

Setting up for Pricing Success in 2026

Actions to take before year-end

Masterclass | September 4th, 2025

Welcome!
We will begin 12:02pm EST







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It's about that time of year...



**... to think about
pricing opportunities
in 2026!**

There are 4 relevant opportunity types

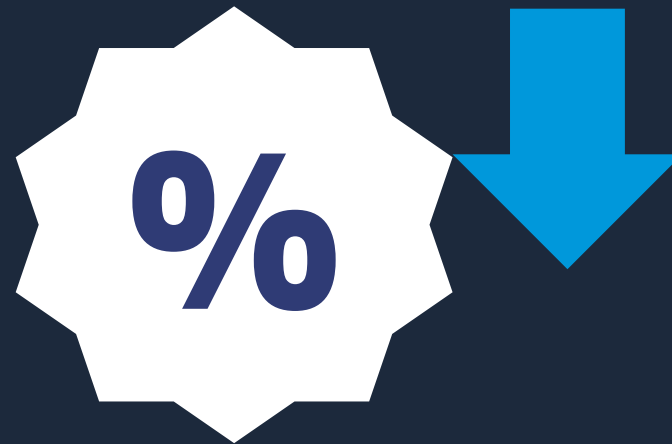
Opportunity		Likely ARR Uplift	Effort
1. Reduced discounting		2-10%	Med
2. Increased prices		2-5%	Low
3. Right-sizing		5-10%	High
4. Structural transformations		15%+	Highest

For each opportunity type we will talk about:

- ✓ Signs this is an opportunity for you
- ✓ What capturing the opportunity looks like
- ✓ What you should do NOW to maximize potential for value capture in 2026



1. Reduced Discounting



Reduced Discounting

Reducing lost revenue through decreasing the frequency and magnitude of transactional discounting.

Transactional discounting

Discounting during a negotiation to win a deal

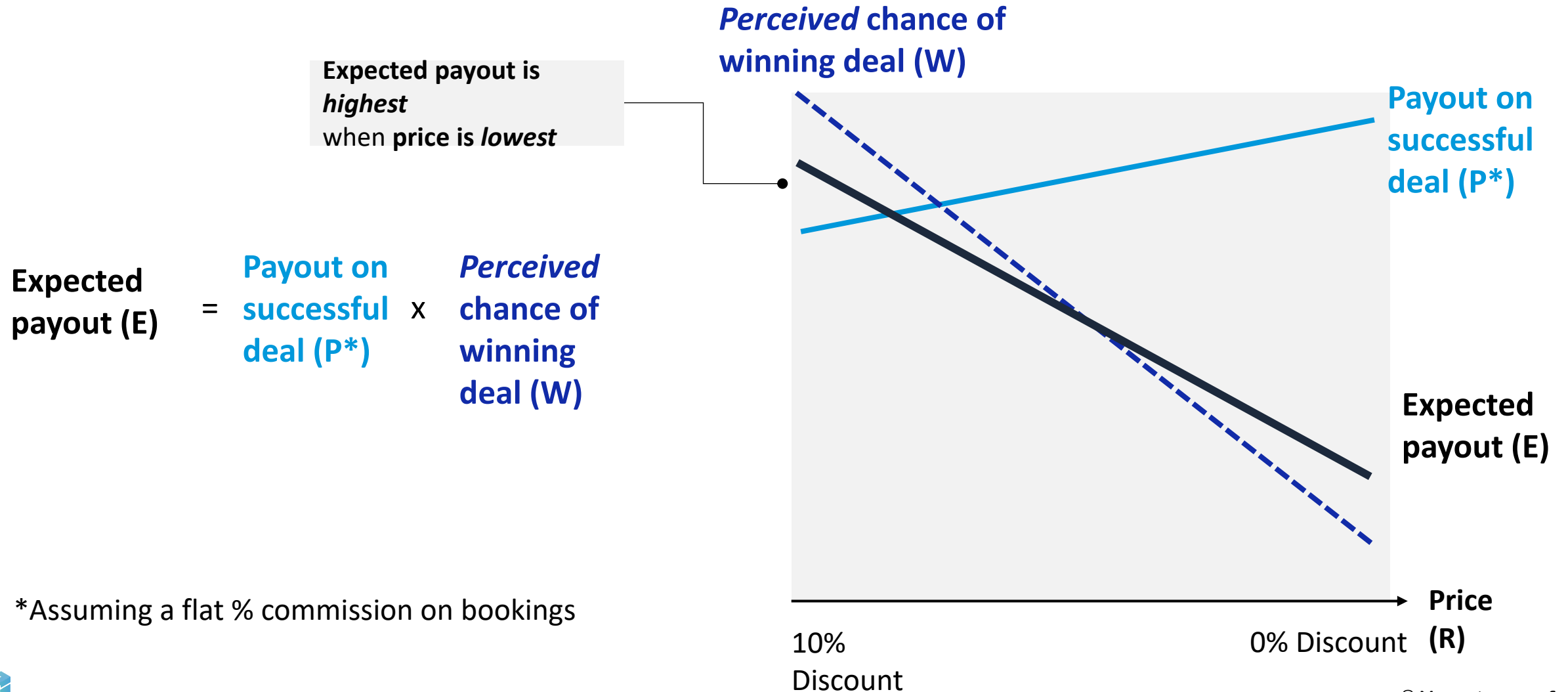
Signs of an opportunity:

- ✓ You have a philosophy of **“never lose a deal on price”**
- ✓ Sales team **defaults to maximum allowed discounts**
- ✓ General **high level of discounting** (above industry expectations)
- ✓ **Irregular patterns of discounting**



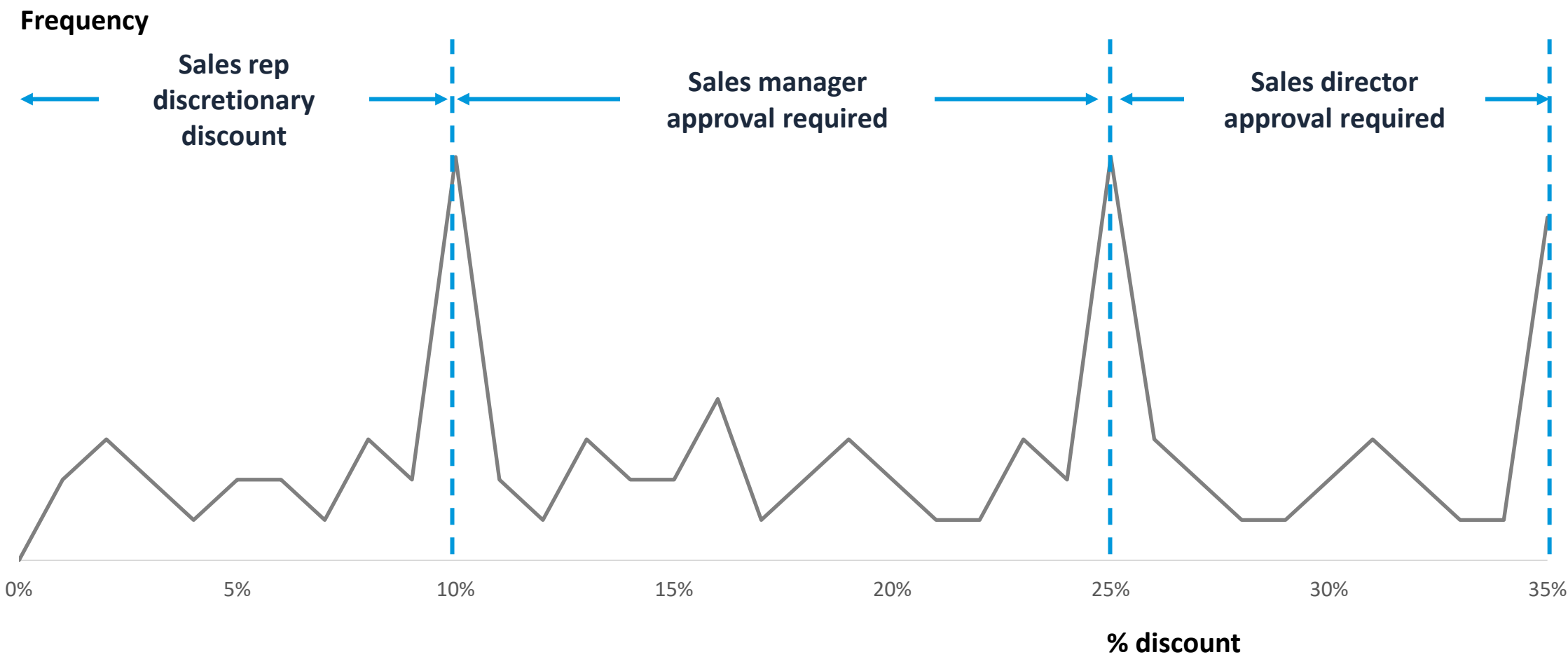
Why do reps discount?

