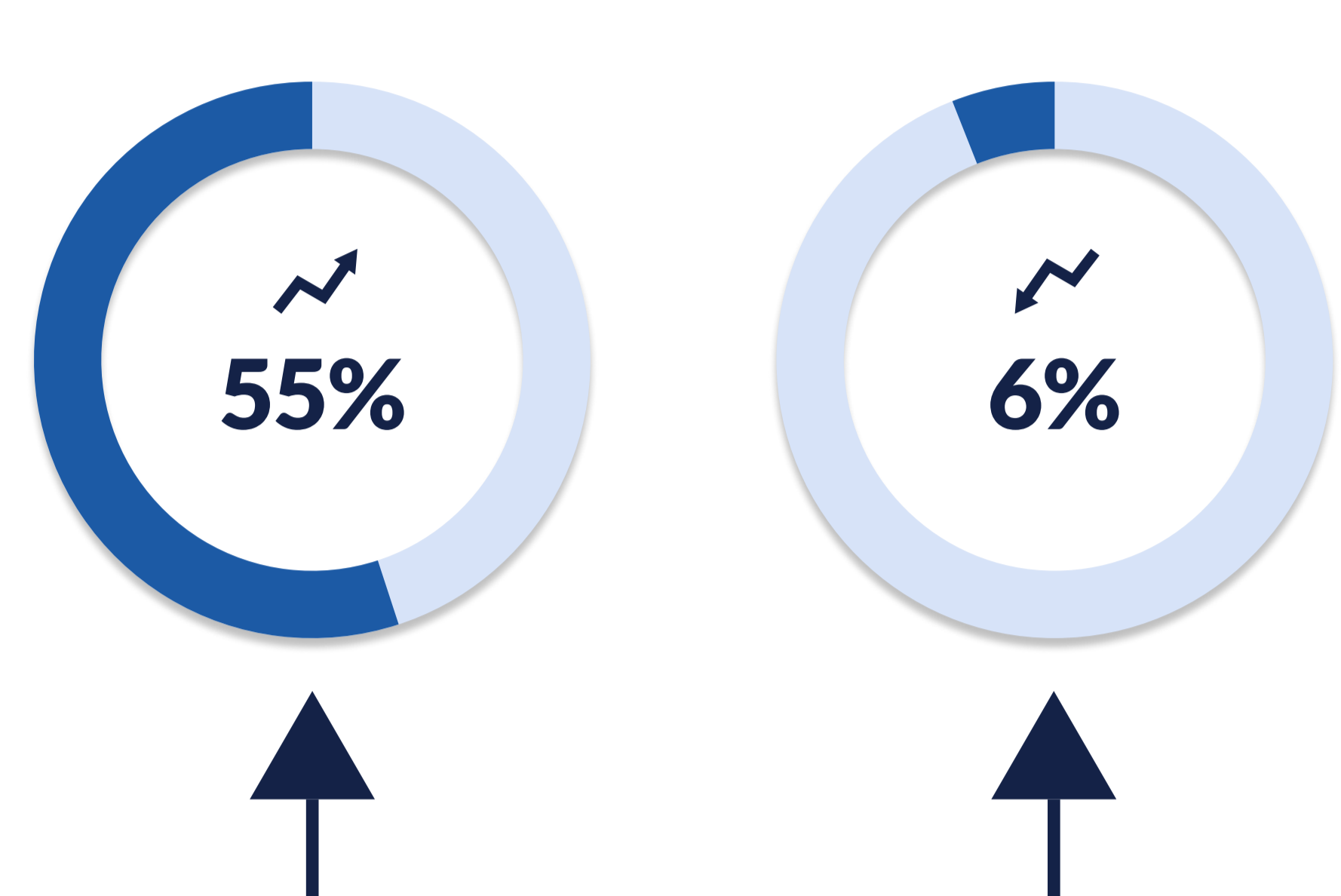
