

# Pricing, Packaging, and the Consumption Shift

*Pragmatic Remix: Pricing • Packaging • Business Case • Profitability*

---

We're going to start this chapter with a question that sounds simple and isn't: when an AI agent performs a task on behalf of a user, who is the user?

This isn't a philosophical question. It's a pricing question—and it's one that every enterprise software company is wrestling with right now, whether they've articulated it or not. The per-seat licensing model that has been the foundation of SaaS economics for two decades is built on a simple assumption: value is proportional to the number of humans who use the product. More users equals more value equals more revenue. The entire pricing architecture—the sales motion, the expansion playbook, the financial model, the investor narrative—flows from that assumption.

Agents break the assumption. When a single user can deploy an AI agent that performs work equivalent to what five users used to do, the per-seat model collapses. The user count goes down while the value delivered goes up. Under per-seat pricing, this is a revenue problem. Your product is delivering more value and getting paid less for it.

We've spent a significant part of our time at SAP working on this exact problem—figuring out how to transition pricing and packaging models for data and analytics products from traditional SaaS to consumption-based and AI-credit frameworks. It's one of the hardest problems in product marketing, and it's one where most PMMs have almost no training, because pricing has historically been treated as a finance-and-product decision rather than a marketing decision. That's a mistake. *Pricing is positioning*. How you charge for something tells the market what you think it's worth, and how it should be valued relative to alternatives.

## *The Three Pricing Models*

---

In the agentic era, enterprise software pricing is converging on three models. Most companies will end up with some combination of all three, but understanding each in isolation is useful for thinking about where the market is heading.

This isn't a philosophical question. It's a pricing question — and it's one that every enterprise software company is wrestling with right now, whether they've articulated it or not. The per-seat licensing model that has been the foundation of SaaS economics for two decades is built on a simple assumption: value is proportional to the number of humans who use the product.

*Pricing is positioning. How you charge for something tells the market what you think it's worth, and how it should be valued relative to alternatives.*

### Figure 1: The Three Pricing Models

Three models are converging in enterprise software. Most companies will deploy a hybrid — but understanding each in isolation clarifies the strategic trade-offs.

Dimension	Per-Seat	Consumption	Outcome / AI-Credit
<b>Value alignment</b>	Weak. More users ≠ more value when agents do the work.	Strong. Pay scales with actual usage of compute, storage, queries.	Strongest. Customer pays for results delivered, not resources consumed.
<b>Predictability</b>	High. Fixed cost per user per month. CFOs love it.	Medium. Requires committed-spend tiers or capacity blocks to smooth.	Low. Defining and measuring "outcomes" is genuinely hard.
<b>Complexity</b>	Low. Simple to sell, simple to buy, simple to model.	Medium. Requires usage metering, alerts, and spend governance.	High. Requires outcome definition, measurement, and attribution.
<b>Best for</b>	Collaboration tools, comms platforms — where AI hasn't changed work-per-user ratio.	Data platforms, analytics, infrastructure — usage-proportional value.	AI-native products where the agent does the work and the human reviews.
<b>Competitive risk</b>	High. Competitors moving to consumption expose your model as misaligned.	Medium. Must package well or customers fear unpredictable bills.	Low risk, high execution bar. First mover advantage if you get it right.
<b>PMM challenge</b>	Defend the model or plan the transition.	Design packaging that balances usage alignment with spend predictability.	Define what an "outcome" is, price it, and make it sellable.

*Figure 1. The three pricing models of the agentic era. Per-seat is stable but increasingly misaligned. Consumption is proven but requires packaging discipline. Outcome-based is the frontier — philosophically right, operationally hard.*

The second is consumption-based pricing, where the customer pays for what they use — typically measured in compute, storage, queries, API calls, or some other usage metric. This model aligns revenue with value delivered: the more a customer uses the product, the more they pay. Snowflake popularized this model in the data platform space, and it's spreading across enterprise software.

*Figure 1: The three pricing models of the agentic era.*

*The first is the traditional per-seat model, which still works for products where the value is proportional to the number of human users and where AI augmentation hasn't fundamentally changed the work-per-user ratio. Collaboration tools, communication platforms, and certain workflow*

products still fit this model—though even there, the pressure is building as AI features reduce the number of humans needed to perform a given task.

