

STRATEGIC ANALYTICAL BRIEFING

What is our current true contribution margin (CM) per member segment?

Unlocking Profitability: True Contribution Margin Across Member Segments

Top-tier segments subsidize the portfolio, necessitating a shift in resource allocation

Our portfolio analysis reveals a severe imbalance hidden by blended averages. High-Tier members generate outsized profitability, effectively subsidizing the deep margin drag of our Entry-Tier. Immediate reallocation of marketing and success resources is required to protect overall profitability.

High-Tier Members

42%

Generates 70% of total portfolio profit.

Core Volume Members

18%

Stable volume, baseline margin.

Entry-Tier Members

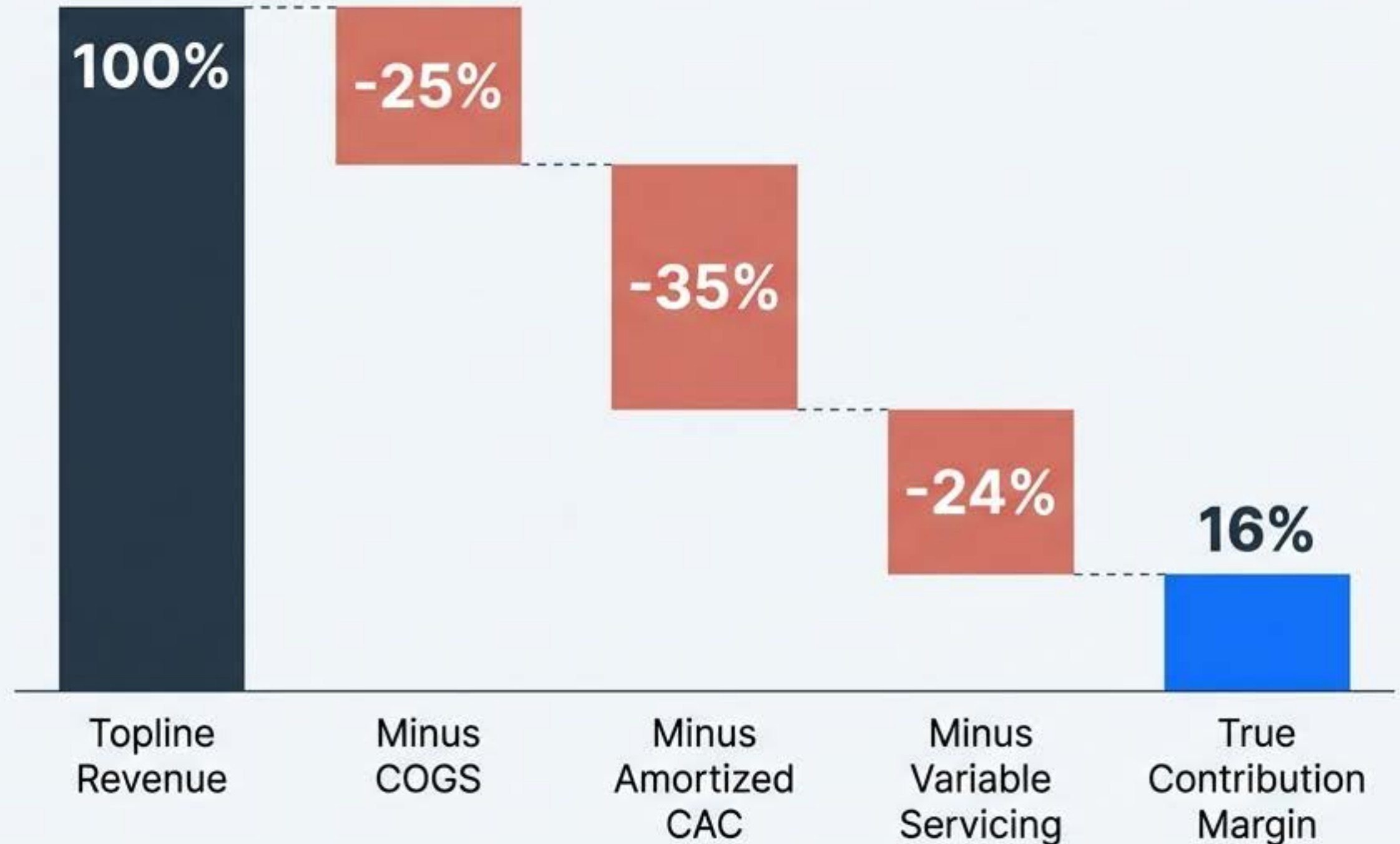
-12%

Loss-leader operating at a deficit.

