

Challenges in Recurring Revenue

Observations from the
Companies Utilizing
Recurring Revenue – A Study



Overview

- Gatepoint Research invited selected business services, telecom, high tech, and retail executives to participate in this survey.
- Candidates from companies with a recurring billing model were invited via email and 103 executives have participated to date.
- Respondents are predominantly employed in product, operations, and finance functions. 45% hold the title of Manager; 51% are Directors and 4% are VPs or CxOs.
- Of the companies represented by survey participants, 72% have annual revenues of less than \$250 million; 8% between \$250 and \$500 million; 10% between \$500 million and \$1.5 billion, and 10% greater than \$1.5 billion.
- 100% of respondents participated voluntarily; none were engaged using telemarketing.

Summary Results • August 2013

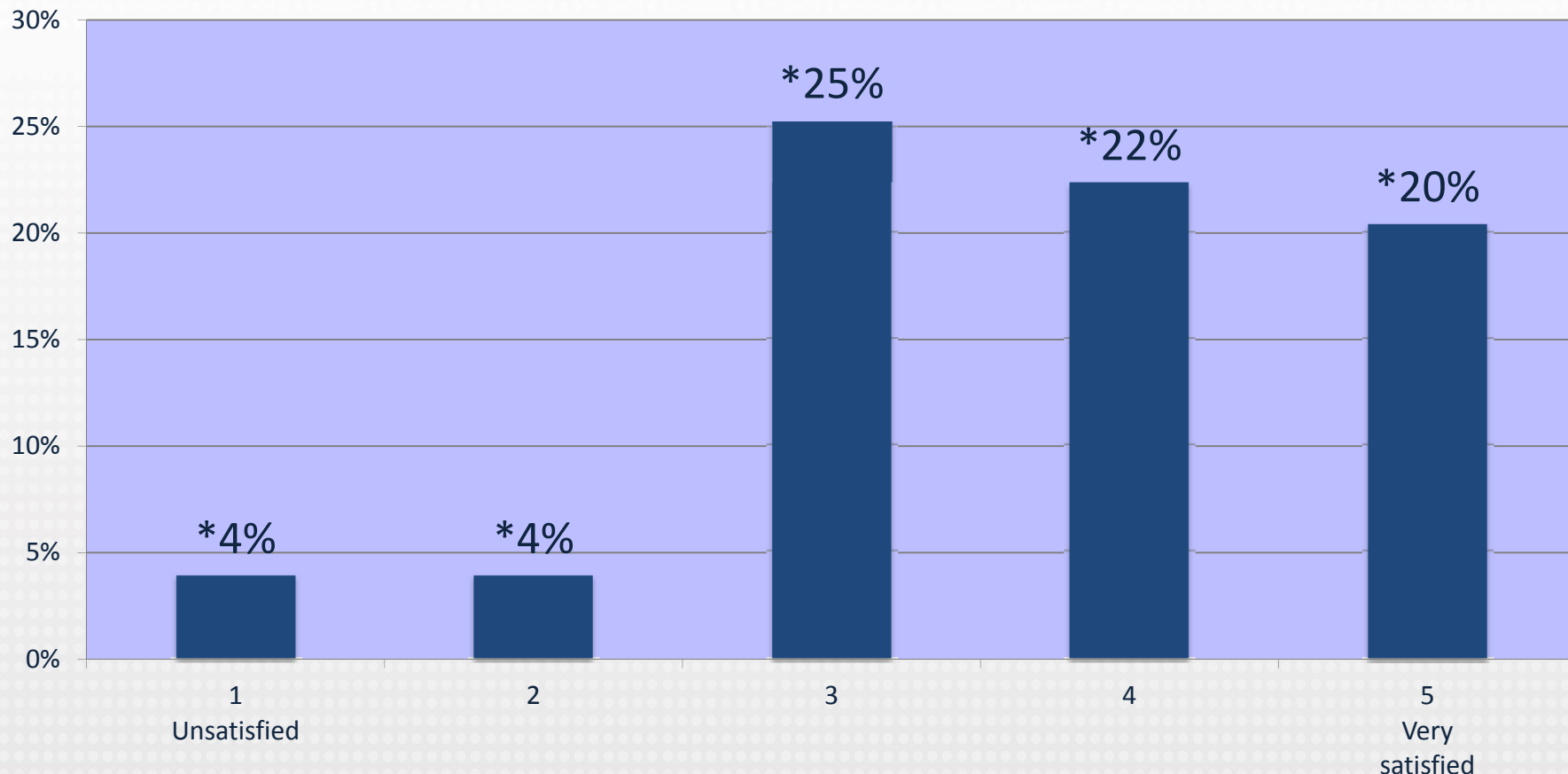
Observations and Conclusions

