

SellingEssentials

Software Licensing Overview

Participant Guide

HOW TO USE THIS PARTICIPANT GUIDE

This Guide is designed to be used in 2 ways:

- **As a printed learning supplement to the Selling Essentials module: *Software Licensing Overview, Part 1 and Software Licensing Overview, Part 2*.** For each topic in both Parts 1 and 2 of the module, you'll find corresponding graphics and text in this guide. This will help you follow along with the narration and graphics on screen. At any time while viewing the video, you can consult the corresponding page(s) in this guide to help you understand this complex topic
- **As a mobile reference tool in the field.** After you have listened to both parts of the Software Licensing Overview module, you can consult this downloadable Participant Guide at any time, when you need to refresh your understanding of a software licensing topic

The Participant Guide is organized in the same sequence as the module.

Below is your table of contents for Part 1 and Part 2 of your Participant Guide to help track along when you are participating in and referring back to the module. Click on each [blue subject](#) listed on this page to navigate to each respective element within the guide.

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SOFTWARE LICENSING OVERVIEW, PART 2

[Introduction: Part 2](#)

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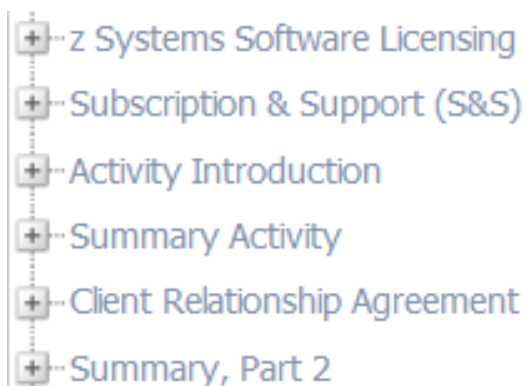
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APPENDIX

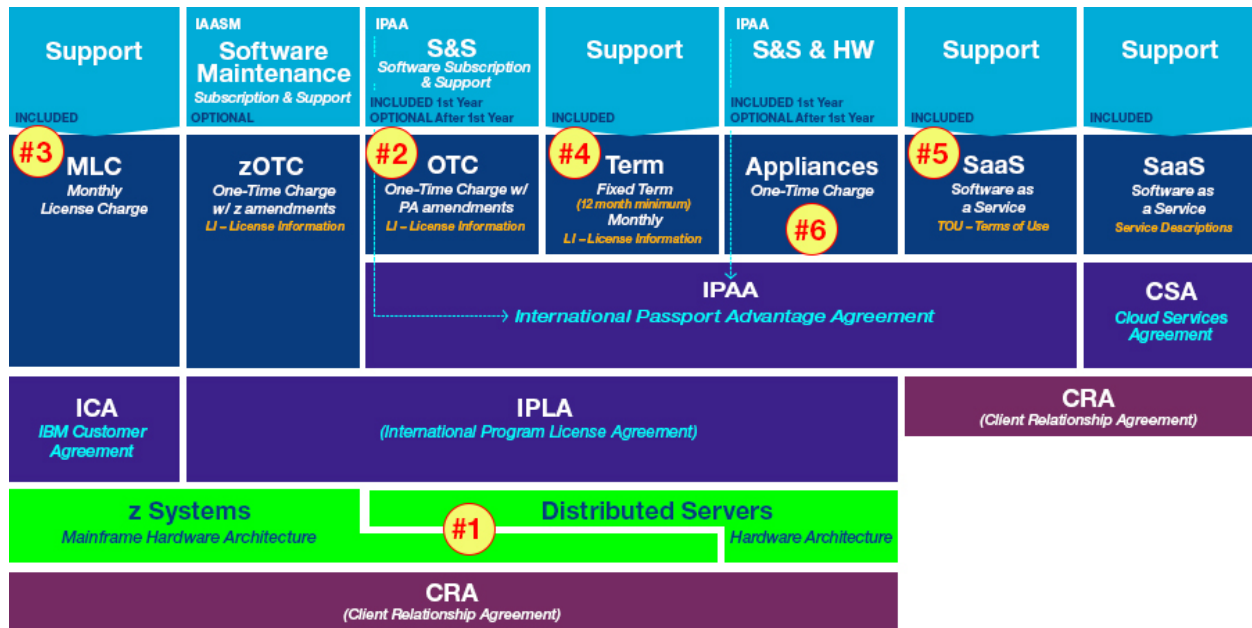
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Selling Essentials

Software Licensing Overview

SOFTWARE LICENSING OVERVIEW, PART 1

Basics of Software Licensing Agreements



- #1 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:
 - #2 • One-Time Charge, or OTC, which are non-expiring licenses for distributed types of products
 - #3 • Monthly License Charge, or MLC, which are expiring licenses for specific z Systems products
- #4 In response to our client's needs, there are also a growing number of expiring licenses for distributed products that are called Term licenses.
- #5 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.
- #6 You may also sell IBM Appliances – products designed for a particular function that generally include both hardware and software.

