



# m<sup>3</sup>ter

The  
*Ultimate* Guide to  
**Usage-Based  
Pricing**

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you learn?

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# 1



## UBP

Usage-based pricing:  
Where it came from,  
and why it's taking over

# Usage-Based Pricing (UBP)

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The software industry's long term transition from licence-based to service-based models has brought pricing into sharper focus - and usage-based pricing (UBP, or consumption-based pricing) is now increasingly the model buyers and vendors alike prefer.

## Why is this happening?

This is partly down to imitation, with innovators finding success and inspiring others to follow. But it's more to do with fundamental shifts that create fertile ground for UBP, in particular:

### 1.

#### **The rise of AI**

AI has made usage-based pricing structurally necessary, not just commercially attractive. AI applications carry high, variable costs - infrastructure costs for the foundational services, token usage for services built on top of them - that make flat-rate pricing economically unworkable. Where cost is variable, pricing must follow..

### 2.

#### **Changing customer expectations**

Customers increasingly expect to pay for value received - not for access they may or may not use. Flat-rate tiers that don't reflect actual consumption feel like a bad deal. UBP aligns price with value delivered, reduces commitment risk, and drives natural expansion.

### 3.

#### **Increasing automation**

Software services are increasingly consumed by machines, not people. Agents, pipelines, and automated workflows interact with APIs at volumes no human user could generate - and seat-based pricing doesn't fit this model. When the consumer is a process rather than a person, usage-based pricing is the only model that makes sense.

In this landscape, adoption of UBP has grown swiftly. According to PwC based on their 2026 survey of 350 software leaders 52% of companies operate usage or hybrid models already, and this number to continue to grow, driven by those fundamental shifts, and enabled by the increased availability of high quality enabling tooling (like m3ter).

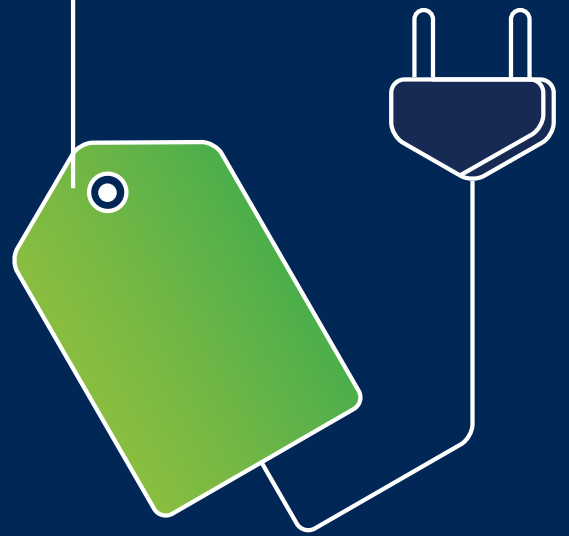
In this guide, we'll cover everything you need to know about usage-based pricing, including the What, Why, How, Who and Where:

- **What** is UBP
- **Why** adopt UBP
- **How** to implement UBP
- **Who** is involved in making UBP successful
- **Where** to learn more about UBP



With the stage set, let's pull back the curtain on usage-based pricing →

# 2



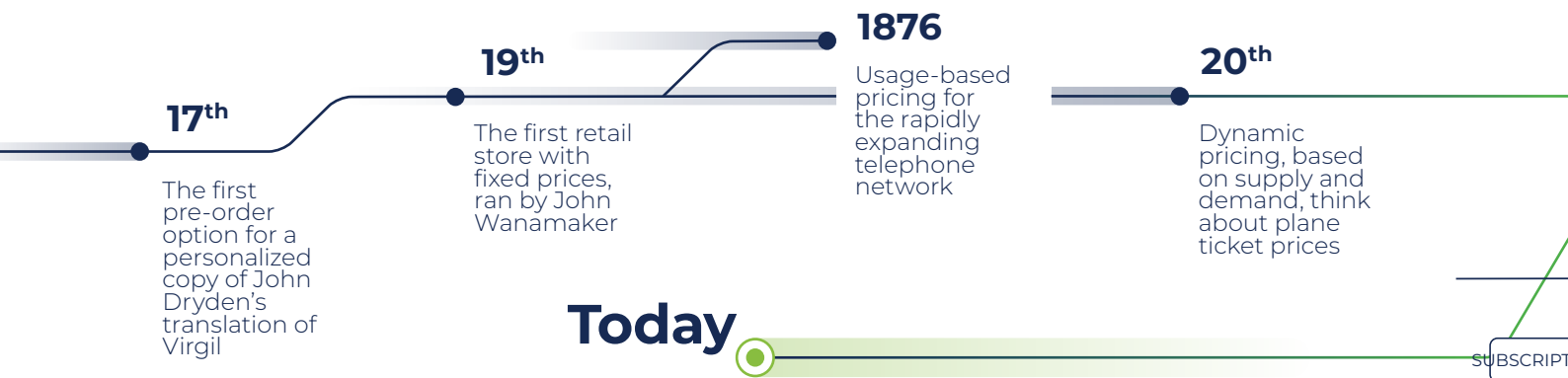
# WHAT

About UBP

# The What

What about usage-based pricing?

UBP has been around for a long time in other contexts, for example with telecommunications, utilities, and logistics. Its application to B2B software, however, is newer.



## Today

With usage-based pricing, the price a customer pays for a service is based on their consumption (or usage).

So, instead of paying for how much they expect to need (an estimate of capacity) with subscriptions, they only have to pay for how much they actually use.

