revenera™

The Software Monetization Maturity Model

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Leading technology companies are focused on maximizing software revenues, accelerating revenue recognition and increasing customer satisfaction. As those are big goals to reach, the question often is, what exactly would get you there quickly and efficiently.

A world-class Software Monetization Strategy might not be the only thing needed, but it's certainly one strategic pillar that shouldn't be missed. The Revenera Maturity Model highlights where Software Monetization can help and the ROI and savings it can bring.

Executive and product teams that start the journey of reviewing the monetization approach for software offerings and digital products like intelligent devices or data-driven services often don't know where exactly to start or what to focus on first. That's where the Maturity Model can help. It helps you review the main business processes and critical steps along the way, providing an easy way to identify where you are today and where you need to be.

Some of these questions are:

- Are all our applications licensed, protected and monetized?

- Are we using company-wide standards for licensing/provisioning, entitlement/use right management, software delivery and updates and product and customer insight?

- Is our infrastructure optimized for growth and scalability and can we get the data and insight to fuel further growth?

- Are our customers enabled with self-services and the data and insights they need?

First, review your ROI and revenue opportunity,
then dive in and make it happen.

Executive Summary and ROI

The software world never stops evolving, and new business models are introduced every day. Product executives want to drive revenue and be sure they don't have leaks. To achieve that goal, a coherent monetization strategy is one of their main business goals. Software Monetization is not just the implementation of licensing tools. Done right, it will grow your top line and drive sustainable growth from recurring revenue models. In addition, it can help streamline operational processes and free up valuable resources that can increase their impact on your core business.

Companies that implemented and optimized a Software Monetization strategy usually benefit from top line growth and operational efficiencies in the areas listed below. The value of the project mainly depends on the level you start out from. Companies that transition from a do-nothing or very limited homegrown approach to a professional platform tend to benefit the most.

Topline Growth

Software suppliers that implement a software monetization platform often see double-digit revenue growth and high margins on incremental recurring revenue.

FLEXIBLE LICENSING AND PACKAGING	**3–15%** TOP LINE GROWTH

- Accelerate product time to market
- Quickly support new licensing and packaging options
- Grow recurring revenue and accelerate revenue recognition

CHANNEL PERFORMANCE	**3–10%** TOP LINE GROWTH

- Accelerate channel sales
- Enable channel self-services
- Measure and optimize channel performance

REVENUE GROWTH FROM EXISTING CUSTOMERS	**10–15%** TOP LINE GROWTH

- Accurate install base information
- Better targeting for upsell and cross-sell opportunities
- Optimized trial-to-buy conversion
- Data-driven insight on customer health
- Optimized compliance management

SUBSCRIPTION AND MAINTENANCE RENEWALS	**5–10%** TOP LINE GROWTH

- Optimized renewals process and on-time renewals, based on accurate data
- Configurable and automated customer reminders
- Early warning system identifying renewals at risk

Operational Efficiencies

Streamlined processes can help reduce your cost by up to 10%, and free up resources for more strategic projects.

COMPANY-WIDE STANDARD FOR LICENSING AND ENTITLEMENT MANAGEMENT	**1–3%** SAVINGS

- Retire homegrown and legacy licensing applications
- Eliminate manual work needed for entitlement management

CUSTOMER SELF-SERVICE	**1–3%** SAVINGS

- Reduced number of support issues
- Less customer inquiries due to full transparency

STREAMLINE PROCESSES	**0.5–4%** SAVINGS

- Accelerate software provisioning
- Streamline delivery of updates
- Better business system integration

Find out what the business impact for your company could be. Schedule your one-day assessment today.

CONTACT US

Getting Started: Why a Software Maturity Model

The Model is about aligning strategy and operations as it helps assess and increase Software Monetization business value. To build a road map to greater value:

1. Define your desired business goal

2. Define the business outcomes needed for each process to achieve that goal

3. Identify the capabilities to reach those outcomes (and compare to your current capabilities)

4. Develop a plan to achieve the required capabilities

The Model helps software suppliers:

- understand the current state of their Software Monetization business processes
- map-out where they want to be

- estimate the top line growth and operational efficiencies that can be derived from a new software monetization strategy
- understand what they can expect from Software Monetization solutions and where they might have to review processes

"If you don't know where you are, you don't know where you're going."

