MARCH 2026

Beyond Subscriptions: SaaS Pricing

B2B Pricing Series – Whitepaper #1: Unlocking Growth with Innovative SaaS Pricing Models

Section I: What is driving the need by SaaS companies to evaluate pricing models and how should leaders respond?

1. MARKET TIGHTENING FOR SOFTWARE

2. EMERGENCE OF NON-SUBSCRIPTION MODELS

3. ML/AI INNOVATION PRICING IMPACT

CALL TO ACTION: EVALUATE PRICING MODEL TRANSFORMATION TO MAXIMIZE VALUE CREATION

Market conditions make pricing model a priority:

I.A. Tightening Software Market: Enterprise Value (“EV”) for B2B Software companies is primarily driven by the “Rule of 40” metric, which evaluates a combination of revenue growth and margin performance (YoY Revenue Growth % + EBITDA Margin %).

While revenue growth has historically been the primary driver of EV, recent market conditions, including a) tightened capital availability; b) rising costs from inflation; and c) Customers’ headcount reductions, have caused investors to shift value creation priority from growth to profitability. Concurrently, SaaS customers are increasingly identifying misalignment between their software spend and realized value, and are demanding measurable relationship between utility derived and pricing paid. This scrutiny has led many B2B SaaS customers to re-evaluate software budgets and challenge pricing structures that fail to reflect actual usage or outcomes. Doing so particularly impacts software providers utilizing user-based models, where customers are applying downsell pressure to reduce user counts or renegotiate pricing based on perceived value gaps, threatening Net Dollar Retention (NDR) and Net Revenue Retention (NRR) rates.

I.B. Emergence of Non-Subscription Models: Subscription models remain dominant due to their ability to offer a predictable, simple and transparent pricing structure. However, as competitors increasingly adopt usage-based and outcome-driven pricing models to maximize account expansion through scalable, value-driven approaches, software providers should evaluate whether these alternatives align with their business objectives. An increasing number of SaaS companies are successfully implementing non-subscription models, with emerging technology and tools continuing to support a transition to non-subscription models.

I.C. AI/ML INNOVATION PRICING IMPACT: Disruptive technology, in particular Generative AI, requires innovative approaches to pricing that align pricing with usage and capture the value that AI generates. AI models can have significant incremental variable costs, including compute power, infrastructure, data processing and storage. For many SaaS providers, non-subscription models can offer better pricing outcomes for AI than subscription models do, due to two key factors a) better cost alignment / control of AI products and b) with AI boosting productivity, pricing on users does not always best capture the incremental value derived from AI solutions.

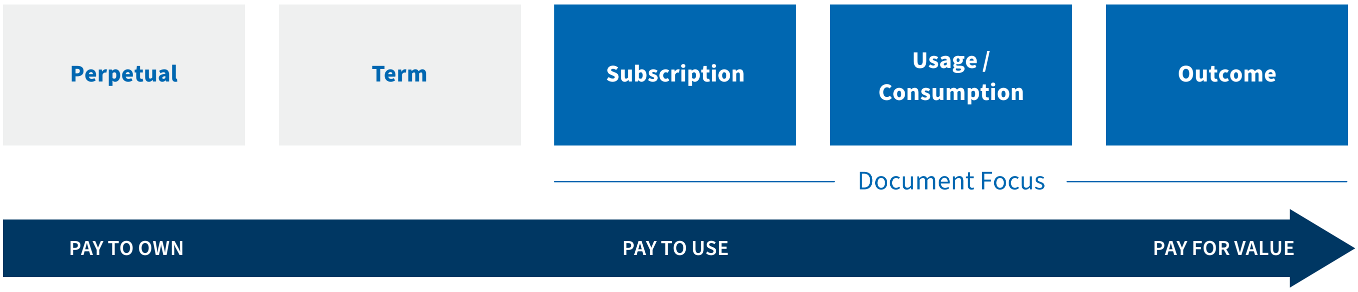
I.D. CALL TO ACTION: Evaluate Pricing Model Transformation

Getting pricing right — for new customers and existing ones — is one of the most direct ways to stop revenue from slipping through the cracks, improve retention and grow more profitably.

