benchmarkit

Industry Survey Results

PRICING & BILLING BENCHMARK REPORT 2025

LOGISENSE

KEY FINDINGS /

benchmarkit

USAGE-BASED PRICING INCREASED IN POPULARITY

67% of companies are now using some level of Usage-Based pricing compared to 52% in 2022. The most common primary pricing model remains Subscriptions (46%), but hybrid models using a Usage component is second most common (24%) while Usage-Based only is at 15% of total population.

MULTIPLE USAGE VARIABLES ARE BEING USED

44% of companies are using two different Usage pricing variables, while 37% of companies are using 3 or more usage pricing variables. Only 19% of companies are only using one primary usage pricing variable.

ENHANCED USAGE REPORTING IS BEING USED

As Usage-Based pricing is increasing and overages being billed sooner, the investment in more robust billing reporting is increasing. 22% include the usage volumes as a line item on the invoice, 26% provide a dedicated usage report with the invoice and another 6% provide a product usage portal for their customers.

VALUE-BASED PRICING UTILIZATION IS INCREASING

11% of companies are using some level of Value-Based pricing with Payment Value (33%) and Gross Merchandise Value (16%) being the primary dollar based value variables. 35% of companies are using the number of "value-based events" as the billable variable, while another 12% are using the value of the event as the pricing variable.

OVERAGES BILLED AT INCREASED VELOCITY

Compared to our research in 2022, companies are billing for usage overages sooner in 2024. 17% of companies bill overage in real-time, while another 10% bill daily and 16% bill weekly compared to 5% of companies billing for overages sooner than monthly.

AI PRODUCT ADD-ONS GROWING RAPIDLY

70% of companies have an AI add-on already available as part of their product. 44% of companies are providing those AI add-ons for free while 43% are charging for the AI add-on products.

MULTI-YEAR AGREEMENTS BECOMING MORE POPULAR

Companies are increasing their use of multi-year agreements in 2024. 54% of companies at $50M-$100M in revenue are using multi-year agreements (2-3 years) as their primary agreement term while 50% of companies greater than $100M use multi-year agreements.

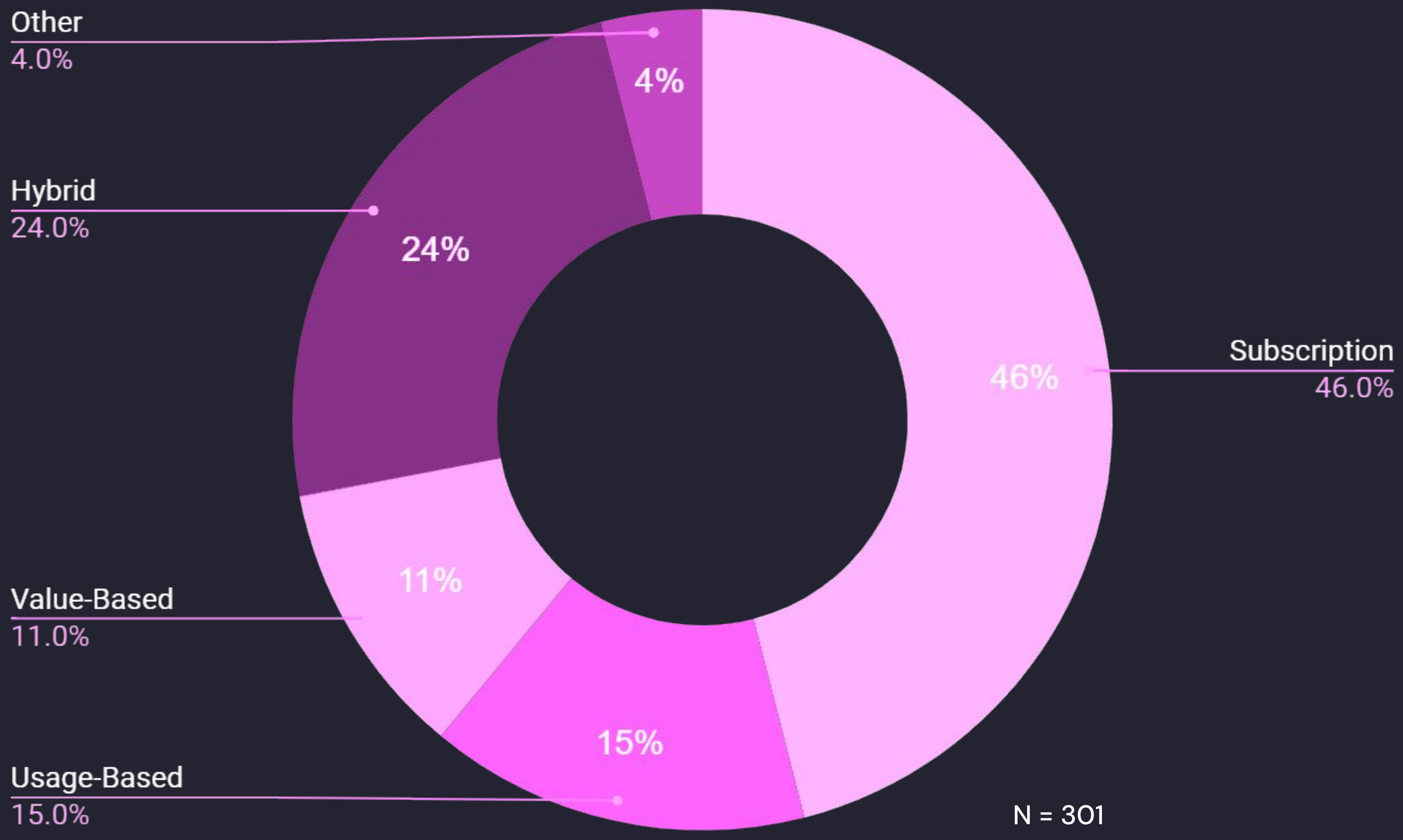
GROWTH RATES HIGHEST WITH HYBRID PRICING

Hybrid pricing model companies exhibit the higher growth rates at 21% (median) and top quartile starting at 40% growth. Companies using a subscription pricing model are growing at 20% median. Companies that use Usage-Based Pricing without a subscription are growing at the lowest rate of 13% at median.

PRIMARY PRICING MODEL /

By Total Population

benchmarkit



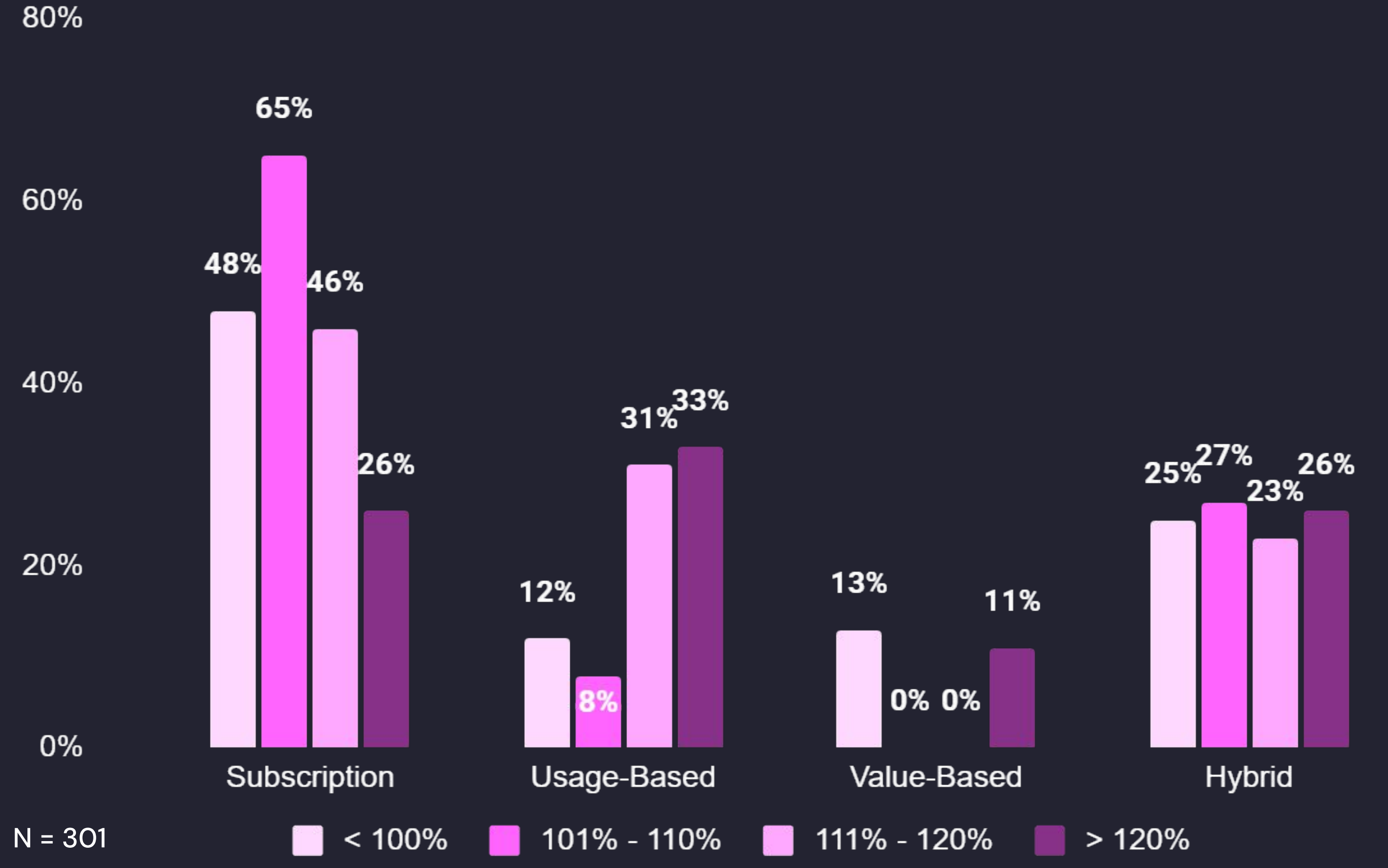
FINDINGS AND INSIGHTS

- Breaking down the primary pricing models further highlighted that Subscriptions are still the primary pricing model being used (46%)
- Usage-Based may only be 15% of the primary models being used - but when combined with the hybrid model of Subscription + Usage it increases to 39% are primarily using some level of Usage in their pricing model
- Though Value–Based (sometimes referred to as Outcome-Based) is only at 11% as the primary pricing model, it's evolving quickly as a pricing model

PRIMARY PRICING MODEL /

By Net Revenue Retention Rate

benchmarkit

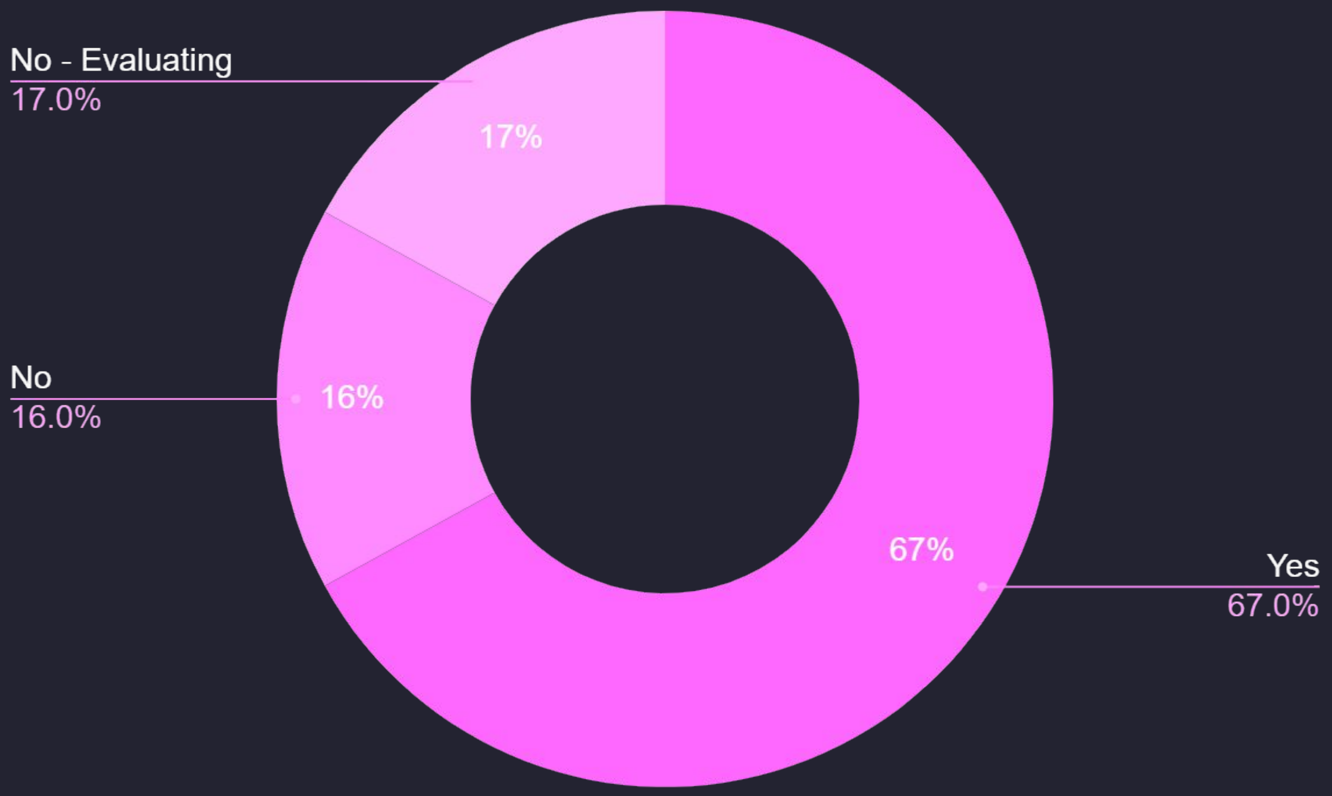


FINDINGS AND INSIGHTS

- Usage-Based Pricing drives the highest percentage of companies achieving 120% or greater NRR (33%)
- Subscription pricing drives the lowest percentage of companies achieving < 100% NRR
- Hybrid pricing models do not appear to significantly impact NRR

