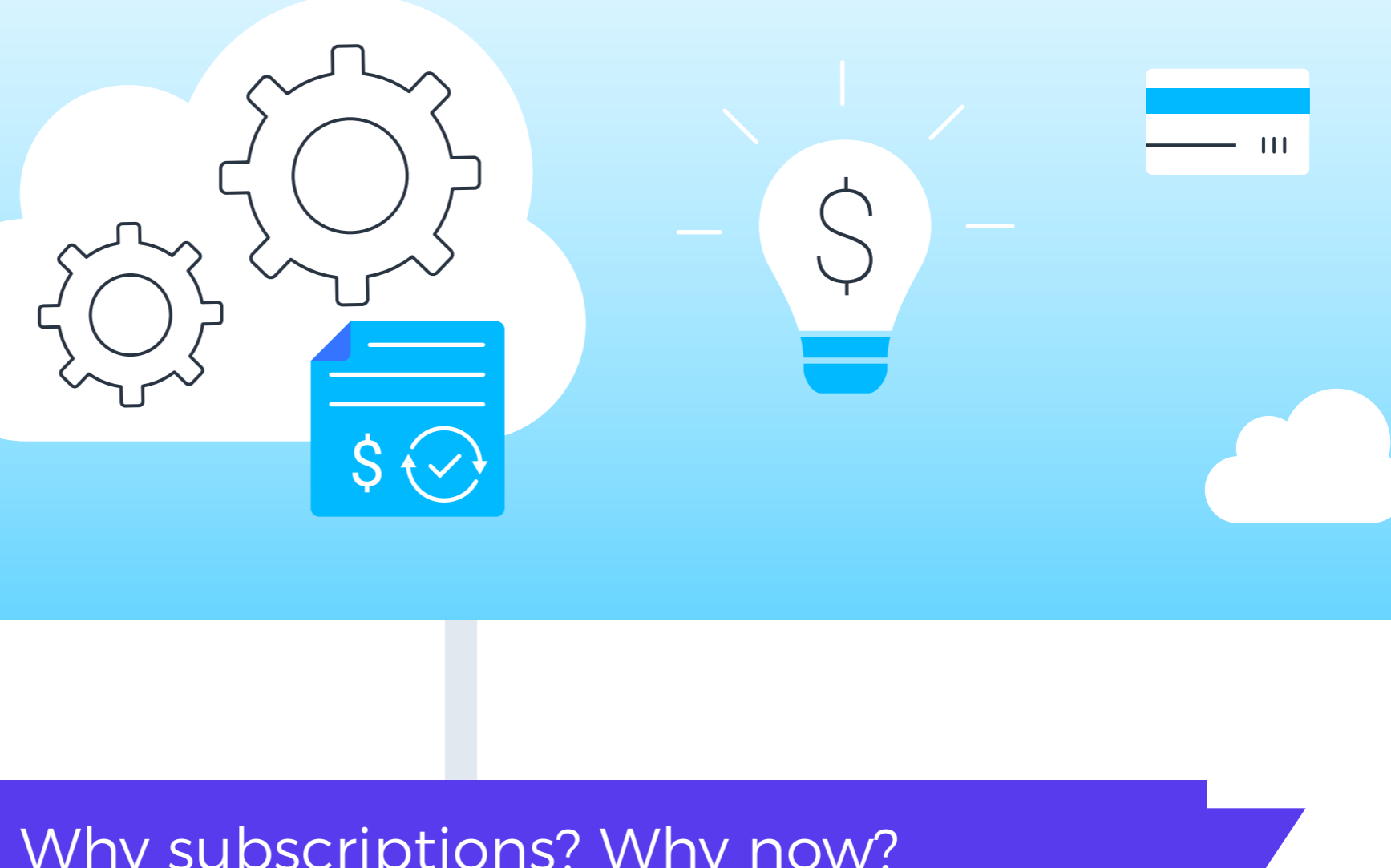
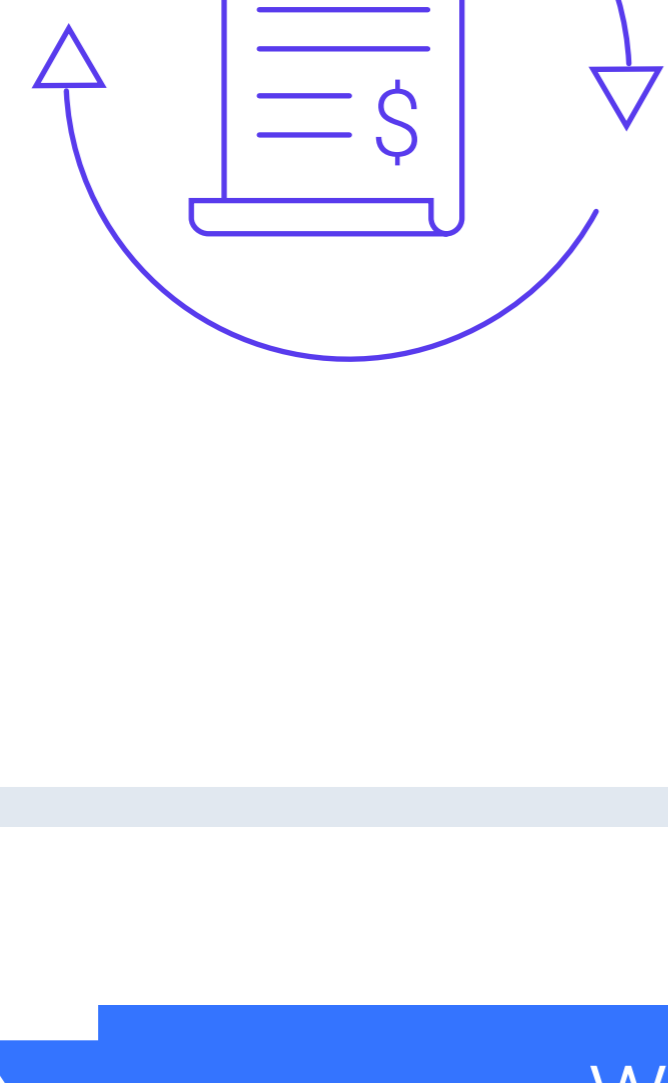


