Our agenda for today

1. Impact of COVID on SaaS subscriptions

2. Reducing active churn

3. Reducing delinquent churn

chameleon

Speaker introductions

Pulkit Agrawal

Co-founder & CEO

Chameleon

Patrick Campbell

Co-founder & CEO

ProfitWell

chameleon

COVID has created real changes in ways of working

1. Users are people first; health & wellness primary importance (> than product)

2. Lifestyles and working practices are changing

3. Lot of flux and uncertainty (jobs, workflows, budgets, planning)

4. Businesses are under cost-pressure

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Let's review how this shows up in
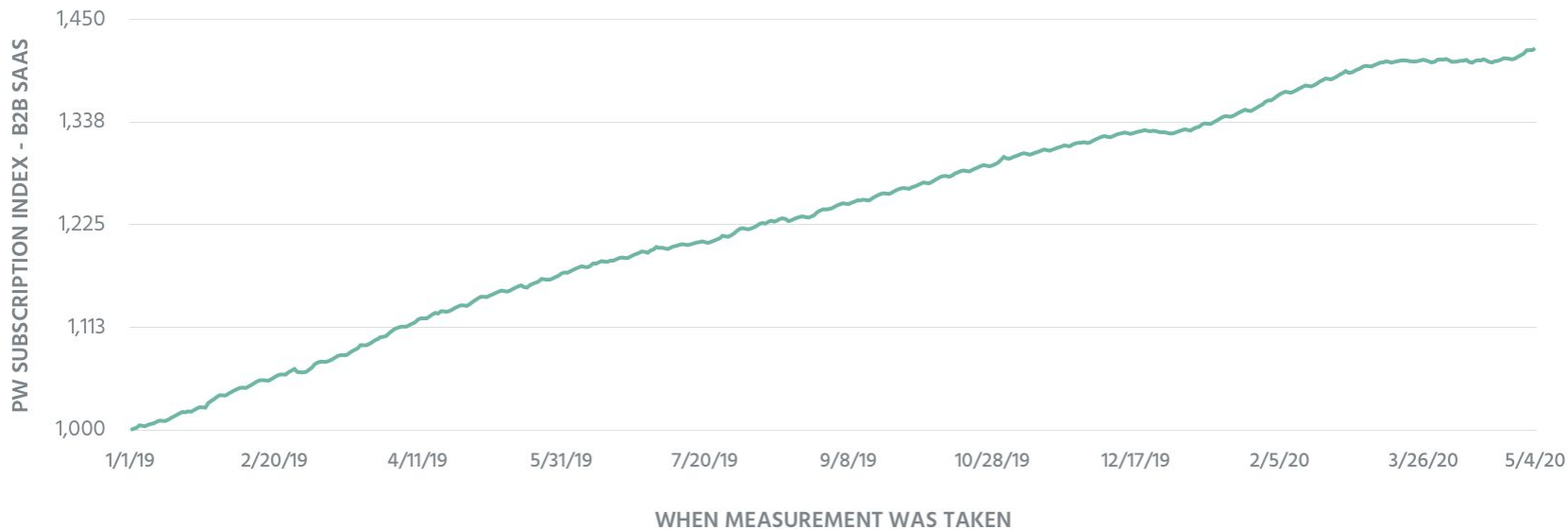
SaaS subscription data from ProfitWell

WHAT DID WE DO TO COME UP WITH THIS INDEX

- Took 15k+ Subscription companies and aggregated their growth, breaking it down on a daily basis

- Cleaned, took out outliers, and did some function fitting. Segmented the heck out of it.

- Broke this down as an overall growth index (aggregated MRR and tracked the same batch of companies over time)

- Broke down new revenue, loss revenue, and aggregate daily growth
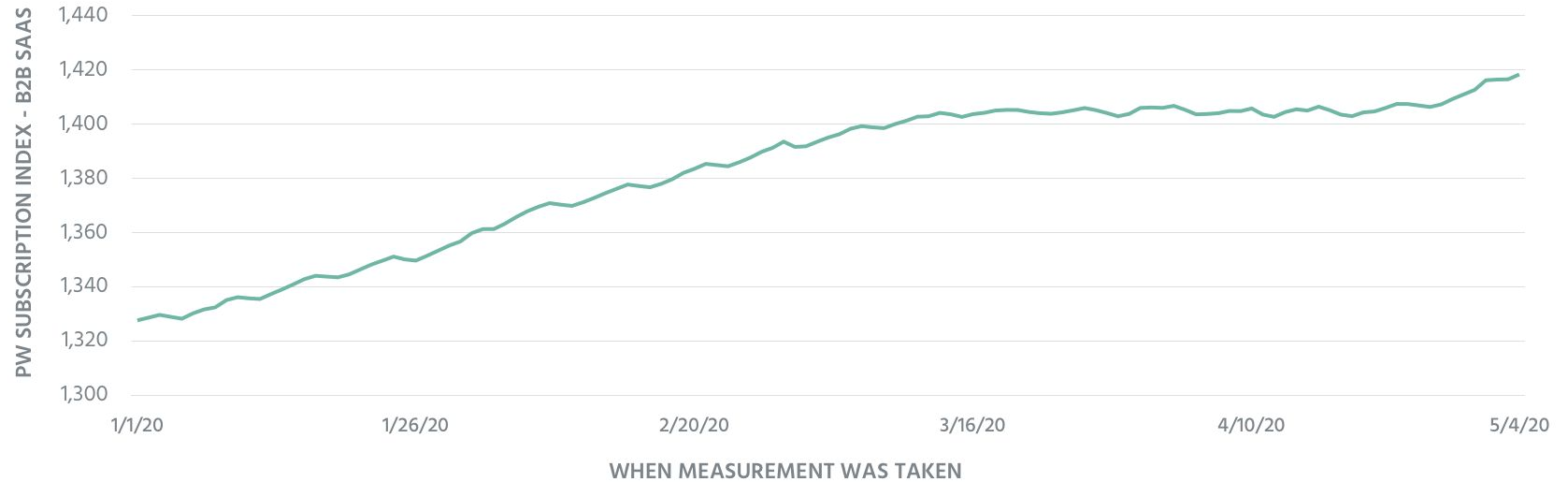
PW SUBSCRIPTION INDEX

B2B SaaS PW Index

Here we're looking at an aggregate of all B2B SaaS companies on PW with their MRR tracked since January 1, 2019. Note that this mixes in companies of all sizes, types, etc - although outliers are removed.
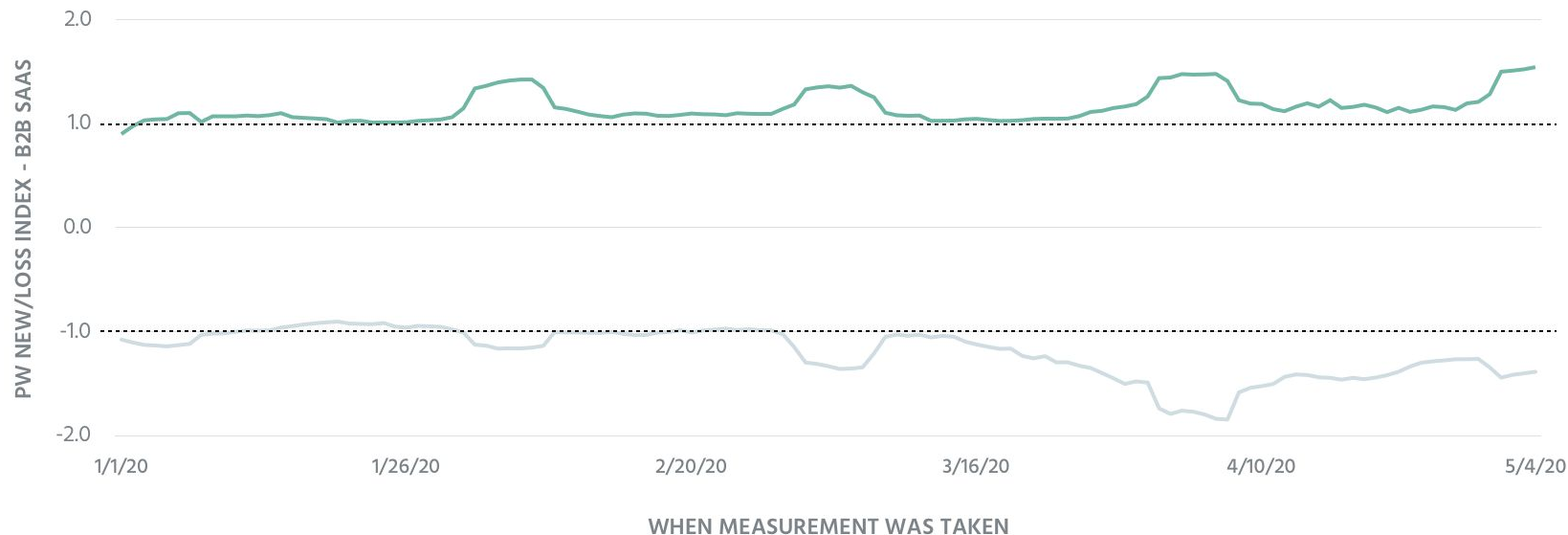
PW SUBSCRIPTION INDEX - B2B SAAS

1,450

1,338

1,225

1,113

1,000

1/1/19   2/20/19   4/11/19   5/31/19   7/20/19   9/8/19   10/28/19   12/17/19   2/5/20   3/26/20   5/4/20

WHEN MEASUREMENT WAS TAKEN

PW SUBSCRIPTION INDEX

B2B SaaS PW Index

Here we're looking at an aggregate of all B2B SaaS companies on PW with their MRR tracked since January 1, 2020. Note that this mixes in companies of all sizes, types, etc - although outliers are removed.

