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## ***BEYOND ACCELERATION: TRANSFORMING CUSTOMER SUCCESS THROUGH CLIENT VALUE OPTIMIZATION***

For software publishers and technology leaders, sticking with traditional software licensing models may feel safe—but it can hold your organization back from delivering true value to your customers. In today's digital first marketplace, software licensing has evolved from a back-office concern to a strategic lever for Customer Success that drives customer satisfaction and business growth.

Sticking with outdated licensing approaches can result in missed opportunities for innovation, slower responses to market shifts, and challenges in delivering flexible, value-rich solutions your customers expect. The key question: Is your organization prepared to lead in this new landscape?

# FROM TRANSACTION TO TRANSFORMATION: THE EVOLUTION OF SOFTWARE LICENSING

To understand why modern, value-driven approaches are critical, it is important to trace how software licensing has evolved, and why both software publishers and customers are driving this change.

## THE TRADITIONAL MODEL: PERPETUAL LICENSING

Historically, software procurement was informal and unstructured, lacking the commercial frameworks that define today's market. Over time, perpetual licenses became the standard. A perpetual license grants the customer the right to use the software indefinitely after a one-time payment, often with optional ongoing support fees.

This model offered software publishers' upfront revenue and ongoing support fees, while customers enjoyed predictable costs and long-term autonomy over their software assets. This stability appealed to organizations seeking certainty and control, allowing them to decide when and how to upgrade, customize, or maintain their solutions.

## THE SHIFT: SUBSCRIPTION AND CONSUMPTION-BASED MODELS

The software industry is now undergoing a rapid transformation, moving away from perpetual licenses toward subscription and consumption-based models, driven by the rise of cloud computing and software-as-a-service (SaaS) models. This transition is supported by strong market data:

### Global SaaS market expansion:

According to IDC and market research, the SaaS market is projected to grow from \$300 billion in 2025 to \$887.05 billion by 2030 at a 14.71% compound annual growth rate (CAGR).<sup>1</sup> Growth is fueled by enterprise cloud migration, AI integration, and pay-as-you-go models.

### Cloud computing sales:

Global public cloud services spending was expected to reach \$805 billion in 2024 and that is projected to double by 2028 per an IDC report, with significant growth driven by enterprise cloud migration, AI integration, and pay-as-you-go licensing models.<sup>2</sup> Adoption is accelerating as digital transformation and cloud-native offerings become central to business strategy.

A subscription model allows customers to pay a recurring fee (typically monthly or annually) for ongoing access to software. This approach offers software publishers predictable, recurring revenue, and the opportunity to build deeper customer relationships through continuous enhancements and support. For customers, subscriptions provide lower upfront costs, access to the latest features, and flexibility to scale usage. However, they may result in higher total long-term costs and do not confer true ownership of the software.

A consumption-based model charges customers based on actual usage, such as application programming interface (API) calls or storage consumed, a method popularized by leading cloud providers. This model enables software publishers to grow revenue in line with customer usage and lowers barriers to adoption, while also providing valuable usage data to inform product development. Customers benefit from paying only for what they use, and enjoy minimal initial investment, but may face budgeting challenges and unpredictable costs if usage spikes.

Understanding the nuances of each model is essential for software publishers seeking growth and for customers demanding flexibility in today's rapidly evolving software landscapes.

1.IDC, "Worldwide SaaS and Cloud Software Market Forecast," 2025.

2.IDC, "Worldwide Public Cloud Services Spending Guide," 2024.

## **WHY THE SHIFT?**

As enterprise customers and end-users embrace these new software models, their priorities are evolving. Under perpetual licensing, organizations prioritized long-term ownership, control, and predictability. Today, the focus has shifted to realizing immediate, measurable value from software, with costs that align directly with usage and outcomes. Organizations now demand rapid business impact and flexibility throughout the software lifecycle, rather than simply long-term access.

