



# Just-In-Time Licensing

How new business models are changing Pricing & Licensing

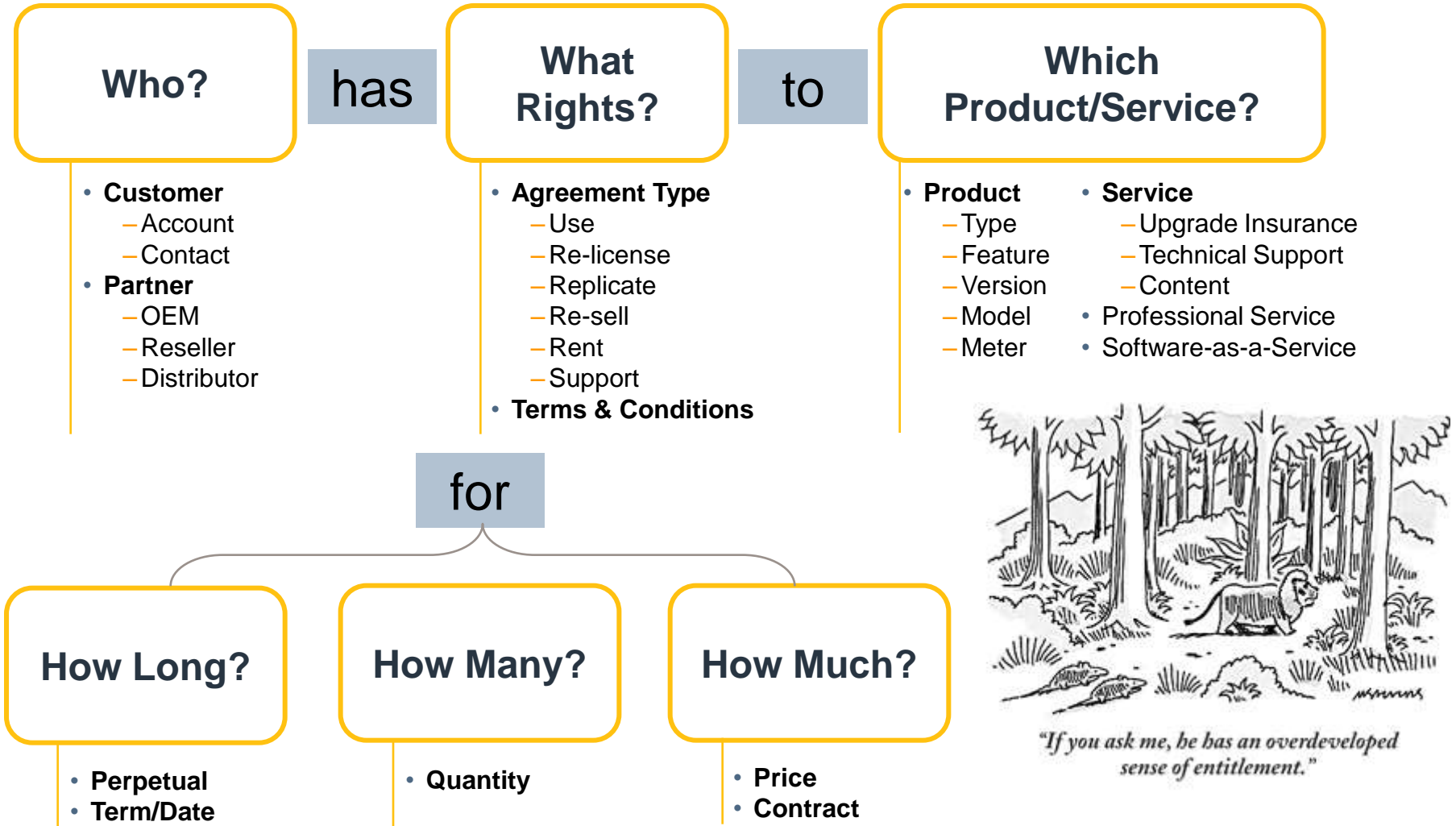
**Timothy Willey**

*Senior Director*

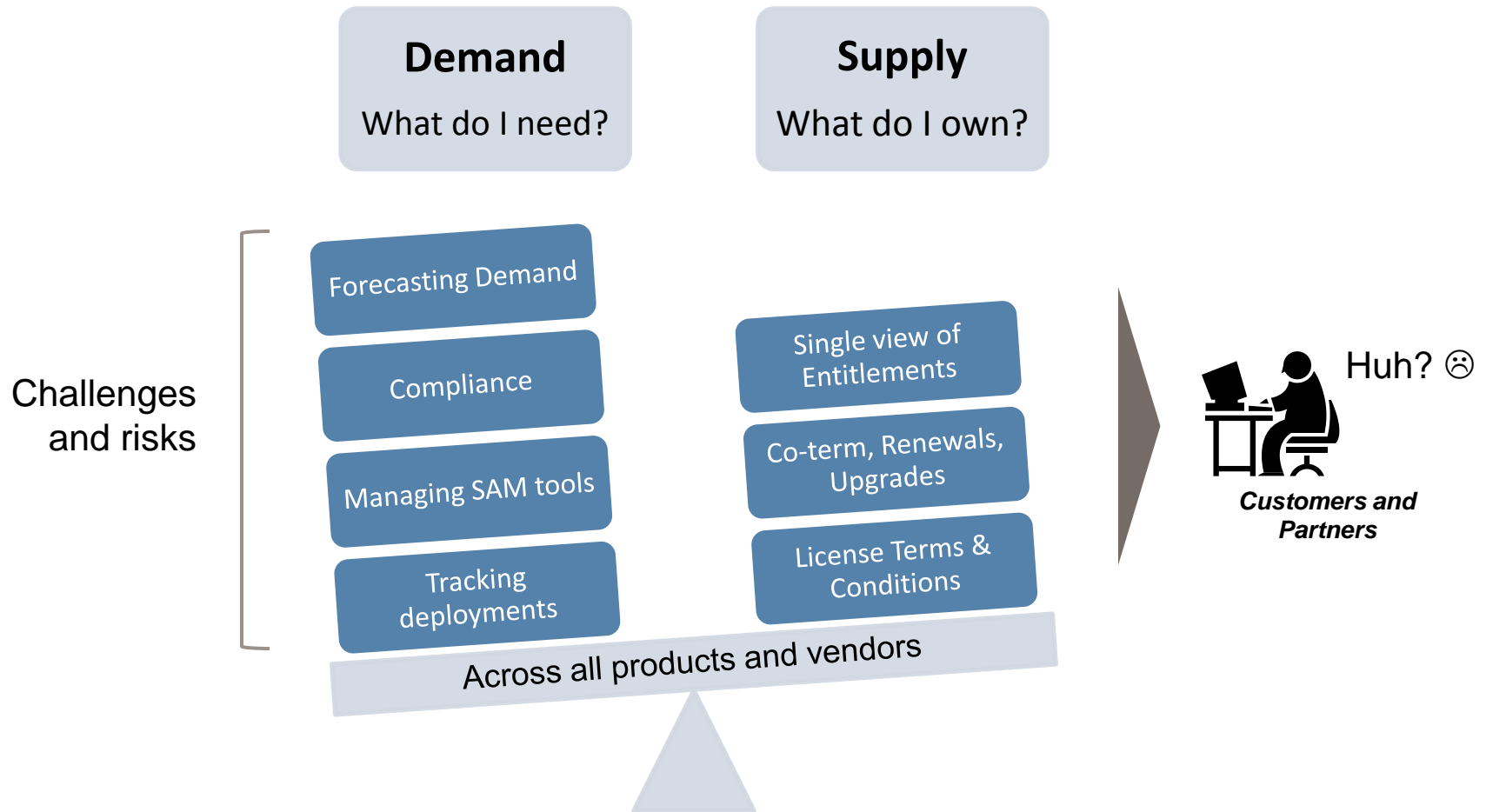
*Office of Pricing and Licensing*

**Forward-looking Statements:** Any forward-looking indication of plans for products or programs is preliminary and all future release or delivery dates are tentative and are subject to change. Any future program plans, or release of a product or planned modifications to product capability, functionality, or feature are subject to ongoing evaluation by Symantec, and may or may not be implemented and should not be considered firm commitments by Symantec and should not be relied upon in making program participation or product purchasing decisions.