The Transition to SaaS & Subscriptions:

The shift to subscription-based business is inevitable. See how you can make the most of it.



Why subscriptions? Why now?



2018 **30%** Subscriptions will make up more than **30% of all software sales** by 2018.

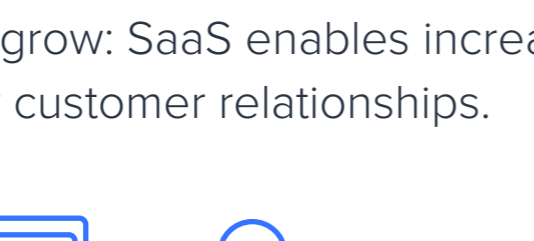
2019 **Subscriptions will surpass** perpetual licensing and maintenance by 2019 (or before).

2020 **+80%** By 2020, **more than 80%** of software vendors will change their business model from traditional license and maintenance to subscription.

CHECK THIS: Is it the right time for our company to make the shift from a traditional perpetual license to a subscription and/or SaaS-based model?

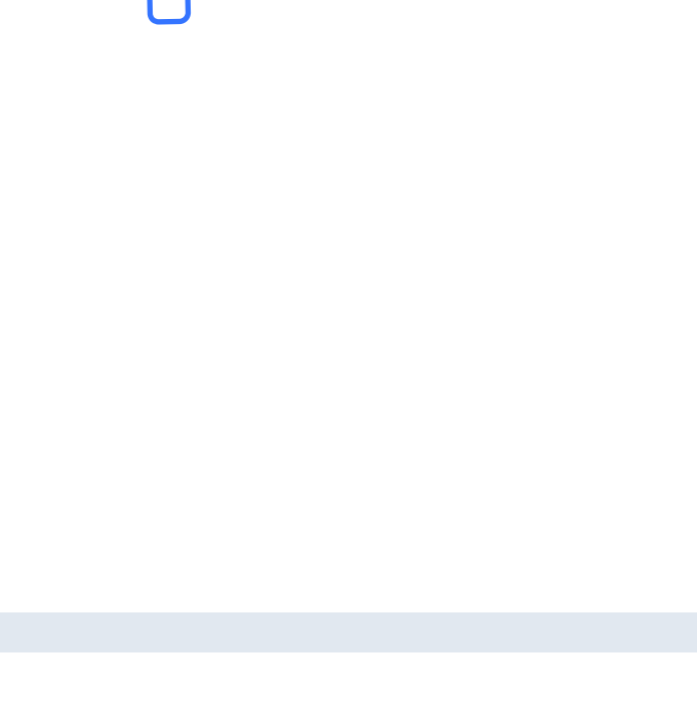
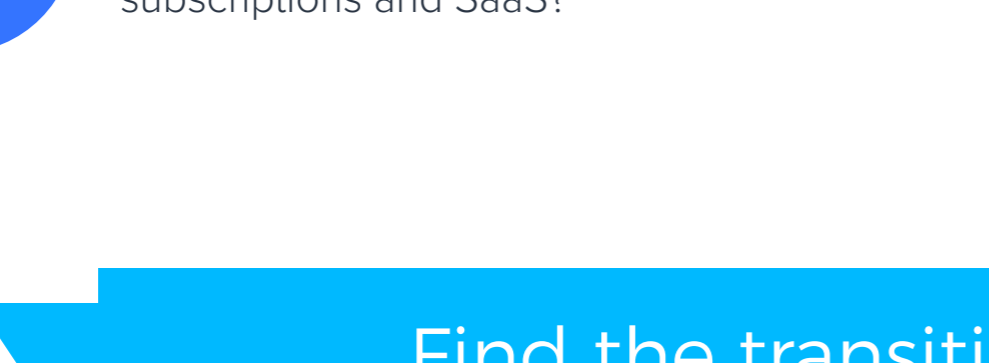
What's driving the shift?

Business influence: IT and Business are splitting purchasing decisions at nearly half of companies.



Increased demand for instant purchases and delivery across multiple channels.

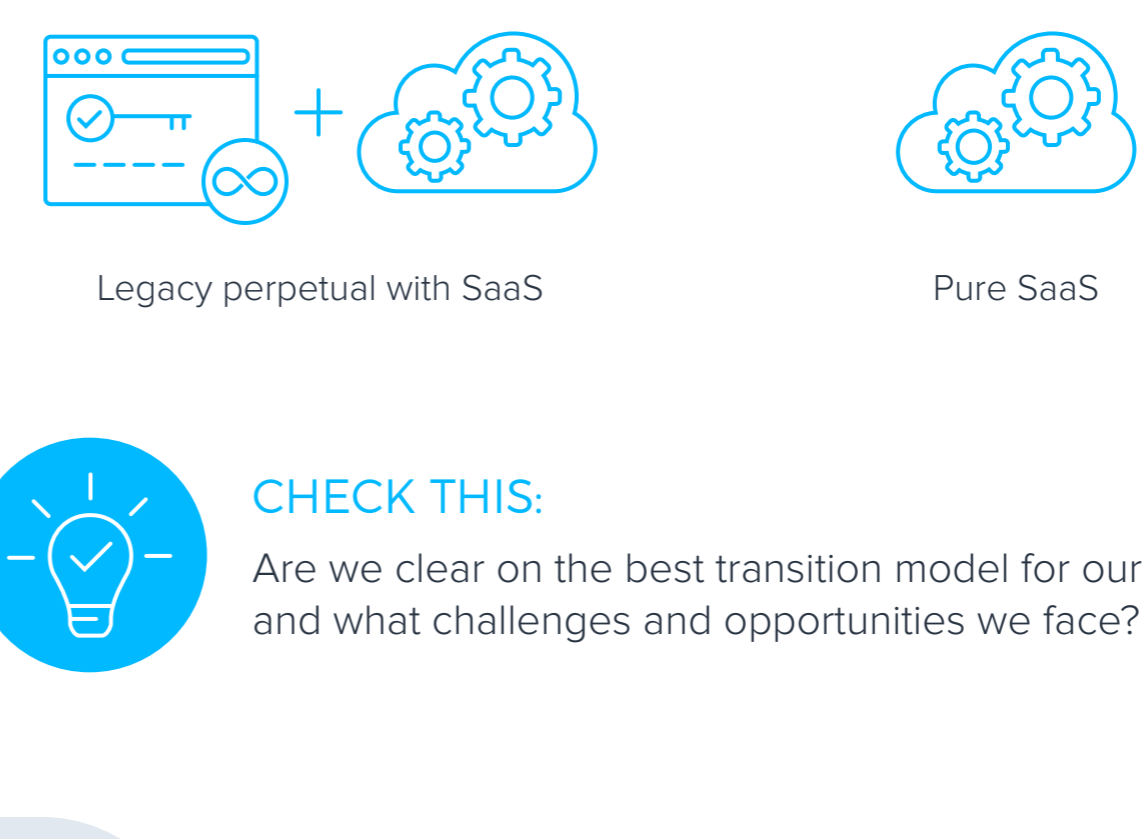
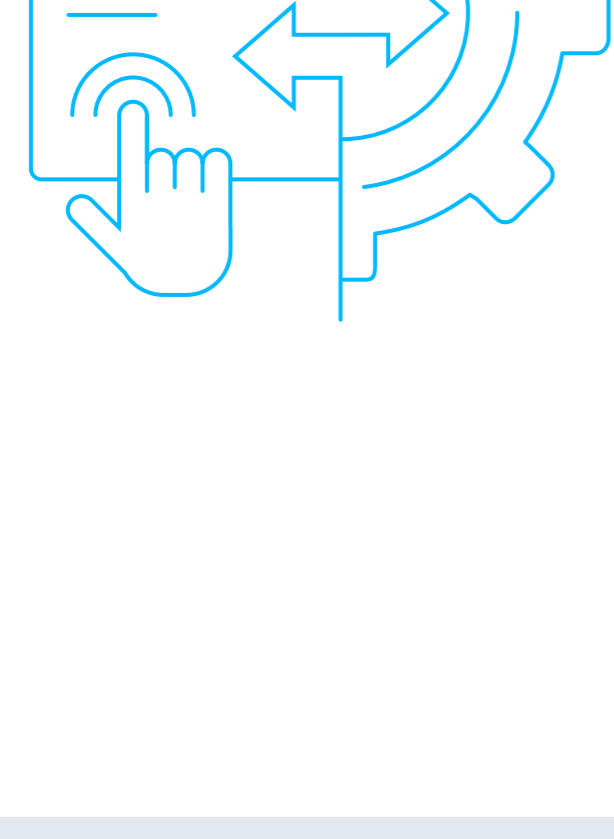
Opportunities to grow: SaaS enables increased revenue, greater agility and closer customer relationships.



