

PAID CONTENT

**FORTUNE** + BillingPlatform



# Why flexible pricing is powering the subscription boom

*As companies iterate on subscription models, they need agile revenue operations to ensure monetization processes can keep up with the pace of change.*



The subscription economy—already a growing segment before the pandemic—continued to see a rise in adoption over the past year as companies looked to keep pace with rapidly changing market and consumer dynamics. As a result, forward-looking enterprises looked to make operational changes that would enable them to better serve their customers’ needs. For many, that resulted in a shift beyond the basic subscription model to a more nuanced, usage-based approach, allowing customers to pay for only the services that they use. And this trend is likely to continue. [Gartner](#) forecasts that 75% of enterprise software providers will offer a usage-based pricing model in their portfolio by 2025, up from 35% today.

Dennis Wall, chief executive officer of BillingPlatform, a cloud-based revenue management solution, says the adoption of usage-based offerings took off in 2020 because of both technological progress and changing demand from customers.

“Customers were saying, ‘Wait a minute, I need the freedom and flexibility to pay for a product or service when I use it but also dial it back when my usage is reduced due to circumstances that are within or beyond my control,’” Wall says. “That’s just the continued evolution of the relationship between the vendor and the customer. The power of the relationship is turning more toward the customer.”

Organizations had to embrace this new demand to meet customers where they were. Making such a rapid pivot, of course, presented plenty of challenges, including those caused by outdated systems that relied on multiple applications to operate, rather than having an end-to-end solution for both subscription management and billing.

Today, sales and marketing teams in nearly every industry are coming up with innovative and exciting new approaches to serve their customers through alternative subscription models, such as usage-based pricing. But a smooth rollout of any new structure—and subsequent recognition of the associated revenue—requires the ability to seamlessly update financial processes.

The first step in the right direction is to upgrade to a more agile billing and rating system, which allows companies to automatically and accurately invoice customers based on increasingly complicated pricing models. While billing can be a multistep process, automating revenue operations can benefit everyone across the organization, from stakeholders to sales teams.

“No matter how much time you spend planning, when you deploy a new solution there are going to be areas you need to refine to align with business objectives,” Wall says. “To do that, you need a flexible billing system that doesn’t require months of development to implement changes.”

As digital transformations continue to rapidly change the way we do business, companies will have to keep adapting quickly to meet consumer needs. It’s become apparent that one way to meet these increasing demands is through flexible usage-based pricing options. But this shift doesn’t only benefit the customer: The combination of subscription and usage-based e-commerce helps build long-term relationships that can lead to a promising—and profitable—future.

*For more information about how organizations can meet customer demands for flexible pricing models and embrace agile revenue operations, download BillingPlatform’s five-part series “[Achieving Agile RevOps](#).”*



**Rankings**

- 40 Under 40
- 100 Best Companies
- Fortune 500
- Global 500
- Most Powerful Women
- World’s Greatest Leaders
- World’s Most Admired Companies
- See All Rankings

**Sections**

- Automotives
- Careers
- Design
- Executive Travel
- The Ledger
- Venture
- Finance
- Energy & Environment
- Health
- International
- Leadership
- Lifestyle
- Luxury
- Retail
- Sports
- Technology
- Commentary

**Customer Support**

- Frequently Asked Questions
- Customer Service Portal
- Privacy Policy
- Terms of Use

**Commercial Services**

- FORTUNE Knowledge Group
- FORTUNE Branded Content
- Fortune Data Store
- Fortune Conferences
- Advertising

**About Us**

- About Us
- Work at Fortune
- Behavioral Advertising Notice
- Terms and Conditions

