How today's fastest-growing B2B businesses turned their early users into paying customers – Issue 36

Lenny Rachitsky

8-9 minutes

---

*This is a peek at this week's 🔒 **subscriber-only newsletter** 🔒 If you'd like to read the full post you can* become a subscriber, or enjoy the first part in this series *for free.*

Q: I loved your post about how B2B companies *found* their early users, but how did they turn these early users into *paying customers*?

> "Frederic (my co-founder) and I personally *sold* them. Really it was looking then in the eye and getting them to trust us that it would work and be valuable. It was hard. A real grind in the beginning."
>
> — Todd McKinnon, CEO and co-founder of Okta

Once you've found your early users, how do you get them to pay? I'm dedicating this post to the strategies that today's fastest-growing B2B businesses relied on to *sell* their first handful of customers. It turns out there are just three strategies early-on:

1. **Bottom-up + self-service**: Users discover your product, sign up for a free plan, love it, and upgrade themselves in order to get more functionality.

2. **Bottom-up + inside sales**: Users discover your product, sign up for a free plan, and then are either encouraged by a sales rep (or pro-actively reach out) to upgrade for more functionality.

3. **Outbound sales**: Founders or early sales hires reach out to leads, help them trial the product, and then sign them up for a paid plan.

Here's how the companies I looked at map to these three strategies:

Selling your first ten B2B customers

My biggest surprises and takeaways:

1. **100% of companies ended up building a sales team**, including every bottom-up driven business

2. F**ounder-led sales** is how most companies kick-started growth

3. Y**ou don't need to launch with a paid plan** if you are going bottom-up. Seven of the twenty-five companies I looked at (including Segment, Figma, and Airtable) had no paid plans when they launched. They then worked with their power-users to figure out what the paid plans should be.

4. **You can adjust your sales strategy down the road** — Zoom and Amplitude started sales-driven and later became bottom-up-driven. Box and New Relic did the reverse.

5. **Nearly company offered a free plan** from the outset — usually a freemium tier, and occasionally a trial period.

6. **There are four options for charging B2B users**: a flat monthly fee, a per-seat monthly fee, a usage-based fee, or a transaction fee. Most of the companies I looked at charge a monthly per-seat fee, and sometimes include multiple changes (per-seat + flat monthly fee, or usage-based + flat monthly fee).

7. Sales-driven companies **love blue logos**

Let's dive in!

Segment

- **Initial strategy:** Bottom-up, self-service

- **Eventual strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Monthly flat-fee plus usage-based fee

- **Free tier**: Freemium

  "**We initially launched with a free plan for the client-side only, then added pricing pages about a month later**. We didn't actually build out a real self-service system and start charging users until something like nine months after launching. The first thing we were trying to do was nail product-market fit!

I think this helped us quite a bit. We first had to nail the onboarding experience and value users might get from the product before spending a bunch of time on building out the billing systems.

It also helped us when it came to understanding how to price the v1. We sent our users the Van Westendorp survey to get a good feel for what they thought was a fair price for Segment. It essentially gives you these 4 pricing curves, and you can plot out what makes sense for most of your users. This was the email we sent back in 2013...

On Fri, May 10, 2013 at 2:40 PM, Ian Storm Taylor wrote:
Hey Hengjie,

Ian here, co-founder at Segment.io - I need your help.

I'm doing a little survey for pricing research. Don't worry, we **won't** change your price on you! I just have a quick question:

At what (monthly) price would you begin to think Segment.io is:
- so **inexpensive** that you would **question the quality** and not consider it?
- a bargain, **a great buy** for the money?
- **getting expensive**, but you still might consider purchasing it?
- **too expensive** to consider purchasing?

I just need four different numbers, one for each case. And then, would you consider your project a side project, startup, business, or enterprise?

Thank you so, so much,

Ian

In terms of getting early customers to pay, we worked with our enterprise customers to onboard them, but for **the early users we made it all self-service.** We sent out some sort of form or link to enter a card in Stripe, before turning it into a real self-service flow down the road."