Section II: What is the value at stake?

Over time, software pricing has moved from models where consumers purchase licenses to own in perpetuity towards pay-to-use and pay-for-value models. As of today, most organizations still utilize a subscription-based model, but more are looking towards usage or outcome models to align pricing to software value.

Figure 1 – Software Pricing Model Evolution



II.A. Perpetual License: Customer buys lifetime access of a specific software version for a one-time fee, with ongoing maintenance.

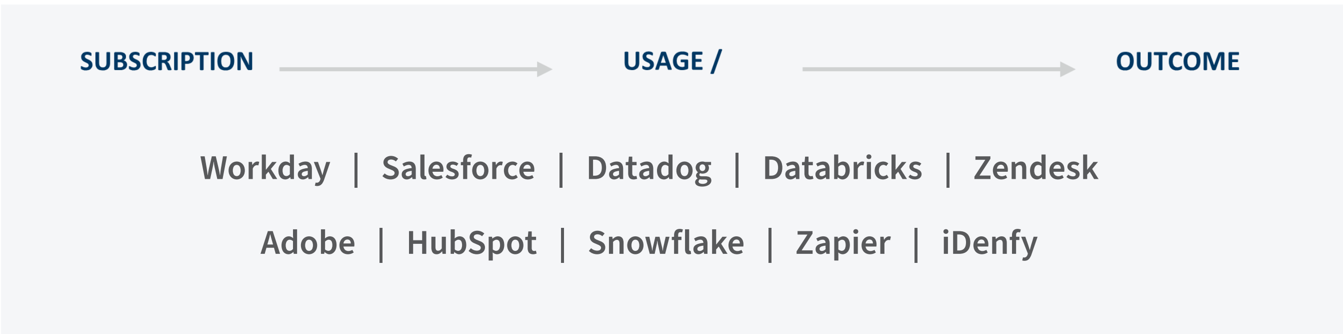
II.B. Term License: Customer buys access to software for a pre-determined, fixed amount of time.

II.C. Subscription: Customer pays a pre-committed recurring fee at regular intervals that grant a certain level of access (typically based on factors such as seats, licenses, devices or organizational metrics [i.e., # of employees]).

II.D. Usage/Consumption: Customer pays for the number of units consumed in a certain period. Can either be structured with minimum commitments (“Committed Consumption”) or purely variable (“Pay-as-you-go” or “PAYG”).

II.E. Outcome: Customers pay based on the level of success or results achieved.

Figure 2 – Pricing Model Landscape (Illustrative, Not Exhaustive)



Section III: Navigating SaaS Pricing Models - Trends, Fit and Enablement

While pricing model selection will depend on the specifics of the organization, for organizations suited to use- or value-based models, there is significant ability to drive enterprise value.

Figure 3 – Consumption Pricing Models experience an increase in KPIs for public B2B SaaS Providers (2025)

- **+5% YoY Revenue Growth** Over Subscription Models[1]
- **+5% Net Dollar Retention** Over Subscription Models[1]
- **+2x EV/Revenue Multiple** Over Subscription Models[1]
- **+7 Customer Satisfaction Score** Over Subscription Models[1]
- **Flat Margin** Over Subscription Models[1]

[1] Based on a study of TOP 50 public and private software companies
Sources: FTI Consulting analysis and proprietary graphic

