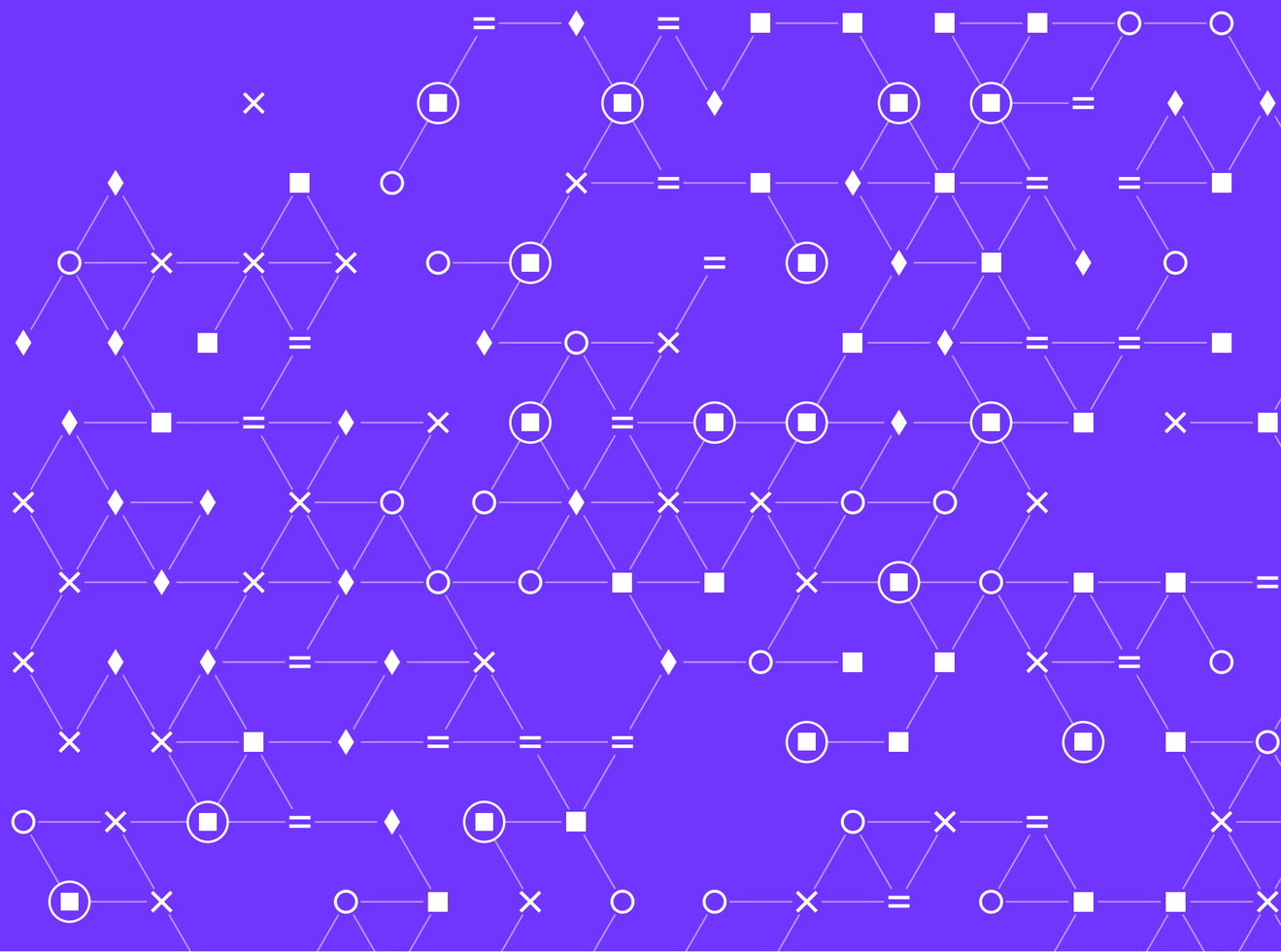
PLAYBOOK

THE USAGE-BASED REVENUE PLAYBOOK

5 questions to answer before you make the switch



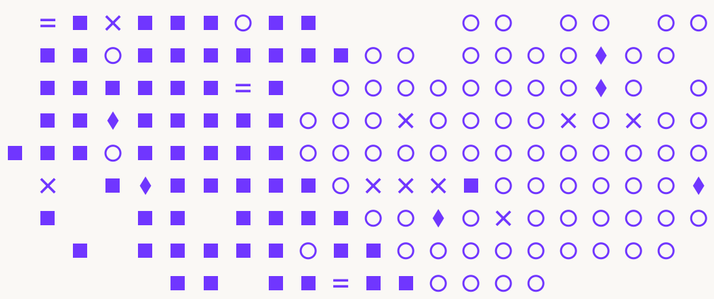
Numeric

INTRODUCTION

Usage-based pricing is a decision for the whole company

Usage-based pricing can align price with customer value, make adoption easier, and grow revenue as usage expands. Getting there takes coordinated decisions across sales, engineering, finance, and business operations.

Ben Sheridan, Product Manager at Numeric, helped build Snowflake's usage-based revenue accounting engine. At Inflection 2026, he walked through the five questions teams need to answer before implementing a usage-based model.



THE FIVE QUESTIONS, AND HOW EACH SETS UP THE NEXT

1 Does usage-based pricing make sense for your business?

The business case sets the commercial model.

2 What will your bookings policy allow?

The policy sets which contract terms you accept.

3 How will you meter usage?

Those terms set what you need to measure.

4 How will you account for the revenue?

Those terms also set what you need to calculate.

5 How will you build a system that scales?

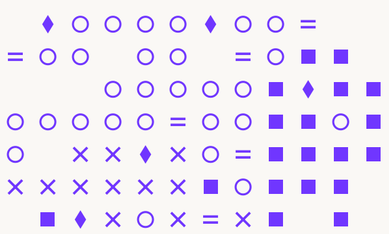
Those requirements set the system you build.

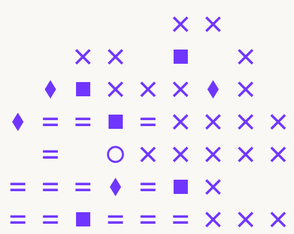
QUESTION 1 OF 5

Does usage-based pricing make sense for your business?