CHECK THIS: Are we all aligned on the key factors driving us toward subscriptions and SaaS?

Find the transition model that fits

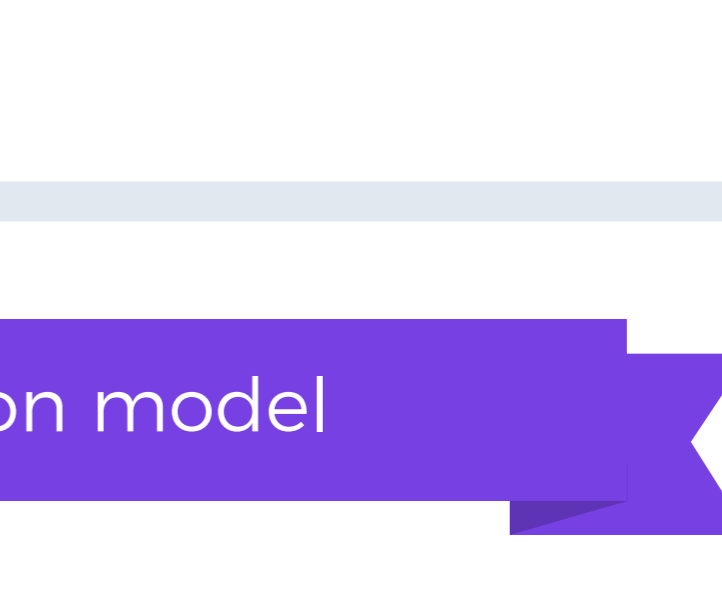
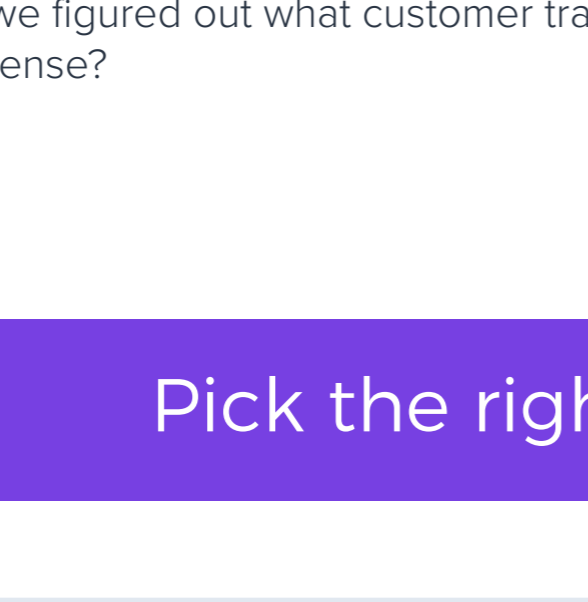
Pick from a variety of transition models for shifting to SaaS and subscriptions:



CHECK THIS: Are we clear on the best transition model for our company and what challenges and opportunities we face?

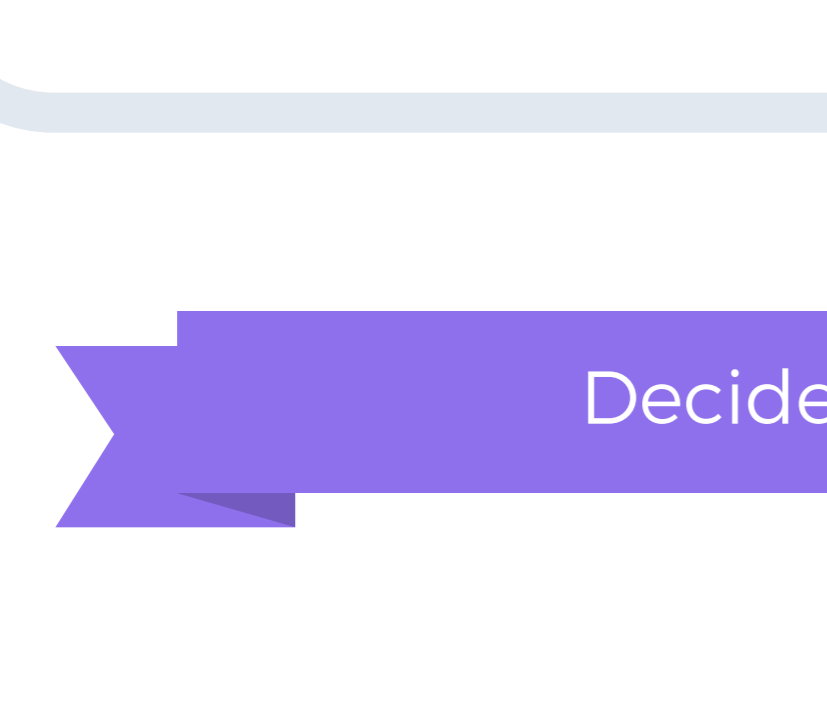
Decide how your customers will transition

Introduce your new subscription-based products to existing customers or make them available to new customers only? Or an in-between solution? Think what makes most sense for your customers and your business. Make your decision and stick with it.



CHECK THIS: Have we figured out what customer transitional path makes most sense?

Pick the right monetization model



Choose the right monetization option(s) for your SaaS product, and make sure it works for your customers.

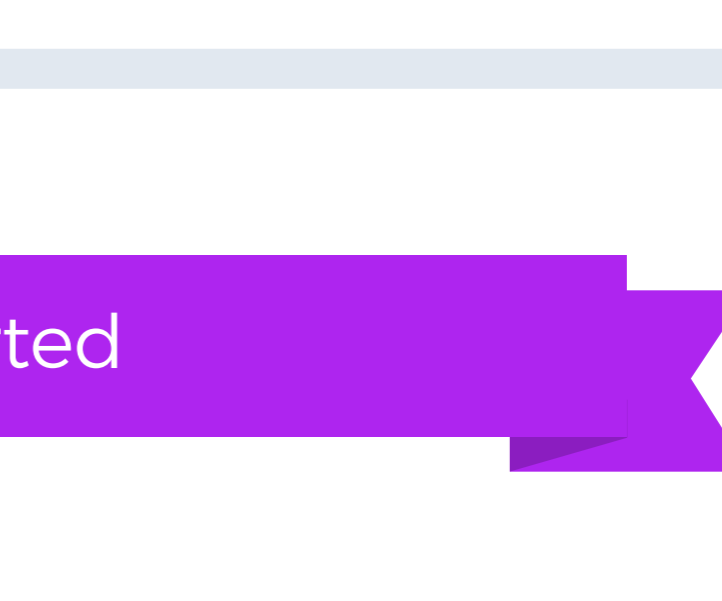
- Flat-rate subscription (SaaS and on-premise)
- Usage-based (SaaS)
- Hybrid – combination of flat-rate & usage-based (SaaS)
- Freemium (SaaS and on-premise)
- Trial (SaaS and on-premise)

