

<https://metronome.com/blog/choosing-a-saas-pricing-model-that-fits-your-gtm-strategy>

Stephanie

5:21 PM Nov 11

Trying to use more tangible action words that people might be searching for (i.e., "how do I choose a pricing model," etc.)

3:43 PM Nov 12

Picked the first one. love it

Stephanie

5:42 PM Nov 11 (edited 5:42 PM Nov 11)

Changed because the British "top up" is lesser used in the US, if we're going for keyword search terms, "reload" seems like a more likely match for the current audience. (We're also already using it in the OpenAI example here.) We could also try "refill" or "replenish" (listing those in preferential order—simpler language would be best).

11:28 PM Nov 11

Suggestion accepted

Stephanie

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Edits here to frontload the benefit ("strong protection against fraud," "easier budgeting," etc. etc.)

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### Key Details:

- Each month, the customer spends at least a pre-agreed minimum, regardless of actual usage.
- If they use their usage **below** less than the committed minimum within a billing period, they are still pay/billed for that period's agreed-upon-the-set amount.
- However, if they use more than their usage exceeds the minimum, they pay for the total/actual amount used, and the overage amount is sometimes billed at a different rate than the agreed-upon minimum/overage.

Stephanie  
5:30 PM Nov 11

Changes here are to simplify the language as much as possible for easier reading and quicker comprehension.

### Considerations:

- Ideal for product-led growth or product-led sales. This approach offers new customers an easy, clear-cut way to start using your product without heavy sizing exercises.
  - Ideal for product-led growth or product-led sales
- May be less appealing for customers with high-speed accounts who some customers may prefer longer-term discounts making this option less appealing for high-speed accounts.
- May lead to customer dissatisfaction if customers with lower-than-expected usage might feel they're overpaying due to lower-than-expected usage, leading to dissatisfaction.
- Requires more effort for customers to track and manage invoices when seasonal or variable usage fluctuates around the minimum threshold. This model may not accommodate customers with seasonal or variable demand, it would require more effort to track and manage invoices when usage fluctuates around the minimum threshold.

Stephanie  
5:52 PM Nov 11

Edits here to frontload the benefit

### Benefits:

- Provides predictable revenue and cash flow, allowing for longer-term investment on both sides.
- Higher deployment success rates and long-term value realization for customers due to the upfront investment, which creates an urgency for customers to fully engage with the product, leading to a higher deployment success rate and long-term value realization.
- Reduced collection risk—especially compared to post-paid models—by collecting payments in advance. Businesses reduce the risks associated with collections, especially compared to post-paid models.
- PWV-predictable revenue and customer commitment that allows decisive resource allocation; businesses can confidently allocate resources to support customer success and product improvements.

### Key Details:

Each month, the customer commits to spending a minimum amount per billing period (typically monthly or quarterly), without a long-term contract. This is the minimum commitment, regardless of actual usage.

### Key Details:

Each month, the customer spends at least a pre-agreed minimum, regardless of actual usage.

If they use less than the committed minimum within a billing period, they still pay for that period's agreed-upon amount.

If they use more than the minimum, they pay for the total amount used, and the overage amount is sometimes billed at a different rate than the agreed-upon minimum.

### Example:

Matching sets a minimum monthly charge based on the number of contacts and number of emails sent, ensuring a base revenue regardless of actual usage.

### Benefits:

Provides a predictable baseline spend without requiring a long-term commitment.

Suitable for customers who prefer flexibility but can commit to consistent monthly usage.

Offers new customers an easy, clear-cut way to start using your product without heavy sizing exercises.

Ideal for product-led growth or product-led sales.

### Considerations:

May be less appealing for customers with high-speed accounts who prefer longer-term discounts.

May lead to customer dissatisfaction if customers feel they're overpaying due to lower-than-expected usage.

Requires more effort for customers to track and manage invoices when seasonal or variable usage fluctuates around the minimum threshold.

### Summary:

Consideration	Ranking
Customer acquisition friction	Low-Medium
Sales and marketing costs	Low-Medium
Cash flow and revenue predictability	Medium
Collections risk	Medium
Customer discounts	Sometimes

Talk to our experts to see how we support this model.

### 4. Pre-paid commit

In this model, the customer commits to a specific spend or usage over a defined period, typically annually or multi-year. These contracts are negotiated based on anticipated usage, providing spending predictability that aligns with the customer's budget planning.

### Key Details:

Current contracts involve detailed sales negotiation to finalize terms, ensuring alignment with both the customer's budget and usage projections.

Customers may lack the resources to pay the entire commit up front. Offering a flexible payment schedule, with installments and custom due dates, helps accommodate their financial planning.

Customer access to the committed balance (also known as access schedule) is often tied to payment progress so that they can only use that balance in proportion to their payments. This approach mitigates the risk of non-collection by aligning usage access with the customer's payment status, ensuring more balanced cash flow.

Current contracts typically specify which products or services fall under the commit, along with any applicable discounts. For companies with multiple product offerings, varying discounts and eligible offerings can help maximize revenue while protecting margins.

