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## Study Shows Software Publishers Moving Toward Subscription Licensing

SoftSummit 2004

SANTA CLARA, Calif.--(BUSINESS WIRE)--Oct. 18, 2004--

More than 50 Percent of Publishers to Favor Subscriptions by 2006; Vendors and Buyers Both Adopting Electronic Licensing

A new study released today reveals that both software publishers and their enterprise customers are aggressively adopting new software pricing and licensing models. The study, "Key Trends in Software Pricing and Licensing," was sponsored by Macrovision Corporation (Nasdaq:MVSN) in cooperation with the Software & Information Industry Association (SIIA) and the Centralized Electronic Licensing User Group (CELUG). The results of the study were officially unveiled during a keynote presentation today at the SoftSummit 2004 Conference by Dan Stickel, EVP and general manager of Macrovision's Software Technologies Group. Macrovision is the host and sponsor of SoftSummit 2004.

The study is based on a survey conducted in September 2004 of approximately 500 software industry executives and their corporate customers. The executives surveyed were selected from a combination of lists provided by the SIIA, the principal trade association for the software and digital content industry, InformationWeek, a weekly magazine read by business technology professionals whose titles span the IT spectrum, and a collection of other third-party sources.

Among the study's key findings:

- Software publishers are moving aggressively to the subscription model. One out of every three software respondents is offering subscription-based models as their primary pricing model today. Half of respondents are expected to be offering a subscription model by 2006.
- Enterprise respondents prefer perpetual to subscription pricing by 2 to 1. Sixty-four percent of enterprise customers prefer the perpetual model today. This could be a reflection of current market norms, where 67% of software is sold on a perpetual license. Nevertheless this discrepancy between software vendors and their customers means that there could be an expectation gap between vendors and their customers in the future.
- New Licensing models based on metrics are gaining popularity. The most prevalent pricing models in use today are "per concurrent user" and "per seat," but new pricing models based on metrics are rapidly gaining popularity. By 2006, roughly half of all respondents expect to offer pricing based on metrics (such as 'number of uses,' 'transactions' or 'time used').
- Concurrent and per user pricing models are still preferred. While software publishers are exploring new licensing and pricing models based on usage and/or financial-based metrics, enterprise buyers are lagging in awareness and preference for these new metrics. More than 70% of enterprise executives still maintain a preference of more traditional pricing methods such as concurrent user and per seat.
- Licensing enforcement is going digital. Software vendors are also moving aggressively away from non-technical, manual forms of licensing enforcement and towards electronic, digital and Internet-based processes. Today, 46% of software providers are enforcing licensing primarily through electronic means; in two years that number is expected to increase to 62%.
- Software vendors are continuing to integrate incremental functionality and more efficient technologies to enforce licenses with their customers. By 2006, 92% of software vendors will have some form of license enforcement in place. Today, 41% use product activation technology (online verification) while 35% are using network licensing processes (secure license server within a corporate network). In two years, those numbers are expected to increase to 57% and 51% respectively.
- Software buyers prefer newer enforcement methods such as product activation and network licensing. Almost two thirds of enterprise executives surveyed prefer these two enforcement tools over more traditional methods such as serial numbers and dongle/USB keys.
- The average maintenance fee that enterprises pay for software is 20%, with large software companies commanding a premium at 22%.

"It's clear from this study that the software industry is in the midst of a period of dramatic, fundamental change," said Ken Wasch,

president of the SIIA. "We believe the emergence of new business models and technologies will deliver tremendous benefits to both software providers and buyers, as well as play a vital role in maintaining a healthy and vibrant industry for years to come."

"This study provides a comprehensive look at many of the critical pricing and licensing issues that are top of mind with every software executive today. The results highlight that while some changes are being embraced by both sides, others are still in a period of flux," said Dan Stickel, EVP and general manager of Macrovision's Software Technologies Group. "As these technologies and business practices reach new levels of adoption and maturity, we expect to see a very tangible improvement in the relationships between software publishers and their customers, as well as in their ability to maximize the value of software."

For a free copy of the complete report, please visit [www.softsummit.com/surveyresult](http://www.softsummit.com/surveyresult).

#### About SIIA

The Software & Information Industry Association (SIIA) is the principal trade association for the software and digital content industry. SIIA provides global services in government relations, business development, corporate education and intellectual property protection to more than 600 leading software and information companies. For more information, visit <http://www.sii.net>

#### About Macrovision

Macrovision Corporation (Nasdaq: MVSN) is the market leader in electronic licensing, installation, and digital rights management ("DRM") technologies. Macrovision's Software Technologies Group markets the FLEXnet(TM) universal licensing platform and the InstallShield(R) suite of software installation, repackaging and update solutions, which are deployed on more than 500 million desktops worldwide. Over 50,000 software publishers and hundreds of Fortune 1000 companies use Macrovision technologies for Software Value Management (SVM). SVM solutions bridge the gap between pricing and packaging software on the developer side, and purchasing and managing that software on the enterprise side. Macrovision holds more than 700 software licensing, DRM and content protection patents worldwide. Macrovision is headquartered in Santa Clara, California and has offices worldwide. More information about Macrovision and Software Value Management solutions can be found at [www.macrovision.com](http://www.macrovision.com).

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