There are a variety of ways for UBP to be implemented. Some clearer examples range from charging based on resources consumed to the number of leads generated to the number of tasks or API calls. Other pricing models take more of a hybrid approach, layering UBP on top of their feature-based tiers or 'seat' fees.

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THE HISTORY  
OF PRICING

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# Hybrid pricing

UBP isn't an either/or decision. Most companies combine subscription and usage-based elements rather than choosing one model outright.

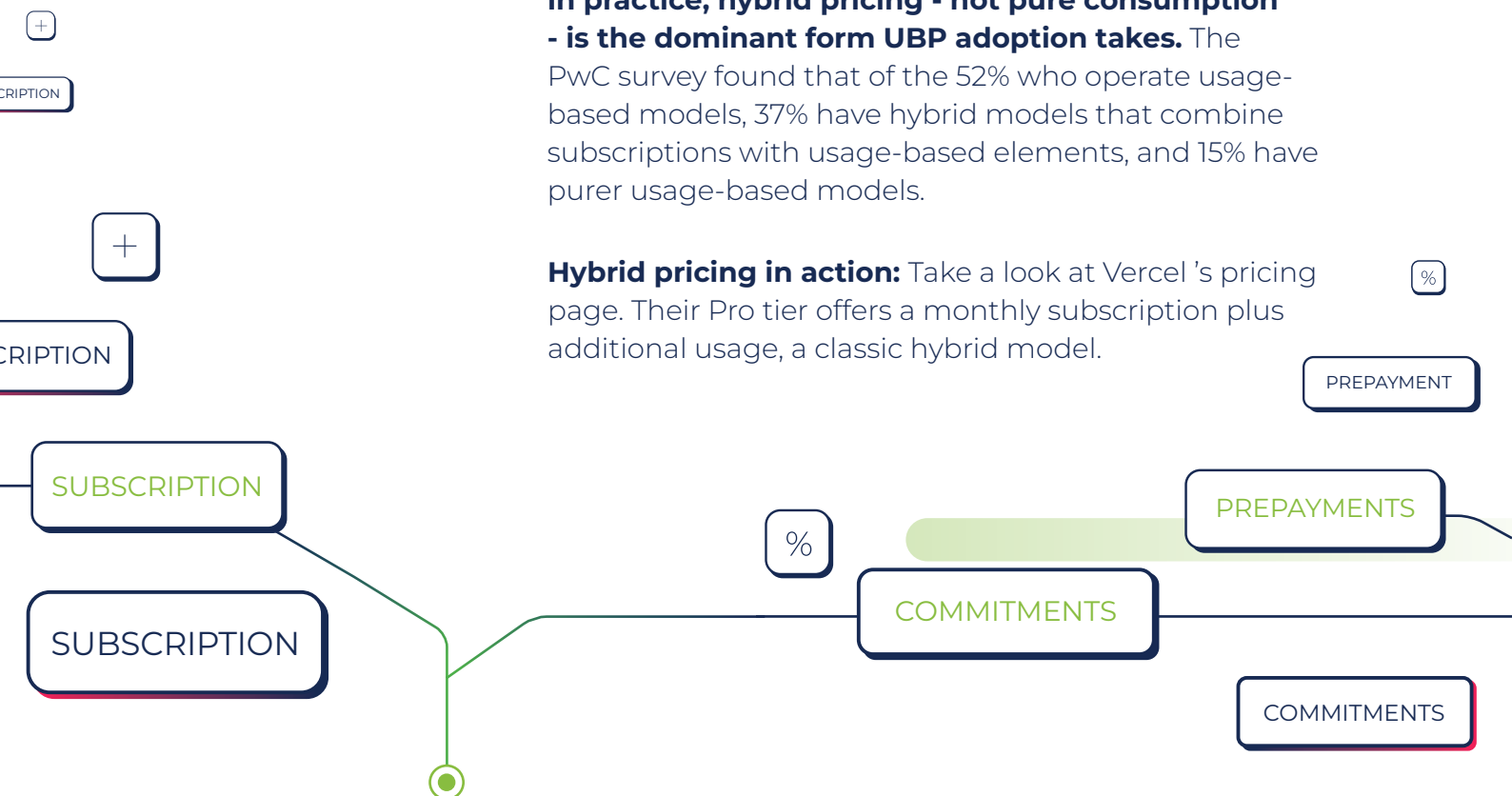
A recurring base provides predictability for both sides - vendors get a reliable revenue floor, customers get a known baseline cost they can budget against. Variable components add fairness from the customer's perspective - paying for what you actually use feels right.

But the variable element also serves the vendor's interests directly: it's an effective mechanism for price discrimination, ensuring heavier users contribute more, and it protects margins when cost-to-serve scales with consumption.

## **In practice, hybrid pricing - not pure consumption - is the dominant form UBP adoption takes.**

The PwC survey found that of the 52% who operate usage-based models, 37% have hybrid models that combine subscriptions with usage-based elements, and 15% have purer usage-based models.

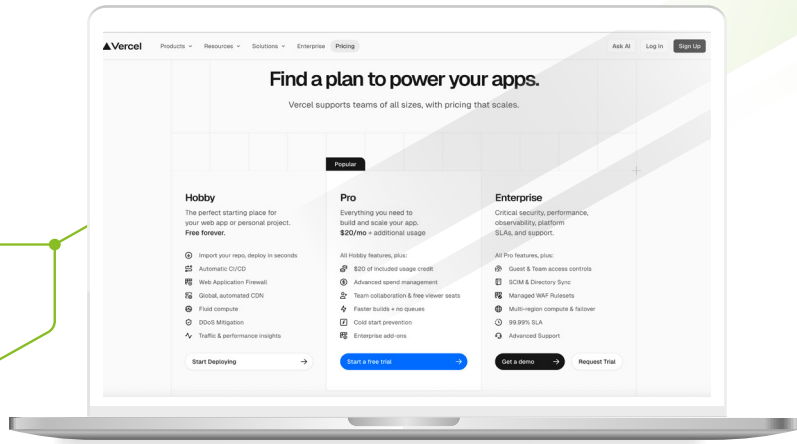
**Hybrid pricing in action:** Take a look at Vercel's pricing page. Their Pro tier offers a monthly subscription plus additional usage, a classic hybrid model.





