



# SoftSummit™ 2015

## Software Monetization Maturity Model

Unlocking Growth, Scalability  
and Customer Empowerment

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# Software Monetization Maturity Model Overview

- **What is a “Maturity Model?”**
  - Framework to assess maturity level of U.S. Department of Defense providers
  - Significantly expanded to many topics
- **What is the Software Monetization Maturity Model?**
  - Model of how to maximize software revenue while increasing customer satisfaction
- **Why did we build it?**
  - Prospects & customers asking for guidance
- **How can you leverage the maturity model?**
  - Paint a vision of the optimal/best practices area
  - Provide a model to assess your own expertise
  - Define a plan to increasing process automation and business value

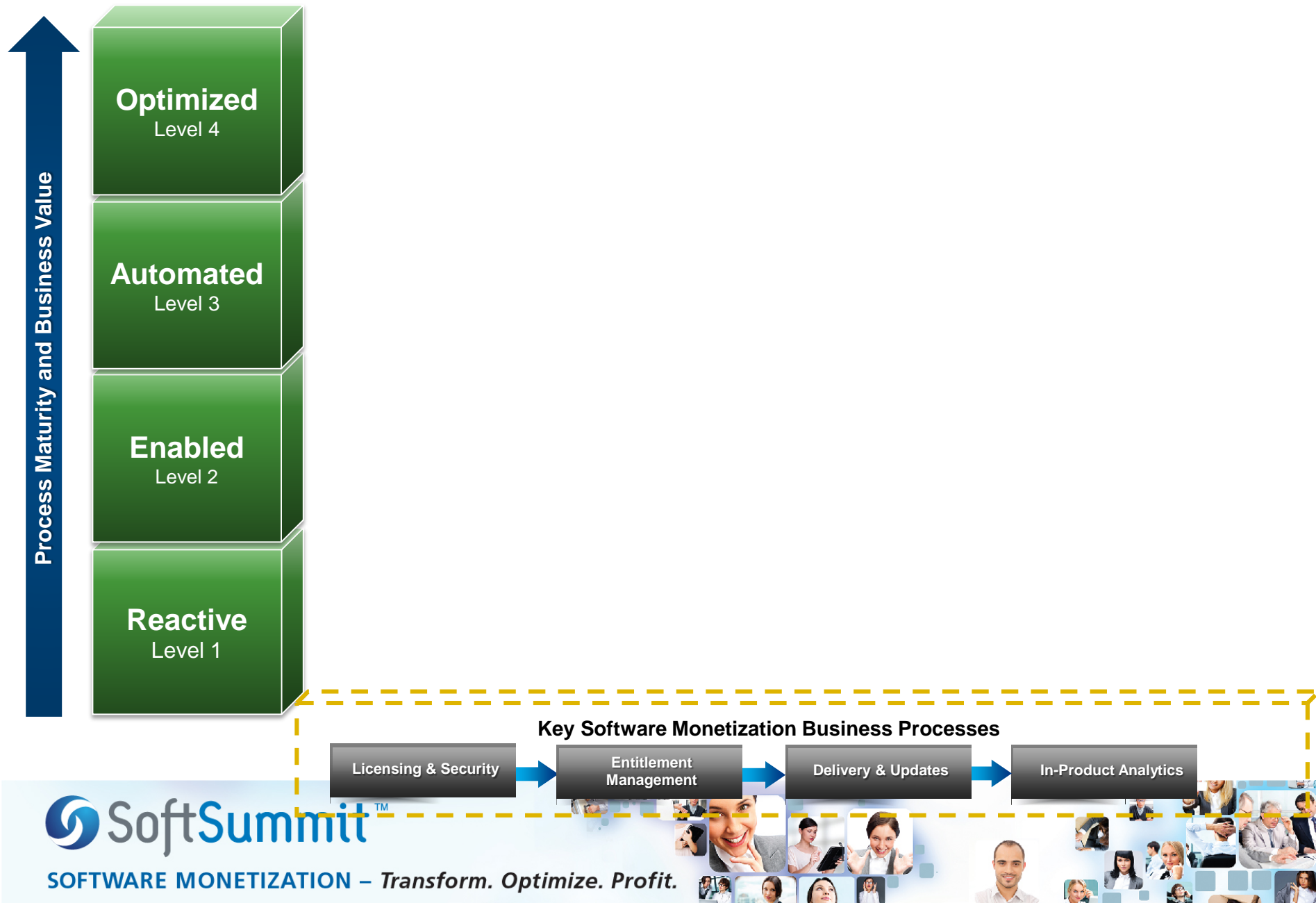


**SOFTWARE MONETIZATION – Transform. Optimize. Profit.**



# Software Monetization Maturity Model

*From Reactive to Optimized*



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*From Reactive to Optimized*