## **THE ROLE OF ARTIFICIAL INTELLIGENCE AND AUTOMATION**

- Artificial Intelligence (AI) is rapidly transforming software licensing and post-sales customer interactions. Increasingly, software products feature embedded AI, enabling dynamic, usage-based licensing, and more personalized customer experiences. AI-driven analytics allows software publishers to adjust licensing terms in real time and help customers optimize their software investments.
- AI-driven automation: AI and automation are transforming software licensing by applying ML-enabled SAM to improve software discovery and normalization, monitor usage versus entitlements, and automate compliance-related workflows, reducing manual effort and strengthening licensing governance.<sup>3</sup>
- Challenges and opportunities: Successful implementation requires careful integration with existing systems and a strong focus on data security. Organizations should upskill teams and thoughtfully integrate AI to maximize benefits.

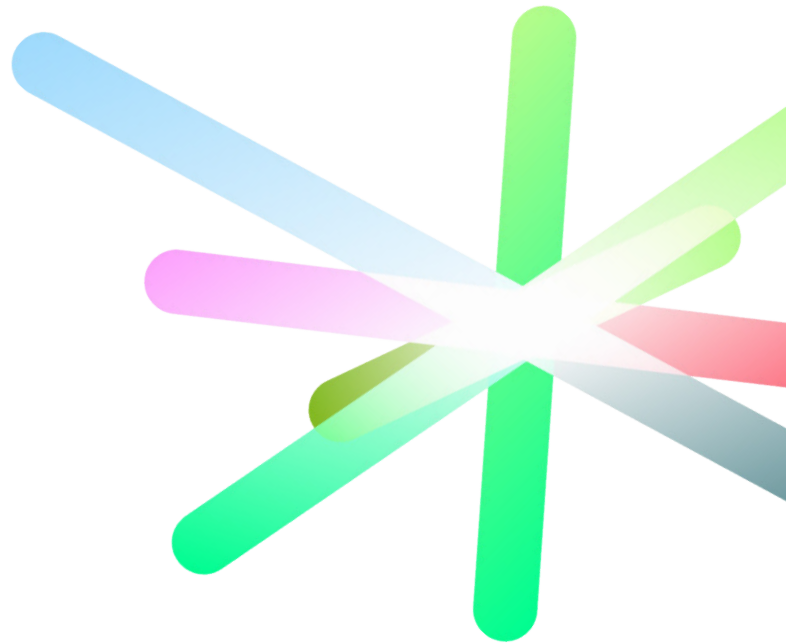
AI-powered assistants and automation are streamlining support, resolving issues faster, and freeing Customer Success Managers to focus on strategic guidance. As a result, organizations benefit from greater efficiency, proactive recommendations, and improved satisfaction throughout the customer lifecycle.

3. IBM. "What Is Software Asset Management?". n.d.



# CUSTOMER SUCCESS MANAGEMENT ENABLING VALUE BEYOND THE LICENSE

As organizations adopt more subscription-based and consumption-based software, the importance of Customer Success Management (CSM) has never been greater. CSM is more than just product support, it's a proactive strategy to ensure that customers fully adopt their software and realize lasting business value. With ongoing guidance and engagement, CSM helps maximize returns-on-investment (ROI) and strengthens long-term partnerships, making it vital for both customer success and software publishers' recurring revenue growth.



## CSM as a growth engine:

Harvard Business Review highlights that building a customer-centric culture, securing executive buy-in, integrating customer data, and empowering employees, helps organizations overcome technology and organizational barriers. Companies that implement these approaches are likely to achieve higher customer satisfaction, improved retention, and stronger business growth.<sup>4</sup>

## Evolving focus:

Customer Success organizations are entering a new phase, shifting from solely reducing churn to driving growth within existing customer bases. This evolution emphasizes expanding value through deeper customer relationships, prioritizing growth opportunities among current clients as an efficient alternative to acquiring new ones. Successfully realizing this shift requires clear roles, balanced funding, skilled teams, and smart use of analytics.



Customer Success Managers drive retention and revenue by proactively engaging customers, guiding them through onboarding, and helping them realize value from the software. By ensuring customers achieve their goals and see measurable business impact, Customer Success Managers may be able to reduce churn, increase renewals, identify upsell opportunities, and foster advocacy.

