4 Things to Know About Software Licensing

We all know that the primary products of an IT business are software. In the first place, the types of software that an IT company sells are a big part of its business plan, which will help generate revenue and profit in the long run. However, before the bigwigs of an IT company can launch or distribute their software products, they must first acquire a license for each of them.

What Is Software Licensing?

Software licensing is the process of legitimizing a software product by obtaining a government-issued product license. It's the responsibility of a software product's project management team to obtain a permit. If a software product is licensed, it means that its technical specification is credible and reliable. That gives the IT company the green light to launch and distribute the software product to the market.

Why Is Software Licensing Important For Business?

The reason why software licensing is essential is that it mostly protects your software products from being distributed illegally by unauthorized vendors. With a software license, any ill-advised reinventions or modifications to a software product becomes copyright infringement. Simply put, a software license protects the rights of your IT company as the creators, owners, and sole distributors of your software product. However, there are several types of licenses, with some granting other entities to reinvent and resell them. It's all up to the software developers what kind of license they'll get. So the matter of obtaining a software license should be a part of your budget planning and cost estimation in launching a software product.

Types of Software Licenses

A study conducted by the Business Software Alliance in 2015 finds that software companies suffered a $52.2 billion loss due to software piracy, the illegal distributing and copying of software products. Of course, you don't want your business to be in that same position. So strongly consider obtaining any of these software licenses listed and explained below.

Public Domain

A public domain software license allows any entity to do anything with a software product. They can modify, revise, reinvent, and distribute it freely. Therefore, you won't gain any profit if your software product has a public domain license. It's going to be for everyone to use without cost. So, you should probably not obtain this type of license. But, if your IT business is willing to earn the market's attention by distributing a free and modifiable software product, a public domain license is always available.

Permissive

BSD-style and Apache-style are also the known names to call a permissive software license. With this type of permit, people can use your software product for free. Now you might be thinking it works like a public domain license. Yes, you're right, but partially. A permissive license also allows redistributions and modifications of a software product, but with specific terms and conditions. If these terms and conditions are breached or unrecognized by the users, especially the IT security protocols, the software developers or owners can file a lawsuit.

Proprietary

A proprietary license, also known as a closed-source license, grants the software developers the sole rights in distributing and modifying their product. Other entities have no right to reinvent and resell it. A proprietary license is the most straightforward software license, with very minimal ifs and buts. So, if part of your IT business's objective checklist is to earn profits, obtaining a proprietary license should be the action of the management.

Subscription License

With a subscription license, the users must become subscribers to have access to using the software product. They will have to pay on a monthly or yearly basis to continue their subscription. Failure on the user's part to pay on time will result in sanctions mandated by the software service providers. So if the infrastructure management of your IT company follows the subscription business model, obtaining subscription licenses is essential.

Trial License

A trial license is solely for versions of software products that are free to use and download for trial purposes only. Software products with a trial license are fully-functional, but the users can only enjoy them for a limited period, it could only be

for a day, week, or month. And, they don't have the authority to modify or duplicate the trial-licensed software.

Fixed Duration License

A fixed duration license allows users to access the software within a specific period. The duration of that time depends on the agreement between the user and the software service provider. But mostly the term is a year. If your business opts for a fixed duration license, it's your responsibility as the service provider to inform the user if its expiration is soon coming. The user must receive a notification 80 to 90 days prior. And, a renewal should also be offered.

Copyleft

Copyleft software licenses are, in a lot of ways, similar to public domain licenses. They allow anybody to modify, recopy, and distribute a software product. The only condition is that the original developer's integrated components remain intact, as well as their rights of the software. So whatever version the software morphed into, the original developers must still be credited and acknowledged.

How to Choose Software Licensing

Choosing a license for your IT company's software products is not a walk in the park. There are a few considerations to look into first. So without further ado, here are a few tips in choosing the right software license.

Determine the Company's Product Policies

Software products are tricky to protect because of how easily entities manipulate them. For that reason, product [policies](#) are established, and they should be put into consideration in selecting the appropriate license.

Analyze the Revenue Strategy

By understanding the revenue strategy of the IT company, you can conveniently determine what license a software product needs. For example, if the company wants to have consistent monthly revenue, subscription licenses are the best option.

Understand the Software Product's Value

If you understand the value of a software product, of course, you'll know what benefits you can reap out of it. Every software license has its way of helping an IT company earn

revenue. So if the value of the software is substantial, consider choosing a license that enables your business to receive a consistent profit out of it.

Everything that we own has to have something to preserve our ownership of them. That's the main principle why you must obtain a license for your software products. Hopefully, we were able to help you understand their importance through this blog. Ensure the success of your IT company by obtaining the necessary software licenses.