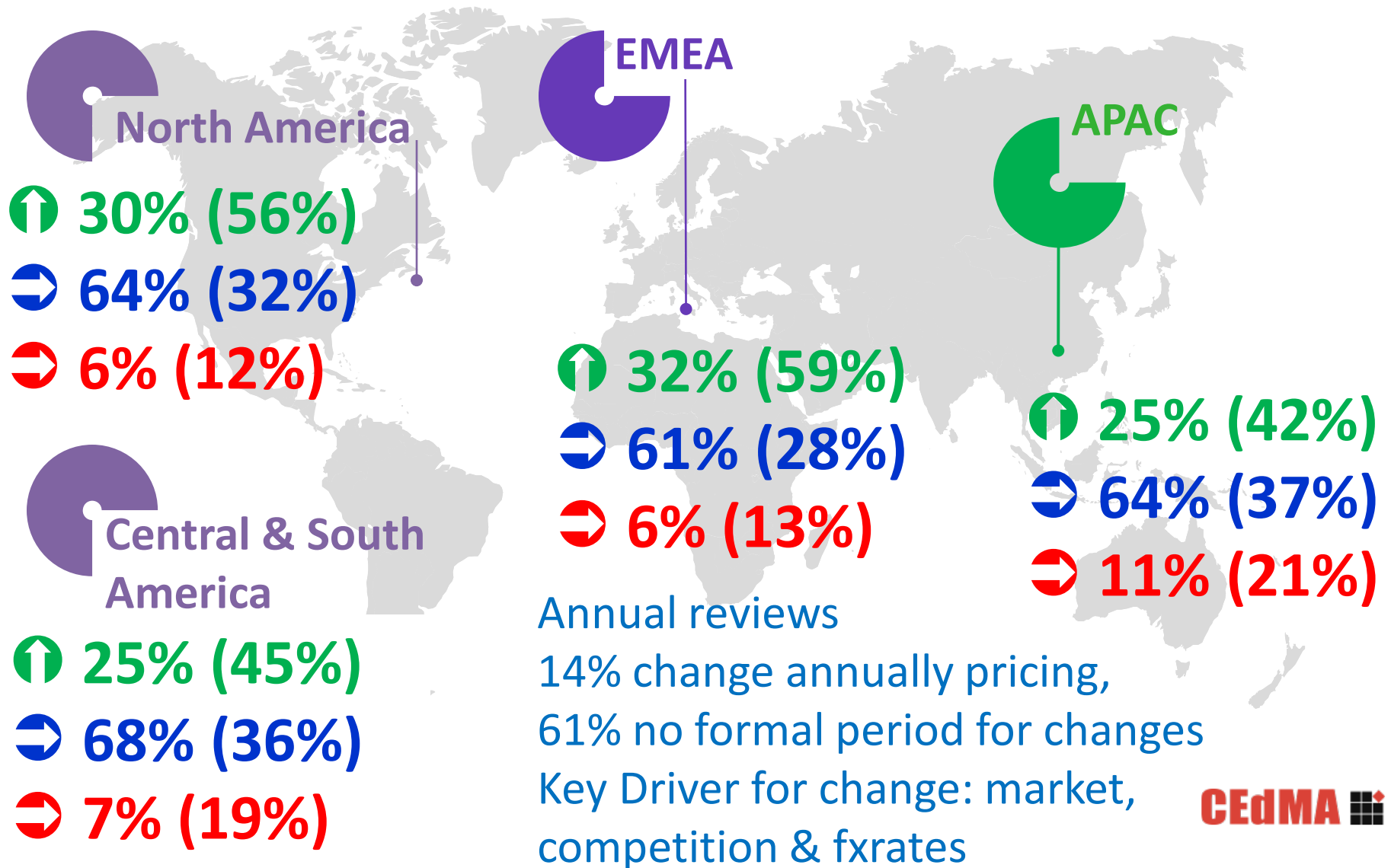
## Percentage of License Deals with Education Attached



