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Integrating Billing and Licensing in a Cloud Environment

LicensingLive London 2012

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March 20th 2012

Enabling the Software Monetization Lifecycle



Plans & Pricing

Customer Acquisition

Subscriptions & Billing

Invoicing & Payments

Usage Rating

Customer Care

Analytics & Reporting



Feature Bundling

Entitlements

Licensing

Provisioning

**Usage Control,
Tracking & Analytics**



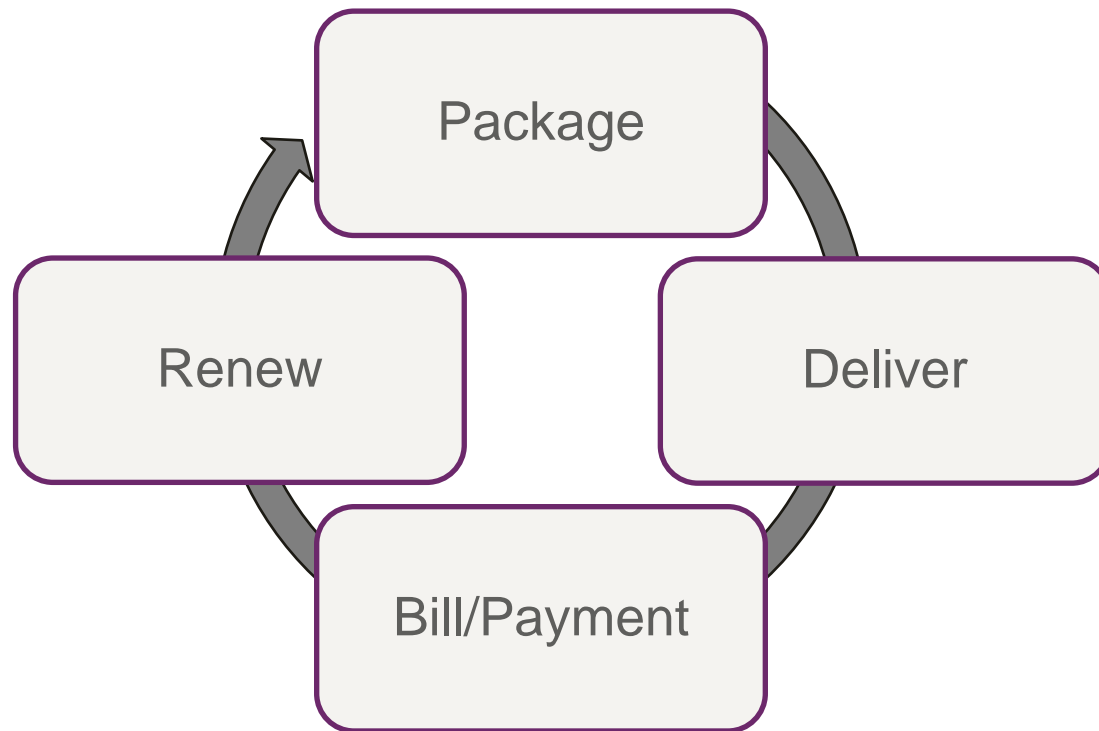
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So How Do Software Providers Succeed in this New World in the Cloud?

