The Subscription Economy. What is it and what does it mean for the Online World? Part 3 of 3: How do we address these issues?

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Over the past two articles, <http://www.managedserviceexpert.com/blog/the-subscription-economy-what-is-it-and-what-does-it-mean-for-the-online-world-part-1-of-3-the-basics> and <http://www.managedserviceexpert.com/blog/the-subscription-economy-what-is-it-and-what-does-it-mean-for-the-online-world-part-2-of-3-second-order-effects-of-saas> we have described the Subscription Economy, its origins in the Intention Economy and what Subscription Economy business applications need to achieve. This gives us an understanding of the accounting and bookkeeping issues presented by large-scale, multi-tenant web applications and this article deals with these questions.

There are a growing number of solutions that handle web payments, the most obvious of which is PayPal <http://www.paypal.com/> which includes a limited number of options for automating regular payment collection. With assistance from Andy Biegala, MD of <http://www.i-femme.co.uk/> we found the following collection and payment options, in no particular order:

<http://chargify.com/>

<https://www.braintreepayments.com/>

<http://www.evapt.com/>

<http://www.metanga.com/>

<http://www.gotransverse.com/>

<https://cheddargetter.com/>

<http://recurly.com/>

<http://spreedly.com/>

<http://saasy.com/>

<http://www.fastspring.com/>

<http://www.magnaquest.com/>

<http://www.snapbill.com/>

<http://www.billomat.com/en/>

To some degree these all manage the requirements for metered billing, tiered pricing, mobile payments, recurring billing, trial conversions etc. and so have value in creating a system to bill for and collect payments for online services. However, all are reliant on the use of conventional double entry bookkeeping with all of the restrictions this imposes. This may however be a good thing in terms of creating a solution that can be implemented quickly by a small business without the need for additional staff training.

In terms of dealing with the more complex issues presented by the Subscription Economy, it is no surprise that only <http://www.zuora.com/> co- founded by Tien Tzuo, CEO of Zuora delivers against the second order effects of SaaS and the criteria described here: <http://www.forbes.com/sites/danwoods/2012/01/20/how-the-subscription-economy-will-change-your-business-applications/>.

I need to be careful here, Zuora is not paying me and I need to point out the restrictions using their solution has and those it imposes on their users. Tien Tzuo is formerly of Salesforce.com <http://salesforce.com/> arguably the most successful large-scale paid cloud application to date and the Zuora solution delivers everything that <http://salesforce.com/> would need and scales to meet the massive multi-tenant nature of this solution and all the complexities of user configuration, tiered pricing etc. And here we see the main issue about using it; Zuora is aimed at corporate clients in terms of cost of entry and the regime it imposes on its users. This includes different bookkeeping and accounting conventions that require a change of mindset on behalf of the users plus additional training of relevant staff. Consequently, Zuora is an expensive option to buy into and they do not yet have an SME option.

I was very impressed with them when I heard them speak at their Subscribed London Event in October, <http://www.managedserviceexpert.com/blog/subscribed-london-zuora-october4th-2012> and Zuora were proudly telling of their most recent big account win with News International.

So, the conclusion here is that if you recognise and understand the issues presented by the Subscription Economy, <http://www.zuora.com/> is the only solution provider who can deliver to meet all the criteria required in a large scale multi-tenant web solution. The questions then become, can the business afford to use this solution closely followed by what is the long term price of not buying Zuora?