



Strong Pricing Results Persist for Software Companies in 2024

2022-23 Gains Continue, with Further Upside Projected for FY2025 and Beyond

With inflation and other economic factors improving in 2024, many CXOs, PE deal teams and operating partners have had concerns that pricing impact may decline this year compared to prior years. Our data shows that pricing impact remains strong.

Pricing is arguably the #1 value creation lever, so having an accurate read on expected pricing upside is important for deal teams considering what to include in an investment thesis or to maximize value at exit, and for CXOs who are working on FY2025 planning and budgets. Results from our recent software company pricing engagements indicate financial impact matching 2022-2023 levels.

Example Projects: Projected Financial Impact and ROI from Recent Pricing Initiatives

SaaS/Software Client Revenue (ARR)	Company Description	Projected Financial Impact ² (with achieved impact in 2024, where applicable)	ROI on Project Fees ³
\$280M	Enterprise finance software	Average new logo deal size increased 41% in 1st 6 months with 25% bookings growth LTM; 12% additional ARR increase over 4 years	49X (4 yrs)
\$200M	Consumer & SMB financial software	10% ARR increase achieved in 2024, >25% ARR increase projected in 1st two years	18X (1 yr)
\$120M	Enterprise B2B software	15% ARR increase on renewals and 22% increase on new logos in 2024 YTD; 66% ARR increase projected over 4 years	21X (2 yrs), 130X (4 yrs)
\$100M	Financial services software	16% ARR increase in 2024 YTD with 45% ARR increase in top 1% of accounts; >50% planned over 3 years	22X (2 yrs), 43X (3 yrs)
\$80M	HR software and data	48% ARR increase over 4 years	48X (4 yrs)
\$60M	Healthcare software	46% ARR increase from pricing new customer wins only; 170% ARR increase over 5 years including customer migration	41X (5 yrs)
\$31M	Healthcare software	100% ARR increase over 3 years	38X (3 yrs)

¹ Selected SaaS/software pricing projects completed between Sep 2023 to Sep 2024

² Projected Financial Impact is the pricing impact expected to be captured (i.e., not the total potential opportunity)

³ ROI is the multiple of the investment in the pricing engagement (i.e., no valuation multiple)

What price increase and FY2025 budget impact should be forecasted?

The answer primarily depends on a company's recent pricing efforts, market position, and level of effort invested in leveraging pricing as a key driver of value creation:

High Impact / High Effort

WHO? Companies that have not thoroughly updated pricing and bundling with fresh market research and data analysis in the past few years

HOW?

- Conduct a pricing review with external or internal expertise, incorporating fresh market buyer and competitor research
- Create updated bundles aligned to value
- Optimize pricing by segment
- Review discounting performance
- Improve long-tenured customer pricing
- Enable commercial team execution with tactics such as aligned sales commission structures and sales enablement tools

Medium Impact / Medium Effort

WHO? Companies that have updated pricing with new market research and analysis in the past 2 years, but have not captured the expected impact or are experiencing changing market dynamics

HOW?

- Conduct a pricing review based on company data and competitor analysis
- Identify and address price leakage and discounting performance issues
- Improve pricing for specific customer segments and long-tenured customers
- Monitor changes in competitor's pricing approaches and adjust strategy as needed

Lower Impact / Low Effort

WHO? Companies that have market-based pricing in place and have already captured the bulk of expected (aggressive) price increases

HOW?

- Assess performance and determine FY2025 price levels using
 - Company data analysis by segment, product/bundle, and customer cohort (e.g., long-tail, long-tenure)
 - Input from sales, customer success, and customer service on the health of customer relationships

Pricing remains a powerful lever for driving growth and maximizing value creation—especially in preparation for exit. For companies that haven't yet taken a rigorous, market-informed approach to pricing, a substantial opportunity is still available. Leveraging robust competitor, customer, and buyer data, alongside internal analysis, can deliver substantial financial impact that persists over time.

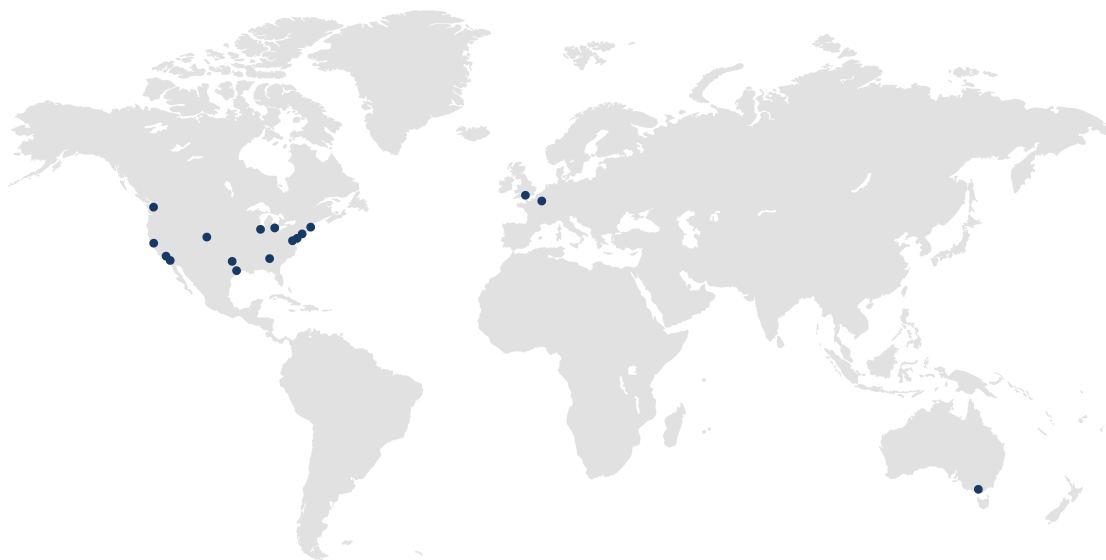
At Blue Ridge Partners, we apply deep industry expertise and practical tools to create sustainable pricing strategies. Our experienced team brings a hands-on approach, aligning strategy with front-line execution to achieve lasting results that support growth and value creation.

Why Blue Ridge Partners?

Blue Ridge Partners is recognized as the most experienced, impactful and respected firm that is exclusively focused on helping companies accelerate profitable revenue growth. We have worked with over 1,200 companies worldwide on commercial model transitions, strategic pricing engagements and due diligence assignments. We are known for rolling up our sleeves, being pragmatic in our analyses and delivering tangible results that focus on the “how” of execution. Based on our significant experience we have amassed extensive knowledge of the issues that affect revenue performance.

For further information please contact us at pricing@blueridgepartners.com or visit us at www.blueridgepartners.com.

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