Top 10 learnings about free trial

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The Survey

24 Questions

590 Responses

1000+ Lines of Code

Respondents Across ARRs, ACVs, and Customers
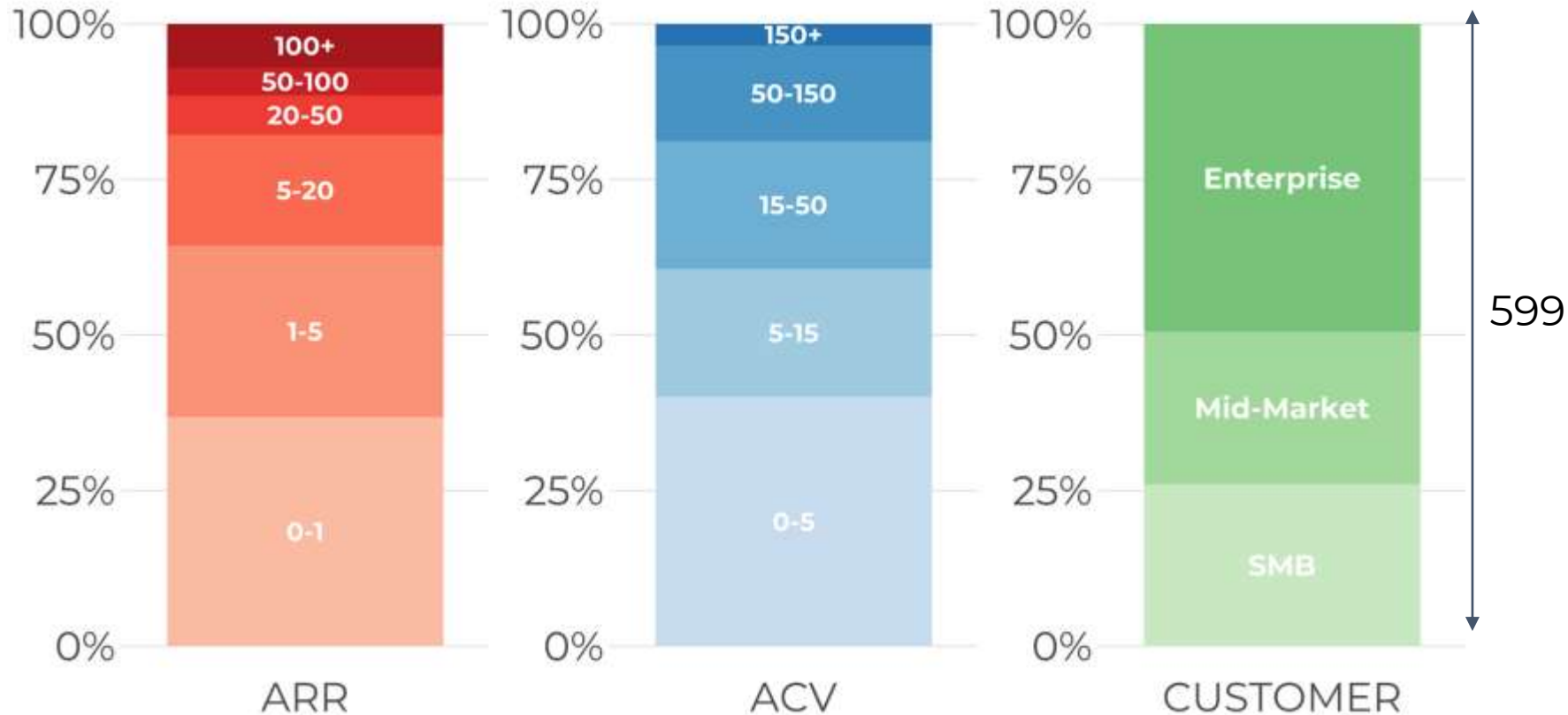
Respondents Span Many Different Buyers

16% of Respondents Target Marketers

Category	Value
Operations	17
Marketing	16
IT	14
Sales	9
Product	9
HR	8
Engineering	7
Finance	6
Customer Support	6
Customer Success	5
Legal	2
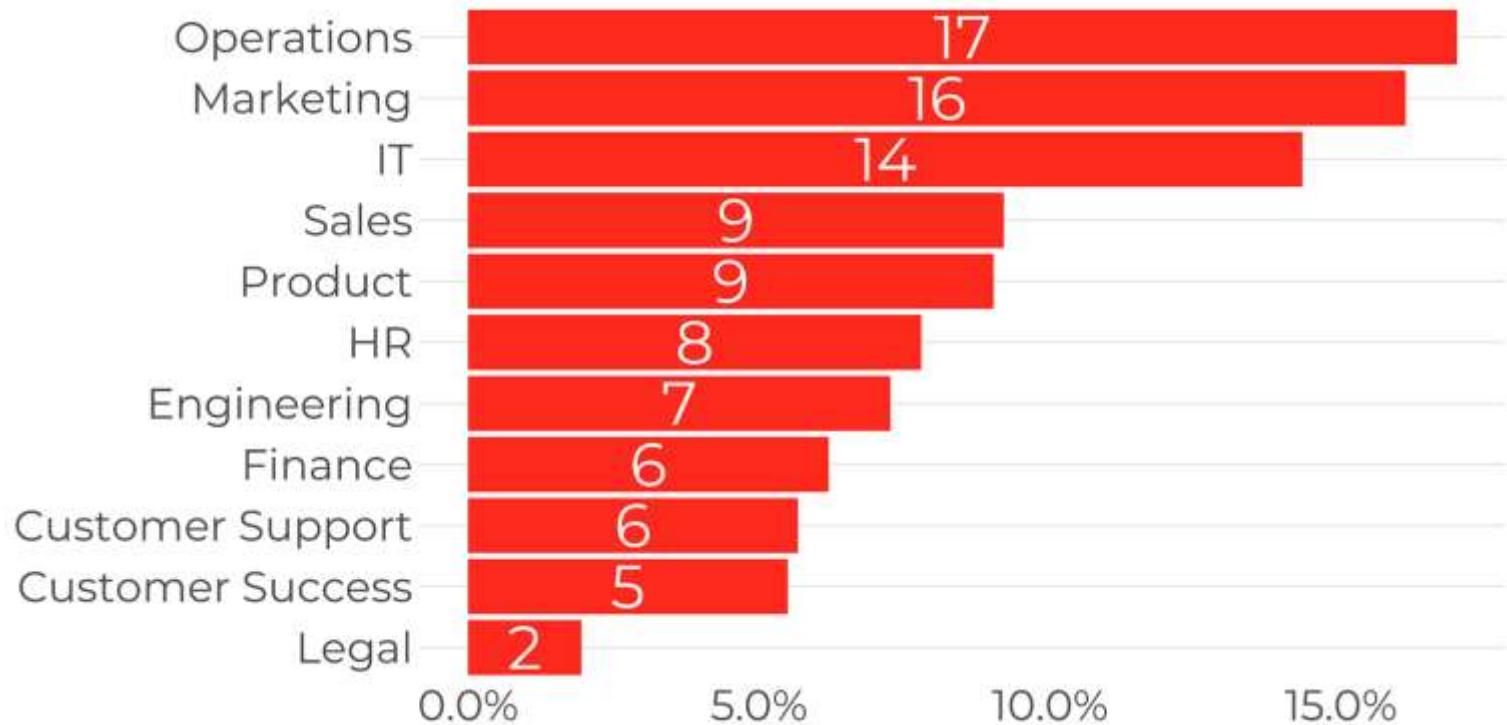
Goals

Contract Length

Annual Contracts Most Common in MidMarket

80% of Respondents with $15-$50k ACV Use Annual Contracts Predominantly

Contract Length	0-5	5-15	15-50	50-150	150+
Usage-Based	3	2	2	2	
Multi-Year	3	8	10	26	65
Month-to-Month	64	26	8	6	
Annual	30	63	80	67	35

