

Enterprise application producers starting to offer task-centric, user-friendly licensing models

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Enterprise application producers starting to offer task-centric, user-friendly licensing models catering to "consumerized" employees according to New Flexera Software/IDC Report

Delivering user-friendly enterprise applications to employees accustomed to, "there's an app for that," requires a ground-up rewiring of the enterprise software business model. A new Flexera Software industry report, Producers Profiting from the "Appification" of the Enterprise, prepared jointly with IDC, indicates this transformation has begun, paving the way for software vendors and intelligent device makers, including Internet of Things manufacturers, to profit from the "appification" of the enterprise.

There's-An-Enterprise-App-For-That

In an "appified" enterprise, software use is task-oriented allowing employees to focus on things like sequencing a DNA molecule, executing email campaigns, or utilizing specific drone aircraft features. To profit from task-oriented apps, producers would need to alter their monetization models to focus on those task-oriented, usage-based activities. According to the Report, that's exactly what's happening. 17 percent of producers indicate that they now offer utility software licensing models - up from 9 percent in last year's survey. And that number will grow to 23 percent over the next two years.

"As consumerization of IT gains hold within the enterprise, increasingly we're seeing business users want more flexible buying models allowing them to align cost to value," said Amy Konary, Research Vice President - Software Licensing and Provisioning at IDC. "Usage-based licensing models give producers a new way to capture revenue from customers that want to pay based on how they're actually using an application. Offering utility licensing can supplement more traditional monetization models such as device, node-locked, processor, core and others."

Done with Dongles, Employees Want "Click-&-Go"

According to the Report, producers are simplifying their access and activation models. In an appified enterprise, employees want app-store-like, one-click software access and activation rather than more traditional, complex license activation models like email or website activation, which require several-step processes. 44 percent of respondents, up from 29 percent in the 2012 Key Trends in Software Pricing & Licensing survey, report that they now distribute license keys/files via in-product activation - a highly user-friendly mechanism that lets users launch a product simply.

Moreover, producers are reporting that they are doing away with cumbersome, legacy licensing technology like software dongles, which require special hardware like a USB stick, to access the software. Only 19 percent of producers report using hardware dongles as their licensing technology; down from 27 percent last year. Of the producers that indicated they're planning on using dongles over the next two years, 21 percent said their dongle use would decrease.

"The key to capturing a growing market of users who view enterprise software in a more app-centric way is to offer tailored licensing, activation and delivery models that appeal to this audience, said Mathieu Baissac, Vice President of Product Management at Flexera Software.

"The challenge for producers is that it requires tremendous time, resources and money to build, manage and maintain in-house these myriad new and traditional licensing models, and track back-office customer entitlements. This is why adopting automated software monetization solutions is becoming increasingly essential for producers."