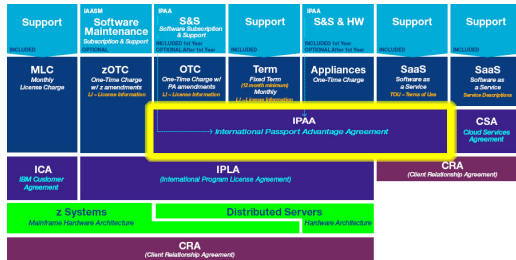
Part 1 of Module 5 takes a closer look at each of these items, both on the video and on the pages that follow in this Participant Guide. Every time you see a section of the chart displayed in the video, you can follow along in print and read corresponding information to supplement what you are hearing and seeing on screen.

Selling Essentials

Software Licensing Overview

Passport Advantage (PA), IPLA, and ICA

Passport Advantage (PA)



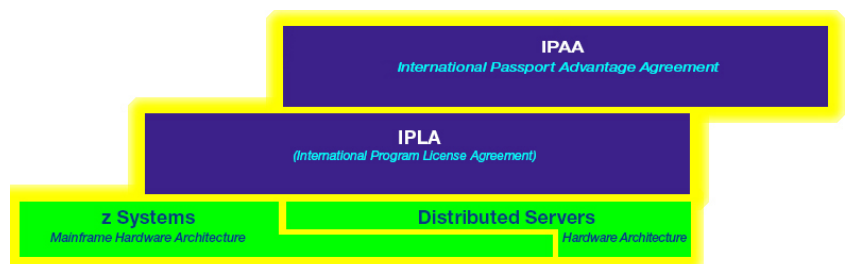
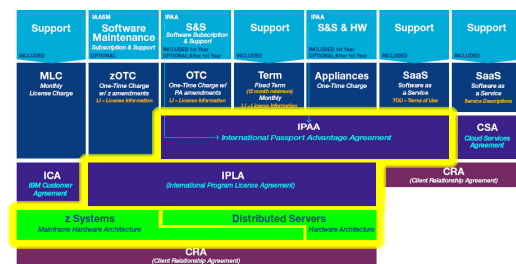
You may be most familiar with Passport Advantage. Most of the business terms for software that runs on distributed servers are in the PA agreement, which is also called the International Passport Advantage Agreement, or IPAA.

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

IPLA



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. In fact, 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.

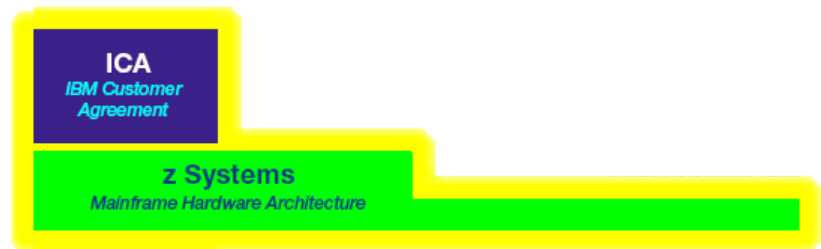
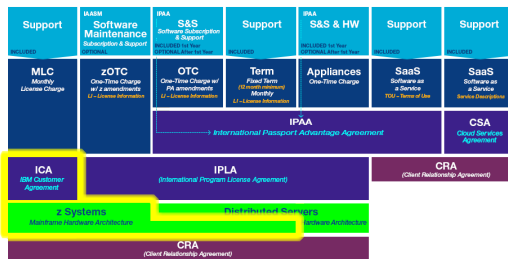
PA defines program-specific terms for your Clients, which allow them to participate in volume pricing, virtualization, Software S&S, Fixed-Term licenses, and more.

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.

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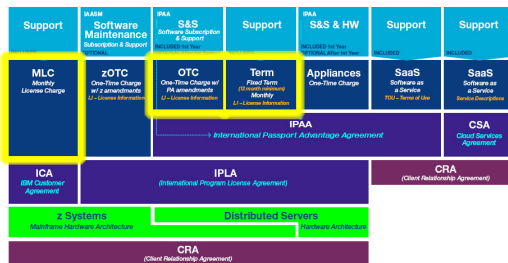
Software Licensing Overview

ICA



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.

