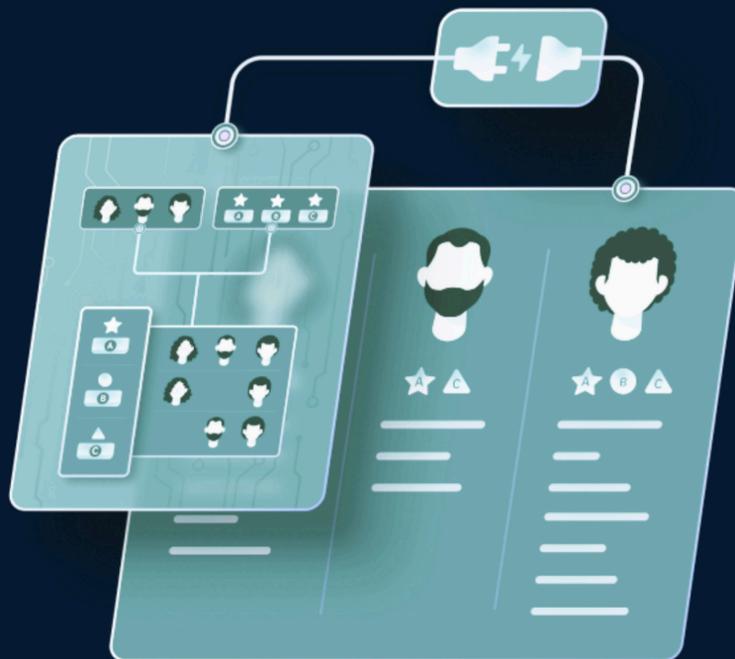




Entitlement Management: A Comprehensive Guide

Role of entitlements in subscription businesses, common business challenges, and how you can overcome them for faster GTM launches, and better software monetization.



Entitlement management is the business logic that governs user access to products, services, and features in subscription businesses. It acts as a gatekeeper, ensuring customers can utilize only the specific offerings they've subscribed to, whether through base plans, add-ons, or usage-based charges.

Entitlement management has evolved from being just another task for engineers. Today, business and tech leaders recognize that streamlining entitlements is the first step to achieving pricing and packaging flexibility, faster product launches, and improved expansion revenue.

This guide delves deep into the world of entitlement management for subscription businesses. We'll explore:

- The critical role of entitlement management in your business operations
- Common challenges faced by engineering and customer-facing teams
- How to assess the effectiveness of your current entitlement management process
- The workings and benefits of a dedicated Entitlement Management System

Whether you're struggling with inflexible pricing models, revenue leakage, or engineering bottlenecks, this guide will provide you with actionable insights to transform your entitlement management strategy and unlock new growth opportunities.

What's the role of entitlement management?

Entitlement management is crucial in your subscribers' lifecycle across different touchpoints.

- **Subscription activation:** It enables the immediate provisioning of services upon subscription, ensuring a smooth onboarding experience.
- **Access control:** It maintains ongoing access management, granting or restricting feature access based on the customer's current subscription status.
- **Flexible packaging:** It allows businesses to easily create and modify product bundles, facilitating agile **pricing strategies**.
- **Usage tracking:** It monitors feature utilization, providing valuable data for informed decision-making on product development and pricing.
- **Revenue optimization:** By controlling access to premium features, it creates natural upsell opportunities and helps prevent revenue leakage.
- **Compliance:** It ensures adherence to licensing agreements and helps maintain data privacy by controlling access to sensitive information.

In essence, entitlement management serves as the gateway to ensure your customers get the promised value while you maximize your revenue through innovative packaging strategies informed by customer behavior.

How are subscription entitlements calculated?

Consider the [pricing of Phrase](#), a leading translation technology provider.

The image shows the Phrase pricing page with four main plans: Starter, Team, Business, and Enterprise. The Business plan is highlighted with a green border. Each plan includes features like 'Unlimited TMS Seats' and '150 Strings Seats'. The Business plan also includes 'All Phrase Products' and 'High product capacities'. A 'Custom' option is listed below the Business plan. The Enterprise plan includes 'Customized product capacities' and 'Access to all integrations'.