+ more attach than mandatory

- 64% have training included in only max  
25% of the license deals

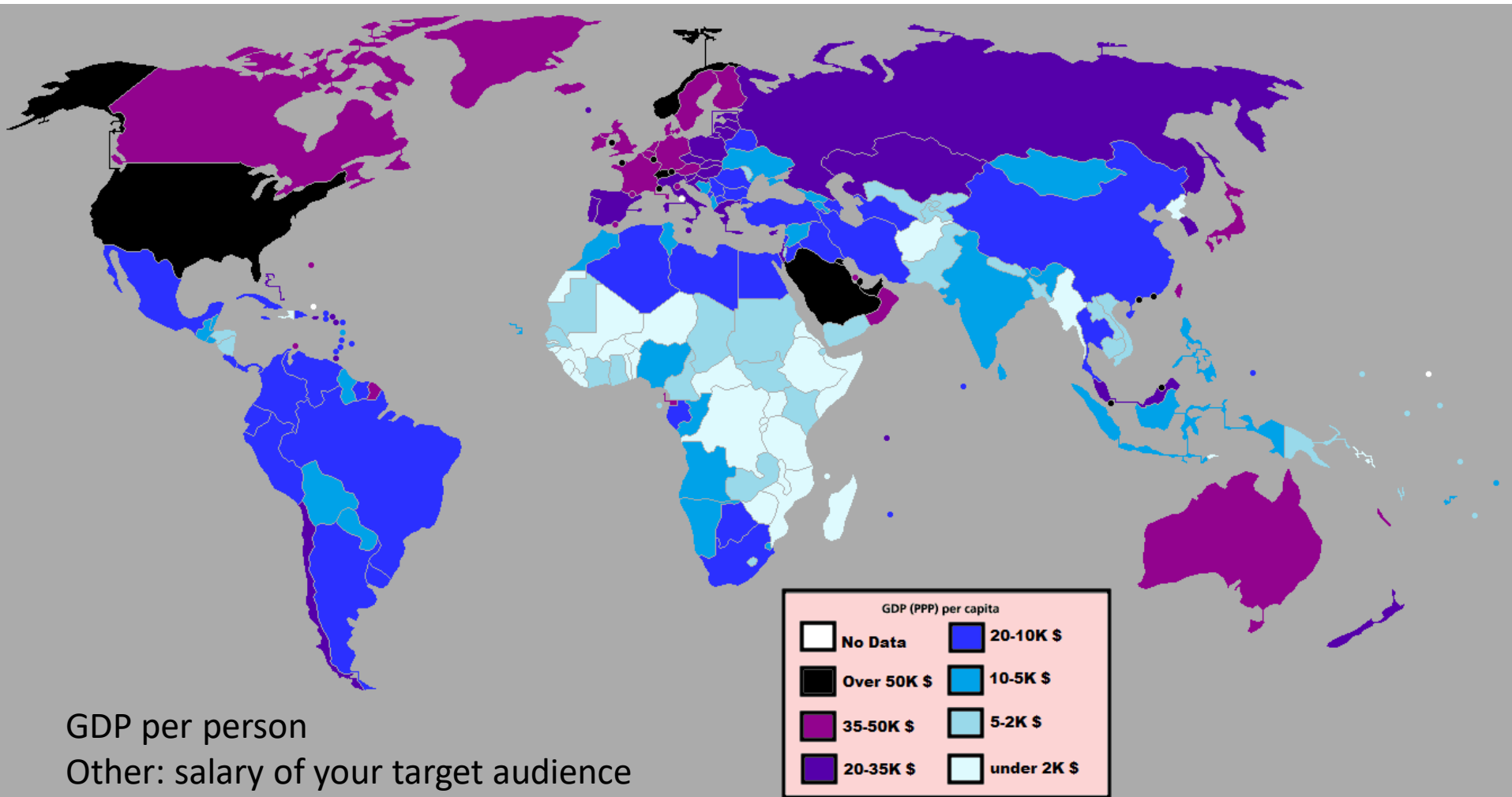
# Price Changes in Last 1 (3) Years



# Part 2

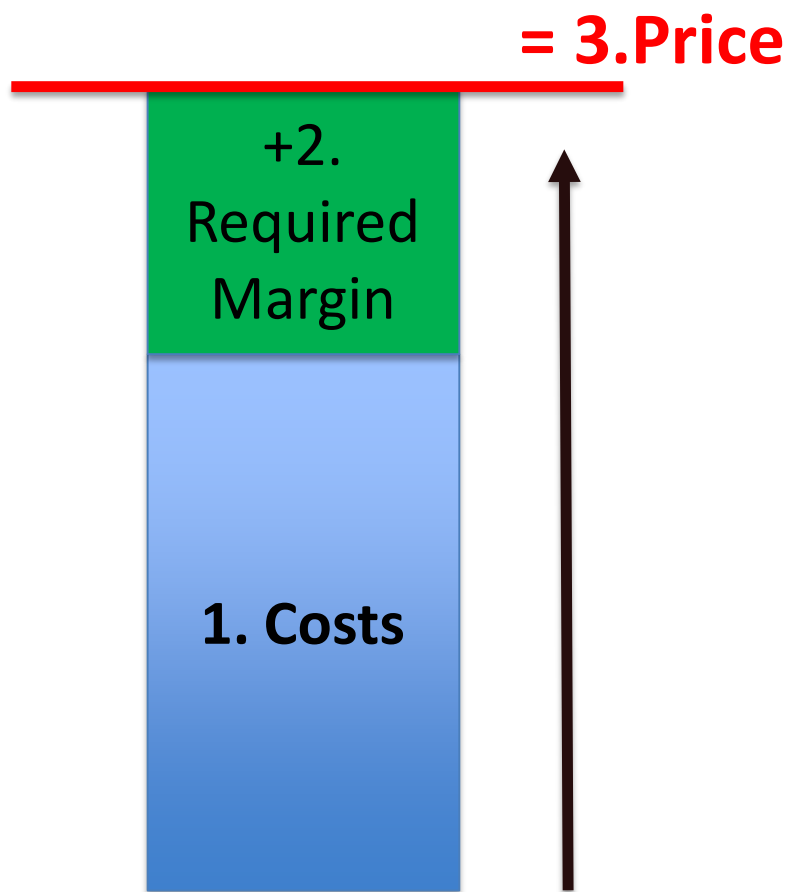
