



High performance. Delivered.

Software Entitlements SoftSummit

October 18, 2006

Software entitlements basics

Software Entitlement: a commitment of future value made to a customer or partner and delivered as a product or service

Examples: software licenses, support, professional services (consulting, education)

Determinants

Product Type

Software Usage

Location

Time Period

Pricing Terms

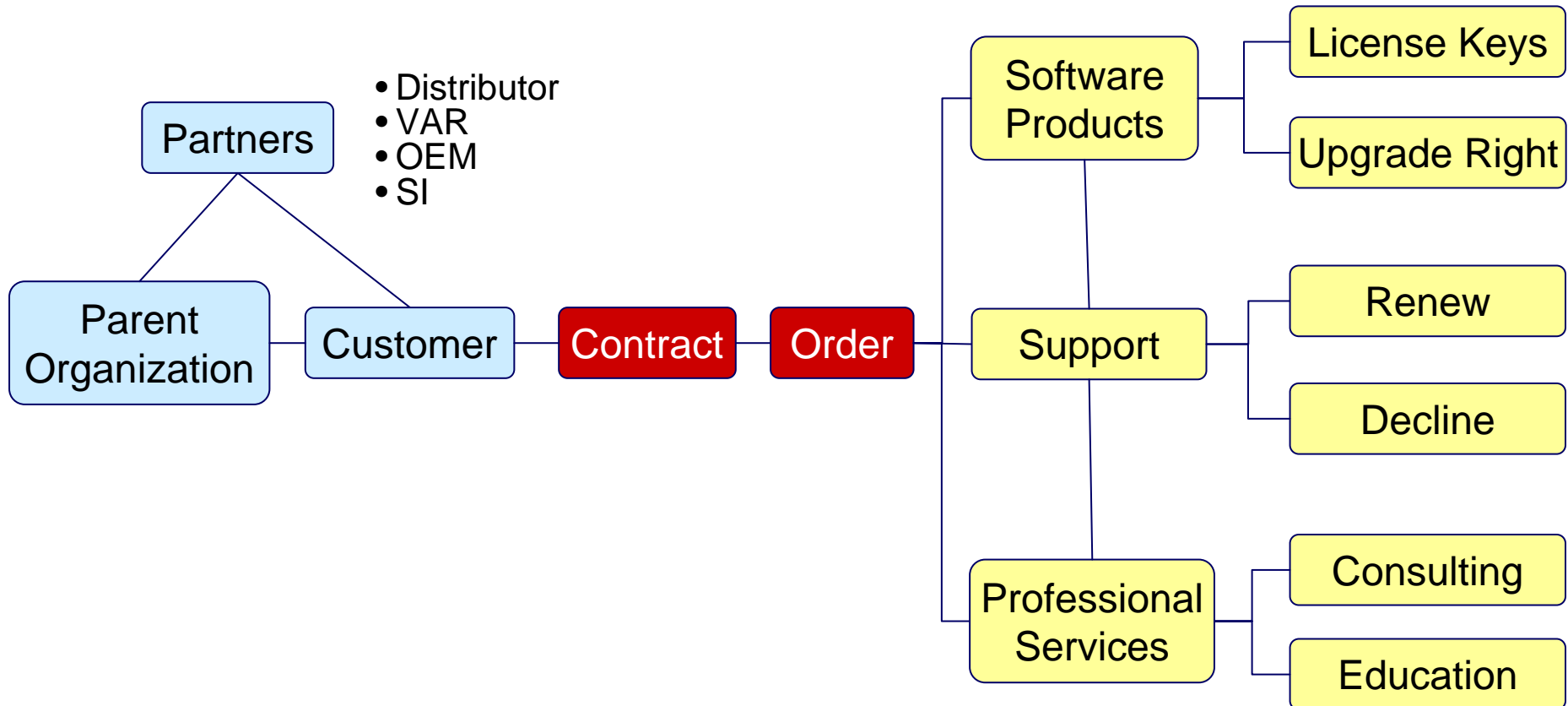
Support Level

