



Just-In-Time Licensing

How new business models are changing Pricing & Licensing

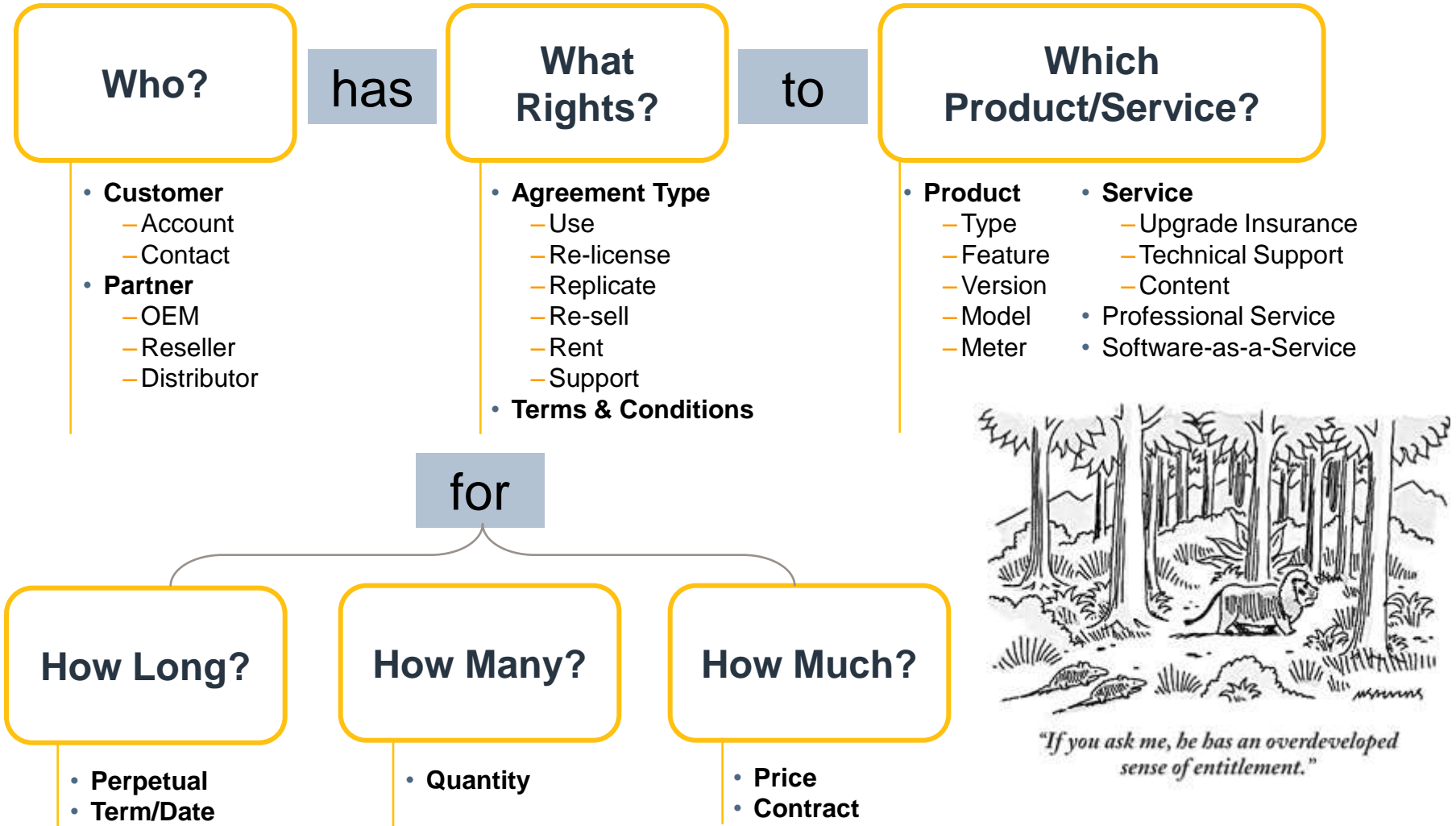
Timothy Willey

Senior Director

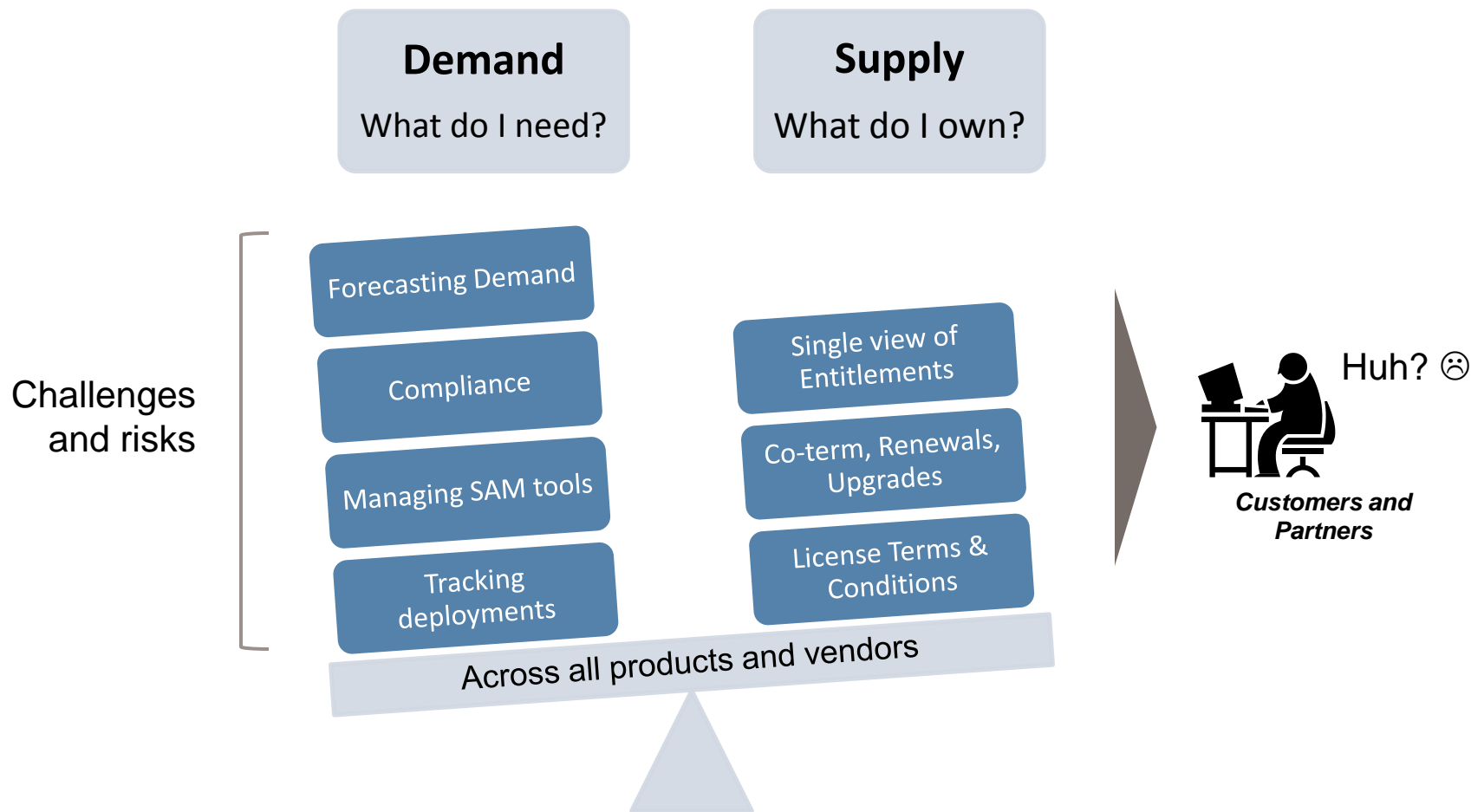
Office of Pricing and Licensing

Forward-looking Statements: Any forward-looking indication of plans for products or programs is preliminary and all future release or delivery dates are tentative and are subject to change. Any future program plans, or release of a product or planned modifications to product capability, functionality, or feature are subject to ongoing evaluation by Symantec, and may or may not be implemented and should not be considered firm commitments