STATE OF RECURRING REVENUE & MONETIZATION 2025

Emerging pricing, AI adoption, and organizational practices shaping subscription success across all business models.

Introduction

Innovation remains essential for business growth, but in 2025, building great products alone isn't enough: companies must also focus on how they monetize those innovations.

This year, Chargebee surveyed 473 subscription leaders across the US (313 respondents, 66%) and the UK (160 respondents, 34%) to uncover their top strategic priorities, common challenges, and highest-impact initiatives.

This year's findings are clear: the most successful companies have **embraced AI and elevated monetization** from a tactical task to a core business strategy.

Among companies that incorporated AI into their products in 2024, **those who also rethought their pricing models** were nearly twice as likely to achieve high growth compared to those who did not. And those who use hybrid models are achieving the best outcomes: companies that combine elements like recurring subscriptions, usage- and outcome-based pricing, or flat fees were **more than 2x as likely to increase profit margins** compared to those with purely usage-based models.

This report shares how top leaders are pairing innovation with strategic monetization to drive growth in 2025 and beyond.

Key Findings

01 **96% of the 473 surveyed companies expect to grow revenue this year,** with two-thirds expecting more than 20% growth.

02 **AI is the top tech priority and growth driver: 77% cite AI as their #1 tech investment,** up 67% from 2024, and more than double the next category (finance automation). AI adopters are significantly more likely to forecast growth (96% vs. 69%).

03 **The AI monetization divide: 80% of companies adding AI to their products are also evolving their pricing.** Those that aligned pricing with AI innovation are **twice as likely to expect high growth.** Meanwhile, 83% of non-AI firms made no pricing changes.

04 Retention anxiety splits the field, with **53% of businesses citing customer retention as a top concern.** But, AI adopters are more focused on product innovation and CX, while non-AI companies remain fixated on acquisition and hitting 100%+ Net Revenue Retention.

05 **70% raised pricing in 2024,** but 40% failed to align those increases with perceived customer value, exposing a cost-value disconnect.

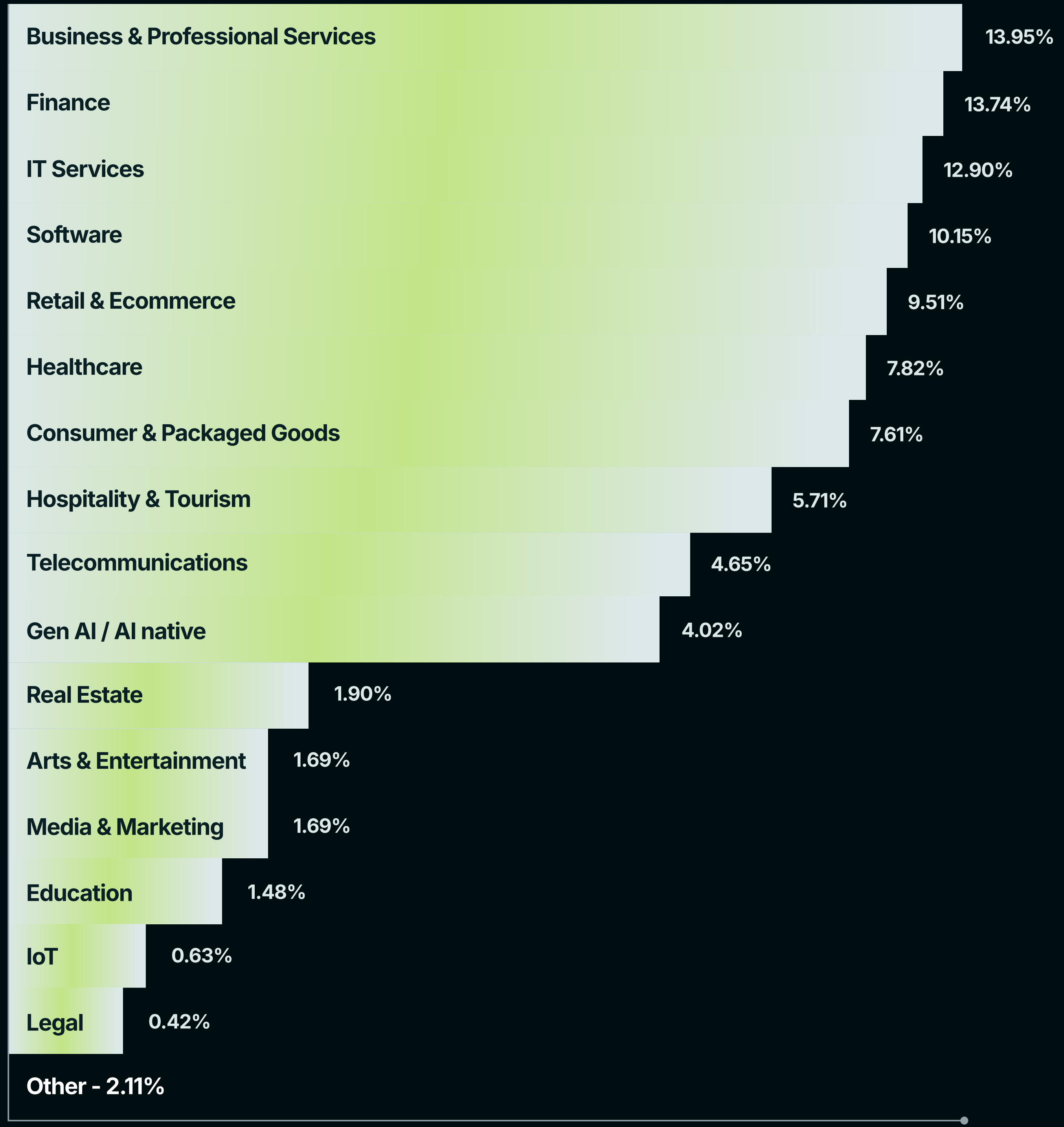
06 Speed wins in pricing experiments: **83% tested pricing before making changes, but those who act within a month are more likely to see success.** Top blockers: metering gaps, usage model complexity, and technical limitations.

07 **Pricing is cross-functional: exec teams lead pricing decisions (29%),** followed by Finance (17%), Sales (15%), and RevOps (14%)—reinforcing pricing's multidisciplinary nature.

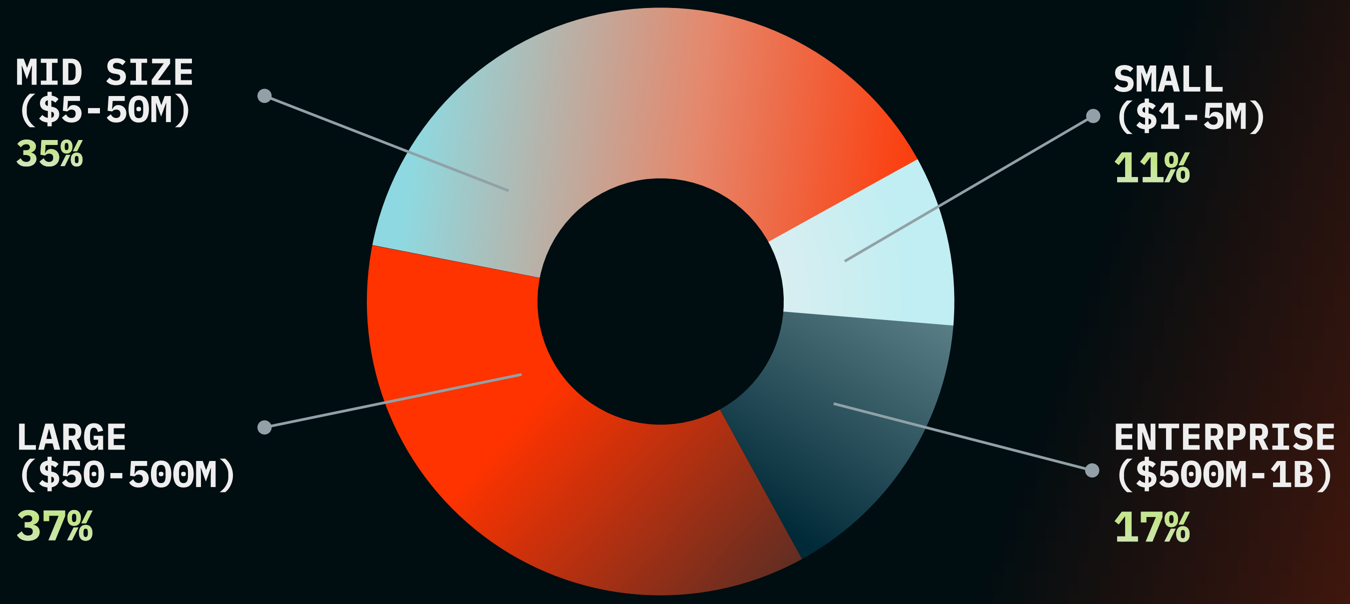
08 **Multiple, flexible pricing models win:** 67% of companies using a hybrid pricing model (subscription + pay-per-use) expect improved margins, compared to just 32% using pure usage-based pricing. Subscription still features in 75% of pricing strategies.

Methodology

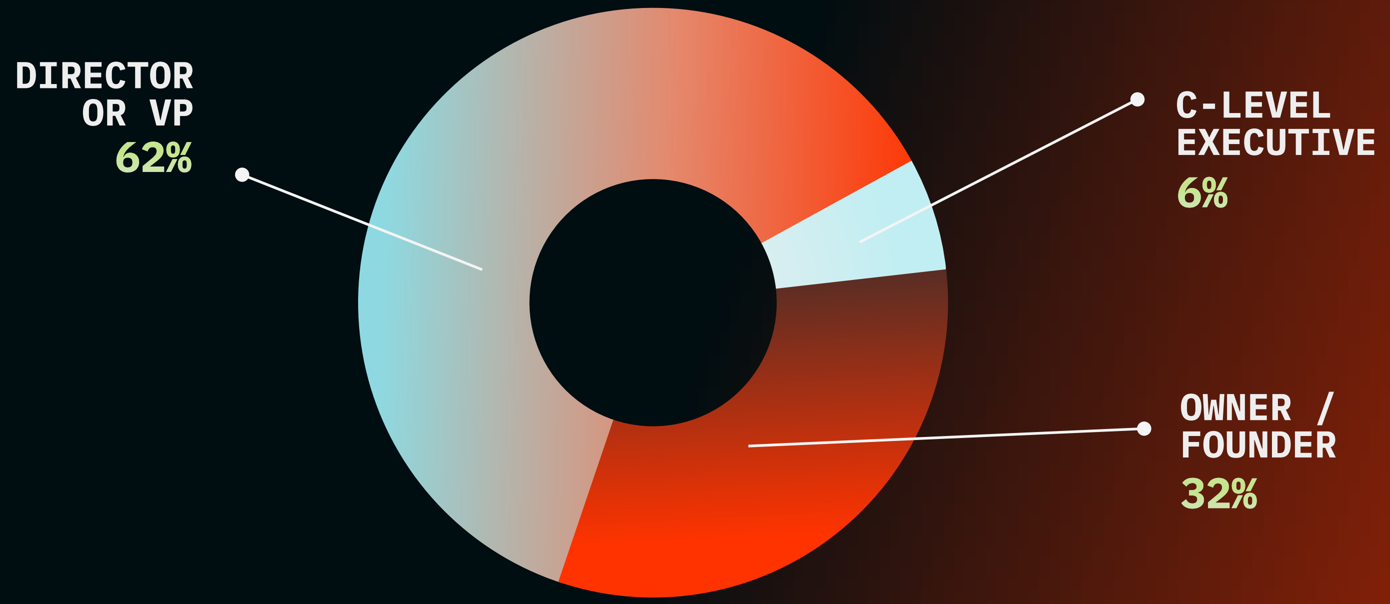
For the 2025 State of Recurring Revenue & Monetization, Chargebee surveyed 473 subscription leaders across the US (313 respondents, 66%) and the UK (160 respondents, 34%) through our partner Centiment. All respondents manage businesses with Annual Recurring Revenue between $1 million and $1 billion.



Distribution by Company Size



Distribution by Job Level



CHAPTER 01

THE ECONOMIC CONTEXT

Navigating Complexity: Revenue Growth Priorities in 2025

How finance and tech leaders are investing for resilience, efficiency, and scale

In 2025, economic uncertainty has created a challenging backdrop for companies that seek to test and evolve their revenue strategies. The International Monetary Fund's revised forecast could project a prolonged period of slow global growth well below the 3.7% historical average (2.8% for 2025 and 3% for 2026). Yet, the companies we surveyed are forging ahead: 61% still plan to raise prices this year (14% by over 20%).

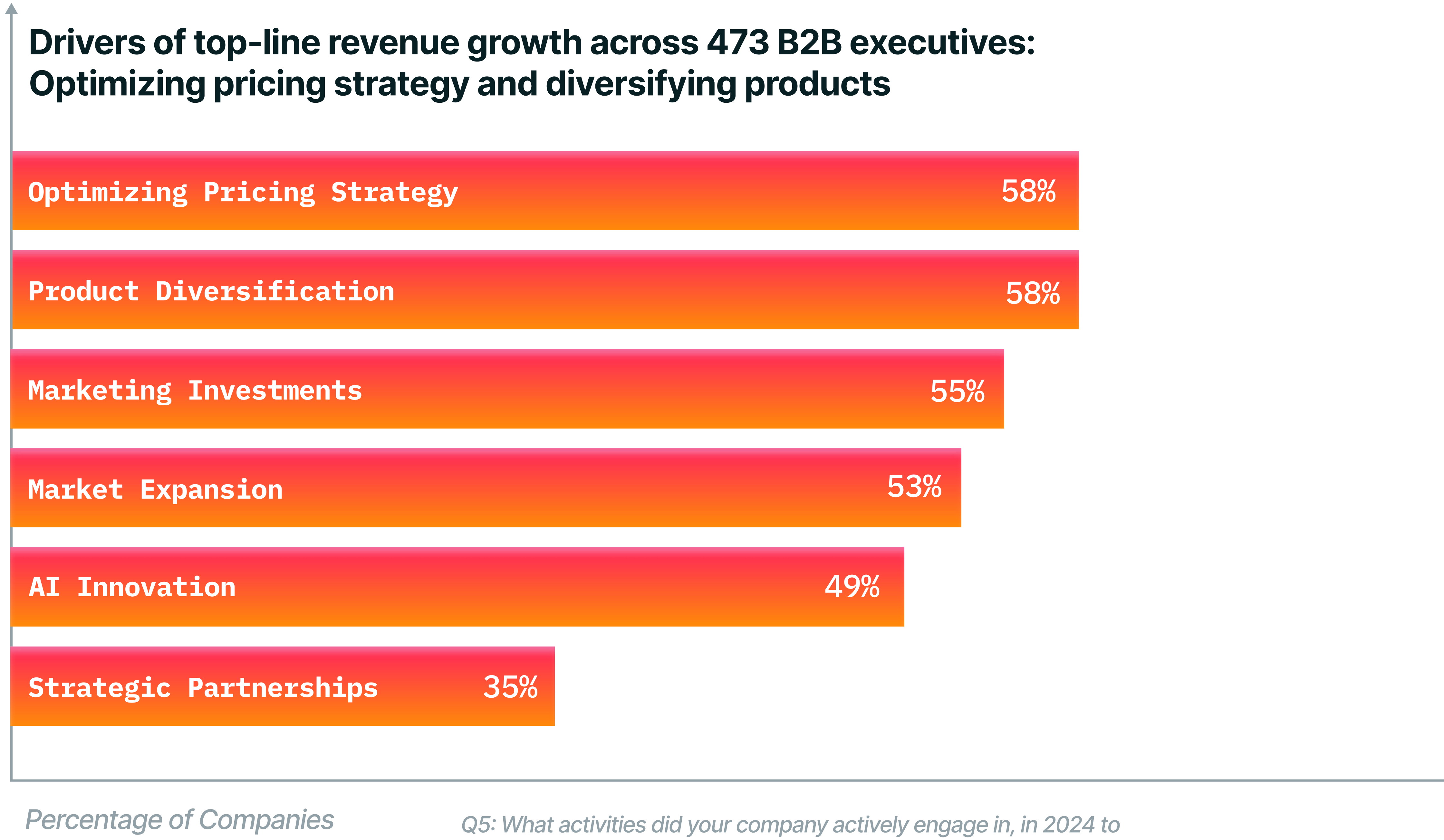
Factors Contributing to Slower Growth

Three key factors slowed growth in 2024: inflation (45%), evolving customer needs (41%), and competitor pricing with low differentiation (41%).

