

# SaaS Cost Optimization Checklist

## *Reduce SaaS Waste, Improve Vendor Control, and Negotiate Better Software Agreements*

### Why This Checklist Matters

Most organizations overspend on SaaS because of unused licences, duplicated functionality, unmanaged renewals, weak price escalation controls, decentralized purchases, shadow IT, and poor alignment between procurement, IT, finance, security, and business owners.

This checklist helps procurement, IT, finance, and operational teams control SaaS cost, governance, renewal risk, vendor dependency, and business-case benefit realization.

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## 1. SaaS Visibility, ITAM & Usage Control

**⚠ Critical control area:** SaaS cost control starts with visibility. Without **ITAM** discipline, procurement cannot reliably control usage, compliance, renewals, or negotiation leverage.

Check	Status
Group SaaS spend by technology subcategories, e.g., <ul style="list-style-type: none"><li>• Cloud &amp; Application Platforms;</li><li>• Data, Storage &amp; Intelligence;</li><li>• Content, Collaboration &amp; Communication;</li><li>• Operational Engineering &amp; Automation;</li><li>• Mobility &amp; End-User Technology;</li><li>• Security &amp; Risk Management;</li><li>• Emerging &amp; Specialized Technologies</li></ul>	<input type="checkbox"/>
Maintain SaaS contract renewal calendar with owner, expiry date, notice period, renewal type, and sourcing cycle time	<input type="checkbox"/>
Track assigned vs active users and identify unused or inactive licences	<input type="checkbox"/>

Check	Status
Review dormant users, admin accounts, and premium-tier assignments	<input type="checkbox"/>
Check multi-channel SaaS purchases across departments, cards, expenses, IT, and procurement channels	<input type="checkbox"/>
Identify duplicated functionality and overlapping platforms within each subcategory	<input type="checkbox"/>
Establish SaaS licence compliance controls and audit-readiness evidence	<input type="checkbox"/>
Validate subscription ownership, business owner accountability, and approval authority	<input type="checkbox"/>
Cooperate with IT to identify and eliminate shadow IT instances	<input type="checkbox"/>
Track SaaS lifecycle from request and onboarding to renewal, scale-down, exit, and decommissioning	<input type="checkbox"/>

## 2. Renewal, Pricing & Commercial Control

 **Highest commercial risk:** Vendors benefit from late or missed renewal preparation, auto-renewals, weak notice management, unmanaged YoY escalation, and poor pricing transparency.

Check	Status
Calculate the renewal/sourcing start date from end user-defined need-by date considering sourcing complexity, governance approvals, benchmarking, legal review, security review, negotiations, implementation planning, and transition risk	<input type="checkbox"/>
Avoid auto-renewal and evergreen agreement structures where possible	<input type="checkbox"/>
Validate notice periods, termination rights, and renewal approval requirements	<input type="checkbox"/>

Check	Status
Make renewals, running contracts, extensions, and new planned SaaS needs part of the annual procurement plan	<input type="checkbox"/>
Proactively prepare negotiation strategy before vendor contact	<input type="checkbox"/>
<b>Never start the sourcing process without the estimated procurement value.</b>	<input type="checkbox"/>
Engage reliable external benchmarking or cost specialists for price assessment on strategic SaaS agreements, normally every two years during strategic agreement validity with the right to review pricing accordingly	<input type="checkbox"/>
Actively negotiate annual YoY price increase caps, indexation logic, and escalation triggers; oppose unjustified annual price revisions	<input type="checkbox"/>
Validate pricing metrics, formulas, consumption thresholds, and overage rules	<input type="checkbox"/>
Establish visibility of post-negotiation costs, add-ons, AI features, support charges, storage, users, integrations, and premium functionality	<input type="checkbox"/>
Review vendor public financial reporting where available and assess their commercial status, trends, and develop negotiation arguments accordingly	<input type="checkbox"/>
Estimate the value of your account to the vendor, including <a href="#">CLTV</a> , expansion potential, references, and <a href="#">supplier preferencing</a> .	<input type="checkbox"/>


### 3. Sourcing Strategy, Governance & Make-or-Buy Discipline

★ **Strategic decision area:** SaaS should not bypass governance simply because it is easy to subscribe to. Procurement must be installed into IT governance, not treated as a late-stage governance patch.