HOW VERCEL  
DEVELOPED  
THIS PRICING  
MODEL

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## Examples of usage-based pricing strategies

Usage-based pricing can come in many forms, depending on factors like the company itself, the product or service, customer personas, usage patterns, economic conditions, and more. Let's look at a few examples as deployed by some recognisable logos:



### Amazon Web Services (AWS)

#### Cloud infrastructure - linking price to resource consumption.

AWS charges by the second for compute (EC2), by the GB for storage (S3), and by data transferred for networking. There's no flat fee but discounts are available in return for committed spend, so it's classic hybrid. It's the canonical cloud infrastructure UBP model, and the one that trained an entire generation of enterprise buyers to expect consumption-based pricing..



### Stripe

#### Payments - linking price to transaction value.

Stripe charges a percentage of each transaction processed, plus a small fixed fee per transaction. There are no monthly minimums or platform fees at standard tier. It's a textbook pay-as-you-go model - customers pay nothing until they generate revenue, making it natural for early-stage companies and economically fair at scale.



### OpenAI

#### AI foundational services - linking price to model consumption.

OpenAI charges per token - the unit of text processed by its models. Input and output tokens are priced separately, and rates vary by model.

Because inference costs scale directly with usage, token-based pricing is structurally necessary - and has become the standard commercial model across the AI foundational layer.



### Cursor

#### AI-native application - linking price to fast model requests.

Cursor is an AI-native code editor built on top of foundational models including GPT-4 and Claude. Its pricing combines a subscription base with usage-based components for “fast” model requests - heavier users who consume more premium model capacity pay more. A clean example of hybrid pricing at the AI application layer.



### HubSpot

#### CRM and marketing platform - linking price to contact volume.

HubSpot’s pricing scales with the number of marketing contacts in your database. The platform subscription covers access to features, but as your audience grows, so does your bill. It’s a natural UBP model for a product where value delivered scales directly with the size of the customer’s commercial reach.



### Vercel

#### Frontend cloud platform - linking price to build and bandwidth consumption.

Vercel charges based on compute used during builds, bandwidth consumed on delivery, and function execution time. A subscription base covers standard usage, with variable charges kicking in above thresholds. It’s a developer-native hybrid model - predictable for small teams, scaling fairly as projects grow in traffic and complexity.

6 EXAMPLES TO IMPROVE YOUR UBP PRICING STRATEGY

LEARN MORE

Want more detail?  
Learn more about all these usage-based pricing examples.

# 3



# WHY

Why adopt UBP

# The Why

Why adopt usage-based pricing?

Usage-based pricing works particularly well when it links costs to value received and allows fees to scale as customers grow. UBP isn't right for every business – more on this later – but for those it works well for, the benefits are significant.

## Benefits of usage-based pricing

### 1) Facilitates easier adoption

Potential customers face fewer barriers and minimal upfront costs with UBP, reducing capacity estimation requirements, mental load and the fear of loss. Easier adoption for individuals and companies means they can evaluate and experiment, expanding your market reach. Nearly half of SaaS companies using UBP say it has helped them acquire more customers.

### 2) Enables frictionless expansion

UBP enables efficient PLG motions, creating opportunities to grow revenue without additional Sales effort. As customers consume more, revenue grows automatically. Instead of spending time on gatekeeping manual work, Sales can focus on value-adding activities like securing commitments, facilitating adoption, and chasing new business.





### 3) Enhances customer satisfaction

According to research from Bain & Company<sup>4</sup>, 80% of customers reported better alignment with value received when paying based on consumption. This is especially true when the business chooses the right pricing metric to align with the customer's objectives.

Customers don't have to worry about shelfware, wasteful spending or failing to maximize value from a product. Instead, they just scale their usage – and therefore spend – up or down depending on current needs.



### 4) Improves margin control

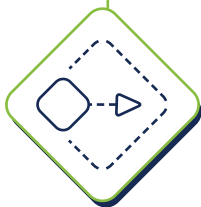
For SaaS companies with significant costs driven by customer usage, UBP helps you gain tighter control over margins. The right pricing metric structurally links revenue to cost-to-serve - so as usage scales, revenue scales with it. This improves the consistency of unit economics per customer and reduces the risk of margin erosion at high consumption volumes.



### 5) Increases logo churn resiliency

Usage-based pricing can be a pressure valve: customers can choose to use less to spend less, making logo (i.e. complete) churn less likely. While that can mean fairly rapid revenue shrinkage in tough economic times, businesses retain logos better and have the potential to bounce back quickly as conditions improve. Enhancing customer satisfaction can inhibit churn even further.

**TL;DR:** Not all churn is the same. Churning customers is much worse than having revenue shrink from the installed base.



### 6) Increases NRR

Because of all the points above, businesses using a UBP model typically see higher Net Revenue Retention - the most important metric for SaaS businesses. UBP drives NRR through a combination of lower logo churn, natural expansion as usage grows, and stronger customer satisfaction. It's both the outcome of getting UBP right and the clearest signal that your pricing metric is working.

