



CHANGING THE RULES WITH NEW TOOLS... DEVELOPERS ARE PROTECTING, LICENSING AND DISTRIBUTING SOFTWARE LIKE NEVER BEFORE -- CREATING TRUE SOFTWARE DRM

By Avi Barir

Rules dictate our business behavior. Some rules are, in fact, perceived rules without a basis. These "rules" can create artificial barriers or roadblocks, limiting our performance without us ever realizing it. What rules or notions define your software business model? Do you consider ESD only ideal for small software programs? Are you limited software protection to online sales? Are marketing and security issues at different ends of your building? Do you consider peer-to-peer networks evil?

With a combination of old and new technologies, software developers and publishers are protecting their software against piracy and proving that all of these old 'rules' are wrong. To accomplish this, more and more companies are faced with the decision to use either

hardware-based security keys or electronic licensing to protect their software.

But a new trend is evolving that demands an all-inclusive licensing process that links many different options into one system, actually stimulating sales rather than limiting them. Publishers and developers don't just need to choose which method of distribution and protection they're going to use, but rather, they need to fit those tools into the sales process itself and effectively link security, distribution and marketing.

Seeing the Big Picture

The early adopters relying on the ever-evolving mixture of sales channels are now commanding the ability to see the big picture -- combining traditional software sales with online stores, direct mail

initiatives and live events. All of these combine into one process: "Software Digital Rights Management" (Software DRM).

Solutions never-before thought to be protected are now appearing with security keys. Arcade games, cash registers, ultrasound machines... all of these products are not considered to be the likeliest targets for pirates. Instead, they each have their own unique reasons for protection. Not only are more companies protecting software and their underlying IP, but they're doing so because it's now becoming an integral element of business expansion. Use of software protection and licensing are merging, and actually becoming a valuable sales/expansion tool. Let's take a look at the different uses of protection that range from simple software security key usage to a mixture of hardware and electronic distribution and protection:

Traditional Licensing and Protection

CommandSoft has released state-of-the-art, highly-anticipated storage area network software called FibreJet. But in order to avoid ever-present pirates, this software comes equipped with a security key that is required for the software to run. CommandSoft, Inc. is a solid example of the use of proven hardware-based security.

Online and Retailer Distribution

Numerous game publishers offer new computer games on multiple Web sites. But they require different purchase options for each site and each game. In many cases, ecommerce operations are outsourced but they also integrate with an electronic software distribution and activation system that tailors customers' options without sacrificing security. Comprehensive tracking of what works/what isn't working provides instantaneous feedback to product management and marketing.

Mixture of Old and New Distribution

A vast number of software publishers now rely on a steady stream of direct mail campaigns and events to get their firm's trial CDs in the hands of thousands of potential customers each month. Using a Portable Store concept, software publishers virtually eliminate the risk of pirates with the merger of physical distribution of trialware and online software sales capabilities - all managed by one secure solution.

These three diverse scenarios demonstrate the ever-growing combination of distribution methods and trial offerings required to penetrate new and diverse markets. No longer are firms forced to choose between online or offline distribution, locked or timed software, hardware or electronic licensing. Instead, they all converge into a holistic software digital rights management strategy that refines the new rules of engagement. The benefits of flexibility, convenience, and expanded distribution flow to all participants: Users, software developers and publishers. Whether it is inexpensive consumer gaming software to expensive business applications, more choice reduces friction and expands the underlying market(s).

Roxio Using Licensing and Distribution Technology as a Real Marketing Tool

In August 2003, Roxio, a large provider of digital media software, chose Aladdin's Privilege Software Commerce Platform for the on-line distribution of Easy CD & DVD Creator 6 and Photosuite 5 Platinum. Roxio's decision to support its latest product launches with Aladdin's premier software license and distribution technology

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is built on Roxio's desire to explore innovative software marketing techniques and the need for a secure means to distribute those products online. Roxio has successfully leveraged its online sales to reach its loyal customer base. Privilege is now used as both a marketing and sales tool to enhance Roxio's ability to extend value and convenience to customers who purchase online at Roxio.com.

Publishers control the entire purchase experience and the use of the software - creating the new software DRM concept. Whether selling software B2B or B2C, Privilege gives publishers the tools that allow them to craft specific, targeted campaigns that win customers and keep them coming back for more.

Software DRM + Unconventional Ideas = New Software Revenue Streams

To deal with the ever-growing number of e-commerce layers, including the multiple distributors and endless number of retailers, developers and publishers need to focus on integrating their efforts and maximizing their use of each partner. In addition to addressing anti-piracy concerns, software DRM encompasses flexible licensing and activation that take advantage of the new, unconventional revenue opportunities such as casual sharing and peer-to-peer networking. By utilizing true software DRM, developers can convert casual sharing of software from a revenue drain into an efficient, super distribution channel for trialware -- securely leveraging the power of personal networking. For example, by adding software activation and/or try-before-you-buy to your software, you transform word-of-mouth/pass-along referrals and peer-to-peer networks into solid sales opportunities and software revenue builders, not losses.

Software DRM is transforming piracy into profit by addressing the entire distribution and licensing process, whether software is sold through traditional or unconventional channels. With powerful technology now available, ESD is no longer limited to small programs, reliable protection is available for both traditional and online sales and marketing and security efforts combine to address markets considered difficult to infiltrate. Old rules are being rewritten right now.

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