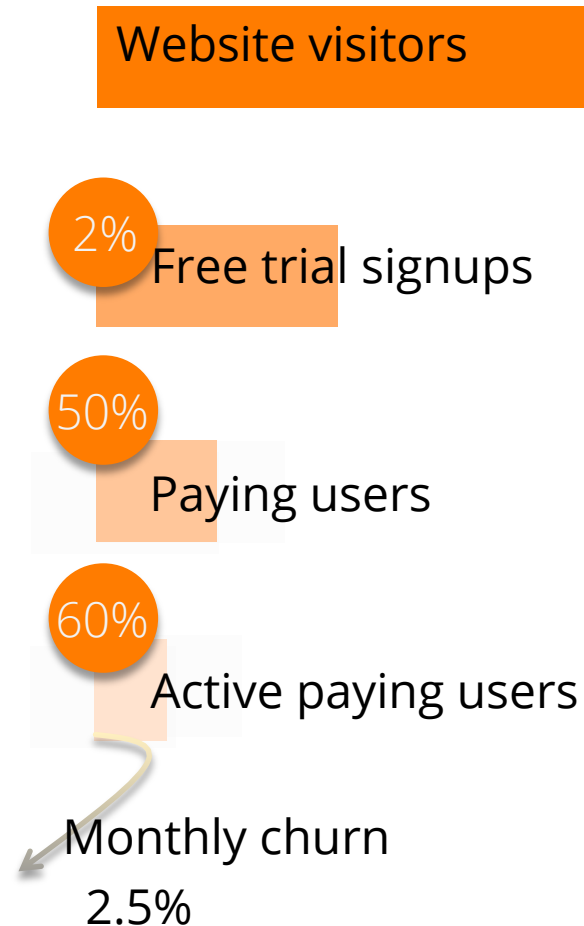


2012 SaaS Conversions Benchmark

Based on the engagement with about 100 SaaS companies



Convert and Retain like the best

This report is answering the question:
“what are **typical conversion rates** in the SaaS industry”

How we got this data

We've helped SaaS companies like Zendesk, Clarizen and Cloudbees and about 100 other online businesses like Streeteasy increase **trial conversion** and **user retention**.



From our engagement with these businesses, we're in a unique position to observe **typical conversion rates** in the SaaS industry and we decided to share these insights with you.

Conversion Metrics

People ask us: 'What is **typical** conversion in SaaS' and 'What is **best in class** conversion in SaaS companies; specifically:

1. Website to free trial conversion*
2. Free trial to paying plan conversion
3. Percentage of true evaluators during a trial
4. First 90-day churn
5. Steady-state churn

*44% of SaaS companies offer a free trial. 17% offer freemium

See more details on trial and pricing models in our

[2012 SaaS pricing and free trial benchmark](#) report

There is no such thing as 'typical'

Conclusion 1

When looking at conversions, not all business models are created equal.

Specifically; companies that require a credit card as part of the free-trial signup process see very different conversions than those that don't require a credit card.

Therefore we will look at both models (credit card, no credit card) separately.

Conclusion 2

Best in class SaaS companies have significantly higher conversion rates.

There is a group of SaaS companies which significantly outperforms their peers. We will also look at their conversion rates and what they do differently to achieve those numbers.

3 Conversion Models

1. Credit card required
2. No credit card required
3. Best in class

What is following is a direct comparison of the three models and an example for each scenario where we assume that you start with 10,000 website visitors and see how many people will end up as happy, paying users after 90 days.

Conversions Comparisons

Credit card
required

Credit card
not required

Best in class
SaaS leaders

Visitor to free trial
signup conversion

2%

10%

10%

Free trial to paid
subscription
conversion

50%

15%

25%

Retained paid
customers after 90
days

60%

80%

80%

Conversions end-to-end

0.6%

1.2%

2.0%

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SaaS Conversions – credit card required

10,000 visitors

2%

200 free trial signups

50%

100 converted to paying users

60%

60 paying users retained after 90 days

Monthly churn
2.5%

SaaS Conversions – no credit card required

10,000 visitors

10%

1,000 free trial signups

15%

150 converted to paying users

80%

120 paying users retained after 90 days

Monthly churn
2.5%

SaaS Conversions – Best in Class

10,000 visitors

10%

1,000 free trial signups

25%

250 converted to paying users

80%

200 paying users retained after 90 days

Monthly churn
2.5%

Conversions Comparisons

Resulting number of acquired paid users after first 90 days

Credit card
required



60

Credit card
not required



120

Best in class
SaaS leaders



200

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What Do Best In Class Companies Do Differently?

