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Pricing and Packaging – A Strategy for Revenue Growth

Strategic Focus

Revenue Clarity: Understand how individual products contribute to revenue while reinforcing platform value.

Platform Growth: Remove internal competition by transitioning from individual pricing to broader platform-wide value.

Expansion Readiness: Position the company for upsell opportunities by shifting the narrative from "add-ons" to combined value of "packages."

Reduce Friction: Simplify sales pitches and complex training from selling features to outcomes.

Smarsh: A Case Study

Translating Cost-Based Services to Shared Margin Growth

Smarsh had 5 services teams, with distinct discounting, margins, and selling strategies. While Customer Success was collaborative, revenue wasn't aligned across teams. By combining offerings into a single services package and adopting a cost-based model, we created a shared-margin structure that incentivized alignment and collaboration.

Service	Cost	Cost Distribution	Price	Margin
Service 1	\$100	10%	\$400	75%
Service 2	\$50	5%	\$110	55%
Service 3	\$500	50%	\$1,500	66%
Service 4	\$200	20%	\$400	50%
Service 5	\$150	15%	\$350	57%
Total	\$1,000	100%	\$2,760	63%
Packaged Total	\$1,000	100%	\$2,600	60%

Packaged Total reflects re-bundled offer with 20% customer savings and streamlined internal margin alignment.

This cost-based pricing alignment enabled 5 services teams to save customers 20% overall, yet retain 60% margins—before utilization, ultimately increasing revenue collaboratively. The combined value of service packages increased customer's willingness to buy. When pricing and packaging is executed well, we are more than the sum of our parts.

Wins

300% increase in attach rate
60% margin retention
20% customer savings
5 teams unified on pricing model

Strategic Execution Framework



Strategic pricing transformation requires cross-functional alignment.

1. **Cost Clarity:** Mapped cost basis for each product to enable margin modeling.
2. **Market Alignment:** Benchmarked pricing against customer expectations and competitive bundles.
3. **Statistical Variance:** Factored in utilization, elasticity, discounting, and consumption to evaluate long-term potential.
4. **Sales Partnership:** Measured leading metrics from conversations to pitches to quoting win/loss, for actionable insights.
5. **Growth-Oriented Tiers:** Designed tiers that flex with customer growth and platform maturity—driving expansion and platform loyalty.

Grounded in Strategy

Pricing and packaging is the intersection of customer need, product value, and business growth. My practical, data-informed approach enables organizations to find the right balance between revenue growth and internal alignment. Even when shared margin strategies aren't ideal for every product, understanding the trade-offs enables smarter, more scalable decisions.

★ Read more about Market Expansion for scaling with tiered packaging.