

2012 Key Trends in Software Pricing & Licensing Survey

Sponsored by



2012 Key Trends in Software Pricing & Licensing Survey: Software License Compliance Audits & True Ups

Sponsored by Flexera Software

Survey Background

The *2012 Key trends in Software Pricing and Licensing* survey was conducted by Flexera Software with input from IDC's Software Pricing and Licensing Research division under the direction of Amy Konary, research vice president - software licensing and provisioning at IDC. This annual research project looks at software licensing, pricing and enforcement trends and best practices. The survey reaches out to executives at application producers (Software vendors and intelligent device manufacturers) and enterprises who use and manage software and devices. Now in its eighth year, the survey is made available to the industry at large each year.

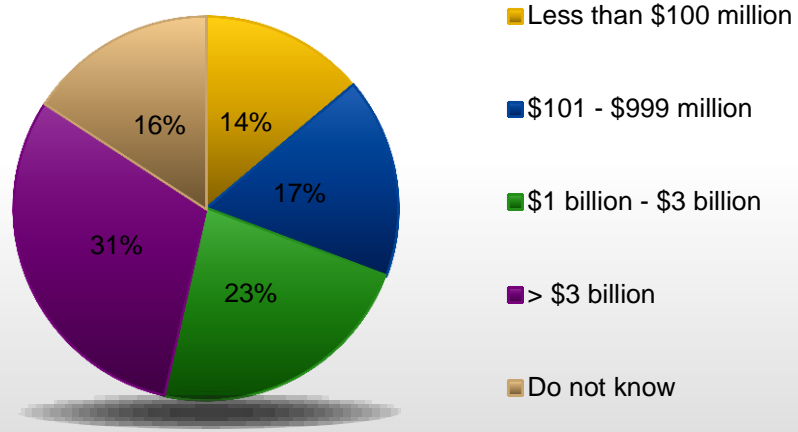
Methodology and Sampling

In total, 334 respondents participated in the survey, including 101 enterprise executives and 233 application producer executives (defined as software vendors and intelligent device manufacturer).

Enterprise Demographics

54% of the enterprise respondents were from larger enterprises of \$1 billion or more in revenues and almost one third (31%) were from companies with \$3 billion in revenues or more. 45% of respondents were from the United States, 33% were from Europe, and 7% were from Australia.

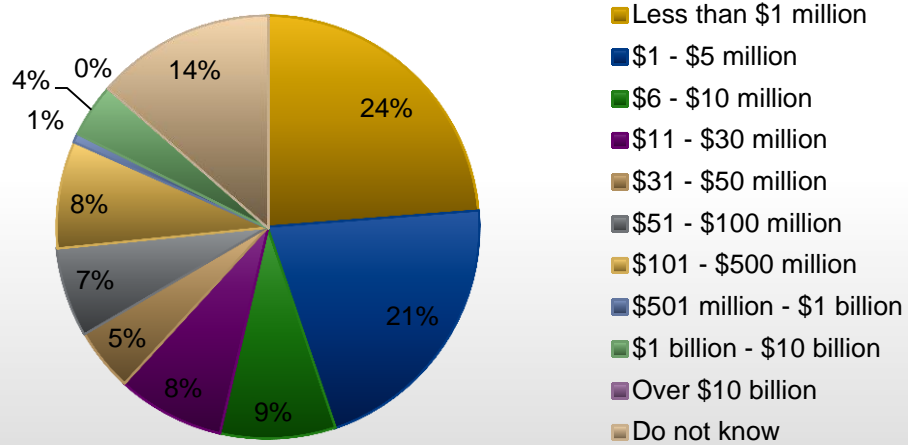
Which of the following best represents your annual company revenues?



Application Producer Demographics

The largest segment of application producer respondents (54%) came from companies with \$10 million and under in revenues. 4% of the respondents were from companies with \$1 billion or more in revenues. The remainder of respondents was from companies ranging from \$11 million to \$500 million. 66% were from North America, 17% from Europe, 3% from Asia/Pacific, and 3% from the Middle East.