PA: Licenses, Including OTC, and Term



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:

Expiring Licenses:

- With expiring licenses, Clients pay a one-time charge for the duration of the license. This includes Monthly License Charge, or MLC, which are expiring licenses for specific z Systems products.
- A Term license is an expiring license, and there are two types of Term licenses with PA products
 - Fixed Term Licenses, (FTL) have a minimum term of 12 months in their contract
 - Monthly Licenses have terms that can be less than 12 months

Non-Expiring Licenses

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 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. 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.

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Software Licensing Overview

PA: Subscription and Support (S&S)

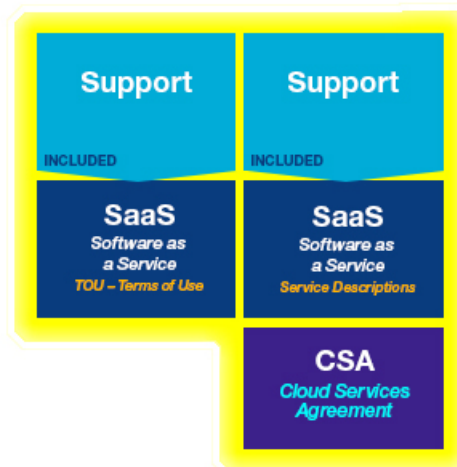
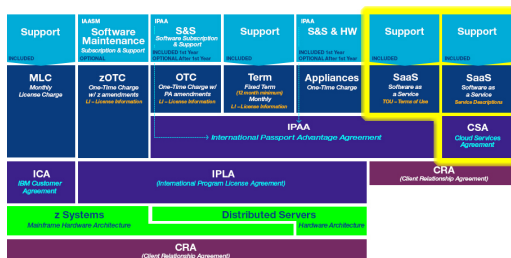


With the PA program, Subscription & Support (also referred to as S&S) is included with the software license purchase the first year, or for the duration of the license, if it is a term license. S&S is critical to your Client's success and their satisfaction with IBM Software solutions. It is one of the 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.

Software-as-a-Service



PA also governs Software-as-a-Service, or SaaS. For SaaS, technical support is included in the service subscription. PA also incorporates Appliances, which are discussed in the next section.

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 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.

Software Licensing Overview

1. Passport Advantage, or PA: Passport Advantage agreement is broad and covers all distributed OTC software, Appliances and SaaS
2. Cloud Services Agreement, or CSA: This is for Clients who purchase only SaaS. It is a simpler, stand-alone alternative to the PA agreement.

Appliances

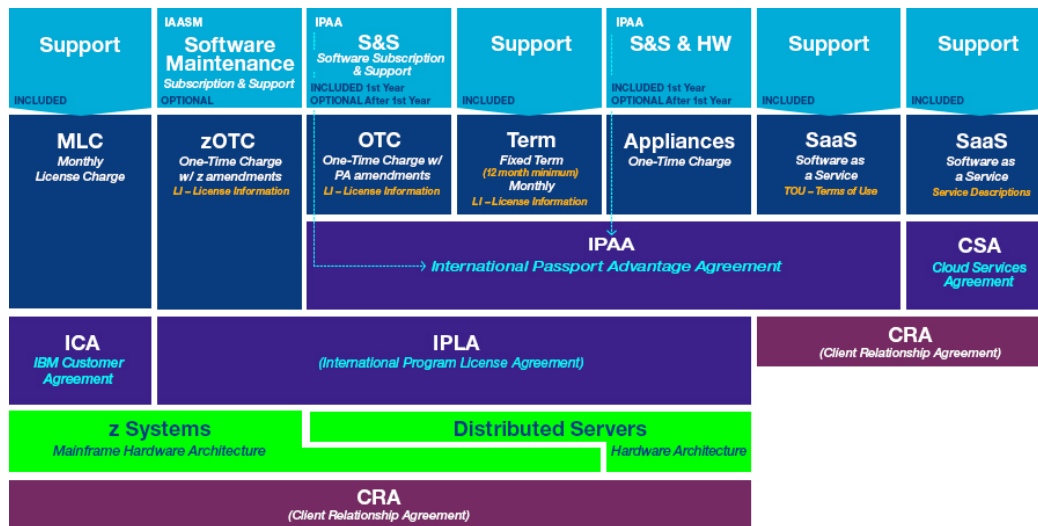


Remember the importance of S&S – your Client receives both the latest technology and technical support. As a Seller, don't miss the opportunity to renew that contract!

