SE1008 Software Licensing Part 1 Transcript

## 1 of 45 Perry Holley (voiceover under initial screen)

Before beginning the module, please consider the contents of this screen.

Please wait until each screen has fully loaded images and text before you interact with the screen to ensure correct functionality of the module.

You must reach 100 percent on the progress bar to receive credit for this course. To reach 100 percent progress, each screen must fully load and you must click through to the last screen. When you reach 100 percent completion, you will also get Think40 credit for your time.

Make sure your browser window is maximized so that all tools and functionality work properly and to avoid scrolling.

For additional information, please visit the FAQ page, which is accessible by clicking on the ‘on screen’ text.

## 4 of 45 Tom Wroblewski (onscreen)

Hello, I'm Tom Wroblewski, and welcome to Software Licensing: Part One, the first of two modules that focus on software licensing. As part of the Selling Essentials curriculum, these modules are built by sellers for sellers and are available to the entire IBM Worldwide Sales Team to help raise your level of sales performance. No matter what part of IBM you're in, a Client might ask you a software-licensing question.

In this module, Sheila McAndrew, IBM Legal Counsel, will summarize the basic knowledge you should know about IBM Software licensing so you can better answer the clients’ questions. She will share with you where to find more detailed information when you need it. This module will help you be better informed and increase the value you bring to your Client. I encourage you to go through both modules in the~~ir~~ recommended order.

So click NEXT and let’s get started!

## 5 of 45 Sheila McAndrew (onscreen)

Hi, my name is Sheila McAndrew, Counsel for IBM Software.

I’ll be your guide through the critically important world of IBM Software agreements.

Over the past 20 years at IBM, I have worked with many of you, and other IBM Sellers all over the world, on issues relating to contracting.

I’ve found that our most successful Sellers are those who understand our contracting, and can address and even anticipate Clients’ questions in this area.

When you, the Seller, can answer questions relating to the contract, it can help speed negotiations, because many times your knowledge and explanation at the business level can help shorten the list of items to be addressed in my part, the Legal negotiation.

## 6 of 45 Sheila McAndrew (onscreen)

IBM Software is intellectual property that’s an integral part of our Clients’ business and success.

IBM licenses that intellectual property to our Clients, providing them with certain rights and privileges.

These rights and privileges are clearly explained in our software licensing agreements.

They address these terms in several different categories:

* + The first category is “Legal.”

These terms encompass topics such as liability limitations, privacy rules, and the protection of IBM’s intellectual property.

* + Other terms apply to our “Business” offerings: subscription and support, virtualization technology, Software-as-a-Service, and product licensing metrics, which are the methods of charging for a product.
  + And finally, there are terms that explain items such as “payments,” delivery and taxes.

## 7 of 45 Sheila McAndrew (onscreen)

Throughout this module:

You will learn the importance of Software Licensing for you and your Clients

You will find and download the key license documents that govern IBM Software offerings, including both SAAS and On-prem Software. IBM's On-prem Software includes distributed OTC, z Systems software, and Term. You will hear more about each of those throughout this module

Also, you will practice using the license documents to find answers for your Clients

Later, In Part 2 of this module:

You’ll examine how different license agreements affect **z Systems** software, and which provisions of Subscription and Support relate to all license agreements

Then you’ll put it all together with a Summary Activity;

Before we wrap-up, we’ll also talk about the new Client Relationship Agreement, or CRA

But first, in Part 1 of this module:

You’ll begin by exploring the basics of Software Licensing Agreements

And then, you’ll review Passport Advantage, which covers Distributed OTC and Term software, as well as SaaS, and Appliances

## 8 of 45 Sheila McAndrew (onscreen)

So, what do you need to know about how and why IBM licenses its software? Click on the link to see the Outcome and Objectives of this module, and you’ll find out.

## 9 of 45 Sheila McAndrew (onscreen)

Licensing agreements aren’t just for lawyers.

You, the Software Seller, are the face of IBM and have the responsibility to know what it is you are selling.