WHEN MEASUREMENT WAS TAKEN

PW SUBSCRIPTION INDEX - B2B SAAS

Let's dig deeper

B2B PW New/Loss Index

Below you're looking at new revenue and lost revenue of all B2B SaaS companies on ProfitWell indexed since January 1, 2020. Note each data point is a seven day growth rate, which controls for seasonality.

MRR Gain Index
MRR Loss Index

PW NEW/LOSS INDEX - B2B SAAS

2.0

1.0

0.0

-1.0

-2.0

1/1/20   1/26/20   2/20/20   3/16/20   4/10/20   5/4/20

WHEN MEASUREMENT WAS TAKEN

This makes net not so good

B2B PW Growth Index

Below you're looking at daily growth rates of all B2B SaaS companies on ProfitWell indexed since January 1, 2020. Note each data point is a seven day growth rate, which controls for seasonality.

WHEN MEASUREMENT WAS TAKEN
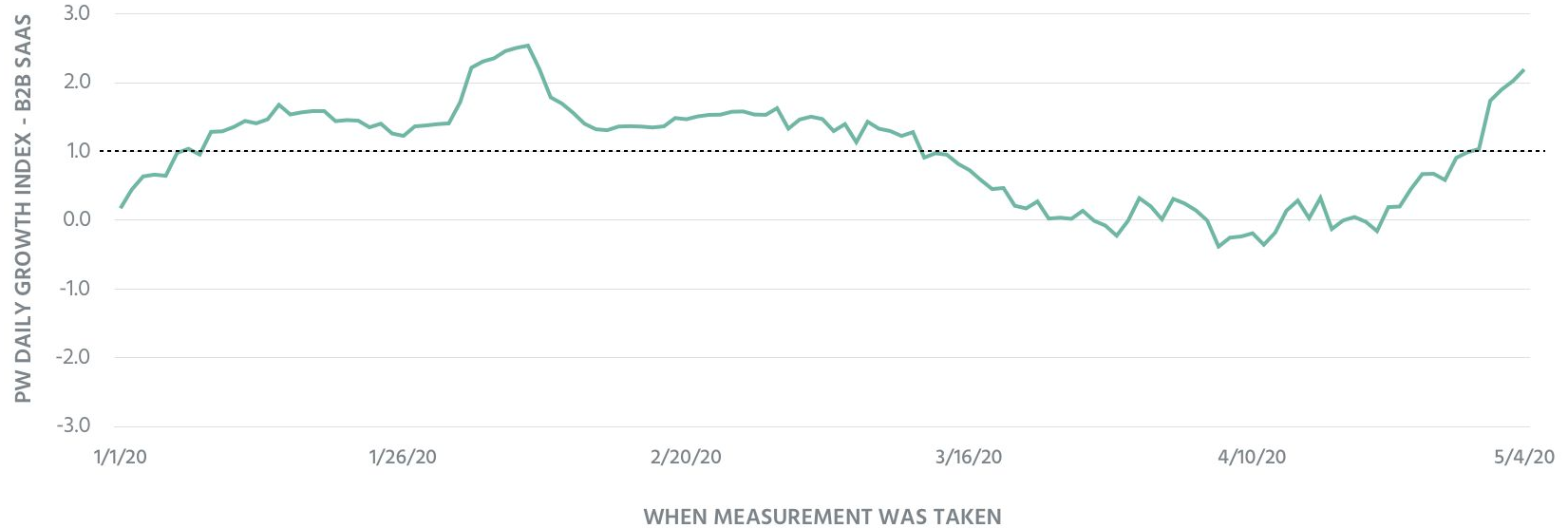
Cool - what do you take from all of this?

Customer retention is **critical** at this time.

So how do we improve retention?

Three pieces to Retention

Retention Consists of Three Main Parts

Active Churn

A subscriber actively choosing to end their subscription due to some sort of dissatisfaction or lack of use.

Retention Consists of Three Main Parts

Delinquent Churn

A credit card failing due to expiration, limits, or technical issues with gateway or processing company (130+ reasons this happens).

Active Churn

A subscriber actively choosing to end their subscription due to some sort of dissatisfaction or lack of use.

Gross Churn

Retention Consists of Three Main Parts

Delinquent Churn

A credit card failing due to expiration, limits, or technical issues with gateway or processing company (130+ reasons this happens).

Active Churn

A subscriber actively choosing to end their subscription due to some sort of dissatisfaction or lack of use.

Expansion

A subscriber expanding the amount of revenue they're providing you through upsell/ cross-sell or more usage.

Gross Churn

Let's review how we can prevent and deflect

active churn / product cancellations

3 key principles of product success

1. Know your customer

2. Understand product value

3. Connect customer to value

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Principles (1/3): Know your customer

1. **Know your customer** ⟶

2. Understand product value

3. Connect customer to value

- Which persona has strongest PM Fit?

- Do you know the value (CLV) for this?

- Is ICP / persona clearly defined?

- Are you capturing persona data? Can you target based on this data?

- Do you have quant data for engagement?

- Do you have qual data for intent?

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Principles (2/3): Understand product value

1. Know your customer

2. Understand product value ⟶

3. Connect customer to value

- Why do users come? Why do they stay?

- What are the key "aha" moments?

- What is your engagement metric?

- What actions (events) are tied to value?

- Can you identify which customers are not getting sufficient value today?

- Do you have a health dashboard?

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Principles (3/3): Connect customer to value

1. Know your customer

2. Understand product value

3. **Connect customer to value** ⟶

- What prevents people getting to "aha"?

- Behavior = Motivation - Friction

- What are users motivated by?

- Product friction can take many forms; where does it exist?

- What is the best content and channel to remove / reduce product friction?

- This might vary based on persona!

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Now how can we apply these principles in our products to reduce cancellations?

1: Employ in-product feedback throughout the user lifecycle

- Qualitative feedback (semi-structured or free-form) indicates the WHY behind what users are and are not doing

- Surveys → microsurveys

- Email → in-product

- Ad-hoc → event triggered

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PeopleGrove asked users how they wanted help

San Francisco Computer History Museum

cutive Education

More Info

Register

More Info

Browse All

PeopleGrove is dedicated to supporting you during COVID-19.

Please take this one-minute survey to help us understand how to help and support you.

👎 No thanks

👍 Yes please!

rkets

CT MANAGER ⭐

erprise-level technology
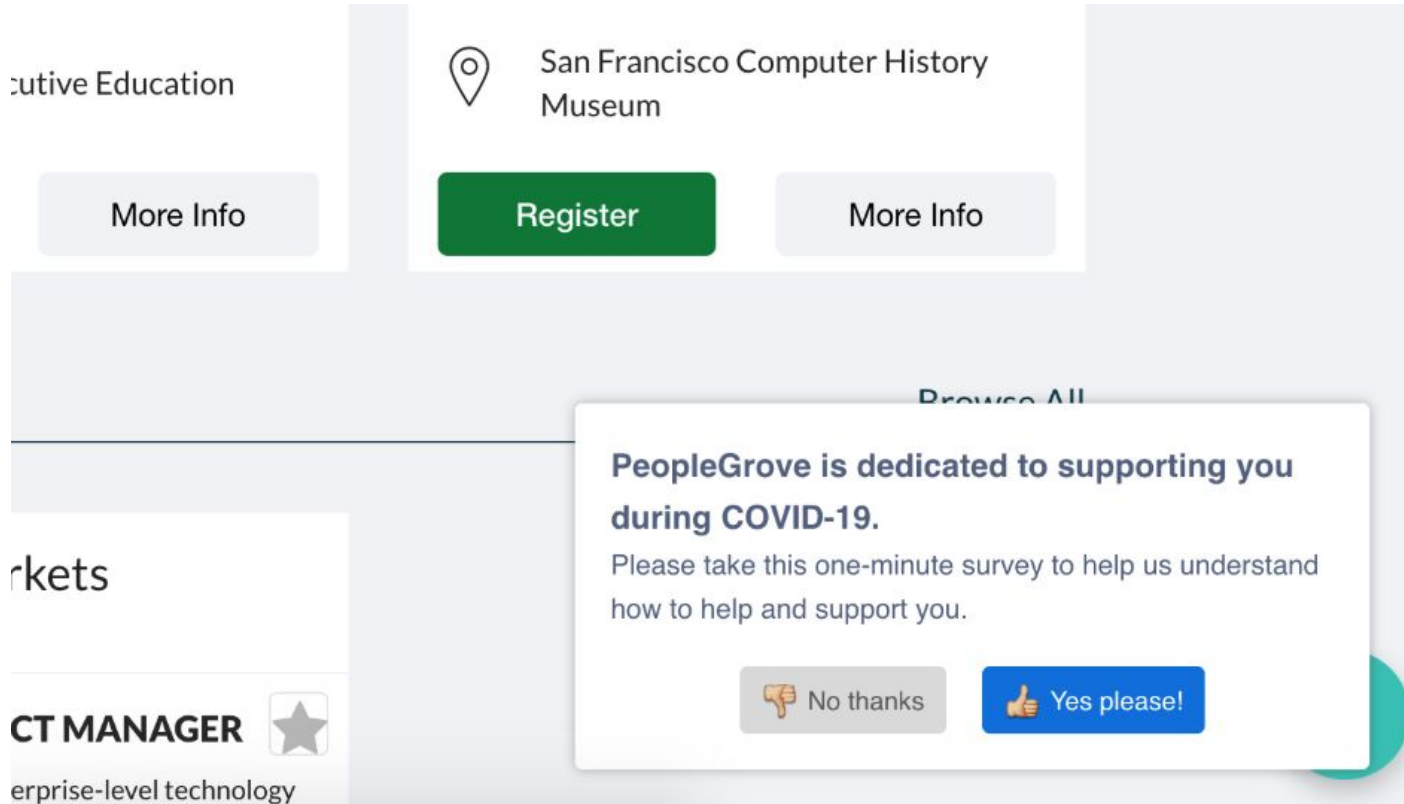
HubSpot collects sentiment during key flows