ACV
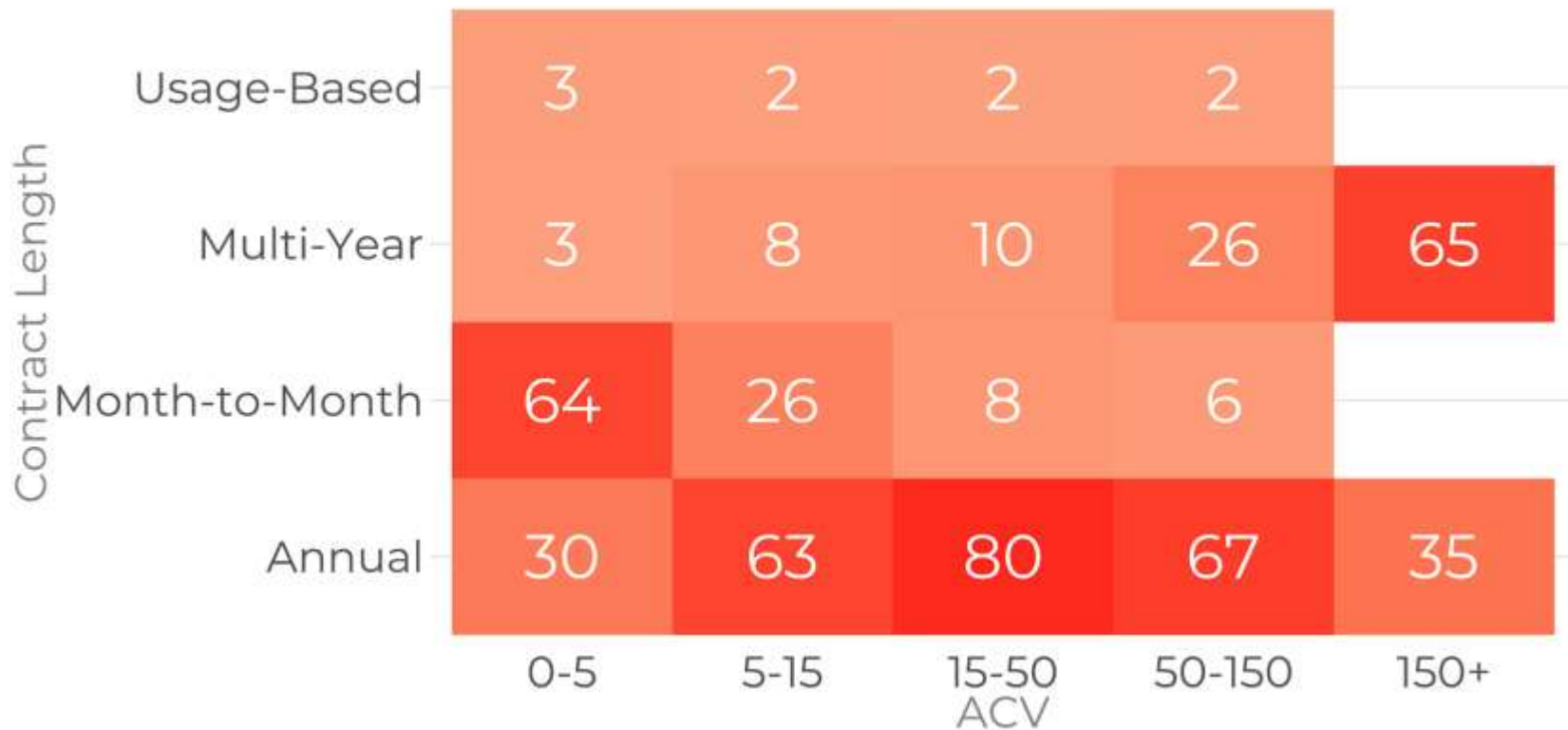
1

Stick with Annual Contracts

Two Thirds Retain 80%+ of Logos; One Third Retain 90%+
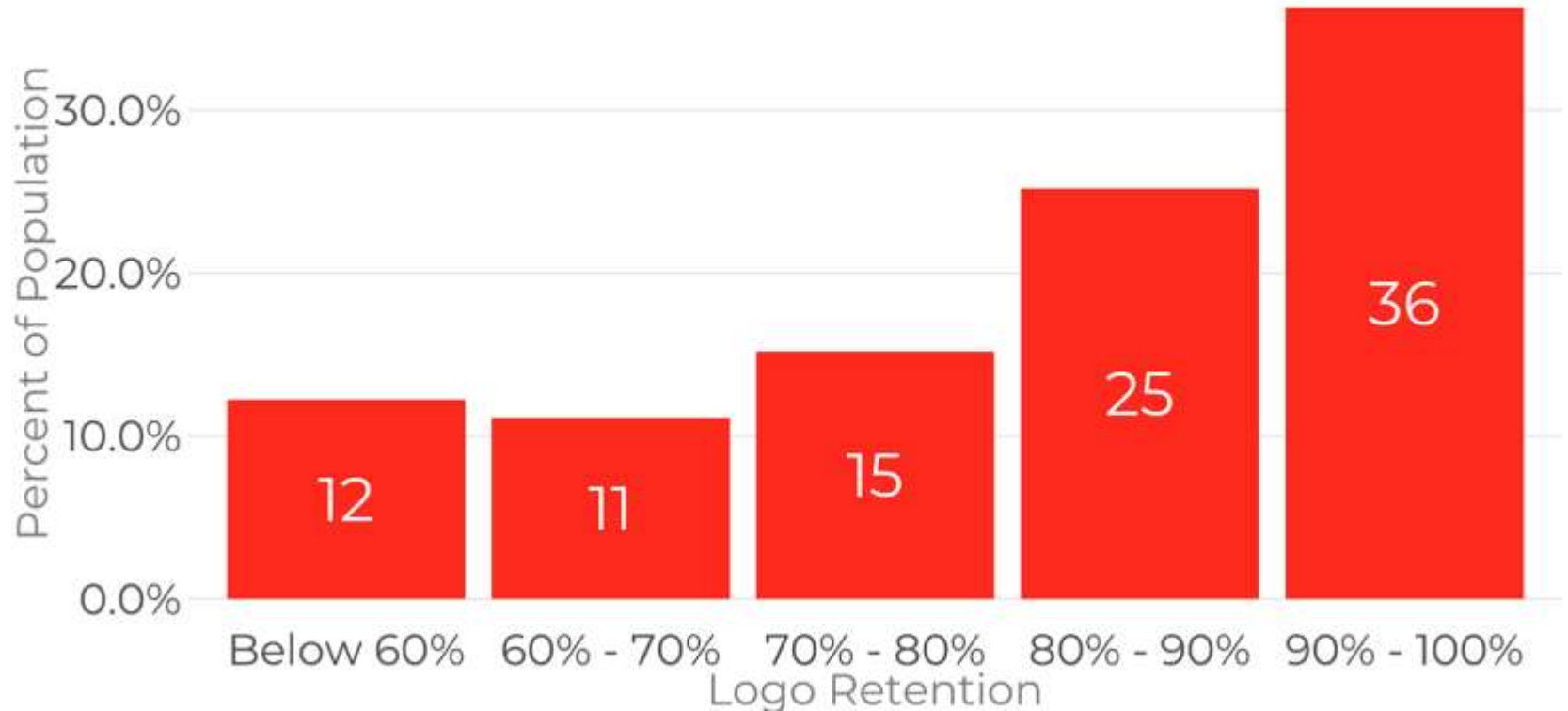
Larger Customers Churn Less

45% of Respondents Targeting Enterprise Retain 90-100% of Customers/Logos

Logo Retention	Enterprise	Mid-Market	SMB
90% - 100%	45	37	23
80% - 90%	23	22	30
70% - 80%	14	20	14
60% - 70%	10	10	13
Below 60%	8	10	20

2
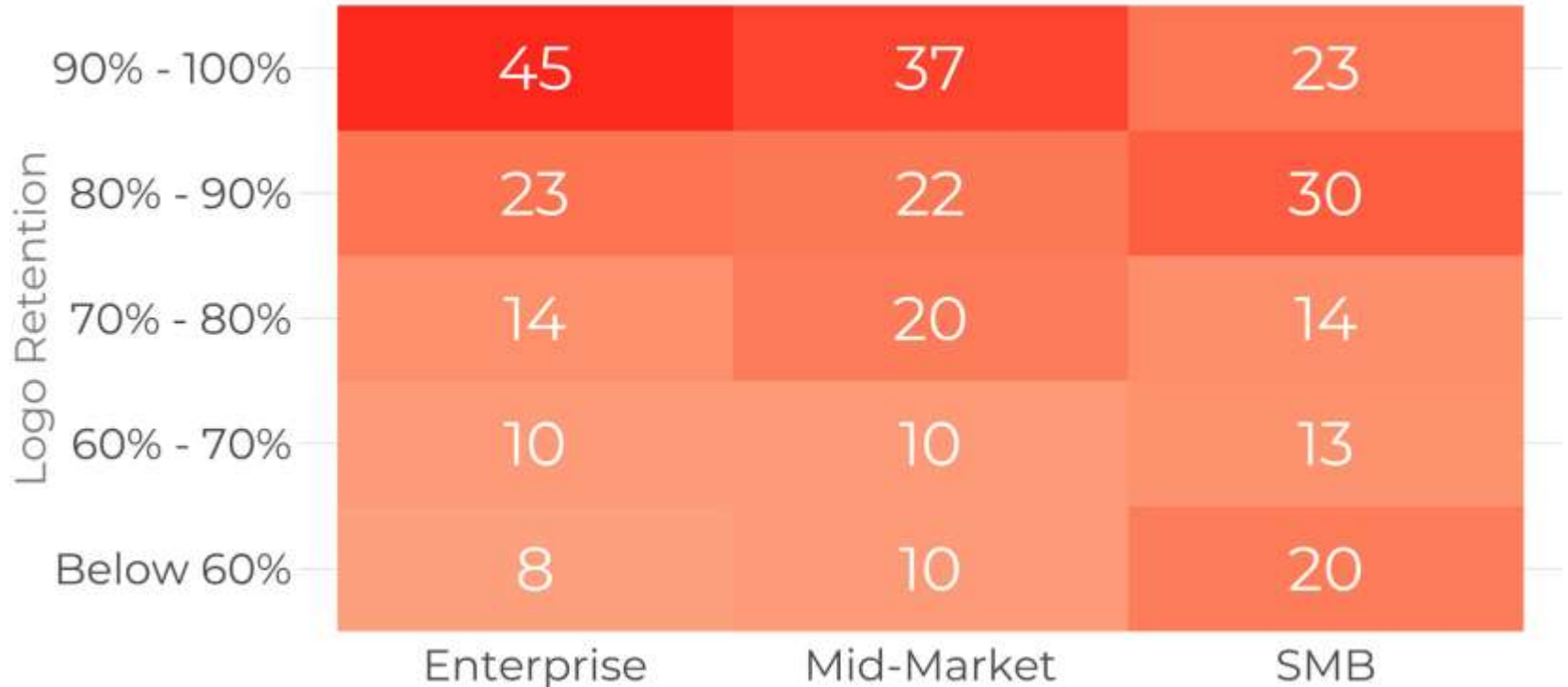
Strive for 90% Logo Retention

Net Dollar Retention

Top Quartile Expand Accounts by 120% or More
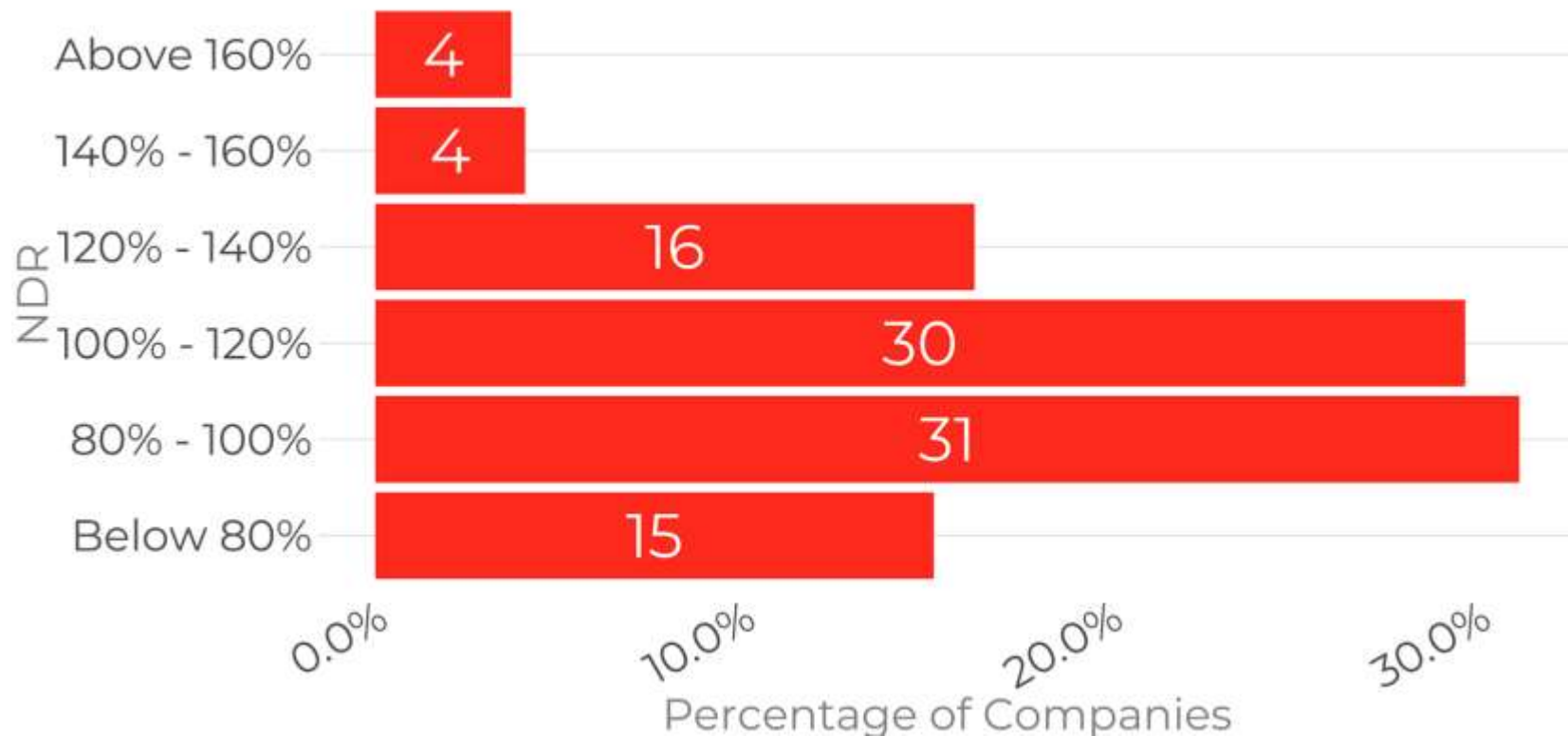
Enterprises Expand More than SMBs
34% of Respondents Targeting Enterprise Exhibit NDR of 100%-120%