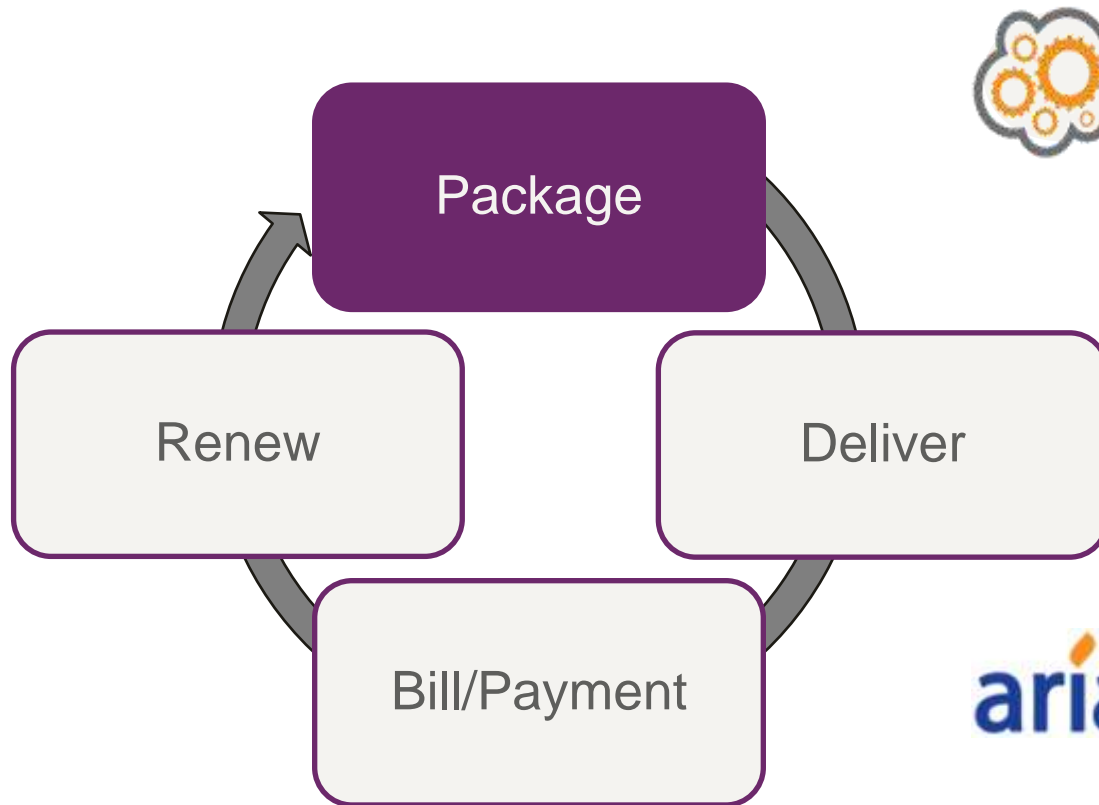


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Introducing the New Software Monetization Lifecycle



Step #1: Package Your Offering



Licensing & Entitlements

- Bundle features
- Define limits of allowed rights
- Select a license model



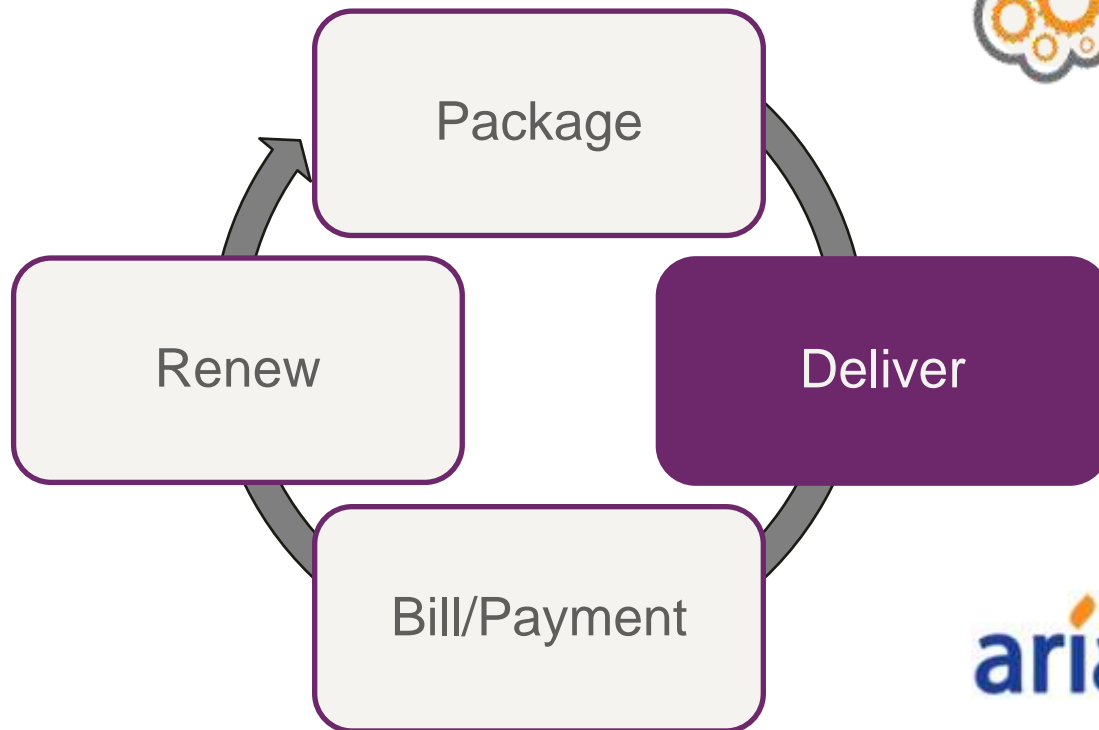
Subscription Billing

- Define product
- Build pricing plans
- Choose business model
- Tie to acquisition activities