Because they operate on “expected payout”

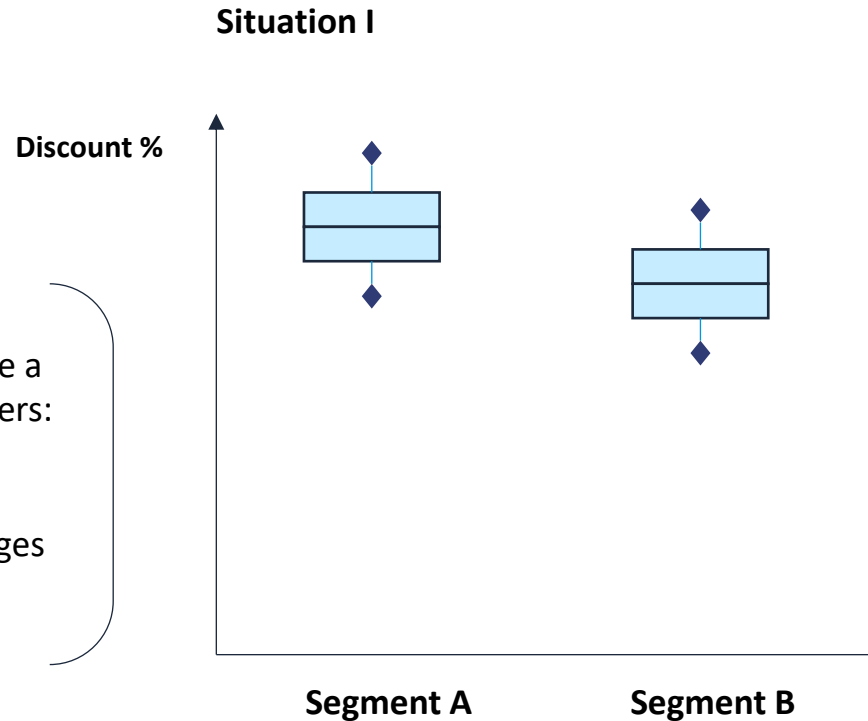
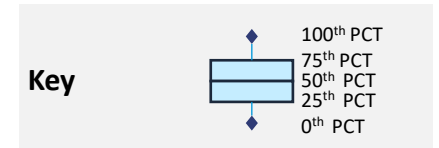


We observe this behavior bear out in sales data

Typical discounting frequency distribution

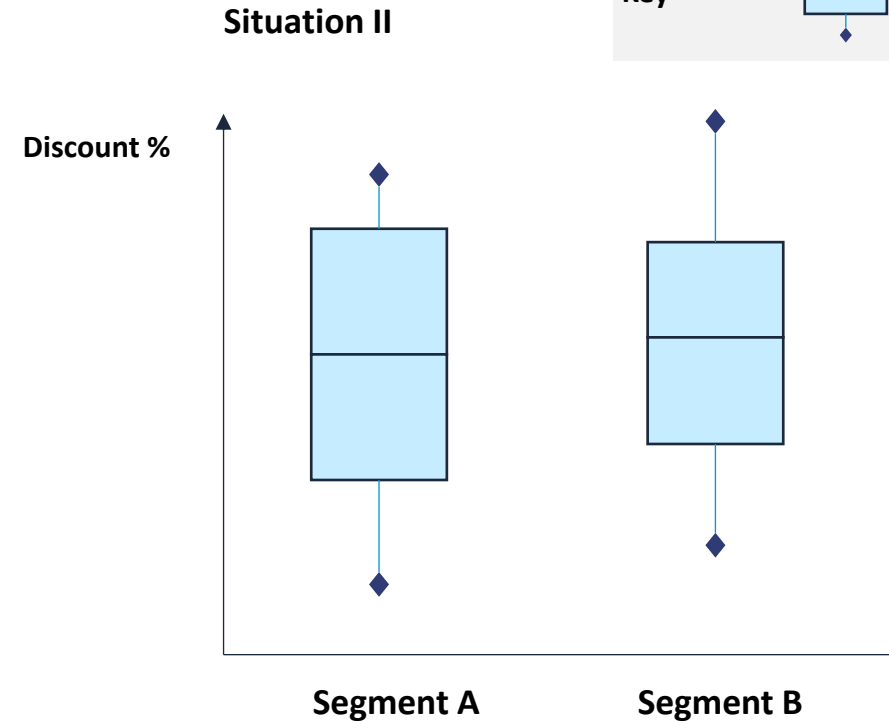


Discounting patterns can expose opportunities (1 of 2)



Consider “Segments” to be a set of **very** similar customers:

- Same industry
- Same size
- Same products/packages bought



Pricing Opportunity?

Maybe

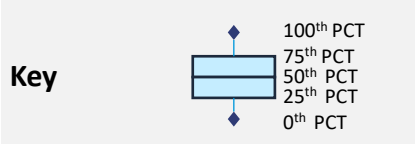
(Possible incentives / enablement issue)

Probably

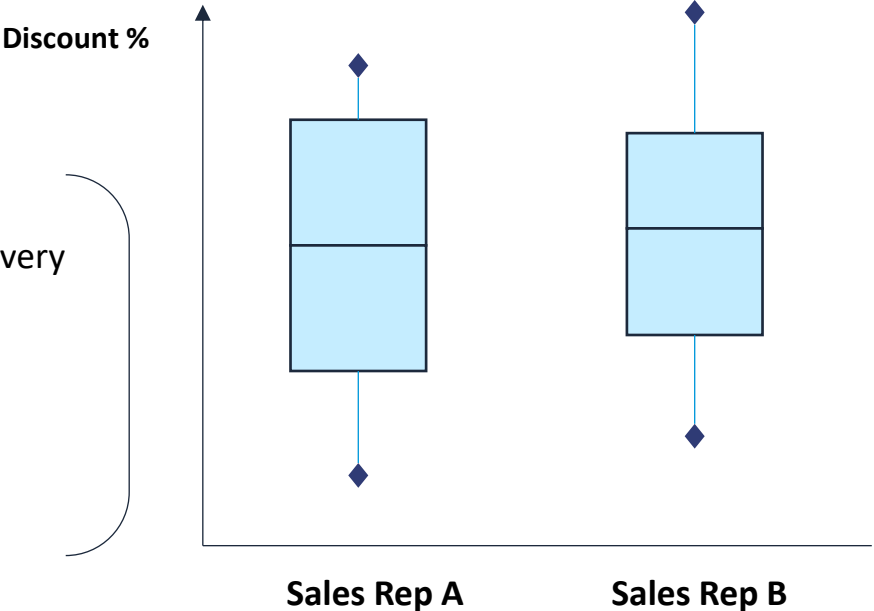
(Possible discount discipline issue)



Discounting patterns can expose opportunities (2 of 2)



