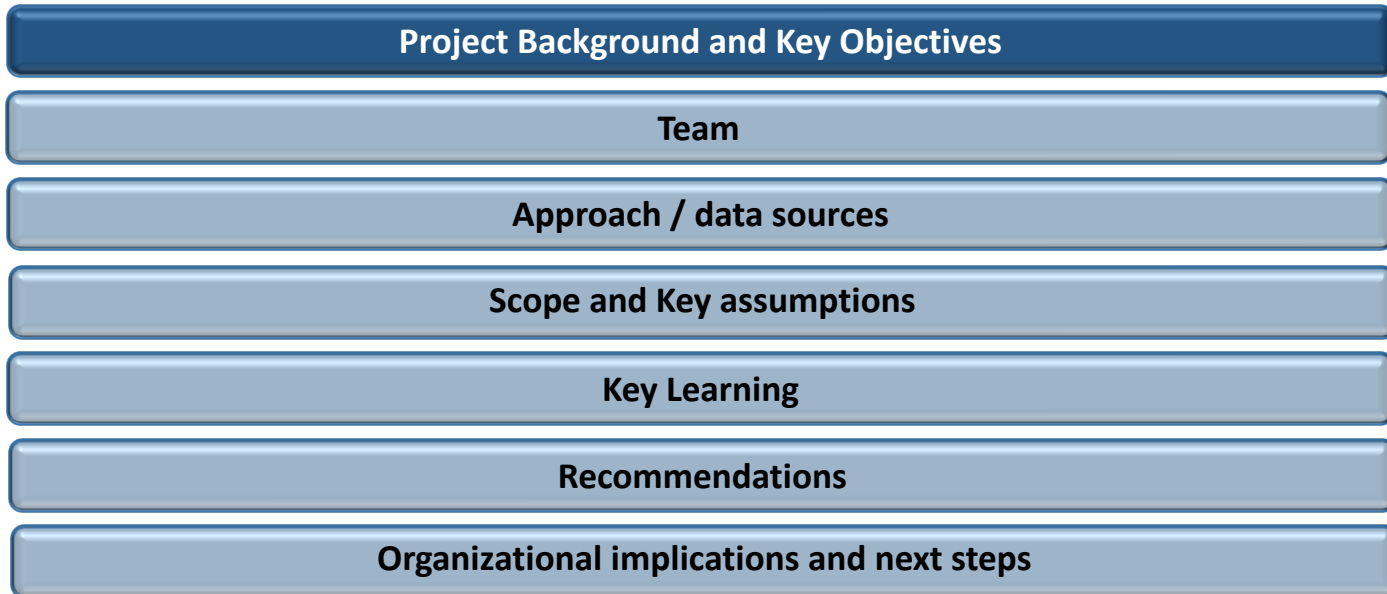


Product Pricing Strategy

John Hanson, MarketView Consulting

August 19, 2019

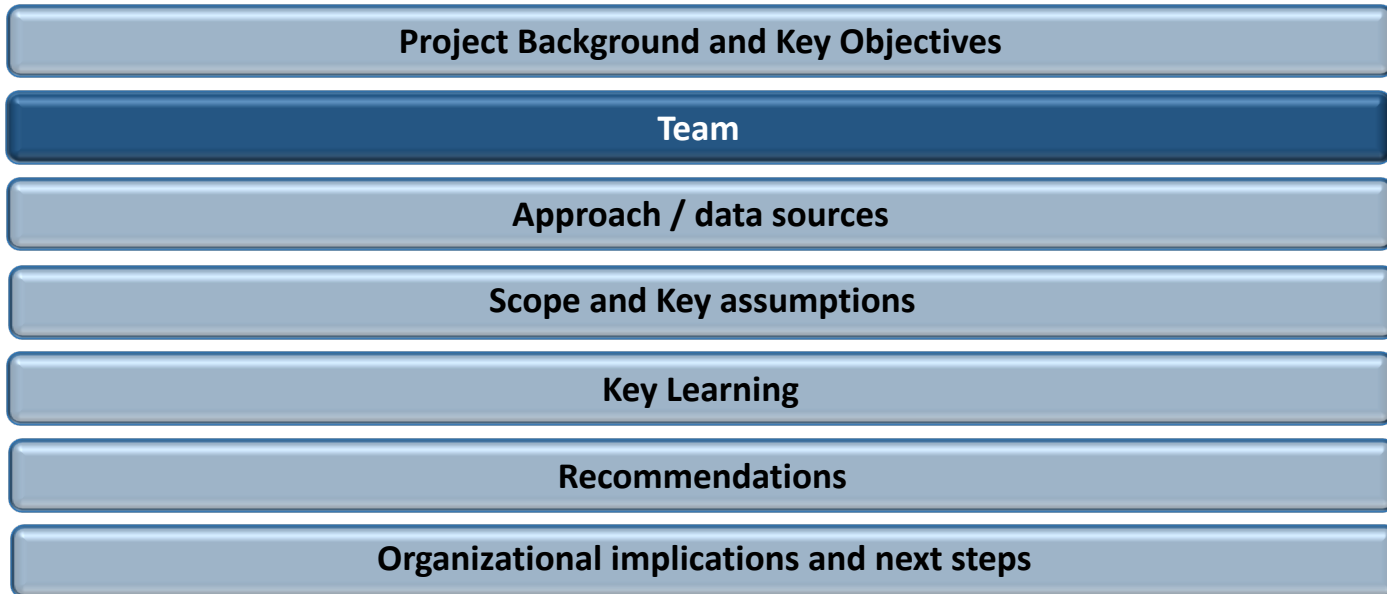


Project Background

- Project Background
 - [Client Name] has a long track-record of providing solutions that schools value
 - Due to competitive pressures and [Client Name] plans to introduce new products and expand into new markets, there is a need to re-evaluate their pricing strategy
 - MarketView agreed to develop a pricing strategy by using a structured approach based on product management & pricing best practices and over 28 years of professional experience managing technology & service product lines.
 - MarketView Consulting background – John Hanson, Principal
 - Over 20 years of combined experience as a full-time and avocational educator
 - 28+ years experience running product management, product marketing and corporate strategy in large and small technology companies.
 - Includes 8 years experience running product management, marketing and international distribution in a K-12 Education Technology company
 - ~ 4 years experience providing 'best practices product management & marketing' consulting via MarketView Consulting and a large private equity company specializing in B2B SaaS companies.

Key Objectives

1. Pricing segmentation – determine pricing segmentation to use across current & future [Client Name] [Product Name] products.
2. Pricing Structure – determine optimal pricing structure to align target market segments with monetizable value. Proposed structure should be flexible enough to accommodate both current and future state products without significant changes in structure.
3. Pricing Level – recommend optimal pricing ranges for bundled and ala carte [Client Name] products

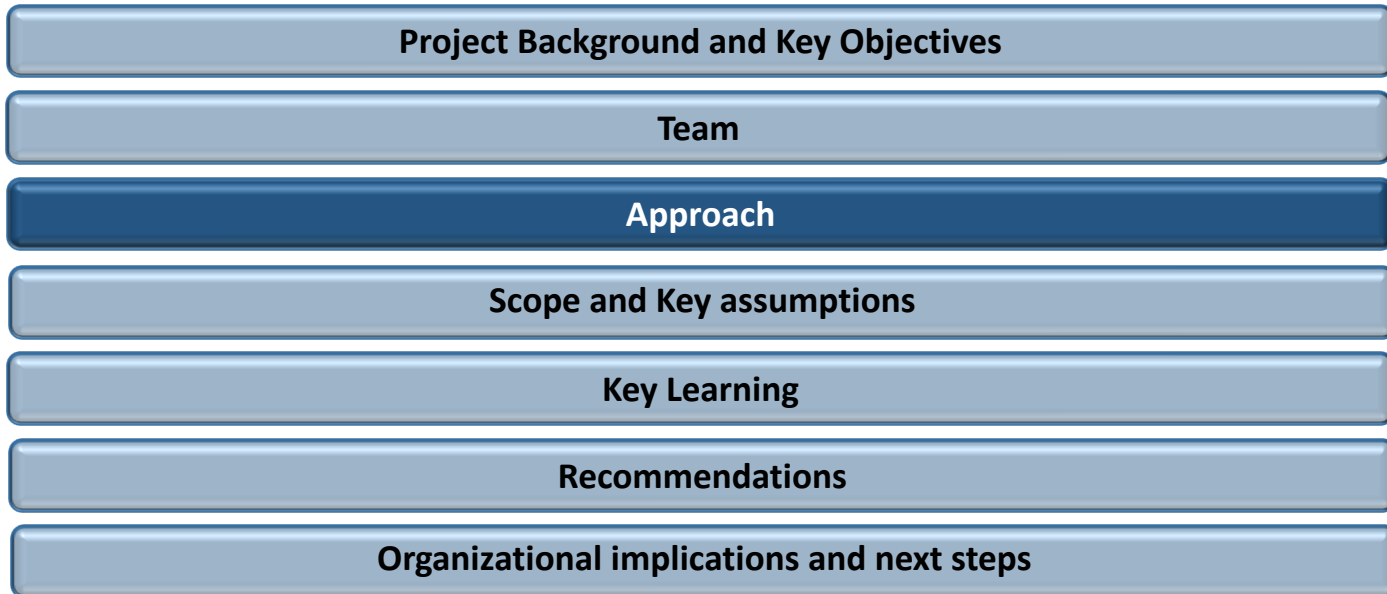


Team

MarketView completed a structured interview and/or collaborated with ~23 [Client Name] subject matter experts

- Sales
- customer-facing roles
- Product [Product Name] experts
- Financial & data intelligence [Product Name] experts

| Project Leadership | | Principal, MarketView Consulting | John Hanson |
|---|-------------------------|-----------------------------------|-------------|
| Consultant, Project Lead Project Sponsor | | | |
| Sales | | | |
| 1 | Interviewee | AVP East | |
| 2 | Interviewee | AVP Sales, West | |
| 3 | Interviewee | RVP Sales | |
| 4 | Interviewee | RVP Sales | |
| 5 | Interviewee | VP Sales Strategy | |
| 6 | Interviewee | Sr. Field Account Exec. | |
| 7 | Interviewee/SME | Director, Go-To-Market Operations | |
| Customer Facing | | | |
| 8 | Interviewee | Customer Success Coach | |
| 9 | Interviewee | Customer Success Mgr. | |
| 10 | Interviewee | Nat. Education Advisor | |
| 11 | Interviewee | Nat. Academic Advisor | |
| 12 | Interviewee | Nat. Academic Advisor | |
| 13 | Interviewee | Nat. Education Advisor | |
| 14 | Interviewee | Sr. Dir. Cust. Support | |
| Product SME | | | |
| 15 | Interviewee/Project SME | Assoc. Product Mgr. | |
| 16 | Interviewee/Project SME | Product Manager | |
| 17 | Interviewee | Product Specialist/Support | |
| 18 | Interviewee/Project SME | Sr. Product Mgr. | |
| Internal SME | | | |
| 19 | Interviewee/SME | Bus. Analyst, Sales Insights | |
| 20 | Interviewee/SME | CFO | |
| 21 | Interviewee/Project SME | Business Intelligence Manager | |
| 22 | Interviewee/SME | Sr. Data Scientist | |
| 23 | Interviewee | Order Services Mgr. | |



Approach

Used an approach to pricing strategy consistent with Product Mgmt. Best Practices

Market-Driven

- Interview customer & market-facing subject matter experts from [Client Name]
- Gather & review existing [Client Name] market & customer research
- Excludes new primary research with customers due to time & funding
- Includes combination of objective / numeric and subjective research

