Turning F5's Software Portfolio into a Growth Engine

How a simpler commercial model unlocked more than $100 million in revenue without a new product launch.

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$100M+	50%	$5M+	10+ yrs
INCREMENTAL REVENUE	BETTER OR BEST ADOPTION	PIPELINE AT LAUNCH	MODEL STILL IN USE

Executive Summary

By 2014, F5 was a $1.73 billion company growing 17 percent a year, the established leader in Application Delivery Controllers. To grow beyond that market, it had invested heavily in security and advanced software. The hardware was selling. The software built to ride on it was not. Attach rates were low, pricing varied by platform, and customers needed a decoder ring to figure out which modules worked where. Years of security investment were starting to look like they might not be the answer to F5's next phase of growth.

As a director in Product Management, I led the development of Good, Better, Best, a tiered packaging model that replaced individually priced software modules with three clear offers. It challenged F5's entire go-to-market approach and required alignment across Product Management, Engineering, Finance, Sales, and the executive team. It also worked: more than $100 million in incremental revenue during a period with no new product launches, and a commercial structure F5 still uses today.

The Challenge

The problem was easy to misdiagnose because F5 was performing well. But the software portfolio was becoming impossible to buy. Each product manager priced their own modules, and prices varied by hardware performance, competitive comparisons, and each manager's view of value. Customers and sellers had to figure out which modules worked together and on which systems.

Some applications were priced around $20,000. One module cost $66,000 on the most advanced VIPRION system and had never been purchased. Not once. When our CEO heard that, he asked, "So we're targeting these products to idiots?"

The comment was blunt, but it captured the problem. We had made valuable capabilities too complicated and expensive to adopt. And we were moving beyond F5's traditional application delivery buyer into IT security, a different buying center with different priorities and budgets. F5 did not have a technology problem. It had a packaging, pricing, and commercialization problem.

Building Good, Better, Best

The idea was simple. Executing it was not. Three clear bundles would replace dozens of individually priced modules, and nearly every function had something to lose. Product managers gave up pricing control. Engineering had to support more modules across more configurations. Finance struggled with the core premise: lowering prices to make more money was counterintuitive, and they had difficulty believing it would work.

Sales had the most interesting objection. Reps believed they could sell a core system first and return later to upsell software. The data showed they sold additional software less than 2 percent of the time. We were not sacrificing a successful upsell motion. We were replacing one that existed largely in theory.

The scrutiny was significant and appropriate. I was a director proposing that F5 overturn its global sales motion. But I had come from Microsoft, where I had seen what a simplified offer could do.

> *In a complex technology business, a simple sales motion beats almost everything.*

We tested that conviction with detailed financial modeling. If 12 to 18 percent of customers chose Better or Best, the model broke even. The downside was limited. The upside was higher attach, higher system value, and broader adoption of everything F5 had built.

The Launch

Winning the executive team was only the first step. Sales had to believe.

Sales Kickoff became the coming-out party. We introduced Good, Better, Best from the main stage and showed how three clear offers could simplify the customer conversation and make F5's advanced software easier to sell. While we were still presenting, reps began moving active opportunities into the new framework.

> *By the time I walked off stage, Good, Better, Best had more than $5 million in pipeline.*

Not everyone was convinced. A vocal group of reps said they would not sell it. We had deliberately kept the entire existing portfolio available at unchanged prices, so nothing forced them into the bundles. The reps who objected never returned to the old offers. They needed to know the choice existed. Once in the field, they used the simpler model.

Business Outcomes

We needed 12 to 18 percent of customers to choose Better or Best. We got 50 percent.

That adoption raised average system value, expanded penetration of F5's security software, and generated more than $100 million in incremental revenue with no new products. Good, Better, Best became F5's primary sales motion, helped establish the company as a serious security player, and remains part of F5's licensing structure more than a decade later.

> *We did not create growth by launching another product. We unlocked the value of the portfolio F5 had already built.*

Three Leadership Lessons

The first: changes this significant require executive air cover. I had a sponsor who believed in the concept and supported it through the inevitable resistance. Without that, Good, Better, Best never gets off the ground.

The second: Finance is the center of the universe when changing a commercial model. Working through the economics in detail and treating the risks seriously gave the executive team the confidence to move.

The third: not every objection means the same thing. Some concerns exposed real issues. Others were discomfort with change. Telling them apart took patience, good questions, and taking every concern seriously.

I learned a lot through Good, Better, Best, about economics, about change, and about patience. But the part I value most is that we took a struggling strategy and helped it reach its full potential.