Common pricing models: a quick explanation

Traditional pricing

This is the pricing model most common in consumer software. If you buy software in a box from a shop, you're probably using this model. Each major version of the software costs money; minor versions are free for licence holders. When a new major version comes out, licence holders have to pay extra but usually less than for a first purchase. Users can often try out the software for free for a short trial period.

Tiered pricing

In this model there are at least two levels (or tiers) of the software product. Each level has a different price and may have a different feature set, or allow a different number of users.

Freemium pricing

This model is just like tiered pricing but the lowest level is free. Often there are a very large number of free users, who act as advertising for the company. If a free user likes the program, they might encourage their employer to use it, who will then pay for premium features.

Subscription pricing

In this the buyer pays a regular fee, usually monthly, to use the software. This includes all updates, which are pushed out to the users. The advantage is that the software company can easily bring out updates frequently. This pricing model is often associated with cloud computing.

Freeware

As its name suggests, this is free software. It might be ad-supported. The disadvantage is that ads may take up space on the screen.

shopping basket (BrE) = shopping cart (AmE)

Internet shopping: the inside story

Dalya Rahman specialises in setting up e-commerce systems. Here, she tells 'New Careers' magazine about her job.

I work with B2B (business-to-business) e-commerce systems as well as B2C (business-to-consumer) systems and integrate all the components: the user interface, the shopping basket and the payment system. The user interface is the part that shoppers see on their screens. For this, I work closely with designers to make it look good; it's important that customers enjoy using it.

When customers see an item that they want to buy, they put it in their shopping basket. To set this up, I usually integrate standard software packages with the company's website. This software uses small files that the browser puts on the user's computer, called cookies, to track the items in the basket. This stage isn't too difficult – mostly I just match up the code with the client's website.

The next step is the payment processing system. This takes the customer's information – delivery address, credit card number, etc. It processes the payment and outputs the details so that the company can send out the order. This component is more complicated: I have to integrate it into several different systems, including the company's accounting system. Fortunately, there's a special data format, EDI, that is Electronic Data Interchange, which makes this easier. EDI is standard in e-commerce systems so that other kinds of software, such as accounting systems, can accept data from it.

My job is fun because every project is different and I use my technical skills as well; a great combination!

COMPUTER WORLD

CW: So, Jess, could you tell us about the requirements analysis process?

JW: Well, first, we talk to the client to find out who the users will be. Then we interview as many users as we can. This can be difficult because we have to look at every step in the process very carefully, in a lot of detail.

CW: And what's the next step?

JW: Next, we put together the specification document. This shows everything that the program does. And by that I really mean everything! We have to write down what every button does, what you see on every pop-up menu and so on.

CW: Is this where you draw flow charts?

JW: Yes, and the user interface.

CW: And does the client check the specification document?

JW: Certainly. We want the client to look at every part of it, to be sure that they are happy with it. We usually have to make a few changes at this stage but this is usually quite quick. Then we can hand over to the developers so that they can do their part of the job.