2022 CEdMA

Is your sales &pricing strategy in line with the market

Benchmark with CEdMA Pricing & Discounting Survey 2022

CEdMA

Value for Dirk:
Immaterial: Great adventures – invaluable
Material: ready to pay 5 digits

Value for Dirk´s Wife:
Immaterial: Less time & no money for travel left
Material: max costs for production 3-4 digits

Dirk Braune

Area Vice President
BMC Education globally

CEdMA US Services Trustee:
- Surveys
- Groups
- Goldmine
- Ask the member

CEdMA EMEA Board

TSIA Education Advisory Board

Introduction to the speaker

25+ yrs in Education:

Executing innovation in Education Sales, Delivery, Development, Operations

Most recent positions

- AVP Education BMC since 2016
- VP EMEA in PTC 2014-2016
- VP in Alcatel-Lucent 2011-2014

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

- **Survey Monkey:**
  - 82 questions
  - Adaptive: automatically skips non relevant
  - 50 responses (2013: 51, 2017: 59, 2019: 38)

Pricing Survey: Strategy

Q2. What was your education organization's headcount in the most recent fiscal year?

Answer Choices	Responses	
1-5	18,37%	9
6-10	14,29%	7
11-20	18,37%	9
21-50	26,53%	13
51-100	4,08%	2
More than 100	18,37%	9
	Answered	**49**
	Skipped	**1**

Pricing Survey: Regional Prices

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

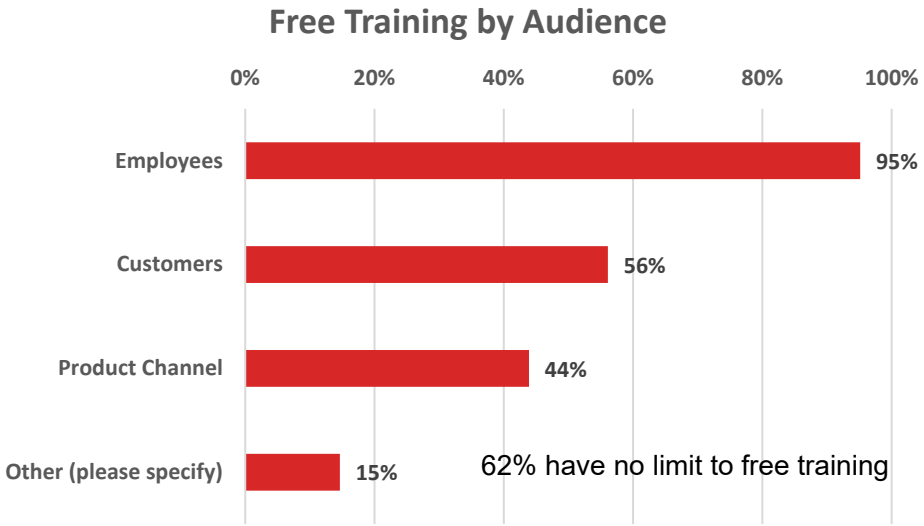
- **Excel Pricing Sheet**
  - Training prices by country/region
  - NEW: detailed subscription pricing
  - List & street prices for customer and partner
  - 13 responses (2013: 36, 2015: 31, 2017: 44, 2019: 20) – limited data -> LIMITED VALUE

Part 1:

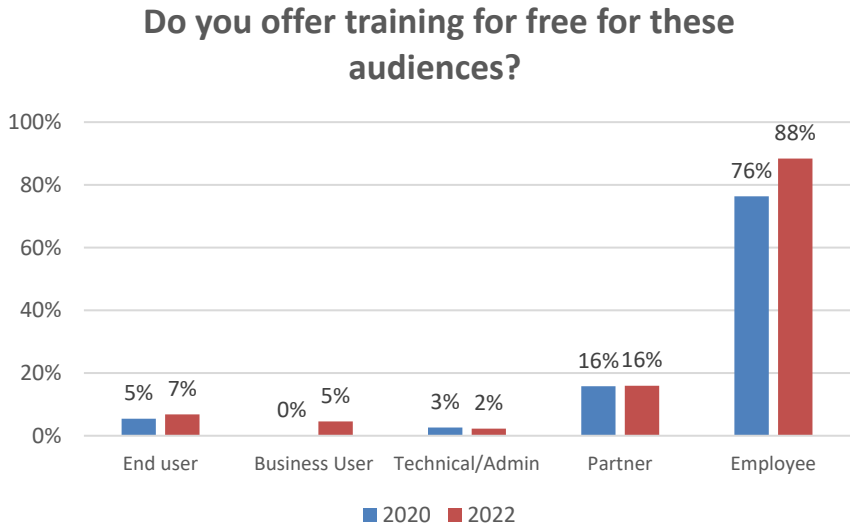
Free or Fee Strategy

The moment you mentioned that the training won´t be free of charge

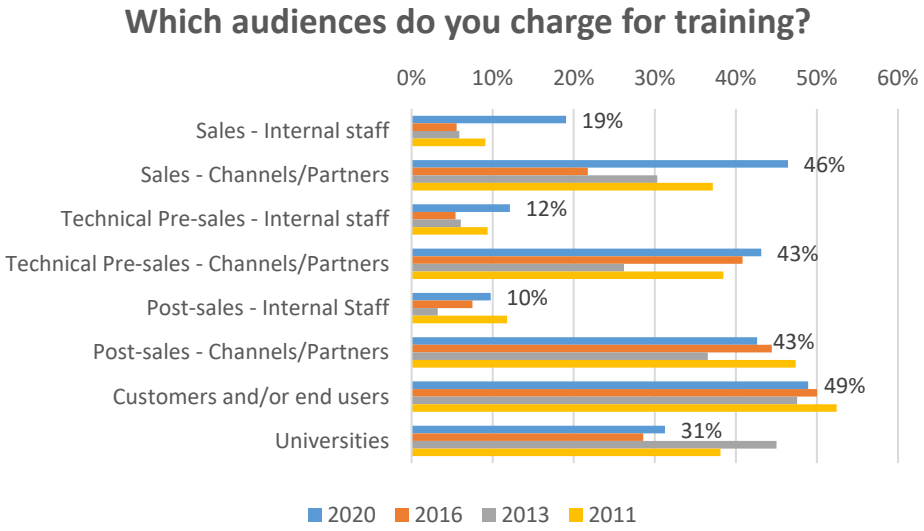
Define Your Free to Fee Strategy: How common are Free Education Offerings

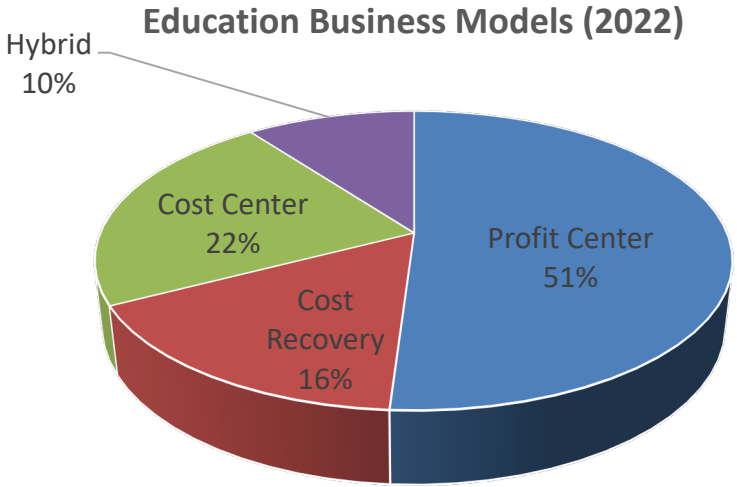


2020 asked differently: only 11% had always free training for customer or for partner, 65% sometimes for customer and 68% for partner



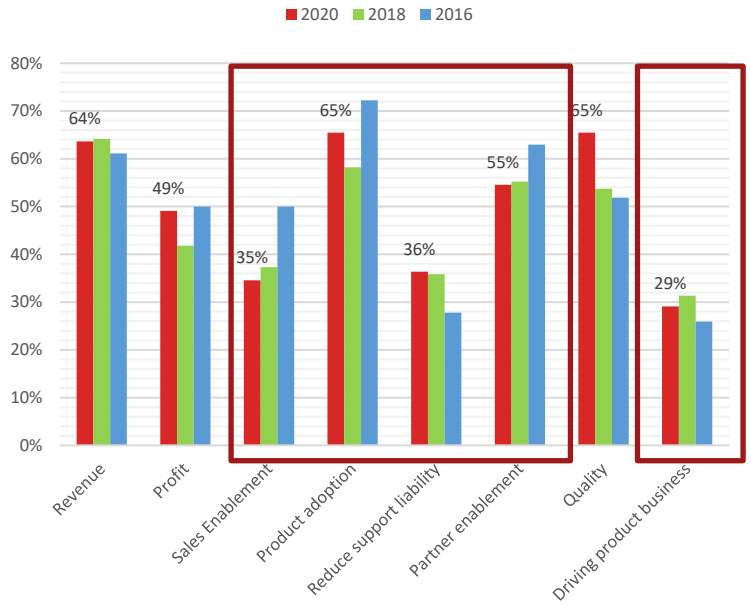
Define Your Free to Fee Strategy: Did we Adapt Business Models

