



Commercial Software Licensing

CHAPTER 1:

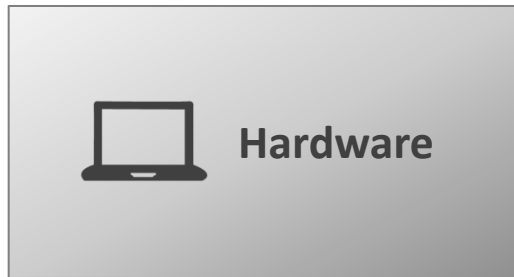
Software Industry Ecosystem

Prepared by DoD ESI | January 2013

- Publishers create different types of relationships with different companies, for multiple reasons:
 - *Sell more products more efficiently.*
 - *Offer the broadest spectrum of services related to their software.*
 - *Because no single Publisher can meet all software needs.*
- The network of relationships among these companies has become known as the Software Industry Ecosystem.
- This ecosystem includes the following kinds of companies:
 - *Customers.*
 - *Resellers and System Integrators (e.g., IBM, Deloitte, etc.).*
 - *Complementary software partners, hardware partners, hosting partners.*
 - *Industry analysts.*
- Intellectual Property ownership is critical to Software Publishers.



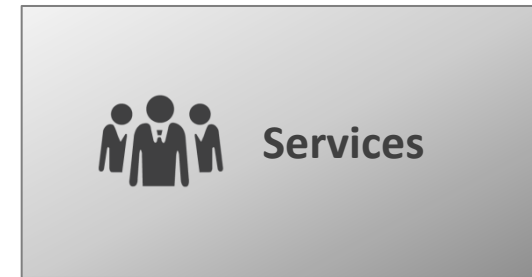
The Building Blocks of an IT Environment



Physical equipment, including computer hardware (*i.e. servers*) and infrastructure (*i.e. communications networking*), serves as the foundation of an IT system.

