

Chargeback Solutions Within the Software-as-a-Service Ecosystem

Growth of the SaaS Delivery Model

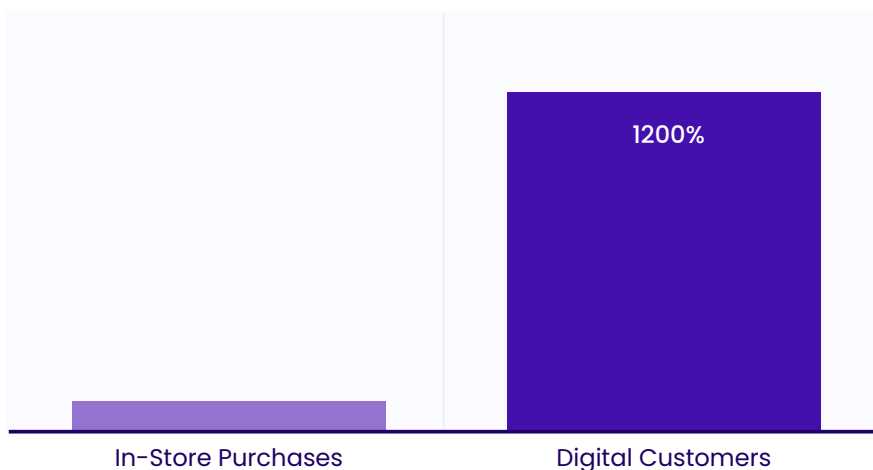
Software-as-a-Service (SaaS) continues its explosive growth as a profitable business model. The total market value of SaaS applications is now worth an estimated [\\$145.5 billion](#) in 2021, to go with an expected jump to \$171.9 Billion in 2022. Those numbers indicate a [double-digit](#) year-over-year growth rate. The shift to cloud-based services is quite apparent.

Accessibility and versatility are the driving factors of the SaaS revolution. Of CIOs surveyed, [70%](#) stated that agility and scalability are the two of the top motivators for using SaaS applications. Businesses throughout different verticals want to leverage the benefits of digital transformation, and the SaaS subscription/pay-as-you-go model can best capture that need for technical flexibility.

Chargeback Volume Increases

But with such a premium placed on accessible digital-based services comes an increase in chargebacks. Digital customers dispute transactions [12 times](#) more often than those who make in-store purchases. The very convenience that propels SaaS revenues creates ideal conditions for surges in chargeback volume.

Disputed Transactions Digital vs. In-Store Purchases



Compounding the problem is the lean nature of the SaaS model. Cloud-based applications focus on agility, which leaves many organizations ill-equipped to fight customer disputes within the extensive chargeback process. The cost of staffing and training a chargeback resolution team introduces far too much overhead expense without any guarantees of winning back lost revenues.

As a result, many SaaS companies consider chargebacks a cost of doing business. Any resources spent on disputes are a distraction from the primary goal of organizational growth; many businesses find it easier to forget about the added cost of chargeback fees. However, the damage to net profits can be significant and a high chargeback ratio can put into question the continued acceptance of credit cards—chargebacks threaten the viability of business operations.

SaaS companies remain in a bind. Overall chargeback volume continues to grow in line with the expansion of digital services leading to lost revenues. But fighting those chargebacks involves extensive cost. The diversion of resources from critical business operations to dispute potentially unwinnable disputes rewards inaction.

The Problem of Chargebacks Within the SaaS Economy

It is clear that a chargeback mitigation solution designed for SaaS companies is necessary. The application would have to solve the three key issues of SaaS-related chargebacks:

- Improving the dispute win-rate
- Achieving positive dispute resolutions without incurring costs that exceed the amount won.
- Maintain dispute win rates and solution costs at any scale to foster continued SaaS growth.

In summation, a comprehensive solution that can adjust to the unique business model presented by SaaS must help lower overall chargeback risk—without loss of organizational function.

How to Reduce Chargebacks Within the SaaS Economy

While the situation for SaaS models might seem unwinnable, chargeback mitigation solutions provide an answer:

1. Improve the overall dispute win-rate

Advancements in AI-powered technology dedicated to flagging chargebacks can drastically improve win rates. Most chargebacks within the SaaS vertical occur for several known reasons:

- **Set it and forget it:** Customers often sign up for recurring billing and then forget they have a service or don't make use of it. This leads them to seek to recoup the money by means of a chargeback.
- **Customer dissatisfaction:** Some customers find it easier to initiate a chargeback than to ask for a refund with customer service. This is an abuse of the chargeback system.
- **Technical error:** If a requested product does not function properly, customers dispute any purchases. As tech stacks increase in complexity, the possibility of error increases, leading to increased chargeback volume.
- **Fraudulent transactions:** If a credit card or financial account is compromised, the cardholder will initiate an immediate chargeback, leaving merchants to cover the expense.

The Solution: SaaS companies need a chargeback mitigation solution that leverages human expertise and deep tech to flag and dispute incorrect chargebacks. The solution must also adapt to the specific types of illegitimate transactions that occur within the SaaS business model.

2. Utilize minimal business resources

Spending extensive capital on chargeback revenue recovery can result in a net loss. Often, assembling a chargeback resolution team can cause more issues, especially considering that winning a dispute is never guaranteed. Any possible solution to the chargeback problem for SaaS companies should be hands-off to avoid draining business resources. Systems that are dependent on in-house teams or lengthy integrations will not suffice.

The Solution: Integrating a full-service solution that handles the entire lifecycle of a chargeback. In particular, the use of success-based fees can limit risk exposure without a net loss due to cost.

3. Recover revenues without sacrificing growth

SaaS relies on future revenue projections as the basis for growth-based investment decisions in the present. Compared to one-time purchases, subscriber and pay-as-you-go models need to constantly invest in the customer lifecycle across time.

To divert resources away from growth towards cumbersome chargeback resolution threatens company profitability. The chargeback solution must remain robust and agile—exactly like its SaaS counterpart.

The Solution: The chargeback mitigation service becomes a tech partner. Experts skilled in both chargeback technology and SaaS operations can help organizations devise a scalable technological solution specific to each SaaS business.

Benefits of Justt

Justt is an AI-powered chargeback mitigation solution designed to win back lost revenues for SaaS organizations. As a tech partner, we leverage deep industry knowledge to build SaaS-specific chargeback mitigation services that increase win rates. The custom-built and hands-off nature of the solution can help SaaS organizations fight chargebacks and recover lost revenues in a manner that meets all their business needs



Success-Based Fees

Pay only when we recover your money.



A Hands-off Solution

We handle the entire chargeback lifecycle for you so you can focus on your business.



AI-Powered Tech

Machine learning optimizes the process of building cases to fight chargebacks.



Industry Expertise

Connect with a team that has great expertise in the chargeback process and SaaS.



Customization

Each solution is customized according to the specific needs of each company.



High Win Rates

Recover more revenues with an industry leading win rate

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