Value-Based

- Identify key benefits & functional attributes of [Company Name] solutions most valued by the current and prospective customers
- Compare to key alternatives
- Identify market pricing segmentation to align with segment needs and utilization
- Determine pricing structure and recommendations to align with value

Aligned with Corporate & Product Line Growth Strategy

- Aligned with overall corporate growth strategy, such as:
 - Organic vs. Non-organic (M&A)
 - Greenfield penetration vs. White Space penetration (existing customers)
 - Product investment priorities

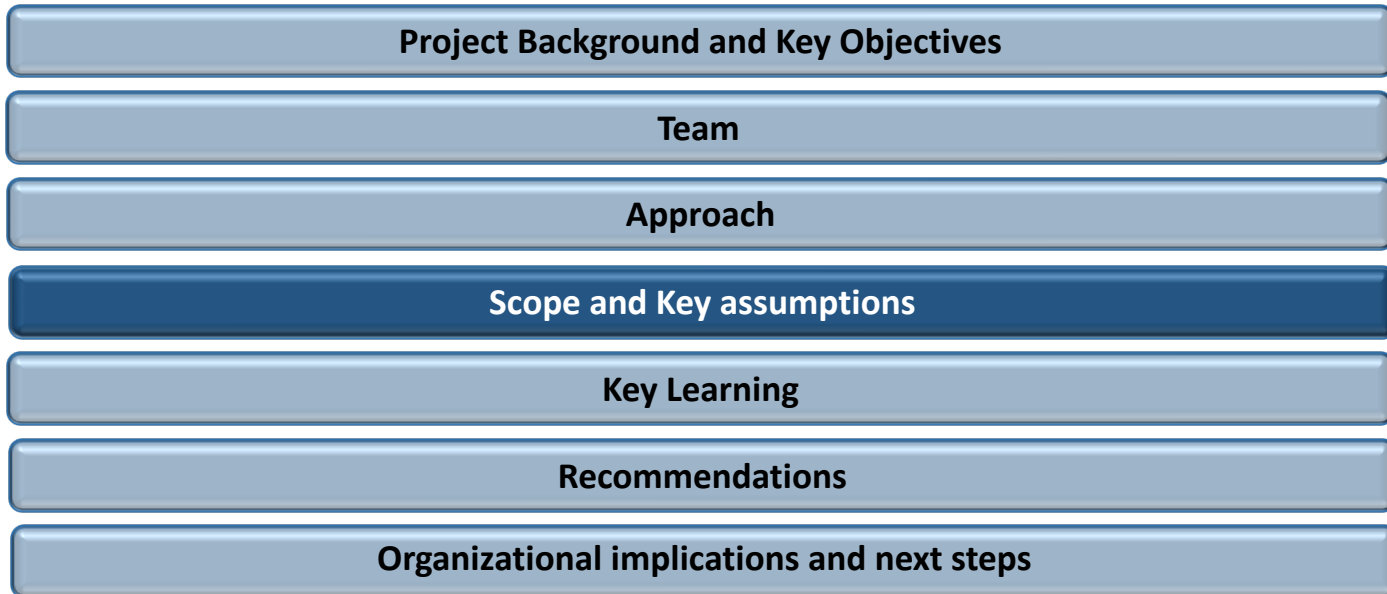
Aligned with Strategic Product Roadmap

- Pricing recommendations reflect planned 'future state' for the [Client Name] Product Line
- 'Current state' is used as a foundational starting point

Approach (continued)

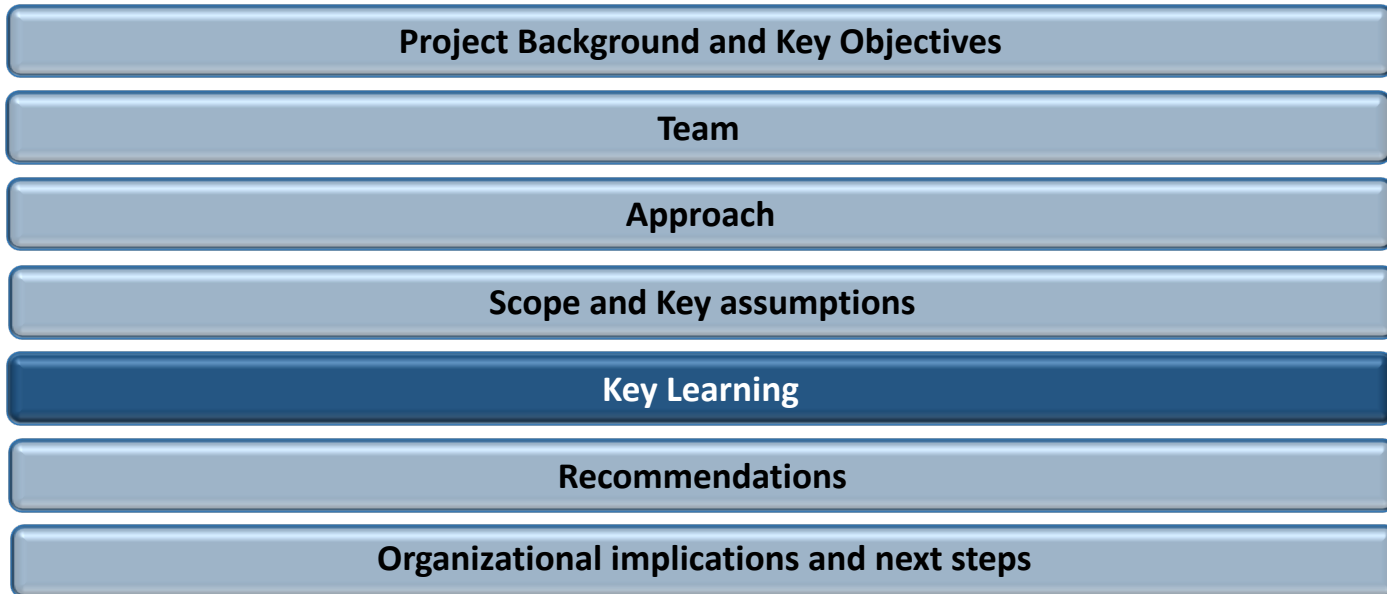
The following were not (and should not be) explored as key pricing strategy drivers:

- Cost to produce – important as a filter, but not a determinant
- Competitor defined – pricing needs to be driven by value provided, with competitive pricing serving as an important 'reality check', but not the primary determining factor
- Finance-driven: important as a filter, but not a determinant; role is to assess whether proposed pricing will meet company's financial requirements
- Past practices: important to do a reality check for transition execution feasibility, but not a key driver by itself



Project Scope

| In Scope | Out of Scope |
|---|---|
| [Product Name] | Services pricing |
| [Product Name] | Practice products |
| [Product Name] | [Product Name] |
| [Product Name] | [Product Name] |
| [Product Name] | [Product Name] |
| New K-3 product | Partner pricing |
| [Product / Company name] products | Current Platform & One-time fee analysis. |
| Future products (as relevant) | New primary customer research |
| Interview ~6-10 [Client Name] product experts | Additional primary competitor research |



Key Learning Interview Highlights

VALUE

CUSTOMERS VALUE MOST

- Showing student growth
- Accountability (ability to meet accountabilities), including Teacher Evaluation
- Time required to administer
- Reliability & Validity
- Catching kids before they fall (part of accountability & growth)
- Projecting future student performance accurately
- Relevant and accurate data at BOTH District and School/Student level
- Individualized instruction per student, especially with No Child Left Behind
- Progress monitoring for students such as eligibility for special ed.

'TABLE STAKES' BENEFITS

- Alignment to state standards/tests
- Good norms
- Varied Reports for every level
- Ease of use
- Hosting fee (makes no sense, no choice)
- Ability to [Product Name]ize their data to a degree
- Data extraction to make their own charts and graphs
- New teacher training/learning resources with some support without full training
- Bug free software ([Client Name] has gotten worse in past years)

Key Learning Interview Highlights

DIFFERENTIATION AND WIN/LOSS REASONS

KEY DIFFERENTIATORS

-Two primary differentiators:

1. [Client Name] has combo of BOTH reliable data and shorter test time
2. [Client Name] combines both probing and assessment data

REASONS WE LOSE

- General feedback was that our price was not the core reason for losing
- Our relationships with federal, state and district influencers & decision makers could be stronger
- [Client Name] has enormous value, but struggles to articulate it vs. competitors
- Most customers don't know how much value they already have

Key Learning Interview Highlights

COMPETITIVE VALUE VS. [REDACTED] PRODUCTS

[COMPETITOR 1] BETTER

- District reporting, reporting overall
- Solid research (not necessarily better, but positioned that way)
- Marketing to district administrators and state/national influencers
- Articulating value to administrators and state/national influencers

[COMPETITOR 1] WORSE

- Reports look horrible, ours more colorful, intuitive, graphic, etc.
- No practice products
- Longer test time
- School level reporting
- Progress Monitoring, [COMPETITOR 1] can only give it three times, [Client Name] offers unlimited.
- Delay between testing and getting reporting
- Often more expensive (some sales reps disagree, saying our bundles making price higher unnecessarily)
- limited number of assessments per year means less ability to show trends (we are unlimited)

Key Learning Interview Highlights

COMPETITIVE VALUE VS. [REDACTED] PRODUCTS

[COMPETITOR 2] BETTER

- Have [Product Type] and [Product type]
- Short tests
- Lower price (K-8 only, but this is what schools care more about. They are willing to sacrifice HS to get good elementary sometimes.. High Schools can make do with other types of tests
- District level reporting

[COMPETITOR 2] WORSE

- Progress Monitoring
- Fewer grade levels (but he doesn't think its an important difference, because schools care more about elementary than HS
- Lower validity & reliability
- Instructional Planning tools

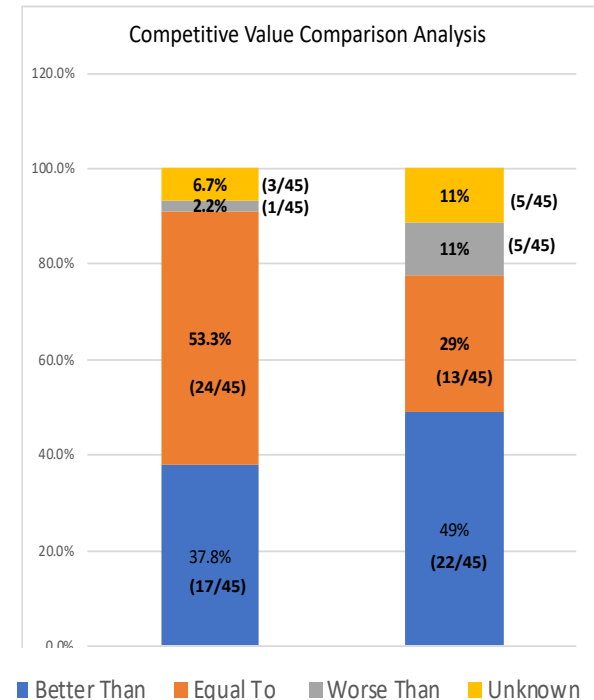
Key Learning

Value Analysis: [Client Name] vs. [COMPETITOR 1] and [COMPETITOR 2]

Compares value based on 45 objective evaluation criterion

- Criterion were copied primarily from MiBLS**, which is designed to help schools objectively compare solutions.
- For higher certainty, [Client Name] may want to consider a survey to validate results.