Selling Essentials

Software Licensing Overview

Summary of Software Licensing Overview, Part 1



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. PA is a world-wide program governed by a common set of terms and conditions and tools.
2. PA is a volume-pricing program. The more your Client purchases, the better the pricing they receive.
3. 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. 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. The license can be used by any entity within the Client's enterprise.

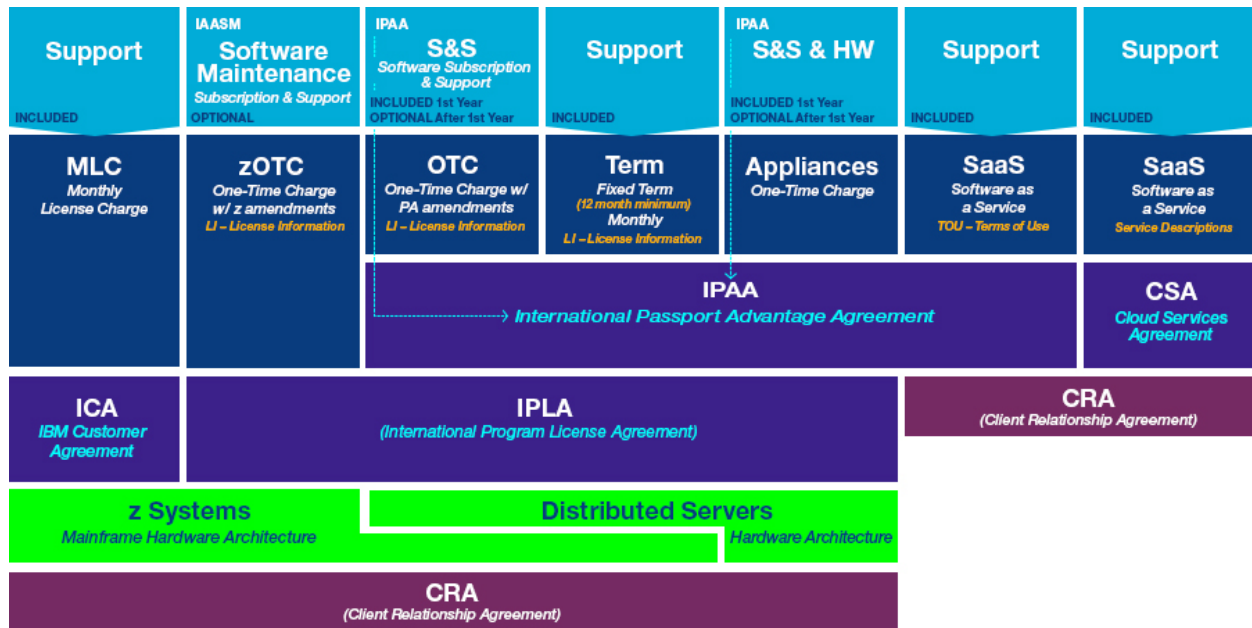
When you can communicate these 5 Key Points to your Clients, you will increase your credibility and the speed to closure of your deals.

Selling Essentials

Software Licensing Overview

SOFTWARE LICENSING OVERVIEW, PART 2

Introduction, Part 2



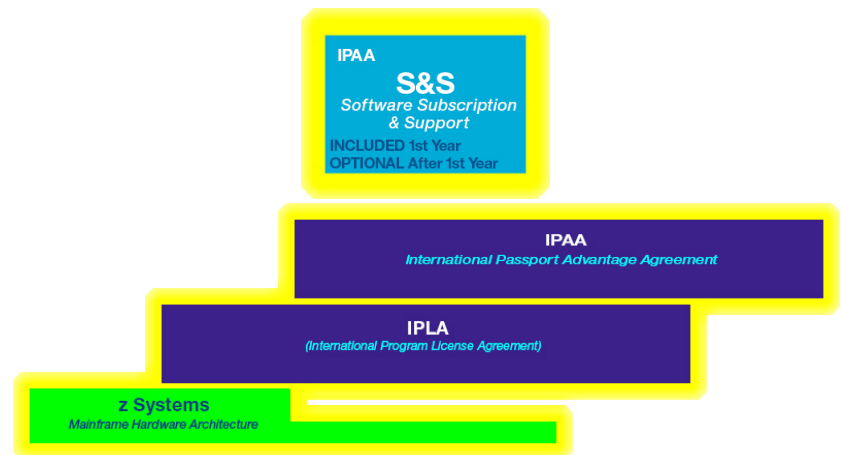
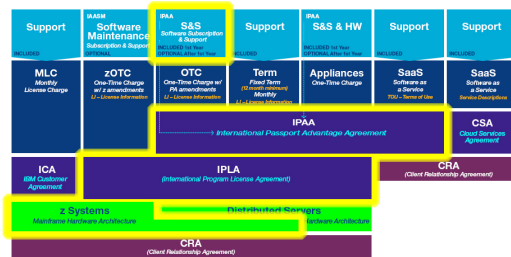
This part of the module takes a deeper dive into two topics that were introduced in Part 1:

- Examining how different license agreements affect z Systems software,
- Which provisions of Subscription and Support relate to all license agreements
- Part 2 also introduces the Client Relationship Agreement, or CRA
- More detailed information on each of these topics can be found in this section of the Participant Guide:
- z Systems Software Licensing
- Subscription & Support
- The Client Relationship Agreement, or CRA

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Software Licensing Overview

z Systems Software Licensing



z Systems PA Software

There is PA software that runs on Linux on z Systems. It is governed by the same agreements as it is on Distributed servers:

- The IPLA foundational agreement
- Passport Advantage, and
- And The LI, or License Information for a particular product or offering

The S&S is handled the same whether the software runs on z Systems or Distributed Servers:

- For OTC, the S&S is included in the 1st year and renewed annually
- For Term, support is included

For both OTC and Term, the software is licensed to an enterprise, not to a specific machine, and can be used within the enterprise.

z Systems Pricing Resources

If you have questions about *z Systems Software Licensing*, start with the IBM *z Systems Software Pricing Reference Guide*. It provides information on the agreements and licensing payment plans, and defines the acronyms for the various software pricing metrics.

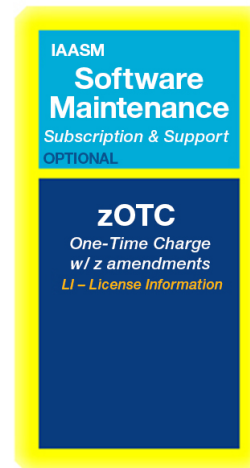
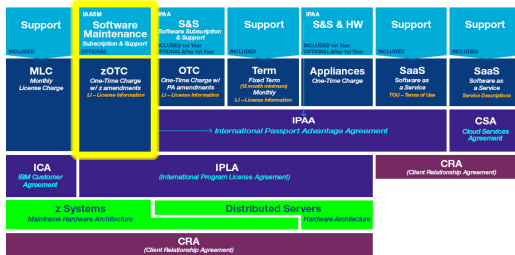
Then, take the Introduction to Contracts for z Systems Software self-study course, which introduces the three basic contracts for z Systems.

If you're in a call with a client and they ask a question about pricing you can't answer, start with the *IBM z Systems Software Pricing Reference Guide* and then look at the z Systems Software Pricing website. It will provide most of the answers you'll need.

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zOTC Software



z Systems also has software governed only by the IPLA and the LIs, but not Passport Advantage. Clients are billed a One-Time Charge, or OTC, for the right to use the software up to the purchased entitlement level.

For IPLA software that only runs on z Systems, we sometimes refer to it as “zOTC.” This license never expires and is also not licensed to a specific machine. Clients are allowed to move their IPLA entitlements within their enterprise.

zOTC software uses a different contract to receive software updates and technical support – the International Agreement for Acquisition of Software Maintenance, or IAASM, not the PA. This agreement is more commonly referred to as the S&S contract.