Process Maturity and Business Value

**Reactive**  
Level 1

**Are our applications protected and are we centrally managing entitlements?**

Realization of the need for licensing and entitlement management capabilities with limited use of licensing and piracy protection technology. Exploring options for managing entitlements (mostly manual), starting to move away from physical delivery of software and updates.

**Key Software Monetization Business Processes**

Licensing & Security

Entitlement Management

Delivery & Updates

In-Product Analytics



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Process Maturity and Business Value

**Enabled**  
Level 2

**Are we using standard licensing, software delivery and update processes across all products?**

Licensing is generated against entitlement rights with limited customer self-service to reduce piracy, improve compliance and enable monetization of capabilities. Electronic delivery of software/updates are not enforced based on entitlement rights. Limited visibility into product version use information.

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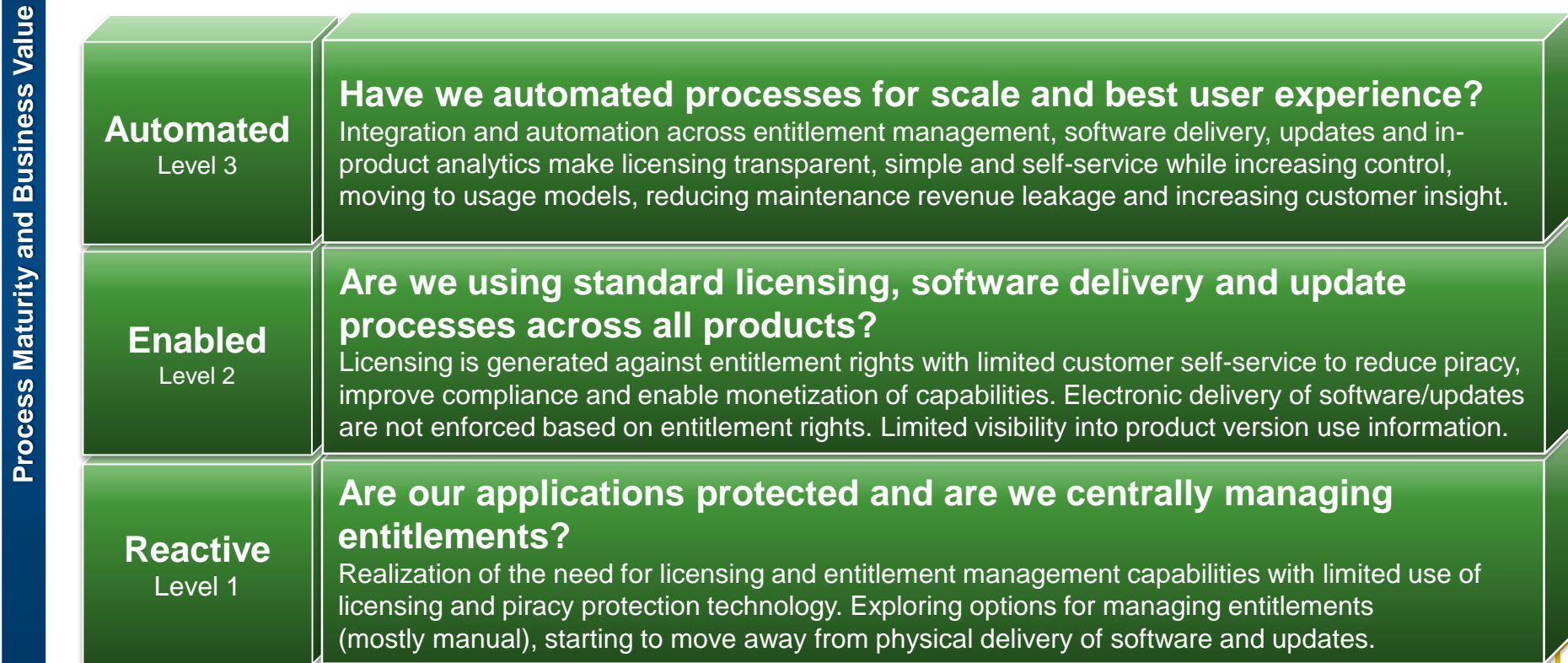


