

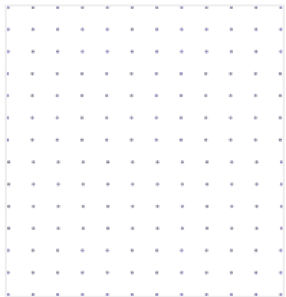


Concept

UNIQUELY BOLD

The concept for this book was formulated keeping in mind that this collateral needs to stand apart in its sector through attractive imagery.

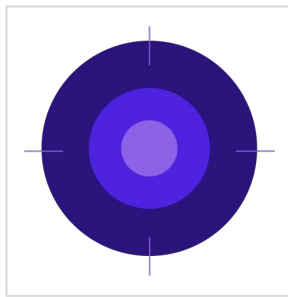
This was achieved through the play of several elements in the visual language.



Textured dots



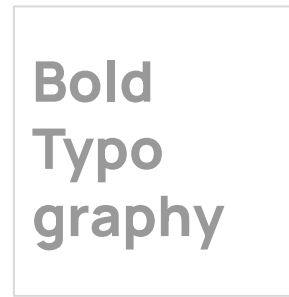
Unique colour combinations



Flat illustrations



Playful layouts +
use of white
space



Bold
typography

Cover pages

Concept 1

A play with
graphic
elements





Cover page

Concept 2

A play with
typography





SECTION 1 : Overview

OVERVIEW

01

45%
of SaaS
businesses
already have some
form or iteration of
usage-based pricing.

TLDR
The Complete Scope

OVERVIEW

Most businesses view usage based pricing as an acquisition lever. Billing every customer on usage instance instead of demanding them to commit to subscription plans reduces barriers to entry, and breeds confidence for adoption. However, it comes with none of the 'revenue predictability' benefits the staple subscription model is accustomed to.

If you're a CEO or a company leader in SaaS wondering - where usage-based pricing is finding its ballooning relevance from, its relevance to your organization, its impact on your revenue, and how to get started, this guide is for you.

In the following sections, we will explain why traditional subscription pricing is changing, how usage-based pricing is transitioning from an acquisition strategy to a revenue growth lever. By the end of this guide, you will be able to -

- 01 Understand the integral tenets of usage-based pricing and how it might impact your business
- 02 Determine if usage-based pricing is relevant for you
- 03 Get started with an operational framework for usage-based pricing implementation
- 04 Navigate around the fatal misconceptions about usage-based pricing

03

SECTION 2 : Table of contents

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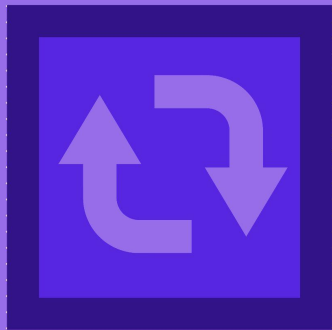
How Livestorm Increased Margins by 95% with Usage-based Pricing

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SECTION 3 : Introduction

INTRODUCTION

02



Introduction

The Shift from Capability to Value based SaaS Buying

INTRODUCTION

Software pricing evaluation

Pricing model



Who does it?



How it works



Advantage



Disadvantage

01 Upfront cost

—

One-time fee charged for on-premise software installation

Typically works for proprietary industries requiring exclusive software licenses

Does not account for software upgrades, no potential for feature upsells

02 Flat free

Slidebean | Skillshare

Customers are charged a recurring fee, computed against platform delivery and maintenance costs + overages

Simpler buyer decisions

Negligible upsell potential due to fixed pricing

03 Tiered pricing stacks

SproutSocial | Geckoboard

Groups sets of features into plans. Additional features require upgrades.

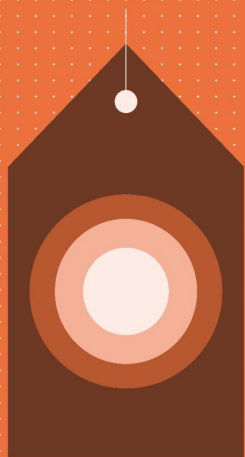
Lower barriers to entry and more opportunities for upsell.

Upgrades for smaller feature buckets without complete package utilization can be perceived as wasteful

SECTION 4 : What is usage-based billing?

USAGE BASED BILLING

03



What is usage based billing?

USAGE-BASED BILLING

Value metric is a mix of customers' perceived value and the intended price point for a particular product. This is identified across multiple rounds of experimentation and feedback loops from customers.

Usage-based billing is a flexible, consumption-based pricing model wherein customers only pay for components and services used within a defined billing cycle.

Traditionally, this monetization model is adopted when a business has a clear unit of measurement associated with how much of its product or service a customer uses. But in SaaS billing, this kind of pay-as-you-go pricing often takes into account not just the rate of customer consumption that matters, but also the value associated with the product or the value metric.

value metric

is a mix of customers' perceived value and the intended price point for a particular product. This is identified across multiple rounds of experimentation and feedback loops from customers.

USAGE BASED BILLING

Data cloud Company Snowflake Inc.
Charges users based on computing resources consumed

01

Traditional data warehouses are inflexible and pricing reflects the need to pre-size.

02

Snowflake pricing tracks actual usage

03

Actual Usage

Pay for only what you use with no overprovisioning

Eliminate overbuy

No charge for idle compute time

No need for pre-sizing. Make capacity decisions on the fly

Easily scale compute back down after peak periods





Thank you
