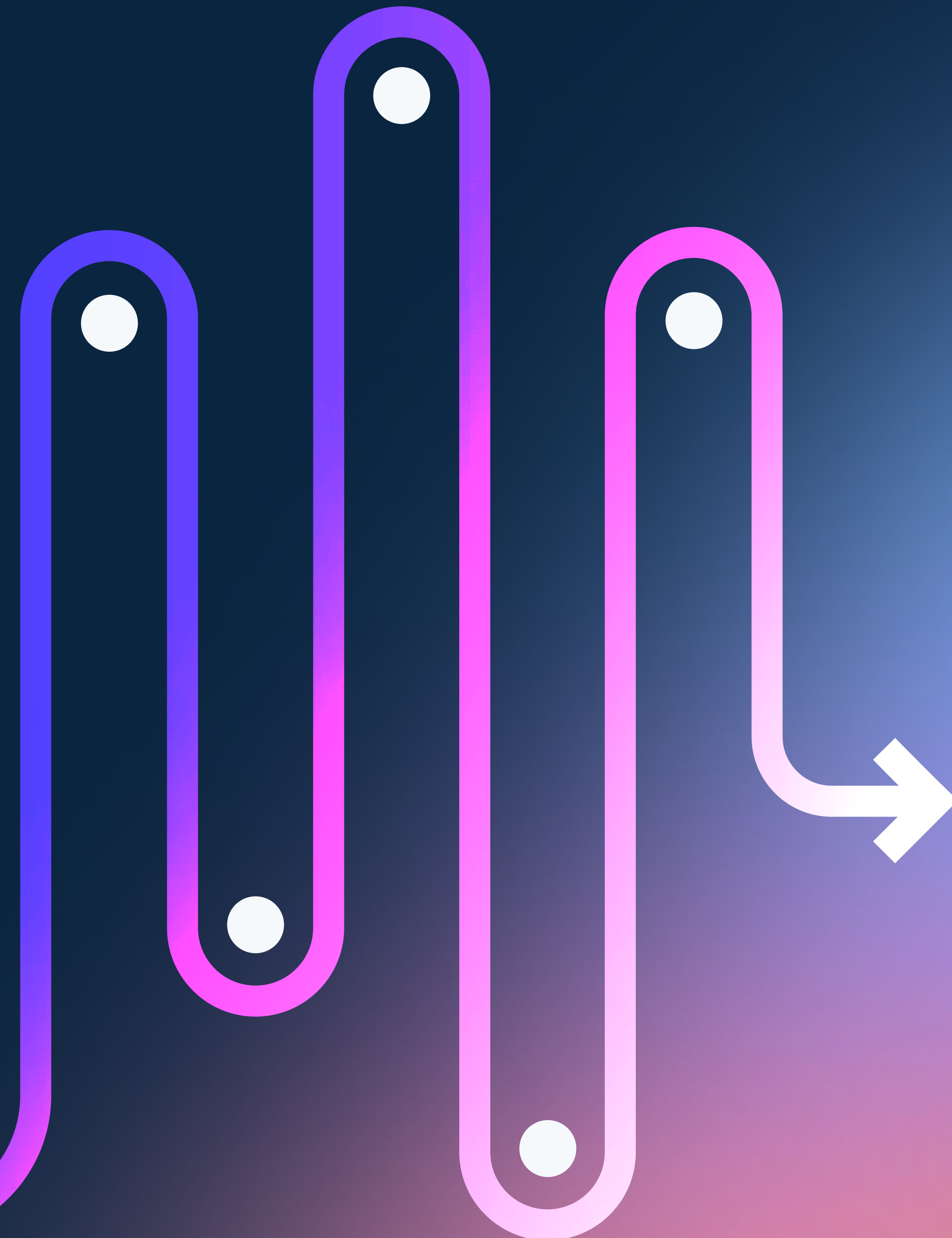


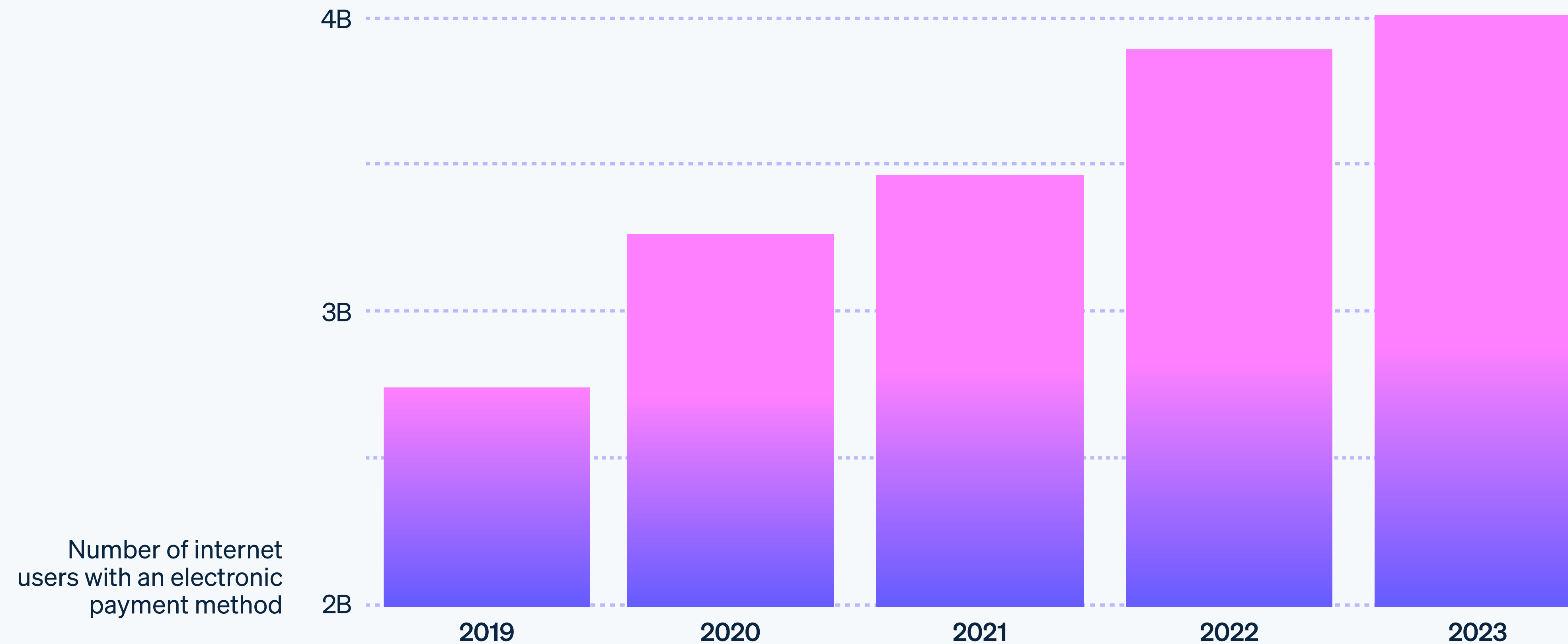
stripe

Is your billing system holding you back?

