

*White Paper  
For Software and System Vendors*



***The Business Value  
of Aligning DRM with  
the Software Product Lifecycle***



# Table of Contents

The Business Value of Aligning DRM with the Software Product Lifecycle .....3

Introduction .....3

Software DRM Lifecycle Concerns and Challenges .....4

Minimizing Time to Market .....5

Generating Licenses On-The-Fly .....5

Enhanced Operations .....6

Business Visibility .....6

End-User Experience.....7

Conclusion .....8

About HASP SRM .....8

About Aladdin Knowledge Systems .....8



# The Business Value of Aligning DRM with the Software Product Lifecycle

*This paper discusses how an advanced software DRM solution that aligns with a software product's lifecycle can influence a software publisher's organizational processes, drive future sales and reduce operational costs.*

## Introduction

Gone are the days when Software Digital Rights Management (DRM) was just about engineers integrating protection and license terms into a software product to prevent theft and revenue leaks. Software protection and licensing solutions have long since evolved from preventing software piracy and illegal use to business enabling solutions that provide a competitive edge, increase sales, and accelerate growth. While traditional solutions have addressed software publishers' needs, new challenges are now emerging.

When considering the ROI on any software DRM solution purchase cost plays a small part in the overall calculation. Software publishers have come to realize that software protection and licensing cannot be implemented in a void and that creating, releasing and licensing a protected software product is merely a single, small step in a much broader lifecycle. Traditional software DRM solutions enable increased revenue; however if they are not well designed or implemented improperly, they may yield time-consuming and ineffective processes, and cannot address critical business issues. This can negatively impact a company's margins. Such challenges are pushing software publishers to search for advanced software DRM solutions that not only increase sales, but also optimize productivity and drive profit to the bottom line.

Numerous processes, departments and players are involved throughout a software publisher's product lifecycle including the integration and implementation of software DRM to its full extent. Each department is constantly seeking tools and processes to optimize productivity and to streamline workflows that will subsequently bring the company's software product to market faster while securing revenue, offering value, and reducing costs.

This paper examines software publishers' considerations when adopting software DRM processes. It further identifies the players involved, their roles and how an effective software DRM solution can address new needs and challenges.

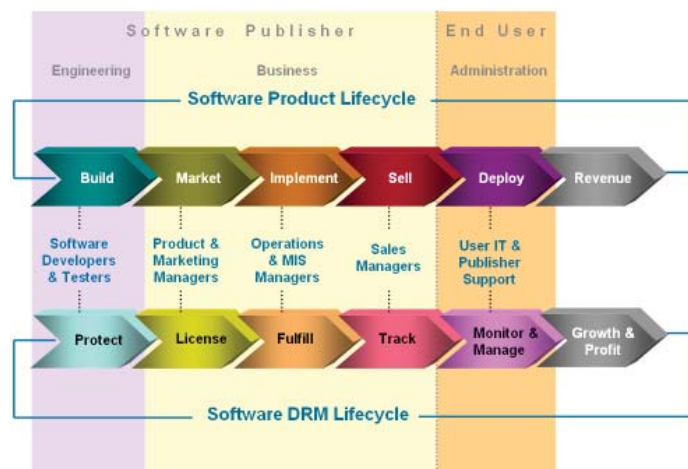
## Software DRM Lifecycle Concerns and Challenges

The benefit and value of a software DRM solution are widely recognized, and remarkably positive relative to a product's revenue growth. However, traditional solutions overlook the big picture and the “invisible” costs associated with their integration. Therefore, when searching for a software DRM solution, software publishers must ask the following questions to evaluate whether the potential solution adequately handles their burdening issues:

- Does the solution offer enough agility to fully adapt to the organization's processes, or should the organization “bend” its processes to adapt to the software DRM solution?
- Does the solution benefit your operations by enhancing product lifecycle processes, making them more efficient?
- Does the solution support separation of processes, or does its implementation cause negative dependencies among processes and players?
- Does the solution exist in a void or can it interface with existing organizational business tools?
- Does the solution offer supporting tools that facilitate product fulfillment, field deployment, and a positive end-user experience?

A powerful and effective software DRM solution must abide by the lifecycle of the software product it protects and licenses. As further discussed in this paper, a role-based solution that is tailored to the business needs of key users, decision makers, administrators and executives—one that streamlines workflows and processes—has a positive impact on a software publisher's bottom line.

The figure below presents the alignment required between product and software DRM lifecycles. The top set of processes represents the software product lifecycle, while the bottom set represents the software DRM lifecycle. Listed in between, are the key players involved in both lifecycles.



The following sections examine the business drivers for software DRM through the different stages and roles in a software product's lifecycle, and look at the specific needs of the key players involved.