by Symantec and should not be relied upon in making program participation or product purchasing decisions.

What Is An Entitlement?



Managing Software Entitlements today is as simple as balancing Demand with Supply...



Are the heart of these issues is the concept of the Software Business Model...

The Software Business Model

\$\$\$

=

Revenue

-

Costs

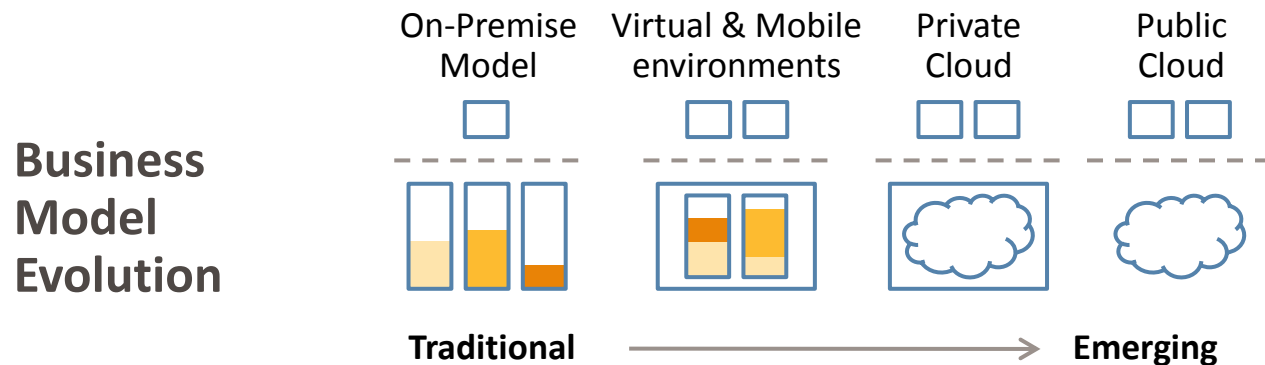
Value Proposition

- 1 *Segment Needs*
- 2 *Competitive Offering*
- 3 *Pricing & Licensing*

Delivery Model

- 4 *Sales Channel*
- 5 *Service Delivery*
- 6 *Support Model*

This Business model is changing rapidly, adding to the list of challenges for Pricing & Licensing