When you understand and can apply the licensing and business terms that govern your Clients’ use of IBM Software, you will build credibility with your Clients, become a trusted consultant, and help protect IBM revenue.

Your knowledge will also strengthen IBM’s ability to build long-term, productive relationships.

And, it will possibly help to shorten the sales cycle by addressing questions and potential issues earlier, rather than later.

Let’s now listen to two people who know the value of understanding software-licensing agreements.

## 10 of 45 Melissa Krauss (onscreen)

I thought selling software was just about getting clients to purchase our technology to solve their business problems.

I focused on how many user seats I could sell, not on the licensing rules and regulations.

Software license agreements?

ICA – IPLA – Product License Information? …

I thought that was something for the lawyers to worry about, not me.

However, as the deals I engaged in became more complex, I realized that being able to answer my client’s questions using the license agreements was very powerful and allowed me to be a true consultant.

For example, the License Information document has helped me overcome objections that were impeding sales.

When my client wanted to deploy software that they purchased as part of a restricted bundle, the agreement helped me clarify terms of use, options, and restrictions.

Understanding licensing agreements has also helped me clarify and eliminate my Client’s confusion about Subscription and Support.

The use of IBM’s Intellectual Capital through software licensing may seem complicated.

But understanding the rights and limitations of the software that I sell, can definitely help shorten the sales cycle.

I make sure I know where to find the information I need to guide my Clients and help keep the sales process on track.

## 11 of 45 Randy Grady (onscreen)

You know, I spent the first seventeen years of my IBM career as a brand specialist in Systems Technology Group primarily selling hardware.

I developed a thorough understanding of my product set and how it fit within my customers’ business.

And, transitioning from STG and a single product line with a single license agreement to my current role as a Software Client Leader, with multiple brands and thousands of products was a significant change for me.

The Clients remain the same, however the process in which we sell, transact, and support the Client is entirely different.

For example, early on I had a Client sign an enterprise agreement with acronyms that I had never heard, nor did I know what software was included and how it was licensed.

I soon realized the importance of understanding what governs the software licenses and why I had to learn the foundational agreements such as the IPLA and IPAA to help my Clients.

I remember my Client asking me to find them a license for a specific Cognos product.

I knew exactly where to go... and I quickly found the LI, or License Information, and was able to build the trust and confidence my Clients expect from an IBM seller.

## 12 of 45 Sheila McAndrew (voiceover)

Let’s start with the basics of the IBM Software Portfolio.

The software you sell runs on either Distributed or **z Systems** servers.

With each product, you sell a software license.

Historically there are two types of licensing charges:   
One-Time Charge, or OTC which are non-expiring licenses for distributed types of products, and   
Monthly License Charge, or MLC, which are expiring licenses for specific z Systems products

In response to our client's needs, there are also a growing number of expiring licenses for distributed products that are called Term licenses

There is the growing area of “Software-as-a-Service,” or SaaS, a bundling of software functionality that is managed and maintained in the IBM Cloud. Clients access the software-as-a-service over the internet.

You may also sell IBM Appliances – products designed for a particular function that generally include both hardware and software

## 13 of 45 Sheila McAndrew (onscreen)

Sometimes it's easier to grasp certain concepts if you can see them in print as well as listen to a description. So, I'd like to take a moment to introduce you to the Software Licensing Overview Participant Guide. It’s a printable version of everything we'll be covering throughout the Software Licensing Overview module, especially regarding the Software Licensing chart which you see here.

You can follow along with the Participant Guide as we review key concepts in both Parts 1 and 2 of the module. Access the PDF now and print it out if you prefer.

At key points during this program, you'll see a note just like the note at the bottom of this screen, reminding you that you can find the information we are reviewing in the Participant Guide.

## 14 of 45 Sheila McAndrew (onscreen)

So, what, exactly, is a software license? Let’s define it in simple terms.

The software license is the agreement that allows the user to do certain things that would otherwise be an infringement of copyright.

This agreement outlines the rules of use.

You, as the Seller, are the representative of this license for IBM and need to know its basic terms.