- [Client Name] compares very favorably to [COMPETITOR 1]
- Suggests opportunity for pricing

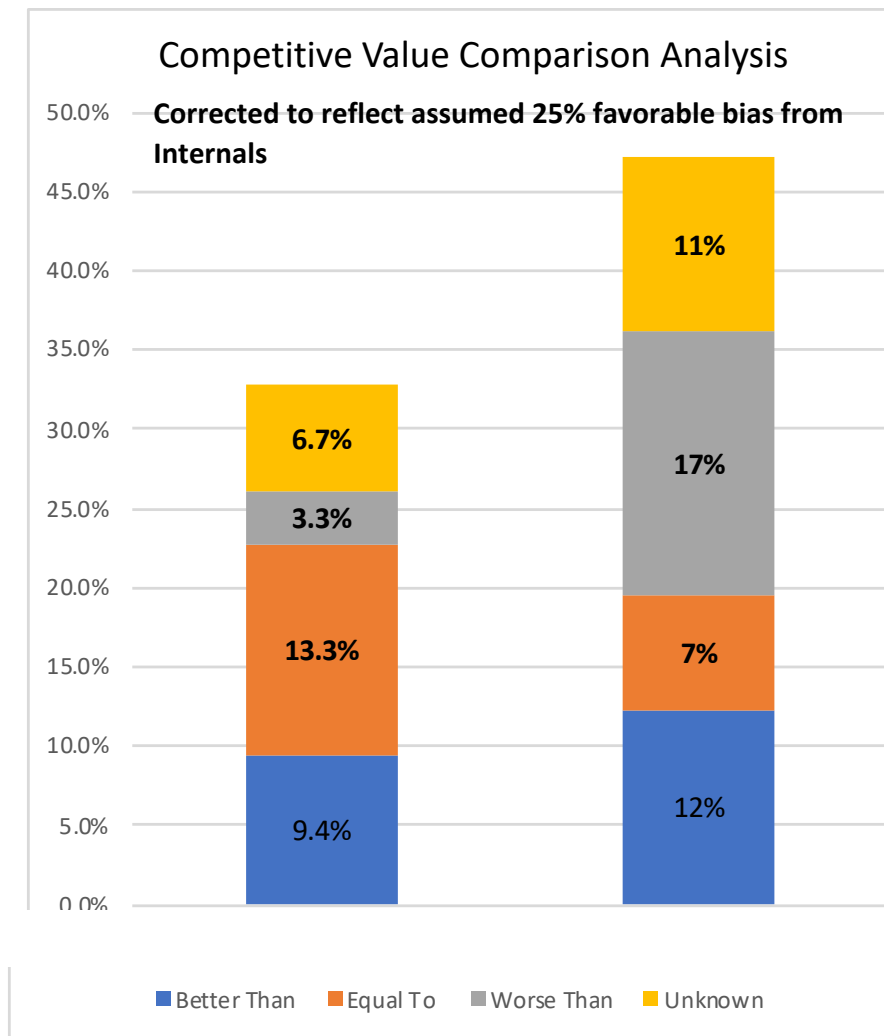


Key Learning

[Client Name] Value vs. [COMPETITOR 1] and [COMPETITOR 2]

Internal bias is likely,
however....

Still favorable if corrected
for assumed 25% bias



Competitive Value Comparison

| <u>LEGEND</u> | |
|----------------------|----|
| Better Than | 1 |
| Equal to | 0 |
| Worse Than | -1 |
| | |

| | Vs. Competitor A | Vs. Competitor B |
|--|------------------|------------------|
| General Features | 4 | 5 |
| Fit with Current Initiatives/Priorities | 1 | 0 |
| Reporting | 4 | 7 |
| Evidence/Technical Adequacy | 0 | 0 |
| Predictive Validity | 3 | 3 |
| Training, Resources and Support | 2 | 2 |
| Time Requirements | 1 | -1 |
| Money and Materials | 0 | 0 |
| Minimize classroom disruption & testing time | 0 | 0 |
| Identify 'At Risk' Students before it's too late | 1 | 1 |
| Comply with Federal / State requirements | 0 | 0 |

****Michigan** Integrated Behavior and Learning Support Initiative). All of these were used, plus a [Product Name]all handful of additions from internal experts.

Key Learning

[Client Name] Value vs. [COMPETITOR 1]

GENERAL FEATURES

- CBM for Pre-K / Early Learning
- CBM for 1-8 (CBM reading is K-6, math is K-8)
- Progress Monitoring for all grades
- Sufficient score types (Raw, RIT, Composite, Total, Subscale, etc.)
- Can be embedded in school improvement initiative

REPORTING

- Sufficient analysis at GRADE level
- Sufficient analysis at CLASS level
- Sufficient analysis at INDIVIDUAL level
- Sufficient benchmarking options

PREDICTIVE VALIDITY

- Overall reputation for high predictive accuracy
- Predictive validity details for multiple outcome measures (e.g. TOPS, DIBELS Next, AIMSweb, MAP, etc.)
- Scores accurately classify students, e.g. AUC range, Sensitivity values range, Specificity values range

TRAINING, RESOURCES & SUPPORT

- individualized, personal 1:1 support via phone & email
- individualized, personal 1:1 support IN-PERSON

TIME REQUIREMENTS

- CBMs: Reasonably low time requirement for testing and admin

GENERAL FEATURES

- CBM for 9-12
- CAT for Pre-K / Early Learning
- CAT for 1-8
- CAT for 9-12
- Offers sufficient benchmark frequency
- Critical skills/behaviors for READING
- Critical skills/behaviors for MATH
- Critical skills/behaviors for EARLY LEARNING
- Sufficient analysis at all needed levels (e.g. District, Building, Grade, Class, Individual)
- Sufficient analysis at DISTRICT level

REPORTING

- Sufficient analysis at the BUILDING level
- Sufficient curriculum gap identification
- Sufficient comparisons between subgroups (e.g. race, gender, SES, disability, etc.)

MONEY AND MATERIALS

- Solutions are competitively priced PER STUDENT
- Training costs are competitively priced
- Professional & Technical Services are competitively priced

EVIDENCE/TECHNICAL ADEQUACY

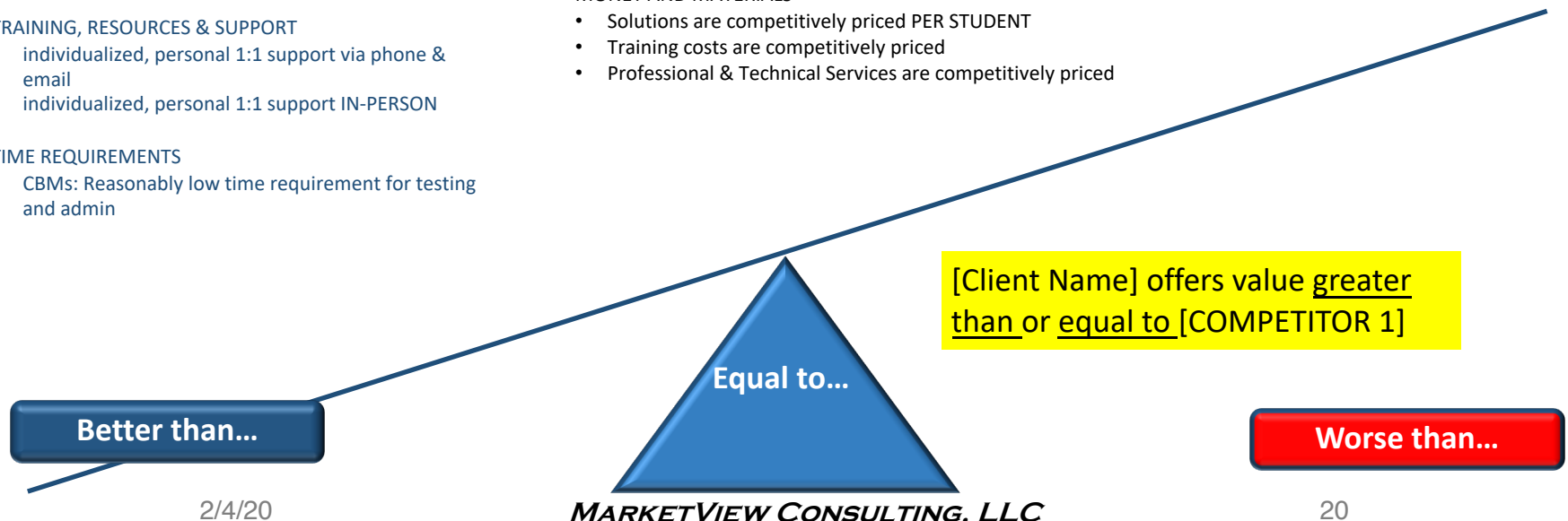
- Reliability data for all grades & subtests (inbter-rater, test-retest, coefficnet alphas, etc.)
- Validity data for all grades and subtests the asses[Product Name]ent covers

PREDICTIVE VALIDITY

- Scores are paired with specific percentile ranks of local and/or national samples

TRAINING, RESOURCES & SUPPORT

- Sufficient ON-LINE training options are available
- Sufficient IN-PERSON training options are available
- CATs: Reasonably low time requirement for testing & admin



Key Learning

[Client Name] Value vs. [COMPETITOR 2]

GENERAL FEATURES

- CAT for 1-8
- CAT for 9-12
- Offers sufficient benchmark frequency
- Critical skills/behaviors for READING
- Critical skills/behaviors for MATH
- Critical skills/behaviors for EARLY LEARNING
- Progress Monitoring for all grades
- Sufficient score types (Raw, RIT, Composite, Total, Subscale, etc.)

REPORTING

- Sufficient analysis at all needed levels (e.g. District, Building, Grade, Class, Individual)
- Sufficient analysis at DISTRICT level
- Sufficient analysis at the BUILDING level
- Sufficient analysis at GRADE level
- Sufficient analysis at CLASS level
- Sufficient benchmarking options
- Sufficient curriculum gap identification
- Sufficient comparisons between subgroups (e.g. race, gender, SES, disability, etc.)

PREDICTIVE VALIDITY

- Overall reputation for high predictive accuracy
- Provides predictive validity details for multiple outcome measures (DIBELS Next, AIMSweb, MAP, etc.)
- Scores accurately classify students, e.g. AUC range, Sensitivity values range, Specificity values range

TRAINING, RESOURCES & SUPPORT

- individualized, personal 1:1 support via phone & email
- individualized, personal 1:1 support IN-PERSON

GENERAL FEATURES

- CBM for 9-12
- CAT for Pre-K / Early Learning
- Can be embedded in school improvement initiative
- Aligns with state's standards
- Aligns well with CCSS
- Can be embedded within a school improvement initiative

EVIDENCE/TECHNICAL ADEQUACY

- Reliability data for all grades & subtests (inbter-rater, test-retest, coefficient alphas, etc.)
- Validity data for all grades and subtests the asses[Product Name]ent covers

PREDICTIVE VALIDITY

- Scores are paired with specific percentile ranks of local and/or national samples

TRAINING, RESOURCES & SUPPORT

- Sufficient ON-LINE training options are available
- Sufficient IN-PERSON training options are available

TIME REQUIREMENTS

- CATs: Reasonably low time requirement for testing & admin

MONEY AND MATERIALS

- Solutions are competitively priced PER STUDENT
- Training costs are competitively priced
- Professional & Technical Services are competitively priced

