Software Licensing Types and Models: The Ultimate Guide

Software Licensing Defined

A software license is a contract that provides you with guidelines on how to use different software programs in a manner that is legally binding upon agreement. These terms provide users with conditions that dictate fair use policies and intellectual property agreements. In most cases, these licenses are classified as open-source or proprietary.

How Do Software Licenses Work?

The main function of a software license is to present the rights of both the developer and the user to certain software. This is expressed through a contract referred to as an end-user license agreement. Other terms and conditions will be included in this document, such as the level of access users will have to its source code. Without agreeing to these terms beforehand, a user cannot acquire the software legally.

The 5 Types of Software Licenses

PUBLIC DOMAIN
This software is not copyright protected. Users can use and modify the software as they please.

LESSER GENERAL PUBLIC LICENSE (LGPL)
Open-sourced libraries may be linked within the user's own software.

PERMISSIVE
This contains a few restrictions towards distribution and modifications of the software.

COPYLEFT
The license code of the software may only be copied if it carries the same restrictions.

PROPRIETARY
Users cannot modify or distribute works created with the software.

RESTRICTIVENESS

The Most Common Types of Software Licensing Models

1 Perpetual Licensing
The software is sold on a one-time basis which the user can use forever.

2 Concurrent Licensing
Can be purchased in bulk to permit multiple users under a single licensing code. This paves the way for easier software license management.

3 Floating Licensing
Determines a set number of limits that the software can be shared among a group of people.

4 Metered Licensing
Limits the user to specified features or total use-time. This software is generally restricted to free trial periods.

5 Subscription-Based
A limited-time application where a subscription ends after a defined period. The user can renew this service regularly or as they see fit.

Why Are Software Licenses Important?

Protects developers and users alike
Software licenses limit the liabilities of the developer and serve as a clear indication of what both parties can and cannot do.

Ensures better protection from cybersecurity threats
Legitimate copies of the software allow users to remain protected through updated patches and security improvements.

Saves money and increases efficiency
Software licenses allow you to reduce operational costs through software asset management practices.
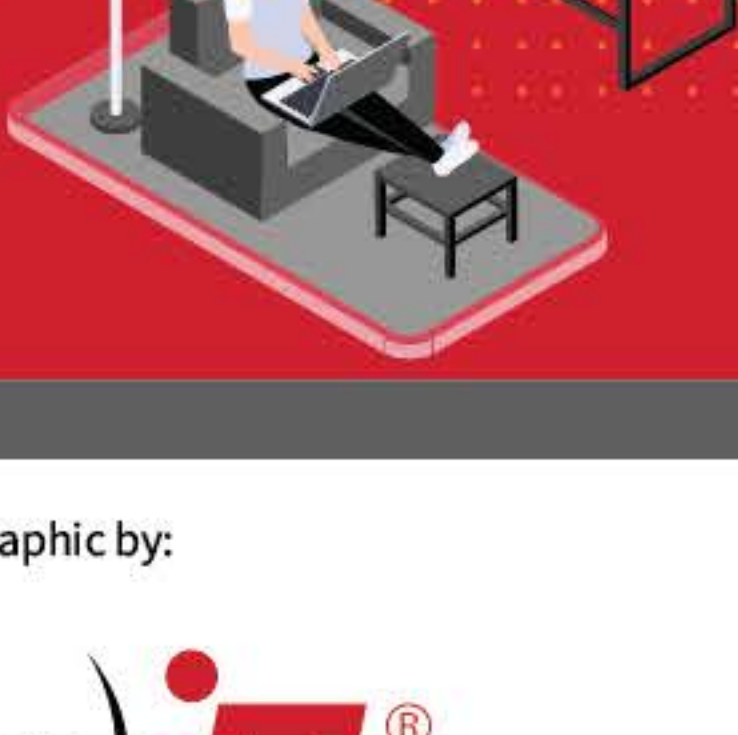
Avoids legal complications and risks
The agreement protects your intellectual property in the event of infringement claims.

Improves relationship between developer and user
Software licenses provide the necessary information for users to better understand their relationship to the software.

Infographic by:

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