**Changing plans after pre-paying**

**Case scenario**

**Example 1** when the user **UPGRADES** one or all plans for services chosen:

In this example we will pretend that after 2 months of membership in a 6 month prepaid membership the given user decides he needs to publish more events monthly so he finds the need to change his **Event Plan** from **2- 5 published events monthly** to **6 to 10 published events monthly**.

User’s initial selection of service plans prepaying for 6 months:

* Email Plan 501 to 1000 emails —$14.99 – 10% (13.49)Each month
* Event Plan 2 to 5 published events — $12.99 – 10% (11.69)Each month
* Survey Plan: Basic — $17.00 – 10% (15.3) Each month

Which more specifically means:

* Email Plan 501 to 1000 emails —($13.49 \* **6**)= $80.95
* Event Plan 2 to 5 published events — ($11.69 \***6**)= $70.15
* Survey Plan: Basic — ($15.3 \* **6**)= $91.80

\*Notice how the above listed prices have the 10% discount. 10% discount applies to every individual service plan, so if the original price for a service plan is $14.99 then $1.499 should be automatically subtracted making the price drop to $13.49.

As shown above, the user has deposited:

* $80.95 for email marketing
* $70.15 for events
* 91.80 for surveys

So if the user used two months of the **Event** service then he has spent **$23.38** out of the **$70.15** deposited. At the time of changing his Event plan the balance for the particular service is **$46.77** ($70.15 -$23.38)**.** If the given user was to upgrade his event plan from the “**2- 5 published events monthly”** to the “**6 to 10 published events monthly”** we would have the following:

* Event Plan 6 to 10 published events — **$22.99 -10% ($20.69)**

So to find out how much time he is allowed to use the **Event** service with the new change we would do the following calculation:

Remaining **Event** service balance after two months ($46.77) **/** New monthly cost (**$20.69**) = **2 months aprox.** Adjusting the plan the way we just did would allow this user to use the Event services with those plans for 2 more months

**Upgrading all plans**

If the user wanted to upgrade all plans after two months of prepaying

From:

* Email Plan 501 to 1000 emails —$14.99 – 10% (13.49)Each month
* Event Plan 2 to 5 published events — $12.99 – 10% (11.69)Each month
* Survey Plan: Basic — $17.00 – 10% (15.3) Each month

To:

* Email Plan 1001 to 2500 emails —$19.99 -10% ($17.99)
* Event Plan 6 to 10 published events — $22.99 -10% ($20.69)
* Survey Plan: Gold — $25 -10% ($22.5)

Then:

**Email**

Initial deposited balance: $70.15

Balance after 2 months: $70.15 –($11.69\*2)=$46.77

Remaining balance after two months ($46.77) **/** New monthly cost ($20.69) =**3 months**

User’s balance would allow user to use the service for **3 months** if this user doesn’t change his plan or uses more than he is allowed.

**Event**

Initial deposited balance: $80.95

Balance after 2 months: $80.95 –($13.49\*2)=$53.97

Remaining balance after two months ($51.96) **/** New monthly cost ($20.69) =**2.3 months**

User’s balance would allow user to use the service for about **2.3 months** if this user doesn’t change his plan or uses more than he is allowed.

**Survey**

Initial deposited balance: $91.80

Balance after 2 months: $91.80 –($15.30\*2)=$61.20

Remaining balance after two months ($61.20) **/** New monthly cost ($22.5) =**2.7 months**

User’s balance would allow user to use the service for about 2.7 **months** if this user doesn’t change his plan or uses more than he is allowed.

**Example 2** User downgrading plans

In this example we will pretend that after 2 months of membership in a 6 month prepaid membership the given user decides he doesn’t need to publish too many events monthly so he finds the need to **downgrade** his **Event Plan** from **6 to 10 published events monthly** to **2- 5 published events monthly**.

User’s initial selection of service plans prepaying for 6 months:

* Email Plan 501 to 1000 emails —$14.99 – 10% (13.49)Each month
* Event Plan 2 to 5 published events — $22.99 – 10% (20.69)Each month
* Survey Plan: Basic — $17.00 – 10% (15.3) Each month

Which more specifically means:

* Email Plan 501 to 1000 emails —($13.49 \* **6**)= $80.95
* Event Plan 2 to 5 published events — ($20.69 \***6**)= $124.15
* Survey Plan: Basic — ($15.3 \* **6**)= $91.80

As shown above, the user has deposited:

* $80.95 for email marketing
* **$124.15 for events**
* $91.80 for surveys

So if the user used two months of the **Event** service then he has spent **$41.38** (20.69 \*2) out of the **$124.15** deposited. At the time of changing his Event plan his balance for the particular service is **$82.76** ($124.15 -$41.38)**.** If the given user was to **downgrade** his event plan from the “**6 to 10 published events monthly”** to the “**2- 5 published events monthly”** then we would have the following:

* Event Plan 2 to 5 published events — **$12.99 -10% ($11.69)**

So to find out how much time he is allowed to use the Event service with the new change we would do the following calculation:

Initial Balance: $124.15

Balance after 2 months: $124.15-($20.69\*2)=$82.76

Remaining balance after two months ($82.76) **/** New monthly cost (**$11.69**) =**7 months** Adjusting the plan would allow him to use the Event services with those plans for about 7 more months.