CHECK THIS: What monetization model best fits our offering and market?

Decide how much to charge

Don't price your SaaS product too high or too low. Differentiate it from your legacy perpetual license product and make sure to deliver innovation, flexibility and service. Consider:

- Costs
- Audience
- Solution
- Trials and freemiums

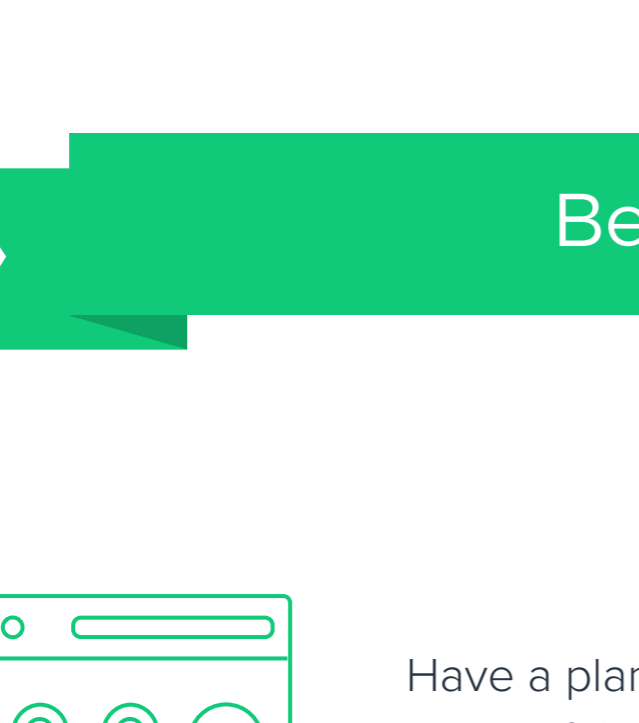


CHECK THIS: Have we gotten the pricing right?

TIPS: Beware the tiered pricing. Choose your billing cycle – monthly, yearly.

Get your metrics sorted

Sort through the alphabet soup and understand the metrics you need to track for SaaS & subscription success.

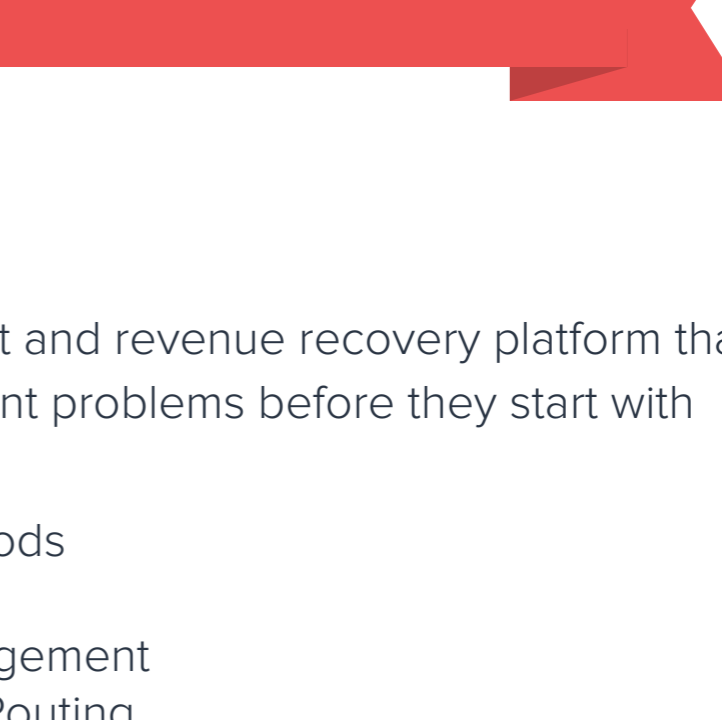


- Monthly Recurring Revenue (MRR)
- Annual Recurring Revenue (ARR)
- Customer Acquisition Cost (CAC)
- Annual Contract Value (ACV)
- Customer Satisfaction Rate (CSR)
- Customer Lifetime Value (CLV)
- Renewal Rate (RR)
- Churn Rate (CR)
- Expirations (E)
- Trial Conversion Rate (TCR)R

CHECK THIS: Have we figured out all the new metrics we need to track? Do we have the right reporting and analytics in place?