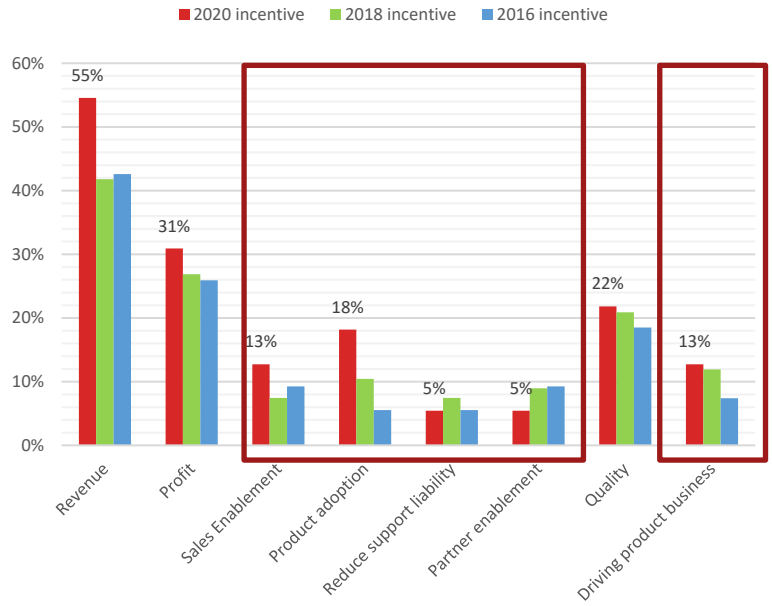




Need to ask differently: in which cases do you provide free training and what is your Business Model

Define Your Free to Fee Strategy: Do we have Aligned Objectives





Part 2:

How do we sell?

The customer spend 10m with us and now after this you charge 100k for training?

Pricing Approaches

42%
Transactional

Revenue via selling content by content/SOW
(2013: 55%, 2017: 54%, 2019: 45%)

27%
Subscription

Revenue via selling subscriptions
(2013: 7%, 2017: 17%, 2019: 20%)

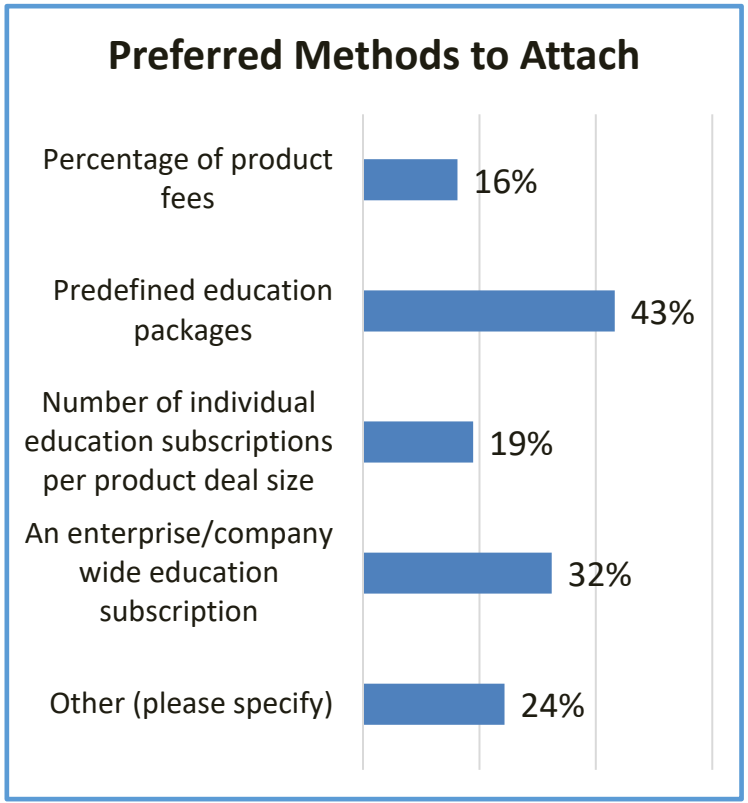
20%
Credits

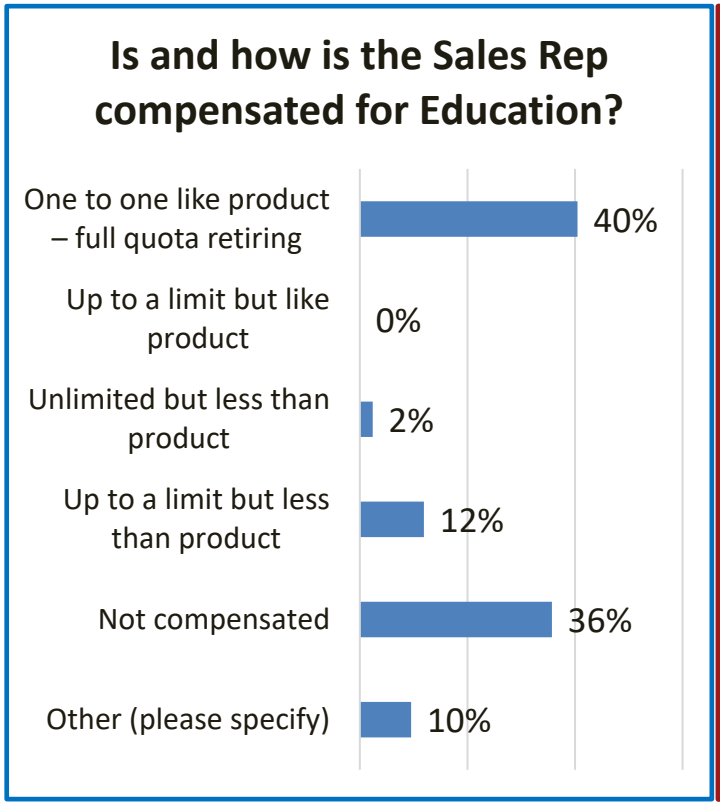
Revenue via selling training credits
(2017: 21%, 2019: 27%)

8%
Bulk Purchase

Revenue via selling bundles/volumes eg pre-payments (2019: 5%)

Models to increase Education Attach to Licenses





Is the education fee visible to customer?

15% Education as part of product subscription price

11% Education as part of product price

74% Education as part of product offer, but separate line item

Impact of Education and Product Sales Teams to Attach

25% Attach if product sales is comped

Vs

17% Attach if not comped

BUT

8% Attach w/ dedicated Edu Sales

Vs

25% Attach w/o dedicated Edu Sales

And how much is finally attached to Licenses?

2% (2019: 8%)

mandatory attach

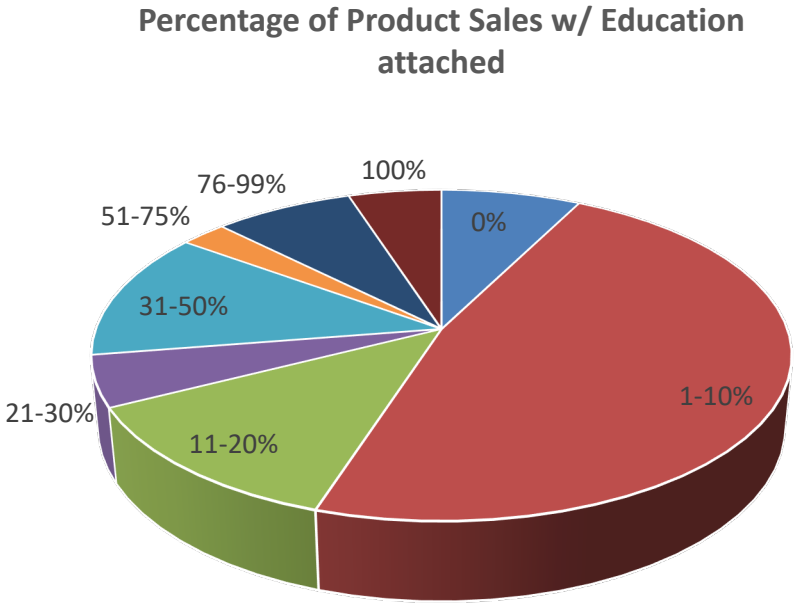
25% (2019: 8%)

mandatory attach, but can be removed

SHARE WITH US HOW YOU DID THIS!

