upliift

Founders' Guide

Finding the right price – a practical guide to pricing

Expert contributor: Sebastien Jacquemoud, Upliift
Portfolio Performance Director

Introduction: Why pricing deserves your full attention

Pricing is one of the most powerful yet often overlooked levers available to founders of niche software businesses. It affects everything from your company's perception in the market to the sustainability of your business model. Done well, pricing can accelerate growth and profitability. Done poorly, it can stall deals, erode margins, and limit your ability to invest in the future.

In niche markets, where volume is low and deal sizes are high, getting pricing right is especially critical. But even if you're selling lower-priced products at higher volume, pricing plays a crucial role in positioning, profitability, and conversion. In this chapter Sebastien Jacquemoud, Portfolio Performance Director at Upliift offers a clear framework for approaching pricing strategically, practically, and with confidence.

Understanding the context for pricing

Software companies often operate in specialised, under-served markets. Customers may be few, solutions tailored, and therefore relationships really matter. In this context:

- ***Sales cycles are long, and each deal must count.***
- ***Customisation is expected, making standard pricing harder to enforce.***
- ***Perceived value varies greatly, depending on the customer's urgency and budget.***

However, some niche software providers may serve broader audiences with more transactional models, selling lower-priced tools in greater volume. These businesses must focus on frictionless buying experiences, clear pricing tiers, and product-led growth strategies.

Your pricing must reflect not only the value you create but also your Go-to-Market model. Whether you're selling a mission-critical compliance tool to healthcare providers or a self-serve data analysis plugin to hundreds of SMEs, your pricing strategy must match your delivery model and customer journey.

Common pricing models for B2B software

There is no one-size-fits-all model, but understanding your options helps you make deliberate choices:

Perpetual license + maintenance:

Traditional, often used in on-premise solutions. Large upfront cost with ongoing support fees.

Subscription (SaaS):

Recurring payments, typically monthly or annually. Can be based on:

- Per user
- Per usage (e.g. transactions, reports, data volume)
- Per module or feature
- Flat rate

Tiered pricing:

Packages based on feature sets or customer segments (e.g. Basic, Pro, Enterprise) - this is applicable to both perpetual license models as well as subscription models.

Custom or Enterprise pricing:

Tailored for complex needs or large organisations.

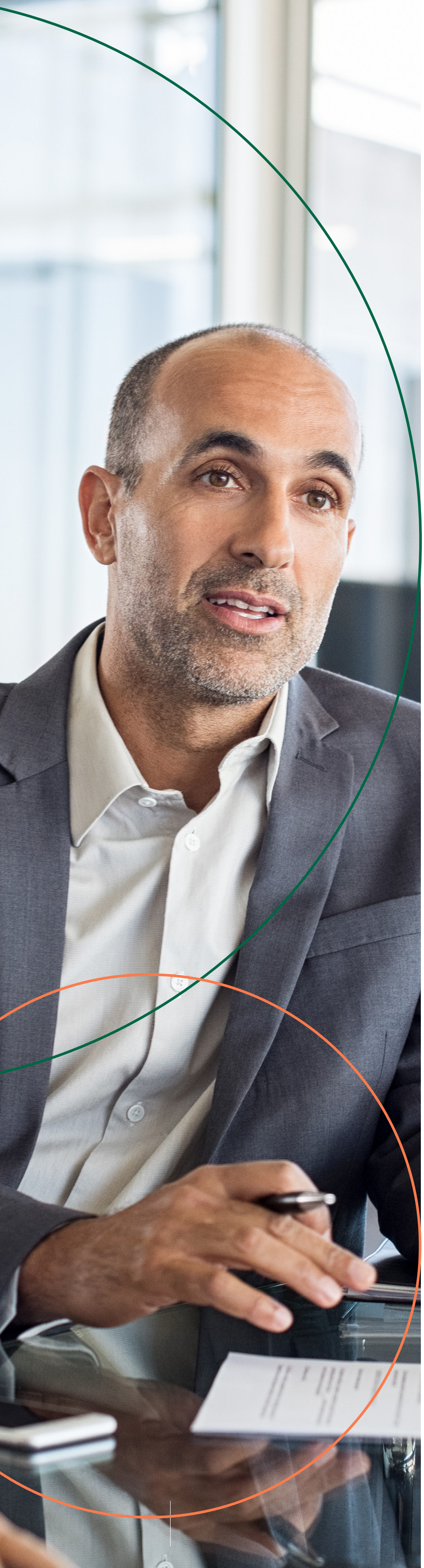
Freemium or Free Trial:

Often useful in high-volume models, offering entry-level value and encouraging upgrades.