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Step #2: Deliver Your Service



Licensing & Entitlements

- Provision rights
- Authorize use
- Collect usage



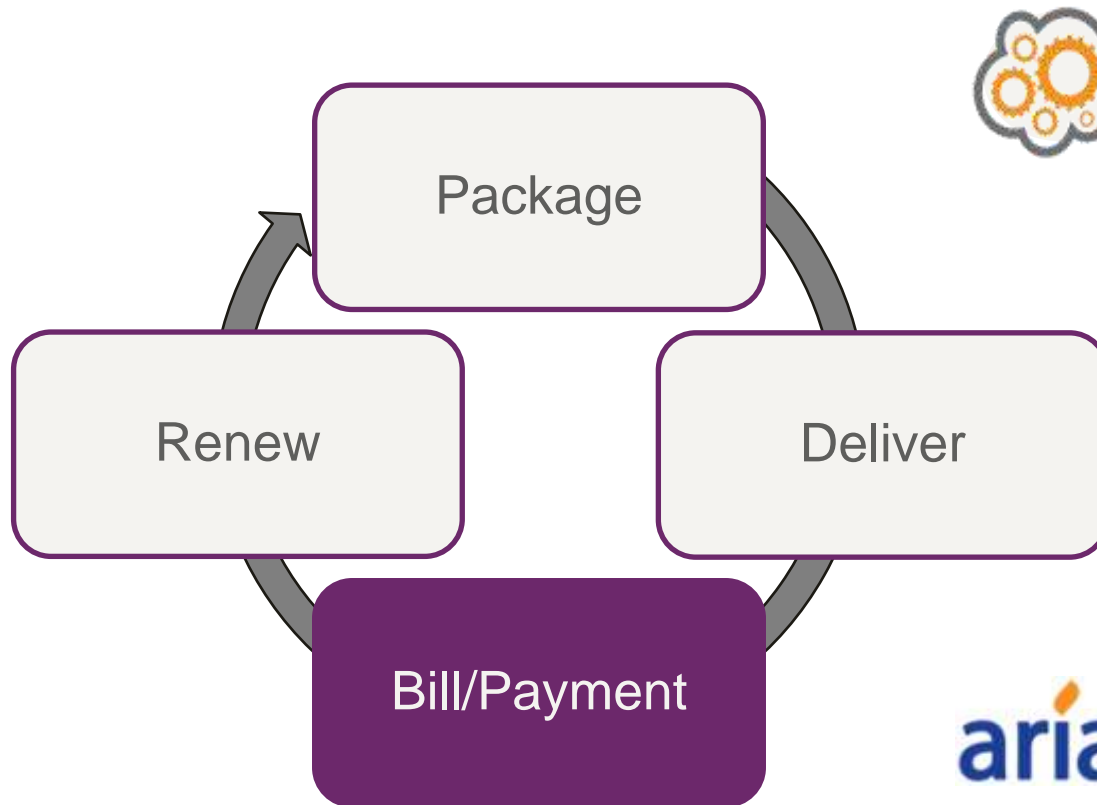
Subscription Billing

- Quote / Order
- Create Subscription
- Activate use



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Step #3: Bill & Collect for Your Service



