

# The Complete SaaS Cost Reduction Checklist

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## A 50-Point Guide to Eliminate SaaS Waste and Optimize Software Spending

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### Introduction

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Software-as-a-Service (SaaS) spending has become one of the fastest-growing expense categories for businesses. Studies show that companies waste an average of 30% of their SaaS budget on unused licenses, redundant tools, and poor vendor management.

This comprehensive checklist provides 50 actionable steps to audit, optimize, and reduce your SaaS costs.

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## Section 1: Discovery & Audit (Points 1-15)

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### License & User Management

- ☐ **1. Conduct a complete SaaS inventory**
  - List all subscriptions across all departments
  - Include shadow IT (unauthorized tools)
  - Document: tool name, cost, billing cycle, owner
- ☐ **2. Review user licenses vs. active users**
  - Export usage data from each platform
  - Identify licenses with no logins in 30+ days
  - Calculate cost per inactive license
- ☐ **3. Audit user permissions and access levels**
  - Review who has admin, power user, and basic licenses
  - Downgrade over-permissioned users
  - Average savings: 20-40% per downgraded license
- ☐ **4. Check for duplicate tools**
  - Identify tools with overlapping functionality
  - Example: Slack + Microsoft Teams, Zoom + Google Meet
  - Consolidate to single platforms where possible
- ☐ **5. Review departed employee licenses**
  - Cross-reference licenses with HR departure dates
  - Cancel within 24 hours of employee exit
  - Typical recovery: \$50-200 per license/month

## Contract & Billing Analysis

### ☐ 6. Collect all SaaS contracts and invoices

- Centralize in a shared folder or tool
- Note renewal dates, auto-renewal clauses
- Flag contracts expiring in next 90 days

### ☐ 7. Analyze billing frequencies

- Compare annual vs. monthly pricing
- Calculate breakeven point for annual commitments
- Typical savings: 10-20% with annual billing

### ☐ 8. Review payment methods

- Consolidate multiple credit cards to one corporate card
- Use virtual cards for better tracking
- Catch unauthorized renewals

### ☐ 9. Check for price increases

- Review invoices for year-over-year cost changes
- Verify increases against contract terms
- Challenge unjustified price hikes

### ☐ 10. Audit currency and tax charges

- Verify correct tax rates being applied
- Check for unnecessary foreign transaction fees
- Potential savings: 3-7% on international tools

## Usage & ROI Analysis

### ☐ 11. Measure actual vs. purchased capacity

- Compare data storage, API calls, seats used
- Identify over-provisioned accounts
- Right-size to actual usage patterns

### ☐ 12. Calculate cost per active user

- Divide total cost by monthly active users
- Compare across similar tools
- Flag tools with high cost-per-user ratios

### ☐ 13. Assess feature utilization

- Identify unused premium features
- Consider downgrading to lower tiers
- Average savings: 25-40% per downgrade

### ☐ 14. Review integration dependencies

- Map which tools connect to others
- Assess impact of removing tools
- Identify "critical path" applications

### ☐ 15. Document business value delivered

- Survey stakeholders on tool necessity
  - Rate tools: critical, important, nice-to-have
  - Prioritize cuts from "nice-to-have" category
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## Section 2: Optimization Strategies (Points 16-30)

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### Vendor Negotiations

#### ☐ 16. Request volume discounts

- Bundle purchases with same vendor
- Leverage company size for bulk pricing
- Typical discount: 10-30% for enterprise deals

#### ☐ 17. Negotiate annual contracts

- Commit to longer terms for better rates
- Request 15-20% discount minimum
- Lock in pricing against future increases

#### ☐ 18. Ask for loyalty discounts

- If 2+ years with vendor, request retention pricing
- Mention competitor alternatives
- Expected discount: 10-25%

#### ☐ 19. Time renewals strategically

- Negotiate 60-90 days before renewal
- Use end-of-quarter timing (Mar, Jun, Sep, Dec)
- Sales teams have quota pressure = better deals

#### ☐ 20. Request usage-based pricing

- Convert fixed seats to consumption model
- Pay only for what you use
- Best for seasonal or variable workloads

### License Management

#### ☐ 21. Implement license harvesting

- Reclaim licenses from inactive users monthly
- Reassign before purchasing new licenses
- Typical recovery: 15-25% of total licenses

#### ☐ 22. Use tiered licensing strategically

- Buy only minimum premium licenses needed
- Use free/basic tiers for infrequent users
- Rotate premium licenses among users

#### ☐ 23. Consolidate similar tools

- Replace 3-4 tools with one comprehensive platform
- Example: Notion → replaces Confluence, Asana, Google Docs
- Average savings: 40-60% vs. multiple tools

#### ☐ 24. Downgrade unused premium features

- Move to lower-cost tiers if features unused
- Monitor for 60 days before downgrading
- Savings: 30-50% per downgrade

#### ☐ 25. Implement shared accounts where legal

- Use concurrent licensing instead of named users

- Check vendor ToS first
- Works for: design tools, development software

## Process Improvements

### ☐ 26. Establish SaaS approval process

- Require IT/Finance approval for new tools
- Prevent shadow IT and redundant purchases
- Typical waste prevention: 20-30%

### ☐ 27. Create a centralized SaaS management dashboard

- Use tools like Torii, Zylo, or Productiv
- Real-time visibility into all subscriptions
- Automated usage tracking and alerts