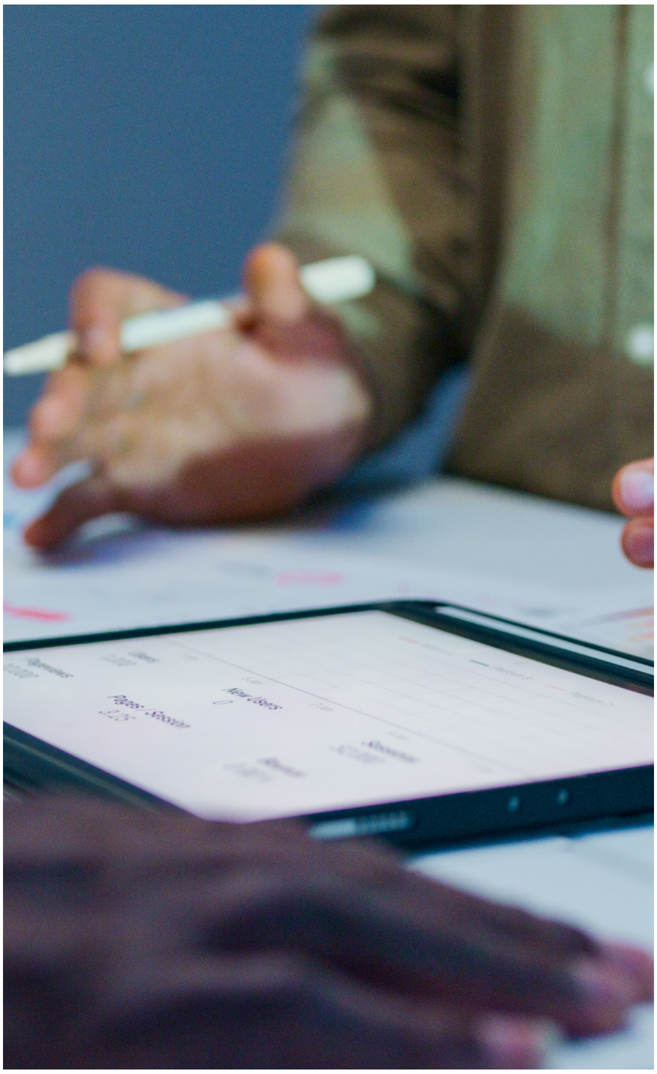
III.A. Revenue Growth: Consumption models enable scalability, expanding revenue with growing use. These models typically also better communicate value of the software to customers, driving more buy-in.

III.B. Net Dollar Retention: Consumption supports greater value alignment & ROI to pricing, mitigating churn. Best practice consumption models lock in up-front revenue commitments.

III.C. Gross Margin: Margin range depends on company and product profile. Consumption models support strong unit cost-price alignment, but subscription models can drive higher margin ceilings for low-volume or low-cost-to-serve users. Organizations must evaluate costs-to-serve to understand pricing model impact on margins.

III.D. Customer Satisfaction: Consumption aligns usage with payment, increasing value perception. Customer satisfaction driven by simplicity, flexibility, transparency and measurability of consumption models.

III.E. Valuation Multiples: Combination of strong KPI metrics across revenue, retention and customer satisfaction drive higher multiple upside for consumption companies.



CALL TO ACTION: Evaluate the key questions for organizational leaders to create an effective SaaS pricing and monetization strategy

Key Questions To Evaluate:

A What are the strategic goals we aim to achieve with our pricing model?

B Is our organization suited for non-subscription pricing models?

C Which pricing model is best fit to achieve our organization’s pricing strategy?

D How mature are our capabilities and resources?

Section IV: Evaluating the fit – key questions

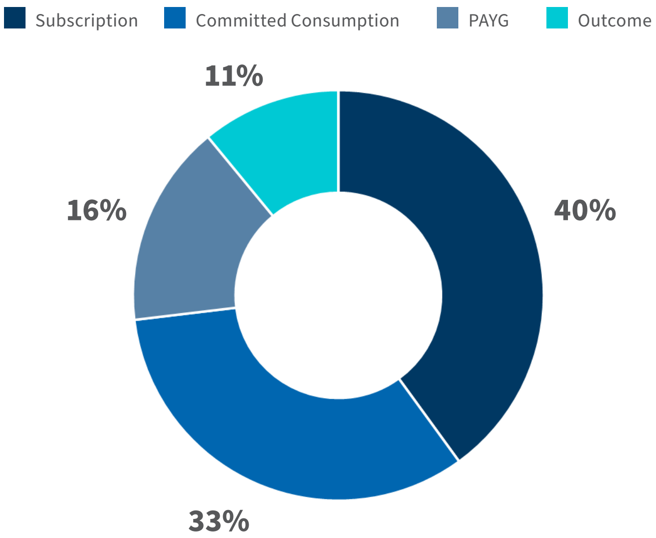
Key Pricing Questions Addressed: A B C

Despite prominence of Subscription Models, high-growth B2B SaaS companies are innovating with other models to deliver CLTV expansion, value alignment and margin management.

