



Subscription Retention Optimization

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Problem Statement

Learnova is a subscription-based learning platform for professional courses. Currently, when the learners have to take a temporary break (e.g., due to exams, vacation, etc), they have to cancel their subscription and re-purchase to continue learning. Recent data shows a 70% drop-off after cancellation, and among returning learners, most show a gap of 1-2 months before re-purchasing. This results in significant revenue leakage, disrupted learning continuity and reduced learner retention.

Business Objectives

- Reduce post-cancellation churn from 70% to 50% within 6 months
 - Improve overall learner retention by 15% – 20% within 12 months
 - Reduce the gap between cancellation and repurchase from 1–2 months to under 2 weeks
 - Increase Monthly Recurring Revenue (MRR) by 20% within 12 months
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Root Cause Analysis

The analysis was conducted using the 5 Whys technique to understand why learners cancel subscription and fail to return, despite showing intent to continue learning later. The goal was to identify underlying causes beyond surface-level cancellation behavior.

Observed Problem

- High post-cancellation churn (~70% learners do not return).
- Returning learners typically re-subscribe after a delay of 1-2 months.
- Learning continuity is broken once a subscription is cancelled

5 Whys Analysis

Why 1: Why do learners not return after cancellation?

→ Because learning continuity breaks and re-subscribing requires additional effort and decision-making.

Why 2: Why does learning continuity break?

→ Because cancellation removes access to learning progress and disrupts learner momentum.

Why 3: Why do learners choose cancellation in the first place?

→ Because they need temporary flexibility due to exams, travel, workload, or reduced usage periods.

Why 4: Why do learners cancel instead of adjusting their subscription?

→ Because flexible alternatives such as pause, upgrade, or downgrade options are not available.

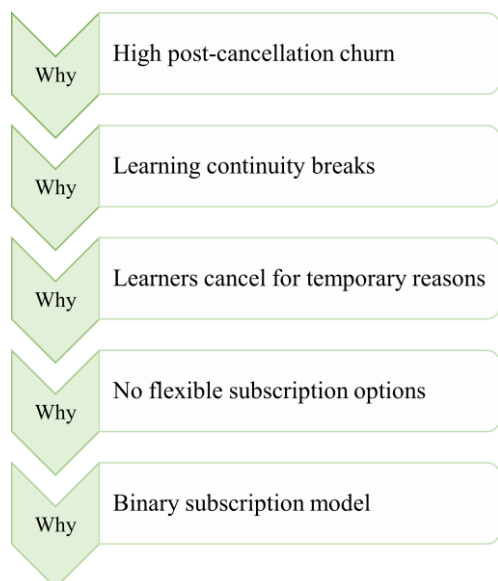
Why 5: Why are flexible alternatives unavailable?

→ Because the current subscription model is designed as a binary system, users can either continue or cancel.

Root Cause Identified

The primary root cause is a lack of flexibility in the subscription lifecycle, which forces learners to cancel even when their intent is temporary adjustment rather than permanent exit.

Cause Flow Diagram



Key Insight

The issue is not necessarily learner dissatisfaction, but a structural limitation in the subscription design. Providing flexible subscription options is expected to reduce unnecessary cancellations, improve retention, and protect recurring revenue.

Business Impact Estimation

Objective

To estimate the potential revenue and retention impact caused by subscription cancellations and to understand the business opportunity behind introducing flexible subscription options.

Assumptions

Since exact numbers are not available, the following reasonable assumptions were used for directional estimation:

- Total active subscribers: 10,000
- Average monthly subscription value = ₹1,000

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- Monthly cancellation rate = 10%
 - Post-cancellation drop-off rate: 70%
 - Target reduction in drop-off rate: 70% → 50%

Current Business Impact (Estimated)

- Monthly cancellations = 10% of 10,000 = 1,000 Learners
- Learners lost permanently (70%) = 700 Learners

Estimated monthly recurring revenue (MRR) loss: $700 \times ₹1,000 = ₹7,00,000$ per month

Potential Impact After Introducing Flexible Subscription Options

If the drop-off rate reduces from 70% → 50%:

- Learners retained = 200 additional learners per month
- Estimated MRR protected/recovered: $200 \times ₹1,000 = ₹2,00,000$ per month

Annualized Opportunity (Directional)

$₹2,00,000 \times 12 \approx ₹24,00,000$ potential annual revenue impact

Business Insight

A significant portion of cancellations may represent temporary pauses rather than permanent churn. Introducing flexible subscription options can convert avoidable cancellations into retained users, improving both learner continuity and recurring revenue.

