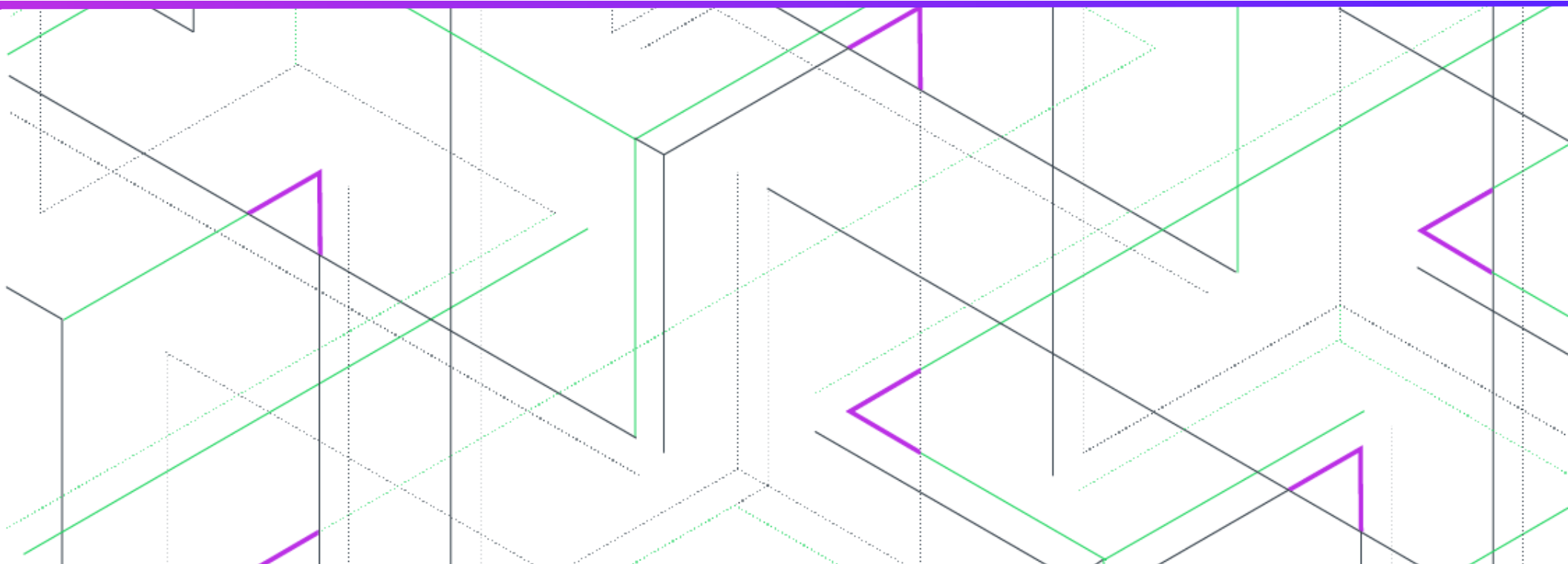revenera.™

A Software Operations Guide to

Entitlement Management vs. Billing Management and Subscription Management

# Optimizing your Quote-to-Cash Tech Stack

Running a successful software business depends upon streamlined operations within the quote-to-cash (Q2C) process, yet many still struggle with manual processes and gaps in functionality. Understanding entitlement management and billing and subscription management systems—and how they overlap— can help streamline and optimize your tech stack.

Successful software producers need business solutions that:

- Address the increasingly intertwined experiences of buying and using software.

- Seamlessly support the ability to embrace multiple monetization models, monetize products flexibly, and drive digital engagement.

- Strengthen customer retention and drive business growth by creating flexible products that reach customers where they are.

- Support recurring revenue and the customer lifecycle.