- 42% of respondents use homegrown billing systems in their organizations. Of those, 40% had low levels of satisfaction with their system (3 or below on a 5 point scale).
- 34% manage more than 10,000 subscribers.
- 67% of respondents invoice using a flat subscription model.
- Most companies manage their recurring billing systems through their Finance or IT departments.
- Respondents most value , tiered usage models (52%), a flexible product catalogue (47%), and channel/reseller management (43%), all features Aria offers.
- 80% of respondents use, or plan to use, SaaS or cloud-based billing solution services. 31% consider themselves “mature users” of SaaS.
- Of those who have not yet moved to the cloud, 35% report being unhappy with their current solution (3 or below on a 5 point scale).

Summary Results • August 2013

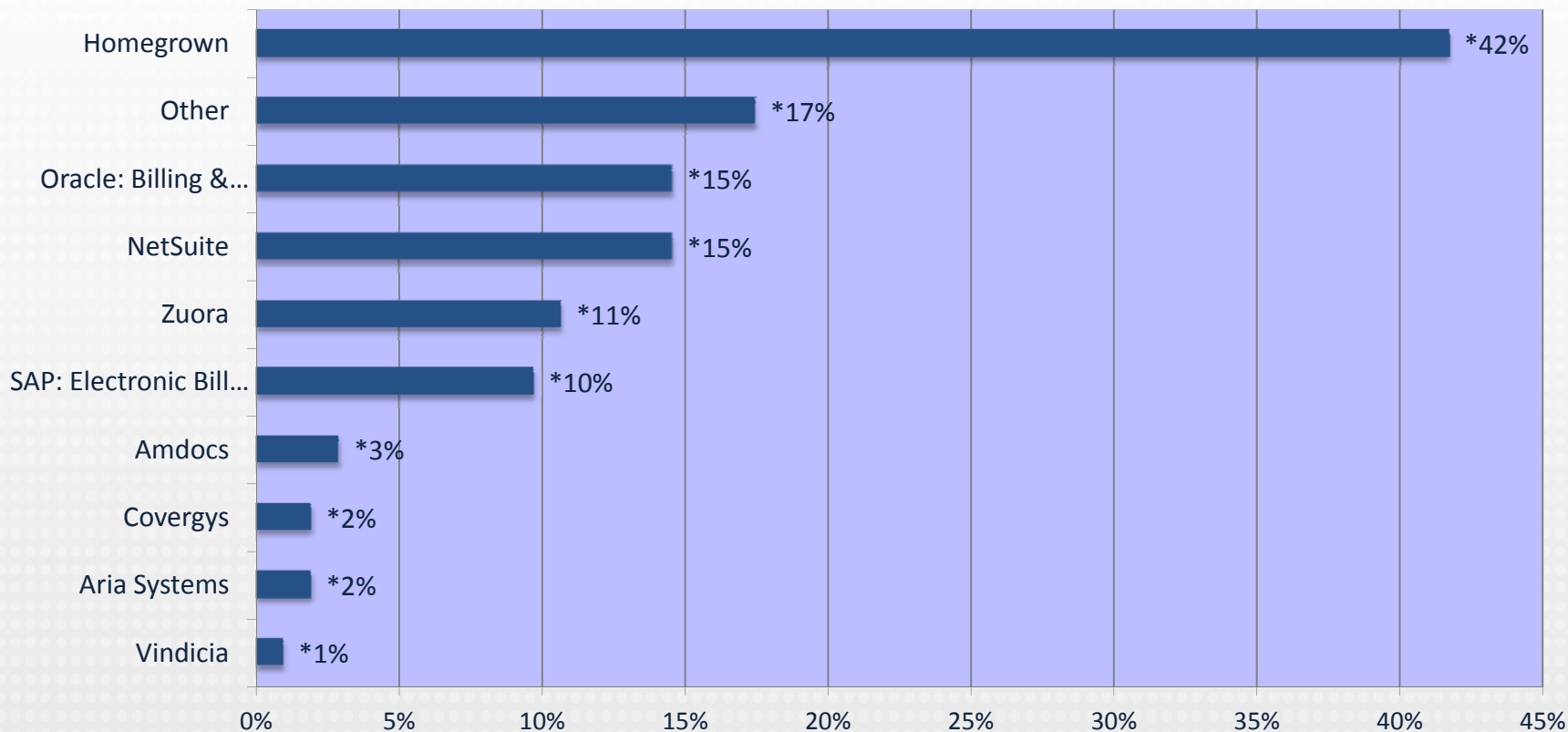
In general, how satisfied are you with your current recurring billing system?

