WHO & WHAT IS REALLY TO BLAME FOR PRICE RISES IN 2023?

In 2023, blaming inflation for software price increases is a very bad idea, but having annual automatic price increases is critical. Blaming inflation locks you into an external metric over which you have no control and locks you in a very poor construct in the event of stagflation.

In fact, contracts linked to inflation viewed by Private Equity as only slightly better than those with no automated price increases.A far better idea is to review your pricing and packaging frequently to match your Ideal Customer's propensity to pay.

One element to consider is your pricing strategy, and here are some of the more common software pricing strategies:

- Flat rate. This strategy is a simple pricing mechanism.

- Per user. It is one of the oldest and simplest pricing strategies to understand, although it can suffer from slower adoption rates as more users have a higher cost.

- Metric or consumption-based. Prices vary depending on external or internal factors indicating the level of software usage and utility.

- **Freemium pricing and free trials.** Freemium is when basic usable features are provided free with options to 'upgrade' to access all features. Free trials are slightly different. The whole feature set is free for a set time frame, after which users must pay.

- **Structured Tiers.** Tiers can be based on customer attributes or feature sets available at varying scale points.

- **Value-based.** In this strategy, the customer agrees to a value driver to 'share'. Measurement and maintenance of the increase can be problematic with this method.