# **SoftSummit**<sup>™</sup>2015

# Software Monetization Maturity Model

How to Get Your Organization to the Next Level

Mathieu Baissac Vice President Product Management Flexera Software



## Software Monetization Maturity Model Overview

### What is a Maturity Model?

- Framework to assess maturity level of US DOD 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

## Why do you care?

- Paint a vision of the optimal/best practices area
- Provide a model to assess your own expertise
- Chart a path forward



From Reactive to Optimized



Entitlement

Management

**Delivery & Updates** 

In-Product Analytics

From Reactive to Optimized

Reactive

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** 

In-Product Analytics



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SOFTWARE: Catalyst for Change

From Reactive to Optimized

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.	
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.	
	Licensing &Security	

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**SOFTWARE:** Catalyst for Change

From Reactive to Optimized

#### Have we automated processes for scale and best user experience? **Automated** Integration and automation across entitlement management, software delivery, updates and in-Level 3 product analytics make licensing transparent, simple and self-service while increasing control, moving to usage models, reducing maintenance revenue leakage and increasing customer insight. Are we using standard licensing, software delivery and update processes across all products? Enabled Licensing is generated against entitlement rights with limited customer self-service to reduce piracy, Level 2 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. Are our applications protected and are we centrally managing entitlements? Reactive Realization of the need for licensing and entitlement management capabilities with limited use of Level 1 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 **Delivery & Updates** In-Product Analytics Management **∮**SoftSummit<sup>™</sup>

**SOFTWARE:** Catalyst for Change

From Reactive to Optimized

	Optimized Level 4	Are we optimized for growth, scalability and customer empowerment? Software is optimized to orchestrate agility, scalability and visibility to empower rapid adoption of new business and supply chain models and the subscription economy. Licensing, in-product use and entitlement data leveraged to provide value-added services to drive recurring revenue streams.
	Automated Level 3	Have we automated processes for scale and best user experience? Integration and automation across entitlement management, software delivery, updates and in- product analytics make licensing transparent, simple and self-service while increasing control, moving to usage models, reducing maintenance revenue leakage and increasing customer insight.
	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.
	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
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Business Outcomes at Each Level

		LICENSING & SECURITY	ENTITLEMENT MANAGEMENT	DELIVERY & UPDATES	IN-PRODUCT ANALYTICS	
	<b>Optimized</b> Level 4	<ul> <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> <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> <li>Highest level of customer satisfaction with optimal delivery performance</li> <li>Reduced costs with optimized software delivery</li> </ul>	<ul> <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> <li>Improved process automation for license lifecycle mgmt</li> <li>Improved customer experience by automating license lifecycle mgmt. (rehosts, renews)</li> <li>Improved monetization, protection and security</li> <li>Minimized out of compliance in all environments (including virtual machines)</li> </ul>	<ul> <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> <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> <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> <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> <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> <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> <li>Modify roadmaps/ products based on product version adoption</li> <li>Increased renewals &amp; upgrade revenue by directly communicating with customers</li> </ul>	
	<b>Reactive</b> Level 1	<ul> <li>Realization that software protection and licensing is needed to prevent piracy and monetize in new ways to grow the business</li> </ul>	Recognition that manually managing who is entitled to what impacts customer experience and inhibits revenue growth	Understand physical software delivery and customers using FTP sites for software is costly and inconvenient	<ul> <li>Product decisions made with little or no insight into how or what product versions/ features are used</li> </ul>	

## Example: Testing Software Company



Current State Level 1 Reactive	<ul> <li>Sold per seat, "all included"</li> <li>Uses serial # to enable software</li> <li>Tracks software sales on spreadsheets</li> <li>No channel, all direct</li> <li>Software is delivered and upgraded via DVD</li> <li>No automated collection of use (no idea what version)</li> </ul>
Desired State 6-12 Months Level 1 to 2 Reactive Enabled	<ul> <li>Move from per seat to concurrent</li> <li>Sell 2 editions: "standard" testing, "advanced" testing</li> <li>Added an indirect channel in Asia</li> <li>Provide a self-service activation to avoid calls, requiring centralized entitlement data</li> <li>Distribute electronically via FTP, not entitlement based</li> <li>No automated collection of use</li> </ul>
Business Outcomes	<ul> <li>Large increase in revenue – compliance, new market, channel</li> <li>Customer satisfaction increased – per seat was expensive, in-product activation &amp; self-service</li> </ul>



## Example: Telecom Device Manufacturer



Current State Levels 1, 2, 3 Reactive Enabled Automated	<ul> <li>Sells features/capacity for proprietary hardware/devices (level 2)</li> <li>Use of license enforcement across most products using hardware serial <i>#</i> for binding to prevent leakage</li> <li>Doesn't enforce capacity limit &amp; does not use concurrent/license sharing</li> <li>Integrated product management console into back-office (level 3)</li> <li>Monitors and auto-requests licenses from back-office with automated distribution to nodes</li> <li>Extensive self-service entitlement management (level 4)</li> <li>Complex configuration rules are enforced during activation, self-service allocations, auto-upgrades</li> <li>FTP-only, limited software delivery and update capability (level 2)</li> <li>No in-product analytics (level 1)</li> </ul>
Desired State Levels 1, 3, 4 Reactive Enabled Optimized	<ul> <li>Sell software which can run on any hardware. Still sell hardware (level 4)</li> <li>Pay for capacity overage, new offer of in-arrears true-up</li> <li>Embrace virtual machine technology (no fear of cloning)</li> <li>Leverage entitlement to drive renewal process (level 4)</li> <li>Provide maintenance/subscription expiration notices in the product management console</li> </ul>
Business Outcomes	<ul> <li>Increase revenue by charging for overage and increasing renewal awareness</li> <li>Increase customer satisfaction by providing automated true-up model</li> </ul>



## **Example: Integrated Infrastructure Provider**



Initial State Levels 1, 2 Reactive Enabled	<ul> <li>Sells extremely complex hardware/software components ("infrastructure in a box") (level 1)</li> <li>Sells many different hardware models</li> <li>Does not use licensing to control or monetize</li> <li>Delivers updates to drivers, firmware, etc. via a "download center" (level 2)</li> <li>Validation of export control/ denied party was critical</li> <li>UI was difficult as updates included 1000's of choices</li> </ul>
Current State Levels 1, 2, 3 Reactive Enabled Automated	<ul> <li>Delivery of updates was automated with eligibility validated (level 3)</li> <li>Automated patch management</li> </ul>
Desired State Levels 3, 4 Enabled Optimized	<ul> <li>Introduce consumption-based pricing (level 3)</li> <li>Leverage in-product analytics to improve support (level 4)</li> <li>Error report and alerting</li> <li>Remote diagnostics – "click here to send your logs to support"</li> <li>Performance data automatically captured</li> </ul>
Business Outcomes	<ul> <li>Increase revenue by providing "even better" support services</li> <li>Increase customer satisfaction by providing automated patch management</li> </ul>

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## In Summary

- Key Takeaways
  - Paint a vision of the optimal/best practices area
  - Provide a model to assess your own state
  - Chart a path forward
- Now go use this to help your organization



## Let's Keep in Touch!





+1 847 660 9631



@flexerasoftware



linkedin.com/in/mbaissac



blogs.flexerasoftware.com/ECM/