Trends and insights from thousands
of subscription business leaders



More than one billion new consumers have joined the internet economy since 2019



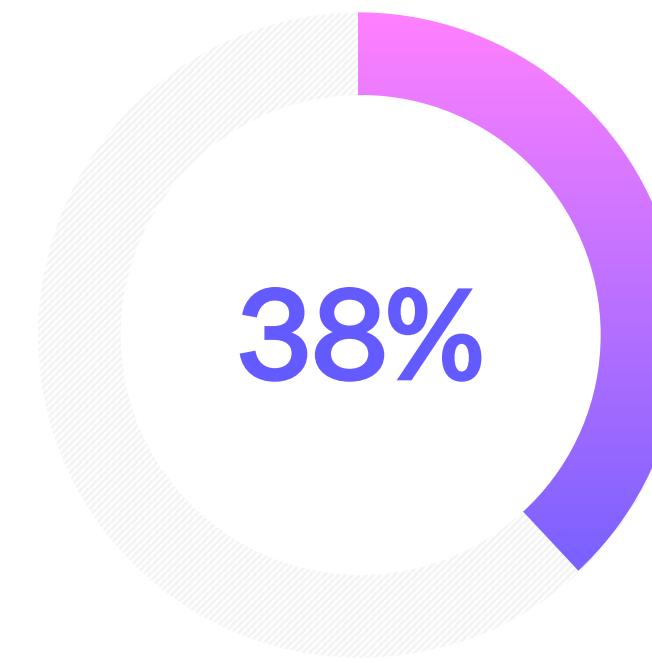
But thousands of global business leaders tell us that necessary tools for the internet economy have not kept up with this growth.



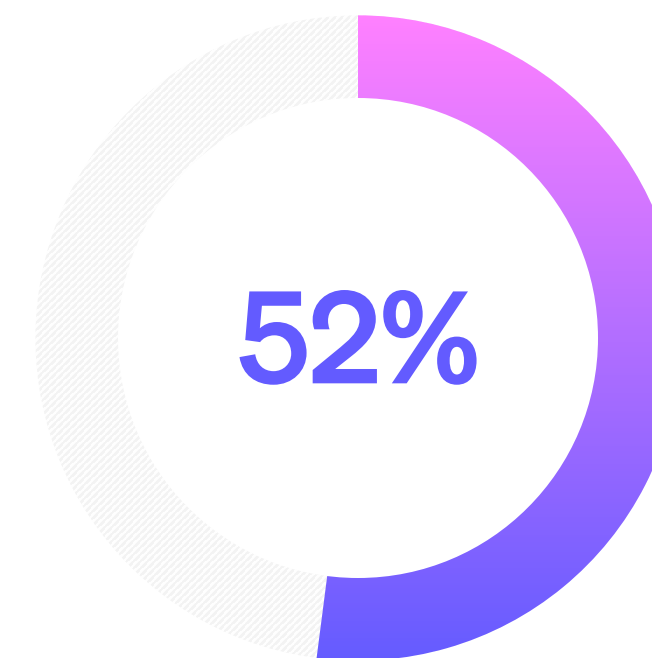
Businesses say their billing system is thwarting growth

It's hard for businesses to anticipate how their needs will change, and most billing systems are too rigid to provide the needed flexibility. As a result, businesses often find that their chosen solution is unable to grow alongside them.

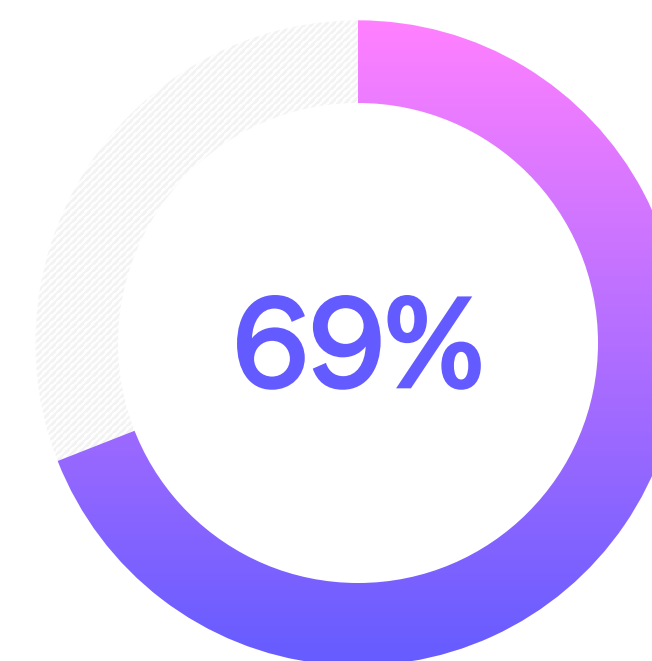
The costs to your growth aren't theoretical. The business leaders we surveyed say they have lost deals and are unable to take their businesses global due to inflexible billing systems.



have lost deals due to inflexible billing systems



are frustrated with the speed of their subscription processes



plan to reevaluate their billing software as part of their global expansion plans

Business leaders want new billing options

Fifty-five percent of survey respondents said they are likely to get an entirely new billing system in the next 12 months. The question isn't whether to replace their billing system or not—it's what they should adopt instead.

Business leaders from around the world need their billing system to:

→ Support flexible pricing models

→ Reduce involuntary churn

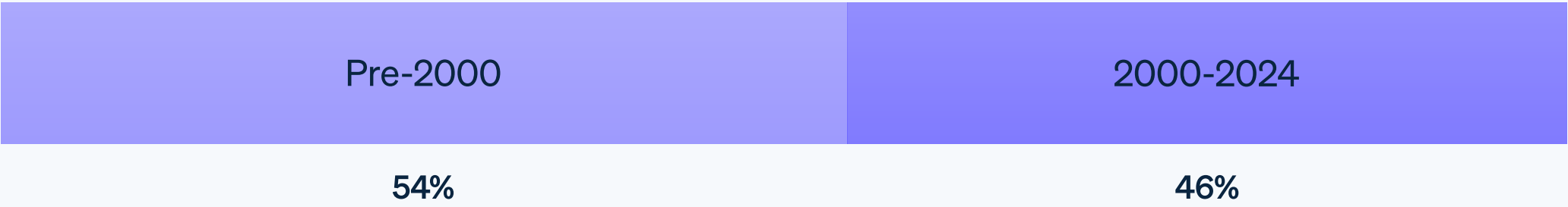
→ Enable global expansion

Methodology

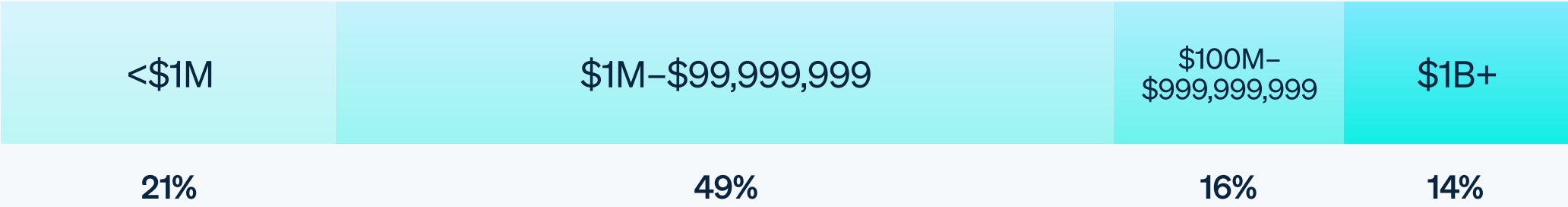
We worked with Milltown Partners to survey 2,021 business leaders in 9 markets (Australia, Canada, France, Germany, Ireland, Japan, Singapore, the UK, and the US) who generate a portion of their revenue from subscription offerings. On the right, you can see a breakdown of all respondents.



