**Screen #: 3 of 86**

**Tom Wroblewski (onscreen)**

Hello, I'm Tom Wroblewski, and welcome to the "Software Licensing Overview,"

one of the modules in the Selling Essentials curriculum.

These modules are built by sellers for sellers and are available to the entire Worldwide IBM Sales Team to raise your level of performance.

No matter what part of IBM you're in, a Client could ask you a software-licensing question.

In this module, Sheila McAndrew, IBM Legal Counsel, and three IBM Licensing subject matter experts will summarize the basic knowledge you should know about IBM Software licensing so you can answer those client questions.

They will also show you where to find more detailed information when you need it.

By the end of this module, you will be better informed, more confident, and you be able to provide a point of view to your Client’s regarding software licensing questions.

Most importantly, you will increase the value you bring to your Client when you have a better understanding of the IBM agreements.

Click next, and Sheila will get us started.

**Screen #: 4 of 86**

**Sheila McAndrew (onscreen)**

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

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 SWG 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

**Screen #: 5 of 86**

**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.

**Screen #: 6 of 86**

**Sheila McAndrew (onscreen)**

In this module:

• You will learn the importance of software licensing for you and your Clients

• You’ll examine how different license agreements affect SaaS, Distributed software, System z software, and Appliances

• You will find and download the key license documents that govern IBM Software offerings

• And, you will practice using those documents to find answers for your Clients

**Screen #: 7 of 86**

**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.

**Screen #: 8 of 86**

**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.

**Screen #: 9 of 86**

**Randy Grady (onscreen)**

Ya 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.

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**Screen #: 10 of 86**

**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.

**Screen #:11 of 86**

**Sheila McAndrew (voiceover)**

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

• (Build 1) The software you sell runs on either Distributed or System z servers.

With each product, you sell a software license.

• (Build 2) The two primary types of licensing charges are One-Time Charge, or OTC, and Monthly License Charge, or MLC.

• (Build 3) 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.

• (Build 4) You may also sell IBM Appliances – products designed for a particular function that generally include both hardware and software.

**Screen #: 12 of 86**

**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.

**Screen #: 13 of 86**

**Sheila McAndrew (voiceover)**

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.

**Screen #: 14 of 86**

**Sheila McAndrew (voiceover)**

Let’s simplify this – You may be most familiar with (Build 1) 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, (Build 2) 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 System z servers.

Another agreement, (Build 3) the IBM Customer Agreement, or ICA, governs software that runs on System z, not Distributed.

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

**Screen #: 15 of 86**

**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.

**Screen #: 16 of 86**

**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.

**Screen #: 17 of 86**

**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!

**Screen #: 18 of 86**

**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 PA and the LI.

**Screen #: 19 of 86**

**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 fixed 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.

**Screen #: 20 of 86**

**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.

**Screen #: 21 of 86**

**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.

**Screen #: 22 of 86**

**Scott Wallman (voiceover)**

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!

**Screen #: 23 of 86**

**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.

**Screen #: 30 of 86**

**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.

**Screen #: 31 of 86**

**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.

**Screen #: 32 of 86**

**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.

**Screen #: 33 of 86**

**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

**Screen #: 34 of 86**

**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 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.

**Screen #: 35 of 86**

**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.

**Screen #: 36 of 86**

**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.

**Screen #: 37 of 86**

**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.

**Screen #: 38 of 86**

**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 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.”

We will review the LIs later in the 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 Services Description for the SaaS offerings you are selling.

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

**Screen #: 39 of 86**

**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.

**Screen #: 40 of 86**

**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.

**Screen #: 41 of 86**

**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!

**Screen #: 42 of 86**

**Sheila McAndrew (onscreen)**

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

• Distributed OTC software,

• SaaS, and

• Appliances

Let’s now go to David Chase, who will continue with System z software licensing.

**Screen #: 43 of 86**

**David Chase (onscreen)**

Thank you, Sheila! My name is David Chase and I am the Worldwide System z Software Licensing consultant for IBM.

I have delivered hundreds of seminars to thousands of IBM Sellers, executives, Managers, Business Partners, and Clients.