Transitioning from gross revenue to fully fully loaded variable margin

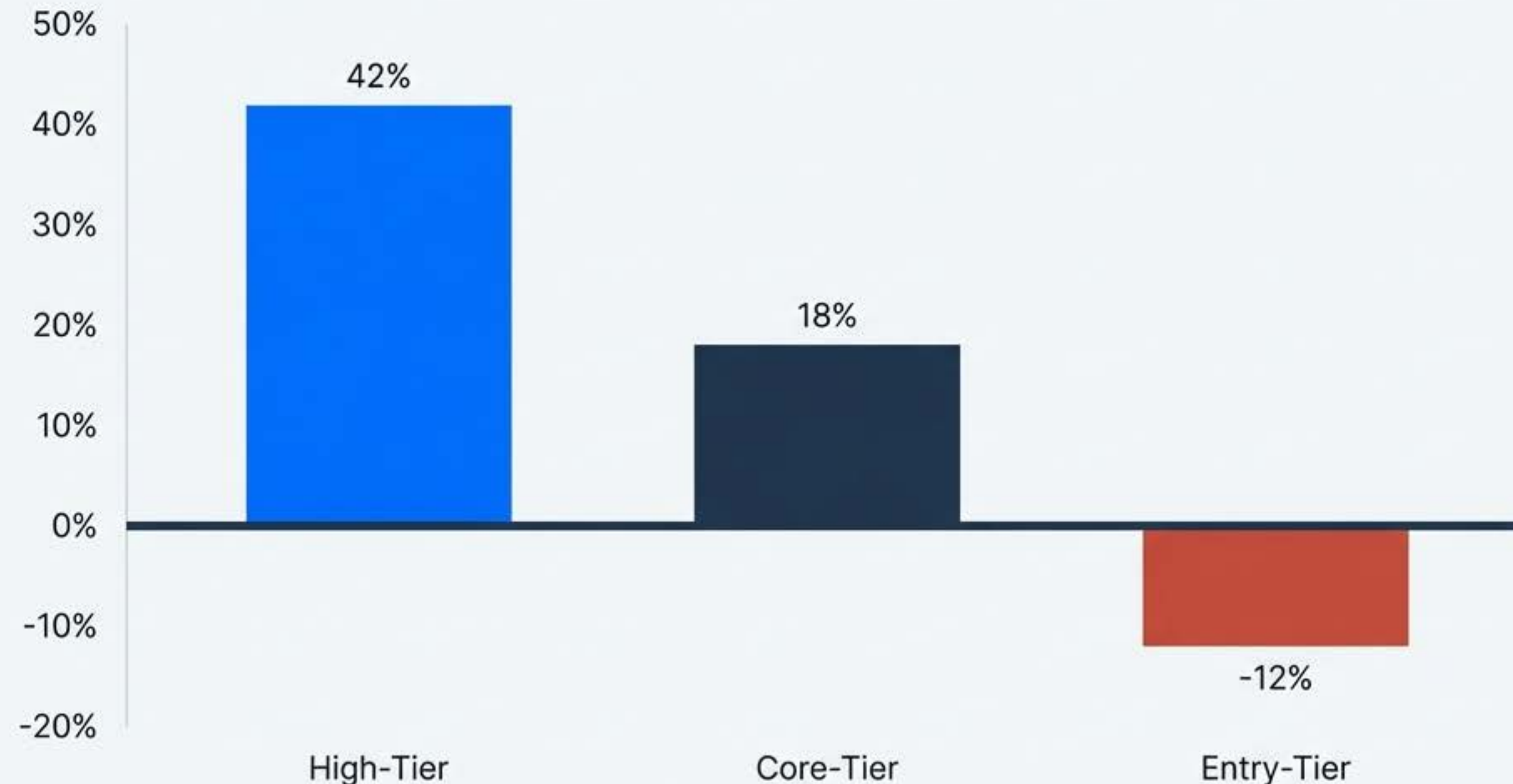
The True CM Methodology

- Standard gross margin obscures critical acquisition and retention expenses.
- Customer Acquisition Cost (CAC) is fully amortized.
- Variable Servicing includes customer success tickets, direct software licensing, and processing fees.