Year company was founded



Total revenue



Total number of employees



The pricing model dilemma

Businesses increasingly want to experiment with pricing models that their billing systems can't support



Pricing is product

Traditionally, companies first develop their product offerings and then determine a pricing strategy. Today, many businesses are following a pricing-first approach, using pricing as the foundation to create new product offerings. For example:

Applebee's

Date Night Pass

Applebee's won the internet by launching its [Date Night Pass](#) subscription, which offered diners a year's worth of dates for \$200. The subscription sold out in less than 1 minute, and Applebee's quickly followed up by offering an additional 1,000 passes to accommodate customer demand.

Instacart

Membership program

Instacart launched its [Instacart+ membership program](#), differentiating its service from the many other food-delivery companies by offering customer perks such as unlimited free delivery, lower service fees, credit back, and even free access to a Peacock Premium subscription.

Intercom

Fin, an AI chatbot

B2B companies have experimented with innovative pricing models, too. Intercom, a customer service SaaS company, launched its AI chatbot, [Fin](#), on a resolution-based pricing model. It only charges customers when Fin successfully resolves a support issue.

Usage-based pricing allows for creative monetization

Usage-based pricing has been used for years by infrastructure-as-a-service companies such as AWS, Snowflake, Datadog—and even Stripe. It lets businesses keep track of how much their customers use a product and charge based on the actual cost of providing it.

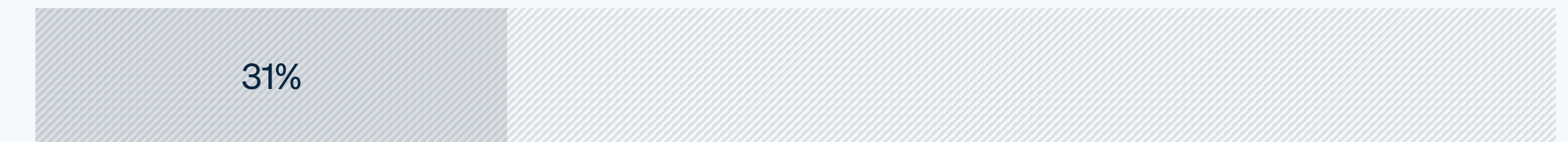
More companies are offering usage-based pricing in 2024 compared to 2023, and almost three-quarters plan to offer more usage-based pricing plans by Q1 2025.

A wider range of businesses are finding creative ways to bill for usage. Just recently we've seen:

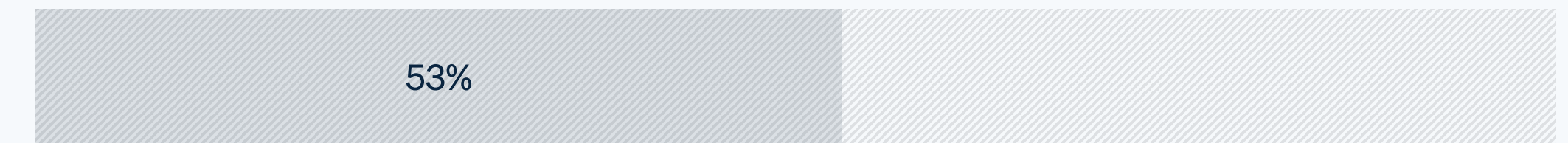
- A cloud company charging for à la carte computing hours
- A digital security firm charging for each bug it catches
- A sales platform charging per email sent

Percentage of businesses offering usage-based pricing

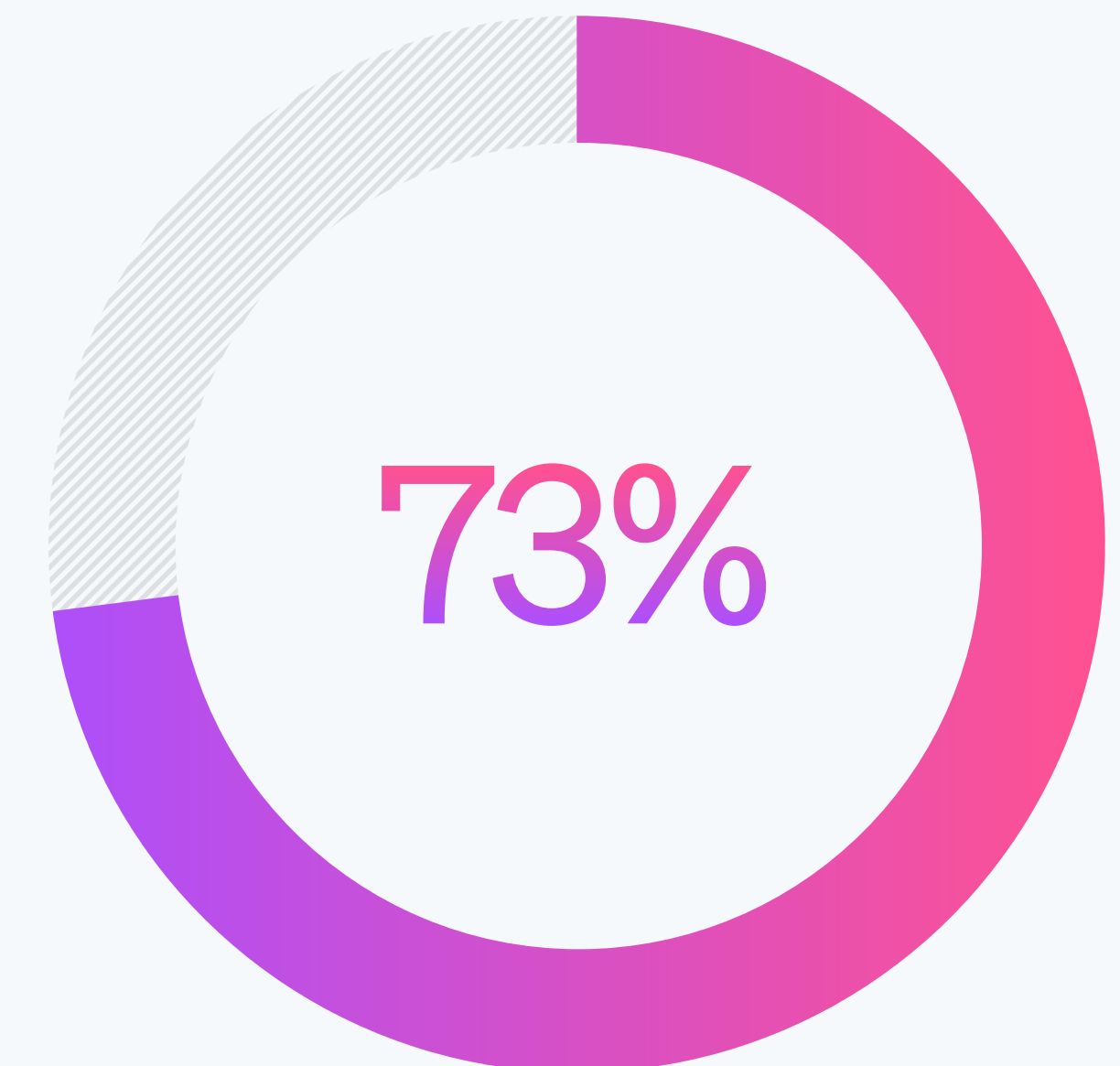
2023



2024



Percentage of businesses planning to offer more usage-based pricing in the next 12 months