Licensing & Entitlements

- Customer Intelligence
- Compliance Reporting
- Deliver Usage

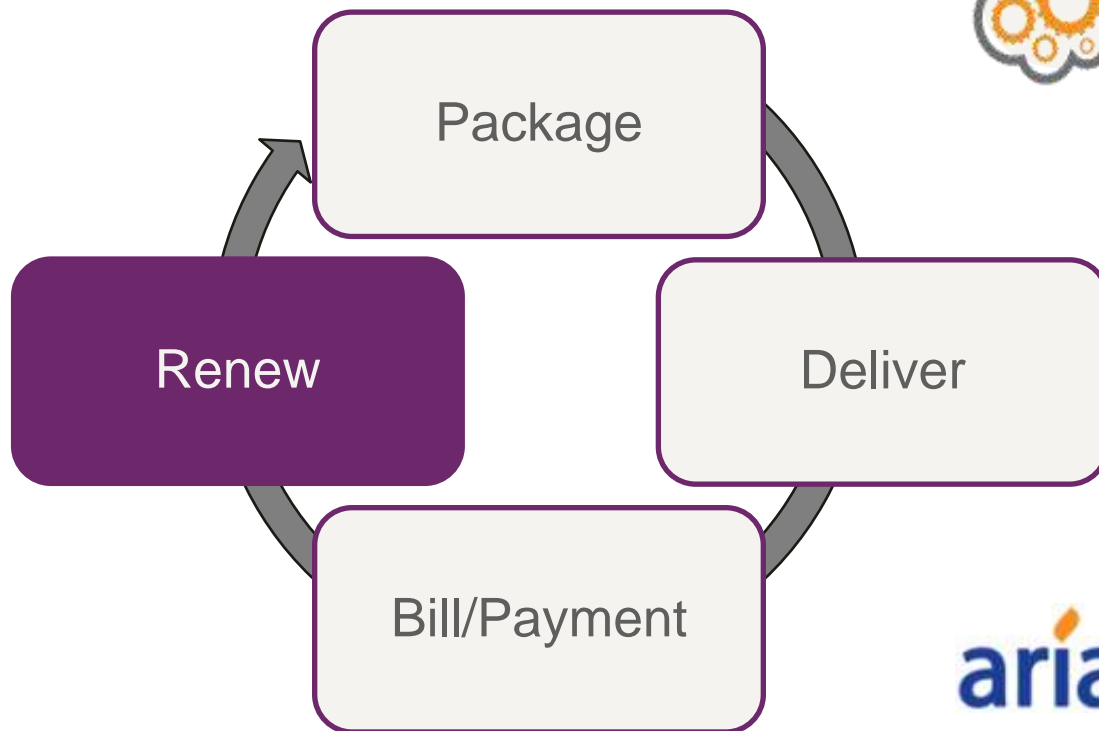


Subscription Billing

- Invoice
- Collect Payment
- Billing Operations



Step #4: Drive Incremental Revenue/Renewals



Licensing & Entitlements

- Upgrades/add-ons
- Additional users/new models
- Provision changes



Subscription Billing

- Upgrade/add-ons
- Update subscription
- Customer care





Drive Your Business Forward

Topics

- 🔥 Why Does Recurring Revenue Matter?
- 🔥 Lessons Learned
 1. Billing is only one part of the puzzle
 2. Expect change
 3. Solution must play nice
- 🔥 Customer Use Cases

What's the Value of Recurring Revenue?



High Value Customers

- › Build long-term relationships
- › Reduce customer churn
- › Deepen revenue potential from customers



Predictable Revenue

- › Raise company value to investors
- › Improve negotiation position with suppliers
- › Improve cash management