57%

only case by case (and 16%: Never)

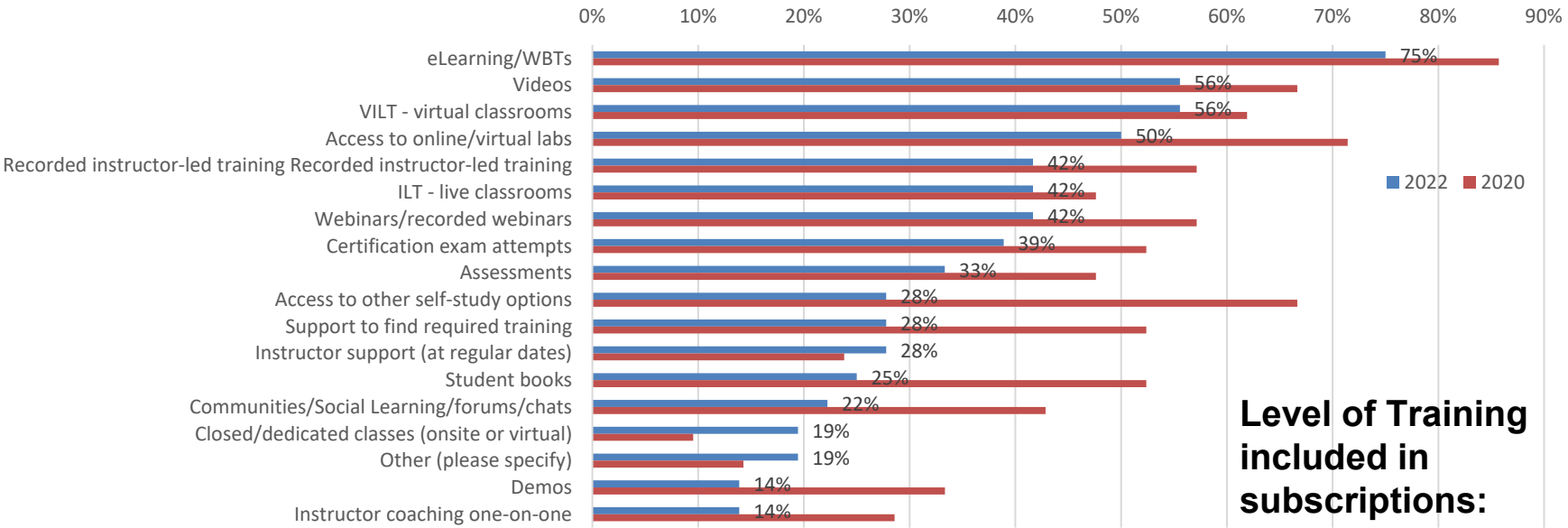


55% have education included in less than 10% of the product sales

Part 3: Subscrip-tions

„I thought all training for all products is included“
„Can I move my individual subscription to another employee, as the original subscriber left?“

Subscriptions: What´s Included



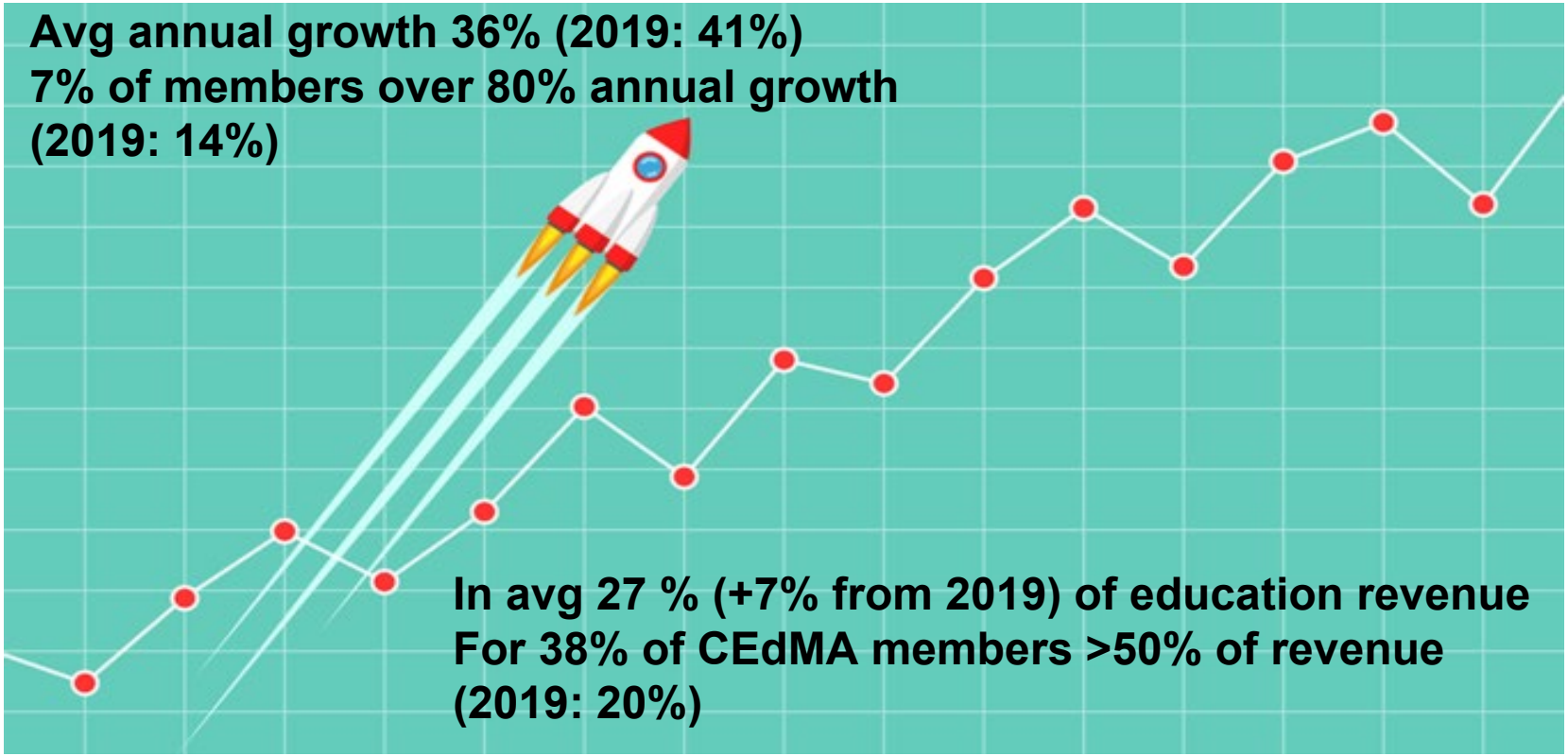
Level of Training included in subscriptions:

Basic:	97%
Advanced:	100%
Expert:	80%

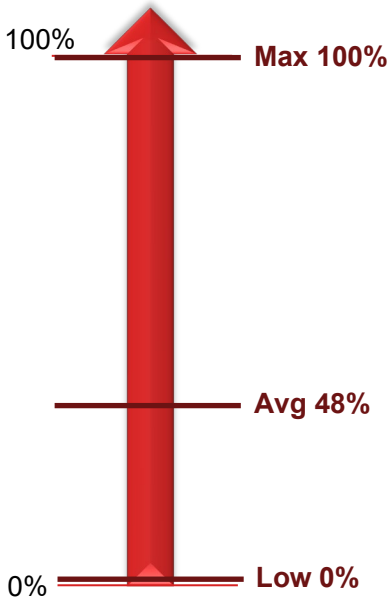
Per Product or all?