## Global Pricing

# How to find a fair price?

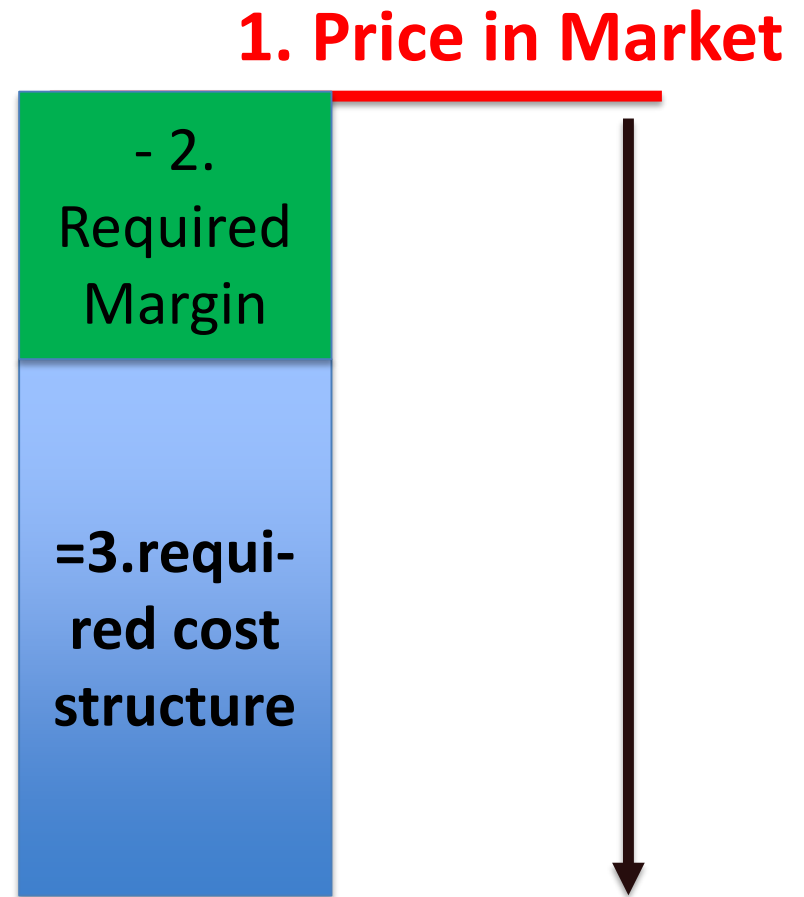




# Pricing Strategy



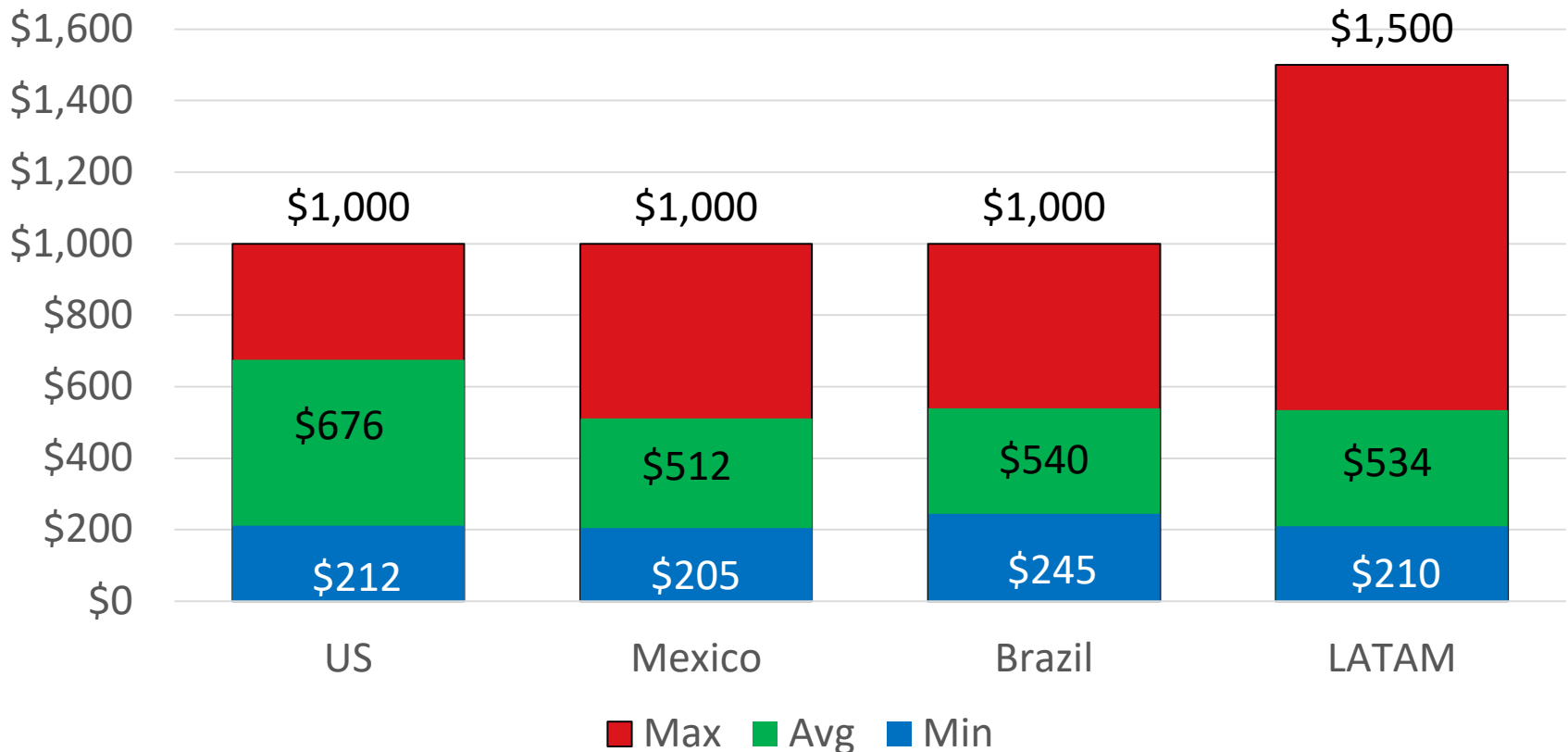
Costs Plus Model



Value Based Model

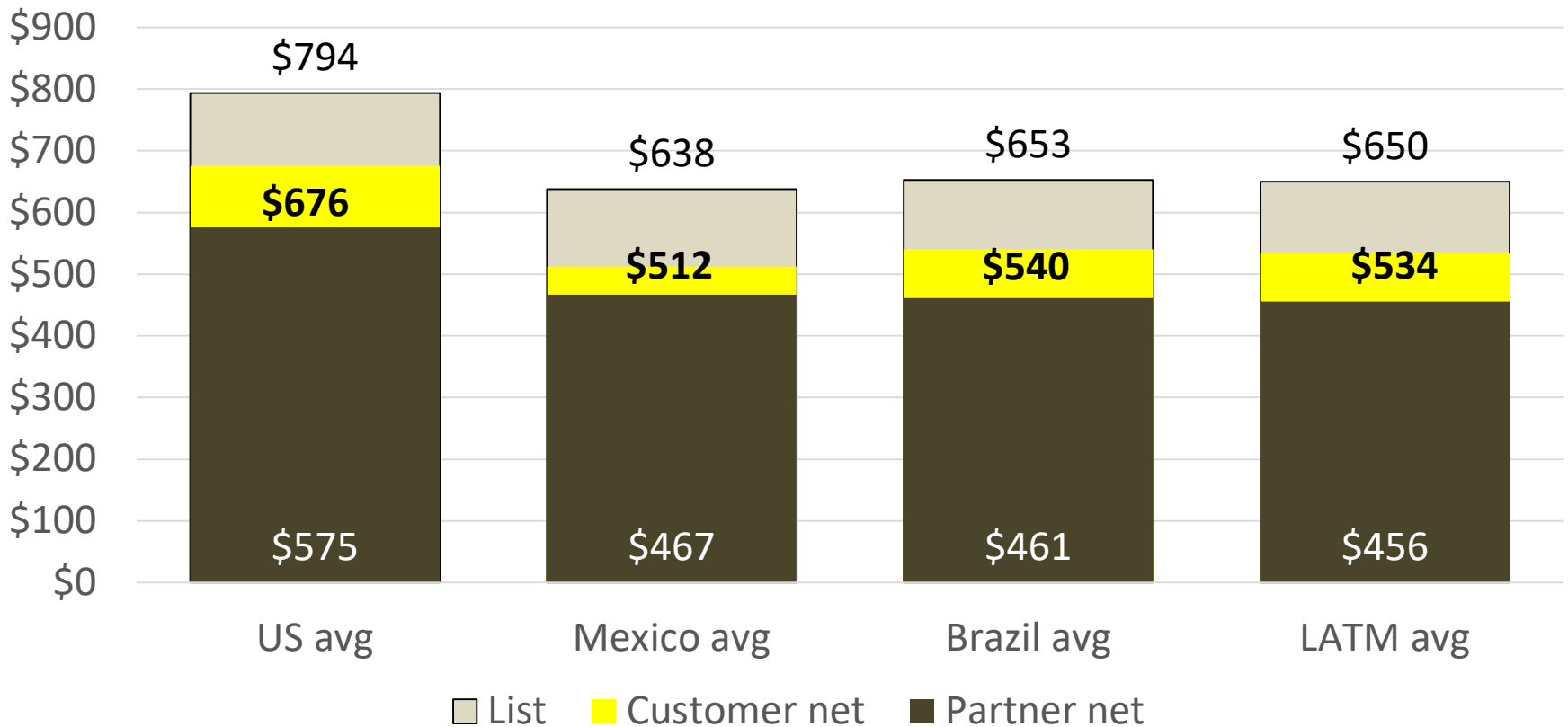