2. Proactively signpost value in the product

- It's not just about activating users, product tours or feature launches

- Self-serve learning is key

- You need to offer in-line education and in-product marketing (i.e. advertise your key features inside your product) to drive continued discovery

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Airtable prioritizes learning resources in the nav
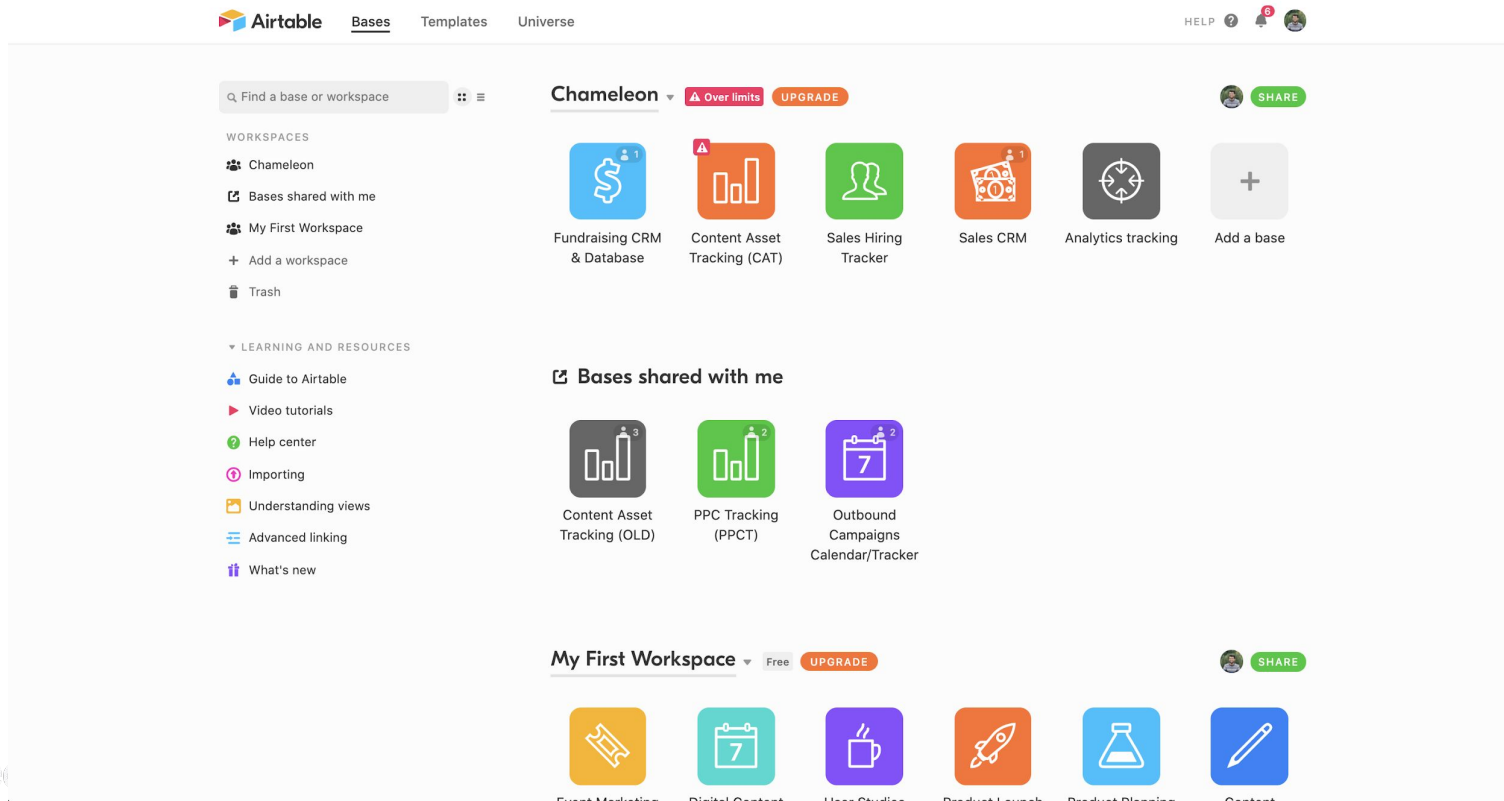
WordPress shows off key docs through a Launcher
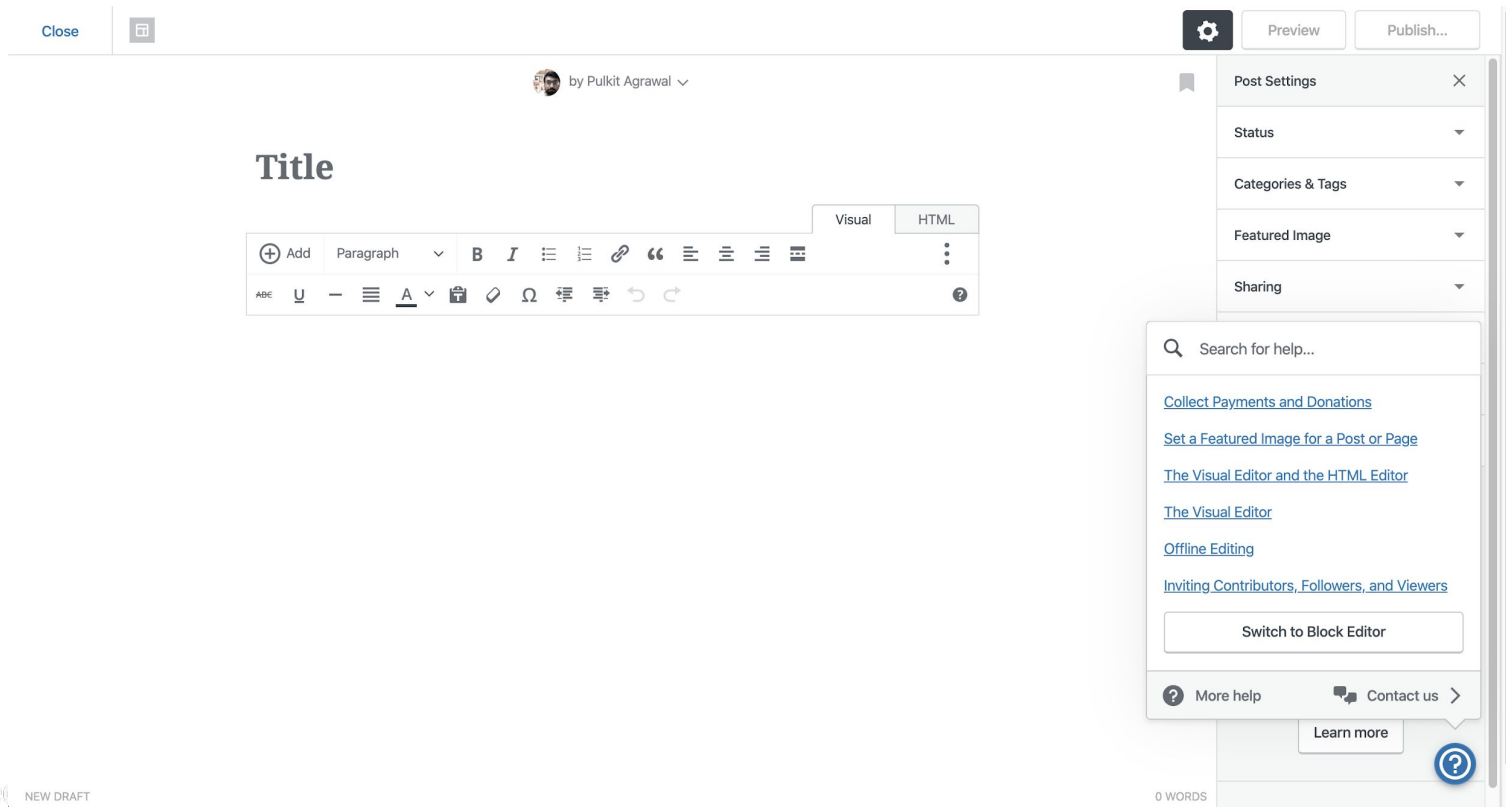
Clearbit provides a self-serve log of product updates