	Enterprise	Mid-Market	SMB
Above 160%	5		4
140% - 160%	3	4	6
120% - 140%	23	12	8
100% - 120%	34	35	20
80% - 100%	26	33	38
Below 80%	9	16	24

NDR

3

NDR Target Should be 100-140%

Trial Structure

Time-Based Free Trials Most Common
58% of Respondents with ACVS between $15k-$50k Use Time Limited Trials

Trial Limit	0-5	5-15	15-50	50-150
Usage	17	17	18	12
Time	62	66	58	50
Seats	8	9	16	23
Features	12	9	9	15

ACV

Reason: Time & Limited Trials Convert Up to 2x Better

12% of Leads in Usage Limited Trials Convert to Paid
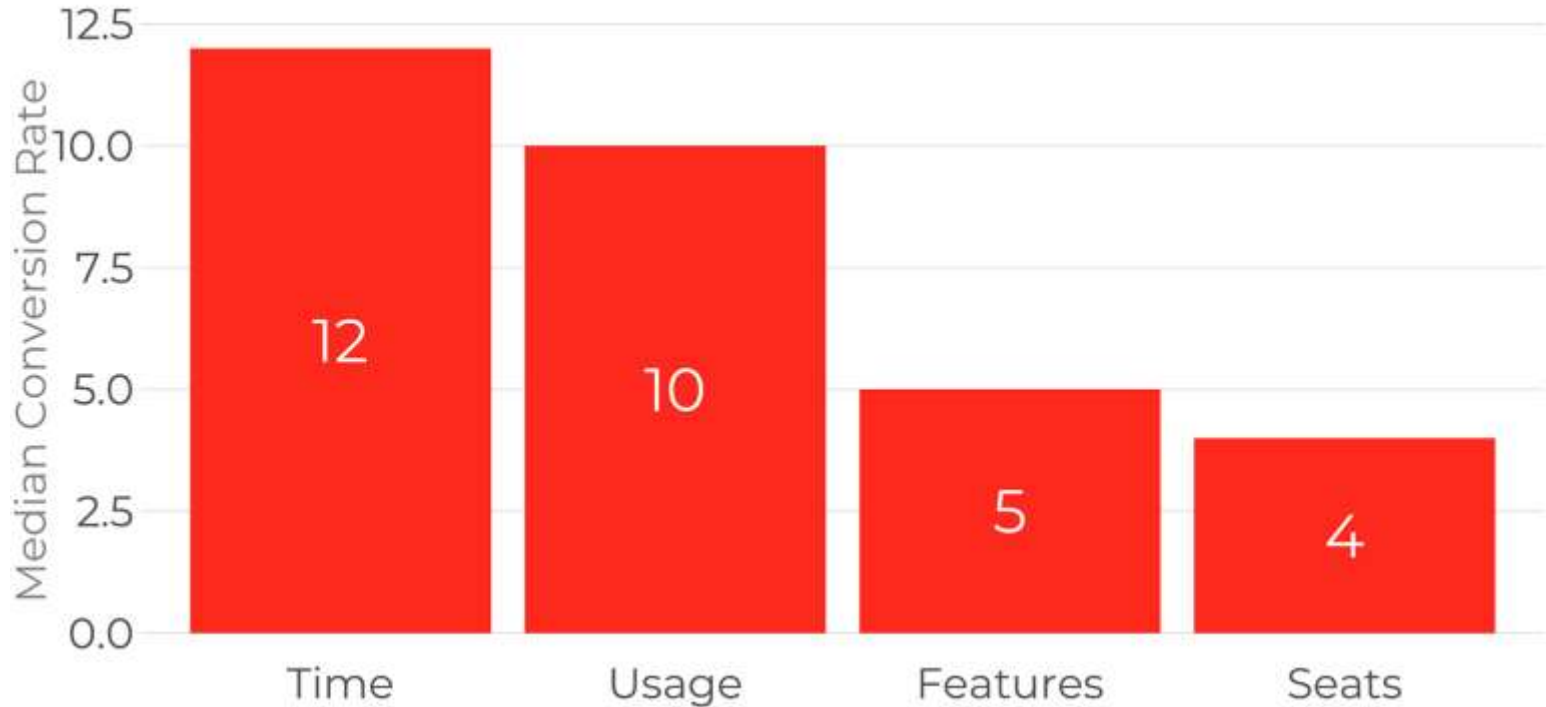
4 Explore Time and Usage Based Trials

Trial Length
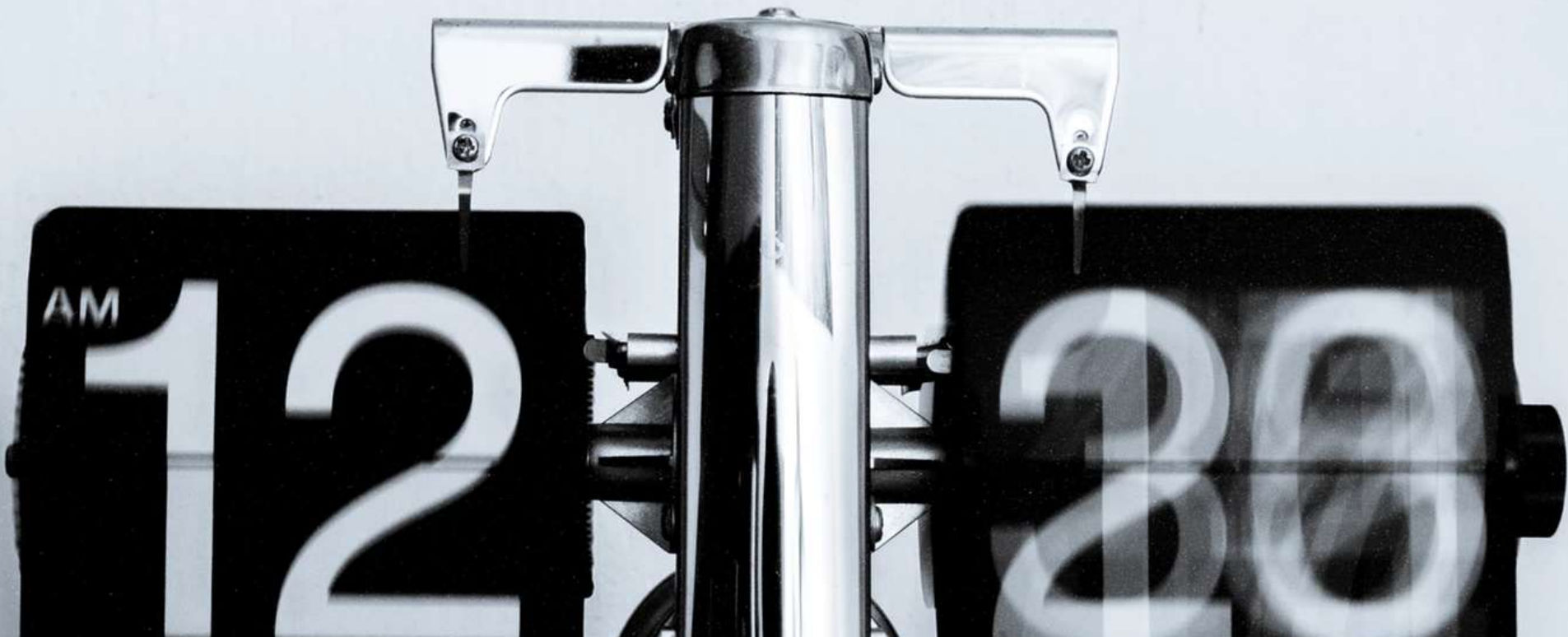
14 Day Trials Most Common; 30+ Days Second Most
47% of Respondents With Time Limited Trials Cap Trial Length at 14 Days
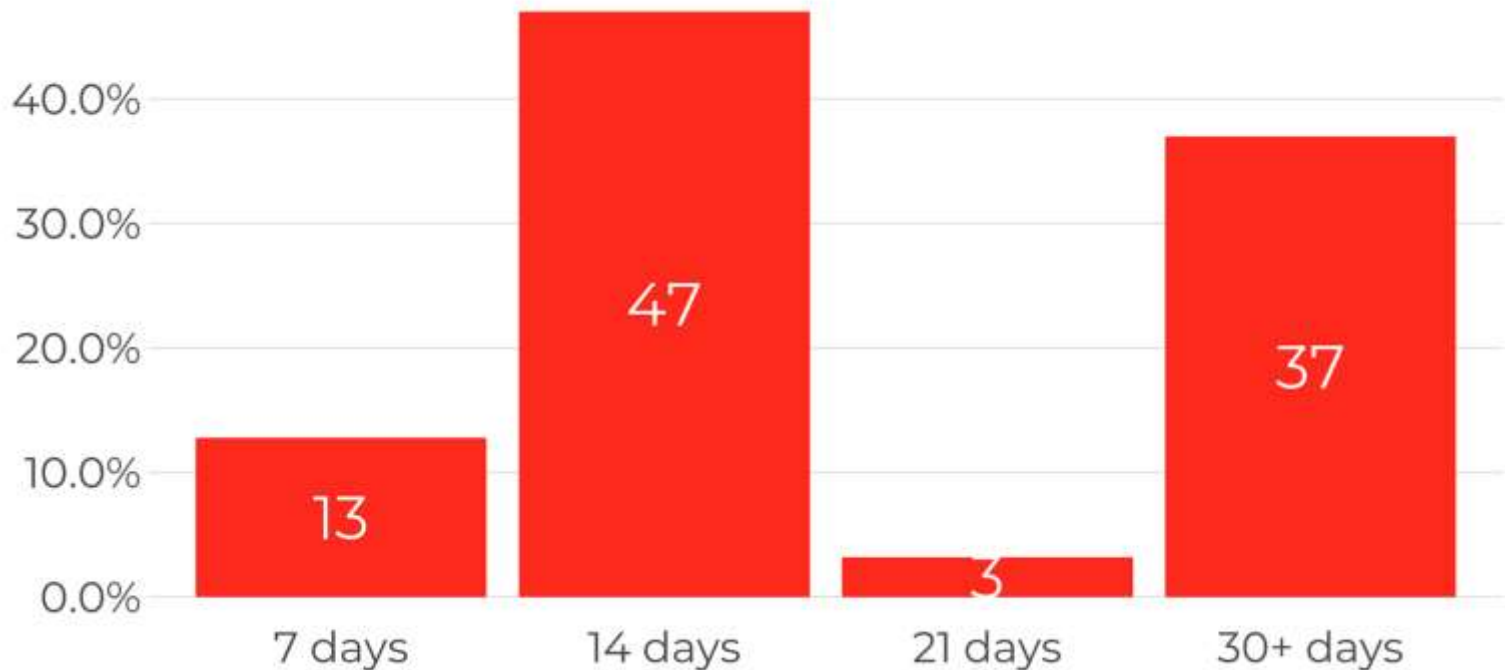
But Conversion Rate Same Across Trial Lengths

