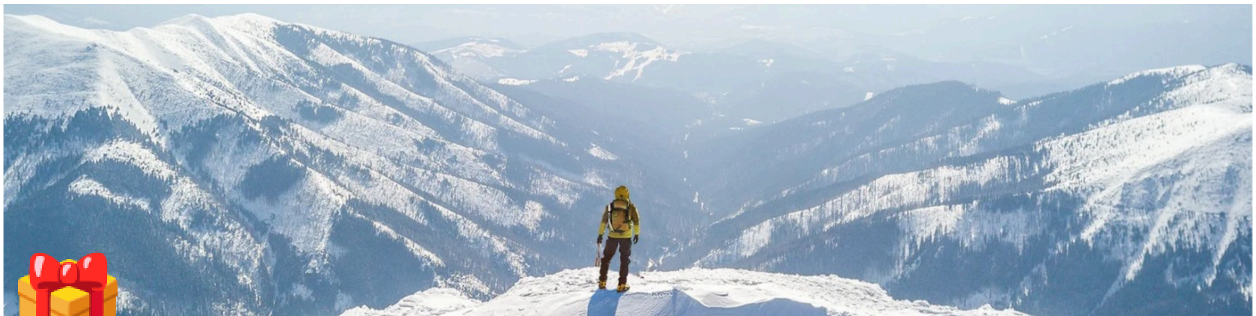

The Complete B2B SaaS Pricing Framework.

The pricing strategy that took us from €0 to €5M ARR.

About me

Over the past decade, I've built two AI startups.

The first, e-bot7, scaled to 130 employees across five European offices and was acquired by LivePerson Inc. (NASDAQ) for $60M. It was an incredible ride but also the one that led to my first burnout.

After taking time to recover, I jumped into my next venture: Vidlab7, an AI avatar company backed by EQT Ventures. It grew fast, but by the end of 2024, I had to step away again. This time, to protect my health.

I spent four months in South Africa, working on social projects, helping local families, and rediscovering what really matters.

That’s where The Honest Founder was born.

A desire to help ambitious people build the life they always wanted without losing themselves in the process (I learned that the hard way).

Add me on my channels for exclusive content and updates:

- Linkedin
- Website
- Substack Newsletter (One actionable article every Tuesday on startups, mindset and growth)

Enjoy the framework!

Xaver Lehmann

Introduction: The €200,000 Mistake

I left €200,000 on the table in my first year.

Not because my product wasn't good.

Not because customers didn't see value.

But because I was too scared to charge what it was worth.

Here's what happened:

Customer #1: I charged €500/month. They said yes immediately.

I thought: "Great, I found the right price."

Wrong.

Six months later, I found out they were saving €15,000/month using our product.

They would have paid €5,000/month without blinking.

I left €54,000/year on the table. From one customer.

Customer #8: I finally got brave. Charged €2,000/month.

They negotiated down to €1,500.

I thought: "See, I was charging too much."

Wrong again.

A year later, they upgraded to €8,000/month.

When I asked why: "We realized we were getting 10x ROI. €1,500 was a steal."

Translation: I should have started at €5,000.

By the time we hit €1M ARR, I'd figured out pricing.

We were charging €10,000/month for the same product we used to sell for €500.

Same product. 20x the price.

The difference? I finally understood how to price.

This framework is everything I learned going from €500/month to €10,000/month.

It's the pricing strategy that took us from €0 to €5M ARR.

And it's designed to help you avoid the €200K mistake I made.

Let's dive in.

PART 1: Why Most Founders Underprice

The 3 Fears That Kill Your Pricing

Fear #1: "They won't pay that much"

This is the fear that cost me €200K.

You think: "I'm just a startup. Why would they pay enterprise prices?"

The truth:

Customers don't care if you're a startup.

They care if you solve their problem.

If you save them €100K/year, €10K/year is cheap.

Your startup status doesn't determine your value. The problem you solve does.

Fear #2: "I'll lose the deal"

You're in the final negotiation.

They say: "Your competitor is €5K. You're €10K. Can you match?"

You panic.

You drop your price.

The truth:

If price is their only objection, you didn't sell the value properly.

And if they're only buying on price, they're the wrong customer.

The best customers care about ROI, not cost.

Fear #3: "I need the revenue now"

You have 3 months of runway.

