

The Definitive Guide To Entitlements And Entitlement Management



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This eBook is designed for you to learn:

- What entitlement management is
- Why robust entitlement capabilities are central to your business growth
- How entitlement management creates commercial flexibility



Introduction

In today's competitive software business world, commercial flexibility is the key to profitable growth.

Companies need to be able to monetize their software by launching new pricing and packaging quickly, easily, and at scale.

But operationalizing agility is notoriously difficult.

How can companies enable monetization and achieve profitable growth?



A zipper opening on a dark background with binary code, revealing a portion of a person's face.

The solution lies in one of the most critical yet often overlooked software management concepts:

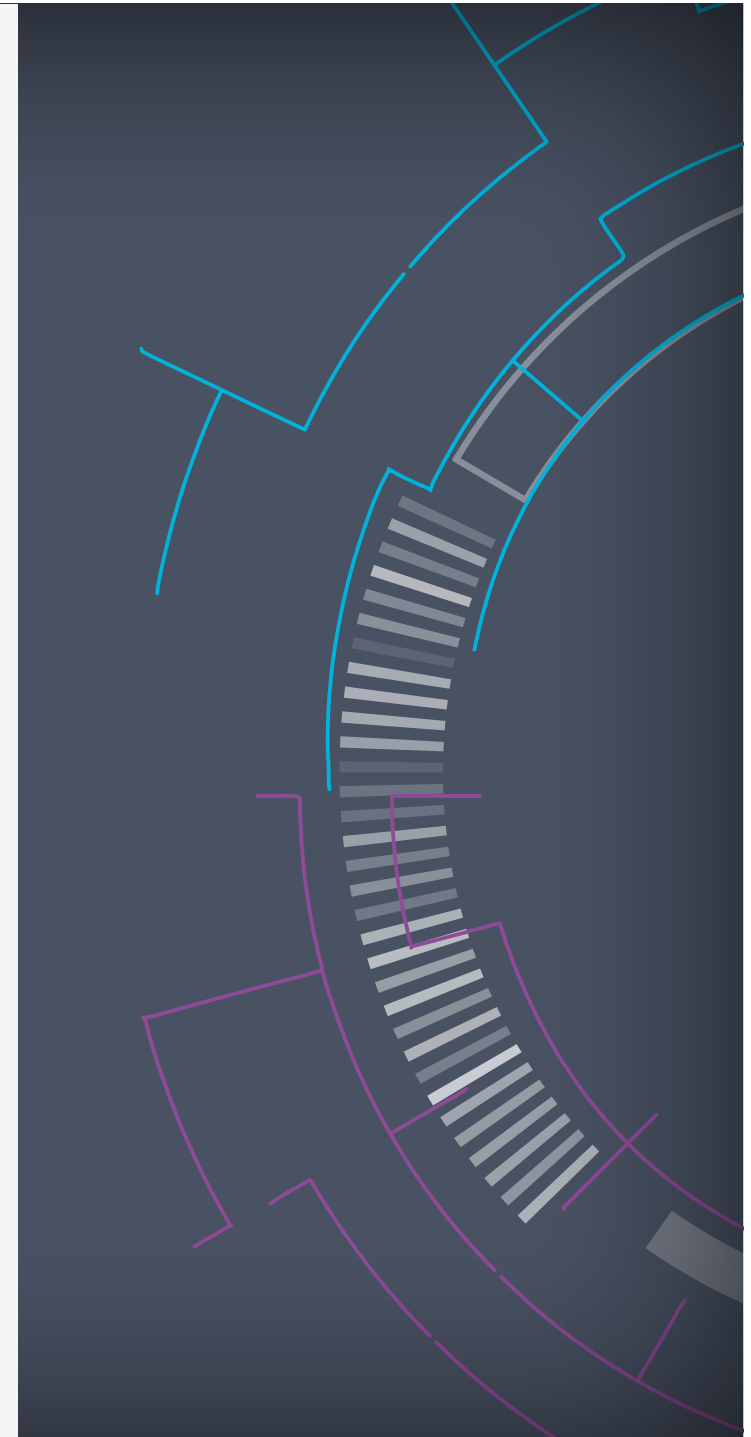
Entitlement Management

What Are Entitlements?