### Example:

Discounts offers a prepaid commit model known as "Committed Capacity" or "Pre-Purchased Capacity." In this model, customers commit to a specific dollar spend commitment over a defined period (typically one or more years) in exchange for discounted rates compared to standard rates.

### Benefits:

Provides predictable revenue and cash flow, allowing for longer-term investment on both sides.

Higher deployment success rates and long-term value realization for customers due to the upfront investment, which creates an urgency for customers to fully engage with the product.

Reduced collection risk—especially compared to post-paid models—by collecting payments in advance.

Predictable revenue and customer commitment that allows decisive resource allocation to support customer success and product improvements.

### Considerations:

Best suited for customers in sales-assisted or sales-led models where a consultative approach is needed to size usage and scope effectively.

### Rolover policy considerations:

This policy defines how unused balances are handled at the end of the term, a key consideration for customers who may overestimate their spend due to ramp-up or adoption delays.

Orum risk mitigation if rollover policies are favorable can serve as a valuable retention tool.

However, rolling over balances causes delays in revenue recognition, which may impact future sales and complicate financial forecasting.

### Overage policy considerations:

This policy defines charges for customers who exceed their balance before the term ends.

Well-designed overage policies that avoid overly punitive rates can encourage additional commitment and support smooth customer escalations, thus preventing strain on relationships.

### Summary:

Consideration	Ranking
Customer acquisition friction	High
Sales and marketing costs	High
Cash flow and revenue predictability	High
Collections risk	Low
Customer discounts	Often

Find out how to launch an enterprise commit model on Marketo.

### 4. Monthly minimum spend

In this model, the customer commits to spending a minimum amount per billing period (typically monthly or quarterly), without a long-term contract. This is the minimum commitment, regardless of actual usage.

### Key Details:

Each month, the customer spends at least a pre-agreed minimum, regardless of actual usage.

If they use less than the committed minimum within a billing period, they still pay for that period's agreed-upon amount.

If they use more than the minimum, they pay for the total amount used, and the overage amount is sometimes billed at a different rate than the agreed-upon minimum.

### Example:

Matching sets a minimum monthly charge based on the number of contacts and number of emails sent, ensuring a base revenue regardless of actual usage.

### Benefits:

Provides a predictable baseline spend without requiring a long-term commitment.

Suitable for customers who prefer flexibility but can commit to consistent monthly usage.

Offers new customers an easy, clear-cut way to start using your product without heavy sizing exercises.

Ideal for product-led growth or product-led sales.

### Considerations:

May be less appealing for customers with high-speed accounts who prefer longer-term discounts.

May lead to customer dissatisfaction if customers feel they're overpaying due to lower-than-expected usage.

Requires more effort for customers to track and manage invoices when seasonal or variable usage fluctuates around the minimum threshold.

### Summary:

Consideration	Ranking
Customer acquisition friction	Low-Medium
Sales and marketing costs	Low-Medium
Cash flow and revenue predictability	Medium
Collections risk	Medium
Customer discounts	Sometimes

Talk to our experts to see how we support this model.

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However, rolling over balances causes delays in revenue recognition, which may impact future sales and complicate financial forecasting.

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This policy defines charges for customers who exceed their balance before the term ends.

Well-designed overage policies that avoid overly punitive rates can encourage additional commitment and support smooth customer escalations, thus preventing strain on relationships.

### Summary:

Consideration	Ranking
Customer acquisition friction	High
Sales and marketing costs	High
Cash flow and revenue predictability	High
Collections risk	Low
Customer discounts	Often

Find out how to launch an enterprise commit model on Marketo.

### Example:

The AWS **Enterprise Discount Program (EDP)** offers an option that does not require an upfront payment, which allows companies to commit to a minimum annual spend and secure recurring discounted rates without an initial payment. True-up adjustments are made if actual usage differentiates from the committed amount.

#### Benefits:

- Ideal for self-serve models with lower customer acquisition costs (CAC) and marginal delivery costs, where customers can easily reach the commitment.
- More attractive to customers, and easier entry, without an upfront payment requirement; this model is more attractive to customers as they don't need to pay up-front. They are billed for their actual usage at the end of each billing cycle—similar to a PAYGO model—but receive better discounts due to their spend commitment.
- Assists in securing large enterprise deals with large enterprise customers who prioritize strategic use of capital and can leverage playing in arrears allows them to keep funds available for high-return investments, rather than tying up cash in vendor deposits. Supporting this model can help secure large deals from this customer segment.

#### Considerations:

- Increased risk of nonpayment due to challenges in collecting the true-up fees from customers who may be challenging. Customers might choose not to renew and may refuse to pay the true-up, increasing the risk of non-payment.
  - Not suitable for B2C due to fraud risk and collections overhead.
- Ability to incentivize up-front payment and mitigate financial risk by offering companies may offer larger discounts with prepaid commit and smaller discounts with postpaid commit to incentivize up-front payment and mitigate financial risk.
- Ability to Companies may reserve the postpaid commit model solely for enterprise customers where there is greater confidence in payment collection due to established relationships and creditworthiness.