Special Terms & Conditions

Deployment Models

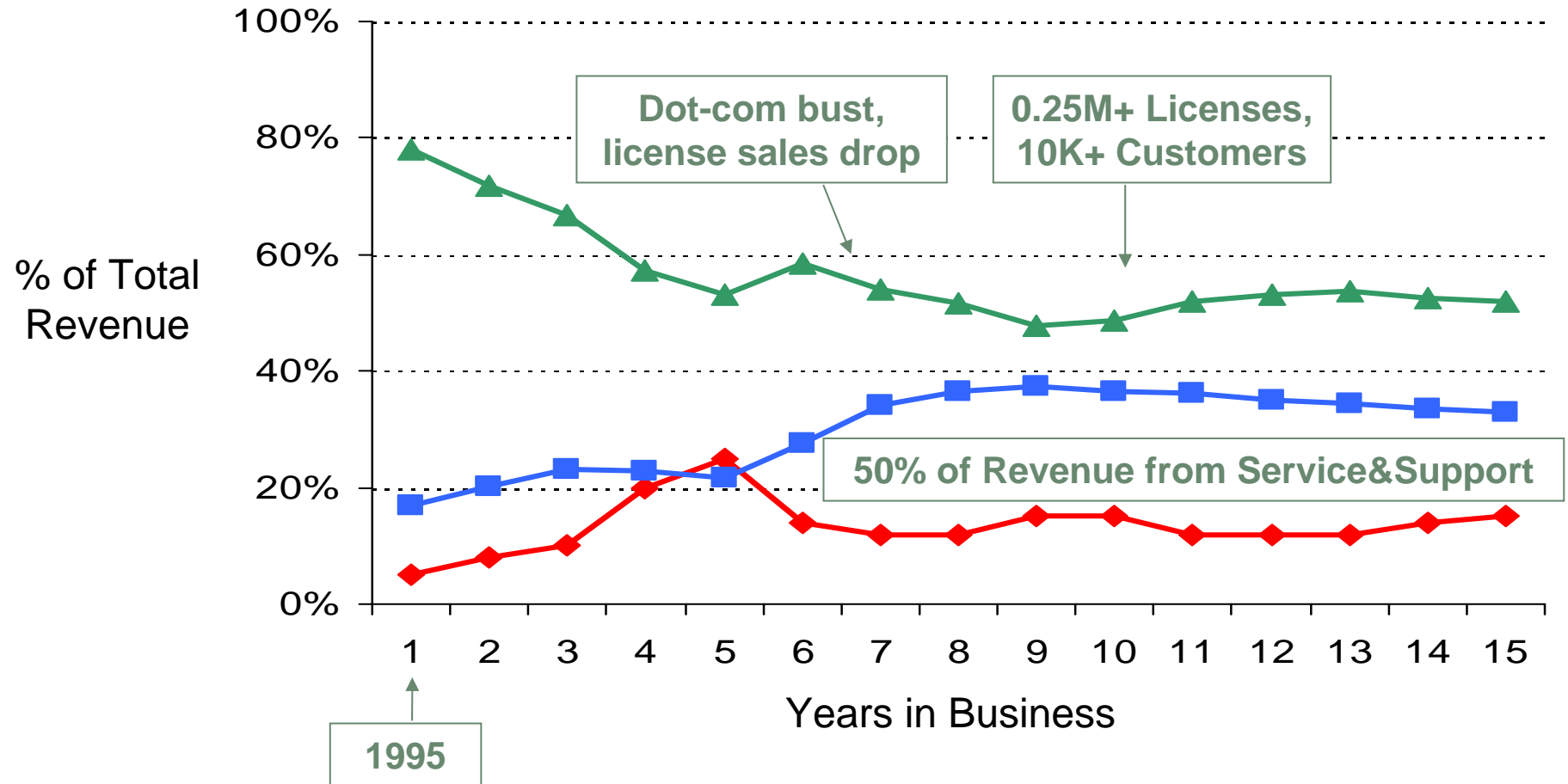
Committed what, to whom, by when?

End-to-End Entitlement Visibility



Growing importance of entitlements...

Software Company Evolution*

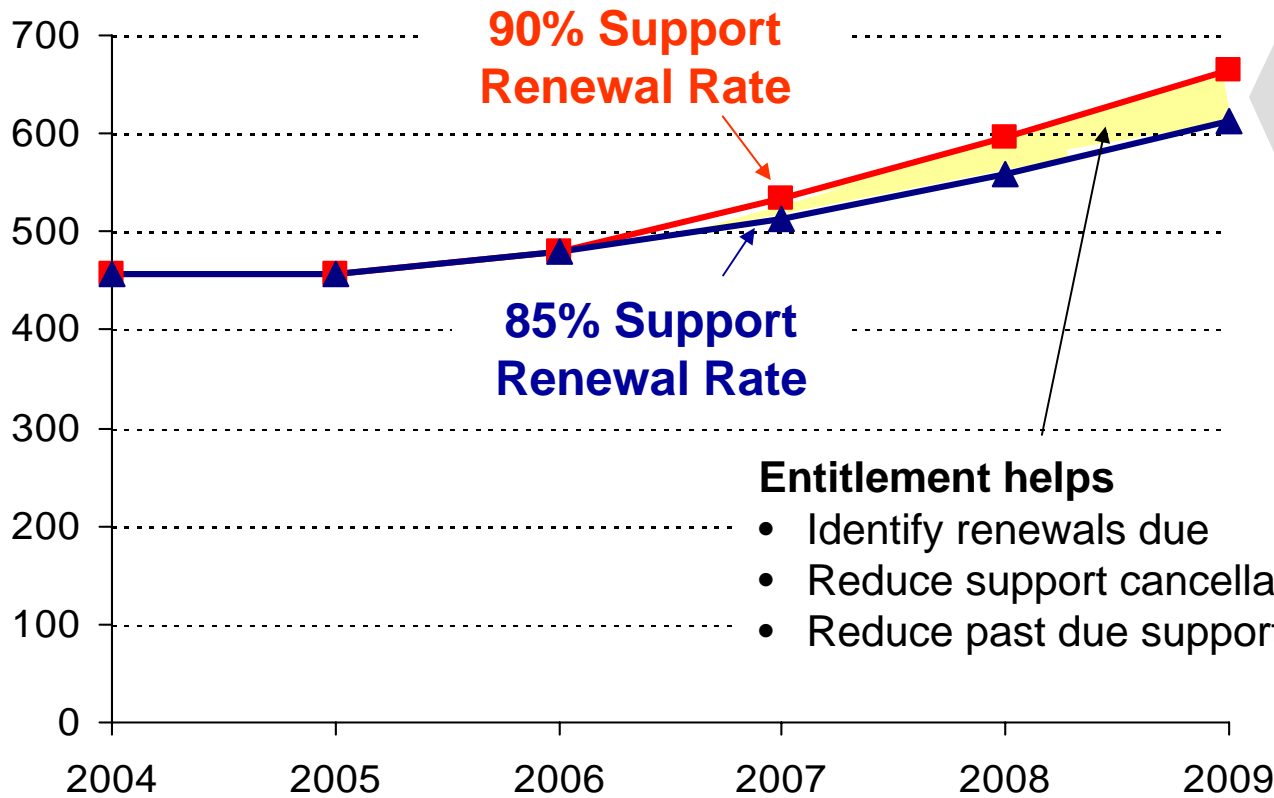


* Based on generalized growth trajectory of selected enterprise software companies. Assumptions: Company supply model is Service and Support with Software, 85% renewal rate on 5-year support contracts.