Yet, raising prices was not a knee-jerk reaction to early economic headwinds: while 72% of companies felt inflation's negative impact, only 10% initially responded with pricing adjustments, focusing instead on cost-cutting. Yet, 82% eventually reviewed their pricing and product bundles, with 56% implementing changes within one quarter (15% within a single month).

Despite this context, companies are optimistic, but also face a growth-churn paradox: 96% anticipate revenue growth while 76% also predict higher churn, making balanced acquisition and retention strategies essential.

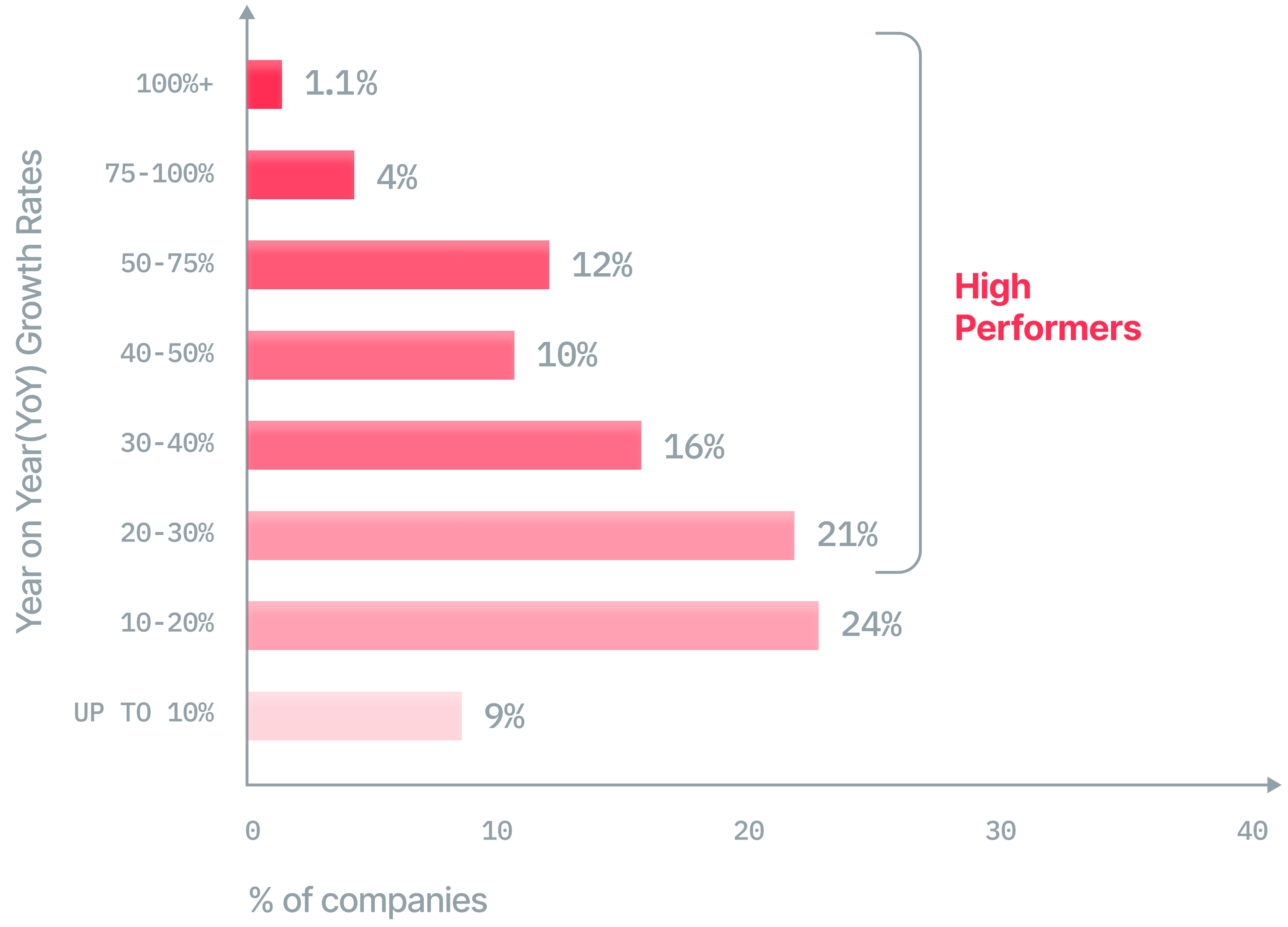
Drivers of top-line revenue growth across 473 B2B executives: Optimizing pricing strategy and diversifying products



Q5: What activities did your company actively engage in, in 2024 to improve the top line (gross revenue)? (Select all that apply)

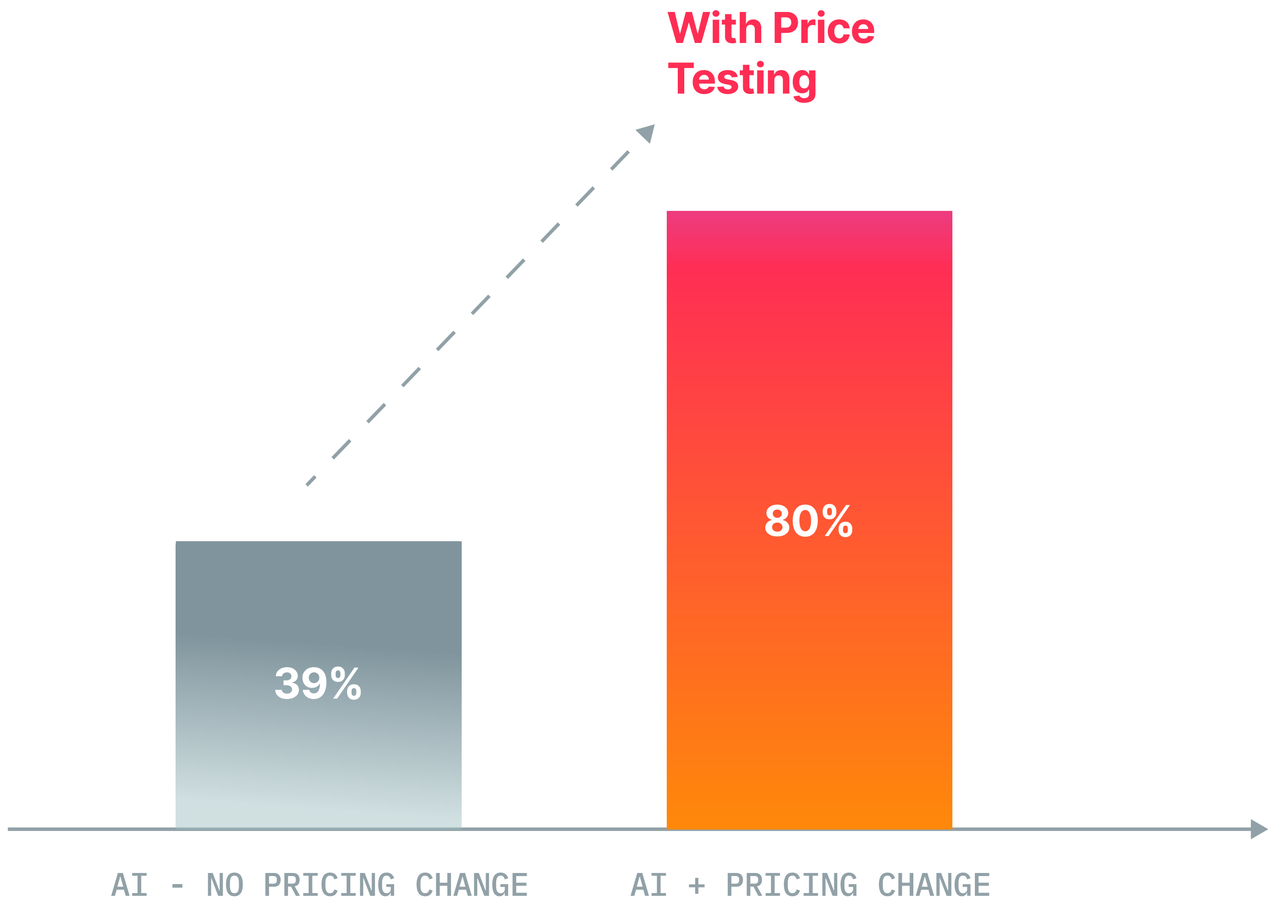
Everyone's Growing. But Those Evolving AI + Monetization Are Outpacing

96% of companies expect to grow in 2025



63% expect to grow faster than 20% YoY in this study, which we defined as "High Performers"

The monetization edge: AI builders who align pricing with product are **2x more likely to grow fast**



80% of companies who are adopting AI and changing their pricing are High Performers (growing>20% YoY), compared to only 39% of AI adopters *who didn't change pricing*.

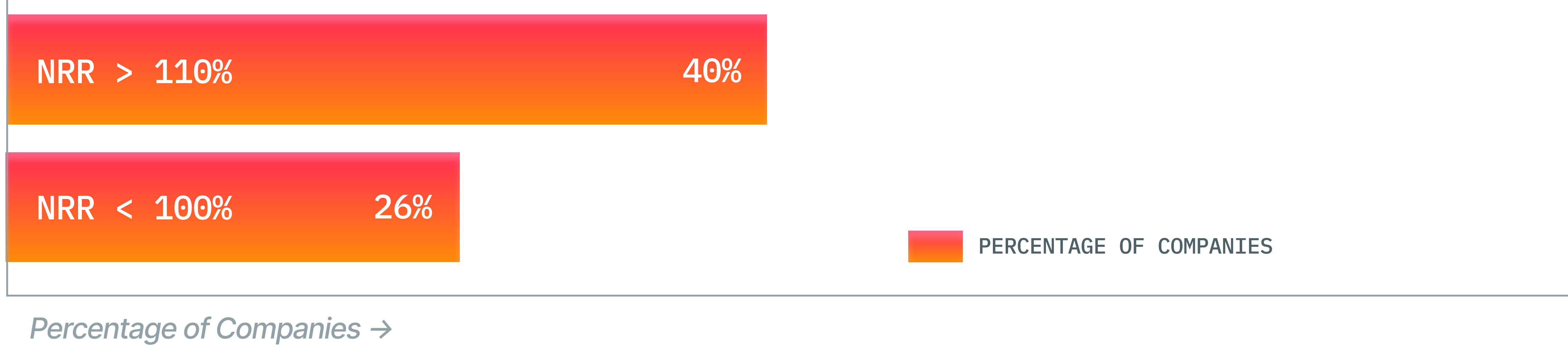
Customer Retention: Balancing the Growth Seesaw

Nearly half of recurring revenue businesses (49%) reported that their Net Retention Rates increased in the previous year, while 42% maintained stable retention and 9% experienced a decrease. Sustainable growth requires a balance between retention and acquisition, like a seesaw needing weight on both ends.

Our data highlights a clear relationship between Net Revenue Retention (NRR) and growth rates. Companies with high NRR (>110%) are significantly more likely to achieve rapid growth, with 40% of these companies reporting growth rates exceeding 20% in 2024. In contrast, among companies with NRR below 100%, only 26% achieved comparable growth rates.

This 14-percentage-point difference demonstrates that companies maintaining strong customer retention generate faster growth, even as they pursue other growth strategies.

Companies with strong retention were 1.5X more likely to grow fast in 2024



Mastering this balance is vital, especially for companies eyeing the public markets. Together, strong Net Retention Rates and consistent customer acquisition create a virtuous cycle: improved retention drives predictable revenue and higher customer lifetime value, while effective acquisition fuels new growth opportunities.

And, neglecting either side brings risks: relying too heavily on existing customers limits market potential, while poor retention creates a costly "leaky bucket" that can undermine acquisition efforts.