(Rate 1 to 5, 1 = unsatisfied, 5 = very satisfied)



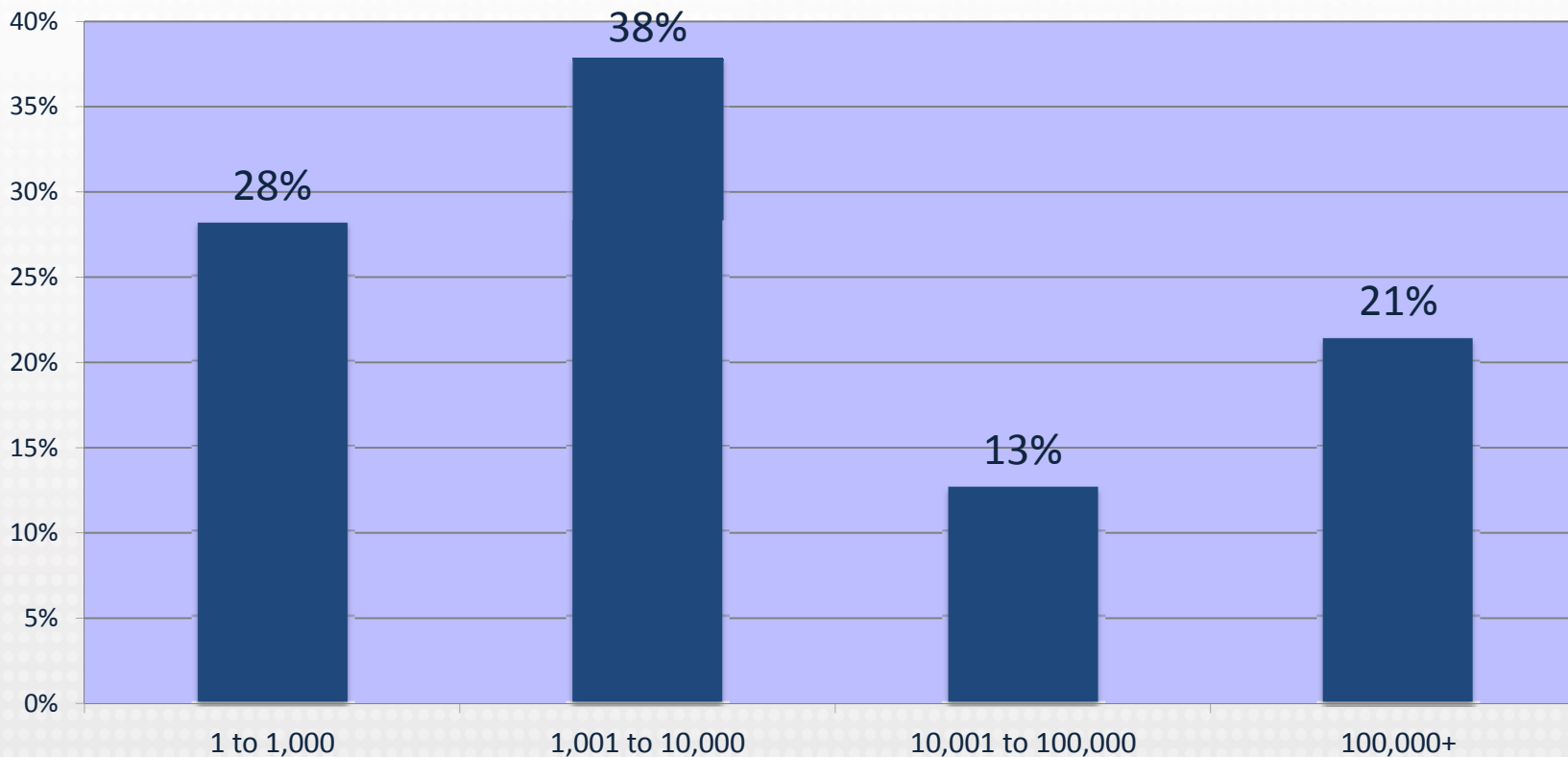
*33% report to being barely or less than satisfied with their current recurring billing system. * 25% of those queried did not answer*