... particularly to increase support revenue

Support Revenue Opportunity

Support Revenue (\$M)



Incremental Revenue (for \$1.4B company)*

Year 1 ~\$20M

Year 2 ~\$40M

Year 3 ~\$50M

* By 2009, company total revenue would equal \$1.92B with higher renewal rate, otherwise at \$1.86B

Entitlement helps

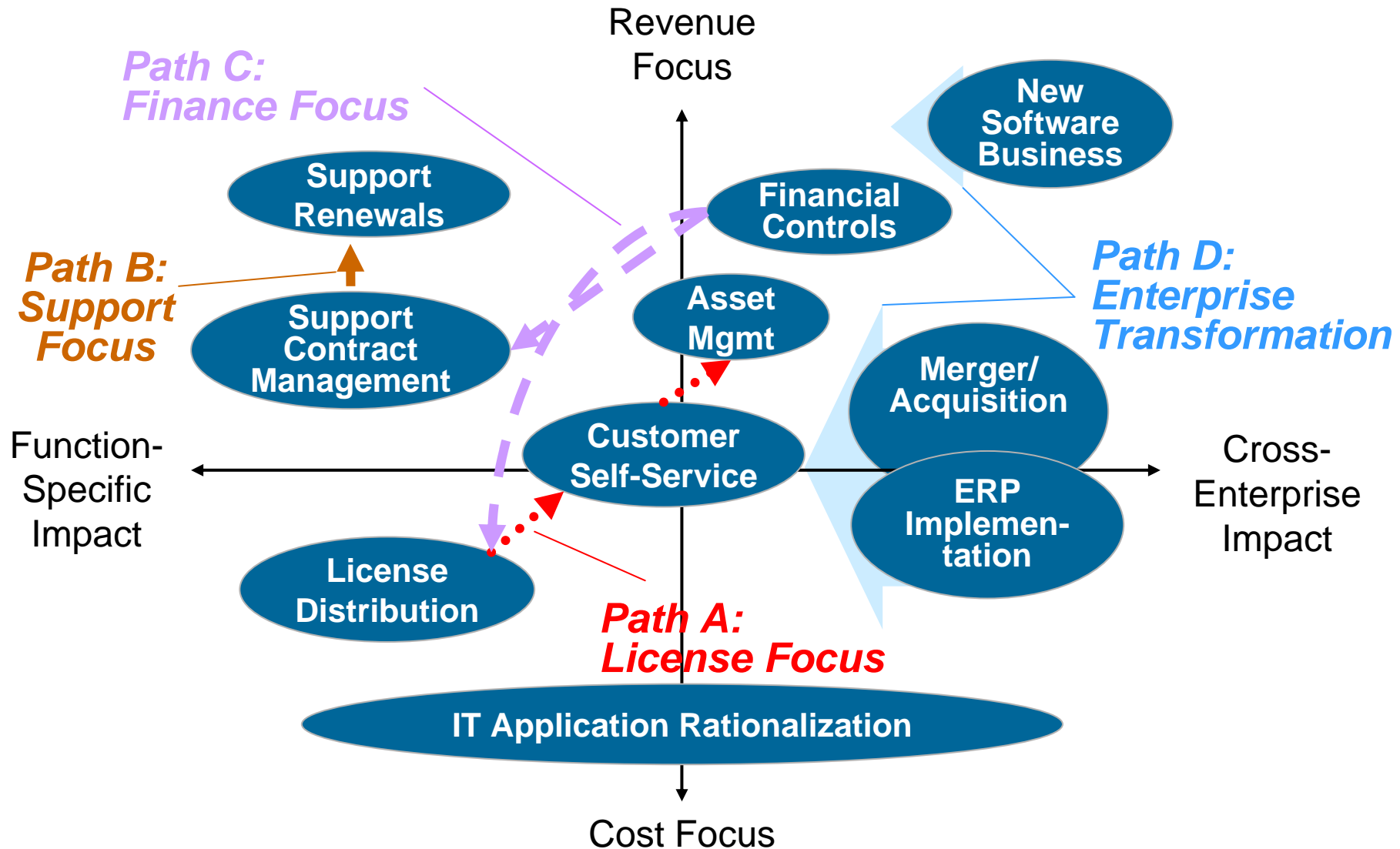
- Identify renewals due
- Reduce support cancellations
- Reduce past due support

Assumptions

- \$1.4B software business in 2006, with 47% revenue from Support & Services
- Software sold with Support, renewed for 5 years

Copyright © 2006 Accenture All Rights Reserved.

