

# SaaS Revenue Streams Checklist

This checklist provides a clear sequence of actions to define, separate, and manage your five key SaaS revenue streams for accurate financial reporting and maximizing ARR.

## I. Defining Core Subscription Revenue

- ☐ **Isolate Core Fees:** Dedicate a separate General Ledger (GL) account solely for revenue generated from time-based access to your core software (Monthly or Annual Recurring Revenue).
- ☐ **Segment by Plan:** Break down Subscription Revenue further by pricing tier (e.g., Starter, Pro, Enterprise) to analyze profitability and retention for each segment.
- ☐ **Ensure Ratable Recognition:** Verify that accounting processes recognize prepaid annual subscription revenue monthly across the contract term, adhering to ASC 606 standards.
- ☐ **Confirm Clean Metrics:** Calculate Gross Revenue Retention (GRR) using *only* this core revenue stream to ensure an undistorted view of customer churn and contraction.

## II. Implementing Variable Revenue Tracking

- ☐ **Identify Consumption Triggers:** Determine all non-fixed revenue sources tied to usage, transactions, or consumption (e.g., API calls, data usage, processing fees, email volume).
- ☐ **Create Dedicated GL:** Establish a separate GL account for all Variable Revenue to prevent the commingling of volatile income with predictable ARR.
- ☐ **Map Direct Costs:** Track all associated variable costs (e.g., cloud computing, third-party messaging fees) directly against this revenue stream to accurately determine Variable Gross Margin.
- ☐ **Forecast Usage:** Implement forecasting models to predict usage trends, allowing you to project this less-predictable revenue stream with reasonable confidence.

### III. Categorizing Services Revenue (Digital Goods)

- ☐ **Define Digital Product Sales:** Clearly list all one-time fees for non-recurring digital goods, such as specialized e-books, premium templates, software kits, or automated certification exams.
- ☐ **Separate Transactions:** Ensure these one-time payments are processed and recorded distinctly from recurring subscriptions.
- ☐ **Track Attachment Rate:** Monitor the percentage of new customers who purchase an accompanying digital good, which indicates the value of your supplemental products.

### IV. Structuring Managed Services Revenue (Recurring Digital Add-ons)

- ☐ **Isolate Recurring Add-ons:** Identify and account for fixed recurring fees charged for non-core, premium digital features (e.g., advanced reporting modules, recurring storage upgrades, permanent API rate increases).
- ☐ **Calculate Dedicated Margin:** Analyze the costs associated with maintaining these premium features (e.g., higher hosting fees) to ensure the Managed Services Gross Margin remains healthy.
- ☐ **Track Contribution:** Monitor the Revenue Contribution % of this stream to ensure it supplements, rather than dominates, your core Subscription Revenue.

### V. Managing Other Revenue Streams

- ☐ **Formalize Partnerships:** Document and set up tracking for all revenue generated through affiliate programs, ensuring commissions are calculated correctly and tracked in the designated account.
- ☐ **Implement Revenue Recovery:** Activate automated dunning management processes to systematically follow up on failed payments and recapture lost recurring revenue.
- ☐ **Monitor Resale Margins:** If reselling third-party digital software subscriptions, track the margins clearly to confirm profitability after paying the original vendor.

## VI. Technology and Compliance Review

- ☐ **Integrate Billing Platform:** Use a comprehensive solution like PayPro Global to handle complex billing models (usage-based, tiered, recurring) and automate compliance (tax/VAT).
- ☐ **Audit Data Separation:** Annually audit your financial data to confirm all five revenue streams are strictly separate in your GL, ensuring data integrity for investor reporting.
- ☐ **Verify NRR Inputs:** Confirm that only Subscription and relevant Variable/Managed Services Expansion Revenue are included in your Net Revenue Retention calculations.