Which of the following billing systems are present in your organization?



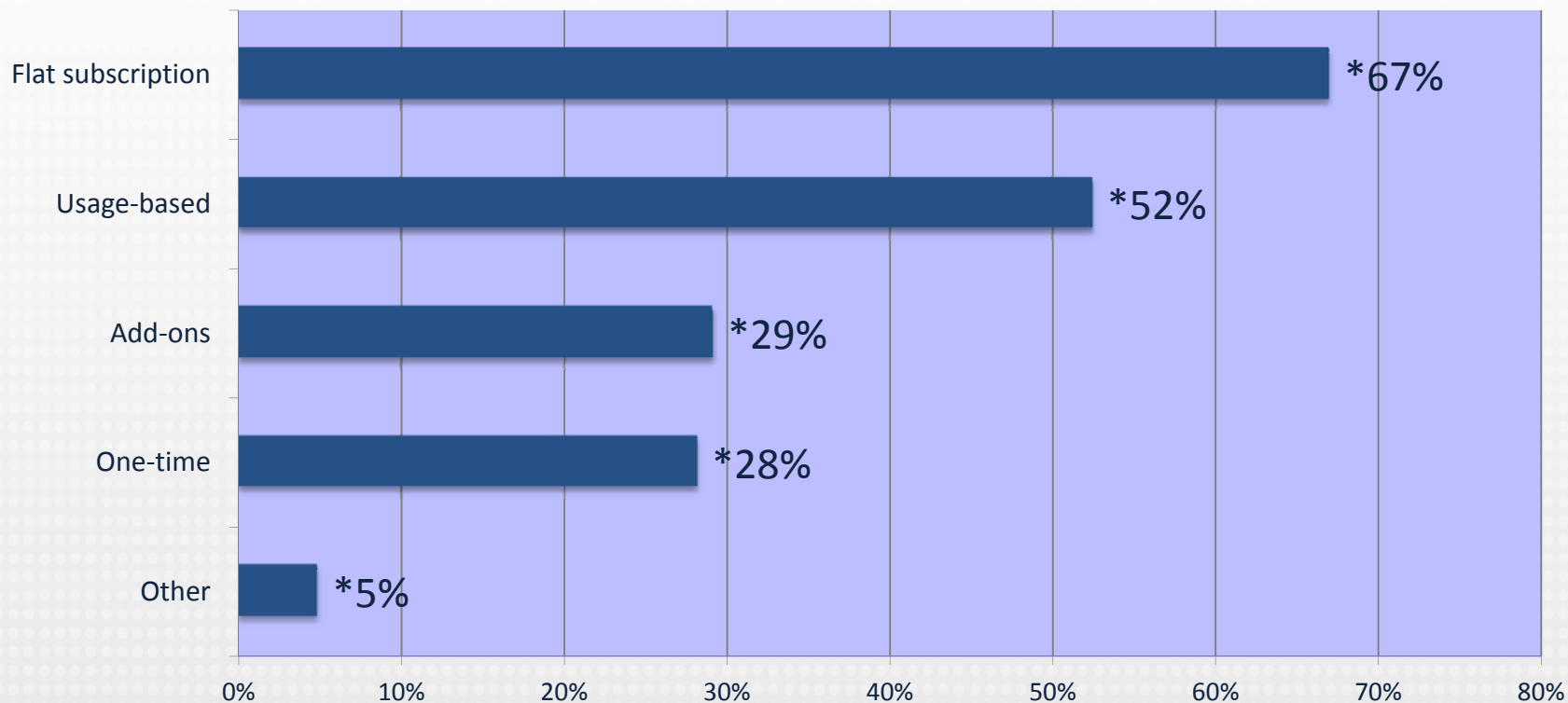
*42% of respondents use homegrown billing systems in their organizations. No one vendor dominates in the rest of the market. * Respondents chose one or more answers*