# How do you know if usage-based pricing is right for your SaaS business?



WHICH  
USAGE-BASED  
PRICING  
WOULD FIT  
YOUR  
BUSINESS?

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LEARN MORE  
WHICH  
USAGE-BASED  
PRICING WOULD  
FIT YOUR  
BUSINESS?

This is the billion dollar question, and there's no straight answer. It depends – UBP is highly effective for many, but it's not the right pricing model for all.

Here are some company and product characteristics that lend themselves to usage-based pricing:



**Lower-in-the-stack products** — infrastructure, data, and foundational AI services where consumption is measurable and costs scale directly with usage



**Other high COGS solutions** — where cost-to-serve varies significantly based on usage, such as API layer services and AI services built on foundational models



**Products linked to revenue** — when a customer's usage of your product drives their own revenue (payments, commerce, marketing), aligning price to usage is natural and defensible



**Products capable of usage intensity growth** — where individual 'users' can expand usage by orders of magnitude (e.g. when the user is a machine or process)



**Self-provisioning** — products that customers can adopt, expand, and contract without Sales involvement, making frictionless consumption-based billing a natural fit

UBP doesn't have to be an all-or-nothing decision. Hybrid models - combining a subscription base with usage-based components - are the most common form of adoption in practice. They're a natural entry point for subscription businesses experimenting with UBP, and a source of predictability for businesses moving in the other direction.

# Usage-based vs Outcome-based pricing?

They're not distinct models, and are better thought of as points on a continuum defined by how closely pricing maps to customer value. Key points on the continuum:

- Usage-based pricing charges for consumption with no clear link to the value derived from that consumption (e.g. compute or storage)
- Action-based pricing charges for meaningful events than imply value (e.g. calls answered, or workflows completed)
- Outcome-based pricing charges for results, i.e. value demonstrably achieved (e.g. percentage transaction fees for payments).

As you move along this spectrum, pricing becomes more tightly aligned to value - but also more complex to define and measure. Outcome-based models, for example, require clear definitions of success and reliable attribution of results.

## The difference is in what you count

The distinction between these models is about the extent of the causal link between the pricing metric and value the customer achieves.

Usage-based pricing assumes that activity is a good proxy for value. Outcome-based pricing challenges that by charging only when value is actually delivered. Action-based pricing sits in between, selecting events that are closer to value but still observable and immediate.



## Shared operational foundations

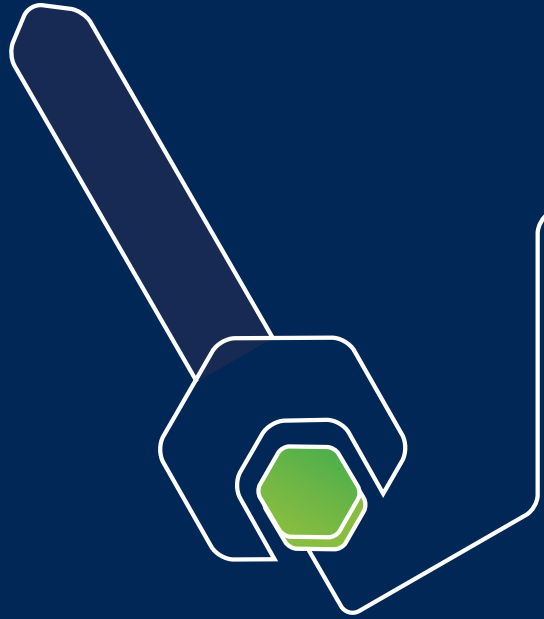
All three models rely on the same core mechanics:

- Define a billable event
- Meter it accurately
- Apply pricing logic to it

Whether you are counting usage, actions, or outcomes, the requirement is identical: something must be measured and monetised. Even outcome-based pricing ultimately depends on tracking discrete events and linking them to billing.

Ready to implement usage-based pricing?  
Let's dive in!

# 4



# HOW

How to implement  
and succeed at UBP

# The How

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How to implement and succeed at usage-based pricing?

Implementing usage-based pricing successfully is equal parts strategy and operations. Getting the design right matters - but without the right systems, processes, and data infrastructure in place, even a well-designed pricing model will underperform.

It also takes a village. Pricing design and change requires genuine collaboration across functions - Finance, Product, Engineering, Sales, Marketing, Customer Success, and leadership. Each has a stake, each has constraints, and aligning them is one of the reasons pricing change is genuinely hard.

And it's never finished. The best companies treat pricing as a continuous motion - learning from the market, iterating on metrics and tiers, and adjusting as their product and customer base evolve. This is especially true in UBP contexts, where usage patterns shift and competitive dynamics move fast. Pricing is not a box you check; it's a capability you build.

This chapter will walk you through the journey of UBP implementation - from selecting your pricing metric to building the right infrastructure, to mitigation strategies for the most common challenges.