Plan	Price	Key Features
Starter	\$135 per month billed annually	Unlimited TMS Seats, 150 Strings Seats, 7 Phrase Products, Basic product capacities
Team	\$1,045 per month billed annually	Unlimited TMS Seats, 150 Strings Seats, All Phrase Products, Increased product capacities
Business	Get in touch	Unlimited TMS Seats, 150 Strings Seats, All Phrase Products, High product capacities
Enterprise	Get in touch	Unlimited TMS Seats, 150 Strings Seats, All Phrase Products, Customized product capacities

Some features, like 'Vendor management,' are binary—you either have access or you don't. Other features are quantity-based; for instance, its Starter plan allows customers to access seven Phrase products, while higher plans offer access to all products (see highlighted portions in the image).

Entitlements of all feature types need to be computed and aggregated each time a new customer subscribes. As the customer renews, upgrades, downgrades, or gets custom access to features, the entitlements should be refreshed to ensure accurate, real-time access.

What are some **common challenges** with entitlement management?

Most subscription companies start by managing feature provisioning and entitlements through in-house systems. These might work initially, but as your business grows, you need different levels of flexibility to support your customer needs.

Here are some common entitlement management challenges we've observed among subscription companies:

Challenges for **Engineering Teams**

1 Maintaining custom billing logic within the code base

You must map features against your plans and addons and transfer this logic to your customer subscriptions. In addition, sometimes, you want to override the plan's default entitlements to offer specific features to select customers.

“We ran into challenges trying to scale entitlements. Entitlements were captured in various systems—through emails, phone calls, and post-it notes—all over the place.”

– **Josh Groves**, Co-founder, Pod2

Maintaining this custom subscription logic hard-coded in JSON Metadata (which is how it's usually managed) can quickly become inflexible and is prone to errors. Even a minor error in the JSON structuring could prevent your customers from accessing what they're entitled to, disrupting their business workflows.

To add to the chaos, you must preserve this custom subscription logic each time there is a pricing or packaging revision to honor your current customer commitments. So, you also need to run multiple tests in different staging environments to ensure the logic stays intact.

Overall, this eats into your engineering/Biz Ops team's productivity.

2 Meeting platform/infrastructure requirements

Performing run-time entitlement calculations concurrently for hundreds and thousands of users is no mean feat. But as business and personal users ourselves, we're used to seeing all this happen at lightning-quick speed. Imagine you just paid a file storage platform for an additional 100GB of storage, and it says, 'Please wait. We're provisioning your account. It could take several minutes.' All you'll do is open a new tab and look for alternatives.

In other words, to provide an excellent user experience, you should process and complete the complex entitlement logic in near-real time.

Another crucial aspect is ensuring your entitlement systems are available and maintainable. Implementing backups and redundancies is vital to supporting both aspects, ensuring uninterrupted service to your customers.

When you maintain entitlements in-house, you must build an infrastructure robust enough to meet these performance requirements. At the very minimum, this includes a database to store the entitlement logic, a notification layer to relay entitlement changes across the system, an API gateway for rate limiting, authorization, and authentication, and an audit layer to capture logs for any changes to entitlements. This is a significant investment in terms of cost and overhead and doesn't contribute to building your core product.

3

Development and maintenance costs

As your business expands, you will add new features, plans, and addons, roll out pricing in new currencies, move features across pricing tiers, etc. Every single time, you need to make sure the mapping between the product catalog and features is accurate and that it's applied to the right subscriptions (sometimes, this means maintaining plan versioning).

This complexity is further amplified by the need to maintain grandfathering logic as new features, plans, and pricing are rolled out. Implementing and managing this grandfathering increases complexity by an order of magnitude and can be an ongoing challenge for engineering teams.

Overall, entitlement management is never a one-and-done job for engineering. The complex relationships between new offerings, existing plans, and grandfathered features create a tangled web of logic that requires constant attention and updates. This ongoing maintenance significantly drives up development and operational costs.

Challenges for **Customer-Facing Teams**

1

Inflexibility with pricing and packaging changes

Pricing and packaging changes are crucial to navigating changing consumer demands and maximizing revenue potential, as **Netflix** and **Peloton** demonstrated. What differentiates winners from losers is the time it takes to roll out iterative improvements. When your entitlement logic is entangled with your billing logic, it involves a lot of code changes and becomes challenging to run quick experiments on your subscription plans.

Similarly, when your sales and success teams rely on engineering teams to handle basic business cases, such as offering an additional feature for a specific customer, it is not just inefficient; it directly affects customers' perception of your brand.