Impact for Pricing & Licensing

Revenue Drivers	Segment Needs	<i>On-premise software</i>	<i>Multi-device services</i>
	Offering	<i>License + Maintenance</i>	<i>Hosted Solutions</i>
	Pricing & Licensing	<i>Perpetual + Renewals</i>	<i>Subscription + Usage</i>
Cost Drivers	Channel Model	<i>Direct + 2-tier</i>	<i>Direct + Multi-tier + MSP</i>
	Delivery Model	<i>On-premise</i>	<i>In the Cloud</i>
	Support Model	<i>Reactive</i>	<i>In product and proactive</i>

Margin focus

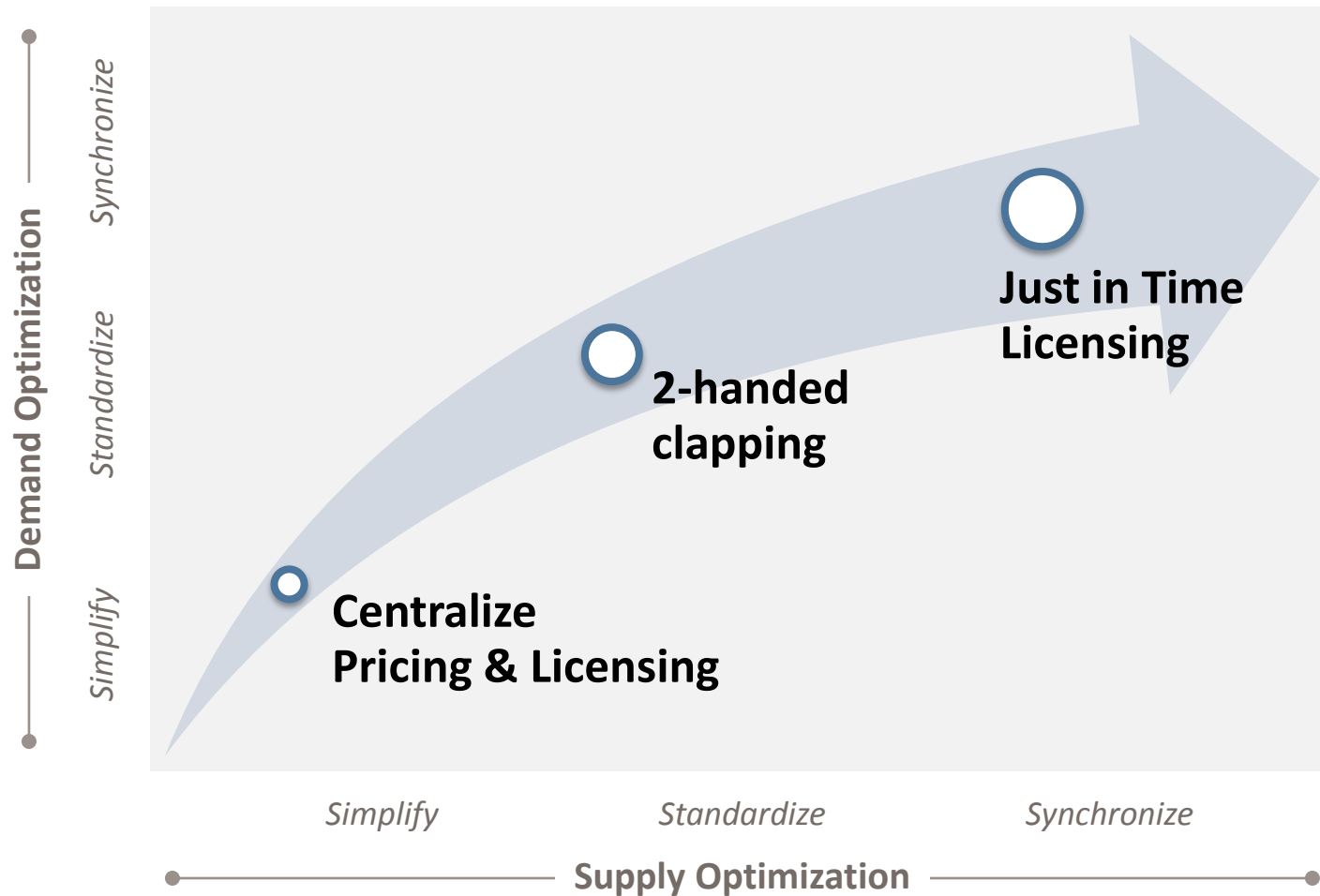
More Complexity

More SKUs

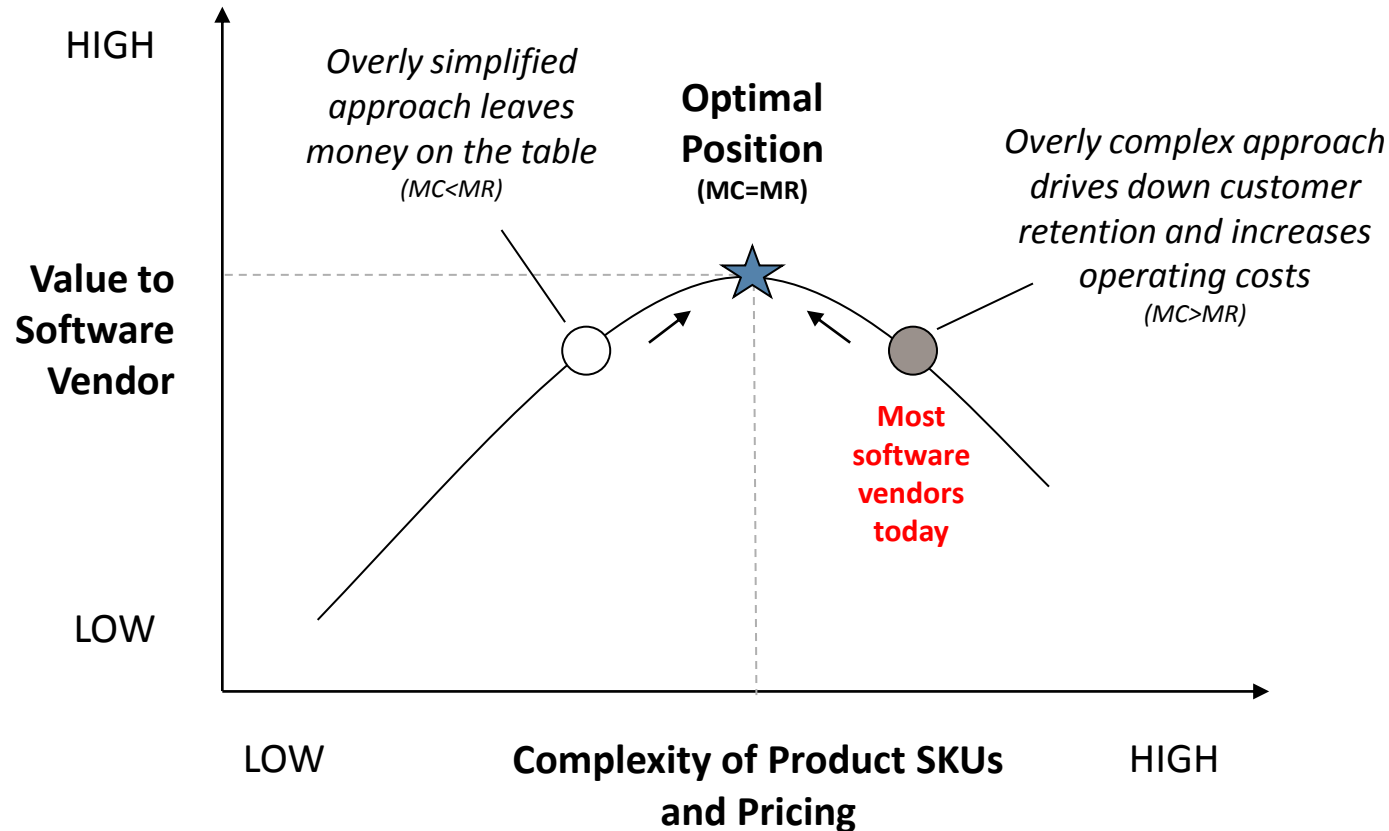
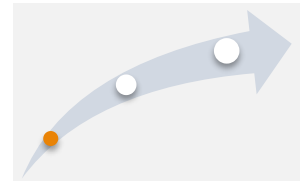
Less time



There are 3 stages to addressing these challenges



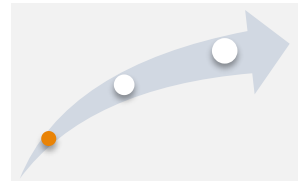
The starting point is to realize that in most instances “less is more”