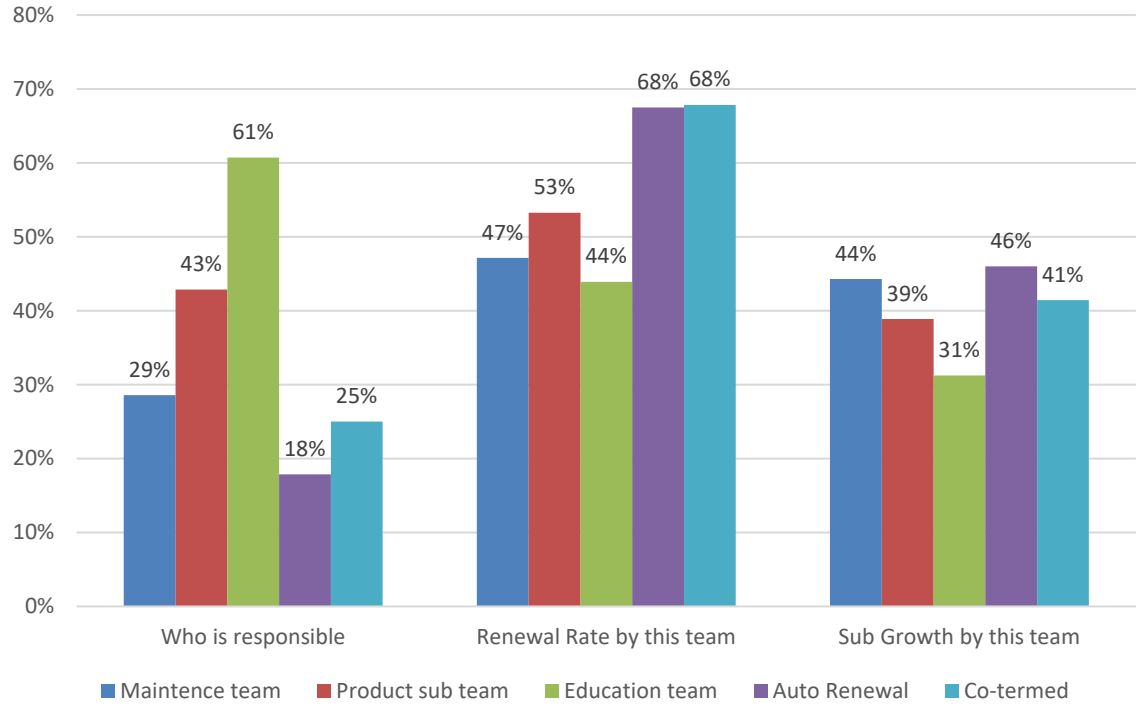
One:	9%
Several:	21%
All:	70%

Subscription Revenue



Subscription Renewals





39% w/ renewal rate 0-30%,
25% w/ renewal rate>75%

SHARE WITH US HOW YOU DID THIS!

Subscription T&C

76% **of subscriptions valid for 1 year**
(remaining 24% longer)

94% vs 70%

(2019: 90% vs 71%)
Subscriptions for SaaS vs On Premise Software Products

68% **have individual subscriptions**
(2019: 71%)

53% (2019: 63%) have company subscriptions

94% **of subscriptions sold separately from product**
(2019: 86%)
(13% w/ product & carve, 19% w/o carve)

What we could also get with your help:

Country	Currency	Subscription pricing Tier 1: per person and year		Subscription pricing Tier 2: per person and year		Subscription pricing Tier 3: per person and year		Subscription pricing: per ENTERPRISE	
		List Price	Average Realized Customer Price	Average	Average	Average	Average	Average	Average
Americas									
US/Canada	USD								
Mexico	USD								
Brazil	USD								
Rest of Latin America	USD								
EMEA									
UK	USD								
Germany	USD								
Benelux, Nordics	USD								
Italy	USD								
France	USD								
Eastern Block Countries	USD								
Russia	USD								
Africa	USD								
Middle East	USD								

Content Level (1=Basic only, 2=Basic+Intermediate, 3= Basic+Intermediate+Expert)	Tier 1		Tier 2		Tier 3		Enterprise: *please enter here max student number if any (cap)*	
	Included (yes/no)	hours content	Included (yes/no) 2	hours content3	Included (yes/no) 4	hours content5	Included (yes/no)42	hours content53
eLearning/WBTs/videos								
ILT - live classrooms								
VILT - virtual classrooms								
Closed/dedicated classes (onsite or virtual)								
Recorded instructor-led training								
Instructor support (at regular dates)								
Instructor coaching one-on-one								
Student books/documents								
Access to other self-study options								
Access to online/virtual labs								
Certification (exam attempts)								
Webinars/Webinar recordings								
Communities/Social Learning								
Support to find required training								
Other: *pls name here*								

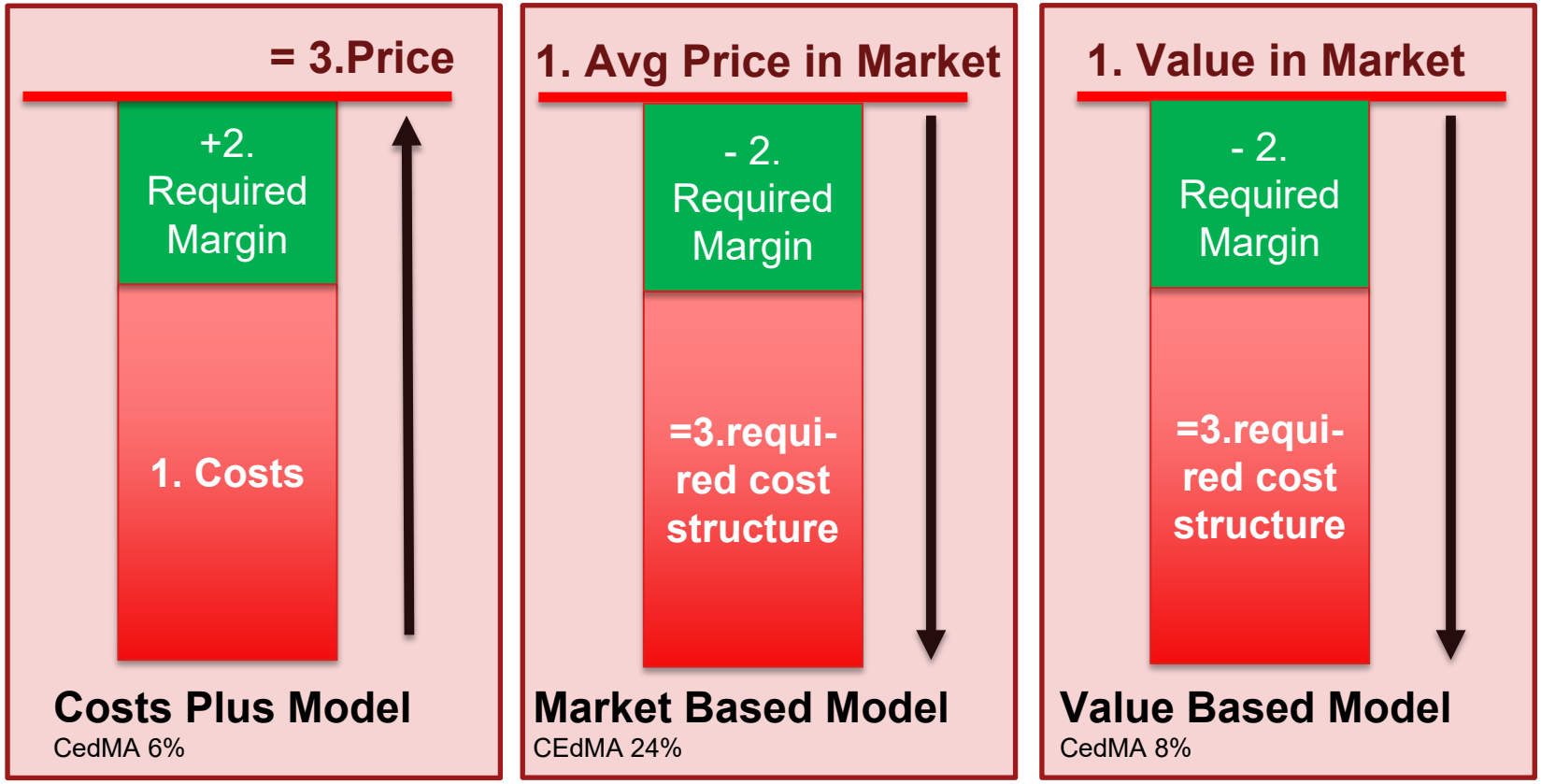
Only handful companies filled this out!