2 Inability to monetize features at scale

To monetize features better and optimize your packaging strategy, you need to observe feature usage data closely, analyze usage patterns, and experiment. When you have an in-house entitlement system, pulling feature usage stats becomes a tedious task with engineering dependency, let alone saving time for data analysis and pattern mapping.

Buying off-the-shelf tools to monitor feature usage and analytics somewhat reduces the chaos. Still, it is also essential to maintain entitlements sync with the billing system (where you execute and enforce the monetization changes you want) and other downstream systems for better feature visibility and reporting.

3 Lack of visibility on entitlements

Since feature provisioning and entitlement mapping are owned by the engineering team but used mainly by the go-to-market functions, it leads to context gaps and the lack of a common language for entitlements across the organization. Because of this, something as simple as the feature name could create confusion across the org. The code base would have a different name for the feature, while the GTM teams refer to it as something else, and no one knows whom to approach to get a verdict.

As Michal Petřík, Phrase's Tech Lead noted, "It's unrealistic to expect your finance team to sift through JSON metadata or understand technical terms like 'boolean' or 'string' to determine feature access for plans and add-ons."

Even if you try to keep track of plan versions and packaging changes over spreadsheets, they will lose accuracy and reliability over time.

4 Revenue leakage

We all want to deliver value to our customers so they can pay us the right price for our platform/service. Often, this involves offering new features for a specific period so that they realize the value and pay for it after the evaluation phase.

However, managing entitlements in-house doesn't come with sophisticated checks and balances to make this happen. This leaves the onus on the go-to-market or Ops teams to set a manual reminder and revert the changes by the end of the trial period if the customer is unwilling to pay. This is not a practical and scalable solution while dealing with hundreds of other daily tasks.

As a result, these unmonitored entitlements continue to exist for years, causing a sizable revenue leakage.

Many subscription companies manage feature provisioning and entitlements through in-house systems. While home-grown solutions may work initially, as your business grows, they can become a full-time job for your engineering team and a roadblock for your business functions.

How do you assess the effectiveness of your **Entitlement Management process?**

As with any business operation, your homegrown or basic provisioning systems can keep up only to a certain level. Beyond that, adding more resources to make do with your current system only hurts your cost efficiency.

There is no singular inflection point on when this will occur because it depends on your company's growth stage and velocity. However, there are sure **signs you can use** — such as:

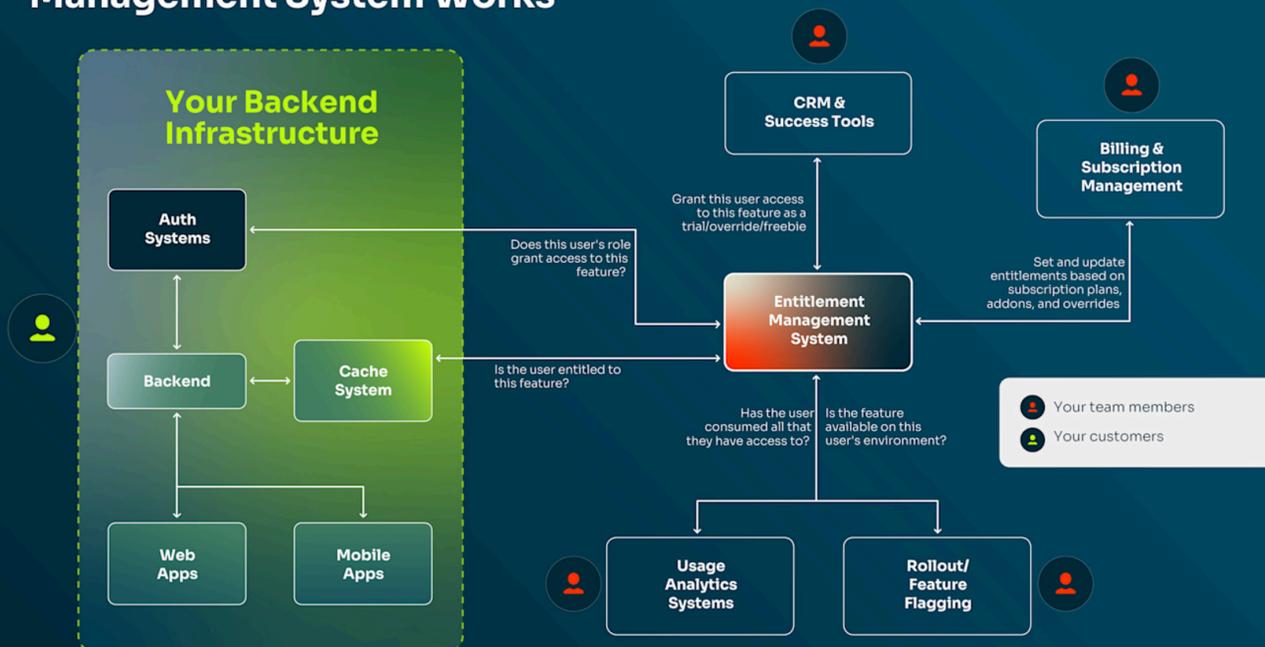
- The time it takes to roll out pricing and packaging changes
- Whether your customer-facing teams can help customers without relying on the engineering team