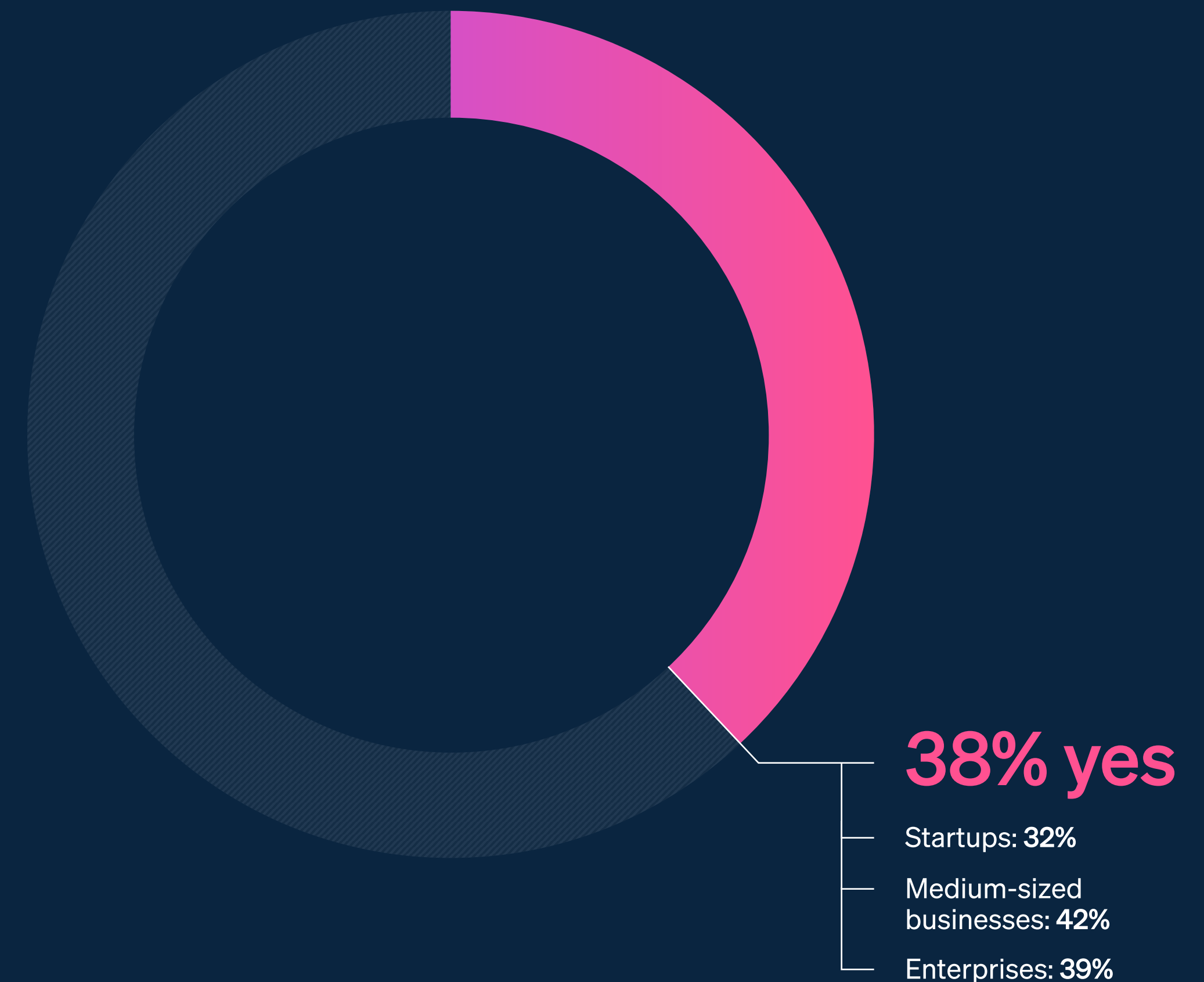
Most billing systems are unable to support creative pricing models

Sixty-nine percent of business leaders we surveyed are interested in adopting more flexible pricing models (such as usage-based pricing and tiered pricing).

However, it's still too difficult to do so with their current billing technology. Businesses have to determine how to offer their preferred pricing model, handle proration if a customer wants to cancel early, manage failed payments, iterate on pricing models as their products evolve, and so on. And in many cases, their billing systems just can't support their needs.

It's so bad, in fact, that almost 40% of businesses have lost deals as a result of their billing system's limitations.

Has your business ever **lost a deal or customers** because your billing systems were unable to accommodate the pricing model your customers wanted?



