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Topic: CAD & ASPs

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Attitudes to renting software among CAD/CAM using companies

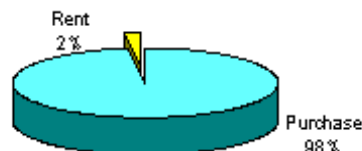
The opportunities to rent software rather than purchase it continue to grow. CAD vendors offering this as an additional option to cover customers' short-term needs include PTC with its rental programme for Pro/Engineer products. Coming at the issue head on are trailblazers such as Revit, who have opted for a wholly subscription based service promoted on the basis that it enables them to offer a better service to all their customers.

So how prepared are CAD using companies to consider renting their software for defined periods rather than purchasing licenses? To investigate the current adoption of and attitude to renting, we interviewed 253 UK CAD/CAM using companies in March 2001 from a cross section of industry sectors.

The Current Situation

Only 2% of our sample currently rent their CAD/CAM software, leaving 98% who purchase licenses in the traditional manner. Only one company that we spoke to is using an Application Service Provider (ASP) to rent its CAD software.

Current Level Of Software Rental



Future Intentions

There are relatively encouraging signs for the future, however, for vendors pushing the rental option. Given the choice, **one in five say they would consider renting CAD/CAM software in future.**

Will CAD/CAM Users Consider Renting In Future?





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Unfortunately, the size of the group of companies considering renting is too small to enable us to draw more detailed conclusions. However, it is worth noting that:

- the proportion of companies in the Mechanical Engineering sector willing to consider renting was higher than other sectors;
- there were no significant differences in attitudes to renting by size of company;

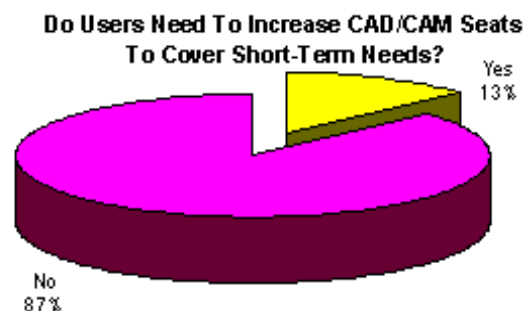
half of the group willing to consider renting expressed a preference for receiving the software on disc, with the remainder preferring to download via the Internet, or use an ASP.

Renting On Trial

Nearly one in five companies would consider renting CAD/CAM software in order to try out a new product.

The Short-Term Scenario

The most frequently cited benefit of the renting option is to give CAD users the ability to cope with short-term fluctuations in workload. We asked our sample if they ever needed to obtain extra licenses to cover such fluctuations. **Only 13% acknowledged a need to ever increase their CAD capacity to cover short-term overloads.** Again, although this part of our sample is too small to enable us to examine it further, it is worth pointing out that twice as many architectural CAD users as users from other business activities said they did experience such needs.





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Conclusion

The notion of software licensed for a term rather than in perpetuity is still an emerging one. From this perspective, the fact that one in five companies is prepared to consider renting offers some encouragement for those vendors looking to exploit this avenue. Although in this survey our group of potential renters (around fifty companies) is too small to analyse in more depth, it is interesting that, when pressed, half of them expressed a preference for receiving their software via a disc rather than the Internet. We don't know how aware these companies are of the other rental options, but clearly the urge to stick within known territory is strong. Interestingly our article in a previous issue of *iCAD* covering [attitudes to application service provision](#) also revealed that one in five companies would consider renting CAD/CAM software from an ASP. We are possibly dealing here with a group of companies who are open to considering various alternative methods of accessing their software to find one that suits their needs.

Eighty seven per cent of our sample said they have no need to obtain extra CAD seats to overcome short-term increases in workload. If software vendors actually give users the choice of renting rather than trying to coerce them into it, it appears that these short-term needs will not be the main lever for users to take up this option (although this factor is stronger in heavily project-based business activities such as AEC). Users will need to be convinced that there are greater overall benefits for them, and that term licenses are at least as cost-effective as fully purchased ones.

Do you need to know more about the attitudes in your target market to different licensing/subscription models? Business Advantage's multi-lingual research team can provide the solution. Visit our [market research services](#) page for more information, or call David Eaton on +44(0)1689 873636.

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