

Perion turns to Vindicia Retain to reduce involuntary churn by more than 20%

Measurably higher retention

Smilebox, a product of Perion Network, helps people create their own personalized collages, greeting cards, invitations, slideshows, and more. More than 1,000 easy-to-use templates turn anyone into a designer. People subscribe to the Smilebox service online, and use it to share warm wishes and memories with loved ones—all with a professional-quality look that drives home the message. Perion Network, Smilebox's parent company, manages back office and technical functions, such as billing, for Smilebox. Recently, executives at Perion decided they needed a new approach to retaining Smilebox subscribers longer, and they turned to Vindicia Retain (formerly Select). Since then, retention and revenues have surged—with Perion making almost no changes to the way it bills customers.

Vindicia Retain uses compliant, patent-pending technology to address failed payment transactions, which are the leading cause of passive churn. Passive churn happens when a company fails to retain a customer who has not chosen to cancel. Preventing passive churn raises average customer lifetime value (ACLV), as Aryeh Brickner, vice president of marketing for consumer apps at Perion, notes that Vindicia Retain "resolves many of the causes of failed transactions, so we keep customers longer. This increases ACLV, allowing for higher investments in acquisition. It's a domino effect, with higher acquisition and retention working together to boost revenues significantly."

Overcoming failed transactions

When customers sign up for Smilebox, they have the option of choosing a monthly or annual payment plan. Most opt for the annual plan because it represents a greater value. They then use the service as needed throughout the year. At renewal time, Perion uses the payment method customers provided, usually a credit or debit card, to renew the subscription. Too often, those transactions fail. Annual subscription transactions are more likely to fail, which is common across subscription sectors.

Perion turned to automated transaction retry logic to save failed transactions. Some failures became successes with the automated retries, but Perion was not impressed with the results. The company decided to review the options subscription payment platform providers offered to help reduce failed transactions even more.

"We knew that our homegrown transaction management system probably could not match the retention power of platforms created by vendors focused on subscription payments," says Brickner. "Our system lacked some of the other functionality of those systems, too, but improving retention was our primary focus as we talked to vendors."

Measurable results in advance

The Perion team initiated conversations with billing platform vendors, including Vindicia. Most of the vendors claimed that their platform helped address passive churn, but to get that functionality, Perion would have to implement the whole platform.

Challenge

- Perion decided they needed a new approach to retaining Smilebox subscribers longer.

Solution

- Vindicia Retain uses compliant, patent-pending technology to address failed payment transactions, which are the leading cause of passive churn.

Result

- Vindicia Retain resolves more than 20 percent of failed transactions, helping Perion reduce its overall churn rate and increase retention.

Monster Revenue

Vindicia offered a different path. Perion could explore Vindicia Subscribe, a fully featured subscription billing platform designed for B2C products like Smilebox. But Vindicia also offered Vindicia Retain, a standalone solution that specifically addressed passive churn due to failed transactions. And perhaps most appealing to Perion was the fact that it could take advantage of the complimentary Vindicia Trial, which used real Perion customer data to demonstrate the measurable benefits of Vindicia Retain.

Perion opted to participate in a Vindicia Trial. The company used fully compliant transfer methods to share real failed transaction data with Vindicia. After processing the data using the advanced retention technology that powers Vindicia Retain, Vindicia returned results showing that Retain could successfully process more than a quarter of the failed transactions in the data set. Noninvasive, Vindicia Retain also allowed Perion to keep using its existing systems to manage transactions.

"The cost/benefit equation...was clear; Vindicia demonstrated that it could deliver measurably higher revenue before we even implemented it," says Brickner. "With the other solutions, we had no idea if they could cut passive churn enough to justify the disruption of changing the way we handled billing. We also liked the fact that Vindicia focused on B2C companies like Smilebox. The Vindicia team had a deep understanding of consumers and small, recurring transactions."

A fast start

Perion worked with the Vindicia team to enable secure, daily exchange of failed transactions. Vindicia Retain analyzes the data and identifies the cause of the failure. Taking advantage of the insights and data Vindicia has amassed, Vindicia Retain resolves the problem when possible. Vindicia Retain employs a variety of techniques developed and refined by the recurring transaction experts at Vindicia. These techniques include sophisticated retry algorithms, decline code analysis, and partial authorizations. Because the causes of failed transactions are often temporary, many subscribers retained with Vindicia Retain remain customers over the long term.

According to Brickner, Vindicia Retain "was an easy choice. It delivered a compliant, secure way to address our need to reduce churn and improve retention. We didn't need to change our existing processes and systems to get started."

Brickner adds, "The Vindicia team was responsive and knowledgeable. They worked well with our development team in India, our business team in Israel, and the payment processor. Distance was not an issue. They were even able to suggest improvements in the way we track active and passive churn that will help us benchmark our results against similar service providers."

More revenue every day

Each day, Perion transfers failed transaction data to Vindicia, and each day Vindicia returns successfully processed transactions. To maximize the value it receives from Vindicia, Perion only turns to Vindicia Retain for transactions that failed initial processing and a specified number of retries on its internal systems. The success rate varies, but on average, Vindicia Retain resolves more than 20 percent of failed transactions, helping Perion reduce its overall churn rate and increase retention.

Vindicia Retain "isn't magic; it's an effective solution to a retention problem that few companies have the expertise to address on their own," says Brickner. "You can do something about high transaction failure rates. We did, and we're seeing higher revenues each month. Our subscriber base is increasing at the same time."

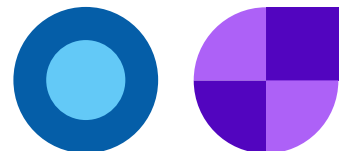


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- **Aryeh Brickner**
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ABOUT VINDICIA

Vindicia offers comprehensive subscription management solutions that help businesses acquire and retain more customers. Providing much more than just a billing and payments system, the company's SaaS-based subscription management platform combines big data analysis, strategic consulting and proprietary retention technology. Vindicia provides its clients with more recurring revenue, more customer data, better insights, and greater value throughout the entire subscriber lifecycle. To learn more visit www.vindicia.com.

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