Start with the commercial impact you want, before you design accounting workflows. Ben pointed to stronger net dollar retention, better win rates, and pricing that better reflects the value customers receive.

The transition can easily take more than a year, depending on your scale and starting point. The first decision is whether the upside warrants that investment.





READINESS SCORECARD

Is there real upside?

- [ ] You strongly believe usage is healthy today and will grow.
- [ ] You expect net dollar retention to improve.
- [ ] You expect a higher win rate, or the change answers a competitive problem.
- [ ] The model gives your go-to-market team more leverage.

Is the business ready?

- [ ] You can forecast consumption well enough to stay predictable.
- [ ] You can secure upfront commitments, or absorb the collections work and cash exposure of billing in arrears.
- [ ] Your compliance and governance are mature.
- [ ] Sales and engineering have bought in, as well as finance.

WHERE IT BREAKS

A product improvement can lower your revenue.

When an efficiency gain reduces the resources customers consume, it also reduces what you charge them.

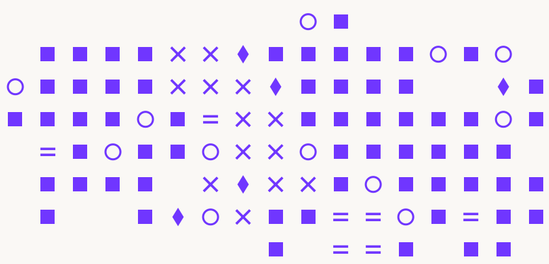
QUESTION 2 OF 5

What will your bookings policy allow?

A bookings policy defines which deals your business can support and how exceptions get approved.