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## Key Software Monetization Business Processes



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## Key Software Monetization Business Processes



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# Software Monetization Maturity Model

## Business Outcomes at Each Level

Process Maturity and Business Value	Licensing/Security		Entitlement Management	Delivery & Updates	In-Product Analytics
	Optimized Level 4	<ul style="list-style-type: none"> <li>Recurring and optimized revenue streams are easily adaptable across markets</li> <li>Continuous management of software compliance with complete transparency between vendors &amp; customers</li> <li>Monetizing application use anytime, anywhere</li> </ul>	<ul style="list-style-type: none"> <li>Optimized monetization through value-added services</li> <li>Recurring revenue streams with best-in-class renewal rates and customer loyalty</li> <li>Increased market reach with channel empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Highest level of customer satisfaction with optimal delivery performance</li> <li>Reduced costs with optimized software delivery</li> </ul>	<ul style="list-style-type: none"> <li>New revenue from value-added services</li> <li>Optimization of R&amp;D spend through detailed in-product analytics</li> <li>Highest customer satisfaction from additional services – predictive support</li> </ul>
	Automated Level 3	<ul style="list-style-type: none"> <li>Improved process automation for license lifecycle mgmt</li> <li>Improved customer experience by automating license lifecycle mgmt. (rehosts, renewals)</li> <li>Improved monetization, protection and security</li> <li>Minimized out of compliance in all environments (including virtual machines)</li> </ul>	<ul style="list-style-type: none"> <li>Increased customer satisfaction due to self-service &amp; self-mgmt</li> <li>Improved product/order time to market via integration &amp; automation</li> <li>Mining of the install base to identify opportunities for upsell &amp; cross sell</li> </ul>	<ul style="list-style-type: none"> <li>Improved security by automated updates</li> <li>Thwart maintenance /upgrade revenue leakage by preventing update/upgrade sharing</li> <li>Improved operational efficiency from automated downloads/updates</li> </ul>	<ul style="list-style-type: none"> <li>Data-driven roadmap decisions from in-product use insight</li> <li>Efficient support from device profile data</li> <li>Reduce/justify QA and development cost based on device profile information</li> </ul>
	Enabled Level 2	<ul style="list-style-type: none"> <li>Reduced revenue leakage from software license overuse</li> <li>Reduced time to market with license technology standards</li> <li>Easily introduce new product packaging, licensing &amp; pricing models for new market segments and changing needs</li> </ul>	<ul style="list-style-type: none"> <li>Revenue from better entitlement visibility</li> <li>Cost savings from automation of entitlement processes &amp; self-service</li> <li>Improved channel support &amp; visibility to increase revenue &amp; provide better customer service</li> </ul>	<ul style="list-style-type: none"> <li>Improved customer satisfaction with insight into entitled downloads</li> <li>Revenue from reduced unauthorized downloads</li> <li>Improved customer satisfaction by automating delivery of hot fixes</li> </ul>	<ul style="list-style-type: none"> <li>Modify roadmaps/products based on product version adoption</li> <li>Increased renewals &amp; upgrade revenue by directly communicating with customers</li> </ul>
	Reactive Level 1	<ul style="list-style-type: none"> <li>Realization that software protection and licensing is needed to prevent piracy and monetize in new ways to grow the business</li> </ul>	<ul style="list-style-type: none"> <li>Recognition that manually managing who is entitled to what impacts customer experience and inhibits revenue growth</li> </ul>	<ul style="list-style-type: none"> <li>Understand physical software delivery and customers using FTP sites for software is costly and inconvenient</li> </ul>	<ul style="list-style-type: none"> <li>Product decisions made with little or no insight into how or what product versions/features are used</li> </ul>