You need to close deals.

So you discount to speed things up.

The truth:

Discounting to close faster rarely works.

And even if it does, you're training customers to negotiate.

Desperation pricing creates long-term revenue problems.

The Underpricing Death Spiral

Here's what happens when you underprice:

Month 1: You charge €500/month. Customer says yes immediately.

Month 6: You realize you're underpriced. Try to raise prices.

Customer reaction: "But we've been paying €500..."

Result: You're stuck at €500 or they churn.

The pattern:

Underprice → Can't raise prices → Need more customers → Overpromise → Can't deliver → Churn → Need even more customers

This is how startups die.

The fix:

Start high. It's easier to discount than to raise prices.

I learned this the hard way.

PART 2: The €200K Mistake (My Story)

Let me walk you through exactly what I did wrong.

Customer #1: The €500/month Disaster

The situation:

First paying customer. No idea what to charge.

They asked: "What's the price?"

I panicked: "Uh... €500/month?"

They said: "Sounds good."

What I thought: "Great! I nailed the pricing."

What actually happened:

They were expecting €2,000-€3,000/month.

€500 was so cheap, they assumed:

- The product wasn't fully built
- We were desperate
- There was a catch

They almost didn't buy because the price was TOO LOW.

Six months later:

I ran the numbers.

Our tool was handling 5,000 support tickets/month for them.

At €3/ticket (their cost with human agents), that's €15,000/month in savings.

They would have paid €5,000/month.

I charged €500.

Cost of underpricing: €54,000/year from ONE customer.

Customer #2-7: The Inconsistency Problem

Because I had no pricing strategy, every deal was different:

- Customer #2: €800/month
- Customer #3: €500/month (matched Customer #1)
- Customer #4: €1,200/month
- Customer #5: €600/month
- Customer #6: €2,000/month (finally got brave)
- Customer #7: €1,500/month

The result:

Customers started talking to each other.

Customer #2 found out Customer #6 was paying 2.5x more.

They were pissed.

"Why are we paying different prices for the same product?"

Good question. I didn't have an answer.

The Turning Point: Customer #8

This was the customer that changed everything.

The situation:

Enterprise customer. 200+ employees. Clear ROI.

I finally did the math BEFORE pitching:

- Their current cost: €60,000/month in support
- Our tool would save: 30-40% = €18,000-€24,000/month
- Fair price (20% of savings): €3,600-€4,800/month

I pitched €5,000/month.

Their response:

"Can you do €3,000?"

Old me would have said yes.

New me:

"Here's the ROI: You're spending €60K/month now. We'll save you €20K/month. That's €240K/year in savings. At €5K/month (€60K/year), you're getting 4x ROI. Can you explain why €3K makes sense when the value is €240K?"

They signed at €5,000/month.

No further negotiation.

What I learned:

When you can articulate the value clearly, price becomes irrelevant.

€5,000/month sounds expensive.

€5,000/month for €240,000/year in savings sounds like a steal.

The problem wasn't my price. It was my ability to explain the value.

The Total Damage

By the time I figured out pricing (Month 18), I'd left approximately:

- €54K from Customer #1 (underpriced by €4,500/month for 12 months)
- €36K from Customer #2 (underpriced by €3,000/month for 12 months)
- €48K from Customer #3 (underpriced by €4,000/month for 12 months)
- €30K from Customers #4-7 (underpriced by various amounts)

Total: €168K in Year 1 alone.

Add in Year 2 (before I fixed pricing on existing customers): **€200K+ total.**

This framework exists so you don't make the same mistake.

PART 3: How to Price When You Have No Reference Point

Your first customer asks: "What's the price?"

You have no idea.

Here's the framework.

Step 1: Calculate Their Cost of NOT Solving This

Don't guess. Do math.

For B2B SaaS, ask:

1. How much does this problem cost them today?
2. How much time/money do they lose because of it?
3. What's the opportunity cost?

