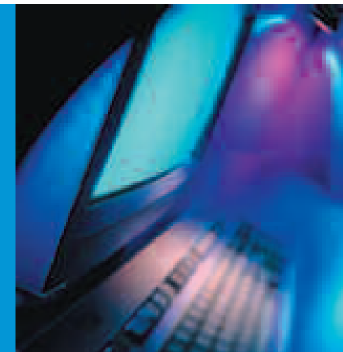
macrovision™

REPORT

KEY TRENDS IN SOFTWARE PRICING AND LICENSING

A SURVEY OF SOFTWARE INDUSTRY EXECUTIVES AND THEIR ENTERPRISE CUSTOMERS



November 2007

A Study Conducted by ECPweb, Macrovision, SoftSummit, CELUG, and EDA Consortium

KEY TRENDS IN SOFTWARE PRICING AND LICENSING

SUMMARY OF FINDINGS

Satisfaction Gap: The satisfaction gap (28%) between Software Vendors and Enterprises, regarding software pricing and licensing, remains relatively unchanged over the past three years.

Compliance: Compliance remains a hot topic for Enterprises in 2007. Enterprises continue to be relatively confident about their software compliance and cite Ensuring Compliance with Vendors (56%) as their top reason for tracking software.

Automated Tracking Systems: Enterprises continue to move toward an automated software tracking system since 2005. This ties directly to the prime issue of compliance.

Subscription: Although the subscription license model has showed volatility in actual use over the past three years, ISVs continue to suggest that it is a model that will grow as a primary license offering.

BACKGROUND

Beginning 2004, Macrovision, SoftSummit, the Software & Information Industry Association (SIIA), and the Centralized Electronic Licensing User Group (CELUG) have conducted an annual survey of pricing and licensing trends and best practices in the software industry among executives at both independent software vendors (ISVs) and software buyers (enterprises).

The fourth annual survey was carried out by Macrovision, SoftSummit, CELUG, EDA Consortium, and ECPweb. The report will be released on November 12, 2007 at the annual SoftSummit Conference in Santa Clara, California [www.softsummit.com].

The intent of this report is to provide valuable data and insight into how software vendors and enterprises view pricing and licensing issues and to summarize both practices that are in use today and those that will be instituted in the coming years.

METHODOLOGY AND SAMPLE

In total, 463 respondents participated in the survey, of which 251 were software vendor executives and 212 were executives from enterprises. Software company respondents were individuals responsible for their company's pricing and licensing. Typical titles were CEO, CMO, VP Product Marketing and VP Product Management. Enterprise respondents were individuals responsible for or involved in purchasing and managing their company's software.

Typical Enterprise respondent titles were CTO, VP Development and IT Director. The respondents answered questions related to their company's software pricing and licensing plans and practices [Note: see appendix for survey questions].

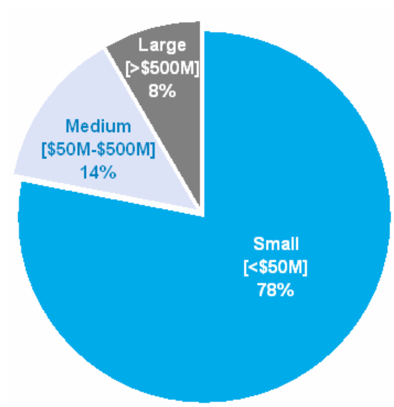
The executives surveyed were selected from lists provided by Macrovision, SoftSummit, CELUG, ECPweb and the EDA Consortium.

SURVEY RESPONDENT DEMOGRAPHICS

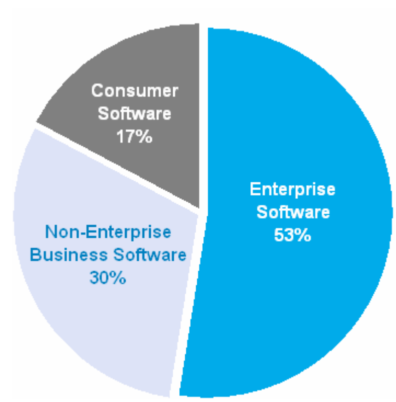
Software Vendors

The Software Vendor sample of 251 respondents were primarily small companies (78%) that had an Enterprise Software product focus. Not surprising for Enterprise Software vendors, their products were mostly high price, low volume (67%).

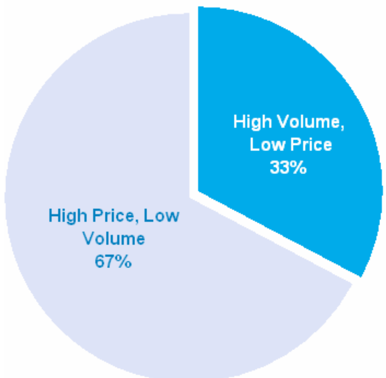
SOFTWARE VENDOR: Company Size



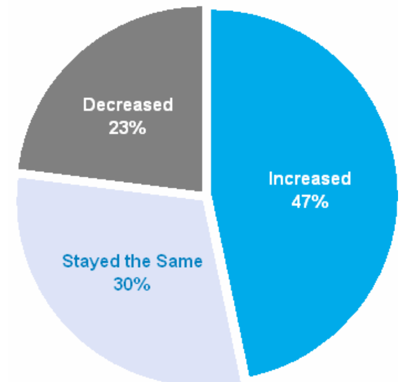
SOFTWARE VENDOR: Software Type



SOFTWARE VENDOR: Sales / Pricing



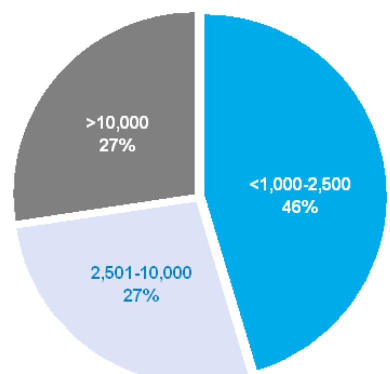
ENTERPRISE: IT Budget, Past Two Years



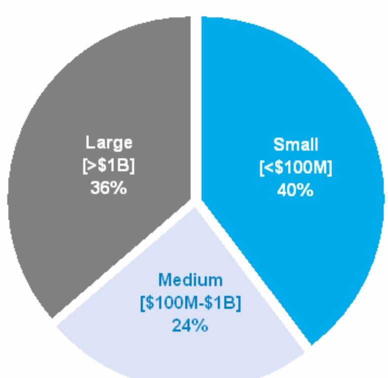
Enterprises

The Enterprise sample of 212 respondents was relatively balanced, with a slightly larger group in the small category (40%). This was potentially reflected in the majority of responses falling into the smallest category of desktops per organization. A positive sign for Software Vendors is the increasing IT budgets throughout the organizations surveyed.