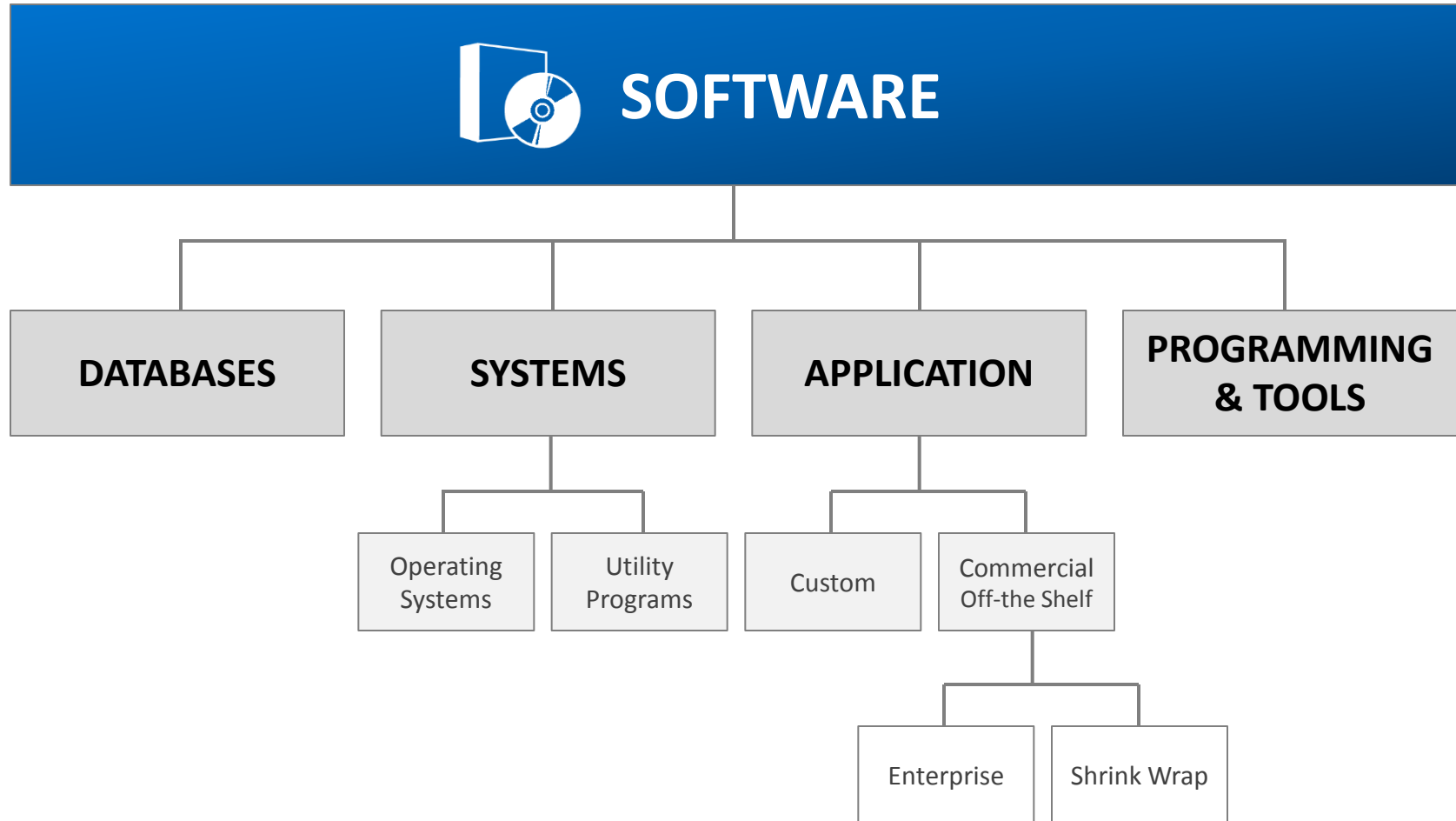


Programming-language files consisting of operating systems, utilities, and applications enable the computer hardware to function and produce results.