True contribution margin varies drastically across our member base

While our blended portfolio margin sits at a seemingly healthy 16%, peeling back the layers reveals a stark contrast. The extremes of our member base dictate profitability, necessitating a pivot from average-based planning.



EXECUTIVE INSIGHT

The 54-point swing between our highest and lowest segments proves that volume growth in the Entry-Tier is actively destroying capital.

High-tier members yield the highest margin driven by ultra-low servicing costs

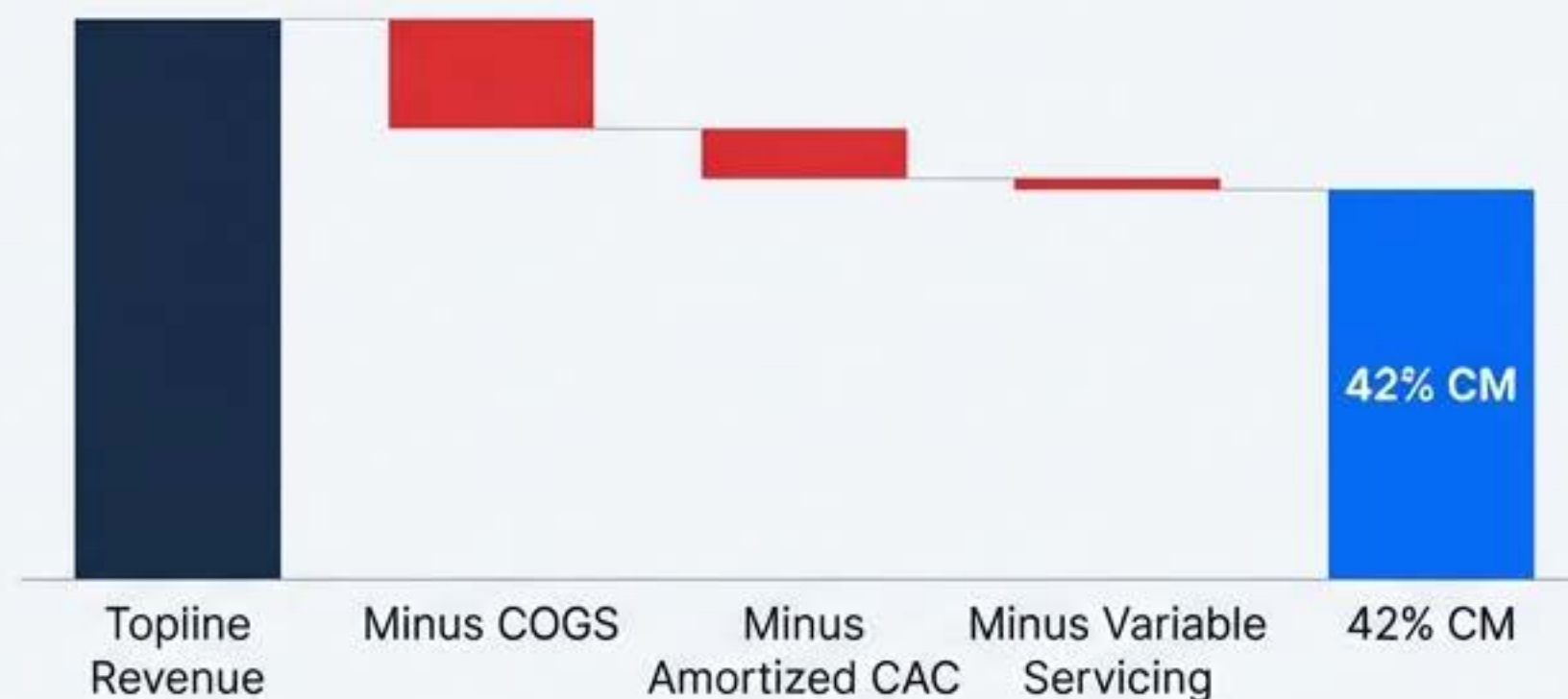
SEGMENT PROFILE: HIGH-TIER

42%

True Contribution Margin

Cost Drivers & Share

- Accounts for 25% of total user volume but 70% of profit.
- Virtually zero customer support reliance (self-sufficient).
- Highly efficient CAC through targeted enterprise channels.