MC = Marginal Cost

MR = Marginal Revenue

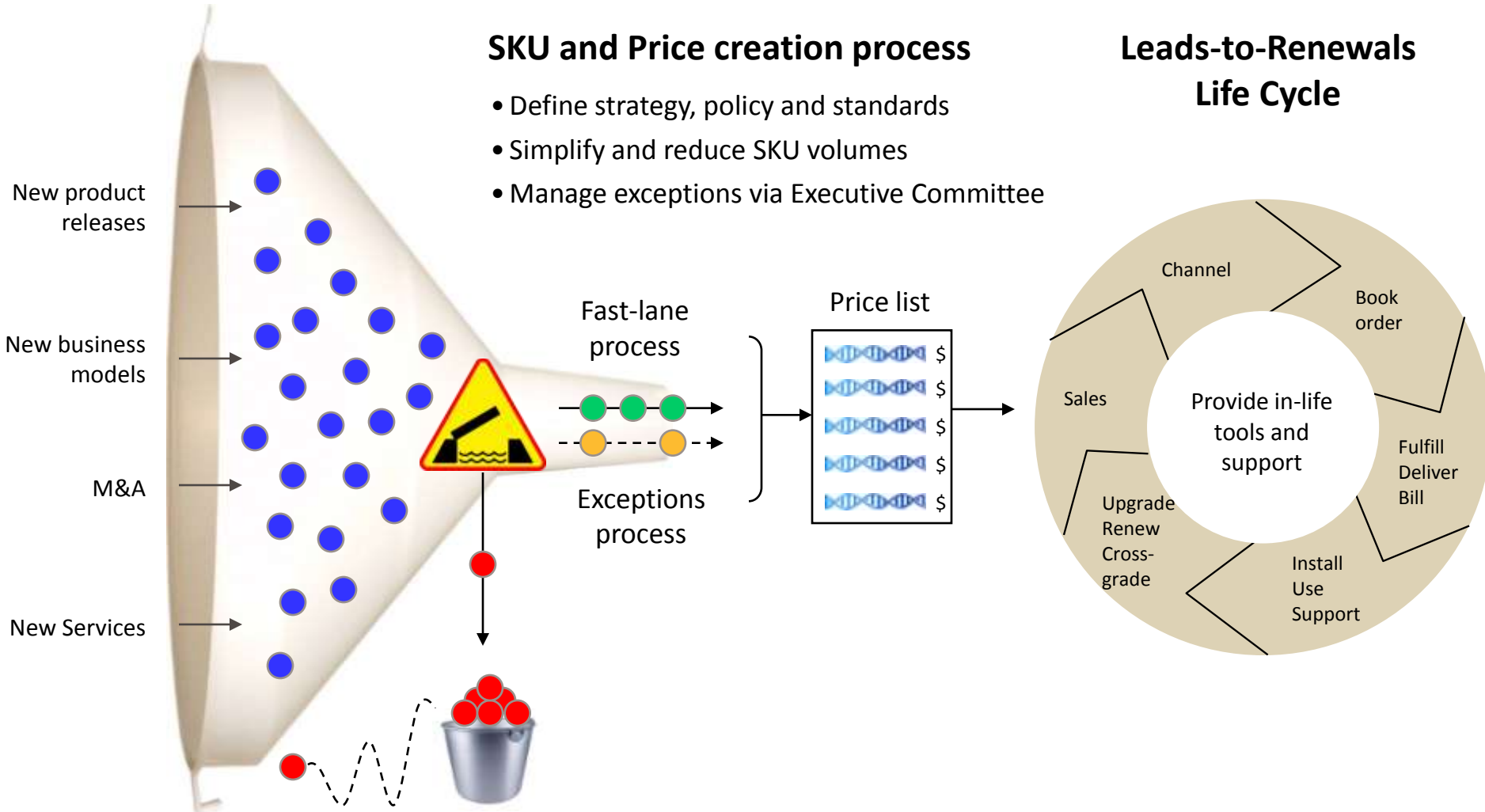
To address complexity, pricing and licensing needs to be centralized within the organization



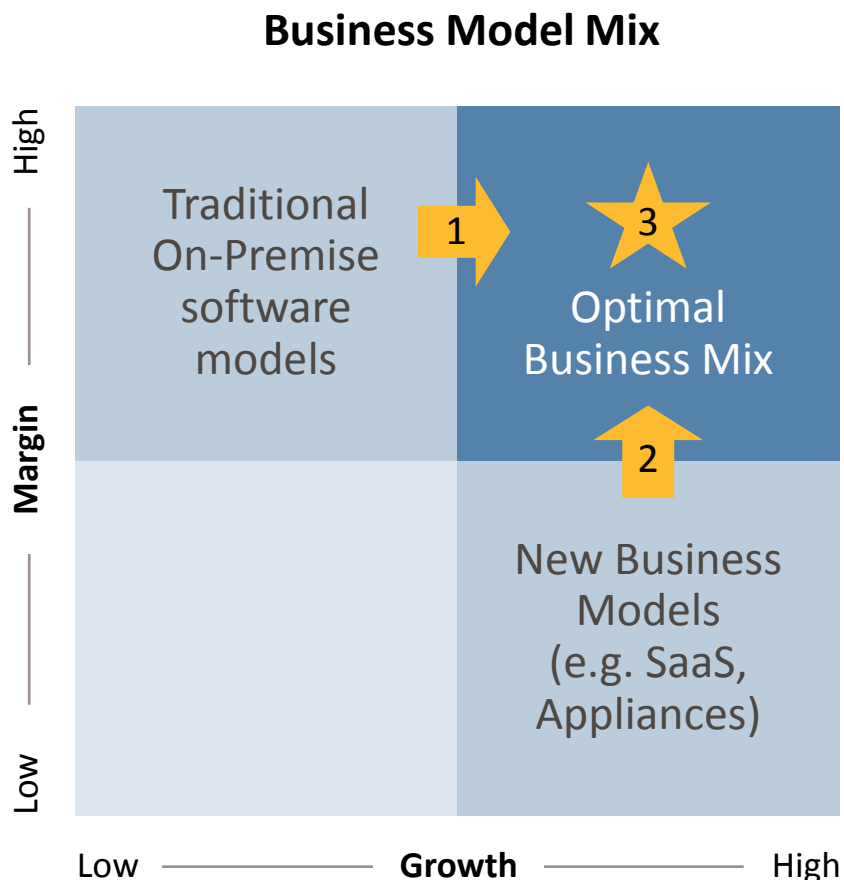
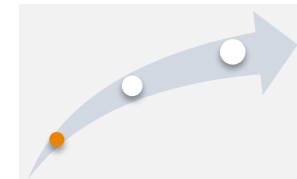
SKU and Price creation process

