revenera™

Revenera Monetization Monitor

Software Monetization Models and Strategies 2026 Outlook

EXECUTIVE SUMMARY

Nicole Segerer
SVP & General Manager,
Revenera

501 product leaders responded to this year's global survey of technology companies, and the findings reflect an industry balancing rapid innovation with the need for sustainable, profitable monetization strategies.

KEY FINDINGS

AI monetization is accelerating but squeezing margins.
80% of respondents already offer AI-enabled products or features, but 70% say delivery costs are eroding profitability. Rising cloud spend is cited as the biggest blocker to growth, with 52% specifically planning new monetization models to offset cloud costs.

Flexibility is reshaping how software is priced.
Subscription is currently the most common model for AI (42%), but pure subscription is projected to decline as usage-based approaches – prepaid, post-paid, and blended – are set to grow, with suppliers seeking to improve flexibility while ensuring profitability.

Usage-based monetization is now mainstream.
Usage-based pricing is now the most common approach for companies that primarily deliver software via public cloud, private cloud, or embedded deployments. In total, 74% of all suppliers have adopted usage-based models at least moderately, with 56% expecting usage-based revenue to grow by 2027.

Outcome-based models are losing momentum.
Plans to implement outcome-based pricing have declined from 60% a year ago to 38% today, highlighting the challenges of quantifying results – especially amid ongoing AI experimentation.

Data gaps amplify churn and retention challenges.
32% cite churn as a major blocker to revenue growth, and only 14% claim to have an efficient renewal process. A lack of centralized data is preventing companies from identifying at-risk accounts early and taking proactive steps to boost retention.

Price and value alignment remains elusive.
Only 36% of companies report strong alignment between pricing and the value customers receive – the same figure as last year. This lack of progress highlights the difficulty of proving value as customer expectations shift in a rapidly evolving market.

"
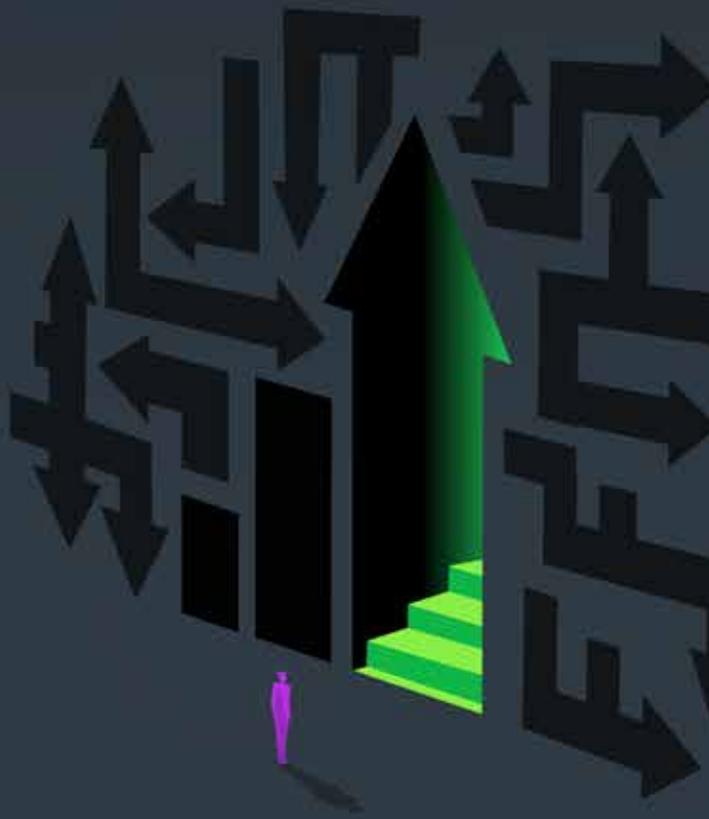
Software monetization is facing increasing complexity due to factors like the rise of AI, evolving pricing models, and the need for robust analytics. Key challenges include effectively pricing AI-powered features, optimizing subscription models, and leveraging data for revenue generation while maintaining user satisfaction."

Operations Director
SaaS/cloud-focused company with
$26–$100 million USD annual revenue

CONTENTS

The *Revenera Monetization Monitor* 2026 Outlook Series

This report is part of an annual series first published in 2019. Subsequent reports in this series will address *Software Piracy & License Compliance and Software Monetization Analytics.* All reports are based on 501 complete responses to a survey conducted by Revenera from April through June 2025.

MONETIZATION & DEPLOYMENT TRENDS

Spotlight: **Monetizing AI**

80% of survey respondents say their company already offers artificial intelligence (AI) features or products, reflecting the extraordinary pace of AI's rise across the technology landscape.

The leading factor for introducing AI, reported by 47%, is to increase the value customers receive. However, **70% say the cost of delivering AI functionality is cutting into profitability.**

Balancing the books is top of mind for most, with 52% indicating they plan to add "new models to mitigate the impact of rising cloud or AI costs" over the next 18 months.

For companies that primarily rely on public cloud deployments, this figure increases to 65%.