For today's business leaders, understanding the evolving role of CSM and its impact on software licensing models is essential for making informed, strategic technology decisions.

4. Harvard Business Review, "Closing the Customer Experience Gap New Era of Customer Success Management," 2017.

# TRANSFORMATIVE TRENDS SHAPING CSM

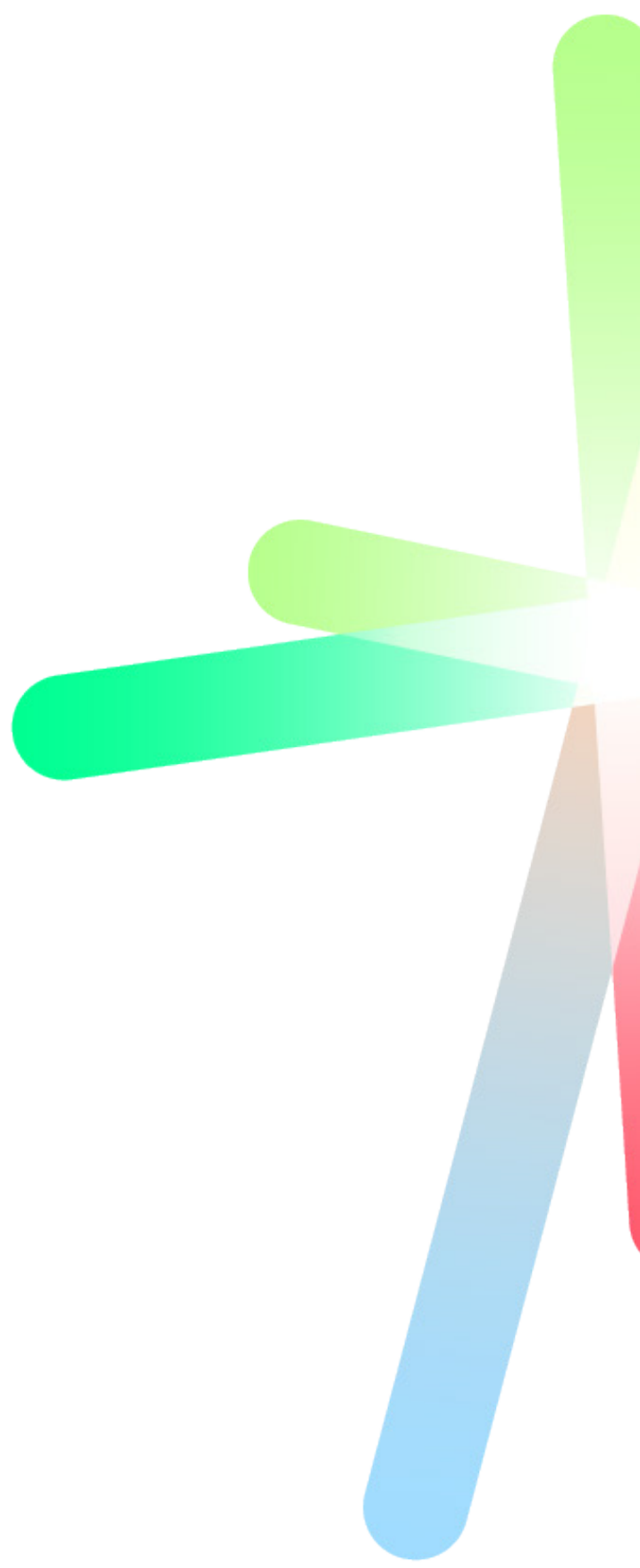
As software publishers and their customers place greater emphasis on value realization and operational efficiency, CSM is evolving rapidly. Modern CSM teams are adopting new tools and approaches to deliver more proactive, data-driven, and strategic support, fundamentally reshaping the way software publishers and customers interact. This evolving partnership is best described as Customer Value Optimization (CVO), focused on maximizing the measurable value customers receive from their software investments.