Subscription remains prominent, but other models drive value based on specific organizational factors:

Despite the emergence – and clearest value proposition – of "pay-for-value" pricing models, subscription models remain the most dominant model for SaaS providers (40% of all B2B SaaS providers use subscription, B2B pricing survey, see Annex 1). However, all consumption models (committed & PAYG) together account for a greater percentage (49%) than subscription. This dynamic highlights that there are strong use cases for both subscription and consumption pricing models, and B2B SaaS providers must evaluate the fit of innovative pricing models based on the strategic goals and organizational characteristics of their business.

Figure 4 – Subscription pricing is utilized by a relative majority of B2B SaaS providers; however, Consumption (PAYG + Committed) has become more widely adopted



Sources: FTI Consulting analysis and proprietary graphic

Factors driving applicability of pricing models:

In order to evaluate which model will enable the best outcomes for the organization, B2B SaaS Pricing leaders must evaluate seven critical factors:

1. Organization Growth Focus: How aggressive are our growth goals? What are the drivers?

- High-growth oriented companies tend to utilize non-subscription models, which can better enable revenue to scale with the customer as the customer grows.

2. End-User Profile: By whom/what is the software being consumed?

- SaaS organizations with user-driven software (i.e., ERP, Human Capital Management, Collaboration) have stronger alignment to subscription models.
- Other end-users (i.e., Systems, Other Softwares, APIs) have more alignment to non-subscription models.

3. Revenue Commitment: How much revenue commitment is needed?

- Subscription and Committed Consumption models lock in recurring customer revenue, enabling better revenue forecasting, planning and the ability to drive customer lifetime value through extending tenures.

4. Simple, Predictable and Measurable Metrics: Do we have strong usage metrics?

- Metric selection is one of the key challenges for organizations transitioning to a new pricing model.
- Metrics must be simple for customers to understand, predictable to estimate usage level, scalable with usage growth and measurable.

5. Value-Aligned Metrics: Does the usage/consumption/outcome convey value?

- Pricing metrics must clearly convey the ROI the customer receives to enable non-subscription models.
- When value is not conveyed by usage metrics, subscription provides a more straightforward pricing to customers.

6. Cost-to-serve: What are the incremental costs-to-serve?

- Subscription models tend to be more applicable where there is low marginal cost of incremental usage.
- However, product offerings with higher marginal costs require a pricing metric that better accounts for incremental usage/COGS.

7. Pricing Execution Ability: How mature is our ability to execute strategic pricing?

- Organizational maturity for implementing pricing models drives the ability to use more complex models (e.g., Consumption, Outcome).

Selecting a pricing model:

Organizations must evaluate their strategic goals for pricing and their organizational characteristics against the seven factors to identify which pricing model is best suited to their needs. This can be accomplished through a structured process for each factor:

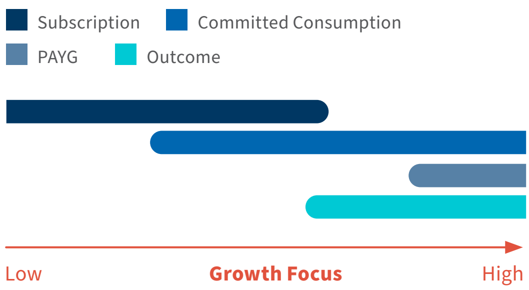
Illustrative Decision framework for **GROWTH FOCUS** factor:

Define strategic objectives:

- How aggressive are growth goals?
- Is growth focused on new customers or expansion?
- Will customers' usage scale over time?
- Will users scale over time?

Assess pricing model applicability:

- How do goals compare to model use cases?