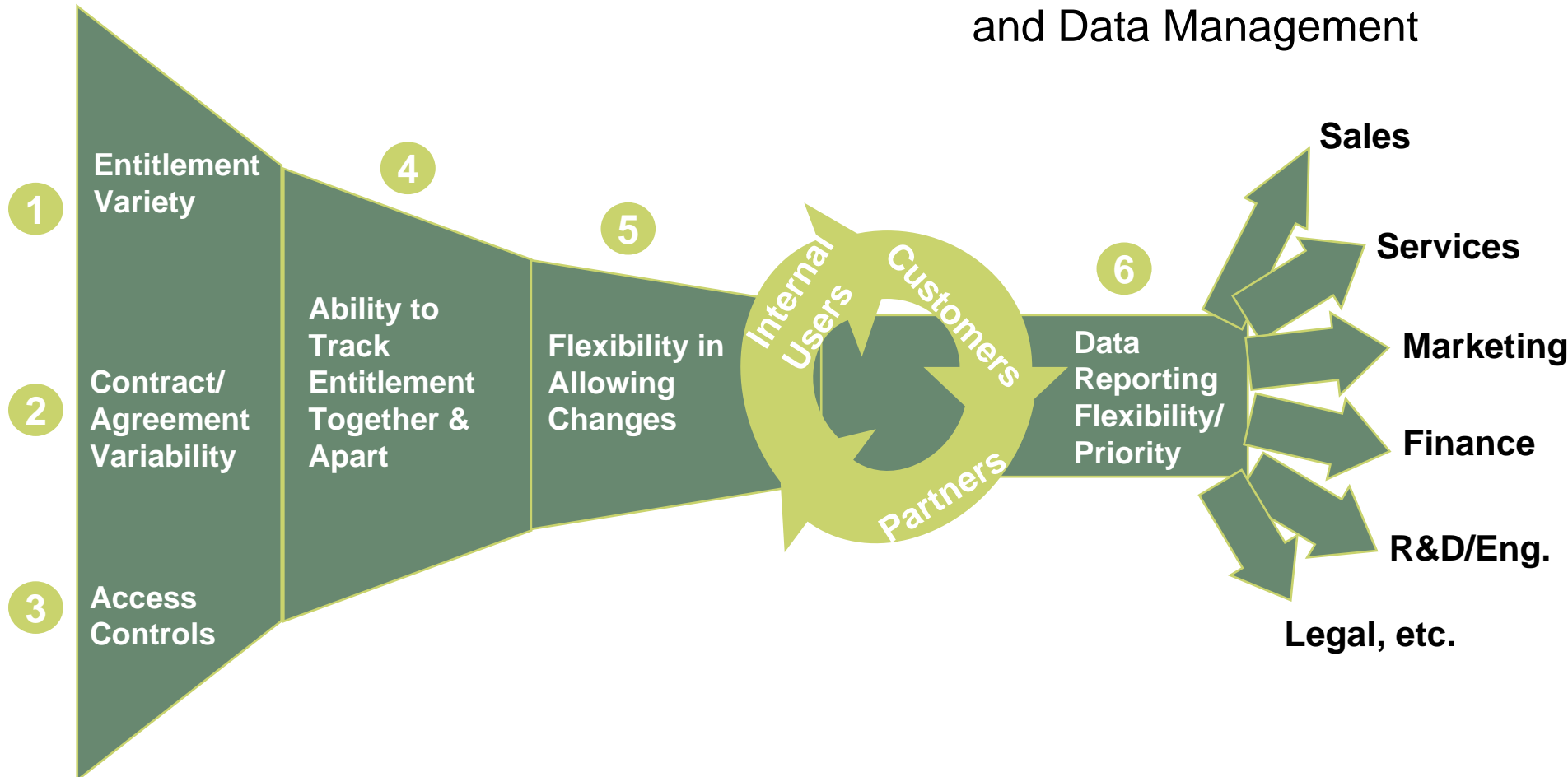
Varying implementation paths



Balancing across business levers

Front-End Inputs

Back-End Operations and Data Management



Implementation decisions (examples)

- **Standard vs. custom** entitlement terms and conditions?
- **Process/system variation** by region or BU?
- **Who's responsible** for data capture and data quality management?
- How much **customer self-service**? For which customers? How?
- How many **licensing frameworks and tools to maintain**?
- Number of **data entry points** for customer and order data?
- **Access control** for software products?
- **Master data** access, cross-referencing and management?
- What to **build vs. buy**?

Top 10 Lessons Learned

Entitlement Implementation: Must-Haves

Governance & Organization

1. Get executive sponsorship.
2. Establish governance structure.
3. Create a cross-functional team with dedicated resources.

Business Capabilities

4. Decide business priorities and tradeoffs.
5. Define business rules/processes for prevalent use cases.
6. Decide which business capabilities to improve.