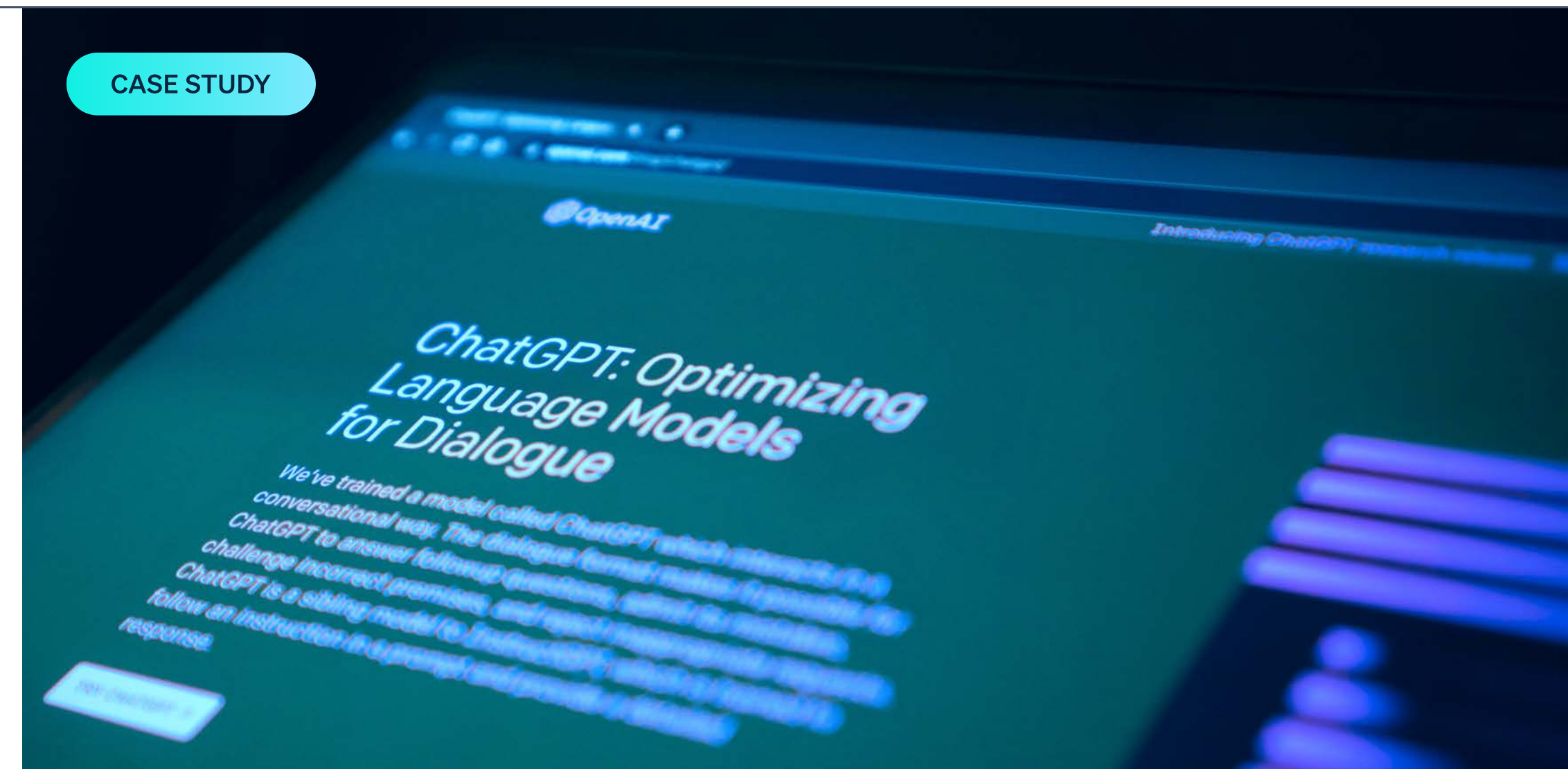
How Stripe can help

[Stripe Billing](#) makes it easy to bill customers however you want. Our goal is to let you quickly launch new pricing models and accommodate customer preferences, so you can maximize revenue without building new revenue systems.

With Stripe, you can:

- Offer a variety of pricing models, such as flat-rate, flat-fee plus overage, tiered pricing, credit drawdown pricing, per-seat pricing, metered pricing, and pay-as-you-go pricing.
- Introduce usage-based pricing with the [Meters API](#), which allows you to natively meter up to 1,000 events per second, ingest data, bill users, and collect payments, all in the same place.
- Give customers a [discounted introductory rate](#) so they can try your product without paying full price.
- Lower the barrier to subscribing by allowing customers to sign up for a [free trial](#) without providing a payment method, so customers won't be automatically charged if they choose not to continue with a service after the trial.
- Give subscribers a [discount](#) if they upgrade from a monthly plan to an annual one.

CASE STUDY



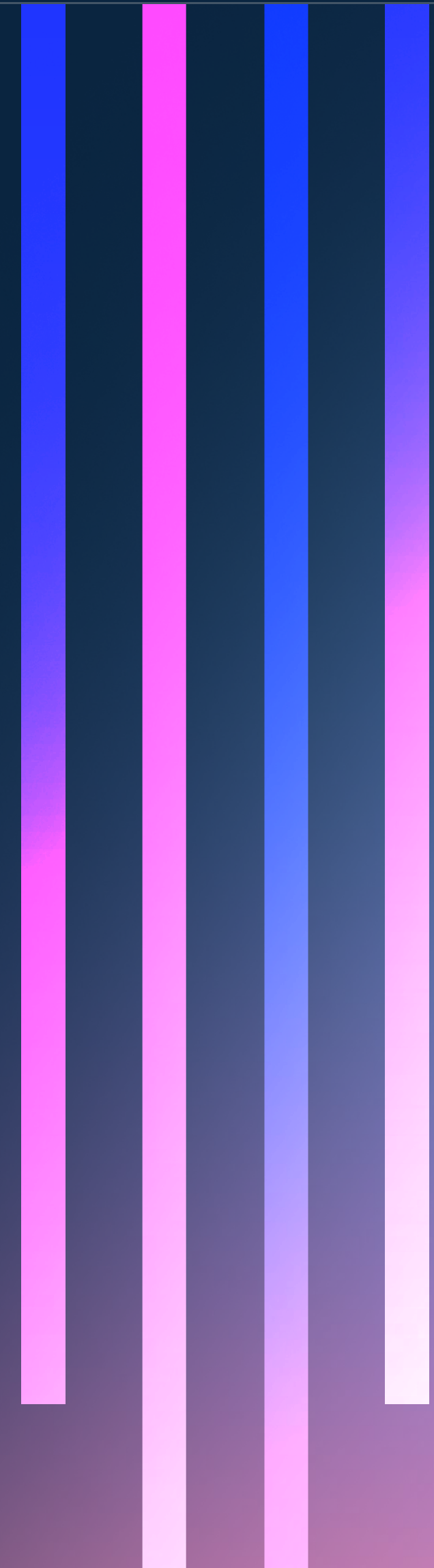
OpenAI offers pricing flexibility with Stripe

[OpenAI](#) is using Stripe to power payments as it moves to commercialize its ChatGPT and DALL·E generative AI technologies. With Stripe Checkout and Stripe Billing, OpenAI is able to offer four different pricing models to its customers:

1. One-time purchase
2. Monthly subscription
3. Usage-based subscription
4. Pay-as-you-go option to purchase DALL·E credits

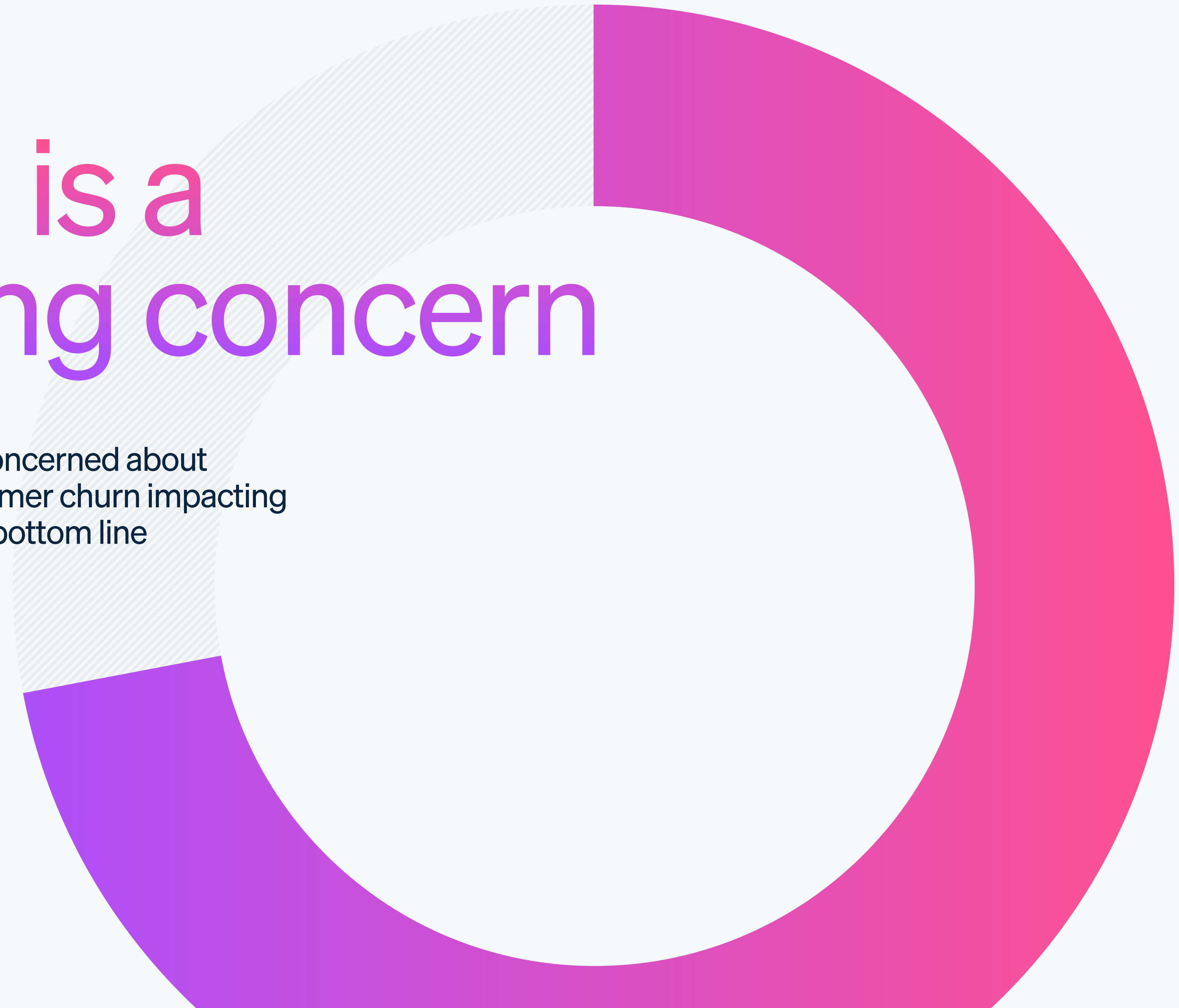
The “leaky bucket” problem continues unchecked