— Calvin French-Owen, CTO

Segment   TOUR   INTEGRATIONS   PRICING   MORE ∨   HELP & SUPPORT   DOCUMENTATION   (LOGIN)

We have a plan for everyone.

All plans come with an unlimited, 14-day free trial. No credit card required.

CREATE A FREE ACCOUNT ➜

DEVELOPER	PROJECT	STARTUP	GROWTH	BUSINESS
FREE	**$29**/mo	**$79**/mo	**$349**/mo	**CONTACT US ➜**
Developer Integrations	Project Integrations	Startup Integrations	Growth Integrations	Unlimited Integrations
100,000 events/mo	1,000,000 events/mo	10,000,000 events/mo	20,000,000 events/mo	Unlimited events/mo
Unlimited projects	Unlimited projects	Unlimited projects	Unlimited projects	Unlimited data storage
Email support	Email support	Email support	Email support	Raw data access
				Replay historic data
				Phone support
				Security policy
				Amazon Redshift

Figma

- **Initial strategy:** Bottom-up, self-service

- **Eventual strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Per-seat monthly subscription

- **Free tier**: Freemium

"**We initially started without any paid plans.** Our thinking was that it'll spread faster if we don't charge. Eventually though, *not* paying became the barrier for companies to adopt it, so we started charging.

Timeline wise, we launched a closed beta in December 2015, general availability in October 2016, and we didn't charge until 2017. At the end of 2016, we started hearing from customers "Hey, why aren't you charging, you idiots? I want to pay so that you don't go away." So then we launched our paid plan.

Going from free to paid was fully self-service. I'm sure we were on the phone with some key customers, but I don't remember that as a meaningful part of the conversion process."

— Dylan Field, CEO

<table>
<tr><td></td><td>Features</td><td>Pricing</td><td>Careers</td><td>Blog</td><td>Sign In</td><td>Sign up</td></tr>
</table>

Basic	Professional	Organization
Free	**$12***	**$45***
for individuals	per editor / month	per editor / month
Unlimited File Storage	**Everything in Basic plus**	**Everything in Professional plus**
3 Projects	Unlimited free viewers	Unlimited teams
2 Members	Unlimited projects	Draft ownership
30d Version history	Unlimited files	Organization wide design systems
	Unlimited version history	Advanced access controls & Privacy settings
Sign Up	Team library	Enforced SSO
	Private projects	Enforced 2FA
		SAML–based SSO
	Sign Up	Audit Reports
	*$12 per month paid annually, $15 per month when paid monthly	Contact Us →
		*$45 per month paid annually

Slack

- **Initial strategy:** Bottom-up, self-service

- **Eventual strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Per-seat monthly subscription

- **Free tier**: Freemium

"**Slack launched a freemium plan from the start, including a self-serve paid plan. No sales to start, only self-service**. They actually launched with roughly the same plans they have today, but with the Enterprise plan 'coming soon'.

No inside sales at all, but relatively early on they did add some account execs to manage larger accounts, take invoicing, etc."

— Fareed Mosavat, early growth PM

slack

Pricing

Lite	Standard	Plus	Enterprise
$0	**$8**	**$15**	**$49-99**
no limits on users / time	per user / month	per user / month	per user / month

Coming in 2015

Available Today

10,000 message searchable archive	Fully searchable archive with unlimited messages	Fully searchable archive with unlimited messages	Fully searchable archive with unlimited messages
5GB total storage	10GB storage per user, shareable across team	20GB storage per user, shareable across team	50GB storage per user, shareable across team

Shopify

- **Initial strategy:** Bottom-up, self-service with some founder-led sales

- **Eventual strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Transaction fee

- **Free tier**: Trial

"Shopify was percent-of-sale only for the first year (3.75%!). Totally didn't work. We switched it to the now common 3-plan monthly SaaS pricing in 2007 or 2008.

That saved the company."