As you just heard from two of our top Sellers, understanding licensing agreements puts you in a better position to represent our products.

By understanding these concepts, you are able to consult and move your deals forward. Let’s look at the wide range of IBM licensing agreements.

## 15 of 45 Sheila McAndrew (onscreen)

We sell various offerings and, because the IBM business is very large, we have multiple ways to sell to our Clients. We use agreements like the IPLA, PA, and CSA.

* + Do you know which agreements are used for the software you sell?
  + Have you ever read any of these documents?
  + Have you ever helped a Client answer a licensing question on your own?
  + Do you know what governs the S&S for your Clients?

Click on each acronym for a brief description. We have included an Acronym Dictionary with this module. You may want to click on the link and print it out as a reference to use as you go through the module.

## 16 of 45 Sheila McAndrew (voiceover)

Let’s simplify this – You may be most familiar with Passport Advantage.

Most of the business terms for software that runs on distributed servers are in the PA agreement, which is   
also called the International Passport Advantage Agreement, or IPAA.

The PA agreement is tied to a foundational agreement, called the International Program License Agreement, or IPLA.

But, if the IPLA and the PA have different contract terms for the same thing, PA wins the argument.

There is PA software that runs on both Distributed and z Systems servers.

Another agreement, the IBM Customer Agreement, or ICA, governs software that runs on z Systems, not Distributed.

The IPLA and ICA lay the ground rules. All other agreements add layering, depending on the type of software.

## 17 of 45 Sheila McAndrew (onscreen)

Three subject matter experts are also here to help you understand what you need to know about these agreements, to build credibility with your Clients and answer their software licensing questions.

Throughout the module, if you need an acronym refresher, click on the link for a Glossary of Common Terms. Let’s start with Passport Advantage, and I’ll turn it over to our SME, Scott Wallman.

## 18 of 45 Scott Wallman (onscreen)

Thank you, Sheila! My name is Scott Wallman.

As a Consultant for the Passport Advantage global team, I have worked with hundreds of software Sellers and their Clients on questions and issues about their distributed software products.

In this section on PA, I will share with you the more common questions I am asked and help you understand the answers to them and how they apply to real Client situations.

## 19 of 45 Scott Wallman (onscreen)

Passport Advantage is not a license, but a program used by IBM to license Distributed software.

It is not a program in the sense of downloading an application to your phone or desktop, but a volume purchasing model.

Think of it as a frequent buyers reward program...Passport Advantage offers better pricing for volume purchases, over time.

The agreement that governs Passport Advantage software is the International Passport Advantage Agreement, or IPAA.

This agreement actually overrides, or supersedes some of the terms in the IPLA. IBM conducts compliance reviews in order to verify the licenses a Client is currently using against those they originally purchased.

The terms of the compliance reviews are included in the PA agreement. So, let’s see what Passport Advantage governs and when you will use it. Click “Next” to find out!

## 20 of 45 Scott Wallman (voiceover)

Software licensed under PA can run on multiple hardware platforms, including the mainframe.

However, the majority of licenses are sold for Distributed servers, mostly on a One-Time Charge, or OTC basis.

When software is sold through the PA program, the Client licenses the software using the IPLA.

PA defines program-specific terms for your Clients, which allow them to participate in volume pricing, virtualization, Software S&S, Fixed-Term licenses, and more.

The final piece of the IPLA software package is the LI, or License Information, which sets out contract terms specific to the individual product or offering being sold. Software licensed under PA is governed by all three agreements: the IPLA, the IPAA and the LI.

## 21 of 45 Scott Wallman (onscreen)

PA is used to introduce most new offerings in the marketplace – changing to meet our clients’ needs, particularly SaaS offerings.

Today, PA has expiring and non-expiring licenses:

• With expiring licenses, Clients pay a one-time charge for term licenses that expire at the end of their term.

• With non-expiring licenses, Clients pay a one-time charge for the licenses and may use them indefinitely, as long as they comply with the terms.