STRATEGIC WHY:

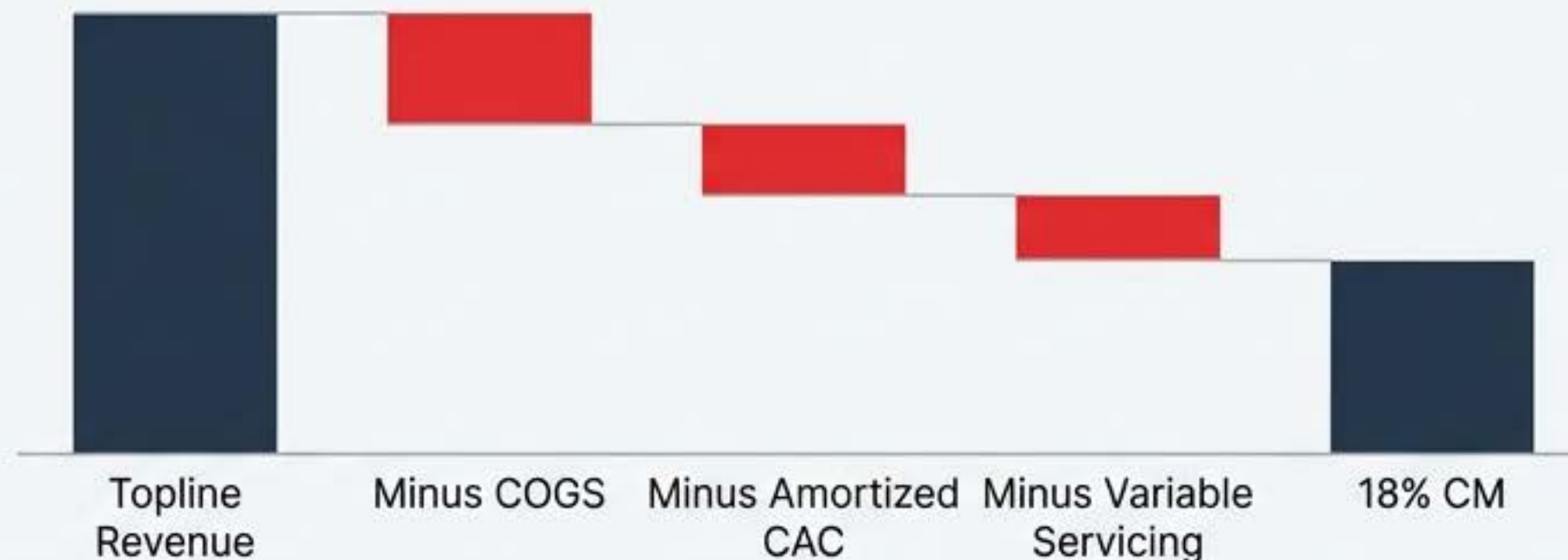
This segment possesses internal IT resources, meaning they never utilize our expensive variable human support tier. Their revenue drops cleanly to the bottom line.

Core volume members provide stable, predictable middle-tier margins

SEGMENT PROFILE: CORE-TIER

18%

True Contribution Margin



📄 Cost Drivers & Share

- Accounts for 55% of total user volume.
- Standardized acquisition costs via paid search.
- Moderate support burden, managed primarily through automated funnels.

💡 STRATEGIC WHY

The Core-Tier is our primary revenue engine. While their margins are not outsized, the predictability of their volume-versus-margin trade-off keeps the baseline business operational.

