



# Understanding and managing your software licenses

*Tips on buying and managing office software that can save you hassle and money*



Mortimer

BY MICHAEL MORTIMER

Last month a colleague was sitting in my office waiting for me to finish up my business so we could go to a late lunch. I was storing four DVDs of my recently purchased Adobe Creative Suite. Before I placed the discs in a storage binder, my friend saw me carefully writing on each disc.

That piqued his curiosity so he asked what the heck I was doing. I told him I was writing down the Adobe licensing information. He asked me to explain myself. As I answered his question, I decided that this would be a great topic for my column, because after software installation only the most pitiful geeks<sup>1</sup> properly manage the hundreds of software licenses they accumulate over time.

This article will be in two sections: First, a brief discussion about software licensing, put in non-intellectual-property terms; then I reveal my “software license management system” (or “SLMS”), a procedure I have been effectively using since 1996. There are also some tips on how to save money when buying software, but you’ll have to read the whole article to find them.

## Software licensing and the logic behind it

Although ignored by most every trial lawyer, with every program or application you buy, the seller “super glues” an end user license agreement to the software.



I won't bore you with a detailed discussion about software licensing, suffice it to say, there's only one concept to understand: whether you pay \$10 or \$5,000 for software, *you are NOT the owner of the product*, you are simply “renting” the developer's software pursuant to the terms set forth in the licensing agreement.

Why “rent” software to you instead of passing title? The concept is simple, actually. Way back when, software developers determined that the best way to keep control over their intellectual property (software products) and curb illegal copying was to NOT convey *ownership* of software to you, rather it's better to let you

<sup>1</sup> Looking in a mirror, I define “pitiful geeks” as anyone with no social life whatsoever, who sits in a cave-like area with a minimum of four 28” LCD flat panel displays [two connected to desktop computers], two notebook computers running in the background and the latest super phone sitting in a special holder.



SEPTEMBER 2010

borrow applications, even if you are plunking down millions of dollars for multiple licenses (e.g., the U.S. Govt. buying millions of WordPerfect licenses).

The bottom line effect of a multi-page license (to which you agreed when buying the product) is that by licensing, a company FOREVER maintains *complete control* over the product, not only in terms of distribution (e.g., prohibiting copying the software for use on multiple computers in your office), but also even on how YOU use the software!

The fact is, software licensing keeps lawyer-users honest. Licensing keeps piracy within tolerable limits. "I'm not a software pirate," you protest. You would be surprised how many people are. And they justify their actions using failed logic. For example, consumers, including lawyers, think themselves as owners of the physical CD, DVD or download. Since "possession is 99 percent of the law," it's OK to do what they want with the software on the DVDs.

Others justify illegal copying by feeling the product is overpriced; they paid too much for it; or "it's only me doing it so that's not going to hurt the seller."

So you can see that if the company conveyed actual ownership of its software to purchasers, to whereas owner-buyers could do what they want with the software, it would not be long before thousands of legal copies would show up on eBay for sale at 10 cents on the dollar of the software's value. Without licensing, a software developer would not have legal recourse to stop the sale of its products, that is, if purchasers ever became owners of its products.

### Licensing terms to look for, buying tips

All licensing mumbo jumbo and legalese aside, the topics below are all that you need to keep in mind when purchasing — sorry, I mean "renting" — programs. These are the most common questions, terms or issues that I have when buying software.

Use this list instead of quickly pressing the "click here to buy" icon on a Web page; always answer these questions BEFORE you buy:

- **License Duration:** Determine the term or length of the license you are purchasing. This is important because by "default," companies have adopted the practice of selling *annual* licenses. For example, most all anti-virus programs now have one-year licenses as a base purchase, with the ability to get two or three years licenses for a discounted price.

- **License Expiration:** Determine *what happens* when a software license expires, and you choose not to renew. For example:

Some programs stop working. When the clock runs out the program won't open;

A program may cease getting essential updates; e.g., anti-virus software (the program will still work, but not getting daily ant-virus definitions will render such programs useless); and

Some programs will not receive updates such as new versions, patches or improvements. The program will still work, but the company will entice you to renew with come-ons about new features, additional functionality or improved operation.