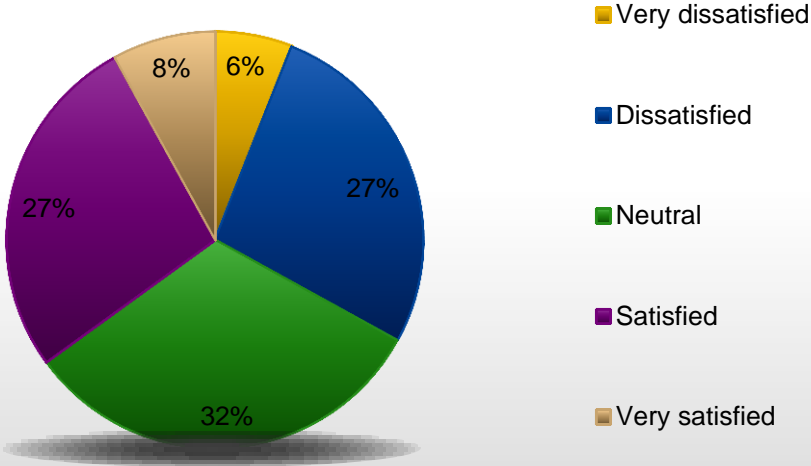
Which of the following represents your annual software license revenues (including any revenue from subscription software and/or embedded software in hardware devices)?



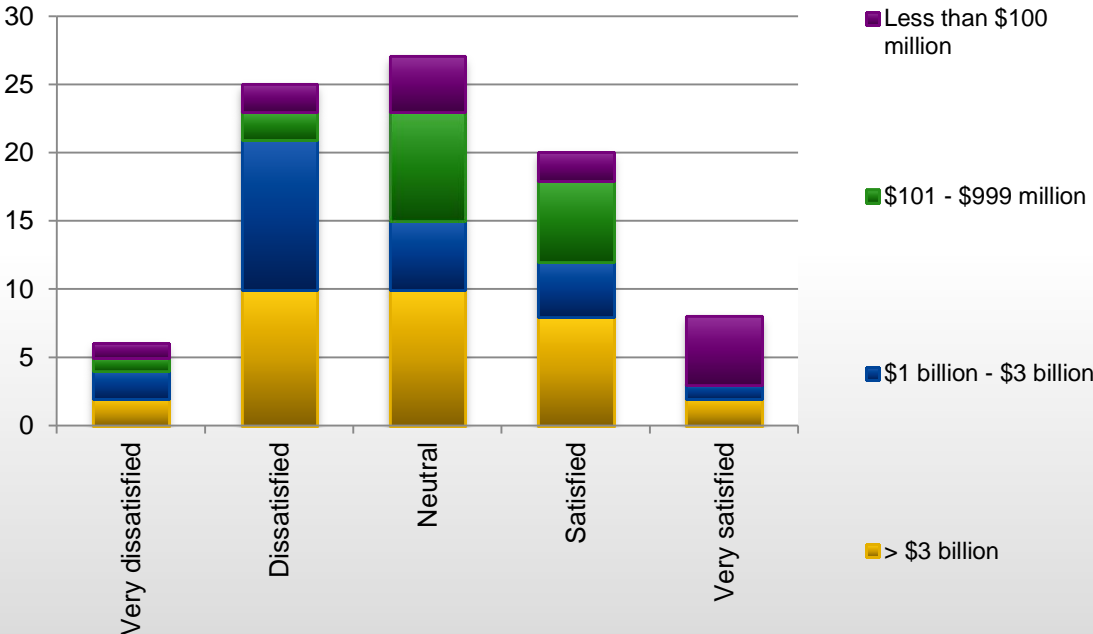
Software License Management Is Critical to Enterprises

33% of enterprises indicated they are either dissatisfied or very dissatisfied with their current method for managing software licenses and usage, while 32% are neutral. Only 35% report being satisfied or very satisfied with their current method – which suggests significant opportunity for providers of software license management and optimization solutions. A cross tabulation of the data based on respondents' organization size indicates that enterprises larger than \$1B in revenue are much more likely (over twice) to be dissatisfied with their current method of managing software licenses/usage, than companies with less than \$1B in revenue. Almost half (45%) of all of these companies are either dissatisfied or very dissatisfied with their current methods.

