RESEARCH | ATLASSIAN RENEWALS AND CLOUD MIGRATIONS

The Atlassian Negotiation: Tier Cliffs, the Data Center Squeeze, and the Cloud Migration

Preparation, strategy, and tactics for Jira, Confluence, and Jira Service Management renewals in the forced-migration era, written from the buyer's chair | Vendor Benchmark LLC | August 2026

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30 Jun ATLASSIAN'S FISCAL YEAR END: SHARED WITH MICROSOFT, FORGOTTEN BY MOST	**T-12 mo** THE RUNWAY, LONGER IF A PLATFORM MIGRATION IS IN IT	**Tier cliffs** THE PRICING MODEL: ONE USER OVER A BAND REPRICES THE ESTATE
x every app MARKETPLACE APPS PRICE ON THE FULL USER TIER, ADOPTION OR NOT	**The squeeze** DATA CENTER RISES ANNUALLY UNTIL CLOUD LOOKS INEVITABLE	**15 to 35%** TYPICAL INACTIVE USERS FOUND IN UNMEASURED ESTATES

READ THIS FIRST

Atlassian built its empire on being the tool nobody had to approve: teams adopted Jira and Confluence from the bottom up, licenses were cheap, and procurement never met the vendor. That era is over, and its legacy is the modern Atlassian estate: user counts that grew by default, a marketplace of apps each priced against the full user tier, a Data Center platform whose renewal rises meaningfully every year by design, and a cloud destination whose premium editions and AI features are where Atlassian intends to earn back a decade of underpricing. The company that never negotiated with you now very much does, and it holds two structural instruments most buyers never examine: the tier cliff, under which crossing a user band reprices every user and every app, and the annual Data Center escalation, which converts staying put into a rising bill until migration looks like relief.

The buyer's advantages are just as structural. User activity is measurable, and in estates that never measured, 15 to 35% of licensed users are inactive, sitting exactly where the tier cliffs make their removal disproportionately valuable. The marketplace bill is rebuildable from adoption data, app by app. The migration itself, the thing Atlassian wants most, is the negotiation's currency: timing, scope, edition, and term are all yours to trade, and Atlassian funds migrations it needs with discounts and credits it rarely volunteers. And the fiscal year ends 30 June, a calendar most buyers never think to use against a vendor they never used to meet. This playbook turns the bottom-up estate into a top-down negotiation. No theory. Users, tiers, dates, scripts, and checklists.

1. WHAT CHANGED SINCE YOU SIGNED

- **Server died, and Data Center became the waiting room.** With Server support ended, the self-hosted estate lives on Data Center: annual subscriptions with substantial year-on-year price increases, applied deliberately, so that every renewal restates the same question: migrate now, or pay more to decide later. Data Center is not being killed; it is being priced into a decision. Knowing that is the beginning of using it.
- **Cloud grew editions, and the editions grew AI.** The cloud destination tiers into Standard, Premium, and Enterprise, with the AI capabilities, Rovo's search, chat, and agents, threaded into the premium editions and their pricing. The AI arrived with price increases attached, and the edition question is now the largest single variable in cloud cost: Premium runs at a large multiple of Standard, and estates default upward far more often than usage justifies.
- **The tier cliffs quietly run the economics.** Cloud and Data Center pricing moves in user bands, and the band applies to the whole estate: one user over a boundary reprices everyone, and every marketplace app repriced with them. This makes the user census disproportionately valuable at specific numbers: removing three hundred inactive users matters everywhere, but removing the fifty that cross you back under a band boundary can move the entire bill by double digits.
- **The marketplace is a multiplier.** Apps are licensed at the parent product's full user tier regardless of who uses them, so every app added by one team is priced against the whole company, and every user added prices every app again. The app portfolio is where Atlassian estates hide their most recoverable spend, and where nobody is assigned to look.
- **Enterprise deals exist now.** Multi-year cloud Enterprise agreements, negotiated discounts, dual licensing during migrations, and migration credits are all real and all underpublicized, sold direct and through solution partners. The list-price, credit-card Atlassian of memory is gone at enterprise scale; the negotiated Atlassian has replaced it, for those who show up to negotiate.
- **Their calendar ends 30 June.** Atlassian shares Microsoft's fiscal year end, with quarters in September, December, and March. Q4 runs April through June, and migration incentives, edition discounts, and enterprise agreement flexibility all peak into it.