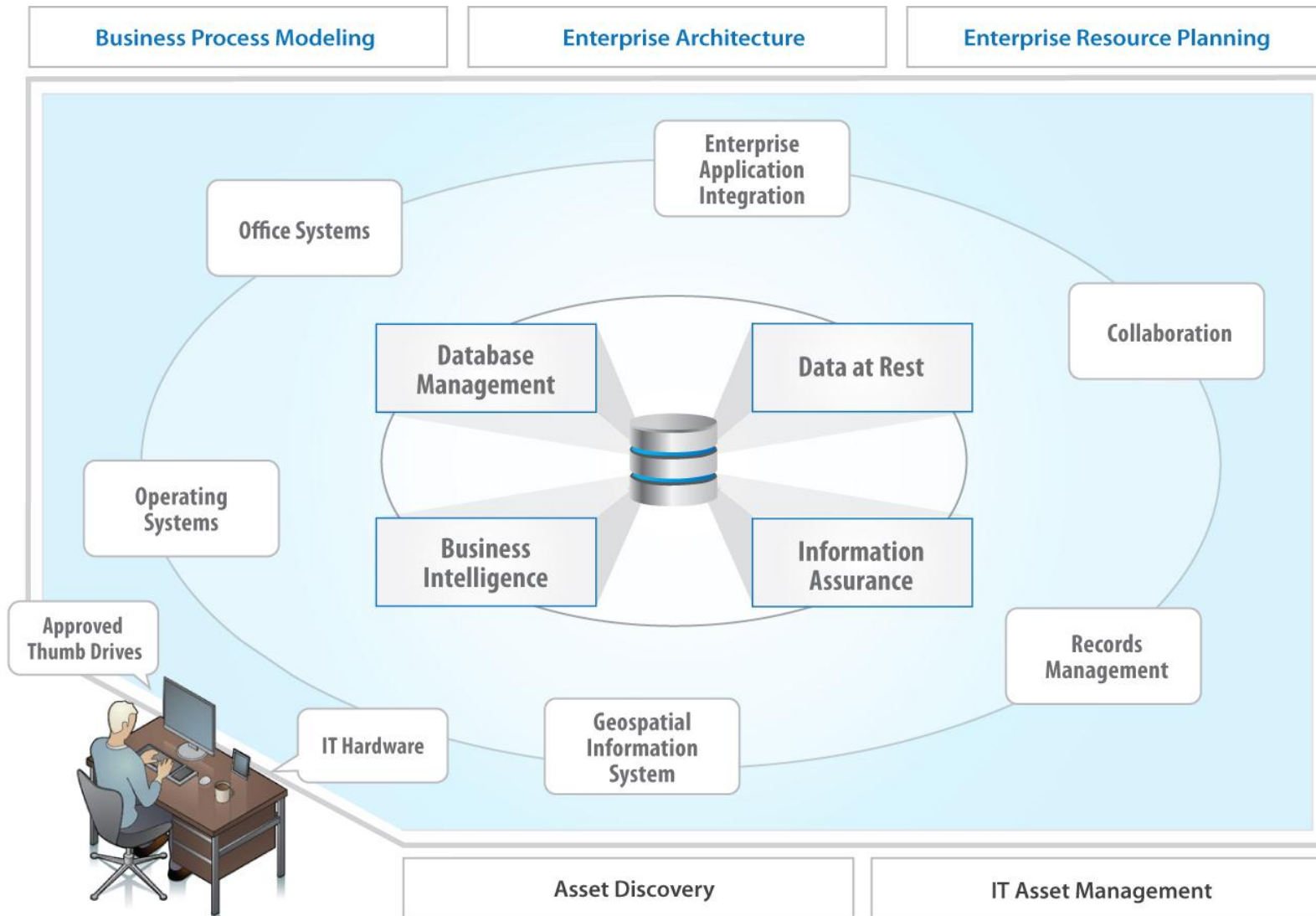


Application of supportive technical and business expertise allows organizations to create, manage, and optimize information gathering and business processes.





ESI Catalog: Product Categories



Key Software Industry Players

The Ecosystem



Publishers

- Software application developers (*e.g. Oracle, Microsoft, etc.*).
- Owners of the software Intellectual Property (IP).* [IP Details](#)

Resellers

- Channels for Publishers' products (*e.g. CompuCom, CDW, etc.*).
- Value Added Resellers (VARs) who package Publisher products with their services.
- Most resellers sell products from multiple Publishers.

System Integrators

- Implementers of software (*e.g. Accenture, IBM Services, Deloitte, etc.*).
- Range from regional to international.
- Many focus on specific Publisher applications.
- Many are also Publishers of custom software.

[Continue](#)



Definition (1 of 3)

What is Intellectual Property?

- The World Intellectual Property Organization (WIPO) defines Intellectual Property (IP) as “creations of the mind.”
- IP includes inventions, literary and artistic works.
- IP also includes symbols, names, images, and design used in commerce.

The Value of Intellectual Property

- Like any physical property, IP is a tangible asset.
- IP requires protection against unauthorized use.

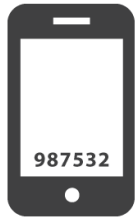
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Intellectual Property (cont.)

IP Protections (2 of 3)

Four Ways to Protect IP



Patents

protect rights for inventions, up to 20 years.



Trademarks

protect words, names, symbols for as long as they are being used in business.



Copyrights

protect works of authorship (e.g. writing, music, art, software) tangibly expressed.



Trade Secrets

protect competitive advantages.

Software Industry Examples

Software algorithms

Logos, icons, corporate name

Source code, screen layouts

Customer lists

[Continue](#)



The Importance of Software IP

- IP is the single most important asset owned by a software Publisher.
- Publishers protect that IP legally (*with copyrights*) and physically (*by maintaining two formats of the software*):
 - *Source Code: a human-readable form of software.*
 - *Object Code: a machine-readable form of software.*
- When licensing software, the customer receives only the object code.
- A Software Source Code Escrow Agreement, executed by a third party, can protect both the publisher's IP and the buyer's access to source code in event of Publisher bankruptcy or contract default.

[Continue](#)



Software Partners

- Many software applications have gaps or feed data to other applications.
- Joint selling arrangements help Publishers partner with others offering complementary software.

Hardware Partners

- Many Publishers align with computer hardware manufacturers (*e.g. HP, IBM, Sun, etc.*).
- Such partnerships often result in joint sales/marketing efforts (*e.g. "SAP runs best on HP"*).



Hosting Partners

- Many customers outsource some or all of the resources required to operate software—including hardware, networks, and application services.
- Software hosting providers offer a variety of service options.

Industry Analysts

- Industry Analysts—such as Forrester and Gartner—provide articles, white papers, ratings services, and advisory services relating to players in the software industry.



Talk about the software industry landscape—companies in the ecosystem and their relationships with Publishers.

Identify the major building blocks of IT environments and the types of software that help them function.

Define Intellectual Property and its importance in software transactions.

Describe how Publishers can sell more efficiently with true business partners (*well beyond typical reseller relationships*).

Discuss the importance of system integrators, analysts, and hardware and hosting partners and how they impact Publishers in the software ecosystem.

Describe the importance and value of government purchasing professionals knowing the software ecosystem.