# What Is An Entitlement?



# Managing Software Entitlements today is as simple as balancing Demand with Supply...





# Are the heart of these issues is the concept of the Software Business Model...

## The Software Business Model

\$\$\$

=

Revenue

-

Costs

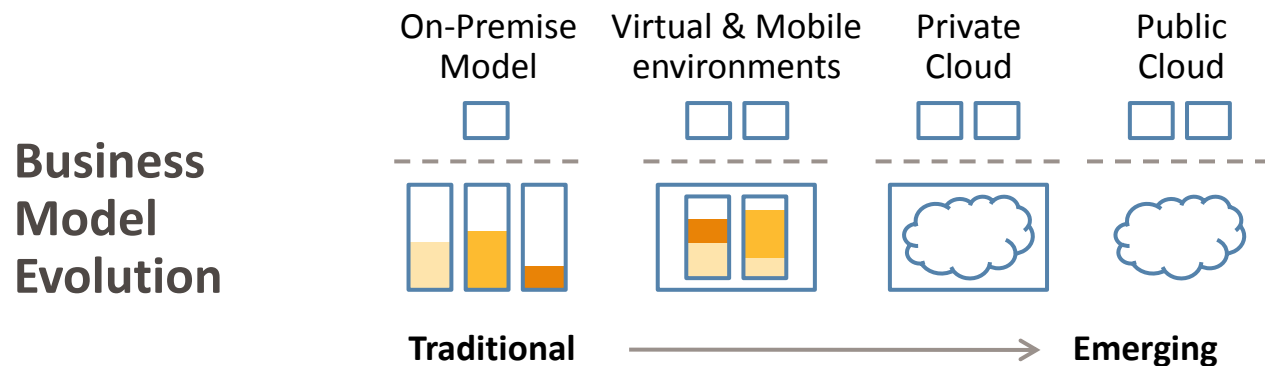
Value Proposition

- 1 *Segment Needs*
- 2 *Competitive Offering*
- 3 *Pricing & Licensing*

Delivery Model

- 4 *Sales Channel*
- 5 *Service Delivery*
- 6 *Support Model*

# This Business model is changing rapidly, adding to the list of challenges for Pricing & Licensing



Impact for Pricing & Licensing

Revenue Drivers	<b>Segment Needs</b>	<i>On-premise software</i>	<i>Multi-device services</i>
	<b>Offering</b>	<i>License + Maintenance</i>	<i>Hosted Solutions</i>
	<b>Pricing &amp; Licensing</b>	<i>Perpetual + Renewals</i>	<i>Subscription + Usage</i>
Cost Drivers	<b>Channel Model</b>	<i>Direct + 2-tier</i>	<i>Direct + Multi-tier + MSP</i>
	<b>Delivery Model</b>	<i>On-premise</i>	<i>In the Cloud</i>
	<b>Support Model</b>	<i>Reactive</i>	<i>In product and proactive</i>

