Contract Configuration Tip Sheet

The Salesforce CPQ contracting feature lets you configure the contracting process based on your contract and subscription management needs. Review this tip sheet for help with important contracting fields and features.

Contracting and Billing

To ensure proper pricing and data flow during the invoicing process, Salesforce Billing doesn't support invoicing orders made from amendment quotes related to a contracted opportunity. During the invoicing process, all order products for amended or renewed subscriptions must come from a quote that was amended or renewed from a contracted order.

Date Management for Master Contracts

When you renew subscriptions from multiple contracts into one renewal quote, you must select the Master Contract field on one of your original contracts. The renewal quote will start one day after the master contract's end dates. To ensure that there are no gaps between renewal subscription quote lines, we recommend using the contract with the earliest end date as your master contract.

For example, consider the following three contracts.

Contract	End Date
A	06/30/19
B	09/30/19
C	12/31/19

Each contract has a subscription that lasts for one year. If you renew the three contracts into one renewal quote and select contract A as your master, your renewal quote has the following quote lines.

Renewal Subscription Quote Line	Original End Date	Start Date	End Date
A	06/30/19	07/01/19	06/30/20
B	09/30/19	10/01/19	06/30/20
C	12/31/19	01/01/20	06/30/20

However, if you made contract C your master, you would end up with the following quote lines.

Renewal Subscription Quote Line	Original End Date	Start Date	End Date
A	06/30/19	01/01/20	06/30/20
B	09/30/19	01/01/20	06/30/20
C	12/31/19	01/01/20	06/30/20

Quote line A has a six-month gap between the previous line's end date and the renewal line's start date, while quote line B has a three-month gap. These gaps can cause discrepancies between your renewal quote and what the customer expected to see for their renewed subscriptions.

Evergreen Subscriptions

Evergreen contracts and their subscriptions don't have end dates. They're helpful in business cases where the contract continues indefinitely until the customer decides to cancel it. In standard evergreen subscription configurations, customers are billed a set amount each month.

If you decided to add evergreen contracts to your CPQ implementation, review a few important considerations.

- A contract can't contain both evergreen subscriptions and non-evergreen subscriptions. If you try contracting an order or opportunity that has both types of subscriptions under a Single Contract contracting method, Salesforce CPQ doesn't create the contract.
- Evergreen subscriptions can't be renewed. If you want to apply a price uplift to an evergreen subscription, cancel the contract, create another quote, and adjust its price through a different type of markup.
- Evergreen contracts don't support partial amendments. To change an evergreen contract, either cancel or replace its subscriptions.

Line Combination and Preserve Bundle Structure

When the contract field Combine Subscription Quantities is active, quantities of subscriptions with matching end dates for the same product are combined onto one line in the renewal quote. This feature lets you quickly organize subscriptions onto a single line in your renewal quotes.

While you can combine subscriptions with different prices, doing so may cause pricing issues. For example, let's say you have a bundle with a zero-cost service license and two standard-price service licenses that you added later at the customer's request. If you enabled combined subscription quantities while product renewal pricing is set to Same or Uplift, Salesforce CPQ uses the original subscription's price for the single renewal quote line. In this case, you likely wouldn't want your two full-price subscriptions to appear free on the renewal quote.

When the contract field Preserve Bundle Structure Upon Renewals is active, renewed bundle quote lines keep the same configuration that they had on the previous quote. You can enable this setting at Salesforce CPQ's Subscription package settings, at the account level, or on individual contracts.

You can also renew a contract for a quote containing several asset quote lines that look up to the same product and have One Per Unit asset conversion. If the account field Combine Asset Quantities is selected, Salesforce CPQ combines these assets into one quote line on the renewal quote.

⊘ **Important:** If Combine Subscription Quantities and Preserve Bundle Structure are active on the same contract, Salesforce CPQ ignores Preserve Bundle Structure and combines matching subscriptions in the bundle into a single child quote line. Salesforce CPQ also ignores Preserve Bundle Structure when renewing assets when Combine Asset Quantities is active.

Combine Co-Termed Contracts on Renewal

You can also renew multiple contracts into one renewal quote without choosing a master contract, as long the contracts share an end date. In this case, "co-terminated contracts" refers to any group of an account's contracts that have the same end date. To renew co-terminated contracts, select your contracts from the account's Contract related list, click **Renew Contracts**, and then proceed without choosing a master contract.

The account field Combine Co-Termed Contracts on Renewal controls how Salesforce CPQ organizes co-terminated contracts on the renewal quote. When Combine Co-Termed Contracts is deselected, Salesforce CPQ places the renewal subscription and asset quote lines into separate quote line groups organized by contract. When Combine Co-Termed Contracts is selected, Salesforce CPQ places the renewal subscription and asset quote lines into one renewal quote without groups.

The account's Contract Co-Termination field lets the sales rep decide whether Salesforce CPQ rolls co-terminated contracts into a renewal quote while Combine Co-Termed Contracts is selected. If you select Prompt, Salesforce CPQ asks the sales rep whether they want to co-terminate the contracts or keep them separated by group in the renewal quote. Otherwise, Salesforce CPQ always rolls the co-terminated lines without groups into the renewal quote.

Amendment & Renewal Behavior

If your contract contains subscriptions with different end dates, you can control how Salesforce CPQ sets the start and end dates of your renewal quotes. This feature is useful if you don't want an amendment quote to coterminate with the original contract.

When you renew your contract, Salesforce CPQ evaluates the contract field Amendment and Renewal Behavior to set the start and end dates of the contract's renewal quotes. The value of Amendment and Renewal Behavior affects the start date on renewal quotes made from your contract.

- Latest End Date: Renewal quotes on this contract set their start dates to one day after the latest end date among all the contract's subscriptions.

- Earliest End Date: Renewal quotes on this contract set their start dates to one day after the earliest end date among all the contract's subscriptions.

(!) Important: The Amendment and Renewal Behavior field affects the start date of only your renewal quote record. It doesn't determine a value for any of the renewal quote's lines. By default, renewal quote lines set their start dates to one day after their parent subscription's end date. If the renewal quote's start date and the day after the subscription's end date are the same value, the quote line has a null start date instead.

You have a quote with a start date of 01/01/2018, an end date of 12/31/2018, and several subscription products. You contract the quote to create the following subscriptions.

Table 1: Contract

Subscription	Start Date	End Date
Bronze Maintenance	1/1/2018	12/31/2018
Silver Maintenance	2/1/2018	8/31/2018
Gold Maintenance	5/1/2018	12/01/2018

When you're ready to renew this quote, you have a few options based on the value of Amendment and Renewal Behavior.

If your amendment and renewal behavior is the latest end date, your renewal quote has a start date of 01/01/2019 and an end date of 12/31/2019.

If your amendment and renewal behavior follows the earliest end date, your renewal quote has a start date of 09/01/2018 and an end date of 08/31/2019.

Renewal Pricing Method

Use the account's Renewal Pricing Method field to manage how Salesforce CPQ sets the list price of a renewal subscription quote line. The renewal pricing method has three options.

Same
    Use the net price from the subscription on the contract that the sales rep renewed.

List
    Use the list price of the quote line's product entry in the quote's price book.

Uplift
    Use the net price from the renewed subscription and a markup based on the subscription's Renewal Uplift % field.

Let's look at a few examples.

Subscription Price	Renewal Pricing Method	Price book List Price	Uplift %	Renewal Quote Line List Price
$1000	Same	$1100	15%	$1000
$1000	List	$1100	15%	$1100
$1000	Uplift	$1100	15%	$1150