LivePlan offers additional value through webinars

Mixpanel offers self-serve learning with product tours
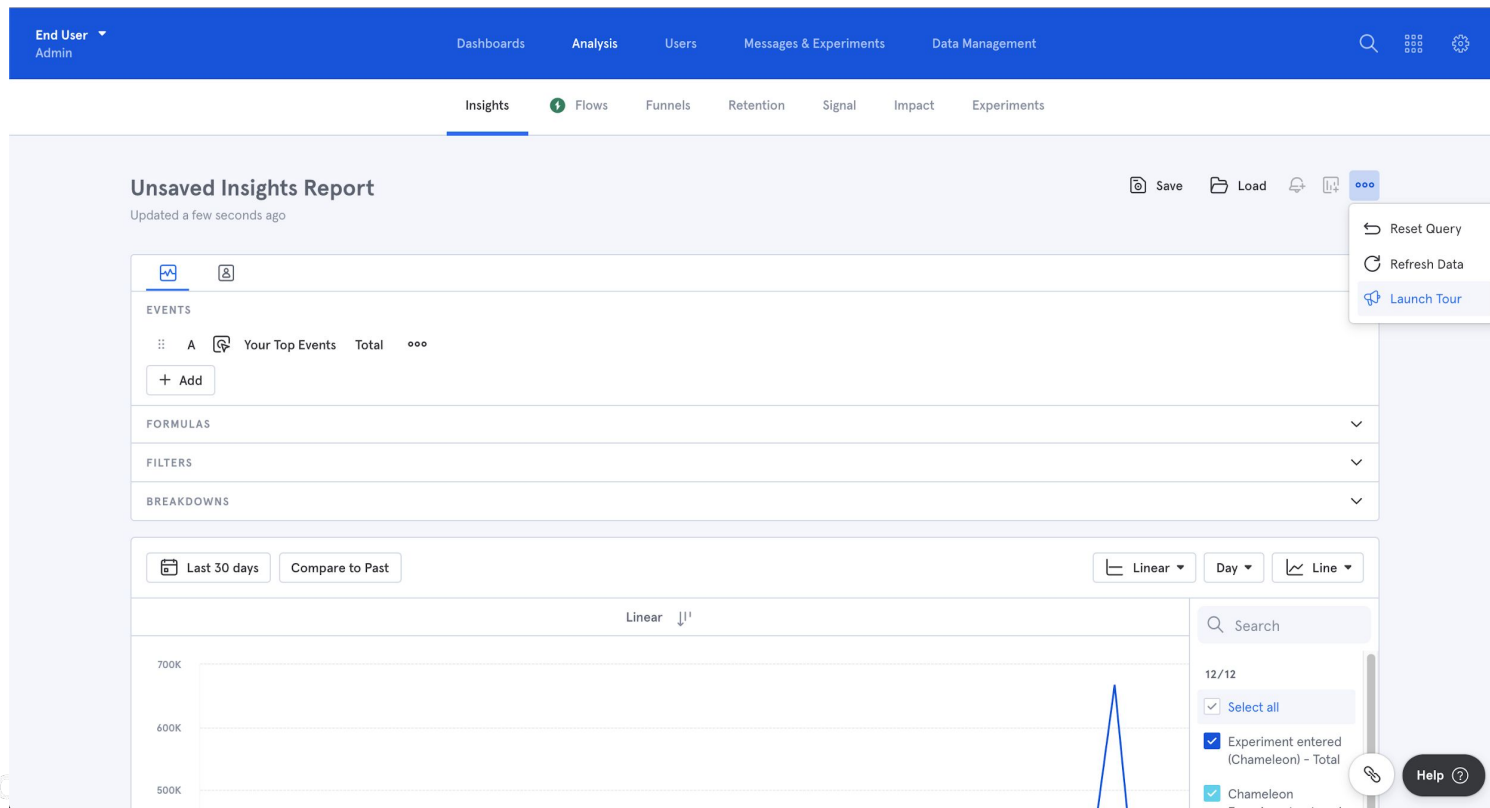
3: Deflection within cancellation flows

- Map the cancellation journey and all the decision points

- Understand the reasons for cancellation and mitigate against

- Offer a soft-landing where possible

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TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave

- Take button off website
- Redo the flow

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE
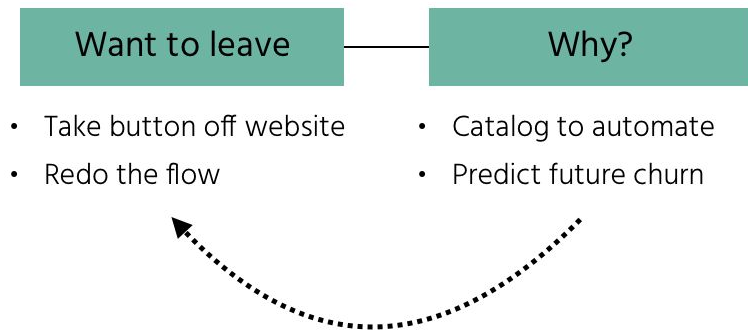
Want to leave —— Why?

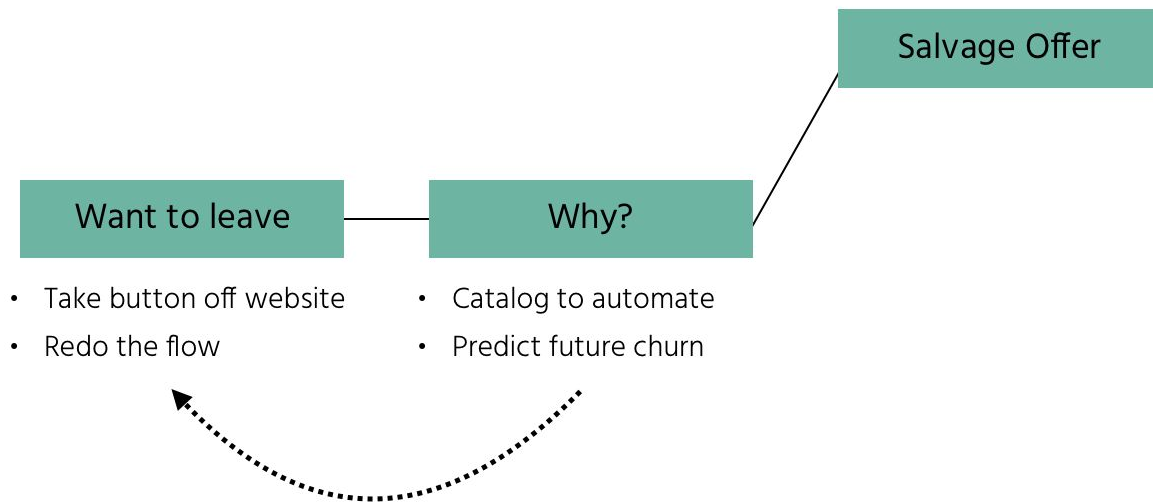- Take button off website
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TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave —— Why?

- Take button off website
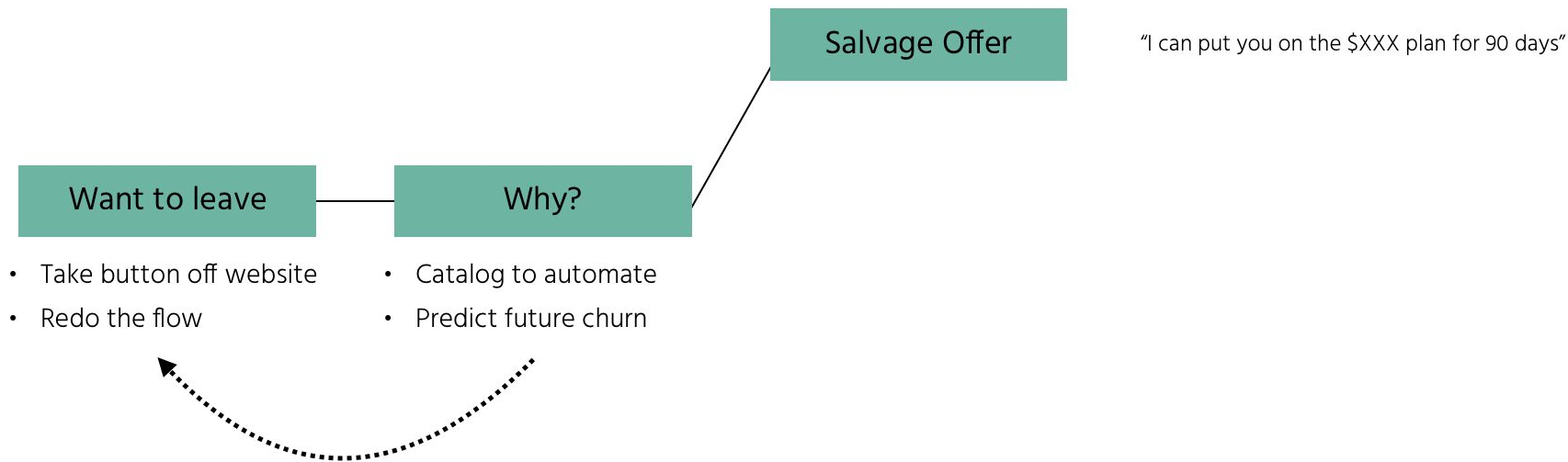- Redo the flow