Businesses lack the unified tools and data to combat churn



Churn is a looming concern

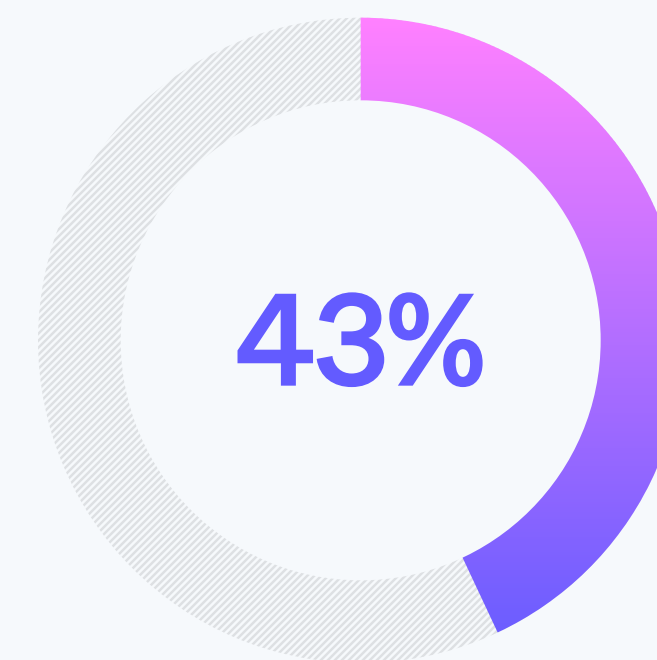
72% are concerned about
customer churn impacting
their bottom line



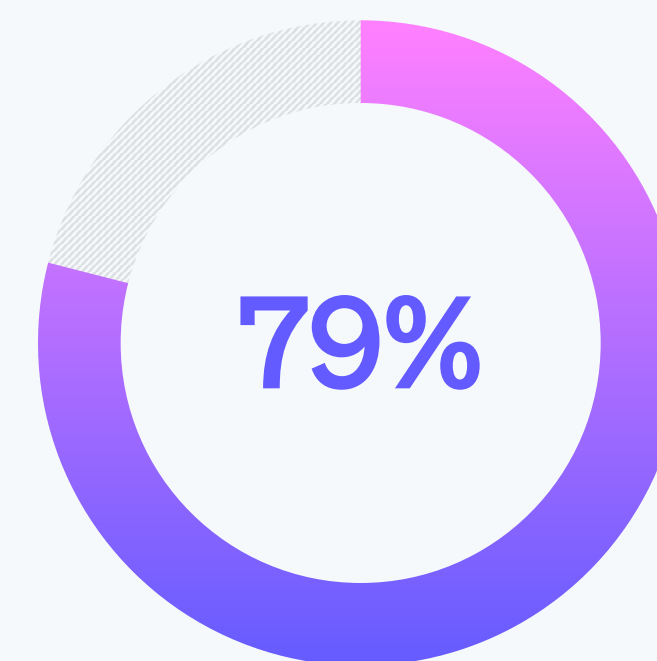
Businesses don't have the tools to understand and address churn

While business leaders are concerned about the impact of churn on their bottom line, many don't have access to the right data to understand its effects on revenue or don't introduce strategies, such as retry policies, to combat it.

Businesses should be able to rely on their billing systems as a source of truth for revenue metrics and overall financial health. But our survey shows that instead, businesses are juggling disparate data sources and trying to piece together incomplete or incorrect data to understand the underlying cause of churn. This often leaves them unsure about why churn occurs, making it hard to use solutions like retry policies to prevent it.



say they don't know how much revenue they have lost from involuntary churn or payment failure, but they'd like to find out



have not used any retry policies to reduce the number of declined payments

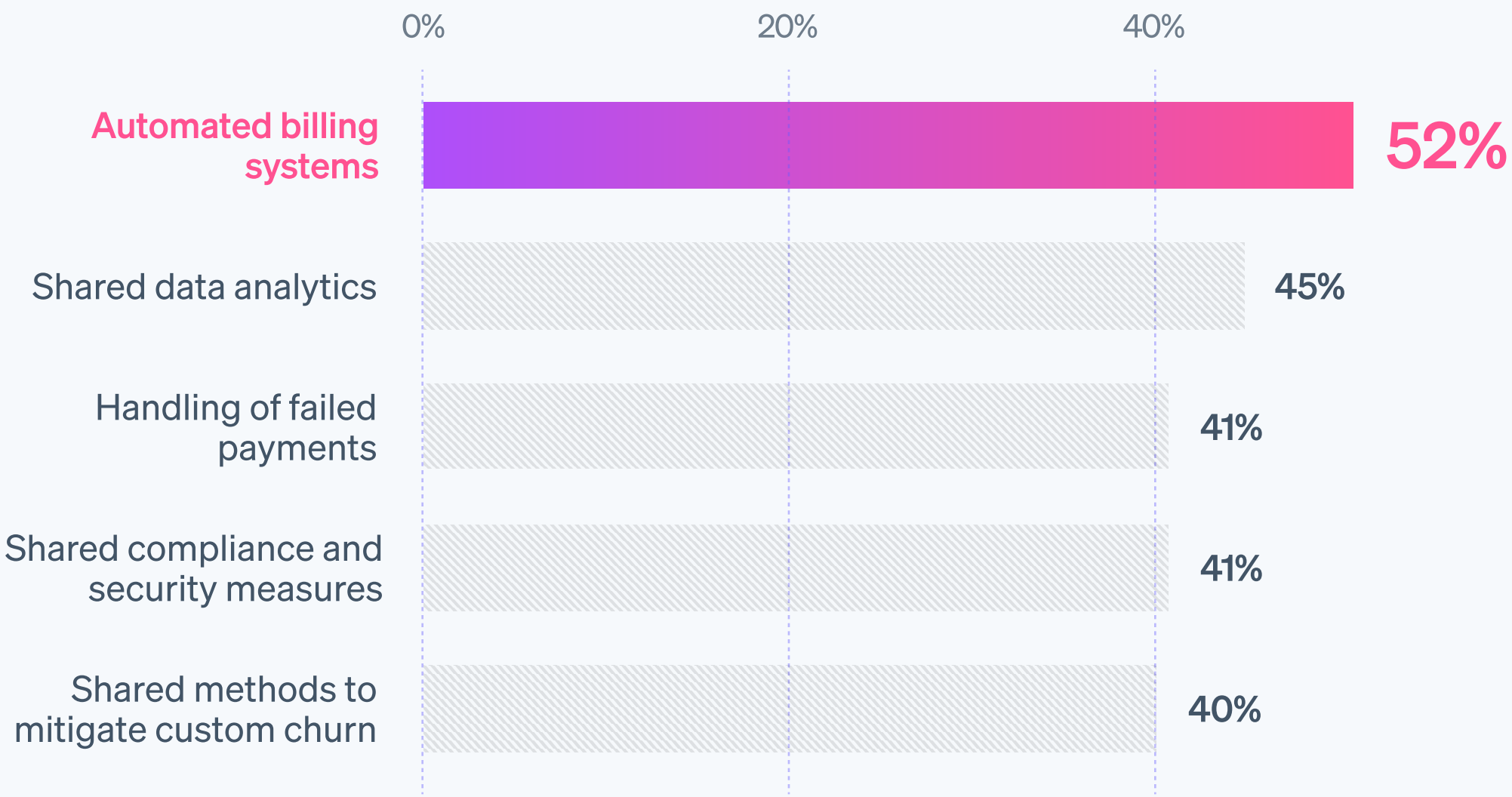
Most businesses want to unify payments and billing to combat churn