Hybrid models:

Such as upfront onboarding fee + ongoing subscription, or perpetual core license + subscription modules.

Choose a model that fits your customer's buying behaviour and your revenue goals, whether you're targeting large enterprise clients or scaling through many smaller accounts.



How to set your price

Start with value, not cost

Your price should reflect the value your solution delivers, not the cost of building it. In niche markets, the impact of your software can be substantial:

- ***Time saved on manual processes***
- ***Revenue generated by automation***
- ***Cost avoided from errors or non-compliance***

For higher volume products, pricing should balance accessibility with margins. Lower prices may increase conversion but must be offset by efficient onboarding and support to maintain profitability.

Methods to inform pricing:

- ***Value-based pricing**: Understand the outcomes your customer cares about and price accordingly.*
- ***Competitor benchmarking**: Useful as a reference, but don't blindly copy.*
- ***Customer discovery**: Ask buyers what they'd expect to pay for a solution that delivers specific outcomes.*
- ***Cost and margin assessment**: it is key to always understand the cost of delivering a service, and the minimum margin you would expect on a specific product or service.*
- ***Lightweight pricing tools**: Use surveys or pricing sensitivity techniques like Van Westendorp (A complete guide to Van Westendorp + How to graph it in Excel | the maykin) if needed.*

Avoid under-pricing out of fear or the desire to win early deals - even at low price points.

Case study

The situation

Over time pricing at this company in the Upliift portfolio had become complicated, and the results of years of partial evolution. The pricing was set deal by deal, based mostly on gutfeel. This sometimes led to large deals; however, it was clear that money was left on the table, and that the price did not capture the value it delivered to its customers.

The offering was not clear - there was no good-better-best line up, and the modules were not clearly identified or sold. Finally, the team was charging a high upfront fee, but gaining little recurring revenue.

What did we do?

The pricing specialists from Upliift worked with the company to review their pricing in line with best practice. Given the importance of recurring revenue to the sustainability of a business, and the mission criticality of the product, we decided to embark upon a shift to their pricing model, implementing a move towards “full” subscription, with annual fees the same across the lifetime of the contract.

We also redefined the offering. Effectively, we created three packages to cater for cater for different needs of different customer segments. Additionally, we created clear modules that contained significant value and could be sold separately.

Finally, we introduced rigorous offer approvals - this was done through setting up a deal desk, reviewing deals on a weekly basis. Upon implementation, every deal was reviewed, to ensure the sales team had effectively understood and implemented the new pricing structure. We then moved towards an approval by exception. Sales reps could offer a small discount of 5% and sales managers were authorised to offer a slightly larger discount of up to 10%. If a deal required larger discounts, it had to be agreed by the Head of Sales during the deal desk.

The outcome

The internal mindset shift was, as is always the case in such a context, difficult at first. Getting the team to price their deals based on a rigorous price book and move towards a full subscription model was initially uncomfortable.
However, and thanks to the new packaging, the ARPU of new deals rose significantly. The average annual deal size of the recurring revenue increased by nearly 200%.
The win rate remained constant against the fears originally voiced. In fact, the team has closed over 50% of the budgeted deals in under 4 months.
Finally, we transitioned old contracts towards the new model. This was inevitably resource intensive. The team continues to deliver the transition to the new model, driving an increase in ARR of 30% on average.

"Transitioning to a subscription-based pricing model was a major cultural shift for the Group, but an essential one. Thanks to the expertise and structured approach of the Upliift team, we now have a clearer, more customer-focused offering, stronger recurring revenues, and a sales process that captures the real value we deliver. The results speak for themselves: higher average revenues, a stable win rate, and a healthier, more sustainable business model for the future."