When there is a new software offering, I am the person to help unite the business intent with the contracts.

I get many questions every day, from all over the world, about licensing software for System z.

Whether simple or complex, I rely on the knowledge of the foundational software licensing agreements and knowing where to go for answers. Let’s start with the basics.

**Screen #: 44 of 86**

**David Chase (voiceover)**

We will start with the area that Scott and Sheila covered: Passport Advantage. There is PA software that runs on Linux on System z. It is governed by the same agreements as it is on Distributed servers:

• The IPLA foundational agreement,

• Passport Advantage, and

• The LI, or License Information for a particular product or offering

• The S&S is handled the same – included in the 1st year and renewed annually.

The software is licensed to an enterprise, not to a specific machine, and can be used within the enterprise.

**Screen #: 45 of 86**

**David Chase (voiceover)**

System z 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 System z, 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.

**Screen #: 46 of 86**

**David Chase (voiceover)**

Another agreement used for System z software is the IBM Customer Agreement, commonly referred to as the ICA.

Under the ICA, your System z 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.

**Screen #: 47 of 86**

**David Chase (voiceover)**

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 System z Clients worldwide.

There are exceptions for some Asia Pacific countries, such as China.

Click on the “Exceptions” link to learn more about these “Exceptions” and contact your local licensing specialist.

**Screen #: 48 of 86**

**David Chase (onscreen)**

Now that you know what these agreements are, do you know how to find them?

To build credibility and trust between you and your Client, you must know how to find license agreements and locate pertinent information.

Click Next to learn how to find the IPLA.

**Screen #: 49 of 86**

**David Chase (voiceover)**

Start by typing “IBM Software License Agreements” into Google or go directly to the URL you see on the screen.

Save the link to this page and share it with your Clients.

You will find the latest version of many software license agreements you need through this site.

Follow the instructions on the screen to reach the two access pages and to download the IPLA.

**Screen #: 50 of 86**

**David Chase (voiceover)**

Now you know how to find the IPLA. What can you learn from it?

Common questions that Sellers get asked are:

• What determines our authorized level of use?

• Whose responsibility is it to verify compliance?

Can you answer these questions? The Go Find It! Challenge will show you how. Click “Next” to start the Challenge.

**Screen #: 55 of 86**

**David Chase (onscreen)**

How did you do?

Your key take-away should be that the licensing agreements are available to you and your Clients, and the answers to your Client questions are in the agreements.

You need to become familiar with the terms and conditions of the software agreements for the products you sell.

But remember, you are not alone.

There are people, like me, who deal with contracts on a daily basis, such as Dealmakers, the Software License Management Team, and the IBM Legal Staff.

Always feel free to contact us with your questions.

If you primarily sell System z software, there is another layer of knowledge you may need.

Click “Next” to see if you relate to the following scenario.

**Screen #: 56 of 86**

**2 Actors (voiceovers)**

**[Seller]:**

I have other questions about System z Software Licensing.

Where I can I go to learn more, so that I can be better prepared for questions from my mainframe Clients?

**[Manager]:**

Start with the IBM System z 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 System z Software self-study course, which introduces the three basic contracts for System z.

**[Seller]:**

That's great, thanks. But, what if I'm with a Client, and they ask something I can't answer?

**[Manager]:**

Again, start with the IBM System z Software Pricing Reference Guide.

Then look at the System z Software Pricing website; it will provide most of the answers you'll need.

**Screen #: 57 of 86**

**David Chase (onscreen)**

There is a lot of useful information on the System z Software pricing web pages at the link provided.

You can also view a series of System z Software Licensing Educational webcast recordings at the 2nd link.

Click “Next” to hear from a top software sales leader on how this knowledge has helped him with his Clients, who have both System z and Distributed software in their accounts.

**Screen #: 58 of 86**

**Raj Datta (onscreen)**

Having started my career in services, followed by STG and Software Group, licensing did not come naturally to me.

I was not familiar with terms and acronyms that even many of my clients already knew.

I began my Software Group career in System z software sales and immediately realized that knowing only bits and pieces of IBM's licensing methodology would not be good enough--if I wanted to be viewed as a solution provider to my client, versus just another "sales guy".    
  