*The second is consumption-based pricing*, where the customer pays for what they use—typically measured in compute, storage, queries, API calls, or some other usage metric. This model aligns revenue with value delivered: the more a customer uses the product, the more they pay. Snowflake popularized this model in the data platform space, and it's spreading across enterprise software. The challenge with consumption pricing is predictability—customers want to forecast their spend, and a purely consumption-based model makes that difficult. The PMM's job is to help design packaging that provides enough predictability (committed spend tiers, volume discounts, pre-purchased capacity blocks) without eliminating the alignment between usage and revenue.

*The third—and this is the frontier—is outcome-based or AI-credit pricing*, where the customer pays for the results that AI agents deliver rather than the resources consumed. An AI credit might represent a specific unit of agent work: a competitive analysis produced, a forecast generated, a document processed, a decision recommended. This model is the most philosophically aligned with the agentic era—the customer pays for value delivered, not for human seats or machine resources—but it's also the hardest to implement because defining and measuring "outcomes" is genuinely difficult.

### *Why Pricing Is a PMM Problem*

---

In most organizations we've worked in, pricing decisions are made by a triangle of product, finance, and executive leadership, with product marketing providing "inputs"—competitive pricing analysis, customer willingness-to-pay research, packaging recommendations—but not sitting at the decision table. That model is inadequate for the pricing complexity of the agentic era, and PMMs need to fight for a bigger seat.

Here's why. Pricing in the agentic era isn't just a financial engineering problem. It's a positioning problem, a competitive strategy problem, and a buyer psychology problem—all of which are core PMM competencies. When you choose between per-seat and consumption pricing, you're making a positioning statement about who your product is for and how it delivers value. When you design packaging tiers, you're making a competitive strategy statement about which market segments you're targeting and which ones you're willing to concede. When you communicate the pricing model to buyers, you're navigating buyer psychology around risk, predictability, and perceived fairness.

Pricing in the agentic era isn't just a financial engineering problem. It's a positioning problem, a competitive strategy problem, and a buyer psychology problem — all of which are core PMM competencies. When you choose between per-seat and consumption pricing, you're making a positioning statement about who your product is for and how it delivers value.

*When you choose between per-seat and consumption pricing, you're making a positioning statement about who your product is for and how it delivers value. When you design packaging tiers, you're making a competitive strategy statement about which market segments you're targeting and which ones you're willing to concede.*

## Figure 2: The Pricing-Positioning Connection

Every pricing decision is three decisions at once. The PMM who treats pricing as "just a finance thing" is ceding positioning, competitive strategy, and buyer psychology to people who don't own those disciplines.

PRICING MODEL	POSITIONING SIGNAL	COMPETITIVE IMPLICATION	BUYER PSYCHOLOGY
<b>Per-Seat</b>	"Our product is a tool for people. Value comes from human users doing human work."	Vulnerable to competitors who price on value delivered. Defenders must articulate why human-in-the-loop matters.	Feels safe and predictable. Buyers know exactly what they'll spend. But increasingly feels misaligned — "Why am I paying for seats my agents are using?"
<b>Consumption</b>	"Our product delivers value proportional to how much you use it. We're confident you'll use it a lot."	Advantage against per-seat competitors in high-usage scenarios. Requires packaging to counter "unpredictable spend" objection.	Feels fair but risky. Buyers want transparency on what drives consumption and guardrails against runaway spend.
<b>Outcome / AI-Credit</b>	"Our product delivers measurable results. We're so confident in the value that we'll tie our revenue to your outcomes."	Strong differentiation if credible. Forces competitors to either match or explain why they won't tie pricing to results.	Feels aspirational — buyers want this. But skepticism is high: "How do you define and measure the outcome? Who arbitrates disagreements?"

*Figure 2. The Pricing-Positioning Connection. Pricing is not a finance decision with marketing inputs — it is a positioning, competitive, and psychological decision that requires PMM leadership.*

The competitive intelligence dimension is particularly important. Your competitors are going through the same pricing transition you are, and their choices create opportunities and constraints. If your main competitor moves to consumption pricing and you stay on per-seat, you need to articulate why per-seat is better for the customer — and in some cases, it genuinely is.

*Figure 2: Every pricing decision is three decisions at once.*

The competitive intelligence dimension is particularly important. Your competitors are going through the same pricing transition you are, and their choices create opportunities and constraints. If your main competitor moves to consumption pricing and you stay on per-seat, you need to articulate why per-seat is better for the customer—and in some cases, it genuinely is. If your competitor offers AI credits and you don't, you need to either match the model or position against it. These are PMM problems.