An entitlement is a specific set of permissions associated with a customer's software license.

Another way to say this is that entitlements define the customer's access within a given plan.

It can be easy to fall into the trap of thinking of entitlements simply in the context of feature enablement. Entitlements control much more than features. That is why they are enormously powerful.



An entitlement has the power to flexibly control every aspect of your offering. An entitlement defines:



- Who Has Access**
- Individual identity
 - Organization
 - Device specific

- Which Offerings A User Can Access**
- Products
 - Features
 - Support
 - Training
 - Maintenance


- What License Model**
- Trial
 - Subscription
 - Pay as you go
 - Pay per use





- How The Software Can Be Used**
- Usage terms
 - Volume
 - Platform
 - Duration
 - Location
 - Channel partner

Basic Plan Free



Joe User 1 device 
 1 user 

- ✓ Wordworks software
- ✓ Wordprocessing and printing
- ✗ Save/Print/Convert to pdf
- ✓ Knowledge base + 24/7 Chat
- ✗ Graphics package
- ✗ 10 Hours of training
- ✗ 3 Years of maintenance

Trial 








Desktop only 
 3 Months 
 1GB storage 
 Micronesia 

Pro Plan \$200 Per Month

Acme Corp 10 devices 
 10 users 

- ✓ Wordworks software
- ✓ Wordprocessing and printing
- ✓ Save/Print/Convert to pdf
- ✓ Knowledge base + 24/7 Chat
- ✓ Graphics package
- ✓ 10 Hours of training
- ✓ 3 Years of maintenance

Subscription 

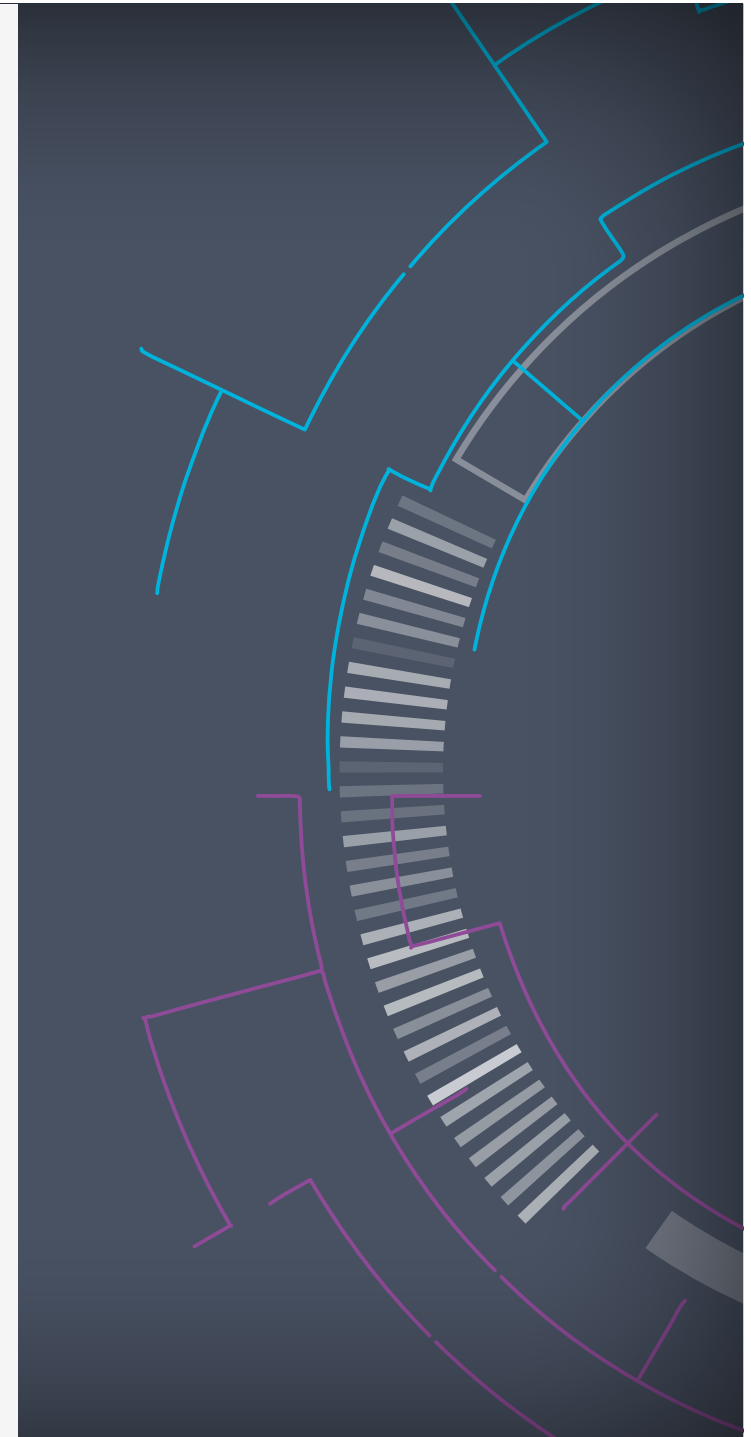
Web / mobile / desktop   
 3 Years 
 Unlimited storage 
 Global 
 Distribution privileges 

