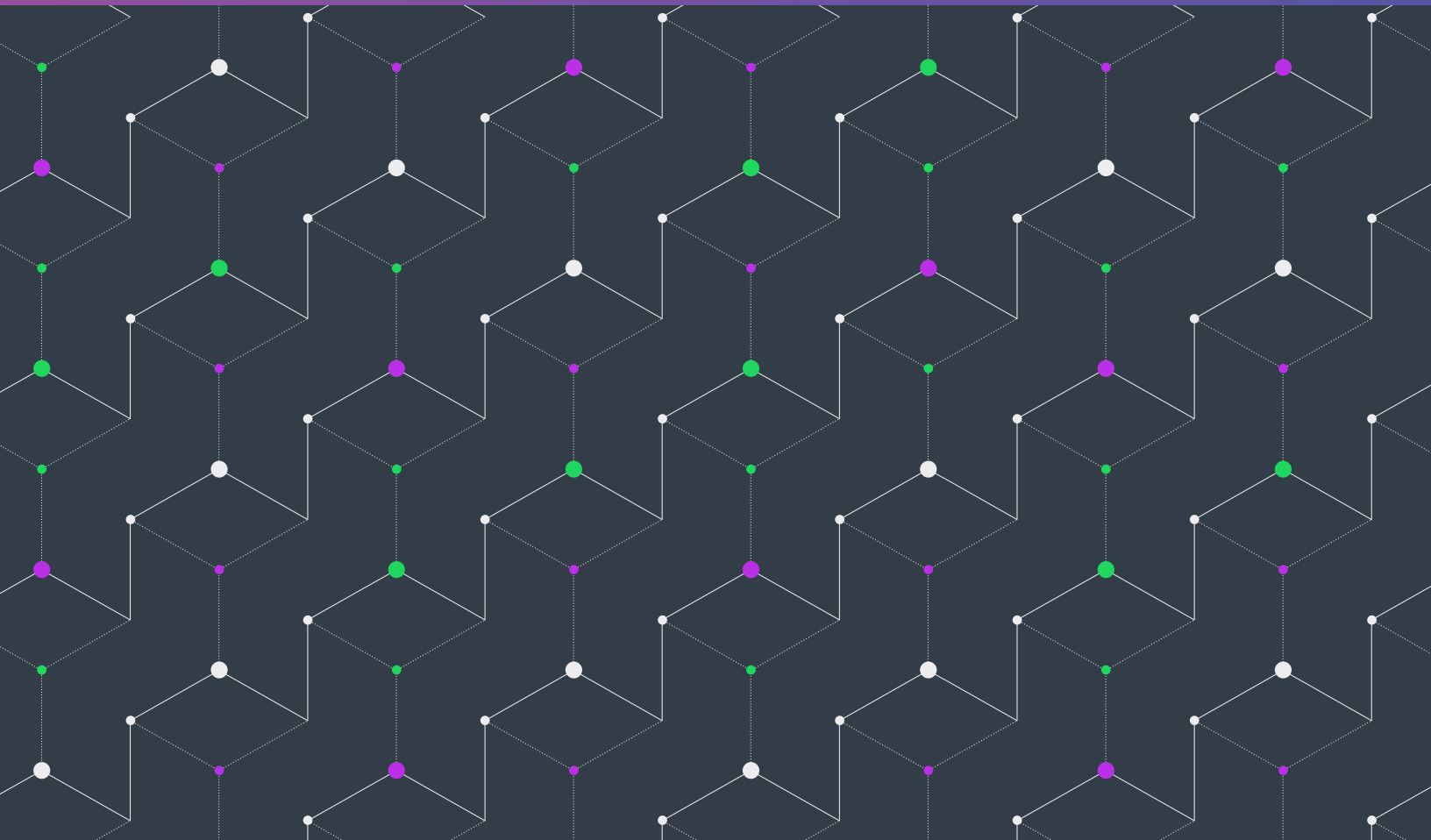


Revenera Monetization Monitor

Software Piracy and Compliance 2022



Executive Summary

How clear of a picture does your organization have about how your software products are being used? How significant of a problem is unlicensed usage—intentional or unintentional? Where is revenue leakage occurring? How well are users complying with license terms?

