

Realizing the Benefits of Electronic License Management

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Electronic License Management (ELM)

Borland's ELM Story

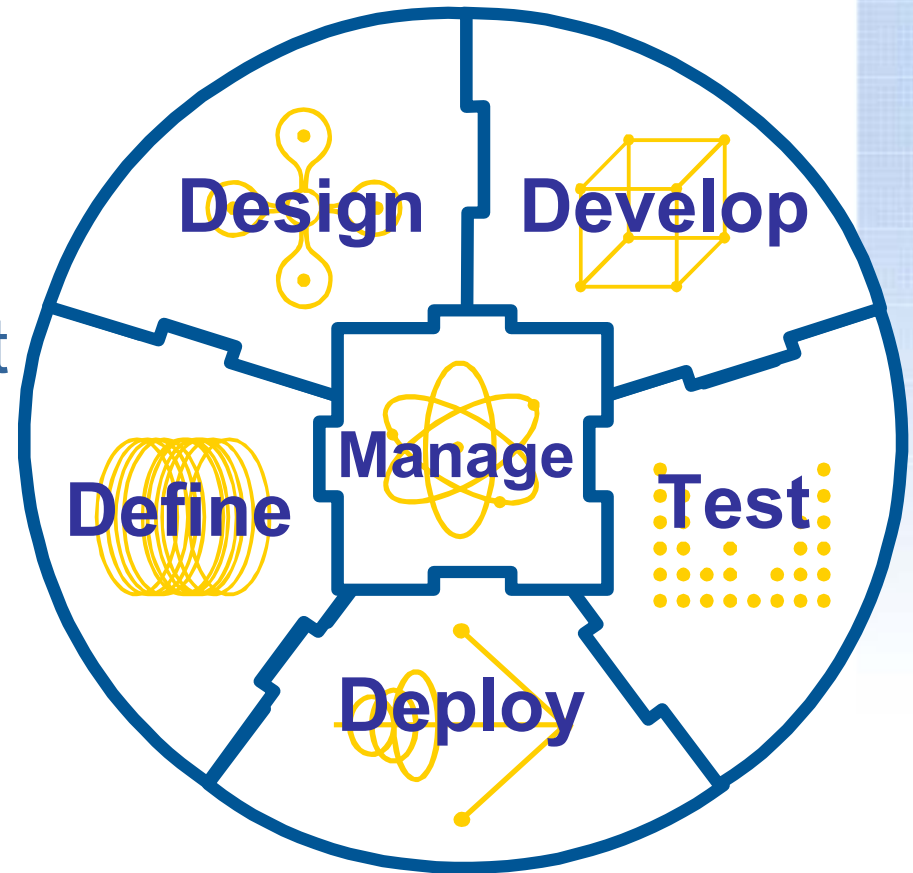
- In the beginning
- Business goals
- Strategic approach
- Getting to work
- Results
- Lessons learned
- Looking to the future

Borland Key Facts

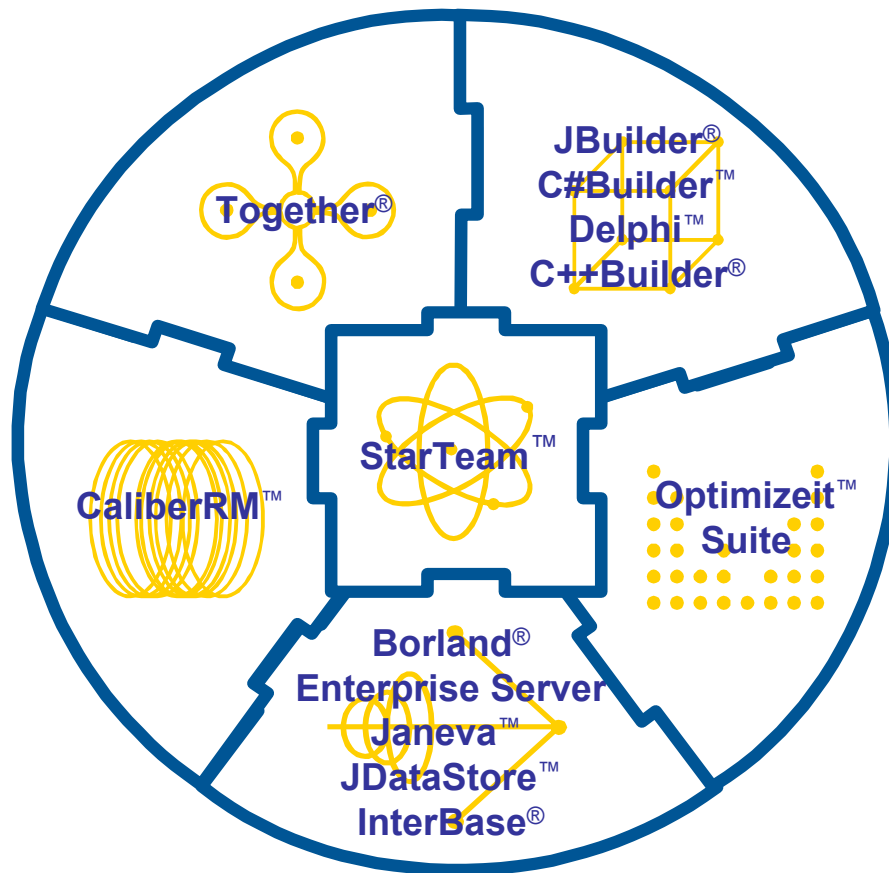
- 1983-2003
- Corporate offices in Cupertino, California
- Focus: Software Application Life Cycle
- 1,600 employees worldwide
- Global R&D and Distribution
 - California, Georgia, North Carolina, Oregon
 - Russia
 - Czech Republic
 - Singapore