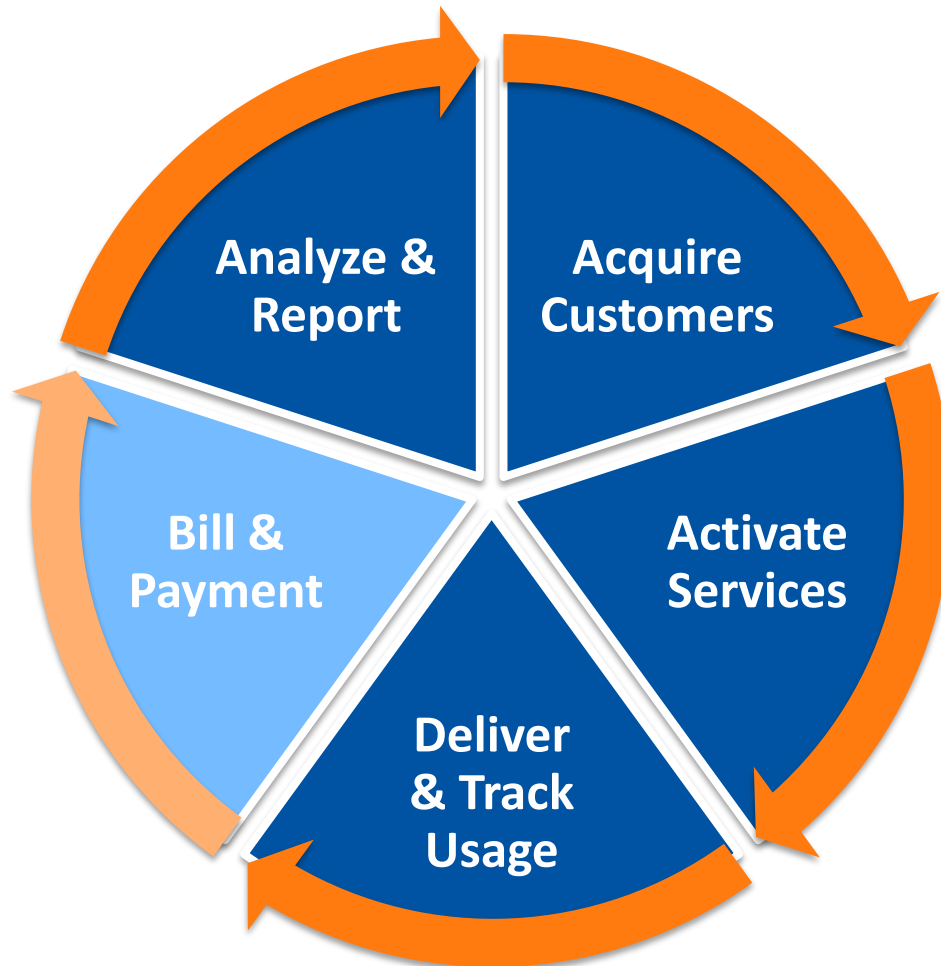


Competitive Advantage

- › Meet a growing customer preference
- › Easily keep up with changing customer requirements

Lesson 1: Think Bigger Than Billing

Billing is just one piece of the puzzle.....



Recurring revenue is a multi-step process offering:

- ✓ More customer touch points
- ✓ Increased innovation opportunities
- ✓ Lower cost of business

Move Beyond Billing to Recurring Revenue

Billing is only one part of subscription lifecycle

- ◆ Product & Plan management
- ◆ Rates & pricing
- ◆ Payment processor access
- ◆ Integrate with other systems
- ◆ Usage tracking
- ◆ Reporting - analytics

← **Subscription Billing Capabilities**

Optimize recurring revenue →

- ◆ Reduce revenue leakage
- ◆ Reduce risk of errors
- ◆ Make changes on the fly
- ◆ Increase profitability of current customers
- ◆ Drive costs out of your business model

Lesson 2: Expect (Want) Change to Occur

Think about your business **today** and where will it be **tomorrow**?