70%

70% say the cost of delivering AI functionality is cutting into profitability
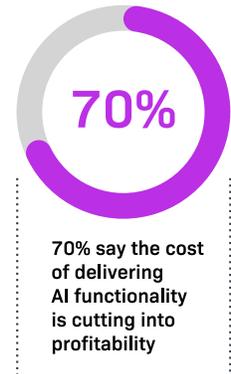
> ❝
> *Balancing value-based pricing with customer expectations while leveraging AI and analytics for smarter monetization remains our top challenge in software revenue growth."*
>
> *Finance Executive*
> *SaaS/cloud-focused company with more than $250 million USD annual revenue*

Top Factors Driving the Decision to Introduce AI Features or Products

#1

47%

AI features/ products would increase the value customers receive

#2

37%

Needed to offer AI features/ products to remain competitive

As technology companies pursue AI profitability, key questions around customer value, revenue growth, and operational efficiency must be addressed:

? 57% of those offering AI expect reliance on public cloud services to grow by 2027. **How will growing cloud costs be accounted for to protect margins?**

? **What pricing models will ensure AI offerings deliver predictable value for customers while securing sustainable returns for suppliers?**

Among all respondents, 42% see the lack of data as a blocker to aligning price and value, yet implementing AI functionality without the ability to analyze and understand usage may pose a significant threat to profitability.

> *We don't [currently price our AI offering]. It's bundled in the core product price as clients expect to have basic capabilities just like reporting."*
>
> *Director of Strategy*
> *SaaS/cloud-focused company with more than $250 million USD annual revenue*

Pricing AI Offerings

CURRENT   **FUTURE**

	Current	Future
Subscription	42%	37%
Usage-Based (prepaid)	22%	21%
Usage-Based (post-paid)	14%	16%
Subscription and Usage-Based	20%	25%
Other	1%	1%
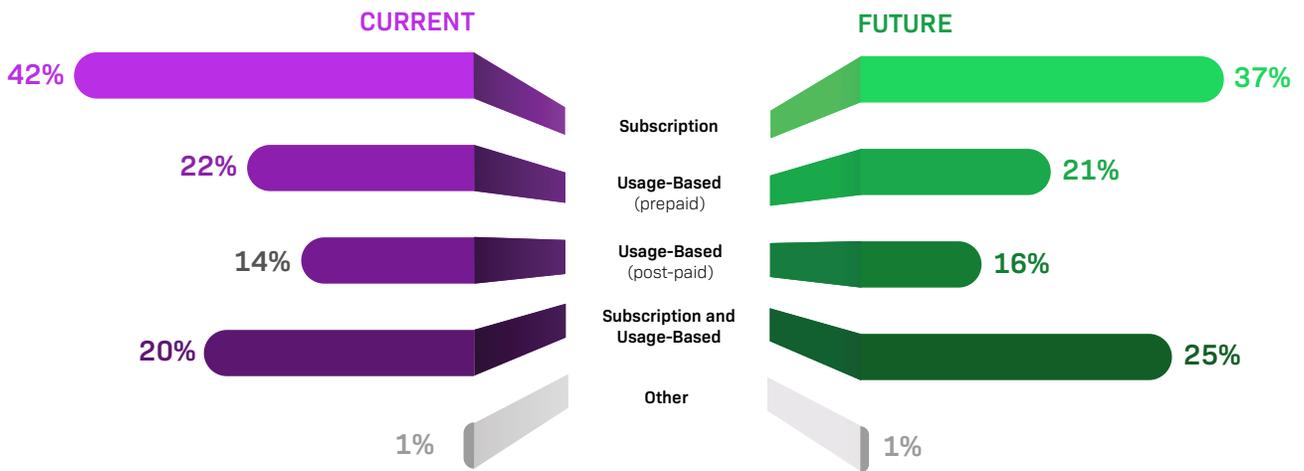
Subscription is currently the most common model for AI offerings, adopted by 42% of providers.

However, with rising delivery costs and growing demand for flexibility, pure subscription is projected to decline by five percentage points – to 37% – over the next 18 months. At the same time, blended subscription and usage-based models are expected to climb from 20% to 25%.

No matter how you dissect the data, usage-based approaches – whether prepaid, post-paid, or blended with subscription – are becoming a central pillar of AI monetization, signaling a decisive shift toward models that balance customer flexibility with supplier cost alignment.

How to Monetize AI

LEARN MORE >

Current & Future:
Software Monetization Models

For companies where one deployment model makes up the majority (over 70%) of their software lines, **usage-based monetization has gained significant traction** – emerging as the leading choice for public cloud, private cloud, and embedded systems.

This marks a shift away from subscription/term and perpetual models, which dominated just a year ago.

However, subscription/term remains the top choice for SaaS, while concurrent/floating now leads for on-premises deployments.