The Model is based on a Software Monetization framework that has been in place for many years and has served a variety of industries. The specific application of the Model as adopted by Revenera was built as software suppliers needed a way to understand how to maximize software revenue while increasing customer satisfaction. The Model is based on years of experience working with thousands of software producers ranging from startups to billion-dollar multinationals.

The ROI potential outlined in the executive summary as well as the levels and steps outlined in the maturity model are the results of years of workshops and stakeholder conversations with Revenera customers and industry experts.

The Four Maturity Levels

The Model includes four levels of process maturity—**REACTIVE, ENABLED, AUTOMATED** and **OPTIMIZED** and four key business processes:

Licensing & Enforcement
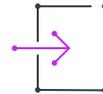
Delivery & Updates
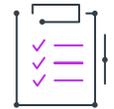
Entitlement Management
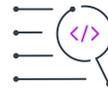
Product & Customer Insight

Below are general characteristics and benefits across all business processes. Note, it's very likely that software suppliers will have varying levels of maturity by business process—some processes may be more "mature" than others.

At the **REACTIVE** level the supplier has realized the need for licensing and entitlement management technology, and in some cases, has limited use of licensing and piracy protection technology. The supplier is starting to explore options for electronic software licensing and entitlement management. Tech companies are looking for streamlined processes for software delivery and updates for on premises or embedded software and at a better user experience for SaaS solutions.

At the **ENABLED** level the supplier is starting to standardize on the use of licensing technology to improve compliance and to enable the monetization of product capabilities. Licenses are generated against entitlement rights but customer self-service abilities (from a license management perspective) are limited. Software and updates can be delivered electronically but are likely not enforced based on entitlement rights. The supplier has limited visibility into product version use information. A central monetization approach, including all software offerings, has not been established yet and the supplier has no customer insight and no way to proactively manage renewals and customer success.

At the **AUTOMATED** level the supplier has the degree of automation needed to scale the organization. At this level, the supplier has a complete overview of the strategic products and has standardized licensing, entitlement management and the customer experience across these products. Full customer self-service capabilities are available, and channel partners benefit from self-services as well. They've automated the processes of delivering all licensing electronically and they're managing the full lifecycle of software and devices by providing entitlement-based updates. The supplier starts using the data derived from entitlement management, software delivery and updates to better understand product adoption, feature usage and customer behavior, but often that data is not being leveraged yet to take the right actions.

At the **OPTIMIZED** level all applications and devices are optimized for growth, scalability and customer empowerment. Producers at this level are in an orchestration mode, going after new markets knowing that the technology advantages established for business process maturity and automation give them a competitive advantage. Suppliers at the optimized level can go after new markets when competitors can't. They have the infrastructure and technology in place to rapidly enter and penetrate those markets, quickly integrate new and acquired products and provide value-added services to drive new, predictable and recurring revenue streams, all based on data and insights.

Optimized **LEVEL 4**	Are we optimized for growth and an accelerated time-to-market?	
Automated **LEVEL 3**	Do we offer a streamlined user experience, and do we have the insights to make strategic product decisions?	
Enabled **LEVEL 2**	Do we have standardized and automated processes for licensing, software delivery and updates?	
Reactive **LEVEL 1**	Are we using licensing to manage compliance and are we managing entitlements centrally?	

Process Maturity and Business Value

Key Software Monetization Business Processes

| Licensing & Enforcement	Entitlement Management	Delivery & Updates	Product & Customer Insight

The Four Business Processes

Next, let's take a deeper look into and define the four key Software Monetization business process areas.

The **Licensing & Enforcement** process includes how software is packaged, sold, monetized and protected from overuse. Licensing is the core function of Software Monetization as it allows the enforcement of business models and plays a vitally important role for revenue recognition. No matter if you use a licensing toolkit in an on-premises or embedded application or leverage an API to connect to your SaaS solution, the enforcement of business models and means to control and manager usage should be on the forefront of every monetization strategy.