— Tobi Lütke, CEO

Stripe

- **Early growth strategy:** Bottom-up, self-service with some founder-led sales

- **Eventual growth strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Transaction fee

- **Free tier**: None

  "It very much spread through a word of mouth process. That was surprising to us because it's a payment system not a social network so it's not something you'd think would have any virality whatsoever. But it became clear that everything else was so bad and so painful to work with that people actually were selling this to their friends."

  — Patrick Collison, CEO (source)

Simple pricing

Leave complex fee structures behind and get all the features your business needs.

Learn more about Stripe   Sign up

2.9% + 30¢
per successful charge.

No monthly fees
Only get charged when you earn money.

No refund costs
If you refund a transaction, Stripe will return the entire fee.

No hidden fees
Stripe has no setup fees, no monthly fees, no card storage fees.

Pricing like it should be

Stripe charges 2.9% + 30¢ per successful charge, or less based on volume.

Earnings are transferred to your bank account on a 7-day rolling basis.

Processing more than $1 million per year? Send us an email at sales@stripe.com

Atlassian

- **Initial strategy:** Bottom-up, self-service with some founder-led sales

- **Eventual strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Per-seat monthly subscription

- **Free tier**: Freemium

  "JIRA was paid from the very start. The only free carveout initially was non-profits, academics, and open source. So that helped seed, but it had to be paid commercially (using license keys, since back then it was 100% on premisis)."

  — Early user

JIRA
Licensing and Pricing

License Purchases

	Standard	Professional	Enterprise
Commercial License	USD $1,200	USD $2,400	USD $4,800
View details	Buy online	Buy online	Buy online
Academic License	USD $600	USD $1,200	USD $2,400
View details	Buy online	Buy online	Buy online

Atlassian offers a **10% discount** off the total price when JIRA and Confluence are purchased together in a single order. Please refer to our licensing FAQ for how to order both products and to find out more about our volume discounting.

JIRA

Why use JIRA?

Feature tour

Feature comparison

Try a demo

• Licensing and pricing

Buy online

Who uses JIRA?

Canva

- **Initial strategy:** Bottom-up, self-service

- **Eventual strategy**: Bottom-up, with an inside sales team

- **How they charge today**: Per-seat monthly subscription

- **Free tier**: Freemium

Choose the right Canva plan for you

Pay monthly   Pay yearly (save 23%)

RECOMMENDED FOR YOU

Canva	Canva Pro	Canva Enterprise
Our simple drag and drop editor	$12.95 per team member / month	Teams with more than 20 members
Your current plan	Collaborate, design and edit with your team	Contact us
	Free 30 day upgrade	

Your favourite features from the Canva application include:
- Two folders to organize designs
- 1GB storage for photos and assets
- Access to over 8,000 templates
- Upload your own images
- Access millions of photos starting at $1 each

Canva Pro includes everything in Canva, plus:
- Unlimited folders for your designs
- Team functionalities

Canva Enterprise includes everything in Canva Pro, plus:
- Team administrative controls
- Team Pricing Plans
- Onboarding Incentives
- Dedicated account manager
- 99.9% uptime SLA

Twilio

- **Initial strategy:** Bottom-up, self-service

- **Eventual strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Usage-based

- **Free tier**: Freemium

Plaid

- **Initial strategy:** Bottom-up, self-service with some founder-led sales

- **Eventual strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Usage-based

- **Free tier**: Freemium

Dropbox

- **Initial strategy:** Bottom-up self-service, with some help from inside sales

- **Eventual strategy**: Bottom-up, alongside a sales team

- **How they charge today**: Per-seat monthly subscription

- **Free tier**: Freemium

  "Our *Dropbox for Teams* coming out party started with a basic HTML landing page that was being hosted out of my Dropbox folder. It primarily highlighted our MVP features, like central billing, more storage, uncapped version control.

  This was first put out in the wild using our very popular user forum, which was mostly comprised of our most vocal fans and evangelists. As you can imagine, awareness spread like wildfire after this.

Subscribe To Read Full Post