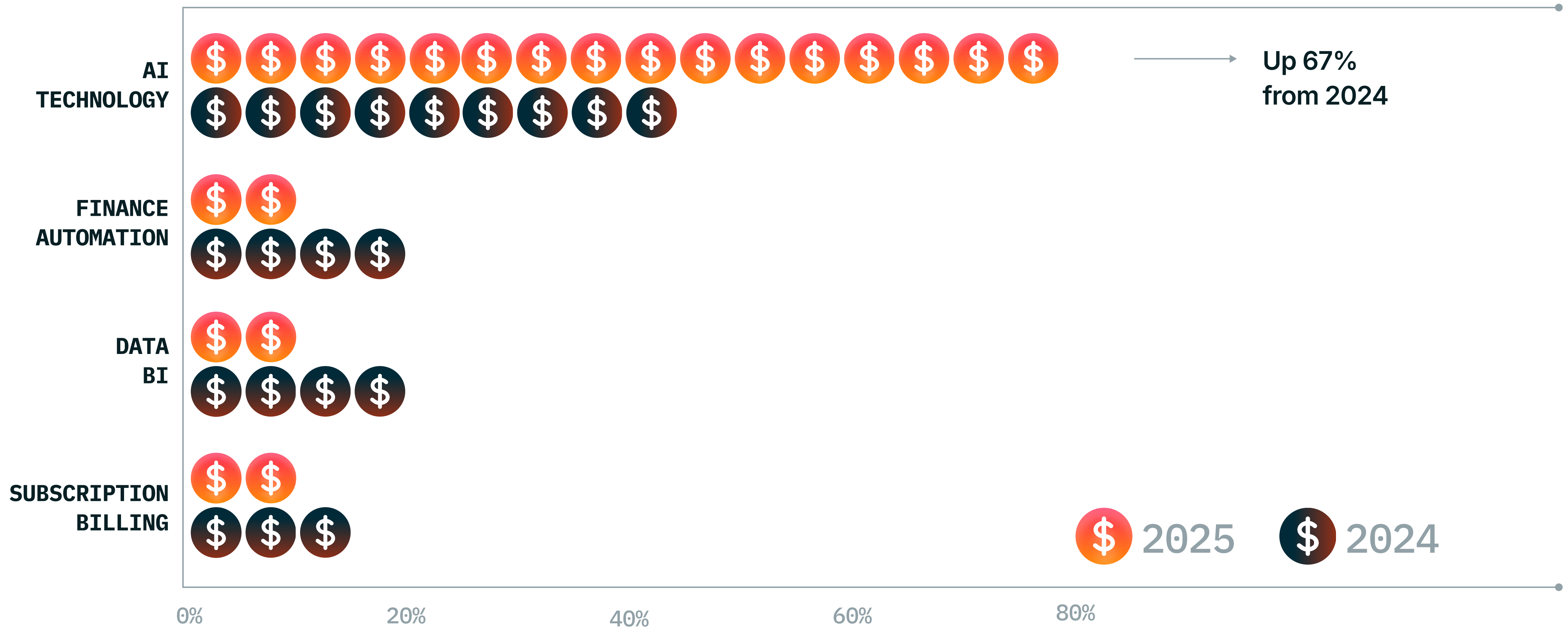
With customer retention remaining a top priority for business leaders in 2025 (54%), companies must balance nurturing existing relationships while actively pursuing new ones.

CHAPTER 02

THE AI EFFECT

AI Dominates 2025 Investment Priorities

Investment Priorities: 2025 vs 2024



Businesses are shifting their investment priorities to AI. **77% of companies identify AI as their top investment priority** — more than double the combined total of those who selected CRM, business intelligence, and billing solutions (30.5%). This focus is up 67% from 2024, showing that AI capabilities are now critical for competitive advantage.

Q48: Which tools do you plan to invest in (either via new purchases, upgrades, or increased usage)? (Select all that apply)

Key Insights

In 2025, AI investment priority is nearly 6 times the combined allocation to CRM, BI and billing solutions (12.9%)

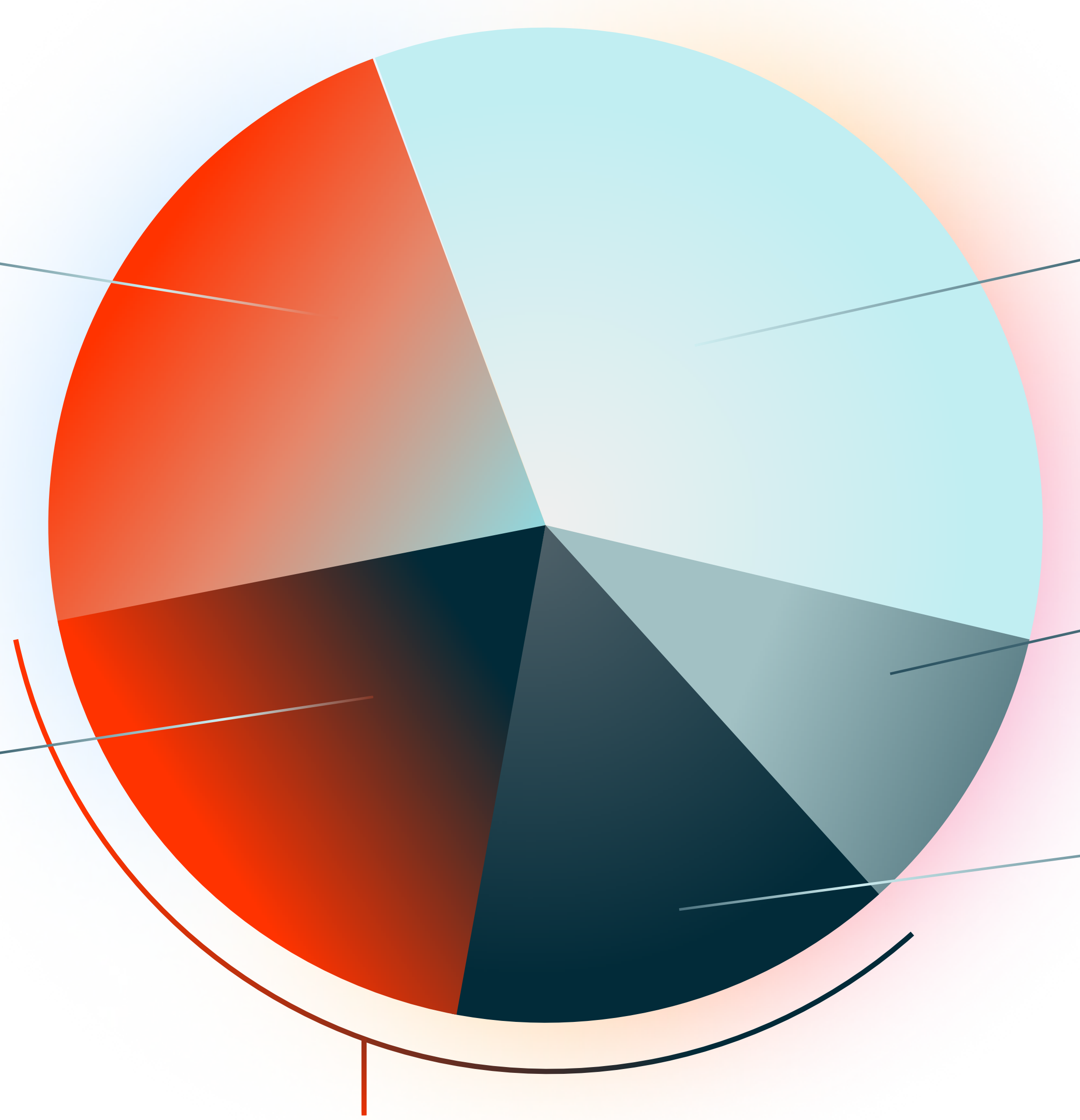
All non-AI categories show reduced investment priority in 2025

What Are AI Builders Prioritizing Differently?

Our research also identifies four primary strategic patterns in AI investment, each reflecting distinct goals that can impact long-term monetization and competitive positioning:

Market Analysis 21%

Directly supporting growth strategies through enhanced market insights, enabling better targeting, product development, and competitive responses.



Operational Efficiency 32%

Targeting internal process improvements and cost reduction, which can free up resources for growth initiatives and improve profitability.

Other Investments → 12%

Product Feature Upgrades 19%

Enhancing existing customer-facing capabilities and value propositions, potentially justifying premium pricing or increased adoption.

AI-First Offerings 16%

Developing entirely new AI-centric products and services, opening up new revenue streams, and potentially establishing market leadership.

In the next few pages, we'll evaluate how AI Builders — companies that are building and selling AI-enabled products (not just using AI for internal purposes) — are building and growing.

Business Priorities of AI Builders

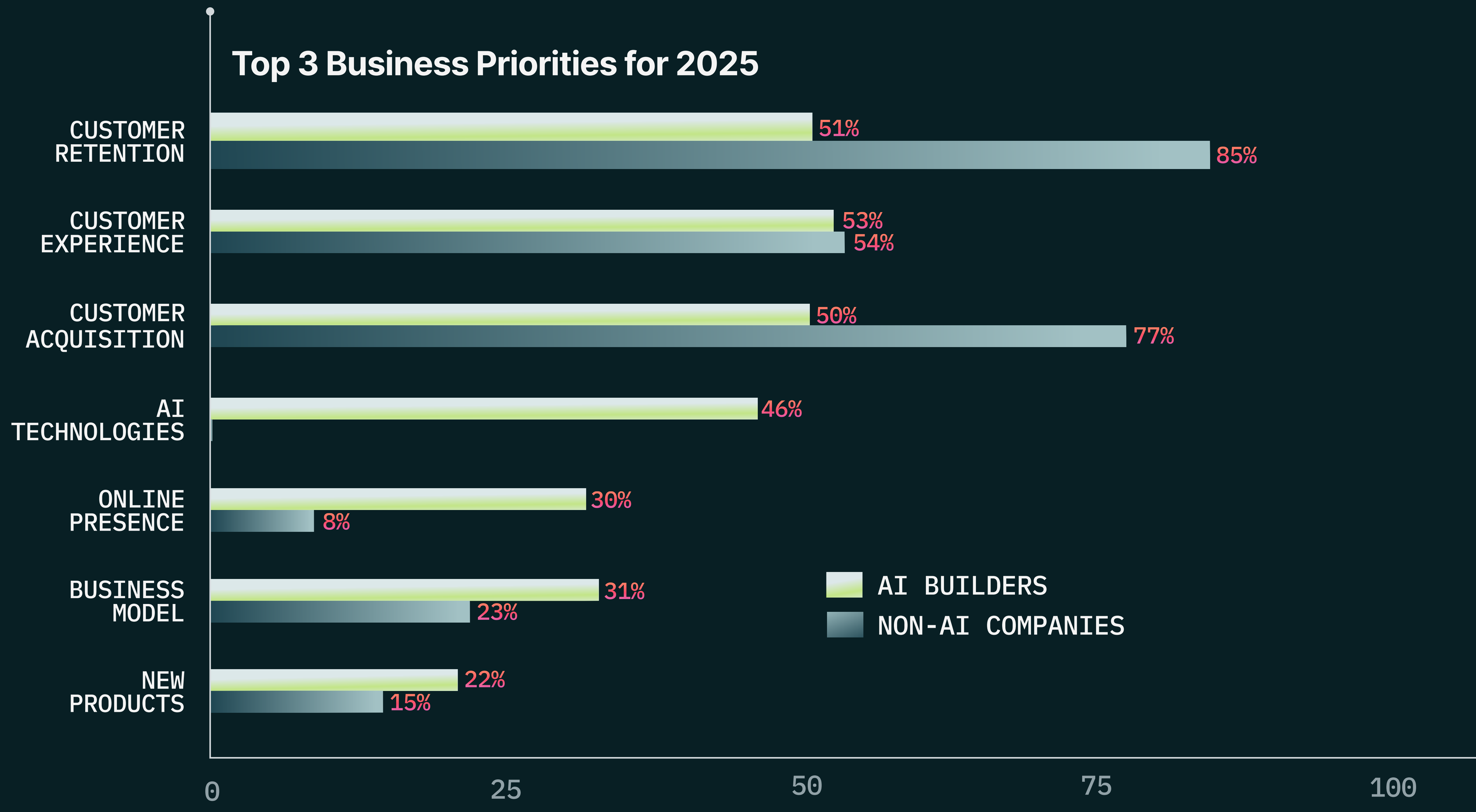
Companies actively building AI capabilities are aligning their development efforts with core business priorities, recognizing that AI's value lies in driving measurable outcomes:

Enhancing Customer Experience (53%)
Strategically deploying AI to improve interactions, build loyalty, and ultimately drive customer lifetime value.

Driving Customer Acquisition (50%)
Leveraging AI to identify new opportunities, personalize outreach, and increase conversion rates.

Improving Customer Retention (51%)
Using AI to understand customer behavior, predict churn, and proactively implement strategies to strengthen relationships.

Top 3 Business Priorities for 2025



Percentage of companies selecting each priority

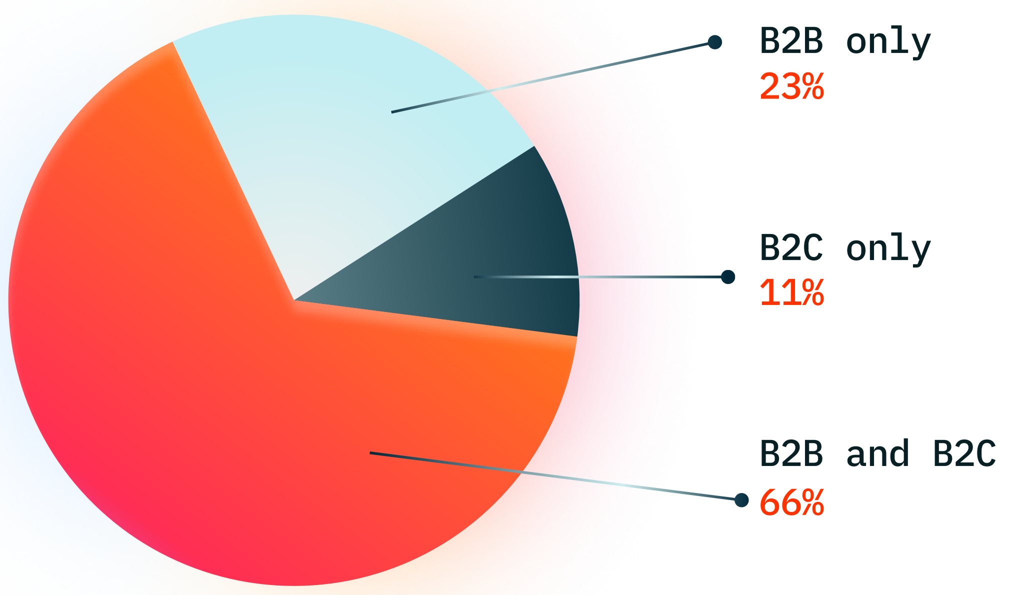
Based on survey data of businesses selecting their top 3 priorities for 2025

Companies Selling to Both B2B and B2C Are 3X More Likely To Invest in AI

Companies operating in both B2B and B2C markets are leading the way in AI implementation, with **66% having adopted AI.** This figure surpasses the adoption rates of B2B-only companies (23%) and B2C-only companies (11%).

This investment pattern also varies by go-to-market approach, with sales-led growth (SLG) models demonstrating higher AI adoption rates (61%) than product-led growth (PLG) strategies (52%).