Situation IV



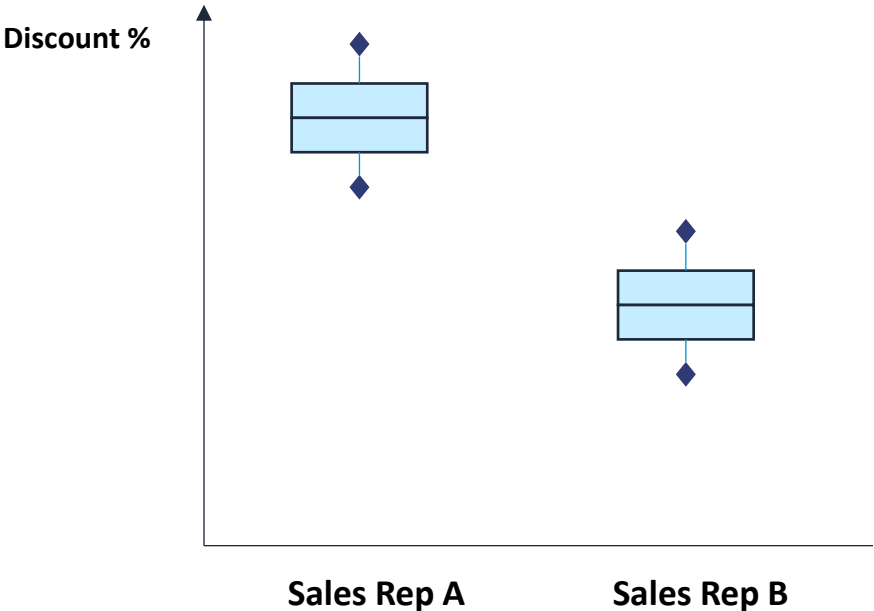
Assume Sales reps serve very similar segments of customers.

No key firmographic differences.

Pricing Opportunity?

Not necessarily

Situation V



Yes!

(Discount discipline + sales effectiveness issue)



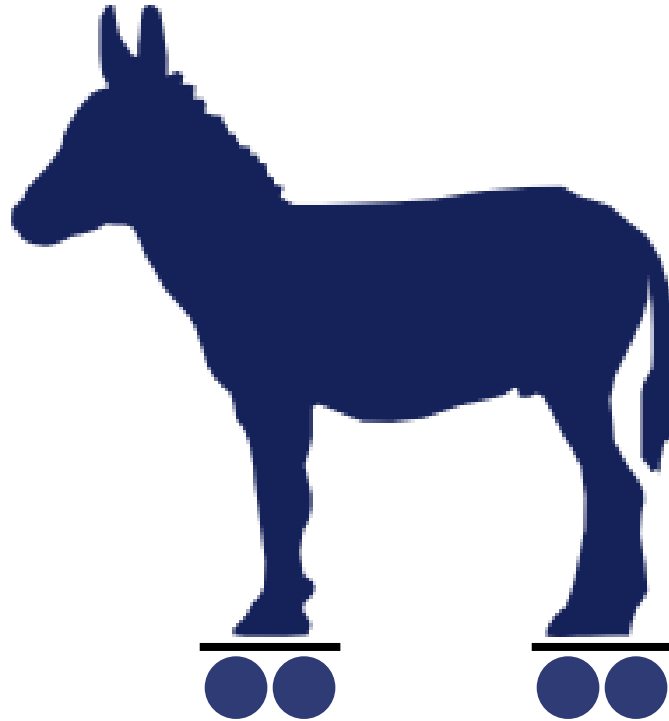
How to fix it?

3 levers of Price Execution



“Carrot”

*Sales
Incentives*



“Roller skates”




Enablers



“Stick”

*Discounting
Rules*

There are three tactics that should be implemented to ensure discounts are driving sales rather than leaking revenue

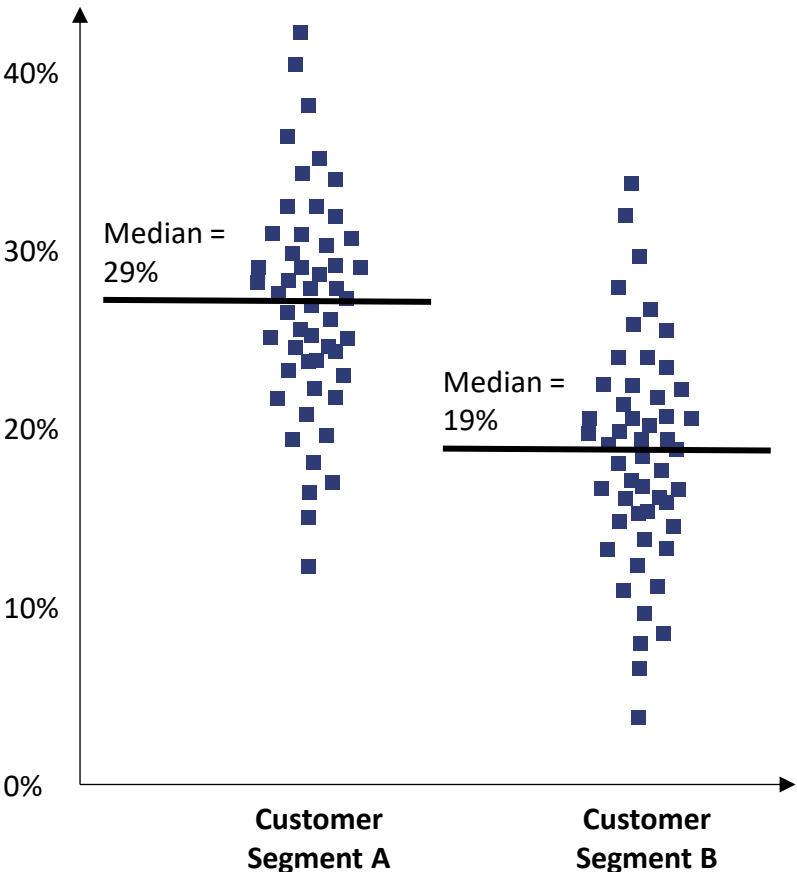
Tactic	Intent	Examples
Rules 	Limit the freedom of the sales team to discount beyond acceptable levels, and/or for non-strategic reasons	<ul style="list-style-type: none">▪ Max discounting limits▪ Situation-based discounts▪ “Give-gets”
Incentives 	Give sales reps “skin in the game” so that they want to price as high as they can	<ul style="list-style-type: none">• Price / Discount incentives• “Kickers”• Rankings tables• ...
Enablers 	Make sales reps feel they have a higher chance of winning at higher price levels	<ul style="list-style-type: none">• Research data on willingness-to-pay• Negotiation skills training• Value messaging• Playbooks.



Methodologies such as DICE combine rules, incentives, and enablers into one clean methodology

DICE (Deal Incentive Commercial Engine) - Overview

Historical Discounting Patterns



Qualitative, Strategic, and Forward-looking factors

Research:

- Customer discounting expectations
- Competitor discounting practices

Internal Interviews:

- Sales rep deal context
- Executive focus and priorities

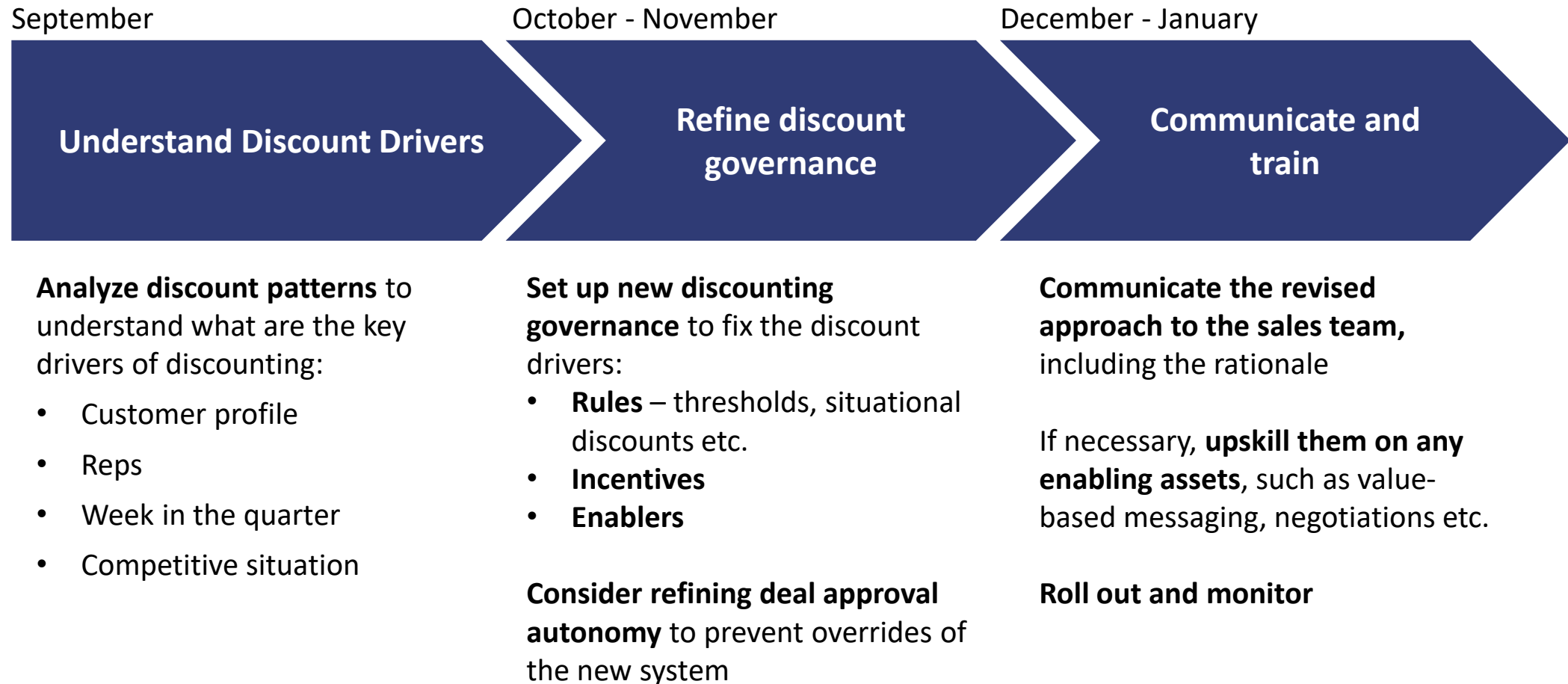
Stratified Commission by Discount Range

Deal classification	Comm- ission %	Discount Range	
		Segment A	Segment B
Gold	15%	<20%	<15%
Silver	10%	20-30%	15-22%
Bronze	5%	30%+	22%+



Reduced Discounting

Actions to take before 2026



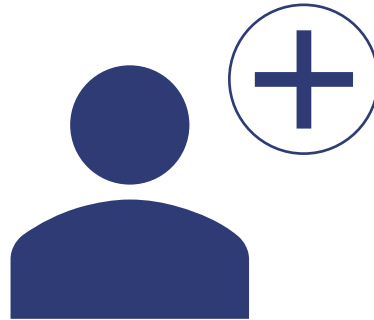
2. Increased Prices



Two types of price increases

A. New Customers

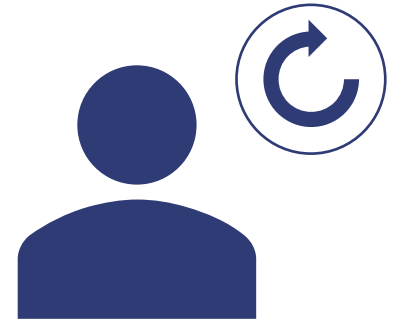
- (relatively) simple
- Low effort
- Lower risk



2. Increased Prices
(This section)

B. Existing Customers

- Complicated (due to anchoring)
- Requires care
- Higher risk



3. Right-sizing
(Next section)



Price increases

Increasing the price level of your product for **new customers**

Signs of an opportunity:

- ✓ Customers are **“delighted”** by your prices
- ✓ Sales reps **never ask for additional discounting** leeway
- ✓ Your **weaker competitors charge the same as you**, and/or your comparable competitors charge higher prices than you
- ✓ It's been **several years since your last price increase**
- ✓ You have made **significant improvements to your product and included within standard packages**



The “right” price level for your product is going to change over time due to changes in...

✓ **Value**

Product improvements

✓ **Willingness-to-pay**

Inflation, market changes

✓ **Costs**

Inflation, product improvements (AI?)

✓ **Objectives**

Volume focus → revenue focus → profit focus



Small tweaks can be addressed by minor, inflation-based price changes each year...

It is **best practice** (and very common!) to have contract terms that state prices will increase each year **at least at the rate of inflation / CPI increase**.

If you are **not** doing this, you are – in effect – **decreasing prices over time**.

Several years without appropriate price increases would require a **price action** to your existing customers to correct (see next section!)

Example Contract Terms

The fixed fees and other fees expressed as stated dollar amounts in this schedule and in the Agreement shall be **increased annually commencing on the one-year anniversary date of the Effective Date by the percentage increase since the Effective Date in consumer prices for services** as measured by the United States Consumer Price Index entitled "All Services Less Rent of Shelter" or a similar index should such index no longer be published.

CPI Adjustment. The basic fees provided in Paragraph 4 shall be increased each year by a **percentage equal to the percentage change in the Consumer Price Index statistics** published by the United States Bureau of Labor. Comparisons shall be made using the index entitled, "U.S. City Average/All Items and Major Group Figures for all Urban Consumers Portland Area (1982-84 = 100)," or the nearest comparable data on changes in the cost of living, if such index is no longer published. The change shall be determined by comparison of the figure for the previous January 1, with that of January 1 of the current year. In no event shall this calculation cause a reduction in base rent below that payable during the preceding year. The proposed adjustment shall be presented to Lessee by Lessor thirty (30) days prior to the effective date of the assessment.



... while larger changes require an updated understanding of willingness-to-pay. There are several techniques