Part 3:

Define your pricelist

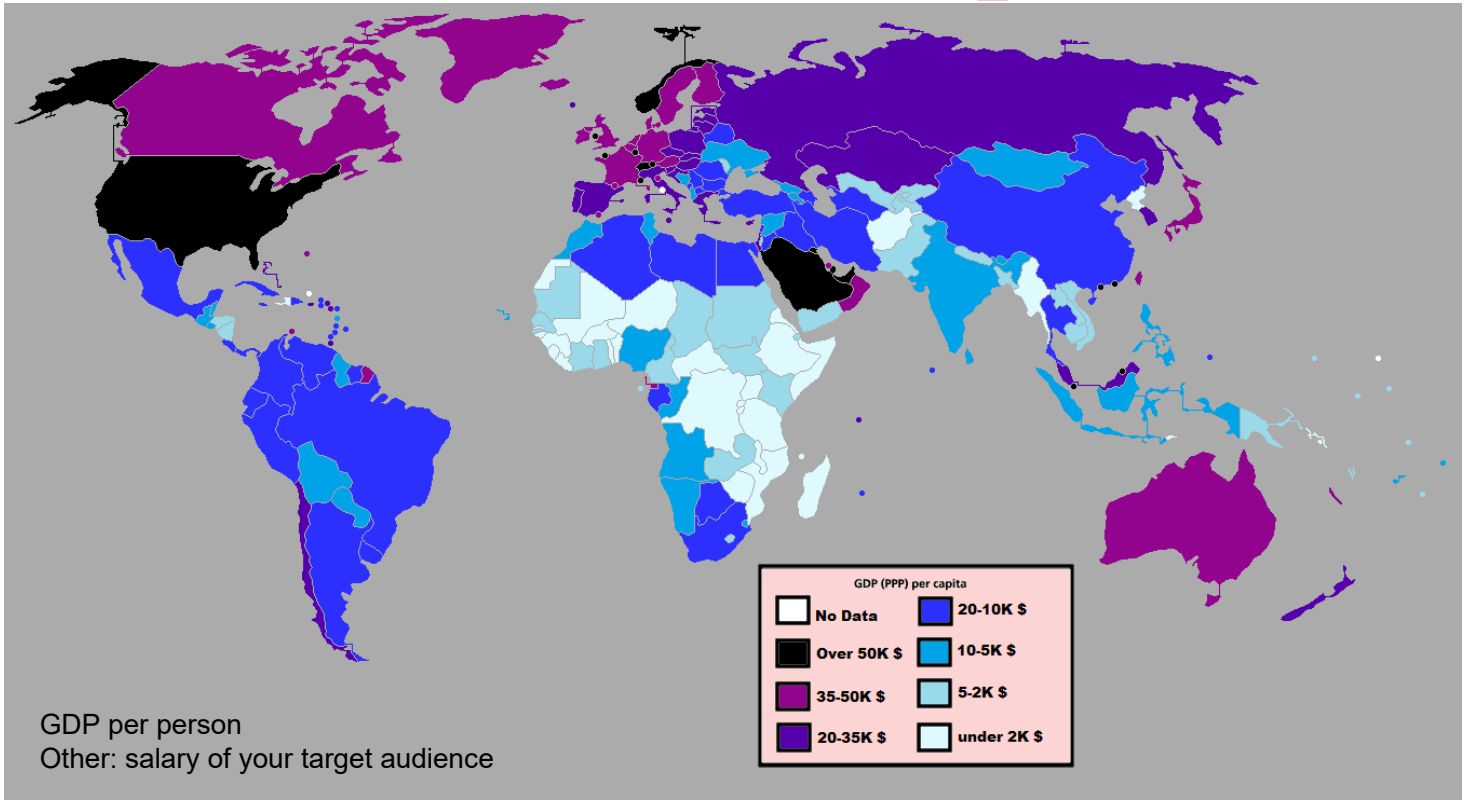
„My region is so different, here you can´t ….“

Pricing Strategy



59% mix of all!!!

How to find a fair Market price?



GDP per person
Other: salary of your target audience

Pricelist and Currencies

35%

global price list w/ single base currency (40% in 2019)

VS

49%

local pricelists in local or base currencies (57% in 2017)

51%

Have prices in local currency at fixed Fxrate (86% in 2019)

Majority offers in $, €, £

45% or less also CAD, CNY, AUD, JPY, INR, SGD, BRL (fewer than 2019)

70% **Communicate only list prices externally**

Pricing by Audience & Content

Audience

(higher, same or less in comparison to technical)

	+	0	-	Free
End User	2%	70%	11%	7%
Business	5%	73%	11%	5%
Partner	5%	20%	52%	16%

Complexity

(higher, same or less in comparison to 1st course in path)

	+	0	-
Overview	0%	71%	29%
Beginner	6%	81%	14%
Advanced	34%	63%	3%
Workshop	22%	63%	16%

49% have only one

38% 2-3 pricing levels (more than 2019)

47% have more than 25% difference between pricing levels

Other Education Services

Licensed Content

18% w/ licensed content

57% ebooks or labs, 29% elearning

29% fee per course, 29% fee per hr, 29% case by case

50% fee is tiered by student number (38% 1-3k/day/100 students)

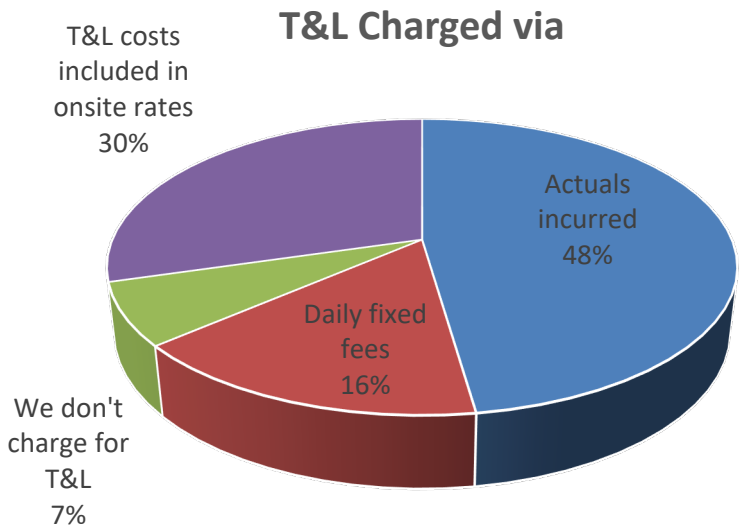
Custom Development

39% offer custom dev

72% T&M vs 28% fix priced (most offer both options)

61% charge for every custom work

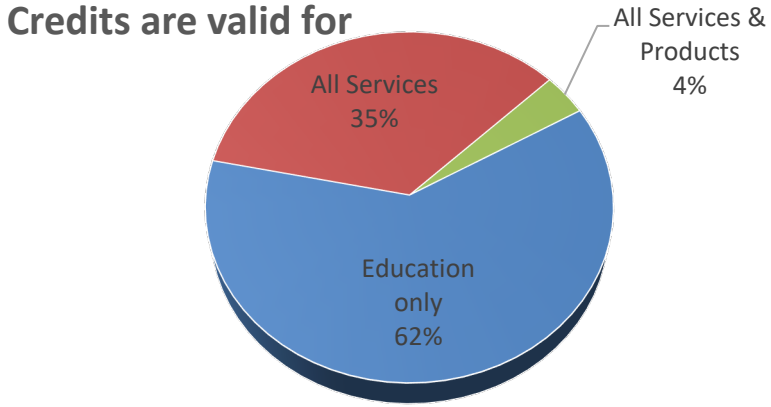
Travel &Living



Training Credits

50% **Have Credits and 50/50 between value in USD vs per course**

71% **Discount Credits (volume or case by case)**



Part 4:

Discoun-ting Approach

„Why not applying the product discount on training?“ “Sure it´s only 96%”

Why and How is Discounting Done?