I remember...at one client, we did not have an SCL on the account, and the client expected me to know both the System z AND distributed software licensing components.

Wanting to make myself the face of IBM to the client,

I spent a lot of time with our deal makers learning pricing, terms, and creative deal structures.

Once I strengthened my software licensing knowledge,

I was able to develop a trusted advisor relationship with the client.

Eventually we grew an account that used to buy "one off" licenses (via credit card!), to an ELA account that has become one of our premier Software clients.    
  
Your ability to have a meaningful software contract discussion with your client

is not an option, but rather, it is essential to your success.

Once you have the basics down, you then have the foundation

to build upon them and to realize the same benefits that I've seen both as a seller and as a manager at IBM.

Becoming proficient in the knowledge of software licensing agreements,

is well worth your effort.

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**Screen #: 59 of 86**

**David Chase (voiceover)**

As you just heard, you’ll want to learn the basics and know where to find more information.

The time you spend will pay major dividends in positioning yourself as a consultant with your clients, and help to promote successful deals.

We’ve talked about how the products are licensed and about Subscription and Support.

Now, let’s look more closely into S&S, with our subject matter expert, Martin Hewitt.

**Screen #: 60 of 86**

**Martin Hewitt (onscreen)**

Thank you, David!

My name is Martin Hewitt.

Being part of the global Subscription & Support community for many years, my role in Strategic Subscription and Support Sales centers around working with Client Teams and Clients to help them better understand the value they receive from S&S.

As Sheila said at the beginning of this module, 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.

Let’s talk about what that means to both your Clients and you.

**Screen #: 61 of 86**

**Martin Hewitt (onscreen)**

Why is Software Subscription and Support important to your Clients?

It 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.

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

Let’s discuss each component individually – SUBSCRIPTION, and then SUPPORT.

Click “Next” to learn about SUBSCRIPTION

**Screen #: 62 of 86**

**Martin Hewitt (onscreen)**

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

1. Access to Software Updates

2. Product Notifications

3. Announcements & News

First, 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.

Next, Product Notifications - Your Clients have the option to receive product notifications when new releases and versions become available.

And finally, 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.

**Screen #: 63 of 86**

**Martin Hewitt (onscreen)**

Now, let’s examine Support.

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

1. Access to support 24 x 7

2. Rapid response to Severity 1 issues

3. Help with deployments, migrations and code questions

4. 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.

\*Another resource is 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.

Check out more in the IBM Support Portal from the link onscreen.

That’s why S&S is important to your Clients.

Why is it important for you?

**Screen #: 64 of 86**

**Martin Hewitt (onscreen)**

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, the 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.

Let’s hear from a top Seller about how their view changed from dreading the S&S discussion to welcoming it.

**Screen #: 65 of 86**

**William Lopez (onscreen)**

Saludos!

I remember starting out as a new software seller with a shiny used laptop and a keen focus for winning new license revenue.

It seemed that challenges were always coming from my clients regarding the value and benefits versus the cost for Renewals, Subscription & Support.

I used to hope the topic of S&S would not come up while I was trying to sell our software.

I thought: Perhaps I can sell now and defer that S&S until next year.

Over time, I realized that the most knowledgeable customers I had

were those who knew the value of using their subscription and support services.

One of my customers, a Regional Hospital, knew that S&S could significantly

affect a life, protect a patient record, a doctor's ability to diagnose and prescribe, or an organization’s ability to disburse and receive payments.

You may ask: S&S??

How can this be?

Well, think about the technologies with software that support our interactions through patient care.

What if the technology support was interrupted at a critical point in time?

I'll pray that it never happens.

I also discovered how S&S helped me elevate the deal conversation to higher levels in the hospital’s organization.

I asked: Who needs to know how much money is spent for IT?

After I answered that...

I quickly asked:

Who else??

Now, I'm communicating with the person and groups who control the Finances,

Budgets, Emergency / Contingency Funds.

They care about mitigating RISK!!!

They understand the benefits of S&S.

I'm proud of IBM’s commitment to S&S for its Software products and I don't avoid discussions about S&S.