### 5. Post-paid commitment with true-up

In this model, the customer commits to a specified spend or usage over a set period without upfront payment. Instead, they are invoiced in arrears based on actual consumption, with a true-up adjustment if their spending falls short of the commitment.

#### Key Details

- Customers receive a discounted rate in exchange for the commitment.
- Customers are billed at the end of each billing cycle based on actual usage.
- If they use less than the commitment by the end of the period, a true-up charge is applied to cover the shortfall.
- The model allows customers to exceed their commitment without penalties.

#### Example

The AWS **Enterprise Discount Program (EDP)** offers an option that does not require an upfront payment, which allows companies to commit to a minimum annual spend and secure discounted rates without an initial payment. True-up adjustments are made if actual usage differs from the committed amount.

#### Benefits

- Ideal for self-serve models with lower customer acquisition costs (CAC) and marginal delivery costs, where customers can easily reach the commitment.
- More attractive to customers, and easier entry, without an upfront payment requirement.
- Assists in securing large enterprise deals with customers who prioritize strategic use of capital and can leverage paying in arrears to keep funds available for high-return investments, rather than tying up cash in vendor deposits.

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- Increased risk of nonpayment due to challenges in collecting true-up fees from customers who may not renew.
- Not suitable for B2C due to fraud risk and collections overhead.
- Ability to incentivize up-front payment and mitigate financial risk by offering larger discounts with prepaid commit and smaller discounts with postpaid commit to.
- Ability to reserve the postpaid commit model solely for enterprise customers where there is greater confidence in payment collection due to established relationships and creditworthiness.

#### Summary

Consideration	Ranking
Customer acquisition friction	High
Sales and marketing costs	High
Cash flow and revenue predictability	Medium
Collections risk	Medium
Customer discounts	Often

Find out how to model a post-paid commit model with Metronome.

### 6. Cloud marketplaces

Cloud marketplaces offer an accessible route for companies to tap into a large customer base, leveraging the marketplace's built-in audience, marketing, and sales and operations infrastructure.

#### Benefits

- Lower acquisition costs are lowered, as marketplaces provide an through the existing customer pool and streamlined purchasing processes. Marketplaces provide flexibility for budget-conscious buyers who want to use pre-committed funds (public or private) with cloud service providers. Private and public commit options provide flexibility for budget-conscious buyers looking to use pre-committed funds with cloud service providers.
- Ability to cater to diverse customer needs through business-as-usual pricing options, including PayGo/PAYGO, subscriptions, commit, and bring-your-own-license (BYOL) models, catering to diverse customer needs.

#### Considerations:

- Negative impact to margins due to marketplace fees impact margins, and customer relationships are often controlled by the marketplace limiting direct engagement.
- Limited direct engagement with customers since marketplaces often control the relationship.
- Future risks, including include changes in marketplace policies or fees, which make making it essential to weigh the risks of marketplace reliance against the benefits.

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#### Considerations

- Negative impact on margins due to marketplace fees.
- Limited direct engagement with customers since marketplaces often control the relationship.
- Future risks, including changes in marketplace policies or fees, which make it essential to weigh the risks of marketplace reliance against the benefits.

#### Summary

Consideration	Ranking
Customer acquisition friction	Low
Sales and marketing costs	Low
Cash flow and revenue predictability	Medium
Collections risk	Low
Customer discounts	Depend on private or public offer options

Find out how to invoice through marketplaces with Metronome.

More work, but it would be such a useful visual tool for people who are making this decision to see these models laid out all together in a single table (just as you'd see in a complex pricing structure).

Here's a low-fi version of what that might look like: <https://docs.google.com/document/d/1XMIQDh3iONrnpN2GL5dF1ePEHqTqUWJXsnPEdITabn-LQ/edit?tab=LQ>

Show kids

Good idea, I can create a summary table based on what you have here.

### Next Steps

Each pricing model offers distinct trade-offs. Selecting the right one helps you align with customer expectations, GTM strategy, and cash flow goals. Whether you're leveraging a PayGo model for easy entry or a prepaid commit for predictable B2B revenue, aligning your pricing approach with your business strategy is key to ensuring both flexibility and sustained growth.

Commercial Models	Customer acquisition friction	Sales and marketing costs	Cash flow and revenue predictability	Collections risk	Customer discounts
PayGo - Paid in Arrears	Low	Low	Low	Med-High	Rare
PayGo - Paid in Advance w/Credits	Med	Low	Med	None	Sometimes
Monthly Minimum Spend	Low-Med	Low-Med	Med	Med	Sometimes
Pre-Paid Commit	High	High	High	Low	Often
Post-Paid Commit	High	High	Med	Med	Often
Cloud Marketplace	Low	Low	Med	Low	Conditional

Metronome is the only usage-based billing platform designed to scale with you, from standard self-serve plans to complex enterprise agreements. Whether launching your first product or expanding upward, Metronome empowers you to deploy optimal pricing with a full suite of ready-to-use pricing tools. Register today to join a live demo to learn more.

Visit the [pricing lever page](#) to explore how you can optimize your pricing strategy.