## Minimizing Time to Market



Time-to-market is a key issue with software development and engineering. A software publisher cannot afford release delays, let alone delays caused by implementing a software DRM solution. Software developers and testers need to focus on their core competence, and concentrate on the expertise and skills they can offer in the development of their own products. Therefore, integrating a commercial protection solution should be easy, rapid and automatic, without burdening developers or sidetracking them from their primary duties. Furthermore, traditional software DRM solutions require translation of business rules and hard-coding of their logic into an application's source code. This necessitates a new build for every

new business model, requires maintenance of numerous product versions and creates time consuming processes, which lead to inefficient engineering practices.

The build process in a software product lifecycle requires that the software DRM protection process enables the release of a single protected application binary that doesn't impose additional development and testing cycles—or total re-engineering of the software—each time new business rules are introduced in response to dynamic market changes.

A role-based software DRM solution that delivers automatic yet powerful protection tools for software developers, and completely separates the product build from business processes can significantly minimize time-to-market, allowing software publishers to capture greater market share and profit margins.

A role-based software DRM solution that delivers automatic yet powerful protection tools for software developers, and completely separates the product build from business processes can significantly minimize time-to-market.

## Generating Licenses On-The-Fly



Product managers and marketers must constantly find new ways to market their products, to increase the value they offer their customers, and to differentiate their offerings in the dynamically evolving competitive market. Licensing is acknowledged as the most promising approach to creating more competitive and value-based offerings. In today's competitive software industry, product managers need the flexibility to quickly adapt to dynamic markets; offer compelling products and different types of solutions that target broader and more segmented markets; aggressively extend market reach and penetration; and provide their customers with additional and attractive options for

purchasing software—all this without impacting operating margins and the bottom line.

Therefore, product managers must have adequate tools to quickly bundle features into product packages and implement innovative licensing models on demand—without making changes to the product's source code, and independent of the engineering process.

In their constant effort to increase sales and profits, software publishers are seeking ways to raise sales conversion rates and are asking for solutions that allow their customers to “try before they buy,” purchase and use software on demand, and pay by usage time or by features/components used. Furthermore, in their attempt to widely distribute their products and reach new prospects, software publishers request solutions that will enable secure Super Distribution of their software so that their

Product managers must have adequate tools to quickly bundle features into product packages and implement innovative licensing models on demand—without making changes to the product's source code, and independent of the engineering process.

customers can share the software with friends and colleagues, while the software remains protected from modifications and unauthorized usage modes.

These new marketing trends can be adopted with an agile, role-based software DRM solution that separates licensing from protection and offers product managers dedicated business-enabling tools to: license on demand, create trial software versions on-the-fly, and securely leverage the power of Super Distribution to increase revenue opportunities.

## Enhanced Operations



Software publishers use a variety of business applications such as Customer Relationship Management (CRM), Enterprise Resource Planning (ERP) and billing systems. When implementing a software DRM solution, an additional application is added to the organization's maze of critical business systems.

Software publishers are requesting solutions that offer interfacing modules to enable integration of software DRM with backend systems. If all systems do not interoperate, data is lost, extensive manual work is required, and visibility to sales and business processes is obscured.

A flexible software DRM solution, designed to integrate with existing IT and Web infrastructures, enables automation of license fulfillment processes, synchronization with existing business systems, significantly reduces operational costs, and improves customer service.

Every organization defines its policies, adopts a mode of work and uses its own terminology. Therefore, ERP and CRM systems are customized to be fully compatible with organizational workflows, product lingo and company look-and-feel. Similarly, software publishers must have the ability to customize and integrate software DRM—or more precisely license creation—with their existing order processing systems.

In addition, license delivery has become instantaneous with the Internet—now enabling 24X7 fulfillment. To provide effective customer service, software publishers are creating Web-based order-entry applications for products and licenses. Therefore, they require solutions that provide the infrastructure for quick, one-click license delivery.

A flexible software DRM solution, designed to integrate with existing IT and Web infrastructures, enables automation of license fulfillment processes, synchronization with existing business systems, significantly reduces operational costs, and improves customer service.

## Business Visibility



Turning prospects and trialware users into actual sales, and growing sales from existing customers is the livelihood of every sales organization. One way to improve sales processes is through greater visibility of business information. Once a software DRM solution is integrated with other business systems, sales teams can take advantage of license tracking and monitoring to gain invaluable information about the software supply chain. Reports on installed software and licenses provide the infrastructure for analyzing software usage and customer purchasing preferences. Sales organizations can also leverage license tracking to automate

upgrade processes, to maximize license renewal revenues and to up sell, thus achieving greater penetration into their existing customer base. Sales managers are also asking for solutions that help increase sales conversion rates, improve customer relationships (by tuning-in to their individual needs), and create higher levels of customer commitment. The need increases for a rich variety of flexible licensing models such as trialware, pay-per-use, floating users, feature-based and rental, which can be generated on-demand, without code modification or software re-engineering. This flexibility enables quick delivery of software packages while being responsive to customers, and provides a competitive edge. Furthermore, some licensing models, such as subscription, can also directly benefit sales by creating a stable and recurring revenue stream.