ENTERPRISE: Desktops in Organization



ENTERPRISE: Company Size



KEY FINDINGS

The Satisfaction Gap Between Enterprises and ISVs Remains an Unsolved Issue Figure 1

Software vendors continue to be more satisfied with their existing pricing and licensing strategy (59%) than their customers (31%). The gap in satisfaction suggests that ISVs have had issues meeting the diverse needs of their clients, but also provides an opportunity for ISVs to address the shortfall.

SOFTWARE VENDOR vs. ENTERPRISE:

Average Satisfaction with Pricing and Licensing Strategy

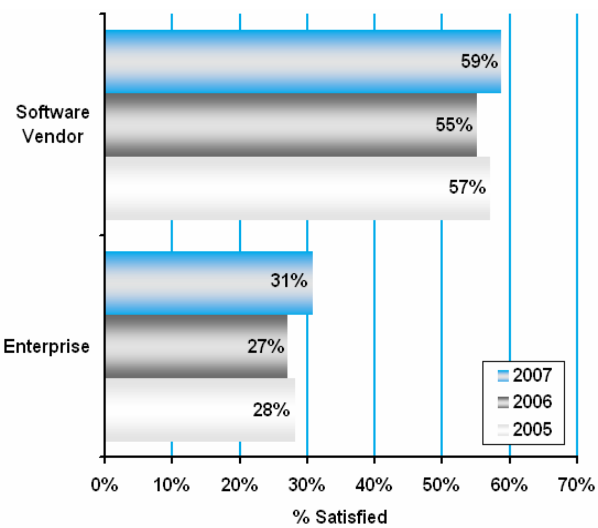
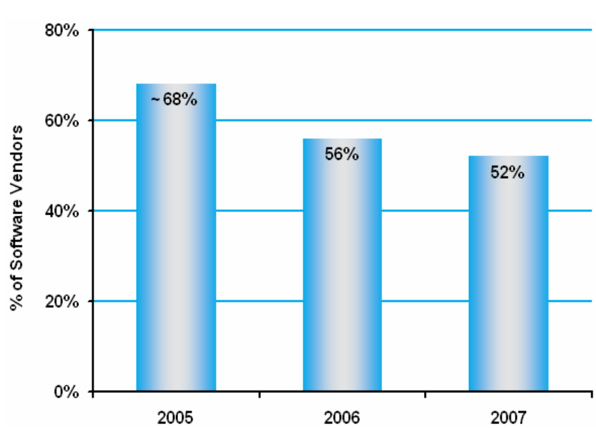


Figure 1

SOFTWARE VENDOR:

Changed Pricing/Licensing Strategies to be More Flexible



2005 exact data unavailable

Figure 2

The Past Three Years Have Shown a Consistent Decline in ISVs Offering Flexible Pricing and Licensing Strategies Figure 2

In 2005 over two-thirds of ISVs were making changes to their Pricing and Licensing strategies to allow more flexibility. The past three years have shown a steady decline to 52% in 2007, a total decline of ~16%.

ISVs Reasons for Changing Software Pricing and Licensing Policies to Make them More Flexible Remain Relatively Unchanged Figure 3

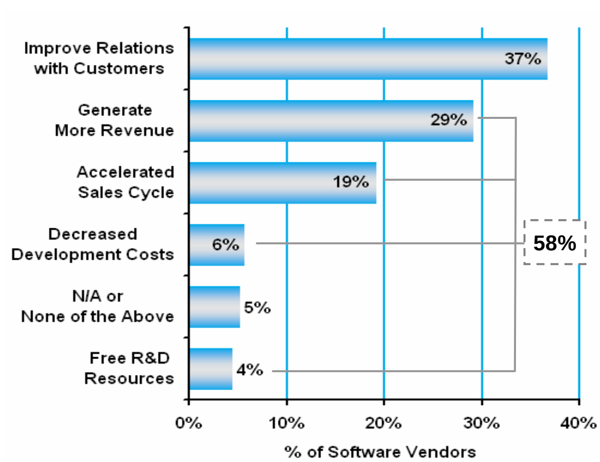
Although the number of ISVs offering flexible pricing and licensing policies have shown a steady decline (~16%), the reasons for the policy changes remain consistent. Improving Relations with Customers continues to be the most frequently mentioned reason (37%), while Generate More Revenue (29%) and Accelerated Sales Cycle (19%) remain in second and third place, respectively.

ISVs Gain More than Improved Relations with Customers when Offering Pricing and Licensing Flexibility Figure 3

While Improving Relations with Customers (37%) was the primary reason for pricing and licensing flexibility, the remaining reasons - Generate More Revenue (29%), Accelerated Sales Cycle (19%), Decreased Development Costs(6%) and Free R&D Resources (4%) - combine to represent 58% of the categories mentioned and are focused on specific ISV benefits. Considering ISV benefits are the major driver of flexibility, and that ISV flexibility is in overall decline, this may have some influence on the satisfaction gap between ISVs and their customers.

SOFTWARE VENDOR:

Reasons for Changing Pricing and Licensing Policies



Respondents could select more than one answer

Figure 3

% SOFTWARE VENDORS:

Primarily Offering Subscription

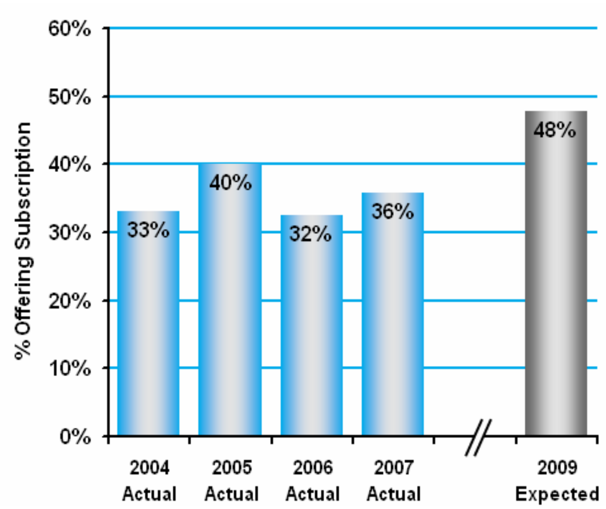


Figure 4

ISVs Continue to Expect a Shift Toward Subscription Model Figure 4,5

Although a slight drop (8%) in subscription licensing occurred from 2005 to 2006, ISVs continued to suggest that the subscription licensing model will grow. In the 2006 study, 49% of ISVs expected to switch to subscription licensing by 2008. The 2007 study continues to support these expectations with 48% of ISVs, a 12% increase from 2007, expecting to primarily offer the subscription model by 2009.

2007 Suggests Renewed Movement Toward ISV Expectations of Subscription Model Figure 4, 5

Since 2004, ISV expectations for the subscription licensing model have remained consistently higher than their actual offering. Although there was a slight dip in 2006, 2007 figures support this prediction with a 4% increase. With ISVs consistently planning on making subscription licensing their primary model, it is a step toward validating the prediction of a 12% increase by 2009.