## Key trends driving this transformation include:

- **Centralized Inventory:** Advanced Software Asset Management (SAM) solutions enable organizations to track software usage, manage entitlements, determine compliance, and optimize license spend across both cloud and on-premises environments. By automating software discovery, allocation, reconciliation, and reclamation, it delivers real-time insights and control over IT assets.
- **Automated Compliance Monitoring:** Automation in compliance monitoring is transforming how software publishers and customers manage regulatory and contractual requirements. By reducing manual effort and minimizing compliance risks, automated tools free CSM teams to focus on strategic activities like adoption support and relationship building.
- **Optimization Insights:** Data-driven analyses and actionable recommendations generated by specialized tools (e.g., ServiceNow SAM Pro Workbench and Flexera Snow Atlas), enable organizations to right-size license allocations, eliminate unused or underutilized software, and reduce costs. The global SAM market was valued at \$4.27 billion in 2025 and is expected to surge to \$16.51 billion by 2034, reflecting a strong CAGR of 16.23%.<sup>5</sup> This expansion is fueled by increasing regulatory demands, greater software complexity, the need for cost efficiency, and ongoing digital transformation.

*As these trends reshape the software landscape, software publishers like IBM are redefining what it means to deliver value through innovative CVO programs such as the IBM Client Value Acceleration (CVA) program.*

5. Precedence Research. "Software Asset Management Market Size, Share, and Trends 2026 to 2035," 2025.



# FROM EVOLUTION TO EXECUTION: THE PILLARS OF MODERN CUSTOMER VALUE OPTIMIZATION

At the heart of modern CVO are three essential pillars: transparency, speed, and ongoing value delivery. These principles enable both software publishers and customers to achieve measurable business outcomes, build trust, and ensure long-term sustained success. Below, we explore how each pillar transforms the publisher-customer dynamic:

## 01 Transparency: Fostering Trust Through Visibility

CVO programs emphasize openness and accountability throughout the customer journey. This dedication to transparency is reflected in several ways:

- **Defined, Measurable Metrics:** Both software publisher and customer agree on clear success criteria and performance indicators, facilitating a mutual understanding of progress.
- **Live Dashboards:** Customers gain access to real-time dashboards through a portal, offering ongoing insight into key metrics such as license usage, cost-saving opportunities, compliance, and progress toward business objectives.
- **Consistent Reporting:** Regular, structured updates promote open communication, keeping customers informed about achievements, challenges, and future actions.

This expansion is fueled by increasing regulatory demands, greater software complexity, the need for cost efficiency, and ongoing digital transformation.

## 02 Speed: Delivering Rapid Value

In today's fast-paced business environment, CVO programs are designed to deliver value quickly and iteratively, addressing customers' needs for real-time, measurable results:

- **Short-Term Goals:** Initiatives are divided into manageable, short-term milestones, enabling customers to observe and measure progress early in the relationship.
- **Iterative Development:** Solutions are rolled out in phases, allowing for continuous feedback and ongoing refinement to better align with evolving business needs.
- **Early Wins:** By targeting initial, tangible results, customers experience real-time benefits, build momentum, and may justify further investment.

This focus on speed means customers can realize significant outcomes from the outset, rather than waiting extended periods for value to materialize. Rapid delivery of results not only builds trust but also accelerates the path to broader business transformation.

## 03 Ongoing Value Delivery: Sustaining Long-Term Success

CVO programs are structured to provide sustained value throughout the customer relationship, so initial gains are not only maintained but expanded over time:

- **Long-Term Engagement:** Agreements are crafted for ongoing collaboration, with a commitment to delivering value well beyond initial implementation.
- **Continuous Improvement:** Software publishers' partner with customers to develop comprehensive plans for ongoing enhancement, regularly reviewing performance and identifying new optimization opportunities as business priorities evolve.
- **Proactive Support:** Integrated support and maintenance help clients continuously benefit from their technology investments, addressing potential issues before they escalate and ensuring uninterrupted value realization.