Changing Up Revenue Model for Growth

New business models drive market leadership

New Business Models



hulu

PANDORA



New Innovations

EMC²/vmware



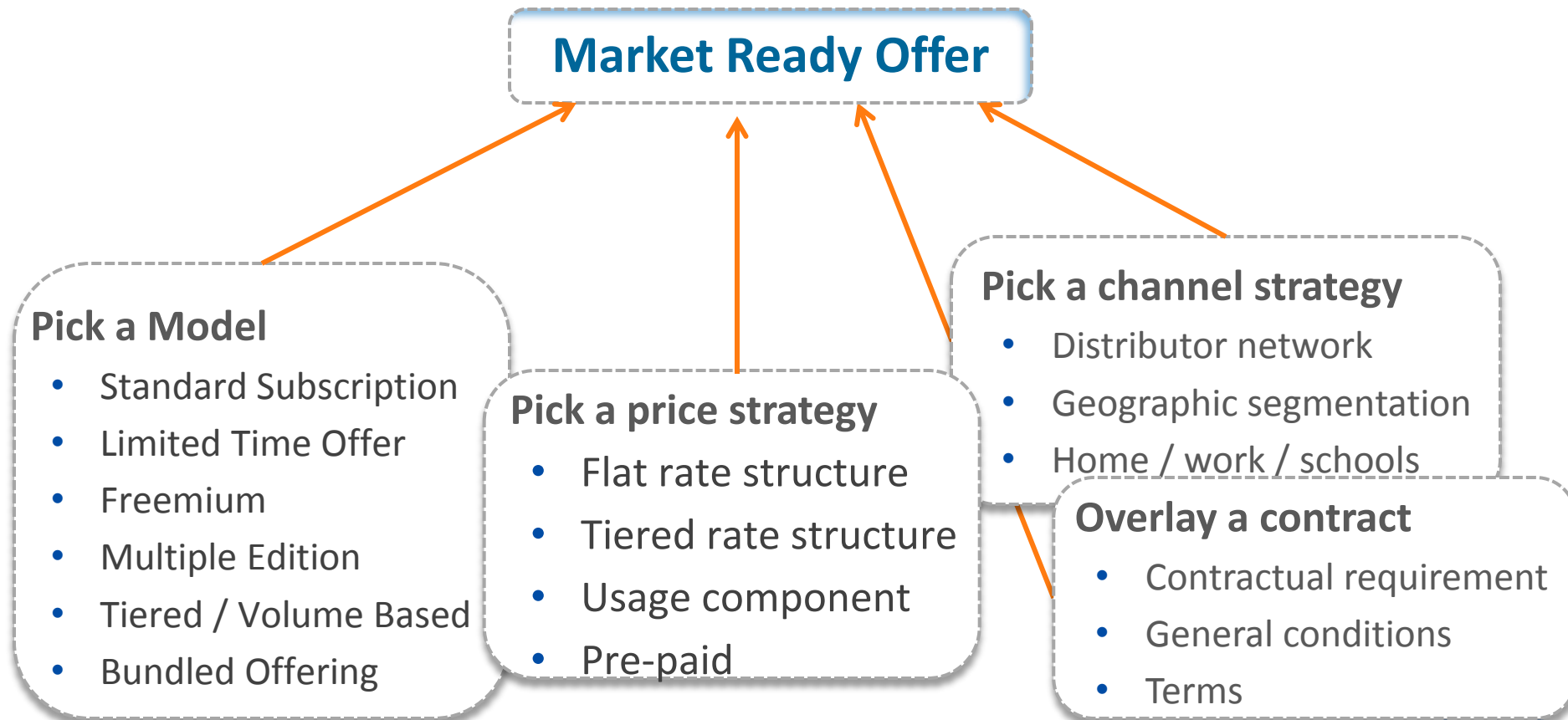