A More Predictable Revenue Stream and Increased Software Adoption are Key Drivers for ISVs Shifting Toward a Subscription Licensing Model Figure 6

Although the perpetual licensing model (64%) remains dominant, ISVs most frequently mentioned a More Predictable Revenue Stream (29%) and Increased Software Adoption (21%) as reasons for utilizing a subscription based model.

Similar to the previously noted reasons for pricing and licensing flexibility, the reasons ISVs mentioned for the move to subscription based licensing were focused on improving ISV benefits, such as a More Predictable Revenue Stream (29%) and Increase Software Adoption(21%). It is interesting to note that Customer Demand was selected by only 7% of ISVs. Although Enterprises were not asked about their licensing preferences, it is speculative to say that the move toward a subscription model could also contribute to the pricing and licensing satisfaction gap between ISVs and their customers.

SOFTWARE VENDOR:

Expected Change in Licensing Model

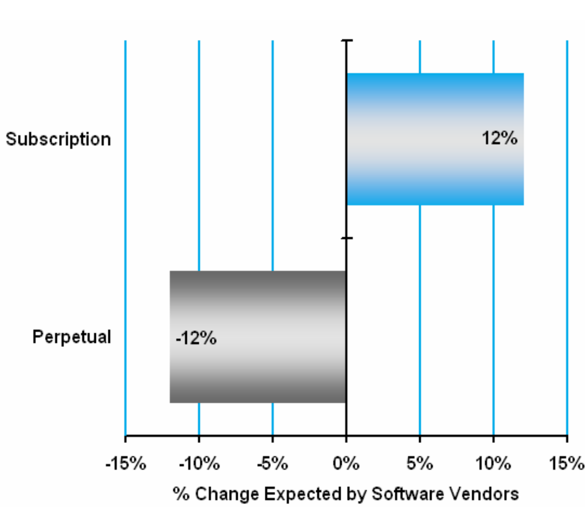


Figure 5

SOFTWARE VENDOR:

Reason for Moving to Subscription Licensing Model

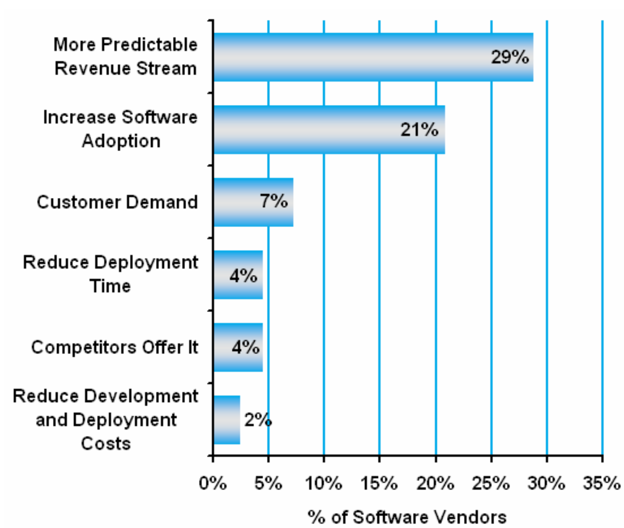


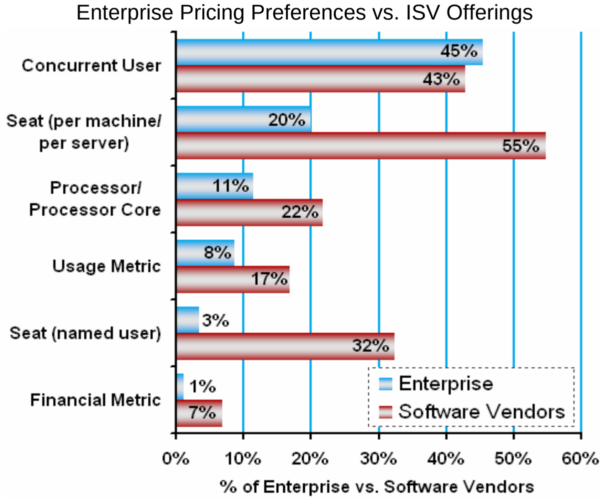
Figure 6

Seat (per machine/per server) Top the Preferred Pricing Model List for ISVs Figure 7,9

ISVs cited Seat: per machine/per server (55%) as their most preferred pricing model, with Concurrent User (43%) and Seat: named user (32%) as second and third, respectively. Enterprises selected Concurrent User (45%) as most preferred, with Seat: per machine/ per server (20%) as second and Processor/Processor Core (11%) as third.

ENTERPRISE vs. SOFTWARE VENDORS:

Enterprise Pricing Preferences vs. ISV Offerings



ISV Respondents offer multiple pricing options while enterprises were asked to provide a specific preference

Figure 7

ISVs and Enterprises Agree on Concurrent User Pricing Model… Figure 7,9

ISVs preference for the Concurrent User pricing model increased to 43% in 2007 while Enterprises decreased 13% to settle at 45%. The combined movement in closed the preference gap toward agreement for ISVs and their customers.

…But, Continue to Disagree on Seat (per machine/per server) and Seat (named user) Pricing Figure 7

ISVs continue to offer Seat: per machine/per server (55%) in higher quantities than any other pricing model, however, Enterprise preferences differ considerably (35%). Enterprises also disagree with ISVs on the Seat: named user (32%) pricing model, with only 3% of Enterprise respondents mentioning it as a preferred option.

ISVs Continue to Choose Usage Metric as the Highest Growth Pricing Model for the Future Figure 8,9

Although Enterprises have not shown an inclination to change pricing model preferences toward a Usage Metric, ISVs suggest it will grow (15%) as a more readily available option by 2009.

Enterprises, on the other hand, showed some movement in Concurrent User and Processor Core/Processor preferences from 2006 to 2007. Concurrent User preferences dipped 13% in 2007 while Processor/Processor Core grew 7%. Software vendors echoed Enterprises in predicting a 7% increase in Processor/Processor Core Pricing by 2009.

ENTERPRISES:

Change in Pricing Model 2006 to 2007

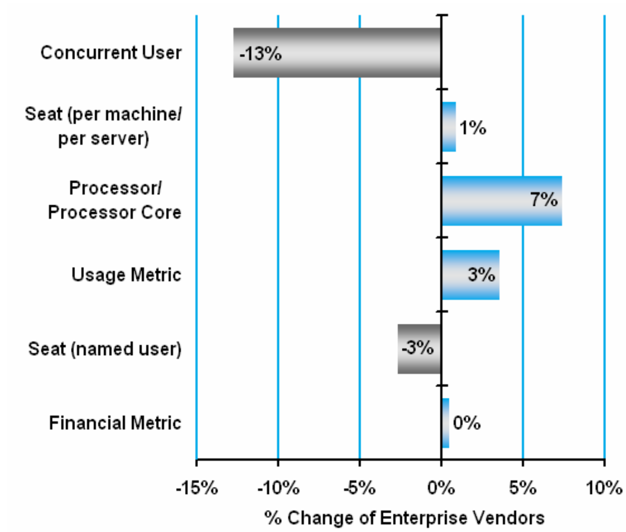
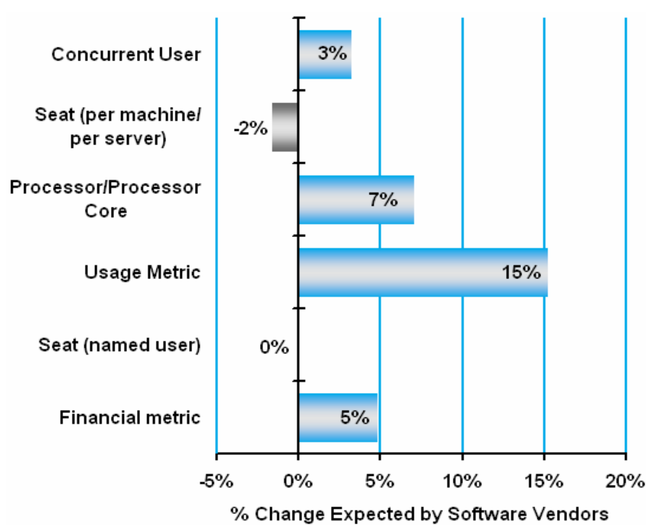


Figure 8

SOFTWARE VENDORS:

Expected Pricing Model in 2009



Respondents could select more than one answer

Figure 9

Enterprises Move Toward Automated Software for Tracking Compliance Figure 10

The past three years have shown a steady shift (28%) toward Enterprises using Automated Software for tracking compliance. The 2007 results showed that, for the first time, over half of Enterprises have switch from manually or not at all tracking software to automated software tracking.

ENTERPRISE:

Do Not Track or Manually Track Compliance

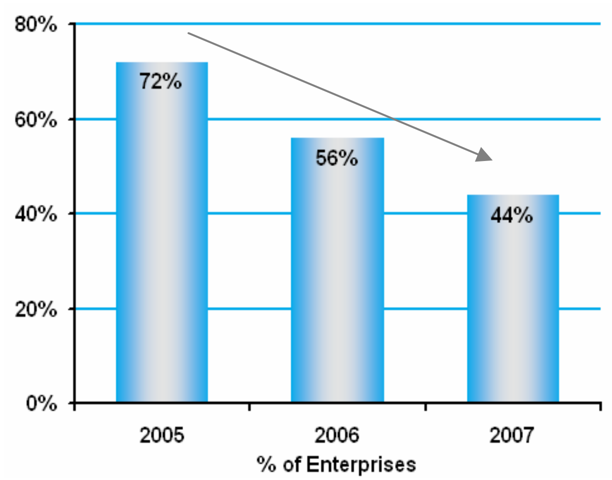


Figure 10

ENTERPRISE:

Reason for Tracking Software Licenses

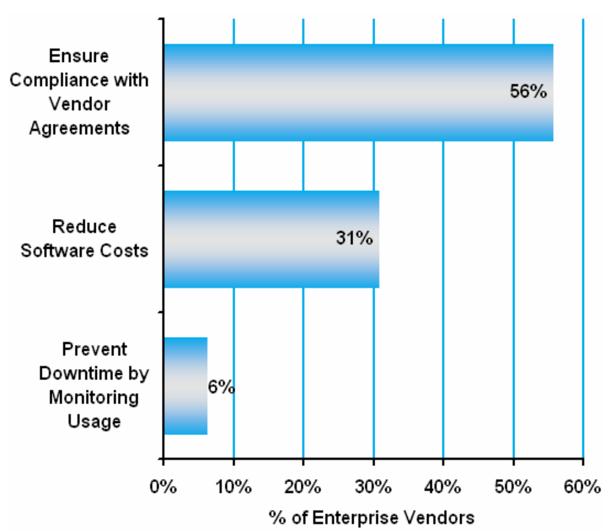


Figure 11

Enterprises Continue to Track Software to Ensure Compliance with Vendor Agreements Figure 11

Ensuring Compliance with Vendor Agreements is again cited as the key driving factor for tracking software licenses (56%). Enterprises also identified Reducing Software Costs (31%) as an important consideration, growing 3% since the 2006 study. This suggests that risk mitigation is a bigger driver than cost optimization.

Enterprises Confident About Compliance Figure 12

Although the level of compliance confidence dropped 10% from 2006 to 2007, Enterprises remain relatively confident (65%) that their organizations would pass a compliance audit.

ENTERPRISE:

Confidence in Compliance (Actual)

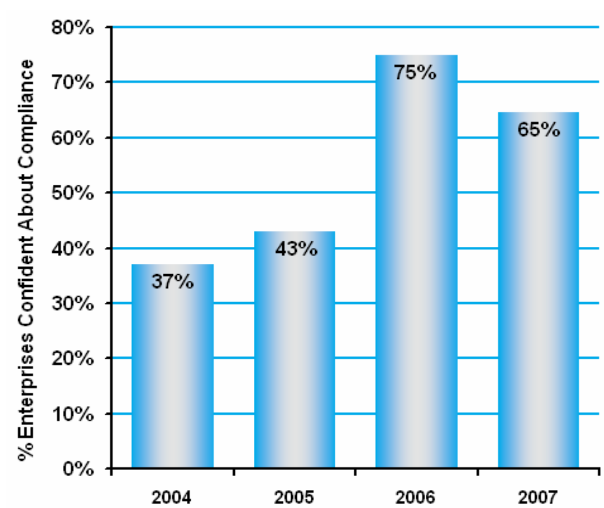


Figure 12

Confidence and Actual Compliance Show a Resemblance Figure 12,13,14

44% of the surveyed Enterprises were audited; of those, 62% were compliant with vendor contracts. This discovery nearly matches the level of compliance confidence (65%) previously mentioned above. This provides validity to the confidence measure, but also exposes a need for Enterprise software tracking improvements (25% – 35% gap).

ENTERPRISE:

Have They Ever Been Audited?

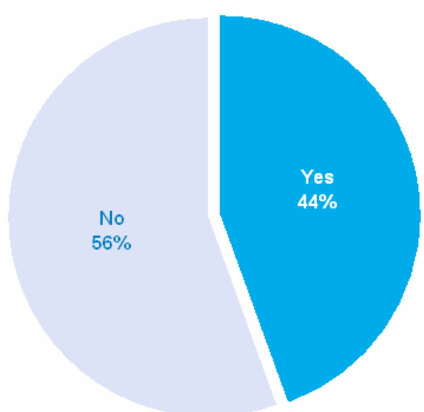


Figure 13

ENTERPRISE:

Audit Outcome

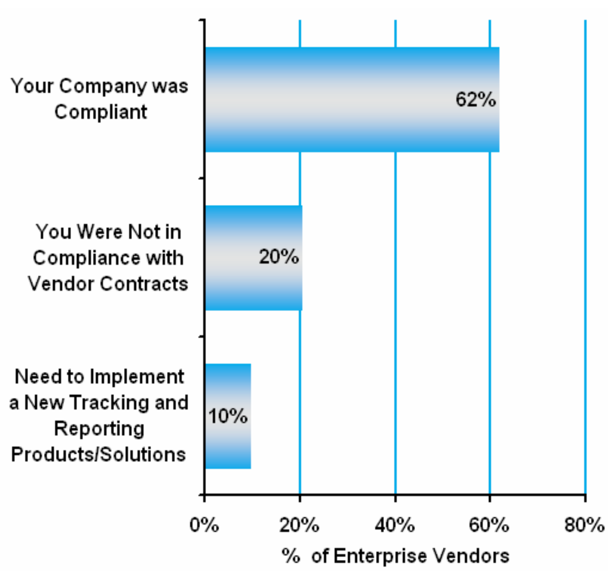


Figure 14

ISVs Continue to Predict Growth for Electronic/Digital Enforcement Figure 15, 16

Legal Contract narrowly leads as the primary license enforcement method for ISVs (48%). Although previous expectations predicted a shift of 30% in priority between Legal Contract and Electronic/Digital Enforcement, 2007 data shows a very slight movement in that direction (4% shift). Regardless of this year's data, ISVs continue to predict a movement toward Electronic/Digital Enforcement (+11%) and Online Login (+7%).

SOFTWARE VENDOR:

Primary License Enforcement Method

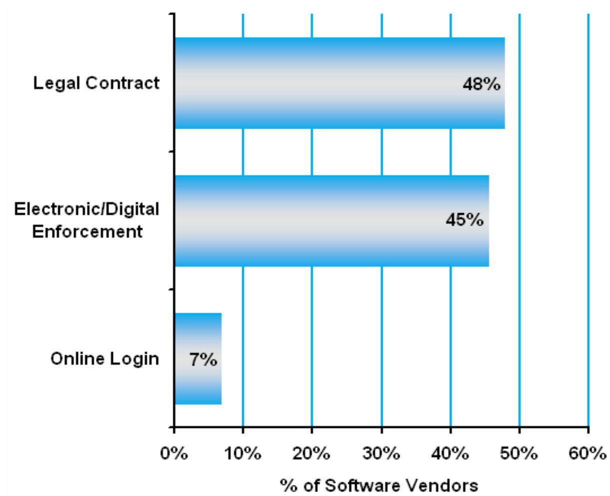


Figure 15

SOFTWARE VENDOR:

License Enforcement Method, 2009

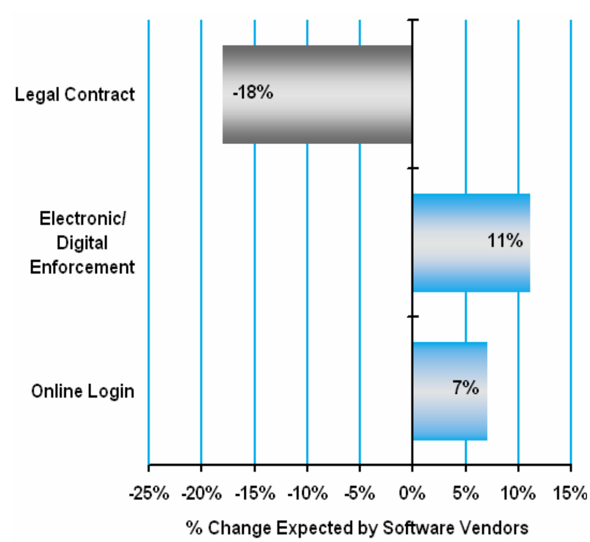


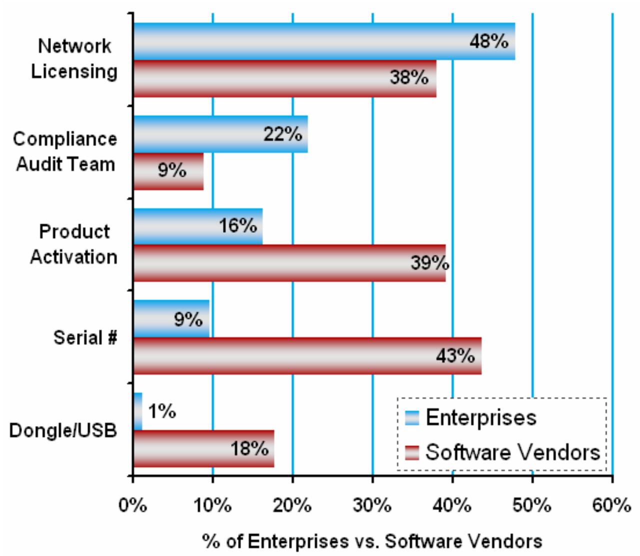
Figure 16

ISVs and Enterprises Disagree on Software License Enforcement Methods Figure 17

Enterprise respondents suggest that Network Licensing is their software license enforcement preference (38%). Although ISVs nearly agree with Enterprises on this method of enforcement, they disagree significantly on their more preferred methods of performance - Serial Number (43%) and Product Activation (39%).

ENTERPRISES vs. SOFTWARE VENDORS:

Software License Enforcement Preferences



ISV Respondents offer multiple pricing options while enterprises were asked to provide a specific preference

Figure 17

Compliance Audit Team and Product Activation Enforcement Methods Grow for Enterprises Figure 18

Although the Serial Number (-12%) enforcement method decreased in preference, the Compliance Audit Team (7%) and Product Activation methods (8%) grew between 2006 and 2007. Compliance Audit Team has grown significantly as a preference, moving from 3% in 2005 to 22% in 2007.

ISVs Grow Network Licensing as an Enforcement Method in 2007 Figure 19

Network Licensing remained one of the top three software enforcement methods for 2007, growing 11%. This movement for ISVs, however, is not echoed by Enterprises. Enterprises have shown a steady decline in Network Licensing preference, from 57% in 2005 to 48% in 2007.

ENTERPRISES:

Most Preferred Enforcement Method

2006 to 2007

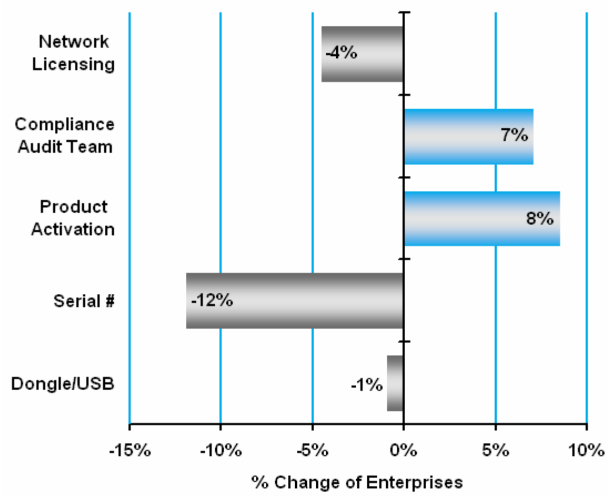
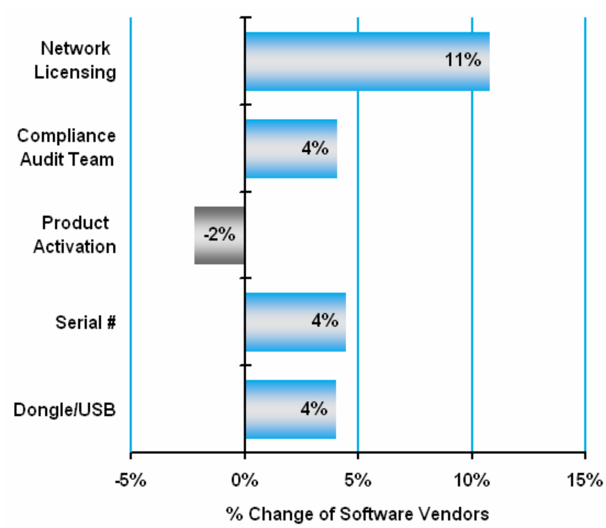


