

TECH ADVISOR

BY APPLIED COMPUTER TECHNOLOGIES

Stretching Your Software Dollar with Volume Licensing

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More Information on our web site:

- Check out our on-line Software Licensing Guide on our web site.
- You don't need expensive in-house staff to manage your network. Check out our remote management services guide on-line.
- Want to know the best ways to save on software? Go to TECH-ADVISOR on our web site for free advice on how to stretch you software dollar.

WWW.ACT4NETWORKS.COM

Instead of running down to the local super-store to buy your next software program like Microsoft Office or Anti-Virus software for your office and spending too much money, consider the potential savings offered by software licensing. Many people don't know that most publishers offer quantity discounts when you buy software and the buy-in levels can be surprisingly low.

How much can you save by using licensing? It depends upon your buying volume. In the table below (Comparing Prices) we've shown the dif-

ferences between retail pricing from big box stores like Best Buy and the entry level license buy-in from the two most popular software companies. As you can see, there can be significant savings! Higher quantities will increase your savings even more.

Generally, there are licensing programs for businesses, governmental agencies and schools and

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Comparing Prices — Corporate Licensing vs. Superstores

Product	Retail Price	License Price	Savings
MS Office Pro 2007	\$ 499.99	\$ 464.83	Save \$ 35.16
Symantec Anti-Virus	\$ 49.99	\$ 37.00	Save \$ 12.99
Windows Server 2003 STD	\$ 999.99	\$ 863.32	Save \$136.67
MS Exchange Server 2003	\$1,229.99	\$1,014.69	Save \$215.30
Symantec BackupExec	\$ 498.95	\$ 488.32	Save \$ 10.63

Typical network with server, **Estimated Savings \$892.25**

Note: ¹ Retail Prices taken from superstore web sites. License prices may be lower depending on volume. Please note that Symantec Anti-Virus is now called Endpoint and includes anti-spam and other advanced features.

If you have 25 systems

Corporate licensing can save you \$1,204 on Office Pro 2007 and Symantec Anti-Virus!

Schools can save over \$11,075 using Academic licensing !

What about Software Support and Upgrade Protection?

Most publishers offer licenses with and without upgrade protection and support. Typically, ALL software, whether it's a retail copy or a license, rarely includes any assistance from the publisher. Your reseller/installer may offer help but don't count on the publisher.

That's where support agreements come in. You want someone on the phone to answer questions? You'd better order a support plan with your software license.

In the case of Microsoft, their upgrade/support protection plan is called Software Assurance. The surcharge for Software Assurance (SA) is based upon the expected life of each product. You will pay about a 25% premium on the software for each year of SA for a product with a 4 year life cycle.

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Beware of Hidden Pitfalls in Enterprise & School Agreements

Not all licensing plans are alike. Most plans offer perpetual use licenses that let you use software indefinitely but some don't. Unlike traditional licensing, Enterprise and Campus agreements are really rental programs. Fail to renew the agreement (and pay the fee) and you have to buy your software all over again.

Another misconception is that you can use as many copies of any title offered by the publisher as you want. Not so! You must establish each year how many copies of each title you intend to use and your annual subscription fee is based upon that. You don't have free reign to use as many copies of any title as you wish. Deviate from your agreement provisions regarding quantity or title usage and you will incur the wrath of Microsoft's software enforcement people and, as some local organizations have already learned, that can be VERY costly.

What about Software Support and Upgrade Protection? (cont'd)

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What does Software Assurance give you? It provides a guaranteed upgrade to the next version of the product for a set period (you buy SA by the year) and some customer phone support.

Is Software Assurance a good deal? Maybe! It depends on when the next release of that software title is due out. For example, you can buy a corporate license for MS Office Pro 2007 for about \$460 or you can buy the same product with 2 years of software assurance for \$700. If Office is upgraded or replaced within those 2 years, you get the upgrade for free. It's an easy way to make sure that your software is always up-to-date.

Does buying Software Assurance always make financial sense? Not always! Let's use Microsoft Office as an example again. The newest release just came out this year (2007). The projected life of this suite of programs is 4 years. At 25% per year for SA you're paying for the next release of Office on the installment plan, in essence. If, however, you buy 2 years of SA for your Office Pro 2007 and don't keep it up-to-date until the next release date, you just paid 50% too much for that title!

What's the alternative? You can buy your licenses without SA and then buy the new version of Office Pro 2011 (or whatever they call it then) when it is released in 2011. If you intend to always keep your software current, SA gives you the chance to spread the costs of your software out of the next 4 years. If you need to save money and prefer to defer the software upgrade costs to sometime down the road then skip Software Assurance.

Need advice on how to get the most out of your software purchase? Call us for a free software license evaluation.

Stretching Your Software Dollar with Volume Licensing (cont'd)

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sometimes not-for-profits. Schools and not-for-profits receive the biggest discounts, saving up to 80% of the retail cost on some titles. On the other end of the spectrum, corporate and government accounts can save 7-15%.

Licensing programs are available through authorized software licensing specialists. There are many different programs available with varying discounts. Rules vary from publisher to publisher but if you plan your software purchases wisely there are significant savings to be realized.

Generally, the minimum buy-in for most of these programs starts at 5-10 units and just like any tiered pricing plan, the larger the quantity purchased, the deeper your discount.

The trick to saving money with licensing is to bundle your software purchases into large enough orders to qualify for the license discount for your organization. It just takes a little planning.

This wealth of licensing alternatives can be confusing and is made more so because publishers offer different programs and have different qualification rules.

That's where licensing specialists like ACT come in, we can help you find the right fit for your organization. We're also familiar with some of the hidden pitfalls of some programs that you may be offered. (See the article about the hidden pitfalls in Enterprise & School Agreements on page 1 for details.)

Sample Academic & Non-Profit Pricing for Office Pro 2007

(source: Microsoft web site, actual dealer prices may vary)

Office Pro 2007 (license only)	\$ 76.00
Office Pro 2007 (w/2 yrs. SA)	\$119.00
Office Pro 2007 (w/4 yrs. SA) - 2 part #'s	\$163.00

Microsoft Licensing Programs Comparison

	Open License	Open Value	Select License	Enterprise/School Agreement
# License Buy-in	5 or more initially, then single licenses	5 or more	250 or more	250 or more (State Gov't - 25)
Agreement Term	Purchase under the same auth. number for two years	Three years with three year renewal	Three years, with option to renew for 1-3 additional years	Three years, with option to renew for 1-3 additional years
Software Assurance	Purchase with or without SA	Purchase with SA only	Purchase with or without SA	Purchase with SA only
Payment options	Up-front payment	Payments spread annually or up front	Annualized payments for L&SA and SA only	Annualized payments
How long can you use the software?	Indefinitely	Indefinitely	Indefinitely	Only for the term of the agreement