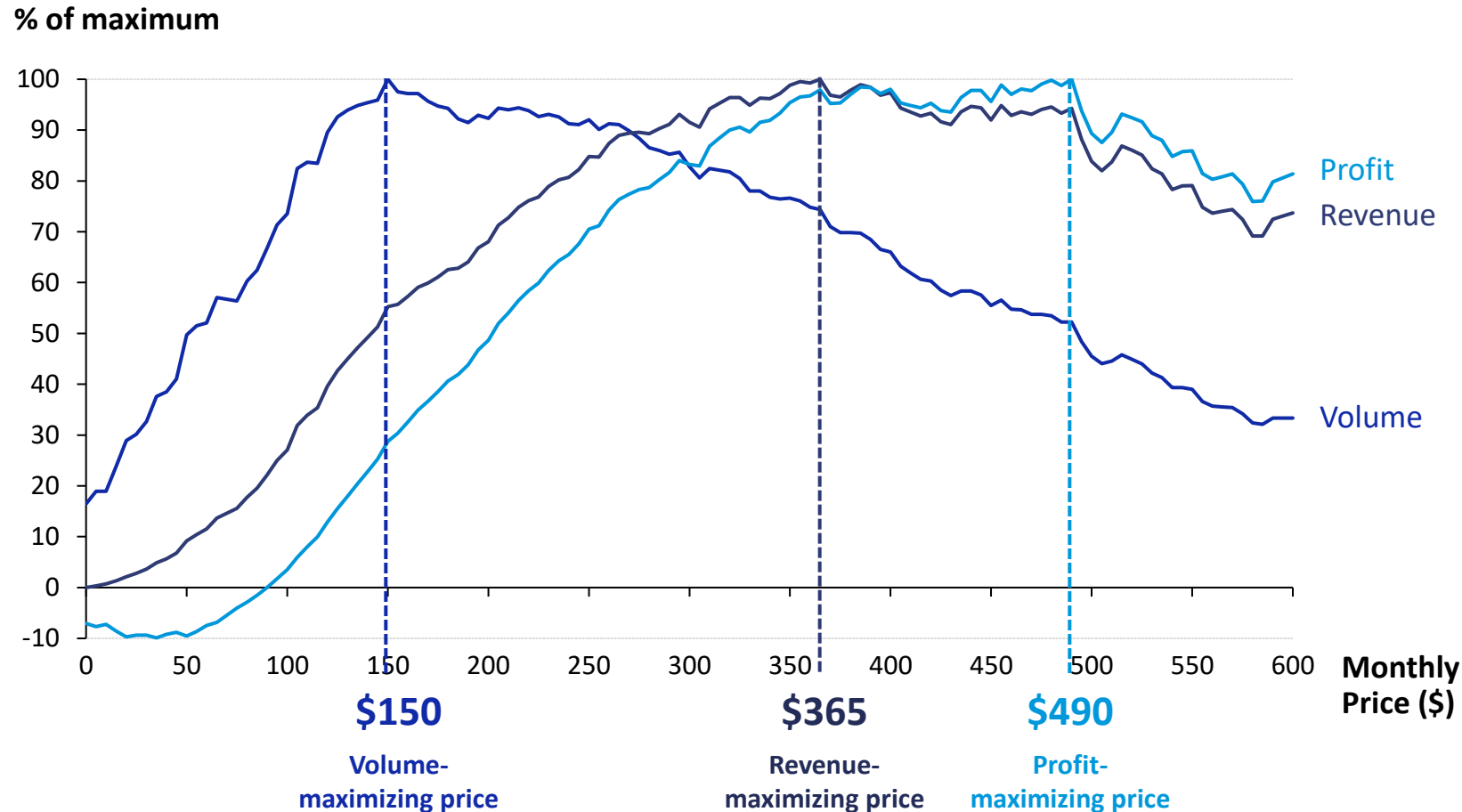
 = Deep dive on following pages

	Transaction-Based Methods:		Research-Based Methods:				Value-Based Methods:
	Historical Transaction Data Analysis	Price testing	Van Westendorp	Gabor-granger	Conjoint	Value Profiling	Economic Value Estimation (EVE)
What It Does	Estimate WTP by identifying consistent net prices paid by specific customer segments	Understand the response to changing price levels	Determine viable price range for each customer	Find optimal price point for each customer	Optimize price and product configuration	Determine price premium you can command vs. competition	Determine how much you can charge based on value perception
Works best when...	You have substantial past transaction data with varying discount levels, allowing you to identify trends and make informed estimates	You need to finalize pricing decisions You can gather large amounts of data quickly	You want a rough range of how different customers would expect to pay for a new product	You are trying to hone in on an optimal price point from an already tight range	You have already defined likely packages, and just need to optimize price	You are operating in a highly competitive market, with highly visible customers	Product adds significant, quantifiable value Product is a new concept
Limitations	Analysis limited to what customers paid historically	Cannot test a wide range of factors – only can tell which is best out of what you tested Affects your customer base(!)	Works less well when: <ul style="list-style-type: none"> Product is hard to describe / understand Customer doesn't have a reference point for what it "should" cost 	Impractical when willingness-to-pay varies widely across a customer base	Impractical when willingness-to-pay varies widely across a customer base Requires large sample Only viable for PLG	Only useful in competitive scenarios	Less compelling when product benefits are largely intangible



Van Westendorp is a simple way to understand willingness-to-pay ranges, and find prices that maximize revenue, volume and profit

Sanitized client example



Methodology

Via Van Westendorp, prospects asked to define 4 price levels – prices that are:

- **Too expensive** to even consider
- **Getting expensive**, but still worth considering
- **Inexpensive** – a “bargain”
- **So cheap** that the value would have to be questions

Relative chance of purchase estimated for prices that fall into the ranges defined by the 4 price points



Case Study: Pricing research for a B2C hiking app correctly predicted ARR and conversion rate change from a price increase

Forecast Accuracy of Hiking App US \$30→ \$36 paid version price increase

	Pilot Result	Research Estimate	Detailed Monevate US Conjoint Sensitivity Results						
ARR Change	+8%	+6% Note –estimate for \$35 rather than \$36. May partially explain the ARR underestimation.	<p>ARR</p> <table><tr><th>US Annual Price (Paid Tier)</th><th>ARR</th></tr><tr><td>\$30</td><td>\$38.7M</td></tr><tr><td>\$35</td><td>\$40.9M</td></tr></table>	US Annual Price (Paid Tier)	ARR	\$30	\$38.7M	\$35	\$40.9M
US Annual Price (Paid Tier)	ARR								
\$30	\$38.7M								
\$35	\$40.9M								
Conversion Rate Change (as % of initial conversion rate)	-10%	-10%	<p>Conversion %</p> <table><tr><th>US Annual Price (Paid Tier)</th><th>Conversion %</th></tr><tr><td>\$30</td><td>6.1%</td></tr><tr><td>\$35</td><td>5.5%</td></tr></table>	US Annual Price (Paid Tier)	Conversion %	\$30	6.1%	\$35	5.5%
US Annual Price (Paid Tier)	Conversion %								
\$30	6.1%								
\$35	5.5%								
Methodology	<ul style="list-style-type: none">• Trial involving 410,000 iOS exposed users	<ul style="list-style-type: none">• 400+ respondent survey• Conjoint analysis							

Key Takeaways

Study **correctly predicted** that increasing price to \$35 would **decrease conversion by 10%**

Study also **correctly foresaw** that the **price change would be revenue-positive**, though slightly underestimated the positive result (+6% vs. +8%)



Increased Prices

Actions to take before 2026

September

Set direction

Acquire facts that will help justify price increases:

- Cost increases
- Inflation
- Competitor price changes
- Customer satisfaction ratings
- Product improvement details

Align on objectives and constraints for price change

- Maximize volume, revenue or profit?
- Minimum conversion rates?

October - November

Build fact base

Model impact of price changes:

- Conduct willingness-to-pay focused market research
- Run controlled pilots / price experiments
- Estimate likely changes in customer sign ups, revenues, and profits based on new price points

December

Prepare for rollout

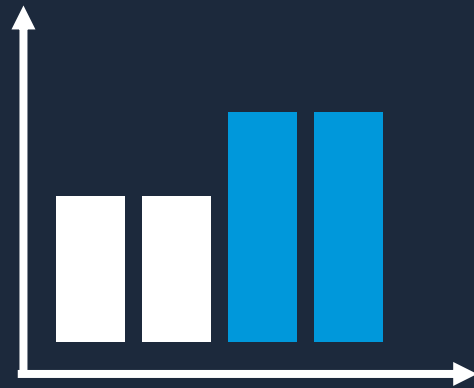
Produce messaging to defend / justify the price increase

Amend contracts to include annual price escalators

Update price sheets, price calculators, and pricing pages ready for January deployment



3. Right-sizing



Right-sizing

Raising prices for **existing customers**

Signs of an opportunity:

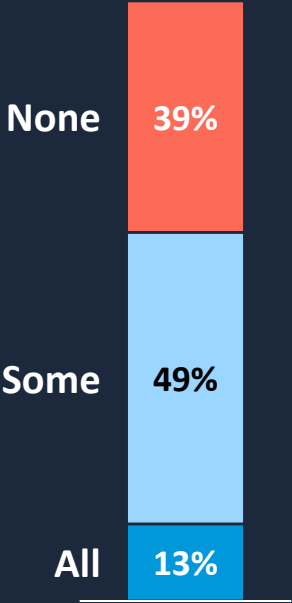
- ✓ **History of low pricing** – either through grandfathered “early adopter” pricing or too much discounting
- ✓ You have **not raised prices for existing customers** for several years
- ✓ You have made **significant improvements to your product and included within standard packages**



Most B2B SaaS companies avoid right-sizing existing customers following a price increase

Price Level Update Outcomes for Existing Customers

To what portion of existing customers did you increase prices?



Horror stories like that of Canva likely fuel our fear of increasing prices...



