



How to Read a Software License

January 26, 2023

Welcome



laura@appliedframeworks.com







Laura Caldie

- Webinar Host
- SVP Sales, SPC
- Passion for Customer Research / Customer Understanding

We help organizations create sustainable, and profitable software-enabled solutions and services through...

- Agile Acceleration
- Agile Portfolio Management
- Agile Product Management



| THE PROFIT STREAM CANVAS | | Solution | Version |
|---|---|---|---|
| Customer What does my customer value? + Hard / Tangible + Soft / Intangible What might my customer pay for this? |  | Value Exchange How do I "trade value for money"? Annual license? transaction? |  |
| | | Pricing How much money will this cost? What is the Price? + Strategy + Structure + Specifies + Policies | |
| Customer ROI Is this sustainable for my customer? + TCO vs. Benefits Is it better than competing or alternative offers? |  | Profit Engine How do I design/engineer a sustainable business? |  |
| | | Customer Licenses What are the Terms and conditions of the use of the solution? + Rights / Restrictions Are they fixed? Negotiated? | |
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| | | Solution Licenses What are my in-licenses? How do I manage them? How do they impact my model? | |

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BUILD PROFITABLE SOFTWARE

Profit Streams™ are the evolution of Value Streams

Create a profit engine that aligns to what your customers value most.

Learn How

SAFE TRAINING

Understanding Value Exchange Models

Tuesday November 8th, 2022 @ 1:00PM ET

Carlton Nettleton
SVP of Product, CST @ Applied Frameworks

Webinar: Understanding Value Exchange Models

By Carlton Nettleton | October 27th, 2022 | Frameworks, Profit

Do you understand your value exchange model? The value of a software-enabled solution is the difference between what it receives less their costs. Join Carlton Nettleton to learn about Value Exchange Models and their impact on software-enabled solutions' profitability.

Understanding Software Pricing Structure

Tuesday, November 29th, 2022 @ 12:00PM ET

Jason Tanner
Chief Executive Officer @ Applied Frameworks

Webinar: Understanding Software Pricing Structure

By Jason Tanner | November 15th, 2022 | Frameworks, Profit, Webinars

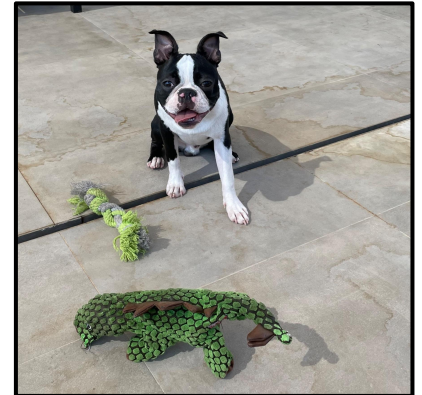
Creating a pricing structure provides a consistent and planned approach to pricing your software-enabled solution that helps to achieve your organizational goals.

Welcome



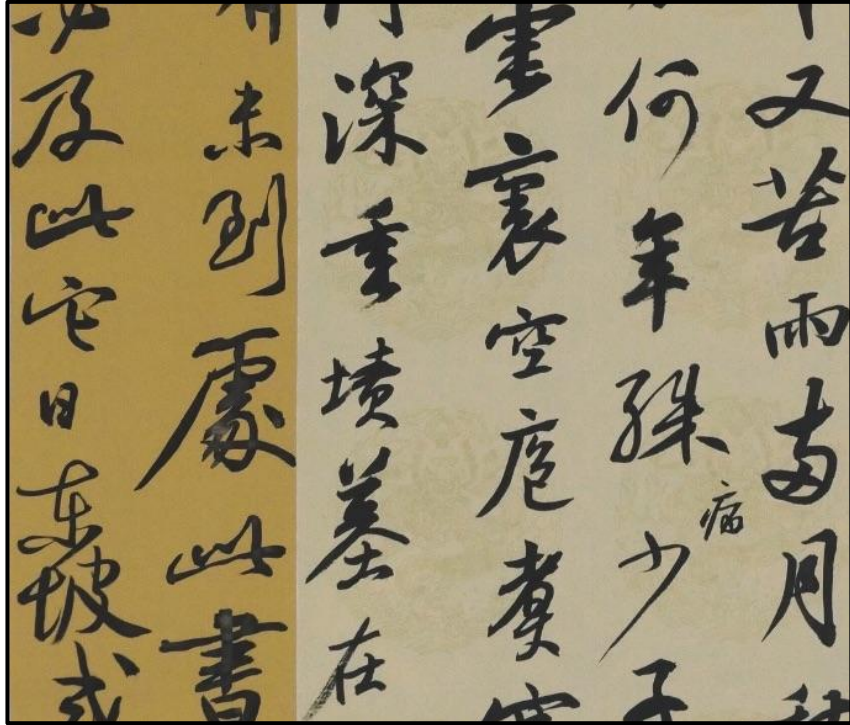
Carlton Nettleton

- SVP of Product and Certified Scrum Trainer[®] (CST)
- Twenty years of Scrum & Agile practice
- Live and work in Portugal since 2017





What image comes to mind?