# Significant Differences Case by Case

Difference between Max, average and minimum  
for ILT per seat

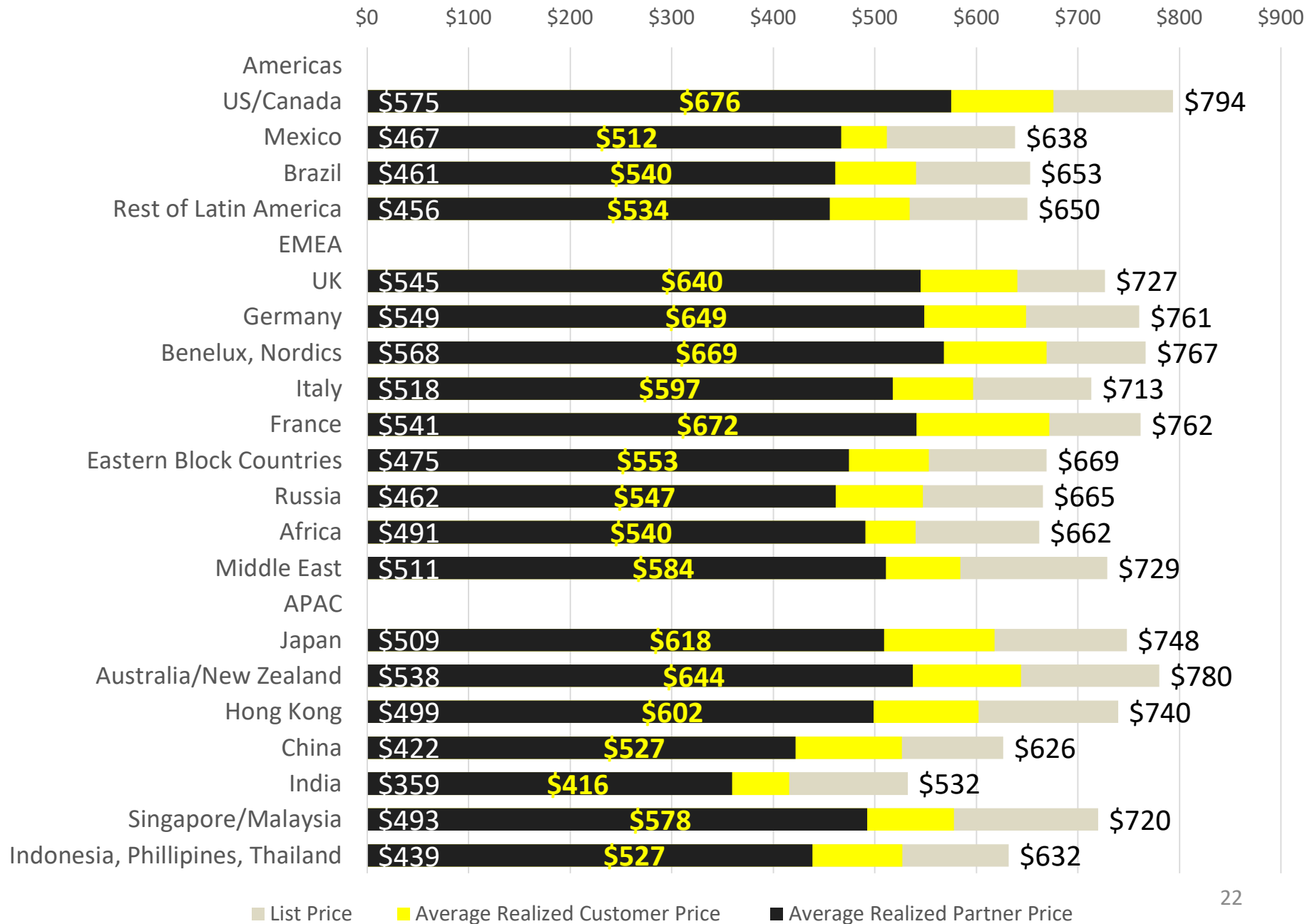


# Significant Differences Case by Case

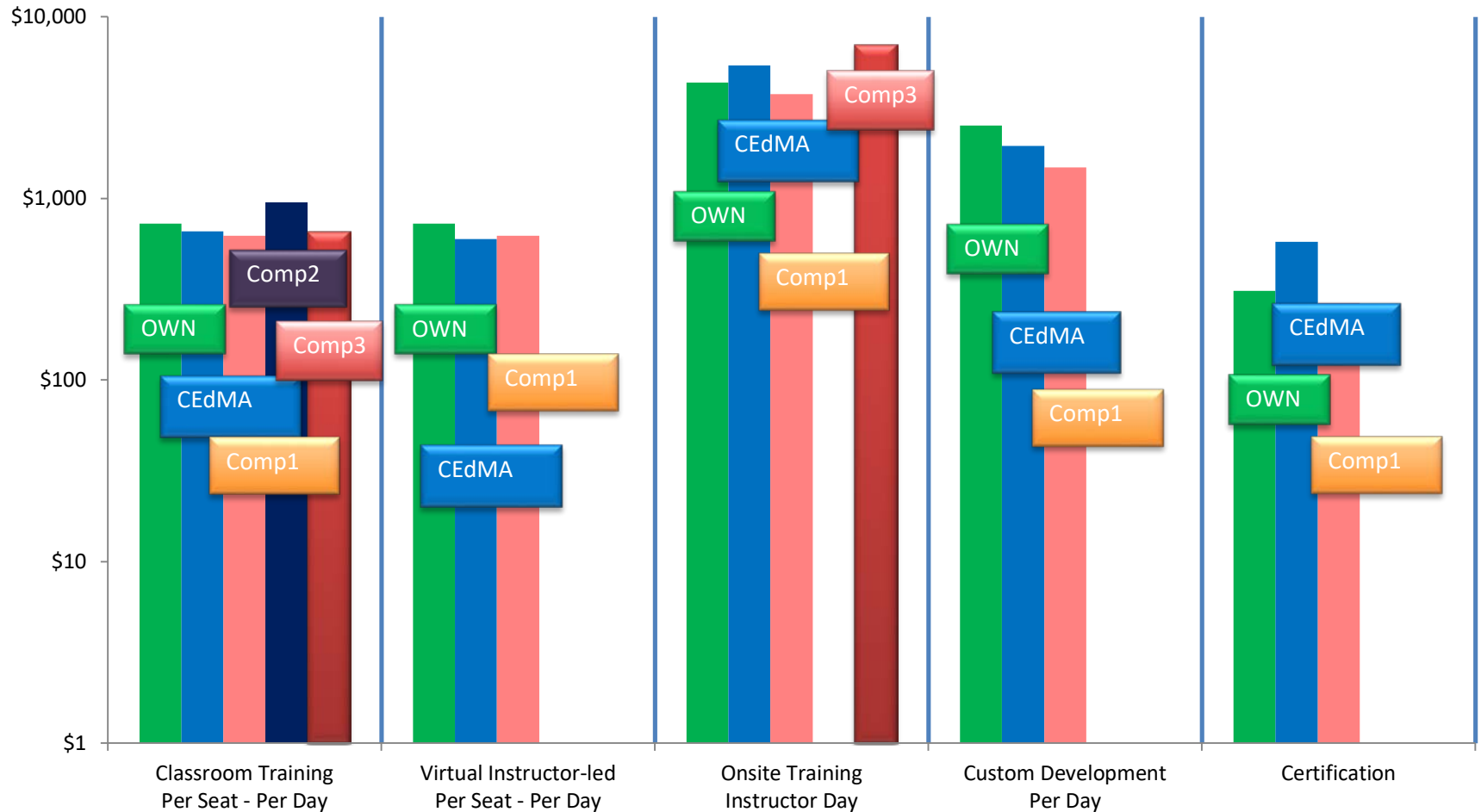
Differences List price, Customer and Partner Sales Price



