Switchvox Multi-Year Subscriptions

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Revision History

Revision	Date	By	Notes
0.1	April 20, 2009	Malcolm Davenport	Initial Draft

Overview:

This document provides an overview of Digium's new Switchvox Multi-Year Subscription offerings as well as changes to the existing Switchvox Subscription offerings. For a more complete overview of the Switchvox subscriptions, please refer to the "Switchvox User Subscriptions and Software Maintenance" document.

Multi-Year Subscriptions

In order to continue to receive support, to add additional extensions beyond the amount purchased while the service period is active (see the section on *Subscription Changes – Out of Subscription Additions*), to operate the Digium-hosted Switchboard panels or to receive software updates, a customer must purchase renewals of both User Subscriptions and Software Maintenance. A renewal purchase of one of these two components will not result in the delivery of partial services; a renewal purchase of both components is required for the delivery of any of the services.

Before this release, customers could only purchase renewals from Digium in single-year increments. Single-year renewals offered the reseller the benefit of yearly-contact with the customer – a chance to assess any of the customer's other needs. But, single-year renewals also had the drawback of yearly-contact with the customer – many customers do not want to be bothered, they want to purchase a working solution and forget about servicing it for as long as possible.

Digium continues to offer single-year renewals to service those resellers that want yearly-contact with the customer, and now Digium also provides a service offering for resellers servicing customers in the second group – Switchvox Multi-Year Subscriptions.

Along with one-year renewals, Switchvox Subscriptions can be purchased as two-year or four-year renewals. Two-year renewals are offered at a 10% discount against the purchase of two one-year renewals. Four-year renewals are offered at a 25% discount against the purchase of four one-year renewals. Renewals may be purchased at the same time a system is initially bought.

Purchasing a 2-year renewal provides a total of three years of support (the first initial year of support plus the 2 years of the 2-year renewal) and a 4-year renewal provides a total of five years of support (the first initial year of support plus the 4 years of the 4-year renewal). Multi-year renewals do not have to be purchased at the same time a system is initially installed in order to receive the multi-year discount.

Like User Subscriptions, User Renewals are sold in bundles of 1, 5, 25, and 100 renewals. SKUs for packs of users are found on the Digium price list and named using the following convention:

1SWX[Type of Subscription – Silver (S), Gold (G), Platinum (P)]SUB[Number of Users – One (1), Five (5), Twenty-Five (25), One Hundred (100)]R[Number of renewal years – 1 Year (Blank), Two Years (2), Four Years (4)]

Examples include:

- 1SWXSSUB1R – 1 Switchvox Silver Subscription for 1 User, Renewal
- 1SWXSSUB5R2 – 5 Switchvox Silver Subscriptions for 5 Users, 2 Year Renewal
- 1SWXGSUB25R4 – 5 Switchvox Gold Subscriptions for 25 Users, 4 Year Renewal
- 1SWXPSUB100R4 – 100 Switchvox Platinum Subscriptions for 100 Users, 4 Year Renewal

Maintenance renewals are sold separately for SOHO and SMB and are renewable for 1, 2, or 4 years. SKUs for maintenance renewals use the following convention:

1SWX[Type of Product – Switchvox SOHO (SOHO), Switchvox SMB (SMB)]R[Number of renewal years – 1 Year (Blank), Two Years (2), Four Years (4)]

Examples include:

- 1SWXSOHOR – 1 Year Updates and Maintenance for Switchvox SOHO Software
- 1SWXSMBR – 1 Year Updates and Maintenance for Switchvox SMB Software
- 1SWXSMBR2 – 2 Years Updates and Maintenance for Switchvox SMB Software
- 1SWXSOHOR4 – 4 Years Updates and Maintenance for Switchvox SOHO Software

Reseller Selling Tips:

- Customers can save money by committing to multi-year subscriptions – "Buy now and save 25%. That's a whole year for free!"
- Budgets for a new phone system are set at the time of initial purchase. There is no better time to get funds appropriated – "You have the budget now."
- Some customers do not like to budget for ongoing maintenance; they want to pay one price, one time – "Buy the additional 4-year renewal and don't put another dime into your phone system for 5 years."
- Customers buying a 3-year hardware warranty present an opportunity to sell 3 years of maintenance up-front – "If you are getting the 3-year hardware warranty, can I suggest adding the 2-year software renewal for 3 complete years of coverage?"
- Prices on service can go up – "Lock in this price today, it might not be there tomorrow."
- And, if all else fails – "Come on, let's stimulate the economy!"