How many subscribers do your systems currently manage annually?



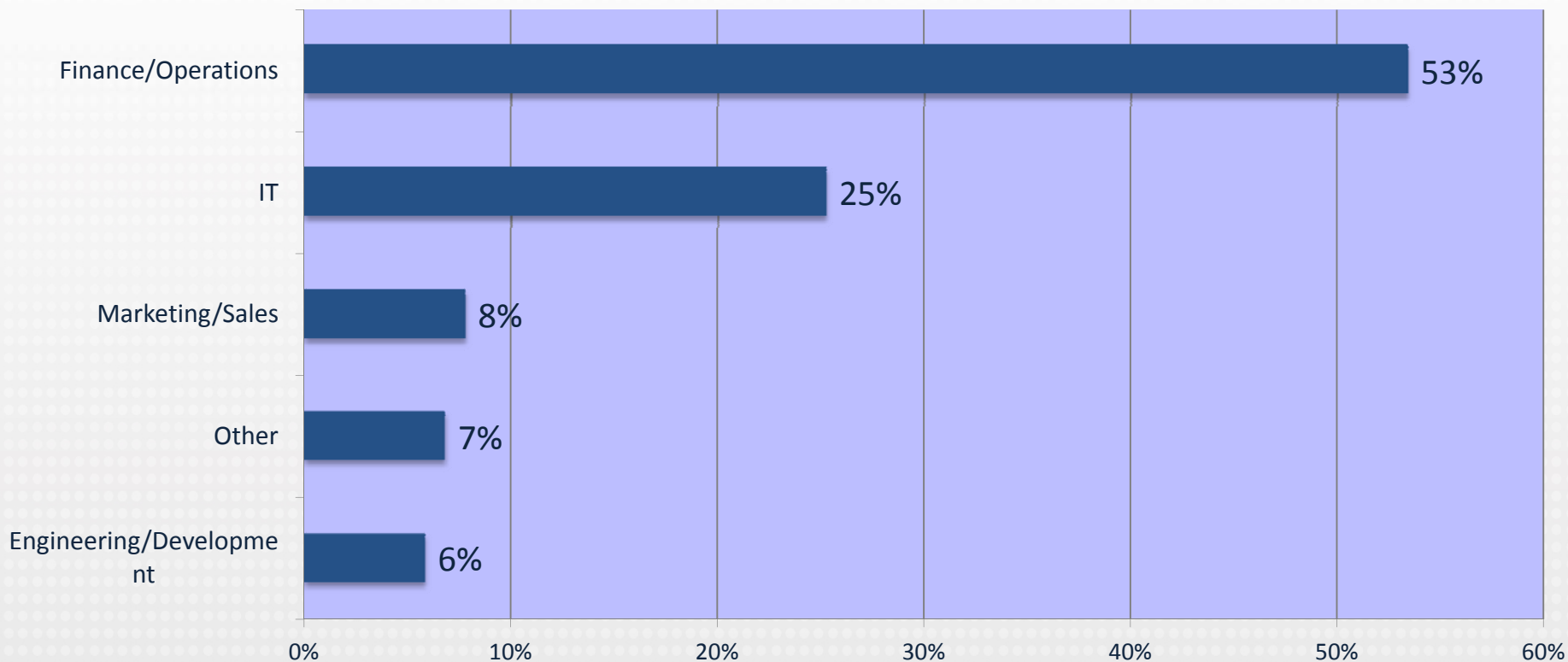
34% manage more than 10,000 subscribers.

