Play #45

The Past, Present, and
Future of Subscriptions:
A Decade in Review

chargebee

beelieve

Prelude

The SaaS State of Things

We're spending more

264%

164%

151%

'19   '21   2023
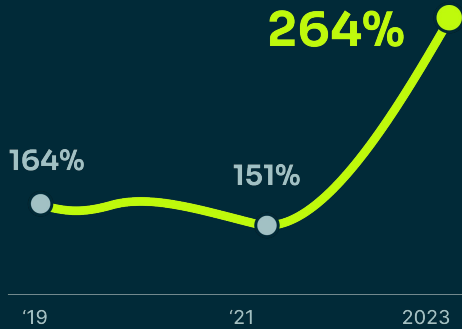
Median GTM Spend Ratio
BenchSights

We're charging more

+68%

8.7%

5.2%

Market inflation   **SaaS Inflation**
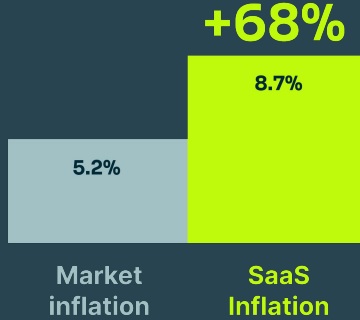
SaaS vs Consumer inflation
Vertice

Yet, growth is trending down

125%

123%

110%

'19   '21   2023
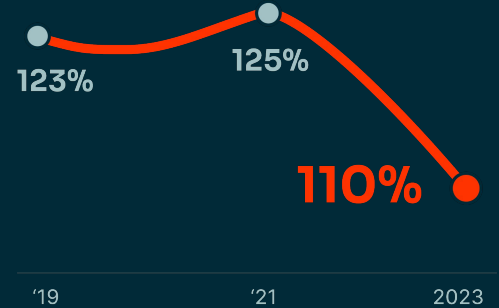
Avg. Net Expansion Rates
Goldman Sachs Global Investment Research

chargebee

Jason M. Lemkin ✓

SaaS Founder, Enthusiast & VC

🚀 SaaStr

2007: SaaS is Really Hard
2008: SaaS is Really Hard
2009: SaaS is Really Hard
... 2016: SaaS is Really Hard

2017: SaaS is a Great Business
2018: Everyone Invests in SaaS
2019: SaaS is Eating the World
2020: I'm a Genius
2021: I'm King of World!
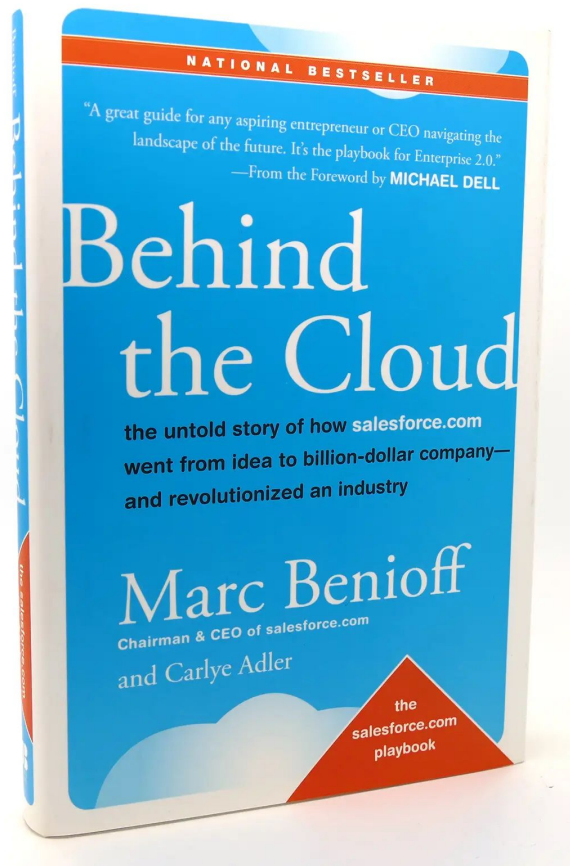2022: Uh-oh. Nothing Makes Sense

2023: SaaS is Really Hard
2024: SaaS is Reall ...

👍😆❤️ 1,088

beelieve

Play #45:
Leverage times
of change

"Then suddenly, everything started to unravel. Many dot-coms, once flush with VC money, began to run out of cash."