Top reasons for discouting

1. Training deal size
2. Strategic Customer
3. Product deal size

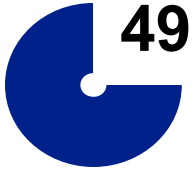
Types of Discounts

- 18% regional discounts
- 32% single volume, 52% multiple volume
- 60% case by case

Manage Exceptions

- Global customer: 54% single price globally, 14% HQ, 20% student location
- Multiple discounts: 83% don´t allow multiple, remaining 17% add up
- 19% use carves, 17% cost transfer, 19% MDF

Pricing Compliance – Deal w/ exceptions



49% Of Product Sales Teams are allowed to discount (vs 74% of Education)

14% of non-Education Teams need NO approval to discount (vs 51% in all cases, 34% beyond a threshold->stricter than 2019)

Restrictions decreased 2019 and 2022

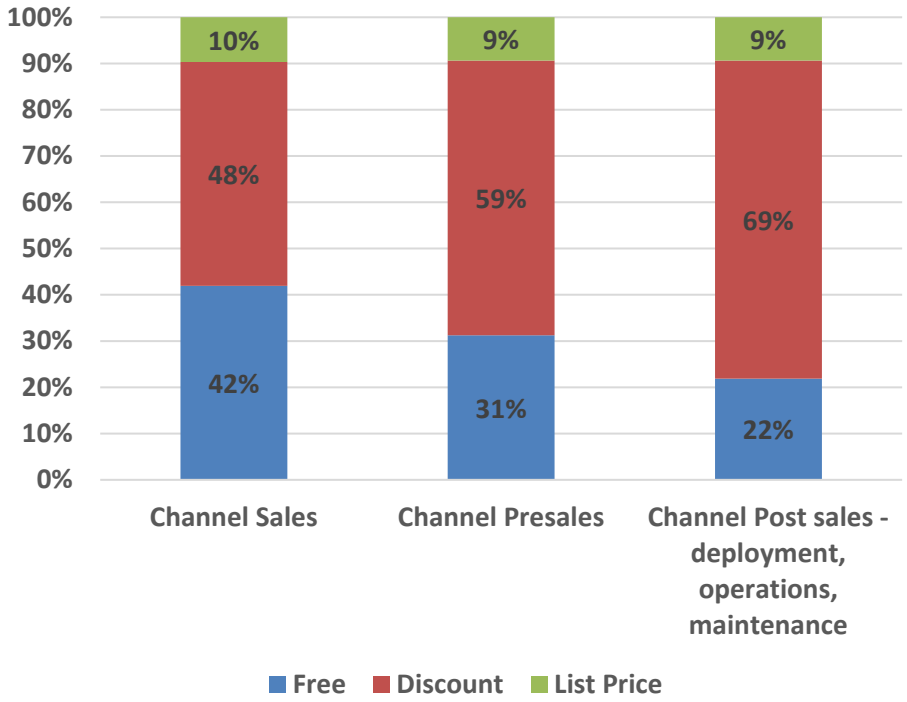
42% of non-Education Teams have NO limit to discount (vs 39% only up to 25, rest higher)

Restrictions increased 2019 and 2022

18% have nothing in place to ensure pricing compliance (vs 40% corporate policies, 45% quotation tools)

Partner Discounting

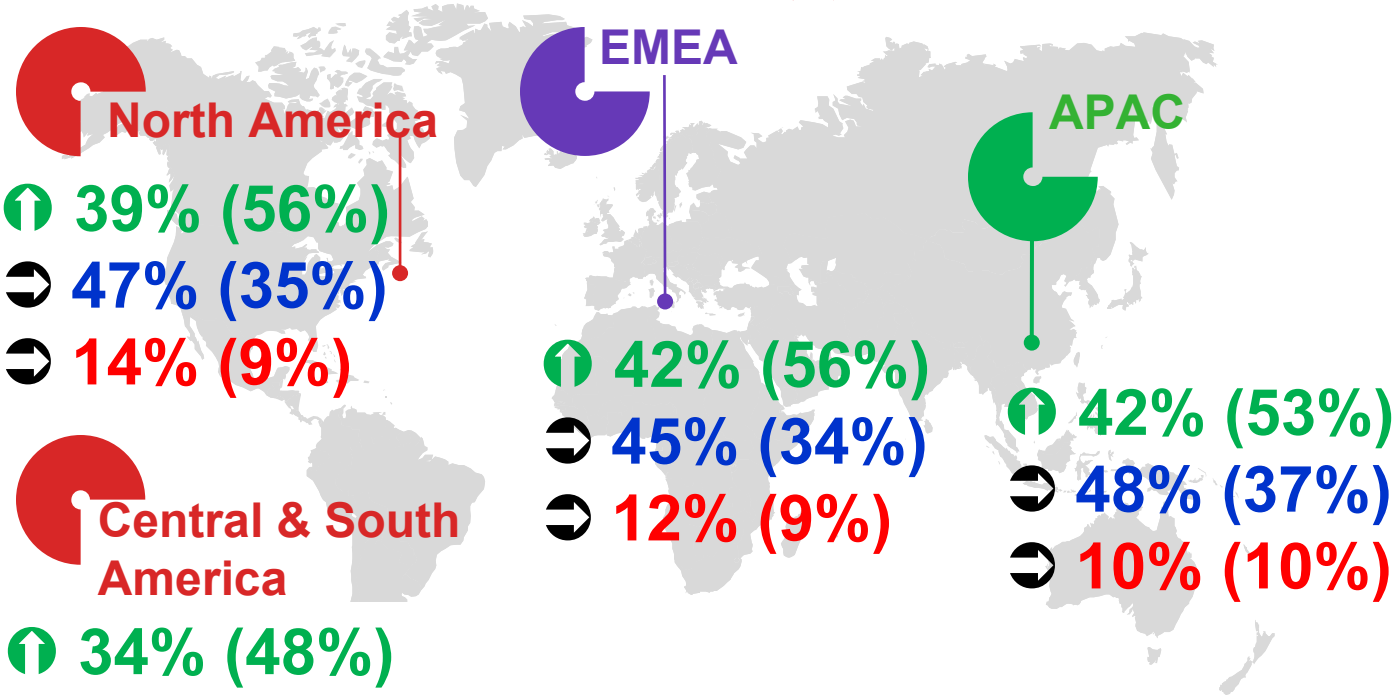
- 42% by partner tier vs 46% one for all partners
- 42% allow partners to resell their training (2019: 60%)
  - 39% specific reseller discount vs 15% same like for partner students
  - 45% have 15% or less discount, only 13% over 30%



Part 5: Pricing Changes

„My Federal customer wants to lock down the current Argentinian Peso pricing for the complete 10 year contract duration!“