The ability to answer questions like these is essential for identifying revenue loss and driving revenue recovery efforts. Today, as issues such as software piracy-as-a-service grow and as technology companies look for ways to strengthen their budgets in a volatile economy, reliance on software usage data can provide essential insights into where loss is occurring and how to stop it.

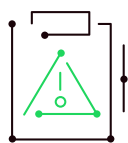
This final report in Revenera's 2022 Monetization Monitor series identifies trends in software piracy, overuse and misuse. It illustrates the importance of proactive, data-driven insights to help prevent future losses.



The greatest cause of revenue leakage (responsible for losses of more than 30% of revenue) is misuse.



The cause of revenue leakage with the greatest need for additional visibility is piracy; 36% of respondents don't know how much revenue they lose to it.



Software license compliance issues are significant causes of revenue leakage: 58% of respondents report leakage due to overuse, 51% of respondents report leakage due to misuse, and 47% of respondents report leakage due to piracy.

Revenera Monetization Monitor 2022 Series

This report is part of an annual series, first published in 2019, focusing on software piracy and compliance. The first report in the Revenera Monetization Monitor 2022 series addressed software monetization models and strategies; the second focused on software usage analytics. All reports are based on 261 responses to a global survey conducted by Revenera from mid-April through mid-July 2022.

Software Usage Data's Role in Piracy and Compliance Efforts

Awareness of Revenue Leakage

Tying software usage analytics to software license compliance efforts can shine a light on ways to reduce revenue leakage. This is achieved by pinpointing proactive and reactive methods to improve the identification and measurement of loss, then identify infringing organizations. Compliance initiatives built upon this information can generate licensing revenue opportunities.

Today, many suppliers don't have fundamental information about the scope of revenue leakage at the organization: 36% don't know how much annual revenue is lost to piracy, 32% don't know how much revenue is lost to overuse, and 33% don't know how much revenue is lost to misuse. **The greatest cause of revenue leakage, responsible for losses of more than 30% of revenue, is misuse.**

Suppliers don't know how much revenue they are losing to:



For companies that primarily rely on usage-based monetization models (consumption or metered) for more than 70% of their products, this lack of clarity disappears. None of the respondents relying on these models indicated that they can't track revenue leakage; instead, they have the insights that allow them to focus on refining their programs.

DEFINITIONS

Software usage analytics

is the process of tracking and analyzing how users engage with software. It provides:

- **Tracking**, which usually happens via a call-home system that collects raw data about user actions and computing environments,
- **Analysis**, through visualization dashboards that show data, identify trends, user behavior, differentiators across user segments, etc., and
- **Actionable insights**, facilitating context-relevant engagement with the software.

Unlicensed Use

- **Piracy**: the use of software that has been configured or tampered with to remove or bypass license enforcement.
- **Overuse**: the use of software exceeding the limits of the license.
- **Misuse**: the intentional configuration of the software to enable use beyond the limits of the license (e.g., cloning).

Problems Leading to Revenue Leakage

The problems that lead to revenue leakage are varied, related both to software monetization strategies and issues related to unlicensed usage. Ineffective licensing/pricing/packaging is tied with overuse as the most widespread problem, each reported by 58%. Other top problems contributing to revenue leakage include inefficient monetization models, misuse, customer churn, and piracy, each impacting around half of respondents.

Equally concerning are those who don't have the insights to be sure if these issues are problematic. For example, overuse appears to be a growing problem. This year 58% of respondents reported that it was a problem, up from 52% in 2021, but 12% say they are "not sure" if it is a problem or not. Suppliers, though, have even less clarity into other problems that contribute to revenue leakage.

Issues Reported to Cause Revenue Leakage

- 58%** Ineffective Licensing/Pricing/Packaging
- 58%** Overuse
- 54%** Inefficient Monetization Models
- 51%** Misuse
- 50%** Customer Churn
- 47%** Piracy
- 39%** Customers receiving updates that they are not entitled to receive

Software Compliance Issues a Significant Cause of Revenue Leakage



Revenue Recovery

Methods of Tracking Software Piracy, Overuse, or Misuse

Nearly a third (31%) of all respondents are unaware of the ways in which they're losing revenue to software piracy, overuse, or misuse. Others rely on a mix of information sources to provide clarity into the cause of this loss from unlicensed usage.

