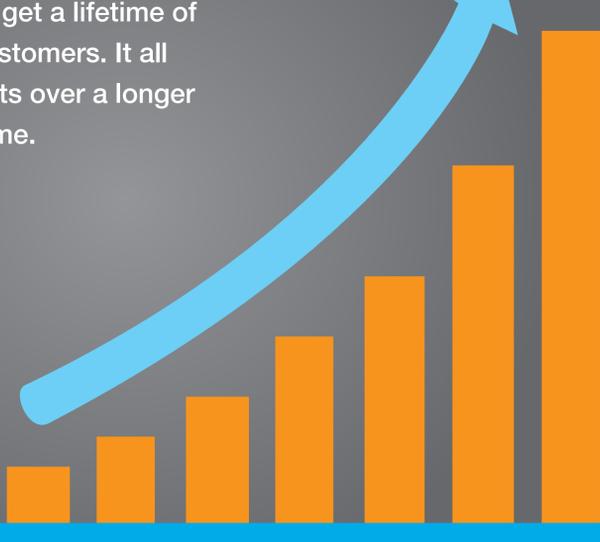


# 4 Key Trends that Fuel Recurring Revenue Adoption

Nearly half of US businesses today have already adopted or are considering adopting a recurring revenue business model.



Subscription and usage-based models enable companies to enter new markets, defeat competitors, and get a lifetime of value from existing customers. It all amounts to greater profits over a longer period of time.



## Here's Why Recurring Revenue is Appealing

According to Forrester Research\*, companies are eager to learn more about subscription and usage-billing because of four key trends:

### 1. The Age of the Customer

Acquiring new customers is significantly more expensive than retaining current ones. Satisfied customers become loyal, and in turn generate incremental recurring revenue for the company. A recurring revenue model allows you to focus on customer retention rather than the acquisition of a new customer over and over again.

"There is an inherent flexibility, and an additional emphasis on loyalty, above and beyond that of a traditional one-time purchase."  
- Forrester Research\*



### 2. The Need for Customer Insights

You need to know your customer very well to develop a satisfying, long-term recurring payment relationship. Multiple customer transactions give insight into customer preferences and usage patterns so you can adjust pricing, packaging, incentives, etc. accordingly.



"Insights allow you to see how customers consume your service on an individual, cohort, or macro basis." – Brendan O' Brien, Co-founder of Aria Systems

### 3. The Move to the Cloud

Business is shifting to the cloud, transforming virtually all industries. Companies that offer cloud-based services generate significantly more incremental revenues than their on-premise counterparts because cloud services are more often billed by subscription or consumption.

"By 2026 the revenue of public cloud vendors is expected to reach a combined \$493 billion."  
- Statista



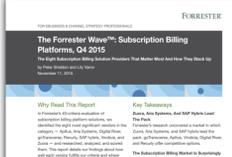
### 4. Takes Advantage of Connected Products

As sensors and smart chips become more affordable, companies are seizing the opportunity to connect devices in compelling ways. Usage-based models and subscription plans stand to be the model of choice as they enable companies to package products in low-cost, pay-as-you-go models that bill customers when information is delivered.

"IoT vendors are expected to top \$309 billion in direct revenue by 2020, with most of that money deriving from services." – Gartner



Invest in analytics to leverage the enormous amounts of data to keep customers satisfied and coming back.



For more information on recurring revenue, [download The Forrester Wave™: Subscription Billing Platforms, Q4 2015.](#)