What they did

Increased price of the “Teams” plan in Aug 2024 by up 300% for some customers

Justified price increase by:

- **New features already added**
- **Provides ability to develop products**

Provided 6 months notice, and a discount of 40% for the first 12 months

The reaction

Customers reacted very negatively and publicly, with many threatening to churn

Canva tried to do damage control, but to no avail

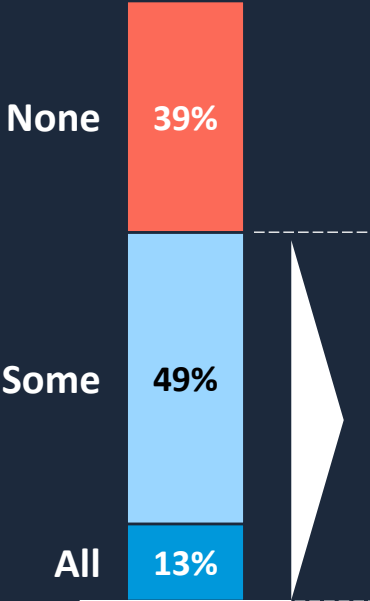
In October 2024, Canva walked back the price increases, and instituted a **price promise**



... but the reality is, most price actions have a positive revenue and profit impact, without significant customer pushback

Price Level Update Outcomes for Existing Customers

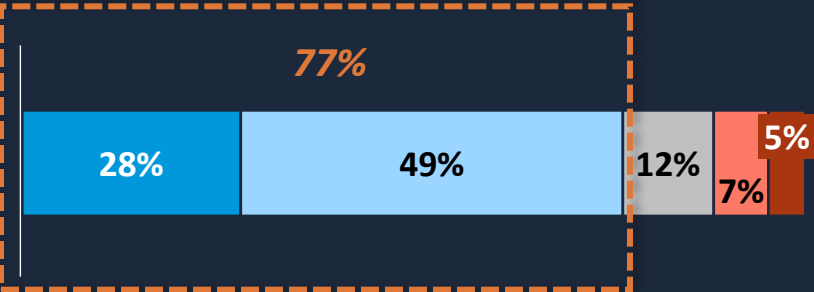
To what portion of existing customers did you increase prices?



“Migrating customers to higher price levels...”

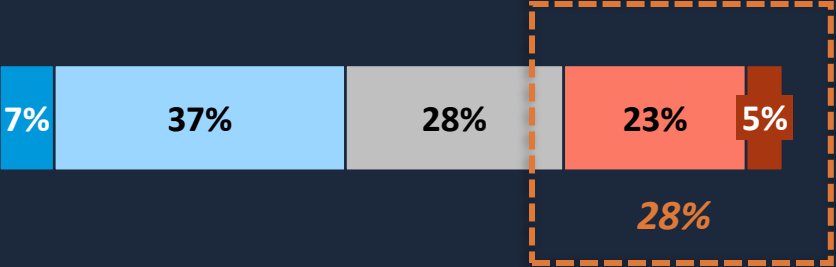
Strongly Agree Agree Undecided Disagree Strongly Disagree

...had a **positive impact** on our revenue and profit growth.”



77% of SaaS companies that migrated existing customers to new price levels saw revenue and profit growth

... **did not** lead to high levels of churn and pushback from customers.”



Only 28% felt that migration led to churn or pushback



To maximize chance of success, craft clear, empathetic, and fairness-focused messaging...

Key criteria:

Objective for Customers

1. Be Direct & Clear



Understand it

2. Focus on Fairness



Agree with / Accept it

3. Be Empathetic / Personal



Feel Seen & Validated

4. Give Appropriate Notice



Feel Supported

5. Manage the Transition / Provide Options



Case Study – CrossFit

Had not raised price for 11 years(!) and needed to right-size

Thank you for being part of the CrossFit affiliate community. Affiliates are—and always will be—the lifeblood of CrossFit, and we have immense gratitude for your continued commitment.

We previously shared our goal of growing to 30 million members by 2030. To do that, we need to innovate and reinvest in the business to ensure we're attracting more people to CrossFit, driving a greater number of leads into your gyms, and protecting and preserving the brand in multiple ways.

Despite inflation and higher costs — which have risen by an average of 74% — CrossFit has not raised prices for 11 years. In order to sustain a healthy business and invest in resources to achieve our goals, we need to increase our affiliation fee in the new year. **Starting in 2024, your current rate of [\$3,000] will increase to [\$4,500].**

We did not take the idea of an increase lightly. Our decision reflects a tremendous amount of thought and research, centered on understanding and serving your needs while allowing for reinvestment of fees back into the ecosystem. We remain committed to making sure you have the support, education, and tools you need to build a strong and sustainable business while ensuring you continue to have the flexibility and freedom to run your affiliate in a way that best serves your community.

This increase will allow us to continue to invest in you. Over the coming months, you'll hear a lot more from us about our commitment and plans to deliver additional value. In 2024, expect to see us focus on three key areas:

1. **Growth.** In order to get new members through your front door, we are investing heavily in technology, personnel, and marketing to help inform brand perception, storytelling, campaigns, and web/mobile enhancements. These improvements will help you build a strong, sustainable business.
2. **Quality.** We are raising our standard for owners and coaches in 2024, which will translate to a better member experience. As part of your renewal in 2024, you'll receive a one-time \$500 credit to apply toward a Level 1 or Level 2 Certificate Course, or an Online Level 1 for yourself or a coach on your staff. Starting in 2024, all affiliate owners — existing and new — will have 12 months following their renewal signing to enroll in their L2 certification.
3. **Tools and support.** In today's market, we need to do more to educate, coach, and provide business support tools. We will continue to offer and invest into CAP as part of your affiliation fee. We will also continue to expand the reach and impact of our field support, business coaching, regional summits, and other opportunities to learn and share success stories. And new for 2024, we will offer monthly payment options with no additional fees with your new contract. This flexibility will ensure you have more control over your budget and cash flow.

We know that many of you have questions and concerns, so we've created an FAQ page (LINK) and will be hosting town halls on (DATES). You can find a time that works with your schedule here (LINK). More information will also be forthcoming with your license renewal notifications.

Until then, thank you for your dedication to CrossFit. Our community of 13,000 affiliates is fundamental to building a strong and enduring brand globally, and we're looking forward to working collaboratively to achieve even more success in 2024 and beyond.

In partnership,

Don

Lead with fairness, support with value.

Increasing costs listed as the primary reason for the price increase. Points out that costs have not been raised for several years

Value is brought up secondarily, as a way to make customers feel better about the steep price increase.

Give appropriate notice. More than 1 month.

Be direct and clear. Clearly states (reasonably early in the note) what the price increase will be, and when it will take place.

Be Empathetic / Personal. Empathy and gratitude to customers is laced through the entire note.

Note is signed by “Don”, the CEO.

Manage the transition. Provides option to follow up and discuss.



Incetive Sales reps to “get” as much of the intended price increase as they can

Reps need to be incentivized to push the price increase as high as they can.

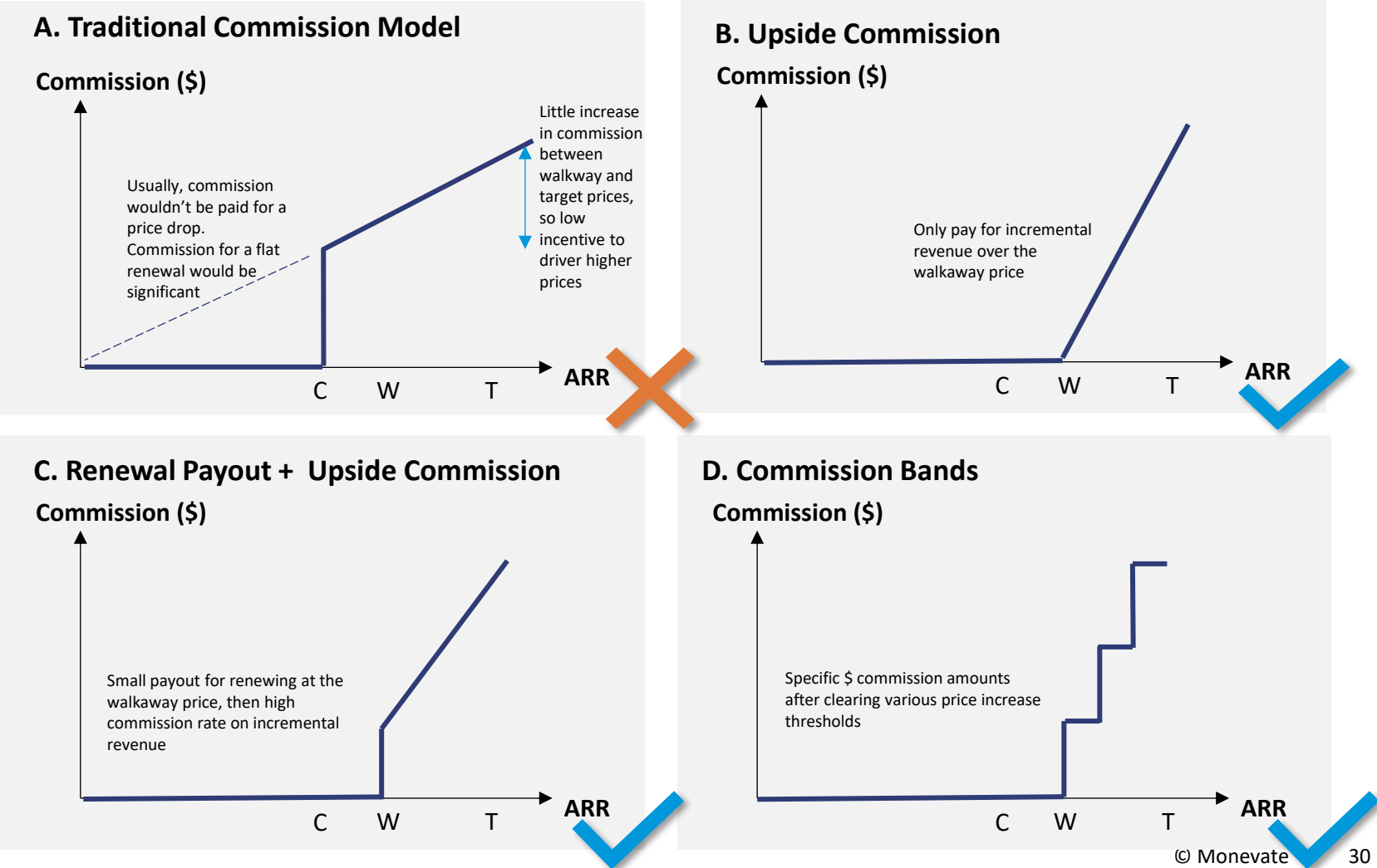
Reps will naturally feel that “holding the line” on the price increase will make the customer more likely to churn.