16% of Leads in 7 Day Trials Convert to Paid on Average
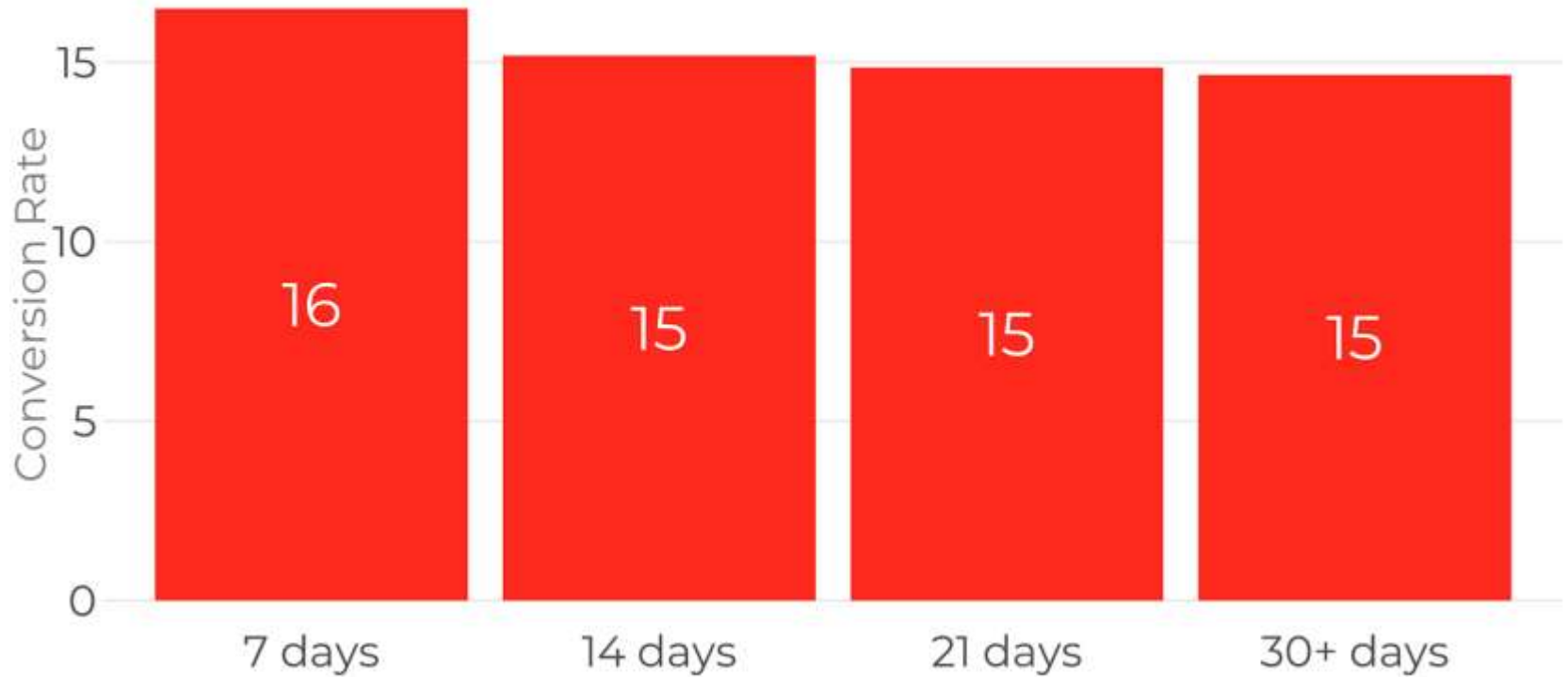
5

Trial Length Doesn't Alter Conversion; Shorten It

Salespeople

75% Have Salespeople Contact Freemium Leads

For good reason: Salespeople increase conversion 3x
15% of Assisted Leads Convert to Customers for the Median Respondent
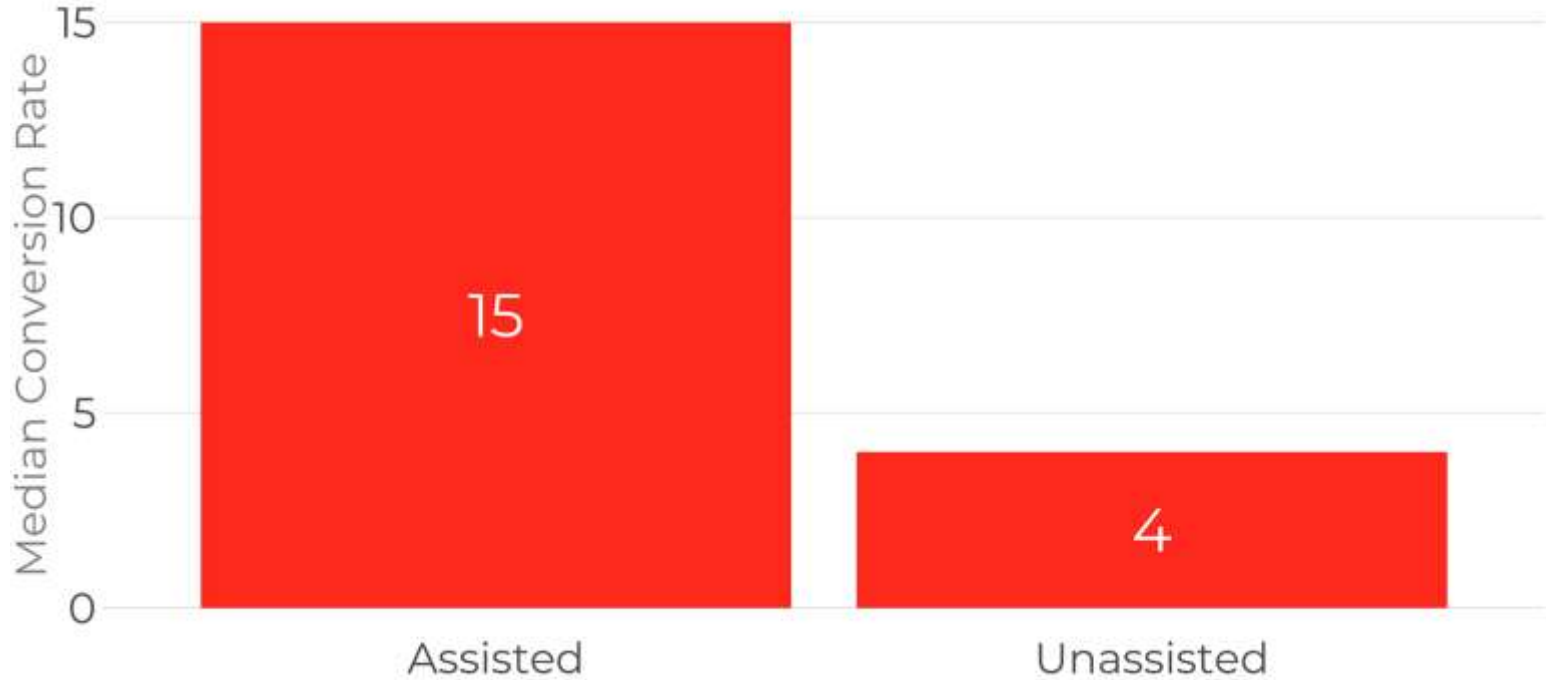
Sales Assistance Impact Evident at Every ACV

The Median Respondent with 15k-50k ACVs Converts Assisted Leads at 20%
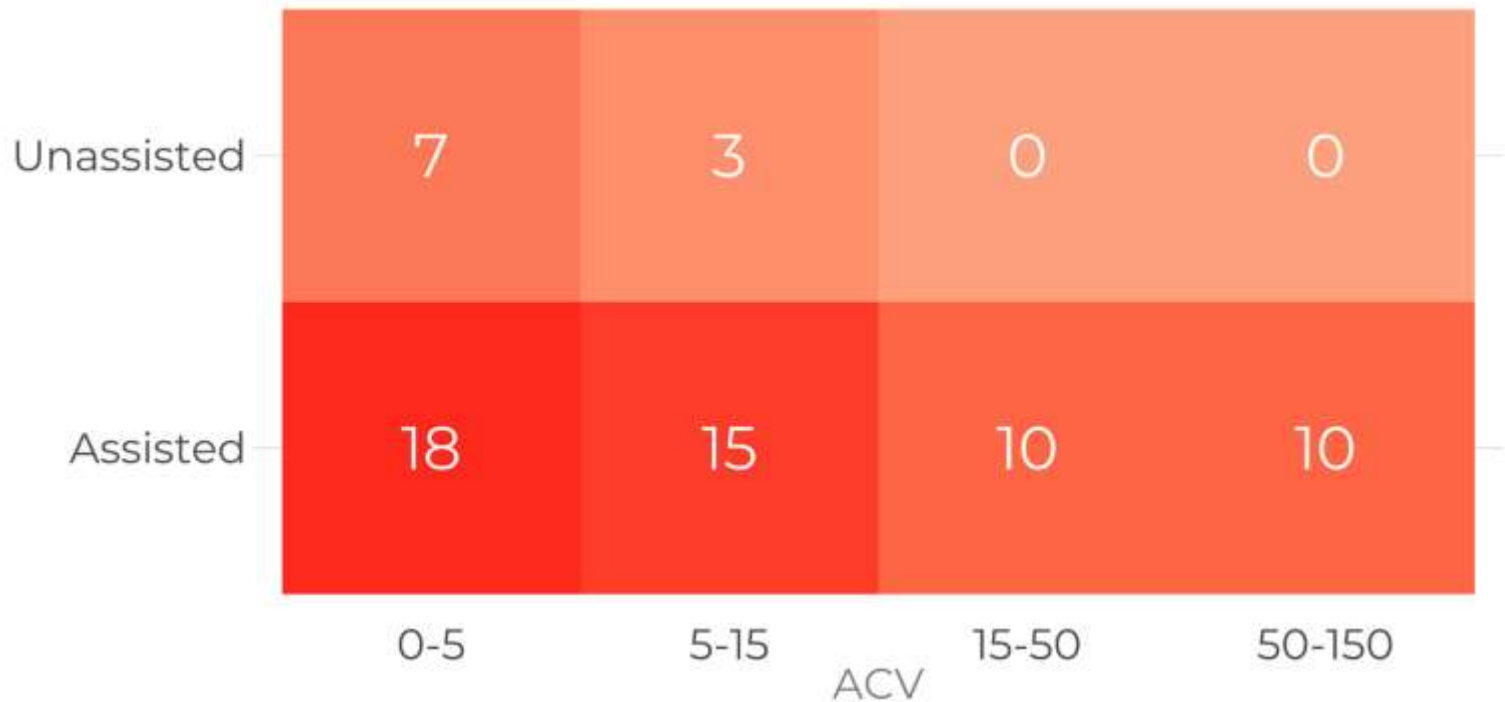
6 **Hire Salespeople to Call Your Leads**