# Implementation checklist

ACTION	DESCRIPTION	OWNER
<b>BUILD YOUR CUSTOMER COMMUNICATION STRATEGY</b>		
<input type="checkbox"/> Define migration strategy	Plan how new pricing is treated with existing customers, including: <ul style="list-style-type: none"> <li><input type="checkbox"/> Calculate customers new spend levels</li> <li><input type="checkbox"/> Decide how to treat and migrate different customer cohorts</li> <li><input type="checkbox"/> Provide guidance to sales with before and after spend by account</li> </ul>	Pricing/ Customer Success
<input type="checkbox"/> Create customer communication plan	Launch of new pricing - Email comms, blog posts, etc.	PMM
<input type="checkbox"/> Update website documentation	If public on website - update pricing page.  If not public - update sales collateral for negotiations.	PMM
<input type="checkbox"/> Customer transparency	Provide customers a dashboard or reports for visibility into consumption.	Product/ Customer Success
<b>ENSURE BILLING, FINANCE, AND LEGAL ARE PREPARED</b>		
<input type="checkbox"/> Set up usage tracking	Ensure product is designed and set up to track usage.	Product
<input type="checkbox"/> Provisioning systems	Provisioning systems are updated to account for new pricing.	Finance
<input type="checkbox"/> Billing systems	Billing systems are updated and configured to charge for new pricing and SKUs.	Finance
<input type="checkbox"/> Revenue reconciliation	Ensure revenue reconciliation process is updated with the new pricing structure.	Finance

ACTION	DESCRIPTION	OWNER
<input type="checkbox"/> Order form language	Updated as appropriate.	Deal Desk/ Legal
<input type="checkbox"/> Terms and conditions	Appended to apply new pricing.	Legal
<input type="checkbox"/> CRM updates	Send spend data back into your CRM for Sales visibility.	Sales Operations
<b>MANAGE ALL GTM IMPACTS</b>		
<input type="checkbox"/> Confirm Sales organization is aligned with pricing changes	Items to consider include: <ul style="list-style-type: none"> <li><input type="checkbox"/> Sales compensation</li> <li><input type="checkbox"/> Territory planning</li> <li><input type="checkbox"/> Quotas</li> </ul>	Sales Operations / Head of Sales
<input type="checkbox"/> Review go-to-market motions	If implementing a UBP model for the first time, consider how this may impact your GTM process. Questions to ask include: <ul style="list-style-type: none"> <li><input type="checkbox"/> How will Sales and Customer Success work together?</li> <li><input type="checkbox"/> Who is responsible for driving consumption?</li> </ul>	Sales Operations / Head of Sales / Head of Customer Success
<input type="checkbox"/> Update materials	Update pricing resources including one-pagers, ROI calculator, pitch decks, etc.	PMM
<input type="checkbox"/> Provide Sales, Customer Success, and Support enablement	Training session for customer facing teams on new pricing and how to handle questions and objections.	PMM

## Selecting the best pricing metric

When including elements of UBP in your pricing model, it's crucial to attach pricing to a usage metric that genuinely reflects how customers derive value from your service - and what success looks like to them. When you get this right, spend becomes associated with positive business outcomes. When you get it wrong, your fees become a cost line to be managed downward.

The metric also needs to be simple to understand and reasonably predictable. If customers can't intuit how their bill will scale with usage, that opacity creates friction - both at the point of initial adoption and when they're considering deeper commitment. Complexity is a conversion killer.

Choosing the right metric is harder than it sounds. The ideal metric sits at the intersection of three things: it correlates with the value the customer receives, it scales with your own cost-to-serve, and it's something the customer can measure and forecast themselves. Finding that overlap is the core design challenge in UBP.

To make this concrete: imagine you offer a backend-as-a-service to mobile game developers. Pricing based on the number of active players aligns naturally with their own success metrics - more players means more revenue for them, and their spend with you scales proportionally. It's intuitive, easy to forecast, and feels fair. That's what good metric selection looks like in practice.



# The tech stack you need to implement and manage usage-based pricing

The good news is that most established companies already have the core monetization stack in place for UBP - their CRM (e.g. Salesforce), their ERP (e.g. NetSuite), and their billing system. The challenge is that these tools were primarily built for subscription, so they have gaps.



**Marek Rubasinski**

VP, Strategic Business Development and Partnerships at **m3ter**

WHAT IS THE NECESSARY TECH STACK FOR UBP?

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## **A new category of**

*monetization infrastructure has emerged to enable the usage economy – a solution that ‘upgrades’ existing quote-to-cash tooling by elegantly capturing usage data, applying pricing, converting it to spend and then allowing the data to be sent across systems and users to make the most of it.”*

When you deploy UBP you need usage and spend data to be available throughout the business. This is a crucial enabler for multiple use cases: For billing to prepare invoices and recognize revenue in the right way, for sales agility in pricing negotiations, and more. We’ll go into more details on building out your UBP infrastructure in the next chapter: “Who is involved in Making a UBP strategy successful?”

# The key capabilities you need to support painless UBP at scale

## Usage data processing at scale

The ability to ingest and process high-volume usage events reliably, including mediation - the transformation and enrichment of raw events before rating.

## Pricing configuration flexibility

Support for any pricing model you currently use or plan to adopt: tiered, volume, seat-based, pay-as-you-go, credit-based, or hybrid. Pricing shouldn't be constrained by what your billing platform can configure.

## Billing logic complexity

Parent/child account hierarchies, committed spend floors, prepayment structures, and credit balance management are standard requirements in enterprise contexts.

## Custom pricing at scale

Enterprise customers arrive with negotiated pricing. Your platform needs to support a large number of individualised pricing configurations.



## Rating latency

Near-real-time bill calculation - so Sales, CS, Finance, and the customers themselves always have access to current running totals. This is a competitive requirement, not a nice-to-have.

## Integrations and workflow automation

Native integrations with CRM, CPQ, ERP, and invoicing systems; automation of common workflows from order confirmation to invoice generation to revenue recognition data push. Manual handoffs are where errors accumulate and revenue leaks.

## Data distribution throughout the business

Usage and billing data shouldn't be siloed in the Finance system. Your platform should make this data available across the business in real time.

## Audit, compliance, and revenue recognition

Full data lineage, SOC 2 compliance, and ASC 606/IFRS 15-compatible outputs are table stakes for enterprises approaching IPO or significant institutional funding rounds.