 Pitney Bowes



aria

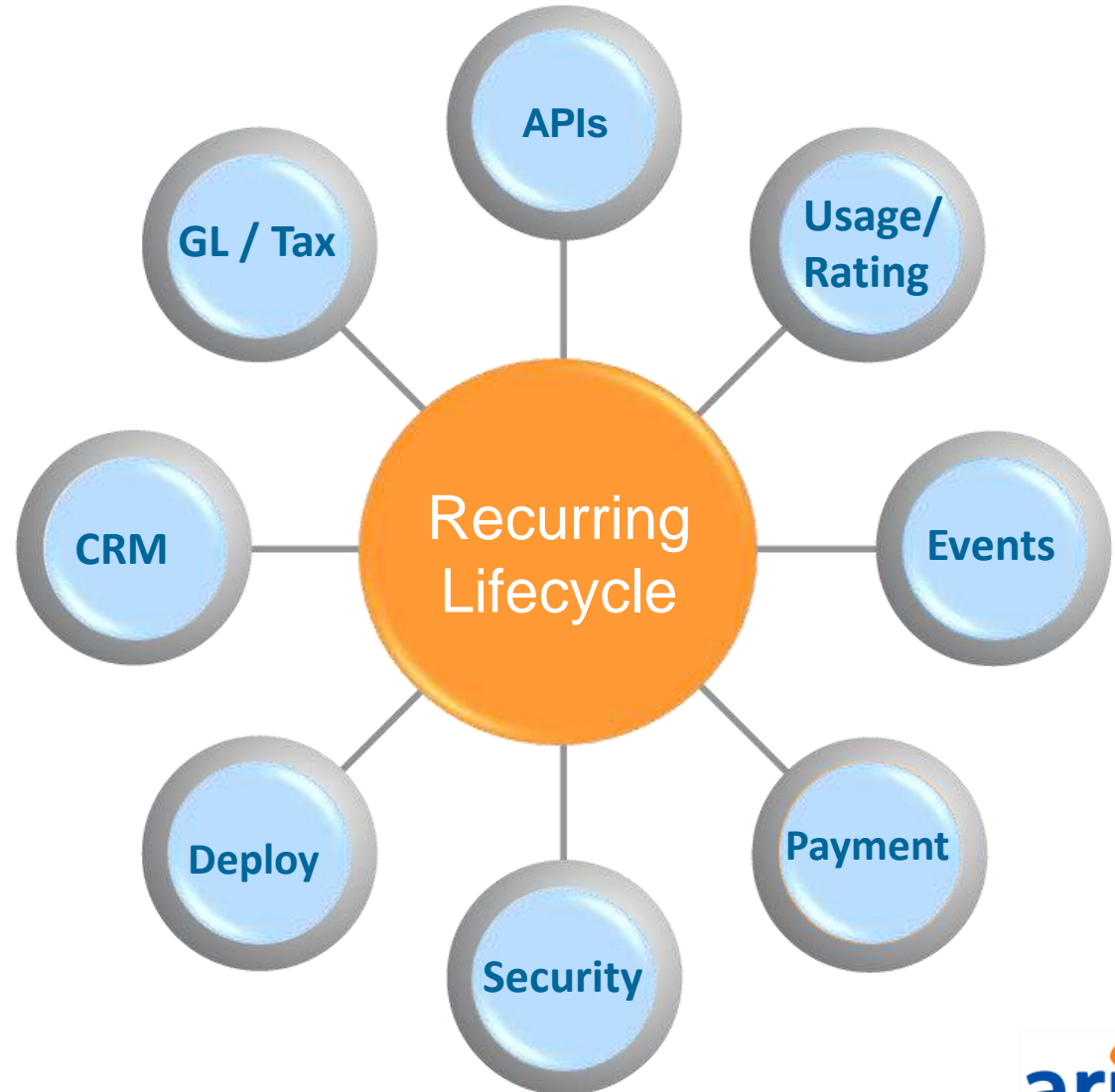
Choice Enables Change

Combine the multiple monetization model components into the right business model for your company...and **iterate**