# Software Monetization Maturity Model

## *Demonstrated Competencies at Each Level*

	LICENSING & SECURITY	ENTITLEMENT MANAGEMENT	DELIVERY & UPDATES	IN-PRODUCT ANALYTICS
<b>Optimized</b> Level 4	<ul style="list-style-type: none"> <li>Support for all license enforcement and usage models, including: subscription, metered down, pay-for use to address customer needs</li> <li>Real-time monitoring and reporting on application usage</li> <li>Device &amp;/or user authentication to enforce subscription model</li> <li>Report &amp; monetize usage in virtual machine cloning environments</li> <li>Anywhere, Anytime Computing</li> </ul>	<ul style="list-style-type: none"> <li>Ability to scale quickly to enable value added services—enterprise license agreements, entitlement data analytics, renewal automation, eCommerce/billing</li> <li>Upgrades completely under enterprise control</li> <li>Rules-driven entitlement management auto-determines entitlement changes upon acceptance of “version upgrade” flow</li> <li>Empower channel partners to manage on behalf of customer to provide excellent customer service</li> <li>Ensure product activation conforms to device profile</li> </ul>	<ul style="list-style-type: none"> <li>Electronic software delivery is integrated with a CDN, CRM, ERP, PLM and other agile systems for process automation</li> <li>Download multiple files simultaneously; multi-threaded downloads; ability to pause, resume &amp; recover from lost connections or crashes</li> <li>Customizable export control based on country of download origin</li> <li>Analytics to understand user habits and to make better decisions</li> </ul>	<ul style="list-style-type: none"> <li>Automated collection of unstructured data for analysis, product insight &amp; better decisions</li> <li>Both snapshot and historically data points enables extensive reporting, complete in-product analytics and more informed roadmap discussions</li> <li>Proactive support, perform remote diagnostics, send alerts, detect potential failures before they happen and execute scripts on remote devices</li> </ul>
<b>Automated</b> Level 3	<ul style="list-style-type: none"> <li>Multiple monetization models to meet customer demands—counted, served, distributed with a movement towards usage-based &amp; overage models, collects usage in disconnected environments, enforcement based on geography</li> <li>Integrated back-office with end-to-end license management to support a licensing ecosystem</li> <li>Licenses are managed on-premises &amp;/or in the cloud</li> <li>Call home to activate &amp; update licenses to back-office &amp; report usage to cloud licensing server</li> <li>Enforcement based on upgrade eligibility</li> <li>Provide secure communication; detect &amp; report usage to recover lost revenue</li> <li>Detect virtual machine cloning in disconnected environment to minimize out of compliance/overuse</li> </ul>	<ul style="list-style-type: none"> <li>Automated management of entitlement rights with bi-directional ecosystem (ERP, CRM, CPQ, SAM) integration, license lifecycle policy management &amp; enforcement to get an always accurate view of entitlements and activations</li> <li>Automated &amp; integrated order-to-entitle process for up-sells, version upgrades &amp; administering downgrade rights</li> <li>Auto-availability &amp; notification of upgrades if on maintenance</li> <li>Support customer/ entitlement hierarchy &amp; allocation</li> <li>Customer and channel (VARs, distributors, LARs &amp; OEMs) self-service managing entitlement lifecycle; compliance reporting</li> </ul>	<ul style="list-style-type: none"> <li>Electronic software delivery is fully embraced and is entitlement-based</li> <li>File upload process is automated but often requires manual intervention</li> <li>Upgrade notifications and download links are sent to customers as they are using the product</li> <li>Automated export control at time of