Entry-tier members operate at a deficit when factoring fully loaded costs

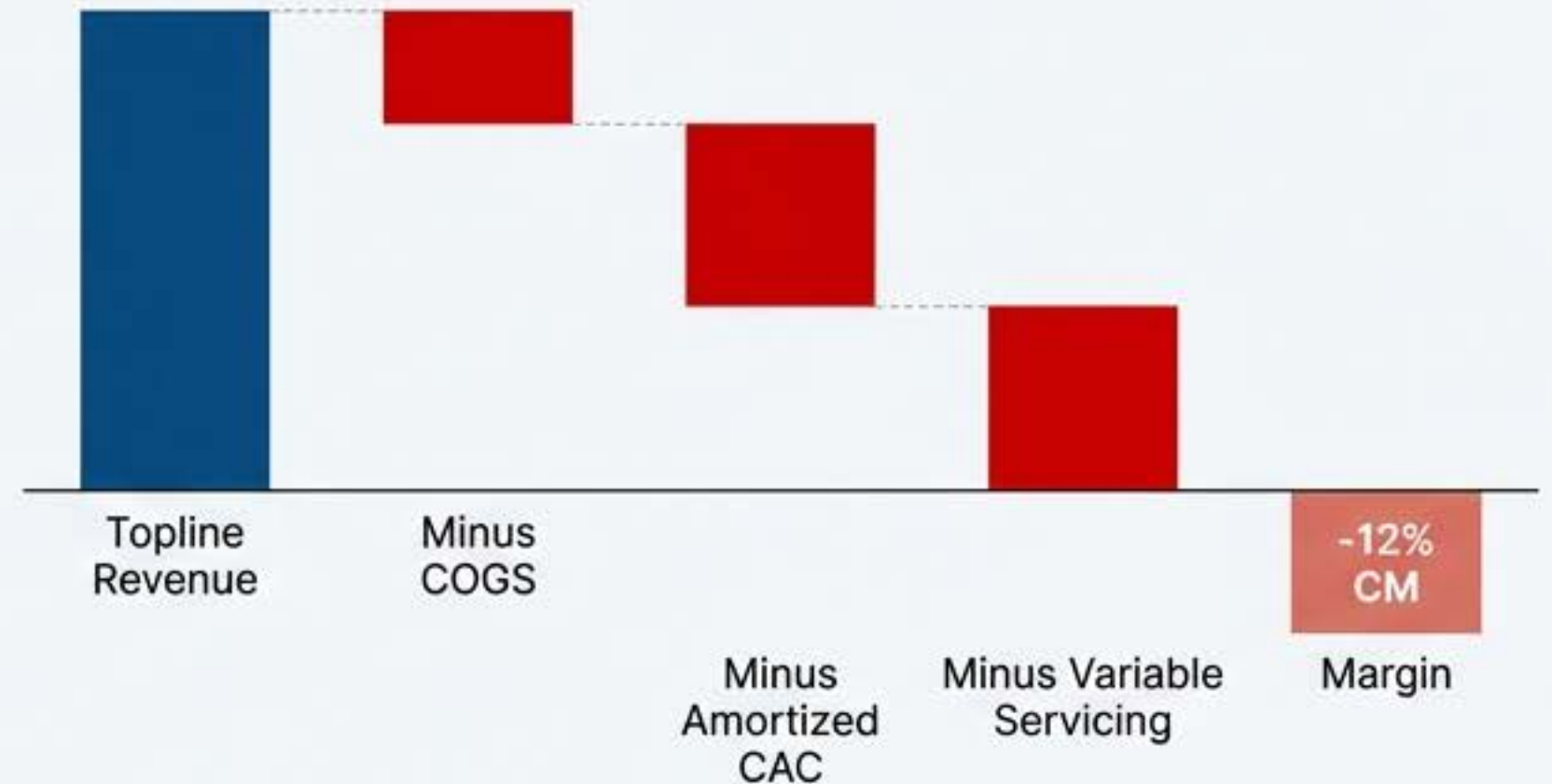
SEGMENT PROFILE: ENTRY-TIER

-12%

True Contribution Margin

Cost Drivers & Share

- Accounts for 20% of user volume, yielding net-negative cash flow.
- Highly inefficient CAC (expensive social media channels).
- Disproportionately high reliance on human-driven customer support.