What is Entitlement Management?

An entitlement management system is a centralized platform that makes it easy to control, adjust, and distribute granular access to users.

Entitlement Management is the bridge between your business systems and your product deployment which ultimately helps you dynamically control customer access to your offering.

The ability to manage multiple products and complex offerings with entitlement management paves a path to commercial flexibility.



Entitlement management sits between your business tools, and your product deployment.



The entitlement management system allows for flexible control of software usage terms and fulfillment, upgrades, downgrades, and feature access.

Now that you understand what entitlements are, let's look at why you need them to gain commercial flexibility for growth.



Companies That Grow Through M&A, Product Innovation, Or Software Monetization, Naturally Evolve Into More Complex Environments

These organizations need to manage:



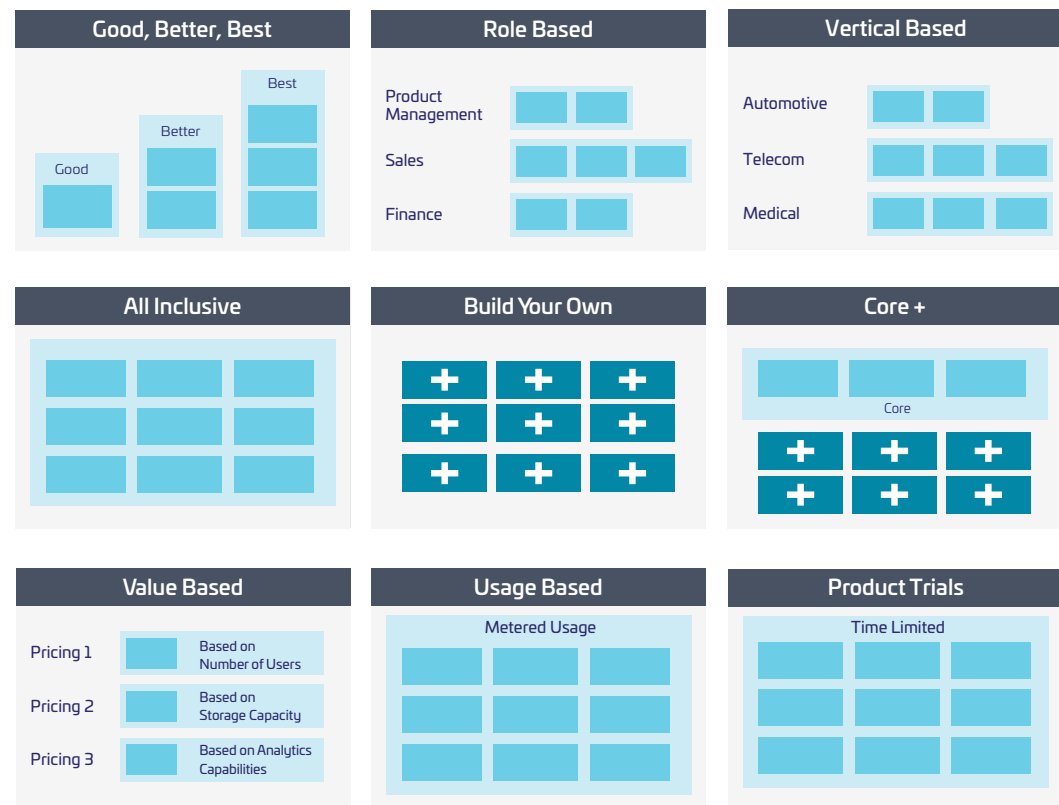
Gain Commercial Flexibility To Accelerate Your Growth Strategy