"Our business was booming and it was largely fueled by the dot-com fury"

"...some of our customers reduced the number of users, while others pulled out entirely"

Sound familiar?

"We realized that many of the accounts we had lost had been with us for less than a year, meaning that we never recouped our expenses"

"Investors were spooked, and valuations were appallingly low"

"Further, managing billing around a month-to-month customer was, by itself, costing us a fortune."

chargebee

beelieve

...a dramatic shift

"Although this idea to ==sell annual or multiannual contracts...== may seem obvious in hindsight, it represented a dramatic shift for our company.

==Our team was divided== as to what we should do; several of us wanted to maintain our no-contract and no-discount policy.

After all, we had publicly touted these differentiators. ==Could we suddenly change?== Would customers be willing to make this switch?"

Marc Benioff

chargebee

beelieve

...a significant ramification on our growth

That decision had a significant ramification on our growth. By collecting up front—and offering sales reps a real motivator to ensure that we closed multi-year deals—we went from cash flow negative to cash flow positive in less than a year.

...it's largely why we've been able to continue to grow an impressive amount of cash on the balance sheet to this day.

chargebee

beelieve

Three things

1

The lasting impact that an iterative, conviction-driven revenue lever can pull off.

2

Hybrid monetization was (and is, even more so) the norm.

3

What's at stake? And what are we committed to delivering as we build revenue growth infrastructure.

chargebee

beelieve
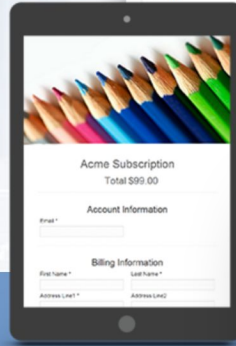
And we were doing okay

Strong Product Foundation. Several hundred Customers. And yet escape velocity was elusive.

chargebee

beelieve

A (magical) mindset pivot

Chargebee's front-row seat watching some of our hyper-growth customers, together, **pulled us towards a stirring, new hypothesis.**

chargebee

beelieve

$1m–10m in ARR, in 9 quarters

It had taken us five years to reach that first, much-coveted milestone. With this reframing of our mission, we sped past the next one.

chargebee

beelieve

6,500+ subscription leaders worldwide use Chargebee to unlock revenue growth

SaaS

Calendly   Brevo

freshworks   agorapulse

Typeform   freedom

Digital Consumer

Study.com   CHIEF

TOYOTA   Knewton
A Wiley Brand

pliability   United Masters

E-commerce

VITAL PROTEINS   SUPERFOODS COMPANY

DANONE   TOKYO TREAT

PRET A MANGER
LONDON 1986   Butternut Box

chargebee   beelieve

Freshworks:
A day-one, multi-category ambition driving a $700m ARR public SaaS giant

freshworks

2011   2014   2016   2017   2020   2023

🎧**Freshdesk**
Customer Support

⚡**Freshservice**
ITSM

💰**Freshsales**
Sales

☎️**Freshcaller**
Telephony

🌈**Freshworks**
Suite

💬**Freshchat**
Messaging

📢**Freshmarketer**
Marketing
Automation

⚡**Freshservice**
ESM

chargebee

beelieve
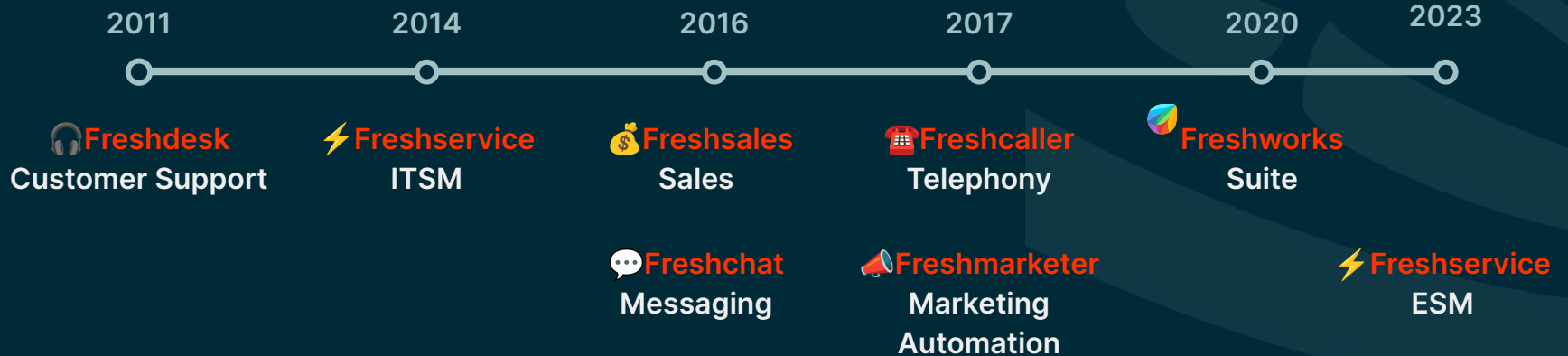
Brevo, formerly Sendinblue:
A zealous, global M&A impetus that transformed a newsletter tool into a CRM suite with 500K customers