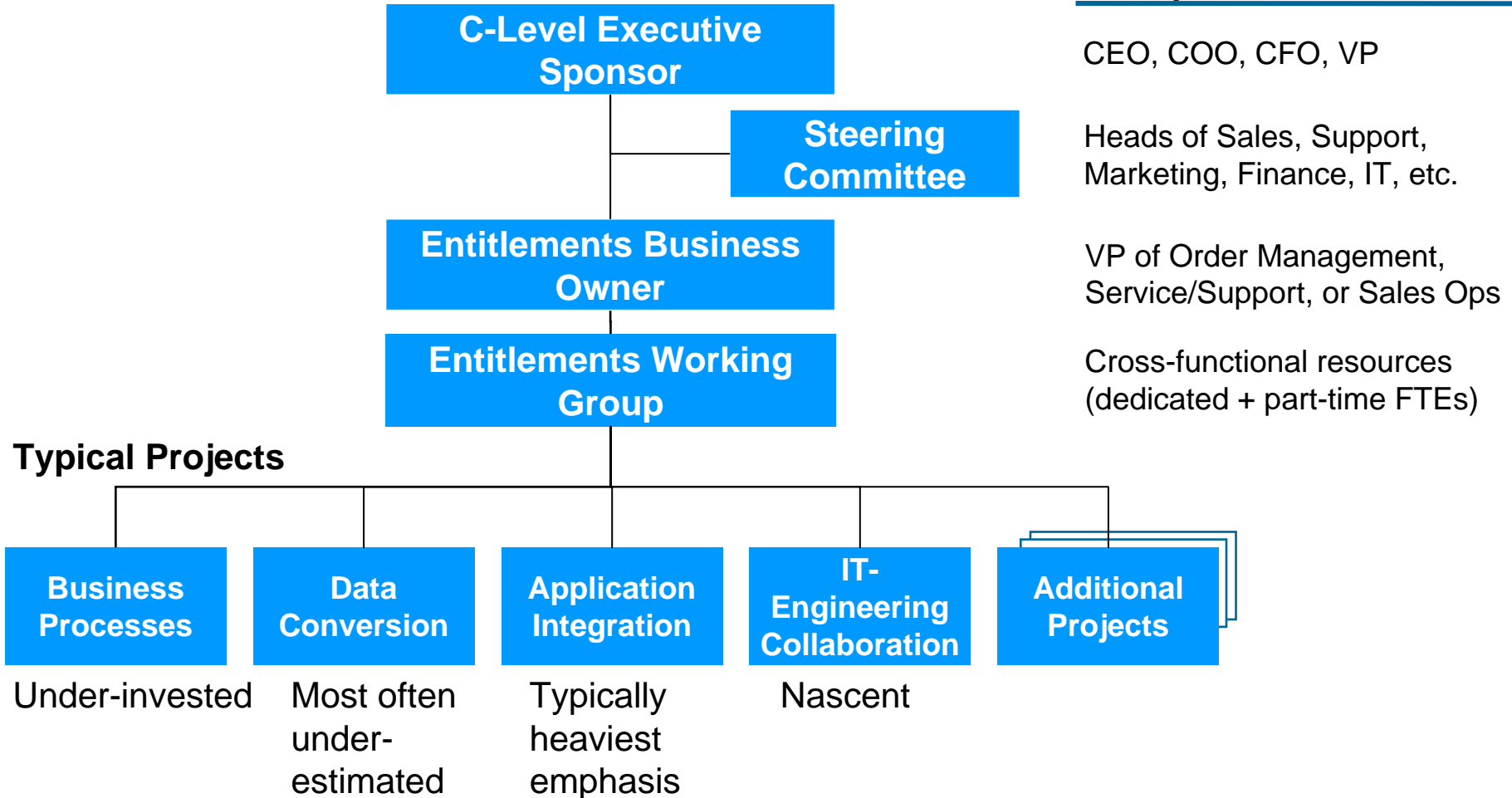
Technical Architecture

7. Define and agree on cross-enterprise data model.
8. Update system infrastructure to deliver “entitlements services” via a flexible, agile architecture.
9. Convert historical data (but decide what and how much).

