

## Summary

Today, enterprises expect their service providers to drive innovation to not only reduce operating costs, but also meet the key business objective of delivering improved customer experience. However, innovation comes with risks and enterprises are pushing their partners to adopt a skin-in-the-game approach.

This is where outcome-based pricing models come into the picture. These models are often used in a hybrid construct along with traditional models. However, pure-play outcome-based models such as Total Cost of Operations (TCO)-linked pricing constructs are also now gaining prevalence. This pricing model is a win-win for both enterprises and service providers, as the former is able to minimize risks and the latter gets greater control to re-design their delivery model to achieve results.

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