- Group CEO

Aligning pricing with your Go-to-Market strategy

Your pricing should support how you sell and who you sell to (See Chapter 2 GTM).

- ***High-touch sales:*** *Justifies higher prices and customisation.*
- ***Channel sales:*** *Pricing must accommodate partner margins.*
- ***Enterprise sales:*** *Often requires negotiation-friendly pricing frameworks.*
- ***Mid-market SaaS and self-serve models:*** *Benefit from transparent, easy-to-navigate pricing tiers that reduce friction.*

Also consider:

- *How your pricing affects sales cycle length.*
- *Whether procurement will push back.*
- *If price is your key differentiator (ideally, it's not).*

Pricing in practice: tactics and trade-offs

Offering discounts

- *Ideally never discount on the maintenance or the recurring part of the revenue.*
- *Set clear discount boundaries and approval processes.*
- *Always tie discounts to something: volume, commitment length, or fast decision-making.*
- *For low-priced, high-volume tools, consider limited-time offers or usage-based incentives.*

Price presentation

- *Anchor with a high-value package.*
- *Show savings on annual plans.*
- *Make it easy to compare tiers—especially important in product-led growth environments.*

Managing negotiation

- *Expect negotiation in enterprise deals.*
- *Offer commercial flexibility (e.g., ramp pricing) instead of deep cuts.*
- *Keep your list price firm to preserve long-term value.*

Evolving your pricing over time

Your pricing should change as your product and company mature. Review it regularly and look out for signs that it's time to adjust your pricing:

- *You're consistently winning deals without pushback (you may be leaving money on the table).*
- *Your costs or delivery model have changed.*
- *You've added major features, moved upmarket, or are expanding to a new customer segment.*

Best practices:

- *Communicate clearly with existing customers before any price increase.*
- *Offer grandfathering or transitional*

- *Offer grandfathering or transitional pricing when needed.*
- *Use product usage data to inform new tiers or expansion pricing.*

Key metrics and what to track

These are some metrics that you can track these to measure pricing effectiveness:

- ***Average Revenue Per Customer (ARPU)***
- ***Price Realisation:*** *Are you capturing what you intended?*
- ***Win Rate by Tier***
- ***Discounting Ratio***
- ***Net Revenue Retention (NRR)***
- ***Conversion Rates*** *(important for high-volume pricing models)*

Pricing isn't static. Revisit it at least annually, or after significant changes in product, positioning, or market conditions.

Founder principles for pricing success

- ***Price with confidence:*** *If your product solves a real problem, it deserves a fair price.*
- ***Pricing is a product:*** *Test, learn, and iterate.*
- ***Talk about budget early:*** *Don't save pricing for the end of the conversation.*
- ***Don't anchor too low:*** *It's hard to go up later.*
- ***Don't apologise for your price:*** *Your value should speak for itself.*
- ***The pricing is a source of competitive advantage*** *– as such, it will continuously be revised and changed.*

Quick pricing dos and dont's

DO:

1. **Keep it simple**
2. **Tie price to value**
3. **Have a pricing strategy, not just a number**
4. **Consider frictionless buying experiences for low-priced, high-volume models**
5. **Include indexation clause in your contracts**

DON'T:

1. **Copy competitors blindly**
2. **Race to the bottom**
3. **Be afraid to raise prices**
4. **Forget support and onboarding cost in high-volume sales**

How Upliift can help

At Upliift, we support niche software founders in developing pricing models that reflect their unique value and market dynamics. Whether transitioning to SaaS, moving upmarket, or scaling through self-serve tools and volume pricing, we bring the frameworks, experience, and confidence to get it right. Our experienced team help you price not just to win deals, but to build a strong, profitable, and scalable business.

About Upliift

Upliift is Europe's leading permanent equity investor focusing on niche European software businesses. We're software industry experts who work with founders to create better deals for better companies. We make long-term investments that unlock growth potential and enable founders to fully or partially exit, while preserving their business' brand and culture.

For more information, visit www.upliift.com