USAGE BASED PRICING - UTILIZED /

By Total Population



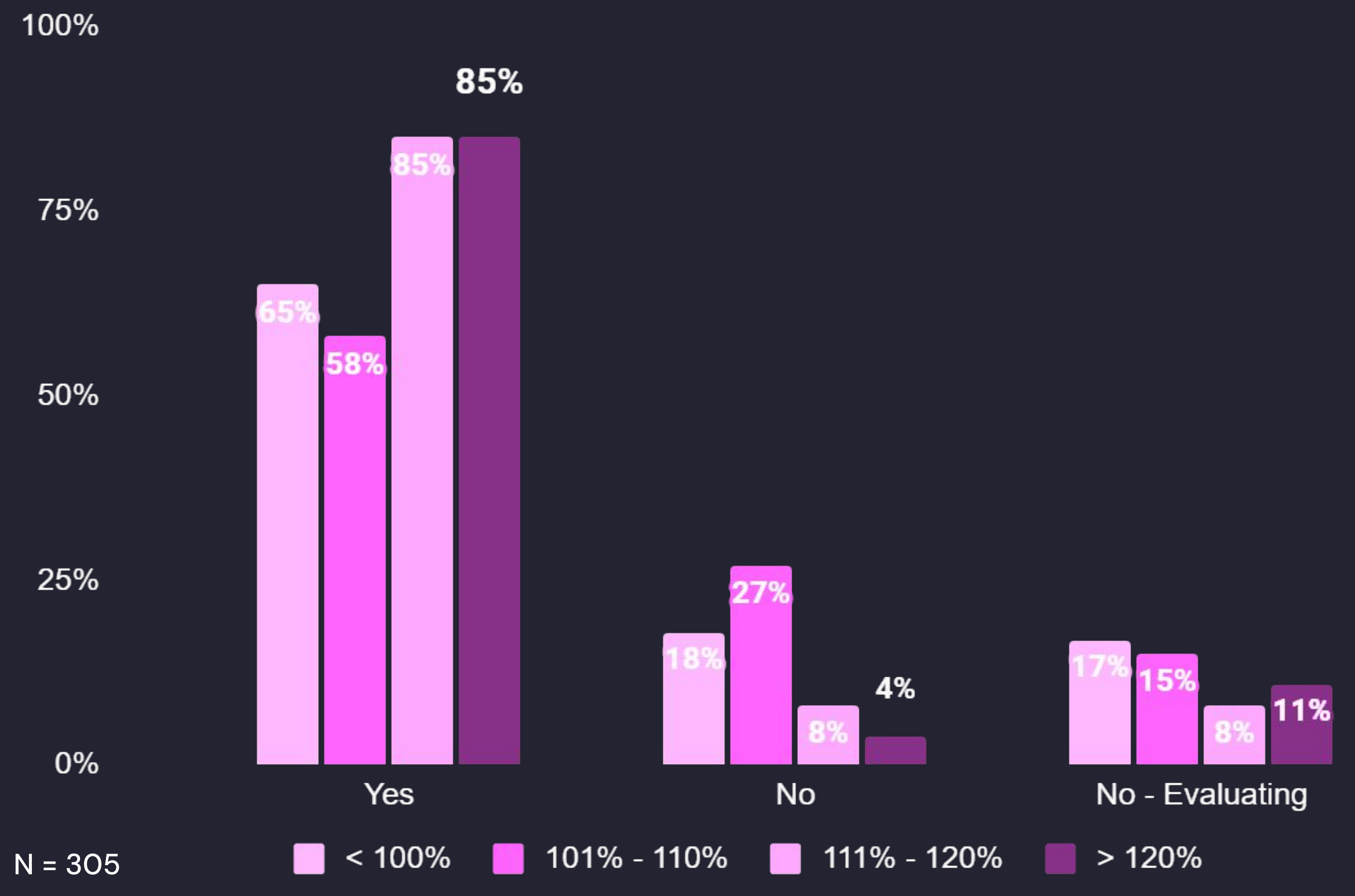
N = 305

FINDINGS AND INSIGHTS

- This is a material increase from our 2022 Usage-Based pricing benchmarks which highlighted 52% of B2B SaaS companies were using or evaluating Usage-Based Pricing
- When factoring in the 17% that are evaluating Usage-Based Pricing, it is hard to suggest anything other than this is the future of B2B SaaS
- It will be interesting to compare this trend to the evolving trend of Value-Based Pricing

USAGE BASED PRICING - UTILIZED /

By Net Revenue Retention Rate



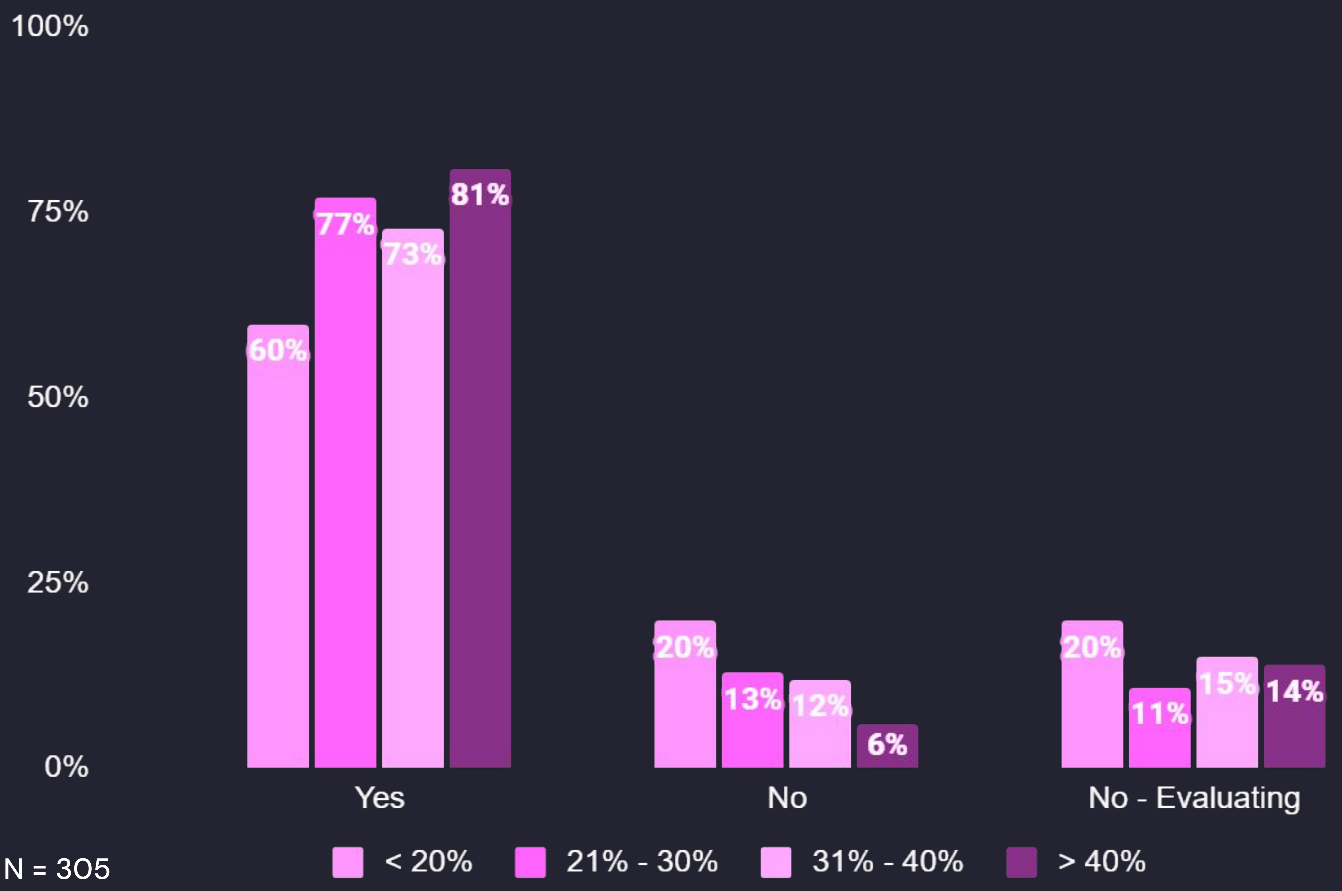
benchmarkit

FINDINGS AND INSIGHTS

- Interesting to note that 85% of companies with Net Revenue Retention (NRR) over 110% are using some level of Usage-Based pricing
- Simultaneously, only 4% of companies with NRR greater than 120% are not using or evaluating Usage-Based Pricing
- If NRR is a key objective for a company and they are not currently using or evaluating how to leverage Usage-Based Pricing this data might be a catalyst to begin

USAGE BASED PRICING - UTILIZED /

By Expansion ARR to New ARR %



N = 305

benchmarkit

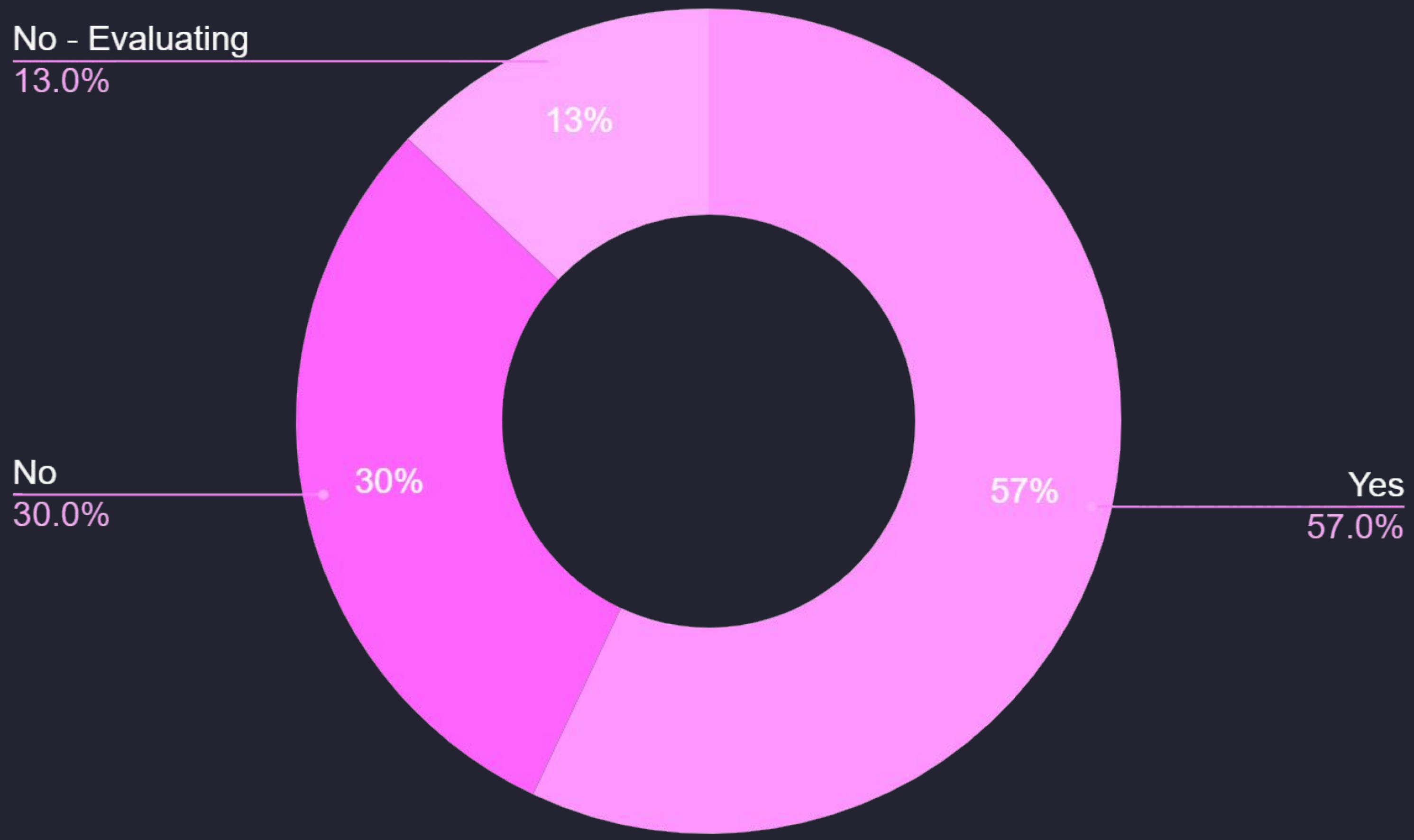
FINDINGS AND INSIGHTS

- Expectantly, companies utilizing Usage-Based Pricing are more likely to see Expansion ARR as a percentage of total New ARR in the 40% and above category
- Expansion ARR is critical to both increasing Net Revenue Retention and Customer Lifetime Value and the data suggests Usage-Based Pricing is a valuable strategy to achieve both

