Capitalize on the Internet of Things Opportunity with Software Monetization Solutions

Flexible licensing, activation, delivery and full lifecycle management

> "Internet-connected devices powered by software and controlled via licensing and entitlement management systems open up myriad new revenue opportunities. For instance, innovative companies can leverage data reported back by the device on its operational status and behavior to develop new product and service offerings.
>
> Internet-connected devices also can open up potential exposure to hackers, so device manufacturers also need reliable methods to monitor for such risks and repair any vulnerabilities that may arise."
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> *– Research Vice President - Software Licensing & Provisioning at IDC*

The proliferation of connected devices and the business solutions made possible with software present a wide array of opportunities for device manufacturers to monetize and leverage the Internet of Things (IoT). Increasingly device manufacturers are using embedded software to open up entirely new markets and value-added services.

Device manufacturers that provide intelligence through software are able to drive topline growth, establish recurring revenue streams, reduce costs and deliver an excellent customer experience by:

- Monetizing and protecting with innovative new licensing, pricing, and packaging models
- Differentiating their offerings and deliver more value to customers
- Uncovering new revenue opportunities from up-sell/cross-sell activities
- Reducing manufacturing and inventory costs
- Providing more value-added proactive support

Internet of Things Ecosystem

According to IDC, the layers of the IoT ecosystem will uncover new revenue opportunities for device manufacturers. By 2020, IDC expects the entire IoT market to generate $8.9 trillion with an installed base of 30 billion connected "autonomous" devices and an overall addressable market of 212 billion.

The diversity of use cases and benefit of the IoT ecosystem are expanding to include using the data collected to monetize the offerings from the device manufacturer. Collecting and analyzing data can provide unique insights into the use of your products. Data such as device-specific profile information, application updates and event data can be leveraged to trigger revenue generating opportunities for product upgrades, add-ons or service calls. New business models can be created when usage data from the device is shared. Users of a device can be charged based on the number of discrete uses, usage levels

Internet of Things Ecosystem

Source: IDC, 2013

Figure 1: IDC, Worldwide Internet of Things 2014 Top 10 Predictions: Nascent Market Shakes Up Vendor Strategies, doc #245578, January 2014.

during specific times of the day, concurrent number of users, geographic or any number of parameters.

This data can also be analyzed for improved business intelligence. Monitoring patterns of usage consumption can:

- Increase sales activity for the most highly valued features
- Enable up-selling of users to new levels of functionality
- Help focus development on the most valuable features

Software Monetization Solutions for a Connected… IoT World

Software is fundamental to IoT solutions and software licensing and entitlement management are foundational to software monetization. **Software licensing** enables manufacturers to create new revenue streams and protect intellectual property by implementing licensing models within your software

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and enabling electronic control of device capabilities. **_Entitlement management_** runs the critical back-office operations of a software business by tracking what software each customer is entitled to and recording the evolution of their usage through the software lifecycle. Entitlement management provides an accurate view of customer usage which enables the device manufacturer to create up-sell opportunities and ensure customers are always using the most up-to-date software and firmware.

Reduce Risk and Vulnerability Surrounding Internet-Connected Devices with Software and Firmware Updates - Application security is a key requirement in establishing a digital supply chain ecosystem. With connected devices there will always be a risk to the applications on the device. Device manufacturers can alleviate some of these concerns by using tamper resistant licensing to ensure only authorized users have access to the device applications. In addition, they can proactively monitor devices for application issues and send out automated updates. The right update and entitlement management solution will provide secure downloads of software, bug fixes and patches directly to the device.

Software Monetization Solution from Flexera Software

FlexNet Producer Suite empowers device manufacturers to create a digital supply chain that monetizes their IoT offering. It enables device manufacturers to unlock new and recurring revenue streams, protect intellectual property and implement configure-to-order manufacturing processes that dramatically reduce inventory while enabling greater responsiveness to changing market trends and conditions.

FlexNet Licensing empowers intelligent device manufacturers to monetize and protect the IP that is at the core of IoT. It supports the full software licensing spectrum, from strict enforcement to usage-based trust but verify and enables software protection, monetization and compliance of SaaS, cloud, virtualized, on-premises and embedded applications.

FlexNet Operations gives device manufacturers the power to manage devices, software licenses and entitlements easily while cutting costs and providing an excellent customer experience. It automates the generation, fulfillment and activation of devices and offers a self-service web portal so customers and partners can track
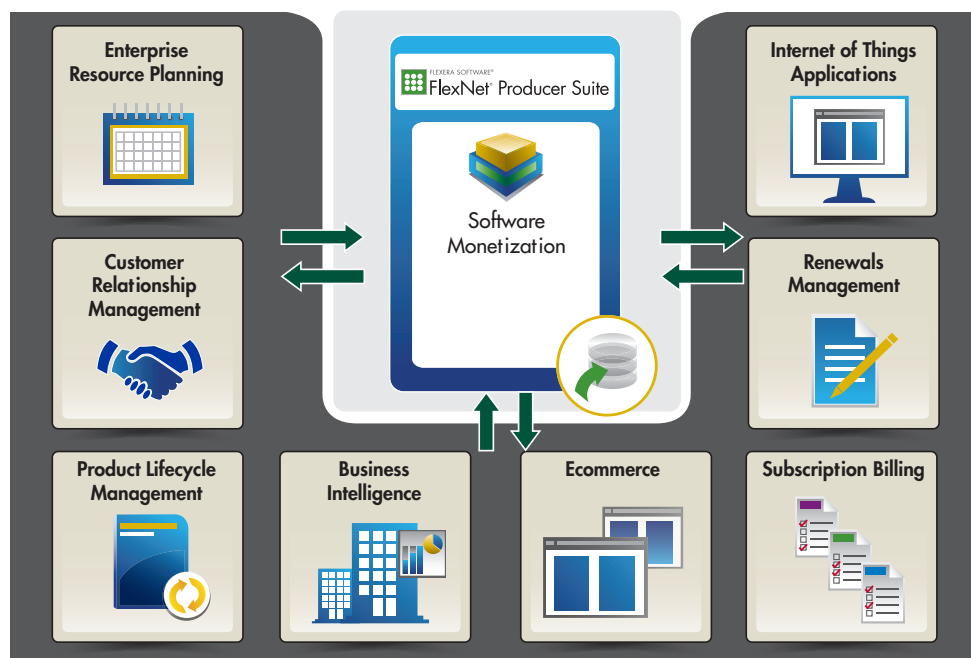
actual usage of their software and access software they are entitled to receive.

FlexNet Connect electronically delivers updates (firmware and software), monitors devices for application issues and sends messages directly to devices while providing deep insight into the installed base.

Flexera Software Professional Services enables intelligent device manufacturers to increase the value manufacturers receive from Flexera Software solutions. Our experts average more than ten years' experience in business transformation initiatives including the move from a traditional provider of hardware to a strategic solution provider, including new licensing and pricing business models.

About Flexera Software

Flexera Software helps application producers and enterprises increase application usage and the value they derive from their software. Our next-generation software licensing, compliance and installation solutions are essential to ensure continuous licensing compliance, optimized software investments and to future-proof businesses against the risks and costs of constantly changing technology. Over 80,000 customers turn to Flexera Software as a trusted and neutral source for the knowledge and expertise we have gained as the marketplace leader for over 25 years and for the automation and intelligence designed into our products. For more information, please go to: **www.flexerasoftware.com**

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