If you are currently managing your software licenses/usage, how satisfied are you with the current method?

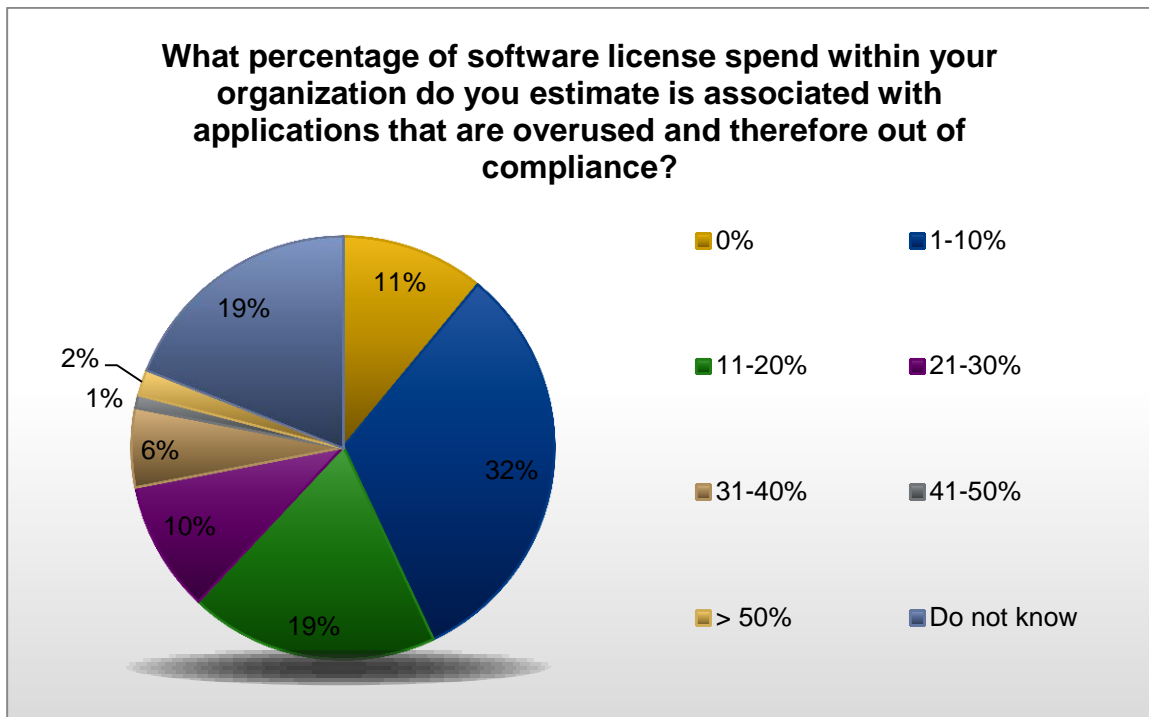


If you are currently managing your software licenses/usage, how satisfied are you with the current method?



Licensing Complexity Challenges Translate to Non-Compliant Software Use

38% of enterprises indicated that 11% or more of their application spend is associated with applications that are overused, and therefore out of compliance, up from 26% one year ago. The increases in non-compliant software use points to increasing waste and audit risk for companies that do not proactively manage and optimize their software license estates.



