Revenue integrity and optimisation in the era of AI and usage based pricing

Capturing revenue with confidence

The revenue leakage challenge

Software companies are experiencing material revenue leakage, typically estimated at **4–7% of ARR**, and from our experience can be even higher. This represents contracted and delivered value that goes unrealised, most commonly driven by billing inaccuracies that fail to fully reflect actual customer usage, entitlements or agreed contractual terms.

At the same time, pricing complexity is accelerating. Traditional licensing and pricing models are evolving in order to commercialise AI driven value, with rapid growth in consumption based, usage-based and outcome-based approaches, often deployed as hybrid constructs that blend legacy pricing models with more variable commercial models.

As a result, organisations are increasingly struggling to capture revenue with confidence. Our recent **PwC UK and m3ter survey of over 350 software leaders** highlights the scale of the challenge:
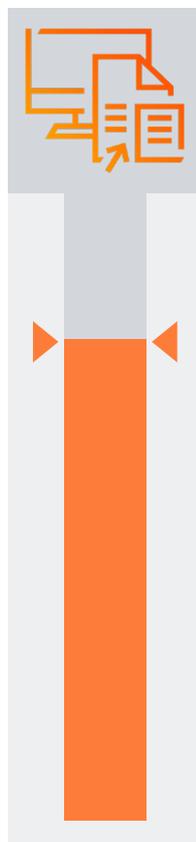
62%

expect revenue leakage to be occurring in their business but are not completely confident about the level of revenue leakage.
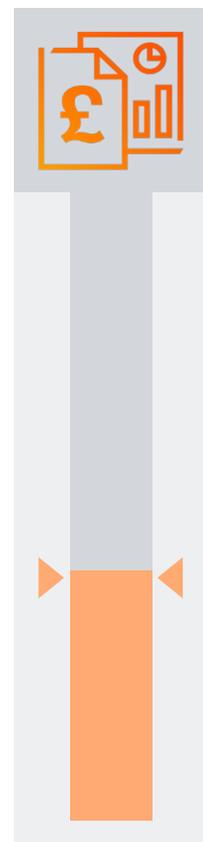
63%

lack full confidence in their billing operations.

34%

cite improving usage tracking as a top priority over the next 12 months, reflecting the growing revenue capture challenges associated with consumption-based models.

Addressing revenue leakage while navigating an increasingly complex pricing landscape requires strong operational foundations, including disciplined governance, integrated monetisation infrastructure and preventative controls designed for modern commercial models.

As software monetisation continues to evolve, revenue integrity is becoming a strategic capability. Organisations that embed the right controls, systems and governance will be best placed to capture the full value of AI-driven innovation and scale with confidence.

The revenue leakage challenge

Revenue leakage is the gap between the commercial value sold and the revenue ultimately billed and collected. Unlike pipeline risk, this value is already contracted and delivered.

Most software companies are not capturing the full value of what they have already sold. Our survey highlights the following operational challenges that commonly drive revenue leakage:

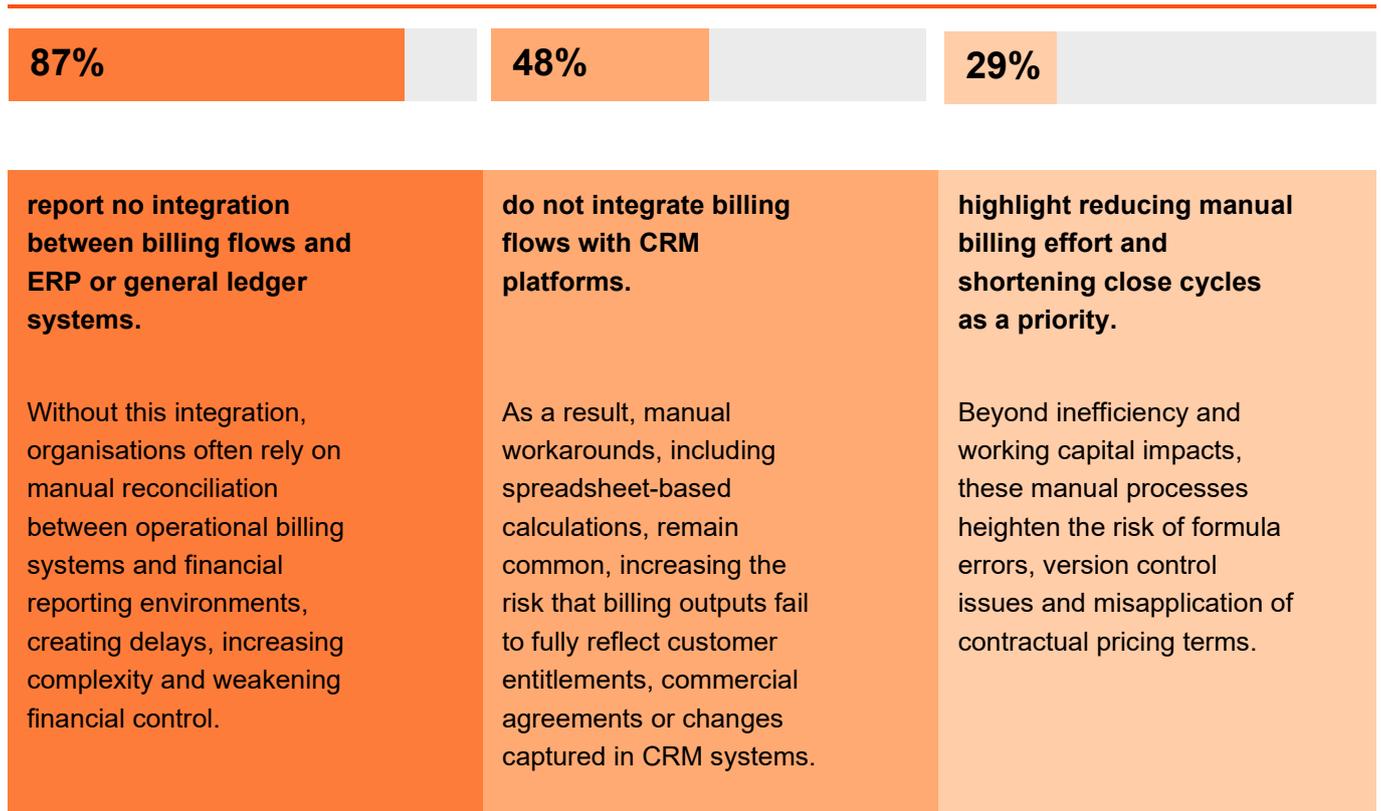| 01	02	03	04
Usage exceeding contractual thresholds but not being billed.	Pricing clauses, such as annual uplifts, being misinterpreted or not reflected in billing logic.	Discounts and credits being applied inconsistently.	Misalignment between contractual terms and the data held in systems.

These issues rarely exist in isolation, rather they are typically symptoms of legacy architectures not designed for today's dynamic pricing models. Fragmented systems, disjointed data and siloed teams increase reliance on manual processes and, with it, the risk of error and lost value.

Our survey responses illustrate this fragmentation in practice.

87%	48%	29%
report no integration between billing flows and ERP or general ledger systems.	**do not integrate billing flows with CRM platforms.**	**highlight reducing manual billing effort and shortening close cycles as a priority.**
Without this integration, organisations often rely on manual reconciliation between operational billing systems and financial reporting environments, creating delays, increasing complexity and weakening financial control.	As a result, manual workarounds, including spreadsheet-based calculations, remain common, increasing the risk that billing outputs fail to fully reflect customer entitlements, commercial agreements or changes captured in CRM systems.	Beyond inefficiency and working capital impacts, these manual processes heighten the risk of formula errors, version control issues and misapplication of contractual pricing terms.

At the same time, revenue operations are becoming structurally more complex. M&A activity, multiple ERP environments, inconsistent contract terms, evolving revenue models and changing usage or licence metrics all increase operational fragmentation. As pricing models evolve, underlying systems and controls often struggle to keep pace, increasing the likelihood that contracted value is not fully captured.