LOGISENSE

VALUE BASED PRICING - UTILIZED /

By Total Population

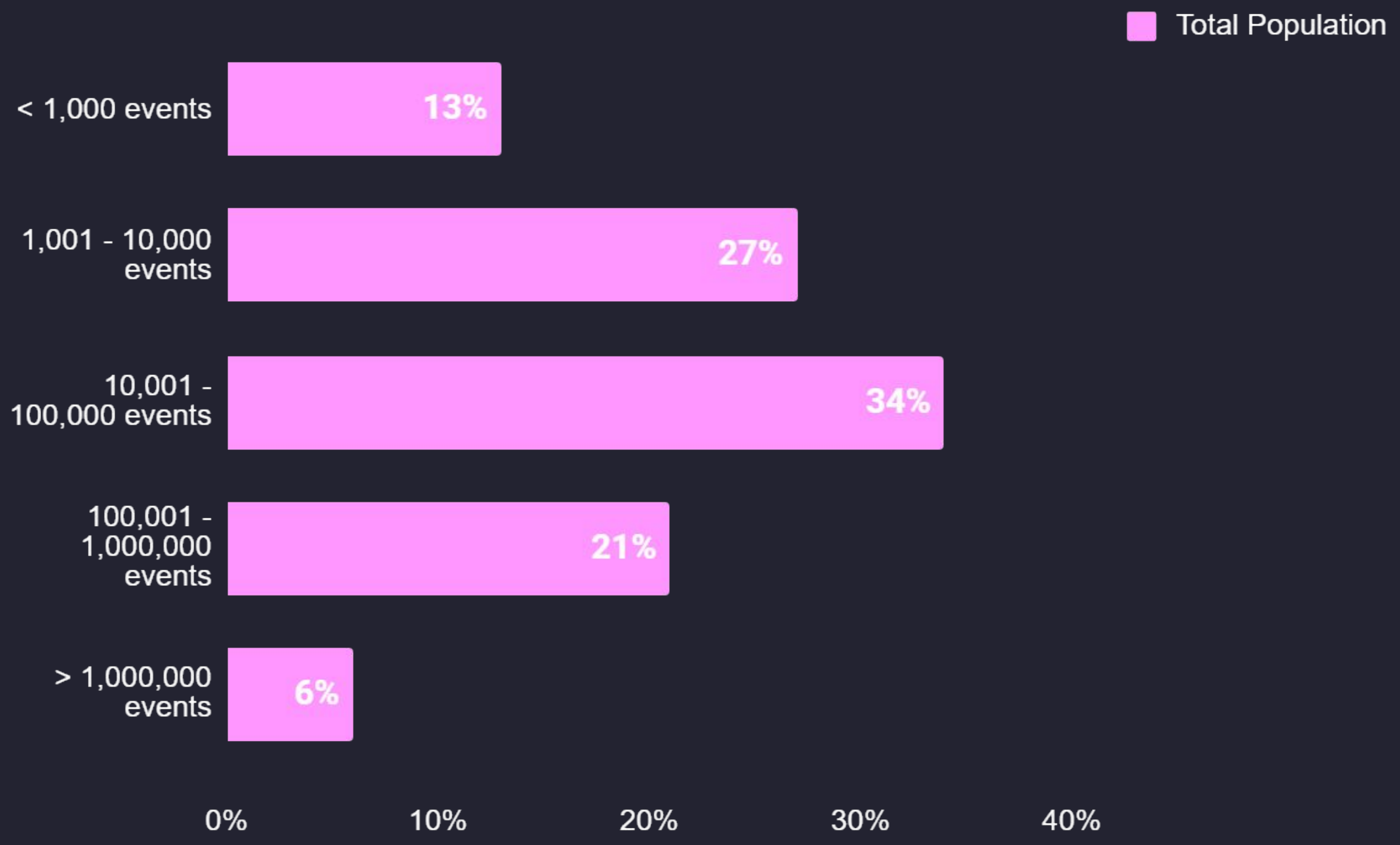


FINDINGS AND INSIGHTS

- This was a very surprising finding as even though only 11% of companies use Value-Based pricing as their primary pricing model - 57% report using some level of Value-Based Pricing
- With the most common Value-Based Pricing variable being the “number of events” it appears that many companies that use an event based pricing trigger - like transactions or API calls are categorizing those as the “value event” versus a revenue or expense impacting pricing model

USAGE BASED EVENTS CONSUMED PER MONTH /

By Total Population



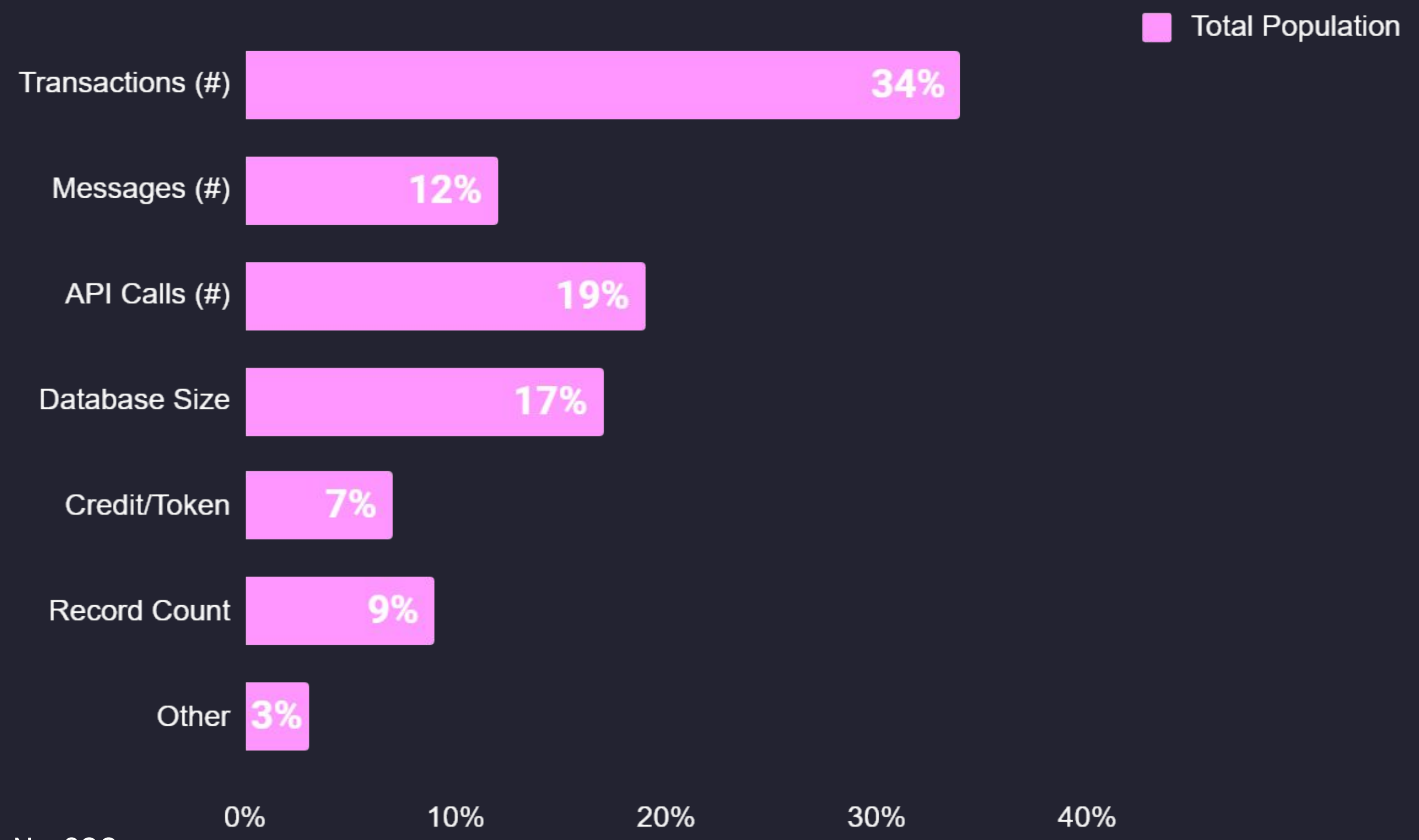
N = 200

FINDINGS AND INSIGHTS

- Companies that leverage Usage-Based Pricing support a large range of "charged events" with the most common being in the 10,001 - 100,000 per month range
- Important note that 61% of companies who utilized Usage-Based pricing have more than 10,000 events per month being charged which is more than can be accomplished with a manual process

PRIMARY USAGE BASED VARIABLES /

By Total Population



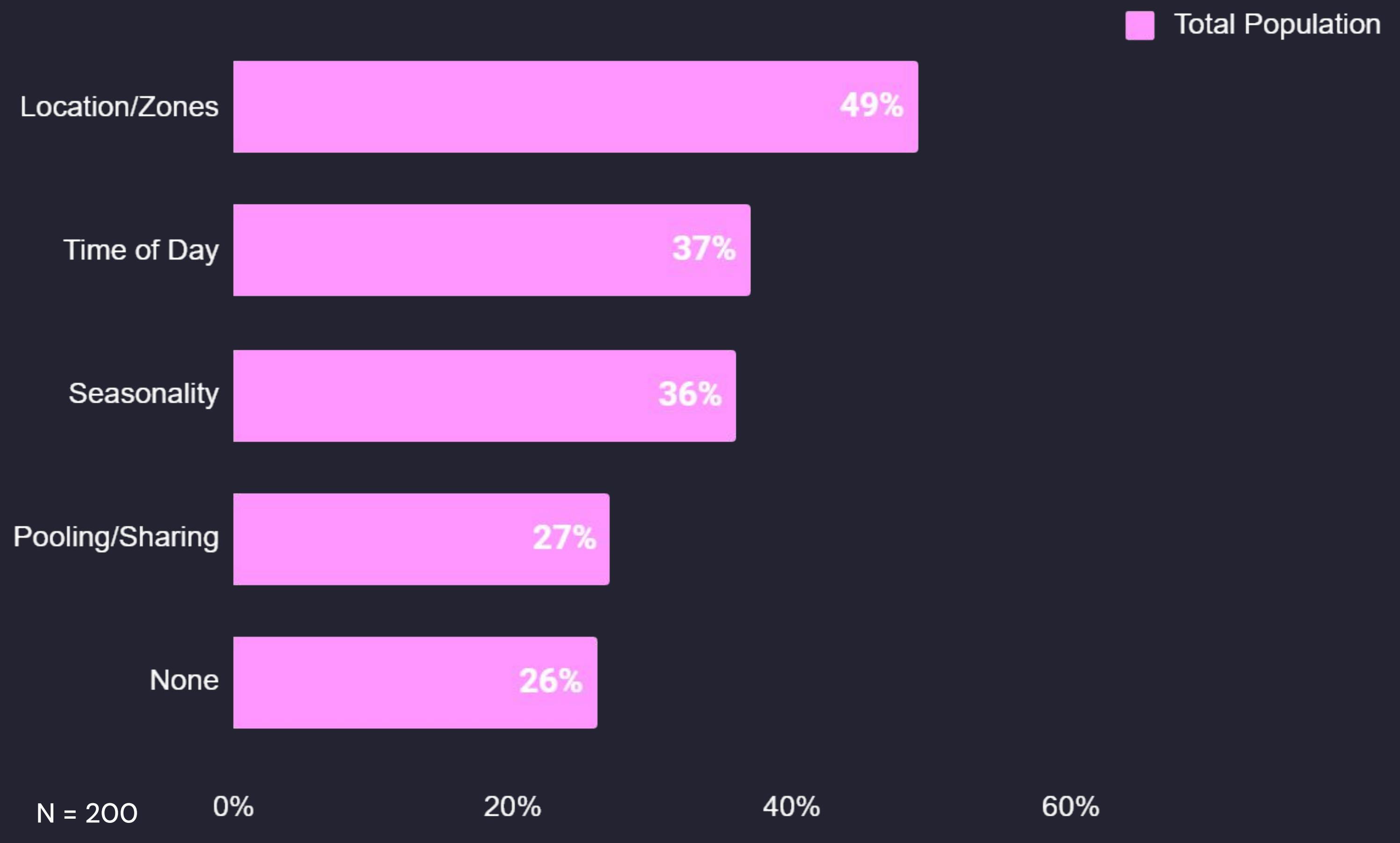
N = 200

FINDINGS AND INSIGHTS

- Transaction count represents the number one Usage variable being used (34%) with other forms of transactions such as messages (12%) or API calls (19%) totaling 65% using some sort of "transaction" variable
- The use of tokens, most often in AI native solutions now has 7% of companies using this model which requires a clear definition and understanding by the customer