Solution Framing

Objective

Based on the root cause analysis and business impact estimation, the solution was framed to reduce avoidable cancellations by introducing flexibility into the subscription lifecycle, while maintaining alignment with existing billing and operational constraints.

Design Principle

Shift from a binary subscription model (Continue or Cancel) to a flexible subscription lifecycle that allows learners to adjust their plans based on changing needs instead of leaving the platform.

Strategic Approach

The solution is designed around three strategic goals:

- Reduce cancellation triggers by offering alternatives to full cancellation
- Preserve learning continuity to maintain learner momentum and return probability
- Protect recurring revenue by retaining users within the subscription ecosystem

Problem-to-Solution Mapping

Identified Problem	Solution Direction
Learners cancel when they need temporary breaks	Introduce Pause Subscription
Cost mismatch during low-usage periods	Introduce Downgrade Option
Learners need additional features at times	Introduce Upgrade Option

Learning continuity breaks after cancellation	Retain learner progress during plan changes
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Expected Outcomes

- Reduction in full subscription cancellations
- Shorter gap between inactive and active learning periods
- Improved learner retention and continuity
- Stabilized and improved Monthly Recurring Revenue (MRR)

Based on this solution framing, the following subscription features were proposed to address identified user and business needs.

Stakeholders

The stakeholders identified are:

- Project Sponsor
- Project Manager
- Product Manager
- Business Analyst
- Development Team
- Testing Team
- Design Team
- Accounts Team
- Marketing Team
- Learnova learners

Interest-Influence Matrix

Stakeholders were analyzed using an Interest–Influence matrix.

Requirement Gathering Approach

In order to understand the current challenges and define requirements for this initiative, the following methods were used:

- **Data analysis** to identify churn patterns and support data-backed decision making
- **Stakeholder Interviews** to understand their expectations, constraints and priorities
- **Existing process review** to identify the gaps in the current subscription workflow

The requirements were finalized after aligning business goals, user needs, and technical and financial feasibility.

Solution Overview

To address the identified challenges, Learnova will introduce flexible subscription management options within the existing billing framework.

Pause Subscription

Learners can temporarily pause their subscription during periods of low availability without losing their learning progress or account continuity.

Upgrade Subscription

Learners can move to higher-tier plans when they require additional features or advanced learning capabilities.

Downgrade Subscription

Learners can switch to lower-tier plans when they need reduced access or lower costs, helping reduce full cancellations.

Overall Solution Impact

These features provide learners with greater control over their subscription journey, reducing forced cancellations, preserving learning momentum, and improving long-term retention and revenue stability.

Key Requirements

Business Requirements

- **BR-01:** The business needs to provide flexible alternatives to cancellation to reduce churn and improve revenue continuity.
- **BR-02:** The business needs to ensure learning continuity to improve learner retention

Functional Requirements

- **FR-01:** The system should allow users to pause their subscription.
- **FR-02:** The system should allow users to upgrade their subscription plan.
- **FR-03:** The system should allow users to downgrade their subscription plan.
- **FR-04:** The system should retain learner progress during subscription changes.

Non-Functional Requirements

- **NFR-01:** The system should allow users to pause their subscription within 5 seconds
- **NFR-02:** The system should reflect upgraded plan capabilities within 5 seconds.
- **NFR-03:** The system should reflect downgraded plan capabilities within 5 seconds.
- **NFR-04:** The system should process plan upgrade payments within 2 seconds.