Better Software, Faster

- Integrates the definition, design, development, testing, deployment and management stages of the software application life cycle to enable agile development



Borland Line Up



- ▶ **.NET**
- ▶ **Java**
- ▶ **Win32**
- ▶ **Mobile**
- ▶ **Unix**
- ▶ **Linux**

In The Beginning

ELM

- No electronic registration
- License key (if any) was serial number
- Named-user license grant

Products

- Desktop, enterprise, and redistributable products
- All major platforms
- Several implementation languages
- Internationalized



In The Beginning...

Markets / Channels

- Worldwide markets
- Various channels
- Physical distribution of for-purchase
- Self-service evaluations and seeding products

Organization

- Business units
- No technology services organization
- Regional sales, service, support

Business Goals



Compliance

- Enforce license grants
- Help customers manage compliance
- 5-13% revenue boost



Business Intelligence

- Sales lead generation
- Direct marketing campaigns
- User news
- Use patterns

Compliance Opportunity

Region	2001 Revenue	Piracy Rate	Compliance Opportunity
EMEA	\$84M	34%	\$43M
Asia-Pac	\$24M	58% (China 98%)	\$33M
Americas	\$88M	25%	\$29M
Other	\$26M	37%	\$15M
Worldwide	\$222M		\$120M

10-25% recapture
estimated

Business Goals...

Flexible Offerings

- Array of license models / options
- Single appearance for integrated suites
- Physical and electronic distribution
- Enable volume deployment models
 - Enterprises
 - Resellers
 - OEM
- Enable distribution channels

Business Goals...

Enable eBusiness

- Web-enable business
- Evaluation and market seeding
- Electronic distribution
- Entitlement programs

Operational Efficiency

- Reduce development costs
 - Fewer binary images
 - Common solution
- Reduce warranty costs

Strategic Approach

Tackle Soft Piracy

- Deter inadvertent misuse
- Deter license leakage
- Provide asset-management tools
- Technical solution

Avoid Product Disaffection

- Full disclosure
- Care with data
- Self-service
- Live support
- Fast, available
- Enable license grants

Strategic Approach...

Evolutionary

- Adjustment of customers
- Build infrastructure and processes
- Adjustment of internal organizations
- Reduce risk
- Reduce capitalization outflow

Getting to Work

Road Map

- 1) Electronic registration
 - Activation code
- 2) Electronic licensing for desktop products
 - Architectural advance
 - Suites
- 3) Enterprise licensing for desktop products
 - Intranet license servers
- 3.5) Enterprise products
- 4) Anti-piracy

Getting to Work...

Organization

- Started in one business unit
- Centralized ELM team by mid-phase 2 (+6 mos.)
 - ELM technology
 - ELM program
- Information Services partnership
- Customer Service partnership

ELM Program Partners

Define

Product Management

- License models / options
- Entitlement programs
- Sales education
- Want use patterns

Engineer

Product Development

- Technology adoption
- Product verification

Sell

Sales

- Evaluation licenses
- Technical sales support
- Want leads
- Want cust. profiles

Distribute

Manufacturing

- License certificates
- ESD

Web

- Eval / seeding products
- Entitlement programs

Service

Customer Service

- Phone reg. / assistance
- Order fulfillment

Technical Support

- Installation support

ELM Program Partners...