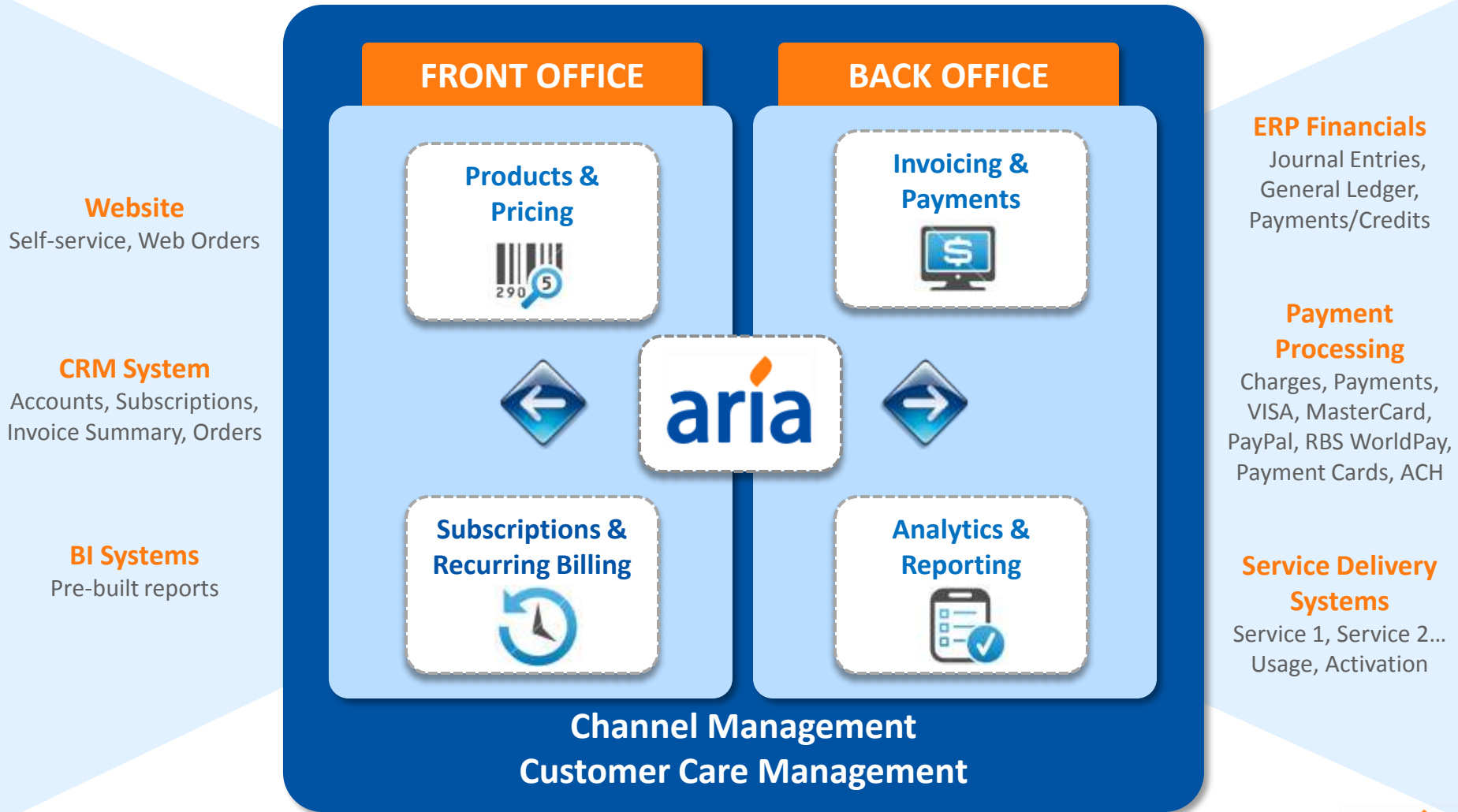


Platforms No Longer Stand Alone

It's critical that the solution you choose can **play nice** within your ecosystem...



Seamlessly Leverage Your Existing Systems



The Right Solution Meets Your Challenge

- One item with a fixed fee recurring monthly
- No discounts or promotions

 asurion

- Large variety of product and plans
- Recurring fees across multiple time frames: quarterly annually monthly

 Angel

- A monthly recurring fee on a predefined set of services.
- No discounts or promotions

 Pitney Bowes

- Usage bundling across several service types requiring real time bundling and discounting
- Recurring fees across multiple time frames: quarterly annually monthly

 Joyent

 aria

Transforming an Industry: Issuu

Key Challenges

- Monetizing 2.8B monthly page views and 33M monthly readers
- Managing free and paying users in a large-scale “freemium” model

Results

- Huge revenue increase in 12 months
- Automated management and billing of free and paid users

“Issuu serves a large, global audience and we needed a platform that could scale with our growth and support our various revenue models. The Aria Platform was the clear choice for rapid deployment and short term results as well as the flexibility and reliability to deliver long-term success.”



Deciding Factors

- Robust user self-service tools
- Platform maturity and reliability

Addressing New Markets: VMware

Key Challenges

- Increasing mid-market penetration through new subscription pricing
- Managing sales through huge global reseller channel

Results

- Automated monetization for SMB market
- Automated billing for resellers and distributors

“VMware has a dynamic and rapidly growing SMB business, and we needed a monetization partner that could keep pace with the increasing customer demands of our subscription-based solution. Aria provides a functionally complete, robust and flexible cloud-based monetization platform that helps us reliably monetize the service while helping us plan for future growth.”

vmware®

Deciding Factors

- Multi-channel architecture
- Pricing and plan flexibility

Succeeding with Aria Systems

Social Media & Collaboration	Consumer & Retail	Media & Entertainment	High Technology	Cloud Services & Telecom
    	      	   	       	      

Deep Billing Experience and Expertise

Proven Successes

- 50% Customers running their businesses on Aria for 4+ years
- Most Fortune 500 / Global 2000 customers

A Comprehensive Approach

- Focus on “Best Practices” for implementations
- Easily integrated with client processes
- Enterprise class security compliance

Expertise & Experience

- Product and executive leadership from



A 2011 OnDemand 100
Top Private Company

Gartner

“Cool Vendors in Telecom
Operations Management
Systems, 2010” Report



Top 10 Startup in the
Software category

Thank You!



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