

# Renewals Terminology



## CAC Customer Acquisition Cost

the total cost incurred by a business in acquiring a new customer

## Reactivation Fee

the fee incurred if a subscription/license has expired a beyond a set number of days post renewal date

## MRR/ARR

Monthly Recurring Revenue  
Annual Recurring Revenue

a subscription economy metric that shows the revenue generated every month/year for the life of a subscription or contract

## CLTV

Customer Lifetime Value

a metric that indicates the total revenue a business can reasonably expect from a single customer account throughout the business relationship

## Churn

the number of customers that stop using your product or service during a certain time frame

## CSM

Customer Success Manager

a popular "renewals owner" term for vendors offering cloud-based solutions

## AE

Account Executive

a business executive who manages the interests of a particular client

## Churn Rate

the percentage at which you are losing users per year, with an industry average of 3-5%

## Cross-Sell

encourages customers to buy related or complementary items

## Co-Terming

the consolidation of subscriptions to synchronize renewal dates

## Renewal Rate

the measure of customers who actively choose contract renewal

## Upsell

the practice of encouraging customers to purchase a comparable higher-end product than the one in question

## TCV – Total Contract Value

an important metric that measures how much a contract is worth once executed, including recurring revenue and fees (onboarding/professional service fees, etc.)

## Renewal Pool

a data set capturing customer names, expiry dates, PO numbers, quantities, serial numbers and contact details

## Attach Rate

the number of units of a secondary product/service sold as a direct or implied consequence of the sale of a primary product/service

## Renewal Quotes

quotes generated from originating contracts when sales lines that are contained in a sales agreement expire, or when an executed or active sales agreement expires

## Maintenance Renewal

renewal of a software or hardware maintenance contract typically with the benefits of new releases, upgrades to new versions and technical support

## Multi-Year Renewal

a contract term that is longer than one fiscal year or contains a renewal or extension provision that would cause the contract to be in force for more than one year

## Renewal Metrics

Key Performance Indicators (KPIs) that are tracked in order to understand the health of your renewals business

## Installed Base

a measure of the customers who are currently using a company's products

## Renewals Dashboards

shows a summary of the timeline for upcoming maintenance license renewals

## Services Renewals

Renewal of a services contract

## Perpetual Renewal

allows the customer to use the licensed software indefinitely. After the initial term ends, the customer may purchase a 1 year (or longer term) Updates & Support package

## Channel Renewals

A business process of renewing a customer's contract/service/software license via Channel Partners

## Life Cycle Renewal Rate Curve

a plot of the renewal rates throughout the customer contract life cycle for a like group of contracts

## Reactivation MRR (And ARR)

the monthly/annual revenue earned from previously churned or canceled subscriptions that are reactivated during the month/year