

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				
		No Discounting	Discounting	Variance
Average ACV discount		0%	15%	
Recurring Revenue		\$20,000,000	\$17,000,000	18%
COGS	25%	\$5,000,000	\$5,000,000	0%
Gross Profit		\$15,000,000	\$12,000,000	25%
Gross Margin		75%	71%	
Opex	30%	\$6,000,000	\$6,000,000	0%
EBITDA		\$9,000,000	\$6,000,000	50%
EBITDA Margin		45%	35%	
EBITDA Multiple		10	10	
Enterprise Value		\$90,000,000	\$60,000,000	50%

Sample Assumptions	
15% discount	30% Operating Expense
\$20 million product	10x EBITDA Valuation Multiple
25% COGS	