Our agenda

- Introductions
- Why do we care about this topic?
- What do you need to know?

Why do we care?

Geophysicist field tools



How is the digital camera different?





Software is not a physical thing, it is intellectual property.








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    this.model.get("params").collapsible)&&this.model.call(this, model);
    window.MdToggle2View.__super__.changeShortcodeParams.call(this, model);
    window.VcShortcodes.create({shortcode:"md_toggle_tab2", params:{title:window.MdToggle2View.__
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    }); setContent: function(){this.$content=this.$el.find(".vc_toggle_content
    ).slideToggle();if($(this).hasClass("ui-state-active")){
    removeClass("ui-icon-triangle-1-s").addClass("ui-icon-triangle-1-e"));
    toggle("tab2-title").text(params.title)}if(!_isObject(params)&&_isString(params.icon))
    .empty-container");this.$content.click(function(e){$(this).closest(".vc_toggle
    .vc_toggle--tab2-title"));window.MdTabsView=vc_shortcode_view.extend({new_tab_adding: true, events:
    }, initialize: function(params){window.MdTabsView.__super__.initialize.call(this, params);
    (e)window.MdTabsView.__super__.ready.call(this, e)}, createAddTabButton: function(tab,
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    .vc_empty-container": "addToEmpty"}, ready: function() {
    .vc_element_wrapper > .vc_empty-container";return this}, ready: function() {
    .id);return this}, ready: function() {
    .changeShortcodeParams.call(this, model);params=model;
    .prev("i.left-icon").removeAttr("class");$(this).find(".vc_toggle_content
    .press_ok_to_delete_section), parent_id:this.model.id, order:vc.clone_index
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Customer licenses vs. Solution licenses

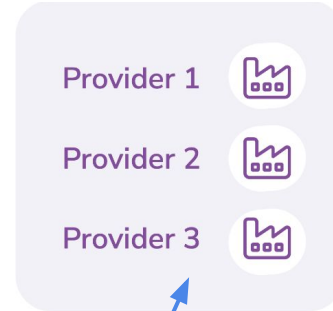
Customer licenses



SWES



PROVIDER













Solution licenses



Applied Framework Profit Streams™ Canvas



| | | |
|---|---|---|
| <p>Customer </p> <p>What does my customer value? + Hard / Tangible + Soft / Intangible</p> <p>What might my customer pay for this?</p> | <p>Value Exchange </p> <p>How do I trade value for money? Annual license? transaction?</p> | <p>Solution </p> <p>What are the ways I can provide value to my customers?</p> <p>What are the features / (other) I can provide / create?</p> |
| <p>Customer ROI </p> <p>Is this sustainable for my customer? + TCO vs. Benefits</p> <p>Is it better than competing or alternative offers?</p> | <p>Pricing </p> <p>How much money will this cost? What is the Price? + Strategy + Structure + Specifics + Policies</p> | <p>Solution ROI </p> <p>Is this sustainable? + Costs + Revenue</p> <p>Improvements over time?</p> |
| <p>Customer Licenses </p> <p>What are the Terms and conditions of the use of the solution? + Rights / Restrictions</p> <p>Are they fixed? Negotiated?</p> | <p>Profit Engine </p> <p>How do I design/engineer a sustainable business?</p> | <p>Solution Licenses </p> <p>What are my in-licenses? How do I manage them? How do they impact my model?</p> |
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Online Academy

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English (US)





stripe & Applied Frameworks

stripe end-user license agreement

- Transaction fee: 2.9% of the total purchase plus 30¢ on every enrollment\transaction.
- Refunds
 - stripe retains the transaction fee
 - No refunds after six months

A-CSM Express (\$795)

- payout to AF: \$771.64
- transaction fee to stripe: \$23.36

2022 Refunds for all Online Academy

- 13 out of 239 transactions
- loss of \$379.36

*Absolutely **no refunds** after six months!*



What do you need to know?



Read the contract!

Consult with a lawyer





Six important sections

1. Definitions & usage
2. Duration or term
3. Specific use & sublicense
4. Termination
5. Fees\payment terms
6. Renewal



<https://bit.ly/3H4pDKH>

Definitions & Usage

If it is not listed here, you don't get access to it.





Example: Definitions

- **“Customer Data”** means any and all of Licensee’s and its User’s data, information, and materials that are uploaded by or on behalf of Licensee or that are accessed by Spanning in connection with Licensee’s or its User’s use of the Software.
- **“Object Code”** means computer programming code in the form not readily perceivable by humans and suitable for machine execution without the intervening steps of interpretation or compilation.