By embedding transparency, speed, and ongoing value delivery as foundational elements, CVO represents an evolution of software licensing and publisher-customer relationships. Real-world programs that follow these principles demonstrate how a CVO approach can achieve measurable results, foster enduring customer success, and set a new standard for value-driven partnerships in the software industry.

# **ILLUSTRATIVE EXAMPLE: IBM'S CVA PROGRAM AND CLIENT VALUE OPTIMIZATION IN PRACTICE**

With its CVA program, IBM is transforming both software licensing and publisher-customer engagement. This forward-thinking strategy establishes a new benchmark for value delivery, enabling customers to achieve tangible results from their technology investments and build stronger, more strategic relationships between software publishers and customers.

IBM's CVA program reimagines the traditional software publisher-customer relationship by shifting the focus from transactional software sales to collaborative, outcome-driven partnerships. Rather than emphasizing product features or one-time compliance, CVA is designed to enable a customer's technology investment to directly support the company's strategic goals, such as improving operational efficiency, optimizing technology spend, supporting migrations to or from the cloud, enabling more effective internal charge-back processes, and more. By taking a broad approach to software asset management, the CVA program also helps organizations identify opportunities to rationalize their software publisher landscape and maximize the value derived from their overall software portfolio.

A key differentiator is IBM's commitment to joint accountability and shared success. The CVA framework fosters alignment by encouraging both the customer and IBM to focus on achieving mutually agreed-upon business outcomes, rather than simply delivering software functionality. This aligns with what leading Customer Success organizations are now doing: structuring incentives and performance metrics for Customer Success Managers around the realization of customer value and strategic objectives. This shared risk and reward model means both parties are fully invested in delivering measurable value.



# ***THE FUTURE OF SOFTWARE LICENSING: FROM TRANSACTIONAL TO VALUE CREATION THROUGH PARTNERSHIP***

The future of software licensing is shaped by a shift from traditional, transactional models to subscription and consumption-based approaches. These modern license models prioritize continuous value delivery and customer outcomes, fundamentally transforming the relationship between software publishers and their customers and elevating the role of Customer Success organizations.

In this new paradigm, success is no longer wholly defined by the initial sale, but instead by the ongoing achievement of business objectives. Subscription and consumption-based models create incentives for software publishers to deliver sustained value, while customers benefit from solutions that adapt to their evolving needs. This shift fosters more collaborative and transparent partnerships, with both parties invested in realizing a tangible business impact over the long term.

When paired with these modern licensing models, tools such as AI and advanced analytics can further enhance the relationship by enabling real-time monitoring, early risk detection, and personalized recommendations. However, it is the underlying change in licensing structures that sets the foundation, making value creation and partnership the central focus.

CVO programs, led by Customer Success, demonstrate this evolution. By aligning incentives, fostering transparency, and focusing on ongoing value, these programs set a new industry standard—one where software licensing is not just a transaction, but a catalyst for enduring business success.



# EMBRACE THE FUTURE: A CALL TO ACTION

Software licensing is evolving from a transactional purchase to a true partnership. As technology and business requirements continue to change, organizations should shift toward transparent, value-focused collaboration. To maximize the impact of your CSM organization and drive lasting customer value, consider the following:

## 1. Redefine your software licensing strategy for business goals.

- Are your current licensing models driving your organization's strategic objectives?
- Do you have real-time visibility into customer's utilization, value realization, and areas for optimization?
- Are you proactively managing compliance and risk, or simply reacting to issues?

## 2. Demand a consulting advisor who is invested in your long-term success.

- Does your consulting advisor share accountability for outcomes, with clear success metrics?
- How transparent is your consulting advisor about progress, challenges, and opportunities for improvement?
- Does your consulting advisor proactively guide you through change and continuous improvement, not just the initial sale?

## 3. Leverage AI and modern CSM practices to unlock ongoing value, agility, and trust.

- Are you leveraging AI-driven insights to optimize software usage, reduce licensing costs, and maximize business outcomes?
- Is your CSM team empowered to drive continuous improvement and customer-centric transformation?
- Do you have the right data, tools, and dashboards to anticipate needs and manage your portfolio proactively?



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