

Software Licensing Issues Debated

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Should a software vendor bring the hammer down on violators of software usage agreements, or look the other way?

This was a primary question debated by members of a panel at the SoftSummit 2003 conference in San Jose, California, Monday, with representatives from vendors such as Oracle Corp., software licensing software vendor Macrovision Corp., Adobe Systems Inc. and Macromedia Inc.

Jacqueline Woods, vice president of global pricing and licensing strategy for Oracle, said the company does not shut off software for customers who may be using more CPUs than their contract permits.

"If you have an eight-way node and you go to 12-way node, we're not going to turn you off. That's not our philosophy," Woods said. "We believe that customers really do want to pay us for the software that they use."

"Some have been inadvertent users of software, some are cheaters," Woods said. "You can't do anything about people who cheat because those are people who cheat and we're not going to sniff those people out."

Macrovision's Dan Stickel, executive vice president and general manager for the Software Technologies Group at the company, noted Oracle could stop cheating through components placed in software. Woods responded that Oracle chooses not to because of the mission-critical nature of Oracle's applications.

Afterward, she said Oracle audits about 300 to 400 of its approximately 200,000 customers a year, with 30 to 40 percent of those audits coming at the customers' requests.

Stickel later said there are abilities to set expiration dates in software. "Ultimately, you need the ability to shut somebody off who never pays you," he said.

Woods also said the "lights on, lights off" model, in which customers pay only when using the software, usually drives up costs. "Typically, the per-unit cost would actually go up," she said.

Ed Rose, chief executive officer of Open Channel Solutions, pointed out an objection to per-deal pricing. "Deal-based pricing is not rules-based pricing," setting the stage for misunderstandings in the future, Rose said.

Despite the emergence of new software licensing models such as utility- or subscription-based pricing, Stickel said selling based on the number of people in a company, or a similar number, still prevails.

"I think what is still very common is the traditional, upfront licensing," Stickel said.

While software licensing may be a major issue these days, Adobe Director Drew McManus said software licenses are clear in their terms.

"End user licenses are actually pretty clear if you read them," he said.