download</li> <li>Access and insight into download activity and reports; can see what version the customer is entitled to but not what is installed</li> </ul>	<ul style="list-style-type: none"> <li>Automated collection of data – demographic, event-specific, device profile – as well as specific features—based on a snapshot in time; not ongoing</li> <li>Reporting and views into how and how much product is being used</li> <li>Able to send in-application messages to users as they are using the product, not targeted by user segments</li> <li>Able to support customer with limited installed base information</li> <li>No remote diagnostics</li> </ul>
<b>Enabled</b> Level 2	<ul style="list-style-type: none"> <li>Standardize on licensing approach to achieve common experience and reduce costs</li> <li>Monetize parts of the application, add sharing concepts to reduce shelf-ware, use floating/ concurrent and subscription/termed licensing</li> <li>Centrally manage licenses via an on-premises license server—available 24/7 and disconnected environments (no internet connection)</li> <li>License enforced based on device fingerprint to prevent installing on multiple devices, use cryptography to minimize license tampering, application security detects tampering and stops running to minimize piracy</li> <li>Detect &amp; deny running in virtual environments using on-premises license server or external dongle to prevent overuse/out of compliance</li> </ul>	<ul style="list-style-type: none"> <li>Semi-automated management of entitlement rights with limited customer views &amp; self-service, customer can view entitlements &amp; generate licenses, feeds to ERP/CRM/ eCommerce</li> <li>Entitlements for version &amp; edition upgrades are handled outside of entitlement management system</li> <li>Channel support for bulk entitlements &amp; stocking orders, view entitlements</li> </ul>	<ul style="list-style-type: none"> <li>Support both physical and electronic delivery of software</li> <li>Customers have to find upgrades/updates on their own</li> <li>Software delivery is through a customer portal</li> <li>May use a FTP (File Transfer Protocol) or CDN (Content Delivery Network) to speed downloads</li> <li>Export control in the contract and at time of order processing, not at time of download</li> <li>No tracking or access to download activity or reports</li> </ul>	<ul style="list-style-type: none"> <li>Automated collection of version in use</li> <li>Can validate that software has been installed</li> <li>Targeted in-application messages to users when using the product</li> </ul>
<b>Reactive</b> Level 1	<ul style="list-style-type: none"> <li>Simple on/off licenses – use non-unique, non-machine-specific serial #s or other with limited or no enforcement</li> <li>License is not tied to a specific device</li> <li>Offers no protection against installing on multiple devices using same license or reverse engineering</li> <li>Uses serial number to unlock without any protection against generic key generator</li> <li>No virtualization awareness or protection from overuse</li> </ul>	<ul style="list-style-type: none"> <li>Manual, spreadsheet or no system used to track entitlement rights</li> <li>No tracking of who owns which version of software</li> <li>Customers &amp; channel partners can not see or access entitlements</li> <li>Support call center hit with “licensing” issues</li> </ul>	<ul style="list-style-type: none"> <li>Physical delivery of software and updates via DVD</li> <li>Physical distribution of upgrades</li> <li>Manual export control of software to meet compliance regulations</li> </ul>	<ul style="list-style-type: none"> <li>No automated collection of product use information – i.e. # of users, versions in use, upgrade patterns, OS used, etc.</li> <li>Manual collection of product use information via customer interactions and support leads to incomplete or inaccurate information</li> </ul>