Where the most used deployment model is ...		A year ago, the most popular monetization model was ...		Today, the most popular monetization model is ...
• SaaS	→	• Subscription/term	→	• Subscription/term
• Public cloud	→	• Subscription/term	→	• Usage-based
• Private cloud	→	• Subscription/Term + Perpetual (tie)	→	• Usage-based
• On-premises	→	• Subscription/Term + Consumption (tie)	→	• Concurrent/ floating
• Embedded	→	• Perpetual	→	• Usage-based

74% 74% of companies now implement **usage-based monetization** (including both pre- and post-paid options) at least moderately. More than half (56%) say they expect usage-based revenue to increase as a percentage of overall revenue by 2027.

SOFTWARE MONETIZATION MODELS

Perpetual
pay once for unlimited use of your software

Subscription/Term
pay monthly or yearly to use your software

Usage-based
defined by usage metrics and known by various names, including consumption, metering, pay-per-use, elastic access, tokens, credits, etc.

While 'tokens' can refer to concurrent/floating licenses, it's become more common for the term to describe units of usage.

Outcome-based
pay based on measurable customer value or outcome.

Concurrent/Floating
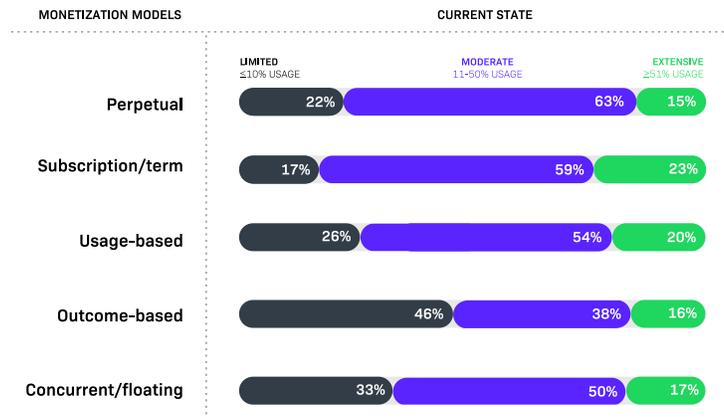a specified number of users can access your software at the same time.

83% **Subscription/term monetization** remains the most widely used model overall, with 83% using it at least moderately.

78% The number using **perpetual licensing** at least moderately remains high at 78%, with 40% expecting perpetual license revenue to continue to grow over the next 18 months.

38% A year ago, 60% anticipated increased reliance on **outcome-based models**, but that number has dropped to 38%. The decline may reflect the challenges of accurately measuring and tying outcomes to pricing, particularly in a time of experimentation and uncertainty around quantifying AI outcomes.

56% **Concurrent/floating** models appear to be most consistent, with 56% anticipating neither a decline nor an increase in how this strategy will impact revenue.

Monetization Models - Current State

MONETIZATION MODELS	CURRENT STATE		
	LIMITED ≤10% USAGE	MODERATE 11-50% USAGE	EXTENSIVE ≥51% USAGE
Perpetual	22%	63%	15%
Subscription/term	17%	59%	23%
Usage-based	26%	54%	20%
Outcome-based	46%	38%	16%
Concurrent/floating	33%	50%	17%

Over the next 12-18 months, do you expect the following software monetization models to grow or decline as a percentage of your overall software license revenue?

MONETIZATION MODELS	FUTURE STATE	
	DECLINE	INCREASE
Perpetual	11%	40%
Subscription/term	6%	62%
Usage-based	7%	56%
Outcome-based	9%	37%
Concurrent/floating	7%	38%
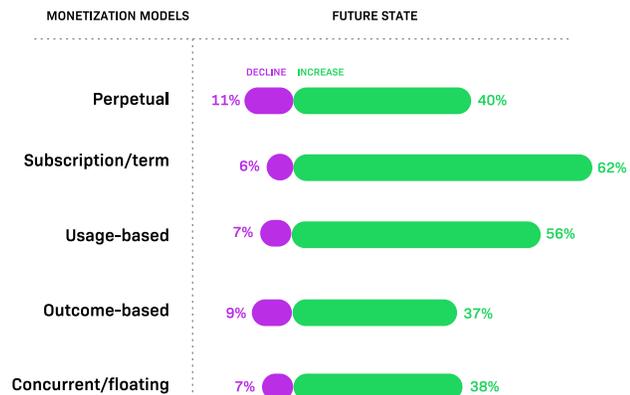
Pre- or post-paid usage?

In the coming 12-18 months, 38% of survey respondents plan to add prepaid usage-based monetization and 43% plan to add post-paid usage-based models.

Though prepaid is often preferred by suppliers, they appear to be making concessions to appeal to buyers with post-paid options.