Example (Customer Service Automation):

Current state:

- 20 support agents
- €3,000/month per agent (salary + benefits)
- Total cost: €60,000/month

What we save:

- Automate 30% of tickets
- Reduce need by 6 agents
- Savings: €18,000/month = €216,000/year

Their cost of NOT solving this: €216,000/year

Example (Sales Automation Tool):

Current state:

- Sales team spends 10 hours/week on manual data entry
- 5 salespeople × 10 hours = 50 hours/week
- At €50/hour = €2,500/week = €130,000/year in wasted time

Opportunity cost:

- Those 50 hours could be spent selling
- Average deal size: €10,000
- If they close 1 extra deal/month with recovered time: €120,000/year

Their cost of NOT solving this: €250,000/year

The formula:

Cost of Not Solving = Direct Costs + Opportunity Costs

This is the ceiling for your price.

Step 2: Price at 10-40% of Value Delivered

The rule:

Your price should be 10-40% of the value you create.

Why 10-40%?

- **Below 10%:** You're leaving money on the table
- **Above 40%:** ROI isn't compelling enough
- **Sweet spot: 20-30%**

Back to the examples:

Customer Service Automation:

- Value: €216,000/year saved
- Price (20%): €43,200/year = €3,600/month
- Price (30%): €64,800/year = €5,400/month

Sales Automation:

- Value: €250,000/year gained
- Price (20%): €50,000/year = €4,166/month
- Price (30%): €75,000/year = €6,250/month

What I actually did:

Wrong: "What feels right? Maybe €500/month?"

Right: "They save €216K/year. I'll charge €60K/year (28% of value). That's €5K/month."

Step 3: Anchor High, Negotiate Down

The psychology of pricing:

Scenario A:
You: "€3,000/month"
Them: "Can you do €2,000?"
You: "Sure"
Final price: €2,000

Scenario B:
You: "€5,000/month"
Them: "Can you do €3,000?"
You: "I can do €4,000"
Final price: €4,000

Same customer. 2x different outcome.

The lesson:

Always start higher than you're comfortable with.

You can always go down.

You can rarely go up.

My rule:

Set your price at the TOP of your value range (30-40% of value).

Then negotiate down to your target (20-30% of value).

Example:

- Value delivered: €200,000/year
- Anchor price: €80,000/year (40%) = €6,666/month
- Target price: €50,000/year (25%) = €4,166/month
- Walk-away price: €40,000/year (20%) = €3,333/month

If they negotiate, you have room to move.

If they don't, you got paid what it's worth.

Step 4: Test With 3 Customers

Don't optimize pricing with 1 data point.

The process:

Customer A: Price at 40% of value
Customer B: Price at 30% of value
Customer C: Price at 20% of value

Results:

- **All 3 say yes immediately:** You're underpriced
- **All 3 say no:** You're overpriced or didn't explain value
- **A says no, B and C say yes:** You found the range

What I did:

Customer #1: €500/month (way too low)
Customer #6: €2,000/month (still too low)
Customer #8: €5,000/month (about right)
Customer #12: €10,000/month (they pushed back, settled at €7,000)

Pattern emerged:

€5,000-€7,000/month was the sweet spot for our ICP.

Below €5K: Leaving money on table.
Above €7K: Required more justification.

Step 5: When You Have Absolutely No Idea

If you can't calculate value (early product, unclear ROI), use this:

Ask 10 potential customers:

"If this solved [problem], what would you pay per month?"

Responses you'll get:

- 3 people: "Maybe €500"
- 4 people: "€1,000-€2,000"
- 2 people: "€3,000+"

- 1 person: "I don't know"

Your price: The median of the middle 50%.

In this case: €1,000-€2,000/month.

Start at €2,000. (High end of range.)

Important:

People will ALWAYS say they'd pay less than they actually would.

Whatever they say, add 30-50%.

If they say €1,000, start at €1,500.

PART 4: The Pricing Models (What Actually Works)

There are 5 main pricing models for B2B SaaS.

I tested all of them.

Here's what I learned.

Model 1: Flat Fee

What it is:

One price, regardless of usage.

Example:
€1,000/month for unlimited everything

Pros:

- Simple to explain
- Predictable revenue
- Easy to budget (for customer)

Cons:

- Doesn't scale with customer value
- Leaves money on table (big customers pay same as small)

When to use:

Early stage (first 10 customers) when you don't know usage patterns yet.

We used this for 6 months, then switched.

Model 2: Per-User Pricing

What it is:

€X per user per month

Example:
€50/user/month

Pros:

- Scales with customer size
- Easy to understand
- Industry standard (SaaS norm)

Cons:

- Users ≠ value
- Customers try to minimize user count
- Doesn't align with ROI

When to use:

When every user gets similar value (collaboration tools, communication tools).