What types of invoicing best describes your recurring revenue model?



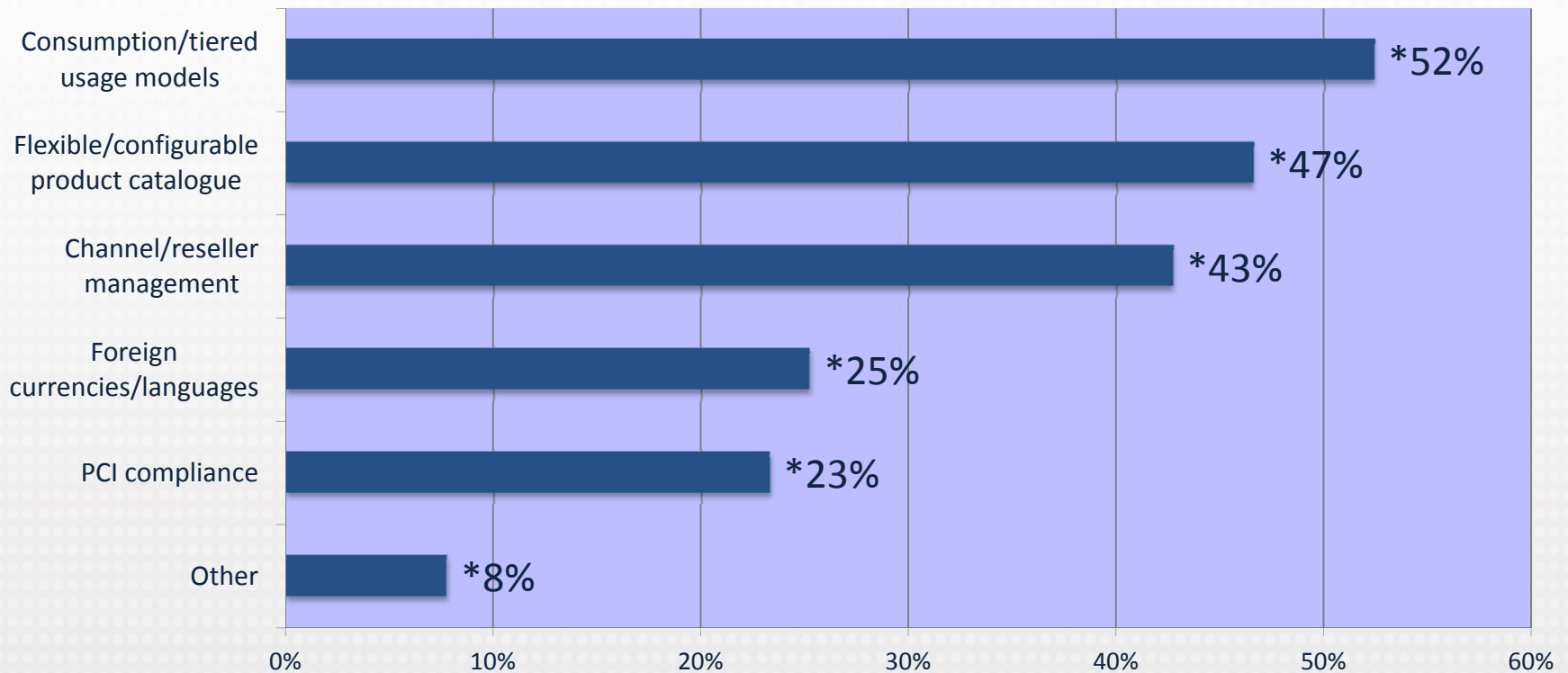
*67% of respondents invoice using a flat recurring revenue model. * Respondents chose one or more answers*

Which department in your company is responsible for managing your recurring billing system?