Brevo

2019	2021	2022	2023	2023

🇩🇪 Newsletter2Go
~8 yrs

🇬🇷 Chatra
~6 yrs

🇦🇹 MeetFox
~2 yrs

🇫🇷 Captain Wallet
~9 yrs

🇫🇷 WonderPush
~8 yrs

🇦🇹 Yodel.io
~7 yrs
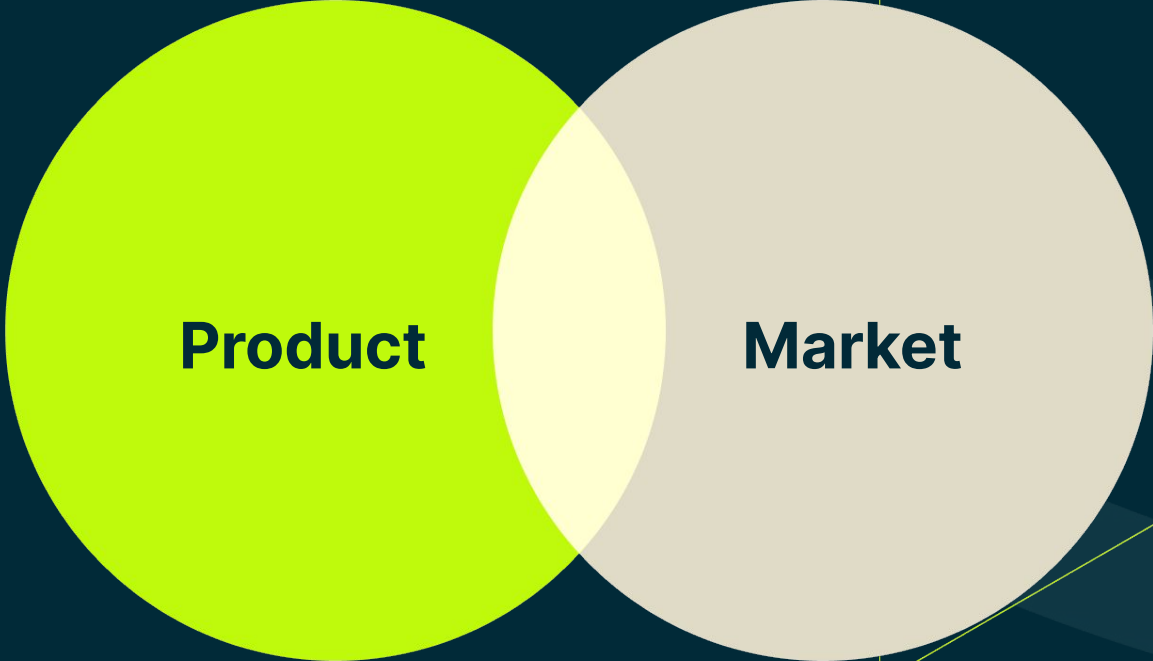
🇮🇳 PushOwl
~6 yrs

🇫🇷 Octolis
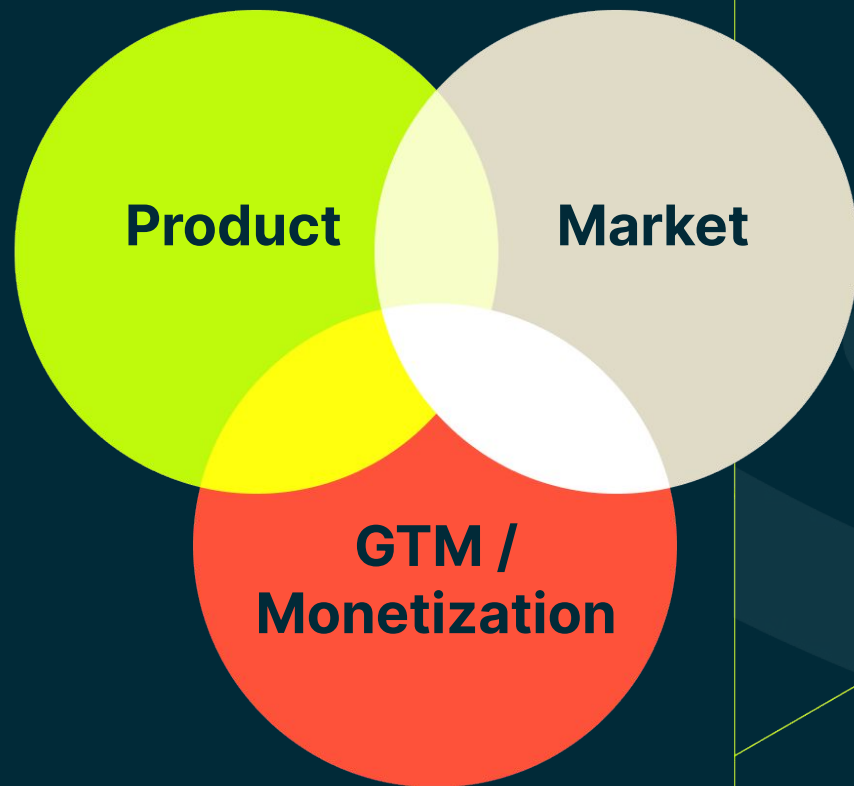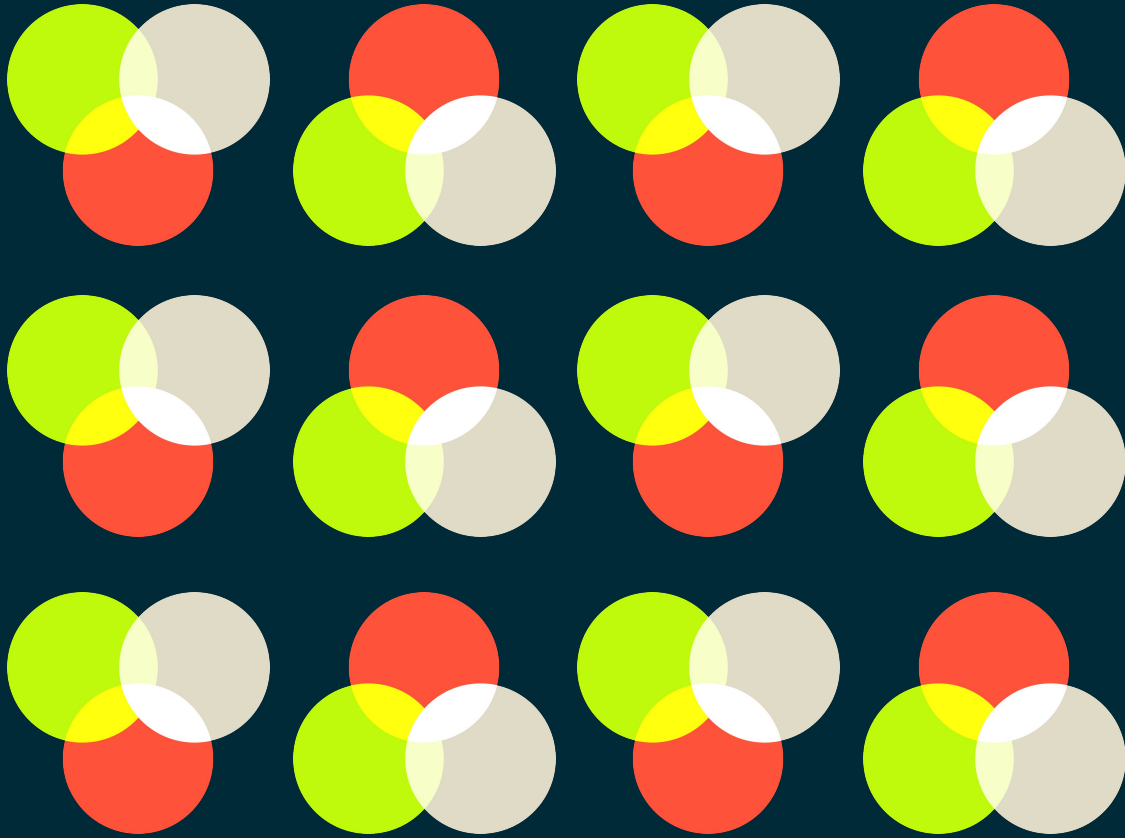~2 yrs

chargebee

beelieve

At Chargebee, we've pursued startups and enterprises building a dual and hybrid motion

Only because we've casted the Chargebee platform around our go-to-market bets.

chargebee

beelieve

What do these stories have in common?