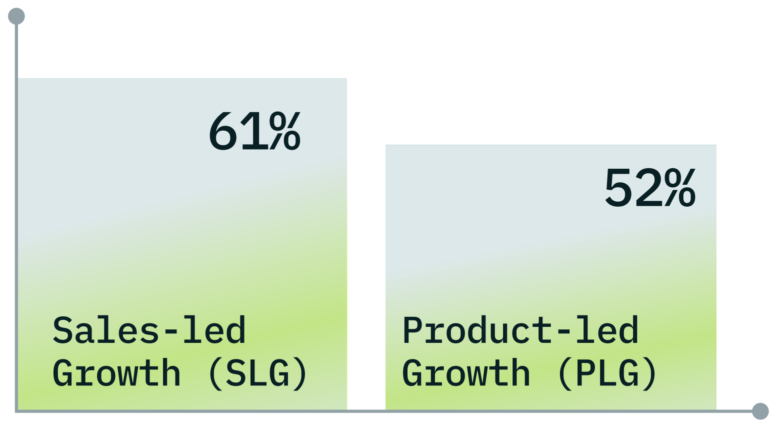
AI Use by Business Model



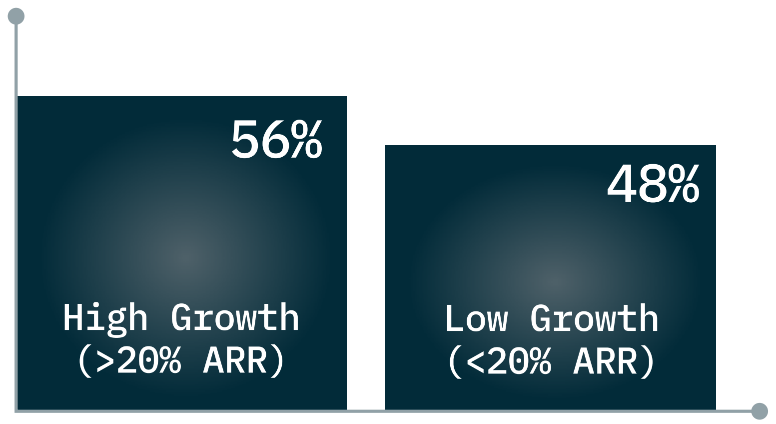
Key Insights

Companies serving both B2B and B2C markets (66%) are three times more likely to have adopted AI than B2B-only companies (23%) and six times more likely than B2C-only companies (11%)

AI Use by Sales Model



AI Use by Growth Rate



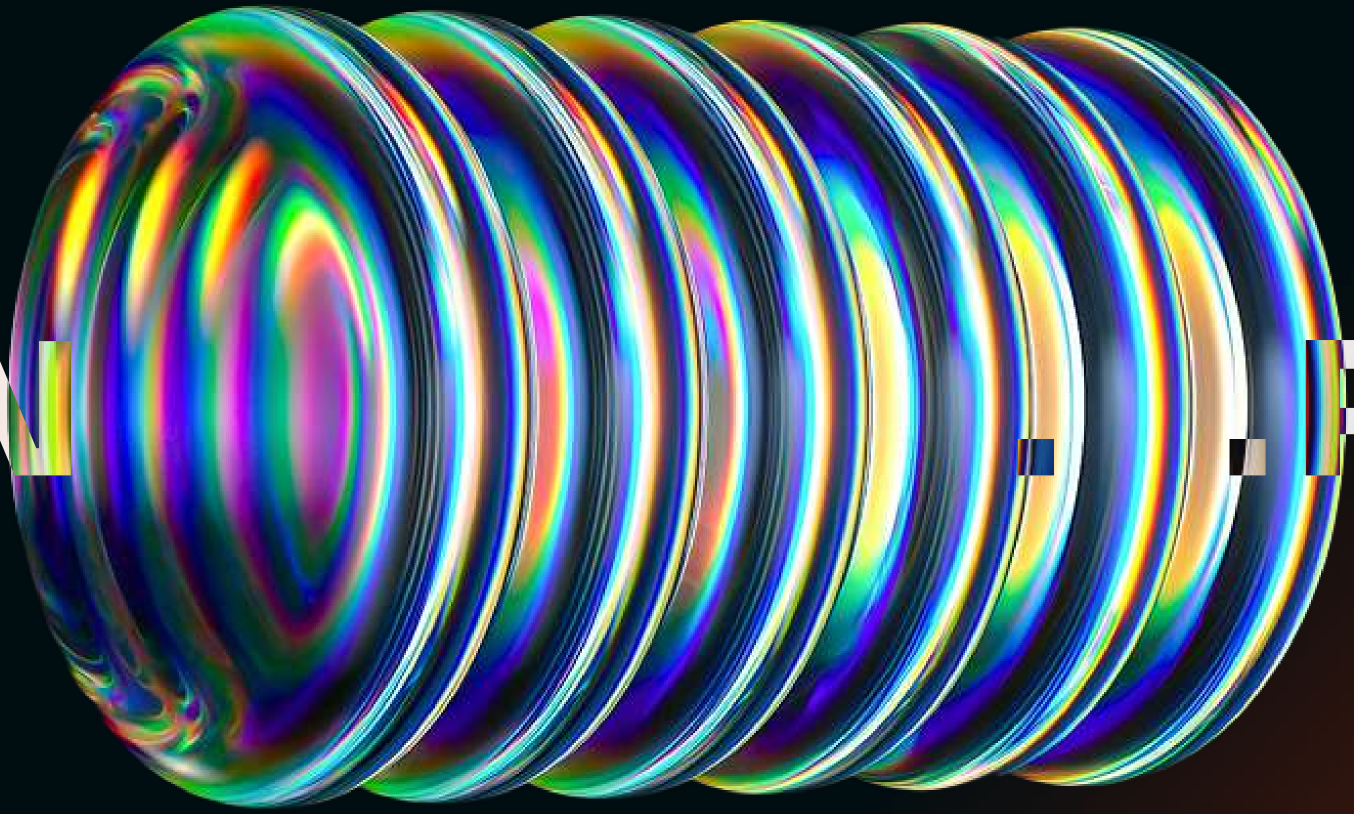
However, AI's most significant impact may lie in its ability to unlock entirely new go-to-market motions.

"AI enables sales development-led experiences in market segments that historically have not been economically viable."

Tomasz Tunguz,
General Partner, Theory Ventures

CHAPTER 03

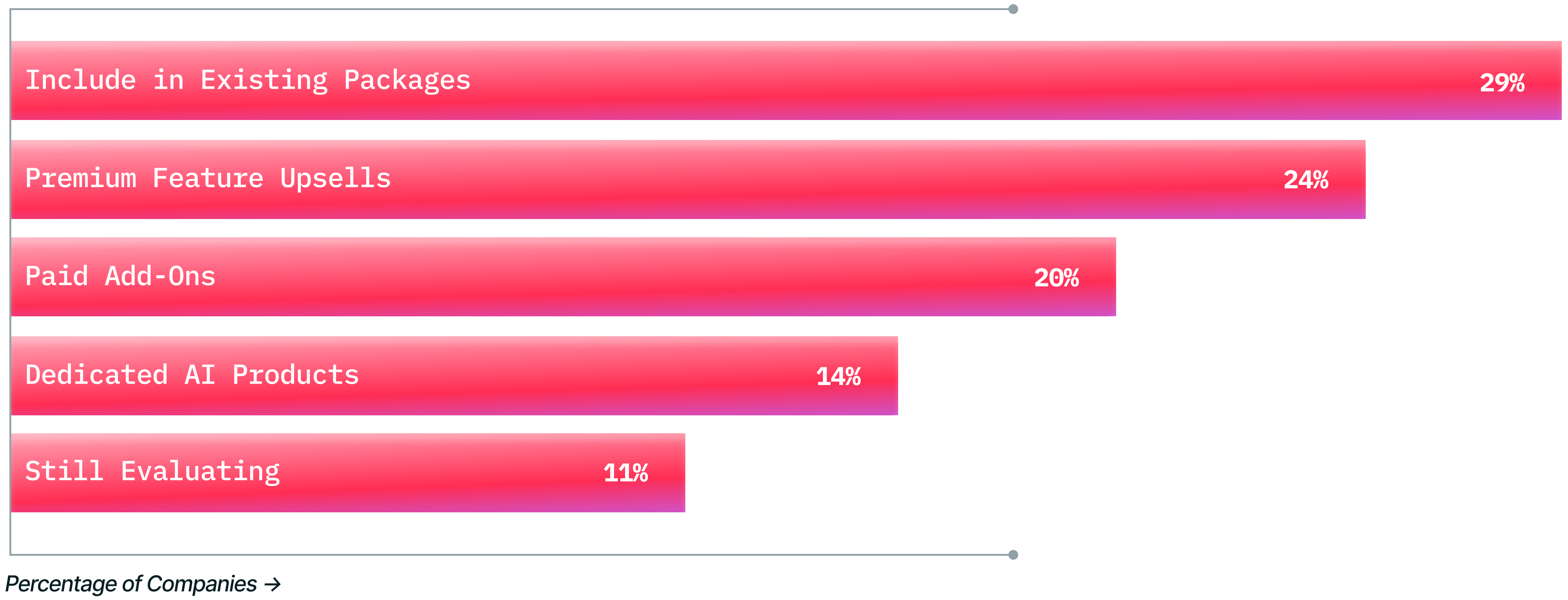
THE AI MONETIZATION REALITY



Most Companies Offer AI in Existing Packages or As Premium Upsells

AI integration has moved into the mainstream. 52% of businesses have already implemented AI capabilities, and 41% plan to add AI features within the next 12 months. Companies are pursuing varied monetization approaches:

AI Monetization Approaches



How AI Economics Force Pricing Innovation

AI disrupts traditional software economics, given the typically lower gross margins of AI-delivered services compared to the traditional 90% margins of SaaS. Unlike standard SaaS with near-zero marginal costs, AI requires real computing resources for each customer interaction.

Over 40% of companies identify cost-related issues as their biggest AI monetization hurdle. Separately, our research shows 62% of businesses using external AI vendors have reduced employee costs, while 44% of AI implementers are targeting reductions in cost of goods sold.

The core challenge extends beyond cost-cutting to creating pricing models that reflect this new economic reality—building sustainable approaches that account for AI's computing costs while delivering customer value.

"We need to justify the cost and explain that, for once, SaaS software is not ultra-high margins; embeddings and LLMs can cost a lot."

Christopher Pasquier, Founder and CEO, Super + Slite

Spotlight: Question Base's Take on Freemium as an AI-Native Product

Freemium, when done right, effectively lowers CAC, drives future product-led conversions and expansion, and produces a trove of usage insights.

How differently should freemium be approached given the non-zero, incremental costs of AI offerings?

*In the following spotlight, **Question Base's co-founder and COO, Yana Tornoe,** explains how they do it:*

"There are inherent limitations when balancing the costs of delivering value for free **and maintaining a sustainable business model**.

We've experimented extensively to find the right balance.

Our goal is:

To lower the barrier to entry. And allowing teams to experience the product without upfront commitments.

While ensuring we don't overextend ourselves financially.

For example: In some cases, companies onboard and integrate tools like Confluence.

And the **AI crunches decades-old data**, leading to integration costs exceeding $600.

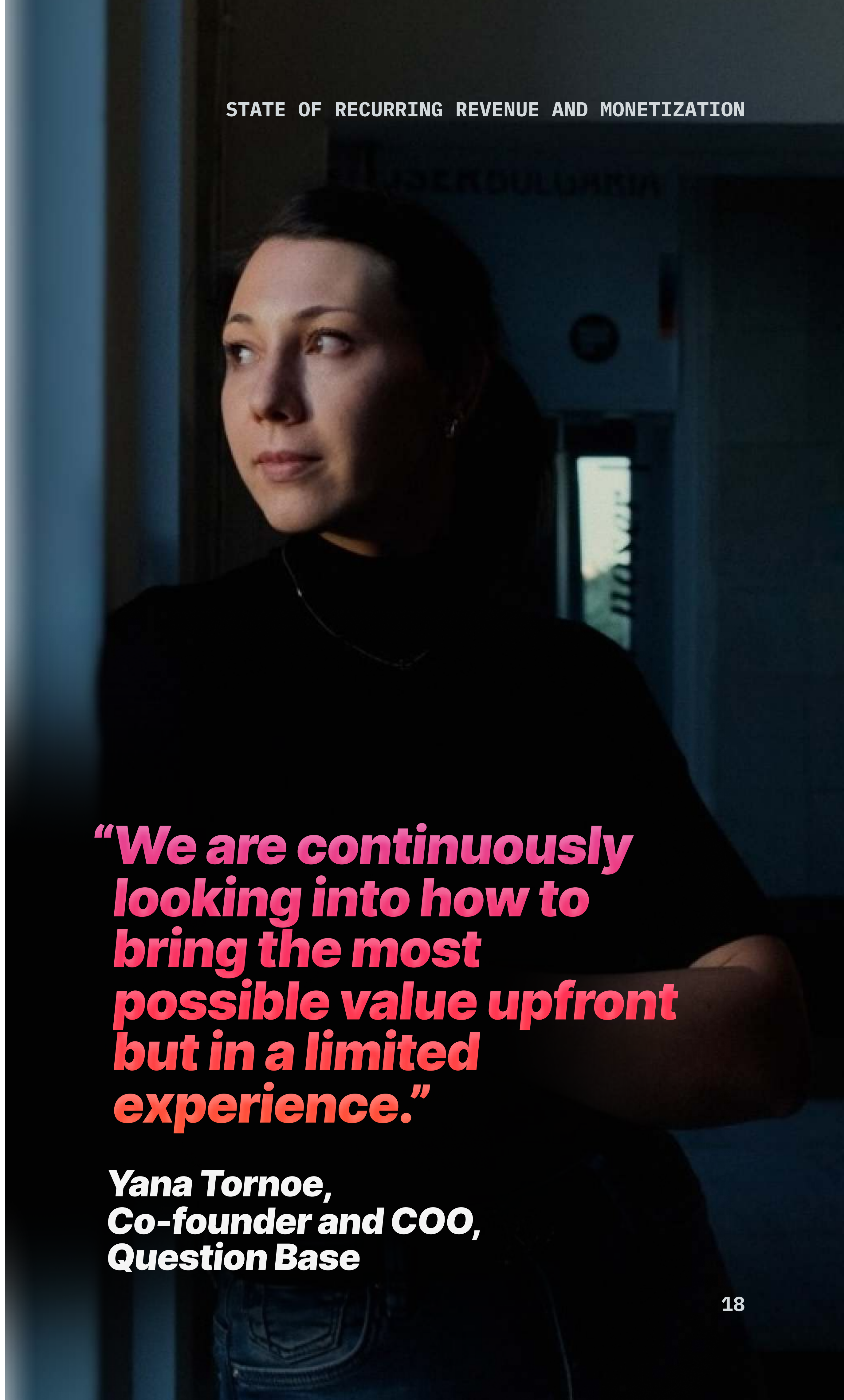
If they don't convert to a paid plan due to external factors, we're left footing the bill.

To mitigate this, we've designed a free plan that offers users a meaningful experience **without incurring unpredictable costs**.

The free plan includes saving up to 100 answers in their database and crunching their Slack history for a limited period.

However, integrations and other services that can result in high, variable costs are now reserved for the paid plan."