Example: Usage

Spanning grants Licensee during the Term, a non-sublicensable, nonexclusive, revocable, nontransferable right to use the Software in Object Code as provided by Spanning or the Service as made available by Spanning, for the number of authorized Users (or “**Seats**”) as specified on the applicable Order Form. Such use shall be limited to authorized Users, shall not exceed the number of purchased Seats, and shall be used for Licensee’s internal business purposes only.

Duration or Term

Pay close attention to all the dates specified in the contract





Example: Duration or Term

Licensee is bound for the entire Term of this Agreement. “Term” is defined as the period of time beginning on the Effective Date and ending on the date set forth in the Order Form, or, if later, the expiration date of any SOW.

If the Order Form does not contain a termination date, the Term ends on the later of the three-year anniversary of the Effective Date and the expiration date of any SOW.

Specific Use & Sublicense

Confirm how you can use technology





Example: Specific use

Except for one copy made solely for back-up or test purposes with respect to on-premises Licenses, Licensee may deploy or possess only the number of copies of the Software as expressly specified on the Order Form, and only in accordance with the applicable Documentation;



Example: Sublicense

Spanning grants Licensee during the Term, a non-sublicensable, nonexclusive, revocable, nontransferable right to use the Software in Object Code as provided by Spanning ...

Termination

Breaking up is hard to do





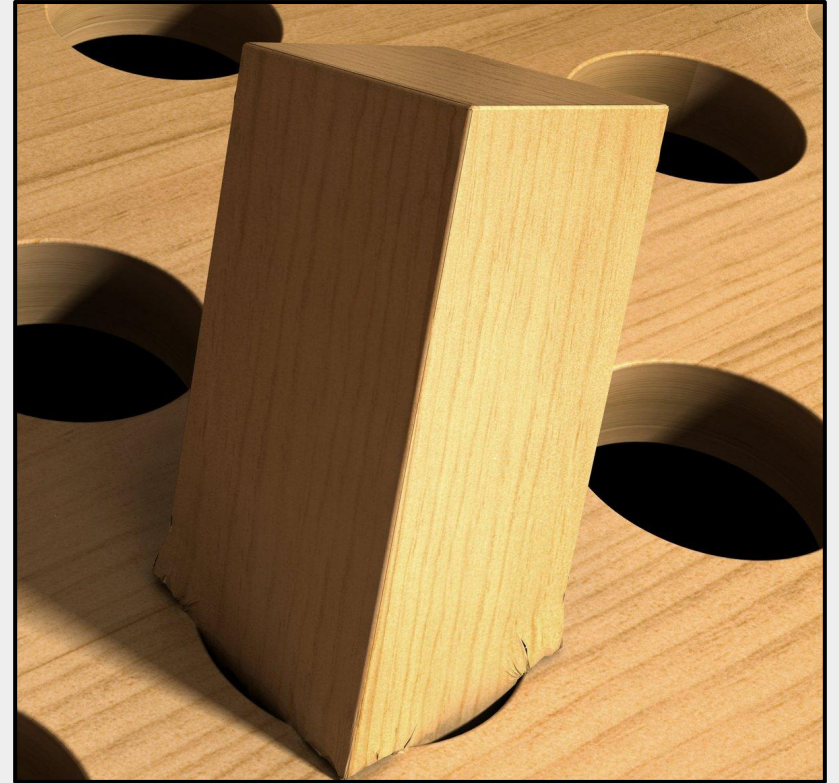
Example: Termination

This Agreement and all rights and licenses granted hereunder will automatically terminate upon the earlier of

- a) the date that is thirty (30) days following a party's receipt of written notice of any material breach delivered by either party to the other party provided that any such breach remains uncured at the end of such notice period or immediately in the case of any breach of Sections 2 or 3 by Licensee and
- b) the end of a Term that is not renewed.

Fees\Payment Terms

Does your architecture support their
business model?





Example: Payment Terms

Licensee shall pay to Spanning the Fees due for the Software in accordance with terms of this Agreement and any applicable Order Form. Except as otherwise specified herein or in an Order Form

- a) fees are based on Software licensed and Services purchased and not actual usage,
- b) all payment obligations under this Agreement are non-cancelable and non-refundable, and
- c) quantities purchased cannot be decreased during the relevant subscription term.

Renewal

Be on the lookout for automatic renewals





Example: Renewal

Except as otherwise specified in an Order Form, at the end of any Term, subscriptions will automatically renew for additional Terms equal to the length of the expiring Term unless either party gives the other party notice of non-renewal at least 30 days before the end of the relevant Term. Except as otherwise specified in an Order Form, pricing during any automatic renewal Term will be the same as that during the immediately preceding Term plus an increase not to exceed five percent (5%) plus any increase in the Consumer Price Index published by the U.S. Bureau of Labor Statistics during the immediately prior year, in Kaseya's sole discretion.