Margin focus

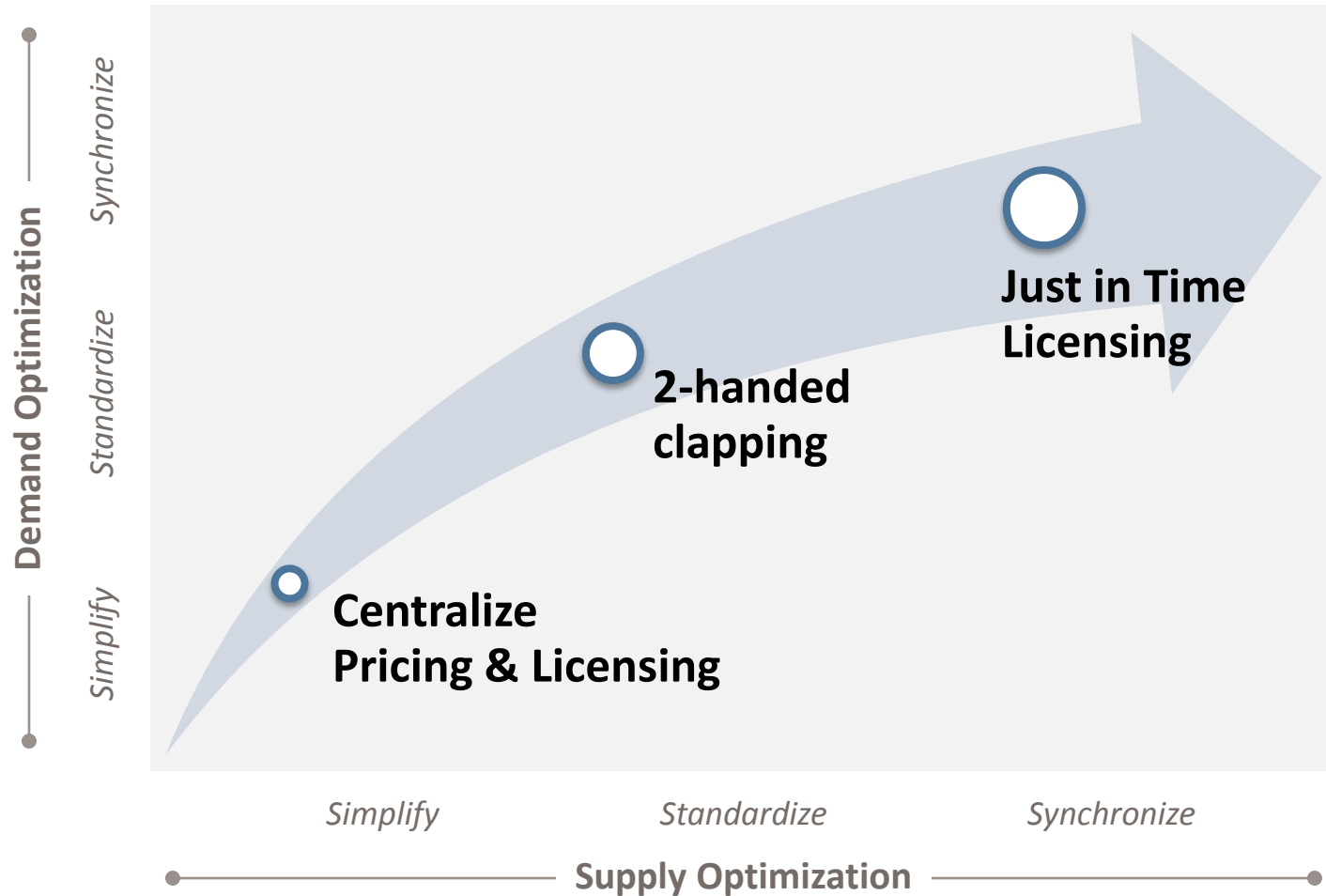
More Complexity

More SKUs

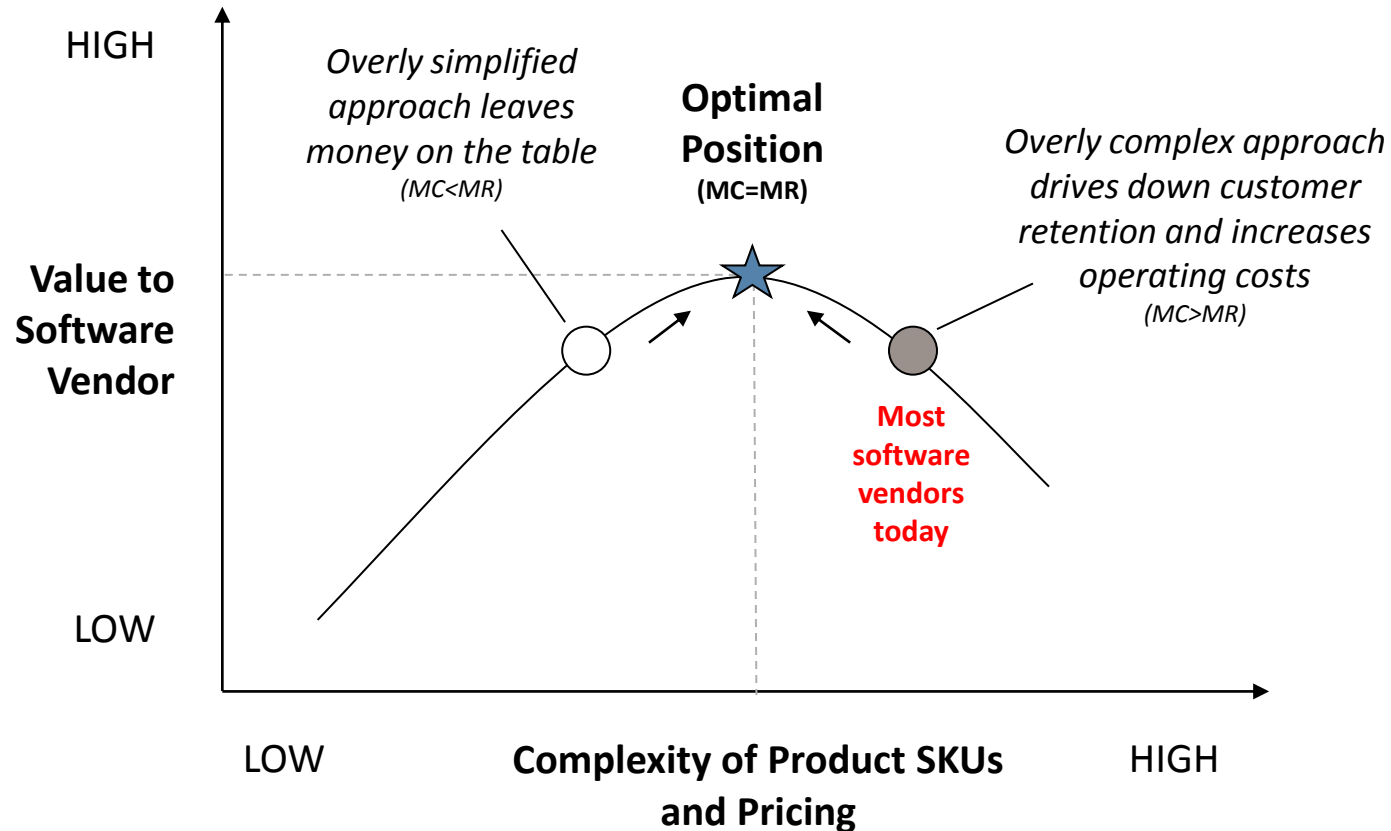
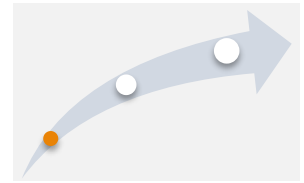
Less time