- Catalog to automate
- Predict future churn
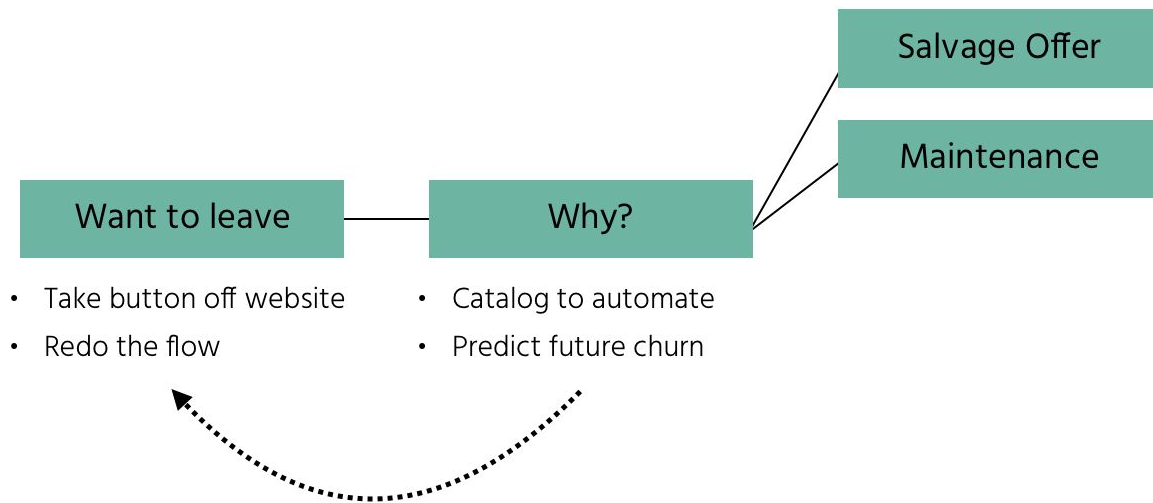
TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave	Why?

- Take button off website
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TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Salvage Offer

Want to leave

Why?

- Take button off website
- Redo the flow

- Catalog to automate
- Predict future churn

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Salvage Offer

"I can put you on the $XXX plan for 90 days"

Want to leave

Why?

- Take button off website
- Redo the flow

- Catalog to automate
- Predict future churn

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Salvage Offer

"I can put you on the $XXX plan for 90 days"

Maintenance

Want to leave

Why?

- Take button off website
- Redo the flow

- Catalog to automate
- Predict future churn

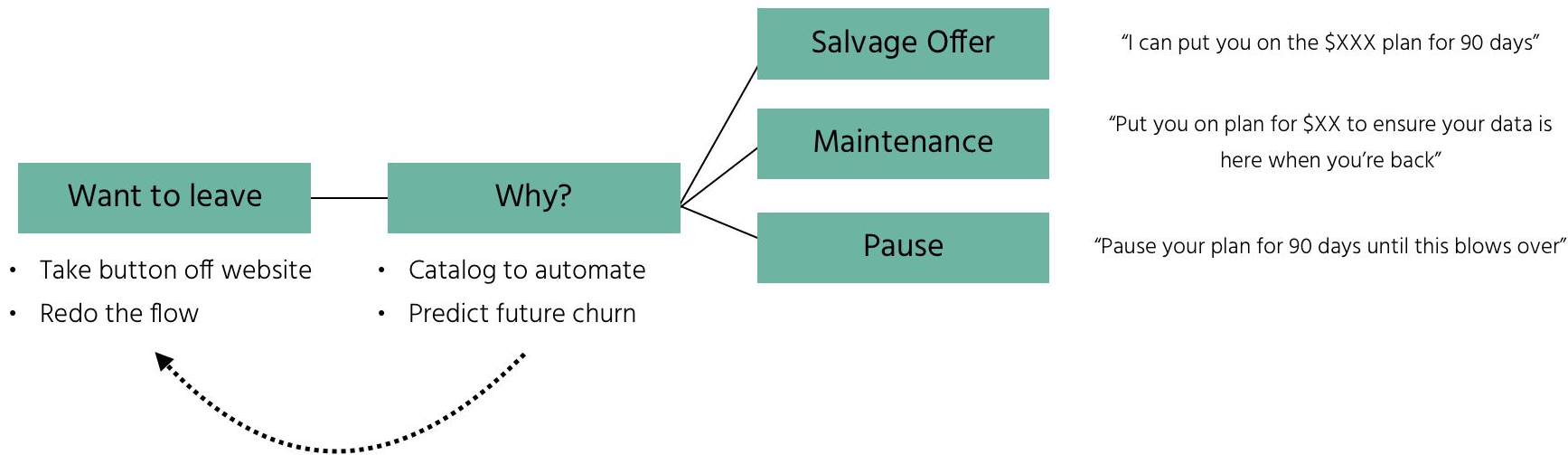# TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Salvage Offer

"I can put you on the $XXX plan for 90 days"

Maintenance

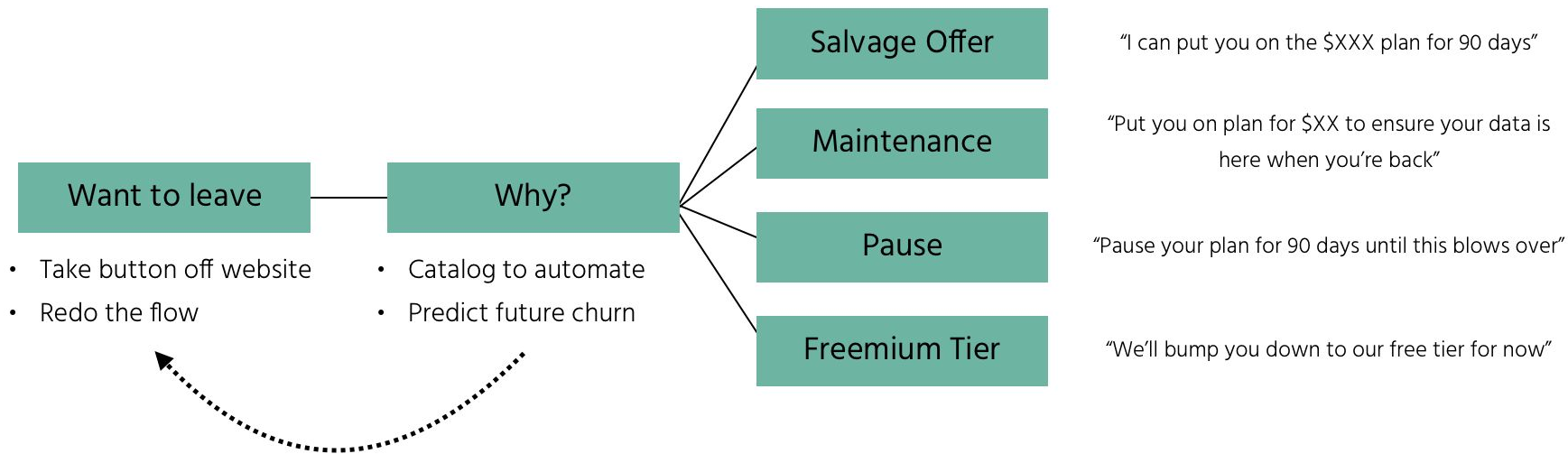"Put you on plan for $XX to ensure your data is here when you're back"

Want to leave

Why?

- Take button off website
- Redo the flow

- Catalog to automate
- Predict future churn

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave — **Why?**

- Take button off website
- Redo the flow

- Catalog to automate
- Predict future churn

Salvage Offer

Maintenance

Pause

"I can put you on the $XXX plan for 90 days"

"Put you on plan for $XX to ensure your data is here when you're back"

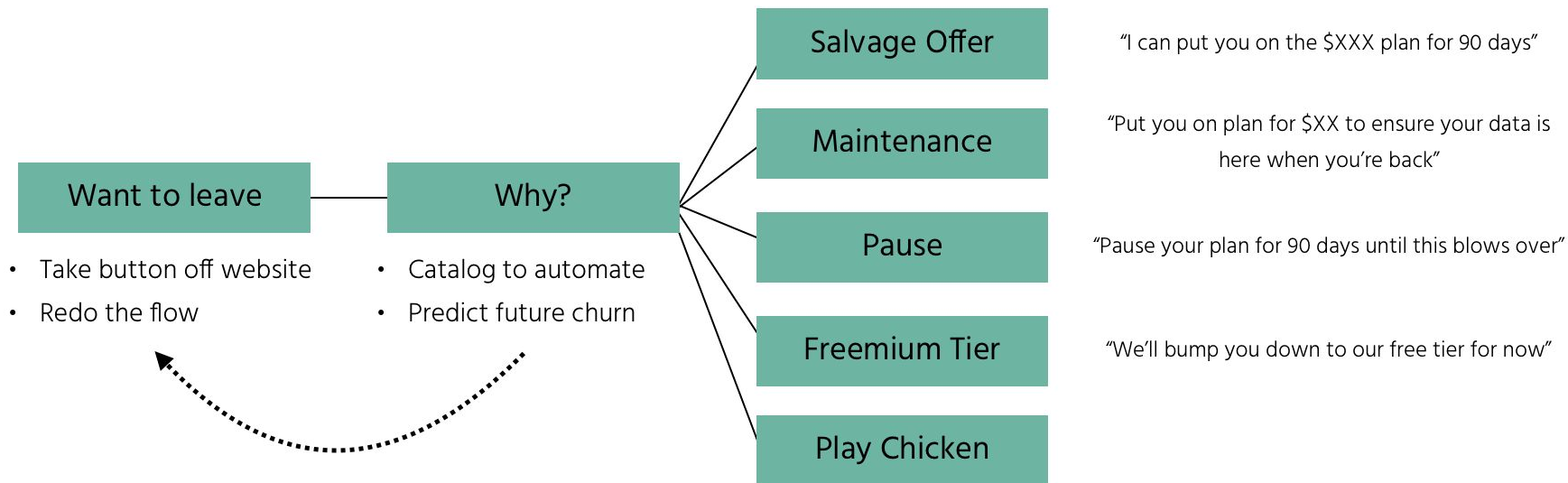# TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave — Why?

