



SoftSummit™ 2016

Chris Bond

President & CEO

Thinkbox Software





THINKBOX SOFTWARE USAGE BASED LICENSING

Chris Bond
Founder/CEO



THINKBOX + DEADLINE Overview

- THINKBOX was formed in 2010 as a company focused on software solutions using high-performance compute in M&E/ AEC.
- DEADLINE was developed to allow compute resources to be shared between users and departments within an organization across applications and platforms.
- Over 80 applications supported out of the box.
- User-driven development and design.
- Can be used to render, simulate, encode, run recurring tasks, move data, build software, process, install applications, control environments and more.
- On-premise, Cloud and hybrid workflows are supported.



TRADITIONAL SALES MODEL

- THINKBOX products are fairly traditional.
- Sold as perpetual licenses with an optional yearly renewal for support and maintenance.
- FLEXERA (FlexLM) is used for license compliance.
- License generation is fairly manual, time intensive
- Clients have timing issues based on purchase and fairly complex licensing needs.



THE EPIPHANY

- Clients evolve
- Licensing across facilities become more complex
- Cloud and Hybrid models added complexity to our traditional licensing model.
- We wanted the flexibility of SAAS without the burdens of hosting.
- We wanted on-prem, cloud, hybrid and any other combination to be supported.
- USAGE BASED LICENSING WAS CONCEIVED



UBL OVERVIEW

- UBL is **per minute** licensing for **on-premise** and/or **cloud machines**.
- DEADLINE supports UBL and/or floating licenses (**together or separate**).
- Users can **pre-purchase** bundles of DEADLINE time from the THINKBOX Store.
 - Deadline only consumes purchased time **while it is processing (rendering)**.
 - A user can purchase 100 hours and use 1 machine for 100 hours of rendering, or 50 machines for 2 hours, or any combination down to the minute.



THE STORE:

The screenshot shows a web browser window with the URL store.thinkboxsoftware.com/collections/deadline. The page title is "Deadline" and it features a sub-header "Deadline usage based licensing." Below this are two dropdown menus: "Filter by: All Deadline" and "Sort by: Featured". The main content area displays six product cards for different licensing tiers. Each card includes the "Deadline" logo, a clock icon, and the number of hours. The pricing is as follows:

Hours	Usage Type	Rate	Total Price
50	TESTING	20¢/hour	\$ 10.00
250	TESTING	16.8¢/hour	\$ 42.00
1,000	TESTING	14¢/hour	\$ 140.00
5,000	PRODUCTION	11.6¢/hour	\$ 580.00
20,000	PRODUCTION	9¢/hour	\$ 1,800.00
70,000	PRODUCTION	8.5¢/hour	\$ 5,950.00

At the bottom of the page, there are four quick links: "Quick Links", "Get Connected", "Contact Thinkbox", and "Newsletter".



THE 2ND EPIPHANY

- Deadline already monitors the usage of the 80+ products it supports.
- Deadline can leverage this to also provide 3rd Party UBL.
- Works the same as Deadline UBL:
 - 3rd Party time can be purchased from the Thinkbox Store.
 - Process (Render) time only consumed when Deadline is rendering.
- Typically requires no changes to existing 3rd Party software!
- 3PL WAS CONCEIVED



HOW FLEXNET OPERATIONS MADE THIS WORK

- We include the FlexEmbedded libraries with Deadline, which allow it to connect to FNO. This allows Deadline to consume credits (minutes) from the Cloud License Server in FNO as its rendering.
- We still include the FlexLM libraries with Deadline to support traditional floating licenses. This gives our customer the option to use usage based licensing with FNO, floating licensing with FlexLM, or a combination of the two.



HOW FLEXNET OPERATIONS MADE THIS WORK

- When a customer purchases usage based licensing from the Store, the appropriate information is sent to FNO to automatically create an account for the customer. A Cloud License Server is also automatically created, and the render time they've purchased is automatically mapped to it.
- The customer just has to enter in the Cloud License Server URL and an Activation Code and they're ready to start using usage based licensing with Deadline!
- Customers can then log into the Customer Portal in FNO and monitor their render time usage.



BENEFITS TO OUR CLIENTS

- 24/7 Self Service to add additional licenses or 'time'
- Scale on-premise and cloud machines **without worrying about scaling product licenses**
- Opex cost: can be passed through to clients as required
- Extreme flexibility: combine existing 'owned' licenses and UBL licenses
 - Configure Deadline to prefer existing licenses over UBL
- Per Minute increment as good or better than cloud compute costs
- Only pay for what you use (while rendering/processing)
- Use existing software versions and stack multiple applications per VM



BENEFITS TO THINKBOX

- 24/7 Self Service reduces sales overhead
- Prepayment ensures that software is paid for: no SAAS issues such as credit checks etc
- Monthly billing is still an option
- Analytics on consumption
- Higher revenue potential (targeting median of 3x)



BENEFITS TO PARTNERS

- Sell your product **per minute or per hour**.
- **Zero development costs** – no need to develop new licensing technology or release new versions.
- **Set your price** – Thinkbox will add a reasonable markup.
- Deadline monitors usage, and **we compare usage on our secure servers to ensure usage compliance**.
- Direct access to Deadline's **leading client-base**.