Consider if a solution offers the following:



Built from a developer-first mindset, meaning engineers can quickly and painlessly establish integrations and retain control and transparency about data flows



Includes features that empower non-tech users (e.g. Ops) to set up and manage object mappings without ongoing reliance on developers



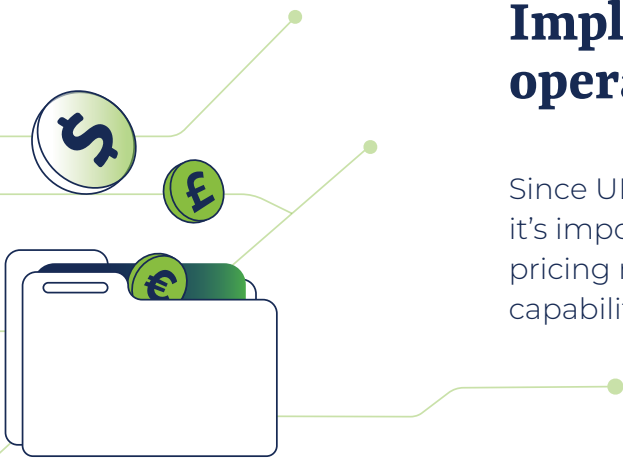
DIY tool sets to allow for easy customization, like events systems



Native integrations with leading Finance, CRM, and CPQ systems make it easy to automatically sync data bi-directionally.

## Implications for operations and GTM

Since UBP's application to B2B software is newer, it's important to consider the implications of the pricing model for operational and Go-To-Market (GTM) capabilities. Here are four major areas affected by UBP:



### Customer experience

With UBP, pricing is part of the product itself: customers need to understand their consumption and how that will translate to their spending. This requires transparency and trust, and a once-per-month invoice won't cut it.

Instead, customers will want information on demand – for example, a running total and a forecast for their monthly bill, right within the product.

### Sales and Customer Success performance

Customer-facing team members need usage data for inbound billing enquiries, but also to drive revenue growth. They should be able to respond to usage signals and be proactive about encouraging further adoption, upselling or securing commitments. When these teams are more informed, they can have more higher-quality, value-adding conversations.

### Billing operations

Accurate invoicing can be a challenge with UBP, especially if Sales often does customized pricing for a significant portion of the customer base. This is because you need to bring usage data together with pricing terms to calculate the amount that goes on a bill. Many organizations have spreadsheet-based systems for billing or clunky tools built in house, which are time-consuming, prone to errors, risky for audits, difficult to change and not scalable. This process should be automated, which will help Finance, Sales, and Customer Success.

### Reporting & KPIs

UBP has demanding requirements for reporting, oriented on the customer and their usage. Teams need to have ways to get visibility into spending, usage, costs of service, unit economics and who the outliers are (E.g. those with particularly good or bad gross margin performance). The pricing model also places more emphasis on tracking expansion, contraction, and NRR. Forecasting becomes trickier, so teams need accurate data and the right tools in place in order to accurately forecast revenue.

While these are certainly significant implications to consider, all of them come back to one core issue: Data.

All businesses with a UBP strategy need the foundational capability of monetization infrastructure. Having an effective way to meter usage data, apply pricing and distribute spend data across all operations in near real time is crucial; without it, UBP businesses can't compete at the highest level and could actually hurt their relationships with customers due to inaccurate bills, exhausted finance teams and broken customer trust.

Example in practice: 

Onfido, a provider of state-of-the-art identity verification services already had a UBP strategy in place but their legacy platform was struggling to handle event volumes that were 2.5x what it was designed for. Billing operations were painful and error prone, audit and compliance risk was high, and answering customer billing queries was resource intensive.

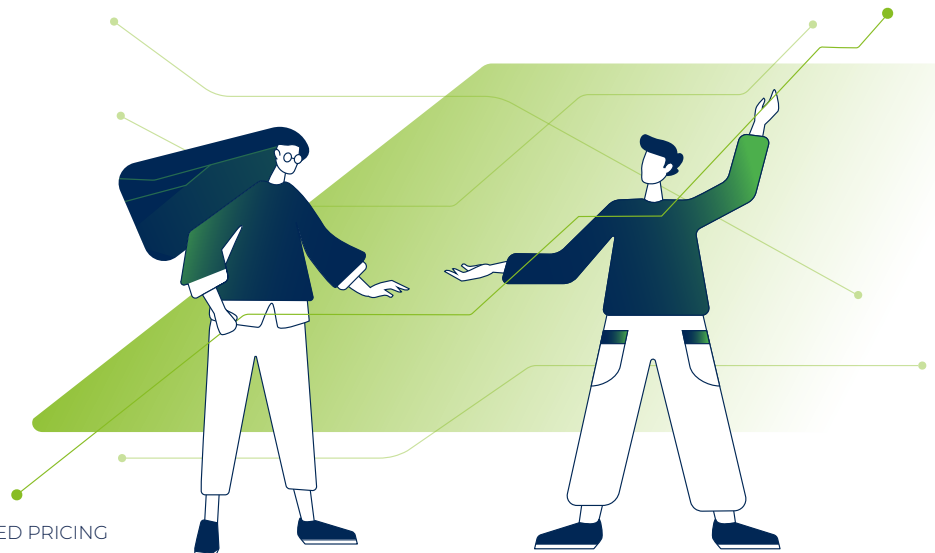
By processing usage data effectively and automating bill calculation workflows, m3ter helped Onfido eliminate operational pain and also material revenue leakage each month - revenue that was earned but not collected because of billing errors. PwC UK estimate revenue leakage is typically 4-7%, and the risk increases with the complexity of pricing. Want to know more?