Repeat evaluation across all seven key factors:

- Assess strategic objectives and pricing model applicability across all seven key factors
- Synthesize results to identify pricing model best suited for organization

Sources: FTI Consulting analysis and proprietary graphic

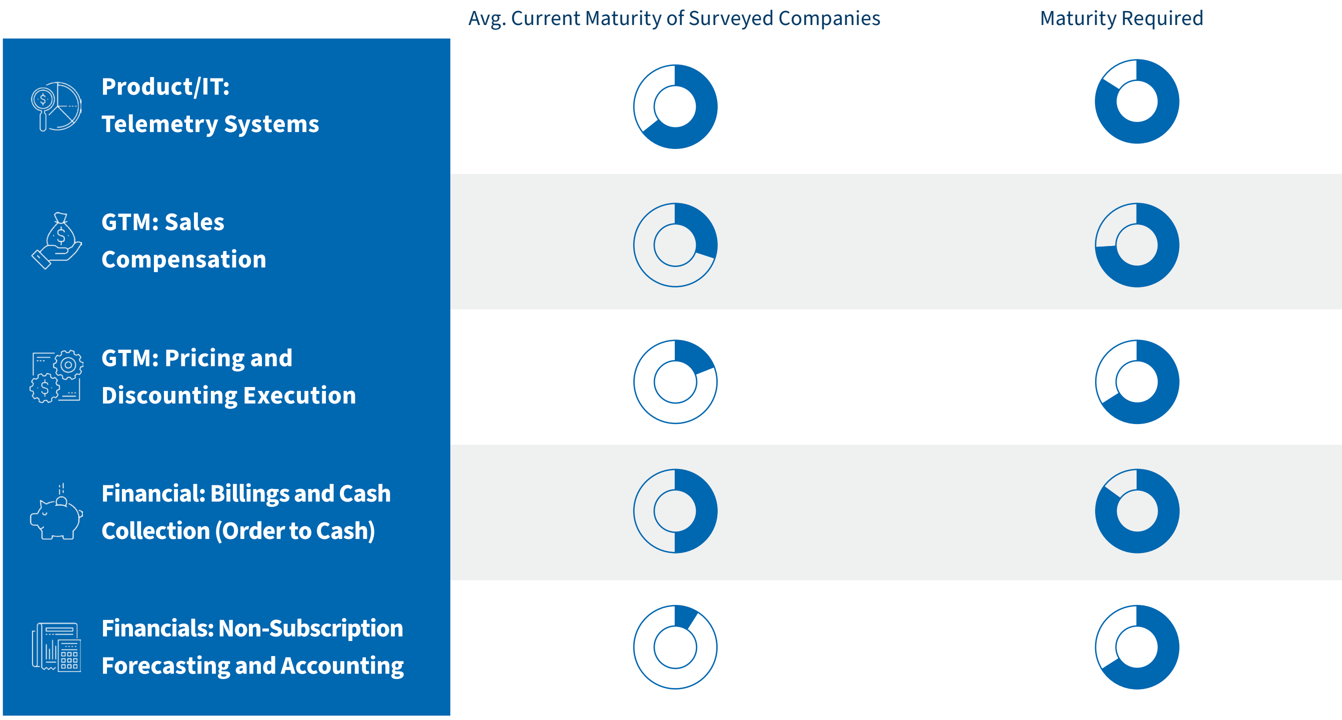
Section V: Enacting Pricing Transformation – Maturity Thresholds and Challenges

Key Pricing Questions Addressed: D

Organizations looking to transform pricing models from Subscription to Consumption or Outcome must evaluate their current capabilities to understand how mature they are, and which capabilities are critical to transform their pricing.