With 4–7% of ARR potentially at risk, the EBITDA impact of unaddressed leakage is material. Value erosion is further amplified when also factoring existing common upstream issues relating to control over quotation and discounting practices, and downstream working capital challenges related to collections. The result is often a disconnect between leadership growth ambitions and the organisation's operational ability to deliver.

According to PwC's 29th Global CEO Survey, **only three-in-ten (30%) CEOs say they are confident about revenue growth over the next 12 months**, down from 38% in 2025 and 56% in 2022. While this reflects a broader operating environment shaped by geopolitical uncertainty and rapid technological change, it also highlights the growing importance of execution discipline.

As organisations invest heavily in new capabilities, including AI-driven offerings, ensuring that contracted value is accurately captured, billed and collected becomes increasingly critical to translating innovation into realised revenue and sustainable growth.

The strategic challenge

Beyond direct revenue leakage, weaknesses in revenue integrity can become a strategic constraint. Gaps in billing accuracy, monetisation operations and revenue controls can erode customer trust, limit commercial agility and heighten regulatory and reputational risk, as revealed by survey responses:

Billing errors erode customer trust.
31% report customer billing dispute rates of 5% or more.

31%

34%

63%
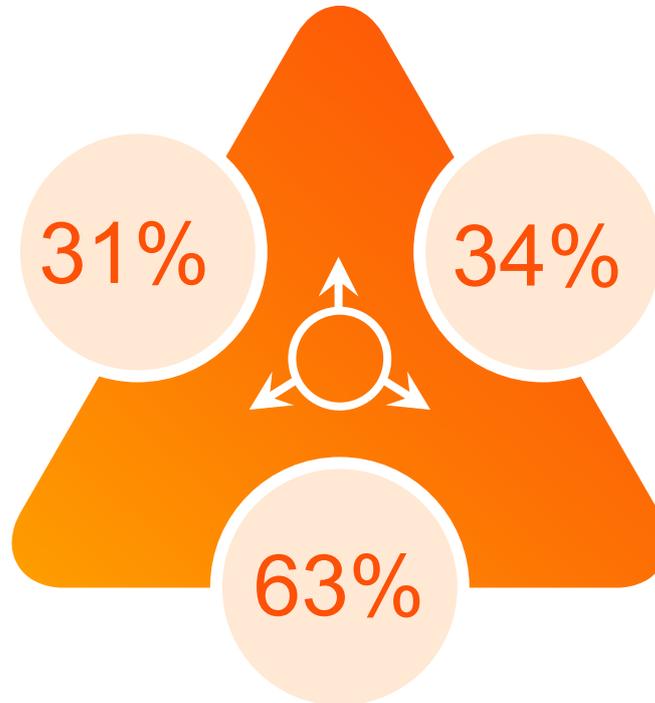
Pricing innovation is limited by operational constraints.

34% identified enablement of more pricing and packaging changes and experimentation as a top priority over the next twelve months, reflecting current operational challenges limiting these abilities.

Audit and regulatory readiness is compromised.

63% lack full confidence in billing data lineage and traceability, and 41% are prioritising billing and revenue recognition compliance and audit readiness over the next 12 months.

When order-to-cash operations cannot support pricing flexibility or provide confidence in revenue reporting, the implications extend beyond finance teams. Investor confidence, regulatory exposure and competitive positioning are all affected.

With revenue leakage risks rising and strategic impacts widening, revenue integrity is no longer simply an operational concern; it is a board-level priority.

Future monetisation models

Future monetisation models create opportunities but also add complexity and additional revenue leakage risk

Packaging and pricing are changing faster than ever in the AI era. Over 50% of surveyed B2B software leaders amend pricing twice or more per year, reflecting an increasingly experimental approach to AI monetisation, with multiple models often tested in parallel.

At the same time, pricing structures are becoming more complex. **52% of B2B respondents operate usage or hybrid models in some form**, and companies are testing an average of c. 1.7 monetisation routes for their AI capabilities. The most common approaches include embedding AI within premium tiers or embedding it to standard tiers to justify price uplifts.