2. THE RENEWAL RUNWAY

T-12 (JUL)	T-10 (SEP)	T-8 (NOV)	T-6 (JAN)	T-4 (MAR)	T-0 (MAY TO JUN)
Contract archaeology: products, tiers, apps, renewal dates, partner arrangements	The censuses: user activity, app adoption, instance sprawl, per product	Cleanup executed: inactive users removed, apps rationalized, tiers recrossed	Platform decision made: stay, migrate, or split, with the costed model per path	Benchmark done; written anchor to Atlassian or the partner; rounds begin	Endgame into Atlassian's Q4; editions, credits, and caps close; signature by 30 June

The sequencing rule with teeth: the cleanup at T-8 happens before any quote is requested, because tier-cliff pricing means the estate's size at quote time is the negotiation's floor. A census that lands you fifty users above a band boundary and a cleanup that lands you under it are the same work; only the timing decides which bill you negotiate from.

2A. THE FIRST 90 DAYS: THE TASK LIST

#	TASK	OWNER	OUTPUT
1	Contract archaeology: every Atlassian product, edition, tier, and app subscription, with renewal dates, co-terms, and the partner-of-record picture	Procurement	Estate and date map

#	TASK	OWNER	OUTPUT
2	User activity census: last-active per user per product, license groups audited, service accounts and leavers identified	Atlassian admins	Usage truth
3	Tier-boundary analysis: current position within each band, and the cleanup distance to the boundary below, per product	License analyst	The cliff map
4	Marketplace app census: every app, its actual adopters, its per-tier cost, and its overlap with native features that now exist	Admins + Team leads	App removal list
5	Instance and site sprawl audit: duplicate instances, shadow sites, and consolidation candidates that change the tier math	IT	Consolidation plan
6	Platform paths costed: Data Center trajectory with its escalations vs cloud editions vs a split estate, over three years, apps included	IT + Finance	The platform model
7	Edition mapping for cloud paths: which teams genuinely need Premium or Enterprise capabilities, and which run on Standard	License analyst	Edition mix
8	AI position: Rovo and AI feature usage evidence where piloted, and the edition and price implications of adopting or declining	IT + Team leads	AI evidence
9	Alternatives costed at the edges: the ITSM tail, the docs tail, and the dev-tool adjacencies, honestly, per segment	Procurement + IT	The credible edges
10	Commission the benchmark: effective per-user rates by product, edition, and tier, plus migration credits achieved on comparable deals	Procurement	Market targets
11	Channel decision: direct vs solution partner, and which partner, with the discount mechanics understood before quotes are requested	Procurement	Channel position
12	Open the renewal file: every quote, escalation notice, and verbal promise logged from day one	Lead negotiator	The record

3. BUILD THE POSITION: THE FIVE WORKSTREAMS

3.1 The user census and the cliff map: geometry is money

The tier-cliff math, worked. Illustrative estate: 5,300 licensed Jira users on a cloud Premium plan, with twelve marketplace apps each priced against the same tier. The activity census finds 1,100 users inactive for 90 days: leavers never off-boarded, contractors from finished projects, and duplicate accounts. Removing them does two things at once. First, the direct saving: 1,100 users at the blended per-user cost of the plan plus twelve apps. Second, the geometry: 4,200 users sits in a lower band than 5,300, and the band reprices every remaining user and every app. On estates like this, the combined effect routinely lands between 25 and 40% of the total Atlassian bill, from work that requires no negotiation at all, only an administrator, a report, and a decision to run it before the quote instead of after. The cliff map from Section 2A tells you exactly which removals carry the geometry bonus; do those first.

3.2 The marketplace rationalization: audit the multiplier

Walk the app list with one question per app: who actually uses this, and does the platform now do it natively? A decade of accretion leaves most estates carrying apps adopted by one team and priced against every user, apps duplicating each other, and apps replicating features that Premium editions or platform updates since absorbed. Remove the dead, consolidate the duplicates, and for the survivors, note that app costs move with the same tier geometry as the products: the census in 3.1 cuts this bill twice. Anything that stays is currency at the table, because Atlassian and its partners track app attach as closely as seats.