Effective management of customer entitlements/use rights
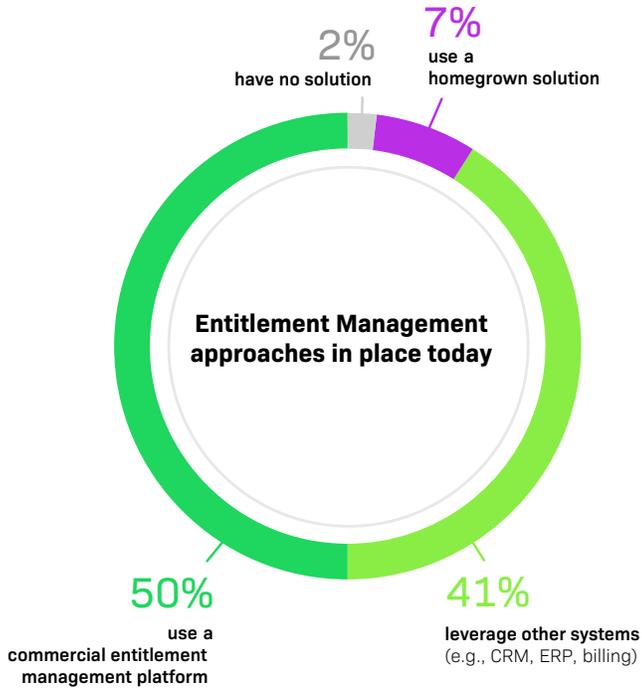is critical to revenue growth, and the following approaches are in place today:

2%
have no solution

7%
use a
homegrown solution

**Entitlement Management
approaches in place today**

50%
use a
commercial entitlement
management platform

41%
leverage other systems
(e.g., CRM, ERP, billing)

DEFINITION

Hybrid
may refer either to a mix of
deployment models (e.g. using
on-premises deployments
in combination with SaaS or
cloud deployments) or a mix of
monetization (licensing) models
(e.g. offering perpetual and
subscription/term licenses.

49% Managing hybrid offerings requires efficient back-office systems to maintain
visibility and control. However, those using the same entitlement management
system across all solutions has fallen from 54% to 49%.

Various reasons exist for using different technologies, such as inherited systems
from acquisitions, but as reliance on disparate tools grows, ensuring accurate
data and consistent operations becomes more challenging.

Centralized entitlement management creates a single source of truth, improving
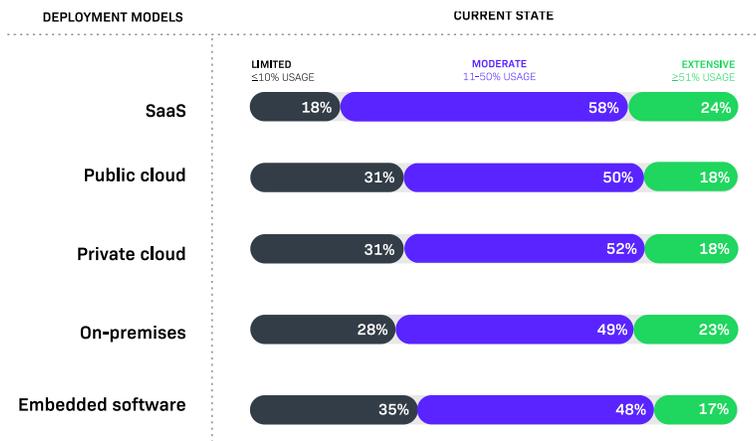accuracy, oversight and decision-making across product lines and deployments.

43% **Companies that use the same system across all solutions experience a much
smoother quote-to-cash process, with 43% reporting "no major challenges,"
compared to just 11% overall.**
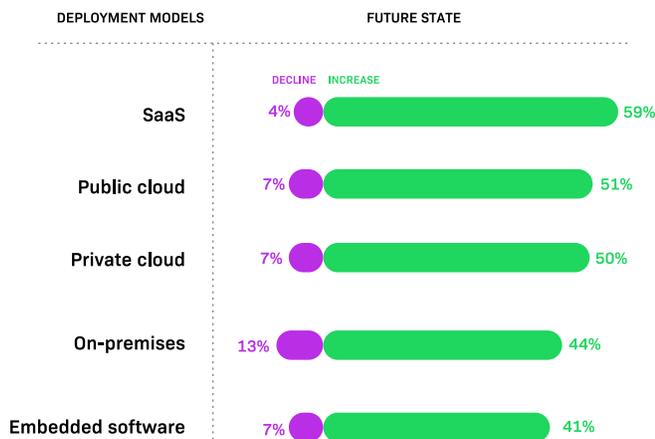
Current & Future:
Software Deployment Models

24% With 24% of respondents using **SaaS** extensively (for more than 51% of product lines), it holds a slight lead over on-premises (23%) as the deployment model that's used most extensively. It is also the most common at a moderate level (11–50% of product lines), reported by 58%, and the model most expected to grow, cited by 59%.

44% While 13% expect **on-premises** deployments to decline, 44% still anticipate growth – reflecting the long-tail of on-prem, sustained by regulatory requirements and use cases where it remains more practical than cloud environments.

