

Zuora Subscription Economy Index Continues to Outpace the S&P 500 Despite Global Macroeconomic Conditions

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Recurring revenue business models find multiple opportunities for growth even in a turbulent economy

REDWOOD CITY, Calif.--(BUSINESS WIRE)-- **Zuora, Inc.** (NYSE: ZUO), a leading monetization platform provider for recurring revenue businesses, today released its latest Subscription Economy Index™ (SEI) report, which found subscription-based companies in the SEI have experienced 3.7x faster growth rates than the S&P 500 over the past 11 years.

2022 reached an economic turning point with concerns of inflation, ongoing supply chain disruptions, rising geopolitical tensions and the continued threat of COVID-19 variants,¹ which often resulted in tighter budgets. However, the latest SEI report shows recurring revenue businesses continue to grow by acquiring new customers, retaining existing ones and expanding revenue with new add-ons and packages.

In the latest SEI report, The Subscribed Institute at Zuora® found:

- Subscription businesses in the SEI continue to outpace the S&P 500 : In 2022, the SEI experienced 12% revenue growth compared to 10.6% for the S&P 500.
- Even as budgets tighten, churn rates remain relatively consistent : SEI average quarterly churn was 6.36% in 2022 compared to 6.13% in 2018.
- Subscriber acquisition is trending up since pandemic lows : Companies acquired new subscribers at higher rates in 2022 compared to the two years prior.
- Average revenue per account (ARPA) growth continues to show a positive trendline, but slowed in 2022: 2022 ARPA growth rates were lower than 2021, decreasing from 1.89% in Q2 to 0.97% in Q4. ARPA growth can slow when companies offer customers the flexibility to downgrade or pause their subscriptions, or when using

promotional pricing to attract new subscribers. Both are best practices to add and maintain subscribers, especially in an uncertain market.

- SaaS continues to be the fastest-growing sector in the SEI: The Software as a Service (SaaS) sector outperformed other SEI sectors in 2022, with 12.3% revenue growth on average.

“Despite economic headwinds, spending habits are still trending positively toward digital services and experiences offered through subscriptions,” said Amy Konary, Founder and Senior Vice President of The Subscribed Institute at Zuora. “Recurring revenue models can offer subscribers predictable spending opportunities with clear value and savings over time. Finding ways to be indispensable with products and services that customers value will be key.”

The latest SEI report also includes the impact of businesses with subscription revenue by sector covering businesses in SaaS, Media and Manufacturing, as well as by region in EMEA and APAC.

Zuora’s Subscription Economy Index analyzes the growth and resilience of recurring revenue businesses. Comprised of anonymized, aggregated, system-generated activity on the Zuora Billing service, the SEI measures the change in the volume of business for subscription-based products and services across more than 500 businesses. The index represents a range of flexible recurring pricing models, such as consumption and time-based memberships. The SEI report is intended to view trends in the Subscription Economy® as a whole.

The Subscription Economy Index report is available for [download here](#).

About Zuora, Inc.

Zuora provides a leading monetization platform for recurring revenue businesses across all industries, enabling companies to unlock customer-centric business models. After starting with Zuora Billing in 2007, Zuora’s award-winning multi-product portfolio now also includes Zuora Revenue, Zuora Collect, and Zephr, all powered by the Zuora Platform. Zuora serves as an intelligent hub that monetizes and orchestrates the complete quote to cash and revenue recognition process at scale. Through its industry leading technology and expertise, Zuora helps more than 1,000 companies around the world, including BMC Software, Box, Caterpillar, General Motors, Penske Media Corporation, Schneider Electric, Siemens and Zoom nurture and monetize direct, digital customer relationships. Headquartered in Silicon Valley, Zuora operates offices around the world in the U.S., EMEA and APAC. To learn more about the Zuora monetization platform, please visit www.zuora.com.

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Forward-Looking Statements

This press release contains forward-looking statements that involve a number of risks, uncertainties, and assumptions, including but not limited to statements regarding the expected growth and trends of subscription-based companies (including companies in the SEI report) and non-subscription based companies. Any statements that are not statements of historical fact may be deemed to be forward-looking statements, and actual results could differ materially from those stated or implied in forward-looking statements. The SEI report also includes market data and certain other statistical information and estimates from other parties, including industry analysts and market research firms. Zuora believes these third party reports to be reputable, but has not independently verified the underlying data sources, methodologies, or assumptions. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties and may differ materially from actual events or circumstances.

1 "Economic conditions outlook," McKinsey & Company, December 2022

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