Earlier, we mentioned that 55% of business leaders are considering switching to a new billing provider. Almost as many business leaders—53% of all those we surveyed—say they’re considering a unified payment system to combat churn, and they believe the most important feature would be an “automated billing system.” In other words, the data shows that business leaders not only want to switch billing systems, but prefer one that unifies payments and billing in one platform.

To combat churn, are you considering a unified system that combines billing and payments?



What features do you think are most important for a unified system that combines subscription and payments?



How Stripe can help

Stripe offers a variety of revenue recovery tools to help you combat involuntary churn, both by minimizing the chance for certain failed payments as well as helping you recover failed payments. Our unified integration for payments and billing allows us to offer a best-in-class product suite with features that allow you to:

- [Automatically notify customers](#) of upcoming renewals and expiring cards.
- Recover more revenue by [retrying payments](#) when they have the best chance of success, based on signals from the Stripe network.
- Build custom, no-code [automated workflows](#) to improve your revenue recovery efforts. For example, you could create a custom dunning flow for annual subscribers, notifying your team when high-value invoices are overdue.
- Understand, analyze, and mitigate involuntary churn with revenue recovery tools in the Stripe Dashboard. You can get a quick overview of your failed payments and recovery rates, see the failed payment emails Stripe sends to your customers, and understand how to further improve your revenue recovery setup.

These features help businesses recover significant revenue. For every \$1 spent on Stripe Billing, Stripe customers recovered \$9 on average. In 2023 alone, Stripe's revenue recovery tools saved 58% of failed payments and recovered \$3.42B in total revenue for Stripe customers.

CASE STUDY



FOX Sports Mexico increases retention by 54% with Stripe

[FOX Sports Mexico](#) uses several features from [Stripe Billing](#) to increase the likelihood of a transaction completing, such as Smart Retries and automated failed payment emails. Together, these Billing features reduced FOX Sports Mexico's involuntary churn, increased retention by 54%, and increased subscription revenue by 20%.

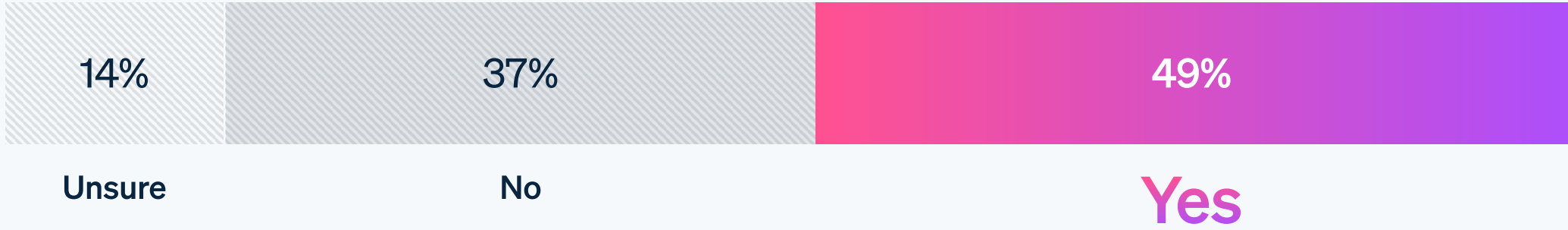
The billing blocker

Billing systems are constraining global expansion

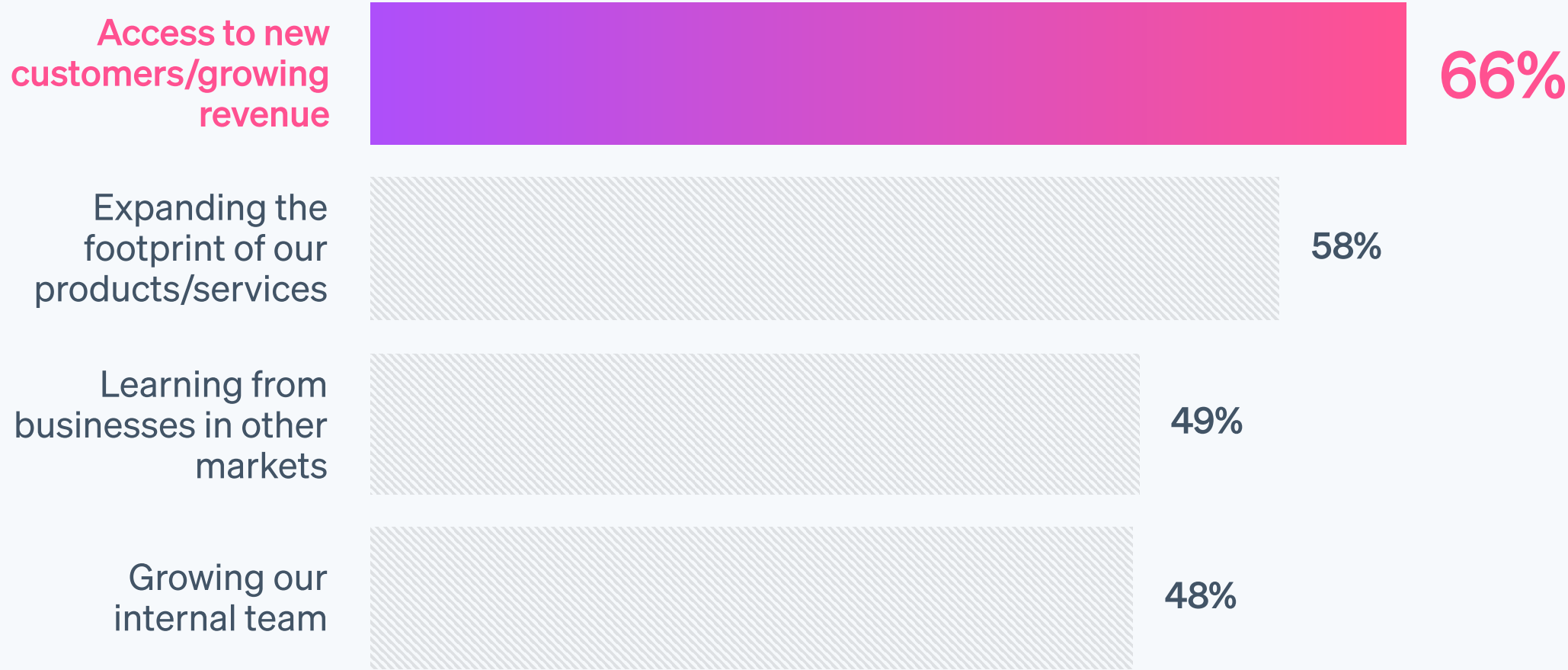
Businesses want to go global

Almost half of businesses we surveyed plan to expand globally by Q1 2025, primarily to access new customers and grow their revenue.

