D7.3

Product description and Market context analysis for exploitation

Version 1.0

WP.7 Dissemination and Exploitation

Dissemination Level: Confidential

Lead Editor: Belén Serrabou, Atos Origin

30/01/2009

Status: Final

Abbreviations

ASP	Application Service Provider
CAD	Computer-Aided Design
CPU	Central Processing Unit
ISV	Independent Software Vendor
IT	Information Technologies
LAN	Local Area Network
ROI	Return On Investment
SaaS	Software as a service
SmartLM	Grid-friendly software licensing for location independent application execution
SME	Small and Medium Enterprise
SOA	Service Oriented Architecture
SWOT	Strengths, Weaknesses, Opportunities, Threats
WAN	Wide Area Network
WP	Work Package

1. Executive Summary

The purpose of this deliverable is to provide an initial market study and product analysis for the future exploitation of the SmartLM product.

In the context of current IT trends, existing software licensing mechanisms have become inadequate, especially in their geographical restrictions and pricing models. Traditional software licensing mechanisms present limitations for users and especially for Grid and Cloud environments. Software manufacturers need to change the way licensing works and use non-hardware based licensing solutions that can work more easily within a virtual environment. Software as a Service, where the final users only pay for what they use, has been around for a few years now, we can say with certainty that it has already gone mainstream.

Since software vendors do not bet for a reduction in their revenue, a win-win situation with vendors and users must be achieved to obtain exploitation success. The SmartLM product overcomes current limitations of the market and provides manifold benefits for all parties involved.

A market analysis has been carried out to identify potential target markets for our product. In mechanical industries, the simulation software market is dominated by several big independent software vendors. The business model of these vendors is based on selling licenses. The licensed software of these independent software vendors is in general protected by software/hardware licensing products. Besides the large companies, many medium and small software vendors need license enforcement software too. The number of users in companies varies from a single user to hundreds of users. What vendors most commonly sell are annual licenses. Most of the times, the software is used in in-house machines and clusters, not in external Grid environments. Access to Grid environments is not yet automated. When Grid environments are involved, ASPs usually have to guarantee access to specific hardware.

In the Telecom sector there are two main scenarios that are worth differentiating: internal services and customer services. Internal services, due to its special characteristics, is not a suitable target sector for SmartLM. On the contrary, customer services is an area that SmartLM should definitely take into account. In the areas as marketing, technical support, administration or computational resources, the telecom companies will play the major role.

The Financial sector has experienced a tremendous change in the last decade and many financial institutions have relied on Grid technologies as well as Service-Oriented Architectures. Many times they develop their own software but for specific activities, they use commercial applications, where they find themselves in front of a pricing restriction when they need to buy a license for every device in the Grid. Software vendors use traditional models where the user is bound to a large contract. In the financial institutions it is common to have workload peaks, and with traditional models, they are forced to pay up during the entire year. A solution as SmartLM solves these limitations to efficiently run commercial applications in Grid environments and boost the usage of SaaS in this sector.

The introduction of a new license management service as SmartLM could be very beneficial in the Digital Media sector too. Companies in this market usually have workloads that vary relevantly throughout the year, and a flexible model that allows them to add or remove licences on the fly could help them reduce costs. At the same time, SmartLM could help them monitor who, when and where has access to the digital content.

Grid technologies in the Pharmaceutical sector allow researchers to access external data. In this case, highly secure mechanisms are a must, as data represents intellectual property. The current

license models are floating or node locked licenses that are mostly limited to the companies' local networks. There is demand for pay-per-use license management to enable and optimise the usage of software worldwide, across networks.

SmartLM aims at rendering mechanisms for managing and using software licenses in a more flexible and fair way. SmartLM provides multiple improvements versus the current situation as SmartLM licenses may be used seamlessly in cluster environments, as well as in local or remote Grid, Cloud and SOA environments. SmartLM allows the definition of local policies for license usage on top of the embedded policies and provides usage information with the help of a 100% trustworthy accounting mechanism. SmartLM realises a number of sophisticated state-of-the-art security mechanisms. It also offers reservation and re-negotiation mechanisms, among others. There are advantages for all the parties involved, independent software vendors, computing centres, application service providers and end users.

A SWOT analysis has been carried out to reveal important internal and external factors of the product. The main strength is the manifold features that enable to manage licenses in the IT trends environments. But it will be a new unknown product in the market which will have to gain the market. A clear opportunity is that there is an increasing use of Grid and Cloud environments and there is an unfulfilled customer need. A threat to take into account is the emergence of substitute products.

There are other similar products to SmartLM, as FlexNET, Sentinel RMS, Reprise License Manager, LM-X License Manager, GenLM and others that serve a specific application and are provided by the application vendor itself. After a comparison of features, we can conclude that SmartLM outstands distinctly, with features as it supports Grid middleware, has a 100% trustworthy accounting and billing system built in, support for negotiation of license usage, support for re-negotiation of license terms at run-time, temporarily host and use ISV licenses at another site, and support pay-per use model.

SmartLM is an advanced license enforcement product with a strong selling proposition for software licensing. SmartLM covers current features of available licensing software and meets the requirements of commercial Grid and Cloud deployments like improved security, authorization, authentication, embedding and automated accounting and billing. Two perceptual maps have been drawn to show the positioning of the software licensing solutions. The first one is using security and Grid capabilities criteria and the second one is to show the positioning in local environments with multiple users. In both maps SmartLM receives a privileged position.

The multiple benefits of this new product, as we stated before, are definitely noticeable for all the players involved, however a fundamental change is needed in the way vendors sell licenses now and this is not a simple process. Nonetheless, the benefits are clear and a win-win situation can be achieved. Current IT trends definitely support a solution like SmartLM, but timing is crucial. SmartLM is a new product, its launch is not evident as there are established products in the market, so proper distribution channels and communication are very important for SmartLM to succeed.

This report is the basis for the next deliverables 7.4 and 7.5 where we will present our exploitation strategies and agreement that will result in a final exploitation plan. As soon as the project has an operable prototype, we will define a sound business strategy for the exploitation of the future SmartLM product.