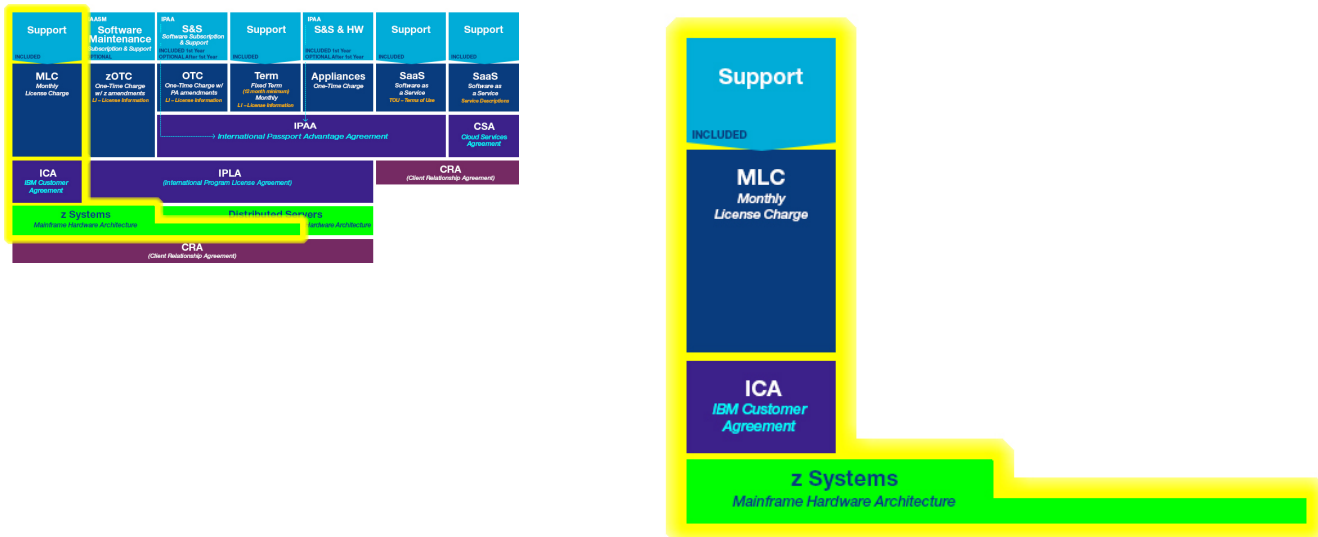
Clients have the option of paying an annual fee for S&S – the 1st year’s S&S is not included with the OTC, like it is with Distributed. If they stop paying the annual fee, they may still use the software, but can no longer receive support or future releases and version upgrades.

This is an excellent opportunity for you to go back to your Client and discuss the value of renewing. Like with S&S on distributed servers, our top Sellers engage in the zOTC S&S discussions 6 months in advance, to review the IBM value and ensure that their Clients renew.

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z Systems: MLC Licenses and IBM Customer Agreement (ICA)



Another agreement used for z Systems software is the IBM Customer Agreement, commonly referred to as the ICA. Under the ICA, your z Systems Clients in most of the world pay a Monthly License Charge, or MLC. The MLC is the fee that allows the Client to use the software on a specific designated machine for one month.

Each MLC license is renewed automatically the following month. MLC software is not licensed to the enterprise like IPLA and PA software. MLC software is tied to a particular machine.

The MLC fee is typically based on monthly usage. If the Client stops paying the monthly charge, the software must be deleted from their system. The MLC fee also gives your Client the right to call the IBM Support Center to receive technical assistance with their software product, as long as that product is still being supported.

Even if IBM eventually withdraws support because a newer version is available, the MLC must be paid as long as your Client uses the program. Help your Clients keep current on the latest versions of MLC software so they have access to technical support and can take advantage of the latest features.

This description of ICA software fits the majority of our z Systems Clients worldwide. There are exceptions for some Asia Pacific countries, such as China. You'll find out more about these "Exceptions" in the text box below.

Exceptions

In the People's Republic of China (PRC), Vietnam, and for certain customers in India, IBM does not offer MLC, as the payment mechanism for ICA Programs. The programs licensed under the ICA in those countries are charged via a One-Time Charge, instead of one month at a time.

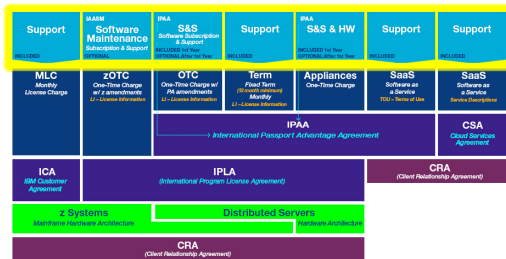
But, the fact that the customer pays a One-Time Charge instead of MLC does not mean that these ICA Programs are licensed under the terms of the IPLA. All of the ICA terms still apply, such as being entitled to Service for as long as IBM supports that product, and the requirement that an ICA License is tied to a specific, designated machine.

Software licensed under the IPLA only has Service available when the customer pays for the optional S&S, and there is no designated machine requirement.

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Software Licensing Overview

Subscription & Support (S&S)



The provision of S&S is among the terms in a licensing agreement, and it's an important part of your sales process. S&S comes as a single offering, but provides two very different benefits for your Client. Except for zOTC software, S&S is included with the initial distributed license in year one. After that, it's an optional annual renewal for your Client.

S&S provides a continuous value:

- S&S is one of the most cost-effective ways for your Client's business to ensure that they have access to the latest technology.
- It's a comprehensive product upgrade and Technical Support offering that is renewable.
- S&S allows the Client to choose when to take advantage of the offerings in S&S and gives them the opportunity to maintain a healthy current environment on their timetable.

