Agenda

- The Challenge: How to Monetize SDKs?

- The Use Case

- The Sentinel Solution

- Gemalto's Implementation

- Summary

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The Challenge: How to Monetize SDKs?
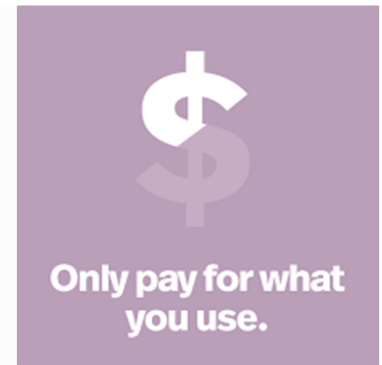
Mobile SDK

Available for 🤖🍎

- **Perpetual**
- **Subscription?**
- *Consumption*

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By the end of 2017, **50% of software providers** will offer flexible monetization approaches, such as **consumption-based pricing**.

By 2019, more than **50% of all industries** will price and package their offerings as services with **flexible subscription- or consumption**-based pricing models.

By 2019, 25% of organizations will offer **personalized pricing** structures made possible through **customer behavior tracking** technologies like telematics.

IDC FutureScape: Worldwide Software Business Models and Monetization 2017 Predictions: Nov 2016
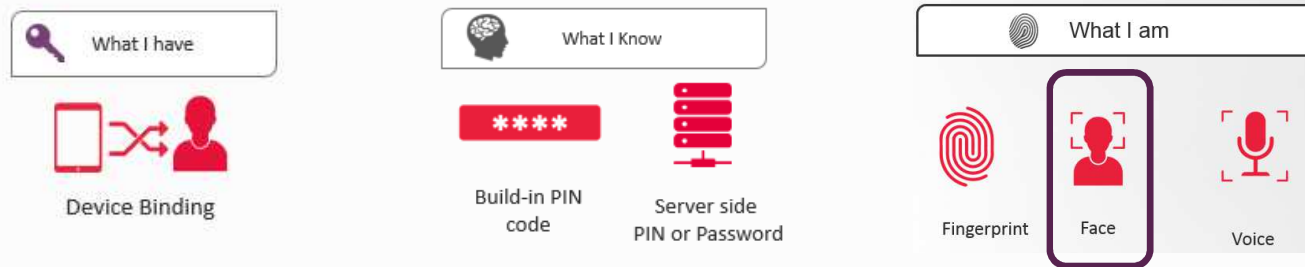
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Price Differently

The Use Case

SDK for Banking App

Multi-factor authentication

What I have	What I Know	What I am
Device Binding	Build-in PIN code / Server side PIN or Password	Fingerprint / Face / Voice

- **Ezio Mobile FaceID**

- **SDK sold to banks for integration into mobile banking apps**

- **Uses facial recognition technology licensed from 3rd party**

- **When using the app, bank customers may "opt in" to face ID feature**

SDK for Banking App

Gemalto eBanking group needed to track usage of the facial recognition feature

- **For Enhanced Pricing**
  - To invoice banks according to <u>actual</u> <u>number</u> of end users utilizing the Face ID feature

- **To Ensure Gemalto Compliance**
  - As required by contract with 3rd party vendor
    - Prevent code lifting of biometrics verification engine
    - Ensure proper payment for royalty fees

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SDK for Banking App

- **What solutions were considered?**
  - Build something internally
  - Evaluate Sentinel suite of products

- **Why did the eBanking team decide to use Sentinel?**
  - Build option was expensive and time consuming
  - Sentinel FIT was designed for embedded devices; lightweight design made it easy to port to Android and iOS, which perfectly met the project needs
  - Ability to leverage a pre-existing Sentinel based backoffice infrastructure within Gemalto

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The Sentinel Solution

Software & Services: Core Components

Sentinel EMS
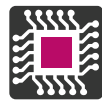Entitlement
Management Solution

Enterprise Licensing Backoffice

- ERP/CRM integration
- License key generation
- License usage collection
- Customer self-service
- Electronic software download