Conversion

50th Percentile of Respondents Report 4% Unassisted Conversion
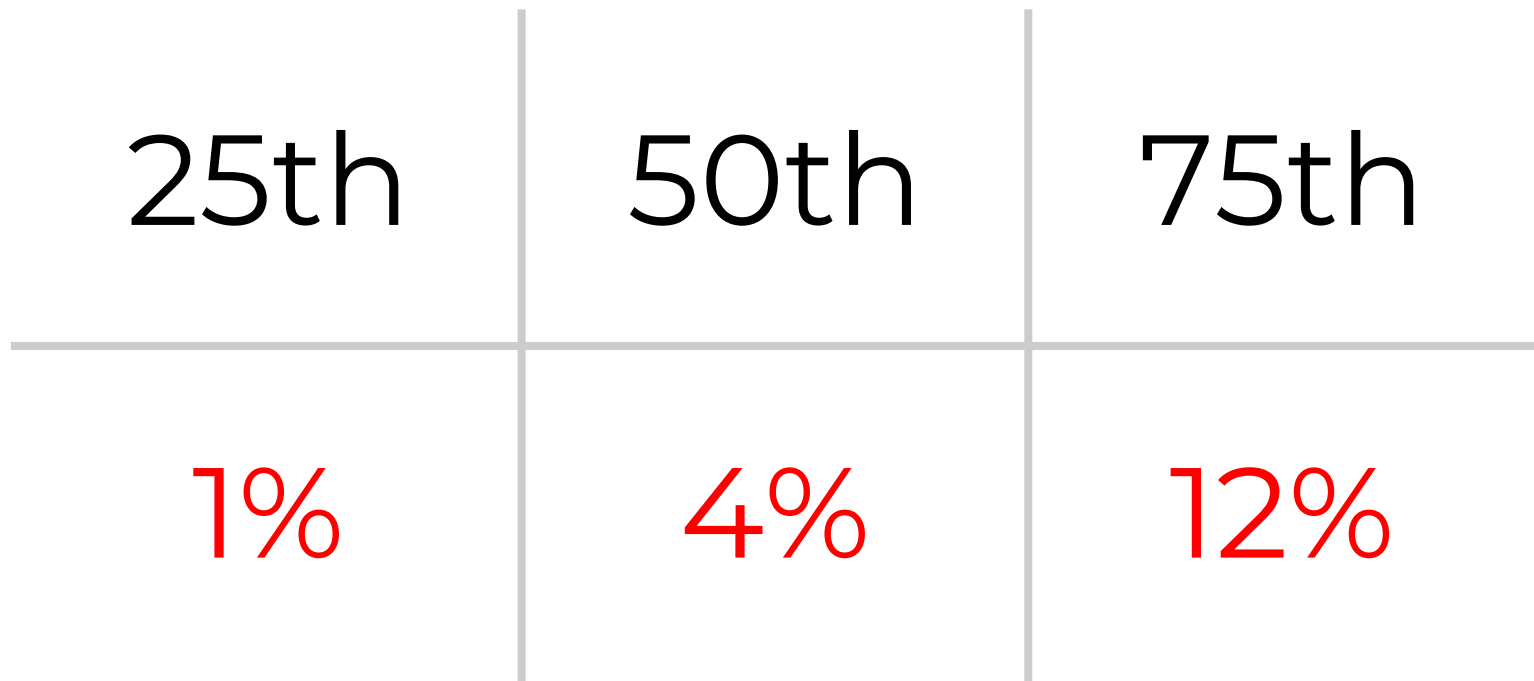
25th	50th	75th
1%	4%	12%

7

Aim for **4%+** Unassisted Conversion

50% of Respondents Report 15.5% Assisted Conversion

25th	50th	75th
6.8%	15.5%	30%

8

Shoot for **15%+** Assisted Conversion

Activity Qualification

Activity Scoring Effectiveness Decreases with Price

4% of $50-$150k Leads Which Have Been Scored By Activity Convert to Paid

Use Activity to Score Leads	0-5	5-15	15-50	50-150
Yes	15	14	10	4
No	15	20	15	15

ACV

9
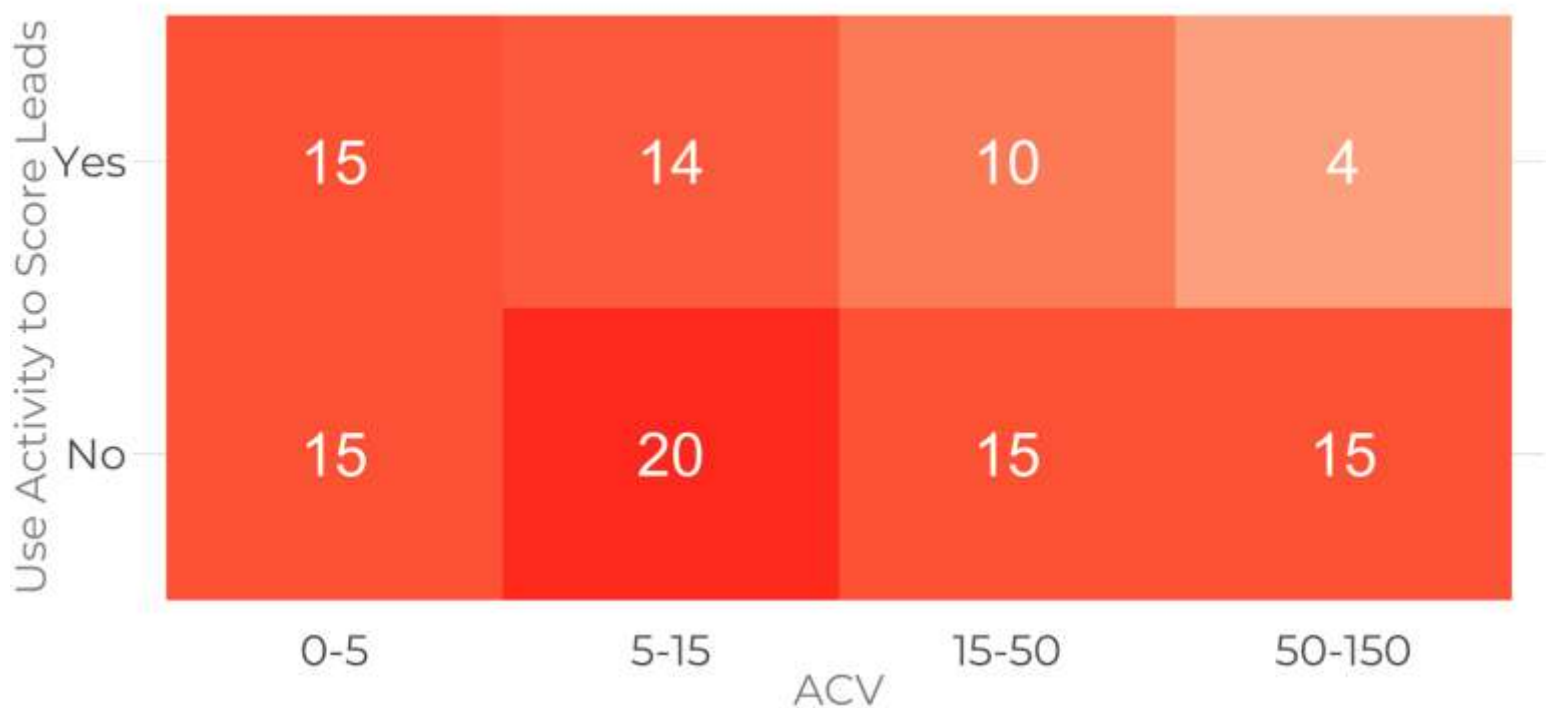
Question Activity Scoring in Enterprise

Payment

12%

of Respondents Require Payment Info

But the Data Suggests Many More Should
On Average Unassisted Leads with Payment Collected Before Trial Convert at 10%

