

## Redundant licences

'To buy or not to buy that's the question'

Which licenses are interesting for the purchase & sale? Which licenses do we no longer want to buy? How long does the procedure take? How do you get started and so on.

All logical questions, for a very simple proposition, with a less simple procedure.

### KEEP IT SIMPLE!

If an organization has (possibly) redundant licenses, it is important to mention the advantages of this. It is a return on investment, the licenses have become redundant and therefore no longer necessary and a lot of the IT-budget has been spent these licences over the years. The most important thing is that we do this risk-free and we know the procedure!

Reseller: if there is a reseller in the case, you can also indicate that the reseller doesn't have to be involved himself, because some resellers would like that. Often they want a kickback, or the representative wants to receive a bonus or something similar. You can also that also as a tool. Make sure you make clear what they can expect, so we can do business again!

Back to the end user: How nice would it be if part of their investment can be made liquid again?! In addition, our vision is that if it cannot be done without risk, we advise not to do it! There is not 1 organization that is looking forward to disagree with Microsoft and it's good to know that we share this point of view.

### THE LEAD TIME

The lead time from start to payment can be arranged in a week, it usually takes longer because the selling party does not always have all the details in order.

### GETTING STARTED

After you have presented the proposition to the end user or the reseller. It's time for the next step. It is always nice for the end user to propose to sign a Non-Disclosure Agreement (NDA), which also gives them the certainty. Imagine that an incompliance comes to light or whatever, then the user is sure that no information ends up with Microsoft. That is really a fear that there can be, that NDA takes that away and get an obstacle out of the way!

### THE RETURNING CUSTOMER

Suppose you ended up with an end user through a Reseller and you were able to cash in or even sell a batch of licenses. If this end user reports again, we always inform the reseller and let him know we did business again with his contact, just like you did the previous times. This indicates how we work and that you respect the relationship between the reseller and his client.

If you mention this an example, you can also immediately see whether the reseller is afraid of this and you can remove another barrier.

## ORDER CONFIRMATION

To make sure you don't do the work for someone else. We always ask the organization to sign an order confirmation. With this you are assured that you are the organization that you can do the deal exclusive and then you can also make some money! If you don't it is also possible that, several parties offer the same licences on the market. It is always very inconvenient when the same batch of licenses is offered on the market by different parties. That brings unrest. If you need a sample order confirmation, let us know and we'll email it to you.

## WHICH LICENSES ARE INTERESTING?

It is of course important to know which licenses are interesting and which are not.

Here are a number of properties that determine the demand from the market:

- Is the software in question still supported by Microsoft and will there still be (security) updates released? If not, the market demand will be very small and it is not interesting for the international buyers to stock them!
- Software up to 6 years ago is in any case still in high demand and interesting for international buyers. Of course there is a small difference for the different groups of licenses, but in general you can say that licenses up to 6 years ago are always interesting,

Although you soon see that the user has licenses that are less interesting, it is still worth entering into the conversation and finding out, we do that always on a no-cure-no-pay based. With this you build the relationship again and in the end you know a lot more about the organization of your customer!

## SOFTWARE ASSURANCE

Software Assurance (SA) is an "insurance" from Microsoft for the end user. With SA, the end user may always upgrade to the latest version of a program. Usually the user pays about 27% per year of the new price and that gives him the right to upgrade any time he wants to.

Now you may be talking to a customer who is still working on an older version of a program, but when the user also paid for SA, you still can upgrade his redundant licences and sell them for him.

Example: In the Netherlands, an organization had been running Office 2010 Professional for years and that was fine for the organization. They also had a SA contract and paid it nicely (that's an important condition). When the licenses became redundant, Office 2019 Professional was the most recent version at that time.

If the end user sells the redundant licenses, he can offer them as the 2010 version or the 2019 version and even everything in between (2013 and 2016). The 2019 version is worth the most by far, so the end user will want to sell the licenses as 2019. Our specialists will certainly check whether this is the case and a customer who indicates that he is now 'running' on Office 2010 can simply have SA and it is therefore always smart to at least take the next steps and the customer in any case to advise on this. You also build a relationship with the client and the user shares information with you, which can be

interesting in many cases. So again keep it simple and make sure you build a band and create a starting point somehow.