[Read Question Base's story]



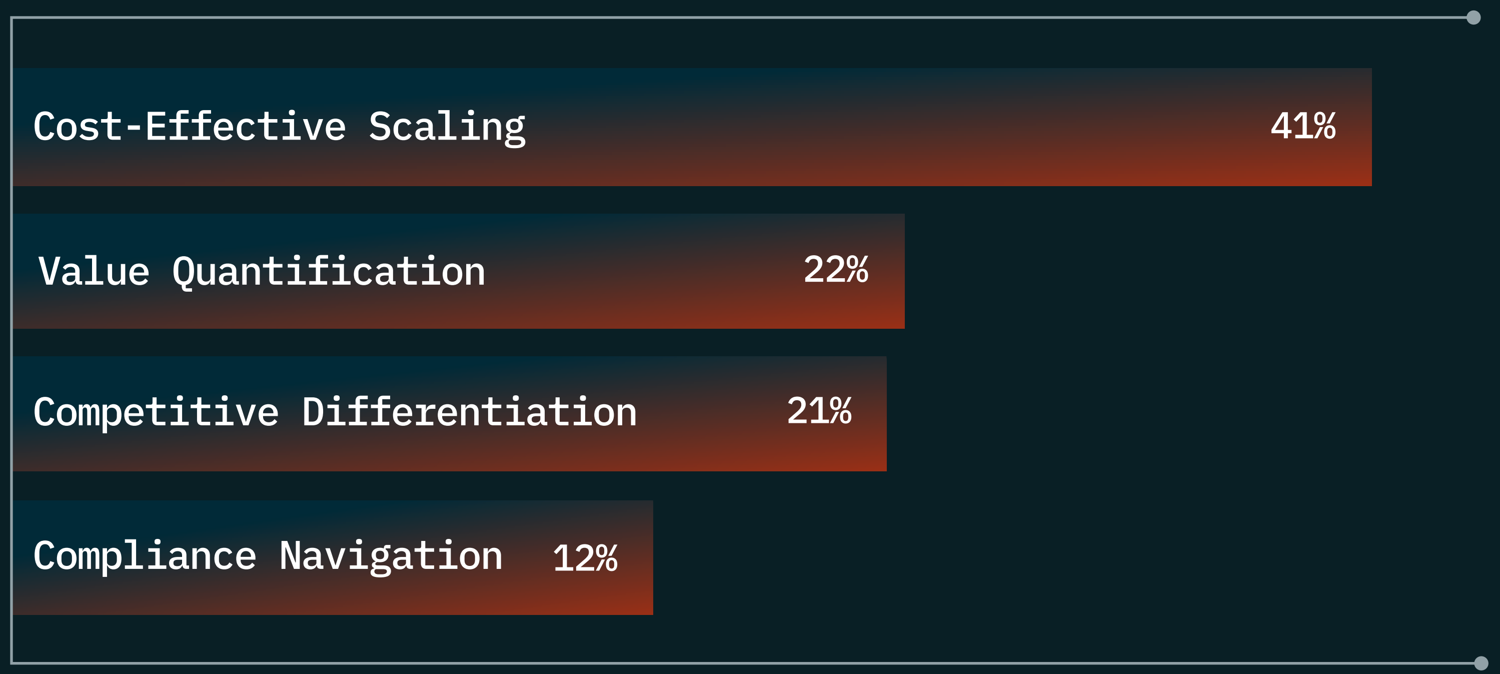
"We are continuously looking into how to bring the most possible value upfront but in a limited experience."

***Yana Tornoe,
Co-founder and COO,
Question Base***

The Twin Challenges of AI Monetization: Scaling Costs and Communicating Value

41% of companies are challenged with balancing development costs with pricing strategy, while 22% struggle to quantify AI feature benefits. This creates barriers to adoption and revenue as organizations struggle to translate AI-powered capabilities into value propositions that justify their pricing.

Key Barriers to AI Monetization



These barriers significantly hinder clear pricing communication tailored to specific market segments, creating critical obstacles to adoption and revenue generation.

These challenges impact business outcomes. **Though 70% increased prices and 77% changed pricing models in 2024, 40% of these changes failed to improve customer alignment.** Companies moving to usage- or outcome-based models are especially vulnerable when unable to connect capabilities to business outcomes.

High-performing organizations address this by focusing on customer outcomes. As one leader states, "We measure ourselves by how much time we save [our customers'] teams, how many errors we eliminate, how much they can do with fewer people." This outcome-centric approach creates stronger partnerships by ensuring vendor success correlates with customer achievement.

CHAPTER 04

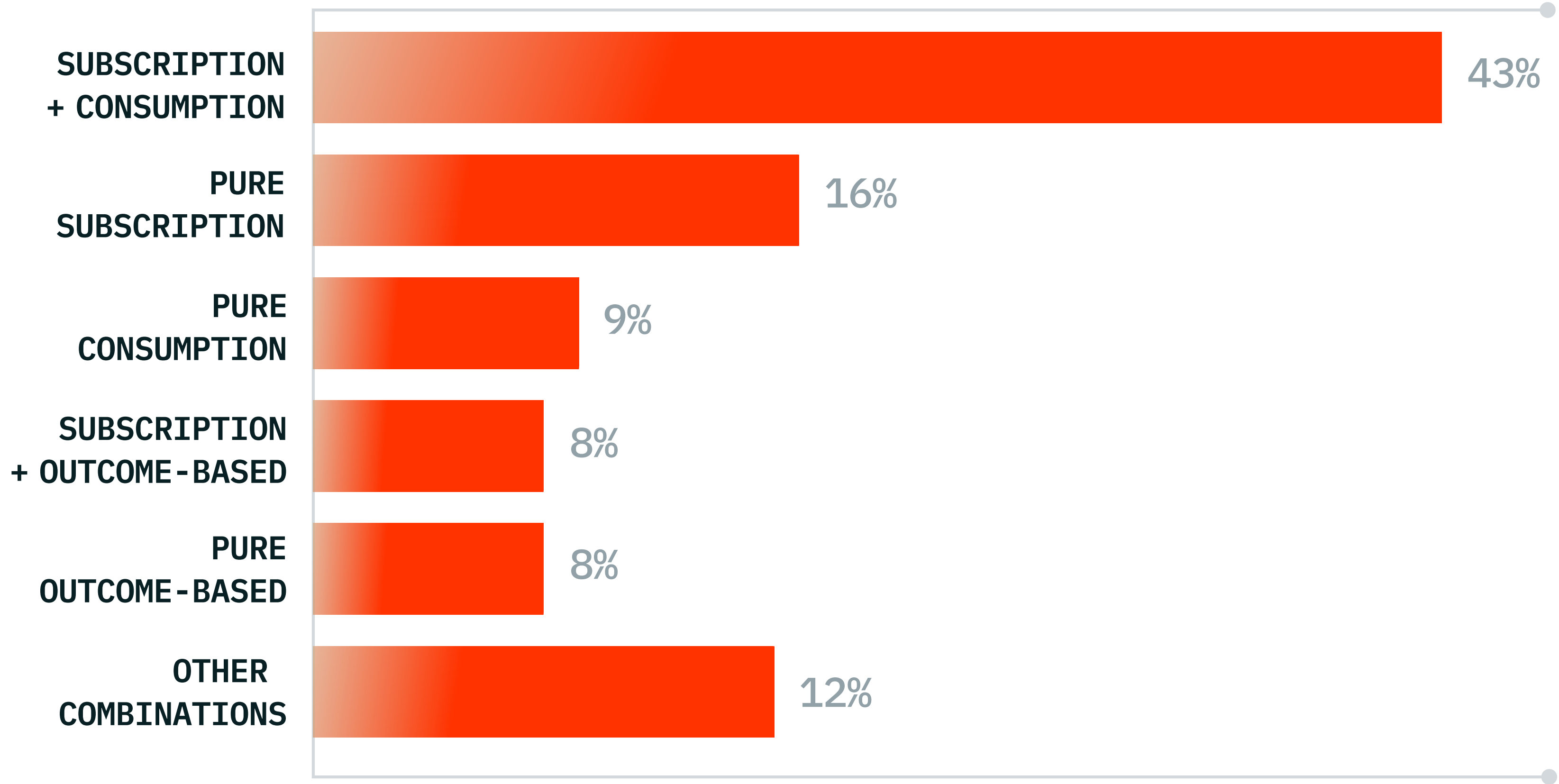
THE PRICING WARS: SUBSCRIPTIONS OR USAGE?

51% of Companies Now Combine Subscription With Usage- Or Outcome-Based Models

Recurring revenue has evolved beyond pure subscription. 43% of companies now mix subscription with usage-based pricing, and 8% combine subscription with outcome-based approaches. Pure models persist (16% subscription-only, 9% consumption-only, 8% outcome-based only). While 75% of the respondents in this study reported having subscription elements in their pricing, the data shows a clear trend toward hybrid approaches.

The Evolution of Recurring Revenue Models

How companies are approaching recurring revenue beyond pure subscription



Key Insights

- Hybrid pricing models now dominate, with 43% of companies combining subscription with usage-based elements
- Pure models still exist but are less common (16% subscription-only, 9% consumption-only)
- 77% of companies changed their pricing models in 2024, showing widespread experimentation
- While 75% retain subscription elements, the trend strongly favors hybrid approaches over pure models.

"Recurring revenue pricing will continue to be the greatest business model in the history of capitalism."

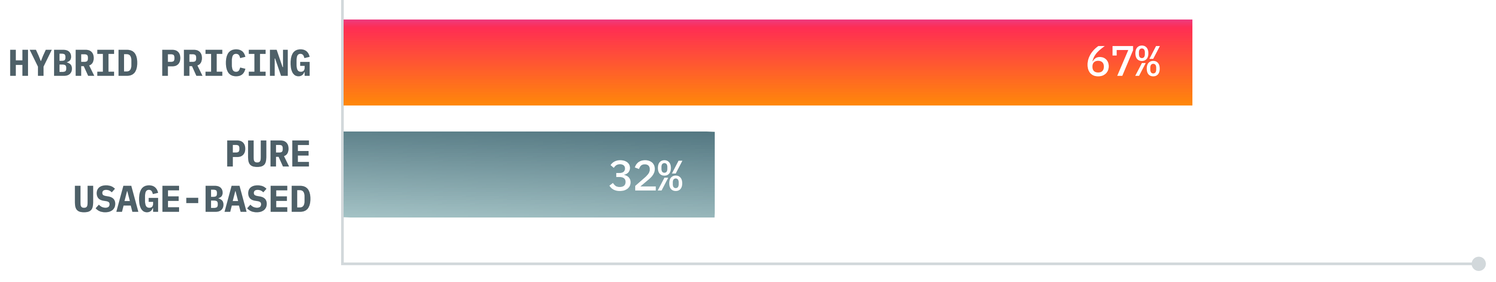
Nick Franklin, CEO, ChartMogul

"Despite the fanfare around AI usage-based models, we've found our customers are less willing to entertain them. Our space is more around content creation and productivity, so end outcomes are less concrete/do not translate into customer COGS. Instead, customers request and prefer more predictable billing models that require less cognitive load to manage."

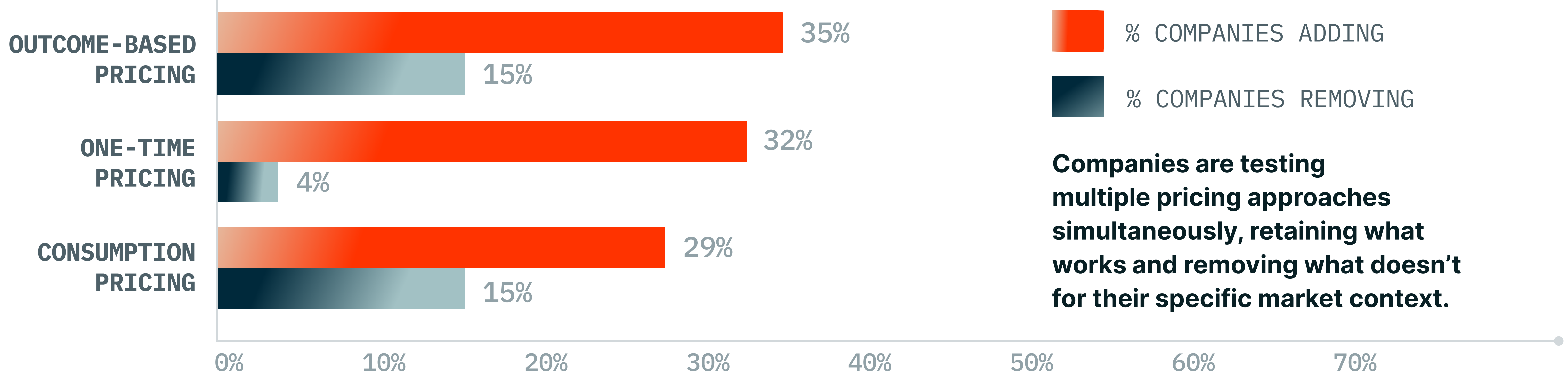
Bryan Ng, Growth, Monetization, Pricing & Packaging, Notion

67% of Companies Are Seeing Better Margins With Hybrid Pricing

Companies seeing profit margin improvements, by model



And We're Seeing a Rush Toward Outcome-Based Models



Different product categories benefit from different monetization approaches: productivity tools maintain subscription predictability, while developer infrastructure often adopts usage components.

88% of high-growth businesses dynamically test their pricing and packaging strategies, while 30% of slower-growth businesses keep pricing static.