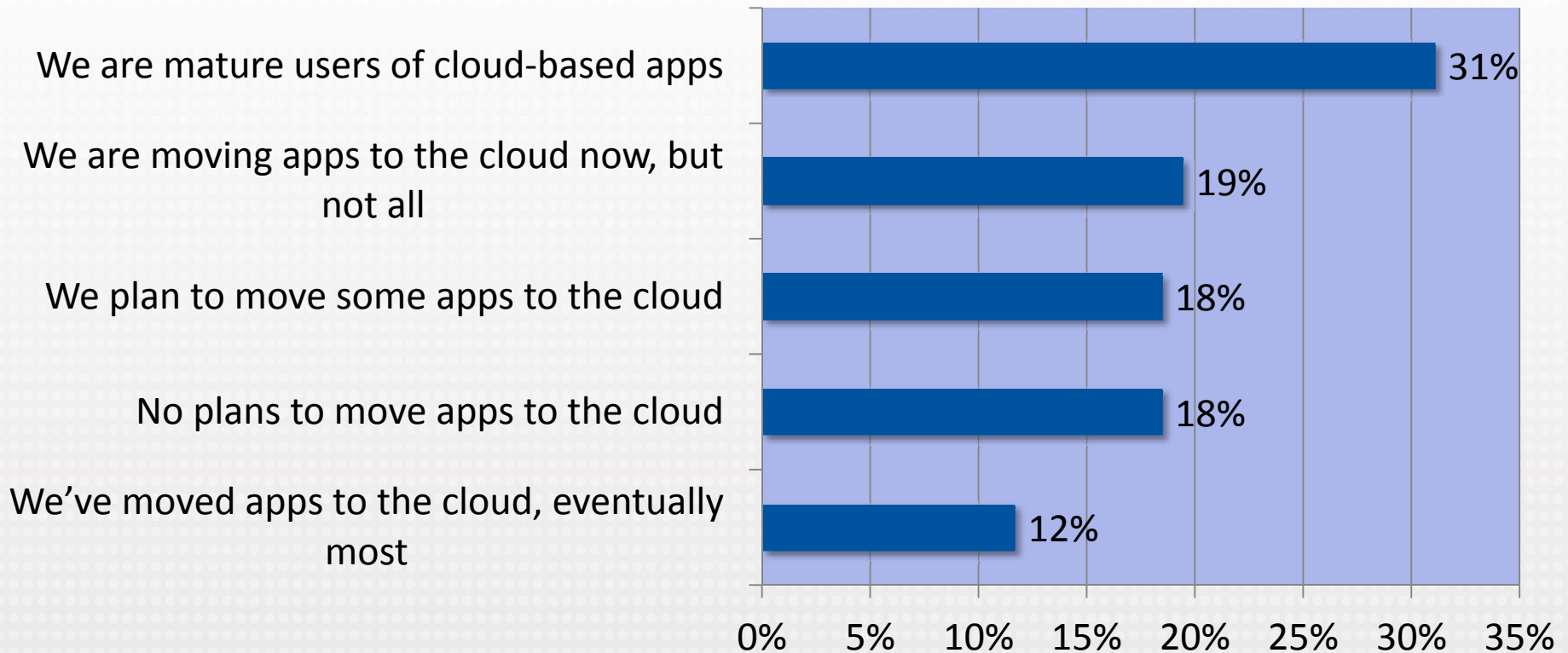
Finance and IT manage most companies' recurring billing systems.

What capabilities are or would be most valuable for your recurring revenue model?



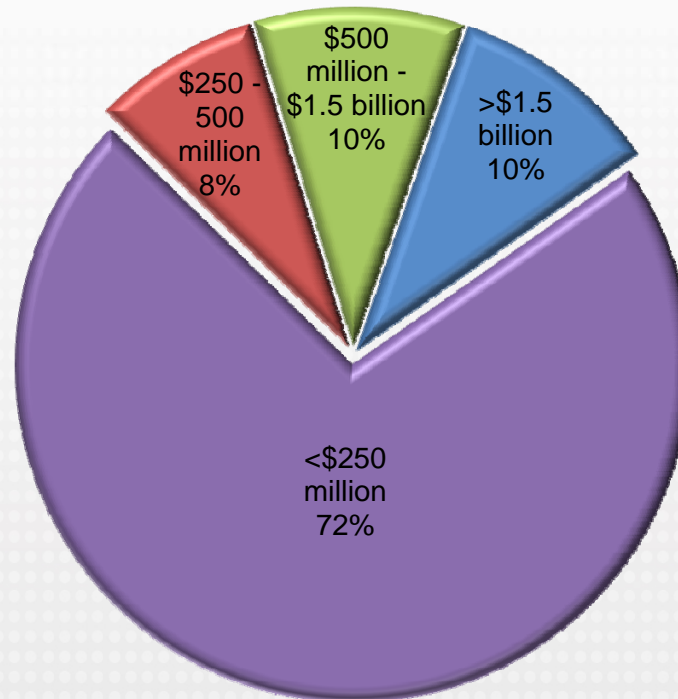
*Respondents most value tiered usage models, a flexible product catalogue, and channel/reseller management. * Respondents chose one or more answers*