• The PA software is licensed for use within the Enterprise, not to a specific machine.

The business environment and the rules for using software are constantly changing.

Passport Advantage is continually revised to keep pace with these changes.

This is why it is important to learn these basics now and know where to find the latest agreements to monitor the changes for your software portfolio.

It’s important you know when PA changes and understand those changes, so you can answer the questions your Client may have.

## 22 of 45 Scott Wallman (voiceover)

With the PA program, Subscription & Support (also referred to as S&S) is included with the software license purchase the first year, or for the duration of the license if it is a term license.

S&S is critical to your Client’s success and their satisfaction with IBM Software solutions.

It is one of the most cost-effective ways for your Client to ensure they have access to the latest technology and support when they need it.

S&S must be renewed annually in order to remain current. If the Client chooses not to renew S&S they may still use the software, but are not entitled to automatic upgrades or technical support.

Keep track of your Clients’ S&S renewal dates. Making sure they renew each year gives you a great opportunity to reach out to them.

## 23 of 45 Scott Wallman (voiceover)

Now, let’s talk about Term licenses, which are licenses that expire.

There are two types of Term licenses with PA products

* + Fixed Term Licenses and
  + Monthly Licenses

Fixed Term Licenses (also called FTL) have a minimum term of 12 months in their contract

Monthly Licenses have terms that can be less than 12 months

* + Click on the links for more information on Fixed-term licenses, and Monthly licenses

## 24 of 45 Scott Wallman (voiceover)

PA also governs Software-as-a-Service, or SaaS. SaaS is such a critical topic we have a complete section later in this module to discuss the offering-specific documents and agreements.

For now, let me just explain that for SaaS, technical support is included in the service subscription.

PA also incorporates Appliances.

If the Client purchases an Appliance, PA includes both software and hardware support terms. We will discuss Appliance S&S later in this module.

## 25 of 45 Scott Wallman (onscreen)

I mentioned earlier that PA is a “volume-pricing model” – the more the Client purchases, the better the price.

Many software deals are proposed with a special bid, but this pricing model is the foundation for PA software.

The price is based on their “Relationship Suggested Volume Price,” or RSVP level.

* + Do you know how that RSVP Level is determined?
  + Does the Client accept terms of the PA by signing it?
  + What determines the Client’s authorized level of use for a PA program license?

Let’s go find the latest PA agreement and answer these questions!

## 26 of 45 Scott Wallman (voiceover)

Follow the instructions on the screen and don’t forget to save the url to the PA agreement which is provided.

You will use it often for your own information and to answer your Client’s questions.

Once you’ve downloaded the IPAA document, click “Next” to continue the “Go Find It!” challenge.

## 27 of 45 Scott Wallman (voiceover)

Scott Wallman (voiceover)

Use the IPAA document you have downloaded to answer these questions.

Click on “Hint” for some help.

(PAUSE)

Here’s your first question:

How is the point value established for your Client's volume discount?

(PAUSE)

Choose the best answer, click Check, and then learn more about why that’s the best answer on the next screen.

## 28 of 45 Scott Wallman (voiceover)

Let’s review.

The point value for your Client’s volume discount is established by the initial order of a Software product.

If the client acquires additional Eligible Products during a Term, they may attain higher RSVP levels which are recalculated after every transaction.

It’s important to note, SaaS products do not count toward points.

## 29 of 45 Scott Wallman (voiceover)

Here’s your next question:

Does the Client accept the terms by signing the IPAA?

(PAUSE)

Choose the best answer, click Check, and then learn more about why that’s the best answer on the next screen.

## 30 of 45 Scott Wallman (voiceover)

The best answer is, no. The IPAA is not signed.

The vehicle we use for the Client to enroll in PA and accept the terms is the Enrollment Form.

In most countries, the Enrollment Form is not signed. Please speak to your GEO Passport Advantage Consultant for the specifics of the Enrollment Form and the processes to follow.

## 31 of 45 Scott Wallman (voiceover)

OK, last question.

