

Making Sense of Software Licensing

Have you ever wished you had a better understanding of what your licensing options were for purchasing or upgrading software in your business? Although not inclusive of every licensing option available, the guideline below will assist you with the most common licensing options available to you currently.

OEM: The software is sold installed, or to be installed, on a new device with the condition that the license stays with the equipment. Usually a CD/DVD is included but not always. The COA license is a sticker on the device or included with the device.

Pro: The lowest cost of license due to the restriction of non-portability

Con: Non-upgradeable at OEM pricing and if you replace the device you have to purchase the software again with the new device

RETAIL: Full box version. Includes full documentation, CD/DVD, and limited vendor support. The software is transferrable and transportable up to the number of licenses stated on the product. The license will be on the box or the media itself.

Pro: Upgradeable and has few restrictions except installation only to the number of licenses stated on the box.

Con: The highest cost of all licensing options. Some require the use of a hardware key that must be attached to the device in order to use the software.

OEM – Original Equipment Manufacturer
SA – Software Assurance
VAR – Value Added Reseller
COA – Certificate of Authenticity
SaaS – Software as a Service

VOLUME Licensing: Issued from the software vendor after purchase from a VAR. Quantities of 5+ will be licensed to a specific organization for their use only. A paper or electronic license is e-mailed or mailed to the organization.

Pro: Cost decreases when the number of licenses purchased increases. Upgrade licenses available at volume discounts, however, adding Software Assurance to the original purchase gives you free upgrade rights for a specific number of years. May be installed/re-installed on any device in the organization.

Con: Media is not included in the price but can be purchased for a minimal fee. Quantity increments for additional licenses – for example, you need 3 more licenses, but have to purchase a block of 5.

SUBSCRIPTION Licensing: Issued from the software vendor after purchase from a VAR or directly from the software vendor. A specified number of licenses are issued to an organization for their use only, for a specified amount of time. A paper or electronic license is e-mailed or mailed to the organization.

Pro: Lower cost of investment in software and for short term use which may be expensed to projects.

Con: Upgrade options mid-term are costly if the subscription does not include them. Automatic re-subscription or expiration occurs at the end of the term leaving the organization with nothing or additional costs.

SaaS Licensing: Access licenses are issued by the Service vendor after purchased directly from them or through a VAR. The service agency itself will issue an organization a specific number of virtual licenses to use software owned and managed by them, for a specific amount of time.

Pro: Access to the software from any place, at any time, by any device. No ownership costs and pricing may be lower depending upon terms of access and use.

Con: Availability of the service is not able to be controlled by your organization. Only cost effective for short term use or when used in conjunction with reduced in-house overhead such as staffing and equipment.