

SUBSCRIPTION REVENUE ANALYSIS

CloudSub Inc. | 2022–2023 | Business Analysis Case Study

BUSINESS PROBLEM

CloudSub Inc. experienced a significant slowdown in revenue growth despite maintaining steady new customer acquisition over a 24-month period from January 2022 to December 2023. Leadership suspected that increasing customer churn was offsetting new revenue but lacked visibility into which segments were churning, when in the customer lifecycle churn was occurring, and what the true financial impact was. This analysis was commissioned to quantify the problem, identify root causes, and deliver actionable recommendations to reduce churn by a target of 20% within 6 months.

KEY METRICS SUMMARY

Metric	Value	Status
Total Active MRR	\$148,340	✓ Active
Overall Churn Rate	66.20%	■ Critical
Total Revenue Lost to Churn	\$75,426	■ Critical
Enterprise CLV	\$4,977	✓ Strong
Basic CLV	\$221	■ Weak
Failed Payment Churn Signal	59.58%	■ Actionable
Estimated Annual Recovery Potential	\$229,200	✓ Opportunity

FINDING 1 — Basic Plan Churn is Destroying Revenue

Basic plan customers churn at an alarming rate of 94.59% compared to just 10.97% for Enterprise customers. Despite making up 50% of the customer base, Basic plan customers generate only \$1,566 in active MRR — the lowest of all segments. Their average customer lifetime value of \$221 means the company barely recoups acquisition costs before these customers leave.

→ RECOMMENDATION:

Introduce a mid-tier plan between Basic and Pro to give Basic customers a natural upgrade path. At month 3 — the peak churn window — trigger an automated upgrade offer with a 20% discount for the first 3 months. Expected impact: 15% reduction in Basic churn generating approximately \$4,100 in additional MRR per month.

FINDING 2 — Failed Payments Are a Predictable Churn Signal

59.58% of all churned customers had a failed payment in the 30 days before they cancelled their subscription. This is the single most actionable finding in this analysis — it means churn was predictable for

6 in every 10 lost customers. The company had a clear 30-day intervention window but had no automated system in place to act on this signal.

→ **RECOMMENDATION:**

Implement an automated dunning system: Day 1 email with payment retry link, Day 3 SMS reminder, Day 7 account pause warning, Day 14 final cancellation notice. Industry benchmarks show dunning systems recover 20-30% of at-risk accounts. Expected impact: recovering 20% of 488 at-risk customers per cycle.

FINDING 3 — Enterprise Customers Are Carrying the Business

Enterprise customers represent only 16% of the customer base but generate \$113,316 in active MRR — more than Basic and Pro combined. With a CLV of \$4,977 and a churn rate of just 10.97%, Enterprise customers are the most valuable and most stable segment in the business. A single Enterprise customer is worth 22 Basic customers in lifetime revenue.

→ **RECOMMENDATION:**

Shift acquisition budget toward the Enterprise segment and create a dedicated Customer Success Manager role for Enterprise accounts with a target of keeping churn below 5%. Build an Enterprise referral program to leverage existing satisfied customers as acquisition channels.

FINDING 4 — Churn is Accelerating at an Unsustainable Rate

Monthly churn rate grew from 0.05% in January 2022 to 3.3% by September 2023 — a 66x increase over 18 months. Cohort analysis reveals that customers who signed up in early 2022 lose approximately 50% of their members within 12 months. This trend will continue to worsen without systematic intervention.

→ **RECOMMENDATION:**

Set a company-wide churn KPI target of below 2% monthly churn and build a real-time monitoring dashboard reviewed in weekly leadership meetings. Conduct exit surveys for all churned customers to capture qualitative reasons beyond payment failure.

ESTIMATED IMPACT OF RECOMMENDATIONS

Initiative	Monthly Impact	Annual Impact
Automated Dunning System	~\$15,000	~\$180,000
Basic Plan Churn Reduction	~\$4,100	~\$49,200
Enterprise Focus Strategy	High CLV gain	Long term
TOTAL ESTIMATED RECOVERY	~\$19,100/month	~\$229,200/year

TOOLS & METHODOLOGY

Tool	Purpose
MySQL	Data storage, 7 SQL queries covering MRR, churn, CLV, cohort analysis
Python (Pandas)	Data manipulation, aggregation and analysis
Python (Matplotlib/Seaborn)	Static charts and cohort heatmap
Python (Plotly)	Interactive HTML dashboard
Power BI	Executive dashboard with 3 pages and navigation
ReportLab	PDF case study generation

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