What determines the Client's authorized level of use for an IPAA program?

(PAUSE)

Choose the best answer, click Check, and then learn more about why that’s the best answer on the next screen.

## 32 of 45 Scott Wallman (voiceover)

The Proof of Entitlement (also called the PoE), or the original invoice the Client received upon program acquisition determines the Client's authorized level of use for an IPAA program.

Proof of Entitlement is the document in which IBM specifies an Eligible Product's level of authorized use. This PoE, supported by the Client's matching paid invoice or receipt, is evidence of the Client's level of authorized use.

## 33 of 45 Scott Wallman (onscreen)

How did you do?

Remember, you must be familiar with the basics of the licensing agreements so that you can answer your Client’s questions, and truly be a consultant.

Click “Next” to listen to an interesting story from one of your peers on the importance of knowing how IBM Software is licensed.

## 34 of 45 Shari Aser (onscreen)

Throughout my career – as an IM Sales Specialist, A Client Executive, a Software Sales Manager and a Business Unit Executive – I cannot think of a time when having a clear understanding of software licensing was NOT important – and, in all stages of the sales cycle!

Selling your clients the right entitlements will help them to receive value from their purchase as quickly as possible.

With the wrong entitlements, there may be the risk that they will be out of compliance with their usage, which opens the door to them being dissatisfied with IBM.

Your knowledge of software licensing also helps you to sell against the competition.

If your competitor, licenses by user, and you can offer a different licensing model, having this knowledge will help to differentiate your proposal.

Let me give you an example...We had a multi-national organization that had the potential of having hundreds of millions of people go to their website to consume public information - they had no idea how many users there actually would be.

The seller initially developed a proposal based on the estimated number of users, which would never have been accepted by the client because of the cost.

The seller was unaware that there were other options using a special bid, which helped create a competitive proposal that ultimately won the business.

The starting point for you to bring this kind of value to your client is by having a strong foundation of knowledge about how distributed software is licensed through Passport Advantage.

Take it from me, it WILL increase your ability to compete for the business.

## 35 of 45 Scott Wallman (onscreen)

As an IBM Software Seller, it is your responsibility to be able to convey the basics of software licensing to your Clients.

Communicate the value and advantages of our agreements to your Clients by remembering these 5 Key Points about PA:

1. First, PA is a world-wide program governed by a common set of terms and conditions and tools.

2. Second, PA is a volume-pricing program. The more your Client purchases, the better the pricing they receive.

3. Third, S&S is included in the first year with a distributed software license. They come together when the license is purchased and cannot be separated.

4. Next -- In the distributed OTC model, licenses do not typically expire. Except for fixed term licenses, your Client may use the license indefinitely, as long as they comply with the terms.

5. And finally, the license can be used by any entity within the Client’s enterprise.

When you can communicate these 5 Key Points to your Clients, you will increase your credibility and the speed to closure of your deals.

## 36 of 45 Scott Wallman (onscreen)

To increase your knowledge and find out more about the PA program, click the links on this screen to:

(PAUSE)

• Help you Enroll your Client in Passport Advantage

and

• Answer frequently-asked questions

## 37 of 45 2 Actors (voiceovers)

**[Seller]:**

My Clients constantly have questions about Passport Advantage.

I really need to learn more about this. How?

**[Manager]:**

Start with The Worldwide Passport Advantage page, which provides worldwide scope of the PA program noting descriptions, Value Propositions, resources and tools. In addition, each GEO has their own GEO specific PA page to answer your specific GEO questions.

There are a lot of great country resources you can access to help you better understand the GEO nuances.

Finally, see the specific Passport Advantage pages for your geography.

**[Seller]:**

Thanks! I’ll do that. It will be a big help.

## 38 of 45 Scott Wallman (onscreen)

All these great resources help you better understand Passport Advantage.

And, don’t forget to review the licensing documents, now that you’ve downloaded them. We talked about the importance of SaaS.

Click “Next” to find out a little bit more about SaaS and Appliances.

## 39 of 45 Sheila McAndrew (onscreen)

Thank you, Scott!