When Usage-Based Pricing Works—And When It Doesn't

Pure usage-based pricing shows mixed results. While 30% of companies said they plan to adopt usage-based billing in the next 12 months, implementation challenges include:

Feature visibility gap — Only 57% of usage-based companies understand their most valuable features, compared to 78% for hybrid models

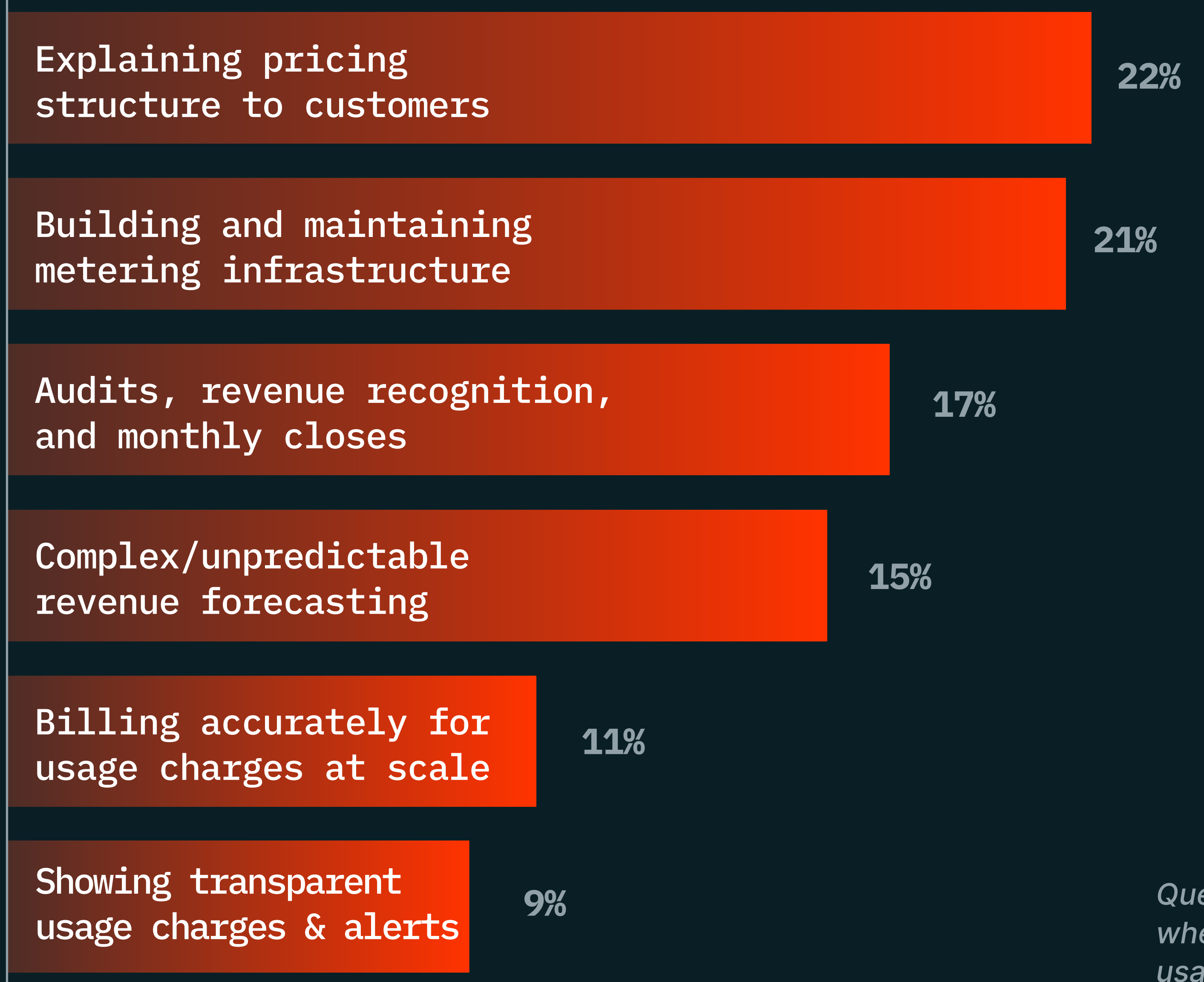
Communication challenges — 49% struggle with explaining these pricing structures to customers

Technical barriers — Companies face hurdles in developing metering infrastructure (21%) and achieving accurate billing at scale (11%)

These realities explain varying adoption patterns: subscription-only businesses show the highest adoption intent (35%), while outcome-based models show the lowest (25%).

Outcome-based businesses exhibit the highest model experimentation, with only 5% maintaining their original pricing approach. This suggests an active search for optimal value alignment.

Top Challenges with Usage-Based Pricing Models



Question 31: What is the top challenge when it comes to consumption based/ usage based pricing models?

"Usage-based pricing predominantly remains in the world of infrastructure... It's difficult for procurement teams and buyers who have historically bought on a seat basis to suddenly migrate to usage-based pricing."

Tomasz Tunguz,
General Partner, Theory Ventures

Spotlight: How Sudowrite Is Rewriting Its Pricing Playbook

Is charging for AI-generated words a sound pricing model for an AI writing tool? Or does a (more familiar) flat fee come closer to what users might prefer?

In the following spotlight, ***Sudowrite's founder, Amit Gupta,*** *summarizes how they landed at a (still imperfect, yet the best thus far) usage-based model, instead.*

"Originally our pricing model was flat. Pay $5/month (we later charged $10, then $20) and just use it.

It soon started showing cracks, though. We had people **who were paying $20 a month and costing us $400 a month.**

That's when we decided to switch to AI words. Each plan came with a certain number of output words.

We wanted to find a way to correlate the value users are getting from the product with what they were paying for it.

It's crude because words aren't really "value", but it was as close as we could get in a meaningful way.

But **as we went to a multi-model world, we had to switch again,** from words to credits.

With the level of flexibility that came with offering different language models, and the fact that we let users develop their own custom tools in Sudowrite, using whatever prompts and LLMs they want, it meant that:

Someone could use the most expensive models at each step, inhaling multiple novels as input, and only output a single word, one word that cost us $30 to make.

That was not sustainable. We couldn't charge by words as an output metric.

A usage-credits based model was an attempt to more closely align our costs with what we were charging customers. It also allowed us to offer greater flexibility and customization, as well as lower costs for the vast majority of our users.

Since our costs were better aligned with value, **we could offer users a choice of models to use at the tip of the pen** as well as allowing them to build custom plugins to do whatever they wanted/needed, specific to their writing workflow.

This usage-based model comes with its own challenge: it's confusing.

Because we charge different amounts of credits based on the different models you use at different steps along the way, it can be really hard to predict exactly how much pressing a button will cost you.

You can't always make an accurate guess at the purchase point.

We'll continue to evolve this. We want to make it easier."

Read Sudowrite's story

"A usage-credits based model was an attempt to more closely align our costs with what we were charging customers."

Amit Gupta,
Founder, Sudowrite

"Correlating our pricing with work done (questions substantively answered) has been productive for us; it helps align our incentives with our customers."

Vikram Sreekanti,
Co-founder, RunLLM

Outcome-Based Pricing: Promises and Limitations in Communicating AI Value

22% of companies identify explaining pricing structures to customers as a top challenge with usage-based models.

This communication barrier highlights a broader issue with AI: connecting pricing directly to perceived customer value. These challenges explain the shift toward outcome-based approaches that tie pricing to customer success metrics. When vendors demonstrate how pricing reflects measurable results rather than access or consumption, both communication and value alignment improve.

This value-based framework creates stronger partnerships by ensuring vendor success correlates with customer achievement, moving negotiations from access discussions toward shared value creation conversations.

Spotlight: How Intercom Addresses an Inherent Challenge of Pricing for (AI) Outcomes

Few software categories have seen as many new, disruptive monetization models emerge as customer service.

In the following spotlight, ***Intercom's CTO, Darragh Curran*** *offers an insightful peek into how they've priced their Fin AI Agent and how they've dealt with some fundamental challenges of outcome-based pricing.*

"We launched our outcome-based pricing model ($0.99/ resolution with further discounts at high volume) for our Fin AI Agent in March 2023 and have already evolved it in many ways.

Like giving flexibility in how people buy Fin: upfront bulk credits, non-punitive overages, **solving for seasonality or spikes** in conversations, shifting spend from seats to Fin, and in general, lowering the bar for adopting Fin and proving its value.

We'll keep evolving the model in the coming year as Fin improves in areas that aren't directly end-user facing and therefore not covered by our per-resolution pricing.

A surprising challenge has been predictability getting in the way of usage.

Support leaders typically know their conversation volume.

But it's impossible to know for certain how well Fin can perform against that. That makes predicting spend harder.

This can slow down purchase and adoption. So we don't force commitment upfront and let our customers try pay-as-you-go or free trial periods.

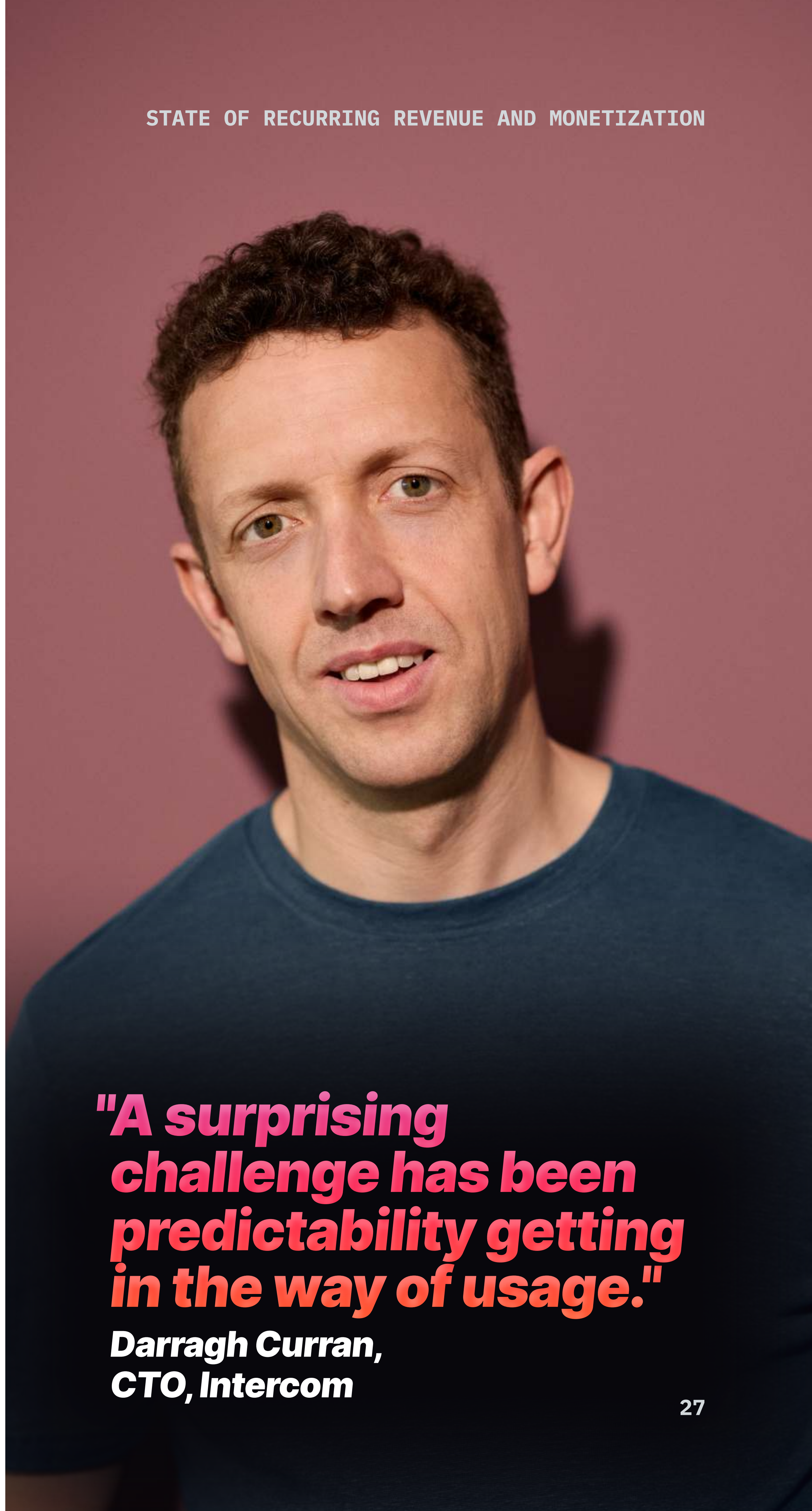
There's also helping customers understand **the new mental model for thinking about cost and value.**

Most don't have a solid understanding of the fully loaded cost of a human agent vs. an AI agent.

Or they don't yet know how to quantify the value of an AI agent.

Or they fixate on cost when comparing with lower quality agents, therefore missing out on higher ROI.

An AI agent isn't just a software tool you use, but a tool that actually does high volumes of work for you, which is much more transformative."



Why Mixed Pricing Models Outperform

Performance data demonstrates hybrid pricing models' superior results across key metrics:

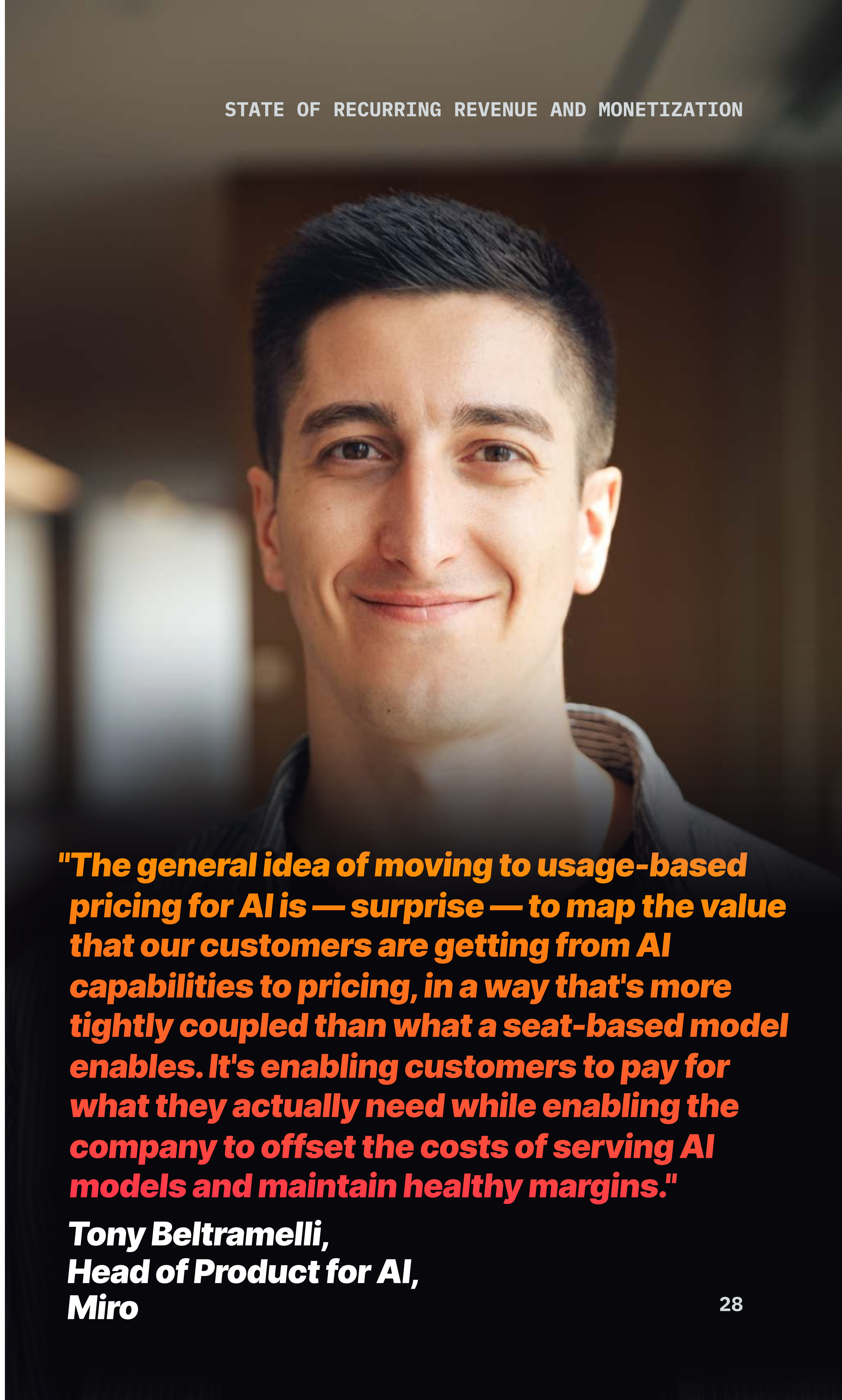
Customer Satisfaction: 63% of hybrid-model companies reported positive customer response to pricing changes

Value Clarity: 78% of hybrid-model companies clearly understand their most valuable features, compared to 57% for pure usage-based pricing companies

Hybrid models combine subscription foundations (providing predictable revenue) with usage or outcome elements (aligning price with value delivered). This approach serves diverse customer needs: enterprise clients get predictable plans, while smaller customers pay based on specific consumption.