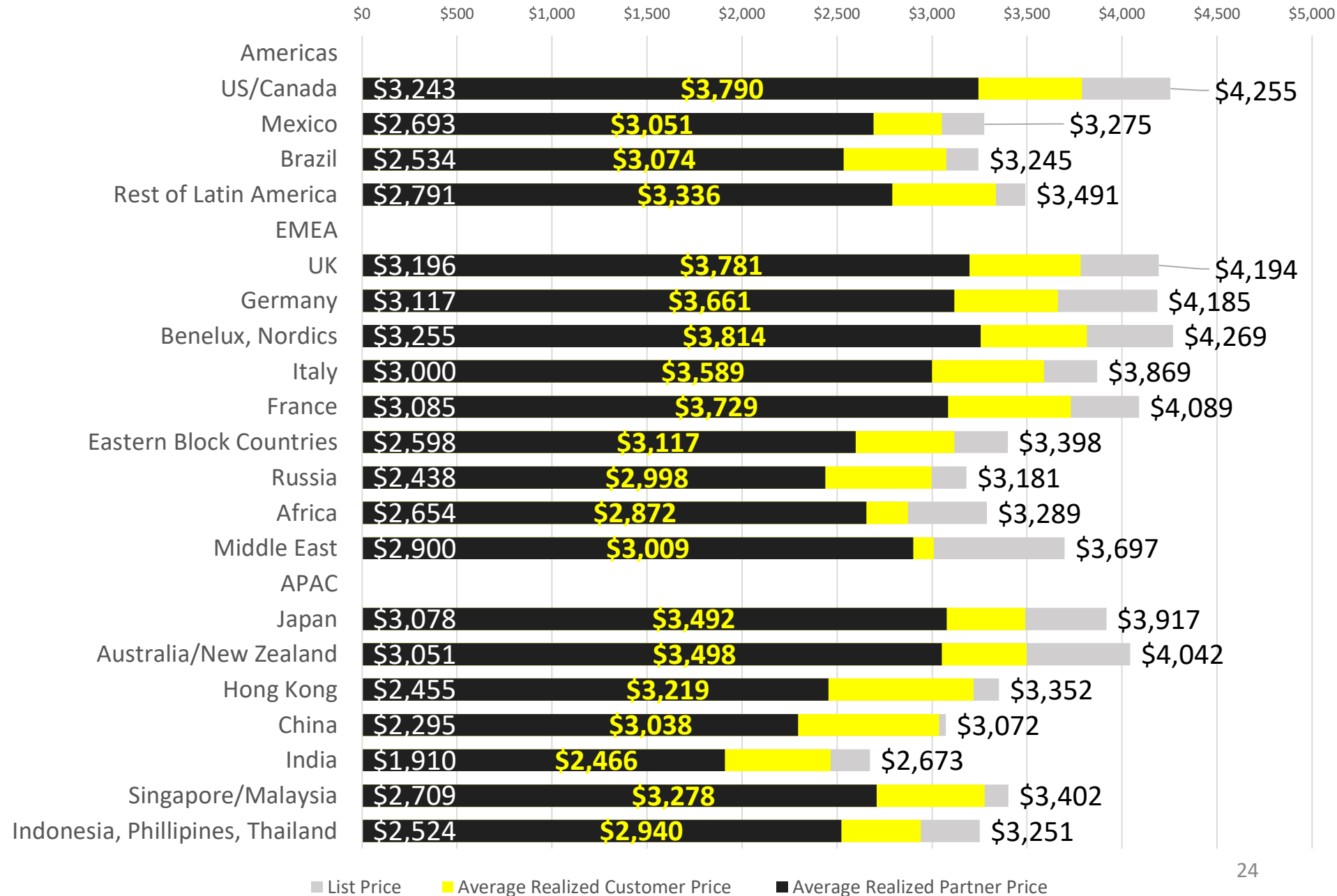
# ILT per Day and Student



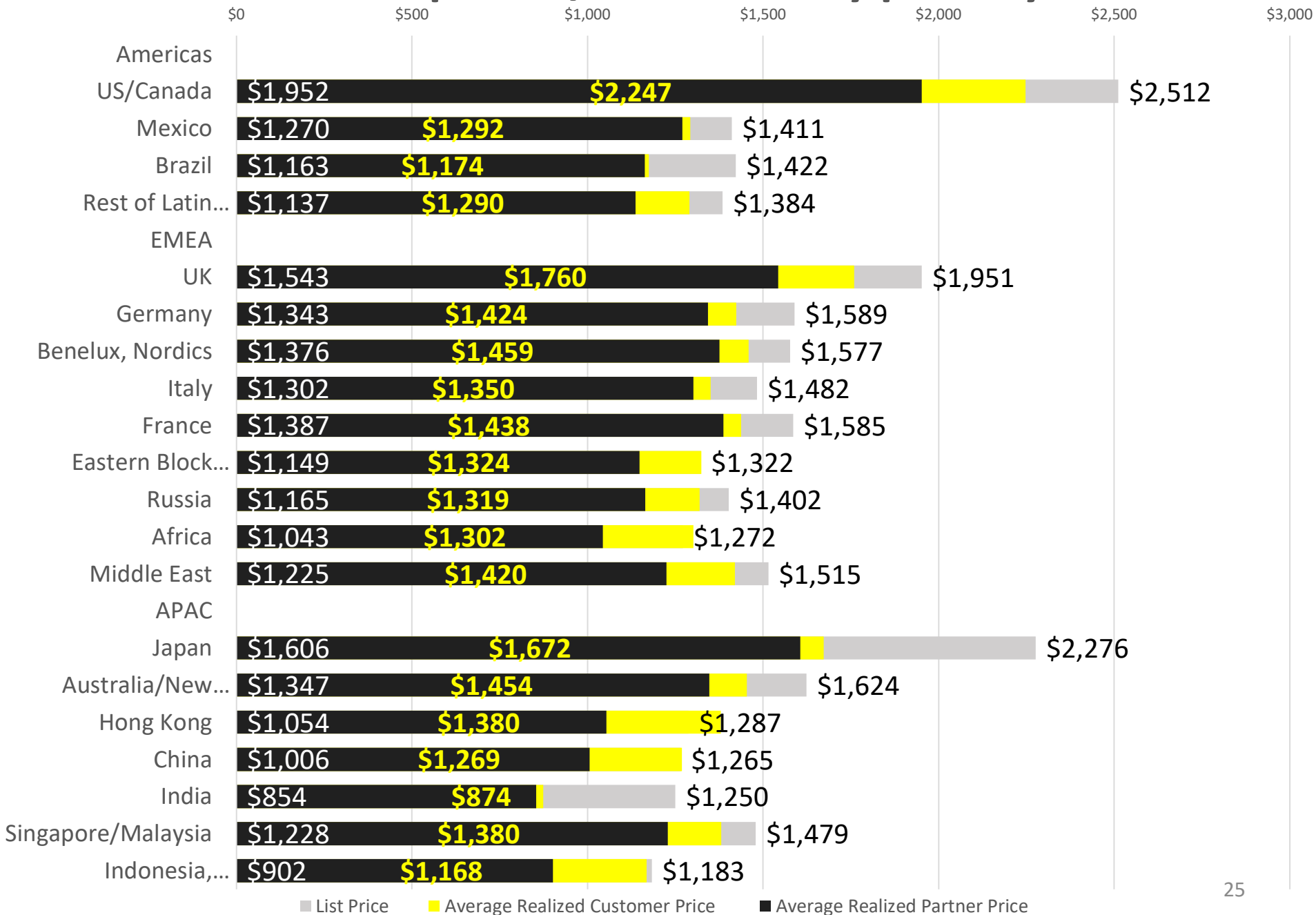
# Benchmark Your Prices vs CEEdMA and Competitors



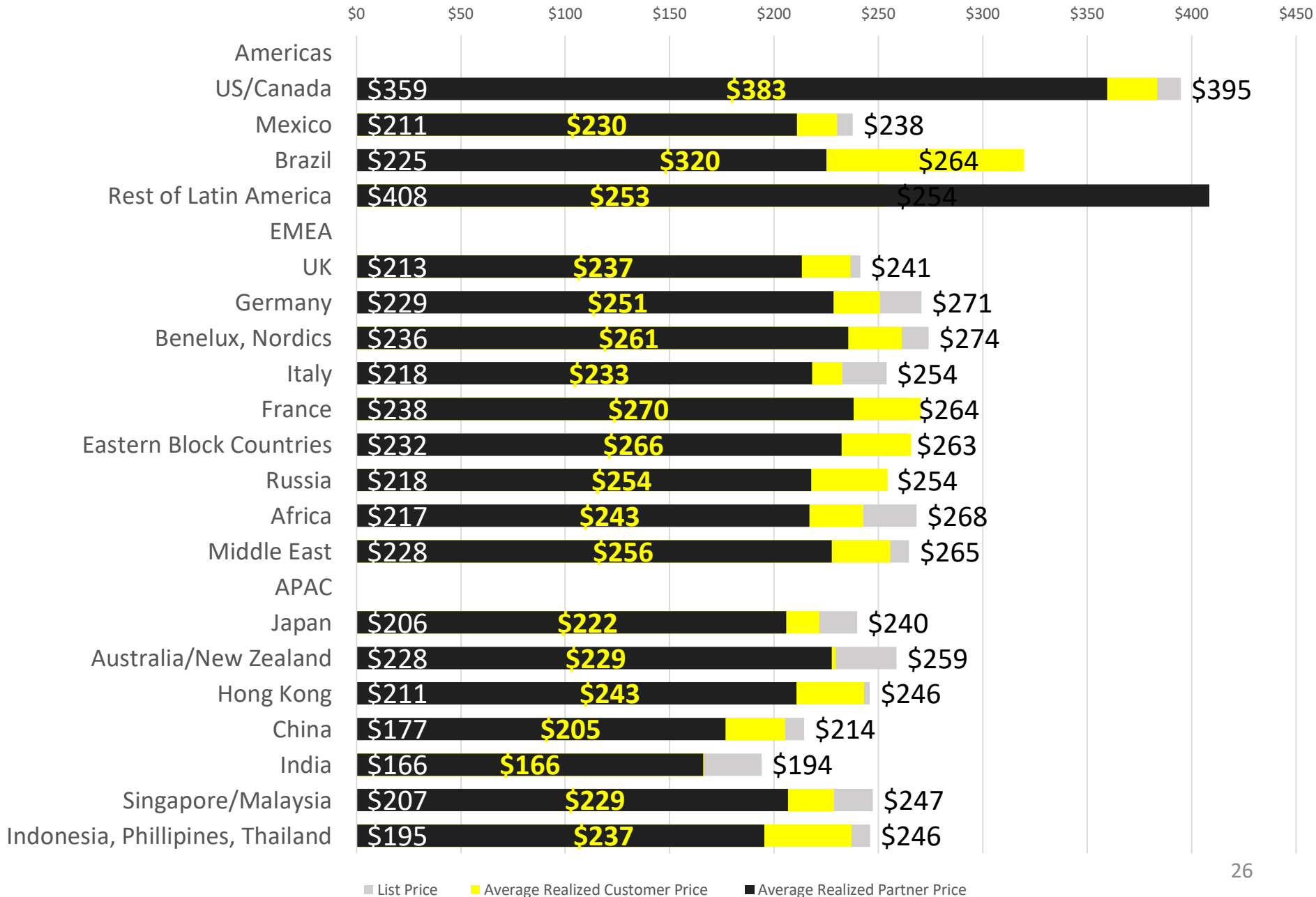
# Instructor Led Onsite Per Day and Instructor