3.3 The platform decision: the squeeze is real, so price all three paths

Data Center's annual escalation is designed to make cloud feel inevitable; that does not make cloud wrong, it makes the decision worth modeling instead of absorbing. Cost three paths over three years, apps and editions included: staying on Data Center at the published escalations, migrating fully to the right cloud edition mix, and the split estate that keeps regulated or heavily customized workloads self-hosted while the rest moves. Then remember which side wants which outcome: the migration is Atlassian's strategic prize, which means its timing and terms are your currency. A migration Atlassian gets for free was currency burned; a migration traded for multi-year rate locks, dual-licensing coverage, migration credits, and edition flexibility is the deal working properly.

3.4 The edition mix: Premium is a decision, not a default

On cloud paths, the edition question dwarfs the discount question. Map the genuinely Premium-dependent needs, advanced automation at scale, analytics, sandboxes, the AI capabilities where evidence supports them, to the teams that have them, and put everyone else on Standard. Mixed-edition and site-level structures are negotiable at enterprise scale, whatever the first packaging answer says, and the delta between an estate-wide Premium default and an evidence-based mix is frequently the largest number in the whole negotiation. The AI follows the same rule as everywhere in this library: bought where pilots earned it, priced on that evidence, with rate protection, never adopted estate-wide because the edition brochure assumed it.

3.5 Term and protection: cap the escalator you just experienced

Whatever path wins, the paper must contain what this vendor's recent history teaches: renewal uplift caps across products, editions, apps where possible, and AI lines; price holds on added users at the contracted rate; tier-boundary protection so that growth crossing a band is priced at the negotiated discount rather than repriced at list; and, on multi-year cloud commitments, the flexibility mechanics, user-count reduction at anniversaries, edition downgrade rights, and site restructuring without penalty. Term length is currency here as everywhere: Atlassian values the multi-year commit and the migration story, and both are exchanged for protection, not given for a discount that one uncapped renewal takes back.

3C. THE THREE PATHS, MODELED

The platform decision from Section 3.3, worked on the illustrative post-cleanup estate of 4,200 users with the rationalized app portfolio. Figures rounded and illustrative; the exercise, not the numbers, is the deliverable:

PATH	THREE-YEAR COST SHAPE	WHAT IT BUYS	WHAT TO WATCH
A. Stay on Data Center	**~$600K rising with published escalations to ~$795K: roughly $2.1M over three years, apps included**	Control, customization, and time. No migration risk, no re-platforming effort, full deferral of the cloud decision.	The escalator compounds, the app ecosystem's center of gravity moves cloudward, and the deferred decision returns in three years with less leverage: the migration currency spends best while Atlassian still needs the win.
B. Migrate fully to cloud	**~$640K a year at a negotiated mixed-edition rate, locked three years: roughly $1.9M, plus a one-time migration cost largely offset by credits**	The escalator ends, the AI and roadmap arrive natively, and the multi-year rate lock converts the move into price stability.	Edition mix discipline decides whether this path is cheap or expensive; app re-purchase on cloud tiers must be in the model; and every migration term from Section 3.5 must be in writing before the move begins.
C. Split the estate	**Between the two: regulated and heavily customized workloads stay on a smaller Data Center footprint; the rest moves at cloud rates**	Compliance and customization kept where they must be, cloud economics captured where they can be, and a demonstrated migration capability that disciplines both prices.	Two platforms cost real operational overhead, and the smaller Data Center footprint may land in a worse tier band: run the cliff map on the residual before choosing this path.

The model's purpose is not to bless one path; it is to replace fate with a decision, and to put a document in the room that prices Atlassian's escalator and its migration hunger against each other. In practice the modeled buyer signs path B or C at negotiated terms far below the walk-in, precisely because path A is costed, credible, and visibly survivable for another cycle.

3B. BENCHMARK TARGET RANGES: WHAT PREPARED BUYERS ACHIEVE

AREA	UNPREPARED OUTCOME	PREPARED TARGET	PRIMARY LEVER
User count	The sprawl, quoted as found	**Cleaned to activity, recrossed under band boundaries**	The census and cliff map, at T-8
Marketplace bill	Every app renews at the full tier	**20 to 40% recovered via removal, consolidation, and geometry**	The app audit
Edition mix	Premium estate-wide by default	**Evidence-based mix; AI where pilots earned it**	The edition mapping
Migration terms	Migrated at list, on Atlassian's schedule	**Credits, dual licensing, rate locks traded for the move**	The migration as currency
Data Center trajectory	Escalations absorbed annually	**Priced path chosen deliberately; escalation used as a costed input, not a fate**	The three-path model
Renewal protection	Uplifts and cliffs apply as published	**Caps 0 to 5%, growth at contracted rates, boundary protection**	Asked at close, in June