- Take button off website
- Redo the flow

- Catalog to automate
- Predict future churn

Salvage Offer — "I can put you on the $XXX plan for 90 days"

Maintenance — "Put you on plan for $XX to ensure your data is here when you're back"

Pause — "Pause your plan for 90 days until this blows over"

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave

- Take button off website
- Redo the flow

Why?

- Catalog to automate
- Predict future churn

Salvage Offer

"I can put you on the $XXX plan for 90 days"

Maintenance

"Put you on plan for $XX to ensure your data is here when you're back"

Pause

"Pause your plan for 90 days until this blows over"

Freemium Tier

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

— YOUR EXPERIMENTAL DESIGN

Salvage Offer — "I can put you on the $XXX plan for 90 days"

Maintenance — "Put you on plan for $XX to ensure your data is here when you're back"

Want to leave — **Why?**

Pause — "Pause your plan for 90 days until this blows over"

- Take button off website
- Redo the flow

- Catalog to automate
- Predict future churn

Freemium Tier — "We'll bump you down to our free tier for now"

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave

- Take button off website
- Redo the flow

Why?

- Catalog to automate
- Predict future churn

Salvage Offer — "I can put you on the $XXX plan for 90 days"

Maintenance — "Put you on plan for $XX to ensure your data is here when you're back"

Pause — "Pause your plan for 90 days until this blows over"

Freemium Tier — "We'll bump you down to our free tier for now"

Play Chicken

TRIAGING CHURN TO LOSE AS LITTLE CUSTOMERS AS POSSIBLE

Want to leave

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Why?

- Catalog to automate
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Salvage Offer

"I can put you on the $XXX plan for 90 days"

Maintenance

"Put you on plan for $XX to ensure your data is here when you're back"

Pause

"Pause your plan for 90 days until this blows over"

Freemium Tier

"We'll bump you down to our free tier for now"

Play Chicken

"We'll be here for whenever you want to get started again"

Optimize quarterly, annuals, or term.

30% lower churn than monthly

Longer term increases cash flow

Save money on your Blendjet subscription

ryan@blendjet.com to me

Tue, June 15, 04:21PM

Hey Steve,

Thanks for being a fan of Blendjet. You've been with us for quite a while and I'm hoping you have plans to use Blendjet for the next year.

Just wanted to let you know that you can get 2 free months on your subscription by upgrading to an annual plan ($950.40). Just click here and we'll take care of the rest.

—

Ryan
Founder, Blendjet

blendjet™

Reply   Forward

M Save money on your Blendjet s...   BlendJet® - The World's Most...   +

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Apps   Briggs   k Kindle: Your Note...   Site administratio...   Retain Billing Stan...   Price Intelligently...   Retain 2.0 Results...   ProfitWell   unn   BI No alt text provide...   Industry Tagging -...   ocs   8941 Mindvalley -...   Edit Page | Chargify   e   »

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CANCEL   CONFIRM

Questions? Contact Us

Jen S   Gym

Blend you   e blender.

GET YOURS TODAY →

Let's look at other examples of how companies are handling cancellation flows

Gusto proactively offers alternative payment options

Harvest offers a compelling alternative to cancelling

Zapier shows a high-contrast deflection modal
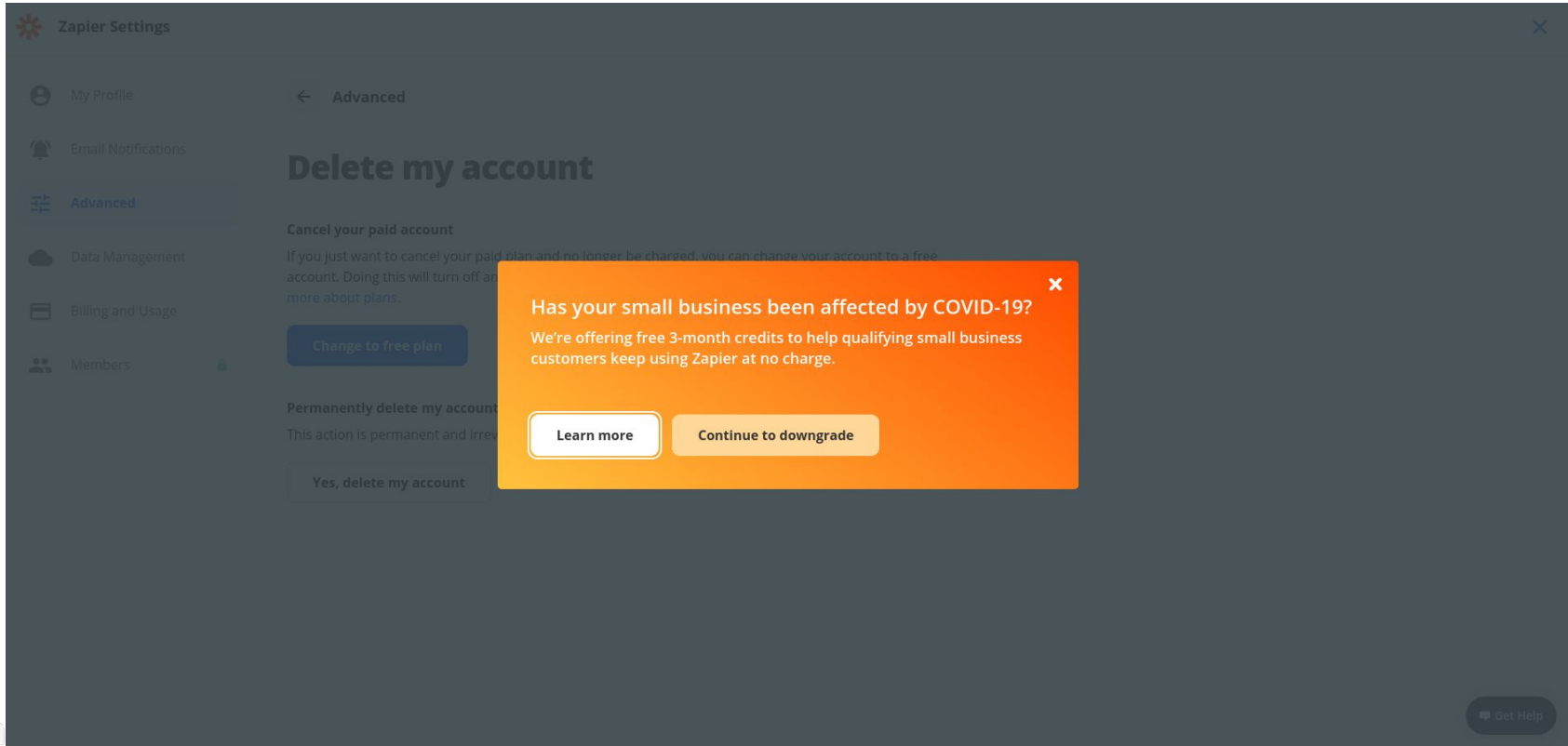
Ahrefs offers the option to chat