Software-as-a-Service is critical to our Clients and to IBM.

It is important that you, as the software Seller, understand the basics of how SaaS is contracted and to become familiar with those documents.

SaaS is a software delivery model that is managed and maintained in a cloud environment.

Clients access it as a service over the Internet. SaaS is only provided for as long as the Client pays for it.

## 40 of 45 Sheila McAndrew (voiceover)

There are two contracting options for SaaS:

1. The first is Passport Advantage, or PA

2. The second is Cloud Services Agreement, or CSA

1. The Passport Advantage agreement is broad and covers all distributed OTC software, Appliances and SaaS.

2. The Cloud Services Agreement is for Clients who purchase only SaaS.

It is a simpler, stand-alone alternative to the PA agreement.

The CSA is helpful when dealing with a “white space” Client – those doing business with IBM for the first time.

The CSA covers only SaaS and other cloud-based offerings, such as Cloud Services.

Some Clients prefer to use the CSA when they first start dealing with IBM and are only purchasing SaaS.

This way, they don’t need to work with contract language for offerings they’re not purchasing.

## 41 of 45 Sheila McAndrew (onscreen)

Every software product or offering you sell has terms and conditions focused on only those offerings being purchased by your Client, in addition to the PA or CSA.

* + For OTC and Term software using IPLA, they are called “LI’s,” or “License Information.”
  + For SaaS using PA, they are called “TOU’s” or “Terms of Use.”
  + For SaaS using CSA, they are called “SD’s” or “Service Descriptions.”

We will review the LIs later in Part 2 of this module and even have an exercise on finding them.

For SaaS, the ToU under Passport Advantage and the SD under the CSA, both convey the same general points, but are formatted differently.

Click on the links to locate the CSA, ToU, or the Service Description for the SaaS offerings you are selling.

When you’re ready, click “Next” to learn about: Appliances.

## 42 of 45 Sheila McAndrew (voiceover)

Some Appliances consist of only Software Programs and are called “Virtual” Appliances.

More commonly, though, an Appliance is made up of both Software and Hardware, and these are called “Physical” Appliances.

They are “turnkey appliances” – the integration of the hardware and software is done at the factory, and they are designed for quick and easy implementation and integration.

They help organizations turn the focus from the technology to what really matters—simplifying the implementation of business processes and strategies.

Click “Next” and we’ll learn how contracts and Appliances intersect.

## 43 of 45 Sheila McAndrew (onscreen)

The terms relating to Appliances, such as volume-pricing, are outlined in Passport Advantage.

We talked earlier about layering agreements.

There are several layers governing Appliances.

The Program itself is licensed under the IPLA. The hardware component – the machine -- is covered by language in Passport Advantage that was essentially cut and pasted from the ICA.

We have Clients who have purchased from IBM under both the ICA and IPLA.

This hardware language in the Passport Advantage Agreement offers them some consistency.

For greater detail regarding Appliance Services, take a look at the Appliance Support Handbook – it provides valuable information.

Click on the link to access it.

44 of 45

Sheila McAndrew (voiceover)

We’ve covered the Programs and Hardware that make up Appliances, and told you about the Appliance Support Handbook.

Now, let’s talk a bit more about upgrades and support. “Appliance Services” is S&S AND hardware maintenance in a single offering sold under a single part number.

Like traditional S&S, Appliance Services is renewed on an annual basis. Remember the importance of S&S – your Client receives both the latest technology and technical support.

As a Seller, don’t miss the opportunity to renew that contract!

## 45 of 45 Sheila McAndrew (onscreen)

We’ve finished the first part of software licensing, which covers:

The basics of Software Licensing Agreements, and

Passport Advantage, which includes:

* Distributed OTC and Term software,
  + SaaS, and
  + Appliances

You’ve learned a lot – but, there’s so much more!

To fully understand licensing, it’s necessary for you to take both Part 1 and Part 2. To move on to Part 2, click out of Part 1, and select Part 2. I’ll see you there!