OTHER USAGE VARIABLES IN PRICING /

By Total Population

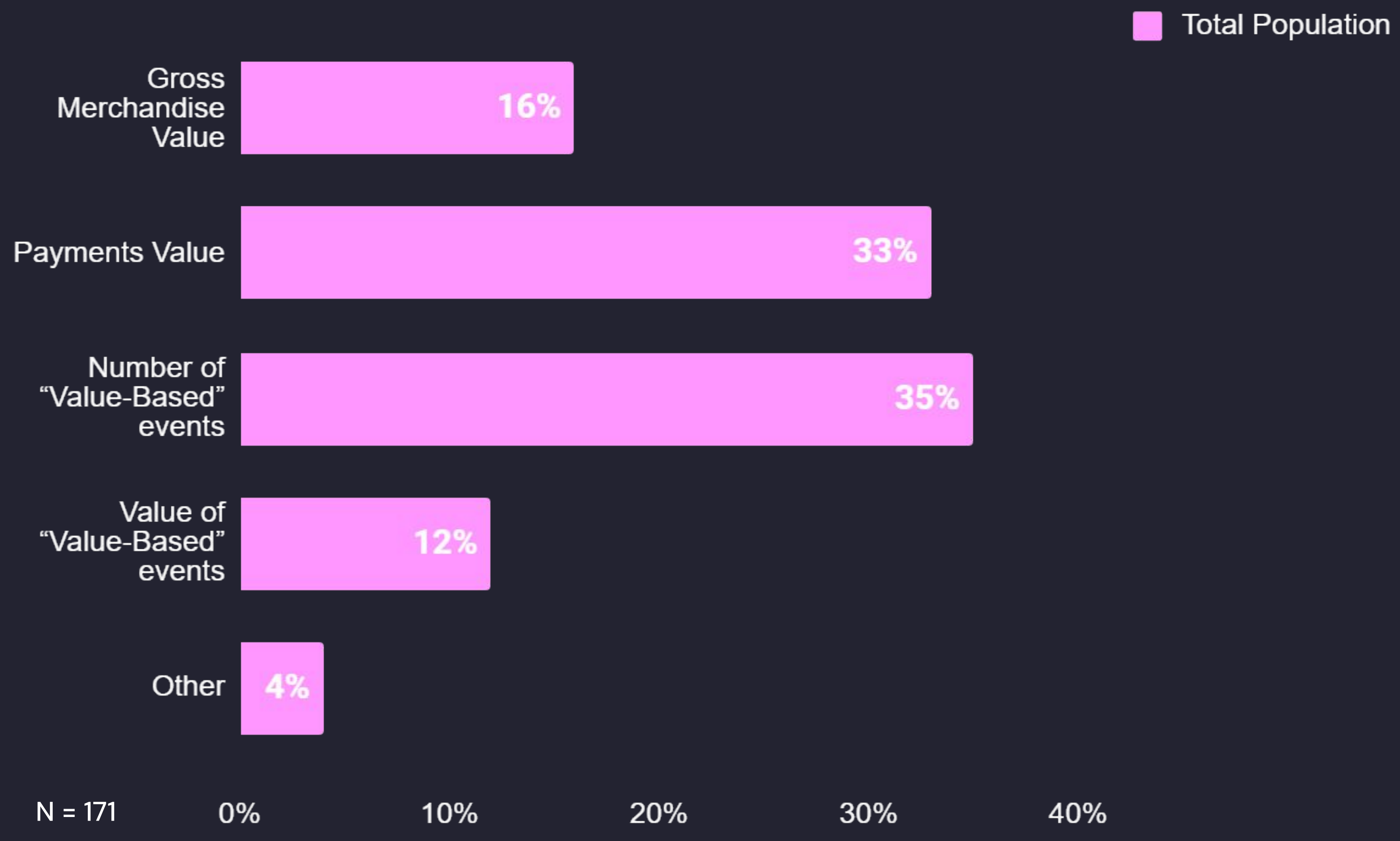


FINDINGS AND INSIGHTS

- Of the 200 companies using other usage variables, location was the number one variable (49%)
- Interestingly time of day (37%) and seasonality factors (36%) pricing variables are being used
- Only 26% of companies reporting no additional variables being used beyond their primary “Usage Variable”

PRIMARY VALUE BASED VARIABLES /

By Total Population

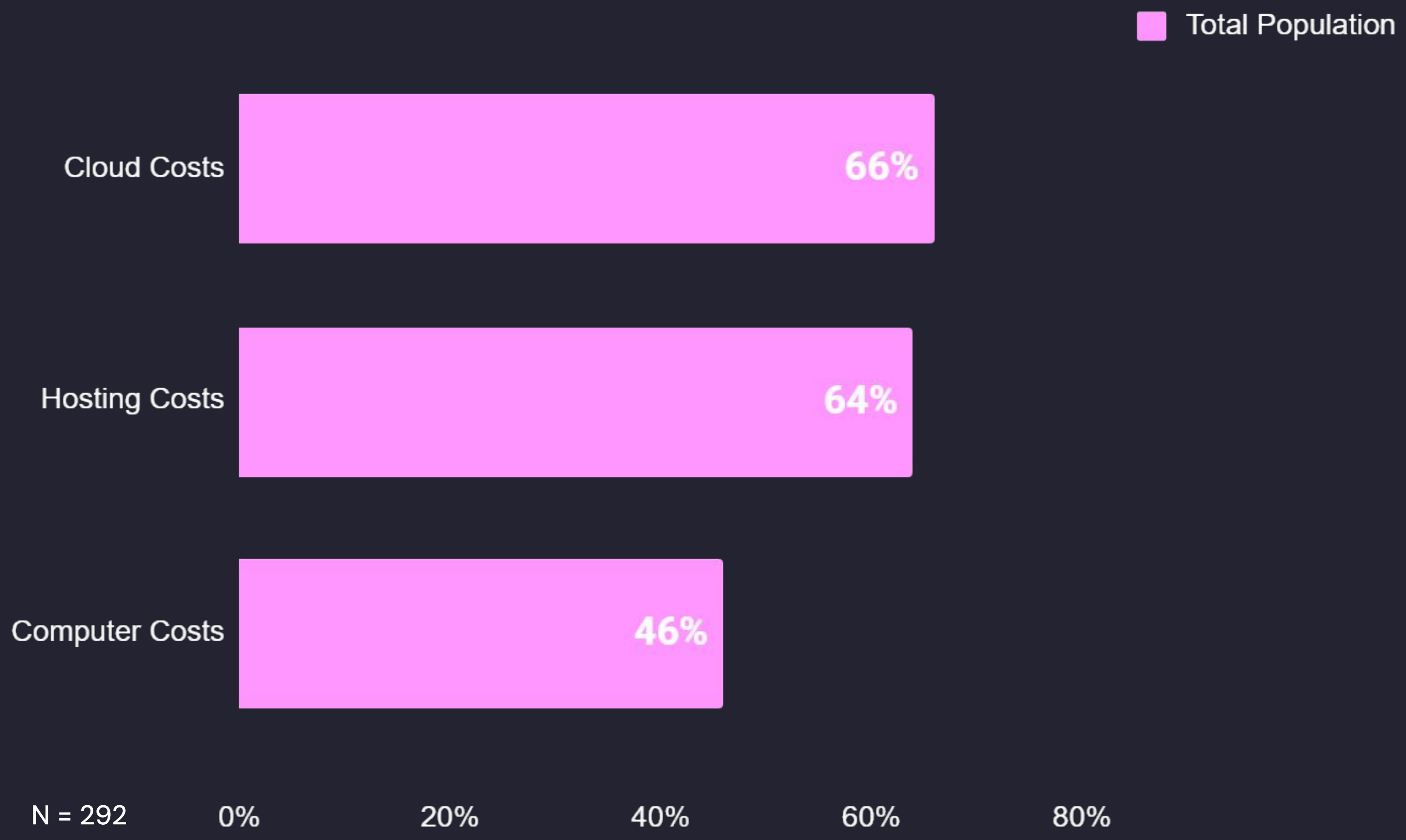


FINDINGS AND INSIGHTS

- Dollar based variables represent ~50% of companies that are using value-based pricing - in the form of Gross Merchandize Value (16%) or payments value (33%)
- Only 12% of those companies using a Value-Based pricing component use the "value of the event" versus the more common number of events (35%)

INTERNAL COST FACTORS IN PRICING /

By Total Population



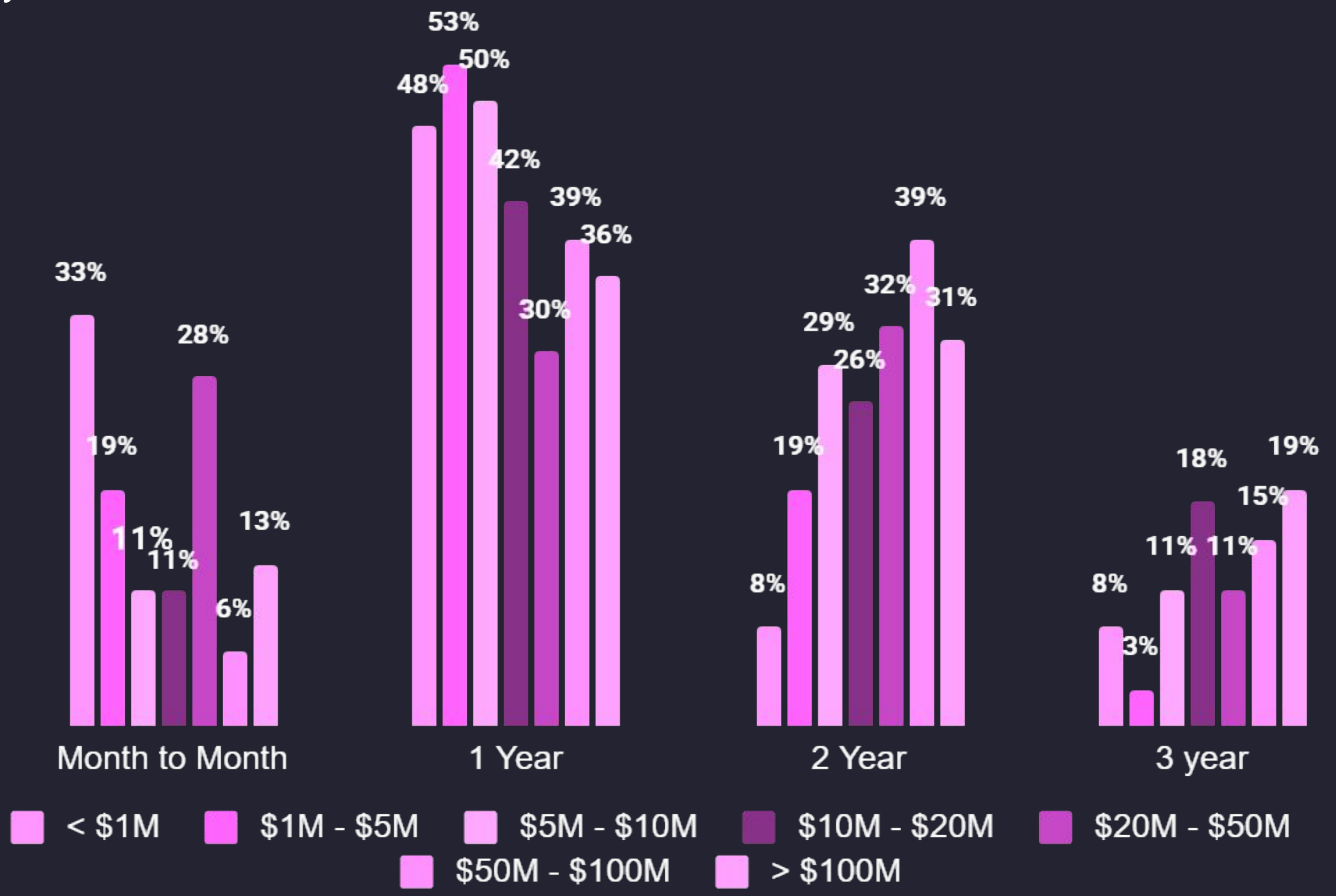
FINDINGS AND INSIGHTS

- The most common use of internal costing factors to determine pricing is based upon 3rd party Cloud Costs (66%) or other hosting costs (64%)
- Though we did not ask about the use of “Cost-Plus” pricing, the ability to understand and actively manage Cloud and Hosting costs is critical to managing customer cost and/or gross margins

PRIMARY AGREEMENT TERM LENGTH /

By Annual Revenue

benchmarkit

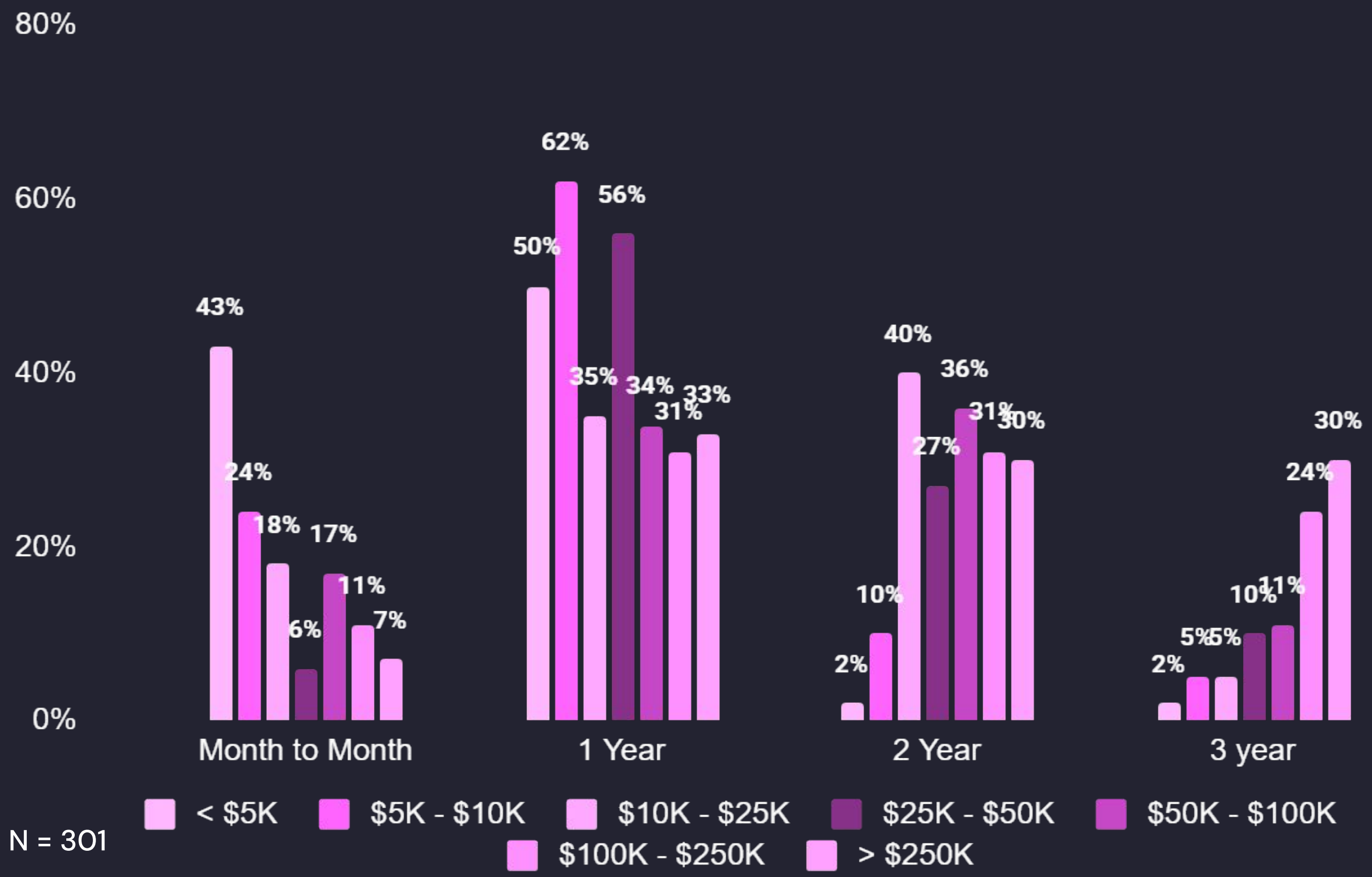


FINDINGS AND INSIGHTS

- As companies scale it appears they become more comfortable with multi-year agreements as evidenced by 54% of companies with more than $50M in revenue will use 2 or 3 year agreements as their primary agreement term
- Companies larger than $100M in revenue use 2 or 3 year agreements 50% of the time and only use month to month agreements 13% of the time