Software Compliance Enforcement

Software Audits Gaining in Frequency, Especially for Large Software Vendors

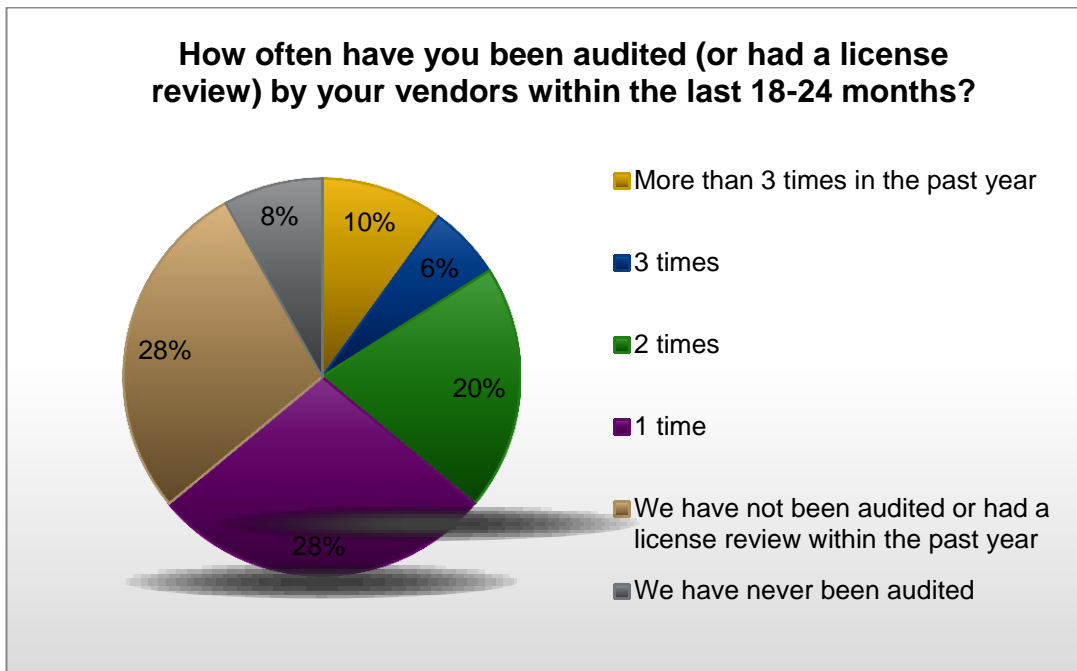
64% of enterprises reported that they have been audited (or had a license review) over the last 18-24 months. 36% report having experienced at least two audits over that time period, and 10% report that they've been audited more than 3 times.

Large enterprises – those greater than \$1B in revenue -- were significantly more likely to be audited three times or more times in the last 18-24. This was reported by 25% of the companies in that group.

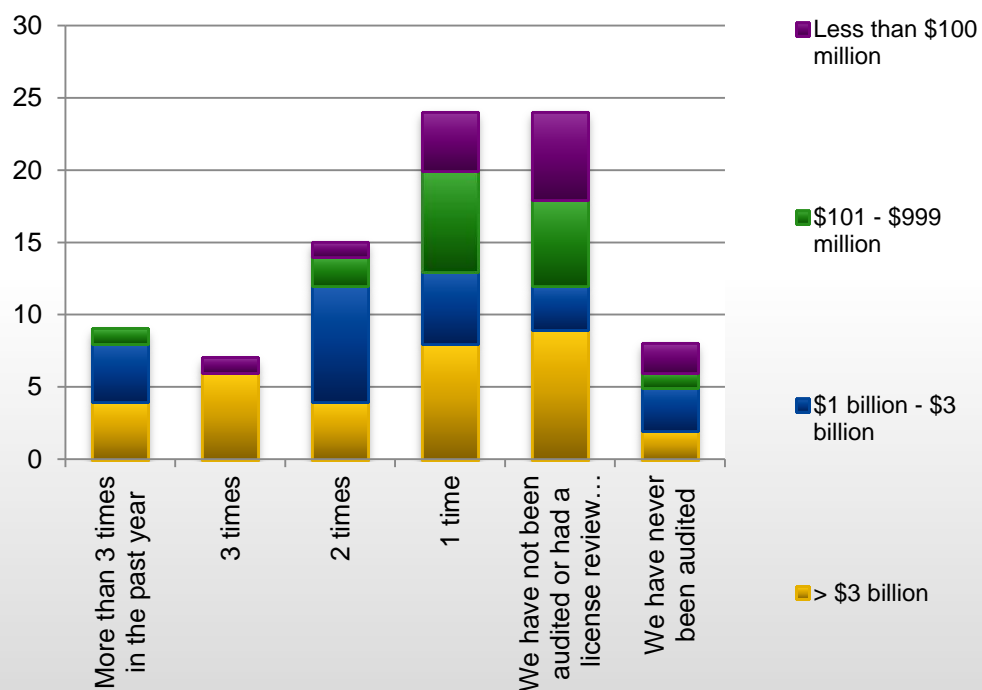
Enterprises say that over the last year, they've been audited most frequently by Microsoft (51%), followed by Oracle (27%), IBM (24%), SAP (22%) and Adobe (19%). 24% say they were audited by other vendors. Enterprises elaborating in the survey about who those other auditing vendors were most frequently cited Attachmate (5 respondents) and Autodesk (2 respondents).