- Define strategy, policy and standards
- Simplify and reduce SKU volumes
- Manage exceptions via Executive Committee

Leads-to-Renewals Life Cycle



This centralized team can also drive a better understanding of Business model mix



1. How to drive growth in traditional?

- Optimize renewals
- Targeted cross-sell and up-sell
- Tailor pricing towards new business

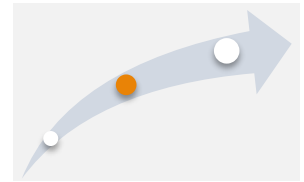
2. How to improve margins in new models?

- Drive scale through standardization
- Differentiate discounting and incentives
- Manage cost and channel structures

3. How to optimize the business mix?

- Manage cannibalization risk
- Align pricing and licensing
- Create new go-to-market options

Data policy and standards then need to be enforced to allow easier reconciliation...

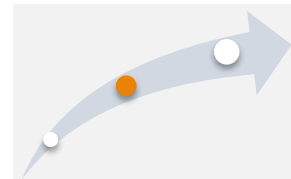


- Create centralized Entitlement repository
- Utilize **master data standards** and governance
- Provide self-service access for customers and partners
- Provide up-to-date entitlement position



- Implement **certified Software ID (SWID) Tags**
- Enable SAM tools and partners
- Create in-product reporting features
- Enable usage based meters (e.g. capacity)

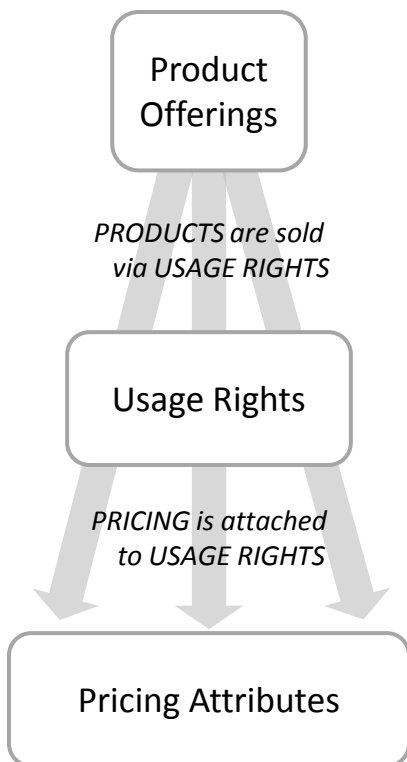
...developing a modular SKU structure, and implementing SWID tags can help



Simplified SKU DNA

+

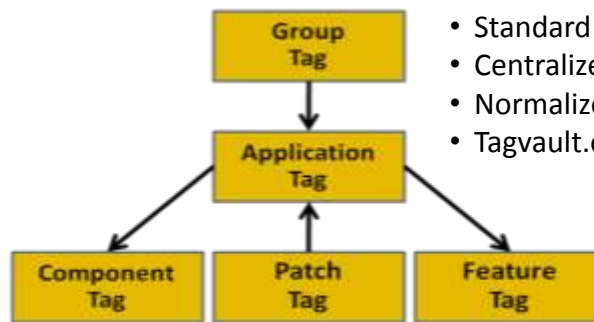
Certified SWID tags



- Product name
- Version
- Operating System

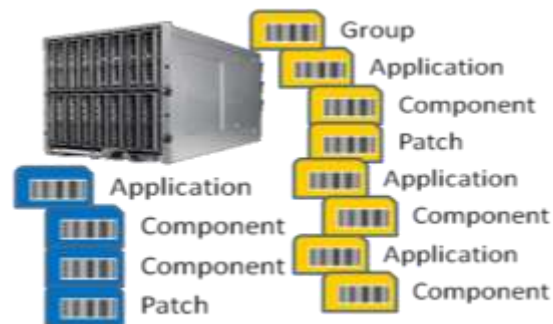
- License meter
- License model
- Maintenance type