While increased maturity across all aspects of product, Go-to-Market ("GTM"), financial and operational capabilities is required to transform the pricing model, insights drawn from FTI Consulting research on B2B SaaS companies looking to transition their pricing models highlight five key areas for focus:

1. **Product/IT – Telemetry Systems:** High product/system maturity is critical to pricing innovation, but above all, robust telemetry systems are table stakes for organizations looking to utilize consumption. Companies looking to innovate must also have scalable architecture, including reducing tech debt.
2. **GTM – Sales Compensation:** Changing the pricing model will completely change how deals are sold, captured and evaluated within the sales organization. Organizations must proactively adapt their sales compensation models to realign to the way new contracts are priced, retained and expanded.
3. **GTM – Pricing and Discounting Execution:** With pricing based on consumption or outcomes, new discounting thresholds, policies and guidance must be established; and these must be established clearly before transitioning to a new model to avoid leakage on revenue as sales reps adapt to selling a new pricing structure
4. **Financials – Billings and Cash Collection (Order to Cash):** With non-subscription models, the order-to-cash process can become more complicated. As opposed to a regular fee, software providers must instead be able to accurately and quickly assess consumption/outcome levels, understand associated price levels for units consumed/value received, and provide transparent billings to the customer.
5. **Financials – Non-Subscription Revenue Forecasting and Accounting:** Moving away from subscription models means adapting to pricing models which contain more variable revenue (even with committed consumption, overages can lead to unexpected revenue results). Finance teams must be trained on the drivers of revenue to o provide accurate forecasts, and clear revenue/accounting guidelines must be set in terms of reporting results.



Sources: FTI Consulting analysis and proprietary graphic

In addition to the five critical areas for increased maturity, B2B SaaS leaders also highlighted the following as additional capabilities which required additional maturity development to transition to a new model:

Product/IT: Product Modularity, Scalable Architecture, Reduced Tech Debt

GTM: Customer Retention Programs, Customer Business Case Development, Pricing Training

Operational: Clearly Defined Success Metrics, Targeted Customer Segmentations

For those companies where a new model makes sense, the following best practices will best enable the organization to enhance maturity levels across the critical areas:

Product/IT:

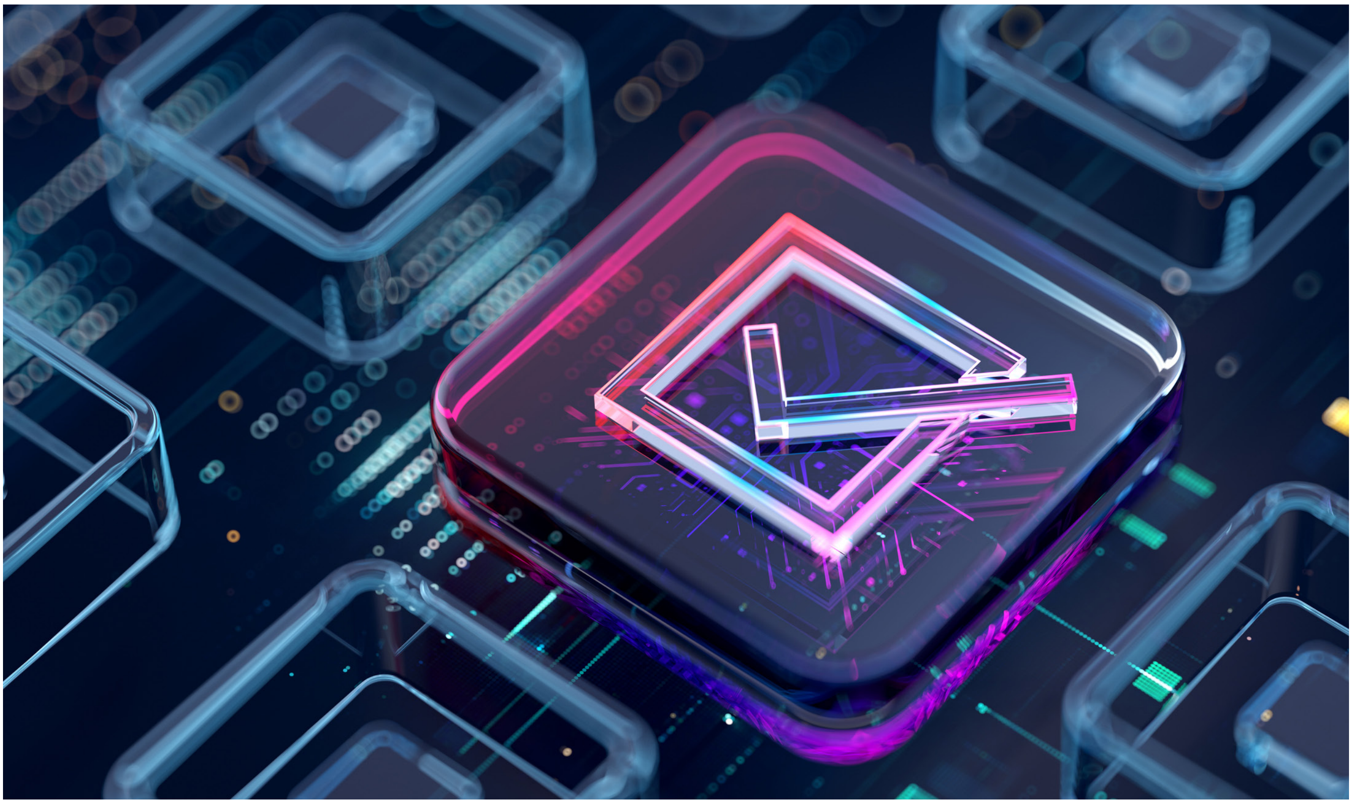
- Evaluate system's ability to accurately manage and report data, ensuring that cross-functional teams have a unified data source to make informed, action-oriented decisions.
- Evaluate the impact of integrating new infrastructure with existing systems, considering the investment required to address tech debt.
- Assess if the underlying IT systems can scale to accommodate the data functionality demanded.
- Weigh the ability to customize pricing solutions to meet customer specific needs.