We tried this. It didn't work for us.

Why:

Some customers had 50 users but low usage.
Other customers had 5 users but high usage.

Pricing by users penalized the wrong people.

Model 3: Usage-Based Pricing

What it is:

€X per unit of usage (per ticket, per API call, per GB, etc.)

Example:
€0.50 per support ticket automated

Pros:

- Perfect alignment with value
- Scales naturally
- Fair (pay for what you use)

Cons:

- Unpredictable revenue (for you)
- Unpredictable costs (for customer)
- Hard to forecast

When to use:

When usage directly correlates with value.

We tested this.

The problem:

Revenue was all over the place.

One month: €30K
Next month: €15K (customer had fewer tickets)
Next month: €45K

Impossible to plan.

Model 4: Tiered Pricing

What it is:

Multiple tiers (Starter, Professional, Enterprise)

Example:

- Starter: €500/month (up to 1,000 tickets)
- Professional: €2,000/month (up to 5,000 tickets)
- Enterprise: €10,000/month (unlimited)

Pros:

- Clear upgrade path
- Captures different customer segments
- Predictable revenue

Cons:

- Customers game the system (stay just under tier)
- "Unlimited" is risky

When to use:

When you have clear customer segments (SMB, mid-market, enterprise).

We used this for 12 months.

It worked well, but had issues.

The problem with "Unlimited":

One customer was processing 500,000 tickets/month on our "Enterprise Unlimited" plan.

We were losing money.

Model 5: Hybrid (Usage + Base Fee)

What it is:

Base fee + usage component

Example:
€2,000/month base + €0.30 per ticket

Pros:

- Predictable minimum revenue (base fee)
- Scales with usage (usage fee)
- Aligned with value

Cons:

- More complex to explain

- Requires tracking usage

When to use:

When you want predictability + scalability.

This is what we settled on.

Our final model:

€2,000/month base + €0.30 per automated ticket

Why it worked:

- Minimum revenue: €2,000/month (covered our costs)
- Scaled with value: More tickets = more savings = higher price
- Fair: Light users paid less, heavy users paid more

This took us from €1M to €5M ARR.

Which Model Should You Use?

If you're pre-revenue:
→ Start with **Flat Fee** (simplest)

If you have 10-50 customers:
→ Move to **Tiered Pricing** (captures different segments)

If you're scaling (50+ customers):
→ Switch to **Hybrid** (predictable + scalable)

Test for 3-6 months, then iterate.

PART 5: From €500 to €10K (The Evolution)

Here's how our pricing evolved over 3 years.

Year 1: The Guessing Phase

Month 1-6: Flat Fee (€500-€2,000/month)

Every customer was different.

No strategy. Just "what feels right."

Average price: €800/month
Customers: 10
MRR: €8,000

Problem: Inconsistent pricing, underpriced, leaving money on table.

Month 7-12: First Tiered Model

We finally created tiers:

- **Starter:** €500/month (up to 500 tickets)
- **Professional:** €2,000/month (up to 2,000 tickets)
- **Enterprise:** €5,000/month (unlimited)

Average price: €1,800/month
Customers: 25
MRR: €45,000

Problem: "Unlimited" tier was risky. One customer abused it.

Year 2: The Refinement Phase

Month 13-18: Usage-Based Experiment

We tried pure usage pricing:

€0.50 per ticket automated

Average price: €2,500/month
Customers: 40
MRR: €100,000

Problem: Revenue was unpredictable. Some months €80K, some months €120K.

Month 19-24: Hybrid Model v1

We combined base + usage:

€1,000 base + €0.50 per ticket

Average price: €3,200/month
Customers: 60
MRR: €192,000

Problem: Base fee was too low. Didn't cover our costs for high-touch customers.

Year 3: The Optimization Phase

Month 25-36: Hybrid Model v2 (Final)

We increased the base and lowered the per-unit:

€2,000 base + €0.30 per ticket

Average price: €4,800/month
Customers: 120
MRR: €576,000

This was the winner.

Why it worked:

- €2,000 base covered our costs (support, infrastructure)
- €0.30 per ticket scaled with value
- Predictable minimum, scalable maximum
- Fair across all customer sizes

The progression:

- Year 1: €8K MRR
- Year 2: €192K MRR (24x growth)
- Year 3: €576K MRR (3x growth)

Same product. Better pricing.