Figure 18

SOFTWARE VENDOR:

Most Prevalent Enforcement Method in Use

2006 to 2007



Respondents could select more than one answer

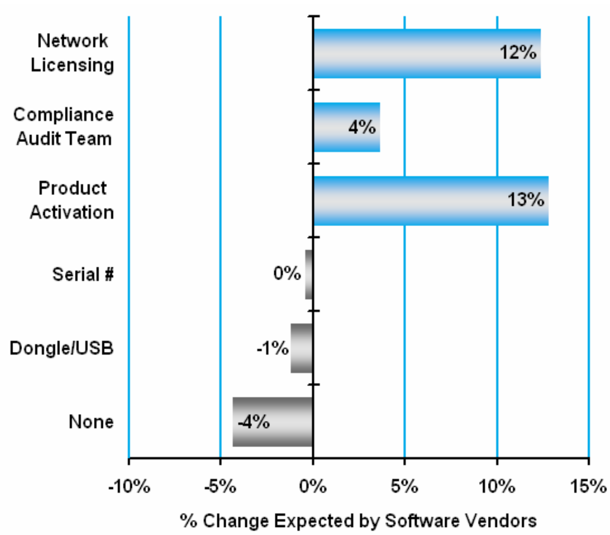
Figure 19

ISVs Agree with Enterprises Regarding the Expectations for Product Activation Enforcement Methods Figure 20

ISVs have high expectations for the Product Activation (13%) enforcement method, which mirrors a growth area for Enterprise enforcement preferences. ISVs also expect Network Licensing to grow (12%) as an enforcement offering. This expectation for Network Licensing goes against a three year declining (-9%) trend for Enterprises; however, it remains the top Enterprise preference at 48%.

SOFTWARE VENDOR:

Expected Change in License Enforcement by 2009



Respondents could select more than one answer

Figure 20

ISVs Disagree on the Definition of the Term Entitlement Management Figure 22

ISVs answered all over the board when asked to define Entitlement Management. The two categories picked the most were All of the Above (29%) and *None of the Above (25%).

SOFTWARE VENDOR:

Familiarity with Entitlement Management

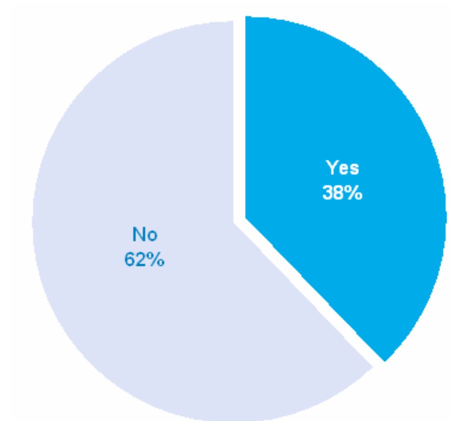


Figure 21

Nearly Two-Thirds of ISVs are Unfamiliar with the Term Entitlement Management Figure 21

62% of ISVs were not familiar with the term entitlement management.

SOFTWARE VENDOR:

Definition of Entitlement Management

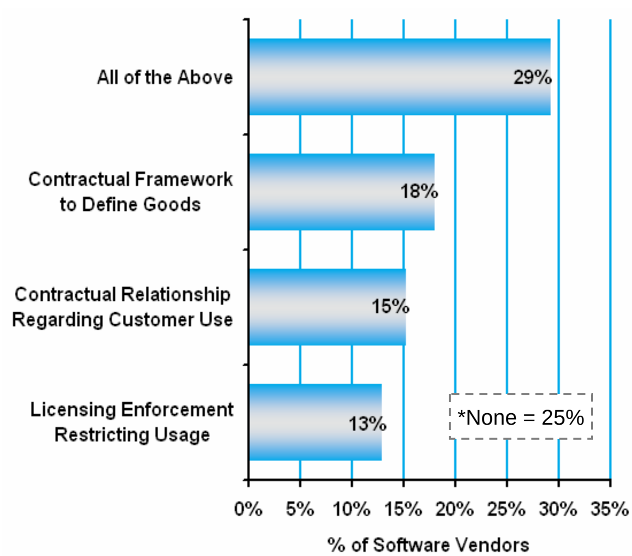


Figure 22

ISVs Split on Top Issues for 2007 and 2008; Software as a Service, Integration of Applications, and Software Delivery Top the List Figure 23

ISV top key issues for 2007 – 2008 are closely grouped together near the top. Software as a Service (average score of 3.4), Integration of Applications (3.4), and Electronic Software Delivery (3.3) are not surprisingly focused on customer centric and revenue/profit producing matters. Software Compliance and Audits, Migration to Windows Vista, and Application Virtualization were all issues that settled to the bottom of the pile for ISVs, tied with an average score of 2.5 points. [Weighted average scores were calculated to determine ranking for key issues – with 5 points assigned to most important, and 1 point to least important].

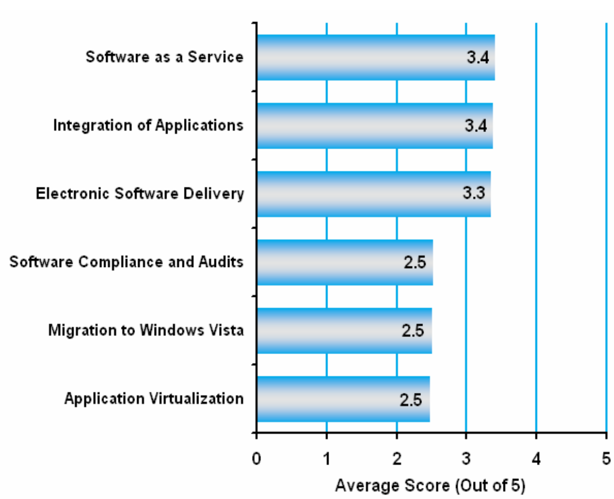
Although Software Compliance and Audits are a low priority for ISVs, they are Top Enterprise Issues for 2007 and 2008 Figure 23, 24

The previously mentioned Enterprise movement toward automated tracking software resonates in their top issues for 2007 – 2008. Enterprises plan to focus on Software License Management and Compliance (3.6), Implementation of Best Practices and Processes (3.4), and Windows Server Application Management (3.1) through 2008. Ensuring software compliance and vendor agreements (Figure 11) was also the most important reason for Enterprises to track their software licenses, which is repeated in the top issues as well. These findings are not surprising, considering the sample surveyed were individuals in charge of license management and compliance.