Business Rules

- **BRR-01:** The proposed features shall be applicable to the existing users as well as the new users.
 - **BRR-02:** Learners shall be allowed to pause their subscription up to two times within a payment cycle
 - **BRR-03:** Total duration of subscription pause per payment cycle shall not exceed 30 days
 - **BRR-04:** Total duration of subscription pause across the subscription shall not exceed 100 days
 - **BRR-05:** Learners shall be allowed to upgrade or downgrade their subscription up to two times each within a payment cycle
 - **BRR-06:** Refund for the downgrades shall be processed in credits
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Scope

- Functionality to pause subscriptions
- Functionality to upgrade or downgrade subscriptions
- Retention of learner progress during plan change

Out of Scope

- Mid-cycle subscription plan changes
 - Refunds in the original payment source
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Constraints

- The initiative must be completed within 3 months to align with the upcoming peak season.
- The subscription related features must remain aligned with the current payment cycle structure

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- The solution must be implemented in alignment with the current billing system, without introducing new billing functionalities.
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Risks

- Learners may use the pause subscription feature and still abandon the platform, resulting in limited improvement in churn metrics.
 - Learners may overuse the downgrade option, which could negatively impact the Monthly Recurring Revenue (MRR)
 - Introduction of new subscription functions may lead to an increase in number of customer support tickets
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User Stories

- As a learner, I want flexible subscription options so that I can choose a plan that matches my current needs

Acceptance Criteria: Given I have an active subscription, When I go to the 'Manage Subscription' section, Then I should be able to pause, upgrade or downgrade my subscription.

- As a learner, I want to pause my subscription when needed, so that I don't pay when I am unable to learn

Acceptance Criteria: Given I have an active subscription and didn't exceed the allowed pause limit, When I go to the 'Manage Subscription' section, Then I should be able to pause my subscription.

- As a learner, I want my learning progress to be saved after I resume the subscription, so that I can continue from where I left off

Acceptance Criteria: Given I have paused my subscription, When I resume my plan, my previous progress should be visible

And I should be able to resume from where I left off

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- As a learner, I want to downgrade my subscription so that I don't pay for the features I don't currently need.

Acceptance Criteria: Given I have an active advanced subscription, When I go to the 'Manage Subscription' section, Then I should be able to downgrade my current plan And no longer have access to the features in the higher-tier plan.

- As a learner, I want to upgrade my subscription so that I can access additional features when required.

Acceptance Criteria: Given I have an active basic subscription, When I go to the 'Manage Subscription' section, Then I should be able to upgrade my current plan and gain access to additional features in higher-tier plan

As-Is / To-Be Flow

As-Is Flow:

1. Learner has an active subscription
2. Learner needs a temporary break
3. Learner explores available options
4. Cancellation is the only option
5. Learner cancels their subscription
6. Learner loses their progress and continuity
7. Learner may never return

To-Be Flow:

1. Learner has an active subscription
2. Learner needs a temporary break or a change in plan
3. Learner explores available subscription options

Path A - Pause

1. Learner selects the pause subscription option
2. Learner's progress remains intact during the pause period
3. Learner resumes the subscription when ready

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4. Learner continues learning from where they left off

Path B - Upgrade/Downgrade

1. Learner selects an appropriate subscription option (upgrade or downgrade)
 2. Learner's plan is updated and feature access is adjusted accordingly
 3. Learner's progress remains intact after the subscription change
 4. Learner continues learning with the modified plan
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Success Metrics

- **Feature adoption rate:** Usage rate of pause, upgrade, and downgrade options to measure learner adoption of the new subscription features.
 - **Churn and retention rates:** To assess the impact of the new subscription features on learner behavior.
 - **MRR change:** Changes in Monthly Recurring Revenue (MRR) to assess business impact.
 - **Cancellation rate:** To track whether flexible options reduce full subscription cancellations.
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Assumptions

- Learners value flexibility in the subscription plans
 - Learners are likely to return after pausing their subscription
 - The system has sufficient capacity to store and retain learner's progress data
 - The current billing system is equipped to support the proposed subscription changes
 - Providing flexible subscription options will help reduce churn and cancellation rates
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Prioritization

- **FR-01:** The system should allow users to pause their subscription → Must Have

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- **FR-02:** The system should allow users to upgrade their subscription plan. →
Should Have
 - **FR-03:** The system should allow users to downgrade their subscription plan. →
Should Have
 - **FR-04:** The system should retain learner progress during subscription changes.
→ Must Have