# Development/Non Delivery per Day

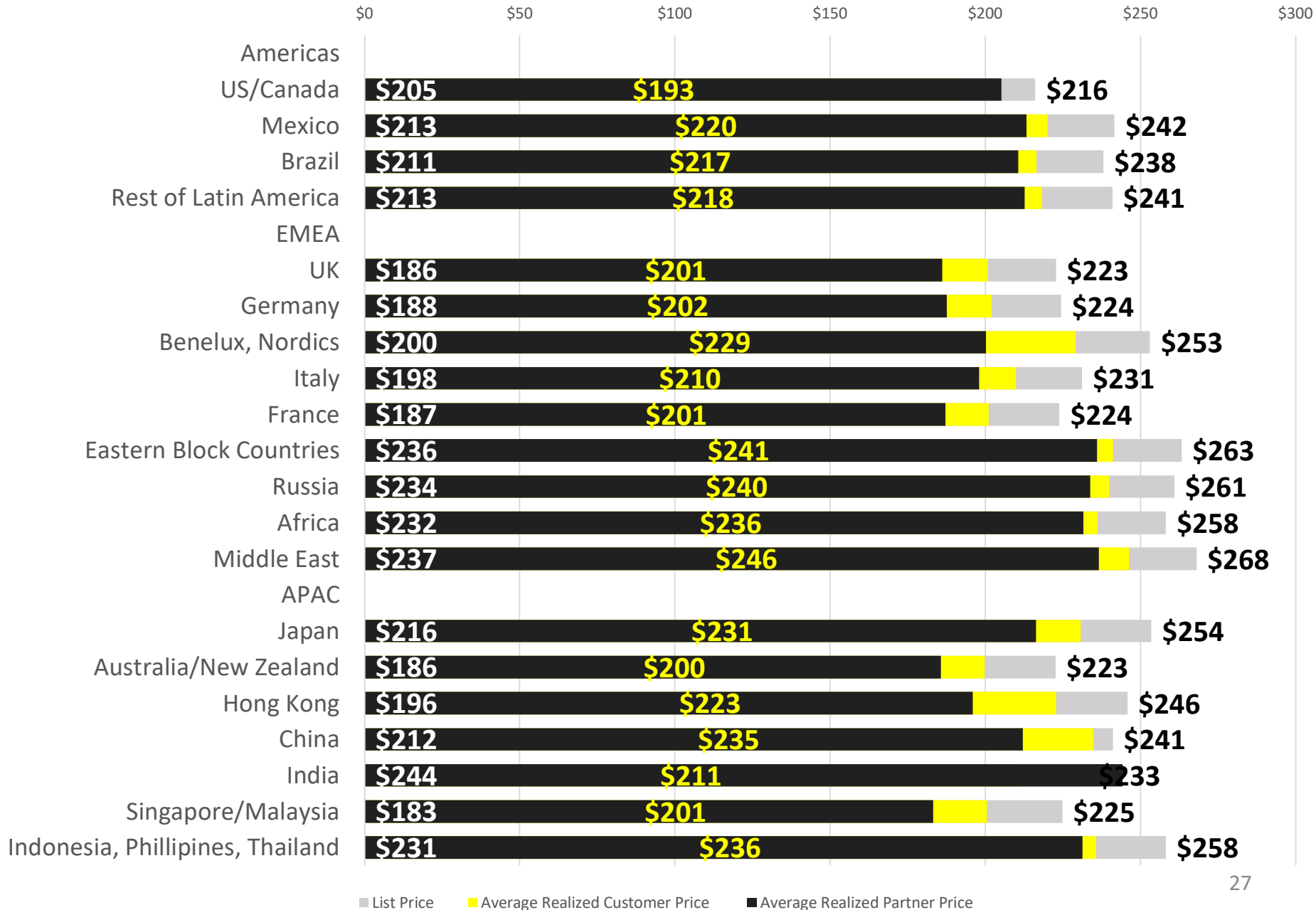


# Certification per Exam and Attempt

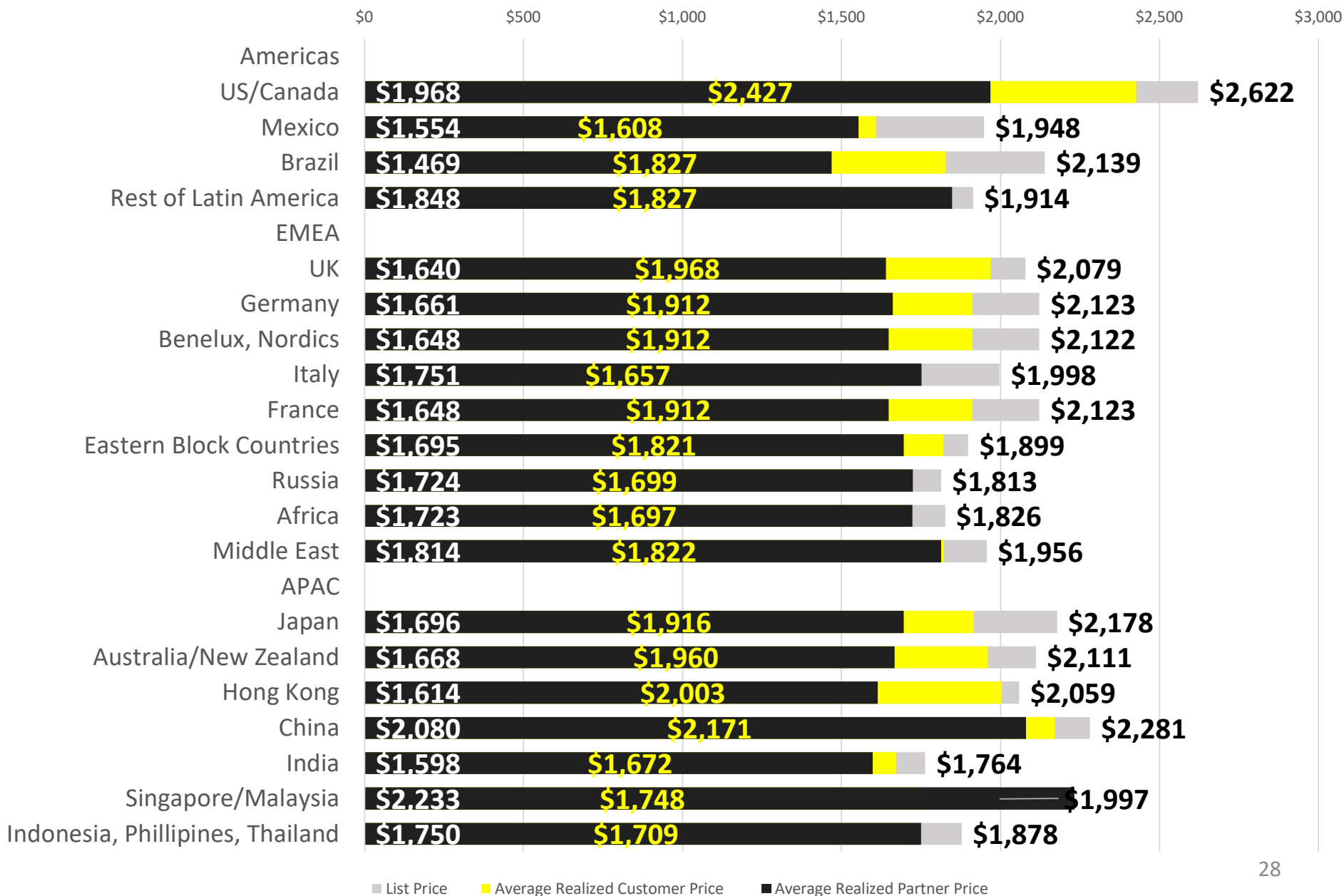




# Elearning per hour and students



# eLearning Subscription per student and year

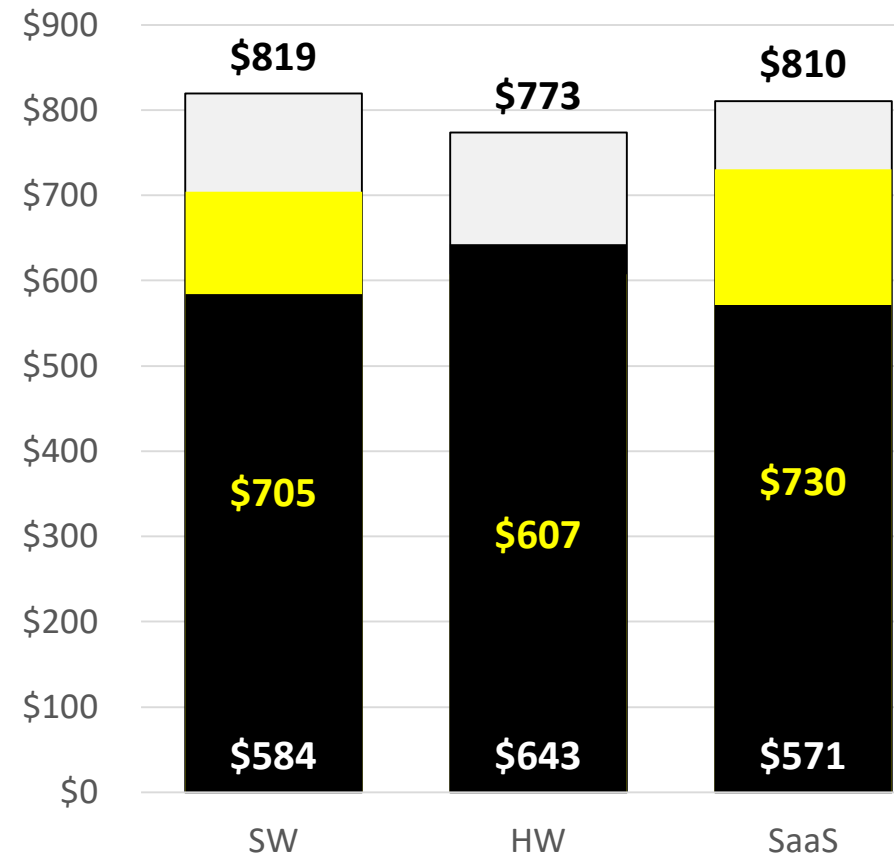


# Differences Small vs Large Education Businesses and HW/SW/SaaS (example US price per student/day)?

## Pricing Based on Education Business Size

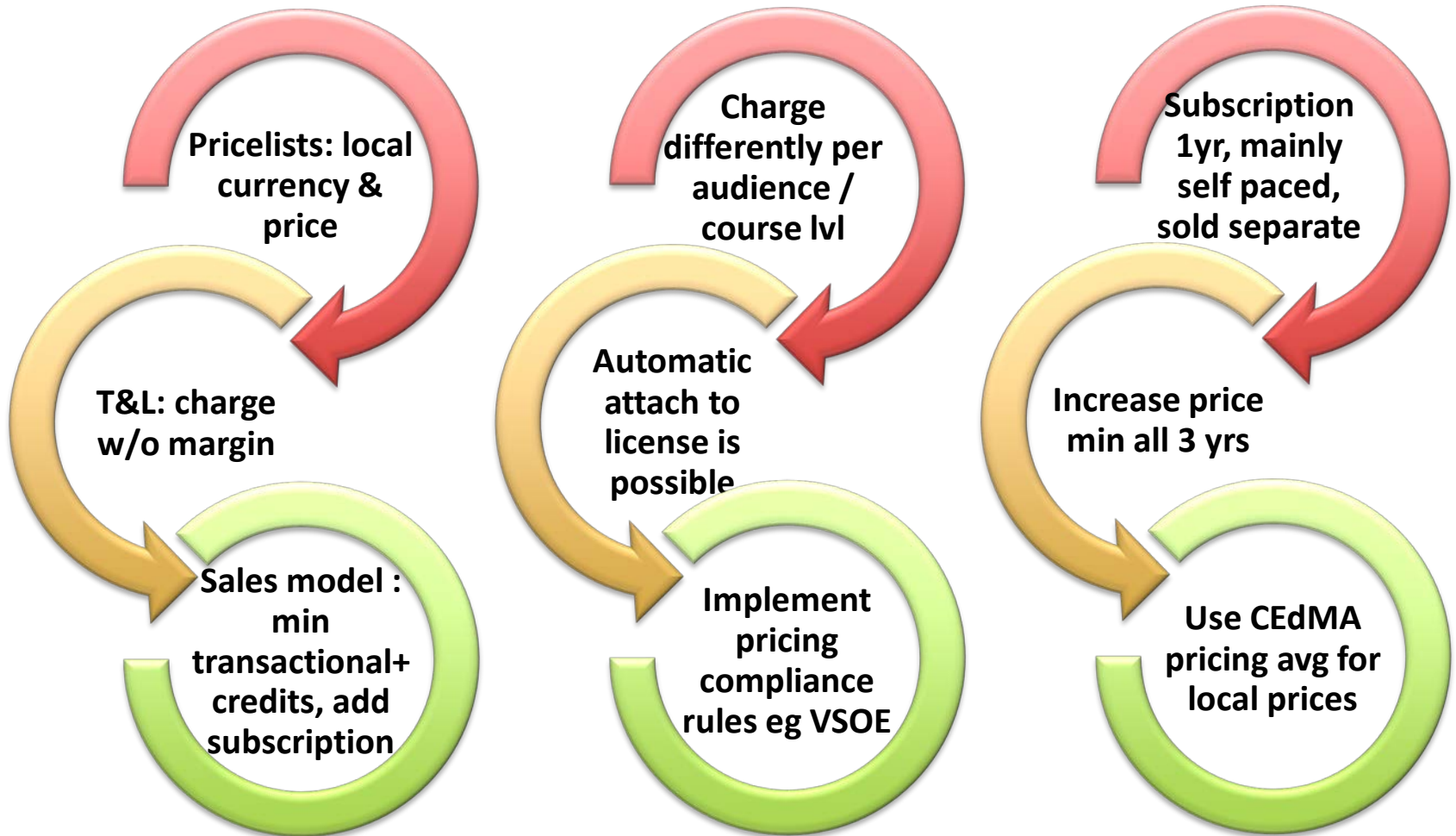


## Pricing Differences HW/SW and SaaS Companies

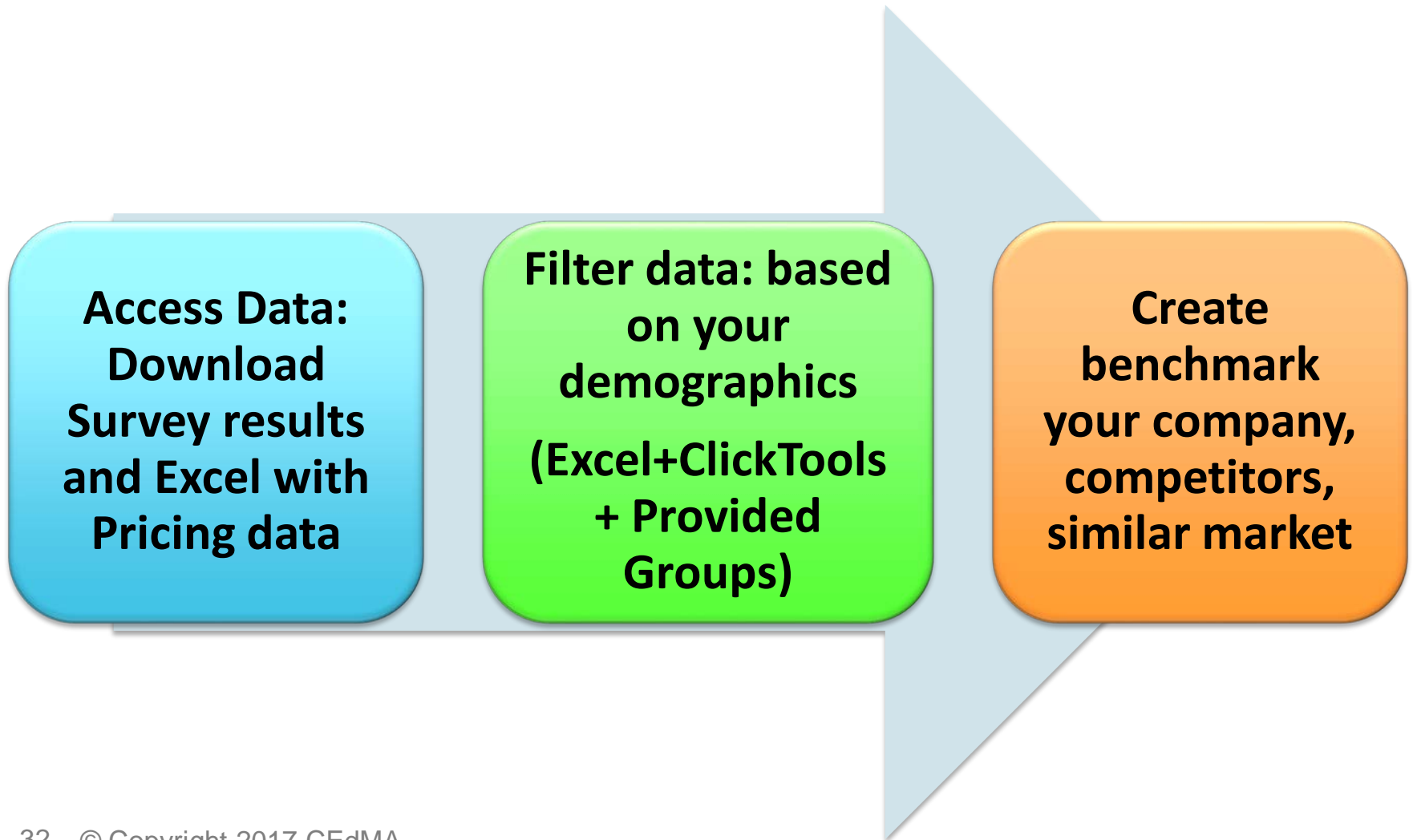


# Take Aways

# Key Take Aways



# How to access and leverage the survey results...



# Questions





# Backup Slides



# What else is available

- Following slides
