

Subscribing to Product Design Software

CIMdata Commentary

Key takeaways:

- *Paying for software has always been challenging for most businesses; more payment options can lead to less risk and faster return on investment (ROI)*
- *Autodesk's Desktop Subscription model enables companies to quickly ramp up and scale down the desired software access as needed*
- *Autodesk is providing more subscription options and flexibility, enabling customers to select the method that best fits their businesses*

Traditional Pricing for Product Design Software

Today, most companies are trying to manage their finances, ramp up or scale down resources as work dictates, stay competitive, and at the same time reduce risk. Companies are continually trying to lower overhead by eliminating up-front software costs—especially for product design software—to reduce capital expenses and closely manage their budgets. Meeting these challenges has historically been difficult with the limited purchasing options available from most software solution providers.

The traditional method of purchasing product design solutions has been to buy perpetual licenses for the software with an annual maintenance or support contract that covers software upgrades, hotline support, and various other benefits—all for typically 15% to 25% of the perpetual-license cost. Penalties for dropping support can be severe and result in limiting the opportunity for companies to leverage new technology that improves business performance.

Companies also need a better way to acquire and rationalize the number of product design related licenses, adding as business increases and releasing them when business slows. Having unused licenses while still paying for maintenance is a drain on the bottom line.

CIMdata believes that flexible licensing models can be a significant differentiator enabling product design solution providers to deliver superior value for their customers and prospects.

Autodesk “Desktop Subscription”

To address these challenges, Autodesk has developed new offerings that provide more choices and flexible options to help businesses plan their software license requirements, get future upgrades, and ultimately pay only for what is needed.

Autodesk is now providing three options to purchase and access product design software and services:

1. Maintenance Subscription—Formerly known as Autodesk Subscription, this is the most common type of subscription and traditionally the most effective way for customers to maintain and maximize long-term investment in perpetual licenses for Autodesk software.
2. Desktop Subscription—Highly flexible choice for software solutions that are desktop computer based, such as AutoCAD, AutoCAD LT, and Autodesk Product Design Suite (which includes Autodesk Inventor); provides a pay-as-you-go software subscription plan and lower up-front cost.
3. Cloud Service Subscription—Term-based options for software solutions that live in the cloud, such as PLM 360. They extend workflows from the desktop into the

cloud, simplify collaboration, and streamline workflows through a large selection of cloud services.

When deciding between Maintenance and Desktop Subscription offerings, companies need to evaluate both budget and work-level issues. Large enterprises with ongoing long-term projects will want to consider a perpetual license and Maintenance Subscription. This allows ready access to all product updates and support, and is less expensive over the longer term. Companies that tend to perform short-term work or occasional projects should consider a quarterly Desktop Subscription.

Smaller organizations with long-term work, will want to consider an annual Desktop Subscription. This makes sense if the license commitment will be for three years or less, the approximate point where the cost of the Maintenance Subscription and the Desktop Subscription are equal. Small organizations that do short-term and occasional projects should consider a monthly Desktop Subscription.

While exact benefits vary slightly between the different options, in general the Autodesk Subscription offerings provide access to the latest software releases, rights to previous versions, increased mobility, improved collaboration, and technical support. Together these benefits provide compelling value for manufacturers at predictable and affordable prices, and the choices allow manufacturers to select the option that best fits their business needs.

Conclusion

The challenges of business today demand a flexible technology environment that is responsive to changes in business requirements. Flexible software purchasing models give companies options and flexibility to tailor their investment for maximum return. In addition to matching licenses with workload, advanced software for simulation or manufacturing can be added when needed, and dropped when no longer necessary. Being able to drop licenses without a financial penalty is a good hedge against economic volatility and attendant resource demands.

The recent Autodesk Q2 investor call indicated a strong performance from subscription offerings. This indicates that Autodesk customers see value in the new purchasing model, and bodes well for the future of subscription offerings as the supplier community gets ramped up and customers look for smarter options to use their scarce software dollars.

CIMdata believes that Autodesk Subscription provides a good suite of options for acquiring and decommissioning design and development software. With their various licensing models including Desktop Subscription offerings, Autodesk is currently offering the widest licensing choice in the industry. CIMdata believes this can provide both large and small businesses a useful tool to more effectively respond to changing needs for product design solutions.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at <http://www.CIMdata.com> or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.