As software vendors experiment more frequently and adopt multiple complex pricing and packaging models, revenue integrity risks are compounded.

We have seen that 62% are not fully confident in their leakage exposure. This confidence declines further as pricing complexity increases, particularly where hybrid models incorporate usage-based elements where the corresponding figure is 72%.

This lack of confidence reflects the operational demands associated with consumption models. **44% report challenges in capturing and measuring consumption**, and **42% acknowledge complexities in designing and building operations for usage-based models.**

In usage-based environments, under-captured consumption directly erodes margins. When leakage risks materialise, the additional operating costs of these models can outweigh the intended top-line gains.

AI further accelerates this dynamic. The monetisation opportunity exists, but it is clear that converting AI capability into sustainable, auditable revenue remains a challenge. PwC's 2026 CEO survey revealed that only 30% of companies surveyed reported increased revenue from AI in the last 12 months.

The ability to experiment with new pricing models to achieve the value AI offers is increasingly important, already **83% of companies change pricing at least annually**.

New models and evolving contractual terms introduce additional configuration points and inconsistencies. Each new metric, clause or packaging variation increases leakage risk if systems and controls are not aligned.

Without strong foundations and modern infrastructure, the gap between monetisation ambition and revenue integrity is widening. Innovation is increasing the risk of revenue leakage, impacting organisations' ability to optimise value and revenue.

Getting the foundations right to scale with confidence

Modern monetisation requires a robust revenue operating model which addresses revenue integrity by design. This can be considered in the following three programme areas.

1	Modern monetisation infrastructure

Modern pricing cannot be supported by loosely connected systems where context, traceability and confidence is lost. As complexity increases, existing structural weaknesses amplify leakage and compliance risk. The missing component is not a new CRM or ERP, but a metering and rating infrastructure layer that connects them.

Foundational capabilities for modern infrastructure include:

• Reliable usage data capture and validation.

• Metering aligned to contractual terms.

• Automated rating and billing logic.

• Integration between CRM, billing and ERP/GL systems.

This does not necessarily require full architecture transformation and system replacement. Many organisations are achieving revenue integrity through targeted integration, automation and control layering on existing platforms. The result is real-time visibility and data lineage with flexibility built in.

2	Intentional governance

Leading software companies are improving revenue accuracy through intentional governance. This includes establishing **clear cross-functional accountability** beyond finance, including sales, product and operations teams, and introducing well-defined and proactively monitored KPIs.

Strong governance reduces unmanaged financial and compliance exposure, ensures technology investments deliver intended benefits, and identifies issues before they escalate.

3	Preventative controls

Sustainable improvement requires shifting from reactive recovery to prevention. Effective controls include:

• Automated reconciliation between contract terms and billing configuration.

• Exception monitoring for high-risk usage thresholds.

• Validation of usage capture completeness as part of month end processes.

Leading companies are moving beyond revenue recovery after leakage is identified and instead designing systems that prevent leakage from occurring.

Revenue integrity as competitive advantage

AI is expanding what software can deliver, with evolving pricing models expanding how value can be captured, and the pace of change is not slowing down.

Our survey insights reveal a consistent pattern: monetisation innovation is accelerating, yet confidence in leakage visibility and operational resilience remains low.

But **complexity without control erodes value and limits strategic confidence.**

When companies have confidence in data lineage, billing accuracy and revenue recognition, they can introduce modern, flexible pricing models with reduced execution risk and maintaining customer trust, whilst simultaneously presenting a stronger revenue quality narrative to investors and auditors.

The companies that outperform will not simply build compelling AI products. They will build the operational models to monetise them and scale with confidence.

Are you set up for scaling with confidence?

- How confident are you about your level of revenue leakage arising from billing inaccuracies or omissions?

- Do you have the confidence to identify and test new monetisation strategies and learn and adapt at speed?

- Are challenges with manual interventions in your billing processes holding you back from new strategy adoption and increasing your leakage risk?

Contact us to continue the conversation

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