Define

Engineer

Sell

Distribute

Service

Information Services

- Operate web servers, data servers, and network
- 99.9% service level agreement
- Data administration

Sales Operations

- Disseminate business intel.
- Feed leads to Sales
- Standard, ad-hoc, and custom reporting

Legal

- Evolving license terms

Information Services

Sales Operations

Legal

Policies and Business Rules

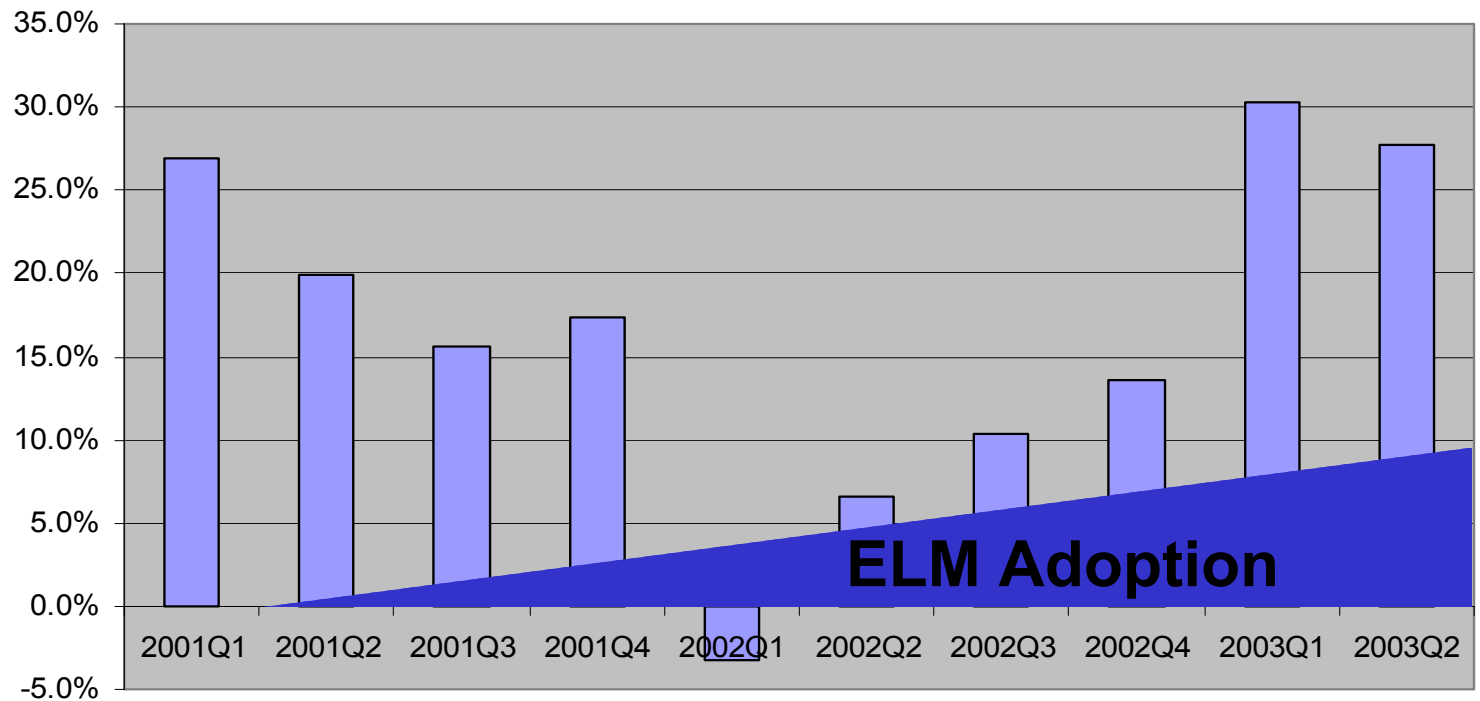
- Mandatory product registration
 - Evolve:
electronic →
incented → required
- Registration grace period
 - Pros and cons
 - Uncommon in industry
 - Reduce over time?
- Minimal usage-data collected
 - Identify named-user profile
 - Demographics of e-mail address
- Concurrent licenses
 - 2x pricing premium
 - Territorial restriction

Results

- Achieving road map
- Misuse down?
 - Stumbling over enforcement
- Evolving hard piracy
 - Share S/N
 - S/N generators
 - Cracks
 - Go elsewhere?
- Revenue boost?
- Networked licensing popular
 - Half of revenue
 - Also reduces warranty costs
- Business intel.
 - Heavily used

Revenue Boost?