HOW WE PRICED UBL

- 3 year price of DEADLINE
- Three years of 24/365 isn't the right approach
- We looked at data from our users to determine 'utilization' and to estimate hours of use

Client 'Active Time' ranged from: 22%-78%

Utilization during those periods was 48%-69%

The mean 'billable time' would be 34%

Our target 'break-even' on an hourly basis was 3x the 24/365 price.



HOW WE PRICED UBL CONTINUED

- This wasn't the whole story.
- Smaller companies had lower utilization. Larger companies had higher utilization – thus a fixed 'price' would penalize larger facilities or smaller facilities.
- Our approach: tiers of usage.
 - smallest tier is \$10 (50 hours or 20c), and largest is \$5,950 (70k hours, or 8.5c)
 - Larger facilities can purchase larger 'buckets' of hours
 - Our largest transaction to date is 500k hours.
- Hourly consumption is priced higher than Perpetual purchase

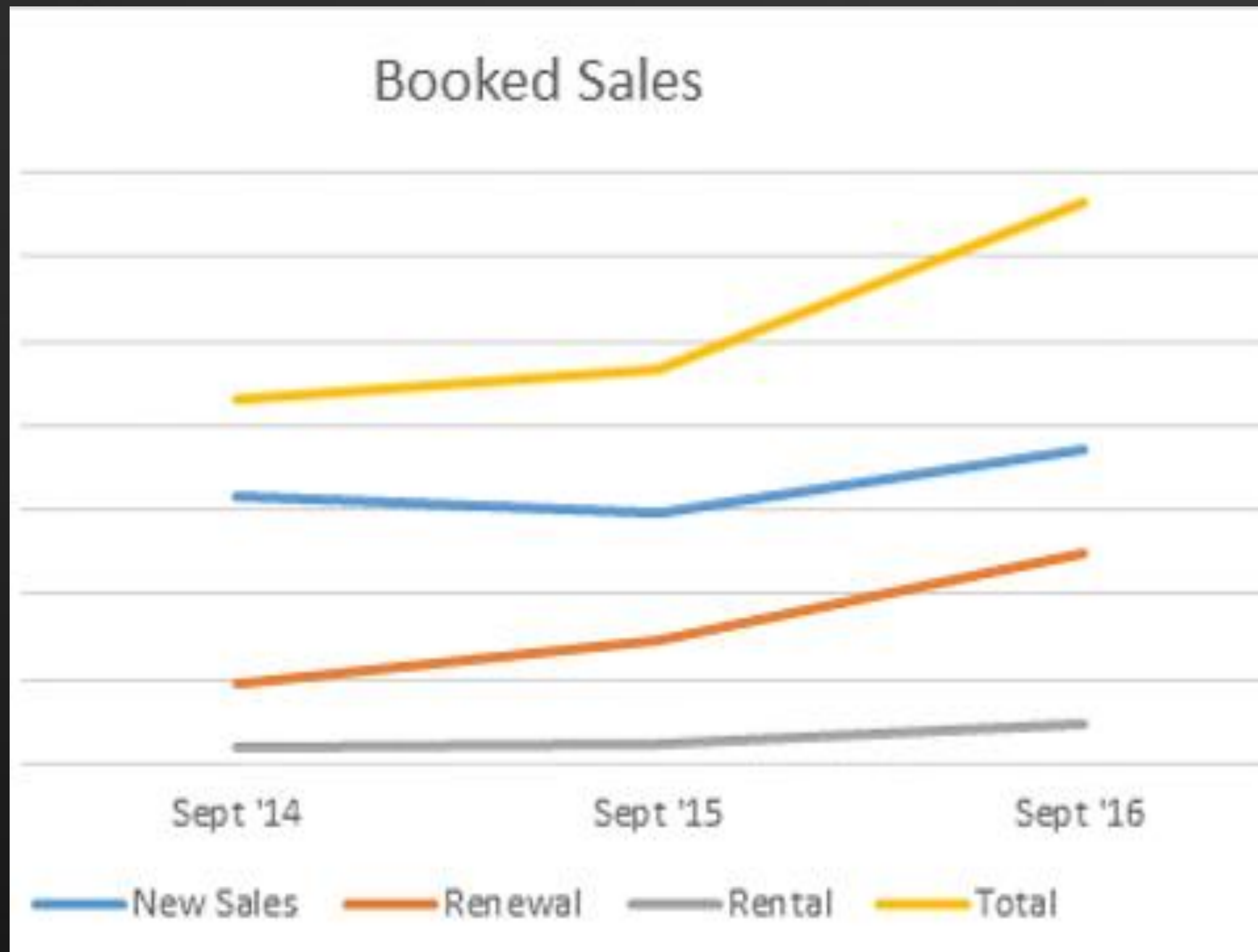


THE KEY IS TO BILL ONLY WHEN USED

- Feedback has been positive
- The only concerns we have heard are concerns about price until they understand it is only while the software is 'working'
- If software is running and 'idle' there is no charge.
- Once we explain this, concerns over price have been removed.