**Bonus Tip:** Not renewing a license may be a good thing if you are happy with a program as it currently functions. For example, a photo-editing program may be fine the way it is, and so you may choose not to pay for an upgrade to a new version.

- **Version Updates and Upgrades:** Find out the seller's policy on getting version *updates* and version *upgrades*. What's the difference between the two?

Let's assume you buy a program called "All Video Converter" that at the time is designated Version 1.2; the following occurs *after* you buy the software:

**Version Update** – Two months into your purchase, the company comes out with an *update* identified as version 1.3. Going from 1.2 to 1.3 is called an *incremental update* and most companies provide these for free.

**Version Upgrade:** Six months into your purchase, the company comes out with a new *version* identified as V. 2. It's considered a version upgrade because the software went from Version 1.3, for example, to Version 2. Most companies provide version *upgrades* to you at a discounted price, but not for free. Just keep in mind that software companies provide free *version updates*, but you must pay for *version upgrades*.

Note: *version, update* and *upgrade* are terms of art, an official "lingo," if you will, that software companies use when talking to the consumers about software changes. *Updates* are something done *within a version* number, such as V. 1.2, 1.3, 1.5, etc. *Upgrades* are considered completely *new or different versions* for which you must pay (albeit usually at a discount).

**Bonus Tip:** When purchasing software ask the vendor when it will be coming out with a new *version*. The company will know you are asking because you don't want to purchase the product only to find out three months later a new version has debuted and the company will be requiring you pay more money to get it.

Keep in mind that developers don't like to give out this info because they want you to buy the new version. In fact, software companies are known to "hold back" available features that could have been included on a program's initial release, this so that the company can at a later time introduce a new version for purchase.

**Bonus Tip:** Most companies have a *grace period* when buying software. This means that if the company comes out with a *new version* within a specified period of time *after* your purchase you will get the new version (upgrade) for free. A good example of this is the present offer to recent purchasers of Microsoft Office 2007 for a free upgrade to Office 2010 (details on Microsoft Website). Note: Grace periods are usually a short period of time, typically 30 to 60 days.



SEPTEMBER 2010

**Bonus Tip:** Getting notices of updates, upgrades and coupons for purchase of upgrades at a discount are all reasons to register software when you install programs on your computer. Be careful when installing software. Look for questions such as “do you want to be inundated with spam from third parties to whom we will sell your ID information.” Always uncheck that box.

• **Seller Discount Codes:** Sellers often publish discount coupons on the Net. It's up to you to find them. One way to find discounts is to look on the seller's ordering page. Oftentimes, the page will include a box that says “Enter coupon code” or “Enter Promo Number.”

On seeing such discount language, go to Google, search the product name and then in quotes insert the exact language the seller uses to label the discount box. For example, on Zone Alarm Anti-Virus in the Google search box I would enter Zone Alarm “Promo Number” (with only the words “promo number” in quotes).

If there are discount codes available, using the above search method may flush them out. I have saved thousands of dollars over the years using this discount code search method. I have found codes giving as much as 50 percent off the purchase price! *Hang In There!* Many discount codes you find on the Net are old, expired, and will be rejected when you try to use them. Stick with it. There's no penalty for entering an invalid discount code and it's actually very rewarding when you buy a \$500 program for \$200 because of a discount code you found.

• **Multiple License Discounts:** Again using Zone Alarm Anti-Virus as an example, at Zone Alarm's Web site you can purchase single or multiple PC licenses and also for longer terms (typically two to three year terms).

On each of these you get a discounted purchase price over buying each product separately. So always pencil out which is the better bargain and buy the max license that your budget will allow.