Microsoft was the leading auditor reported across all organization sizes. The other application producers favored performing audits of the large organizations (over \$1B revenue), to a greater degree than Microsoft did.

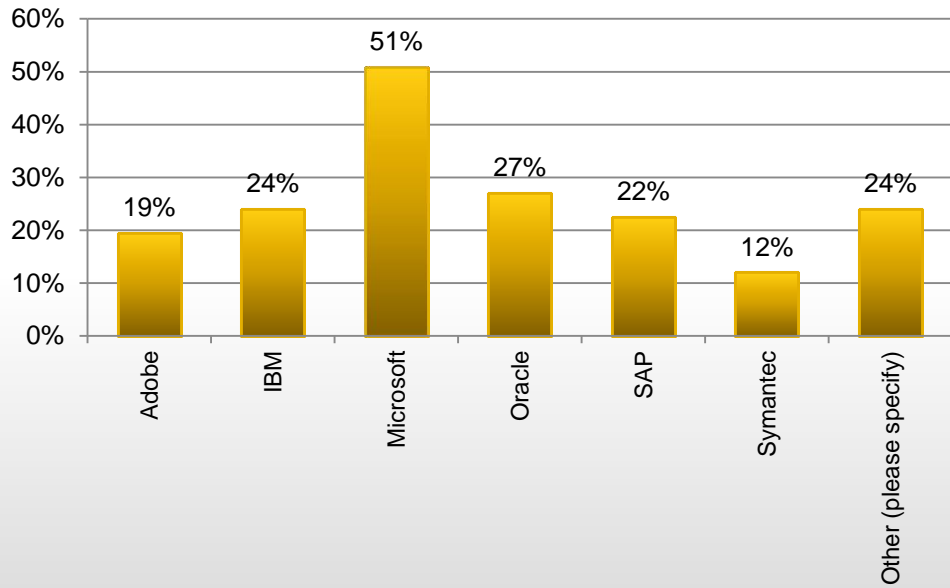
More than half of respondents said their total audit true up over the last year was more than \$100,000, and 36% said their total true up was \$300,000 or more. 24% said their total true up was \$1 million or more. 5% said theirs was between \$5-10 million. And 4% said their total true up costs were more than \$10 million.



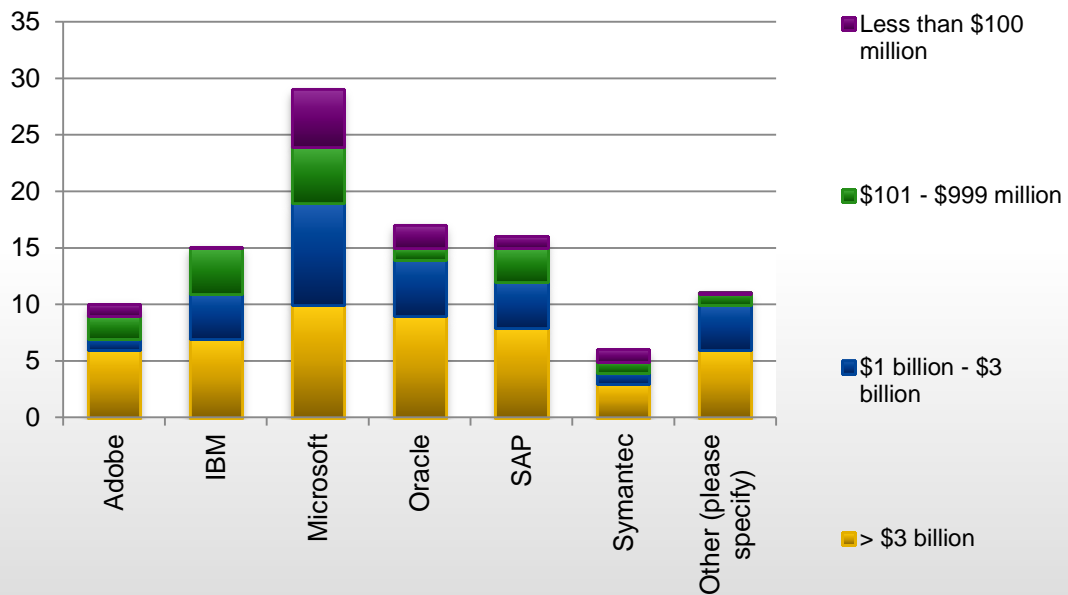
How often have you been audited (or had a license review) by your vendors within the last 18-24 months?