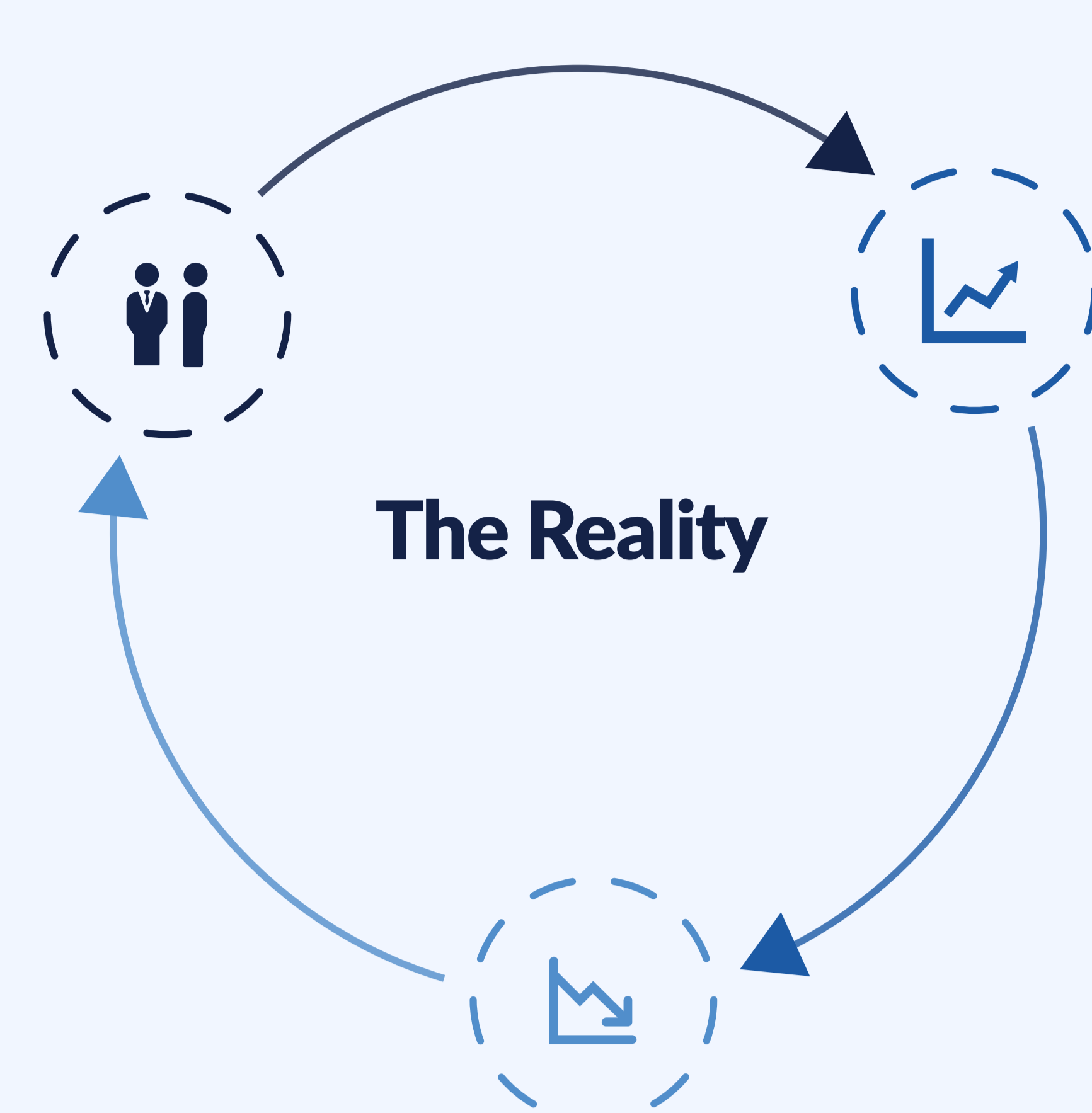