SOFTWARE VENDOR:

Key Issues for 2007 – 2008

(Average Score Out of 5 Points)



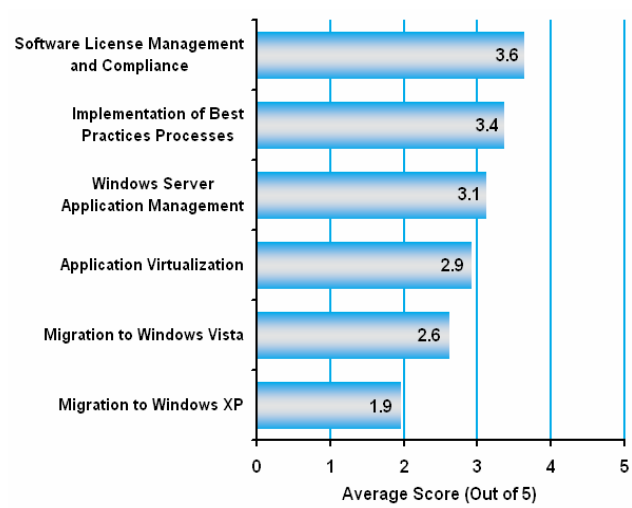
5 = Most Important, 1 = Least Important

Figure 23

ENTERPRISES:

Key Issues for 2007 – 2008

(Average Score Out of 5 Points)



5 = Most Important, 1 = Least Important

Figure 24

APPENDIX A

Software Vendor Questionnaire:

1. What is your primary licensing model for most of your products today?
    a. Perpetual
    b. Subscription (e.g. annual, monthly, term limited)
2. In two years, which licensing model will you primarily offer?
    a. Perpetual
    b. Subscription (e.g. annual, monthly, term limited)
3. If your company is moving toward a subscription model, what is the primary reason for the move?
    a. We want a more predictable revenue stream
    b. Our customers are demanding it
    c. Our competitors are offering it
    d. We want to increase adoption of our software by offering a lower upfront price to customers
    e. We want to reduce the time it takes for us to deploy our solutions to customers
    f. We want to reduce our development and deployment costs
    g. Other
4. Which pricing models do you offer for your software today? (Select all that apply). Software that is priced per…
    a. Processor
    b. Processor core
    c. Seat (per machine/per server)
    d. Seat (named user)
    e. Concurrent user (floating/network)
    f. Usage metric (number of uses, time used, number of transactions)
    g. Financial metric (revenue, cost, royalty)
    h. Other (please specify)
5. In two years, which pricing models do you expect to offer? (Check all that apply). Software that is priced per…
    a. Processor
    b. Processor core
    c. Seat (per machine/per server)
    d. Seat (named user)
    e. Concurrent user (floating/network)
    f. Usage metric (# of uses, time used, # of transactions)
    g. Financial metric (revenue, cost, royalty)
    h. Other (please specify)
6. How do you primarily enforce the licensing of your products today?
    a. Contract (Paper/Clickwrap/EULA)
    b. Electronic/Digital Enforcement
    c. Online Login ("Software as a Service" Provider)
7. In two years, how do you expect to enforce the licensing of your products?
    a. Contract (Paper/Clickwrap/EULA)
    b. Electronic/Digital Enforcement
    c. Online Login ("Software as a Service" Provider)
8. Do you audit your customers to ensure compliance with licensing terms?
    a. Yes
    b. No
9. Which of the following means of enforcement does your company use today? (Select all that apply)
    a. None
    b. Serial #
    c. Dongle/USB Key
    d. Product Activation
    e. Network Licensing
    f. Compliance audit team that visits customers
    g. Other (please specify)
10. In two years, which of the following means of enforcement do you expect your company to use (Select all that apply)
    a. None
    b. Serial #
    c. Dongle/USB Key
    d. Product Activation
    e. Network Licensing
    f. Compliance audit team that visits customers
    g. Other (please specify)
11. How would you rate your level of satisfaction with the quality of your company's licensing and pricing strategy?
    a. Highly Satisfied
    b. Satisfied
    c. Neutral
    d. Unsatisfied
    e. Highly Unsatisfied
12. Has your company changed its pricing and licensing policies in the past two years to make them more flexible?
    a. Yes
    b. No

13. If yes to question 12, has providing more flexible licensing and pricing policies helped the company (Select all that apply):
    a. Generate more revenue
    b. Improve relations with customers
    c. Accelerate the sale cycle
    d. Free R&D resources
    e. Decrease development cost
    f. N/A or none of the above
14. Please rank the key issues that are most important to your organization for 2007 – 2008. Please provide the top five ranks, from 1 – 5, where 1= Most Important, 5 = Least Important, skipping the remaining options.
    a. Software as a Service
    b. Application Virtualization
    c. Electronic Software Delivery
    d. Migration to Windows Vista
    e. Integration of Applications
    f. Software Compliance and Audits
    g. Other (Please Specify Below)
15. How has your target market changed within the last two years?
    a. Expanded, we are seeing more interest in our software from a greater variety of markets
    b. Narrowed, we are seeing less interest from other market areas outside of our core focus
    c. Same, our target market has not changed
16. Is your organization familiar with the term entitlement management?
    a. Yes
    b. No
17. Which of the following most closely match your definition of entitlement management?
    a. Contractual framework to define all goods, services, and rights purchased by the customer
    b. Contractual relationship about what customer is able to use
    c. Licensing enforcement that restricts usage
    d. All of the above
    e. None of the above
18. How would you characterize your software?
    a. Enterprise software
    b. Non-Enterprise business software
    c. Consumer software
19. Which statement best describes your product:
    a. High volume, low price
    b. High price, low volume
20. Which statement best describes your product:
    20. High volume, low price
    21. High price, low volume
21. Which of the following best represents your annual revenues?
    21. Less than $10 million
    22. $11 - $30 million
    23. $31 - $50 million
    24. $51 - $100 million
    25. $101 - $500 million
    26. $501 million +

Enterprise Questionnaire:

1. How do you currently perform tracking and reporting of your software licenses?
    a. Automated software, which is part of our asset management solution
    b. Automated software, which is only used for license tracking
    c. Manual methods
    d. Do not currently track
    e. Other (please specify)
2. If you are currently tracking your software licenses, what is the most important reason for doing so?
    a. Reduce software costs
    b. Ensure compliance with vendor agreements
    c. Prevent downtime by monitoring usage
    d. Do not currently track usage
3. Please rank the key issues that are important for your organization for 2007 – 08 (1=most important; 5=least important)
    a. Implementation of Best Practice Processes – Information Technology Infrastructure Library (ITIL), Business Desktop Deployment (BDD)
    b. Application Virtualization
    c. Software License Management Compliance
    d. Migration to Windows Vista
    f. Windows Server Application Management
    g. Consolidation of management systems
    h. Other (please specify)