Algolia disables Delete until feedback is collected

Pulkit Agrawal

Account details

Applications

Team

Notifications

Contacts

Support

← Back to my application

Chameleon

Delete account   ✕

Feedback *

Pricing – Don't see the value   ⌃⌄

What should we improve?
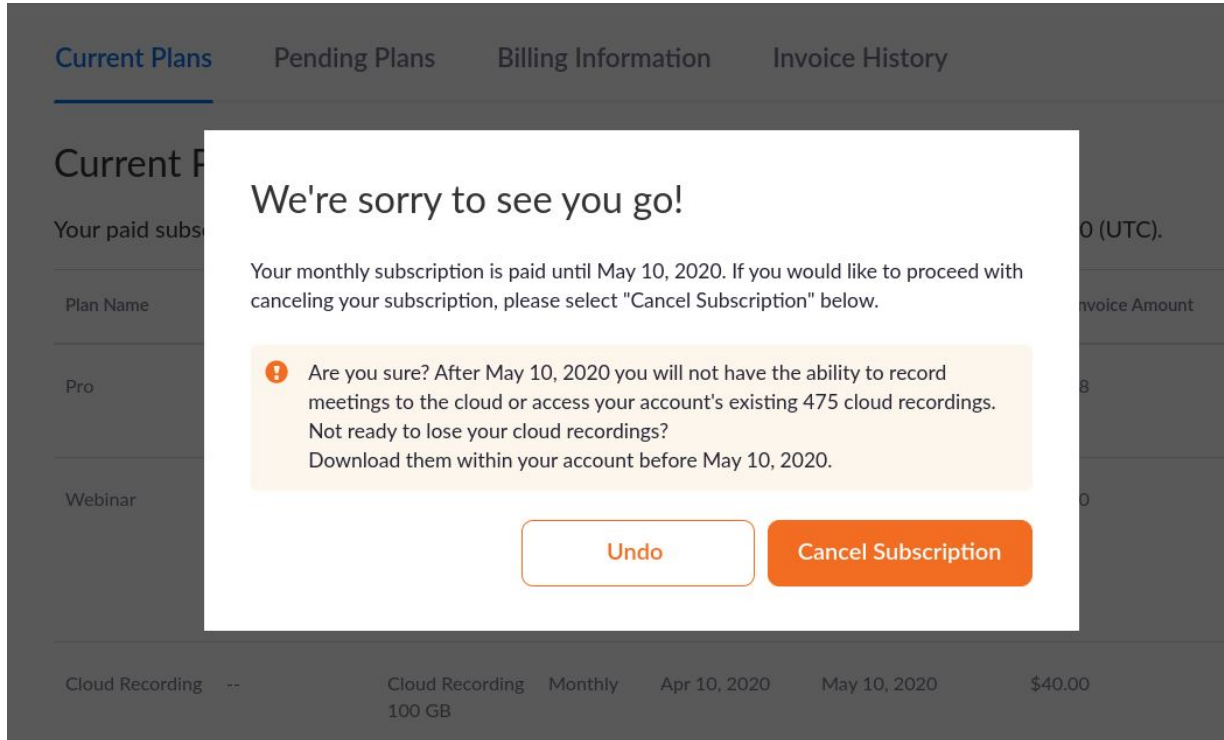
Since COVID, we have higher spening priorities

Password reconfirmation

This is required for account owner verification and prevention of unauthorized account deletion.

Cancel   Delete

Enable

chameleon

Zoom pulls in attributes from the user's account

Now let's briefly look at delinquent churn

(payment failures)

30-40% of your churn is from payment failures

Dlq churn accounts for 30-40% of churn in B2B

Delinquent churn accounts for 20-40% of overall churn in B2B and appears to grow significantly as a proportion of total churn as a company becomes larger. The recovery rate on this churn is less than 20%.

■ Delinquent Churn ■ Active Churn

N
489

% OF TOTAL CHURN

100%

78.11%
75%   71.981%
                                        68.058%
                                                        61.031%

50%
                                                        38.969%
                           31.942%
            28.019%
25% 21.89%

0%
    Less than $5M ARR $5.01 to $10M ARR $10.01 to $50M ARR $50.01M+ ARR
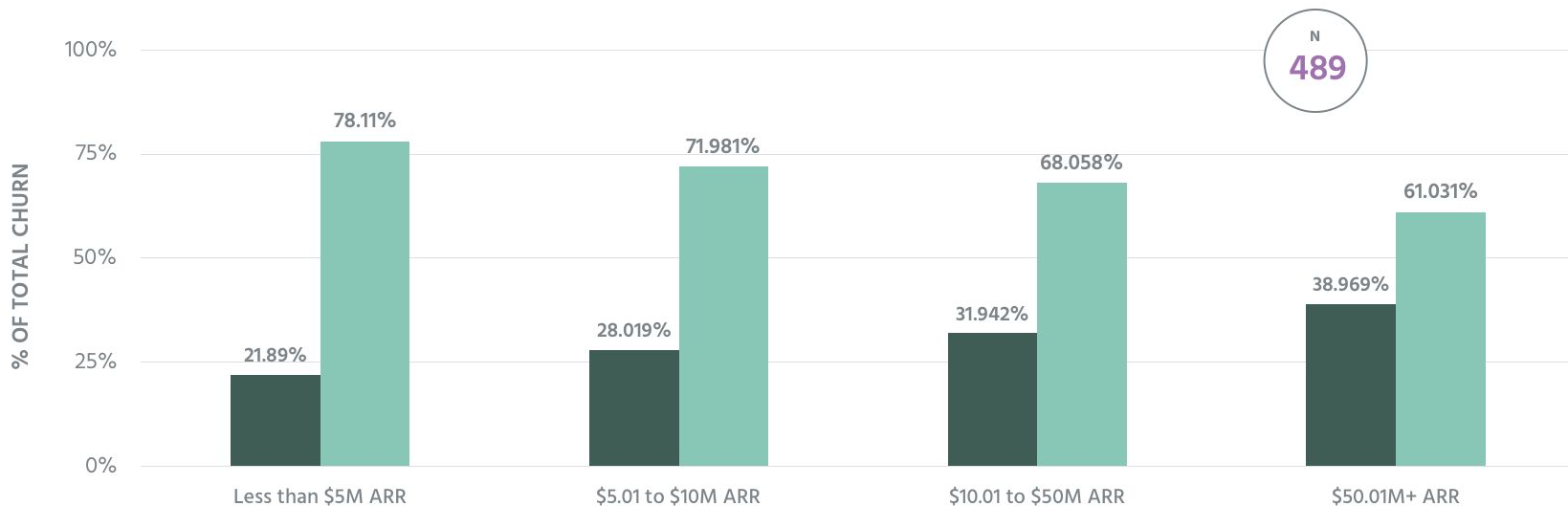
N = Minimum of 489 companies per segment pulled from the middle 2/3 of companies in terms of churn. This, along with a dampening model was used to control for outlier spikes in churn rate.

You need to treat these folks as a marketing channel.

It's a game of inches.

Reduce churn through targeted campaigns

+5%

EXPIRATION TRACKING

Utilizing historical and usage data, Retain monitors when the best time is to ask for an updated credit card from an expiring user.

POINT OF FAILURE

EMAIL AND IN-APP NOTIFICATIONS

LOCKOUT (OPTIONAL)

+5%

INTELLIGENT AT RISK MONITORING

SMART RETRIES

NO SIGN-IN NEEDED FORMS

DO NOT do pre-dunning emails

+11-18% in active churn

Reduce churn through targeted campaigns

POINT OF FAILURE

+5%
EXPIRATION TRACKING

EMAIL AND IN-APP NOTIFICATIONS

LOCKOUT (OPTIONAL)

+5%
INTELLIGENT AT RISK MONITORING

+10%
SMART RETRIES

Retain retries a customer's credit card when there's the highest chance of recovery.

NO SIGN-IN NEEDED FORMS

Reduce churn through targeted campaigns

POINT OF FAILURE

+5%
EXPIRATION TRACKING

+40%
EMAIL AND IN-APP NOTIFICATIONS

Message copy greatly influences recovery. Retain is constantly adjusting timing and content of notifications to optimize recovery.

LOCKOUT (OPTIONAL)

+5%
INTELLIGENT AT RISK MONITORING

+10%
SMART RETRIES

NO SIGN-IN NEEDED FORMS

DO NOT use stylized emails

Collection Attempt 1/4

EMAIL SUBJECT PREVIEW

Uh-oh! Your payment for Meetup failed.

EMAIL BODY PREVIEW

Hey Hiro,

Looks like your Meetup subscription payment of $99.99 didn't go through. Please update your information here and we'll give it another try!

Let us know if you have any questions. Happy to help.

--

Kate

Community Experience, Meetup

Collection Attempt 1/4

EMAIL SUBJECT PREVIEW

2nd notice: Another unsuccessful payment for your Meetup subscription

EMAIL BODY PREVIEW

Hey Hiro,

Just retried to process your $99.99 Meetup subscription, but unfortunately it didn't go through. To prevent your subscription from lapsing, we need you to update your information here.

Let us know if you have any questions, of course. Happy to help.

--

Kate

Community Experience, Meetup

RETAIN

Reduce churn through targeted campaigns

POINT OF FAILURE

+5%
EXPIRATION TRACKING

+40%
EMAIL AND IN-APP NOTIFICATIONS

LOCKOUT (OPTIONAL)