GTM:

- Educate customers on the value of the new pricing model to support easy buy-in/adoption.
- Revise sales compensation to incentivize sales reps based on the company's specific goals – growth, profitability, expansion/retention, etc.
- Tailor training to convey value-proposition via pricing.
- Align on customer success KPIs that drive organic product adoption and usage.
- Define customer segments for pricing rollout.
- Set discounting guardrails to drive value capture.

Finance:

- Identify how revenue recognition and forecasting is going to evolve.
- Enable billing and collections teams to identify and act on areas of underachievement.
- Drive integration of financial processes and systems across functional teams to prevent data silos, manual interventions and inaccuracy.
- Understand how customer budgetary constraints are impacted by changes in commitment level.



Annex 1: FTI Consulting 2025 B2B Pricing Survey

Except as specifically noted above, the information set forth in these materials was derived from a series of interviews with industry experts concluded in January 2025 and from FTI analysis. The information above is provided for discussion purposes only and should not be relied upon by any person for any purpose without independent verification. We expressly disclaim responsibility for any such reliance. Nothing contained herein should be construed as financial or investment advice of any kind.

This document reflects a summary of key pricing model strategies for B2B Enterprise Software leaders. The document is a synthesis of key insights from FTI Consulting's leading team of Enterprise Software and Revenue Transformation experts, subject matter expertise from work with leading enterprise software organizations and investors, and a comprehensive market study of 420 Enterprise B2B vendors.

The market study was completed in 2025, and attained detailed insights from 420 pricing, strategy and sales leaders at enterprise software companies in North America. For B2B SaaS enterprise leaders and investors interested in full study results, please reach out to the FTI Consulting team.

Survey Criterias

Software Sub-Sector:

Software sub-sectors of focus for the document included the following: all survey results analyzed at sub-sector level

- Sales/Customer Management (CRM)
- Enterprise Resource Planning (ERP)
- Human Capital Management (HCM)
- Collaboration/Productivity Tools
- BI and Analytics
- Cybersecurity
- Infrastructure/DB Mgmt./IaaS

Screeners:

Respondents screened on the following individual and organizational characteristics

- Job Level: C-Level, President, Department Head, VP/ Director
- Function/Responsibility: Pricing Decision Maker; Pricing Influencer
- Company Sector: Software
- Company Sub-Sector: B2B Software
- Employment Status: Active and Full-time
- Attention Check Questions

Survey Results:

420 Validated Responses

14.6% Incidence Rate

~19 Minute Avg. Time

25 Questions

Contact FTI Enterprise SaaS and Revenue Transformation Experts

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