# There are 3 stages to addressing these challenges



# The starting point is to realize that in most instances “less is more”

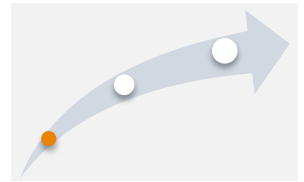


MC = Marginal Cost

MR = Marginal Revenue



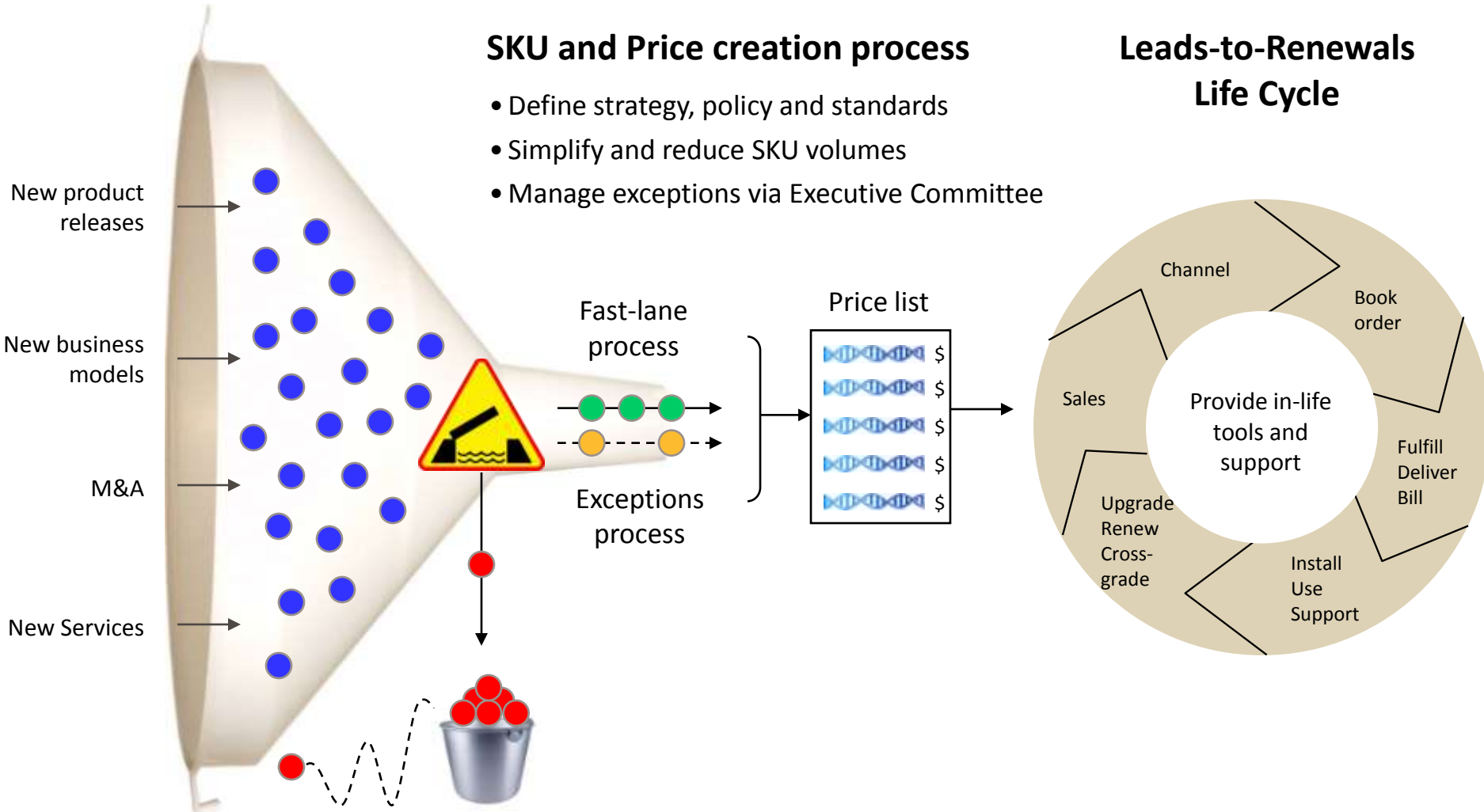
# To address complexity, pricing and licensing needs to be centralized within the organization



