Zuora Unveils New Offering to Unlock the Potential of Consumption-based Pricing

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New holistic solution empowers finance and product teams to launch and scale hybrid consumption offerings, while giving customers the transparency and flexibility they demand.

REDWOOD CITY, Calif.--(BUSINESS WIRE)-- Zuora, Inc. (NYSE: ZUO), a leading monetization suite for modern businesses, today at Subscribed Live introduced Zuora for Consumption, a holistic solution enabling product owners and finance teams to launch and scale product offerings with consumption-based pricing models.

Consumption-based pricing has taken off in recent years, as consumers and companies look to align pricing with value. Unfortunately for many companies, the promise of these models have been overshadowed by the challenges of bringing them to market. Zuora for Consumption combines a set of enterprise-grade consumption billing capabilities with industry leading revenue recognition to deliver a holistic solution that can help companies realize the potential of consumption pricing – especially hybrid consumption models.

Consumption-based pricing models can range from simple pay-as-you-go models to hybrid models that mix consumption with a recurring commitment, like prepaid credits. To unlock Subscriber-Led Growth, companies are increasingly using hybrid consumption models to balance customer flexibility with predictability for the business. Studies show that while 15% of SaaS companies have rolled out a largely pay-as-you-go model, three times as many companies (46%) take a hybrid approach.1 Zuora’s Subscribed Institute shows that the hybrid approach pays off, as companies with a hybrid consumption model grew faster than their peers who held onto pure pay-as-you-go pricing or pure recurring subscription pricing.2

“Businesses and consumers love the idea of consumption pricing, but very few companies have really nailed the execution - the approach is too often piece mealed,” said Kyle Kolich, Vice President & General Manager of Product and Development. “We took a holistic approach with Zuora for Consumption - giving finance teams the right billing
and revenue automation tools, customers the transparency and flexibility to consume what they want, and product owners the right pricing and mediation tools to pivot from pure pay-as-you-go to hybrid models - and everything in between.”

Without the right tools, consumption pricing models can create several challenges that can slow growth and deliver a poor customer experience. Product owners struggle to get the data they need to price consumption services, finance teams face challenges with billing and revenue recognition, and customers can feel burned by surprise overages.

Zuora for Consumption addresses these roadblocks, delivering new capabilities across Zuora Billing and Zuora Revenue, including the ability to:

- Design a wide range of consumption pricing strategies, from pay-as-you-go models to hybrid consumption pricing such as prepaid credits or upfront commitment, with a new Consumption Pricing Designer coming this fall. A new Formula Pricing model in the Designer allows added extensibility on any pricing model through a formula-based editor.
- Simplify complex consumption data with the new native Mediation Engine, coming later this year. Enable product managers to test pricing models with new consumption dimensions without relying on engineering for data transformation and error handling. Ingest and meter up to 200k data records per second in preparation for rating and billing.
- Provide customers transparency into consumption charges with near real-time consumption visibility and threshold notifications for upcoming overages, reducing negative customer experiences and revenue leakage. For hybrid consumption models, allow customers to see their consumed credits and rollover if prepaid credits are unused.
- Empower finance teams with automated billing and revenue recognition for both pure pay-as-you-go and hybrid consumption pricing models. Finance teams can use Zuora to rate consumption charges in near real-time to automate billing operations and reduce errors for late consumption or duplicate usage records. Since consumption can change rapidly from day to day, Zuora’s consumption-based revenue recognition gives revenue accounting teams visibility into continuous revenue recognition, enabling them to know their current revenue position at any point during the month and relieve the pressure of reconciling massive amounts of consumption data at month-end close.

“We came to Zuora because we need to respond quickly to what we’re seeing in the market. We’ve leveraged the Zuora product catalog and easily extended it to set up different tiers, features, and consumption pricing models for our customers,” said Chaz Adams, Senior Product Manager at Flexcar. “Zuora helps us quickly update our pricing strategy based on market demands, without creating hundreds of thousands of SKUs on the backend.”
To learn more about Zuora for Consumption, please visit here.

About Zuora, Inc.

Zuora provides a leading monetization platform for recurring revenue businesses across all industries, enabling companies to unlock and grow 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 Americas, 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 benefits and releases of Zuora for Consumption. Any statements that are not statements of historical fact may be deemed to be forward-looking statements. Actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to, risks detailed in the “Risk Factors” section of Zuora’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on June 1, 2023, as well as other documents that Zuora may file from time to time with the SEC. The forward-looking statements in this press release are based on current expectations as of the date of this press release and Zuora undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This press release also includes market data and certain other statistical information. Information that is based on estimates, forecasts, projections, or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information.

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