Therefore, if they receive flat commission % of the deal size, they will be incentivized to drop the price as low as possible.

The “fix” for this is to set a renewal incentive plan to **disproportionately rewards the rep for negotiating higher price increases** (closer to the target) at renewal

Commission models (not exhaustive)

Key: C = current price; W = “walkaway” price; T = “target” price



Right-sizing

Actions to take before 2026

September

Define strategy

Compute “correct” price for existing customers (i.e. what would they pay if they bought now)

Segment customers based on importance, satisfaction, and % discount from today’s pricing

Set target and walkaway price increases for each segment, and estimate churn

Decide on channel for communication to each segment

October - November

Operationalize

Draft general fairness-focused messaging to communicate price changes

Build sales incentive model for price increases at renewal

Summarize customer information for negotiations, to be used by teams to communicate changes

Build sales materials to facilitate renewals

November - December

Prepare for rollout

Train sales team members on managing renewal conversations

Set up system to track KPIs and report to internal stakeholders

Set up meeting cadence to review results and tweak strategy as necessary

Consider building “Tiger team” for managing the renewal process, and responding quickly to situations



4. Structural transformations



Structural Transformations

Adjusting the **way** you price to customers, through changing packaging and price architecture

Signs of an opportunity:

- ✓ Customers are **not buying the right packages**
- ✓ **Customer ARR is shrinking**, or not growing fast
- ✓ **Buying process is complicated** or time-consuming
- ✓ Pricing **doesn't work for certain segments** (either too high or too low)
- ✓ Pricing doesn't work for **new features / functionality**
- ✓ You plan to change your **product positioning**
- ✓ ...



There are two components of price structure, and you should address them together

Packaging



How the product is broken up into **separate purchasable units**

Reflective of how **customers value distinct functionality** within the product

Price architecture



Which metric is **used to scale the price** of packages

How the price scales with the metric

Why address them together?

No hierarchy of importance between them

They work together to:

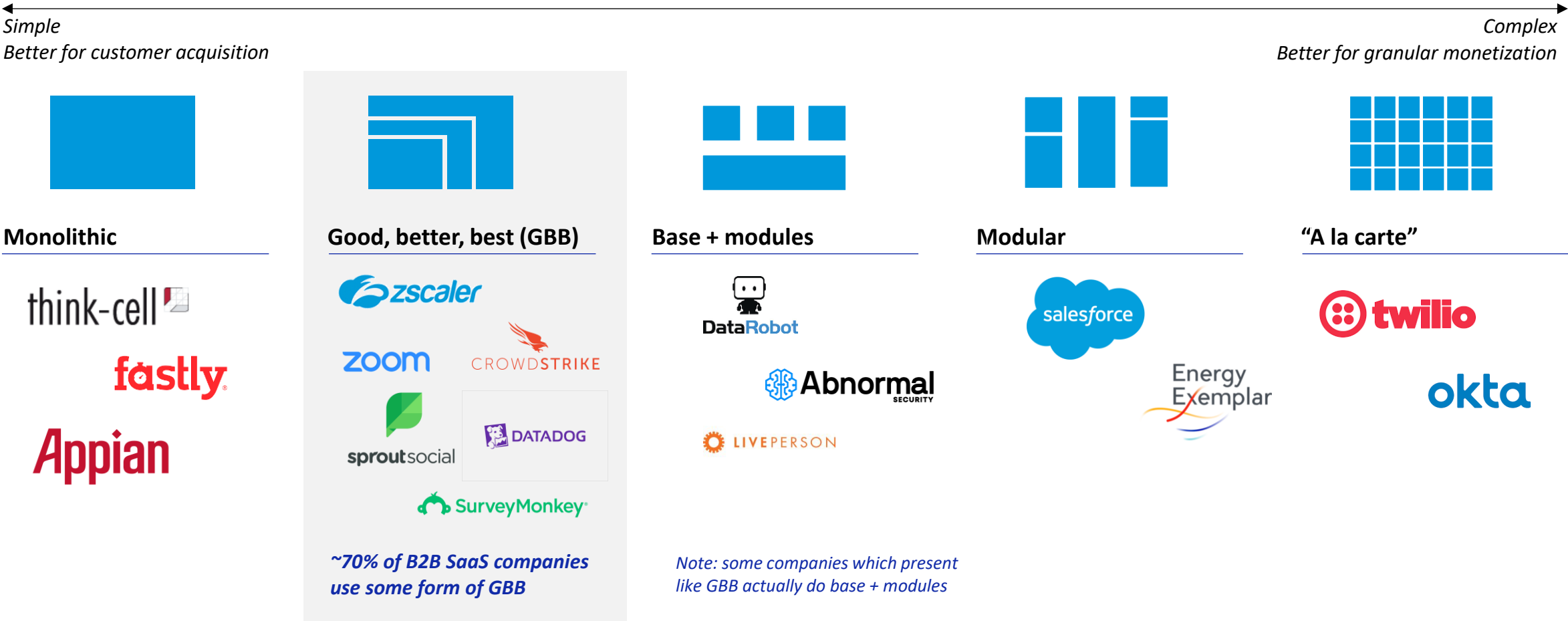
- **Price differentiate** – address willingness-to-pay differences across your customer base
- Drive **expansion revenue**