The €10,000/month Customer

By Month 30, we had our first €10K/month customer.

What they were paying for:

- Base: €2,000
- Usage: 26,666 tickets × €0.30 = €8,000
- **Total: €10,000/month**

Their savings: €80,000/month (they replaced 30 support agents)

Their ROI: 8x

Would they have paid more? Absolutely.

But €10K felt like the psychological ceiling for a support automation tool.

PART 6: When to Raise Prices (And By How Much)

Raising prices on existing customers is hard.

Here's how to do it without mass churn.

The 3 Signals It's Time to Raise Prices

Signal #1: Everyone Says Yes Immediately

If 90%+ of prospects accept your price without negotiation:

You're underpriced.

What to do:

Raise prices 30-50% for NEW customers.

Keep existing customers at current price (for now).

Signal #2: Your Costs Increased

If your costs went up 20%, your prices should go up 20%.

Examples:

- Infrastructure costs doubled
- Had to hire more support
- Added major new features

What to do:

Raise prices 15-25% across the board.

Give 90 days notice.

Grandfather existing customers for 12 months.

Signal #3: You're Turning Away Customers

If you're at capacity and turning away business:

You're underpriced.

What to do:

Raise prices until demand = capacity.

How to Raise Prices on Existing Customers

The strategy:

1. **Announce 90 days in advance**
2. **Explain the value increase** (new features, better support)
3. **Offer grandfather option** (annual commitment = old price)
4. **Expect 10-15% to churn** (it's normal)

The email we sent:

```
Subject: Pricing Update (Effective Jan 1)

Hi [Name],

We're updating our pricing effective January 1, 2024.

Here's what's changing:

Current price: €2,000/month
New price: €2,500/month (25% increase)

Why we're increasing:

1. We've added [Feature A, B, C] since you joined
2. Our support team has grown (faster response times)
3. We're investing heavily in [new capability]

Your options:

Option 1: Accept new pricing (€2,500/month starting Jan 1)

Option 2: Lock in current pricing (€2,000/month) by committing to annual contract

Option 3: We part ways (no hard feelings)

Let me know which option works for you by December 1.
```

`Thanks for being a customer.`

`— Xaver`

Results:

- 70% accepted new pricing
- 20% switched to annual (locked old price)
- 10% churned

Net result: Revenue increased 15% (after churn).

How Much to Increase

Conservative: 10-15% (low churn risk)

Standard: 20-25% (moderate churn, good revenue increase)

Aggressive: 30-50% (high churn, but worth it if you're severely underpriced)

What we did:

Raised prices 25% every 18 months.

After 3 years:

- Original price: €2,000/month
- After increases: €3,906/month (nearly 2x)

Churn from price increases: ~10% each time

Net revenue impact: +15-18% each time

PART 7: Handling "Too Expensive" Objections

"Your price is too high."

You'll hear this constantly.

Here's how to handle it.

Objection #1: "Your competitor is cheaper"

Bad response:
"I can match their price."

Good response:
"What's the price difference?"

Them: "They're €3K, you're €5K."

You: "Got it. So €2K/month difference. Let's talk about the €20K/month you'll save with our solution. Are you optimizing for €2K in cost or €20K in value?"

Key: Reframe from cost to ROI.

Objection #2: "We don't have budget"

Bad response:
"We can discount."

Good response:
"I understand. Let me ask: what's the cost of NOT solving this?"

Them: "Well, it's costing us about €40K/month in support costs."

You: "So €480K/year. And our solution is €60K/year. Can we find €60K in the €480K you're already spending?"

Key: Budget isn't the problem. Priority is.

Objection #3: "We need to think about it"

Bad response:
"Take your time."

Good response:
"Absolutely. What specifically are you unsure about? Is it the price, the solution, or the timing?"

Them: "Honestly, the price feels high."

You: "Let's revisit the ROI. You said you'd save €200K/year. We're €50K/year. That's 4x return. What am I missing?"

Key: Dig into the real objection.

Objection #4: "Can you do €X instead of €Y?"

Bad response:
"Sure."

Good response:
"I could do €X if we remove [Feature A] and [Feature B]. But you said those were critical. Are you willing to lose that value to save €Z/month?"

