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Electronic licensing – the GLOBEtrotter view

On 9 January 2001 it was announced that Autodesk had signed up for the deployment of GLOBEtrotter Software's flagship electronic licensing technology, FLEXIm. With the help of Rich Mirabella, Vice President of GLOBEtrotter, we take a look at a selection of the opportunities that this and related technologies present for vendors and end-users.

iCAD is produced by Business Advantage, a B2B research, business development and marketing consulting practice operating in the global IT, Digital and Telecommunication sectors.

Predictions

According to industry analysts IDC, over 50% of software revenue will be delivered using electronic licensing by 2003, and virtually all software revenues will be derived from this technology by 2008. GLOBEtrotter is the market leader in this field, with over 2,000 software publishers using FLEXIm.

Benefits for vendors and users

The key benefits for vendors therefore are the ability to ensure that users stay within their licensing agreements, and to establish variable pricing policies according to the frequency of software usage.

Rich Mirabella, points out that the benefits are not one-way:

"Electronic licensing will improve business efficiency for both vendor and end-user. Vendors will be able to price their software so that less frequent users get charged a lower cost than intensive users. This will make it much easier for customers to give all employees in the company access to a package, because payment will be more closely related to the use made of the product. Many large companies who buy software are actually pressurising vendors to use FLEXIm."

"A company will operate most efficiently if everyone has access to the same software so that all data is compatible etc," continues Rich. "Being charged the classic licensing cost per seat is a disincentive for a company to allow everyone this access. However, electronic licensing enables customers to buy rights to use software quite widely, and yet stay in compliance with licensing rights/the law."

What does FLEXIm electronic licensing software provide?

- Electronic Software Distribution (ESD) via the Internet, CD or Floppy;
- Real-time monitoring or enforcement of software license compliance;
- Support for licensing models including try-before-you-buy, concurrent, site, node-locked, product suite, named-user and pay-per-use.

CAT appeal

Autodesk joins a growing band of computer-aided technology vendors who have opted for GLOBEtrouter's electronic license management solutions, including Cadence, Mentor Graphics, Synopsys and Unigraphics Solutions. The high cost of software licenses in this area makes this license technology particularly suited to such vendors. It provides the ability to attract infrequent users of their software who were previously deterred by cost, while making the heavy users pay more. The pay-per-use licensing method also appeals to users in heavily project based fields.

Electronic Software Billing (ESB)

GLOBEtrouter has also introduced FLEXbill, a solution for retrospective billing of software use. *"FLEXbill lets people use software beyond the rights they have purchased, but they are billed after they have used it, whether weekly, monthly or in perpetuity,"* explains Rich. *"This means that customers do not have to forecast their needs. This removes administration and planning burdens on end-user companies."*

"The driving force for ESB is the customer more than the vendors, because the vendors are in a riskier situation. The flexible approach means that they have to work on speculation about whether a product will be used and how much. However, we have found that the rate actually increases, and the customer uses it more than they otherwise might have done. ESB allows vendors to sell licenses like an airline, using the differential of who's price sensitive and who is not."

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The future

"ESB will play a huge roll in the future of electronic licensing, because it is much more natural for customers to use software as and when they need it and pay for it later than trying to forecast future needs," says Rich Mirabella. *"This is a healthier model for the industry as a whole as I predict that software companies will be able to save money by not focusing on selling so much, and change their attention to increasing their customer support."*

We can also expect to see further development of the concept of license borrowing, ie borrowing a licence from the server for a certain period, for example to work on a notebook computer for example.

Conclusion

“The most important step in the spread of electronic software licensing in the short term is to get people to think differently about the way they do business,” says Rich. “PTC for example has an on-line store whereby customers who have made an agreement to do so in advance can purchase extra licenses on-line as and when they need them.”

[GLOBEtrotter Software Inc](#) provides Electronic Commerce for software products and services for software publishers, customers and distribution channels. GLOBEtrotter's products span the areas of Electronic Software Distribution, electronic licensing, license management, software asset management and the distribution of electronic licenses through distribution channels.

Software vendors are rapidly appreciating the need to adopt new methods of packaging, offering and supporting their products; electronic licensing is playing a vital role in the change from software sold as a defined package, to one delivered as a flexible service.

Do you need to know more about how your actual and potential customers around the world would prefer to use/license your products and services? Our [market research services](#) can provide the solution.

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