

# Jubilant Vitality Brief:

## Fixed Subscription Cost (TCO Program)



### Situation

Software is often purchased as a subscription, with a user typically paying on an annual basis, rather than for a perpetual license.

### Obstacle

Because the software is quoted annually organizations are often not aware of the total cost of the software year-on-year when they begin their subscription. Organizations are therefore vulnerable to fluctuations in cost.

### Implication

Several issues can complicate subscription-based software:

- Unpredictable inflation rates
- Currency fluctuation
- Re-licencing adjustments, such as changes to the pricing of the product
- Changes to bundle discounts and promotions
- Alterations to the licencing structure
- Unpredictable scaling costs, especially if an organization has plans to increase their use of software over time or are using the software as part of a larger project
- Changes to Support entitlements
- Changes to EULA entitlements

This situation may cause problems for users within the organization, forcing them to justify a higher price point for necessary software. It may also cause problems with internal budgeting. Especially if departmental budgets are set using a historical budgeting methodology.

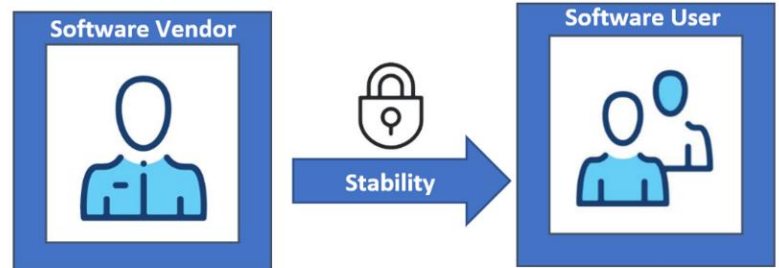
### Solution

Vendors that offer fixed term contracts for long term subscriptions can be an effective way of maximising budget clarity and stability. Jubilant's TCO program offers organizations the following benefits:

- A clear cash flow obligation
- Pre agreed inflation level
- Currency fluctuation insulation
- Total licensing cost known, with no changes to product price
- Bundle benefits and promotions locked in
- Scaling costs at pre agreed inflation level for the period of the agreement
- Support level agreed
- MSLA terms set for the period of the agreement

### Conclusion

Jubilant's TCO program offers an effective way for organizations to have a clear understanding of their budgetary requirements, offering clarity and stability.



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