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**SANTA CLARA, Calif.--The business of selling software is due for an extreme makeover, industry executives said at the SoftSummit conference .**

The trouble, they said, is the industry's rigid focus on the one-time sale of licenses, which takes long-term customer loyalty for granted and lacks imagination and flexibility.

"Software is back in the Ford era of 'any color as long as it's black,'" Jim Geisman, president of Boston-area consulting firm SoftwarePricing.com, said during a Monday panel discussion.

The theme of this two-day conference is software pricing, purchasing and licensing--a topic of increasing relevance because the industry is facing a backlash from corporate buyers over many of its business practices. Businesses are increasingly fed up with bullying salespeople, arduous upgrade and maintenance work, and charges for features they never use. They're voting with their dollars, using free, open-source programs, scaling back software consumption and renting software over the Web from newly minted public companies Salesforce.com and RightNow Technologies. More than 23 software companies [warned of second-quarter earnings shortfalls](#) last spring--evidence that all is not well in software land.

One such buyer is Freescale Semiconductor, a subsidiary of Motorola. Jill Jones, a contract manager at Freescale and SoftSummit panelist, said it bothers her that software companies don't release standard discount rates and that buyers are often left to wonder whether they really got a good deal. "We're operating a bit in the dark there," Jones said.

But some software makers are starting to wise up and experiment with new strategies--such as leasing and emphasizing after-sale services--which automakers and others have used for years to entice new types of customers and boost revenue, Geisman and other experts said.

Much discussion on Monday focused on two current software trends du jour--"subscription" and "utility" pricing. With subscription pricing, customers pay a monthly or annual fee to use software over the Web, requiring only a browser. With utility pricing, tech suppliers tally fees based on the consumption of computing power or a similar usage metric.

Proponents of these delivery models, including Sun Microsystems and SoftSummit organizer Macrovision, say it can take some of the risk and hassle out of buying software and give suppliers incentive to treat customers well. For software companies, it can deter piracy, reduce the quarterly scramble to ink big deals, and attract new customers that would not otherwise have bought their products.

But many of the largest, most successful software companies, including Microsoft, Adobe and SAP, are dragging their feet. That's because it's unclear how these new billing models affect software makers' revenue and profits in the long term, and executives of public companies fear their stock will tank over the uncertainty.

High-flying companies like Microsoft are naturally resistant to making such dramatic changes, said IDC analyst Amy Konary, another SoftSummit speaker.

In addition, not all software buyers are eager for subscription pricing. A [recent survey](#) of 100 executive responsible for software purchasing found that 64 percent prefer the traditional "perpetual license" model to the subscription one.

Nonetheless, trend watchers say subscription software is on the rise. “Eventually the brakes will come off,” said IDC analyst Amy Konary.

While perpetual licenses account for 81 percent of all software license revenue today, that will shrink to 66 percent by 2008 as subscription software flourishes, Konary said during her talk. She also predicted that software maintenance revenue will inch up from 41 percent of software industry sales to 49 percent by 2008, as companies look to offset falling license revenue with more after-sale services like better technical support and upgrades. Konary cited the introduction of Microsoft’s controversial Software Assurance plan, a software maintenance and upgrade program, as an example.

Ken Wasch, president of the [Software and Information Industry Association](#), even predicted that software licensing, as we know it, will disappear altogether. It will be replaced one day, he said, by other kinds of agreements that let people use programs over any number of computers and mobile gadgets via the Web. People will also consume software in smaller bits--paying for the right to use only certain programs for certain periods of time that they’re needed, Wasch said.