One condition is that the version in which the license with SA is purchased is also the version in which it must be used!

Example: If you purchase an Office 2010 Professional license with SA as Office 2019 Professional and also pay for it, you can no longer downgrade it to Office 2016 for example!

With redundant licenses it is not possible to have a new SA contract with Microsoft. This is mainly due to the fact that the redundant licenses are not registered in the VLSC from Microsoft, so Microsoft simply cannot invoice the SA-service and would thus also facilitate the redundant licenses and of course they do not want to do that!

## WHAT DETERMINES THE VALUE OR PRICE?

If the licenses meet the above conditions (with exceptions), there are a number of things that determine the price and demand for licenses:

- Will there be a new version of this software coming soon? Demand will fall, supply will rise, the international market will pay less,

Example: When Office 2021 comes to market, many organizations will upgrade and there will be less demand in the first place for Office 2019 and more supply will come along, driving the price down.

- Usually, the more supply there is, the lower the price.
- On the other hand, it can also happen that there is a high demand from the market and that the price increases.

Example: Several years ago, the French Railways required nearly 100,000 licenses of Office Professional. Due to the enormous and explosive demand, this had an influence on the availability and therefore also the price. There was almost nothing left to get, so the price went up.

## WHICH LICENSES ARE NOT INTERESTING?

The licenses that are purchased must therefore meet a number of conditions. That is in addition to the standard set in the ruling of the European Court, because that is simply a precondition for being able to be bought or sold at all.

Quantity => if the numbers are too low, it's not worth it. The work for purchasing 25 licenses is the same as for 25,000 licenses. Of course it also depends on the licenses themselves, sometimes licenses are extremely expensive per piece and in those cases there are of course exceptions.

EOL => If licenses are EOL (End of Life) and are no longer supported by Microsoft with updates, etc. Licenses that are older than 10 years are normally less interesting and usually no longer sellable at all.

Manufacturer => Besides Microsoft, there are also other manufacturers such as: Adobe, Symantec, Oracle, Citrix, SAP and so on. The licenses from the manufacturers outside of Microsoft are never really interesting for us.

What is the reason for this?

- Service and maintenance are of greater importance to various manufacturers than the purchase (price) itself.
- The way in which the other producers offer and/or register the licenses makes it much more difficult, to sell part of the licenses. For example, the part that has become redundant, it is not possible to separate them from the other licences that are still needed.
- Microsoft sells licenses that are homogeneous, which is less the case with other manufacturers.
- Some manufacturers, do everything they can to make sure the user buys new, if the opportunity of used arises, see the example we experienced below.

Example: Last year we had an end user who I believe had redundant licenses from Citrix. Now it was a coincidence that we had another customer, that was looking for the same Citrix licenses. The customer had a quote from Citrix for I believe 1.3 million euros and we were able to offer the same licences for 375,000 euros. That seems like a done deal, but nothing could be further from the truth. Citrix has given a one-time discount of 1 million euros to the customer and the customer could not do anything else but buy new for the same price as the redundant licences! That's what they're willing to pay to keep on selling new, instead of redundant licences!

We talk about updates and upgrades in our texts, but what's the difference?

## UPDATE

Updates keeps your software up to date. No program or operating system is perfect. That is why it is often necessary to make interim adjustments. Sometimes the adjustments are even essential, for example because the security of the computer is at stake. In that case, manufacturers make additions to the existing programs. Those additions will be distributed in an update. So the system is literally being updated. But the version of the program does not change, the basis remains the same. If your Windows 10 is updated, it will just remain Windows 10.

What to keep in mind when considering update: it always involves updating an existing program. But Word 2016 remains Word 2016. Updates are always free, also for users of redundant licences!

When you talk about updates, you can divide them into security updates and functionality updates.

## UPGRADE

An upgrade always refers to a newer version of a licence. Manufacturers make this clear by using a higher version number. For example, Office 2016 is a different product than Office 2013. And Windows 10 is a different product than Windows 8.1.



We hope we have been able to provide you with useful tips to tackle this trade more easily.

Do you have questions or need my assistance?

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