1. Large top-of-funnel

- Awesome content, inbound marketing
- Do not restrict top-of-funnel (don't ask for credit card)

2. Focus on most active evaluators first

- Monitor the most active trial users (in any group of trial customers there are some that are naturally more inclined to buy from you – see next slide)
- Nurture other trial users to success

3. Pro-active approach to customer retention

- Listen for early warning signs of churn (like non-use)
- Pro-actively reach out to at-risk customers to offer help

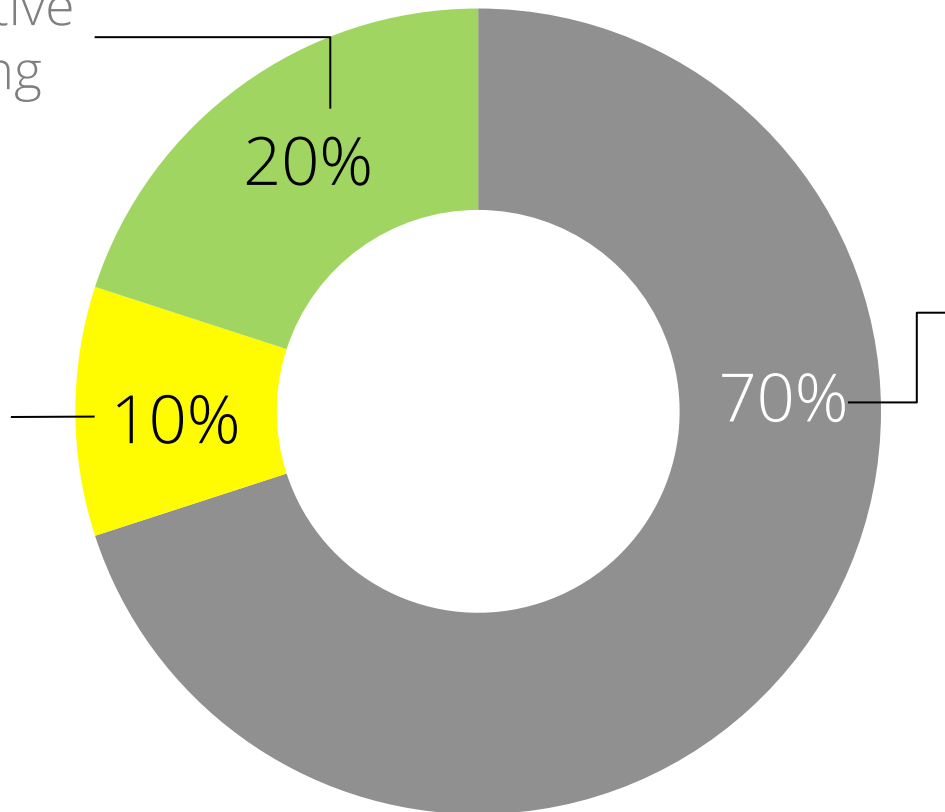
The Anatomy of a Free Trial

True Evaluators

Multiple users active during trial, logging in daily

Potentials

Activated trial but not very active



Accidental Signups
Signed up but haven't done anything since

Learn More

If you want to learn how to **convert like the best**:

1. Identify trial users most likely to buy
2. More rapidly onboard new users
3. Identify and engage users at risk

[Contact Totango](#) for a free consultation, or;
Start your [free 30-day trial](#) today.

Resources

Learn more:

- [Are you engaging new trials in their evaluation?](#)
- [How to boost sales with a free trial model](#)

Analysts on Totango:

- [OVUM](#)
- [Paul Greenberg](#)

Try Totango for 90 days

[Sign Up Free](#)

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