Client should renew their S&S annually to assure they can take full advantage of the latest technology and support.

S&S is a vital part of your sales process. Once you have made the sale, it's important that your Client deploys and uses that software to ensure they get the most out of their investment. Here are some of the benefits for you as an IBM Software Seller:

- You can assure your Client of a low-cost way to upgrade their software over time.
- When software is deployed at the latest version, Clients maximize its value, and competition will have a tougher time competing against you.
- It is easier to sell to an existing satisfied Client than a new Client, and S&S is an integral part of Client satisfaction.
- Since S&S is renewed annually, it gives you a reason to call on your Client.

You can discuss new sales opportunities that build on top of what they have installed, creating a solid install base and larger S&S renewals in the future. If your Client does not renew their S&S, you will need to sell five times more new license revenue to make up for the lost S&S stream.

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Subscription



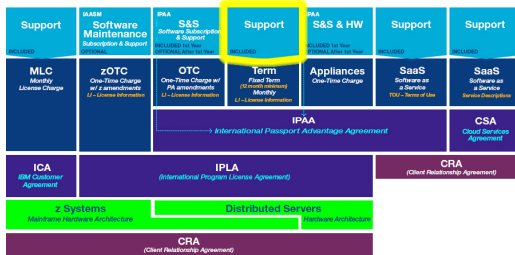
With Subscription, you need to understand and communicate the following three benefits for your Clients:

- **Access to Software Updates**-- Your Clients receive access to new, generally available releases and versions of their licensed software. These versions and releases include the latest features and functions that contain new fixes and improved security features.
- **Product Notifications**-- Your Clients have the option to receive product notifications when new releases and versions become available.
- **Announcements & News**: The My Notifications service allows your Clients to receive customized daily or weekly announcements through e-mail, custom Web pages and RSS feeds. These may contain important news, and new or updated support content such as publications, hints and tips, technical notes, product flashes, and downloads and drivers.

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Support



Technical support is a critical part of the value we bring to our Clients. It includes:

- Access to support 24 x 7
- Rapid response to Severity 1 issues
- Help with deployments, migrations and code questions

As a worldwide company, we offer support in 140 languages around the globe. Support can be accessed several different ways:

- First, the IBM Support Portal on the web.
 - This provides information on basic support, so that your Clients can help themselves. It includes activities like finding the right product information, troubleshooting ideas, and help to determine how to prevent problems and download fixes.
- The online Software Support Handbook, which includes:
 - An introduction to IBM Software Support, and
 - A guide on how to access the different types of support IBM offers, including electronic and voice support.

Resources for more information on S&S

For more information on S&S, go to the IBM Support Portal. There you can find information on Electronic Support, the IBM Support Handbook, and more information on IBM Subscription and Support in general.

Copy and paste the URLs below into your browser to access these resources.

http://www-01.ibm.com/software/passportadvantage/software_subscription_support_ov.html

http://www-01.ibm.com/support/electronic/support/?lnk=uctug_ibmesa_ibmcom_2014-02-25_new_to_support_mte

<http://www14.software.ibm.com/webapp/set2/sas/f/handbook/home.html>

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Client Relationship Agreement (CRA)



IBM's newest agreement is the Client Relationship Agreement or CRA. It was designed to be simple and concise in an effort to enhance the over-all Client experience, particularly for those clients new to IBM.

As you can see from the chart, the CRA is also a broad agreement, and covers the entire portfolio of IBM products and services, including the SaaS and Software.