3. B. If your organization has implemented a software asset management process, what is your primary objective in tracking?
    a. To primarily track desktop assets
    b. To primarily track server assets
    c. To primarily track assets with embedded license management
    d. To track all assets across the desktop and servers
    e. We have not implemented a formal software asset management process
4. Have you ever been audited?
    a. Yes
    b. No
5. If yes, what was the outcome?
    a. Your company was compliant
    b. You were not in compliance with vendor contracts
    c. Need to implement a new tracking and reporting products/solutions
    d. Other (please specify)
6. If you were audited by a vendor or a third party today, how confident are you that your company will be in total compliance with all of your licenses? (Scale of 1 to 5; 1 being most confident, 5 being least confident)

    1 2 3 4 5
7. Which software pricing model do you prefer? Software that is priced per…
    a. Processor/Processor core
    b. Named Seat (per machine/per server)
    c. Named User
    d. Concurrent User (floating/network)
    e. Usage metric (number of uses, time used, number of transactions)
    f. Financial metric (revenue, cost, royalty)
    g. Other (please specify)
8. If a software vendor gave you a choice, which of the following means of software license enforcement would you prefer?
    a. Product activation (software activated by vendor key)
    b. Network licensing (software activated by internally shared license)
    c. Trust-based licensing with vendor compliance audit
    d. Serial number
    e. Dongle/USB
    f. Other (please specify)
9. How would you rate your level of satisfaction with the quality of your software vendors’ licensing and pricing strategies?
    1. Highly satisfied
    2. Satisfied
    3. Neutral
    4. Unsatisfied
    5. Highly unsatisfied
10. Over the past two years, have your IT budgets
    a. Decreased
    b. Stayed the same
    c. Increased
11. Which of the following best represents your annual revenues?
    a. Less than $50 million
    b. $50 - $100 million
    c. $100 - $500 million
    d. $500 million - $1 billion
    e. $1 billion +
12. How many desktops do you have in your organization?
    a. <1,000
    b. 1,001 – 2,500
    c. 2,501 – 5,000
    d. 5,001 – 10,000
    e. >10,000
    f. Don’t know

APPENDIX B

Macrovision provides a broad set of solutions that enable businesses to protect, enhance and distribute their digital goods to consumers across multiple channels. Macrovision solutions are deployed by companies in the entertainment, consumer electronics, gaming, software, information publishing and corporate IT markets to solve industry-specific challenges and bring greater value to their customers. Macrovision holds approximately 265 issued or pending United States patents and more than 1,200 issued or pending international patents, and continues to increase its patent portfolio with new and innovative technologies in related fields. Macrovision is headquartered in Santa Clara, California, U.S.A. with other offices across the United States and around the world.

More information about Macrovision can be found at www.macrovision.com.

SoftSummit is a unique executive conference that offers direct access to leading-edge thinking on software pricing, licensing, and enterprise application management, and reflects the changing dynamics and relationships between software producers and their customers. Over 700 executives from leading Software Producers and Enterprise IT organizations, as well as industry press and analysts, will gather at SoftSummit 2007 to discuss challenges, strategies, and best practices for managing and optimizing the changing dynamics in their businesses.

For more information or to register, visit www.softsummit.com.

ECPweb is the innovative leader in news and reviews of technology asset, IT service and software asset management issues, practices and tools. ECP publishes Tools Manager, Software Manager, IT Service Manager and other industry-leading guides and reports. IBSMA, the International Business Software Managers Association, is a division of ECP. IBSMA is an international association of business-focused SAM professionals working together on issues of common concern.

More information about ECP can be found at www.ecpweb.com.

CELUG's mission is to facilitate collaboration among companies who administer software licensing at the enterprise level, enable sharing of best practices and experiences, and partner with software publishers to improve software license management tools and processes.

CELUG has been in existence since January 2003.

More information about CELLUG can be found at www.cellug.com.

The EDA consortium industry services virtually every major semiconductor and electronics systems company in the world including, computer, communications, consumer electronics, medical and aerospace. The EDA Consortium seeks to identify and address issues that are common to its members and the customer community that the member companies serve. The EDA Consortium represents 100 companies in the $4 billion Electronic Design Automation (EDA) industry. The consortium employs over 20,000 people and more than 500,000 people use its tools and services.

More information about the EDA Consortium can be found at www.edac.org/.

APPENDIX C

GLOSSARY OF TERMS

Concurrent User

Some products are licensed based on how many users access the software simultaneously. Such license models are often used for business software.

Dongle

A mechanism for ensuring that only authorized users can copy or use specific software applications, especially very expensive programs. Common mechanisms include a hardware key that plugs into a parallel or serial port on a computer and that a software application accesses for verification before continuing to run; special key diskettes accessed in a similar manner; and registration numbers that are loaded into some form or ROM (read-only memory) at the factory or during system setup.

Metric-based Licensing

License models that are based on varying business, usage or financial metrics, such as revenue, budgets, or cost of goods sold.

Named User

A system whereby each software license and corresponding usage rights are assigned to a specific person.

Networking Licensing

A license model where 2 or more users share licenses for a software. Enterprises benefit by not having to buy dedicated licenses for every user. Publishers benefit by expanding their market to customers that might otherwise find dedicated licenses cost-prohibitive.

On-Demand

On-demand (OD) computing is an increasingly popular enterprise model in which computing resources are made available to the user as needed. The resources may be maintained within the user's enterprise, or made available by a service provider.

Per Machine/Per Server

A system whereby each software license is assigned to a particular computer or server.

Processor Core

A multi-core processor is an integrated circuit to which two or more processors have been attached for enhanced performance, reduced power consumption, and more efficient simultaneous processing of multiple tasks.

Product Activation

The process of installing or downloading licenses to us an application on an end user’s machine.

Perpetual Licensing

Licenses are paid for on a one-time basis, giving the user the right to run the program as long as they choose. It does not imply a right to upgrades, which are typically sold separately as part of a maintenance agreement or on a per upgrade basis.

Subscription Licensing

Licenses are paid for with a recurring (often annual) fee to continue using the software. If the fee is not paid, the software stops working. The customer does not own the software license.

Utility Computing

A service provisioning model in which a service provider makes computing resources and infrastructure management available to the customer as needed, and charges them for specific usage rather than a flat rate. Like other types of on-demand computing (such as grid computing), the utility model seeks to maximize the efficient use of resources and/or minimize associated costs.

Macrovision Corporation
2830 De La Cruz Boulevard, Santa Clara, CA 95050
US +1 888-755-0861 Int'l +44 (0)870-873-6300
www.macrovision.com