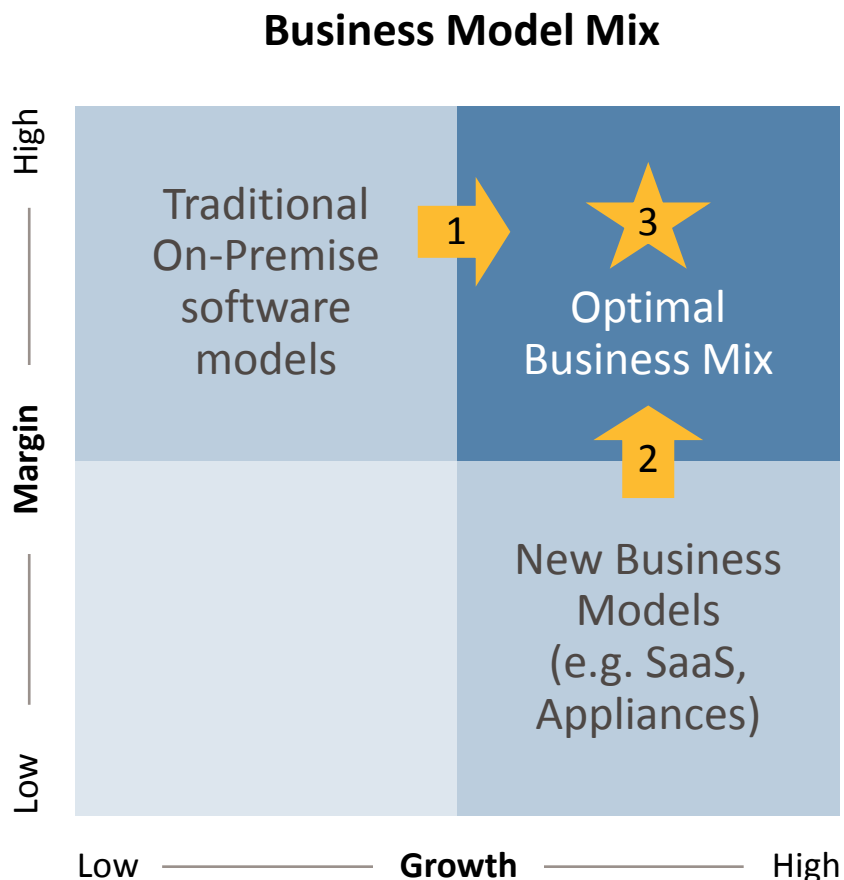
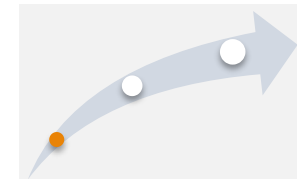
## SKU and Price creation process

- Define strategy, policy and standards
- Simplify and reduce SKU volumes
- Manage exceptions via Executive Committee

## Leads-to-Renewals Life Cycle



# This centralized team can also drive a better understanding of Business model mix



## 1. How to drive growth in traditional?

- Optimize renewals
- Targeted cross-sell and up-sell
- Tailor pricing towards new business

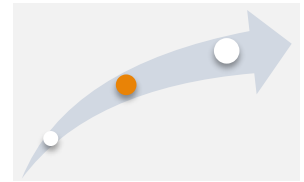
## 2. How to improve margins in new models?

- Drive scale through standardization
- Differentiate discounting and incentives
- Manage cost and channel structures

## 3. How to optimize the business mix?

- Manage cannibalization risk
- Align pricing and licensing
- Create new go-to-market options

# Data policy and standards then need to be enforced to allow easier reconciliation...

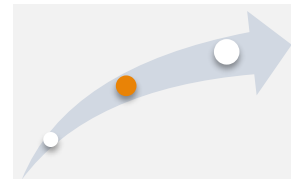


- Create centralized Entitlement repository
- Utilize **master data standards** and governance
- Provide self-service access for customers and partners
- Provide up-to-date entitlement position



- Implement **certified Software ID (SWID) Tags**
- Enable SAM tools and partners
- Create in-product reporting features
- Enable usage based meters (e.g. capacity)

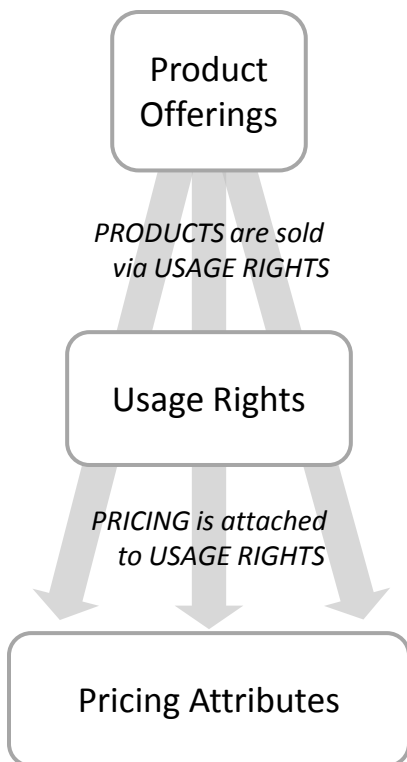
# ...developing a modular SKU structure, and implementing SWID tags can help