Deployment Models - Current State

DEPLOYMENT MODELS	CURRENT STATE		
	LIMITED ≤10% USAGE	MODERATE 11–50% USAGE	EXTENSIVE ≥51% USAGE
SaaS	18%	58%	24%
Public cloud	31%	50%	18%
Private cloud	31%	52%	18%
On-premises	28%	49%	23%
Embedded software	35%	48%	17%

Deployment Models - Future State

DEPLOYMENT MODELS	FUTURE STATE	
	DECLINE	INCREASE
SaaS	4%	59%
Public cloud	7%	51%
Private cloud	7%	50%
On-premises	13%	44%
Embedded software	7%	41%

Anticipated use over the next 12-18 months

SOFTWARE DEPLOYMENT MODELS

SaaS
Software-as-a-service

Public Cloud
cloud computing using shared infrastructure

Private Cloud
cloud computing using an organization's own infrastructure

On-Premises
applications installed locally

Embedded
software installed in hardware/devices
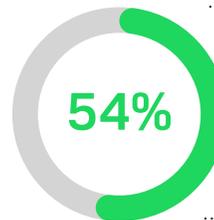
54% More than half of respondents (54%) expect their use of public cloud services to rise, highlighting the need to track escalating costs and consider product and feature pricing.

MONETIZATION INITIATIVES FOR SOFTWARE BUSINESS GROWTH

Reasons for Changing Monetization Strategies

The biggest single driver of planned change to monetization strategies is to **mitigate the impact of rising cloud or AI costs**, reported by 52%.

Introducing usage-based models is another huge driver, with 43% planning to add post-paid and 38% implementing prepaid models.

Additionally, providing **"temporary evaluation/try-before-you-buy"** is increasingly important, up from 38% a year ago to 43% today.

> "
> *The landscape is very tricky right now in regards to tariffs and emerging technologies (AI), but we will navigate with a strategy that is long term and effective.*"
>
> **IT Vice President**
> *SaaS/Cloud company with more than $250 million USD annual revenue.*

If your company plans to make changes to monetization strategies in the next 12-18 months, what changes will you be adopting?

Category	%
New models to mitigate the impact of rising cloud or AI costs	52%
Provide temporary evaluation/try-before-you-buy	43%
Add usage-based monetization model (post-paid)	43%
Better support pricing and packaging changes	41%
Add usage-based monetization model (prepaid)	38%
Add user-based monetization model	31%
Add device-based monetization model	28%
Add/improve automated enforcement	27%
Add concurrent monetization model	21%
Add new pricing meters	20%
Remove/reduce license enforcement	6%
Other	1%

Timeframe for Implementing New Monetization Models

The most common timeline for introducing a new monetization model is 3–9 months, reported by 57% of respondents.

Only 14% were able to implement a new monetization model in less than 3 months.

The last time a new monetization model was introduced, it took:

Less than 3 months — **14%**

3-6 months — **36%**

6-9 months — **21%**

9-12 months — **17%**

More than 1 year — **9%**

N/A - we have not implemented a new monetization model — **4%**
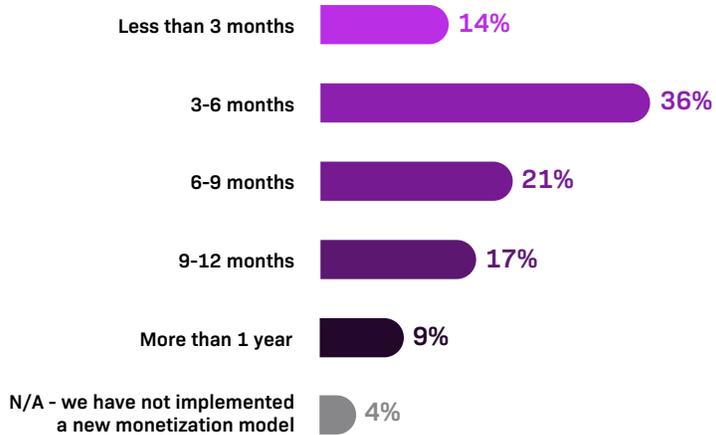
Issues surrounding cloud spend are a common theme and the investment required to sustain growth is taking a toll, with increased cloud costs emerging as the biggest blocker to growing annual recurring revenue – cited by 57%.

Interestingly, 45% note an inability to adopt/implement new monetization models as a major blocker, highlighting the urgent need for more agile, data-driven systems that can support evolving business models and sustain profitability.

Biggest Blockers to Growing Annual Recurring Revenue (ARR)