Check	Status
Apply Make vs Buy logic before strategic SaaS commitments	<input type="checkbox"/>
Classify SaaS solutions as Systems of Record, Systems of Differentiation, or Systems of Innovation	<input type="checkbox"/>
Decide whether the procurement approach should be reliability-focused, agility-focused, or hybrid	<input type="checkbox"/>
Use pilots, prototypes, POCs, or MVPs before enterprise-wide rollout where requirements, value, or adoption are uncertain	<input type="checkbox"/>
<b>Negotiate limitation or avoidance of SaaS subscription charges before the solution, service, or platform becomes operational and starts generating value or revenue</b>	<input type="checkbox"/>
Install procurement participation into IT governance, architecture review, security review, investment review, and solution selection processes	<input type="checkbox"/>
Validate business ownership vs IT ownership responsibilities	<input type="checkbox"/>
Bundle IT services and projects into portfolios where this improves vendor resource sharing, delivery continuity, and commercial leverage	<input type="checkbox"/>
Outsource selectively and recognize limitations around governance, dependency, knowledge retention, resilience, service quality, and hidden management effort	<input type="checkbox"/>
Consider and negotiate offshore delivery where commercially, operationally, legally, and security-wise feasible	<input type="checkbox"/>
Avoid overreliance on relational IT contracting ( <b>don't rely on promises</b> ); document pricing, scale-down, exit, SLA, data, compliance, and performance rights explicitly. <b>Remember about opportunistic behavior and moral hazard.</b>	<input type="checkbox"/>

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## 4. Vendor Negotiation & Contract Protection

 **Negotiation leverage area:** Strong SaaS negotiation is built on timing, usage data, alternatives, account value, dependency analysis, and enforceable commercial rights.

Check	Status
Assess vendor dependency, switching difficulty, migration risk, proprietary interfaces, and lock-in exposure	<input type="checkbox"/>
Prepare sourcing levers before negotiations	<input type="checkbox"/>
<b>Negotiate right-to-reduce clauses for licences, FSE, users, SKUs, modules, usage tiers, or bundles</b>	<input type="checkbox"/>
Review flexibility for scaling users, modules, storage, transactions, AI usage, and support levels up or down	<input type="checkbox"/>
Validate SLA, support, service credit, availability, continuity, and performance commitments	<input type="checkbox"/>
Review liability limitations and exclusions	<input type="checkbox"/>
Validate data ownership, data portability, exit assistance, and post-termination data return/deletion rights	<input type="checkbox"/>
Review termination, transition, renewal, and exit provisions before signing	<input type="checkbox"/>
Assess security, privacy, compliance, audit, and regulatory obligations	<input type="checkbox"/>
Validate audit rights, reporting rights, usage reports, and evidence access	<input type="checkbox"/>

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## 5. AI Spend, Consumption & SaaS Cost Exposure

 **Emerging risk area:** AI features are increasingly used to justify new pricing, consumption models, bundles, and post-contract cost growth. Treat AI monetization separately from core SaaS value.

Check	Status
<b>Separate AI offering from core SaaS scope, don't accept bundled 'legacy + AI' offers</b>	<input type="checkbox"/>
Avoid "AI value" narratives without measurable ROI, adoption evidence, and usage controls	<input type="checkbox"/>
Validate AI licensing models, including per-user, per-token, per-transaction, per-agent, per-workflow, storage, and compute-based pricing	<input type="checkbox"/>
Set AI usage limits, alerts, approval thresholds, and budget owners	<input type="checkbox"/>
Validate transparency of AI consumption reporting and calculation logic	<input type="checkbox"/>
Require scale-down, opt-out, or modular adoption rights for AI features	<input type="checkbox"/>
Link AI adoption to measurable business benefits rather than promised productivity narratives	<input type="checkbox"/>
Monitor AI-native apps and AI add-ons as a separate spend category within SaaS governance	<input type="checkbox"/>

## 6. TCO, Delivery & Benefit Realization

**💰 Executive value area:** SaaS cost is not only subscription price. Procurement value should be reported against realized outcomes, not only negotiated savings.

Check	Status
Include implementation, migration, integration, customization, testing, deployment, training, compliance and end-of-life costs in TCO	<input type="checkbox"/>
Include support, maintenance, change requests, upgrades, administration, ITAM, and supplier management effort	<input type="checkbox"/>
Assess opportunity cost and operational risk exposure before sourcing decisions	<input type="checkbox"/>

Check	Status
<b>Validate committed business benefits in the business case before contract award and follow up until full delivery.</b>	<input type="checkbox"/>
Track realized benefits vs planned benefits as part of procurement benefit reporting	<input type="checkbox"/>
Review utilization, adoption, spend growth, and business outcomes before renewal	<input type="checkbox"/>
Challenge unnecessary enterprise-tier upgrades and vendor-driven expansion	<input type="checkbox"/>

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## Common SaaS Cost Problems

- Paying for inactive or underused licences
  - Duplicate software platforms and overlapping functionality
  - Poorly managed renewal calendar
  - Automatic renewals and evergreen structures
  - Uncontrolled annual price increases
  - Weak vendor leverage and late negotiation preparation
  - Decentralized and multi-channel purchasing
  - Shadow IT and weak IT governance integration
  - Poor AI spend control
  - Vendor lock-in and weak exit rights
  - Weak ITAM and licence compliance discipline
  - Business-case benefits not tracked after award
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## Sourcing Strategy Tool

### IT Sourcing Strategy Tool

<https://www.goodspending.com/sandbox>

Use this sourcing strategy intake and governance tool to assess sourcing complexity, procurement approach, governance implications, supplier dependency, timing feasibility, commercial strategy, and stakeholder alignment before initiating SaaS procurement activities.

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# About the Author

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