Terms that look small during a negotiation can become substantial downstream. Ben put it directly:

“Every sales decision is an accounting decision and vice versa.”



WHAT YOUR POLICY SHOULD ANSWER

- [ ] What process must a deal go through to reach signature?
- [ ] Which changes to the standard contract need approval from deal desk or finance?
- [ ] Will you accept rollovers, and under what conditions?
  A customer who overbuys can draw down deeply discounted credits across future periods.
- [ ] Can sales offer free credits, discounted rates, or both?
- [ ] Do you allow embedded purchase options or variable discounts?
  A discount that grows past a usage threshold can add uncertainty to the accounting calculations.
- [ ] How will you process cancellations and credits?

WHERE IT BREAKS

Terms your systems can’t handle end up in spreadsheets.

Ben described accounting teams left with hundreds of customer calculations to close by hand each month. His recommendation: require a conversation between deal desk and finance before accepting those terms.

QUESTION 3 OF 5

How will you meter usage?

Capturing product activity is only the start, because the same data serves different audiences.

A customer nearing a limit may need an immediate alert. Finance may need a monthly calculation with a clear audit trail. Customers may want usage detail alongside their invoices.

The rules can get intricate. A customer might have a commitment, get billed in arrears, and hold free credits that apply only at the end. Ben's example leaves two rates to track: what you can bill, and the gross amount that revenue depends on.

FROM PRODUCT ACTIVITY TO BILLING AND ACCOUNTING DATA

1

Capture events

What happened, who did it, and when?

2

Transform and enrich

Which customer, contract, region, or deployment does it belong to?

3

Aggregate

By day, week, month, or another interval?

4

Apply rates and rules

What does the activity mean for billing and revenue?

Ben favors building when

Customers need answers fast and the product acts on them: out-of-credit prompts, overage alerts, service cutoffs, or shared usage limits.

Consider buying when

Customers can work from slower updates, like an enterprise customer reading a monthly summary. You need fewer engineers and carry less ongoing support.

WHAT TO NOTE

Auditors scrutinize this data.

Ben flagged what they look at: how events are captured, how they are transformed, and how the company establishes completeness.

QUESTION 4 OF 5

How will you account for the revenue?

Knowing what a customer consumed doesn't tell you how much revenue to recognize. Usage has to map to the right contract and contract line, and discounts, commitments, free credits, and modifications can all change the calculation.

A system can't apply a monthly minimum if that minimum never made it out of the contract and into structured data.

The check Ben points to: reconcile deferred revenue back to your capacity summary report. It shows whether anything went wrong with unused balances at expiry, and whether a customer's new contract carries far more than their deferred balance supports.

THREE SIMPLIFIED SCENARIOS FROM BEN'S SESSION

Model	How it works	Data the system needs
Pre-commit	Revenue is released as customers consume their entitlement, using the amount allocated to that usage.	Contract dates, entitlement, discounts, allocated amount, and consumption
Pay as you go	In simpler cases, billing and revenue follow usage together.	Usage, applicable rates, and relevant contract terms
Monthly minimum	Charges reflect the greater of the monthly minimum or actual usage.	Usage, rates, minimum amount, and reset period

WHERE IT BREAKS

A promise the revenue engine never sees.

The engine processes usage correctly and recognizes unused balances at expiry, but deal desk has separately promised the customer a rollover by email. The system follows its configured rules, the agreement has changed outside it, and the disconnect can create a material error.

QUESTION 5 OF 5

How will you build a system that scales?

Ben outlined four routes, each with different tradeoffs. His preferred route is the fourth, which Numeric's own product is built around.

1
Simplify

A simpler revenue process, scoped to the reporting you actually have.

FITS WHEN

You're early stage, your reporting centers on cash and burn, and you have no near-term audit requirement.

WATCH FOR

There's no automated engine for allocations and contract modifications. Know where the process becomes hard to explain or maintain.

2
Build in-house

Build internally, starting with metering, the most natural piece to own.

FITS WHEN

Metering drives the product: live balances, spending limits, and shared credit pools.

