

Software Licensing

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Cost of the Software

Determining the Cost of the Software

parameters to be considered while you determine the cost of the software

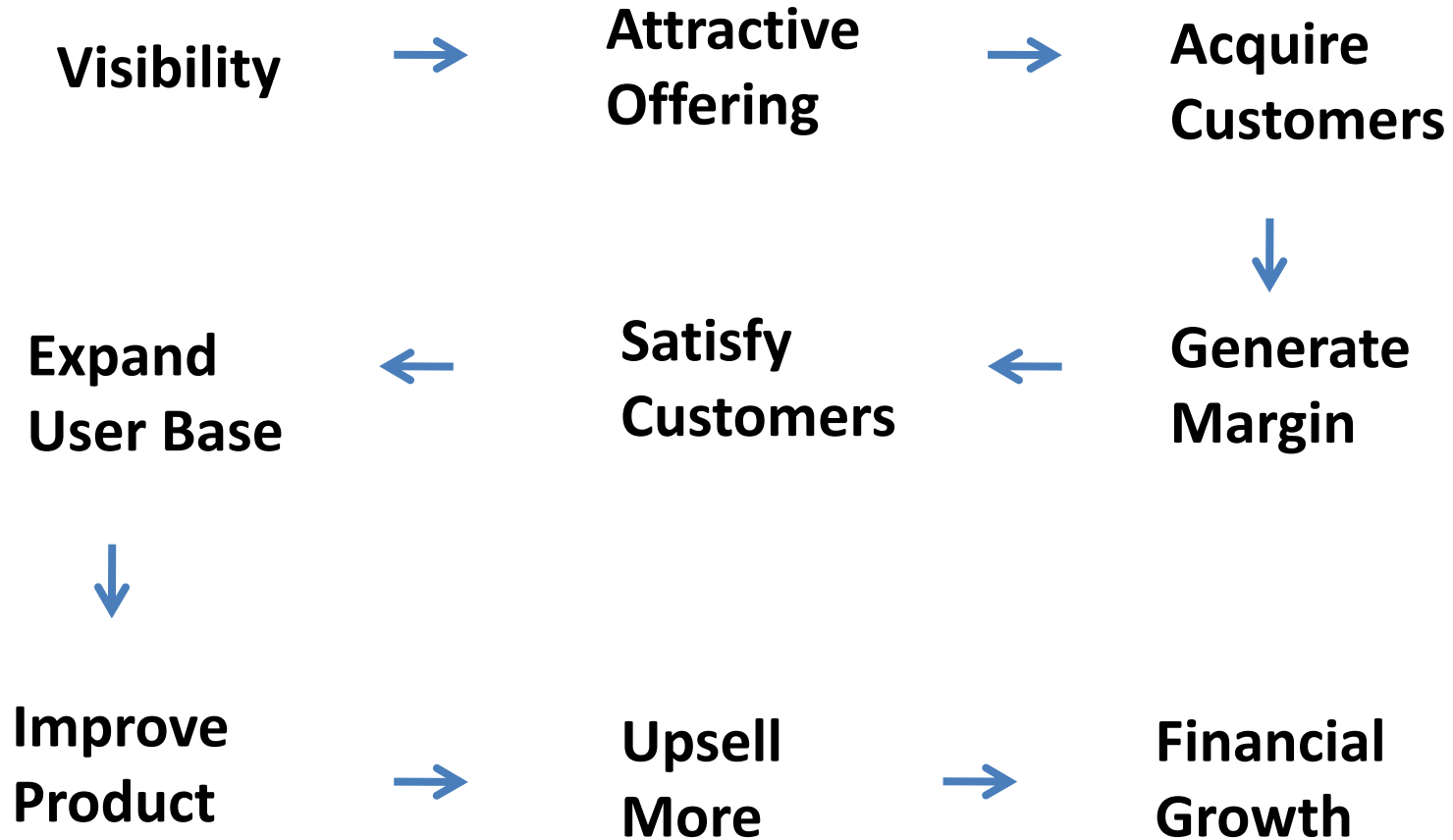
Tangible Parameters

development man/hours, infrastructure cost, software license cost

Intangible Parameters

logic, algorithm, workflow – evaluating these on the basis of a price, the need of the software, competitor pricing, good will, perception of price

Understanding the Business Cycle



Buyer's Perspective

Capital Vs. Operating Budget

perpetual license is capital acquisition, subscription purchase is operating expense, decision making will vary

Cash

perpetual license will require higher cash outlay, subscription purchase requires lower cash outlay

Profit and Loss

license will affect the profit and loss statement

Pricing Models

Free

the software is available for free, but charge the support and maintenance – low on economic incentive

Price per CPU / server

the model is useful for utility applications but for enterprise software it may not be beneficial

Price per time

the model is useful for utility applications – and now being used in cloud applications

Pricing Models

Price per end user

the model works well when there are individual users – but for enterprises this work out expensive

Price per type of user

the model is based on whether the user is an individual or a group, or the type of enterprise the user works

Price by spread sheet

the model provides complicated ‘ifs and buts’

Price by transaction

the model serves for Paypal but not for Microsoft Word

Distribution Models

Digital Distribution

kept as downloadable from a website

On-premises

where a person can deliver the software to the appropriate location

Pre-installed

the software is packaged with some device

Bundled

the software is packaged with some other software

Distribution Models

Software as a Service

software is treated as a service rendered based on time, use, features

Software plus Service