Price Changes in Last 1 (3) Years



Price Changes

49% Review only when needed vs 35% annually

68% Change only when needed vs 18% annually

61% Change local currency pricing only when needed vs 19% annually

66%

Need an approver for price changes

63% Edu head

34% CFO

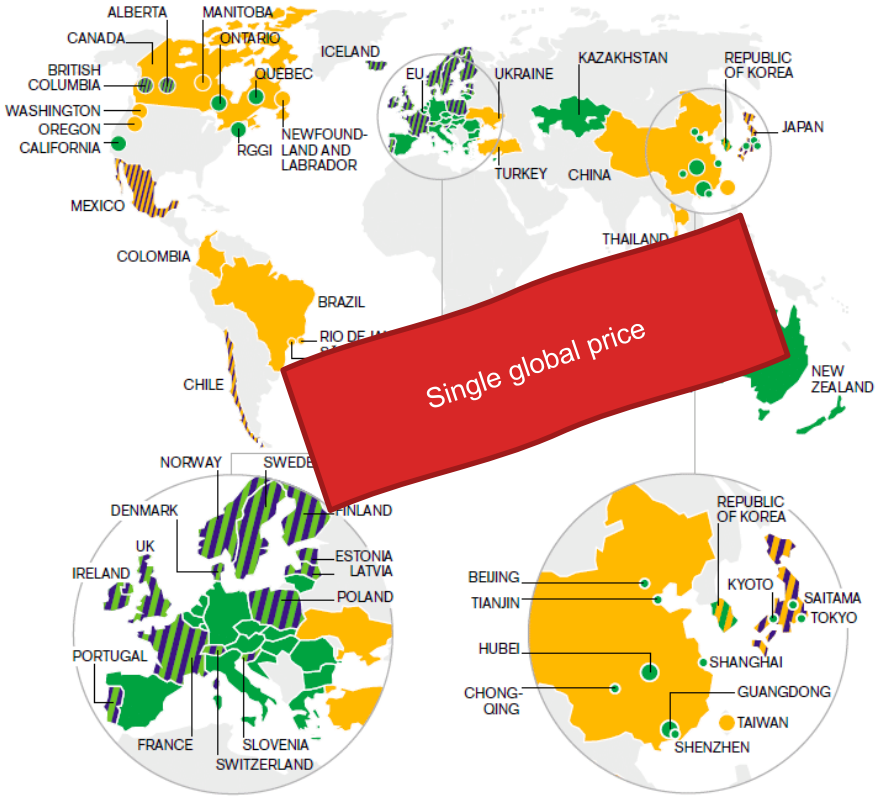
22% Rev Rec

Top 3 Reasons

#1	Market	68%
#2	Inflation	50%
#3	Competition	48%

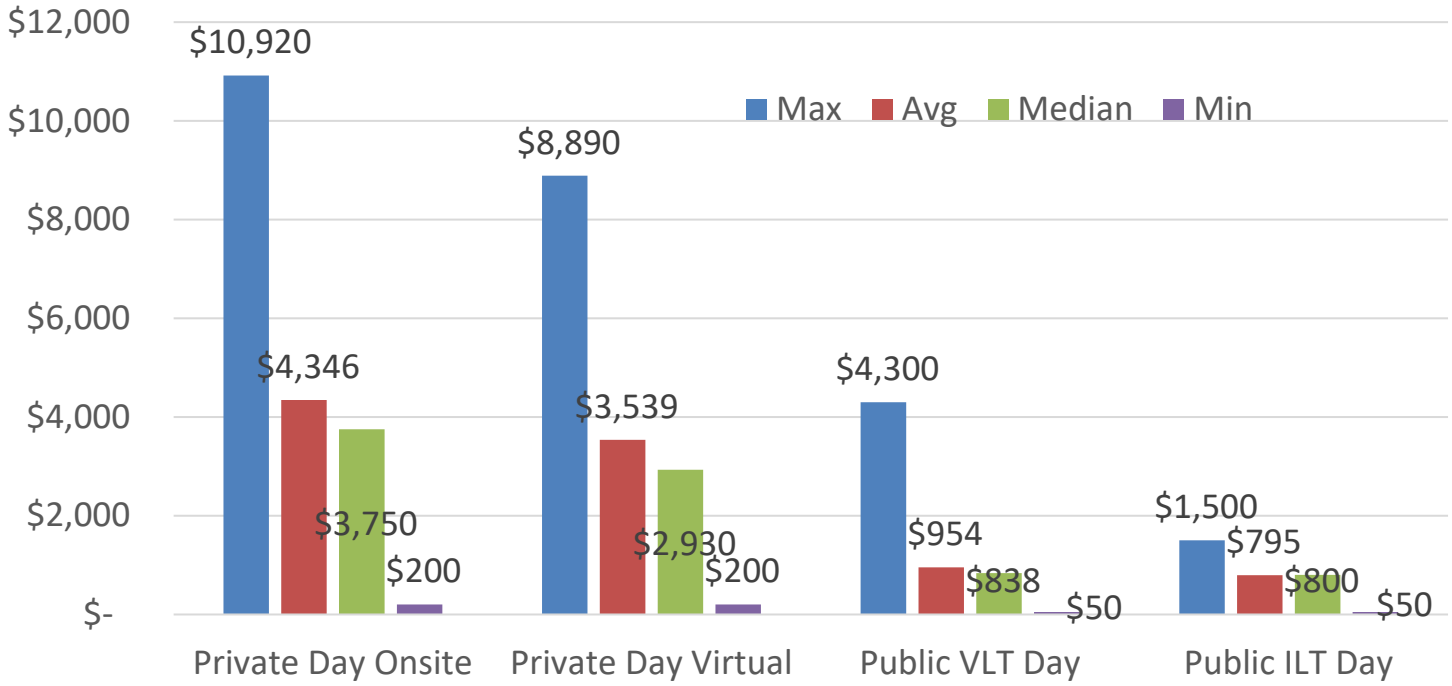
Part 6:

Pricing by Education Services & Region



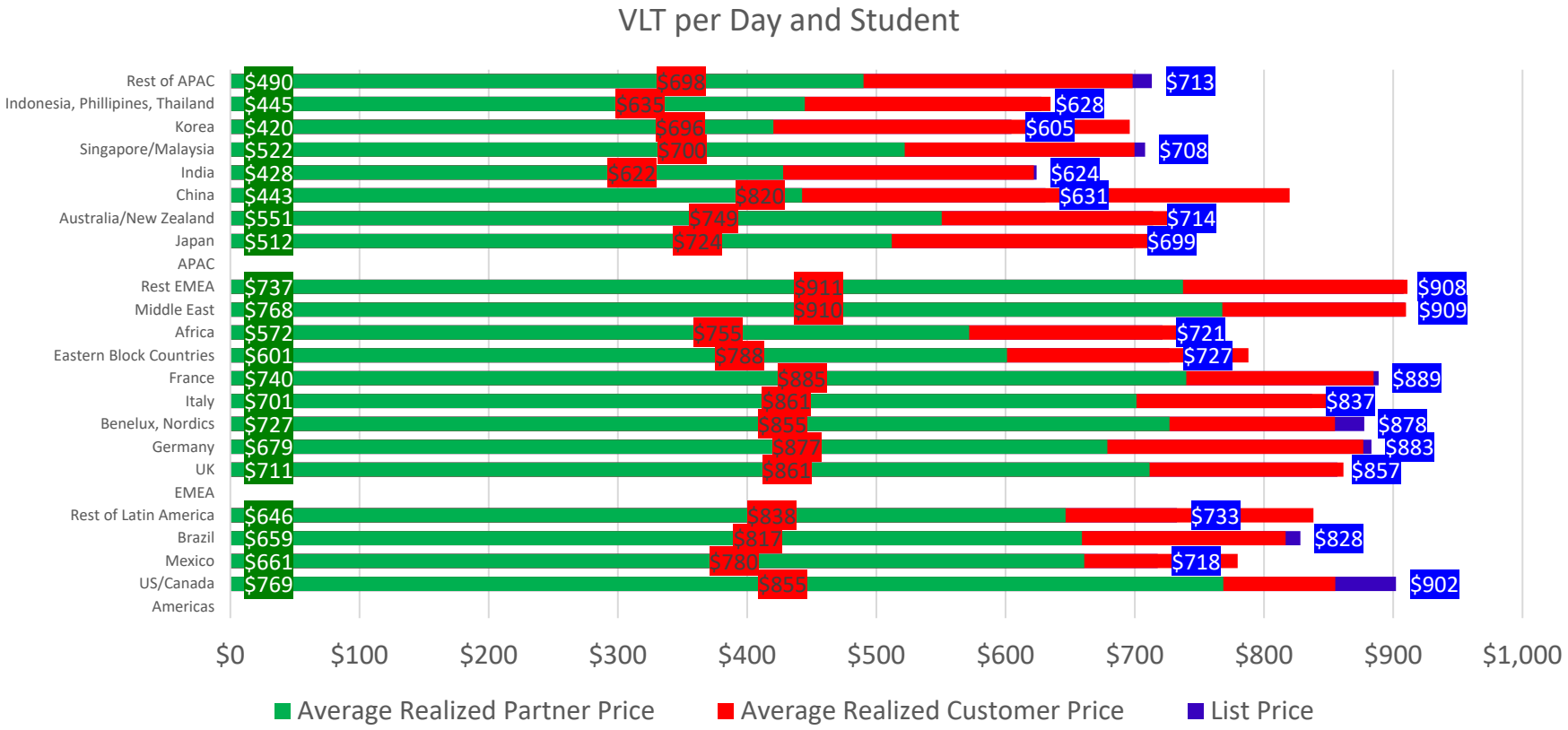
Yesterday in Finance: „One pricelist to rule them all – that´s easier to manage“