**UNDERSTANDING THE STRENGTHS
OF DIFFERENT Q2C COMPONENTS**

SUBSCRIPTION
MANAGEMENT

MONETIZATION
MODELS

ENTITLEMENT
MANAGEMENT

BILLING
MANAGEMENT

IDENTITY AND
ACCESS MANGEMENT
(IAM)
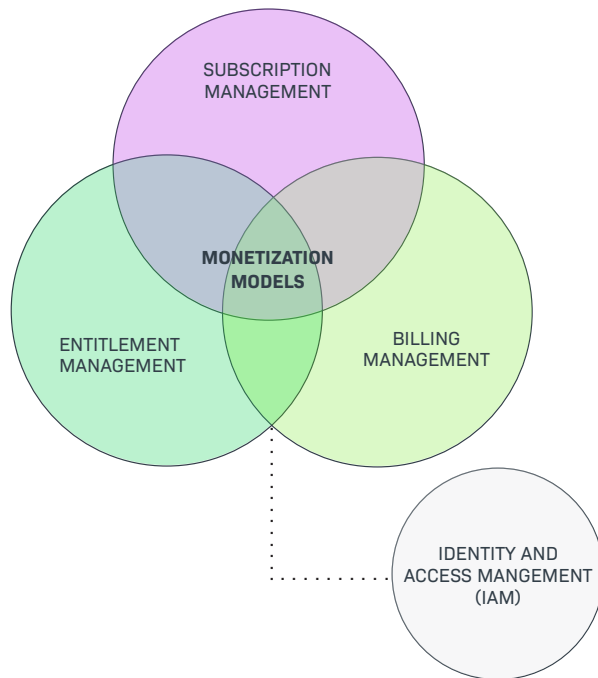
Streamlined Functionality Is a Must

Multiple factors are increasing the urgency for understanding how entitlement, billing, and subscription management function:

- Software businesses' initiatives to **monetize their offerings.**

- **The rise of hybrid monetization and deployment models,** including growing interest in elastic models for temporary access.

- A desire to **streamline operations and the quote-to-cash process.**

- **Optimizing monetization strategies for growth** (upsells, cross-sells, renewals) while aligning price and value to secure recurring revenue and long-term customer relationships.

- The **growth of self-service** options, facilitating new monetization moments in the customer lifecycle.

- The **implementation of monetization strategies,** which can expose the complexity of the underpinning licensing technology.

Big Tip

Identify the business problems that need to be solved upfront (e.g., churn, piracy, revenue leakage) to identify the capabilities needed to address those issues (e.g., automation and alerts to process renewals to minimize churn, improve customer experience, and deliver better insight into how products are being used).

Then enable the tech functions (entitlement, billing, subscription management) required.

Entitlement Management + Billing Management

Software producers need their evolving tech stacks to support the customer lifecycle and drive recurring revenue. Necessary technology includes the functionality to manage: entitlements; billing and payments; contract lifecycle; customer relationship management (CRM); enterprise resource planning (ERP); configure, price, quote (CPQ); eCommerce; and additional needs. Software monetization requires a strategic approach to:

Entitlement management, which refers to how access to software, devices, systems and content is administered. Entitlement management solutions give software producers, channel partners and end customers control over who has access (or use rights) to specific resources, with the power to grant, issue, enforce and revoke access to users.

Billing management helps businesses manage billing processes, including billing, invoicing, and collection of payments.

Particularly as Software-as-a-Service (SaaS) deployments become increasingly popular and are monetized as subscriptions, it becomes crucial to have a clear understanding of the 'subscription management' that each solution for entitlement management and billing management provides. Functional overlap is common.

Big Tip

Keep Identity and Access Management (IAM) in mind! IAM assigns roles to users so they can access the right products and services within an organization. Learn more here.

Subscription Monetization Models

The subscription monetization model is one in which a customer pays monthly or yearly to use your software. (This is sometimes referred to as term licensing.) Reliance on subscription is growing. Perhaps because of how well-suited it is for the growth of recurring revenue, subscription/term has gained popularity in recent years.

Subscription is the leading monetization model among companies that use one model extensively (≥51% of their business).

More than 4 out of 5 respondents (82%) to a recent Revenera survey used subscription/term monetization models at least moderately in 2023, up from 68% just a year before.

59% anticipate that subscription would grow as a percentage of overall software license revenue in the coming 12–18 months.

Managing subscriptions effectively is more important than ever, both in terms of customer satisfaction and the resulting recurring revenue. Considerations go far beyond subscription, given the complexities of contemporary approaches to hybridization (a mix of deployment and monetization/licensing models). Software suppliers must evaluate the monetization models they offer, usage patterns, and customers' future needs in order to implement the most suitable entitlement and billing management approach.

LEARN MORE

MAKE THE MOVE:
Find out how to support hybrid monetization and deployment models. Read the Revenera Monetization Monitor: Software Monetization Models and Strategies.

APPROACHES TO HYBRID MONETIZATION MODELS

WHERE THE MOST USED DEPLOYMENT MODEL IS...	THE MOST POPULAR MONETIZATION MODEL IS...
SaaS	⟶ Subscription/Term
Public Cloud	⟶ Subscription/Term
Private Cloud	⟶ Consumption + Metered (tie)
On-Premises	⟶ Subscription/Term + Consumption (tie)
Embedded	⟶ Perpetual

Focus On Strategy, Not Tactics

How your software products are managed has implications for various processes. A strategic approach that takes a comprehensive look at needs across the business can identify which processes can be centralized to drive greater efficiency—for the front, middle, and back offices.