Optimizing Software Pricing Strategies with Analytics and AI

The Reality

- Most business decision makers do not rely on analytics but on subjective factors like historical use cases and their instincts.
- The diminishing profit margins are now a pressing issue for software companies, necessitating a prominent spot on the C-Suite agenda for pricing.
- In 2022 alone, the valuations of **84%** of publicly listed software companies witnessed a decline, with more than a quarter experiencing a drop of over **50%**.¹

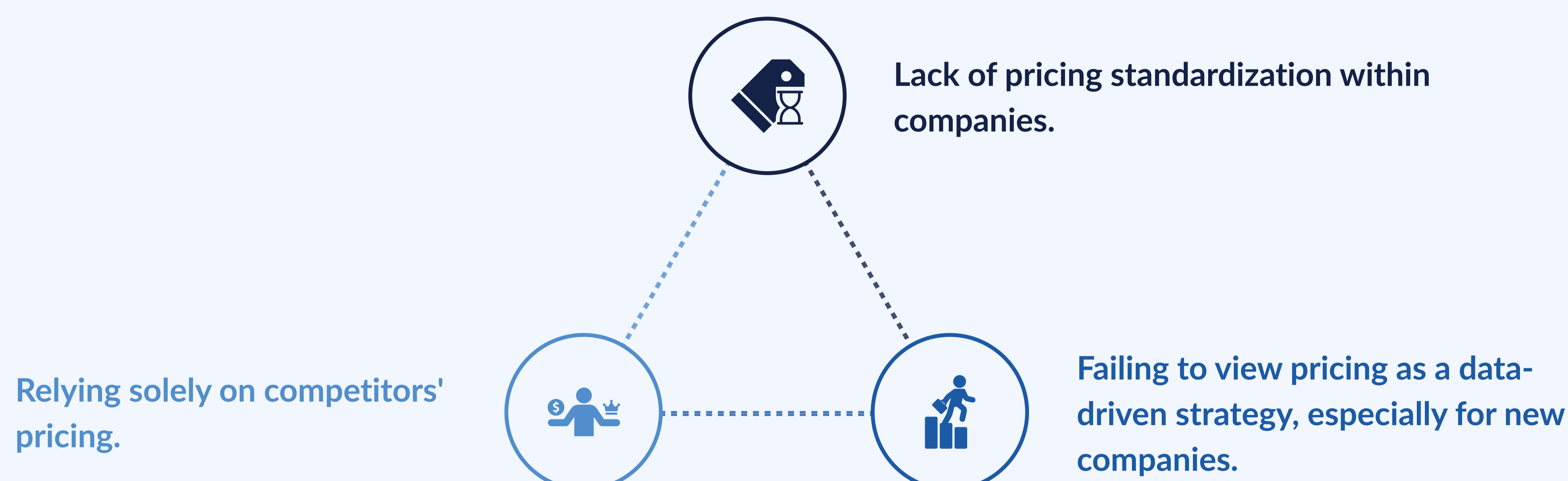


The Buyer's Take

- **55%** of software buyers expect increased software spending in 2024; only **6%** expect a decrease.²
- Executive leaders express the highest optimism for software spending in 2023 and 2024.²

Untapped Potential: Pricing as the Key Profit Driver

- Prioritizing top-line growth alone is no longer sufficient.
- The bottom-line consequences of an effective value-based pricing strategy are significant: it can substantially elevate cumulative launch margins, outperforming conventional pricing methods by at least double digits.
- Pricing, a pivotal lever, is essential for efficient growth and value capture.
- While pricing is the most pivotal profit lever, it often remains underdeveloped within most firms.
- Approximately **50%** of software companies anticipate boosting renewal prices and tightening discounts. In comparison, just under **40%** intend to raise list prices and drive higher contractual increases upon renewal—another **12%** plan to reduce prices to disrupt the market. Only **6%** intend to maintain the status quo.¹
- **Software pricing variation results from:**³



- **73%** of C-suite executives believe that AI will play a pivotal role in their future success as they adopt innovative pricing models to drive growth.⁴