Significant Differences By Member

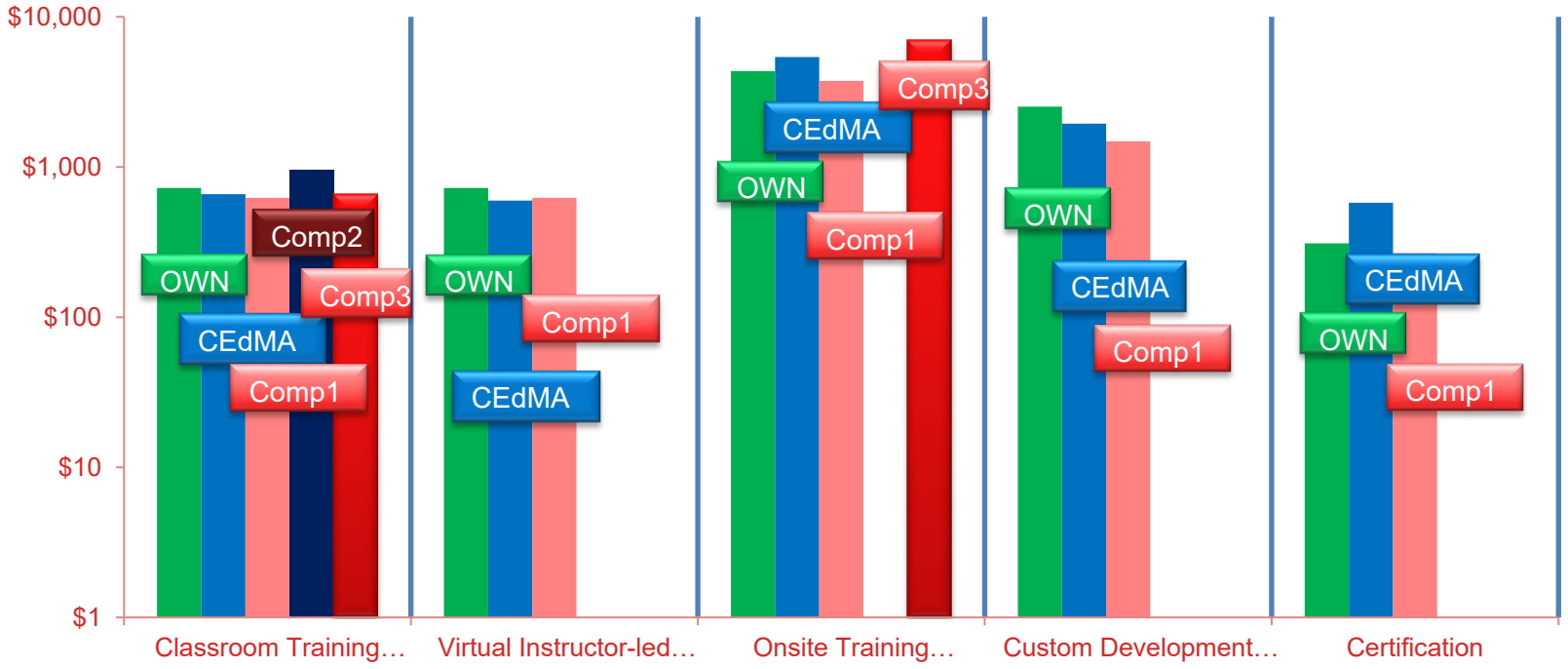


2022 data for US in USD

2022 Pricing Example w/ 13 Data Points



Benchmark Your Prices vs CEdMA and Competitors

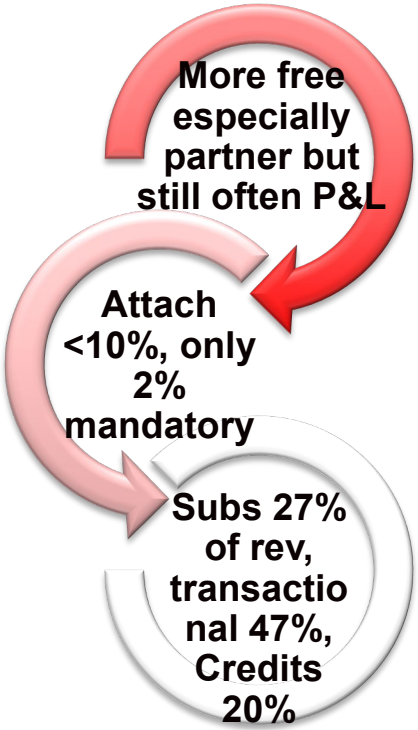


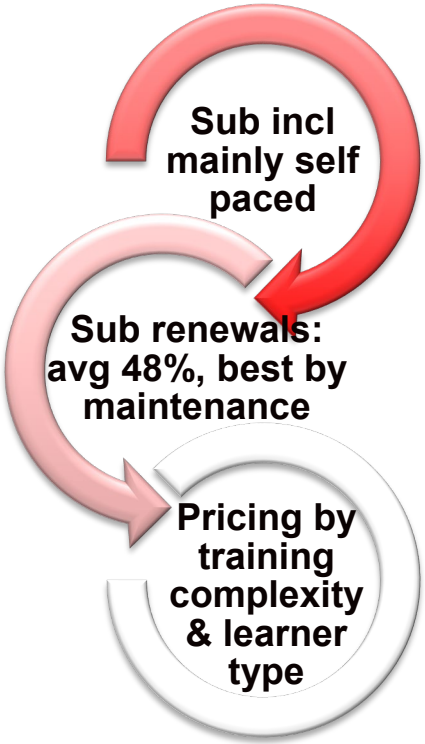
Key Take Aways

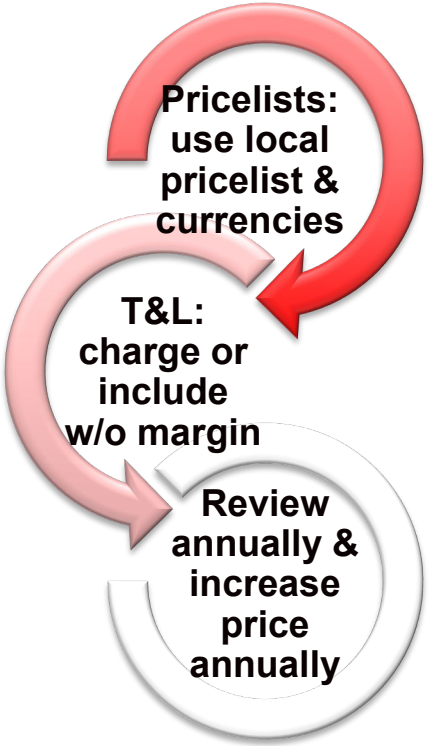
„If I would have known earlier ….“

Key Take Aways

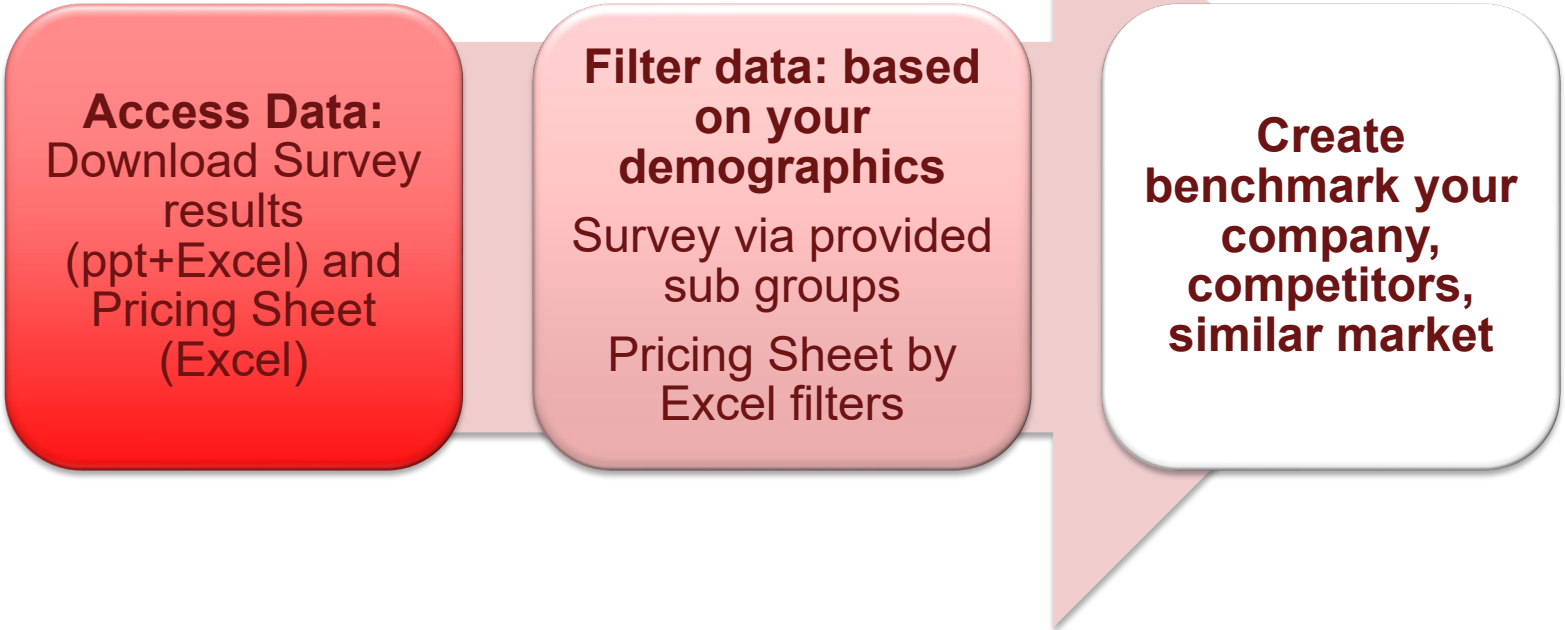
WE NEED YOUR INPUT
(only 13 data sheets from 100+ companies!)







How to access and leverage the survey results…




WHO
WHAT
WHERE
WHEN
WHY
HOW
QUESTIONS
ANSWERS


CEdMA
Customer education management association