10
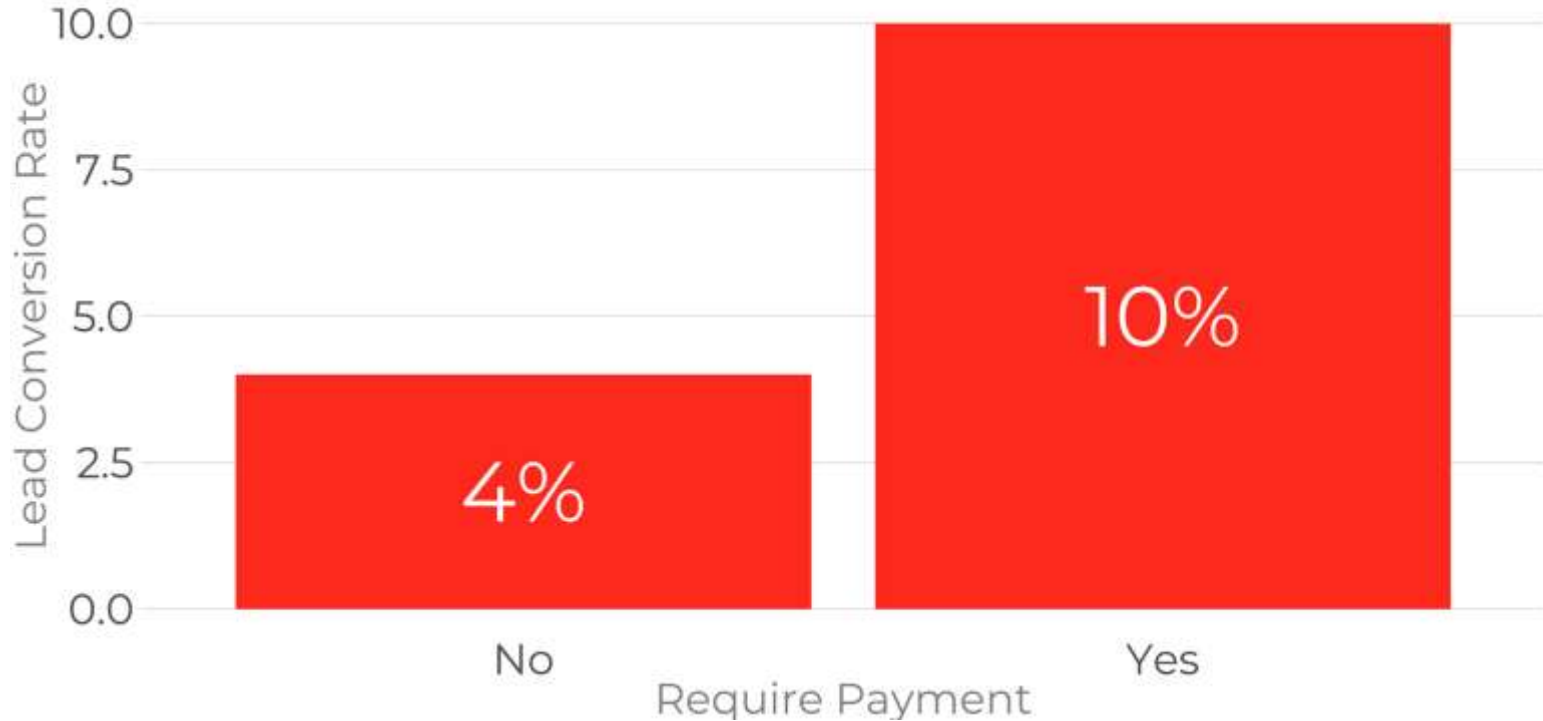
Test Requiring Payment at Outset

Summary
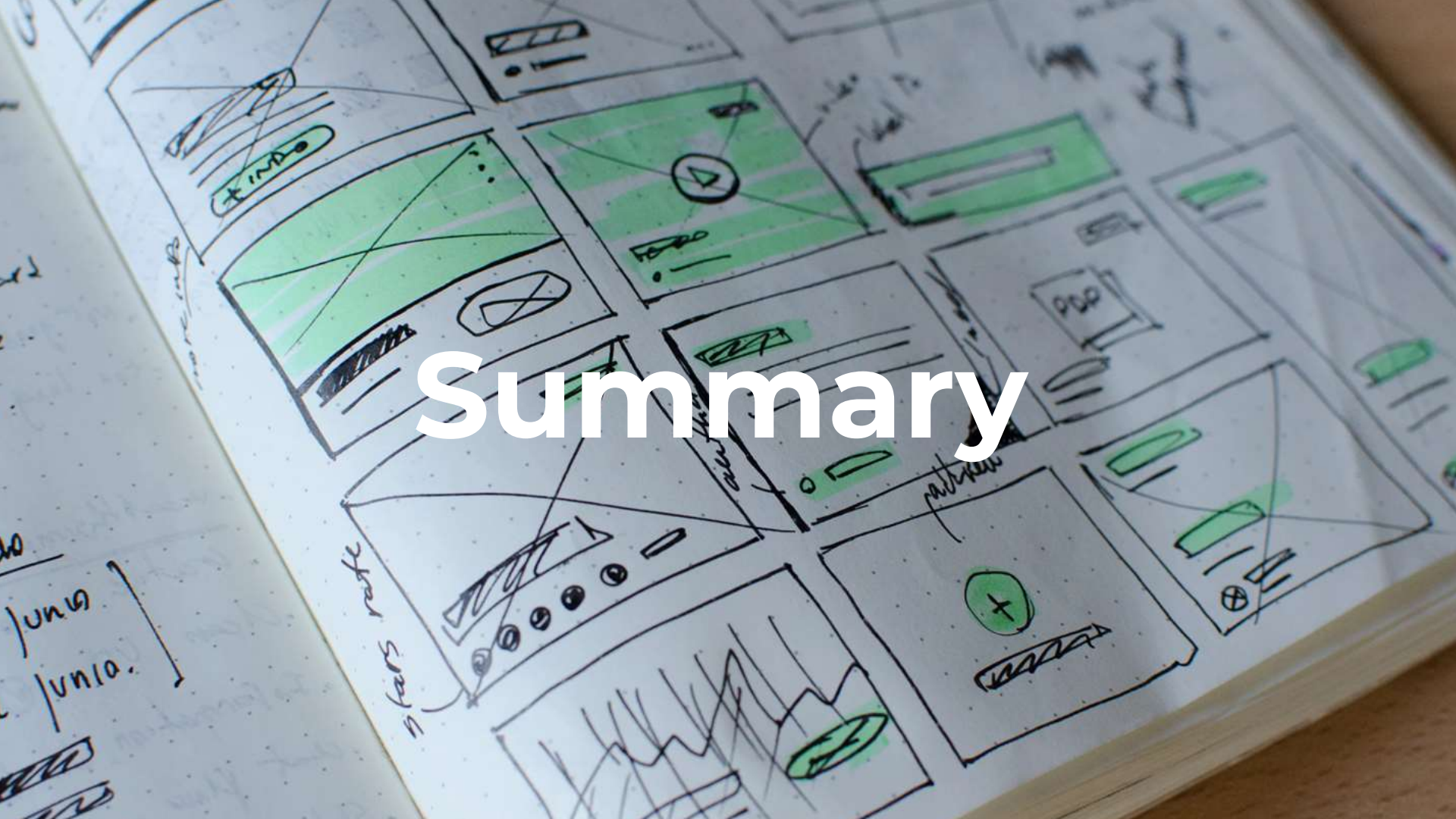
Summary

1. Stick to **Annual** Contracts

2. Strive for **90%** Logo Retention

3. Target **100-140%** NDR

4. Prefer **Time and Usage** Based Trials

5. **Shorten** Trial Length

Summary

6. Hire **Sales People** to Call Leads

7. Aim for **5%** Unassisted Conversion

8. Shoot for **15%** Assisted Conversion

9. Question Activity Scoring in Enterprise

10. Test Requiring **Payment**

Tomasz Tunguz

Venture Capitalist at Redpoint

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APPENDIX
(If you need 'em)

When does...?

18.7 = 21.0

When does...?

18.7 = 21.0

No Difference in Conversion Rates When Activity Scoring

True Across Buyers
71% of Respondents Targeting Customer Support Buyers Use Time Limited Trials

	Features	Seats	Time	Usage
Sales	17	9	58	16
Product	13	12	48	27
Operations	6	13	68	13
Marketing	13	11	56	20
Legal	5	19	52	24
IT	10	15	59	15
HR	15	15	53	17
Finance	12	2	64	22
Engineering	5	9	59	27
Customer Support	7	13	71	9
Customer Success	7	22	58	13

Trial Limit
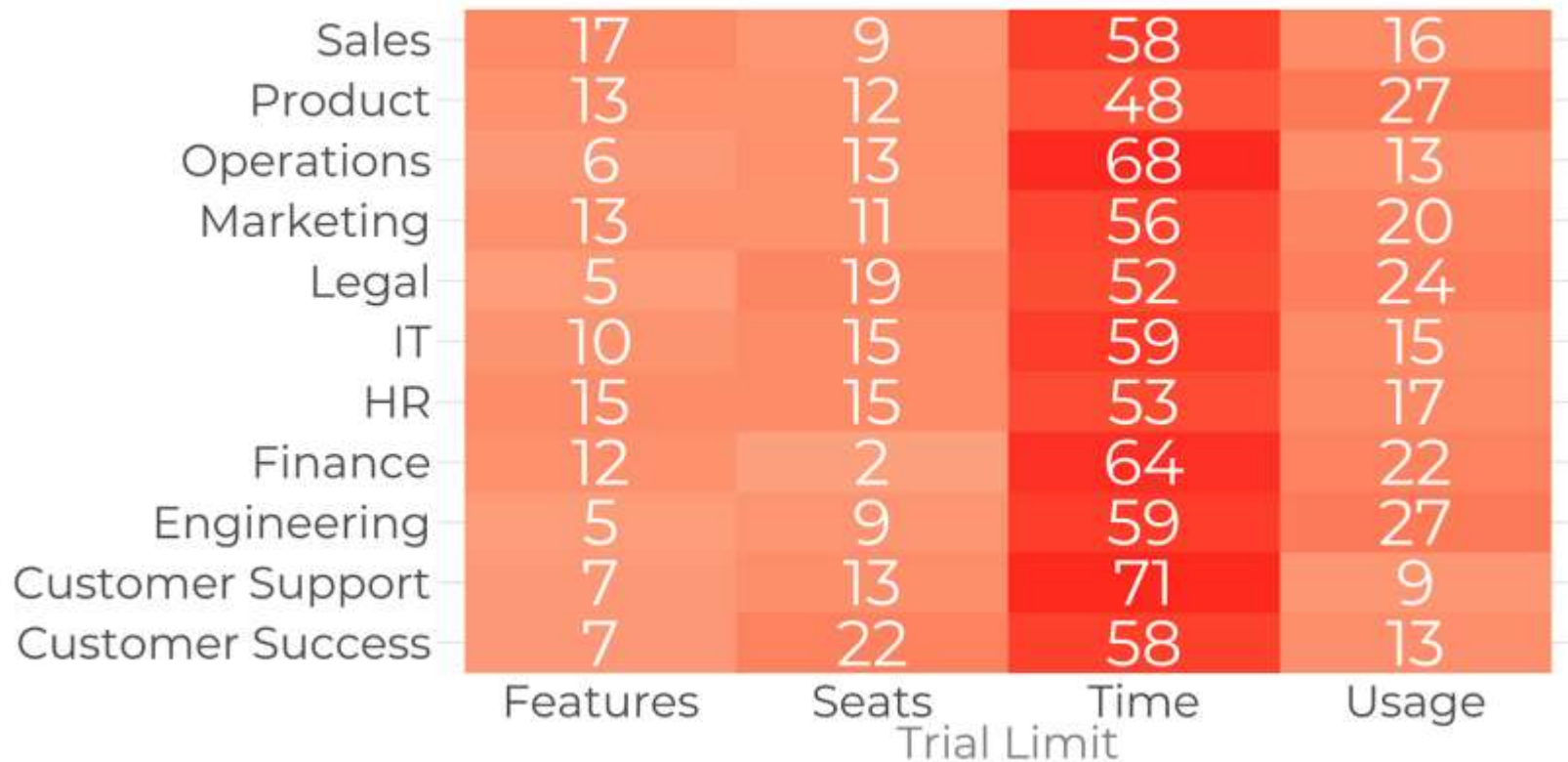
Buyers

Contract Length by Buyer - Same!

	Annual	Month-to-Month	Multi-Year	Usage-Based
Sales	55	36	7	2
Product	47	40	9	5
Operations	49	32	17	2
Marketing	52	37	9	3
Legal	58	32	10	
IT	55	25	18	2
HR	54	31	12	3
Finance	40	47	11	3
Engineering	60	29	8	4
Customer Support	50	38	10	2
Customer Success	48	46	6	

Net Dollar Retention by Buyer - Same!

NDR	Below 80%	80% - 100%	100% - 120%	120% - 140%	140% - 160%	Above 160%
Sales	24	21	25	21	3	6
Product	16	26	26	22	6	4
Operations	13	24	34	17	6	6
Marketing	21	32	24	16	3	4
Legal	12	24	29	24		12
IT	16	29	41	12		3
HR	21	21	32	21	2	2
Finance	15	33	28	13	5	5
Engineering	23	29	29	16	3	
Customer Support	30	33	26	4	4	4
Customer Success	21	30	21	21	3	3

11 All Buyers Behave Similarly

Time-Based Free Trials Most Common; Features and Seats Increase with ACV

ACV	Features	Seats	Time	Usage
0-5	12%	8%	62%	17%
5-15	9%	9%	66%	17%
15-50	9%	16%	58%	18%
50-150	15%	23%	50%	12%

2019

Time-Based Free Trials Most Common; Features and Seats Increase with ACV

	0-5	5-15	15-50	50-150
Features	12%	9%	9%	15%
Seats	8%	9%	16%	23%
Time	62%	66%	58%	50%
Usage	17%	17%	18%	12%

