NIVAAN LTD · KNOW WHAT YOU SPEND

Your Renewal Is Being Repriced

How AI bundling is changing software contracts, and the negotiating window most organisations are not tracking

Software prices are rising at several times general inflation, and the mechanism has changed. Vendors are no longer simply raising list prices. This is what is actually happening at renewal, and what to do about it before yours arrives.

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1. What is happening to your renewals

Software costs have always drifted upward. What changed in 2025 and 2026 is the mechanism.

Roughly four in five organisations reported a price increase at software renewal in the past twelve months, with a median rise near eight per cent. That is several times general inflation, and the headline number understates it, because the largest increases do not arrive as increases at all. They arrive as restructuring.

The driver is artificial intelligence, but not in the way it is usually described. Vendors are funding AI development, and hitting revenue targets as new customer growth slows, by repricing the customers they already have. AI features are the justification. The commercial pressure is the cause.

This matters for cost management because the tools built for the previous era do not catch it. A licence count tells you how many seats you have. It does not tell you that the tier those seats sit in is being discontinued, that your existing features are moving to a higher plan, or that the credit allocation included in your subscription is about to be consumed by a feature your team enabled last month.

> **The uncomfortable part**
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> Most organisations discover this when the renewal quote arrives, which is typically the point at which the negotiating window has already closed. The window is the notice period, and the notice period is in a contract nobody has read since it was signed.

2. Five mechanisms, only one of which looks like a price rise

Understanding the specific mechanism matters, because each one is countered differently.

One. Bundling into the base plan

The dominant strategy. Rather than selling AI as a clearly priced optional extra, the vendor folds it into the core plan and raises the plan price. You cannot decline the feature, because declining it means leaving the tier your organisation depends on. Customers who never asked for AI capability find themselves paying for it, and the increase appears in your accounts as ordinary subscription inflation rather than as a new purchase decision.

Two. Retiring the tier you are on

Standalone AI add-ons launched in 2024 and 2025 are being discontinued and replaced with bundled plans at materially higher price points, with existing customers migrated at renewal. The same pattern applies to deployment models: products reaching end of life force a migration path that typically costs more than the arrangement being retired.

Three. Promoting existing features upward

The vendor reorganises its packaging. Features you already use and have budgeted for move into a higher tier. Nothing about your usage changed. Your plan simply no longer contains what it used to, and retaining current functionality requires an upgrade.

Four. Credits, quotas and allowances

The most consequential change, and the least understood. Rather than pure per-seat pricing, subscriptions increasingly include a monthly allocation of credits or AI actions. Allocations are modest, they typically do not roll over month to month, different features consume them at different rates, and overages are billed on top.

This converts a fixed, budgetable line into a variable one that moves with usage nobody is monitoring. It is the same problem cloud created fifteen years ago, arriving now through the software bill.

Five. Discount structures quietly withdrawn

Volume discounts, multi-year concessions and legacy pricing arrangements are being reduced or removed. The list price may not move at all while your effective price rises substantially.

> **The pattern across all five**
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> None of these appear on an invoice as "price increase". They appear as a new plan name, a migration, a restructured tier or a line you have not seen before. Which is why software cost growth is routinely underestimated inside the organisations paying it.

3. What the market is actually doing

It is worth being precise here, because the commentary around this tends toward the dramatic and the reality is more useful.

Per-seat pricing is not dead

The narrative that subscriptions are moving wholesale to consumption or outcome-based pricing is overstated. Seat-based contracts still account for the large majority of what organisations actually spend, and pure consumption pricing remains a small minority of spend even after two years of announcements. At the largest vendors, seat counts are growing rather than shrinking.

What has changed is not that the seat disappeared. It is that a second billing layer has been added on top of it. You still pay per person, and now you also consume credits.

So the practical implication is a compound one

Layer	What it is	What it does to your budget
Seat price	Rising through bundling and tier restructuring	Predictable, but increasing faster than inflation
Credit allocation	Included allowance per seat per month	Fixed until it is exhausted
Overage	Consumption beyond the allowance	Variable, unbudgeted, and invisible until billed
Effective discount	Volume and legacy concessions	Eroding, often without any list price change

> **The question to ask your vendor**
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> Not "what is the price". Ask: what is included, what happens when it is exhausted, what is the overage rate, and which of my current features are moving tiers at renewal. The answers are rarely in the quote.

4. The window you are not tracking

Every subscription contract contains a notice period. It is typically thirty, sixty or ninety days before renewal, and it is the only moment at which you have commercial leverage.

Before that date, you can credibly discuss alternatives, consolidation, or reduced scope. After it, the contract has auto-renewed and you are negotiating with someone who knows you are already committed for another term.

In most organisations, nobody holds a list of these dates. Subscriptions were bought at different times by different people across different budgets. The renewal arrives, someone approves it because the tool is in use and the alternative is disruption, and the increase is absorbed.

