SaaS Cost Optimization Checklist

This checklist provides a systematic, three-step action plan to gain visibility, eliminate waste, and establish control over your Software as a Service (SaaS) expenditures.

Step 1: Gain Visibility and Audit (Discovery & Data)

- [ ] **Centralize Financial Records:** Review all expense reports, Accounts Payable records, and credit card statements from the last 12 months to capture recurring SaaS costs.
- [ ] **Compile Complete SaaS Inventory Log:** Document the Vendor Name, Total Contract Value, Renewal Date, Licenses Purchased, and Technical Owner for every single tool.
- [ ] **Identify & Log "Shadow IT":** Find all unapproved applications purchased outside of official channels (often via expensed credit cards) and log them for review.
- [ ] **Extract User Activity Data:** Pull login/activity logs from vendor dashboards or APIs to determine the number of Active Users for all major applications.
- [ ] **Calculate License Utilization Rate:** Determine the rate for each application using the formula: Active Users / Licenses Purchased. Flag any app below 50% utilization as potential waste.

Step 2: Rationalize and Rightsize (Eliminate Waste)

- [ ] **Apply "Retain, Retire, or Replace" Framework:** Assign a final status to every tool based on its Business Value and Utilization Rate.
- [ ] **Target and Retire Redundant Apps:** Identify and decommission tools with overlapping functionality (e.g., duplicate project management or cloud storage apps).
- [ ] **De-provision Inactive Users:** Reclaim unused seats from all users inactive for 90+ days (including former employees).
- [ ] **Downgrade Subscription Tiers:** Reduce high-cost licenses ("Pro," "Enterprise") to a lower tier if features are unused, ensuring the tier matches actual utilization.

- [ ] **Adjust Licenses by Role:** Ensure premium licenses are only assigned to power users who genuinely require the advanced features.
- [ ] **Implement Automated De-provisioning:** Set a policy to automatically remove users from licenses after 60 days of inactivity to prevent future shelfware.

Step 3: Optimize Procurement and Govern (Control Future Spend)

- [ ] **Consolidate Billing/Monetization Stack:** Evaluate the high spend on fragmented billing, subscription, tax, and dunning tools.
- [ ] **Replace these separate contracts** with an all-in-one full-service Merchant of Record (MoR) platform to eliminate sprawl and associated fees.
- [ ] **Institute Central Procurement Policy:** Mandate approval from a central finance or procurement team for all new SaaS purchases and renewals over a set financial threshold.
- [ ] **Set Renewal Alert Calendar:** Schedule alerts for 90, 60, and 30 days before contract expiration to prevent costly auto-renewal.
- [ ] **Begin Renewal Negotiations Early:** Start conversations 90 days out, leveraging your internal low utilization data to demand better pricing or reduced seat counts.
- [ ] **Negotiate "Right-to-Reduce" Clause:** Secure the ability to decrease your committed seat count during the contract term if your user base declines.
- [ ] **Assign Financial & Functional Owners:** Designate one person accountable for the usage, budget, and renewal management of each major application.
- [ ] **Define Standardized Tool List:** Publish a list of approved software for common business functions (e.g., CRM, Project Management) to stop future Shadow IT purchases.