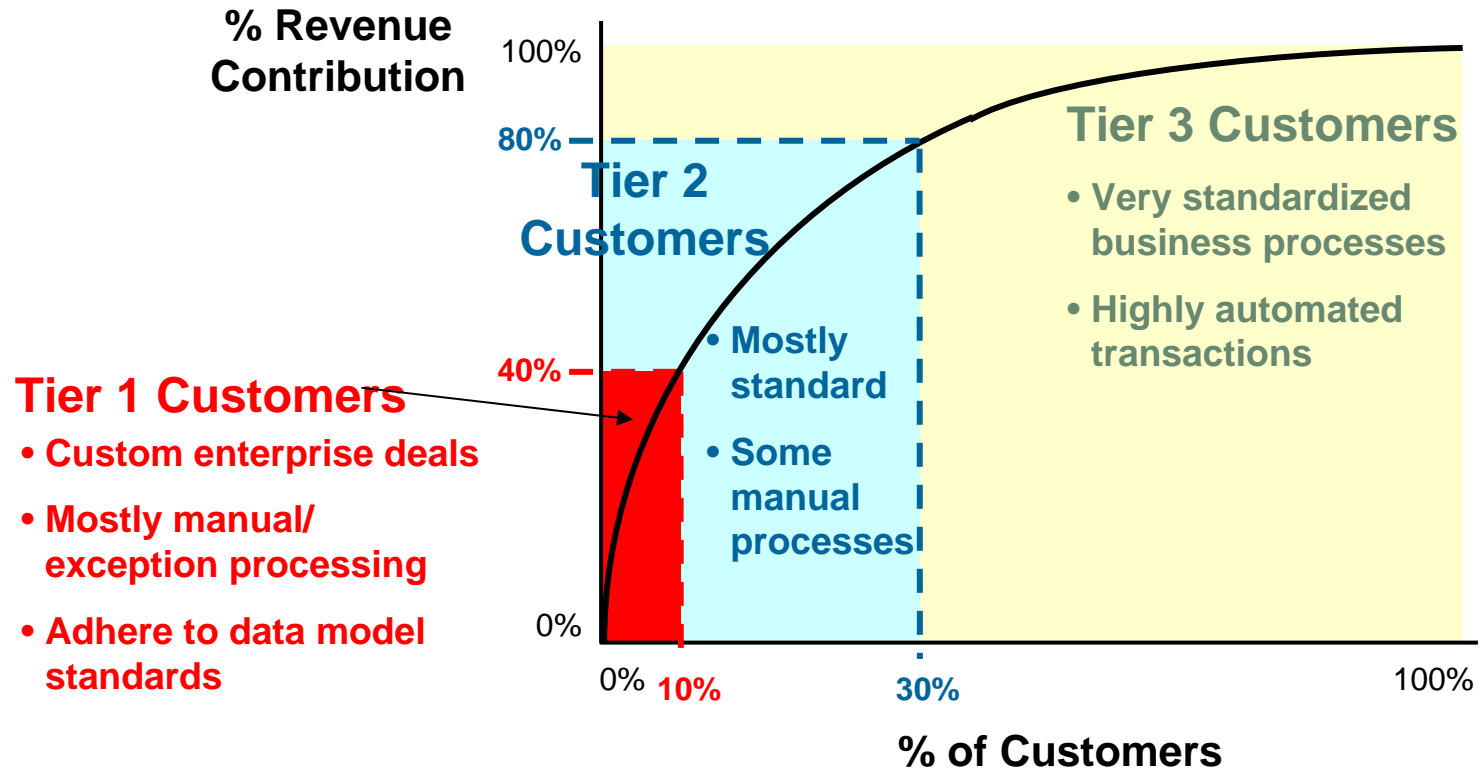
Stakeholder Management

10. Communicate with stakeholders; set/manage expectations.

On Governance/Organization



On Business Processes/Capabilities



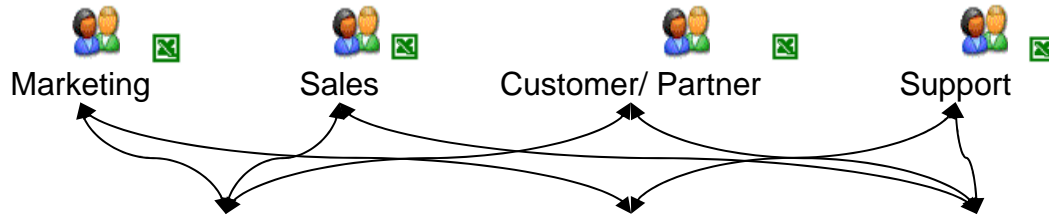
Focus processes and data management on where it matters most to the business

On technical architecture: Simplification...

Typical Technical Implementation

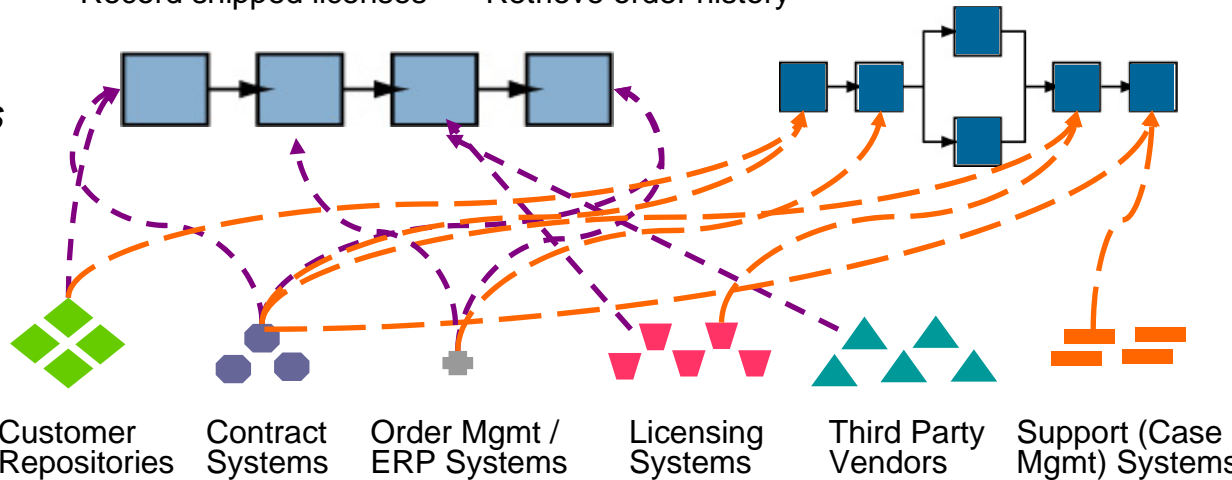
Example Activities

End Users



- Create customer profile
- Capture order info
- Record shipped licenses
- Update entitlements
- Extend support terms
- Retrieve order history
- Validate SW licenses
- Validate support contract