GENERAL FEATURES

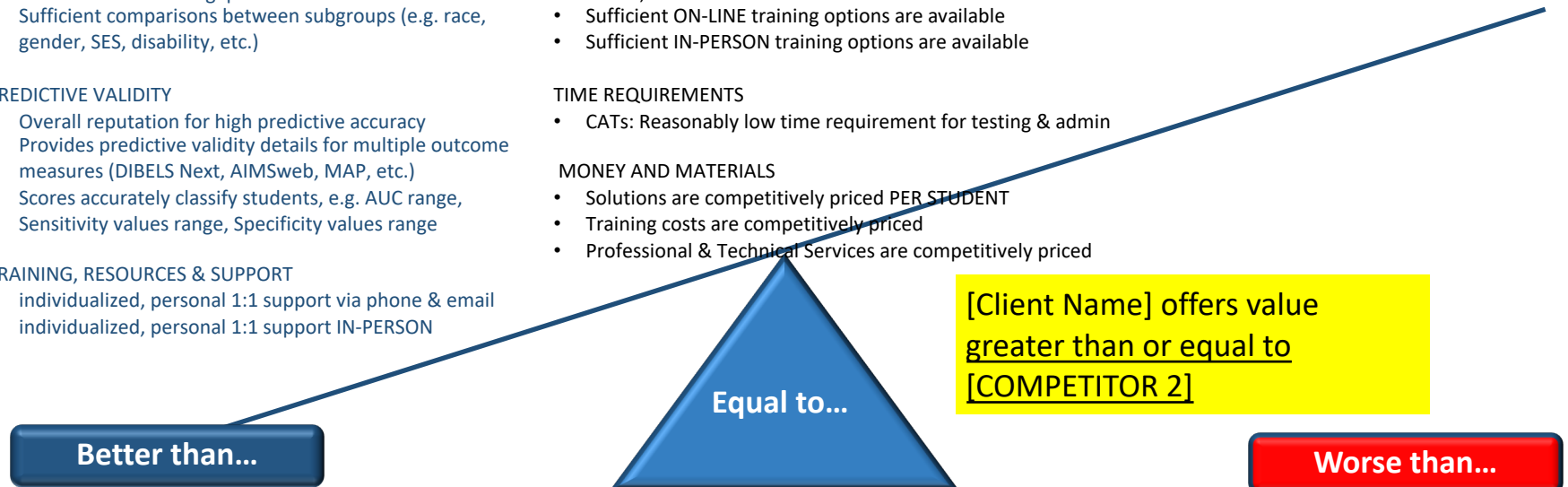
- CBM for Pre-K / Early Learning
- CBM for 1-8 (CBM reading is K-6, math is K-8)
- Identifies Strengths & Weaknesses on specific critical skills/behaviors vs. peers

REPORTING

- **Sufficient analysis at INDIVIDUAL level**

TIME REQUIREMENTS

- **CBMs: Reasonably low time requirement for testing and admin**



Key Learning

Win/Loss Interview Highlights

| Reasons we Win vs. [COMPETITOR 1] | Reasons we Lose vs. [COMPETITOR 1] |
|--|--|
| • Often lower priced | • Relationship with 'key influencer' organizations |
| • Less testing time <u>and</u> high validity & reliability | • Marketing to administrator/buyers |
| • Administrators used [COMPETITOR 1] in the past | • Administrators used [COMPETITOR 1] in the past |
| • More intuitive reporting UX | • Difficulty communicating true value vs. [COMPETITOR 1] |
| | • Usually <u>not</u> price, though surface feedback would indicate this. |

| Reasons we Win vs. [COMPETITOR 2] | Reasons we Lose vs. [COMPETITOR 2] |
|---|---|
| • Administrators have used [Client Name] in the past | • Low price strategy to gain market-share |
| • Reputation as market leader | • Have both CBM and CAT |
| • Validity & reliability w/reasonably short test time | • Have Social/Emotional element [Client Name] doesn't |
| • Cover more grade levels | • Short test times |
| • Have Instructional planning | • District level reporting |

Key Learning Summary Conclusions

Value Assessment Conclusions

- A. There appears to be at least some room for strategically targeted price increases vs. [COMPETITOR 1], especially at the 'per ala carte product' level.
- B. [Client Name] sales would not recommend price increases, but would likely be 'tolerant' if they were accompanied by:
 - A stronger articulation of product value vs. competitors
 - Added value in the products themselves
 - Redefining bundling strategy so that we are more accurately providing value for the targeted customers
 - Redefining pricing structure to remove unnecessary friction in the sales process. This primarily means:
 - Removing the annual platform fee and rolling it into the per student license pricing. ([COMPETITOR 1] and [COMPETITOR 2] already do this)
 - Removing the one-time set-up fee (which is usually removed in the sales process today anyway)

Key Learning Summary Conclusions

Value Assessment Conclusions (continued)

- C. Any price increase risks [Client Name] being even higher than [COMPETITOR 2], who currently appears to be pursuing an aggressive market-share strategy with lower pricing.
- However, [COMPETITOR 2] will likely seek opportunities to increase their pricing over time as they gain market momentum and continue adding product value.
 - MarketView believes that a product development strategy focused on innovation and strategically targeting current gaps vs. [COMPETITOR 2] is a better strategy than a 'race to the bottom' in pricing strategy.
- D. Opportunity: A follow-up customer survey to validate results from the internal value analysis would provide higher confidence levels, and remove internal bias. This could in turn be used to guide the 2020 – 2022 Strategic Product Roadmap

**Internal experts included Laurie Borkon (Gov't Affairs), Louise Hansen (Product Marketing), and Barbara Schiller (Product Manager)*

***Michigan Integrated Behavior and Learning Support Initiative). All of these were used, plus a [Product Name] all handful of additions from internal experts.*



Recommendations

Key Pricing Strategy Decision Points

Key decisions to be made are:

1. Pricing Segmentation: Proposed grade level segmentation structure to use as a unifying strategy across current & future [Client Name] products.
2. Pricing Structure: Embed current flat fees into single 'Per Student' pricing
 - Platform fee
 - One-time set-up fee
 - Basic version of [Product Name] (future horizon)
3. Pricing Level: Proposed pricing & bundle discount levels
4. Timing: Pricing strategy implementation timing



Pricing Segmentation Goals and Best Practices

- Key goals of pricing segmentation are to...
 - Identify sub-segments of the PreK-12 market that share common problems to solve with [Client Name] solutions, so that Pricing and Packaging can closely align.
 - The more tightly products and pricing align, the more that value is perceived by customers.
 - Pricing must align with value.
- For pricing segmentation to be effective, it should meet some key criterion:
 - KISS –(keep it simple, stupid)
 - Scalability tied to logical value from market's perspective
 - customer/market-centric, not internally-driven
 - Easy to execute with uniquely identifiable characteristics
 - Universally applicable to high priority target markets
 - Separately monetize niche solutions highly valued by subset of the market

Pricing Segmentation Evaluation of Alternatives

- Several segmentation options were evaluated
- Focus is on the most logical options from a market perspective, those implied by internal practices, and based on ease of execution.
- Of those, the following three concepts were designated as high priority
 - Grade level (with some overlap)
 - Student-centric
 - Subject matter

| Geographic | Demographic | Psychographic | Behavioral |
|-------------------------------|---|---|---|
| •Per state | •Per grade level | •Value CBM vs. CAT | •Subject matter |
| •Per country | •Per student | •Buyer/user comfort with competitors | •Universal vs. niche product usage |
| •Trans-National (English) | •Per school | •Pre-existing product knowledge | •Purchasing volume |
| •Trans-National (Non-English) | •Per district | •Accountability to state/federal requirements | •Degree of functionality (good, better, best) |
| | •Role: Administrators vs. Teacher | | •Testing medium (paper/web) |
| | •Role: Students vs. Teachers | | •Purchase volume |
| | •Institution type (public, charter, agency) | | •Current/past competitor used |

Pricing Segmentation

Benefits of Recommended Segments

- Grade Level Segmentation

- Natural 'student-centric' segmentation with high correlation to subject matter knowledge
- Very actionable – schools and governments use it to determine their needs and requirements
- Data by grade level is readily available, so [Client Name] sales and marketing can easily use it to identify and segment target audiences.
- Flexible so Behavioral, Psychographic and Geographic segmentation can be used where needed, and mapped with near 100% accuracy to grade level.
 - Example: [Client Name] marketing is developing behavioral/psychographic segmentation to define solutions from the perspective of specific sub-segments. The results can be mapped to grade level when developing marketing and sales campaigns.

- Student-centric Segmentation

- Aligns well with grade level
- Will serve as the unifying element behind the proposed pricing structure

- Subject matter segmentation

- [Client Name] products already align
- Significant exploration of developing a pricing structure around subject matter was explored, but was not as effective as grade level.

Pricing Segmentation

Results of 'Real Value' Utilization Analysis

- Objective: Align pricing strategy with 'real value' perceived by target market segments
- The degree to which students use individual [Client Name] products per grade is a good indicator of how schools value specific products for certain grade levels.
- Each product provides unequal value, depending on which grade levels are assumed:
- Interviews and data indicate that perceived value and usage of the [Product Name] bundle varies widely across the K-12 segment it is designed to support.

| TOTAL ACTUAL K-12 STUDENT USAGE PER PRODUCT | | | | | | | | | | | | | | |
|---|-----|-----|-----|-----|------|-----------------------------------|-----|-----|-----|----|----|----|----|----|
| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | 0% | 1% | 3% | 12% | 13% | 13% | 13% | 11% | 9% | 9% | 4% | 4% | 2% | 2% |
| | 0% | 1% | 9% | 11% | 12% | 12% | 12% | 11% | 10% | 9% | 5% | 4% | 3% | 2% |
| | 4% | 50% | 33% | 8% | 3% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | 88% | 12% | | | | | | | | | | | | |
| | 88% | 12% | | | | | | | | | | | | |
| | 88% | 12% | | | | | | | | | | | | |
| *myIGDI's usage is an estimate | | | | | | | | | | | | | | |
| | | | | | 0.05 | <4% of students actually using | | | | | | | | |
| | | | | | 0.10 | >=9% of students actually using | | | | | | | | |
| | | | | | 0.25 | >= 25% of students actually using | | | | | | | | |
| | | | | | 0.41 | >40% of students actually using | | | | | | | | |

Pricing Segmentation

Results of 'Real Value' Utilization Analysis

[Product Name] Example (see appendix for detailed descriptions)

- Cost = \$13.60 per student, includes [Product Name], [Product Name], [Product Name] and [Product Name].
- Product use spans K-12.
 - 86% of [Product Name] usage is in grades 2-8
 - 77% of [Product Name] usage is in grades 2-8
 - Only ~13% of [Product Name] & [Product Name] usage is in grades 9-12
 - 0% of [Product Name] usage is in grades 6-12
 - For those 12-13% of HS students using [Product Name] and [Product Name], , market price is ~\$8.77, compared to ASP of \$12.05.
- Problem:
 - High schools have low incentive to buy [Product Name], unless heavy discounting and/or 'free' product is included.
 - Currently, [Product Name] includes a non-defensible \$7.85 price point for [Product Name], which also then implies a 60% discount on [Product Name] and [Product Name] licenses.

| TOTAL ACTUAL K-12 STUDENT USAGE PER PRODUCT | | | | | | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|----|----|----|----|----|
| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | 0% | 1% | 8% | 12% | 13% | 13% | 13% | 11% | 9% | 9% | 4% | 4% | 2% | 2% |
| | 0% | 1% | 9% | 11% | 12% | 12% | 12% | 11% | 10% | 9% | 5% | 4% | 3% | 2% |
| | 4% | 50% | 33% | 8% | 3% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | 88% | 12% | | | | | | | | | | | | |
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| | 88% | 12% | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| *myIGDI's usage is an estimate | | | | | | | | | | | | | | |