Sentinel RMS
Rights Management
Solution

Sentinel Fit
Restricted
Footprint

Software Protection & Usage

- License enforcement toolkit
- Feature-based controls
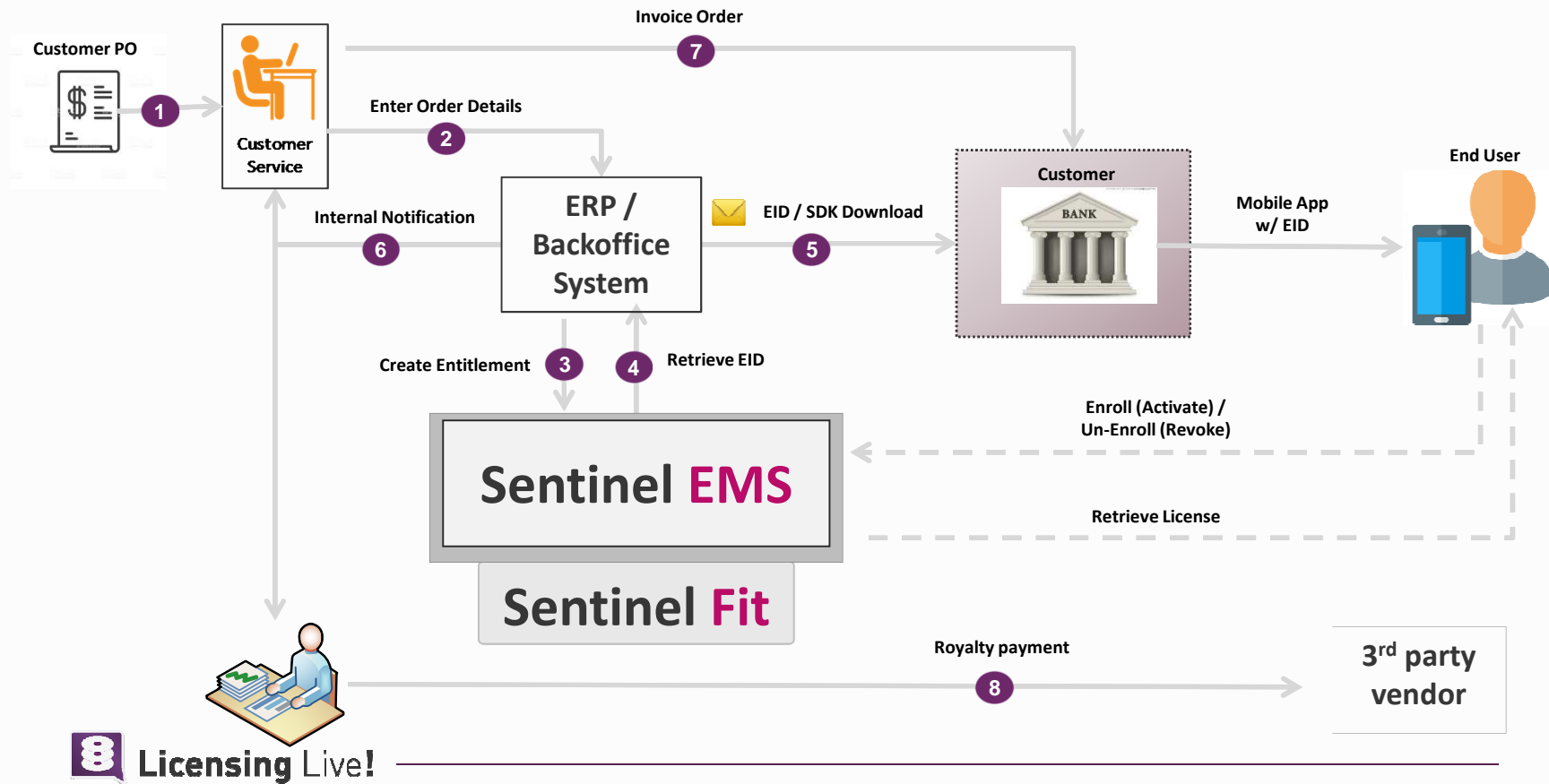- Usage collection
- Robust locking
- IP Protection

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Price Differently

Gemalto's Implementation

Gemalto's Implementation

Customer PO

1 → Customer Service

Invoice Order **7**

Enter Order Details **2**

Internal Notification **6** → ERP / Backoffice System

EID / SDK Download **5** → Customer BANK → Mobile App w/ EID → End User

Create Entitlement **3**   **4** Retrieve EID

Sentinel EMS

Sentinel Fit

Enroll (Activate) / Un-Enroll (Revoke)

Retrieve License

Royalty payment **8** → 3rd party vendor

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Gemalto's Implementation

Sentinel EMS

Sentinel Fit

Usage Reports

Customer

BANK

Gemalto Stakeholders

3rd party vendor

EMS is the "system of truth"

- Count end user activations
- Track expiry of customer entitlement/license

Pricing

- ## 3rd Party Vendor -> Gemalto
  - Royalty Fee (Tiered Based on # Users)
    - <1M users   1-3M users   3-5M users
  - Maintenance (% of Royalty Fee)

- ## Gemalto -> Bank
  - One Time Setup Fee   70,000€
  - License Fee (Based on # Users)

Type	5K<10K	10K<25K	25K<50K	10K<100K	100K<200K	200K<400K	400K<600K	600K<1M	>1M
Annual	3,25	2,15	1,40	0,90	0,69	0,51	0,43	0,35	Quote
Perpetual	8,55	5,65	3,65	2,53	1,81	1,35	1,12	0,91	Quote

  - Maintenance (% of License Fee)
    - Annual or Perpetual
    - Silver or Gold

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Implementation Summary

"As Fit was designed for embedded devices, it was not too complicated to get it compiled for Android and iOS. The bulk of the integration time was in figuring out how to use Fit to prevent code lifting of the 3rd party vendor's facial recognition library. In total, the team spent about 2-3 man-months of engineering time."

- Aylwin Wong, Product Owner, Gemalto

- **Total project implementation time ~ 7 months**

- **Key result: Ability to charge customers based on <u>actual number</u> of end-users, which we previously had no way to verify or control.**

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Summary

- Having an existing entitlement management solution enable~~~~sy plug in to new project~~~~why the integrati~~~~ent so smoothly~~~~ce over)

IN PROGRESS

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QUESTIONS & ANSWERS

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THANK YOU !