Other stuff you might find

Sections to read carefully

1. Territory
2. Noncompete
3. Deployment restrictions
4. Marketing requirements

Stuff you think you want

1. Exclusivity
2. Access to source code



What more do you want to know?

What are the pros & cons?



Ten benefits of in-licensing technology

1. Reduce complexity
2. Focus on what makes you special
3. Secure legal protection
4. Reduce time-to-market
5. Increase quality
6. Increase performance
7. Gain access to state-of-the art capabilities
8. Reduce service\support costs
9. Lower costs

Reduce complexity

Increases reliance on a third-party technology.



Focus on what makes you special

There might be some unanticipated
incompatibilities.



Secure legal protection

Indemnification is hard to secure.



Reduce time-to-market

In-licensing does not always mean faster.



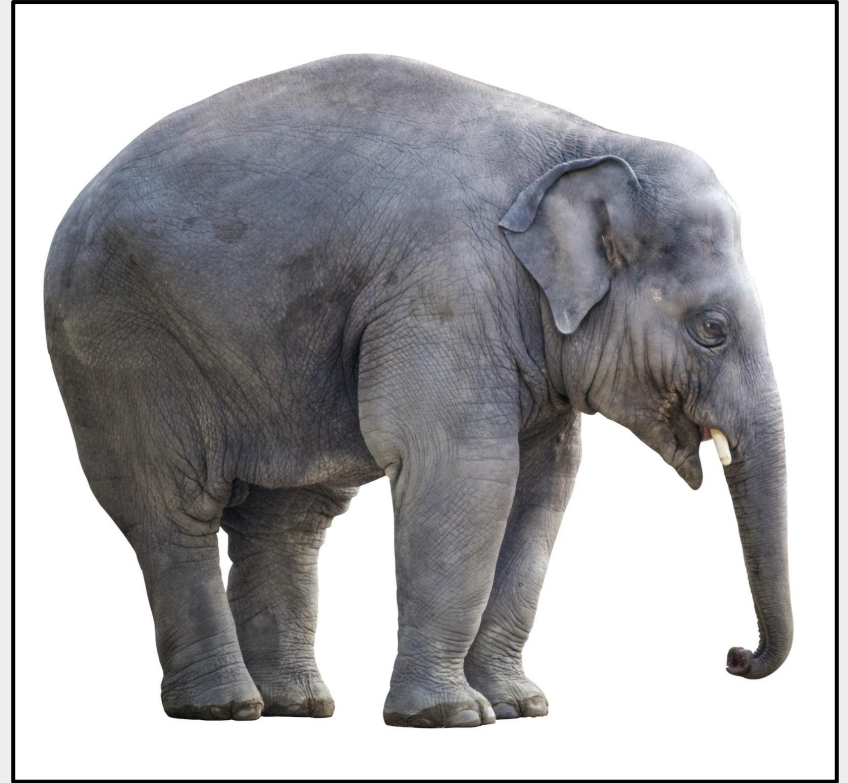
Increase quality

Are you sure about that?



Increase performance

Check - and double check - if this is really true.



Gain access to state-of-the-art capabilities

Beware of the latest shiny object.



Reduce support or service costs

Whose bug is it?



Lower costs







Did you really need it all?



What's next?

You tell us!



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The Book and The Class



profit-streams.com

OVERVIEW

Maximize Your Software Profits – Course Description

Maximize Your Software Profits is a two-day interactive workshop that introduces you to the details of the Applied Frameworks Profit Stream™ Canvas. In this workshop, your instructor will condense a bunch of dry theories about pricing, licensing, systems thinking and compliance into specific actions you can take to design a system that will yield a steady stream of profits to support the growth of a sustainable business.

The activities, tools, and techniques covered in this workshop will enable you to fund innovation, improve your portfolio management, quantify the “value” in your value streams, and demystify the process of how to define the price for a software-enabled solution. This workshop includes:

- Two virtual classroom sessions of seven-hours each
- Lots of collaboration time with your classmates
- A preprint of the **Software Profit Streams™** book written by Luke Hohmann and Jason Tanner and designed by Federico Gonzalez.

AGENDA

Day #1

- Opening and Logistics
- Profit Stream™ Canvas Overview
- Customer Value Analysis
- Value Exchange Models
- Solution Design Options
- Customer and Solution ROI

Day #2

- Review and Q&A
- Pricing and Profit Engines
- Customer License Agreements
- Solution In-License Agreements
- Compliance
- Closing and Next Steps

<https://appliedframeworks.com/maximize-your-software-profits/>



Thank You!

Have additional questions?

profitstreams@appliedframeworks.com

Stay informed about Profit Streams:

www.profit-streams.com