Be in it for the long haul

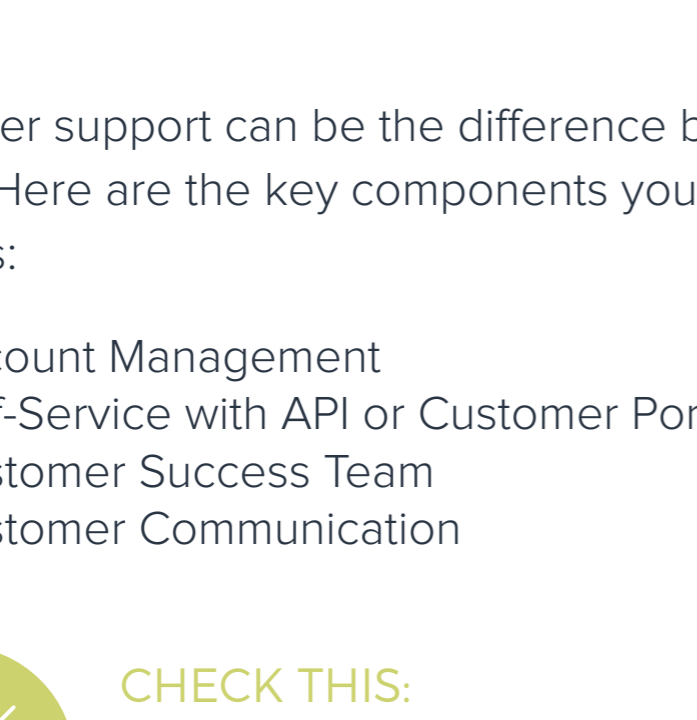
Have a plan for SaaS success at every stage of the customer lifecycle.



CHECK THIS: Do we have the right tools to manage the subscription lifecycle?

Prevent payment problems

Find a recurring payment and revenue recovery platform that can stop subscription payment problems before they start with tools like:



- Local Payment Methods
- Billing Continuity
- Multi-currency Management
- Intelligent Payment Routing
- Account Updater Services
- Configurable Retry Logic
- Dunning Management

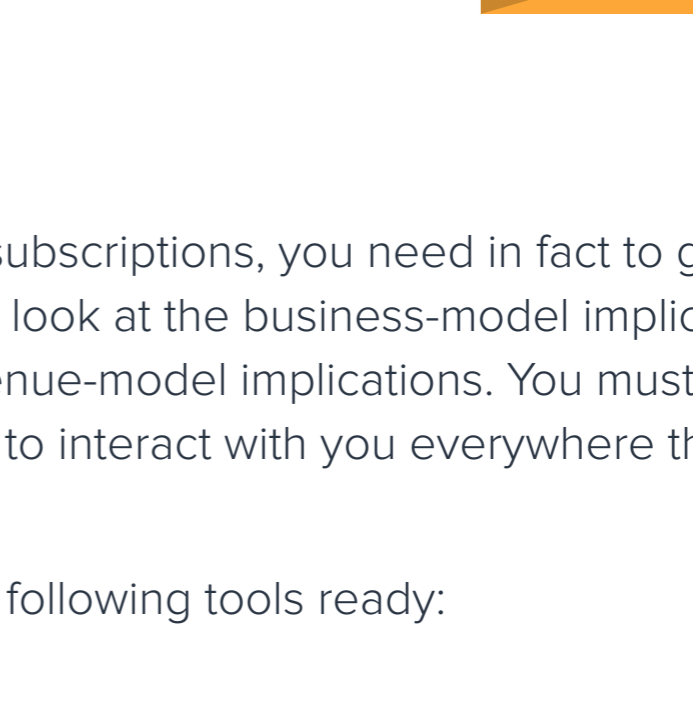
CHECK THIS: Have we got recurring payments and churn prevention in place?

