25 Software Licensing Models
(in alphabetical order by name)

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1. **Beta or field test** This type of license is used to get feedback so usually expire at the end of the Beta test and are not renewed. The product is likely not be ‘production grade’ and the licensee may be required to exercise the software under certain conditions and to submit reports, as well as limit use to defined environments and users that fit a specific profile.
2. **Capacity or performance** A licensing model based on the host computer’s (one or more servers’) capacity or performance can be used for compute-intensive applications such as databases or transaction processing. However, the complexity and diversity of computers, platforms, networks and fabrics make deriving relevant metrics extremely equivocal. The business value is likely to be not at all related to CPU cycles nor processes invoked.
3. **Cross license** These are used when the licensor and licensee(s) agree to exchange rights. The rights are not necessarily symmetrical, nor no-fee. It can be a way for people to leverage their intellectual property by exchanging value on a no-cash basis. Also see Development License and Group License.
4. **Demo or evaluation** Such licenses are granted for a short time such as 30 days or a number of uses. Usually, production-level work is not allowed and some features may be limited or disabled, or it may have a time bomb that disables the product at a certain time. The types of users, platforms, content or tools may also be prescribed.
5. **Development** These licenses can require granting rights to modify the software, or in some cases, to create derivative works. Alternatively, the grantor may want rights to modify the output of the development effort; or the licensee may need to retain residual rights in order to support the output. Development licenses are used to gain special knowledge and to supplement engineering effort.
6. **Duplicate grouping (license sharing) by user, host or display** Grouping defines rules for counting usage when a single user concurrently runs the same application on several computers. This instance may count as a single use or a multiple use, depending on the license terms.
7. **End User License Agreements (EULA), Shrink Wrap or “click through”** These are most common license models for online and single user software. They usually grant the perpetual right to use, only for one end-user on one computer at a time, and do not include any upgrades.
8. **Enable/disable product features** Common features such as personalization may be licensed across a suite of products. This type of license grants rights to use specific features. It is used to create an upgrade path from a “lite” version to “standard,” “pro,” “enterprise” etc. versions without modifying the software nor uninstalling the existing version.
9. **Exclusive** In exclusive licenses, the licensee is the only party to which certain rights are granted. Such licenses are rare because they increase the licensor’s opportunity cost. The rigorous limitations to exclusivity can be any combination of time, territory, industry, named competitors, exercisable features (singly, in combination or in unrelated groups), field of use, or any of the myriad of possible business or legal terms.
10. **Floating (concurrent) over a list of hosts** Such licenses provide for concurrent use in a network, but the license rights are tied to a specific list of computers.
11. **Floating (concurrent) over a network** This type of license grants a specific number of concurrent users on a network.
12. **Group License** This type of license can be used to develop a consortium. It grants rights only to members of a specific group such as named entities, or those that adhere to a particular

standard, or have received a particular certification. Group licenses may require licensees to grant special rights to all members of the group such as mandatory no-fee cross-licensing.

13. **High-water mark of past use** Usage fees are calculated based on the maximum number of concurrent users in a defined past time period (typically monthly).
14. **Linger use** The user has license rights for a fixed time period. Linger licenses are attractive for applications that are used for very short periods such as a few seconds or minutes. They increase the number of low-cost licenses that larger customers must buy, while small customers may enjoy a lower price thereby allowing the vendor to reach a broader audience through pricing.
15. **Named-user (personal licenses)** License rights are granted to specific login IDs. The software may be used on any computer by a login ID that is on a list of licensed users. A single login ID can only use the software at one time, no concurrent log-ins by the same ID.
16. **Node-locked (named-host)** Software is licensed for use only on one or more named computer systems. Usually, CPU serial number verification is used to enforce this type of license.
17. **Node-locked counted** Software is licensed for a limited number if concurrent users on a single computer system.
18. **OEM** Such licenses are used to allow OEMs to integrate software into their products or services, then sell the combined product. OEM licenses must grant rights such as sub-licensing so that the OEM can transfer rights to its channels and customers. Payments to the licensor can include license fees; royalties per license; percentage of product revenue; number, type and size of accounts or users.
19. **Overdraft** Such licenses grant N more licenses than were purchased, giving customers a way to manage peak use without violating the license. The licensor can charge a fee for overdrafts protection (insurance) as well as separate fees for each overdraft license. Advantages to licensors are flexibility, simplicity, and price locks that give predictable costs.
20. **Packages or bundling** Packages licenses grant rights to use a set of functionally dependent or independent products, or bundle. Vendors define the components of the packages or bundles in the license agreement. Such licenses allow vendors to easily customize solutions on a marketing, not engineering, level.
21. **Package suite** Package suites restrict the concurrent sharing of a package’s components. For example, no two users may concurrently use MS Word and MS PowerPoint. This type of license is used by vendors with broad product lines as a competitive price discounting strategy.
22. **Pay-per-use** License fees are based on actual usage. The usage counter may be based on metrics such as CPU use or on metrics related to the nature of the application.
23. **Site license** Grant rights to all valid users at a named location; may be unlimited in number, or up to a certain number. This is a cost-effective option for large customers, especially where the usage load might grow quickly or varies greatly.
24. **Time-limited** Such licenses have a specific, automatic expiration date that is not automatically renewed. They are used to ‘force’ re-negotiation of license terms.
25. **Upgrade dates and/or version numbers** Upgrade terms grant rights to use upgraded versions of the software. The customer may upgrade only X number of times or the customer can only use specific upgrade versions, or can must upgrade within a certain time period following the release of Version X. These terms encourage the installed base to use certain versions so that the licensor may withdraw, or offer special pricing for support of other versions.