They require the same kind of market intelligence, competitive analysis, and positioning skill that you bring to every other aspect of the go-to-market motion.

## Agent-Powered Pricing Intelligence

The agentic tools from earlier chapters apply directly to the pricing function. An agent-powered competitive monitoring system can track pricing changes across your competitive landscape in near-real-time—new pricing pages, updated packaging tiers, customer reports of quoted prices, analyst commentary on pricing strategy. This intelligence is gold for the PMM who owns pricing inputs, because pricing decisions made without competitive context are pricing decisions made blind.

The agentic tools from earlier chapters apply directly to the pricing function. An agent-powered competitive monitoring system can track pricing changes across your competitive landscape in near-real-time — new pricing pages, updated packaging tiers, customer reports of quoted prices, analyst commentary on pricing strategy.

### Figure 3: The Pricing Intelligence Pipeline

Three layers of agent-powered pricing intelligence. The signal layer runs continuously. The synthesis layer contextualizes. The response layer arms the team.

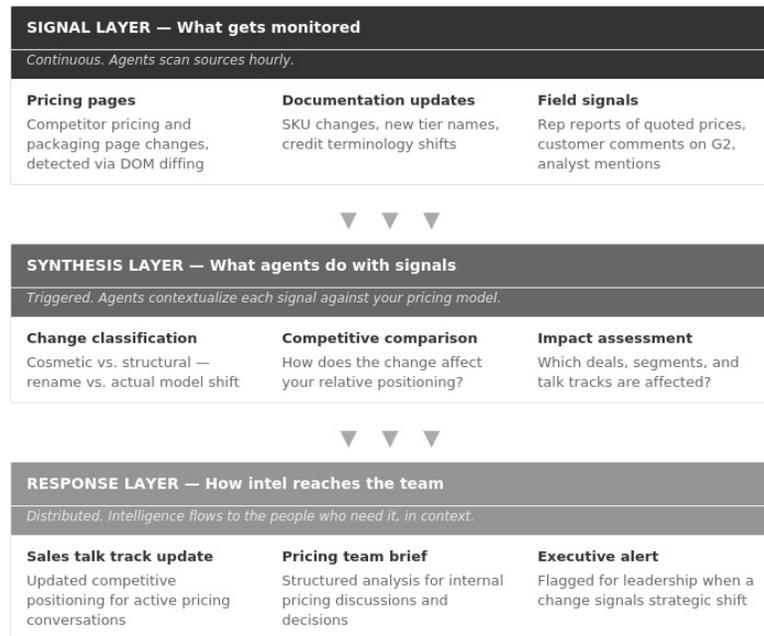


Figure 3. The Pricing Intelligence Pipeline. Without this pipeline, pricing decisions are made blind. With it, you caught the competitor's shift from "credit-based compute" to "AI workload units" within hours — not weeks.

Because we had the intelligence early, we had time to prepare a response — a clear articulation of how our consumption model compared, what our AI credit roadmap looked like, and how to frame the pricing conversation in competitive deals. Without the monitoring system, we would have been reactive. With it, we were proactive.

*Figure 3: Three layers of agent-powered pricing intelligence.*

We've seen this play out concretely. When a major competitor in the data platform space shifted their pricing from a capacity-based model to an AI-workload-based model, our monitoring system caught the change within hours. The initial signal was a documentation update—they revised their pricing page language from "credit-based compute" to "AI workload units." A few days later, an analyst mentioned in a brief that the competitor was repositioning their pricing narrative around "outcome-aligned costs." A week after that, we started hearing from sales reps that prospects were asking about our AI pricing model. Because we had the intelligence early, we had time to prepare a response—a clear articulation of how our consumption model compared, what our AI credit roadmap looked like, and how to frame the pricing conversation in competitive deals. Without the monitoring system, we would have been reactive. With it, we were proactive.

### *The Practitioner's Playbook: Pricing for the Agentic Era*

---

Pricing is a chapter where the practitioner's playbook looks different depending on your role and your company's maturity, but there are some universal moves.

Pricing is a chapter where the practitioner's playbook looks different depending on your role and your company's maturity, but there are some universal moves.

## Figure 4: The Pricing Practitioner's Playbook

Three moves for any PMM who wants to own the pricing conversation — regardless of whether you currently have a seat at the table.