4. STRATEGY: THE GIVE-GET TABLE

WHAT ATLASSIAN WANTS	WHAT IT IS WORTH TO THEM	WHAT YOU TAKE IN EXCHANGE
The cloud migration	The strategic metric the company reports its future on	Migration credits, dual licensing through the transition, multi-year rate locks, and edition flexibility. The move is currency; spend it, never donate it.
The renewal and its escalation	Data Center pricing is the migration's engine	The cleaned estate at benchmark rates, on the path your model chose, with the escalator capped wherever you land.
Premium and Enterprise editions	The per-user expansion story, AI attached	Evidence-based edition mix at negotiated rates, with downgrade rights if adoption disappoints.
Rovo and AI adoption	The narrative every vendor is graded on this cycle	Pilot-priced scope, rate protection, and concessions on the core estate. The logo is expensive.
A multi-year enterprise agreement	Locked revenue from a historically transactional base	Term is currency: deeper rates, caps, reduction rights, and boundary protection, or the term stays short.
A 30 June signature	Fiscal year end, shared with Microsoft, forgotten by buyers	The final 5 to 10% of everything. March's impossible asks are June's signatures.

5. TACTICS: THE MOVES AND THE COUNTERS

ATLASSIAN'S PLAY	WHAT IT SOUNDS LIKE	YOUR COUNTER
The escalation as weather	"Data Center pricing reflects our updated list; the increase applies at renewal."	The increase is an input to the three-path model, not a bill to absorb. The model, and the migration currency it prices, is what the renewal negotiates against.
The sprawl quote	A renewal priced on licensed users and the full app list, as found.	The quote is requested after the cleanup, never before. If it arrived early, it is re-based on the cleaned census, boundary geometry included.
The Premium default	"Enterprise customers standardize on Premium; the AI capabilities assume it."	The edition mapping says who needs what. Mixed structures exist at scale, and the AI is priced on pilot evidence for the teams that produced it.
The migration-as-favor	"We can support your migration with our standard programs."	The migration is the thing they want most in the account. Standard programs are the floor; credits, dual licensing, and locked rates are what the move actually trades for.
The app amnesia	The marketplace bill renews silently alongside the products.	The app census is on the table with the adopters counted. The bill is rebuilt from adoption, and the survivors are priced with the estate's geometry.
The partner shuffle	Discount questions deflected between Atlassian and the solution partner.	The channel was chosen at T-10 and the discount mechanics documented. One counterparty owns the number, and the benchmark says what it should be.

Three lines worth using verbatim at the table:

> *"We are renewing the users who logged in this quarter, in the band that count belongs to. Here is the census; the quote re-bases from it."*

> *"The migration is available, on schedule, this fiscal year. What it costs you is the credits, the dual licensing, and the rate lock on this page."*

> *"We can sign by 30 June. The page has the counts, the editions, the apps, and the caps. It has not changed since March, and it is signable today."*

6. THE CONCESSIONS CHECKLIST: WHAT A GOOD ATLASSIAN CLOSE CONTAINS

CONCESSION	THE ASK	WHY IT MATTERS NEXT CYCLE
The cleaned count, executed	User counts reset to the census, in the band the cleanup earned, stated in the order	The base every renewal and every app price compounds from.
Boundary protection	Growth crossing a tier band priced at contracted discounts, never repriced at list	Defuses the cliff for the term.
Renewal caps, everywhere	0 to 5% caps across products, editions, and AI lines, this term and next renewal	The escalator you just experienced meets a ceiling.
Edition mix and downgrade rights	The mix documented per team or site, with the right to move editions down at anniversaries	Premium stays a decision instead of becoming a ratchet.
Migration terms in writing	Credits, dual licensing through cutover, data migration support, and rate locks on the destination	The currency, converted into contract.
Reduction mechanics	User-count reduction at anniversaries on multi-year terms; true-down at renewal without repricing survivors	The estate must be able to shrink as easily as it grew.
App portfolio terms	The rationalized app list stated; added apps at negotiated rates; tier geometry honored on app pricing	Keeps the multiplier audited.
AI rate protection	Rovo and AI capabilities scoped to evidence, rates locked, future AI SKUs price-protected	The AI price list is being written now; write your protection into it.
Price hold on growth	Added users, sites, and products at contracted rates for the full term	Growth at list is the uplift nobody approved.
M&A and divestiture language	Affiliates at contracted rates; carve-outs reduce counts and bands without penalty	Corporate change moves users, not prices.
Exit and data terms	Full export in usable formats, transition cooperation, defined end-of-term duties	Exit credibility disciplines every renewal after this one.
Next-cycle caps	Renewal caps and discount continuity for the following term	This negotiation repeats; start the next one from strength.