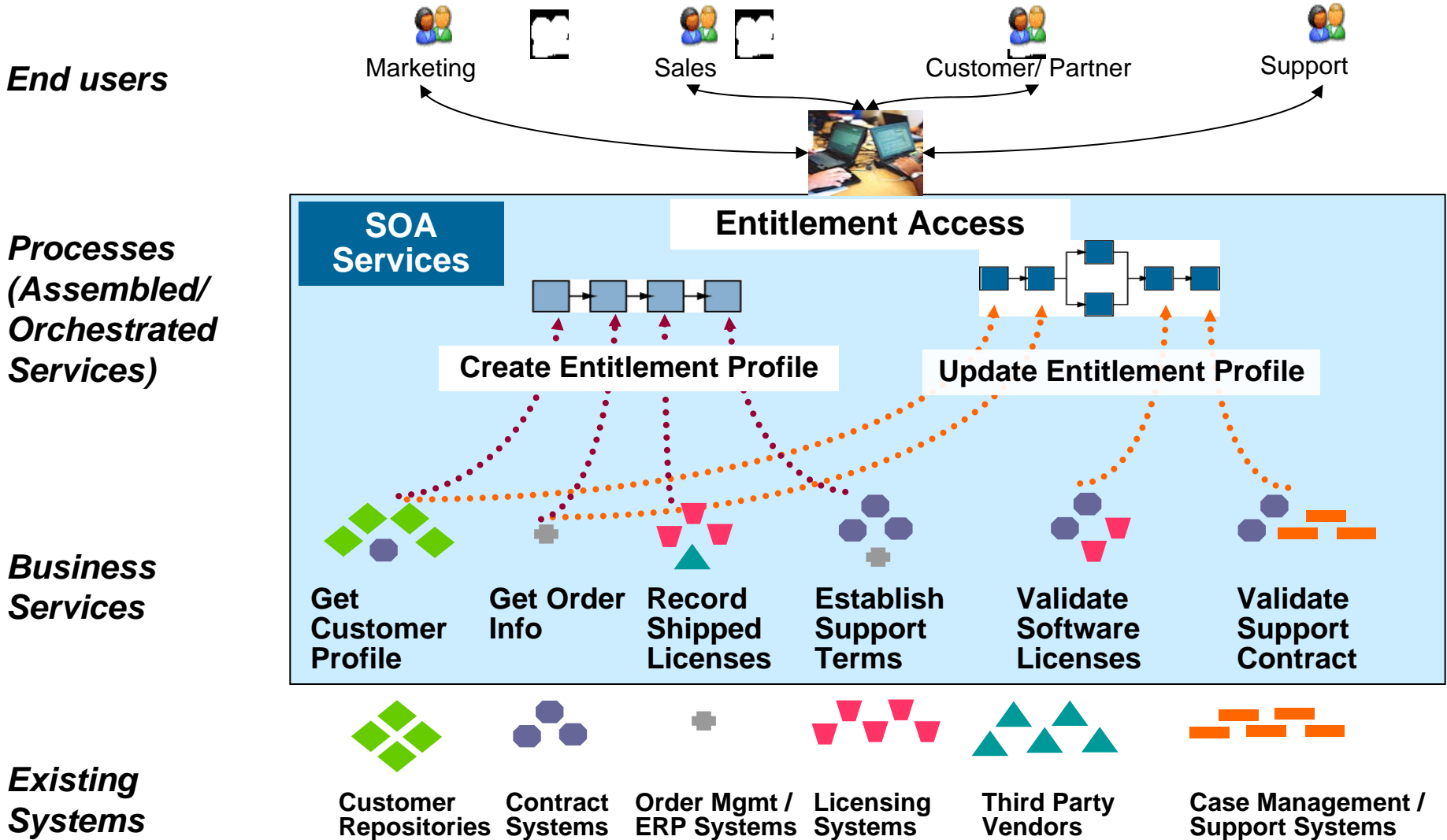
Workflow Processes



Existing Systems

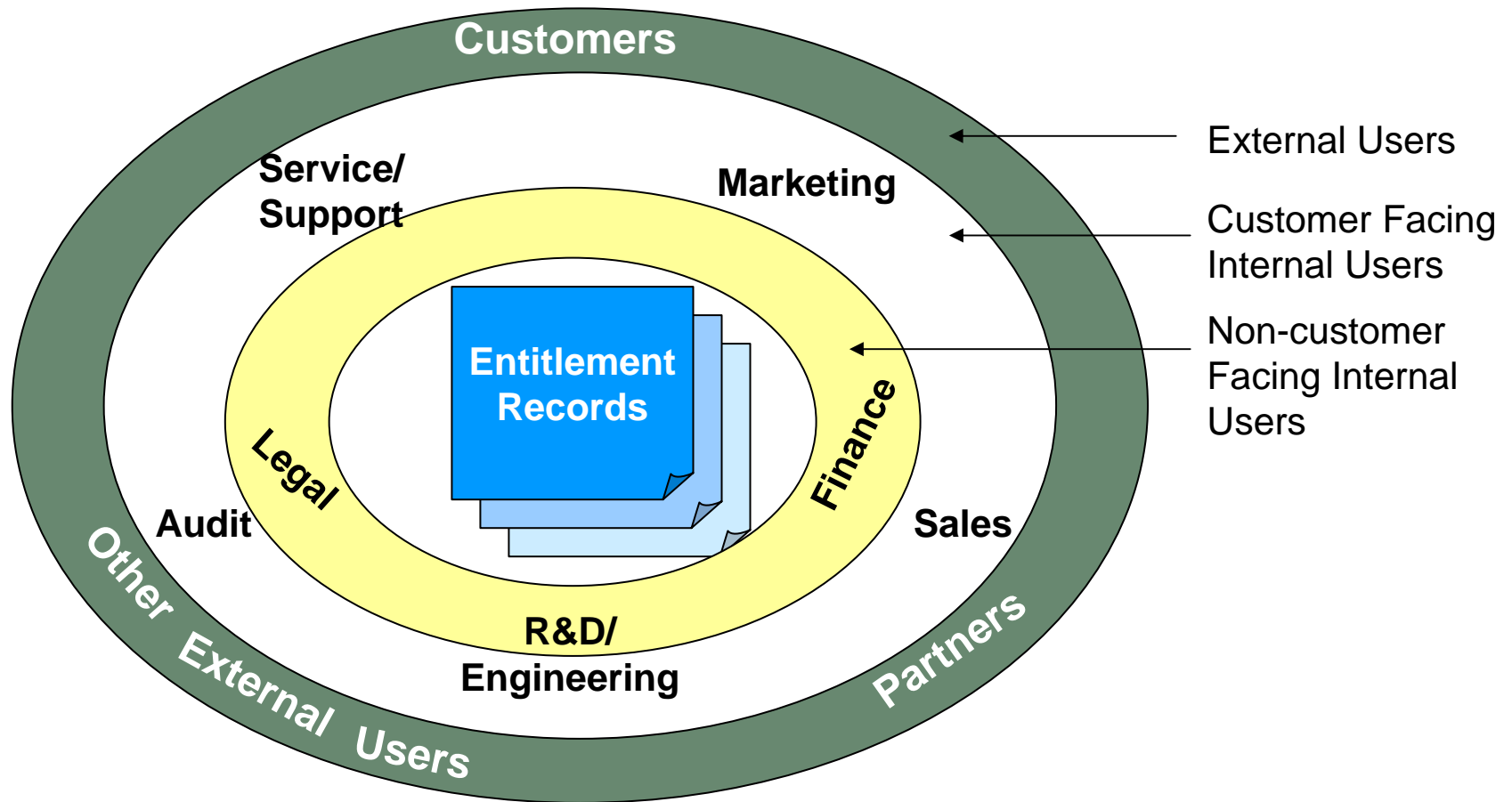
- **Prioritize** business needs/ requirements
- Revise business processes
- **Standardize/ simplify** workflows
- Align key data entry/exit points
- Create **customer master**
- **Integrate applications**
- **SOA** baby steps