Miro bills for per-seat subscriptions with a fixed number of AI usage credits tied to each user per plan.

Companies mastering multi-dimensional pricing gain substantial strategic advantages. Feature-specific pricing creates continuous feedback loops about customer value, enabling increasingly effective pricing strategies.

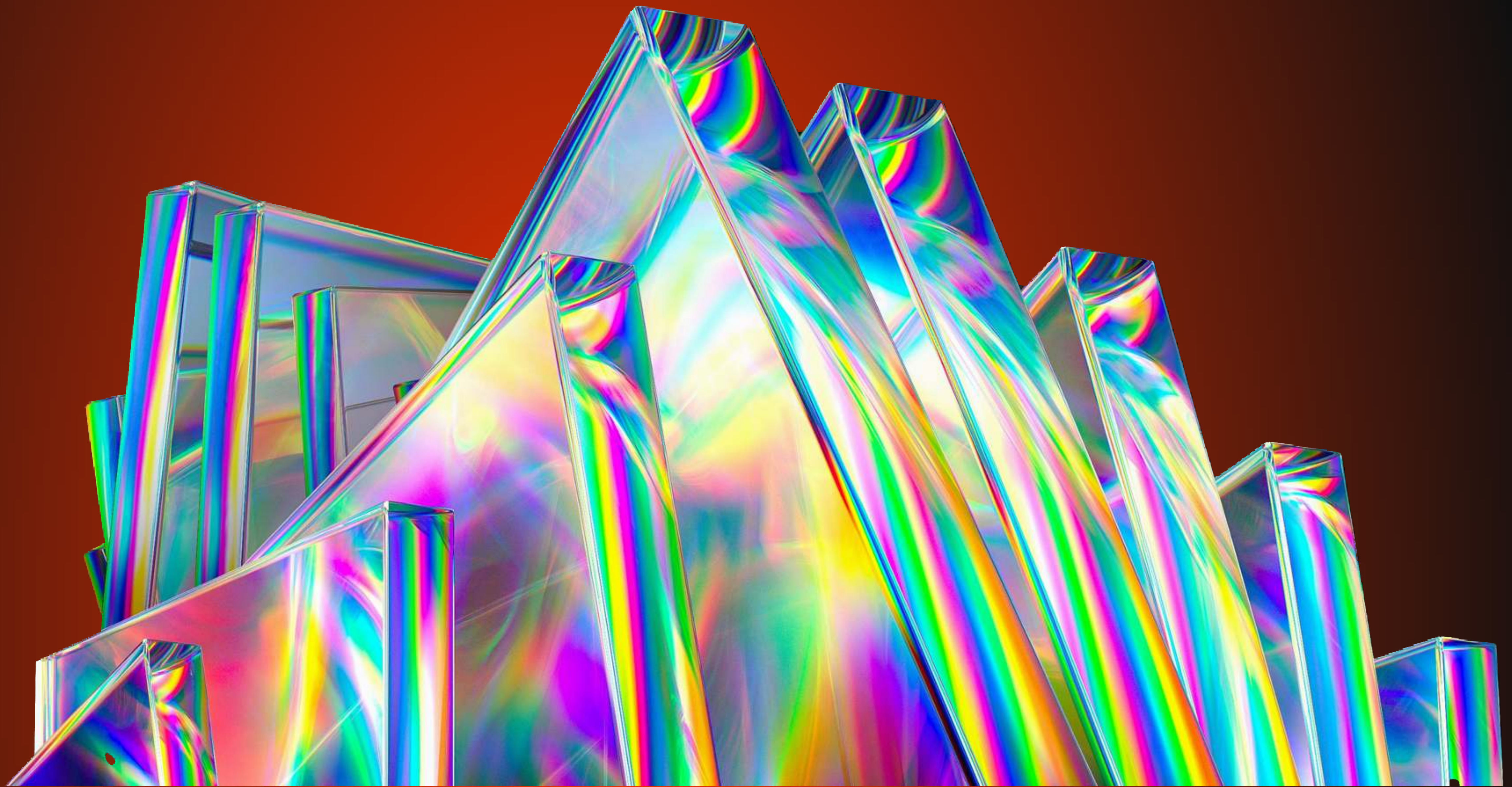


"The key to sustainable margins isn't just betting on falling compute costs—it's designing pricing models that stay profitable even if customers dramatically increase consumption of the same product. Companies need to carefully model both scenarios: one where falling costs directly improve margins, and another where increased usage could potentially offset those gains."

Michelle Valentine,
Co-Founder & CEO, Anrok

CHAPTER 05

WHAT'S WORKING IN PRICING TODAY?



The #1 Signal of High Performing Companies Isn't AI. It's Pricing Agility.

Our Data Shows Something That No One Else Is Talking About

What were top performers doing differently?

- **2x** more likely to enhance their pricing strategy every 6-9 months (if not sooner).
- **3x** more pricing experiments and A/B tests than their peers and competitors.
- **1 of 2** were testing hybrid, usage, outcome and/or similar models.

	Top Performers	Bottom Performers
ENHANCED THEIR PRICING STRATEGIES	88%	38%
CONSTANTLY RAN PRICING EXPERIMENTS	68%	20%
INTRODUCED USAGE, HYBRID OR OTHER MODELS	44%	9%
SAW IMPROVED MARGINS & NET RETENTION	62%	15%
MONETIZATION WAS OWNED BY LEADERSHIP	✓	✗

Key Insights

Top performers test subscription, usage, and outcome-based pricing, often in combination, as a growth lever, not a set-it-and-forget-it decision. Their experimentation drives better margins, stickier revenue, and stronger exec support.

Who Owns Pricing?
Everyone – When It's Done Right

Pricing decisions remain fragmented in most organizations: By far, the most common scenario is that the executive team owns overall pricing decisions (29%), by almost double the margin of Finance (17%), Sales (15%), and RevOps (14%)

Key Insights

While most pricing decisions sit with executives, top companies treat it as a cross-functional loop, where insights from product, finance, and customer teams inform value-based pricing decisions, decisively and in real time.

"The biggest thing I would do differently as the company was scaling: I would have done a much better job of trying to state those pricing and packaging principles upfront."

Wade Foster,
Co-Founder & CEO, Zapier

Spotlight: How Zapier Scaled Pricing Efforts With Executive Leadership and Clear Decision Protocols

As companies scale, determining who makes critical pricing decisions becomes increasingly complex.

*In the following spotlight, **Zapier's co-founder and CEO, Wade Foster,** shares his journey of navigating this challenge as the company grew.*

As the company scales and grows, the founders are inevitably less involved in the everyday decision-making of the company.

As we got larger and larger, I'm still having some input in pricing, but I'm trying to figure out how involved I should be.

Should I be fully delegating this? Should I still be reviewing these things? **Should I be improving them? Should I be driving them?** So you're sort of feeling it out.

Inevitably, more and more stuff gets delegated to different leaders in the company.

And one of the things we did not do well—I did not do well—is set up a clear decision-making protocol for how we think about pricing, packaging, and what our customers want.

As a result, you have all these different leaders who are optimizing for different things.

One is optimizing for margin. One is optimizing for top-line growth. One is optimizing for what's the best data-driven outcome of these things.

The end result is you start to see more complexity in our pricing equation.

We started to feel the pain of this probably circa 2021/2022. At that point of time, it starts showing up in our voice of customer reports.

You get these data-driven dashboards that are like, 'look at our tests, they're great, driving more revenue.'

On the other side, I'm getting these Voice of Customer reports **where customers are saying they're really frustrated with pricing.**

Really confusing, right?

It took me too long to realize I had delegated too much of this.

Today, it's predominantly myself and our CFO behind the ultimate pricing decisions that we make at Zapier.

We still have a team that does a lot of the analysis and a lot of the work.

But the roadmap is often dictated by me to help prevent **this game of tug of war which is optimizing for all sorts of different things.**

...

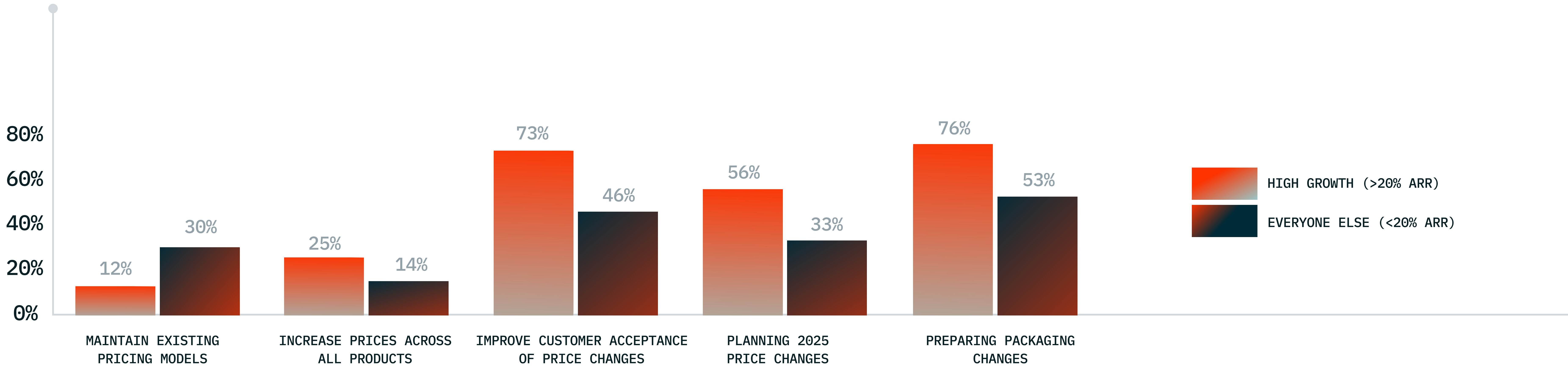
I think the biggest thing I would do differently is (as the company was scaling):

I would have done a much better job of trying to state those pricing and packaging principles upfront.

Read Zapier's story

What Sets High Performers Apart?

High-growth companies show distinct pricing strategies



Percentage of companies employing each pricing strategy by growth category →

High-growth companies show distinct pricing strategies:

- Proactively adjust pricing → *only 12% keep it static*
- Implement price increases across all products → *25% vs 14% of slower-growth companies*
- Execute larger value-driven price increases → *10-20%*
- Achieve better customer acceptance of price changes → *73%*
- Actively plan future pricing changes

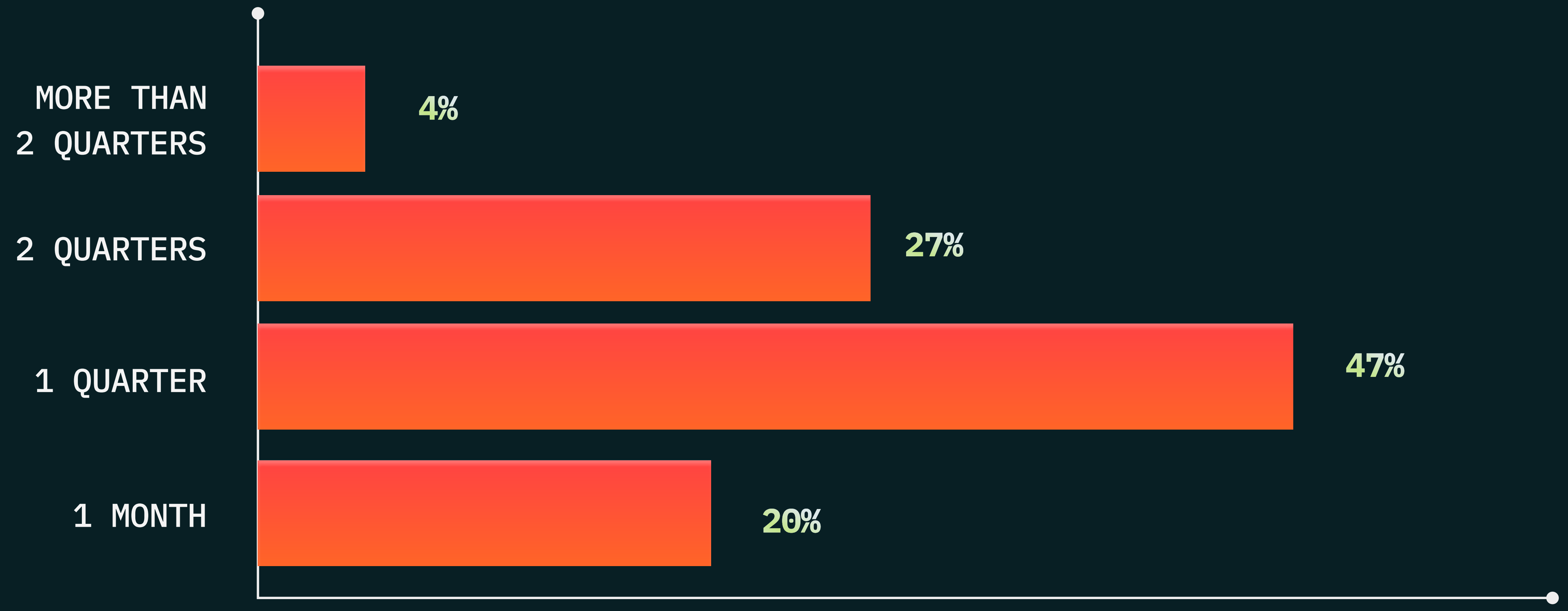
Their metrics focus differs too:
High-growth companies (>20%) focus on increasing average contract value (37%) compared to low-growth companies (3%), while 51% of all companies assess pricing by total revenue impact and 38% by profit margins.

The Speed Advantage

Speed of pricing implementation creates a competitive advantage. While most companies (74%) take 1 - 2 quarters to roll out pricing changes, faster implementation yields better outcomes.

Only 3% of companies implementing changes within one month reported negative impact, compared to 7% for those taking more than one quarter.

How long did it take to implement pricing changes?



