

How Productiv calculates pricing benchmarks

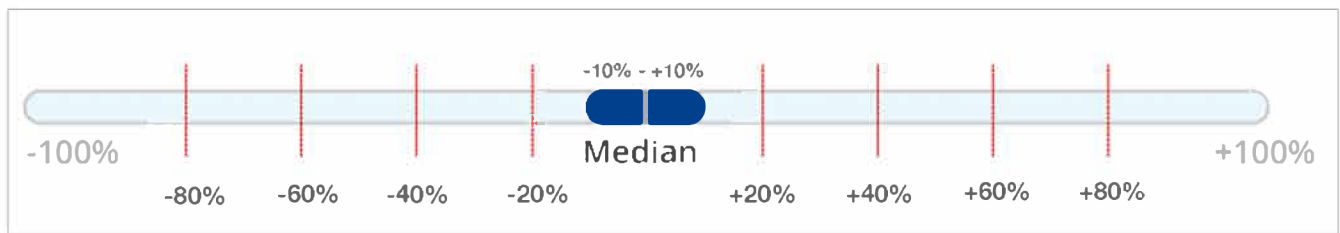
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This article describes how Productiv calculates pricing benchmarks.

See also: [App Contracts page Summary](#), and [App Contracts page Contract details](#)

Pricing benchmarks fall into three general categories:



At median

The median is the middle number in a sorted, ascending or descending list of numeric data. It is similar to the mean insofar as it shows which value falls at the middle of the list. However, if the data contain any outliers, the median won't be heavily skewed, as the mean would.

Above or below median

A value is considered to be above the median when it is greater than the median, by up to +10%. A value is considered to be below the median when it is less than the median, greater than up to -10%.

When Productiv calculates a value's relationship to the median, it uses "buckets" of 20 percentage points in size. Any figure that is between 10.1% and 20.0% goes into the "20% above" bucket; from 20.1% to 40.0% above, it goes into the "40% above" bucket.

Extremely above or below median

All aggregates of financial data inevitably contain some far outliers – especially in a world where preferential treatment by vendors (bundling or discounts) can net a customer an unusually low price, or a lack of a good relationship with a legacy vendor can result in an unusually high price. When necessary, such extreme values can fit into a "+100%" bucket (price twice as high as the benchmark median price), or a "-100%" (essentially free) bucket.

How we calculate pricing benchmarks

We calculate pricing benchmarks for your organization by:

1. **Establishing your cohort** – Productiv compares your company to other anonymized companies in our database that have a similar number of licenses.
2. **Computing the median distribution** – After removing any outliers, we calculate the median of the price distribution within your cohort.
3. **Positioning your price within that distribution** – We compare the price your company is paying per license, to the median price of what your cohort is paying.

Not included in our calculations

Productiv only takes into account the reported cost per license. We don't include in our calculations, other line items that can contribute to a lower license cost, such as contract length, multiple-app discounts, or one-time discounts.

We realize that in business the playing field is frequently not level. However, for the purpose of calculating benchmarks, we pretend that it is.

See also

For more about Productiv's database of anonymized market data and how we work to improve it, see the section on *Improving Productiv's benchmark database*, in the [Benchmarks overview](#).

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