Because of the functional overlap between entitlement and billing management solutions, they can work well together to eliminate silos and drive organizational efficiency. A strategic approach to evaluating and using the data that they own—about what a customer has paid for, what's been sold, what customers have accessed, what they've used/consumed— can inform usage analytics and provide valuable insights that drive the revenue cycle.
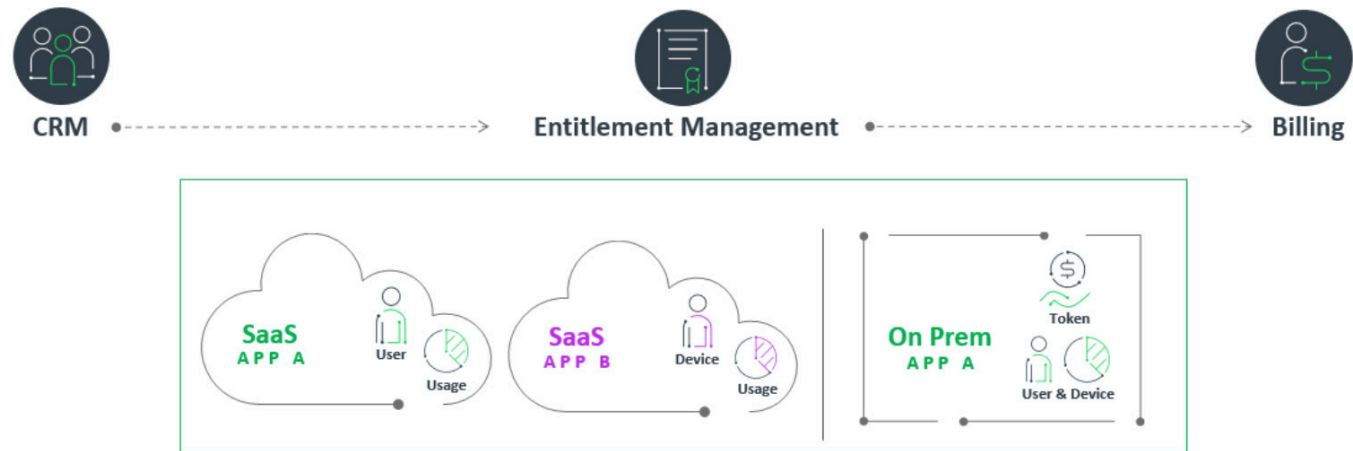
Big Tip

Carefully evaluate what business problem each solution solves around managing a recurring revenue model. Increasingly complex business models are driving the importance of effective entitlement management.

Front Office	The customer-facing part of any business, the front office needs the creativity and flexibility to meet sales goals.	*Example:* Sales team evaluates customer's needs, e.g., 1,000 SaaS subscription licenses.
Middle Office	The middle office is essentially the flywheel that makes everything work in the customer relationship, enabling front office creativity, while supporting back office demands. It provides transparency around enforcement, along with usage analytics (e.g. about consumption and insights available from that data). This insight helps drive the capabilities to improve customer relationships and improve revenue.	*Example:* The middle office evaluates back office reporting in order to help illustrate where an opportunity may exist for an upsell or cross-sell.
Back Office	The back office focuses on compliance needs and enforcement.	*Example:* The back office audits how the actual usage aligns with purchased entitlements, based on variables ranging from who accessed software, what was accessed, and when it was accessed.

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Central Monetization Strategy and Systems Across Products

CRM ·····→ Entitlement Management ·····→ Billing

SaaS APP A — User — Usage
SaaS APP B — Device — Usage
On Prem APP A — Token — User & Device

Give your end customers what they want, the way they want to buy it.

Centralized entitlement management, providing a single pane of glass view into customer use rights and transaction lifecycles, can help drive business transformation, improve ROI, improve the experience of customers and employees, alike. Customers want to be able to purchase products in the way best suited for their needs and budgets. Meeting that need requires effective entitlement and billing and subscription management.

NEXT STEPS

Track entitlements and manage renewals with a centralized solution.

LEARN MORE >

Revenera provides the enabling technology to take products to market fast, unlock the value of your IP and accelerate revenue growth—from the edge to the cloud.
www.revenera.com