PRIMARY AGREEMENT TERM LENGTH /

By Average Contract Value



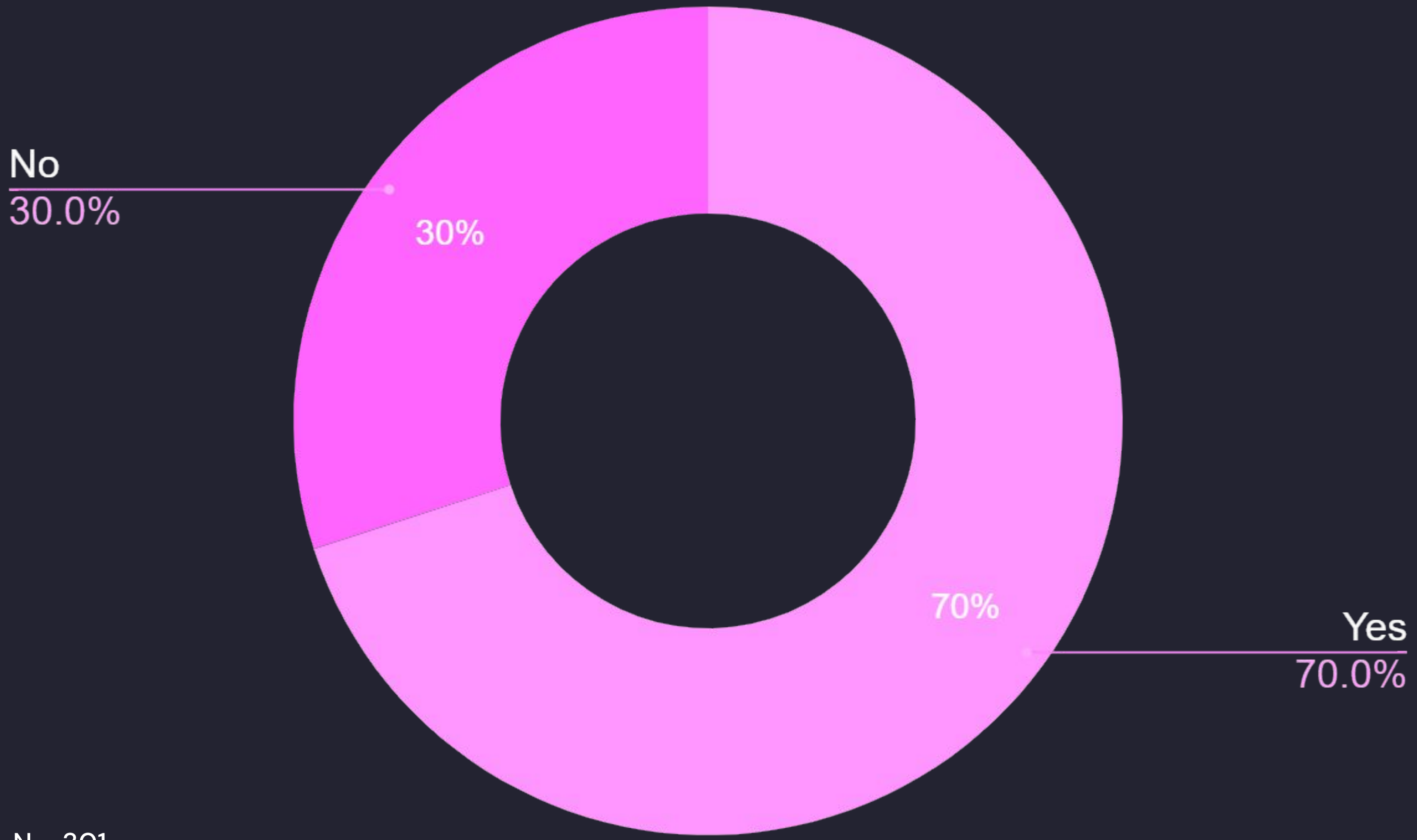
N = 301

FINDINGS AND INSIGHTS

- Annual Contract Values greater than $100K are much more likely to use 4 year agreements with 30% of contracts greater than $250K using 3-year agreements and 24% of $100K - $250K agreements
- It was surprising to see that 40% of companies with a $10K - $25K ACV are using 2 year agreements as their primary term

AI LEVERAGED IN PRODUCT /

By Total Population



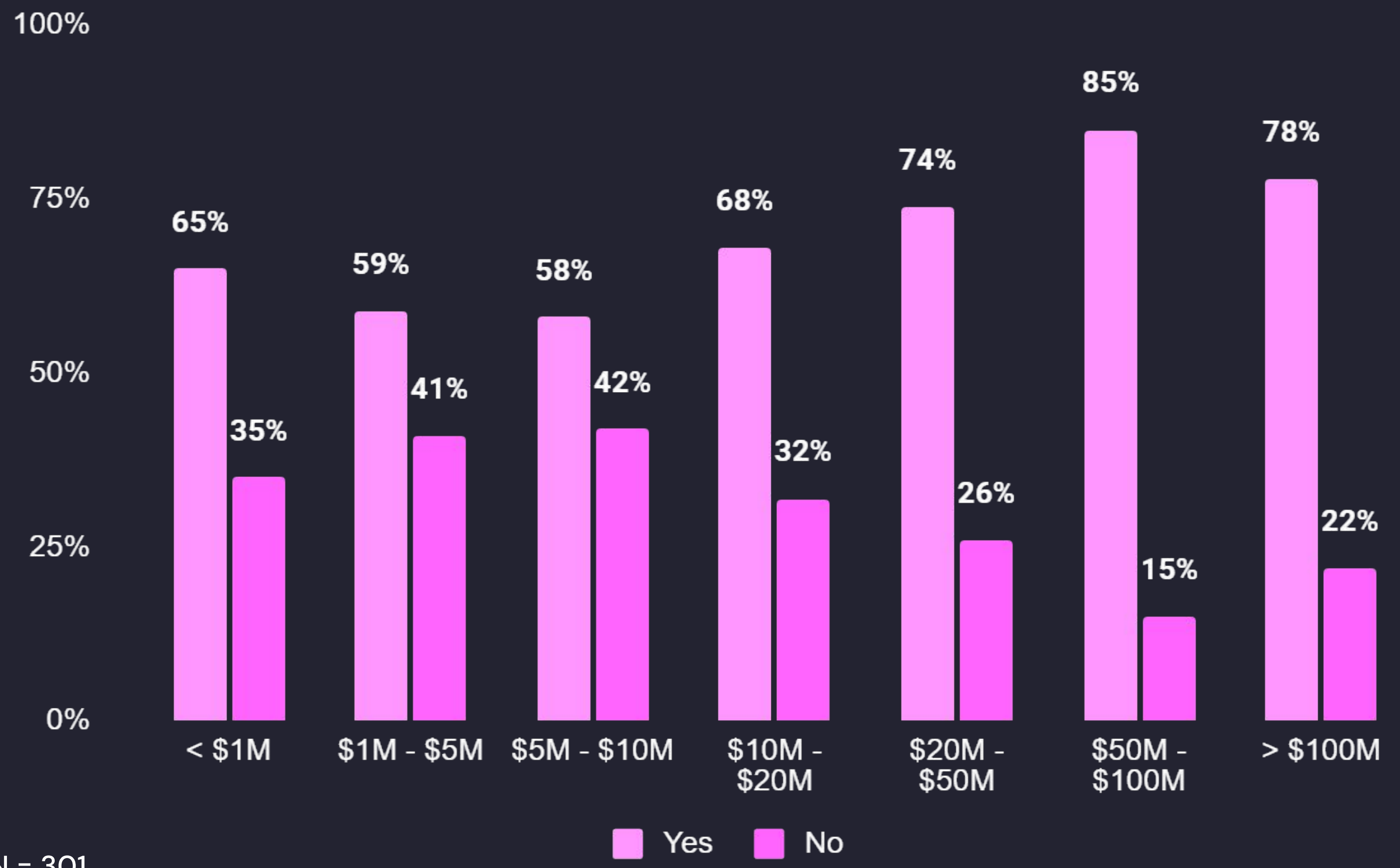
N = 301

FINDINGS AND INSIGHTS

- AI adoption by companies is evolving quickly with 70% of companies reporting some level of AI is now integrated into their product offering

AI LEVERAGED IN PRODUCT /

By Annual Revenue



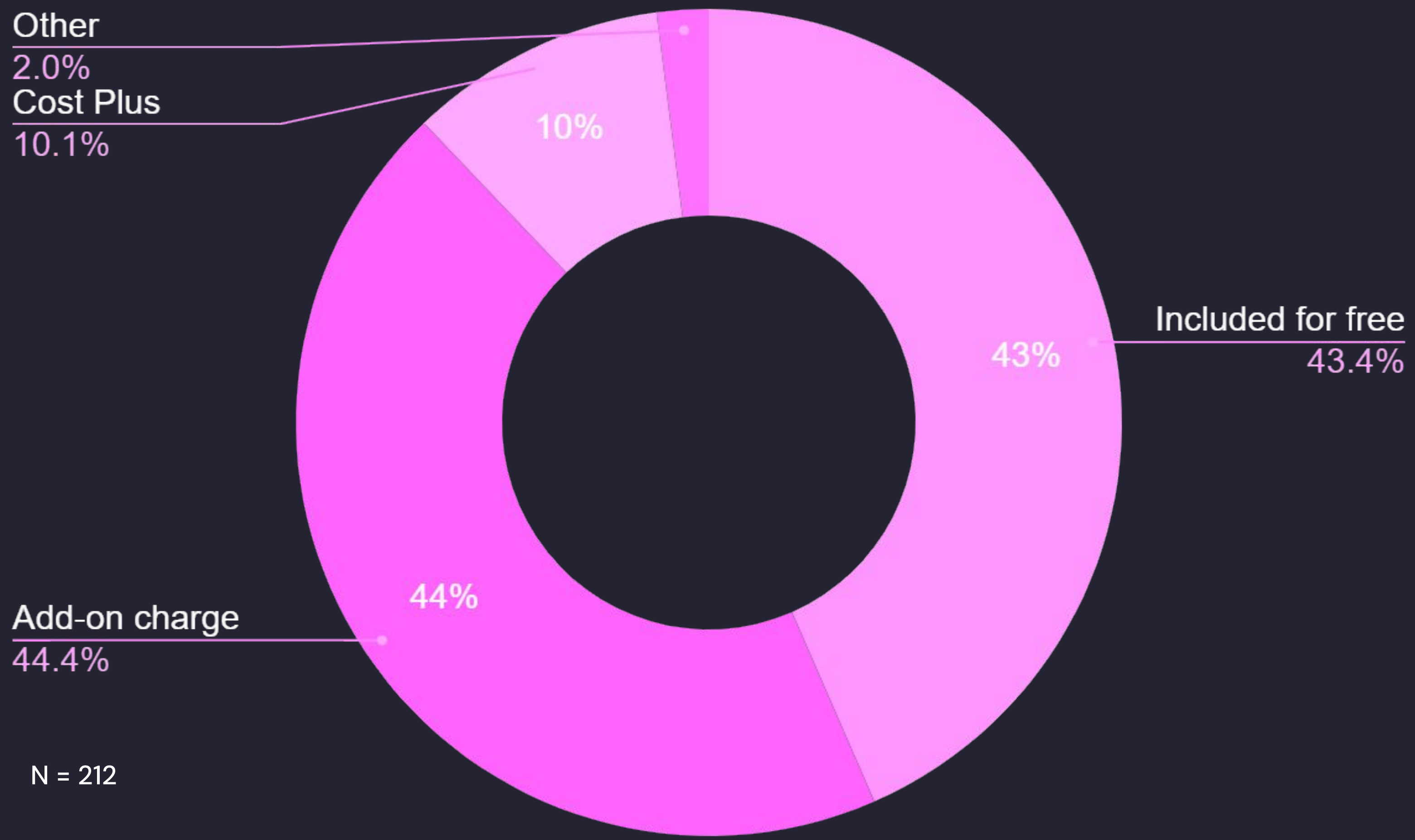
N = 301

FINDINGS AND INSIGHTS

- Companies that are doing $20M or greater in revenue are aggressively integrating AI into their legacy solution (74% - 85%)
- B2B SaaS companies who have an advantage of customer data and distribution will have an advantage in adding AI to their existing customers
- A key question is how will this be priced - which is highlighted in the next chart