WATCH FOR

Extending the build into invoicing and revenue accounting introduces substantial engineering work.

3
Buy a point solution

A dedicated billing or revenue tool.

FITS WHEN

You already have a substantial investment in your general ledger or broader enterprise systems.

WATCH FOR

You stay responsible for keeping the systems aligned on data granularity, accuracy, and timing.

4
Use your system of record

Billing, revenue, and the rest of accounting in a shared data model.

FITS WHEN

Billing and revenue need to stay connected. A credit note, for example, can also affect revenue.

WATCH FOR

You still need to reconcile bookings, billings, revenue, and collections, and catch usage events that never received a price.

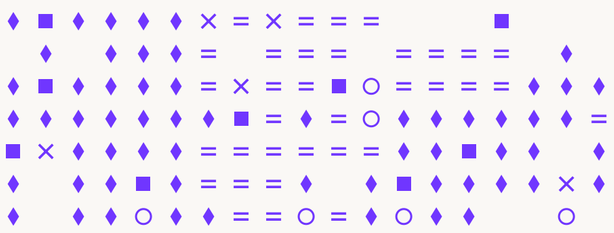
See Numeric Billing & Revenue →

BEFORE YOU START

Start with the contracts you already have

Asked in the Q&A what makes the transition especially difficult, Ben pointed to data transformation. A company may have thousands of active contracts written before anyone contemplated the new system, and each one has to become a structured record.

AI is increasingly useful for reading documents, identifying missing fields, and reshaping the data. Review, validation, and reconciliation remain part of the process.



CONTRACT DATA GAP CHECK

Define the contract information your future system requires, compare it with what you capture today, and mark the gaps.

	Needed for			Captured today?		
Contract data	Pre-commit	Pay as you go	Monthly minimum	Yes	Partly	No
Contract dates	●			☐	☐	☐
Entitlement	●			☐	☐	☐
Discounts	●			☐	☐	☐
Allocated amount	●			☐	☐	☐
Applicable rates		●	●	☐	☐	☐
Minimum amount			●	☐	☐	☐
Reset period			●	☐	☐	☐
Amendments and promised rollovers	●	●	●	☐	☐	☐

Fields come from the three simplified scenarios on page 6, plus the rollover example. Add whatever your own contracts require.

NUMERIC BILLING & REVENUE

Bring billing and revenue onto the same foundation

Numeric puts contract terms, rate cards, and usage events into a shared model, so invoices and revenue schedules are generated from the same underlying data.