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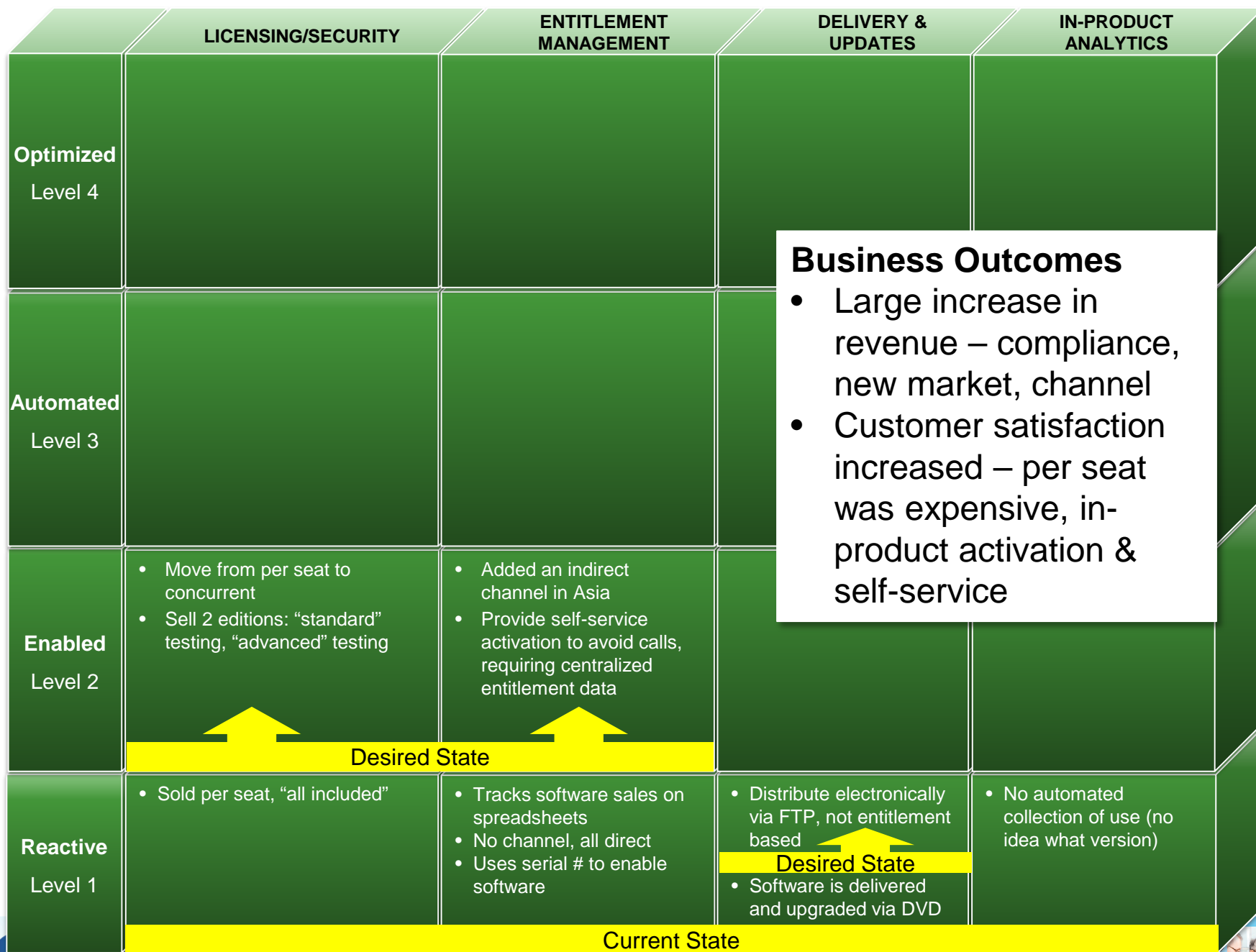
# Customer Success Story