Key: Never discount without removing value.

The "Too Expensive" Framework

When someone says you're too expensive:

Step 1: Acknowledge
"I understand the price feels high."

Step 2: Revisit Value
"Let's go back to the value. You said this would save you €X/year, right?"

Step 3: Anchor to ROI
"So you're getting €X in savings for €Y in cost. That's a Z% return. Where else can you get that ROI?"

Step 4: Give Them an Out
"If the ROI doesn't make sense for you, that's totally fine. We're not the right fit for everyone."

Step 5: Stay Firm
"But I can't discount the price without reducing the value. What would you like me to remove?"

The psychology:

When you're willing to walk away, they respect the price.

When you're desperate to close, they negotiate harder.

Confidence in your pricing is half the battle.

PART 8: Pricing Experiments (What Worked, What Bombed)

Here are 7 pricing experiments we ran.

Some worked. Some bombed spectacularly.

Experiment #1: Annual Discount (✅ Worked)

What we did:

Offered 15% discount for annual prepay.

Why:

Better cash flow + lower churn.

Result:

30% of customers chose annual.

Cash flow improved dramatically.

Churn dropped 40% (annual customers rarely churn mid-contract).

Verdict: Do this.

Experiment #2: Freemium (❌ Bombed)

What we did:

Offered free tier (up to 100 tickets/month).

Why:

Thought it would drive signups.

Result:

- 500 free users
- 2% converted to paid
- Support costs were HIGH
- Mostly tire-kickers

Verdict: Don't do this (for B2B).

Freemium works for B2C. Not B2B.

Experiment #3: Usage-Only Pricing (❌ Bombed)

What we did:

Pure usage pricing (€0.50/ticket, no base fee).

Why:

Thought it would be "fairer."

Result:

Revenue was unpredictable.

Hard to forecast.

Customers loved it (low commitment) but we couldn't plan.

Verdict: Only works if you have massive volume.

Experiment #4: Price Based on Company Size (✅ Worked)

What we did:

Different pricing for SMB, mid-market, enterprise.

- SMB (1-50 employees): €500-€2K/month
- Mid-market (51-500): €2K-€10K/month
- Enterprise (500+): €10K+/month

Why:

Bigger companies have bigger budgets.

Result:

Worked well. Easy to segment.

Verdict: Do this.

Charge based on company size, not just usage.

Experiment #5: Setup Fee (❌ Bombed)

What we did:

Charged €5,000 setup fee + monthly subscription.

Why:

Wanted to cover onboarding costs.

Result:

Conversion dropped 40%.

Setup fees feel like a barrier.

Verdict: Don't do this.

Bake onboarding into monthly price instead.

Experiment #6: Money-Back Guarantee (✅ Worked)

What we did:

"If you don't see ROI in 90 days, we'll refund everything."

Why:

Remove risk.

Result:

Conversion increased 25%.

Refund rate: <3%.

Verdict: Do this.

Guarantees work if your product delivers.

Experiment #7: Pay-What-You-Want (❌ Disaster)

What we did:

Let customers set their own price (minimum €500/month).

Why:

Curious experiment.

Result:

Everyone paid €500.

Even customers getting €50K/month in value.

Verdict: Never do this.

Customers always lowball.

Key Takeaways from Experiments

What works:

- Annual discounts (15-20%)
- Company size-based pricing
- Money-back guarantees

What doesn't:

- Freemium (B2B)
- Usage-only (unpredictable revenue)
- Setup fees (conversion killer)
- Pay-what-you-want (always lowball)

PART 9: The Pricing Calculator

Use this to find your ideal price.

Step 1: Calculate Value Delivered

Question 1: What does this problem cost them today?

Answer: €_________ per month

Question 2: How much will you save/make them?

Answer: €_________ per month

Total Value Delivered: €_________ per month

Step 2: Determine Your Pricing Range

Low End (10% of value): €_________ per month

Target (20-30% of value): €_________ per month

High End (40% of value): €_________ per month

Step 3: Choose Your Model

- ☐ **Flat Fee** (€X/month regardless of usage)
- ☐ **Per-User** (€X per user per month)
- ☐ **Usage-Based** (€X per unit)
- ☐ **Tiered** (Starter / Pro / Enterprise)
- ☐ **Hybrid** (€X base + €Y per unit)

Step 4: Set Your Anchor Price

Start here: High End (40% of value)

Why: You can negotiate down, can't negotiate up.