### ☐ 28. Set up automated alerts

- Notify when licenses sit unused for 30 days
- Alert before auto-renewals
- Flag unusual spend increases

### ☐ 29. Implement quarterly SaaS reviews

- Review all subscriptions every 90 days
- Cut unused tools immediately
- Adjust license counts to actual usage

### ☐ 30. Train employees on cost awareness

- Share SaaS budget impact with teams
- Incentivize cost-saving suggestions
- Create culture of responsible software use

## Section 3: Advanced Cost Reduction (Points 31-45)

### Alternative Solutions

#### ☐ 31. Evaluate open-source alternatives

- Research free alternatives for paid tools
- Examples: Mattermost (Slack), Jitsi (Zoom)
- Potential savings: 100% of tool cost

#### ☐ 32. Consider freemium versions

- Use free tiers for non-critical users
- Upgrade only power users to paid
- Typical savings: 40-70%

#### ☐ 33. Explore regional pricing

- Some vendors offer location-based pricing
- Check if available for your business location
- Potential savings: 20-50% in certain regions

#### ☐ 34. Bundle with existing vendors

- Check if current vendors offer needed functionality

- Example: Microsoft 365 includes Teams, SharePoint, etc.
- Average savings: 30-50% vs. separate purchases

#### ☐ **35. Use startup/nonprofit programs**

- Apply for special pricing if eligible
- Many vendors offer 50-90% discounts
- Check: GitHub, HubSpot, Salesforce programs

## **Contract Optimization**

#### ☐ **36. Remove auto-renewal clauses**

- Negotiate opt-in renewals instead
- Prevents unwanted continued billing
- Requires proactive renewal decision

#### ☐ **37. Shorten contract terms**

- Start with 6-month or 1-year commitments
- Maintain flexibility to switch vendors
- Avoid long-term lock-in

#### ☐ **38. Add usage escalation clauses**

- Only pay for additional users when added
- Negotiate tiered pricing in contract
- Prevents overpayment for forecasted growth

#### ☐ **39. Request exit clauses**

- Include 30-60 day termination option
- Specify refund terms for prepaid periods
- Provides leverage in negotiations

#### ☐ **40. Negotiate data export terms**

- Ensure free data export at any time
- Specify format and timeline
- Prevents vendor lock-in

## **Team & Workflow Optimization**

#### ☐ **41. Train teams on efficient tool usage**

- Maximize value from existing tools
- Reduce need for additional software
- Leverage built-in features fully

#### ☐ **42. Standardize on fewer platforms**

- Company-wide adoption of chosen tools
- Eliminate departmental silos
- Enterprise pricing benefits

#### ☐ **43. Implement role-based access**

- Assign licenses based on job function
- Prevent over-licensing
- Typical savings: 15-25%

#### ☐ **44. Use seasonal licensing**

- Scale up during busy periods

- Scale down during slow periods
- Best for: retail, hospitality, seasonal businesses

☐ **45. Leverage educational discounts**

- If doing any training/education
- Apply for academic pricing
- Savings: 40-85% on eligible tools

## Section 4: Ongoing Management (Points 46-50)

☐ **46. Schedule monthly usage reviews**

- 30-minute review of all SaaS tools
- Quick wins from inactive license reclamation
- Continuous optimization habit

☐ **47. Maintain SaaS budget tracking**

- Track spending against budget monthly
- Flag variances over 10%
- Investigate unexpected increases immediately

☐ **48. Monitor for price changes**

- Subscribe to vendor announcements
- Review invoices for price increases
- Negotiate or switch if prices rise significantly

☐ **49. Benchmark against industry standards**

- Compare your spending to industry averages
- Typical SaaS spend: 5-15% of revenue for tech companies
- Identify areas of overspending

☐ **50. Build relationships with account managers**

- Regular check-ins with key vendors
- Early access to new features
- Better support and pricing flexibility

## Expected Savings Timeline

### Immediate (Week 1)

- Remove inactive licenses: 10-20% savings
- Cancel unused subscriptions: 5-15% savings

### Short-term (Month 1-3)

- Renegotiate contracts: 15-30% savings
- Consolidate tools: 20-40% savings

### Long-term (Month 4-12)

- Process improvements: 25-35% ongoing savings
- Culture change: 10-20% sustained reduction

## Total Potential Savings

**30-60% of total SaaS spend** over 12 months

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## Tools to Help Manage SaaS Costs

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### SaaS Management Platforms

- **Torii** - Automated discovery and optimization
- **Zylo** - Enterprise SaaS management
- **Productiv** - Usage analytics and insights
- **Blissfully** - Small to mid-size businesses

### Free Alternatives

- **Spreadsheet tracking** - Manual but effective
  - **Credit card statements** - Basic visibility
  - **IT asset management tools** - Often included
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## Conclusion

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SaaS cost reduction is not a one-time project—it's an ongoing practice. By implementing this 50-point checklist, you can:

- ✓ Eliminate 30-60% of SaaS waste
- ✓ Improve tool utilization and ROI
- ✓ Create a culture of cost awareness
- ✓ Build scalable SaaS management processes

Start with the “quick wins” in Section 1, then systematically work through optimization and advanced strategies. Most companies can achieve 20-30% savings in the first 90 days.

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## About Cancel Costs

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Cancel Costs specializes in helping businesses reduce operational expenses through systematic audits, vendor negotiations, and process optimization. Our team has helped companies save millions in SaaS and operational costs.

### Ready to reduce your SaaS costs?

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