

RIGHTCHOICE

Pricing and Recommendations

Introduction

The below pricing proposal and guidelines for field assessments are intended to accomplish three departmental and organizational goals:

1. Update pricing for field assessments and establish guidelines for auditing and updating pricing on a regular basis
2. Reconcile the upcoming pricing disparity between Career Profile, which is slated for retirement Q4 2025, and its successor, the RightChoice suite of products, to encourage retention

3. Establish guidelines for pricing that are beneficial to our members and to Industry Solutions by using historical trends and standardized practices to create and maintain a sustainable revenue stream that meets budget and covers expenses, while also ensuring we are offering our members an affordable, scaling pricing model to meet their needs.

Each pricing section is presented below, with considerations at the end of this document.

Preferred Pricing

Preferred pricing is our best value for members who wish to use multiple assessment components and use in volume. Preferred pricing represents a further discount on bundle pricing and is the best value for our members and will be presented alongside a contract (generally

with terms of 3 years). Members can choose between a basic package (3 components), an enhanced package (4 components) and an advanced package (5 components). The table below lists preferred pricing.

PREFERRED PRICING			
Volume	Basic	Enhanced	Advanced
50 - 499	\$17,520	\$21,620	\$23,550
500 - 1,999	\$64,650	\$79,700	\$86,900
2,000 - 3,499	\$108,469	\$115,467	\$118,966
3,500 - 4,999	\$148,200	\$182,900	\$199,200
5,000 - 7,499	\$202,100	\$249,350	\$271,700
7,499 - 14,999	\$374,975	\$399,000	\$407,500

Usage volume of 15,000 assessments or greater will need to be determined internally prior to offering a price to our members.

Overage Rates

Companies going over their usage are subject to an overage rate. We will defer small overages (the rule of thumb will be we do not pursue overages until the value of assessments administered over maximum reaches \$1000). Calculate this number by multiplying the Overage Price below by the number of assessments over the

maximum limit. An annual review (see Considerations sections at end of document) will be conducted January of each year to keep track of overages for preferred pricing customers. Please see the table below for overage rates.

Maximum Tier Volume	Overage Price/ Assessment (Basic)	Overage Price/ Assessment (Enhanced)	Overage Price/ Assessment (Advanced)
500	\$35	\$37	\$39
1,999	\$32	\$34	\$36
3,499	\$31	\$33	\$34
4,999	\$30	\$32	\$33
7,499	\$27	\$29	\$31
14,999	\$25	\$27	\$29
24,999	\$25	\$27	\$29

Defining Unlimited Usage

Unlimited usage is defined as a company not being subject to volume tier limits; for instance, an organization in a pricing tier for 50 - 500 assessments would not be required to purchase additional assessments if they went over their tier limit (500 assessments).

Unlimited usage has historically been offered as a sales incentive. Unfortunately, unlimited usage terms can lead to risk, and disincentivize usage of higher tiers. In extreme cases, unlimited use companies can reach a threshold of testing that leads to our price per assessment falling below our per-assessment administration expenses. YTD 2023, one such organization was functionally paying around \$18/assessment – well under our established break-even price point of \$25. Furthermore, their usage represents around 70% of our RightChoice volume, while accounting for only 17% of revenue.

Going forward, the term “unlimited” will be reserved for the highest tier of preferred pricing usage, where organizations will not be subject to overage fees. An unlimited plan assumes the member company will use a large volume of testing. As such, an organization may pay a higher price as part of their annual usage, but will not be subject to overage rates. *Please note – this pricing will likely have to be custom, as we want to ensure the cost per assessment does not go below the established lowest offer price for assessments (\$25 in 2024).*

Unlimited offers may be reimplemented in the future, if we are able to create and maintain appropriate tracking (see Considerations section), and if usage data across organizations allow us to account for high volume users without running the risk of undervaluing our assessments.

Bundle Pricing

Bundle pricing represents a midpoint between a la carte and preferred pricing for organizations who are using multiple components, but for whom contracts are not a viable option. Bundle pricing can also be used for circumstantial hiring scenarios for our members (for instance, an organization that is already using our other assessments in our preferred pricing structure, but wants to add a small batch of a leadership assessment for a special project). Bundle pricing is less structured than

individual and preferred pricing, and is formulaic in nature. Price calculations are determined by adding the cost of the base components from the individual pricing (below), then multiplying the total to reduce the per-unit cost. As such, a bundle of 2 predictive assessments will be priced higher than 2 non-predictive assessments. The table below indicates the calculations used for bundle pricing.

BUNDLE PRICING	Number of Components	Multiplier
	2	0.65
	3	0.55
	4	0.5
	5	0.45

Individual Pricing (A la carte)

Individual pricing is based off of a company's needs for low/temporary usage, generally of a single component of Right Choice. Pricing is based on the assessment, broken out by predictive assessments (e.g. PSI/

SuccessPredictor) and non-predictive assessments (e.g. CareerView/SalesPersona). The table below lists pricing for individual products.