Year-over-Year Revenue Growth



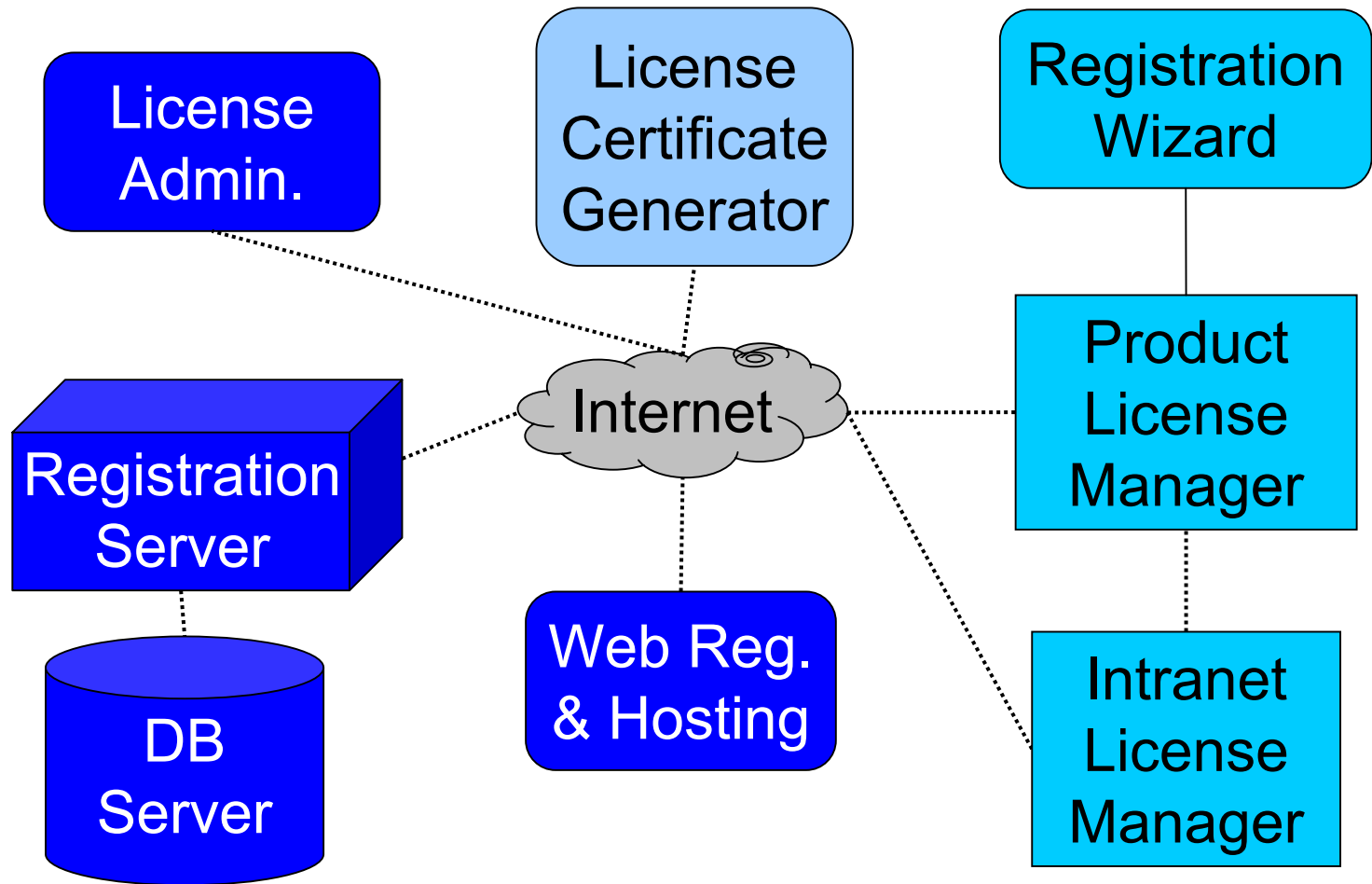
Lessons Learned

- Customer resistance less than feared
 - Some heated feedback
 - No lost sales
 - Explaining helpful
 - Able to disable as needed
- Growing pains
 - Slow drip of continual change
 - Uncovering and handling edge cases
- Can't delay anti-piracy

Lessons Learned...

- Widespread company impact
- Extensive program management
 - Planning and managing change
 - Training
 - Consulting and supporting
- Agent of change
 - Little enthusiasm
 - Myopic tendency
 - Piracy least in U.S.
 - Fears and concerns more immediate than advantages
 - Want to lean heavily on ELM team

Complex Technical Undertaking



Looking to the Future

- Pervasive ELM adoption
 - Acquisitions
- Subscription and metered licensing
 - Systems integrators
- Piracy as an opportunity
- Business systems integration
 - Financial
 - Technical support

Electronic License Management

- **Transforms** ways customers...
 - Purchase
 - Receive
 - Install
 - Manage
- **Innovates** how software is...
 - Developed
 - Packaged
 - Marketed
 - Sold
 - Supported
 - Renewed
- **Large potential to...**
 - Increase revenue
 - Decrease expenses
- **Requires mastery of...**
 - Technical aspects
 - Business aspects