**Downgrading all plans**

If the user wanted to Downgrade all plans after two months of prepaying

From:

* Email Plan 1001 to 2500 emails —$19.99 -10% ($17.99) Each month
* Event Plan 6 to 10 published events— $22.99 – 10% (20.69) Each month
* Survey Plan: Gold — $25 -10% ($22.5) Each month

To:

* Email Plan 501 to 1000 emails —$14.99 – 10% (13.49)Each month
* Event Plan 2 to 5 published events— $12.99 -10% ($11.69) Each month
* Survey Plan: Basic — $17.00 – 10% (15.3) Each month

Then:

**Email**

Initial deposited balance: ($17.99 \* 6) =107.94

Balance after 2 months: $107.94 –($17.99\*2)=$71.96

Remaining balance after two months ($71.96) **/** New monthly cost ($13.49) =**5.3 months**

User’s balance would allow user to use the service for **5.3 months** if this user doesn’t change his plan or uses more than he is allowed.

**Event**

Initial deposited balance: $124.14

Balance after 2 months: $124.14 –($20.69\*2)=$82.76

Remaining balance after two months ($82.76) **/** New monthly cost ($11.69) =**7 months**

User’s balance would allow user to use the service for **7 months** if this user doesn’t change his plan or uses more than he is allowed.

**Survey**

Initial deposited balance: $135

Balance after 2 months: $135 – ($22.5\*2)=$90

Remaining balance after two months ($90) **/** New monthly cost ($15.3) =**5.8 months**

User’s balance would allow user to use the service for **5.8 months** if this user doesn’t change his plan or uses more than he is allowed.

**Recommendations:**

* Please meet with your team and create a formula that would allow for the changes above and send it to me so I and my team can review it.
* Above changes are done by the system without any admin interaction
* There are no offline procedures.
* Since the discount percentage is dynamic, meaning admin can change it any time, I want the system to use that number as base if the user applies for a discount.

**Case scenario where user uses up all of his quota before the end of the month**

The below explanation answers a basecamp post:

*Carlos -*

*Here is a scenario that I want you to discuss with Jimmy:*

*Lets consider the following scenario:*

*Billing Period 6 months [1-Jan2013 to 31st-June-2013]*

*Amount: $100 per month [Total: $600]*

*Discount: $60*

*Total Paid by user: $540*

*Lets say that the user has following plan:*

*0-500 emails*

*5 publishing events*

*Platinum plan*

*Considering that the user consumes all 500 emails and created 5 events right on the first day, the user has consumes all he had. Based on the calculation that you demonstrated, we should be deducting an amount that equates to 1 day and settle the remaining amount to the upgraded/ degraded plan [$540 for 6 months. i.e. $90 a month i.e. approx. $3 per day]; however the fact is that the user has consumed $90 worth of service by just paying $3.*

If a user uses his quota all in the same day or at any given time for a particular service then this would be a special case different from when a user decides to change his plan.

It is important to understand that the user is buying an actual quota of emails, and actual right to publish a certain amount of events and a certain quota of surveys, if he uses more than what he paid for then he will have to pay more. This will work kind of like a phone company. You enroll in a phone plan that allows 100 minutes for $10.99 and you have to pay this fee every month so to keep your account active. If you use 10 minutes out of the 100, you still have to pay $10.99 a month; however if you use 101 minutes then you are charged extra because you exceeded your allowance. In this phone system, unused minutes cannot be transferred to the next month; it’s like you either use the minutes or lose them!

When prepaying a membership in Constant Target, a user is simply paying for the services ahead of time. In the case of a user buying a 500 emails plan and prepaying it for 6 months, it doesn’t mean this user bought (500 X 6)=3000 emails. It means the user has paid to be allowed to send from 1 to 500 emails every month and this user will be saving himself the hassle of making a payment for a period of 6 months, so he paid his membership for six months ahead.