ACV

■Features ■Seats ■Time ■Usage

2019
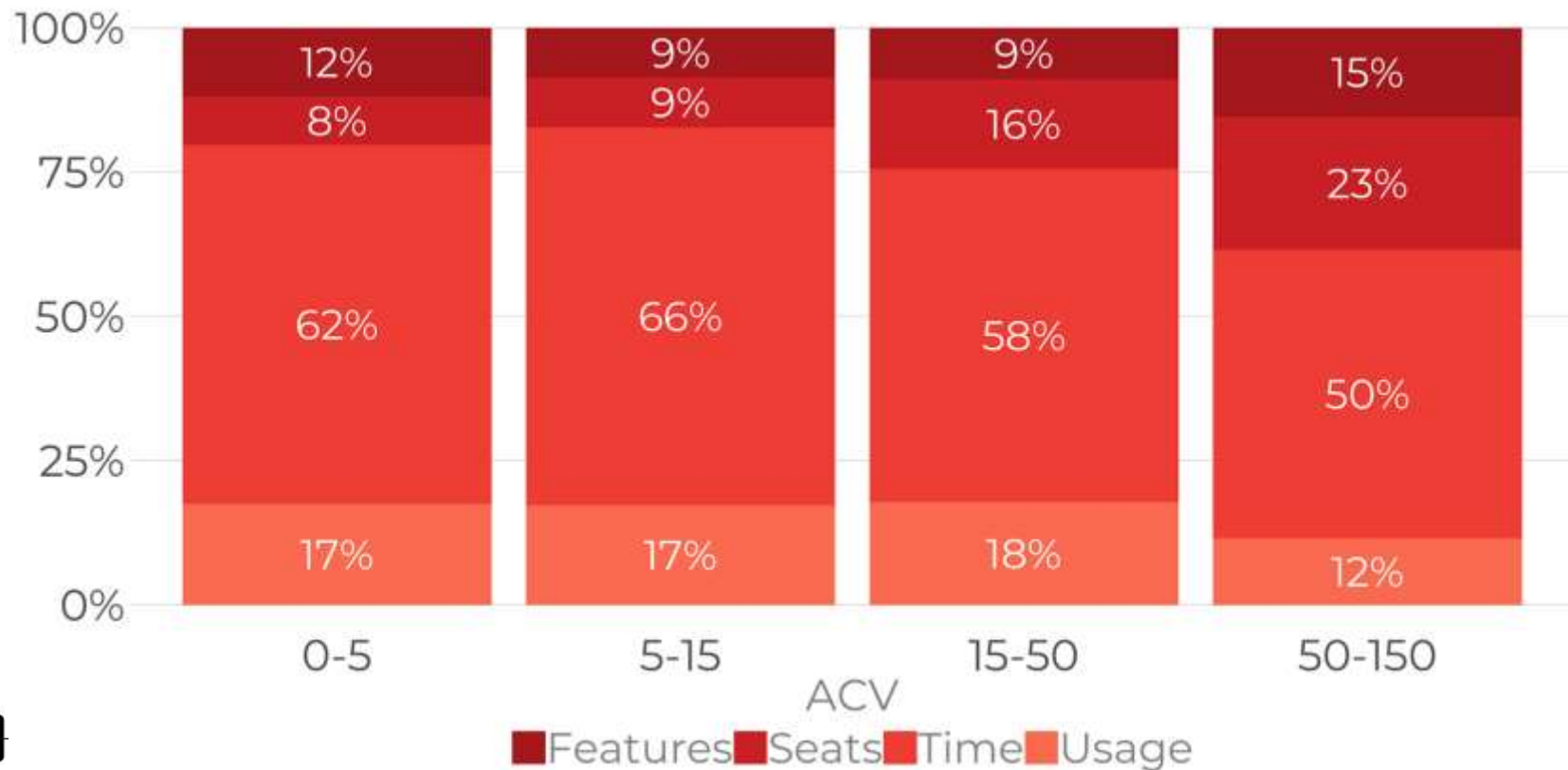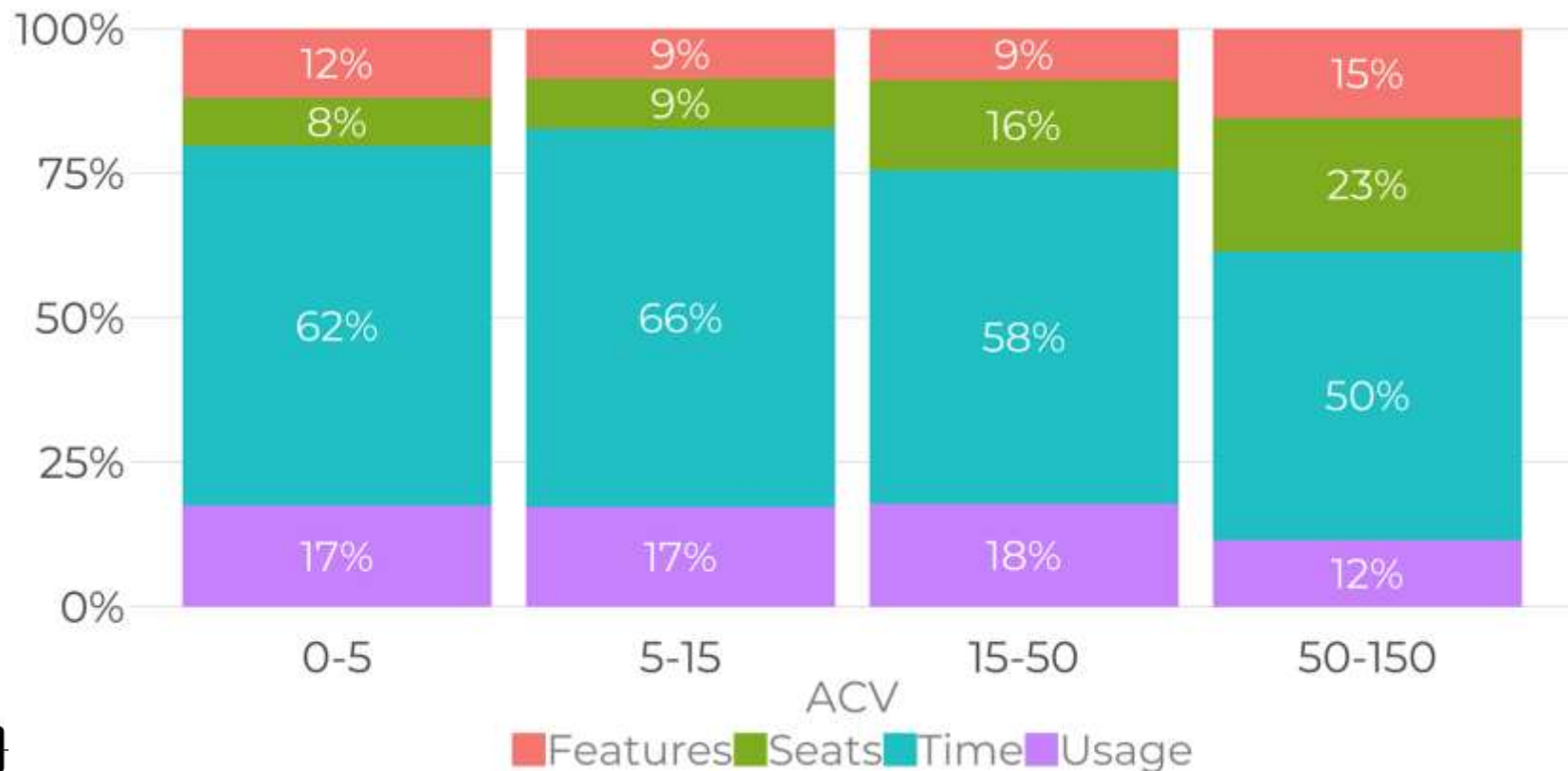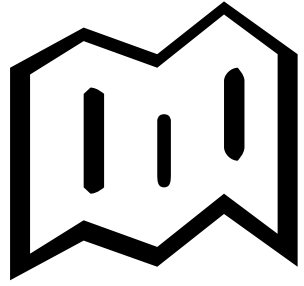
Terminology