Pricing Segmentation Recommendation and Alternatives

Alternative 1: Proposed

| TOTAL ACTUAL K-12 STUDENT USAGE PER PRODUCT | | | | | | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|----|------|----|----|----|--|
| PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 0% | 1% | 8% | 12% | 13% | 13% | 13% | 11% | 9% | 9% | 4% | 4% | 2% | 2% | |
| 0% | 1% | 9% | 11% | 12% | 12% | 12% | 11% | 10% | 9% | 5% | 4% | 3% | 2% | |
| 4% | 50% | 33% | 8% | 3% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | |
| 88% | 12% | | | | | | | | | | | | | |
| 88% | 12% | | | | | | | | | | | | | |
| 88% | 12% | | | | | | | | | | | | | |
| *myIGDI's usage is an estimate | | | | | | | | | | | | | | |
| PreK | K-3 | | | | 3-8 | | | | | 9-12 | | | | |

| | |
|------|--------------------|
| 0.05 | <4% of students |
| 0.10 | >=9% of students |
| 0.25 | >= 25% of students |
| 0.41 | >40% of students |

Pricing Segmentation Recommendation and Alternatives

Alternative 2

| TOTAL ACTUAL K-12 STUDENT USAGE PER PRODUCT | | | | | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|----|------|----|----|----|
| PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 0% | 1% | 8% | 12% | 13% | 13% | 13% | 11% | 9% | 9% | 4% | 4% | 2% | 2% |
| 0% | 1% | 9% | 11% | 12% | 12% | 12% | 11% | 10% | 9% | 5% | 4% | 3% | 2% |
| 4% | 50% | 33% | 8% | 3% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 88% | 12% | | | | | | | | | | | | |
| 88% | 12% | | | | | | | | | | | | |
| 88% | 12% | | | | | | | | | | | | |
| *myIGDI's usage is an estimate | | | | | | | | | | | | | |
| PreK | | K-2 | | 3-8 | | | | | | 9-12 | | | |

Alternative 3

| TOTAL ACTUAL K-12 STUDENT USAGE PER PRODUCT | | | | | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|----|------|----|----|----|
| PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 0% | 1% | 8% | 12% | 13% | 13% | 13% | 11% | 9% | 9% | 4% | 4% | 2% | 2% |
| 0% | 1% | 9% | 11% | 12% | 12% | 12% | 11% | 10% | 9% | 5% | 4% | 3% | 2% |
| 4% | 50% | 33% | 8% | 3% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 88% | 12% | | | | | | | | | | | | |
| 88% | 12% | | | | | | | | | | | | |
| 88% | 12% | | | | | | | | | | | | |
| *myIGDI's usage is an estimate | | | | | | | | | | | | | |
| PreK | | K-8 | | | | | | | | 9-12 | | | |

Pricing Segmentation Recommendation Highlights

| Recommendation | Rationale Summary (see other slides for details) |
|---|---|
| Recommend segmenting by grade level | <ul style="list-style-type: none">• Student-centric• Actionable data for marketing & sales execution• Existing market use• Correlates to subject content & knowledge level |
| Recommended segments: <ul style="list-style-type: none">• PreK• K-3• 3-8• 9-12 | <ul style="list-style-type: none">• Naturally aligns value with [Client Name] product usage• Maximizes value with increased license utilization• Aligns with [Client Name] products• Flexible to allow use in combination with other marketing segmentation: behavioral, psychographic |



Pricing Structure

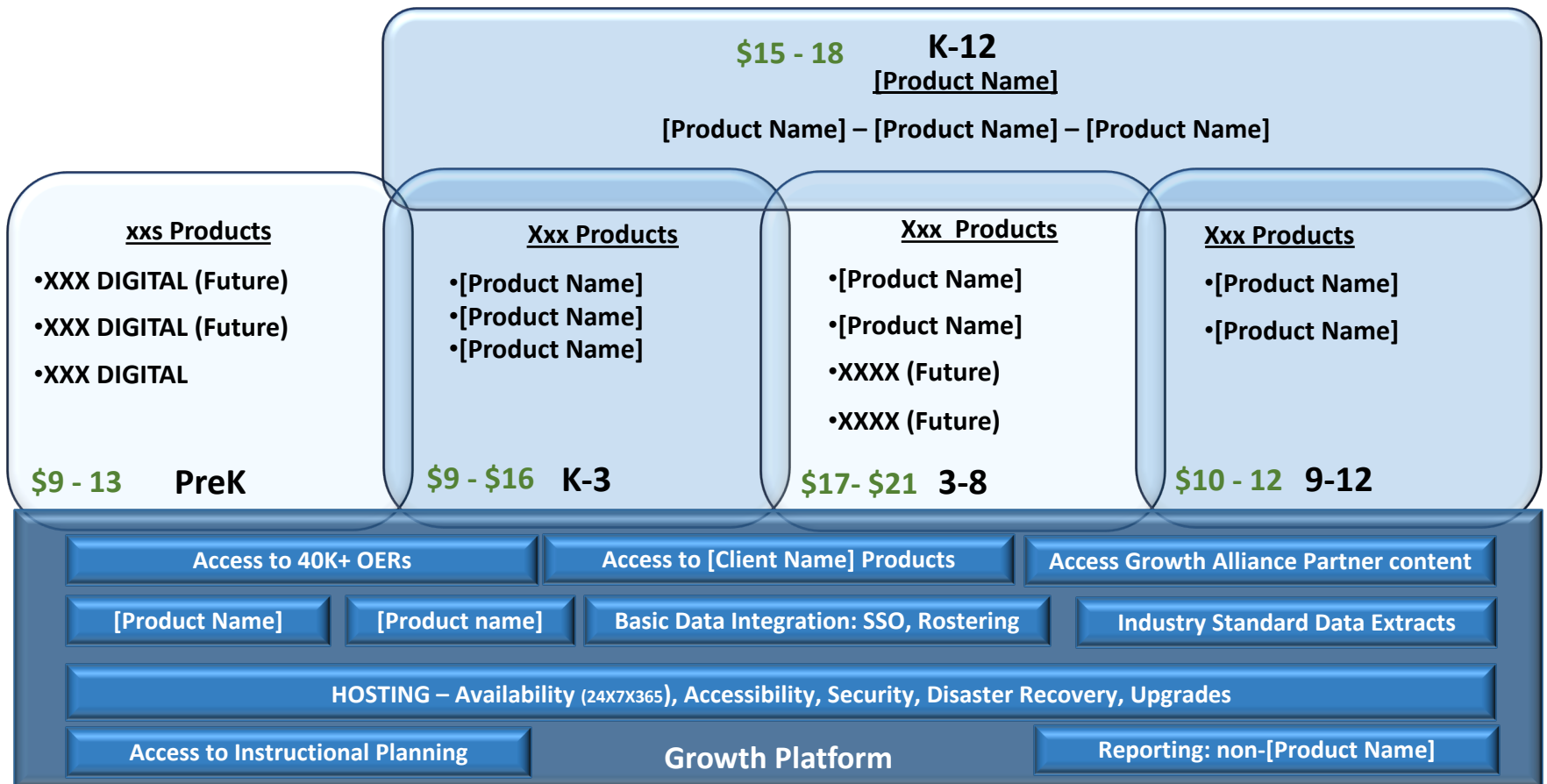
Current [Client Name] customer Purchasing Behavior

- Analysis was completed to determine how [Client Name] customers actually purchase individual [Client Name] products today.
- Results used to inform bundling recommendations
- The data below provides a ranked list of the most popular [Client Name] product purchase combinations.
- Final bundle recommendations align with, and extend beyond these results to better fit the proposed pricing segmentation

| RANK OF PRODUCT COMBIN. | | # SCHOOL PURCHASES PER COMBO | | | # STUDENTS | | | | | | | |
|--|--|--|--------|------|--|-----------|---------|---------|-----------|---------|---|--------|
| Data hidden to protect confidentiality | | Data hidden to protect confidentiality | | | Data hidden to protect confidentiality | | | | | | | |
| 1 | | 6,604 | | | | | | | | | | |
| 2 | | 637 | | | | | | | | | | |
| 3 | | 18 | | | 3,942 | 3,942 | 3,942 | - | 182,810 | - | - | |
| 4 | | 376 | 7,635 | 20% | 270,449 | 270,834 | 269,643 | 269,437 | 3,040 | - | - | 18 |
| 5 | | 5,859 | | | 2,215,658 | 2,046,659 | - | - | - | - | - | 5,859 |
| not a bundle | | 290 | 6,149 | 16% | 67,935 | 68,956 | - | - | - | - | - | - |
| not a bundle | | 3,597 | | | 1,343,287 | 1,300,572 | 643,177 | - | - | - | - | 3,597 |
| not a bundle | | 314 | 3,911 | 10% | 95,132 | 98,230 | 35,929 | - | - | - | - | - |
| 9 | | 1,612 | | | 580,495 | - | 276,842 | - | - | - | - | 1,612 |
| | | 74 | 1,686 | 4% | 21,851 | - | 17,141 | - | - | - | - | - |
| | | 936 | | | | | | | | 463,363 | - | |
| | | 40 | 976 | 3% | | | | | | 18,738 | - | 40 |
| | | 9,205 | | | 3,449,031 | - | - | - | - | - | - | 9,205 |
| | | 144 | 9,349 | 25% | 38,679 | - | - | - | - | - | - | - |
| | | 651 | | | | 203,960 | - | - | - | - | - | 651 |
| | | 65 | 716 | 2% | | 18,146 | - | - | - | - | - | - |
| | | 347 | | | | | 39,166 | - | - | - | - | 347 |
| | | 72 | 419 | 1.1% | | | 11,661 | - | - | - | - | - |
| | | 21 | 21 | 0% | | | 4,984 | 4,001 | - | - | - | 21 |
| | | 37,875 | 37,875 | 100% | 8,086,459 | 4,984 | 54,828 | 269,437 | 2,724,350 | 482,101 | - | 28,330 |

Pricing Structure

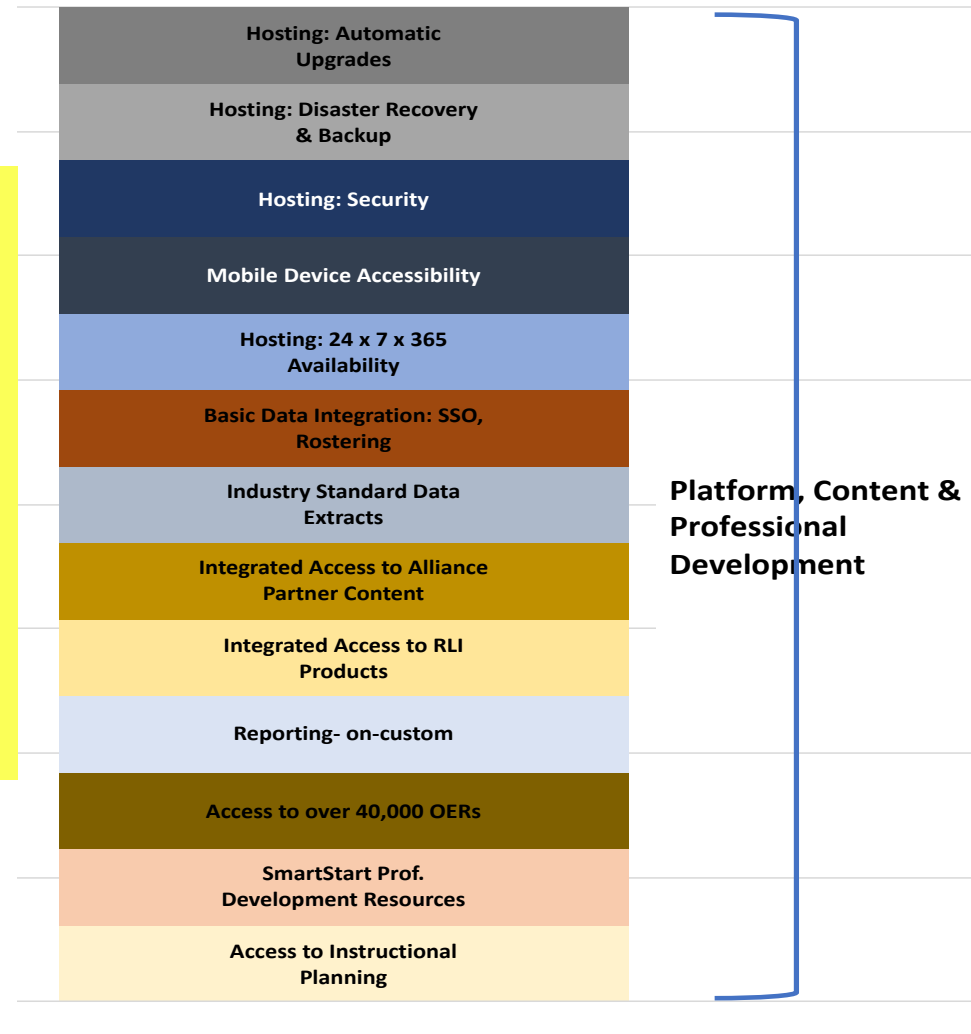
Proposed Bundles Price Ranges per Segment



