

The most important software pricing question

The premise behind any business transaction is simple: You pay money and receive something of value in return. Would you buy something if it offered no value? Of course not.

Yet, somewhere along the line, software vendors created pricing structures which directly contradicted that premise. They introduced fees without adding value, and even worse, companies went right along with them.

If you want to avoid pricing structures that offer you no value, you must ask the most important pricing question before buying enterprise software: **What does that fee do for me?**

For example, here are a few of the more common software fees and their descriptions, along with a couple of questions to ask for each one.

User/seat license fees

Description: The vendor charges for every employee in your company that uses the software. Even if one employee uses the software every single day, and another uses it once a month, you must purchase separate user licenses for each.

Questions to ask: What do you include with the user fees? Is each user supported individually? Is training included?

Distribution fees

Description: Distribution fees primarily apply to development software. If you buy an application development tool with intentions to distribute or sell applications created with that tool, some vendors will charge a “distribution fee.” For example, suppose you’re an ASP (or SAAS vendor) and you purchased a development tool to create add-on reporting for your current software. In this instance, many vendors charge “distribution fees,” which means you must pay the software vendor a fee every time you distribute those applications to your customers. It could also be described as a “success fee.” The more successful you are with the software, the more you pay the vendor.

Questions to ask: How does this distribution fee help me? Do you offer support for everyone I distribute this application to? If I bought the software, why must I pay to use applications created with this software?

Run-time fees

Description: Run-time fees are similar to distribution fees and also apply primarily to development software. If you buy an application development tool and create applications used by many employees, some vendors charge a “run-time” fee. For example, suppose you’re a large company and you bought a development tool for business intelligence application creation. You only have 3 developers, so you only need 3 licenses, right? Yes and no. Some vendors charge run-time fees for those who use the applications created with the development tool. In other words, when your developers create and push those applications out to other employees, you must pay a run-time fee for every employee using the generated applications.

Questions to ask: If I've already purchased the software and the user seats, what does the run-time fee give me?

Maintenance fees

Description: When used correctly, maintenance fees actually benefit the customer. For a low annual maintenance fee, the vendor provides expert support and a steady stream of upgrades. The maintenance fees equate to quick problem resolution and a perpetually up-to-date piece of software.

Questions to ask: Do you outsource support? How often can I expect product upgrades? Do you charge for those upgrades?

Upgrade fees

Description: Some vendors don't offer product support and therefore do not charge maintenance fees. As a result, they regularly update the software and charge you to upgrade.

Questions to ask: What do you include in each upgrade? Are these features that my company really needs?

Our approach to software licensing

m-Power has a very unique licensing structure, one that is built with the customer's best interests in mind. With that in mind, we don't charge these fees:

- We believe that once you license software, it should be free to use by anyone in your company—**so we don't charge user fees.**
- We believe that once you license software, whatever you make with it is yours—**so we don't charge distribution fees.**
- We believe that once you license software, it's yours—**so we don't charge run-time fees.**

Now, the one fee out of the above list that we do charge is a low annual maintenance fee. We charge a maintenance fee because it gives you these important benefits:

1. **Expert Support:** All of your questions are answered quickly by m-Power experts, not a low-level call center.
2. **Frequent Upgrades:** We have a very rapid upgrade schedule, typically producing 2-4 upgrades per month. This ensures that you always have the most up-to-date software possible.
3. **Full Product Warranty:** If you find a bug in our software, we will fix it immediately and at no charge.
4. **Customer section:** The customer section of our website offers training guides, enhancements, software updates, the full m-Power manual, and many more beneficial tools.

5. **Customer portal:** Every customer has access to their very own customer portal, which is a secure area where they can access all of their information. They can download the latest upgrades, submit help desk tickets, and view training courses.
6. **Much more:** Our customers have access to many more helpful tools such as the “Cup of Joe” blog, a user forum, a project exchange, etc...

To sum everything up, we believe that fees that offer no value to the buyer shouldn't be included. If you're a large company with many users, or a SAAS vendor with many customers, isn't it time you stopped paying all of these ridiculous fees?