- Buying Program
- Volume Discount
- Price-list



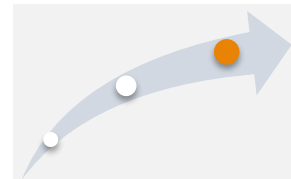
- Standard discovery
- Centralized reporting
- Normalized data
- Tagvault.org Certified

Example of deployed tags



Two publishers; one application and one Suite

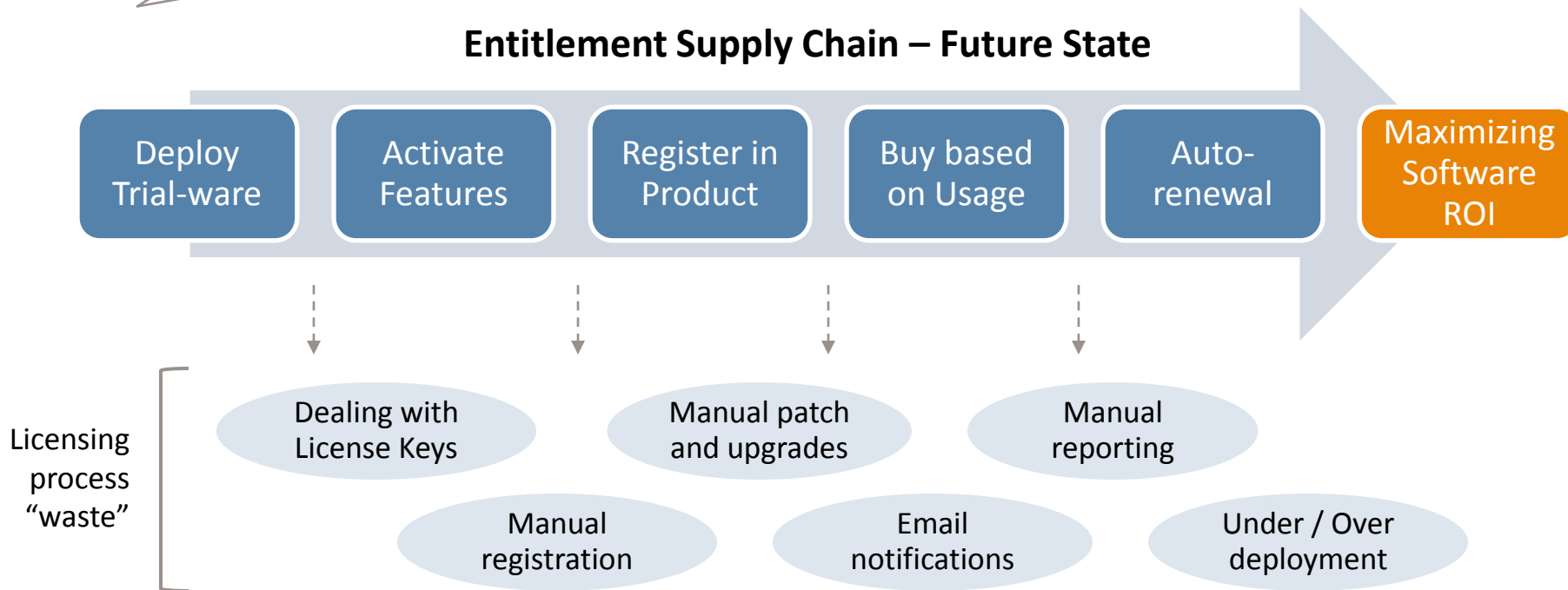
The final stage is to develop on-demand licensing, using Just-In-Time principles