Companies need to launch new pricing and packaging to meet and even anticipate customer expectations.

Entitlements — which are independent of product code — let you build pricing and packaging quickly, easily, and at scale.

Execute any business strategy with new ways to bundle products, features, services, and other components.

Bundle Included Feature + Optional Feature or Service



Unlock The Monetization Potential Of Your Offers

Flexible Subscription Models

Subscription models offer recurring revenue for the software vendor and commercial choices for the customer. Entitlement management provides the ability to seamlessly create variable time limits, define renewal and cancellation terms, and even modify or replace a package mid-term.

Implementing Usage-Based Pricing

Entitlements can be used for a pay-per-use offering by capping access to specific features, components, or services based on usage metrics. Implementing entitlements in this way opens the doors to a compelling monetization strategy that provides your customers with a new level of flexibility and cost control.

Value-Based Pricing

Set pricing according to a specific value driver. For example, allow access to tiers based on the number of users, storage capacity, or advanced analytics capabilities. The result is that customers can choose a pricing plan that aligns the value they receive from the product with the cost.

Create Role-Based Packages

Entitlements let you bundle features and functionalities that align not only with each customer's needs, but also with the needs of specific job roles within the customer's organization.

Create Product Trials

Entitlements control product trials by limiting the time a user can access the product or providing access to scaled-down functionality. You can extend trial periods and even create personalized evaluation experiences for VIP customers. You'll also be able to track and gain insights from trial distribution and conversion.

Add Maintenance, Training, And Services To Your Product Packages

Add value to your offerings and enhance your customer relationships by applying entitlement management to your maintenance packages, training modules, and professional services.

De-Risk Strategic Experimentation With Dynamic Packaging

An entitlement-driven packaging approach also enables you to respond swiftly to market feedback, customer preferences, or competitive dynamics.

With the right entitlement management system, you can make packaging changes without forcing complex modifications in your product code or backend systems. This level of adaptability empowers you to iterate, refine, and even roll back packaging strategies with minimal disruption.

This strategic approach reduces the barriers to innovation and empowers your organization to maintain a competitive edge in an ever-evolving business landscape.

As Your Product Portfolio Evolves And Your Offers Diversify, How Do You Track All The Moving Parts?

Once you have multiple products in your portfolio, you have the opportunity to create a variety of offers by bundling those products in different ways to appeal to various customer segments.

The challenge is that feature, version, or license model updates within the products must also occur in all of the bundle configurations that include those products. Making all of these changes manually is time consuming and error-prone.

The entitlement-based product catalog provides a user-friendly, hierarchy-based structure that organizes how license models are applied to features, how they are associated to products, and how they are then entitled with customer-driven terms*

*The entitlement-based product catalog replicates only the product numbers for the licensed offers that reside in your overall product catalog of record. It does not replace your primary product catalog.

A Product Catalog Based On Entitlements Plays A Pivotal Role In Organization Effectiveness



Consistent Updates And Changes

As products evolve and new versions are released, entitlements can be updated within the product catalog to reflect the changes. This enables a seamless transition for existing customers and ensures that any new entitlements are aligned with the updated product offerings. Each product or service variant can be mapped to specific entitlements that dictate the available features and permissions so that customers only see and access what they are entitled to.