**Bonus Tip:** Be careful when buying software from third-party vendors at super discounted prices. For example, at the time I purchased Zone Alarm Anti-Virus, it listed at Zone Alarm's site for \$40. That was for installation on three machines for one year (after which virus updates, “definitions,” would stop being provided). This license meant I could install the software on three personal computers and the license expires in 365 days.

At the same time a third-party site had Zone Alarm Anti-Virus at \$19.95 for one year. That was a sizable discount. If in a hurry you might not notice that the \$20 bought a one-year license for *one machine*, not three machines, as what was offered for \$40 on ZA's site.

• **Retailers and Third-Party Vendors:** Most of the time it pays to shop by using Google to find Web sites selling software at substantially lower prices than for what the developer's or manufacturer's Web site sells its products, which is usually full retail.

Software is like any product. Vendors, other than the software developer, usually sell products at what's called “street price.” That usually means paying significantly lower than retail prices. So it pays to look around, especially since it's so easy to shop on the Internet.

**Bonus Tip and Warning:** Is the software you want being sold at a super low price, especially compared to most site prices? Be very careful about which software version is being offered at that deep discount. It may be outdated or a new version is out or coming out on the market.

One way to find out about all this is to visit the developer's Web site and see what version it considers the latest. *Also see if there is any talk on the Web site about soon-to-debut version upgrades.* If you see the company is coming out with a new version, that will explain why the third party's price is so low; it's dumping the soon-to-be-outdated software version on unsuspecting consumers.

• **Negotiated License Discounts:** What I have found over the years is that the

smaller the software company, the more likely you can negotiate a lower price for multiple license purchases. Assume you like a program and there's a need to install it on ten machines. The developer says that the purchase price covers a license for three PC installations. You think the price is too high.

Solution: E-mail the seller and ask for his or her “best price” on ten licenses. I have found that everything in business is negotiable and small software vendors are often “soft” on prices. And remember, “All they can say is ‘no.’” So it's not a big deal to ask for that multiple license discount.

• **Lost or Damaged Programs:** This is something people don't think about until they have a problem. Find out what the software vendor's licensing policy is in case you suffer a computer crash or you lose a program disc. Unknown to purchasers, many companies will NOT provide you a replacement license or disc, nor allow you to download a replacement program should you for whatever reason no longer have access to your purchased software.

While that sounds unfair and draconian, unfortunately you are suffering because of those few abusers who game the system with false damage claims, so they can con the company into getting additional usable copies of software. To prevent that, software companies only rarely provide replacement software if you lose licensing information or destroy your software.

**Bonus Tip:** For this reason you may want to consider purchasing a license for “software download protection.” This is where the vendor, for a small additional fee, gives you the right to download replacement software for a specified period of time, usually a year from the original purchase date.

• **Lost License Numbers:** This happens quite a bit. People lose or misplace their licensing information, including license or serial numbers. Most companies will provide you replacement license numbers



SEPTEMBER 2010

providing you send the company the name, address, credit card number and typically your original order/invoice number, all that were used when ordering the software.

- **License Renewals:** Find out the company's policy on license renewals. At the time of your initial software purchases, many companies will commit to a discount on future software license renewals. For example, some will guarantee a 50 percent discount on all future purchases.

- **Conclusion on Licensing:** The most important thing to remember about software licensing is that you are *not* the owner of the software program or application. Because a software company maintains total product ownership and only grants you a license to use the software, it can impose whatever terms, conditions, limits or restrictions it wants on your use of the licensed software.

### Managing your licenses

Way back in 1996, starting with Microsoft's Windows, I determined I needed to come up with some type of system to keep track of company licensing information usually in the form of long numbers/letters, user names, serial numbers, and ID information that software companies used in granting me a license to use their products.

*My software license management system (SLMS)* is not all that elaborate. It requires only Microsoft Windows' Notepad (that comes on all version of Windows) and two Sharpie pens (silver and black). My SLMS has specific functions and goals:

- To document and archive records of software license purchases.
- To document and archive all communications with software vendors.
- To document and archive all information related to purchases (such as the sales pitch).
- To document and archive all information related to the using individual software, including updates, upgrades, user manuals, or help files.