Your Anchor Price: €_________ per month

Step 5: Set Your Walk-Away Price

This is the minimum you'll accept.

Minimum Price (20% of value): €_________ per month

Below this = not worth it.

Example (Filled In):

Step 1:

- Problem cost: €60,000/month (current support costs)
- Savings: €20,000/month (30% reduction)
- **Value: €20,000/month**

Step 2:

- Low: €2,000/month (10%)
- Target: €4,000-€6,000/month (20-30%)
- High: €8,000/month (40%)

Step 3:

- Model: Hybrid (€2,000 base + €0.30/ticket)

Step 4:

- Anchor: €8,000/month

Step 5:

- Walk-away: €4,000/month

Negotiation range: €4K-€8K/month

PART 10: Real Customer Pricing Case Studies

Here are 5 actual customers and how we priced them.

Case Study #1: The Underprice

Customer: Mid-sized e-commerce company

Their situation:

- 50,000 support tickets/month
- 15 support agents
- €45,000/month in support costs

Value we delivered:

- Automated 40% of tickets
- Reduced need by 6 agents
- Savings: €18,000/month

What we charged: €500/month

What we SHOULD have charged: €3,600/month (20% of savings)

Money left on table: €37,200/year

Lesson: Do the math BEFORE pricing.

Case Study #2: The Perfect Price

Customer: SaaS company (B2B)

Their situation:

- 5,000 tickets/month
- 8 support agents
- €24,000/month in costs

Value we delivered:

- Automated 30% of tickets
- Reduced need by 2.5 agents
- Savings: €7,500/month

What we charged: €2,000/month (27% of savings)

Their reaction: "This is a no-brainer."

Result: Signed annual contract, zero negotiation.

Lesson: 20-30% of value is the sweet spot.

Case Study #3: The Overprice

Customer: Small startup

Their situation:

- 1,000 tickets/month
- 3 support agents
- €9,000/month in costs

Value we delivered:

- Automated 30% of tickets
- Savings: €2,700/month

What we charged: €2,000/month (74% of savings)

Their reaction: "The ROI isn't there."

Result: Didn't close.

Lesson: Even if your price is "worth it," ROI needs to be compelling (3x+ minimum).

Case Study #4: The Negotiation

Customer: Enterprise (500+ employees)

Their situation:

- 25,000 tickets/month
- 30 support agents
- €90,000/month in costs

Value we delivered:

- Automated 35% of tickets
- Savings: €31,500/month

What we pitched: €10,000/month (32% of savings)

Their counter: €6,000/month

Our response: "At €6K, you're getting 5x ROI. At €10K, you're getting 3x ROI. Both are great. But we can't go below €8K and deliver the same level of support."

Final price: €8,500/month

Result: Closed. Annual contract.

Lesson: Negotiate, but don't cave. Meet in the middle.

Case Study #5: The Walk-Away

Customer: Medium-sized company

Their situation:

- 10,000 tickets/month
- €30,000/month in costs

Value we delivered:

- Automated 25% of tickets
- Savings: €7,500/month

What we charged: €2,500/month (33% of savings)

Their response: "Your competitor is €1,000/month."

Our response: "If they can deliver the same value for €1K, you should absolutely go with them. But based on what you've told me, they automate 10% of tickets, we automate 25%. That's €5,625/month in additional savings. So you'd save €1,500 upfront but lose €5,625/month. Does that math work for you?"

Their response: "We'll think about it."

Result: They went with the competitor. Came back 6 months later. "You were right. Can we start now?"

Lesson: Sometimes you have to let them learn the hard way.

PART 11: The 10 Pricing Principles

After 3 years and 200+ deals, here are the principles I follow:

Principle #1: Start High

You can always go down. You can rarely go up.

Anchor at 40% of value. Negotiate to 25-30%.

Principle #2: Price on Value, Not Cost

Your costs don't matter to the customer.

Their savings/gains matter.

Principle #3: Charge Different Customers Different Prices

SMB, mid-market, and enterprise should pay different prices.

Same product. Different value.

Principle #4: Never Discount Without Removing Value

If they want a lower price, remove features.

Price = Value. Lower price = lower value.