Together they define the **complexity of the price model**



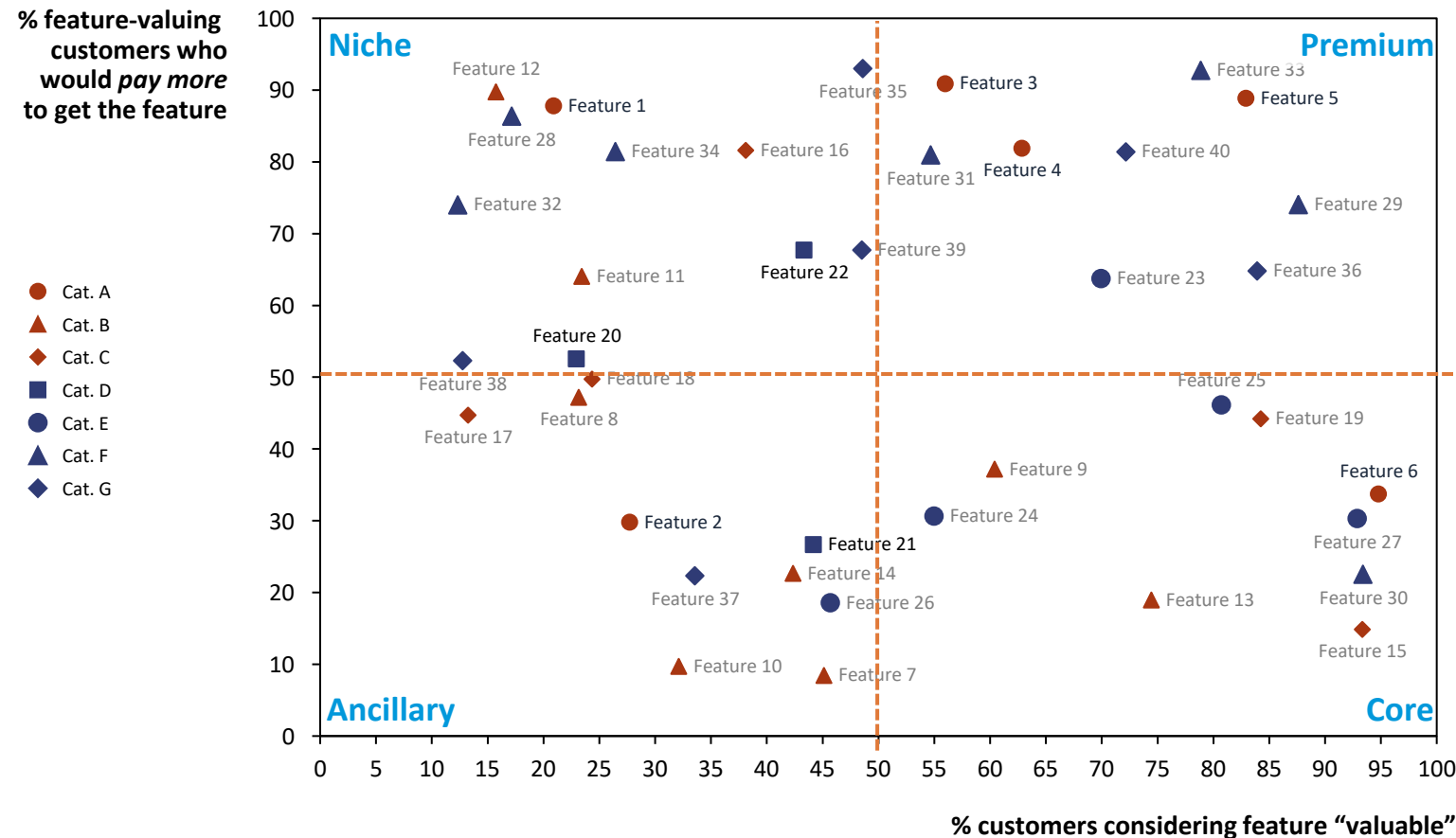
For packaging, the first step is to identify the style of packaging used

Packaging Types



Use the feature evaluation matrix to decide how to put features into packages

Feature evaluation matrix



Core

- Widely valued; not differentiated
- **Place in lower/base tiers**

Premium

- Widely valued; highly differentiated
- **Place in higher/premium tiers**

Niche

- Not widely valued; highly differentiated
- **Monetize separately as add on**


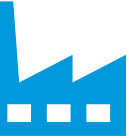


Ancillary

- Not widely valued; not differentiated
- **Either do not include, or do not mention**



There are several different types of price metrics used across the SaaS industry

Price Metric Categories

Category		Example metrics	Example companies
	User-based	<ul style="list-style-type: none">• Seats• Active users• Endpoints	   
	Usage-based	<ul style="list-style-type: none">• # of Tests• Transactions• API calls	   
	Capacity-based	<ul style="list-style-type: none">• GBs• Cores	  
	Business-based	<ul style="list-style-type: none">• Company revenue• Employees• Customers	  
	Outcome-based	<ul style="list-style-type: none">• Revenue-generated• Usage increase	  



Choosing the right metric is key - evaluate options against key criteria



Value-aligned



Growth-oriented



Acceptable



Controllable



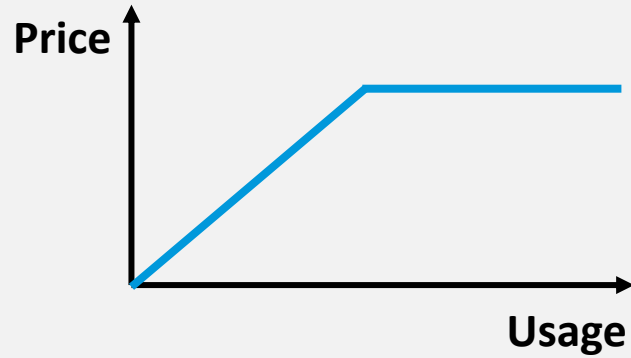
Predictable



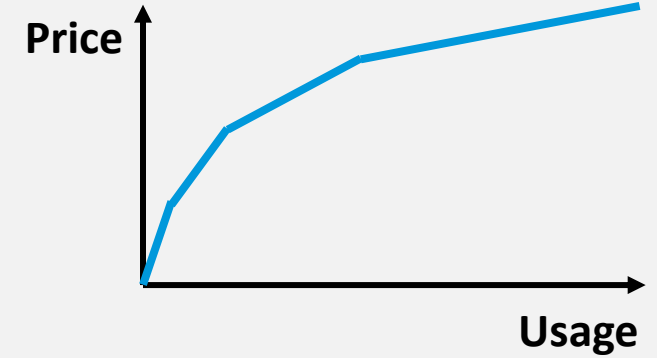
Auditable

Choose architecture that appropriately balances monetization and predictability

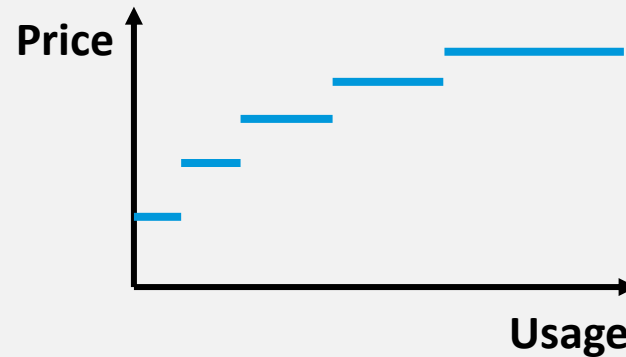
“Caps”



“Sliding Scale”



“Bands”



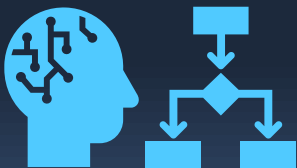
A few noteworthy trends in price architecture



Moving from **Users** to **Usage**



Hybrid Models



Outcome-based pricing in AI

Structural Transformation

Execution plan

September

Develop Hypotheses

Analyze your revenue and usage data, and interview your employees to understand:

- Product value
- Pain points and opps
- objectives for the transformation
- hypotheses for the pricing solution

October

Gather Market Insights

Conduct **qualitative** and/or **quantitative research** to test hypotheses, and understand buyer:

- Feature valuation
- Metric assessments
- Metric levels (e.g. how many users?)
- Buying preferences

November

Design Pricing Strategy

Build 2-3 options for pricing structures that are a good match for the objectives, customer preferences and product value, **evaluate**, and **choose the best**

Build out the new structure

December - January

Operationalize

Set up a team to project-manage implementation

Build an implementation plan

Ready the org for pricing change

- Marketing message updates
- Contract changes
- Sales enablement
- Customer migration
- ...

February+





Rollout

Launch pricing to new customers

(Later) **Migrate existing customers to new pricing**



Wrap Up

Opportunity		Likely ARR Uplift	Effort
1. Reduced discounting		2-10%	Med
2. Increased prices		2-5%	Low
3. Right-sizing		5-10%	High
4. Structural transformations		15%+	Highest

Now is a great time to set yourself up to capture pricing opportunities in 2026

Consider which opportunity types make sense for you, based on

- your situation
- your resources



Thank you!