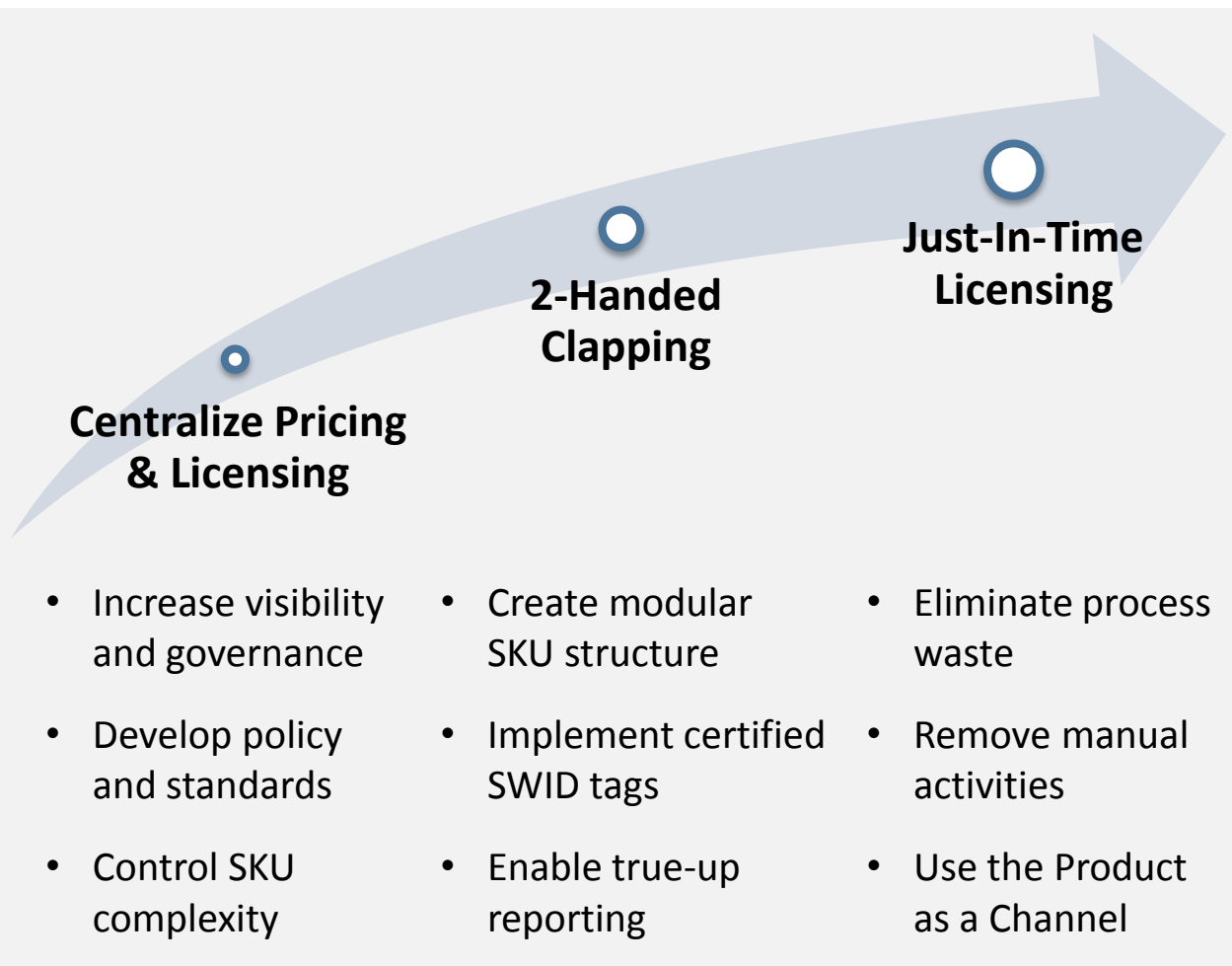
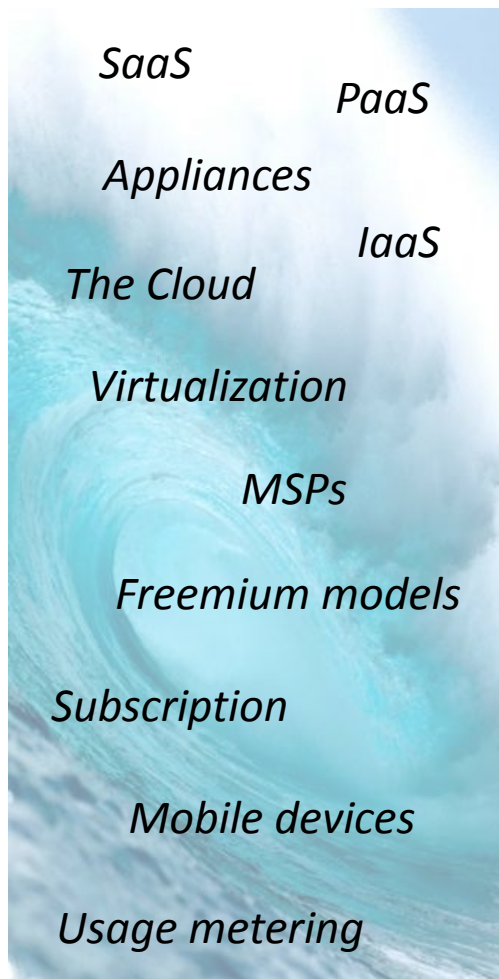
Just in time (JIT) is a production strategy that strives to improve a business return on investment by reducing in-process inventory and associated carrying costs...the philosophy of JIT is simple: inventory is waste

"Lean," is a production practice that considers the expenditure of resources for any goal other than the creation of value for the end customer to be wasteful, and thus a target for elimination

Entitlement Supply Chain – Future State



A structured approach to Pricing & Licensing is needed to get in-front of the wave of new business models





Thank you!

Timothy_willey@symantec.com

SYMANTEC PROPRIETARY

Copyright © 2011 Symantec Corporation. All rights reserved.

Forward-looking Statements: Any forward-looking indication of plans for products or programs is preliminary and all future release or delivery dates are tentative and are subject to change. Any future program plans, or release of a product or planned modifications to product capability, functionality, or feature are subject to ongoing evaluation by Symantec, and may or may not be implemented and should not be considered firm commitments by Symantec and should not be relied upon in making program participation or product purchasing decisions.