- Sold testing software to software producers
- Struggled with manual processes and inflexible business models in the “reactive” maturity level
  - Sold per seat, “all included”
  - Uses serial # to enable software
  - Tracks software sales on spreadsheets
  - No channel, all direct
  - Software is delivered and upgraded via DVD
  - No automated collection of use (no idea what version)
- Established goals to improve their business operations and move from “reactive” to “enabled”
- Improvements resulted in large revenue increases and improved customer satisfaction



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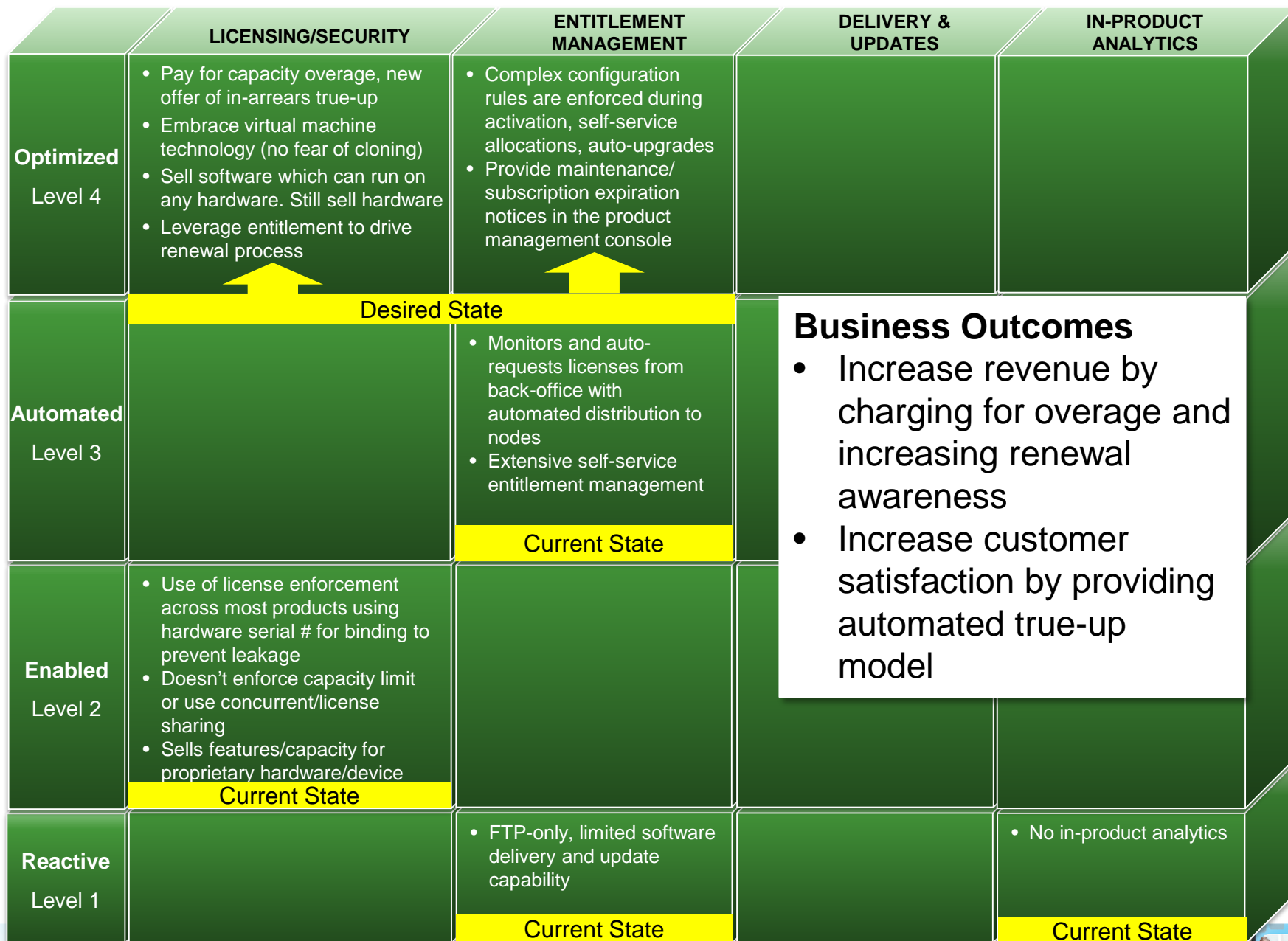
# Customer Success Story

- Manufacturer of telecom devices
- Focus shift from hardware + software to software + hardware
- Some business processes automated, others struggled (some “reactive,” some “automated”)
  - Didn’t enforce capacity limit, no support for concurrent/license sharing
  - FTP-only, limited software delivery and update capability
  - No in-product analytics
- Established goals to improve their business operations improve processes
- Improvements resulted in revenue increases (charging for overages, increased renewal awareness) and increased customer satisfaction via usage transparency



