Why Optimize Product Management?

Small improvements = huge increases in your company's value

Example:15% discount reduction for \$20 MM product may increase valuation \$30MM

Magnitude of Pricing Impact						Sample Assumptions				
	No Discounting		Discounting							
Average ACV discount		0%	15%	ariance		15% discount		30% Operating Expense		
Recurring Revenue <u>COGS 25%</u>		\$20,000,000 \$5,000,000	\$17,000,000 \$5,000,000	18%		\$20 m	illion product	10x EBITDA Valu	uation Multiple	
				0%		2	5% COGS			
Gross Profit		\$15,000,000	\$12,000,000	25%						
iross Margin		75%	71%							
pex	30%	\$6,000,000	\$6,000,000	0%						
BITDA		\$9,000,000	\$6,000,000	50%						
EBITDA Margin		45%	35%	, D	15% Pricing Discount Impact for \$20M Product					
		10	10 10			With Discount Without Discount				
EBITDA Multiple Enterprise Value				50%	\$100	000,000,000				
interprise valu	ie I	\$90,000,000	\$00,000,000	50%	-	,000,000		15% discount	\$90,000,000	
						,000,000		reduction for \$2		
						,000,000		product adds \$3	M	
						,000,000			\$60,000,00 <mark>0</mark>	
						,000,000				
						,000,000				
						,000,000		<u></u>		
					\$20	,000,000	\$9,000,000	\$15,000,000		
					\$10	,000,000	\$6,000,000	\$12,000,000		
						\$-				