Pricing Structure

Embed Platform, Content & [Product Name] in Per Student Price

- Significant value will be included with each license
 - Robust list of platform benefits (see chart)
 - Basic data integration: SSO
 - [Product Name]-help online Professional Dev.
 - Future – embed [Product Name] BASIC into platform fee when [Product Name] ADVANCED is launched.
 - Others (see chart)



Pricing Structure

Proposed Bundles per Pricing Segment

| XXXX Products | | | |
|---------------|------------------------|------------------------|---------------|
| PreK | •XXXX DIGITAL (Future) | •XXXX DIGITAL (Future) | •XXXX DIGITAL |

| Bundle 1: PreK Products | Current Price | PROPOSED BASE PRICE (Without Platform fee(s)) | | | PLATFORM | TOTAL ALA CARTE VALUE w/Platform Fee (s) | | Discount Within Bundle | DISCOUNTED BUNDLE PRICE | |
|-------------------------|---------------|--|---------------------|--------------|----------|---|--------------|---------------------------|----------------------------|--------------|
| | | Marketshare Push | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push |
| | NA | \$ 4.52 | \$ 5.00 | \$ 5.48 | \$ 0.70 | \$ 5.70 | \$ 6.25 | 25% | \$ 4.28 | \$ 4.68 |
| | NA | \$ 4.52 | \$ 5.00 | \$ 5.48 | \$ 0.70 | \$ 5.70 | \$ 6.25 | 25% | \$ 4.28 | \$ 4.68 |
| | \$ 5.00 | \$ 4.52 | \$ 5.00 | \$ 5.48 | \$ 0.70 | \$ 5.70 | \$ 6.25 | 25% | \$ 4.28 | \$ 4.68 |
| Total | | \$ 13.56 | \$ 15.00 | \$ 16.43 | \$ 2.10 | \$ 17.10 | \$ 18.74 | -25% | \$ 12.83 | \$ 14.05 |

Usage % of total PreK

| | TOTAL ACTUAL K-12 STUDENT USAGE PER PRODUCT | | | | | | | | | | | | | | |
|---|---|-----|---|---|---|---|---|---|---|---|---|----|----|----|------|
| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| myIGDI | 88% | 12% | | | | | | | | | | | | | 100% |
| | 88% | 12% | | | | | | | | | | | | | 100% |
| | 88% | 12% | | | | | | | | | | | | | 100% |
| *myIGDI's usage is an estimate | | | | | | | | | | | | | | | |
| Source: Actual Active Renaissance Students per Product per grade; Bipin Karunakaran, 8/2/2019 | | | | | | | | | | | | | | | |

Of all students in grades K-12:

~100% use in PreK to K

Of all students in PreK:

~88% use in PreK

- Pricing above assumes equal value between XXXX and XXXX
- If this assumption is invalid, then consider lowering 'per product' price accordingly*
 - E.g. If most students would not use both products in same year, then reduce each by 50%
 - If most students would use both products in same year, then leave as is.

Pricing Structure

Proposed Bundles per Pricing Segment

K-3 with CBM

•[Product Name]

•[Product Name]

•[Product Name]

• New K-3 (Future)

| Bundle 2a: Grades K-3 w/CBM | Current Price | PROPOSED BASE PRICE (Without Platform fee(s)) | | | PLATFORM | VALUE w/Platform Fee (s) | | Discount Within Bundle | DISCOUNTED BUNDLE PRICE | |
|-----------------------------|---------------|--|---------------------|--------------|----------|--------------------------|--------------|------------------------|-------------------------|--------------|
| | | Marketshare Push | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push |
| | NA | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.85 | \$ 5.33 |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 |
| | \$ 4.70 | \$ 2.25 | \$ 2.50 | \$ 2.75 | \$ 0.35 | \$ 2.85 | \$ 3.52 | 15% | \$ 2.42 | \$ 2.99 |
| | \$ 4.70 | \$ 2.25 | \$ 2.50 | \$ 2.75 | \$ 0.35 | \$ 2.85 | \$ 3.52 | 15% | \$ 2.42 | \$ 2.99 |
| Total | | \$ 13.49 | \$ 14.99 | \$ 16.49 | \$ 2.10 | \$ 17.09 | \$ 19.57 | -15% | \$ 14.53 | \$ 16.64 |

| | | | | | | | | | | | |
|----------------|----|-----|-----|-----|-----|-----|-----|-----|-----|----|------|
| % of PreK - 12 | | 1% | 8% | 12% | 13% | 13% | 13% | 11% | 9% | 9% | 100% |
| % of PreK - 12 | | 1% | 9% | 11% | 12% | 12% | 12% | 11% | 10% | 9% | 100% |
| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| % of PreK - 12 | 4% | 50% | 33% | 8% | 3% | 1% | 1% | | | | 98% |
| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| % of K2 | | 4% | 38% | 58% | | | | | | | |
| % of K-2 | | 6% | 42% | 52% | | | | | | | |
| % of K-2 | | 55% | 36% | 9% | 3% | | | | | | |

Of all students in grades K-12:

~21% use of [Product Name] & [Product Name] grades K-3

Of all students in grades K-3:

~98% [Product Name] & [Product Name] use over 1-3

~89% [Product Name] use over K-1

Pricing Structure

Proposed Bundles per Pricing Segment

K-3 without CBM

•[Product Name]

•[Product Name]

•[Product Name]

| Bundle 2b: Grades K-3 w/o CBM | Current Price | PROPOSED BASE PRICE (Without Platform fee(s)) | | | PLATFORM | VALUE w/Platform Fee (s) | | Discount Within Bundle | DISCOUNTED BUNDLE PRICE | |
|----------------------------------|------------------|--|------------------------|-----------------|----------|-----------------------------|------------------------|------------------------------|----------------------------|-----------------|
| | | Marketshare Push | Status Quo Increase | Revenue Push | | Status Quo Increase | Status Quo Increase | | Status Quo Increase | Revenue Push |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 |
| | \$ 4.70 | \$ 2.25 | \$ 2.50 | \$ 2.75 | \$ 0.35 | \$ 2.85 | \$ 3.52 | 15% | \$ 2.42 | \$ 2.99 |
| | \$ 4.70 | \$ 2.25 | \$ 2.50 | \$ 2.75 | \$ 0.35 | \$ 2.85 | \$ 3.52 | 15% | \$ 2.42 | \$ 2.99 |
| Total | \$ 14.10 | \$ 8.99 | \$ 9.99 | \$ 10.99 | \$ 1.40 | \$ 11.39 | \$ 13.30 | -15% | \$ 9.68 | \$ 11.31 |

| | | | | | | | | | | | | |
|-----|----------------|----|-----|-----|-----|-----|-----|-----|-----|-----|----|------|
| | % of PreK - 12 | | 1% | 8% | 12% | 13% | 13% | 13% | 11% | 9% | 9% | 100% |
| | % of PreK - 12 | | 1% | 9% | 11% | 12% | 12% | 12% | 11% | 10% | 9% | 100% |
| acy | | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| | % of PreK - 12 | 4% | 50% | 33% | 8% | 3% | 1% | 1% | | | | 98% |
| c | | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| | % of K2 | | 4% | 38% | 58% | | | | | | | |
| | % of K-2 | | 6% | 42% | 52% | | | | | | | |
| | % of K-2 | | 55% | 36% | 9% | 3% | | | | | | |

Of all students in grades K-12:

~21% use of [Product Name] & [Product Name] grades K-3

Of all students in grades K-3:

~98% [Product Name] & [Product Name] use over 1-3

~89% [Product Name] use over K-1

Pricing Structure

Proposed Bundles per Pricing Segment

3-8 •[Product Name] •[Product Name] •Advanced [Product Name] (Future) • xxxx

| Bundle 3: Grades 3-8 | Current Price | PROPOSED BASE PRICE (Without Platform fee(s)) | | | PLATFORM | VALUE w/Platform Fee (s) | | Discount Within Bundle | DISCOUNTED BUNDLE PRICE | |
|----------------------|----------------|--|------------------------|-----------------|----------------|-----------------------------|-----------------|------------------------------|----------------------------|-----------------|
| | | Marketshare Push | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 |
| | NA | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 25% | \$ 4.28 | \$ 4.70 |
| | NA | \$ 4.50 | \$ 4.70 | \$ 5.50 | \$ 0.70 | \$ 5.40 | \$ 6.27 | 15% | \$ 4.59 | \$ 5.33 |
| Total | \$ 9.40 | \$ 17.99 | \$ 19.69 | \$ 21.99 | \$ 2.80 | \$ 22.49 | \$ 25.07 | -18% | \$ 18.55 | \$ 20.68 |

| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Total PrK-12 |
|----------------|----|----|----|-----|-----|-----|-----|-----|-----|----|----|----|----|----|--------------|
| % of PreK - 12 | | 1% | 8% | 12% | 13% | 13% | 13% | 11% | 9% | 9% | 4% | 4% | 2% | 2% | 100% |
| % of PreK - 12 | | 1% | 9% | 11% | 12% | 12% | 12% | 11% | 10% | 9% | 5% | 4% | 3% | 2% | 100% |

| | 3 | 4 | 5 | 6 | 7 | 8 | Total PrK-12 |
|----------|-----|-----|-----|-----|-----|-----|--------------|
| % of 3-8 | 19% | 19% | 19% | 16% | 13% | 13% | 100% |
| % of 3-8 | 18% | 18% | 18% | 16% | 15% | 14% | 100% |

Usage % of total 3-8

Of all students in grades K-12:
~53% use of [Product Name] & [Product Name] grades 3-8

Of all students in grades 3-8:
~86% use [Product Name] over grades 3-7
~87% use over grades 3-7

Pricing Structure

Proposed Bundles per Pricing Segment

9 -12

•[Product Name]