Where is your organization with regards to adoption of SaaS or cloud-based billing solution services?



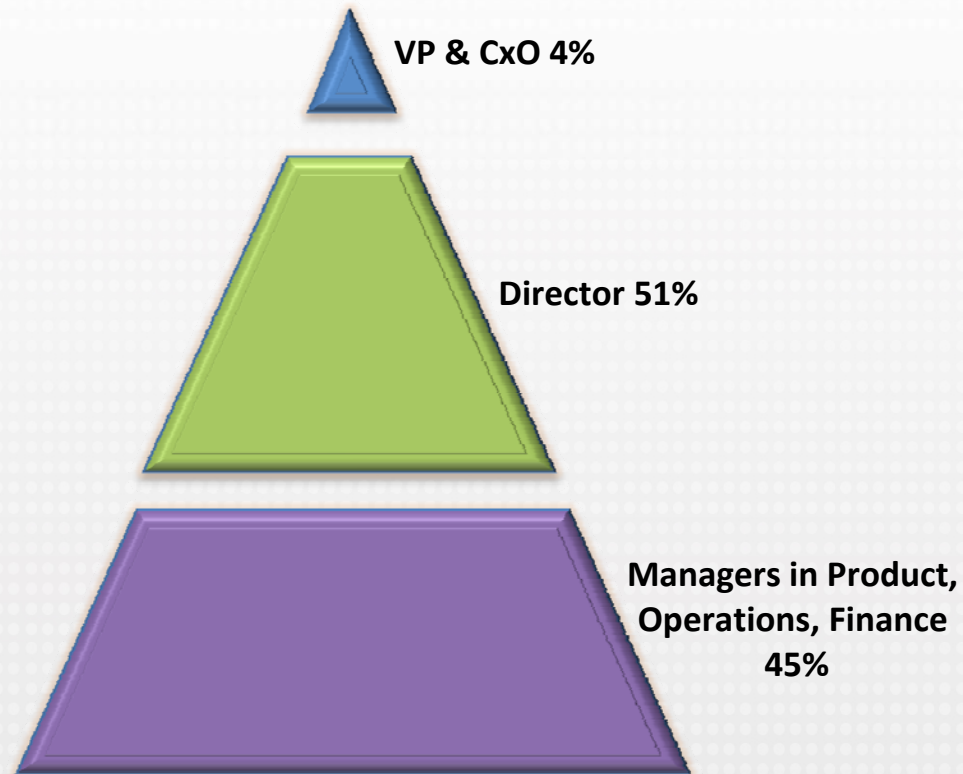
80% of respondents use or plan to use SaaS or cloud-based billing solution services.

Profile of Respondents: Revenue



72% of respondents come from companies with revenues less than \$250 million.

Profile of Respondents: Job Level



Responders are primarily Managers and Directors with product, operations, and finance functions.



Aria Systems sponsored this survey. Aria provides cloud billing for recurring revenue management. The Aria Cloud Billing Platform is the industry's only enterprise class solution that transforms billing into a strategic advantage for enterprises. For more info, visit www.AriaSystems.com



Gatepoint Research, a subsidiary of [SimplyDIRECT](http://SimplyDIRECT.com), designs, drafts and deploys opt-in, invitation-only surveys to management-level executives within leading technology companies. Using web, phone and email-based data collection its cutting-edge IT trends research and data analysis help in the generation of custom reports and thought-leadership content. Gatepoint has deployed over 500 surveys since 2000 and engages over 10,000 decision-makers each year.

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