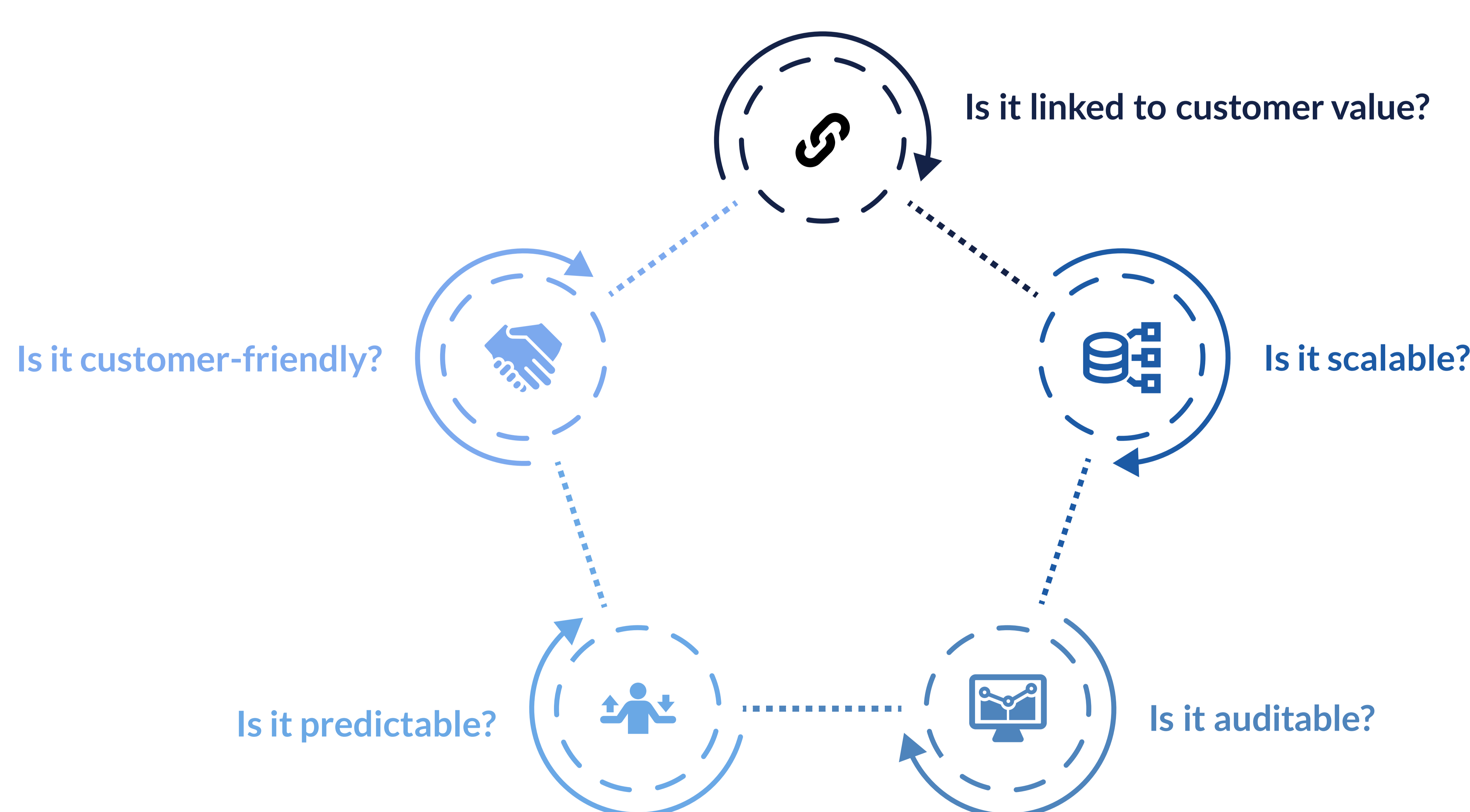
The Transformative Impact of Analytics and AI-driven Pricing

Dynamic Deal Scoring

- Dynamic deal scoring is real-time, data-informed advice fueled by cutting-edge analytics and ML and driven by sound business reasoning.
- Higher-growth companies outpace in pricing analytics: **1.7x** likelier than lower-growth peers to integrate advanced analytics into frontline seller guidance.¹

Pricing Engine and Metrics

- Advanced companies use semi-automated methods to swiftly collect and analyze customer and competitor feedback for pricing new products and features.
- Instead of following trends, software executives should prioritize customer-centric approaches when changing pricing metrics.
- Start by assessing the source of customer value.
- Utilize insights from analytics to answer these questions to determine the correct pricing metric:¹



Price and Product Bundling Models

- On average, software companies provide over seven licensing models (e.g., perpetual, subscription, concurrent, floating-feature)¹.
- They also use more than ten distinct value metrics (e.g., per seat, per feature, outcomes-based)¹.
- Firms that adopt simplified pricing and packaging structures are almost **30%** more inclined to successfully manage pricing and discounts.¹
- Simplicity leads to higher growth through faster sales, reduced customer confusion, and easier discount control and reporting.
- Using advanced analytics and AI, focus on simplifying pricing and product bundling rather than pursuing absolute simplicity.

Advanced Analytics and AI Solutions for Software Pricing

Unlock real-time revenue and profit growth with LatentView Analytics' advanced analytics and AI-powered pricing optimization solutions tailored to your software business success.