  - Training Credits details
  - Price Change details
  - Partner pricing
- Additionally in the survey
  - Pricing for licensed content
  - Pricing strategy for development work
- Additional pricing values
  - Cost for subcontractor
  - Costs for different company types/sizes

# Price Changes

**60%**

Change prices only  
when necessary

Although 45% review every  
12 months

**50%**

Change fxrates only  
when necessary

While 22% regularly every 12  
months

**33%**

Need no approver for  
price changes

While remaining need 50%  
the CFO, 19% Sales or 14%  
CEO to approve

**69%**

Change prices  
due to market  
trend

**32%**

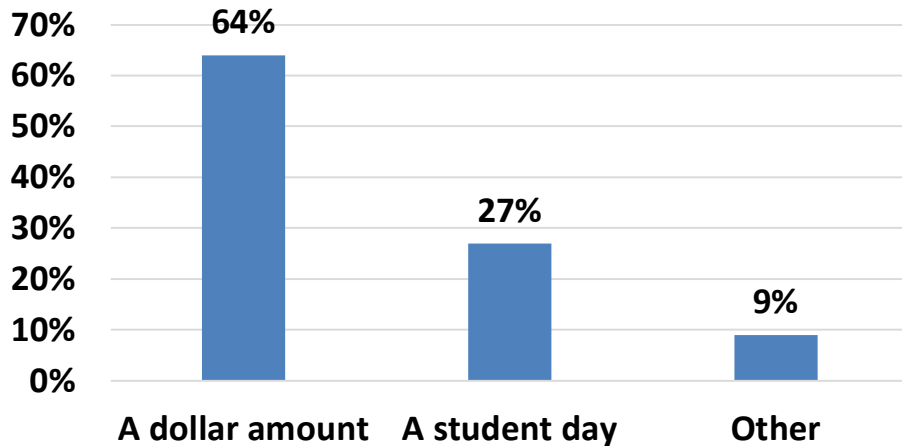
because of  
competitiveness

**32%**

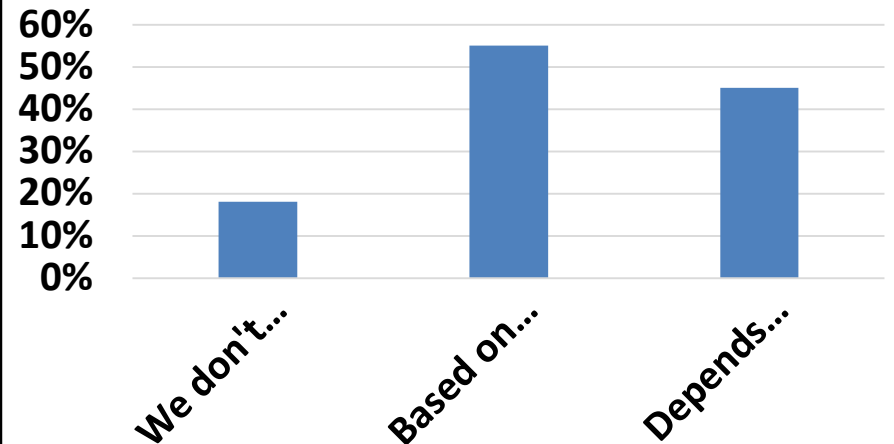
because of fxrate  
changes

# Training Credits

**Training Credits Defined**



**Discounting Training Credits**



# Partner Discounting

- 41% have partner discount by partner tier, with 50% just one for all partners
- 59% allow partners to resell their training
- 44% of partner can resell training to their customer with same partner discounts, 9% with higher and 7% with lower discount
- Partner discounts vary:  
81% offer 11-20% on ILT  
58% offer 11-20% on eL,  
21% offer 21% or more