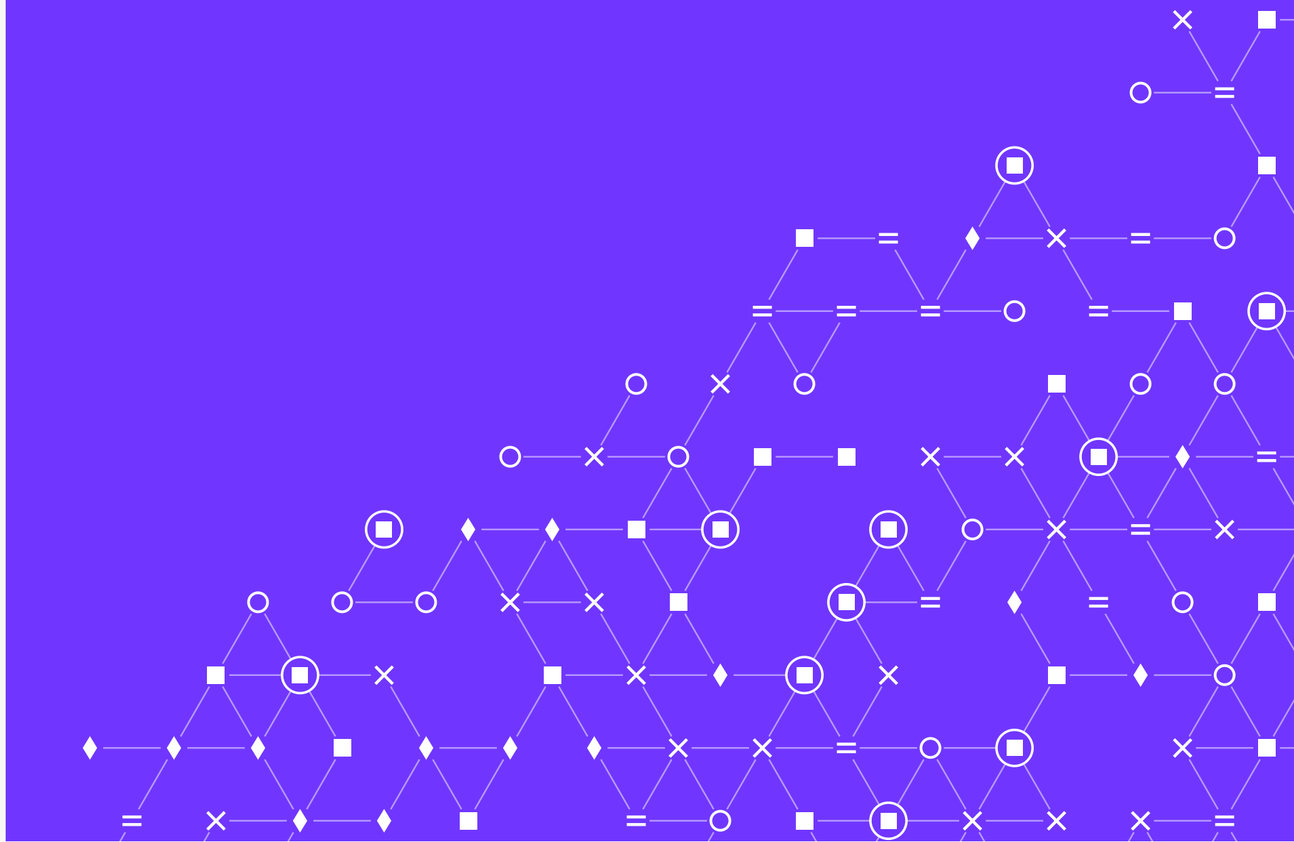
- Supports tiered usage, overages, and minimum true-ups
- Flags usage events that don’t match a rate card
- Applies allocation and contract-modification logic consistently

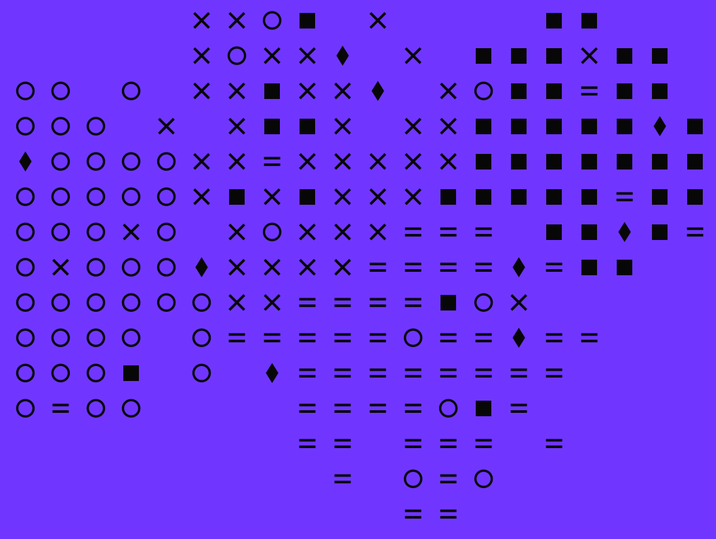
Keeping metering in-house? Numeric can own the back office and coordinate a shared model of the customer agreement. Engineering keeps control of the product experience, and finance manages contract interpretation and the downstream billing and revenue work. Read a piece from Andrew Bihl, Numeric’s CTO, on how that works.

See how Numeric handles usage-based billing and revenue

Explore Billing & Revenue

Watch Ben’s full session





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