AI CHARGED - SEPARATE /

By Total Population



N = 212

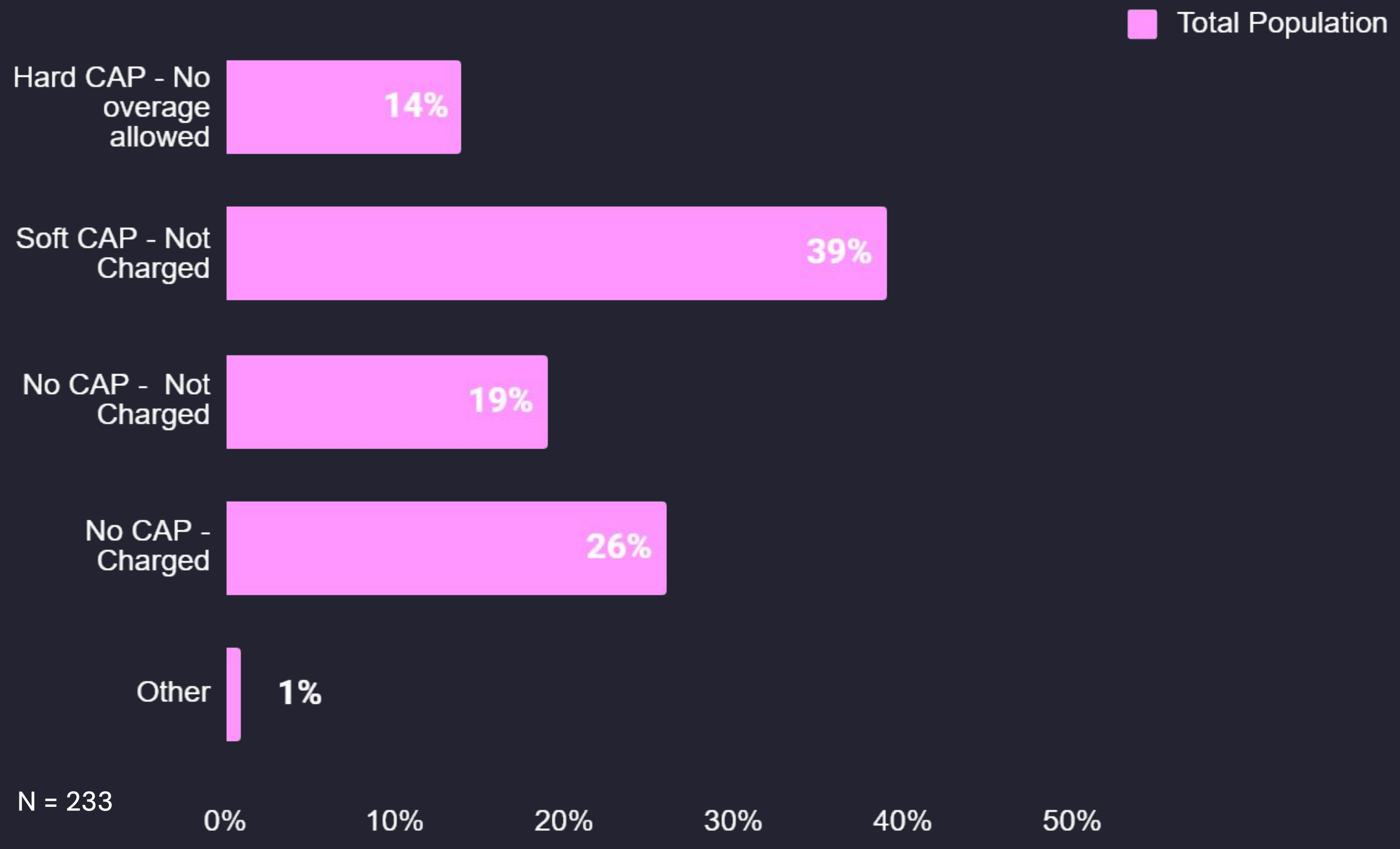
FINDINGS AND INSIGHTS

- In the search for how best to introduce AI in to an existing solution - it is equally split on if it should be charged (44%) or provided for free (43%)
- An evolving trend is to price the AI component of a solution on a "cost plus" basis to ensure profitability on AI products that are resource and/or compute intensive

CAP PLACED ON USAGE OR VALUE BASED EVENTS /

benchmarkit

By Total Population



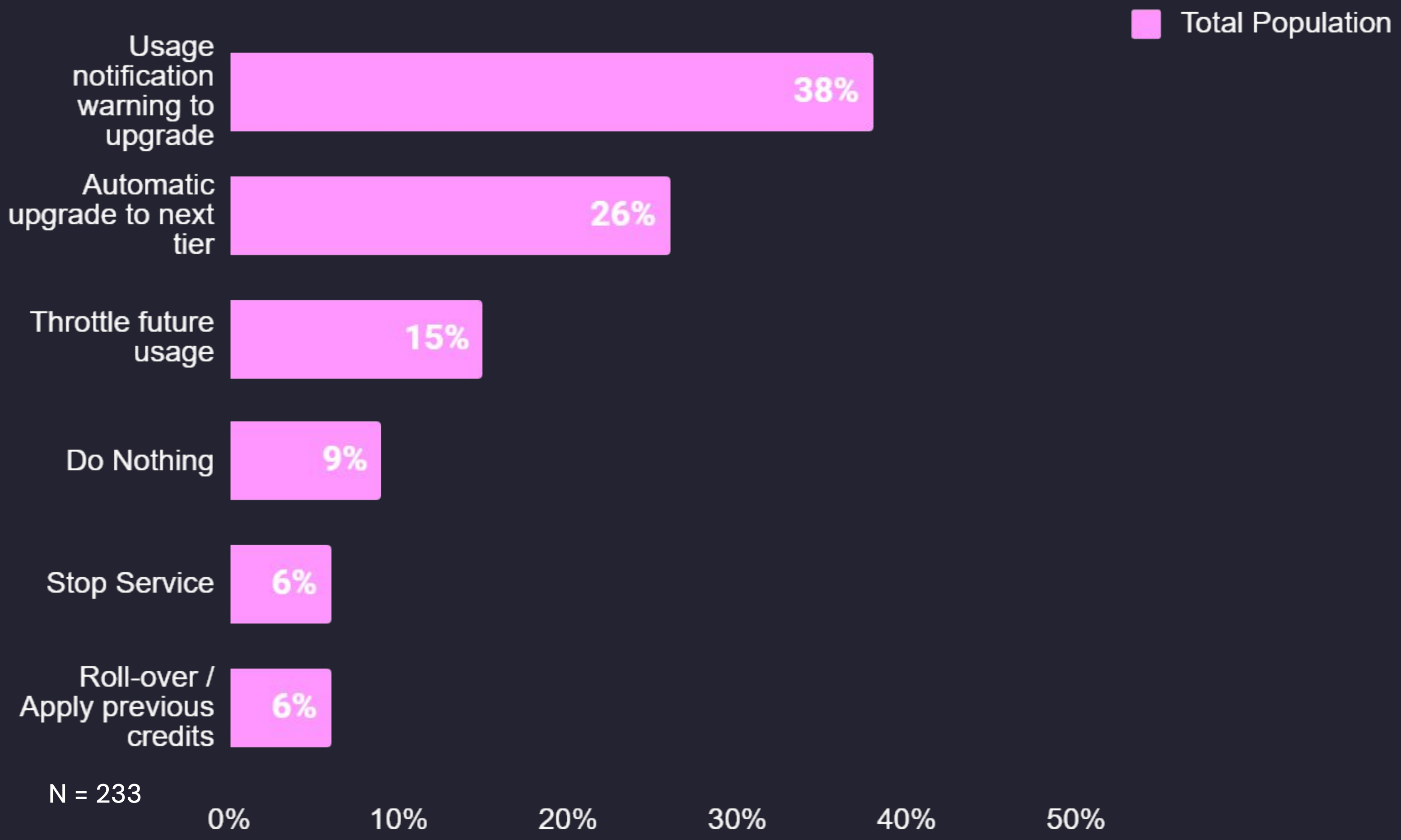
N = 233

FINDINGS AND INSIGHTS

- 58% of companies report that they are not using a “hard cap” on usage and not charging for usage over the contractual commitment
- 26% of companies do not have a CAP on usage but do charge for actual usage over the contractual commitment
- Only 14% of companies use a hard cap that prevents users from using more of the product than contractually committed - which require a proactive approach to reaching out to customers who are approaching their contractual limits on product usage

CUSTOMER USAGE CAP HIT - ACTION TAKEN /

By Total Population



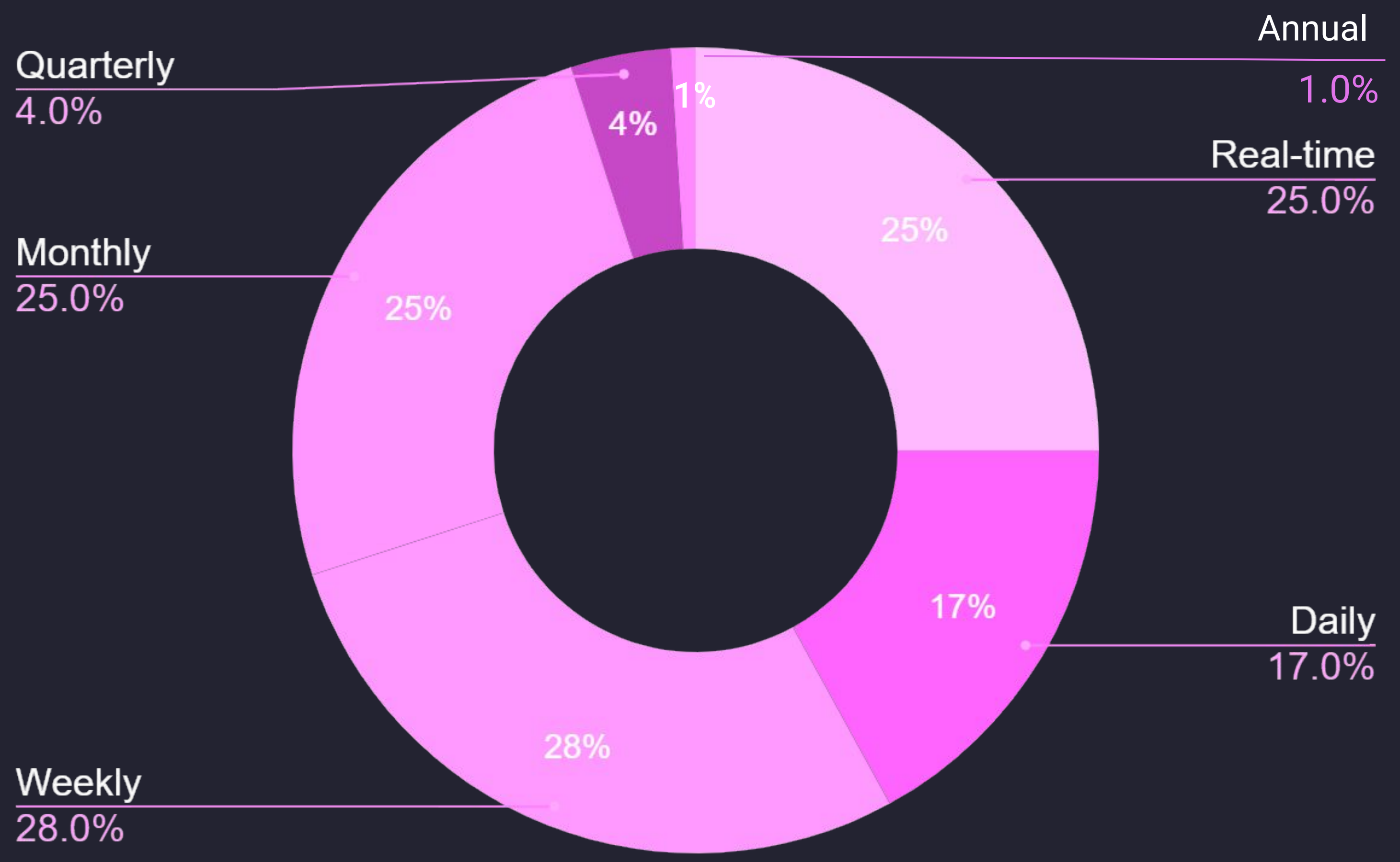
benchmarkit

FINDINGS AND INSIGHTS

- 26% of companies employ an “automatic upgrade” approach when a customer reaches their contractual usage commitment cap. This practice can lead to customer surprise, which should be mitigated by implementing a usage notification prior to the upgrade
- It was surprising that only 38% of companies are using automated notifications to alert existing customers that they will need to upgrade their existing pricing plan when they hit established usage levels