•[Product Name]

| | Current Price | PROPOSED BASE PRICE (Without Platform fee(s)) | | | PLATFORM | VALUE w/Platform Fee (s) | | Discount Within Bundle | DISCOUNTED BUNDLE PRICE | |
|--------------|----------------|--|---------------------|-----------------|----------------|--------------------------|-----------------|------------------------|-------------------------|-----------------|
| | | Marketshare Push | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 |
| Total | \$ 9.40 | \$ 8.99 | \$ 9.99 | \$ 10.99 | \$ 1.40 | \$ 11.39 | \$ 12.53 | -15% | \$ 9.68 | \$ 10.65 |

| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Total PrK-12 |
|----------------|----|----|----|-----|-----|-----|-----|-----|----|----|----|----|----|----|--------------|
| % of PreK - 12 | | 1% | 8% | 12% | 13% | 13% | 11% | 9% | 9% | 4% | 4% | 2% | 2% | | 100% |
| % of PreK - 12 | | 1% | 9% | 11% | 12% | 12% | 11% | 10% | 9% | 5% | 4% | 3% | 2% | | 100% |

| | 9 | 10 | 11 | 12 | Total PrK-12 |
|-----------|-----|-----|-----|-----|--------------|
| % of 9-12 | 37% | 30% | 20% | 13% | 100% |
| % of 9-12 | 38% | 30% | 20% | 12% | 100% |

Usage % of total 9-12

Of all students in grades K-12:

~12% use of [Product Name] grades 9-12
 ~14% use of [Product Name] grades 9-12

Of all students in grades 9-12:

~67% use of [Product Name] grades 9-10
 ~68% use of [Product Name] grades 9-10

Pricing Structure

Proposed Bundles per Pricing Segment

K-12

•[Product Name]

•[Product Name]

•[Product Name]

• [Product Name]

| Bundle 5: K-12 | Current Price | PROPOSED BASE PRICE (Without Platform fee(s)) | | | PLATFORM | TOTAL ALA CARTE VALUE w/Platform Fee (s) | | Discount Within Bundle | DISCOUNTED BUNDLE PRICE | |
|----------------|---------------|--|------------------------|-----------------|----------|--|-----------------|------------------------------|----------------------------|-----------------|
| | | Marketshare Push | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push |
| H | \$ 1.92 | \$ 1.73 | \$ 2.03 | \$ 2.11 | \$ 0.70 | \$ 2.73 | \$ 2.88 | 10% | \$ 2.46 | \$ 2.59 |
| G | \$ 1.92 | \$ 1.73 | \$ 2.03 | \$ 2.11 | \$ 0.70 | \$ 2.73 | \$ 2.88 | 10% | \$ 2.46 | \$ 2.59 |
| Y | \$ 1.92 | \$ 1.73 | \$ 2.03 | \$ 2.11 | \$ 0.70 | \$ 2.73 | \$ 2.88 | 10% | \$ 2.46 | \$ 2.59 |
| C | \$7.85 | \$ 7.07 | \$7.85 | \$ 8.64 | \$ 0.70 | \$8.55 | \$ 9.41 | 10% | \$ 7.70 | \$ 8.46 |
| Total | \$ 13.60 | \$ 12.24 | \$ 13.95 | \$ 14.96 | \$ 2.80 | \$ 16.75 | \$ 17.76 | 10% | \$ 15.07 | \$ 16.24 |

Usage % of
total K-12,
excluding Pr

| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | | | |
|-----------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| % of K2 | | 4% | 38% | 58% | | | | | | | | | | |
| % of 3-8 | | | | | 19% | 19% | 19% | 16% | 13% | | | | | |
| % of 9-12 | | | | | | | | | | | | | | |
| % of PreK | | | | | | | | | | | | | | |
| % of K-2 | | 6% | 42% | 52% | | | | | | | | | | |
| % of 3-8 | | | | | 18% | 18% | 18% | 16% | 15% | 14% | | | | 100% |
| % of K-2 | | 55% | 36% | 9% | 3% | | | | | | | | | 103% |
| % of 3-8 | | | | | 51% | 18% | 13% | 8% | 6% | 5% | | | | 100% |
| % of 9-12 | | | | | | | | | | | 35% | 26% | 22% | 100% |

Of all students in grades K-12:

- ~67% use [Product Name] & [Product Name] in 3-8
- ~12% use [Product Name] & [Product Name] in 9-12
- 88% use [Product Name] in K-1

Pricing Structure

Recommendation Highlights

| Recommendation | Rationale Summary (see other slides for details) |
|--|---|
| • Keep ‘Per Student’ licensing model | • Market standard practice, simple, effective |
| • Transparently embed platform fees into ‘Per Student’ License | • Reduce unnecessary sales friction • Align with market & competitive practices |
| • Transparently embed or eliminate 1x set-up fees. | • Reduce unnecessary sales friction • Currently being waived routinely |
| • Create new product bundles to better fit target segments: PreK; K-3; 3-8; 9-12 | • Better aligns value with segments • Enables higher price point dues to stronger segment usage and utilization per bundle |
| • Horizon 1: Keep [Product Name] in [Product Name] bundle | • Needed to justify current [Product Name] price point • Differentiation from 9-12 ‘[Product Name] & [Product Name] Only’ bundle |
| • Horizon 2 <ul style="list-style-type: none"> ○ Embed real value of ‘[Product Name] Basic’ in Per Student license fee. ○ Remove \$7.85 license option. | • ‘Basic’ alone difficult to monetize • ‘Basic’ better positioned to explain platform value |
| • Horizon 2 – Develop & monetize ‘[Product Name] Advanced | • Can be monetized ala carte, and used as differentiating value for 3-8 bundle vs. 9-12 bundle. |



Pricing Levels

Recommendation for 'Ala Carte' Products

Ala Carte Product Overview

| Assessment Products Base Price (excluding Platform fee) | Current Price | <div>↓</div> PROPOSED BASE PRICE (Without Platform Fee) | | | PLATFORM | <div>↓</div> TOTAL ALA CARTE VALUE w/Platform Fee (s) | | | Discount Within Bundle | <div>↓</div> Discounted Price within Bundle | |
|---|------------------|---|------------------------|-----------------|----------|--|------------------------|-----------------|------------------------------|---|-----------------|
| | | Marketshare Push | Status Quo Increase | Revenue Push | | Status Quo Increase | Status Quo Increase | Revenue Push | | Status Quo Increase | Revenue Push |
| | | | | | | | | | | | |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 | |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 | |
| | \$ 4.70 | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.84 | \$ 5.33 | |
| | \$7.85 | \$ - | | \$ - | na | na | na | na | na | na | |
| | NA | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 15% | \$ 4.85 | \$ 5.33 | |
| | NA | \$ 4.52 | \$ 5.00 | \$ 5.48 | \$ 0.70 | \$ 5.70 | \$ 6.25 | 15% | \$ 4.85 | \$ 5.31 | |
| | NA | \$ 4.52 | \$ 5.00 | \$ 5.48 | \$ 0.70 | \$ 5.70 | \$ 6.25 | 15% | \$ 4.85 | \$ 5.31 | |
| | \$ 5.00 | \$ 4.52 | \$ 5.00 | \$ 5.48 | \$ 0.70 | \$ 5.70 | \$ 6.25 | 15% | \$ 4.85 | \$ 5.31 | |
| | | \$ 0.63 | \$ 0.70 | \$ 0.77 | na | na | na | na | na | na | |
| | NA | \$ 4.50 | \$ 5.00 | \$ 5.50 | \$ 0.70 | \$ 5.70 | \$ 6.27 | 25% | \$ 4.28 | \$ 4.70 | |
| | NA | \$ 1.10 | \$ 1.25 | \$ 1.50 | \$ 0.70 | \$ 1.95 | \$ 2.27 | 25% | \$ 1.46 | \$ 1.70 | |
| | NA | \$ 1.10 | \$ 1.25 | \$ 1.50 | \$ 0.70 | \$ 1.95 | \$ 2.27 | 25% | \$ 1.46 | \$ 1.70 | |
| | NA | \$ 1.10 | \$ 1.25 | \$ 1.50 | \$ 0.70 | \$ 1.95 | \$ 2.27 | 25% | \$ 1.46 | \$ 1.70 | |
| | NA | \$ 4.50 | \$ 4.70 | \$ 5.50 | \$ 0.70 | \$ 5.40 | \$ 6.27 | 15% | \$ 4.59 | \$ 5.33 | |

Key Highlights:

- Proposed 'Incremental Status Quo' increase on base price of ~6% per product.
- [Product Name] unchanged for now to maintain [Product Name] bundle viability, but there are several related issues to address (see other slides)
- Typical bundle discount of 15%

Pricing Levels

Initial View of Embedded Platform Fees

| | BASE PRICE + PLATFORM FEES | | | | | |
|---|----------------------------|------------------------|-----------------|---|------------------------|-----------------|
| Assessment Products Base Price (excluding Platform fee) | PLATFORM | | | TOTAL ALA CARTE VALUE w/Platform Fee (s) | | |
| | Marketshare Push | Status Quo Increase | Revenue Push | Marketshare Push | Status Quo Increase | Revenue Push |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.13 | \$ 5.70 | \$ 6.27 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.13 | \$ 5.70 | \$ 6.27 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.13 | \$ 5.70 | \$ 6.27 |
| | na | na | na | na | na | na |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.13 | \$ 5.70 | \$ 6.27 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.15 | \$ 5.70 | \$ 6.25 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.15 | \$ 5.70 | \$ 6.25 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.15 | \$ 5.70 | \$ 6.25 |
| | na | na | na | na | na | na |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.13 | \$ 5.70 | \$ 6.27 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 1.74 | \$ 1.95 | \$ 2.27 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 1.74 | \$ 1.95 | \$ 2.27 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 1.74 | \$ 1.95 | \$ 2.27 |
| | \$ 0.63 | \$ 0.70 | \$ 0.77 | \$ 5.13 | \$ 5.40 | \$ 6.27 |

Key Highlights:

- Embedded platform fee of \$.70 per product added – rough estimate – final amount pending [Client Name] analysis
- Goal is to replace current platform revenue for asses[Product Name]ents products
- Future – [Product Name] will be enhanced to include more features and [Client Name] item bank content and be sold separately. At that time, [Product Name] 'Basic' version will be included in the platform pricing

Pricing Levels Justification Summary

How can we justify the recommended price increases?

| Value Comparison | Detailed comparison positions [Client Name] strongly vs. [COMPETITOR 1] and [COMPETITOR 2]. (even when reducing results by 25% to account for internal bias.) |
|--------------------------------|--|
| Target Segment Bundling | Schools buying for grades included in new bundles will get more utilization of each student license than with [Product Name] |
| No Platform Fee | Even with a platform fee transparently embedded, student license list prices will be lower than [COMPETITOR 1]. |
| Platform Value | <p>The new [Client Name] growth platform includes <u>significant</u> value, including basic integration (SSO & Rostering), integration access to [Client Name] and partner products, industry standard data extracts, access to instructional planning, much more.</p> <p>Price also includes access to [Product Name]</p> |
| Value Communication | <p>Internal stakeholders interviewed said that the most frequent reason for losing deals is [Client Name]'s difficulty explaining our value vs. competitors and to our existing customers.</p> <p>Represents an opportunity to increase ASP and win rates with training</p> |
| Competitively Priced | After price increase, [Client Name] will still be lower than [COMPETITOR 1]. |