Use these indicators to assess whether your current approach to managing entitlements serves your business needs or it's time to embrace a standard **Entitlement Management System**.

How does an Entitlement Management System work?

An Entitlement Management System (EMS) sits between your backend systems and the rest of your tech stack, including CRM, billing, feature rollout, and usage analytics systems. It abstracts your entitlement layer from your billing and payment workflows, allowing you to experiment with pricing and packaging without affecting other systems.

How Entitlement Management System Works



An Entitlement Management System plays these critical roles in your business operations:

- **Support for diverse product types:** An EMS understands and manages various product and service models such as flat fee, quantity-based (e.g., tiered, volume, or staircase), usage-based (metered) components, or a combination. This versatility allows you to translate complex pricing structures into actionable business logic.
- **Accurate, real-time access management:** With customers accessing your application through web and mobile apps across various devices 24/7, an EMS works seamlessly with your back-end systems to authenticate users, grant appropriate access levels, and ensure real-time updates to access rights.
- **Flexibility for hybrid sales models:** Your subscription lifecycle operations vary significantly based on your sales approach—Product-led Growth (PLG), Sales-led Growth (SLG), or Hybrid models. Whether they signed up from your website or signed a multi-year sales contract in your CRM, your subscribers want instant value from your product without any friction or delays, and a flexible EMS assists in time to value.
- **Automated billing and renewals:** An EMS facilitates smooth transitions between plans and ensures accurate billing. For example:
 - When a customer upgrades: The EMS instantly provisions new features while the billing system adjusts the subscription and charges accordingly.
 - During downgrades or churn: The EMS promptly reduces or revokes entitlements based on updates in the billing system.
- **360° visibility to your downstream systems:** An ideal EMS should be able to communicate with your CRM, Billing, Usage Analytics, and Feature Rollout systems (either through native integrations or APIs). This integration transforms entitlement data from simple feature flags into a powerful tool for cross-functional visibility and revenue growth.

What are the benefits of an **Entitlement Management System**?

- **Streamlined business operations:** Automating your subscription entitlements through a bespoke system streamlines your business operations for years. It also minimizes costly errors such as miscalculated entitlements or accidental access revocations.
- **Improved team efficiency:** Entitlement Management System offers an intuitive portal to manage entitlements in one place, reducing dependency on engineering teams.
- **Faster go-to-market:** By housing your product catalog and feature details in a single system, you can deliver your product innovations much faster to your customers and turn agility into your competitive edge.
- **Usage intelligence:** Centralizing your entitlement information provides insights into how customer cohorts use your products and services. You can use this intelligence to optimize your packaging strategies.
- **Revenue maximization opportunities:** Continuous experiments and iterations (such as offering limited-time trials for your premium features) can unlock expansion revenue at scale. A central system also eliminates the possibility of unmonitored entitlements, protecting your revenue.
- **Integrated revenue stack:** It reduces errors and context loss by connecting entitlements to billing workflows, CRM, accounting, payments, and tax systems.

RECOMMENDED READ

[How Phrase efficiently manages product activation, feature provisioning, and usage limits with Chargebee Entitlements](#)

Key Takeaways

Entitlement management is crucial to your monetization strategy and long-term revenue growth. While homegrown provisioning systems seem sufficient initially, they can quickly add to your tech debt.

By centralizing your entitlements with **advanced Entitlement Management Software** such as **Chargebee**, you can set yourself up for long-term success.

As your business grows and subscription entitlements become more complex, **Chargebee Entitlements** ensures everything stays orderly and controlled—keeping your subscription universe from descending into chaos.

Scan the QR code to request a demo.