The **Entitlement Management** process is critical to understand to manage the user rights of customers, not only at the initial purchase, but also during their lifecycle. At any point in time a supplier should have visibility into what customers have access to, for how long (the term) and what they're actually using (usage). Without an entitlement management process in place suppliers are at risk to revenue loss from both unintentional and intentional overuse. A purpose-built entitlement management system will also provide customers and channel partners with self-services to manage the entire license lifecycle (return, modify and re-host licenses and reassign entitlements, subscriptionsand capabilities).
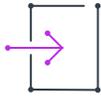
The **Delivery & Updates** process defines how both the initial software and subsequent product (software/firmware) updates are delivered to end customers using on-premises, embedded or private cloud solutions. Suppliers that don't deeply integrate delivery and updates with their entitlement management processes risk revenue leakage from providing software and updates for customers not on maintenance or subscription. The delivery and update solution should be fast and scalable, allow for export compliance control and provide feedback on what has been downloaded and deployed.
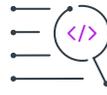
Product & Customer Insight is about understanding how products are being used and if customers are getting value. Product Managers benefit from insight on product adoption, customer health indicators and detailed overview on product, version and feature usage. The business value of insights presents itself in two main areas: proactive management of customer adoption issues, renewals and customer satisfaction, and better, data-driven product decisions.

All business processes are inter-related. While suppliers can manage them separately to get started, they can only derive the full value from their software monetization strategy when all processes are connected and orchestrated in a single platform. Otherwise, integration issues, customer experience gaps and manual efforts will hinder future growth and scalability.

Deep Dive: Building Your Software Monetization Process Maturity Roadmap

To help with understanding the different levels of maturity we've found it helpful for suppliers to identify where they are by business process. The various characteristics and competencies by business process area and by level described in detail below.

Licensing and Enforcement

Reactive

Typical characteristics at the Reactive level	Business outcomes
■ Simple on/off licensing, often lacking unique machine or user specific identifiers and enforcement options ■ No secure license key generation and risk that overuse can happen and might not be detected ■ No agreed on coherent strategy or technology decision on future compliance management approach ■ Use of homegrown solutions that create manual effort and leave room for human error ■ No tracking of usage ■ No readiness for applications used in virtualized environments or Docker containers	■ Realization that software licensing and protection is needed to implement digital business models ■ Need for consistent and secure licensing and enforcement approach to grow the business ■ Identification or prevention of overuse

Enabled

Typical characteristics at the Enabled level	Business outcomes
■ Licensing and enforcement policies are implemented ■ Different licensing and enforcement technologies are used for different product lines ■ Cloud or on-premises licensing servers are being leveraged, also covering offline use cases where the end point is not (always) connected to the internet ■ Revenue leakage is mostly under control because licensing is tied to a device fingerprint ■ The licensing technology can also manage applications in virtual environments and containers ■ Customer self-services are not available yet ■ The supplier has a defined compliance strategy that defines and automates the compliance model (from strict enforcement to trust-but-verify)	■ Reduced revenue leakage ■ Standardized licensing ■ Increased business agility related to product packaging and bundling ■ Monetization model flexibility because core models like perpetual and subscription can be implemented ■ Gathering of usage data

Automated

Typical characteristics at the Automated level	Business outcomes
■ Ability to manage a broad set of monetization models for all different deployment models ■ Licensing and enforcement standardized across products ■ Consumption data is being gathered and used to inform business decisions ■ Ready to implement usage-based models ■ The licensing technology supports most lifecycle transactions, and they can also be fulfilled in self-service ■ Licensing is fully integrated with entitlement management, creating and end-to-end monetization platform	■ Automated process management for all software lifecycle transactions ■ Customer self-service for all key transaction (move, transfer, rehost, renew, …) ■ Compliance is under control and warning mechanisms for possible overuse scenarios are in place

Optimized

Typical characteristics at the Optimized level	Business outcomes
■ All licensing transactions streamlined ■ Company-wide licensing, enforcement and compliance standards with real-time monitoring and reporting ■ Full business models support ■ Unified user experience across all applications—from the edge to the cloud	■ Optimized monetization approach ■ Reliable recurring revenue streams ■ Fully automated processes ■ Full transparency between vendor, channel partners and customers