“ Our auditors and customers would ask how we got certain calculations and it would take a full squad of people to trace back through the logic in the system to explain it.”



**Gordon Laing**  
Senior Company  
Operations Manager  
Onfido

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# Implications for Sales-led vs. Product-led sales channels

Businesses with both Sales-Led Growth (SLG) strategies and Product-Led growth (PLG) strategies can adopt UBP, but there are differences in how it's implemented and the complexity that arises.

Purely SLG businesses have one particular advantage over PLG businesses (most of which still have SLG as well) when making a switch to UBP: they have less transparent pricing on the website and can more easily run pricing experiments with different customers, even running two pricing plans simultaneously as they transition to UBP. SLG companies will often be able to offer volume discounts to provide incentives to grow with a single provider.

However, there is a reason why many PLG businesses choose to couple usage elements with a freemium or self-service offering: UBP is the ultimate tactic for frictionless revenue growth, as it helps customers graduate through tiers or graduate to sales-led. Infrastructure providers like ClickHouse, AWS and others are good examples of this – many customers start self-serve and will want to talk to Sales to get discounts as they scale. A best practice to enable this is to keep the same metric throughout channels and tiers to ensure a consistent customer experience and lower friction path.

PLG WITH  
UBP DRIVES  
COMPLEXITY

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## Marek Rubasinski

VP, Business Development  
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at **mter**



**The two approaches [PLG & UBP] reinforce each other**  
*and help create an equilibrium between what customers value  
+ what they use, and what you build + what you charge for it.*

### Examples:



Sift is an example of a sales-led organization that leverages UBP but does not have a freemium or self-provisioning product. The Sift products require integrations with other systems, so self-provisioning is not a viable option on a direct basis. Sift has, however, pre-built integrations into other applications such as Shopify.



Snowflake uses both product-led and sales-led growth tactics, but even sales-led enterprise opportunities begin with a low-cost “proof of concept” project that expands with usage. Their usage pricing methodology has enabled Snowflake to achieve 178% net-dollar retention.



Commercetools is another example of a sales-led company that leverages consumption-based pricing to align the value it creates with the compensation it receives. This is a relatively common approach in the e-commerce space.

# Challenges & mitigation strategies

When implementing UBP, there are challenges commonly faced by businesses that require careful consideration. Below are some examples of these as well as mitigation strategies:

## 1) Predictability

This can be a challenge for both sides. Customers who place high value on predictability may be uncomfortable with the uncertainty of consumption-based pricing. Others may be fine with it, but could get angry if they end up with a surprise in their monthly bill due to a spike in usage or poor forecasting.

For the vendor, there can be revenue unpredictability and cash flow challenges. Because it's dependent on variable usage, UBP has less predictable revenues than traditional pricing models. It could also create challenges for working capital, as it's more likely to use payments in arrears rather than in advance.

**Mitigation:** For the customer – Deploy hybrid models to combine subscriptions with allowances and overage rates like Zapier. Consider ignoring infrequent usage spikes like Datadog. Provide the option to trade commitments for discounted variable rates to limit runaway costs, like AWS.

For the vendor – To an extent, both revenue unpredictability and cash flow challenges can be mitigated by trading commitments for discounts, but the built-in uncertainty can create obstacles for investment decisions or providing investor guidance.



HOW UBP  
AFFECTS  
BILLING  
OPERATIONS

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## 2) Unclean data

UBP requires businesses to incorporate two types of data:

- Usage data, based in your platform; and
- Commercial data, e.g. accounts, products, plans, deals and pricing from your CRM or CPQ system.

The challenge is calculating the bill for every customer by bringing together their usage data with their pricing and having near real-time running totals that are accurate to the hour or even more frequently, rather than calculating invoices just once per month.

**Mitigation:** Manual UBP is a non-starter, especially as you scale. While you could try to build an involved custom solution, this is a drain on development resources and a slow, expensive and risky process. You'll need a solution that sits between the customer, the finance stack and the platform and pricing systems, taking the heavy lifting off your Finance team and making BillingOps automated, efficient and scalable.

WHEN TO  
BUILD VS BUY  
A SOLUTION

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TAKE ON SALES  
COMPENSATION

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## 3) Sales compensation

Sales comp is one of the trickiest topics to tackle when moving toward UBP. Some of the biggest friction occurs when businesses charge by consumption but still incentivize Sales to maximize upfront committed spend.

**Mitigation:** This is an ongoing conversation in the industry with many points of view to consider. The (unfortunately) ambiguous answer is that it's not black and white, and every business with a current or future UBP model needs to have these conversations. (Sales comp would be a great topic for your pricing committee to work on - see next section.)

#### 4) Weathering a downturn

As mentioned previously, UBP models are more susceptible to shrinking accounts than other pricing models, so although logo churn may be lower, decreased usage (and therefore revenue) can be a concern during a recession.

**Mitigation:** It may depend on how long the downturn is expected to last, but start by making a strategic decision about priorities during the period. If minimizing logo churn is most important, there are many ways to use UBP for this goal. If you are less worried about logos and more concerned about customers decreasing usage, focus on efforts to drive product adoption, keep customers happy and continue investing in the product to add value.

UBP:  
REDUCE  
CHURN IN A  
DOWNTURN

LEARN MORE



# 5



## WHO

Who is involved in making a UBP strategy successful

# The Who

Who is involved in making a usage-based pricing strategy successful?