Increased cloud costs — **57%**

Inability to adopt/implement new monetization models — **45%**

Customer acquisition — **39%**

Customer churn — **32%**

Delayed time-to-market — **28%**

Product overuse/misuse/piracy — **21%**

None (no barriers) — **6%**
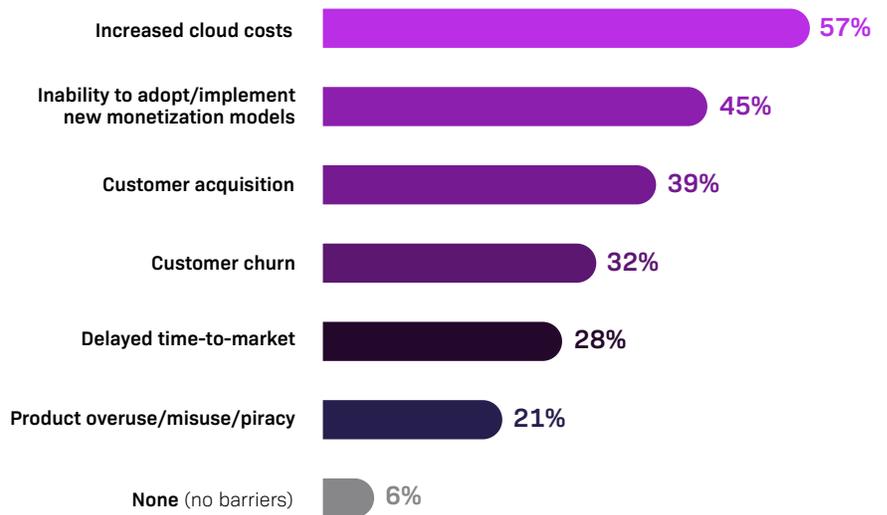
Challenges of Integrating Acquired Products into Monetization Platforms

68%

68% of respondents indicate that it is challenging to integrate acquired products into their existing monetization platform during a merger or acquisition.

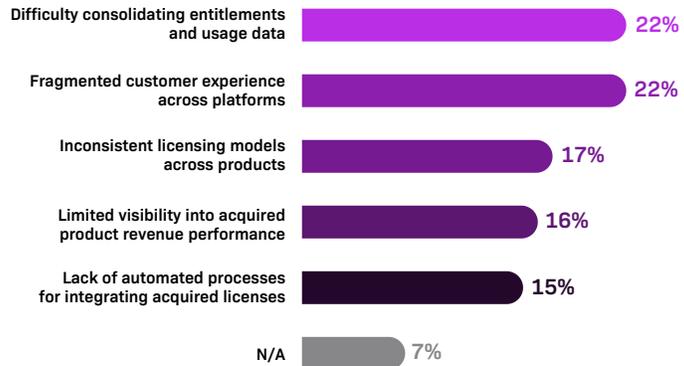"Difficulty consolidating entitlements and usage data" and "fragmented customer experience across platforms" tie as the most challenging problems, each reported by 22%.

What is the primary challenge you face when integrating acquired products into your monetization platform?

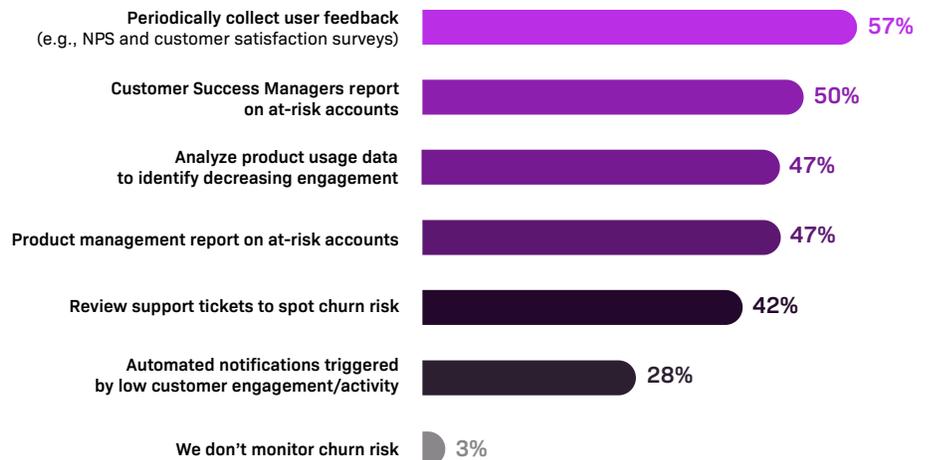|	
Difficulty consolidating entitlements and usage data	22%
Fragmented customer experience across platforms	22%
Inconsistent licensing models across products	17%
Limited visibility into acquired product revenue performance	16%
Lack of automated processes for integrating acquired licenses	15%
N/A	7%

Spotlight: **Churn Reduction**

32%

32% of all respondents cite customer churn as one of the biggest blockers to growing annual recurring revenue. Among this group, the measures used for identifying risk are largely manual, such as collecting user feedback and relying on customer success managers to report on at-risk accounts.

With only 28% of all respondents using automated notifications triggered by low activity to detect churn risk, the majority of organizations are missing an opportunity to act earlier.

What measures do you take to identify churn risk?

