ARR Documentation: 10 Questions to Define Your Exceptions

Do we have a defined grace-period rule for classifying customers who renew shortly after churn as uninterrupted renewals vs churned and reactivated?

On what exact date do we recognize churn for a non-renewing contract: notice date, contract end date, or some other milestone?

For renewals that include usage-based or variable fees, which parts (e.g., minimum commitments) qualify for ARR and which are excluded?

Are one-time implementation, setup, or renewal-related fees always excluded from ARR, even if they are on the renewal order form?

If a customer pauses service or moves to a temporary "bridge" discount during renewal negotiations, does that ARR remain in the base, and how do we classify the impact (contraction vs churn)?

When a customer downgrades at renewal, do we record the ARR reduction when the downgrade is agreed or when it becomes effective?

How long after contract expiry do we continue to count ARR if the customer is still using the product while a renewal is negotiated (e.g., 30/60/90/180 days)?

If a renewal is signed after the expiry date, do we treat it as continuous ARR or as churn plus new ARR?

Known non-renewals

When a customer gives formal non-renewal notice, at what point do we remove their ARR from our totals?

Known non-renewals

Do we treat future-dated non-renewals differently from contracts that are already past their end date?

While the answers may vary org to org, defining and documenting how **you** ARR is essential for accuracy.