Entitlement Management

Reactive

Typical characteristics at the Reactive level	Business outcomes
- Entitlements managed manually on spreadsheets or other simple tools - Very limited to no understanding of what customers are entitled to and for how long - Potential loss of revenue due to leakage and missed upsell opportunities but not enough data to find and act on these gaps - Customer issues related to software access, use rights and changes drive up support costs	- Lack of entitlement management capacity prohibits growth of digital offerings - Defined need for better management to fulfill growth expectations and to address customer issues

Enabled

Typical characteristics at the Enabled level	Business outcomes
- Entitlement management partially automated, but often done in simple homegrown solutions or by leveraging limited ERP/CRM functionality - Different products still managed in silos - Limited customer self-services (e.g. license generation), but lack of entitlement and renewal insight - Limited support for channel models	- Increased revenue growth from better entitlement management - Cost savings from automation - Realization that a lack of flexibility increases the time to market for new products or new monetization models

Automated

Typical characteristics at the Automated level	Business outcomes
■ Automated management of entitlements with company-wide standards for processes and systems ■ Proactive and entitlement-driven management of customer lifecycle events and renewals ■ Full customer self-services and insights into renewals data, with self-service renewals ■ Fully defined quote-to-cash process with accelerated revenue recognition and additional opportunity for cross-sells and upsells ■ Entitlement-driven software delivery and updates ■ Full supply chain support for VARs, distributors and OEMs	■ Increased customer satisfaction from self-services and renewal insight ■ Improved time to market ■ Good understanding of installed base and opportunity for upsell and cross-sell

Optimized

Typical characteristics at the Optimized level	Business outcomes
■ Ability to scale quickly and to integrate new or acquired products quickly ■ Fully automated entitlement and renewals processes with additional analytics ■ Full quote-to-cash automation, including integration with eCommerce, billing and other systems ■ Rules-driven entitlement management and automated change processes for customer lifecycle events like upgrades or renewals ■ Channel partners can manage entitlements on behalf of their customers and the supplier has complete insight into channel performance	■ Reliable and predictable recurring revenue streams ■ Short time-to-market and rapid integration of new products ■ Streamlined and optimized channel support leading to broader market-reach
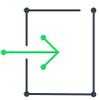
Software Delivery and Updates

Reactive

Typical characteristics at the Reactive level	Business outcomes
■ Software and updates delivered physically or through simple file transfer solutions ■ Lack of protection and entitlement-driven processes ■ No automated export control compliance ■ No insight on which customer had accessed what	■ Understanding that software delivery and updates incur too much cost and negatively impact customer satisfaction

Enabled

Typical characteristics at the Enabled level	Business outcomes
■ Software and updates are delivered electronically ■ Integration with entitlement management is established but often uses manual processes ■ Tracking of downloads and installations is limited or does not exist yet ■ Customers are often left alone with the task of finding out about new versions, rather than being served proactively ■ Supplier has no good process to quickly provide updates in case of hotfixes or software vulnerabilities ■ Updates for intermittently connected devices are not managed/not possible	■ Increased customer satisfaction through benefit of a download portal ■ Ability to deliver security patches or hotfixes directly to customers ■ Revenue protected with control over downloads

Automated

Typical characteristics at the Automated level	Business outcomes
- Software and updates are delivered electronically, and the supplier has full insight into the download history - The full process is completely entitlement-based, eliminating any revenue leaks - Effective standard processes are in place for hotfixes or vulnerability messages - The process might still have gaps related to updates for intermittently connected devices, full insights into the installation status or administrator controls for the customer	- Improved customer satisfaction from proactive delivery and update service - Improved operational efficiency and cost savings from process automation - Control over version downloads

Optimized

Typical characteristics at the Optimized level	Business outcomes
- Advanced functionality added to download portal, allowing for multi-threaded downloads, pause, resume and recover - Automated messaging framework keeping both the supplier and the customers up to date with download and installation tracking - Advanced functionality for updating intermittently connected edge devices - Full control for customer admins to manage the deployment of updates according to their respective security and deployment policies - Advanced reporting for the supplier to analyze delivery and updates based on time, region, customer group etc.	- Full insight to support data-driven product decisions - Fully automated process including export compliance management, customer controls, reporting and analytics