A business-enabling software DRM solution that integrates dynamic and flexible licensing with sales processes can lower total cost of ownership, increase ROI, and reduce lost revenue.

A business-enabling software DRM solution that integrates dynamic and flexible licensing with sales processes can lower total cost of ownership, increase ROI, and reduce lost revenue.

## End-User Experience



Tools for implementing protection and licensing and integrating software DRM into an organization's back-end systems are insufficient for a fully operational solution. Once the software product and license leave the software publisher's organization, they reside in the field—the domain of end-users. Product lifecycle is still in its infancy, with software installation, usage, updates and license renewals on the horizon.

Requirements vary from one end-user to another; however transparency is of paramount importance across the board for a positive user experience. Activation of the software and license installation will be an end-user's first impression and experience with a publisher's product. Therefore it must be simple and automatic, without end-user intervention.

Activation of the software and license installation will be an end-user's first impression and experience with a publisher's product. Therefore it must be simple and automatic, without end-user intervention.

If and when intervention is inevitable, publishers' customer support representatives must have tools available to perform manual tasks. In addition, remote publisher control and support for installed licenses, visibility of their usage and terms should be achievable with non-intrusive monitoring and diagnostic tools.

End-user needs begin but do not end with a friendly software user experience. End-user IT staffs and network administrators cannot operate and manage in obscurity: they must have full visibility and control over installed software, and the ability to track licenses and their usage. Therefore, publishers and their end-users alike are asking for an effective license management system that benefits both parties and reduces support calls.

A powerful license management system enables companies to centralize, monitor and manage the protected software and licenses they purchased, and to optimize licensing operation throughout the organization. Companies that have multiple sites need a solution that empowers a single administrator to manage and monitor licenses globally. Beyond monitoring capabilities, end-users are requesting license management systems that enable real-time usage reports for auditing purposes and for identifying and resolving licensing issues rapidly. Such tools can give end-users the ability to proactively identify and deal with non-compliance issues, and provide software publishers with the opportunity to sell more licenses.



A software DRM solution that delivers a dual license management system—for publishers and end-users—significantly lowers support and IT costs, increases customer satisfaction and drives future sales.

A software DRM solution that delivers a dual license management system—for publishers and end-users—significantly lowers support and IT costs, increases customer satisfaction and drives future sales.

## Conclusion

Software publishers who have recognized the benefits of software protection and licensing are facing challenges and new requirements for integrating a software DRM solution into their organization. After enjoying increased revenue and business growth, software publishers are now asking for software DRM solutions that align with and optimize their entire product lifecycle, to ensure reduced operational costs and increased profitability. A role-based software DRM solution that separates processes, integrates into existing systems, offers greater business visibility and provides a positive end-user experience can adequately address these emerging needs and provide an end-to-end solution.

## About HASP SRM

Aladdin's HASP SRM is a Software Digital Rights Management system that increases software revenue and accelerates business while reducing costs. Fully aligned with the software product lifecycle, HASP SRM offers software publishers a role-based solution for strong copy protection, robust protection for Intellectual Property, and secure & flexible licensing. To view a HASP SRM demo or request a free developer kit, visit [www.Aladdin.com/hasp/srm.aspx](http://www.Aladdin.com/hasp/srm.aspx)

## About Aladdin Knowledge Systems

Aladdin Knowledge Systems Ltd. (NASDAQ: ALDN), founded in 1985, is a global provider of security solutions. Its security products are organized into two segments: Software Digital Rights Management (DRM) and Enterprise Security. Aladdin's Software DRM products allow software developers and publishers to protect their intellectual property, increase revenues through licensing, and reduce losses from software piracy. Aladdin's Enterprise Security solutions enable organizations to secure their information technology assets by controlling who has access to their networks (identity and password management) and what content their users can utilize (proactive content security). Aladdin has offices in 12 countries, a worldwide network of channel partners and holds numerous industry awards for innovation and reliability. For more information, please visit the Aladdin Web site at [www.Aladdin.com](http://www.Aladdin.com)



For more contact information, visit: [www.Aladdin.com/contact](http://www.Aladdin.com/contact)



North America: +1-800-562-2543, +1-847-818-3800 • UK: +44-1753-622-266 • Germany: +49-89-89-4221-0 • France: +33-1-41-37-70-30 • Benelux: +31-30-688-0800 • Spain: +34-91-375-99-00  
Italy: +39-333-9356711 • Israel: +972-3-978-1111 • China: +86-21-63847800 • India: +919-82-1217402 • Japan: +81-426-607-191 • All other inquiries: +972-3-978-1111