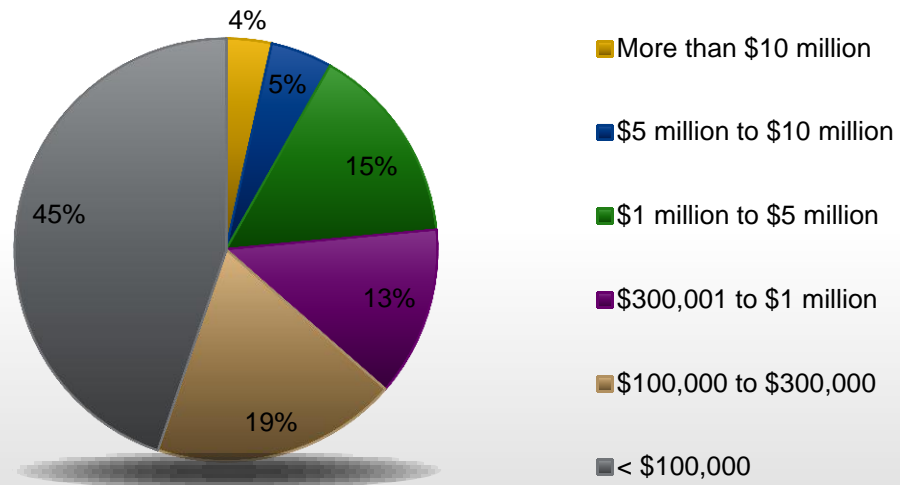
If you have been audited within the last year, which vendors have audited you?



If you have been audited within the last year, which vendors have audited you? (Crosstabulated based on company size)



What was your total software audit true-up cost within the last year for your organization?



Software Licensing and Provisioning Research at IDC

IDC's global Software Licensing and Provisioning research practice is directed by Amy Konary. In this role, Ms. Konary is responsible for providing coverage of software go-to-market trends including volume license programs, evolving license models, global price management, and licensing technologies through market analysis, research and consulting. In her coverage of software maintenance, subscription, electronic software distribution and licensing technologies, Ms. Konary has been instrumental in forecasting future market size and growth. Ms. Konary was also the lead analyst for IDC's coverage of software as a service (SaaS) for eight years prior to focusing exclusively on pricing, licensing, and delivery. International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. For more information about IDC, please see www.idc.com

About Flexera Software

Flexera Software is the leading provider of strategic solutions for Application Usage Management; solutions delivering continuous compliance, optimized usage and maximized value to application producers and enterprises. Flexera Software is trusted by more than 80,000 customers that depend on our comprehensive solutions- from installation and licensing, entitlement and compliance management to application readiness and software license optimization - to strategically manage application usage and achieve breakthrough results realized only through the systems-level approach we provide. For more information, please go to: <http://www.flexerasoftware.com>.



| | | | | |
|-------------------------------|-----------------------------------|----------------------------|------------------------|----------------------------------------------------------------------|
| Flexera Software, LLC. | Schaumburg (Global Headquarters), | United Kingdom (Europe, | Australia (Asia, | For more locations visit: |
| 1000 East Woodfield Road, | +1 800-809-5659 | Middle East Headquarters): | Pacific Headquarters): | www.flexerasoftware.com |
| Suite 400 | | +44 870-871-1111 | +61 3-9895-2000 | |
| Schaumburg, IL 60173 USA | | +44 870-873-6300 | | |