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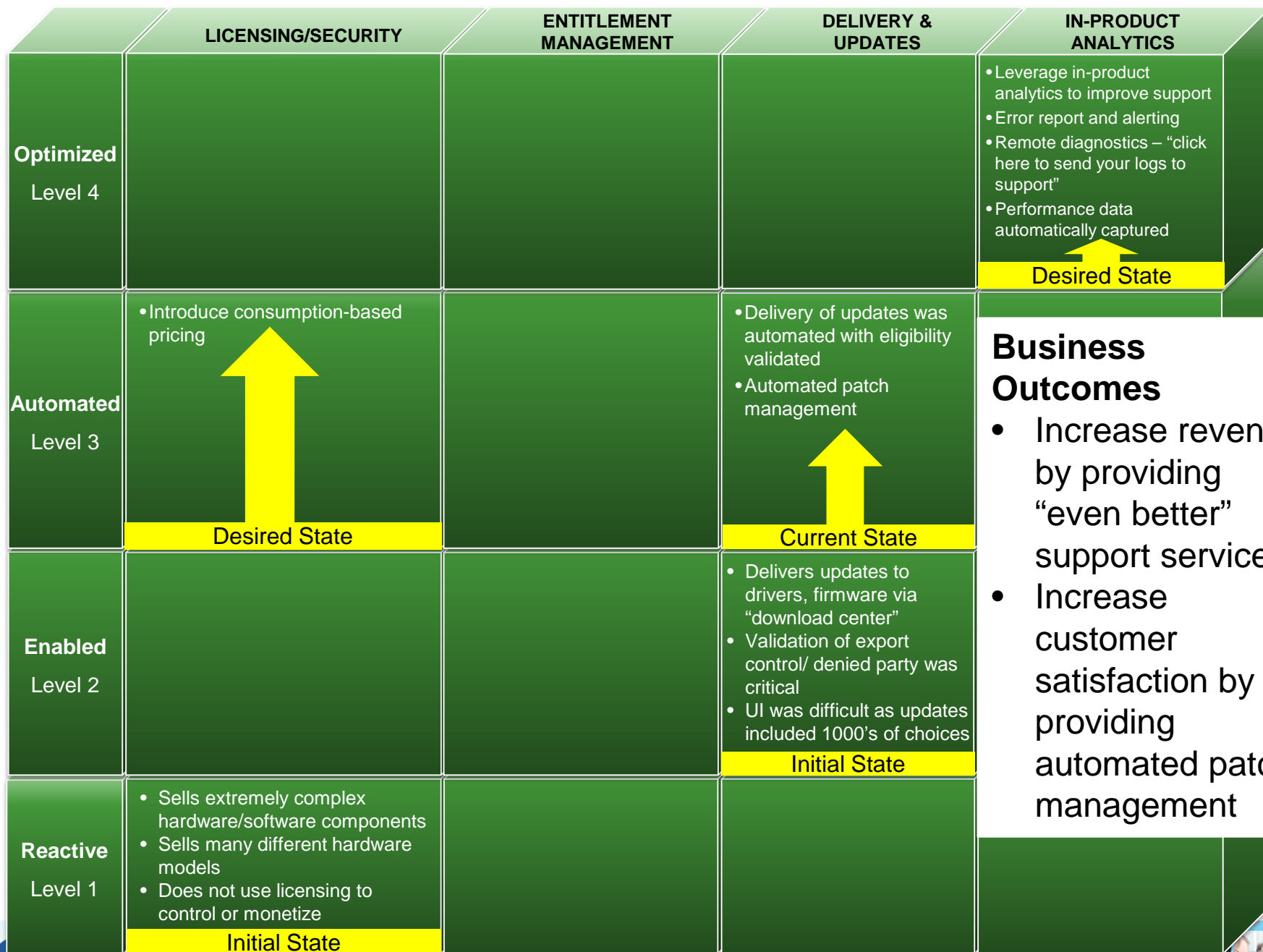
# Customer Success Story

- Integrated infrastructure provider – “infrastructure in a box”
- Struggled with monetizing product offerings without a software license structure in place along with thousands of product update bundles kept them in the “reactive” and “enabled” maturity levels
- Established goals to improve their business operations and move from “reactive” to “enabled”
- Improvements resulted in increased revenue from “even better” support services
- Increased customer satisfaction and reduced support calls with automated patch management

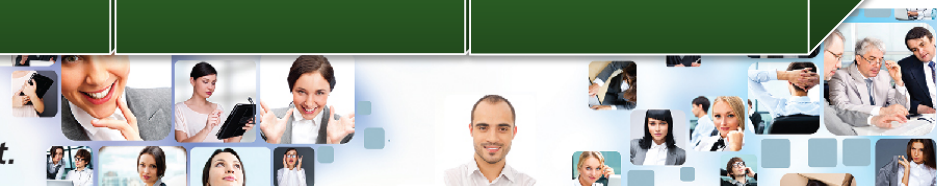


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# In Summary

- The maturity model is a tool to assess and increase Software Monetization business value
- Build a roadmap to greater value
  1. Define business goals
  2. Identify required business outcomes to achieve goals
  3. Map Software Monetization capabilities necessary to product business outcomes
  4. Develop plan to achieve required capabilities



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# Let's Keep in Touch!



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