A One Stop Shop To View The Terms Of Your Offerings

An entitlement-based product catalog outlines the features included in each product, permissions associated with the accompanying entitlements, and licensing terms of each product. This clarity is vital with intricate licensing models like pay-per-use and feature-based options. It provides the means to create a single pane of glass showing all aspects of your offering's terms, so you can proactively set customer expectations and reduce support inquiries.



Enable Automation And Streamline Offerings

When a customer selects a product from the catalog, entitlements can be automatically applied to their account, ensuring quick and accurate access. This automation reduces manual intervention and potential errors during the provisioning process.

Avoid The Pitfalls Of Using Other Systems For Entitlement Management

Many businesses rely on the basic entitlement capabilities of other platforms or develop an in-house entitlement management system. While effective for single-product businesses, growing companies will find themselves limited by CRM, billing, or hardcoded entitlements.

Limited Functionality



Only a robust entitlement management system can appropriately facilitate the entire quote-to-revenue process, including entitlement creation, software fulfillment, software management, and compliance enforcement.

Inability to Automate



If your entitlement management system doesn't integrate with all of your other platforms and address all of your licensing models, you are missing out on the automation benefits that will improve efficiency.

Failure To Scale



Platforms not purpose-built for entitlement management struggle with growing data volume, increased response rates needed with expansion of global users, merging multiple systems from M&A, and reacting to changing data/privacy regulations (e.g. GDPR).

High Total Cost of Ownership



Building and maintaining an in-house entitlement management system demands extensive resources, including skilled developers, project management, testing, and ongoing system upkeep.

Drain on Resources



Hardcoding entitlement rules into your product means that your R&D team must modify the source code with every software release or pricing and packaging change. This drains resources from advancing your core technology.

Lack of Actionable Data



Without a dedicated entitlement management platform, you won't be able to see when an entitlement is deployed, activated, canceled, transferred, updated, or renewed. When centralized, this type of data is transformational (see page 16).

Why You Should Separate Entitlements From Deployment

Single-product businesses often build entitlements into their source code and link them to the deployment process. In more complex B2B environments where entitlements are shared, reused, and transferred, it is crucial to keep the entitlements decoupled from the product deployment.

Areas affected	Problems as a result of coupled deployment	Separated entitlement benefits	Gains
Software Purchase Process	The purchaser needs to gather all of the details from the users on the number of licenses and how each of them will be deployed.	Buying team only needs to know the number of licenses. The users can later choose the quantity for each deployment method.	Faster Sales Cycle
Deployment And Versions Flexibility	The same product requires an individual SKU for each type of deployment (device, on-premises, or SaaS) and for each software version.	There is one "sellable product." The entitlements determine the desired version or deployment, so companies can buy universal licenses to share and deploy as they choose.	Fewer SKUs to Manage / Easier License Sharing
Upgrades Management	To migrate to next generation deployments (e.g. on-prem to SaaS) customers need to follow a cumbersome return/RMA process and then re-deploy.	Customers can self-service their product returns and reuse their entitlements for redeployment to SaaS.	Improved Upgrade Experience
Trial Management	You will need to create an entirely different entitlement flow to offer a "stripped down" free trial.	You can provide trials with the same system by controlling feature access and entitlement duration.	Simplified Trials
Subscription Adjustments	Mid-term updates are common in modern subscriptions. For on-prem deployment, entitlements will need to be completely replaced to make most updates.	The entitlement terms can be more generic, and mid-service adjustments made through reactivation* rules to control trial restrictions.	Smoother Changes
Partner Collaboration	Every time a sale is made through a channel partner, the software provider must configure and grant the entitlements.	The channel partner has more autonomy because they can provision* entitlements without direct involvement from the software provider.	Self-Service Channel

*Activation and provisioning both make software accessible to users. Activation enables licenses of installed on-prem software. Provisioning grants access to specific features or services for SaaS applications.

Next Steps

Equipped with the understanding of how entitlement management helps your company reach new levels of growth, what are your next steps?



Engage Your Organization



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Send us your questions @ SMSales@thalesgroup.com
[Contact us](#) for an evaluation to determine how you can benefit from an entitlement management system.



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