INDIVIDUAL PRICING				
Volume	Predictive Price Member	Non-Predictive Price Member	Predictive Price Non-Member	Non-Predictive Price Non-Member
25 - 49	\$40.32	\$26.88	\$47.98	\$31.99
50 - 99	\$39.48	\$26.32	\$46.98	\$31.99
100 - 249	\$38.22	\$25.48	\$43.95	\$30.91
250 - 999	\$36.33	\$24.22	\$39.96	\$29.57
1000 - 2499	\$33.60	\$22.40	\$35.95	\$28.76
2500+	\$29.40	\$19.60	\$30.87	\$28.22

Career Profile Legacy Pricing

Career Profile legacy member companies represent a unique challenge to our current pricing update plans. Career Profile was one assessment – when CP was transitioned to RightChoice, this assessment was turned into 3 modules for RightChoice (Success Predictor, CareerView, SalesPersona). To accommodate a slight price update, but to prevent us from overpricing, CP Legacy members should be eligible for special RightChoice pricing in order to encourage retention. The numbers

for Legacy CP pricing are based off contract pricing and were determined by dividing the Basic preferred contract price (above) by the highest usage allowed per tier. This pricing should allow incremental increases to bring legacy CP-users in line with the new pricing tiers if the organization opts out of preferred contract pricing, and should be offered for a term of 1 year to encourage transition. The table below lists pricing for Career Profile Legacy users when they transition to RightChoice.

CAREER PROFILE LEGACY PRICING	Volume	Price per Assessment
	Up to 500	\$35
	Up to 1,999	\$32
	Up to 3,499	\$31
	Up to 4,999	30
	Up to 7,499	\$27
	7.500+	\$25

Unused Inventory Considerations

In some cases, prepaid inventory may no longer be available for organizations who are currently or were historically on a prepaid inventory basis. The following guidelines should be used when these situations occur.

- In advance of any planned retirement/discontinuation of a product, members with outstanding inventory should be given, when possible, as much notice as possible, with a minimum of 6 months' time.
 - Reminders of impending retirement should be given at 90, 60, and 30 days prior to retirement.
- Following product retirement, members with outstanding inventory should be given 90 days to exchange inventory for another product.
 - To calculate per unit cost, divide the maximum inventory by billing cost. Then take the per unit cost, multiply it by the usage number, then subtract this amount from the maximum cost.
- After 90 days after product retirement/discontinuation, no refunds or exchanges will be provided. Please make sure that in advance communication to members, this provision is outlined to member companies.
- For members who have pre-purchased inventory and are under a contract, members should be notified about any unused inventory (following the retirement guidelines listed above) and offered the same exchange of inventory or a refund.
- For member companies in a usage tier, unused inventory will not be counted. Instead, members should be informed of their tier maximum and encouraged to use up to the maximum.
 - If members are in a higher usage tier, a lower tier can be proposed to meet their needs when their contract is up for renewal.
- *Please note – if any contractual provisions contradict these guidelines, the contract provisions will take precedence.*

Recommendations and Considerations

The following list shows recommendations and considerations for the new proposed pricing.

- As a rule of thumb, we want to make sure that our members are getting the best value for their needs, and we want to be fair in administration of our costs. While this proposal should cover a wide variety of scenarios to meet member needs, exceptions may occur. Please reach out to Product Manager [Ben Pharr](#) with any exceptional circumstances.
- Implement a system to track legacy and new unlimited usage plans and contracts – look at numbers in early Q1 annually. Use this system to keep an eye on any unlimited usage contracts and make changes to pricing plans as necessary; *contracts should not be modified during this audit.*
 - Please note – in order to break even for expenses for FY 2024, we have a per-assessment floor of \$25 per assessment. Negotiations going forward should not allow companies to pay less than \$25/assessment.
- Preferred pricing makes considerations for a small price break. Exercise caution when offering to member companies – we do not wish to go below the established pricing floor (\$25/assessment). When offering a price break, please divide maximum usage by the proposed dollar amount and ensure the result is no lower than \$25/assessment.
 - In order to better track and evaluate our pricing for 2024, please notify Product Manager ([Ben Pharr](#)) prior to offering any deviations to the pricing structure.
- Revisit pricing on an annual basis – Q2 of every year to be ready in advance of budget season for our members (Q3). This should include a price adjustment commiserate with inflation and in line with our other product lines.
- Create and implement an overage clause and language in SOW agreements and contracts.
- Consider renewals for less than 3 years (1 to 2 years) to facilitate changes – work

RightChoice Components Categorized by Predictive and Non-Predictive

Predictive

- SuccessPredictor
- PSI

Non-Predictive

- SalesPersona
- LearningStyles
- LeaderPersona
- CollaboRate
- CareerView

Suggested Timeline

- Get approval of new pricing – Q4 2023
- Meet with MSD's and MRD's to discuss transition plan and pricing changes – ongoing, to be completed by December 2023
 - Work in conjunction with Product Engineering to ensure that solution for customized RightChoice products can be easily implemented (final timeline TBD, beginning November 2023). Determine marketing pushes and sales efforts based on progress with engineering developing a solution
 - Create talking points
 - Update Playbook and Battlecard
 - Offer additional training as needed
- Review pricing and determine what changes need to be made – late Q2-early Q3 2024. If changes are required, complete by end of Q3 2024
 - This process is to be repeated annually within the same timeframe

Questions or Comments

For questions or comments concerning this document, methodology, calculations, etc. please contact Product Manager [Ben Pharr](#).