Pricing Level

Recommendation Highlights

| Recommendation | Rationale Summary (see other slides for details) |
|--|--|
| <ul style="list-style-type: none"> • Replace current \$xxx per school platform fee with fee embedded in 'per student' license price • Current <u>rough</u> estimate is \$.70 per product. <ul style="list-style-type: none"> ○ Bundles with multiple products = <u>higher</u> than \$.70. ○ <u>Amount contingent on Finance analysis & recommendation</u> • Goal: replace share of Platform Revenue | <ul style="list-style-type: none"> • Reduce sales friction <ul style="list-style-type: none"> ○ Platform fees become a discussion point in sales process, and hinder RFP success with line items competitors don't have • Catch-up with market and competitive practices • Per student fee more accurately assigns price to the amount of value received from the platform. • Easily and accurately scalable |
| <ul style="list-style-type: none"> • Moderate 5-6% increase in product license prices in addition to embedded platform fee | <ul style="list-style-type: none"> • There is room for higher prices vs. [COMPETITOR 1] |
| <ul style="list-style-type: none"> • Pursue 'value leadership' strategy – moderately higher prices equal to / slightly lower than [COMPETITOR 1] | <ul style="list-style-type: none"> • Interview feedback <u>& value analysis</u> strongly suggest [Client Name] offers equal or more value, but struggles to articulate it. |

Pricing Level

Recommendation Highlights (continued)

| Recommendation | Rationale Summary (see other slides for details) |
|--|--|
| <ul style="list-style-type: none"> • Do not pursue low price, market-share grab strategy to match [COMPETITOR 2]. | <ul style="list-style-type: none"> • [Competitor 2] will likely need to raise its prices over time when justified by increased market momentum and product coverage |
| <ul style="list-style-type: none"> • To compete with [COMPETITOR 2], [COMPETITOR 1] & iReady, focus more on value differentiation, and new product development/acquisition strategy. | <ul style="list-style-type: none"> • [Client Name]’s already has ‘top 2’ market position • [Client Name] value justifies more directly competing with [COMPETITOR 1] pricing. |
| <ul style="list-style-type: none"> • Target bundle discounts in the 10% to \$20% range, compared to [Product Name]’s implied 60% discount today. | <ul style="list-style-type: none"> • \$7.85 price of [Product Name] in the [Product Name] bundle artificially implies discount of 60% on [Product Name], [Product Name] & [Product Name] • Better alignment with segment need enables lower discounts. |
| <ul style="list-style-type: none"> • Do not include current one-time set-up fee of \$1499 into ‘per product’ pricing. | <ul style="list-style-type: none"> • This line item is not budgeted for FY2019, and is currently being waived for most deals. • [COMPETITOR 1] and [COMPETITOR 2] do not charge this fee, likely that most others don’t either. |



Opportunities

Key Pricing Impact Levers

- Several sources of potential increased revenue from the recommended pricing strategy are listed below...

Segment Based Pricing

- Better fit equals more value per segment, higher prices, lower discounts

Increased Sales Closing Rate

- Reducing sales friction caused by having to justify annual platform fees and set-up fees should increase % of deals closed.

New Products

- Xxx product (planned)
- Xxxx (potential)
- xxx(potential)
- Others tbd

Modularized pricing for niche product add-ons

- [Product Name] Advanced
- xxx
- xxx

Opportunities

Key Pricing Impact Levers

Increased Sales Closing Rate

Reduced sales friction should increase sales close rates

- Not having to justify price of platform, [Product Name] & set-up fees
- Less perception in bundle that they're buying products they don't need (e.g. [Product Name], [Product Name] for high school)
- Not forcing customers to convert flat fees to their 'per student cost', thus reduced focus on it.

| SALES CLOSE RATE IMPACT ON REVENUE | |
|--|--|
| | Baseline Revenue from Managed Deals and Unmanaged Renewals |
| \$ | 147,545,909 |
| Sales Close Rate Increase (Stages 5 & 6) | Revenue from Sales Close Rate Increase |
| 1% | \$ 996,234 |
| 2% | \$ 1,992,467 |
| 3% | \$ 2,988,701 |
| 4% | \$ 3,984,935 |
| 5% | \$ 4,981,168 |
| 6% | \$ 5,977,402 |
| 7% | \$ 6,973,635 |
| 8% | \$ 7,969,869 |
| 9% | \$ 8,966,103 |
| 10% | \$ 9,962,336 |

Opportunities

Key Pricing Impact Levers

- Additional revenue sources to consider in the future include:

Remove Automatic Volume Discounting

- Current ranges from 3% to 25%, automatically applied
- Better to let sales apply per deal only when necessary

Optimize Discounting Policy: Approval Levels

- Sales discount authority ranges from 5% to \$25,000 (e.g. 5% to ~50%+)
- Potential opportunity to reduce current discount levels due to:
 - Shifting volume discounting authority to sales
 - Multi-year discount is already a viable discounting tool
 - Overall, reduce 'layers' of discounting that are currently available

Expand segmentation & pricing structure to Practice Products

- Reduced sales friction with consistent pricing structure and policies
- Explore higher prices / lower discounts with segment-based bundling value
- Increased retention with more [Client Name] products, supported by platform integration.

Partner Network Alignment

- Leverage growth platform integration to monetize partner solutions
- Per student pricing structure should enable more efficient bundling

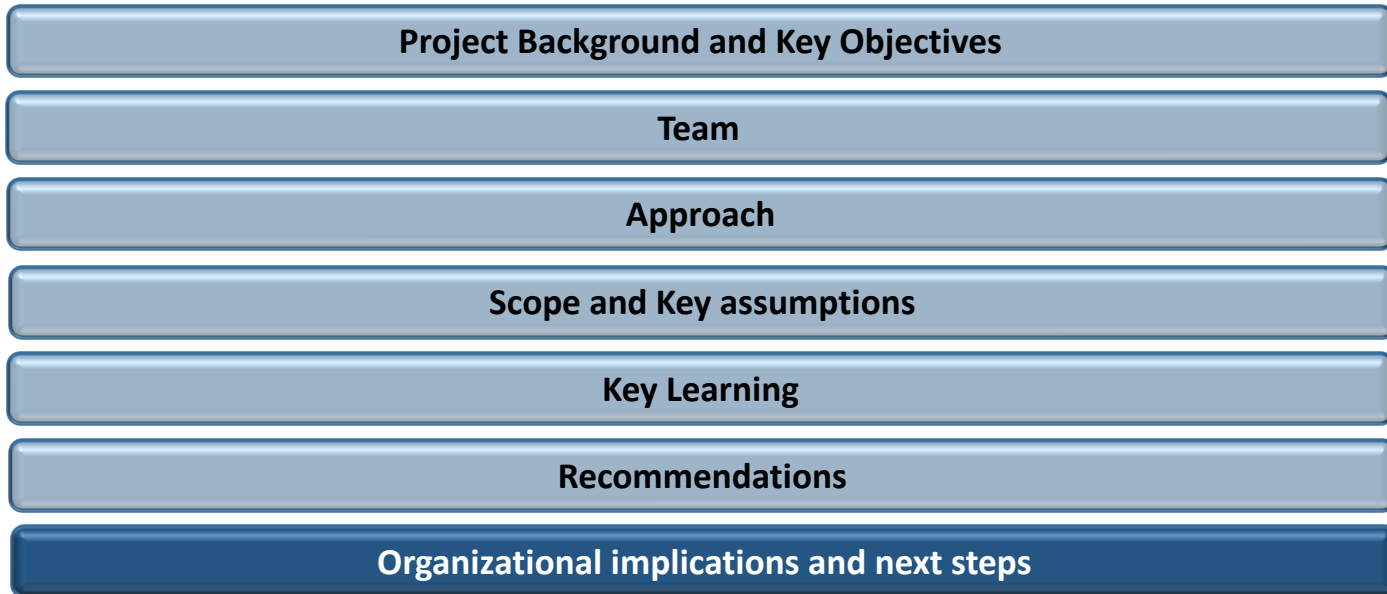
Risks & Mitigation

| Risks | Mitigation |
|---|--|
| customer retention | <ul style="list-style-type: none"> •Before applying new pricing to existing customers, develop comprehensive transition plan. •Develop 'customer awareness' campaign to articulate the potential of solutions already owned. E.g. 'Did you know' pop-ups, etc. |
| RFP win rate with higher prices | Increased RFP prices should be offset by eliminating the need to itemize platform and set-up fees. |
| Internal change management | Develop implementation plan Training for customer-facing employees |
| 9-12 bundle ([Product Name], [Product Name]) cannibalize the 3-8 bundle [Product Name] bundle. | Add value to 3-8 bundle with new product(s), e.g. [Product Name] Advanced |
| [COMPETITOR 2] win rate/low price | Articulate and train [Client Name] vs. [COMPETITOR 2] value [Client Name] sales has liberal discount authority if needed |
| Skewed internal perception of [Client Name] value | Conduct customer validation survey & compare to internal perceived value |
| Loss of platform revenue | Work with [Client Name] Finance prior to final definition to estimate the appropriate platform fee per product to apply. |



Product Implications

- Multi-year strategic roadmap
 - This strategy will require prioritization of product development to support planned changes
 - Need migration and/or sunset plan for legacy products (e.g. paper/digital combos)
 - Consider new product value creation opportunities enabled by flexible platform integration to internal & external (partner) solutions
- Align license structure with license enforceability and configuration in the products
 - Future products such as [Product Name] Advanced and XXXX need to be designed so functionality can be deactivated/activated as needed to fit configurations
 - Newly acquired products may need to be configured to manage 'per student' license access. (These were not explored as part of this project.)
- Need to pursue either additional products or a 'better' vs. 'best' version of [Product Name] and [Product Name] to increase 'real value' in 9-12 bundle.
 - Goal is to reduce risk of 3-8 customers 'downgrading' to 9-12 bundle
 - [Product Names] are likely candidate



Organizational Implications

Sales process

- Necessitates true 'solution approach' to understand customer's usage mix to determine best bundle
- Overcome current 'easy' approach of offering [Product Name] vs. higher value targeted bundles

Marketing

- Harmonize pricing segmentation & bundles with forthcoming marketing segmentation. (Combining demographic with behavioral/psychographic)

customers

- There is retention risk if a comprehensive migration plan is not defined before roll-out of new pricing
 - When moving from a flat fee to 'per student' model, there will inevitably be winners and losers – need to anticipate and minimize exposure.
- Proactive 'solution value' communication is the best mitigation for change management risk

Organizational Implications

XXXX Products

- Recommended pricing strategy assumes several new and/or enhanced [Product Names]
- Successful implementation of this strategy will be dependent on prioritization of these products for [Client Name]'s product development investment.

Other [Client Name] Product Lines

- Suggest extending this [Product Name] pricing core structure to other product lines to simplify the sales process
 - Per student with embedded platform & other flat fee(s)
 - Adopt unified segmentation
- XXXX products would be the next priority
- Suggest also exploring cross-bundling opportunities

Recommended Next Steps

Pricing

- Conduct Pricing and Value survey for existing & prospective customers to validate key pricing strategy assumptions
- Extend structure & bundling to Professional Development / Professional Services to embrace behavioral/psychographic Marketing segments
- Extend pricing strategy & bundling to include Practice Products / [Company Name]

Discounting

- Explore revenue optimization opportunities by re-evaluating the multiple discounting layers.

Existing customer Transition Plan

- To avoid retention risk, a comprehensive plan for migrating existing customers to the new pricing structure should be completed before implementing changes
- Recommend analysis to identify which customers will experience more than a 5% - 10% price increase, and implement a multi-phased approach for them.

Recommended Next Steps

Product

- Define multi-year strategic product roadmap to synchronize with Pricing & Segmentation strategy.
- Identify key differentiators per product vs. competitors & harmonize with roadmap
- Explore ways to differentiate between 9-12 and 3-8 bundles to avoid cannibalizing 3-8 with migration to 9-12 ([Product Name] & [Product Name] only)

Branding

- Determine bundle names that do not limit perception of applicability
- Example: “Early ‘Elementary’ instead of ‘K-3’; or ‘high school’ instead of 9-12

Go to Market:

- OTC (Order to cash) logistics
- Key messaging / positioning
- Sales training