Product and Customer Insight

Reactive

Typical characteristics at the Reactive level	Business outcomes
■ No consistent and automated approach to analytics and insights ■ Analysis is done manually, if at all ■ Support and customer success teams have insufficient data to work with ■ In the absence of data, product teams need to rely on anecdotal feedback for roadmap planning and strategic product direction ■ Information available is often incomplete or inaccurate	■ Realization that product, customer success and support teams have too little information to make decisions ■ Management realizes that they cannot report on the health of the business because customer and product insights are not available

Enabled

Typical characteristics at the Enabled level	Business outcomes
■ Data collection about product usage and/or customer health occurs, but is usually not consistent across product lines ■ Product insights often include information about the products/versions used by customers but often still lack real usage insight ■ While data is available, there is often no structured way to take action from that insight or to make the insight more widely available at the supplier's organization ■ The supplier can send targeted messages to customers based on the product/edition/version they are using	■ Product teams have access to installed base information but realize that actual usage information is not readily available yet ■ Customer success and support teams have basic insights into customer health scoring

Automated

Typical characteristics at the Automated level	Business outcomes
■ In-product analytics is rolled out, typically including customer demographics, usage events, device-specific reports	■ Targeted and data-driven product roadmap decisions
■ Data is aggregated to show business-relevant information like product/version/edition adoption and customer health scoring	■ Proactive management of the customer lifecycle, highlighting areas of concern and success, based on insights
■ Renewals can be driven proactively, with data on upcoming renewals being readily available for the supplier and their customers	■ Faster and more efficient support processes based on customer and usage insight
■ Some processes might still be manual or not distributed completely, leaving support or customer success teams with blind spots when it comes to ad-hoc reporting and remote diagnostics for a particular customer	
■ Product and feature usage are being analyzed, but the level of depth varies between different products, with on-premises and embedded products often lagging	

Optimized

Typical characteristics at the Optimized level	Business outcomes
■ Automated collection of product adoption, feature usage, customer health and renewals data and aggregation of data, providing actionable insights	■ Revenue growth from value-added services upsell and cross-sell
■ Product management and customer success KPIs are derived from product and customer insights, allowing for structured growth and more focus	■ Reduced churn and proactive on-time renewals
■ Support and customer success work proactively based on remote diagnostics, alerts and predictive analytics	■ Data-driven roadmap
■ Install base and customer health insights standardized across product lines, readily available for the organization	■ Highest level of customer satisfaction based on targeted, timely and relevant information and alerts

Don't just take our word for it. See what Revenera customers achieved by taking their **licensing**, **entitlement management**, **software delivery and updates** and **insights** processes to the next level.

TESTIMONIALS

"Zebra's vision is to have every asset and worker on the edge visible, connected and optimally utilized. Revenera is a key supplier helping us realize this vision by ensuring we can properly and efficiently license our software, allowing our R&D teams to focus on the development and release of solutions that enhance our customers' operations."

TOM BIANCULLI
—CHIEF TECHNOLOGY
    OFFICER, ZEBRA TECHNOLOGIES

"When choosing our monetization platform, we were looking for more than just licensing tool. We wanted better insight into our customer base, offer flexible and scalable monetization models and add the automation needed to run our growing software business. Revenera is the strong partner we need to deliver on these strategic goals."

MIKE TRESH
—PRODUCT MANAGEMENT
    DIRECTOR, PTC THINGWORX

"Moving to a subscription model has accelerated our growth and opened up new markets for 2020. Changing to software keys and knowing we still had control of licenses allowed us to enhance our customer experience without risking revenue loss. Revenera provided the stable, secure foundation we needed to implement these improvements"

PAUL SIMACEK
—MANAGER PRICING
    & LICENSING, 2020

Summary—Now what?

Based on hundreds of assessments, we know that almost no software supplier has completely arrived at the optimized level across all business processes and based on your business requirements maybe you don't have to be at this level.

Use the maturity model to determine:

- which business processes are most relevant for you
- where you have the biggest gaps in terms of processes, people or technology
- where you want to invest and drive change to improve your current level and take your organization
  to the next maturity level
- what the business outcomes can and should be, based on your areas of focus

NEXT STEPS

Contact us today and set up a first free assessment of your

maturity level and possible ROI from a Software Monetization Initiative.

TALK TO US >

Revenera provides the enabling technology to take products to market fast, unlock the value of your IP and accelerate revenue growth—from the edge to the cloud. **www.revenera.com**