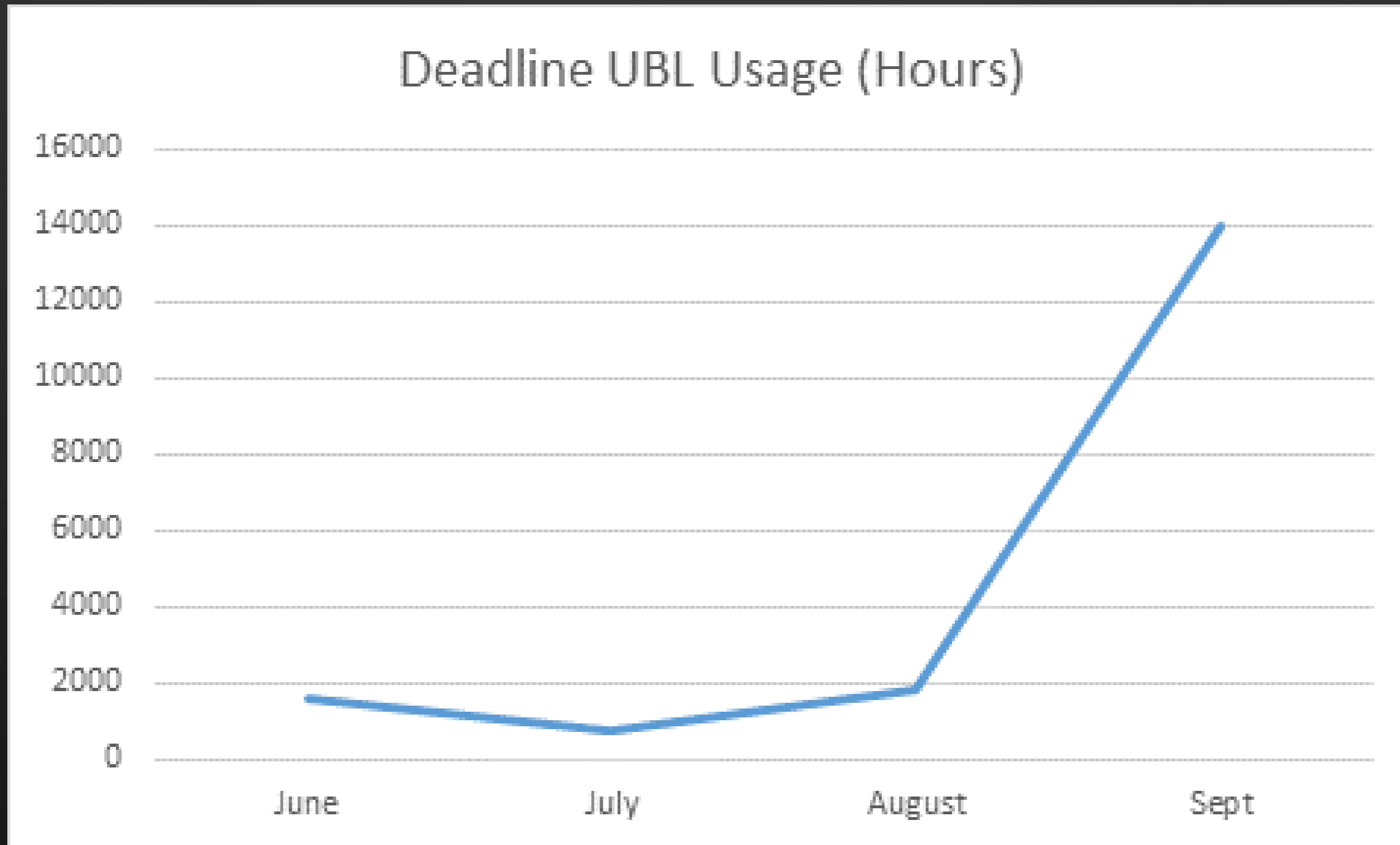
DEADLINE GROWTH



- Launched in MAY 2016 for 'free'
- First Transactions in June
- Still only a small part of revenue
- New sales and Renewals climb
- Store (UBL) is still a small part
- But Growing!!



CONSUMPTION HOCKEY STICK



FUTURE

- Continue to add 3rd Party Applications
- Add Cloud Compute time to mix (complete bespoke solution)
 - AWS, GCE, AZURE etc
- Continue to give Clients complete flexibility and choice



QUESTIONS?