Product

Market

Disruption is coming.
From all ends.

chargebee

beelieve

Good. Better. Hybrid.

chargebee

beelieve

Scaling an industry-defining PLG motion to 2.2m+ businesses

_zapier

Wade Foster • 2nd
Co-founder & CEO at Zapier, YC & Mizzou Alum
1mo • 🌐

+ Follow

Hey everyone – I'm not a big birthday celebrator, but what better w
celebrate than by sharing some fantastic news with our customers.
so excited to announce that today we've made some big improveme
to all Zapier plans that will help you build and run even more autom
workflows on Zapier.

...need to run more advanced workflows anymore. So, here's what's changing to help you do even more with Zapier:

1. More Zaps: Build as many Zaps as you want on the Free and Star
Plans.

Wade Foster • 2nd
Co-founder & CEO at Zapier, Y...
1mo • Edited • 🌐

+ Follow   •••

We've got huge news today: We're thrilled to bring you two new products to solve any problem.

That's why we're thrilled to bring you two new products that work hand-in-hand with Zaps to help you build powerful, unbreakable workflows that scale to solve any problem.
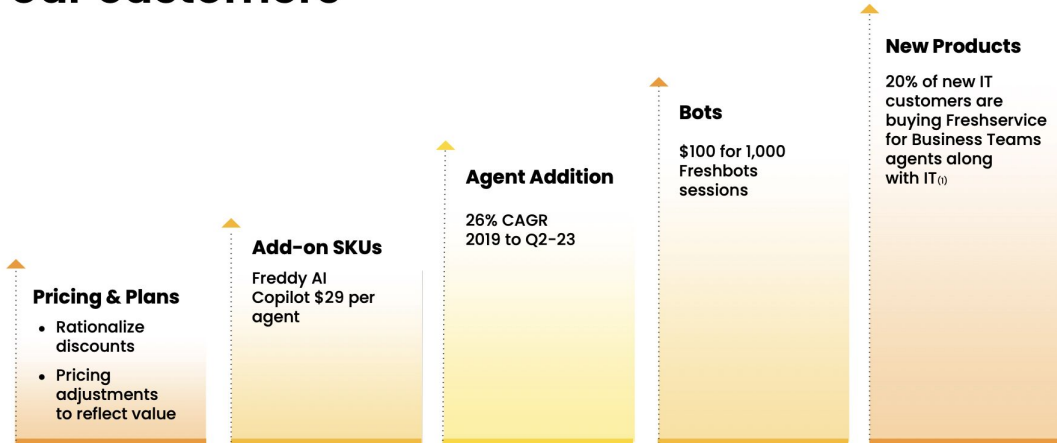
But as Zaps became more complex, things started to break. It grew harder and harder to scale your workflows because you knew... one wrong move, and your whole

Charting the $1B ARR path **with diverse monetization unlocks**

freshworks

Investor Day 2023

We have multiple expansion paths with our customers

New Products

20% of new IT customers are buying Freshservice for Business Teams agents along with IT(1)

Bots

$100 for 1,000 Freshbots sessions

Agent Addition

26% CAGR 2019 to Q2-23

Add-on SKUs

Freddy AI Copilot $29 per agent

Pricing & Plans

- Rationalize discounts
- Pricing adjustments to reflect value

freshworks

(1) Data from December 2022 to June 2023.

