

SUCCESS STORY: PMDG

Slashes the Business Costs of Software Piracy with FlexNet Producer Suite for Software Vendors

Customer Profile: Founded in 1997, PMDG produces tools and software to support the serious flight simulation enthusiast, providing education and entertainment for customers interested in the complex environment of commercial aviation.

Challenge: To reduce software piracy, improve the customer licensing process and experience and lower support costs.

Solution: A custom implementation of FlexNet Producer Suite for Software Vendors creates a streamlined activation solution that effectively eliminates unauthorized use.

Benefits: With FlexNet Producer Suite for Software Vendors, PMDG has effectively eliminated revenue leakage, increased customer satisfaction with the activation process, and an 83 percent drop in support costs related to licensing and system activation.



Software piracy negatively impacts software vendors in a multitude of ways—including revenue erosion and higher support costs. For PMDG, a producer of sophisticated flight simulation tools and software, the results of piracy were painfully clear. The company, founded in 1997, had several years of data that tracked the volumes of legitimate sales, and calls into PMDG's support desk.

"We could see that the number of users of our software was increasing, but the number of sales wasn't," says Robert Randazzo, chief executive officer of PMDG. "We knew that over the long term, this was not a sustainable trend. We needed something to help us capture revenue from the people who were using our product, but were not paying for a license."

FlexNet Producer Suite reduces critical revenue leakage

With its previous, internally developed

licensing system, PMDG was seeing revenues quickly drop after new releases were issued; the flight simulation software was being illegally used and distributed by software pirates in as little as one hour.

In 2009 PMDG adopted the FlexNet Producer Suite for Software Vendors from Flexera Software, leveraging two key components: FlexNet Operations and FlexNet Licensing. Since implementing a rigorous licensing and entitlement environment based on FlexNet technology, the software company is now in its eighth month of piracy-free operations – and counting.

Operational costs drop

"In addition to effectively eliminating revenue leakage due to piracy, the FlexNet Producer Suite has allowed us to reduce our operating costs in two ways," Randazzo explains. "First, we are no longer supporting non-paying customers, and second, we've seen an 83% reduction in the amount of support time devoted to licensing and activation issues. For a small software vendor like PMDG, all of these benefits travel straight to the bottom line." Equally important, PMDG customers enjoy



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FlexNet® Producer Suite
for Software Vendors

a more seamless activation experience: a one-line cut-and-paste of an activation code, as prompted by the system when the PMDG software is first activated.

Protecting software from savvy pirates

PMDG's flight simulation is renowned within the aviation industry, and used by pilots and flight crews at many of the world's top airlines. "Unfortunately, our software attracts a large portion of very technically sophisticated users with a lot of time on their hands," he says. "There are many people who spend as much time trying to disassemble our software as use it."

By disseminating information about how to bypass PMDG's previous, internally developed licensing technology, the software thieves were able to illegally access new releases with astonishing speed. Randazzo says, "There was a definite correlation between a decrease in revenues from new product release, and an increase in customer usage of unlicensed product. In October 2008, we decided that the opportunity cost of staying with our in-house system far exceeded any investment we might make

in a professional licensing and entitlement management system. We chose Flexera Software because I was certain they had a solution that could help us."

Immediate process improvement

After implementing the FlexNet Producer Suite for Software Vendors with assistance from Flexera Software's Professional Services, using the Flexera Rapid Start methodology, PMDG quickly realized demonstrable benefits to the activation process. The company uses a custom implementation of FlexNet Operations that gives each customer a license key immediately at purchase time; the user is instructed at runtime to copy their activation key into a pull-down menu. The activation key is validated against PMDG's secure server, where customers' rights information is then stored into a heavily encrypted Trusted Storage environment.

"FlexNet Producer Suite gives us an unmatched ability to protect our software," Randazzo says. "The FlexNet Producer Suite with its Trusted Storage technology allows the customer to have full access to their rights, without concern for constant revalidation against minor software changes and minor hardware changes. And they have the certainty of knowing that our software licenses are protected and can't be transported from location to location without PMDG's interaction."

FlexNet Producer Suite delivers measureable benefits

In addition to virtually eliminating revenue leakage due to unauthorized use, Randazzo is pleased with the additional benefits that FlexNet Producer Suite provides: a vastly improved customer experience and reduced support costs. "Our customers now have a seamless activation solution. This ease of use extends beyond initial activation; one of the tremendous benefits of Flexera Software's solution is that its embedded logic allows the customer to make a certain level of change in their system before reactivation is required."

Randazzo explains that some previous-generation in-house systems interpreted even simple hardware and operating system upgrades as attempts by customers to use PMDG software on unauthorized computers, which was not the case. When customers do make major system changes under the FlexNet Producer Suite, "Reactivation is very simple," he says. "They just cut and paste the key into the window again when prompted. The PMDG software is then reactivated, and the customer is quickly back up and running." These benefits, along with the 83% reduction in support times related to licensing and activation, have made a small software vendor like PMDG a big believer in Flexera Software. Randazzo sums up, "At a certain point, we realized

that the opportunity cost of not using FlexNet Producer Suite was far greater than the cost of the Suite. As we've implemented the FlexNet Producer Suite for Software Vendors, though, our company has experienced an even greater benefit. We've gained an ability to focus more fully on our customers, and on future versions of our software."

About Flexera Software

Flexera Software is the leading provider of strategic solutions for Application Usage Management; solutions delivering continuous compliance, optimized usage and maximized value to application producers and their customers. Flexera Software is trusted by more than 80,000 customers that depend on our comprehensive solutions- from installation and licensing, entitlement and compliance management to application readiness and software license optimization - to strategically manage application usage and achieve breakthrough results realized only through the systems-level approach we provide. For more information, please go to: www.flexerasoftware.com



Flexera Software LLC
1000 East Woodfield Road,
Suite 400
Schaumburg, IL 60173 USA

Schaumburg
(Global Headquarters):
+1 800-809-5659

United Kingdom (Europe,
Middle East Headquarters):
+44 870-871-1111
+44 870-873-6300

Japan (Asia,
Pacific Headquarters):
+81 3-4360-8291

For more office locations visit:
www.flexerasoftware.com