## Simplified SKU DNA

+

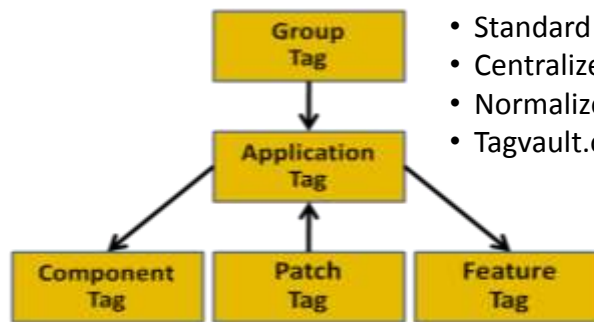
## Certified SWID tags



- Product name
- Version
- Operating System

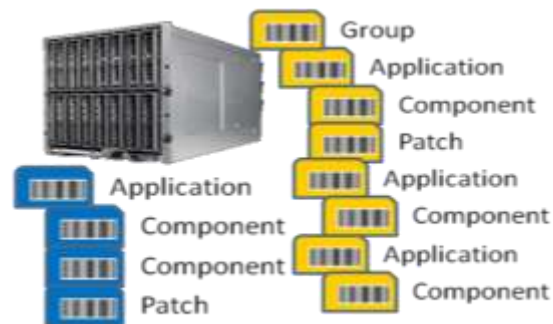
- License meter
- License model
- Maintenance type

- Buying Program
- Volume Discount
- Price-list



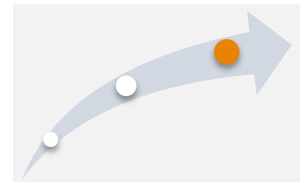
- Standard discovery
- Centralized reporting
- Normalized data
- Tagvault.org Certified

### Example of deployed tags



Two publishers; one application and one Suite

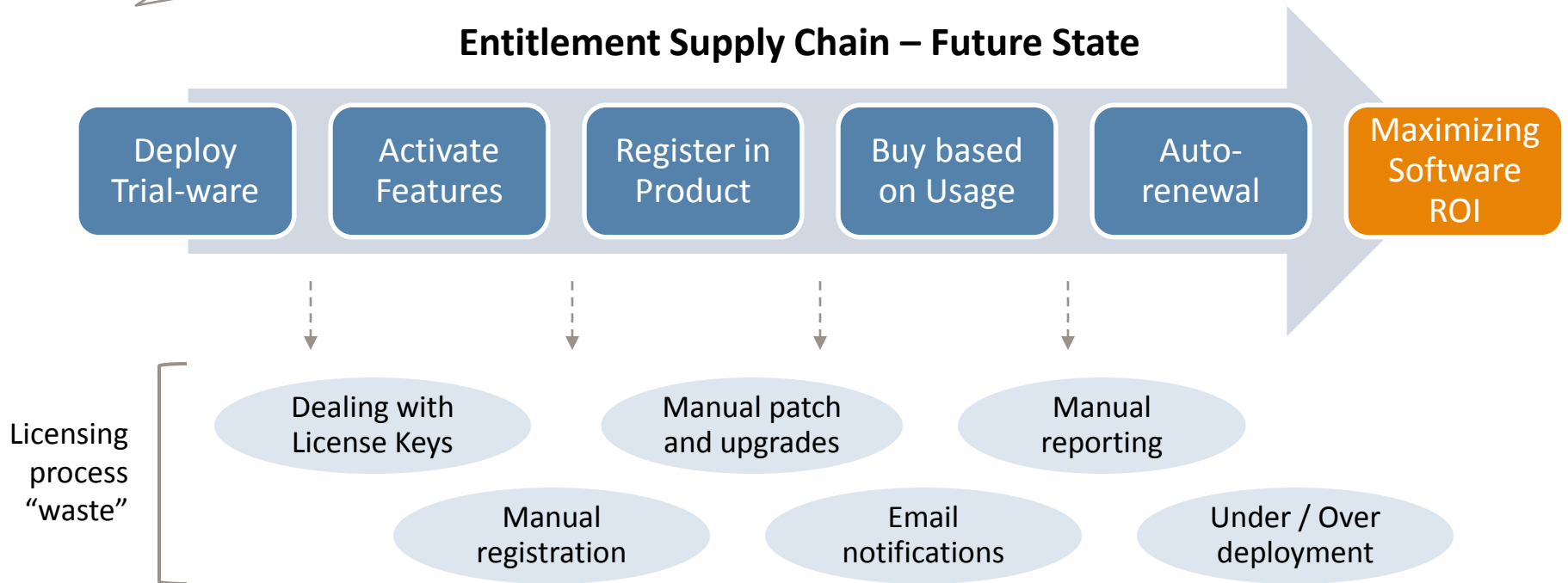
# The final stage is to develop on-demand licensing, using Just-In-Time principles