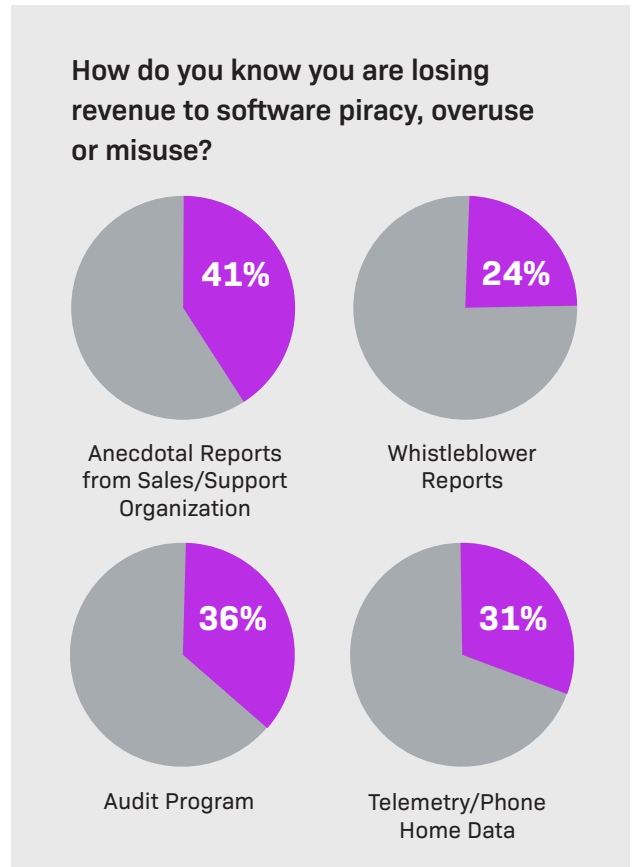
31% are unaware of the ways in which they're losing revenue to software, piracy, overuse, or misuse.


Implementing planned changes to monetization models requires data about software usage. Among respondents that are planning to change their monetization models in the coming two years, 63% cite the need to “eliminate revenue leakage” as a driver of that planned change; 60% are doing so to “tighten enforcement/compliance.”

For additional detail about why software suppliers are changing monetization models, read the first report in this year's series, *Revenera Monetization Monitor: Software Monetization Models and Strategies 2022*.

A crucial step toward reducing revenue leakage is to clearly demonstrate the product's value for the user, which can help fortify the customer relationship. Strengthening the alignment between price and value can reduce a user's desire to use software without a license.

Begin by providing insight into their actual usage. Customer insights into their actual usage are “a common customer request” for 24% of respondents. An additional 36% report that some customers ask for usage/ utilization data.



 **Top 20 Software License Misuse and Piracy Hotspots 2022**
[Learn more.](#)

The Bottom Line

Software piracy, overuse, and misuse can all lead to revenue leakage for software producers. Particularly at times of economic uncertainty, taking steps to strengthen compliance initiatives and drive revenue recovery initiatives is essential. Leveraging product usage data can help shore up losses—whether they're related to monetization strategies or to issues associated with unlicensed software usage—and secure license revenue.

Proactive software license compliance programs can help identify and measure loss, then drive informed decisions about how to improve licensing and monetization efforts. Mature software usage analytics programs can help minimize the financial impact of everything ranging from unintentional misuse to increasingly prevalent problems in today's cloud world, like piracy-as-a-service. Fortunately, identifying piracy and compliance issues provides opportunities to resolve business gaps.

NEXT STEPS

Learn how Revenera can help you protect your applications, manage compliance, understand customer needs and drive recurring revenue.

[LEARN MORE >](#)

Don't miss the other reports in the *Revenera Monetization Monitor 2022* series:

- Software Monetization Models and Strategies***
- Software Usage Analytics***

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Survey Background

The *Revenera Monetization Monitor: Software Piracy and Compliance 2022* report is based on 261 responses to a survey conducted by Revenera from mid-April through mid-July 2022. This research project looks at software producers' software business models, pricing, usage and transparency. Due to rounding, percentages may not always appear to add up to 100%. Additional details on survey demographics may be found in the first two reports in the series noted below.

Revenera helps product executives build better products, accelerate time to value and monetize what matters. Revenera's leading solutions help software and technology companies drive top line revenue with modern software monetization, understand usage and compliance with software usage analytics, empower the use of open source with software composition analysis and deliver an excellent user experience—for embedded, on-premises, cloud and SaaS products. To learn more, visit www.revenera.com