I believe some customers may still challenge me; but I think it's a great conversation starter.

The conversation will definitely demonstrate a deep commitment to the client, and open the way for them to see that S&S can be an integral part of a plan to reduce their Total Cost of Ownership.

So don’t avoid S&S; it will help you sell!

**Screen #: 66 of 86**

**Martin Hewitt (voiceover)**

Let’s review the basics you need to know about our S&S offering:

\*With Distributed software, S&S is included with the licensing fee in year 1, and available as an option in subsequent years, renewed annually.

\*With SaaS, Support is provided via the SaaS agreement and billed when the agreement renews.

\*Now, look at Appliances –

Software-only appliances, or “virtual” appliances, include S&S in the original sales price and is renewable annually.

Physical appliances, the combination of hardware and software, come with a 365-day warranty on the package and are renewable annually.

\*With zOTC, S&S is renewed on an annual basis with an annual fee, but S&S is optional for System zOTC software

\*And, what about System z MLC?

There is no S&S per se for MLC software.

Support is included with the Monthly License Charge for as long as IBM supports that particular version.

If the Client stops paying the fee, the software must be deleted and support ceases.

**Screen #: 67 of 86**

**2 Actors (voiceover)**

**[Seller]:**

You've helped me with where to go for more information on licensing products.

Now, where do I go for more information on S&S?

**[Manager]:**

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.

Keep these urls bookmarked so you can share them with your Client and quickly respond to questions.

**Screen #: 68 of 86**

**Martin Hewitt (onscreen)**

Remember, there are a wide variety of resources available to help you stay well-informed on IBM Subscription and Support.

For you to be the respected advisor your Clients want you to be, and to assure that both you and your Client enjoy the full advantage of our unique IBM products and services, S&S must be a part of every sales discussion you have.

Sheila, back to you!

**Screen #: 69 of 86**

**Sheila McAndrew (voiceover)**

Thank you, Martin!

Now we have an important exercise to continue building the skills you need for your Clients to help them with questions about your software brand, your portfolio of products, the products you sell as a software sales specialist.

I am talking about the License Information, or LI, which govern the use of a specific IPLA software product.

You can find them at the URL provided on the screen.

Click “Next” to see an example of how you can use the LIs for your Clients.

**Screen #: 70 of 86**

**Sheila McAndrew (onscreen)**

Let’s start with an example of how you would use the License Information in your sales role.

Now, imagine that you have a Client who has purchased the product Cognos Insight, an analytics reporting tool.

The Client says to you, “I have ten analysts in a department running reports, but only half of them are ever on the system at the same time.

So, I only need to purchase 5 licenses, correct?”

You can answer your Client’s question by reading the License Information for Cognos Insight.

Let’s see how.

**Screen #: 71 of 86**

**Sheila McAndrew (voiceover)**

How would you respond to your Client’s question? Follow the instructions on the screen.

Here are a few things to remember:

• You want to make sure you always find the correct edition of the software-- in order to answer the client’s question accurately-- because there are many LI’s for the same product – different editions, different versions.

In our example of Cognos Insight, there is a “Personal” Edition and a “Standard” Edition.

As a Cognos Seller, you would know that…

\*The IBM Cognos Insight “Personal” Edition is a data analysis and visualization product for personal use, and that…

\*The IBM Cognos Insight “Standard” Edition enables the Client to share its insights with others and import data from multiple sources.

• It’s also important to remember that the License Information documents are sometimes updated between releases.

Make sure you have the information for the version and release that your Client is using – in this case, it would be version 10, release 2.1.

• So, for our client, we will look up the Standard Edition, v10.2.1

**Screen #: 72 of 86**

**Sheila McAndrew (voiceover)**

So, how would you answer your Client’s question?

“I have ten analysts in a department running reports, but only half of them are ever on the system at the same time.

So, I only need to purchase 5 licenses, correct?”

Do they need 5 or 10 license entitlements?

According to the License Information, your Client needs to purchase a separate license entitlement for each authorized user.

So, you would need 10, not 5. Use the same steps to find LIs for the products that you sell.