© 2023 Freshworks Inc. All rights reserved.   82

chargebee

beelieve

And this isn't just a public/hyper-scale SaaS thing

Or even a SaaS thing for that matter.

chargebee

beelieve
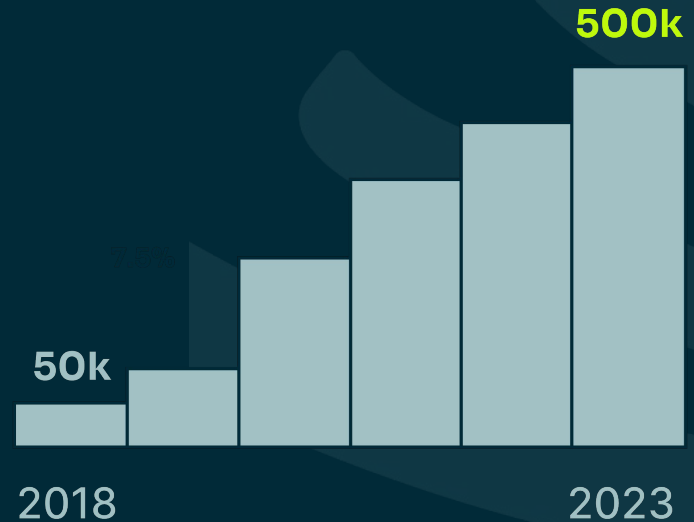
An (invisible) subscriptions offering that drove both profitability and growth

★ PRET A MANGER ★
LONDON 1986

Pret A Manger returns to profit for first time since 2018

Coffee subscription service helps sandwich chain rebound after fa[...] from coronavirus pandemic

YOUR FAVOURITE COFFEES

PRET

beelieve

Hybrid ≠ Vs.

It's often *and,* not either/or
with these monetization choices.

chargebee

beelieve

What it's like trying different models on for size

Quite naturally, not all GTM experiments succeed

...it really failed us

"I appreciate the spirit of the policy [Slack's fair billing] ==but the actual mechanics were confusing to people. So it was very short lived and we switched away from it==. We didn't really consider the type of tool that Slack was, and ==what customer's expectations were=="

Michael Pryor, Co-Founder, Trello

chargebee

beelieve

...it's working (although it isn't perfect)

...changed our pricing over a hundred times since starting Wistia. The current iteration has been largely untouched for a few years now though and has been working well for us, particularly having videos as a value metric. Before this, usage was more or less unlimited, so we had customers getting huge amount of value and paying very little"

Brendan Schwartz, Co-Founder, Wistia

chargebee

beelieve

Hybrid requires a whole-body yes

A monetization shift also warrant a shift in **how product and GTM teams are structured.**

chargebee

beelieve

SLG → PLG

"This happened to us at RJMetrics. We ==marketed ourselves as a self-serve product== and focused on end users who wanted to self-serve. But the product never caught up to the vision because so much of our functionality was built around the crutch of high-touch services from our early days. ==That gap was a major source of friction==, contributed to churn, ultimately was at the core of a lot of our biggest issues in scaling the company."

Bob Moore, Co-Founder, Crossbeam

PLG → SLG

"Product-oriented teams are triumphantly declaring, 'Sales and marketing had their time... We understand the power of bottoms-up distribution. ==But we also continually see great product founders get caught flat-footed==, ==underachieving against their growth goals== when they rely solely on organic end-user adoption as their go-to-market (GTM) strategy, ==rather than as part of a whole-company system==."

Sarah Guo, Early-Stage Startup Investor, Founder (Conviction)

No perfect playbook. But...

3

Our (long-running) commitment

Executing GTM Plays is hard

Change management and executing plays with a high degree of conviction (again and again) is undeniably an art.

beelieve

Chargebee is infra for just these revenue growth plays

Because the infrastructure you need to test/iterate/execute on these revenue levers fast enough shouldn't be an art.

That's what we're solving for.

chargebee

beelieve

We're releasing so many exciting things from the Chargebee roadmap, today!

Predictive Engagement

Because companies with stellar, efficient revenue growth are also the ones that boast admirable retention rates.

chargebee

beelieve

Ramp pricing

As enterprise budgets are heavily scrutinized and buying urgency remains slow, the flexibility of ramp-based pricing structures can be the perfect salve.

chargebee

beelieve

Multi-entity support

Chargebee customers sell across every single country on earth. Now, their regional entities can all be housed under one, unified Chargebee site.

chargebee

beelieve

Three things, again

1

Obsess over customer-driven revenue growth.

2

Embrace GTM Innovation and hybrid monetization models.

3

Continue to exercise the GTM innovation muscle in the org.

chargebee

beelieve

🌼

Every single customer (past and present) we've served has shaped our trajectory.

chargebee

beelieve

At Chargebee, all 847 of us are deeply obsessed with building the best infra for maximizing your revenue growth.

chargebee

beelieve

👏 Keep playing the long game.
Keep beelieving.
Thank you!

beelieve