+5%
INTELLIGENT AT RISK MONITORING

+10%
SMART RETRIES

+15%
NO SIGN-IN NEEDED FORMS

Retain reduces friction immensely by not requiring a user to login to update their payment information
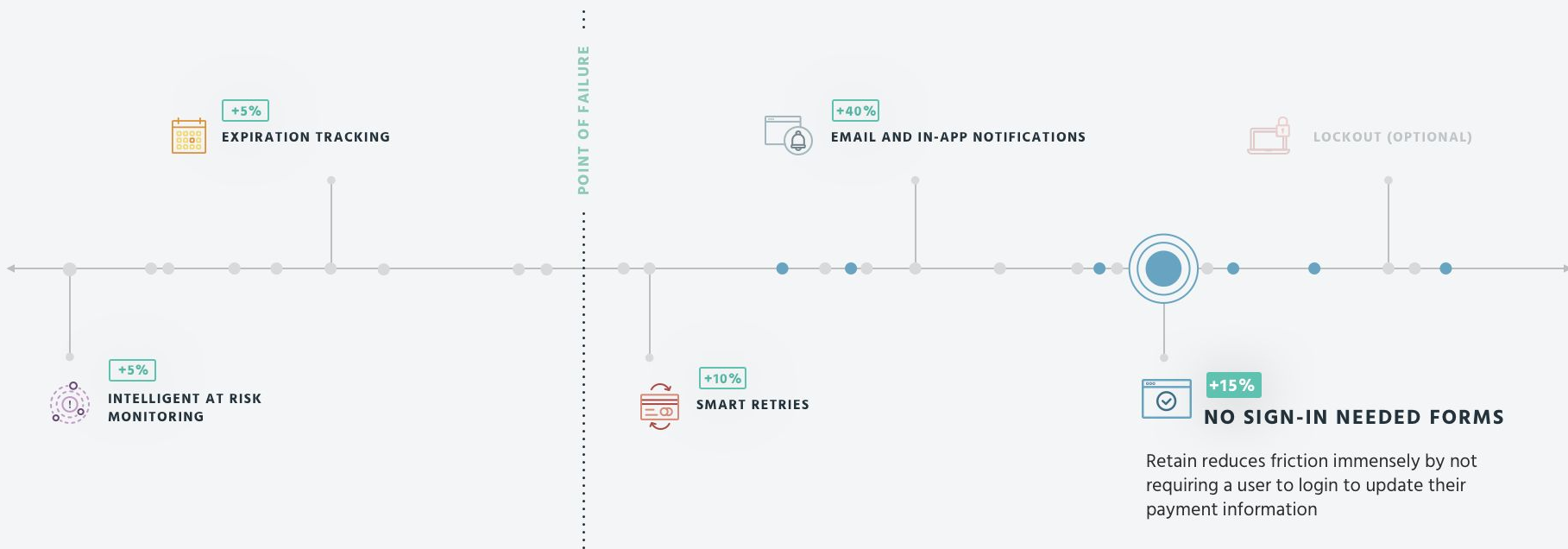
$99.99

Payment failed on 04/25/2019

The‌‌‌‌ng

Join a local group to m‌‌‌‌more of what you love.

NAME ON CARD   ZIP CODE

Full Name   XXXXX

CARD

Card number   MM / YY CVC

🔒 UPDATE AND SAVE

Meetup shares your payment information with our payment
processor Stripe. Read Stripe's Privacy Policy.

Reduce churn through targeted campaigns

POINT OF FAILURE

+5%
EXPIRATION TRACKING

+40%
EMAIL AND IN-APP NOTIFICATIONS

+8%
LOCKOUT (OPTIONAL)

Towards the end and beyond the point of failure, Retain will lock out a delinquent user, allowing for a long tail of recovery.

+5%
INTELLIGENT AT RISK MONITORING

+10%
SMART RETRIES

+15%
NO SIGN-IN NEEDED FORMS

Your Account Has Been Suspended

Unfortunately, we were unable to charge the credit card on record after multiple attempts.

We saved your account and you can pick up where you left off by restoring your account below

RESTORE MY ACCOUNT

I am seeing this message in error

Localized Collection Outreach +5%
We've crafted custom, localized outreach me... ...tomatically displayed to the right customers at the right t...

ON

Pre-Retain Notifications +5%
Target customers with credit cards that are a... ...pp notifications target customers that are alread...

ON

PREVIEW

Retain Notifications +20%
Prompt your customers to update their expire... ...sturbing their workflow.

ON

PREVIEW

Switch to annual billing prompt 5%
Allow your customers to seamlessly opt into a... ...nquent churn.

OFF

PREVIEW

Lockout 10%
When all Retain attempts fail, you will lock yo... ...gned screen to inform them of their cancelled account, an... ...

OFF

PREVIEW

Reduce churn through targeted campaigns

+5%

EXPIRATION TRACKING

Utilizing historical and usage data, Retain monitors when the best time is to ask for an updated credit card from an expiring user.

POINT OF FAILURE

+40%

EMAIL AND IN-APP NOTIFICATIONS

Message copy greatly influences recovery. Retain is constantly adjusting timing and content of notifications to optimize recovery.

+8%

LOCKOUT (OPTIONAL)

Towards the end and beyond the point of failure, Retain will lock out a delinquent user, allowing for a long tail of recovery.

+5%

INTELLIGENT AT RISK MONITORING

Retain scans card & transaction metadata and delivers pre-dunning notifications at just the right time to at-risk users.

+10%

SMART RETRIES

Retain retries a customer's credit card when there's the highest chance of recovery.
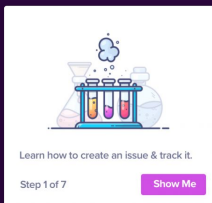
+15%

NO SIGN-IN NEEDED FORMS

Retain reduces friction immensely by not requiring a user to login to update their payment information
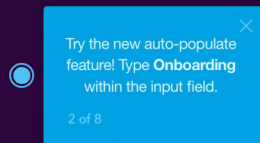
Whoever holds on to the most customers at the end of this wins
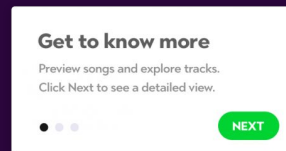
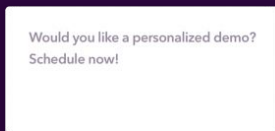# Use cases Chameleon enables for our customers

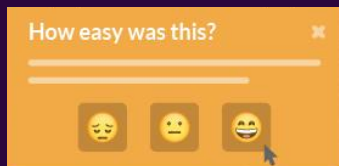### Onboarding & activation

Feature launches

Passive learning

Self-serve support

Continuous feedback

Other

PROFITWELL

Free financial metrics for
subscription businesses.

Churn Insights

...ribution Data

Financial Data

Unit Economic

In-App Usage

Price

Survey Data

Willingness to Pay

METRICS

↻ **RETAIN™** | Drastically reduce churn

⌁ **RECOGNIZED** | Audit proof revenue recognition

📊 **PRICE INTELLIGENTLY** | Proprietary pricing software and services for monetization
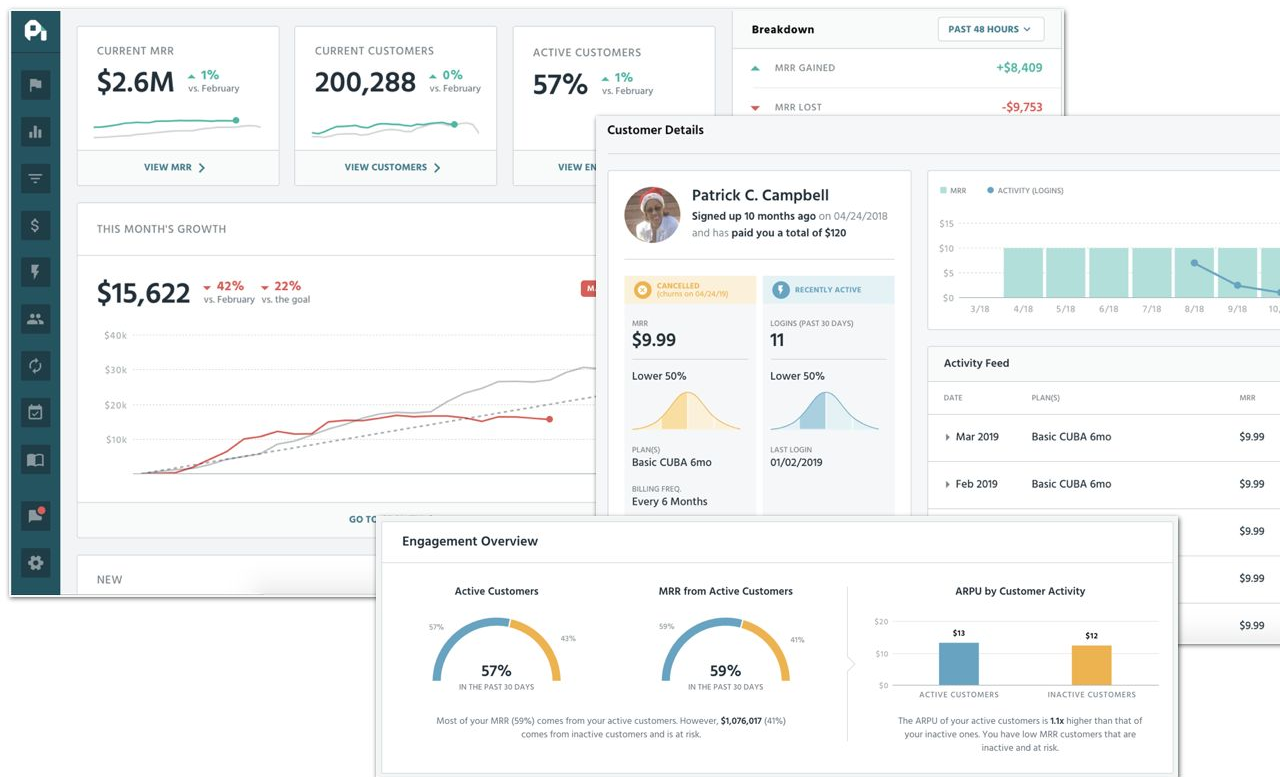
HubSpot   Adobe   Atlassian   PLURALSIGHT   WISTIA   lyft   LogMeIn   GUSTO

Questions and more info

- Email questions to pa@trychameleon.com; patrick@profitwell.com

- More examples at trychameleon.com/blog/reduce-customer-churn

- Data sourced from profitwell.com/index

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