 Let’s see an example:

A given user prepaid for 6 months the below selection of plans and services:

* 0-500 emails @ $33.30 -10% ($29.97)
* 5 publishing @ events $33.30 -10% ($29.97)
* gold plan @ $33.30 -10% ($29.97)

After successfully purchasing the plans and prepaying for them 6 months ahead, the system should have the following:

1 Jan 2013

* 0-500 emails $33.30 (- $3.33) discount\*
* 5 publishing events $33.30(-$3.33) discount\*
* Gold plan $33.30\* (- $3.33) discount\*

**Total w/ tax $90**

\*Subjected to be billed higher if user exceeds the given quota

1 Feb 2013

* 0-500 emails $33.30 (- $3.33) discount\*
* 5 publishing events $33.30(-$3.33) discount\*
* Gold plan $33.30\* (- $3.33) discount\*

**Total w/ tax $90**

\*Subjected to be billed higher if user exceeds the given quota

1 March 2013

* 0-500 emails $33.30 (- $3.33) discount\*
* 5 publishing events $33.30(-$3.33) discount\*
* Gold plan $33.30\* (- $3.33) discount\*

**Total w/ tax $90**

\*Subjected to be billed higher if user exceeds the given quota

1 April 2013

* 0-500 emails $33.30 (- $3.33) discount\*
* 5 publishing events $33.30(-$3.33) discount\*
* Gold plan $33.30\* (- $3.33) discount\*

**Total w/ tax $90**

\*Subjected to be billed higher if user exceeds the given quota

1 May 2013

* 0-500 emails $33.30 (- $3.33) discount\*
* 5 publishing events $33.30(-$3.33) discount\*
* Gold plan $33.30\* (- $3.33) discount\*

**Total w/ tax $90**

\*Subjected to be billed higher if user exceeds the given quota

1 June 2013

* 0-500 emails $33.30 (- $3.33) discount\*
* 5 publishing events $33.30(-$3.33) discount\*
* Gold plan $33.30\* (- $3.33) discount\*

**Total w/ tax $90**

\*Subjected to be billed higher if user exceeds the given quota

There are $180 deposited for the 1 to 500 **emails**

There are $180 deposited for the 1-5 published **events**

There are $180 deposited for the gold package of **survey**

If the user exceeds any specified quota the system will adjust the charges for the monthly expenses depending on how much the user exceeded his allowance.

**Example:**

If the user from the above case sends 50**1** emails then he will be charged for that month at the 501 to 1000 emails plan rate which for this example will be $43.00. So at the end of January, the system should bill the user in the following manner:

1 Jan 2013

* 50**1**-1000 emails **$43.00** (-$4.30)=$38.70 Discounted price because user prepaid
* 5 publishing events $33.30 (- $3.33)=$30
* Gold plan $33.30 (- $3.33)=$30

**Note:**

Notice how he was billed at the 501 – 1000 emails and not at the 1-500 emails rate which he originally signed up for; he was billed higher because he sent one too many emails. The system must be set up to charge more when the user exceeds any given quota; all pricing updates or changes made by admin in the back for plans are instant and affect all memberships. System should count all sent emails, compare to pricing tables and then determine the rate at which the customer will be billed for the usage of the particular service.

Going back to the above sample, let’s notice how the monthly bill is $98.64 instead of $90 as agreed initially. This happened because the user went over his email service allowance/quota for the month of January and had to be charged at the next higher package’s rate in the pricing table for the particular service.

After exceeding his email quota and being billed at $38.70 for emails ($38.70 being the next higher package in the pricing table for the particular service in this example) the user’s remaining balance for each service would be the following:

$141.30 remaining for the 1 to 500 emails

$150 remaining for the 1-5 published events

$150 remaining for the gold package of survey

If the user stays within his 1-500 emails quota, the $141 remaining would approximately be good for another 4.7 months of email marketing usage. If this user doesn’t then his usage time will be less.

As shown above the other two services—event and survey— will not be affected by this change, at a $150 remaining balance the other 2 services are good for exactly 5 months from February to June **UNLESS** the user exceeds his quota in the next months or changes his plan to a more expensive one.

Now, what if the user exceeded his quota in all services, how would this affect the user? Let’s see below:

In a case scenario where this user above went over his limits in all services, say: he sends 5**10** instead of 500 emails, publishes **7** events instead of 5 and sends more surveys than his quota allowed then he would have the following summary of expenses after January is over:

* 501-1000 emails **$43.00** (-$4.30)=$38.70 Discounted price because user prepaid
* 6 to 10 published events **$43.00** (-$4.30)=$38.70 Discounted price because user prepaid
* Platinum plan **$43.00** (-$4.30)=$38.70 Discounted price because user prepaid

Total $116.10

So if initially there were:

$180 deposited for the 1 to 500 **emails**

$180 deposited for the 1-5 published **events**

$180 deposited for the gold package of **survey**

After January there would be:

($180 – $38.70)=$141.30 remaining for the 1 to 500 **emails**

($180 – $38.70)=$141.30 remaining for the 1-5 published **events**

($180 – $38.70)=$141.30 remaining for the gold package of **survey**

If the user stays within his 1-500 emails, 2-5 events, and gold package survey quota, the $141.30 remaining in each service would approximately be good for another 4.7 months **UNLESS** the user exceeds any quota again in the next months or decides to upgrade or downgrade any given plan(s).