

# SellingEssentials

## Software Licensing Overview, Parts 1 and 2

### Executive Summary

#### OUTCOME

At the end of this module, the Seller will have:

- A basic understanding of how IBM makes its software offerings available to Clients, building credibility and trust between you and your Clients

#### OBJECTIVES

- Objective #1: Describe the basics of key software licensing agreements and how they relate to products and Subscription and Support (S&S)
- Objective #2: Know where to locate appropriate licensing documents to answer a range of Client questions
- Objective #3: Find resources for further information and know where to go for help

#### PURPOSE AND PRACTICES

##### Understand Key Software Licensing Terms in Order to

- Enhance Client relations—Build credibility with your Clients and become a trusted consultant
- Help protect IBM revenue
- Build long-term, productive relationships
- Address questions and potential issues early in the sales cycle

IBM Software is intellectual property that is an integral part of our Clients' business and success. IBM licenses that intellectual property to our Clients, providing them with certain rights and privileges, which are explained in software licensing agreements. The software license is the agreement that allows the user to do certain things that would otherwise be an infringement of copyright. You, as the Software Seller, are the representative of this license for IBM and need to know its basic terms.

When you can answer questions relating to the software contract, it can help speed negotiations; many times your knowledge and explanation at the business level can help shorten the list of items that need to be addressed in legal negotiation.

##### Licensing Agreements Address Terms in Several Categories

- Legal—These terms encompass topics such as liability limitations, privacy rules, and the protection of IBM's intellectual property
- Business offerings—including S&S, virtualization technology, Software as a Service , and product licensing metrics
- Terms that address payments, delivery, and taxes

##### The IBM Software Portfolio Basics

- The software you sell runs on either Distributed or z System servers. A software license is sold with each product
- The two primary types of licensing charges are:
  - One-Time Charge (OTC) which are non-expiring licenses for distributed types of products, and
  - Monthly License Charge (MLC) which are expiring licenses for specific z Systems products
- In response to clients' needs, there are a number of expiring licenses for distributed products called Term licenses
- Software as a Service (SaaS) is a bundling of software functionality that is managed and maintained in the IBM Cloud. Clients access SaaS over the Internet
- Appliances are products designed for a particular function and generally include both hardware and software

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### Foundational Agreements

- International Program License Agreement (IPLA)—Governs all Distributed and z Systems software; Client pays a one-time licensing fee
- International Customer Agreement (ICA)—Governs z Systems software that is charged on a monthly basis and runs on an IBM mainframe

### Passport Advantage

- Passport Advantage (PA) is not a license, but a program used by IBM to license Distributed software
  - The PA program covers Distributed OTC and Term software, as well as SaaS, and Appliances
- PA is a volume pricing program. The Client receives better pricing for greater volume purchases
- Software licensed under the PA is governed by three agreements:
  - PA is governed by the International Passport Advantage Agreement (IPAA)
  - The software sold through the PA program is licensed through the IPLA
  - Terms of the individual products are set out in a License Information (LI) document
- PA is used to introduce most new offerings in the market, and changes to meet clients' needs
- 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
- In the Distributed OTC model, licenses do not typically expire. Except for Term licenses (fixed or monthly), your Client may use the license indefinitely, as long as they comply with the terms
- The software is licensed to the enterprise and may be used by anyone within the enterprise

### Software as a Service (SaaS)

- SaaS is a software delivery model managed and maintained in a cloud environment and accessed over the Internet
- SaaS is only provided for as long as the Client pays for it
- There are two contracting options for SaaS: PA or Cloud Services Agreement (CSA). CSA covers only SaaS and other cloud-based offerings, and is for Clients purchasing only SaaS

### Appliances

- Most Appliances consist of both software and hardware; these are "Physical Appliances." The integration of hardware and software is done at the factory
- "Virtual" Appliances consist only of software
- Terms relating to Appliances (e.g., volume pricing) are outlined in PA; the program itself is governed by the IPLA
- The hardware is covered by language in the PA that is identical to language in the ICA
- Appliances are supported by Appliance Services, which is S&S plus hardware maintenance; sold as a single offering, it is renewed annually

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### z Systems

- z Systems software (runs on IBM mainframe) and is governed by the same agreements as Distributed software: IPLA, PA, and LI for the individual products
- S&S is handled the same whether the software runs on z Systems or Distributed Servers: for OTC, S&S is included in the first year and renewed annually; for Term, support is included
  - For both OTC and Term, the software is licensed to an enterprise and not to a machine. It can be used by anyone within the enterprise
- IPLA software that runs only on z Systems is referred to as zOTC; the licenses never expire and are not licensed to a specific machine
- zOTC software updates and technical support are covered by the International Agreement for Acquisition of Software Maintenance (IAASM); this agreement is also referred to as the S&S contract. It does not come bundled with the first year—Clients have the option of paying an annual fee for it. If they stop paying the fee, they may still use the software but will not receive updates or support
- Some z Systems software is governed by the IBM Customer Agreement (ICA); in this case, Clients pay a Monthly Licensing Charge (MLC). The software is licensed to a designated machine, not the enterprise, for one month. Each MLC license is renewed automatically each month. MLC software is tied to a particular machine

### Subscription & Support (S&S)

- S&S provides continuous value to the Client
  - It is one of the most cost-effective ways for your Client's business to ensure they have access to the latest technology
  - It is a comprehensive upgrade and Technical Support offering that is renewable
  - It allows the Client to take advantage of offerings in S&S and gives them the opportunity to maintain a healthy current environment on their timetable
- Benefits of S&S to the Seller:
  - Access to Software updates – access to new, generally available releases and versions of their licensed software
  - Product notifications – option to receive product notifications when new releases and versions become available
  - Announcements and News – My Notifications services allows Clients to receive customized daily or weekly announcements
- Subscription gives Clients access to software updates, product notifications, and announcements and news from IBM
- Technical support is provided in 140 languages around the globe, and is critical to 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
- S&S is a vital part of the sales process. Because it is renewed annually, it gives you a reason to call on your Client

### Client Relationship Agreement (CRA)

- CRA was designed to be simple and enhance overall client experience with IBM
  - It is a broad agreement and covers the entire IBM portfolio of products and services
  - CRA was developed particularly with new clients in mind
    - If a client already has an agreement in place, eg ICA or PA, they are typically left in place