Support success

Customer support can be the difference between success and failure. Here are the key components you'll need for SaaS support success:

- Account Management
- Self-Service with API or Customer Portal
- Customer Success Team
- Customer Communication

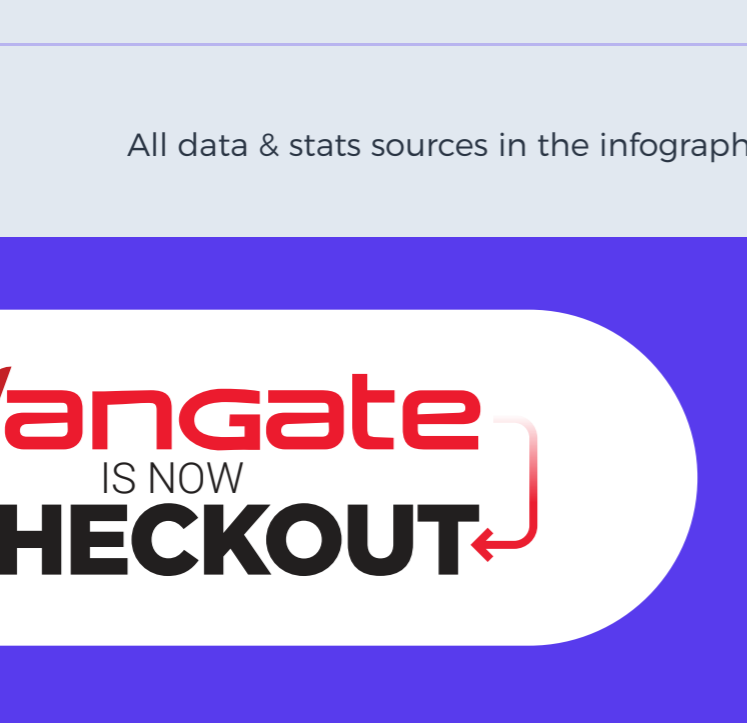
CHECK THIS: Do we have a support structure in place, both for assisted as well as self-service support?



TIPS: No matter the end game, the start of your transition must begin with open and clear communication with your existing customers.

Go beyond subscription to engage everywhere

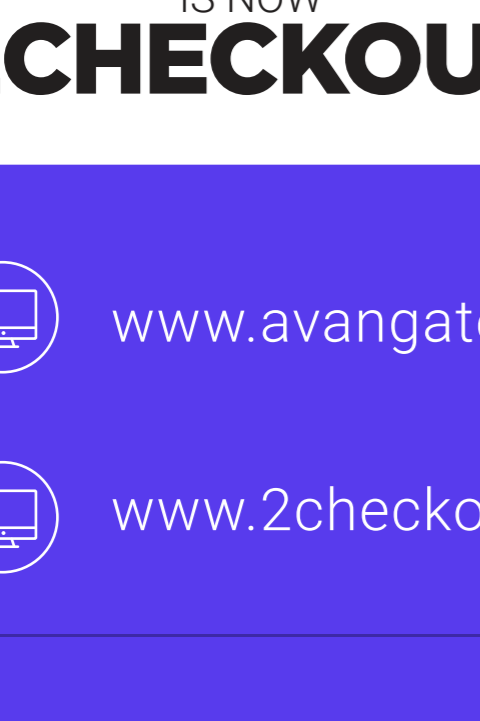
Even as you transition to subscriptions, you need in fact to go beyond subscriptions and look at the business-model implications of change versus the revenue-model implications. You must empower your customers to interact with you everywhere they would like to engage.



To do this, you'll need the following tools ready:

- Product Catalog
- Order Management
- Selling and Onboarding, Including PCI Compliant Ordering Pages
- APIs and Push Notifications
- Merchant of Record / Service Provider
- 24/7 Support for Your Customers

CHECK THIS: Have we shaped our communication strategy? Do we understand what integrations & additional services we need?



Want to learn more? Download the Transition to SaaS & Subscriptions Whitepaper from 2Checkout (formerly Avangate).

[Download Whitepaper](#)

All data & stats sources in the infographic can be found in the Transition to SaaS & Subscriptions whitepaper.