### 01 Get in the Room

*Lead with intelligence, not opinion*

- The move** → Walk into the pricing meeting with data nobody else has: what competitors charge, how they've changed packaging, what buyers say about pricing expectations.
- Why it works** → Competitive pricing intelligence is your ticket in. Finance owns the model. Product owns the features. Nobody owns the market context — until you do.
- First step** → Pull the top three competitors' pricing pages. Build a comparison. Walk it into your next pricing discussion unsolicited.

### 02 Build the Pipeline

*Continuous monitoring, not quarterly snapshots*

- The move** → Add competitor pricing pages to your CI monitoring system. Track documentation changes as leading indicators of strategic shifts.
- Why it works** → Pricing shifts are signals. A competitor changing "credit-based compute" to "AI workload units" tells you something. An agent catches it in hours. You catch it in months.
- First step** → Add the pricing and packaging URLs for your top five competitors to your CI agent's watchlist. Set alerts for any DOM changes.

### 03 Own the Narrative

*Translate mechanics into meaning*

- The move** → Turn the pricing model into a story a rep can tell in a meeting without a spreadsheet. If they need a calculator, the narrative isn't ready.
- Why it works** → A consumption model that's well-explained feels transparent and fair. Poorly communicated, it feels unpredictable and risky. Same model, different outcome.
- First step** → Write a one-paragraph pricing story for your product: "You pay for X, here's how customers like you typically consume, here's what that costs." Test it on a rep.

**The sales narrative test:** If a rep can't explain your pricing model in a customer meeting without opening a spreadsheet, the model isn't ready for market — no matter how elegant the financial engineering.

*Figure 4. The Pricing Practitioner's Playbook. Three moves that work regardless of company size, pricing maturity, or whether you currently have a seat at the pricing table. Start with Move 1. The rest follows.*

How you talk about your pricing model to buyers is at least as important as the model itself. The PMM who can translate the financial mechanics of the pricing model into a buyer-friendly narrative — "you pay for what you use, and here's how customers like you typically consume the product" — is doing work that neither finance nor product can do as well.

*Figure 4: Three moves for any PMM who wants to own the pricing conversation.*

**First, get in the room.** If you're a PMM who isn't currently part of pricing decisions, make the case for inclusion by leading with competitive intelligence. The fastest way to get a seat at the pricing table is to walk in with data that nobody else has: here's what Competitor X is charging, here's how they've changed their packaging, here's what buyers are telling us about pricing expectations. That intelligence is your ticket in.

***Second, build the pricing monitoring pipeline.*** Add competitor pricing pages to your CI monitoring system. Track documentation changes on pricing and packaging pages specifically—these are leading indicators of strategic shifts. Monitor review sites and forums for customer comments about pricing, which often surface ahead of official announcements. The goal is to ensure that your pricing team is never surprised by a competitive pricing move.

***Third, own the pricing narrative.*** How you talk about your pricing model to buyers is at least as important as the model itself. A consumption model that's well-explained and well-positioned feels transparent and fair. The same model, poorly communicated, feels unpredictable and risky. The PMM who can translate the financial mechanics of the pricing model into a buyer-friendly narrative—"you pay for what you use, and here's how customers like you typically consume the product"—is doing work that neither finance nor product can do as well.

#### THE CMO PERSPECTIVE

---

Pricing is the area where the gap between what PMMs typically contribute and what the business needs is widest. The transition from per-seat SaaS to consumption-based pricing is the most significant business model shift in enterprise software since the on-prem-to-cloud migration. It changes the sales motion, the financial model, the competitive dynamic, and the PMM's job in ways that most PMMs aren't prepared for.

What the business needs from PMMs on pricing: continuous competitive pricing intelligence instead of quarterly snapshots. Customer research on willingness-to-pay and value perception—particularly around AI features, where pricing expectations aren't yet established. Packaging recommendations grounded in buyer segmentation and competitive positioning, not just financial optimization. And most importantly, a pricing narrative the sales team can actually deliver—because the most elegant pricing model is useless if the rep can't explain it without a spreadsheet. Pricing is positioning. The companies that get the AI pricing transition right will gain market share from those that don't.

#### KEY TAKEAWAYS

- **The per-seat-to-consumption shift** is the biggest enterprise software business model change since on-prem-to-cloud.
- **PMMs must own continuous competitive pricing intelligence**, not quarterly snapshots.
- **Every pricing model needs a "sales narrative test"**: if a rep can't explain it in a customer meeting without a spreadsheet, it's not ready.
- **Pricing is positioning**—get the AI pricing transition right and you gain share; get it wrong and you lose it.

---