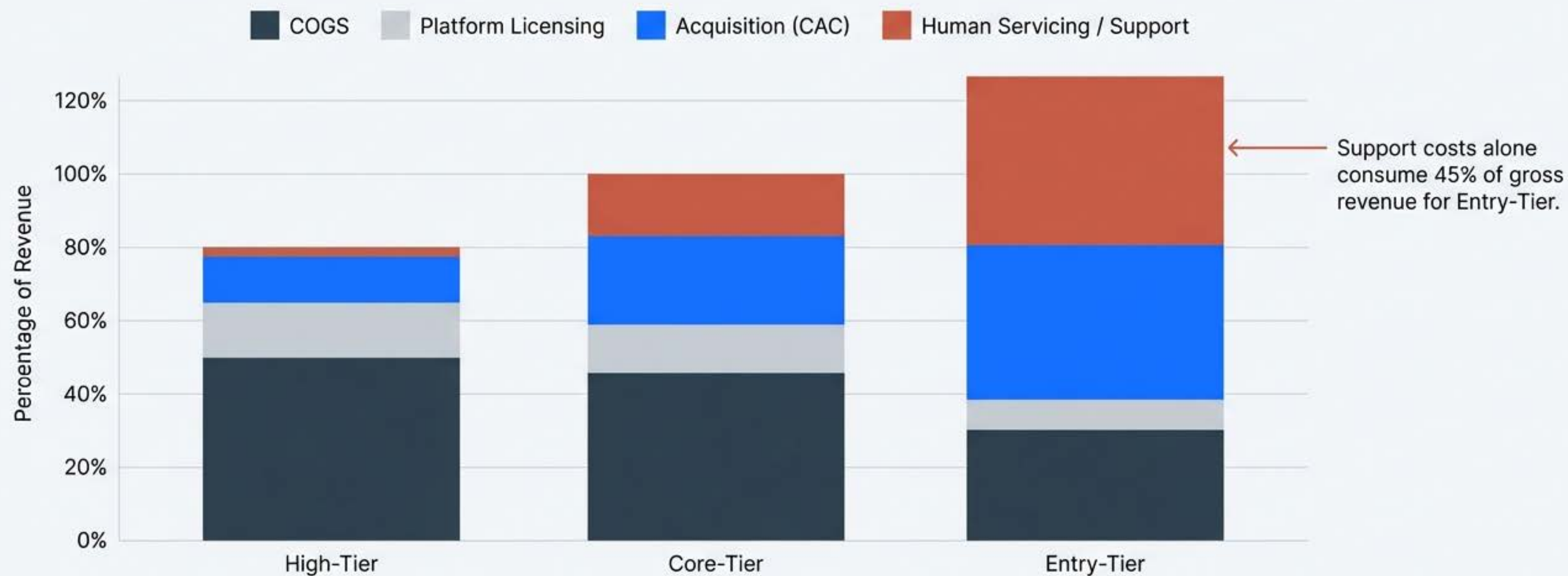


Insight Callout

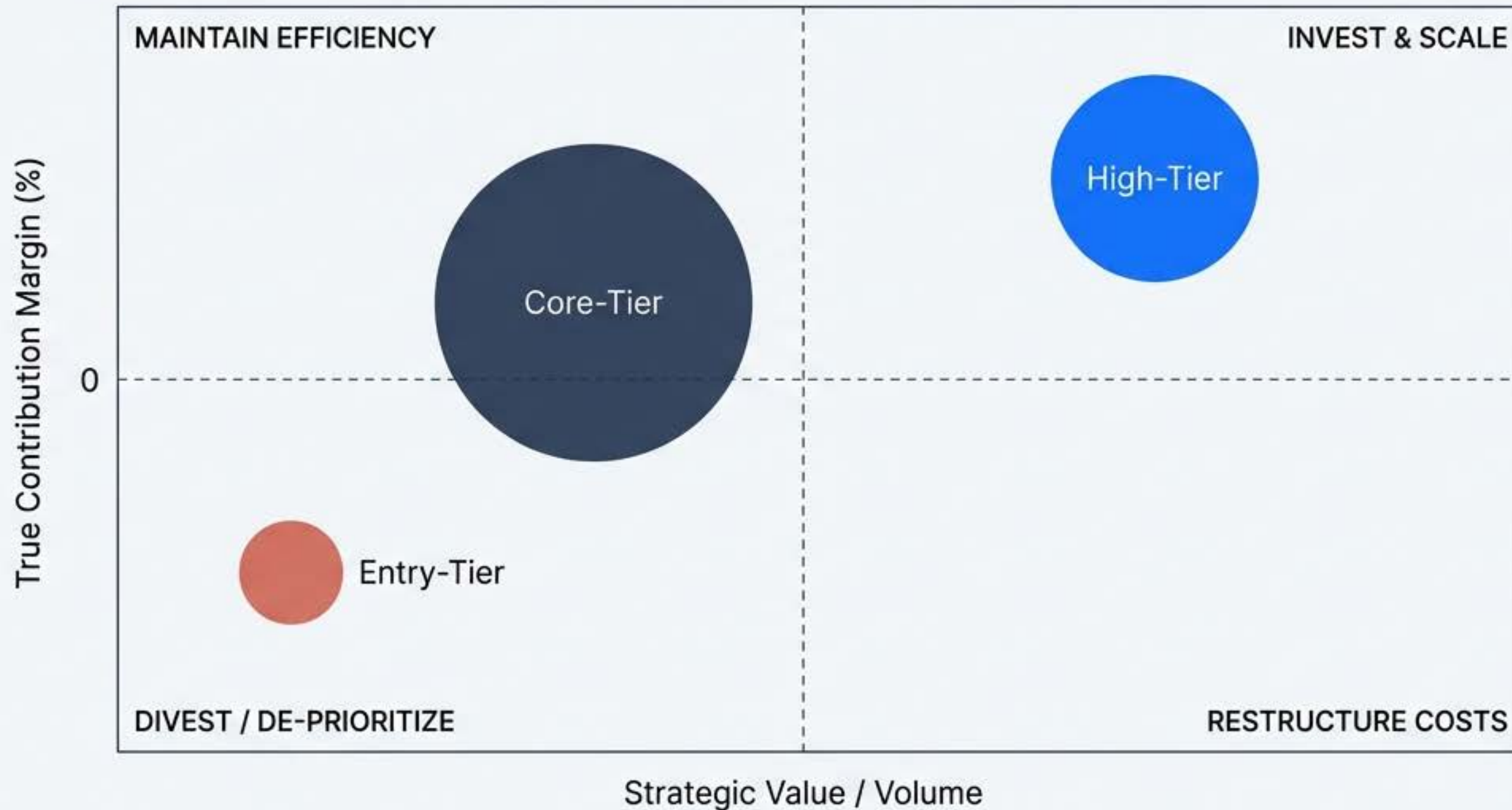
STRATEGIC WHY: This segment is fundamentally unviable under the current cost structure. They pay the lowest monthly fees but consume 3x the human support hours of the High-Tier.

Servicing and acquisition costs are the primary drivers of margin variance

A cross-segment analysis confirms that while baseline software delivery (COGS) remains **flat across the board**, the **specific variable costs** of human support and marketing acquisition disproportionately eat the Entry-Tier revenue.



Margin versus volume mapping dictates immediate resource reallocation



Action Matrix: Segments falling below the zero-margin line must face immediate operational restructuring or intentional throttling of acquisition spend.

Realigning operational and marketing investments to maximize portfolio margin



1. Shift Acquisition Focus

Reallocate 20% of the Entry-Tier marketing budget directly into enterprise targeting channels to accelerate High-Tier acquisition.



2. Restructure Servicing

Implement strict self-serve AI gating and paid support tiers for Entry-Tier members to aggressively curb variable human labor costs.



3. Core-Tier Optimization

Execute a marginal price adjustment on the Core-Tier to absorb rising macro platform costs, preserving their 18% baseline margin without sacrificing volume.

Immediate execution of these three pillars will elevate blended portfolio margin from 16% to an estimated 24% over the next three quarters.