Key Insights

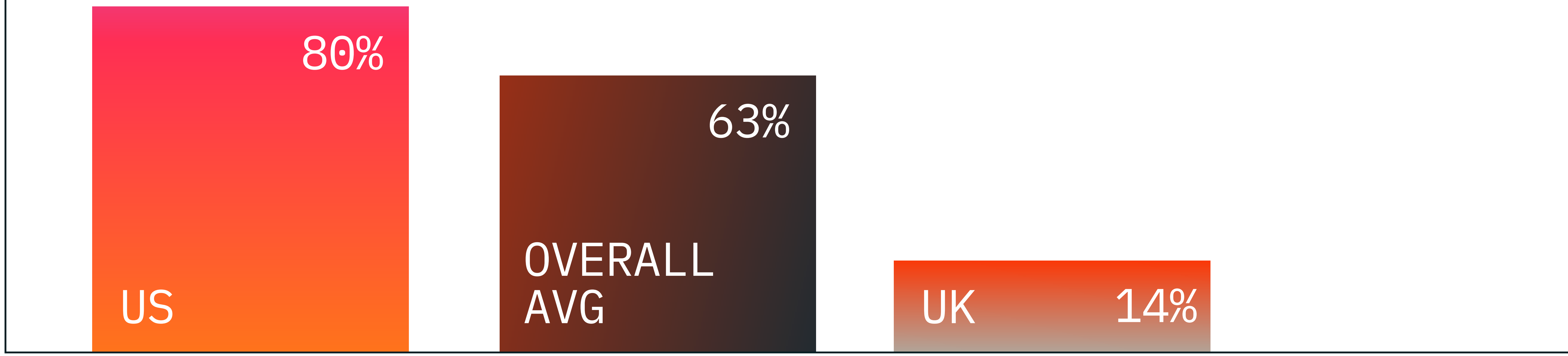
Pricing agility is a competitive edge. Companies that implement pricing changes within a month of making a decision see 2x the success, but most take 1 to 2 quarters.

US Companies Are 5.7X More Likely Than UK Companies To Use Pricing Increases as a Growth Lever

Top-performing companies prioritize pricing optimization for revenue growth. 63% of companies with over 50% ARR growth use pricing to increase deal size, with stark regional differences: US (80%) vs. UK (14%).

Regional Differences in Pricing Strategy

Percentage of high-growth companies (50%+ ARR growth) using pricing to increase deal size



Key Insights

US companies are nearly 6x more likely than UK companies to increase prices as a growth lever, revealing an opportunity gap for European businesses to test more aggressively.

"Companies need to test multiple pricing models and tactics to support different goals throughout the customer lifecycle — across segments, geos, product lines, and verticals."

Krish Subramanian,
Co-founder & CEO, Chargebee

Testing Methods Before Full Deployment

Controlled testing enables effective implementation.
83% of companies test pricing changes before deployment; they test by:

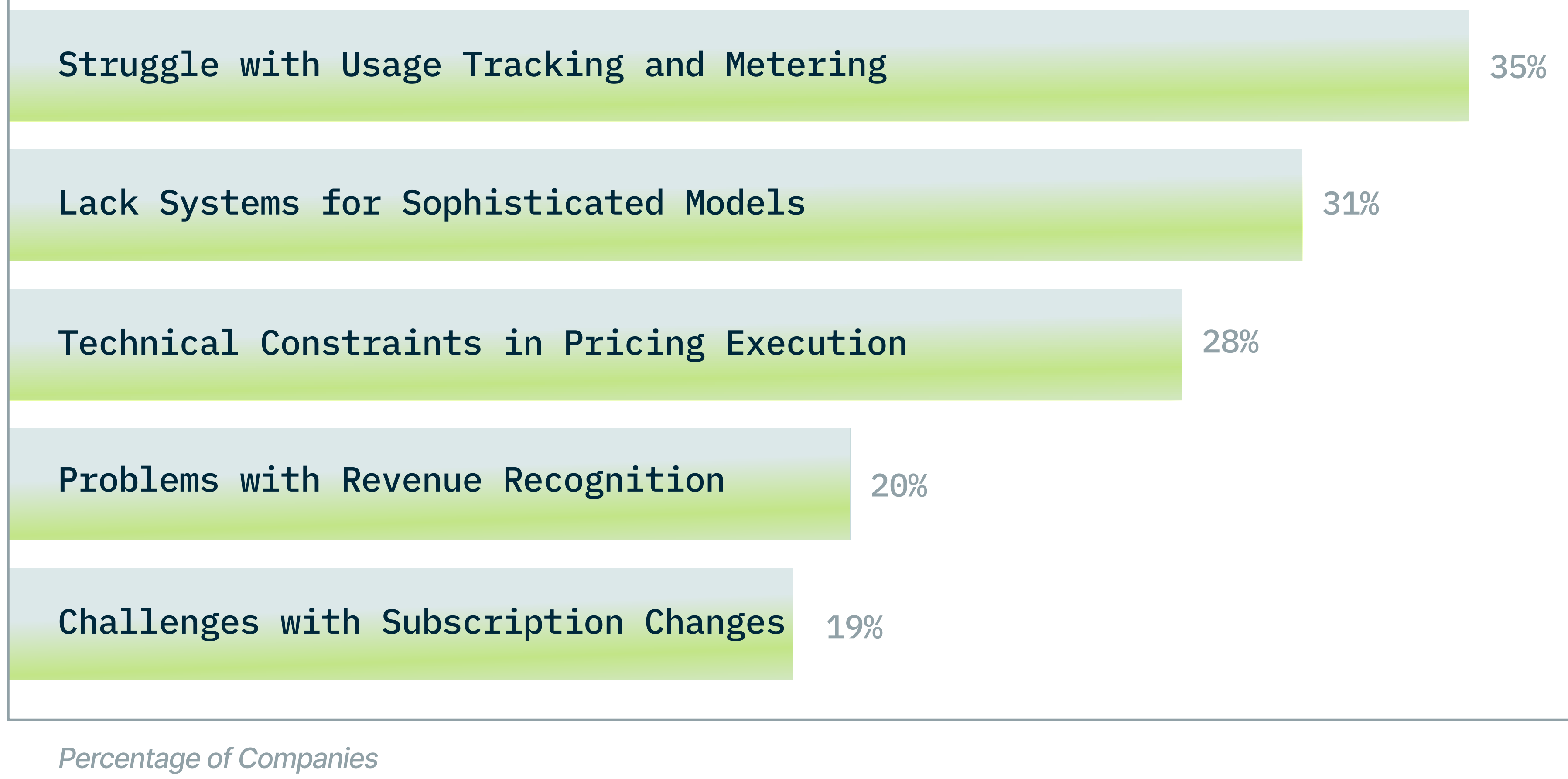
Successful organizations approach pricing as an ongoing process with continuous testing and feedback loops, building confidence while reducing implementation risks.

Why Aren't More Companies Innovating Their Pricing?

A gap exists between pricing strategy and execution capability. While 64% of companies plan price increases and 73% will or are considering modifying pricing models, many face implementation barriers:

Top Implementation Barriers

Key Insight: Despite high ambitions for pricing innovation, companies face significant technical barriers to implementation, creating a competitive advantage for those with sophisticated billing infrastructure.



Companies implementing hybrid pricing models require more sophisticated billing infrastructure than many possess. This infrastructure must handle multiple pricing dimensions while maintaining accurate customer records and financial reporting.

This capability gap creates a distinct competitive disadvantage. Companies with capable and innovative billing and monetization solutions gain both flexibility and execution advantages over those managing pricing through manual processes and outdated systems.

Conclusion: Pricing and Monetization Agility Is The Competitive Advantage

As we've seen throughout this report, optimizing pricing strategy and monetization has evolved from a tactical consideration to the leading revenue-generating initiative, with 58% of respondents identifying it as their top priority in 2025. Leading companies now approach pricing with continuous, data-driven methods that align with customer value, organizational capabilities, and market conditions. Successful organizations treat monetization not as a one-time event but as an ongoing practice that creates meaningful competitive advantages.

The companies that thrive in 2025 and beyond will be those that continually evolve their pricing approach, seeing it not merely as a lever for revenue but as a fundamental element of their value proposition and customer relationship. As our research shows, those who master this capability capture more value, respond faster to market changes, and build stronger customer relationships—the foundation of sustainable growth in recurring revenue businesses.

"There is not a single moment where we don't have a test running."

Adam Lifshitz,
Senior Director of Product for Subscriptions,
Condé Nast

About Chargebee

Chargebee is a leading provider of billing and monetization solutions, empowering businesses with recurring revenue models to streamline operations, capture actionable insights, and drive growth.

Chargebee is trusted by businesses of all sizes, including Zapier, Freshworks, DeepL, Condé Nast, and Pret a Manger, and is proud to have been consistently recognized by customers as a Leader in Subscription Management on G2. To learn more about how Chargebee can help unlock and maximize revenue growth, visit chargebee.com.

Acknowledgements

Special thanks to the industry experts who contributed insights and quotes to the report:

Tony Beltramelli, Head of Product for AI, Miro
Darragh Curran, CTO, Intercom
Wade Foster, Co-founder and CEO, Zapier
Nick Franklin, Founder and CEO, ChartMogul
Amit Gupta, Founder, Sudowrite
Bryan Ng, Growth, Monetization, Pricing & Packaging at Notion
Christophe Pasquier, Founder and CEO, Super + Slite
Vikram Sreekanti, Co-founder and CEO, RunLLM
Yana Tornoe, Co-founder and COO, Question Base
Tomasz Tunguz, General Partner, Theory Ventures
Michelle Valentine, Co-founder and CEO, Anrok

And, to our Chargebee Insights contributors:

Saravana Bharathi S B, Senior Manager, Design
Kim Courvoisier, Senior Director, Thought Leadership, Principal Writer
Erin Gunaratna, VP, Corporate Marketing & Communications
Guy Marion, Chief Marketing Officer & Report Commissioner
Marshall Nicholas, Lead Data Scientist
Julia Paskaleva, Senior Manager, Product Research
Fatima Qadiri, Director Product Marketing
Pranaam Ravi, Senior Data Scientist
Akash Sharma, Principal Brand/Editorial, Chief Editor

BUILDING YOUR MONETIZATION CAPABILITY

The Core Components:

Based on our research of high-growth companies, prioritize these investments:

- **Governance:** Create clear ownership of pricing decisions with executive involvement (for strategic alignment).
- **Infrastructure:** Invest in billing systems that can support multiple pricing approaches (to enable flexible monetization).
- **Testing Culture:** Develop protocols for running controlled pricing experiments (to de-risk changes).
- **Value Mapping:** Build mechanisms to track which features create value for which segments (for value-based pricing).
- **Data Integration:** Connect usage, customer feedback, and financial performance data (for holistic insights).

Action Checklist:

✅ Audit current pricing ownership and decision processes (Alignment)
✅ Document technical limitations in your current billing systems (Enablement)
✅ Develop a regular cadence of pricing reviews (Adaptability)
✅ Create segment-specific value maps (Optimization)
✅ Design your first targeted pricing test (Risk Reduction)

DISCOVERING YOUR AI VALUE METRIC

What is a Value Metric? A value metric is the unit that best correlates with the value your customer receives from your product. Traditional SaaS often used seats or storage, but AI products require metrics that reflect actual value creation—whether that's API calls processed, insights generated, or outcomes achieved.

The Five-Step Process:

1. **Assess AI Incremental Value:** Document where and how AI creates specific value in your product:
   - **Time savings:** How much faster do users complete tasks?
   - **Accuracy improvements:** What error rates does AI eliminate?
   - **New capabilities:** What previously impossible tasks can users now accomplish?
   - **Scale enablement:** What volume limitations does AI remove?

2. **Test Willingness to Pay for the Value:** Use customer interviews and surveys to understand:
   - Which value dimensions matter most to different segments
   - How customers currently measure ROI from similar tools
   - What budget categories they use for AI capabilities
   - Their preferred payment timing (upfront, usage-based, outcome-based)

3. **Experiment on Value Metrics:** Test different units that could capture this value:
   - **Input metrics:** Seats, data volume, API calls
   - **Usage metrics:** Processing time, queries, interactions
   - **Output metrics:** Reports generated, insights delivered, decisions supported
   - **Outcome metrics:** Revenue impact, cost savings, efficiency gains

4. **Experiment On Pricing Models:** Once you've identified promising value metrics, test different models:
   - **Usage-based:** Pay per API call, processing hour, or data volume
   - **Tiered:** Different feature sets at different price points
   - **Outcome-based:** Pricing tied to customer results
   - **Hybrid:** Combine base fees with usage or outcome components

5. **Test and Iterate:** Run controlled experiments to validate:
   - Conversion rates across different pricing approaches
   - Customer satisfaction and perceived value alignment
   - Revenue per customer and lifetime value impact
   - Operational complexity and support requirements

SITUATING YOUR BUSINESS IN THE AI RESET

Assessment Framework: Use these questions to determine your positioning:

- Where does your organization sit in the 80/83 split? Are you building AI capabilities that require pricing model changes or maintaining a traditional approach?
- What specific value does your AI create that traditional pricing models might not capture?
- How are customer expectations in your sector evolving regarding AI pricing and packaging?
- What experiments have you run to discover where AI's true value lies for your specific customers?

FINDING YOUR OPTIMAL MONETIZATION MODEL

Model Selection Framework: Rather than assuming any single model is best, consider these factors:

- **Category Context:** What models do customers in your category expect and understand?
- **Value Perception:** Does your product's value correlate more with access, usage, or outcomes?
- **Operational Capability:** Can your systems support the model you're considering?
- **Growth Stage:** Earlier-stage companies often benefit from penetration pricing, while established players can pursue maximization
- **Customer Segment:** Different segments may require different approaches—a hybrid model may be necessary

Recommended Resources

Reports/frameworks

ChartMogul 2025 SaaS Pricing Report

The State of the AI Agents Ecosystem: The tech, use cases, and economics (Insight Partners; December 17, 2024)

Exhibit 4 - Key Factors for Choosing a GenAI Pricing Model (GenAI Needs Pricing Strategies to Match Its Potential, BCG; February 12, 2024)

The Complete Guide to SaaS Pricing Strategy (Tomasz Tunguz)

First-hand founder perspectives

The future of AI pricing (Vikram Sreekanti and Joseph E. Gonzelez, The AI Frontier; August 15, 2024)

Navigating the Pricing Maze in the AI Era: Our Journey to Fixed Pricing at graph8 (Thomas Cornelius, graph8; October 17, 2024)

Dropping Per-Seat Pricing after 14 Years, Creating a Customer-First Usage-Based Model, and Reckoning with an AI-Catalyzed Innovator's Dilemma with Help Scout's Nick Francis (Relay by Chargebee; April 18, 2025)

Investor/Operator takes

Your "Per-Seat" Margin is My Opportunity (Nikunj Kothari, balancing act; December 14, 2024)

The AI pricing hullabaloo (Sandhya Hegde, Mania Labs; February 22, 2025)

AI Advantage for Startups: Changing the Workflow through Services (Tomasz Tunguz, Theory Ventures; September 23, 2024)

How to make investors and your board love your usage-based revenue model (Simon Tiu, Vertex Ventures; February 12, 2025)