OVERAGE BILLING FREQUENCY /

By Total Population



N = 234

benchmarkit

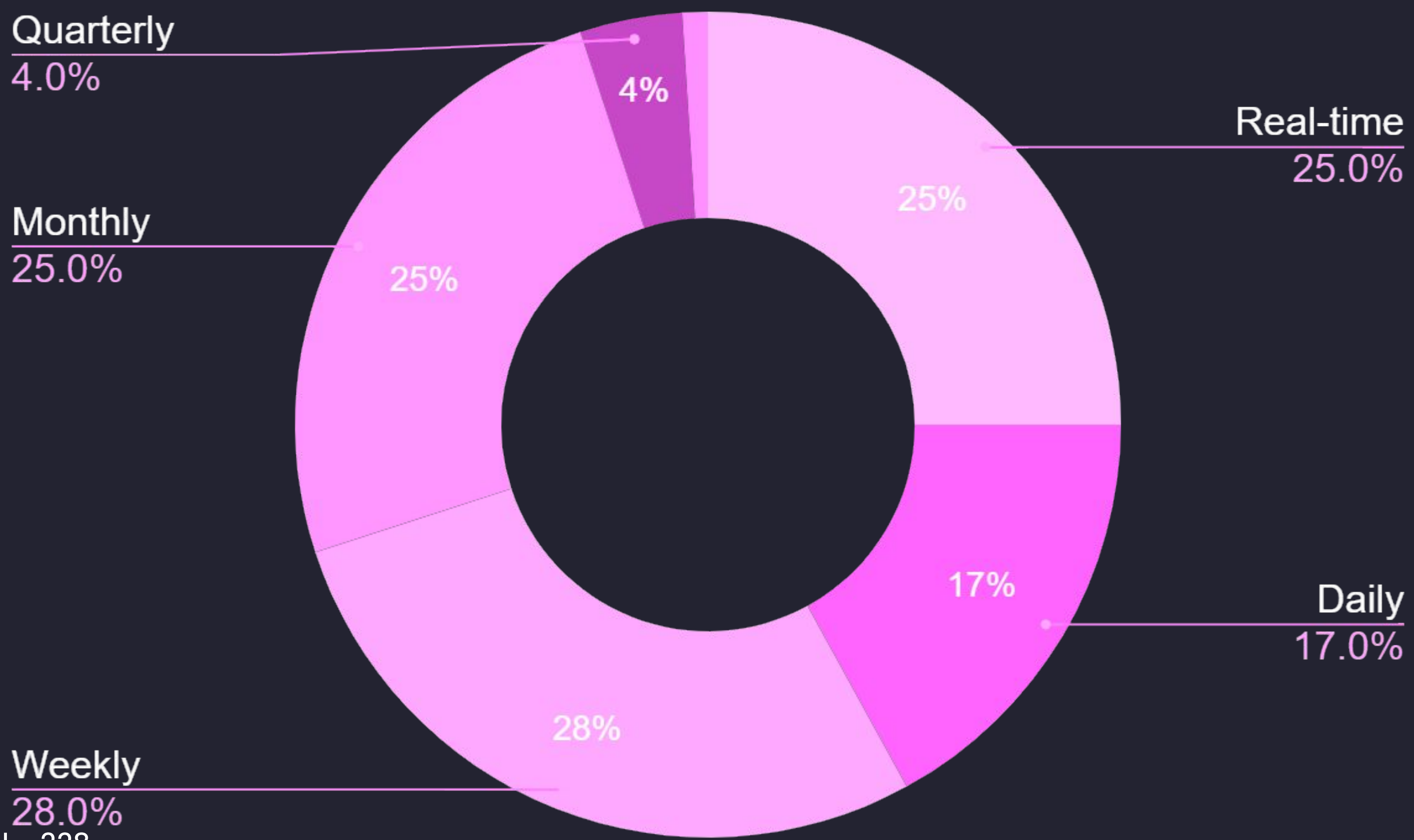
FINDINGS AND INSIGHTS

- There has been a material increase in Usage-Based companies billing for usage over the contracted amount in real time (17%), daily (10%) or weekly (16%) versus what we saw in our 2022 research which had only 5% of companies charging for usage overages weekly or sooner
- If Usage overages are being charged in real-time or daily - the need to notify the customer of the usage and associated charges will become critical

USAGE MONITORED FREQUENCY /

By Total Population

benchmarkit



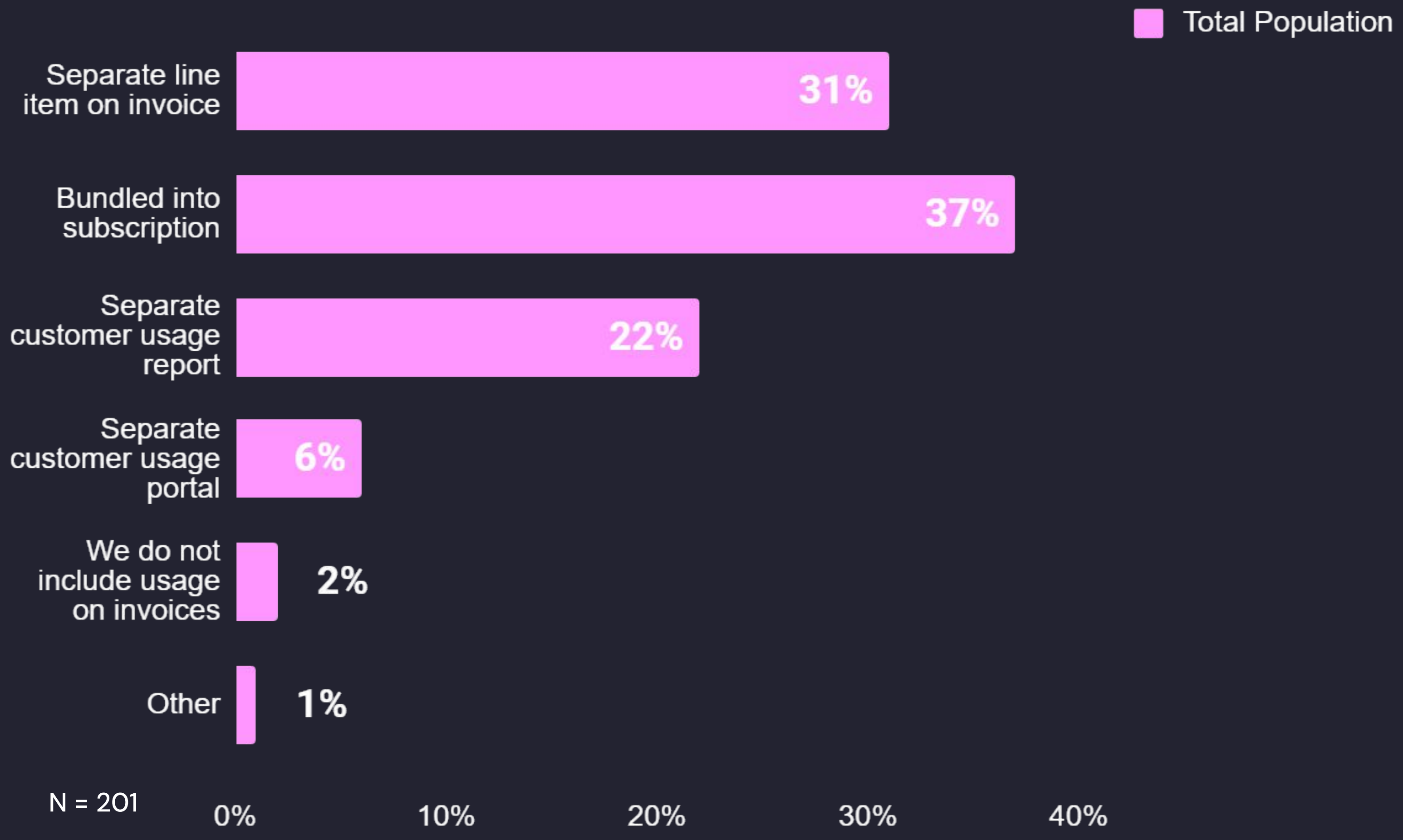
N = 228

FINDINGS AND INSIGHTS

- Having the ability to monitor product usage in real-time or daily is critical to enabling for the calculation and charging for overage usage daily
- Companies using a manual and/or monthly product usage monitoring and billing process may be missing out on enhancing cash flow performance - a critical component to fuel growth, especially in earlier stage companies

USAGE-BASED INVOICE REPRESENTATION /

By Total Population

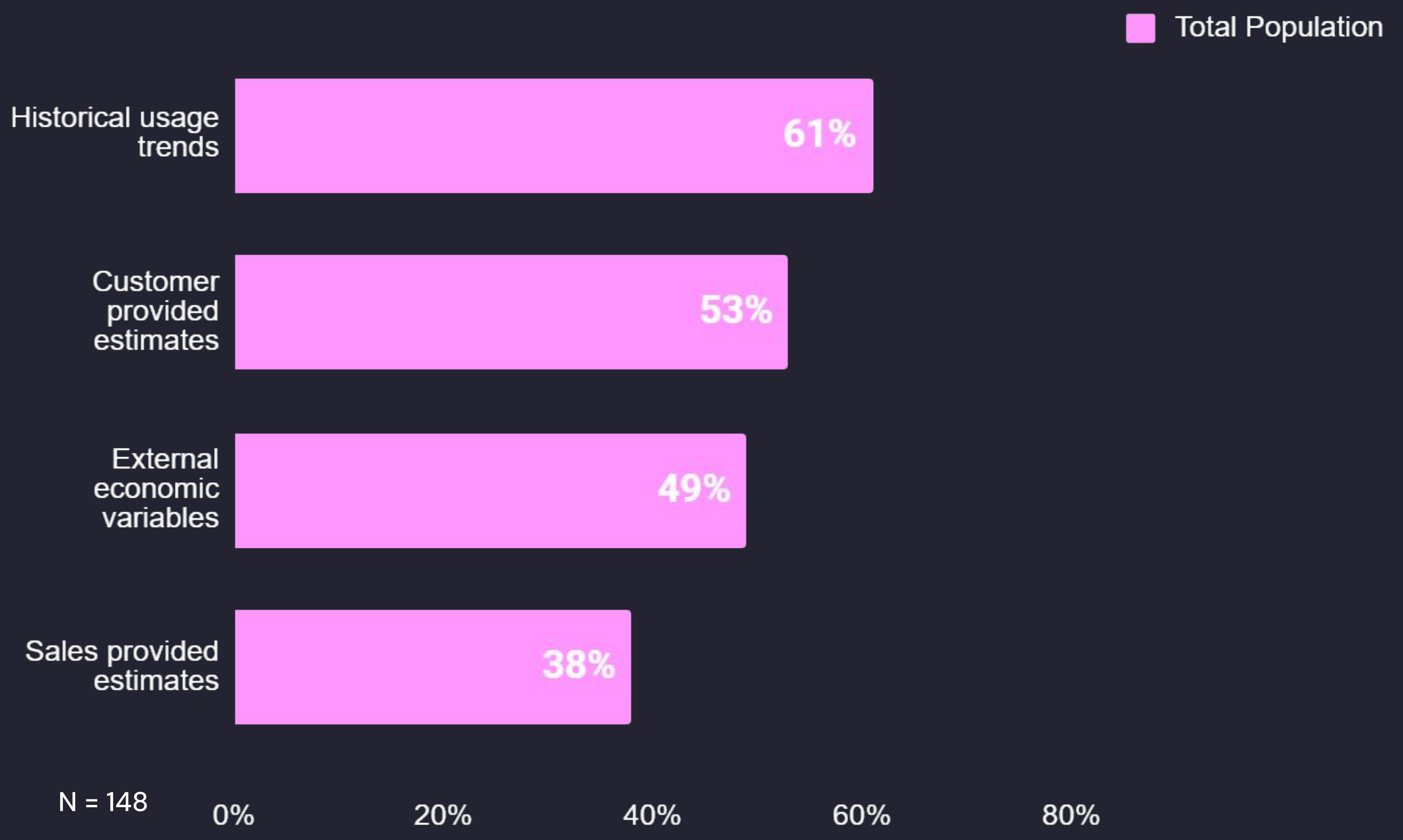


FINDINGS AND INSIGHTS

- As buyers become more sensitive to unanticipated overage charges in Usage-Based Pricing - it is critical for vendors to be able to highlight the actual usage on invoices (31%) or via a separate usage report (22%) or a customer self-service usage portal (6%)
- Invoicing that does not include actual usage, including trends over time will become a sense of customer frustration with Usage-Based Pricing

USAGE-BASED FORECAST SIGNALS /

By Total Population



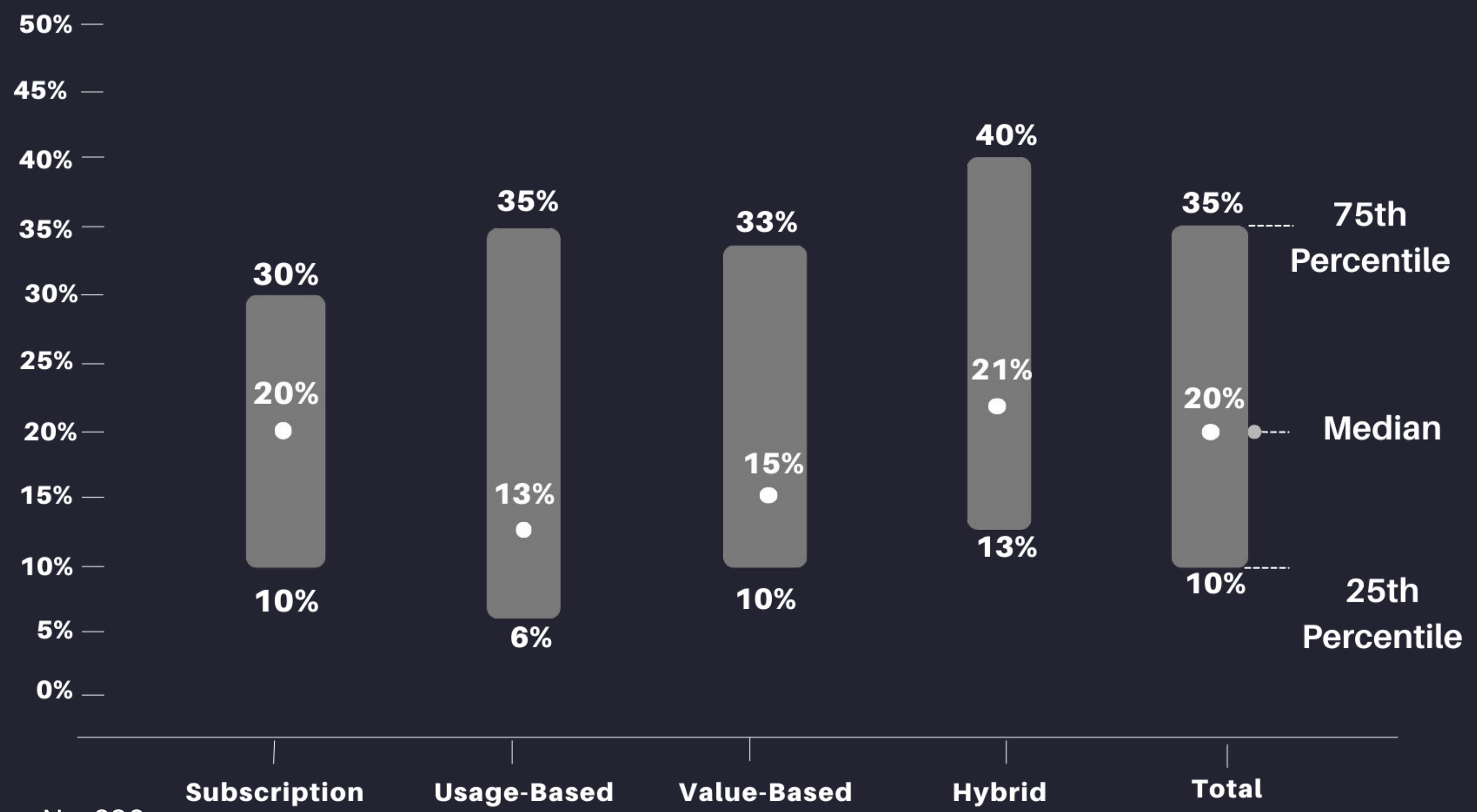
FINDINGS AND INSIGHTS

- 61% of companies are leveraging historical product usage trends as a primary variable in their forecasting process
- Encouraging to see that over one-half of companies (53%) are also capturing and using customer provided product usage estimates
- Companies that have material customer concentration in one or two primary industries would be well served to include external economic factors into their UBP forecasts - where as only 49% do so today

