

SaaS Transition Checklist: From Perpetual Licenses to SaaS Subscriptions

This actionable checklist covers every phase of migrating your software business from perpetual licensing to a recurring SaaS subscription model.

Phase 1: Strategy & Monetization Setup

- ☐ Define your core SaaS value metric (e.g., active users, API calls, storage volume) to ensure recurring prices scale alongside customer usage.
- ☐ Design three structured subscription tiers (such as Basic, Pro, and Enterprise) to prevent buyer decision paralysis during signup.
- ☐ Establish hybrid options for enterprise buyers who require local hosting alongside recurring payment terms.
- ☐ Calculate target Annual Recurring Revenue (ARR) goals and model projected customer Lifetime Value (LTV) against Acquisition Costs (CAC).
- ☐ Formulate a migration discount structure offering legacy license holders lower rates for converting to annual subscriptions.

Phase 2: Financial & Operational Readiness

- ☐ Set up accounting tools that comply with ASC 606 and IFRS 15 rules for ratable revenue recognition.
- ☐ Establish daily tracking for cash billings to monitor short-term liquidity separate from recognized accounting revenue.
- ☐ Secure transitional credit lines or reserve 12–18 months of operating cash to cover the initial revenue dip during the shift.
- ☐ Configure automated dunning workflows and credit card retry logic to handle failed payments and minimize involuntary churn.

- ☐ Deploy an automated billing platform connected to your CRM to process monthly charges and annual renewal invoices.

Phase 3: Team & Process Reorganization

- ☐ Restructure sales compensation plans to reward contract renewals, account expansions, and low churn alongside new logos.
- ☐ Transition reactive customer support staff into proactive Customer Success teams dedicated to account health and onboarding.
- ☐ Shift product engineering workflows from long 18-month release windows to regular continuous deployment schedules.
- ☐ Establish automated usage tracking to identify underutilised accounts before their renewal dates arrive.
- ☐ Train account management teams on highlighting OpEx financial benefits over traditional CapEx software purchases.

Phase 4: Migration & Technical Execution

- ☐ Develop automated database migration scripts to transfer local customer data into the hosted cloud environment securely.
- ☐ Publish comprehensive Service Level Agreements (SLAs) covering uptime guarantees, incident response times, and support availability.
- ☐ Implement self-service data export features so customers retain data access without fearing vendor lock-in.
- ☐ Set a clear end-of-life (EOL) schedule for legacy perpetual software versions to encourage timely user migration.
- ☐ Monitor Gross Revenue Retention (GRR) weekly during account rollouts to maintain retention rates above the 90% benchmark.