Undergoing a pricing transformation and moving to a usage-based strategy will impact a wide range of stakeholders. You'll need to ensure all teams are aligned and working toward the same goal, while also preparing and getting support from your board. Most importantly, you'll need to prepare your customers and overcome any objections or concerns they may have.

## Internal teams: Finance, Product, Engineering, Sales and Customer Success

Without alignment of internal teams, a pricing transformation quickly falls apart. Each team has its own motives for taking on a pricing project, so you'll need to develop a common understanding of what the business hopes to achieve.

There are five core teams in a pricing transformation, all of whom need to be aligned for a UBP strategy to succeed:



### Finance

The champions of operationalizing pricing strategy for financial performance and predictability



### Product

The guardians of customer-centric pricing strategy



### Engineering

The executors of scalable and reliable pricing models



### Customer Success

The frontline experts in providing pricing strategy feedback and iteration



### Sales

The voice of the customer in pricing strategy

GUIDE TO ALIGN  
YOUR TEAM FOR  
SUCCESS

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WANT TO  
PREPARE  
YOUR BOARD  
FOR UBP?

LEARN MORE

HANDLING  
CUSTOMER  
OBJECTIONS  
TO UBP?  
HERE'S WHAT  
YOU CAN DO!

LEARN MORE

Our guide to aligning teams during a pricing transformation goes deeper on the motivations of each team and how to collaborate for UBP implementation. [← Read it here](#)

## Your board

As reviewed in earlier chapters, UBP is a powerful tool to drive value and frictionless revenue growth, but it also requires effort and risk. If you are making the switch to UBP from a more traditional pricing model, or adding elements of usage to create a hybrid strategy, this will impact your financial profile and the board should be part of the conversation from the start.

## Your customers

When implementing a UBP model, you may be wondering how your customers are going to take the change. Remember: the core value proposition for UBP is very compelling; you just need to know how to respond to customer objections if they do arise and get them on board with the change. Customer objections to UBP typically fall into two categories:

- Control and predictability
- Incompatibility with organizational models and budgeting approaches

There are a number of ways to respond to and manage concerns in both of these categories; for example, simplifying pricing, choosing a pricing metric with strong ties to value, prioritizing transparency, getting customer feedback on pricing changes ahead of launch and more.

6



# WHERE

Where to learn about UBP

# The Where

Where to learn about usage-based pricing?

Usage-based pricing is a hot topic with wide-ranging conversations across the SaaS industry, so you might be wondering where to look for accurate, insightful resources.



**Gordon Laing**  
Senior Company  
Operations Manager  
Onfido



**Tanya Bragin**  
VP Product  
ClickHouse



**Kyle Poyar**  
Operating Partner  
OpenView



**Todd Gardner**  
Managing Director  
SaaS Advisors



**James Wood**  
Software and  
Technology  
Monetization Expert



# 7



# PRICING

Pricing Operations:  
Successful UBP deployment  
with m3ter

# Monetization infrastructure

Successful usage-based pricing deployment with m3ter

m3ter provides monetization infrastructure for the usage economy. We enable painless usage-based billing at scale for successful companies by filling the capability gaps of their CRM and ERP.

With m3ter, B2B software businesses can:



By automating billing operations with m3ter, you can eliminate revenue leakage, improve customer experiences, and introduce pricing agility that unblocks both new product development and flexible enterprise Sales motions.

Leading B2B software businesses are using **m3ter** to intelligently deploy and manage UBP →

# m<sup>3</sup>ter Partners

From the start, we built m<sup>3</sup>ter as invisible infrastructure to complement and enable existing monetization stack systems, particularly the CRM/CPQ, ERP invoicing, and BI tools. We're proud to partner closely with Salesforce, and also have pre-built integrations with a broad range of CRM, ERP, billing, and cloud marketplace tools, in addition to a flexible API-first integration framework including a visual workflow builder.

We also know that our customers are often undertaking significant quote-to-cash transformation projects, so we partner closely with SIs who can provide reassuring know-how and a breadth of services, including the implementation of m<sup>3</sup>ter.

## Strategic Partners:



## Preferred Solution Providers:





“ We got onto a demo call with m3ter and within about 30 seconds we knew that this was what we needed.”



**Gordon Laing**  
Senior Company  
Operations Manager  
Onfido

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### Getting rid of operational pain

Onfido's legacy platform had been designed to handle up to 10 million events per month, so when it reached 25 million, it was struggling. Company engineers had to assist with the monthly processing of invoicing data in batches, and reconciling data for audits was painful every time.

With m3ter, Onfido decreased time to process monthly invoices, significantly improved auditability and prevented tens of thousands of dollars of revenue leakage each month – adding up to about 1% of total revenue.



“ One of the best decisions we ever made. m3ter allowed us to focus on our customers and strategy, not implementation.”



**Tanya Bragin**  
VP Product  
ClickHouse

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### Supporting a pricing transformation

ClickHouse needed to build its cloud offering from scratch, with UBP and billing capabilities delivered within the one-year timeframe, so the team could meet customer demand and bring its first commercial offering to market.

Without m3ter, building the billing capabilities could have taken six months or more. With m3ter, it took only two months.

Reducing the development time to build a solution by 3x, let the ClickHouse team focus on their core capabilities and partner with industry leaders for theirs.

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Click for more **m<sup>3</sup>ter** contributions,  
available for free download:

[The SaaS Pricing Spectrum](#)

[The History of Pricing](#)

[B2B SaaS Pricing Predictions Report 2023](#)



Uplevel your usage-based  
pricing strategy  
with **m<sup>3</sup>ter**

[LEARN MORE](#)