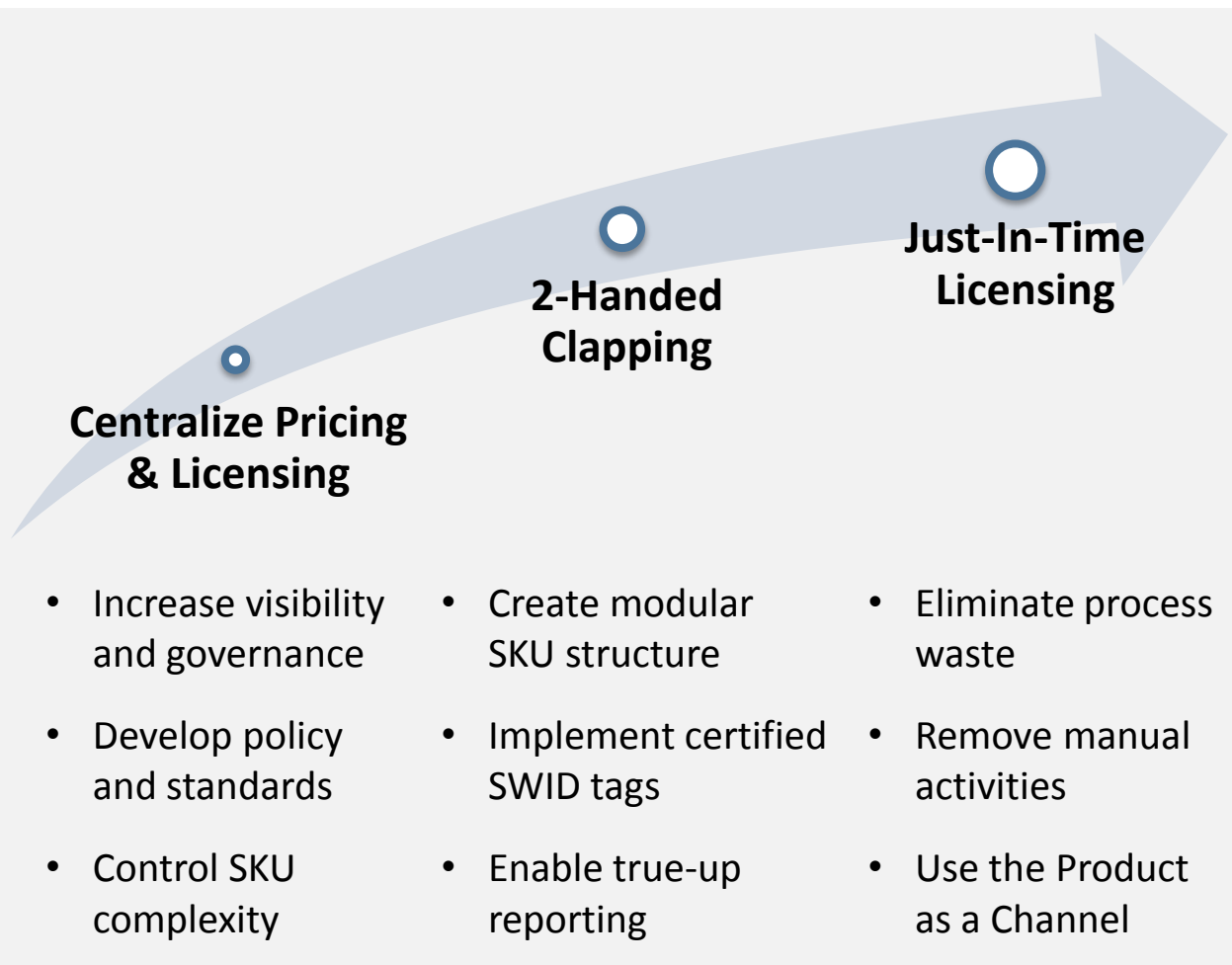
**Just in time (JIT)** is a production strategy that strives to improve a business return on investment by reducing in-process [inventory](#) and associated [carrying costs](#)...the philosophy of JIT is simple: inventory is waste

**"Lean,"** is a production practice that considers the expenditure of resources for any goal other than the [creation of value](#) for the end customer to be wasteful, and thus a target for elimination

## Entitlement Supply Chain – Future State



# A structured approach to Pricing & Licensing is needed to get in-front of the wave of new business models





# Thank you!

*Timothy\_willey@symantec.com*

**SYMANTEC PROPRIETARY**

Copyright © 2011 Symantec Corporation. All rights reserved.

**Forward-looking Statements:** Any forward-looking indication of plans for products or programs is preliminary and all future release or delivery dates are tentative and are subject to change. Any future program plans, or release of a product or planned modifications to product capability, functionality, or feature are subject to ongoing evaluation by Symantec, and may or may not be implemented and should not be considered firm commitments by Symantec and should not be relied upon in making program participation or product purchasing decisions.