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## Models for Recurring Revenue

Recurring revenue models come in three basic flavors:



**Subscription**  
Fixed payment for service for a specific period of time— a day, a month, a year.



**Usage**  
Charges per use or per unit of service.



**Subscription plus Usage**  
Combines fixed subscription for service level with “overage” billed as extra charges.

## MAKE THESE MODELS UNIQUE

In picking the right revenue model, businesses should align with what works for their customers.

### THE SUBSCRIPTION MODEL VS. THE USAGE MODEL

#### ADVANTAGES TO...



#### THE SUBSCRIPTION MODEL

- Generates continuous, predictable revenue
- Promotes customer retention
- Collects customer information
- Generates revenue from automatic renewals
- Predictable cost over subscription term
- Spreads cost over time
- Buy a plan that fits



#### THE USAGE MODEL

- Scales revenue to the cost of service
- Incremental increase in revenue
- Reduces barriers to adoption
- “Foot in the door” strategy
- Scales cost
- Pay only for what is used
- Reduces barrier to buy
- Try before you buy



### THE SUBSCRIPTION PLUS USAGE MODEL

Combination plans (subscription plus usage) charge a subscription fee for service with any overage billed as extra charges. More broadly, a combination plan can be any mix of recurring charged services with usage services.

#### ADVANTAGES TO...



- Earn extra revenue from heavy users.
- Recoup higher expenses.
- Monetize added features or services.



- Allows extra usage.
- Eliminates having to buy a bigger subscription.
- Flexibility to change when needed

### ENABLING RECURRING REVENUE IN THE ENTERPRISE

What a Buyer Should Seek for Success  
A solution that supports...



**All Revenue Models (Recurring and One-time)**  
Usage, subscription, combination, other



**Legacy System Integration**  
CRM, ERP, service delivery, etc.



**Multiple Payment Types**  
Single interface



**Language and Currencies**  
Global



**Testing and Experimenting**  
New billing models, pricing, bundles, promotions



**Card Payment Processors**  
Multiple and many



**Evolving New Models**  
Test and validate



**Deployment Options**  
Traditional SaaS, dedicated cloud, or full appliance



**Native Channel Management**  
No workarounds



**Security**  
State-of-the-art security standards



**Promotions and Discounts**  
Upsell, cross sell, anytime



**Speed to Market**  
Rapid deployment for new market expansion



**Scalability**  
As transactions grow into multi-millions



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