Principle #5: Raise Prices Regularly

Every 12-18 months, raise prices 15-25%.

Grandfather existing customers for 12 months.

Principle #6: Don't Compete on Price

If they only care about price, they're the wrong customer.

The best customers care about ROI, not cost.

Principle #7: Test and Iterate

Your first pricing model won't be perfect.

Test for 3-6 months, then adjust.

Principle #8: Walk Away from Bad Deals

If the price doesn't make sense, don't do the deal.

Bad customers at bad prices are worse than no customers.

Principle #9: Annual Contracts > Monthly

Offer 15-20% discount for annual prepay.

Better cash flow + lower churn.

Principle #10: Confidence Matters

If you don't believe in your price, neither will they.

Know your value. Stand firm.

Conclusion: Stop Leaving Money on the Table

I left €200,000 on the table because I was scared to charge what my product was worth.

You don't have to make the same mistake.

Here's what to do next:

Step 1: Calculate the value you deliver

- What does their problem cost today?
- How much will you save/make them?

Step 2: Price at 20-30% of value delivered

- Not what "feels right"
- What the math says

Step 3: Start high, negotiate down

- Anchor at 40% of value
- Walk away below 20%

Step 4: Test with 3-5 customers

- See what converts
- Adjust accordingly

Step 5: Raise prices every 12-18 months

- 15-25% increases
- Grandfather existing customers

The framework is simple.

Execution is hard.

But if you follow this, you'll avoid the €200K mistake I made.

And you'll build a pricing strategy that scales with your business.

Now go charge what you're worth.

Appendix: Quick Reference Guide

Pricing Models Comparison

Model	Best For	Pros	Cons
Flat Fee	Early stage (0-10 customers)	Simple, predictable	Doesn't scale

Model	Best For	Pros	Cons
Per-User	Collaboration tools	Industry standard	Users ≠ value
Usage-Based	High volume products	Perfect value alignment	Unpredictable revenue
Tiered	Multiple customer segments	Clear upgrade path	Customers game tiers
Hybrid	Scaling businesses (50+ customers)	Predictable + scalable	More complex

Value-to-Price Ratio

Ratio	Interpretation	Action
<10%	Severely underpriced	Raise prices 50-100%
10-20%	Underpriced	Raise prices 25-50%
20-30%	Sweet spot	Hold or slight increase
30-40%	High but defensible	Need strong value proof
>40%	Overpriced	Lower prices or increase value

Price Increase Churn Expectations

Increase	Expected Churn	Net Revenue Impact
10-15%	5-8%	+7-10% revenue
20-25%	10-15%	+10-15% revenue
30-40%	15-25%	+10-20% revenue
50%+	25-40%	+5-15% revenue

When to Use Each Pricing Model (Decision Tree)

Q: Do you have <10 customers?
→ Yes: Use **Flat Fee**
→ No: Continue

Q: Does every user get similar value?
→ Yes: Use **Per-User**

→ No: Continue

Q: Can you predict usage patterns?
→ No: Use **Tiered**
→ Yes: Continue

Q: Do you need predictable revenue?
→ Yes: Use **Hybrid (Base + Usage)**
→ No: Use **Usage-Based**

The Objection Response Library

"Too expensive"
→ "Let's revisit the ROI: You save €X, we cost €Y. That's Z% return."

"Competitor is cheaper"
→ "What's the price difference and what's the value difference?"

"No budget"
→ "What's the cost of NOT solving this? Can we find budget there?"

"Need to think about it"
→ "What specifically are you unsure about?"

"Can you do €X?"
→ "I could if we remove [features]. Still make sense?

Whenever you're ready, there are 3 more ways I can help you:

First of all, add me on my channels for exclusive content and updates: Linkedin, Substack Newsletter or just check out my Website.

1. Private Coaching

Building a company, a newsletter or a brand is hard. If you need advice on Go-To-Market, Hiring, Fundraising, or founder well-being, book a first session here.

2. Promote your brand to 30,000 highly engaged Founders

Would you like to promote your brand in front of 30,000+ founders and CEOs? Let's talk. Sponsor a future issue here.

3. Digital Products

You can check out all my products here. I have created frameworks like the SOE framework with which I found all my startup ideas and with which you can find the next billion dollar opportunity too or my Thought Leadership framework to build trust, authority, and revenue in 2025.