Periodically collect user feedback (e.g., NPS and customer satisfaction surveys)	57%
Customer Success Managers report on at-risk accounts	50%
Analyze product usage data to identify decreasing engagement	47%
Product management report on at-risk accounts	47%
Review support tickets to spot churn risk	42%
Automated notifications triggered by low customer engagement/activity	28%
We don't monitor churn risk	3%

At a time when the leading challenges of ensuring customer renewals are "limited visibility into customer entitlements and usage data" and "difficulty in identifying at-risk renewals early" (each reported by 43%), technology companies must make a focused effort to analyze data to reduce churn.
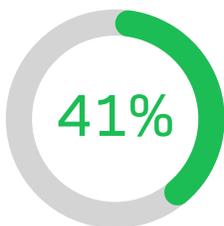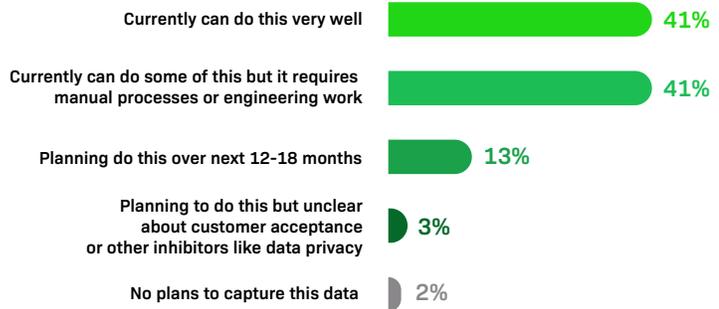
What challenges do you face in ensuring customer renewals?

Challenge	Percentage
Limited visibility into customer entitlements and usage data	43%
Difficulty in identifying at-risk renewals early	43%
Challenges coordinating renewal efforts across teams	34%
Lack of automation for renewal workflows	33%
Inability to personalize renewal offers based on customer data	33%
Inconsistent or manual tracking of renewals	26%
Difficulty getting customers to renew on time	26%
No significant challenges our renewals process is efficient	14%

Product Usage Data Collection & Implementation Trends

The ability to collect and analyze usage insights (e.g., activations/ fulfillment, feature usage, license server usage, service denials, etc.) can support the implementation of new capabilities, facilitate new monetization models, and strengthen customer retention, making it a critical foundation for driving both innovation and profitability.

Ability to Gather Product Usage Data

Option	Percentage
Currently can do this very well	41%
Currently can do some of this but it requires manual processes or engineering work	41%
Planning do this over next 12-18 months	13%
Planning to do this but unclear about customer acceptance or other inhibitors like data privacy	3%
No plans to capture this data	2%

41%

41% of respondents report being able to collect and analyze monetization data "very well." While this is an increase from 38% a year ago, the majority of software suppliers still have significant room for improvement.
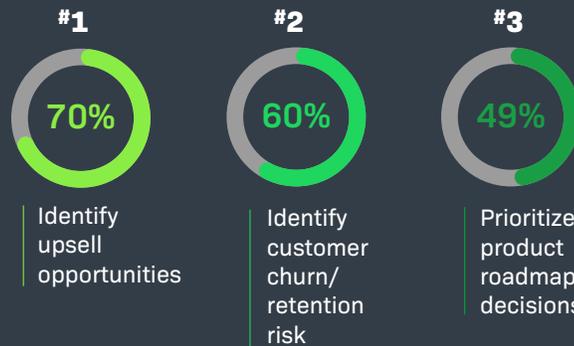
> *We face challenges aligning AI costs with revenue, managing complex pricing, and unifying usage analytics across multiple systems efficiently."*
>
> **Engineering/Development Executive**
> *Device/Hardware company with more than $250 million USD annual revenue*

Top Ways of Implementing Product Usage Data

#1
70%
Identify upsell opportunities

#2
60%
Identify customer churn/ retention risk

#3
49%
Prioritize product roadmap decisions

> *One of the key challenges we're facing in software monetization is aligning pricing models with evolving customer expectations, especially in a hybrid cloud and subscription-driven environment. There's increasing pressure to offer flexible consumption-based models, while still ensuring predictable revenue streams.*
>
> *Additionally, managing license compliance across regions, integrating usage analytics effectively, and balancing between innovation and monetization without impacting user experience remain ongoing concerns. Addressing these requires tighter integration between product, sales, and finance teams, supported by agile and scalable monetization platforms."*
>
> **IT Director**
> *SaaS/cloud-focused company with more than $250 million USD annual revenue*

Why Price and Value of Software Aren't Aligned

Aligning price and value is critical to sustained business growth, but major blockers remain – ranging from data gaps to uncertainty around pricing AI features.

Biggest Blockers for Aligning Price and Value

Understanding customer value drivers
(e.g., identifying what customers truly value and are willing to pay for) — **55%**

Data availability and insights
(e.g., accessing and analyzing usage or customer behavior data) — **42%**

Uncertainty around pricing AI features
(e.g., determining whether to add usage-based options) — **36%**

Quantifying and communicating value
(e.g., demonstrating ROI to justify pricing) — **36%**

Current monetization models not aligned to the way customers want to buy/consume software (e.g., usage-based or subscription preferences) — **34%**

Adapting pricing over time
(e.g., keeping pricing aligned as customer value evolves) — **30%**

Issues with customer acceptance
(e.g., persistent pushback on pricing) — **10%**

36% Today only 36% of respondents feel that price and value are "totally aligned." This is the same figure as last year, with no improvement being made in a time of uncertainty and experimentation as companies navigate the AI era.

The top blocker to aligning price and value is "understanding customer value drivers (e.g., identifying what customers truly value and are willing to pay for)," cited by 55%.