This is the single most avoidable cost in software spend, and it is a calendar problem before it is a negotiation problem.

What a renewal calendar needs

Field	Why
Renewal date	The obvious one, and often the only one recorded
Notice period	The date that actually matters. Work backwards from renewal
Action date	Notice period plus time to prepare. This is what goes in the calendar
Named owner	A person, not a department
Licences paid	From the contract
Licences actually used	From sign-in activity, not from asking managers
Credit allocation and consumption	Where applicable. Increasingly it is
Overlap	Which other tool in the estate does something similar

Eight fields, one spreadsheet. There is no technology barrier here. The barrier is that assembling it requires touching finance records, contracts and identity logs, and no single person owns all three.

5. Before your next renewal

A sequence that works, in the order that works.

First, find everything

- Search twelve months of card and expense statements by vendor name. Do this before asking anyone anything, because people report what they remember buying and statements report what is renewing
- Pull the full list from finance, then reconcile it against identity provider sign-in logs. The gap between the two lists is shadow software
- Include AI capability bought inside existing tools. It arrives on the software bill and is almost never counted as AI spend

Second, establish what is used

- Reconcile licence counts against actual sign-in activity, not against headcount and not against manager estimates
- Check credit and allowance consumption where the vendor provides it. If they do not, ask
- Map overlapping capability. Duplicate function across vendors is common and consolidation is the strongest negotiating position you have

Third, build the calendar

- Every contract, with its notice period and an action date computed backwards from renewal
- A named owner per line
- Diarised reminders at the action date, not the renewal date

Fourth, prepare the conversation

- Know your utilisation before the vendor does. Unused seats are the clearest reduction argument available
- Ask specifically which features are moving tiers, and what the overage rate is once allowances are consumed
- Establish your genuine switching cost. Not the cost of leaving, but the cost of staying in an arrangement priced on the assumption that you will not
- Where a vendor is bundling AI you did not request, ask what the equivalent capability costs bought directly. The gap is frequently substantial and it is a legitimate negotiating point

> **If you do only one thing**
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> Build the renewal calendar. Not because it saves money directly, but because every other action on this list requires knowing when your window opens.

6. Score yourself

Eight capabilities, scored Crawl, Walk or Run. Total from eight to twenty-four.

Capability	Crawl	Run
Inventory	No single list exists	Complete, reconciled to finance and identity logs, reviewed quarterly
Shadow software	Unknown scale	Identified and consolidated onto managed accounts
Utilisation	Licence counts only	Reconciled against actual sign-in activity
Renewal calendar	None. Renewals arrive	Dated by notice period, with owners and reminders
Notice periods	Not recorded anywhere	Held per contract, driving the action date
Credits and allowances	Not tracked	Consumption monitored, overage rates known
Overlap	Never assessed	Mapped, with consolidation targets identified
Ownership	Finance approves what arrives	Every subscription has a named business owner

Score	Stage	Where to start
8 to 13	Exposed	Renewals are happening to you. Start with the inventory and the notice periods. Nothing else is possible without them.
14 to 19	Aware	You know what you have and not what it is worth. Start with utilisation and credit consumption.
20 to 24	In control	Move to consolidation and to negotiating from evidence rather than from instinct.

7. When it is worth getting help

Two situations in particular.

- The inventory spans finance records, contracts and identity systems, and no single person has access to all three. This is the usual reason it never gets done.
- A major renewal is approaching and the preparation window is shorter than the time your team can find.

How Nivaan works

A two week review producing a complete subscription register, licences paid against licences actually used, a renewal calendar with notice periods and dated actions, and ranked consolidation and negotiation targets.

What we need	What we do not need
Read access to billing and subscription records	Access to any production system
Identity provider sign-in reports	Customer, member or personal data
One hour with finance	Software to buy, install or integrate
One hour with IT or procurement	A procurement exercise
Contract documents where available	A project team or steering group

The narrowest of our three reviews

Two weeks, the lowest fee, and the renewal calendar alone tends to justify it. It is often the sensible place to start, and it surfaces AI bought inside software subscriptions, which is the category almost nobody counts.

Independence

Nivaan sells no software, no licences, no tooling and no managed services, and takes no commission from any vendor. There is no reseller relationship behind the advice.

About

Nivaan Ltd is an independent cost advisory practice for UK financial services, drawing on twenty years of programme and portfolio delivery at HSBC, Barclays, Lloyds Banking Group, RBS, Refinitiv, Capgemini and Sopra Steria.

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Renewal increase figures, bundling patterns and pricing model data cited from 2026 industry research including the Zylo SaaS Management Index and published vendor pricing announcements. Nivaan Ltd is registered in England and Wales. This guide is general information, not advice on your specific circumstances or contracts.