Harmonic - Lessons Learned!
Observations, Tips and Tricks

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SAN JOSE

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INSIGHT DRIVING INNOVATION

A CUSTOMER PERSPECTIVE: HARMONIC

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Harmonic IS the leader

Harmonic is the leader

Production & Playout	Primary Distribution	Content & Service Delivery	Multi-screen	#1 in Multiscreen
			Cable Edge	FROST & SULLIVAN Oct. 2013
#1 in Broadcast Playout Servers	#1 in Pay TV Encoders	#1 in IPTV Headends	#1 in Cable EdgeQAMs	
FROST & SULLIVAN October 2012	FROST & SULLIVAN August 2012	media research group November 2012	INFONETICS RESEARCH February 2013	

My background

- Several years in Finance
  - Sun Microsystems
- Several years in Manufacturing as a Program Manager
  - Successfully brought many hardware and software products to market
    - Sun Microsystems
    - Harmonic
- Now in Marketing as the Licensing Product Manager
  - Licensing for the last 4 years
    - Harmonic

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Licensing at Harmonic

- Several home grown legacy systems dying a slow death
- All future products standardizing on Flexera
    - Currently close to 3 Million licenses in Flexera
    - License both hardware and software
    - Perpetual model
        - Investigated the cloud and pay-per-use

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Licensing is not your core competency

- The world of licensing changes too fast. Faster than you can change your homegrown system
    - For example:
        - Cloud
        - Virtualization
        - Mergers/Acquisitions

- You have limited resources
- You have short time-to-market
- You have your reputation (internal and external) at stake

Don't take your eye off the ball! Focus your resources on generating revenue. Let someone who makes licensing their business handle this for you.

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Terminology can mess you up!

- A Licensing Team needs to be able to communicate amongst themselves and with your vendor
  - Terminology can be a challenge

At Harmonic we thought we could speak "Licensing." However even when we said the EXACT SAME WORDS will still misunderstood each other:

> *We said, "the cat is blue".*

> *They said, "the cat is blue".*

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Licensing probably is not about security!

- Many people think the function of licensing is to stop someone from stealing your intellectual property
  - Most of your customers don't operate this way
    - Why force 90% of your customer to endure tight security procedures?
  - Some security will stop most of the remaining 10%
    - The majority of customers that are violating your licensing agreements are just trying to solve a problem quickly and easily
    - Some security makes it a bigger problem to circumvent than it is worth

Employ only enough security to protect your revenue stream

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Licensing Project Setup and Management

- Licensing is one of the very few projects that span R&D and IT.
  - Customer facing application
  - Back office billing and tracking
  - Manufacturing, returns, demo licenses

  Project Management and ownership can be confused and uncertain

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What makes a great licensing system?

- The answer is easy: it is the one you don't hear about

No one buys your product because you have a great licensing system. They will however NOT buy your product if your licensing system doesn't work.

No one will say to you, "Wow you have a great licensing system." The only time you hear about a licensing system is when there is a problem.

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Change your business process not your licensing system

- This applies to ANY system you have (GL, ERP, payroll, etc.)
  - In the long run it is far cheaper and more efficient to change your processes to match your systems

  Otherwise you will spend your resources on maintaining your system. This is not a good return on investment. Your precious resources should be spent on generating income!

Licensing can be a long term commitment

- Knee-jerk decisions can have long term impacts
  - Frequent changes to your licensing system can be VERY disruptive to your customers.

Keep in mind that licensing is a customer facing application. Therefore you must manage its evolution such that it is not disruptive.

Licensing is a PRODUCT not a PROJECT

- Although licensing impacts both R&D and IT it must maintain a customer focus.
  - Licensing generates revenue
  - Licensing should go through the same level of testing and revision control that you use on your products – not the methodology used to manage and track your IT projects.
  - Licensing bugs and customer issues should be tracked just like any other product

  Remember your licensing system is a representative of your company. If it operates poorly or looks disorganized your customers will have the same perspective of the rest of your company.

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A skilled Licensing Team can make a difference

- Like any software implementation having a skilled cross-functional project team can be very helpful
    - R&D
    - IT
    - Customer Service
    - Order Entry
    - Product Marketing
    - Manufacturing

- Cross-functional teams think about cross-functional issues:
    - Customer returns for credit
    - Field support issues
    - Customer access to demo licenses
    - Customer migration from the legacy licensing system

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I have lots of helpers

- Everyone is an expert at licensing and they give me many suggestions on how to *improve* licensing.
- However few have thought through the process sufficiently to be able to provide much insight

- For us, we install the license in the factory (no licensing required!)
- Our licenses provide extra value to our customers because we allow them to repurpose them.
- We have two distinct licensing customers:
  - Those that license lots of products and move the licenses around
  - Those that license few products and don't change the licenses once they are installed

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Our Licensing *Big Rules* and our Roadmap

- Licensing should never cause a product outage or extend a service window
  - Licensing Grace Period
  - Lock the feature set but not allow changes
  - Issue warnings to the customer
- From the customer perspective licensing is a non-value added activity. Therefore it must be as simply as possible.
  - Device will license itself
  - License Pool Server
- Licenses should be delivered to the customer within 24 hours

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QUESTIONS?

COMMENTS?

SUGGESTIONS?

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THANK YOU!

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