Additionally, a growing number report that current monetization models aren't aligned to the way customers want to buy (29% a year ago to 34% now). This trend underscores the importance of adapting monetization strategies to meet customer expectations, particularly as flexible, value-driven models like usage-based pricing gain traction.

Those who say they collect and analyze data "very well" are also far more likely to say pricing is fully aligned with value (61%, compared to 36% overall).

36%
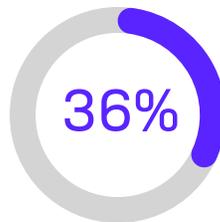
More than a third (36%) report "uncertainty around pricing AI features" as a blocker for aligning price and value.

Best Practices:
Process Improvements

The ability to collect and analyze usage insights (e.g., activations/ fulfillment, feature usage, license server usage, service denials, etc.) can support the implementation of new capabilities, facilitate new monetization models, and strengthen customer retention, making it a critical foundation for driving both innovation and profitability.

11% — **A minority of respondents (11%) report "no major challenges" in their quote-to-cash process.** This elite group appears to enjoy multiple operational advantages over others, such as:

34% — **34% have "no barriers" to growing ARR**, clearly outperforming the respondents overall, where only 6% report no barriers to growing ARR.

23% — **Only 23% say it's challenging to integrate acquired products in their existing monetization platform**, a number that skyrockets to 68% among all respondents.

55% — **More than half (55%) have an "efficient" renewals process with no significant challenges**, compared to only 14% overall.

13% — **Only 13% report an inability to implement new monetization models as a blocker to ARR**, compared to 45% of all respondents.

Among those who report "no major challenges" in their Q2C process:

49% — **49% use a commercial, purpose-built entitlement management solution.**

35% — **35% leverage other systems** (e.g., CRM, ERP, billing).
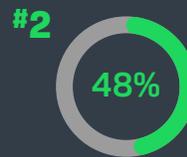
9% — **9% use a homegrown solution.**

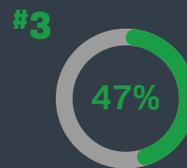## Top Challenges Within the Quote-to-Cash (Q2C) Process

#1 54%
Complex or manual workflows
Too many manual steps, bottlenecks, or errors slow down quoting, billing, or invoicing

#2 48%
Pricing and packaging complexity
Difficulty managing and adapting to dynamic pricing models

#3 47%
Inconsistent data across systems
Misalignment between CRM, ERP, and licensing platforms

The Bottom Line

Software monetization is at an inflection point. Suppliers are navigating rising delivery costs, evolving customer expectations, and the rapid integration of AI into products and services. Traditional models remain in wide use, but usage-based monetization is now firmly established as a growth driver.

The most successful companies are those investing in flexible pricing models, centralized entitlement management, and advanced usage analytics that allow them to adapt quickly while maintaining profitability.

As AI adoption accelerates, the need for smarter, data-driven monetization strategies has never been greater. Today's process improvements create tomorrow's growth, and companies that can balance flexibility with control – while demonstrating value to customers – will be best positioned to thrive in the evolving software economy.

Next Steps

Learn how to increase revenue by modernizing monetization models, reducing time-to-market for new releases, and improving compliance.

SEE THE FORRESTER TEI STUDY >

FORRESTER

About Revenera

Revenera helps product executives build better products, accelerate time-to-value and monetize what matters. Revenera's leading solutions help software and technology companies drive top line revenue with modern software monetization, understand usage and compliance with software usage analytics, empower the use of open source with software composition analysis and deliver an excellent user experience – for embedded, on-premises, cloud and SaaS products. To learn more, visit **www.revenera.com**

SURVEY BACKGROUND

The Revenera Monetization Monitor: Software Monetization Models & Strategies 2026 Outlook report is based on 501 complete responses to a survey conducted by Revenera from April through June 2025. This research project looks at software business models, pricing, and usage. Due to rounding, percentages may not always appear to add up to 100%.

What is your current job level?
- 7% SVP/VP
- 42% C-Level / Executive
- 3% Individual Contributor/ Consultant
- 15% Manager/ Team Leader
- 34% Director

What is your primary job function?
- 6% Information technology
- <1% Support
- 11% Marketing/ sales
- <1% Licensing/compliance/ IP protection
- 19% Finance
- 24% Engineering and Development
- <1% Operations
- 37% Product management

What's your company's annual revenue in $USD?
- 2% <$10M
- 17% $11-25M
- 25% >$250M
- 26% $26-100M
- 30% $101-250M

Which category best defines your company's primary focus?
- 40% SaaS/cloud (server and desktop)
- 39% On-premises software (server and desktop)
- 18% Device/hardware (with embedded software)
- 3% Other

REUSE

Revenera encourages the reuse of data, charts and text published in this report under the terms of this **Creative Commons Attribution 4.0 International License.** You are free to share and make commercial use of this work as long as you attribute the Revenera Monetization Monitor: Software Monetization Models & Strategies 2026 Outlook as stipulated in the terms of the license.