... and SOA Approach



On Stakeholder Management

User Communications Touchpoints



Managing the entitlements lifecycle

Accenture Entitlements Capability Framework



Governance & Organization

Commitment Management

Customer Profile

Order Management

Contract Management

Entitlement Verification

SW Upgrade Verification

Support Verification

PS/Other Verification

Entitlement Provisioning

Licensing Framework

License Generation/
Distribution

License Activation/ Upgrade

User Access/ Authentication

New Entitlement Introduction

Entitlement Data Management

Data Definition

Entitlement Record Creation

Data Quality Management

Install Base Reconciliation

Data Retirement

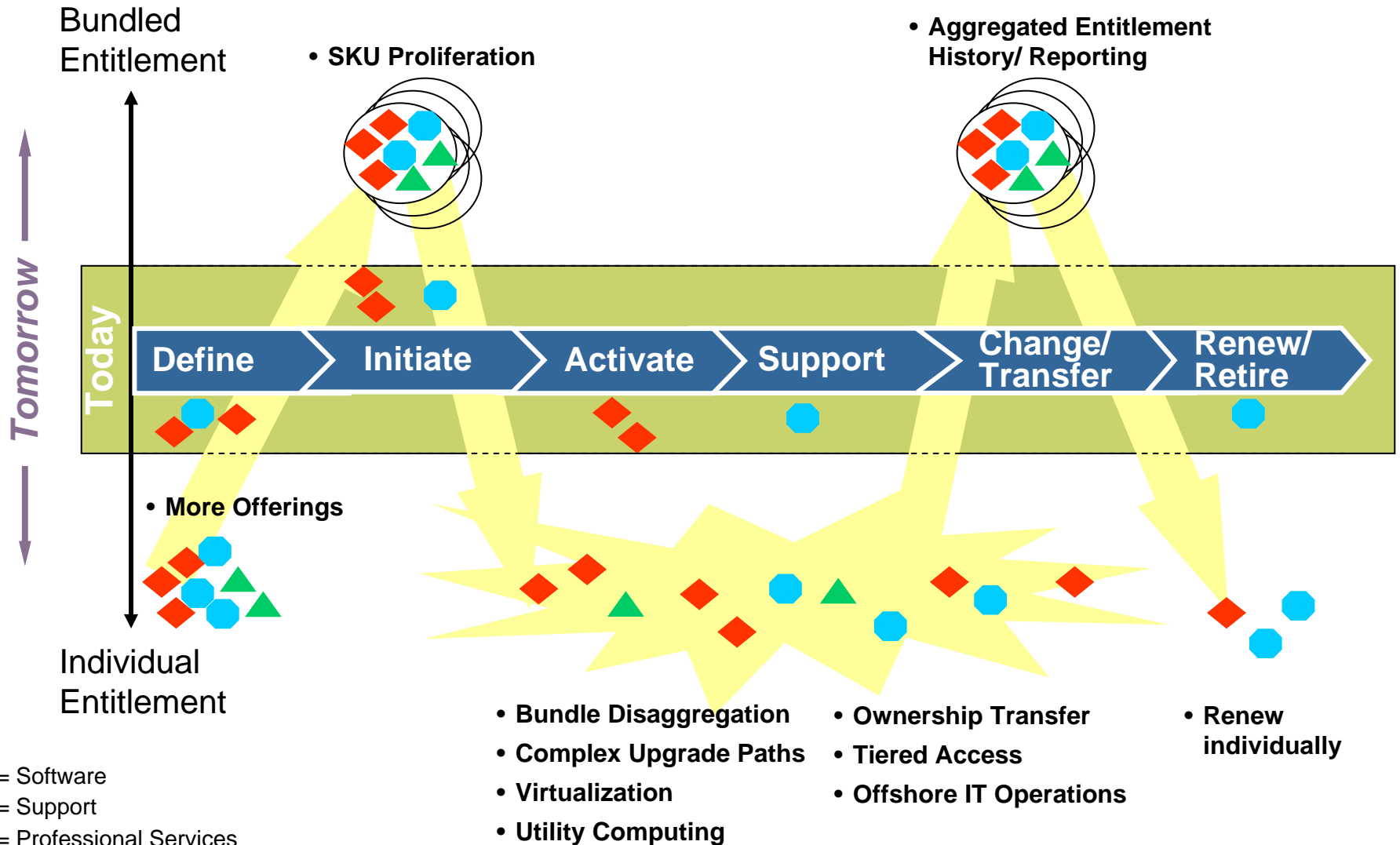
Entitlement Reporting

Internal Reporting/ Customer Profiling

Customer Self-Service/ Asset Management

Stakeholder Management

Towards a more complex future



Questions or comments?

amy.y.horng@accenture.com