Words to Know

Unassisted Conversion
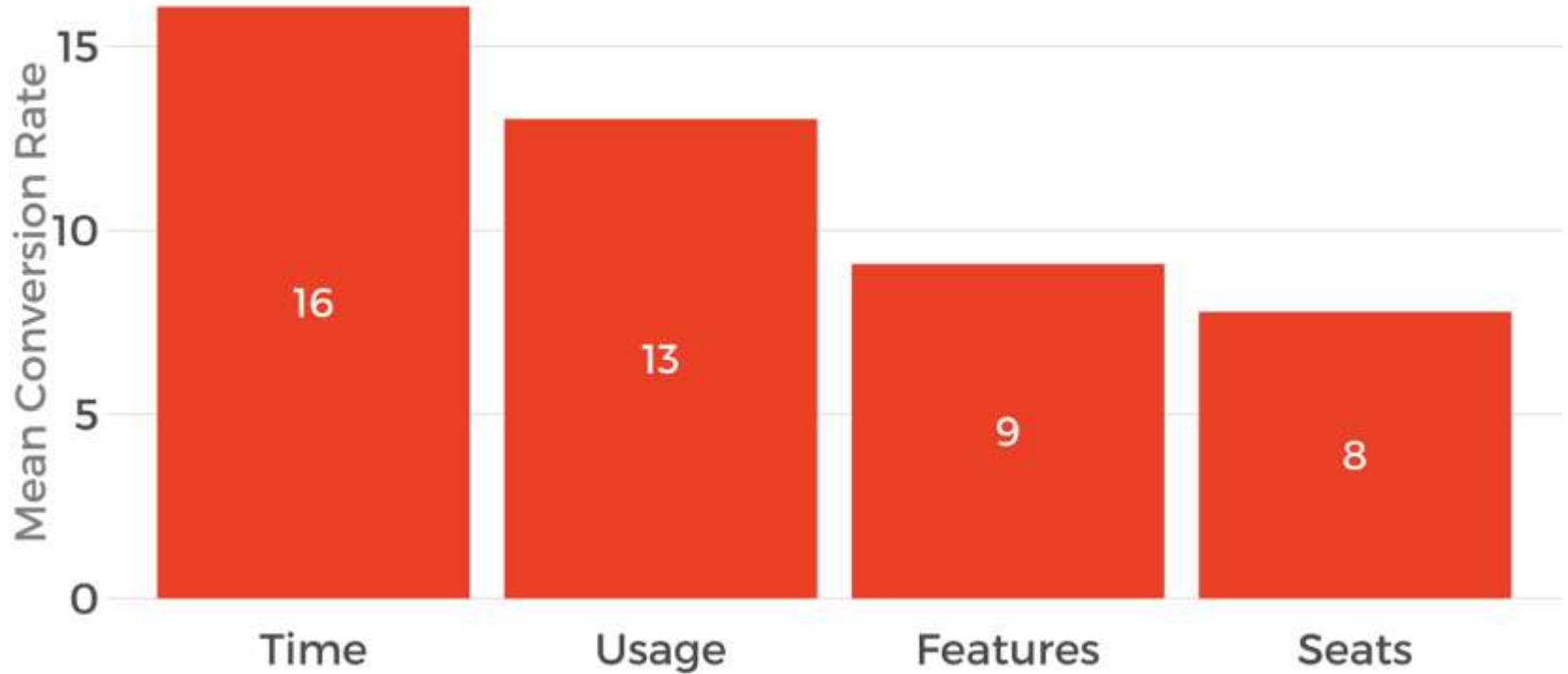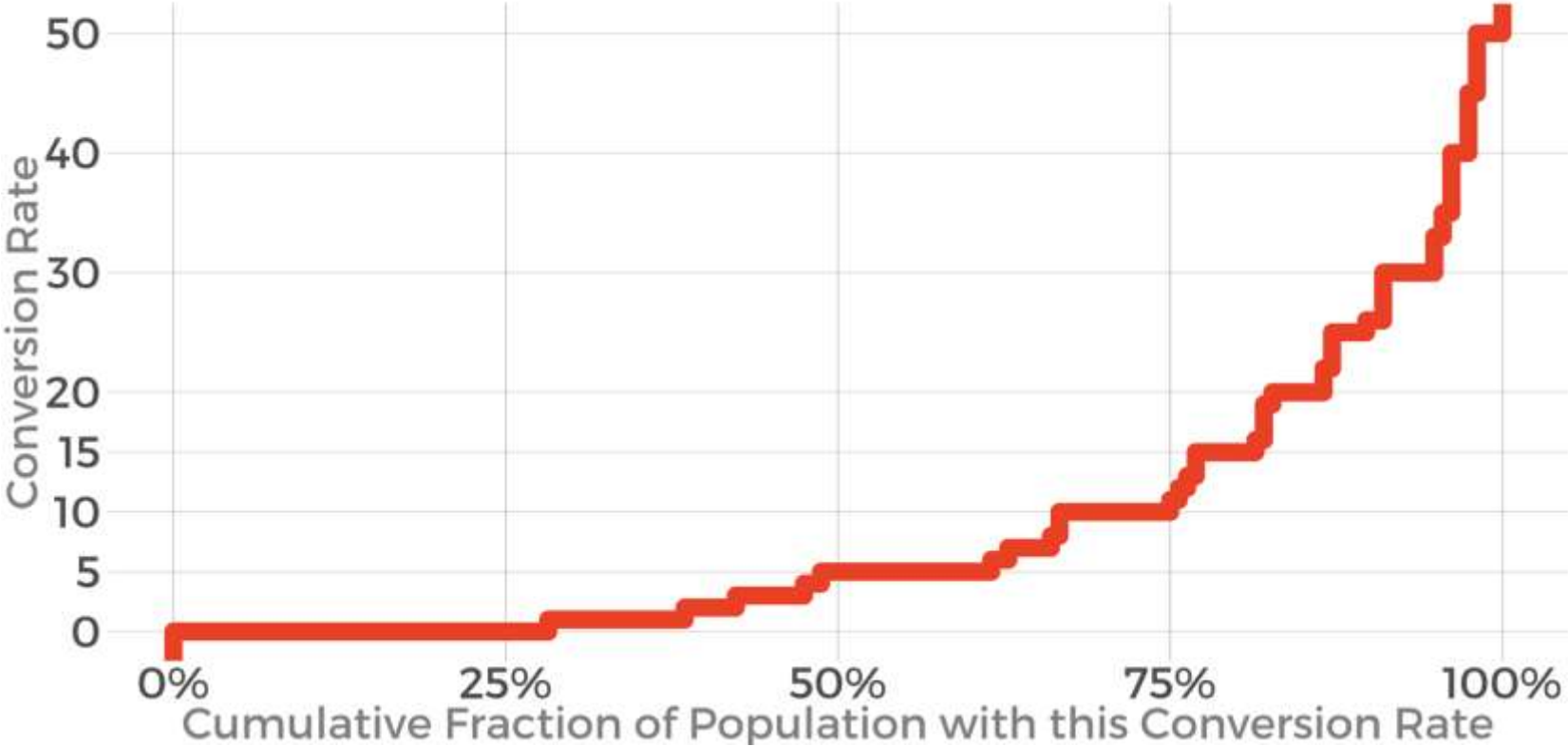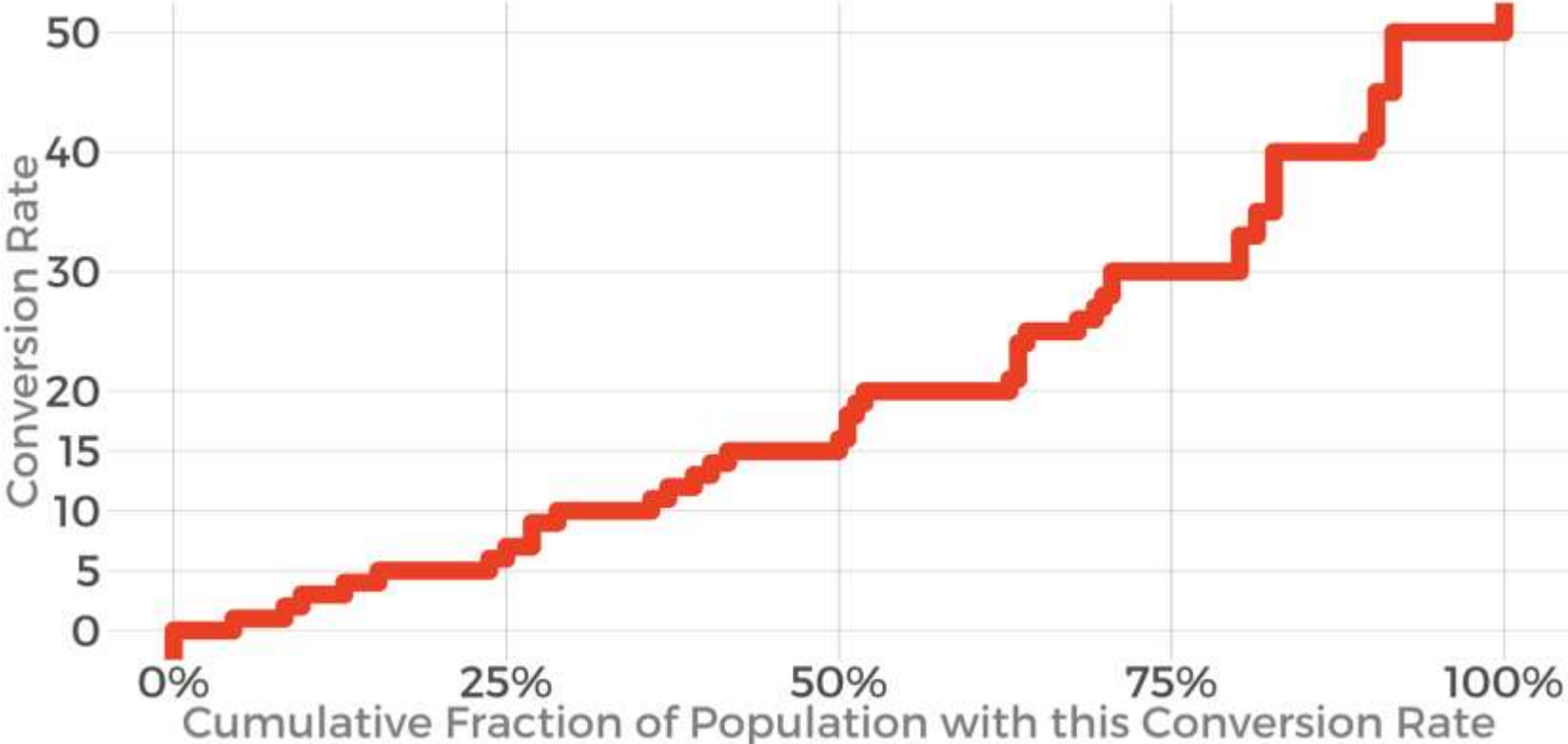**Assisted Conversion**

Reason: Time Limited Trials Convert Best (put in how much better)

50% of Respondents Report 5% Unassisted Conversion

50% of Respondents Report 15% Assisted Conversion

Conversion Rate (y-axis): 0, 5, 10, 15, 20, 30, 40, 50

Cumulative Fraction of Population with this Conversion Rate (x-axis): 0%, 25%, 50%, 75%, 100%

Net Dollar Retention by Buyer - Same!

NDR	Below 80%	80% - 100%	100% - 120%	120% - 140%	140% - 160%	Above 160%
Sales	12	11	13	11	2	3
Product	8	12	12	10	3	2
Operations	6	11	16	8	3	3
Marketing	10	15	12	8	2	2
Legal	6	13	16	13		6
IT	7	13	18	5		1
HR	10	10	15	10	1	1
Finance	8	17	15	7	3	3
Engineering	9	11	11	6	1	
Customer Support	13	15	12	2	2	2
Customer Success	11	15	11	11	2	2

Conversion Rates by Contract Length - Same!

	Annual	Month-to-Month	Multi-Year	Usage-Based
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Finance	40	47	11	3
Engineering	60	29	8	4
Customer Support	50	38	10	2
Customer Success	48	46	6	

Sales Impacts Conversion Rates Across Segments

Assisted   Unassisted

Conversion Rate
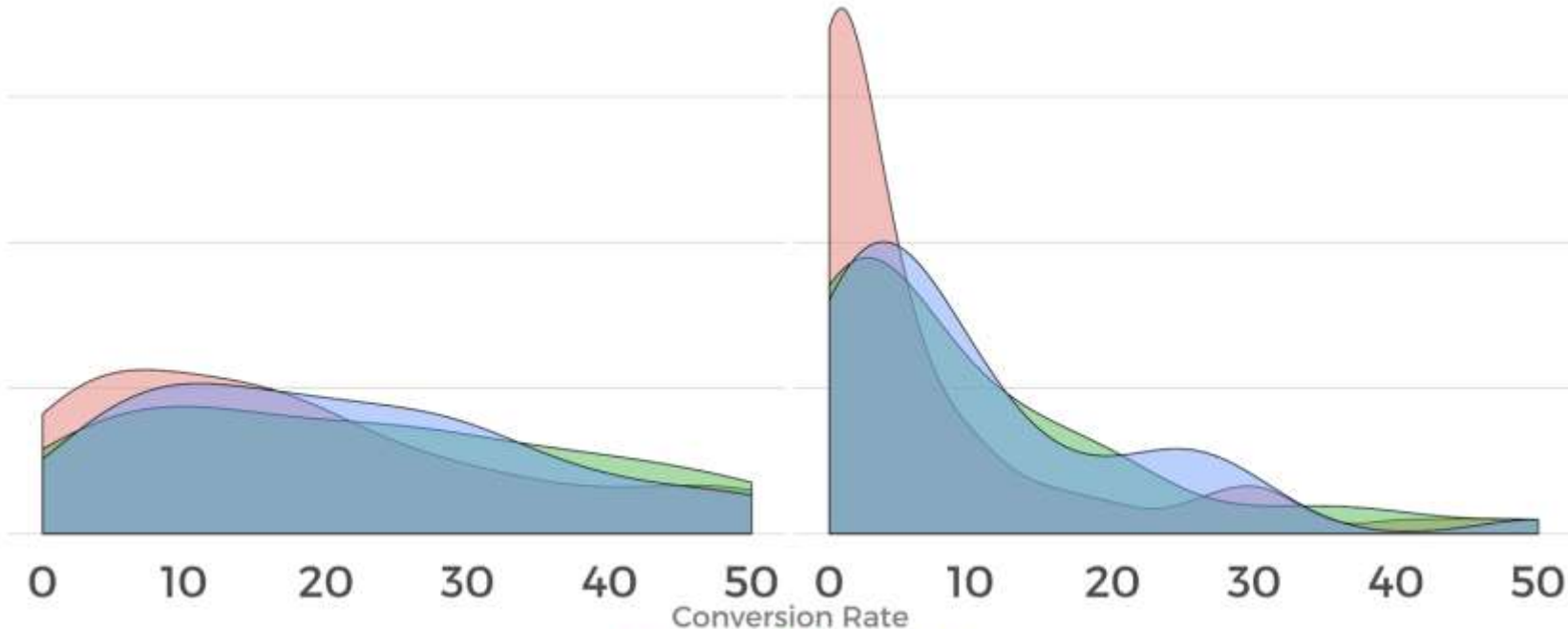
segment ▢ Enterprise ▢ Mid-Market ▢ SMB