6A. WHAT THE ENDGAME LOOKS LIKE: A WORKED DEAL SHAPE

The illustrative 5,300-user estate from Section 3.1, on Data Center with a cloud decision pending, closing into Atlassian's June year end. Numbers rounded for structure rather than quotation:

LINE	WALK-IN (ATLASSIAN'S FRAME)	SIGNED (PREPARED BUYER)	HOW IT MOVED
User count	**5,300 licensed, quoted as found**	**4,200 active, one band lower, apps repriced with it**	The census and cliff map at T-8
Marketplace apps	**Twelve apps renew at the full tier**	**Seven survive, priced on the new geometry**	The app audit
Platform	**Data Center escalation absorbed, migration "when ready"**	**Migration signed for this fiscal year, traded for credits, dual licensing, and a 3-year rate lock**	The three-path model, currency spent
Editions	**Premium estate-wide, AI assumed**	**Premium for 1,200 users with the evidence; Standard for the rest; AI piloted, rate-protected**	The edition mapping
Protection	**Published uplifts and cliffs apply**	**4% caps, boundary protection, reduction rights, next-renewal cap**	Asked in April, closed in June
Net effect	**Escalation plus migration at list**	**Bill down ~30%, migration funded, future capped**	Twelve months of preparation

7. THE MISTAKES THAT COST MILLIONS

- **Quoting before cleaning.** Tier-cliff pricing makes the estate's size at quote time the floor. The cleanup happens first, or its value transfers to Atlassian.
- **Ignoring the geometry.** Not all removals are equal: the ones that recross a band boundary reprice everything. The cliff map decides the order of work.
- **Renewing the marketplace silently.** Apps priced against every user, adopted by twelve, renewed by nobody's decision: the estate's most recoverable line.
- **Absorbing the escalation as fate.** The Data Center squeeze is a designed input to a decision. Model the three paths and choose; never just pay the new number.
- **Donating the migration.** The move to cloud is the most valuable thing in the account to Atlassian. A migration executed without trading it was the deal's largest concession, given for free.

- **Defaulting to Premium.** The edition delta, multiplied by the estate and the years, dwarfs any discount on the table. Map the needs, mix the editions.
- **Signing multi-year without shrink rights.** An estate that grew by default must be able to shrink by decision, at anniversaries, in the contract.
- **Missing 30 June.** Atlassian shares Microsoft's calendar and almost none of its buyers' attention. The identical deal costs more in August.

THE FINAL WORD

Atlassian's estates were built by enthusiasm and are now billed by design: cliffed tiers, multiplied apps, escalating self-hosted paper, and premium editions carrying the AI. None of it survives measurement. Count the users who actually log in, and do it before the quote. Audit the multiplier. Model the three paths and make the platform decision on paper instead of by attrition. Spend the migration like the currency it is, mix the editions on evidence, cap the escalator, and sign in the June window nobody remembers this vendor has. The bottom-up tool became a top-down bill; the fix is a top-down negotiation, run once properly, and then defended by the caps and rights you wrote into it.

> **Where benchmarking fits.** Every tactic in this playbook sharpens against one input: the effective per-user rates by product, edition, and tier, and the migration credits and caps, that comparable enterprises are actually signing. The target rate, the realistic credit, the credible mix: all of it is benchmark data applied at the right moment. Bring the market's numbers to the table, and Atlassian negotiates against the market instead of against your sprawl.

Prepared by Vendor Benchmark LLC. Figures marked illustrative are for calculation structure; verify current tier boundaries, edition contents, and program mechanics against your own agreements and quotes. This document is general negotiation guidance, not legal advice.