COMPANY GROWTH RATE /

By Pricing Model

benchmarkit



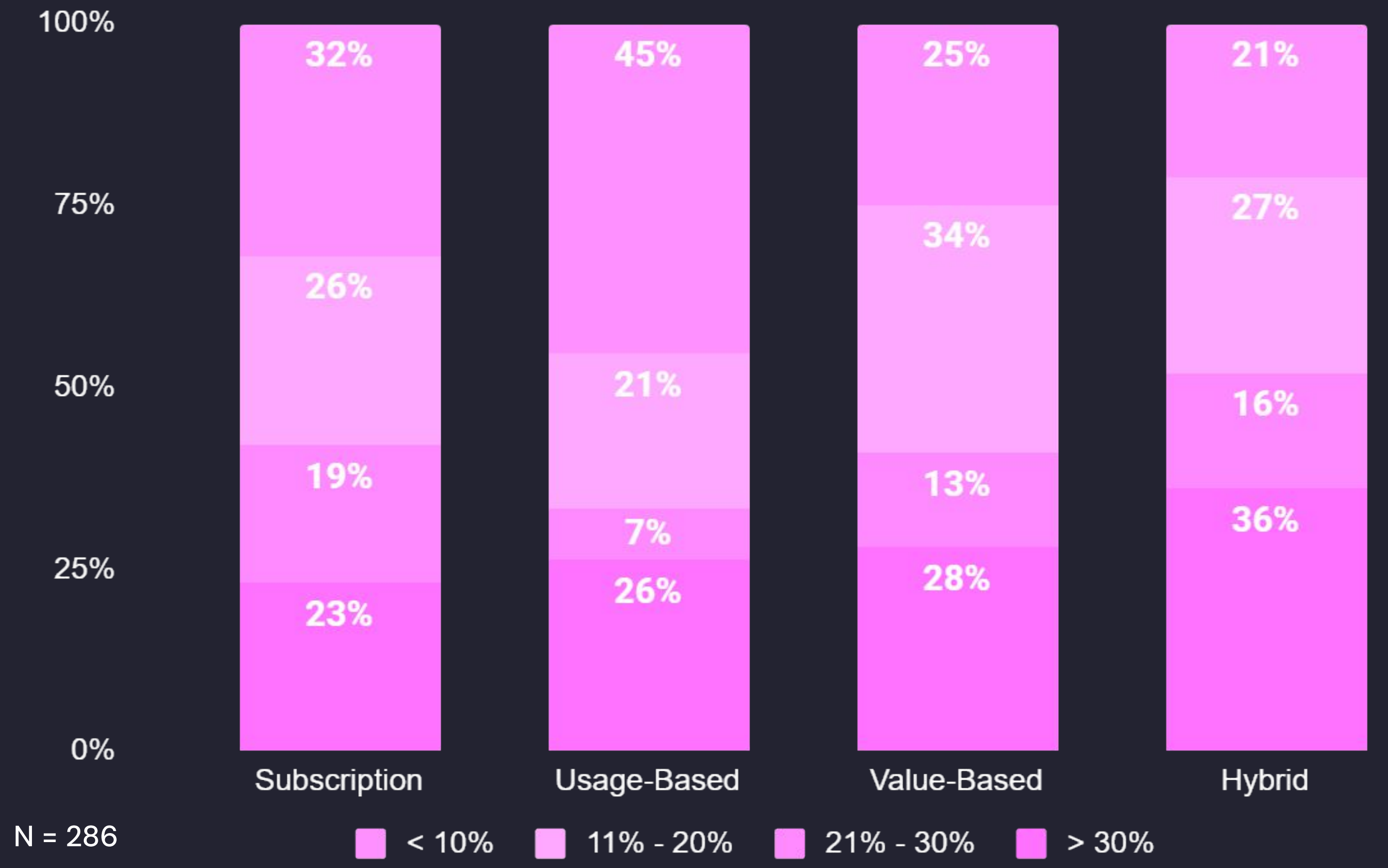
N = 286

FINDINGS AND INSIGHTS

- Using a combination of Subscription + Variable Pricing (Hybrid Pricing) produces the highest growth rate at a median of 21% and a top quartile starting at 40%
- Usage-Based Pricing alone - without the combination with a subscription provides a lower growth rate at 13% median
- Subscription pricing on a stand alone basis generates a 20% growth rate at median

COMPANY GROWTH RATE COHORTS /

By Pricing Model

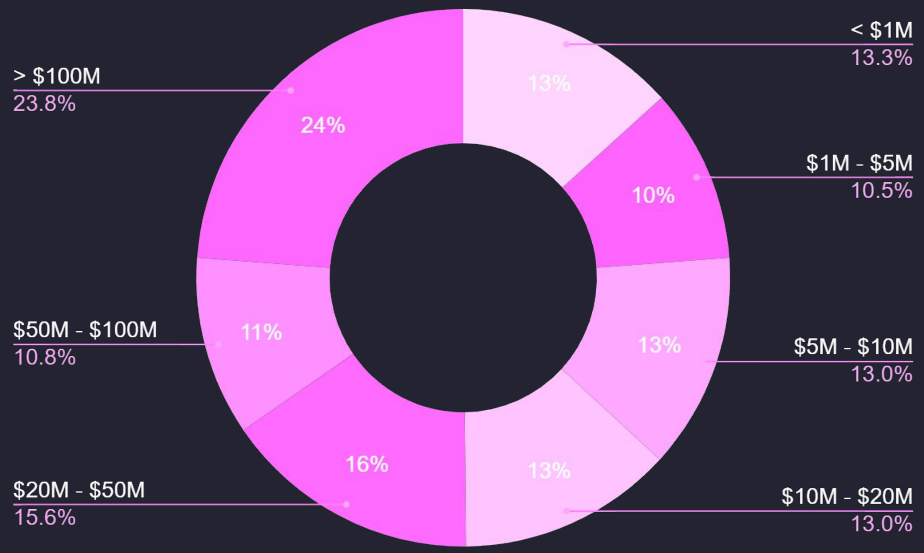


FINDINGS AND INSIGHTS

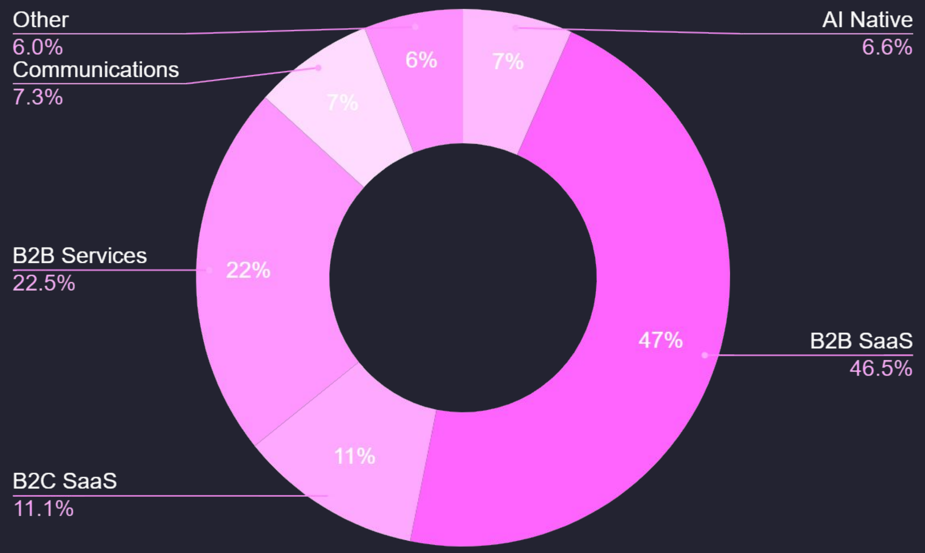
- This chart highlights that 36% of companies using a hybrid pricing model grow faster than thirty percent versus only 23% of companies using subscription pricing models grow faster than 30 percent
- In contrast, 32% of subscription pricing only companies grow less than 10% per year versus only 21% of companies using a hybrid pricing model
- Companies that use Usage-Based pricing only without a subscription component experience a less than 10% growth rate 45% of the time

PARTICIPANT PROFILE /

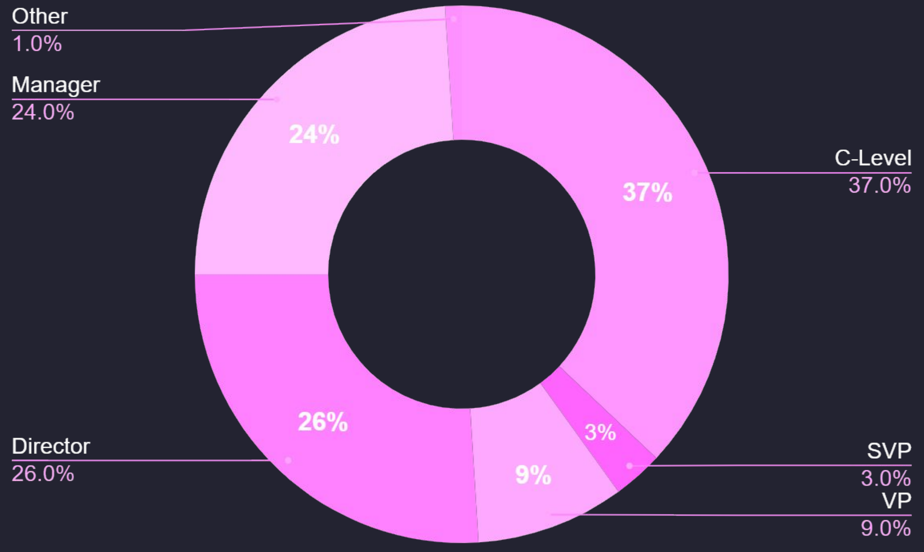
Annual Revenue



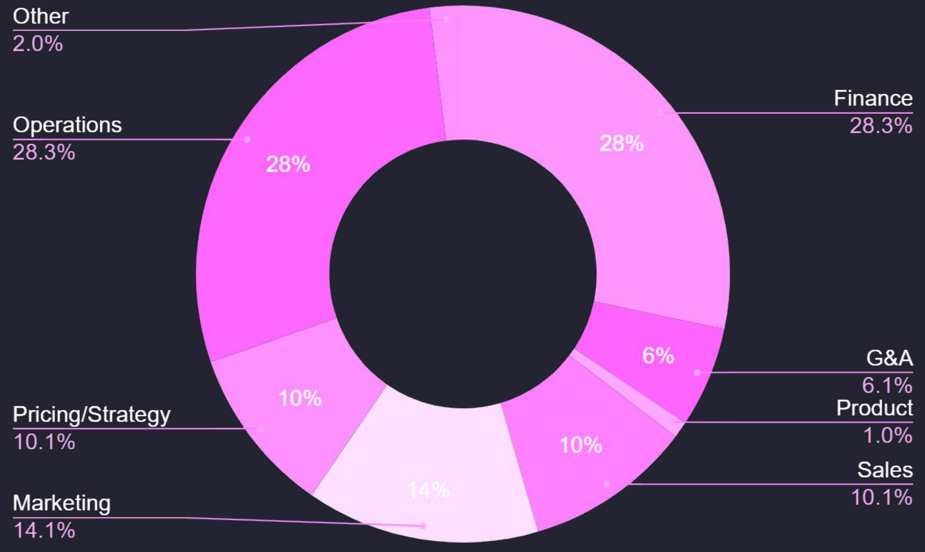
Industry



Title Level



Department



LOGISENSE

benchmarkit

TAKE THE NEXT STEP /

The insights in this report are just the beginning. As pricing and billing continue to evolve, having the right strategy in place can be the difference between stagnation and accelerated growth.

01 / GET A PERSONALIZED DEMO

→ See how our solution can help you implement flexible, scalable pricing models tailored to your business in a personalized demo.

02 / TALK TO AN EXPERT

→ Have specific questions about your pricing strategy? Our team of specialists are here to help.

03 / JOIN THE USAGE ECONOMY LINKEDIN GROUP

→ Whether you're navigating the challenges of dynamic pricing, exploring innovative monetization models, or refining your GTM strategies, this group is the perfect forum to connect with like-minded professionals.

04 / FOLLOW US ON LINKEDIN

→ Stay ahead with the latest research on pricing, billing, and monetization strategies on LinkedIn.