If you need help, come back to the module.

**Screen #: 73 of 86**

**Sheila McAndrew (onscreen)**

You’ve learned a lot about software licensing in a short amount of time.

So, now you know how to find the key documents that govern your Clients’ use of IBM Software.

We’ve shown you how to find the answers to several commonly asked questions in the agreements, and we’ve told you how to find the Licensing Information for your individual Clients.

Now, let’s put it all together with a final activity.

**Screen #: 74 of 86**

**Sheila McAndrew (voiceover)**

Do you think you’ve learned licensing basics?

Let’s see!

Check out your knowledge on OTC vs MLC, license offerings, and product-specific license offerings.

Follow the instructions on the screen to complete each challenge in the Summary Activity.

We’ll review the correct answers after each one.

**Screen #: 76 of 86**

**Sheila McAndrew (voiceover)**

How did you do with MLC and OTC?

Let’s review characteristics for each:

• This MLC software is licensed under the ICA using a monthly license which automatically renews.

Support comes with the license; if the Client stops paying, the license expires and the software must be deleted.

MLC software is licensed to a specific-designated machine

• OTC software is licensed through a non-expiring license for which Clients pay a one-time charge.

The S&S must be renewed annually – take advantage of that opportunity!

OTC software is licensed to the enterprise, and not to a specific machine.

Now, challenge yourself on understanding our offerings, Distributed, SaaS, and system z.

**Screen #: 78 of 86**

**Sheila McAndrew (voiceover)**

How did you do with the agreements governing each offering?

• Distributed software is governed by the IPLA and PA

• SaaS may be governed by either PA or the CSA.

The Cloud Services Agreement applies only to SaaS

• System z software is typically purchased on an MLC basis if governed by the ICA, or on an OTC basis if governed by the IPLA

• Although it was not included in the Challenge, remember that Appliances are upgraded and supported through PA

For our final challenge, let’s look at several of the specific agreements.

**Screen #: 80 of 86**

**Sheila McAndrew (voiceover)**

How did you do with these three agreements?

• PA is a volume-pricing model that determines what the Client will pay

• The IPLA and LIs govern both distributed and zOTC software

• And, the ICA governs System z software sold on an MLC basis.

I’ll bet you did a great job with each of these challenges!

**Screen #: 81 of 86**

**Sheila McAndrew (onscreen)**

I hope you realize that knowing the basics of licensing is not only your responsibility, but it can help you be that consultant your client needs.

Let’s hear from one of your peers about how your knowledge of software licensing makes a difference with your clients.

**Screen #: 82 of 86**

**Nancy Fehrenbacher (onscreen)**

I have worked for more years than I can count, in probably the two most important areas for you, the software seller:

As a Deal Maker, I have helped shape and close some of the largest deals in Software Group, and As a Software Licensing Manager, I work on our clients' compliance with our licensing agreements.

In fact, I dealt with a client during a Software License Review, who had almost the same scenario as the LI exercise you just went through.

They had a Cognos product for over 10 years going back prior to the IBM acquisition.

The client thought they were licensed for concurrent users but after locating the original contract, it was determined they had named users and needed a license for every user.

I've seen it from both ends of the sales process – for example, from the excitement of closing a new deal with a current client, to having a deal delay because the client has just experienced a difficult compliance review.

I know the topic of software licensing can seem complicated at first, but it’s worth your time and effort to know where to find the licensing information and how to guide your clients.

My observation......is that deals we close with sellers knowledgeable of their licensing agreements, we close sooner.

 In addition, the clients who have sellers who help them understand their purchase, have less issues with the review process and are more satisfied when selected for an IBM license review.

YOU make a big difference to your clients!

**Screen #: 83 of 86**

**Sheila McAndrew (onscreen)**

So, do you now feel smarter about software licensing? You should!

Now you know:

• The differences in licensing between Distributed and System z software

• The importance of the Passport Advantage program and its associated licenses

• How SaaS and Appliances fit into the package and what governs them.=

• The importance of S&S and how it is sold with each product.

For a brief review of the key points of licensing, click the link on the screen. Congratulations on finishing the SWG Licensing Module!