- To maintain a central repository for all of the above information.

As an indicator to just how big an archive and repository can get, since 1996 I have had on my various hard disks a folder named "Programs Licensed." In that folder there are now about 800 subfolders representing individual software purchases. A Windows Properties size check indicates 1.28 GB!

Here is how it all works (I'll just lay it out in the way events occur when I buy software):

- Way back I created a folder on my computer I named "Programs Licensed." In that folder I create a subfolder named for the program I'm buying. In that subfolder I will place all information that's in any way related to the program I am buying.

- For software purchased online I take screen captures (using Faststone image capture, for example) of all sales pitches, brochures, update/upgrade policy and licensing information. I place the screen captures in the newly created subfolder described above.

- After purchase I take a screen capture of the purchase receipt page. This often contains the serial number. That capture also goes in the subfolder.

- Typically most vendors will send a confirmation e-mail that contains the receipt with an order number. In that same or separate e-mail they will often send a *serial number that you need to activate the software.*

Using Windows copy function, in that e-mail I will click "select all" to highlight the entire e-mail, including address. I will then use Windows "copy" function to put this into Windows Clipboard.

I follow this with opening Windows Notepad. I then paste the "licensing e-mail" information from Clipboard into a Notepad file. *It is important that you use Notepad and not MS Word or WordPerfect.*

The reason is, when you go to copy and paste the license number, word-processing programs have a nasty way of inserting unseen formatting characters

into the serial number. In some cases this actually renders the serial number useless because you *must* copy/paste for it to work. For other programs, it means you will have to accurately retype 20-30 random characters instead of just copying/pasting.

I name the Notepad file as the name of the program with the word "license" in the file name. This file is then saved in the "Programs Licensed" subfolder. I will also create a Notepad file that contains any unique licensing information including user names, e-mails used to register the programs (since e-mails are often needed to use a product), invoice order number, product serial numbers, and even the program's Web site. In the Notepad file I include the e-mail address, credit card (last four numbers), address and invoice number so that I can refer to it later should the seller require that information to obtain a lost license number, etc.

Often the software developer includes a unique Web site (URL or address) from which to download software. I always copy and paste the Web site into the Notepad licensing file so I have reference to it later. I include in the program subfolder any owner's manuals (usually these are in PDF format downloaded from the developer's Web site), help files, how-to instructions, updates, patches or anything else related to the program's use.

### Sharpie Pens

What are those pens for? I gave a hint at the beginning of this article; it's to write licensing information directly on my software discs (usually DVDs). Why do I do this? Well, mainly because it's a fact of life that software discs will eventually become separated from cards, plastic cases or labels that contain the oh-so-critical serial or license numbers needed when installing programs.

If you lose the license or serial number, it's near impossible to get a new one without spending an hour with your



hands against the wall, so to speak, while the vendor gives you the third degree about how you lost your license information. (They think, reasonably, you are a software pirate, so they are suspicious and careful).

Sharpie pens are the best tool to prevent the numbers from getting lost by writing serial and license numbers on discs. Write the license information on more than one disc, this so that if disc one is in the drive you can refer to the license info on disc two. Don't use labels

instead of writing on the discs. Labels will cause an imbalance on the rapidly spinning disc, causing it to not work.

**Bonus Tip:** Always back up your "Programs Licensed" folder. Over time it will become one of your most valuable data folders on your computer!

### **Conclusion**

It's super easy to lose control of software licensing information because there's simply so much of it, the numbers, letters, names and order information

appear unneeded after program installation. Moreover in a busy litigation practice this kind of stuff is easy to put on the back burner, forget about, delay dealing with, misfile, or misplace.

Use my SLMS. It will save you from hundreds of hours in frustration and potentially thousands in lost dollars.

*Michael Mortimer is a federal trial lawyer and author with offices in San Francisco. You can reach him at [sanfrancisco@att.net](mailto:sanfrancisco@att.net).*