Are you planning to invest in global expansion for your subscription business in the next 12 months?



Among those planning to invest globally: Which of the following opportunities would you be hoping to unlock by investing in global expansion?



Expanding globally involves layers of complexity

International expansion requires navigating a staggering amount of complexity. This includes localizing languages, currencies, dynamic fields, and error messages, and staying up-to-date on regulatory and tax requirements in each country. In addition, local payment methods alone can make or break your ability to expand. According to a separate Stripe study, cards drive only 40% of global ecommerce—but accepting additional payment methods can require months of legal, operations, and engineering work, and create ongoing overhead.

Business leaders tell us this complexity is prohibitive.

“It is too much to deal with.”

—Product leader at a midsize company in the UK

“Our accounting team is not yet ready to accommodate global transactions.”

—Canadian engineer at a startup

“Too much overhead.”

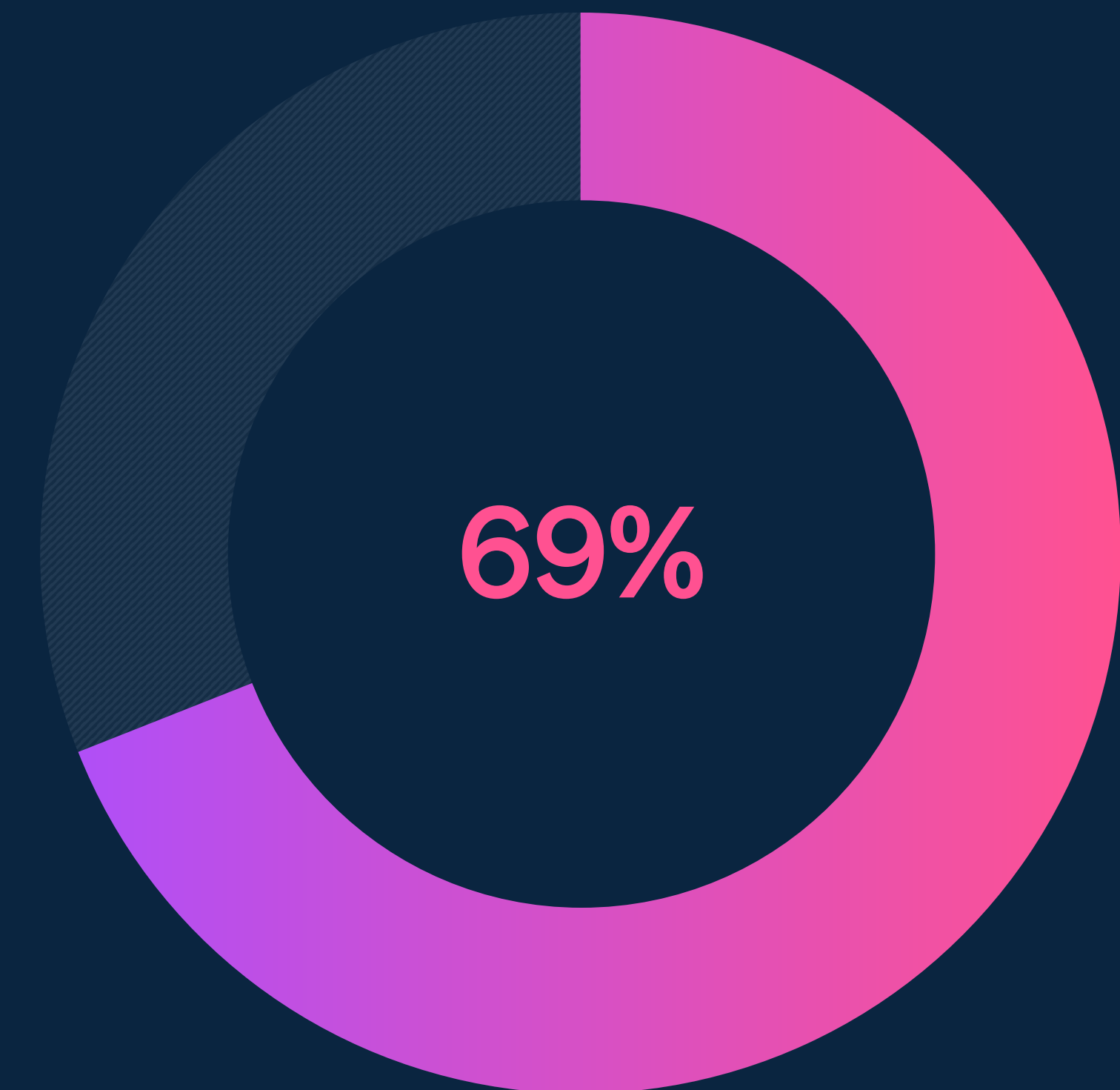
—US executive at a startup

Businesses lack confidence in their billing systems

Managing all of this in-house requires nearly full-time resources from finance, legal, compliance, engineering, and product teams. Businesses often look to their financial infrastructure to offload this investment, but our survey shows that most business leaders are unsure if their billing systems can keep up.

Business leaders aren't certain whether their billing software can manage the complexity of serving customers globally. Among the business leaders planning to expand, 69% plan to reevaluate their billing infrastructure as part of their global expansion plans.

69% of business leaders plan to reevaluate their billing infrastructure as part of their global expansion plans



How Stripe can help

Stripe offloads the complexity of expanding into new markets so you can focus on your core business. With Stripe, you can:

- Identify expansion opportunities by analyzing revenue data with [Stripe Sigma](#).
- Convert more customers by offering [40+ local payment methods](#).
- Automatically display pricing in [50 local currencies](#) based on a customer's location.
- [Dynamically translate](#) Stripe's hosted invoice payment page based on a customer's default language.
- Streamline tax compliance with [Stripe Tax](#), which automatically calculates and collects sales tax, VAT, and GST; lets you know where to register; and generates the reports you need to file returns.



Kickstarter expanded into new international markets with Stripe

As funding platform [Kickstarter](#) expanded into new global markets, it first needed to establish international subsidiaries. Rather than trying to understand complicated regional tax codes and ensure compliance with regulations, Kickstarter worked with Stripe to create local entities in new markets. Within months, they were able to expand to creators in Hong Kong, Singapore, and Mexico.



A single platform for your billing, payments, and tax needs

Subscription business leaders are preparing for accelerated growth: they plan to offer flexible pricing models, try new ways to reduce involuntary churn, and expand globally. However, there is still one obstacle: outdated billing systems.

[Stripe's revenue and finance automation suite](#), which includes modular billing, revenue recognition, tax, and reporting tools, is our answer. More than 300,000 businesses—including OpenAI, Figma, and Nasdaq—use our revenue and finance automation products to accept payments globally, recover more revenue, streamline tax compliance, and get fast, actionable insights about their revenue.

Are you ready to streamline your revenue and financial tools?

[Get in touch](#) or [create an account](#).

