

# Unlocking scalable growth through smarter pricing.

Bamboo HR is a Human Resources software company with a primary goal to help employers focus on their people, not their paperwork. After realizing many companies were drowning in paper and spreadsheets, the founders envisioned a better way by creating smart, streamlined software that enables employers to easily collect and consolidate employee information.

## The situation.

When Bamboo HR began, its pricing structure and strategy were an afterthought that was given attention only as the company was ready to go to market with its initial product offering.

In fact, their original pricing model simply adapted an approach from a similar-sized software company in the project management space.

As its customer base grew, management began adjusting pricing to capture higher margins. Based largely on assumptions and intuition, these adjustments lacked data and real market intelligence to project and manage risk. As a result, customer churn accelerated, new customer acquisition decelerated, and similar customers were often paying wildly different amounts.

**They needed to stop the spiral. The team wanted a more scientific and disciplined pricing structure that could improve their business performance and recognized they needed specialized expertise if they were going to do it successfully. After an extensive review, Bamboo HR signed with Software Pricing Partners (SPP).**

“

We wanted to do what we were doing with more certainty; with better science behind the process and with a better understanding of what we mean when we're dealing with our clients with regards to pricing.”

-Kent Goates, Bamboo HR  
Chief Financial Officer

## The challenge.

As Bamboo HR gained market traction, profitability and scalability became front and center for achieving business growth. However, several challenges related to software pricing were preventing them from achieving their goals at scale:

### 1.

**Discounting:** There were few guardrails in place to manage customer discount demands. Sales would repeatedly ask the Deal Desk to approve one-off deals causing extended negotiations, slowing deal velocity, eroding margins and creating significant price disparity across customers.

### 2.

**Forecasting:** Given their prior pricing model failures, the company needed an accurate way to forecast the impact of any new pricing adjustments to their customers and the organization.

### 3.

**Upsell & Cross Sell:** Bamboo had an aggressive product roadmap and expansion plans to grow into new markets. This exacerbated the need for an easy-to-understand pricing model that could accommodate new product innovation and encourage upselling and cross-selling.

## The solution.

Software Pricing Partners choreographed an array of research, analytics, strategy and training elements to tackle Bamboo's challenges.

- A comprehensive data analysis to fully understand how customers used and gained value from Bamboo HR software.
- Gathering competitive intelligence via secondary and primary research to determine what customers did and did not like about competitors' software, what features they did and did not use, the basis for competitors' pricing and how much their customers were actually paying.
- Collaboration with Bamboo's engineering team—informed by the data analysis and competitive intelligence—to optimize packaging.
- Designing and running scenarios to project the impact of the new pricing model options. This increased confidence in decision making and provided the ability to test, learn and adjust early in the launch and rollout phases.
- Working with a sales implementation partner, SPP trained Sales and Deal Desk management on the new pricing model and developed processes to measure compliance - including willingness from leadership to walk away from deals that didn't adhere to the model.

Software Pricing Partners' engagement with Bamboo HR delivered significant and positive results, including:



In 2017, Bamboo HR revenue had stalled at ~\$20M ARR. By 2020, 3 years after their engagement, ARR reached \$150M. By 2023, revenues have approached \$250M and Bamboo HR remains poised for IPO.



Bamboo HR now has a comprehensive pricing strategy in place. The overall attention to reducing deal friction and designing a clearer path for customers to renew, upgrade and expand has enabled Bamboo to scale their enterprise.



The new discounting model eliminated opportunities for customers to game the system, and upheld important customer fairness principles, as all customers in similar situations now pay similar amounts.



By applying the model across the entire sales organization, deal velocity has increased and rates of renewals, upgrades and upsells have improved.



Clear discounting parameters are now aligned to corporate strategy rather than individual discretion, including an algorithm for discounting that defines ways for customers to earn discounts as their spend increases.



We wanted a more disciplined, enriched, enlightened perspective on how pricing impacts the entirety of the organization and our customers whole journey. Because it's set by that initial moment of when they ask how much does it cost? It deserves more attention than just how much are our competitors charging.

-Rusty Linquist,  
VP Product Marketing & Thought Leadership

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