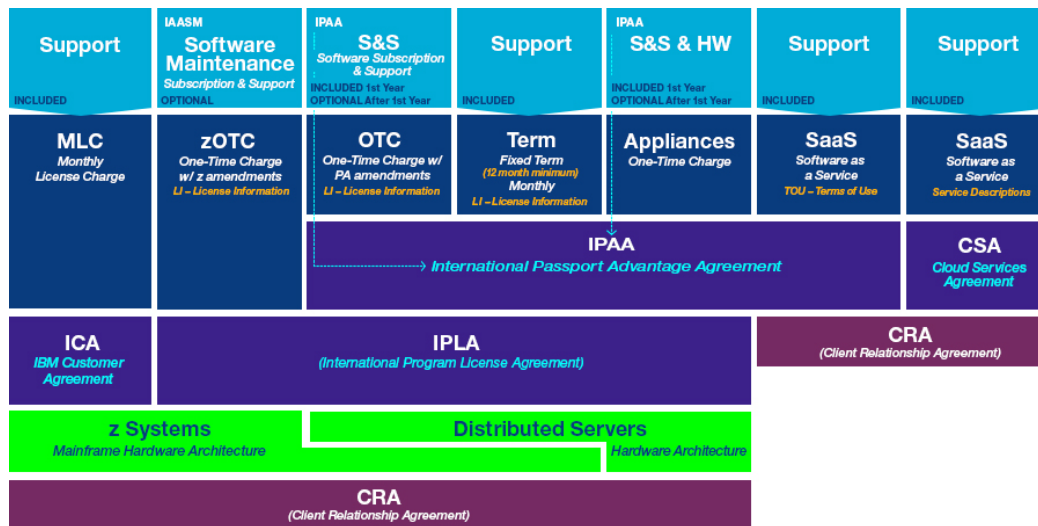
It's important to note that many IBM customers have existing legacy agreements such as the ICA and the PA with IBM. In those cases, we typically leave the legacy agreements in place. Introducing a new agreement involves a new set of negotiations, which often focus on already agreed-upon terms. So, to save time, we generally work with the existing documents.

However, when you are working with a Client that is new to IBM, who doesn't have legacy agreements in place, the CRA is often a good starting point. You should consult with your local Legal and Contracts Professionals to help determine the best approach for any given Client.

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Software Licensing Overview

Summary of Software Licensing Overview, Part 2



After completion of both parts of this module, now you know:

- The importance of the Passport Advantage program and its associated licenses
- How SaaS and Appliances fit into the package and what governs them
- The differences in licensing between Distributed and z Systems software
- The importance of S&S and how it is sold with each product, and
- Where the Client Relationship Agreement, or CRA fits into the Software Licensing Chart

You've come a long way since the beginning of Part 1. This knowledge is going to help you truly become an advisor for your Clients. So good luck, and good selling!

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APPENDIX

Acronym Dictionary

CRA	Client Relationship Agreement (CRA) IBM's newest agreement is simple and concise in an effort to enhance the over-all Client experience, particularly for those clients new to IBM, covering the entire portfolio of IBM products and services
CSA	Cloud Services Agreement (a simple, stand-alone agreement for Clients purchasing only SaaS and other cloud-based offerings, such as Cloud Services)
IAASM	International Agreement for Acquisition of Software Maintenance (defines the terms under which IBM will provide S&S to programs licensed under the IPLA, like zOTC)
Fixed Term	A definite period of time specified by IBM in a Transaction Document, for example, in a Program's PoE (Proof of Entitlement)
ICA	IBM Customer Agreement (governs z Systems software that is typically charged on a monthly basis and runs on an IBM mainframe)
IFL	Integrated Facility for Linux (a Specialty Engine or Processor dedicated to running the Linux operating system on z Systems that allows PA Distributed Software to run on z)
IPLA	International Program Licensing Agreement (governs all z Systems and Distributed software for which the Client typically pays a one-time licensing fee)
IPAA	International Passport Advantage Agreement (an agreement for Software and Appliances covered by Passport Advantage, which supersedes the IPLA); also covers some SaaS offerings.
LI	License Information (sets out the terms of a specific software product –typically OTC), similar to ToU's and SD's for SaaS offerings*
MLC	Monthly License Charge
OTC	One-Time Charge
PA	Passport Advantage (a volume purchasing model used by IBM to license Distributed software)
PoE	Proof of Entitlement (document in which IBM specifies an Eligible Product's level of authorized use for PA software)

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RSVP	Relationship Suggested Volume Price (used to determine the point value for your Client's volume discount under Passport Advantage)
SaaS	Software-as-a-Service – a bundling of software functionality that is managed and maintained in the IBM Cloud. Clients access the software-as-a-service over the Internet.
SD	Service Descriptions (sets out the terms of a specific SaaS offering purchased under the Cloud Services Agreement (CSA)), similar to LI's and ToU's*
S&S	Subscription and Support (authorized access for clients to receive software updates and technical support)
Term	The period that begins either on the date IBM accepts Customer's initial order (in the case of the initial Term) or on the Anniversary (in the case of subsequent Terms), and ends on the day immediately prior to the next Anniversary
ToU	Terms of Use (sets out the terms of a specific SaaS offering purchased under Passport Advantage), similar to LI's and SD's*
zOTC	One-time charge for brand software that only runs on z Systems. Examples include Middleware, Monitoring Tools, DB2 Tools, IMS Tools, CICS Tools and Application Development Tools.

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

- For OTC 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 Description."