Multi-Year Renewals and Mid-Term Additions

All support for all subscriptions – User Subscriptions and Software Updates and Maintenance – must end on the same day. Because of this, one must be mindful of adding additional users to a system with a Multi-Year Subscription. To illustrate, the following graphic and description are provided.
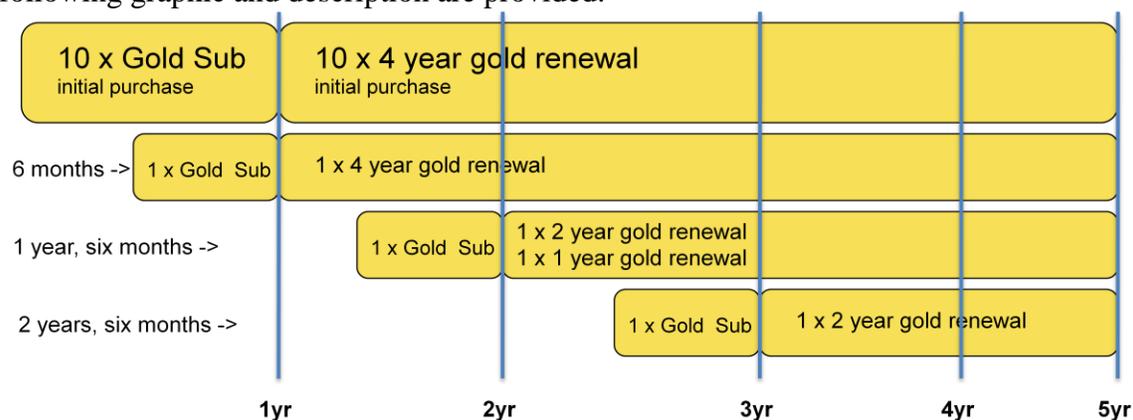
The first row of this graphic demonstrates the purchase of a SMB system with 10 Gold Subscriptions. Here, the customer also purchased 10 four-year Gold Subscription

renewals. Along with a purchase of a 4 year SMB software updates and maintenance, the system would be fully supported then for a total of five years.

As represented by the second line, the customer added another user, the 11th, to the system at 6-months into the first year. In order to add that user, because the rest of the system is set to expire after the fifth year and all subscription expirations must be co-terminal, the customer needs to purchase one 4 year User Renewal on top of the purchase of the one Gold User.

As represented by the third line, the customer wants to add another user, the 12th, to the system at 1 year and six months into the five year period. Here, the customer needs to purchase three years of renewal on top of the purchase of the one Gold User. To maximize the benefit to the customer, in consideration of the 10% discount provided on 2-year User Subscription renewals, the user should purchase one two-year Gold Renewal and one one-year Gold Renewal to achieve the three required years.

As represented by the final line, the customer wants to add another user, the 13th, to the system at 2 years and six months into the five year period. Here, the customer needs to purchase two years of renewal on top of the purchase of the one Gold User.

Then, at the five year mark, the reseller will receive notification to renew the 13 Gold Users and the SMB software Updates and Maintenance.

Subscription Expiration and Backfilling

If a Subscription expires and then is renewed after the expiration date, all Switchvox Subscriptions will backfill to the original date of expiration. The following chart provides two examples of a 10 Gold User system that has expired.
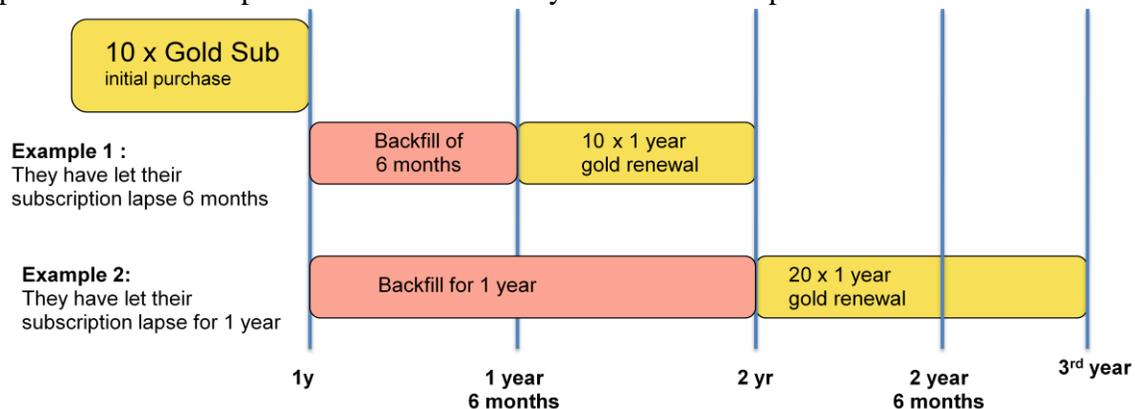
In the first example, the user has let their Subscription lapse by 6 months. At the 1 year + 6 months mark, the user must purchase 10 Gold User Renewals (along with a year of SMB Updates and Maintenance). Because subscription expirations backfill, the subscription will expire at the 2 year mark – not the 2 year + 6 months mark.

In the second example, the user has let their Subscription lapse by 1 year. At the 2 year mark, the user must purchase 20 Gold User Renewals (along with two years of SMB Updates and Maintenance). Again, because subscription expirations backfill, the subscriptions will expire at the 3 year mark. In this case, the user had to buy 10 Gold User Renewals to cover the year of lapsed subscription and another 10 Gold User Renewals to provide support for the current year.

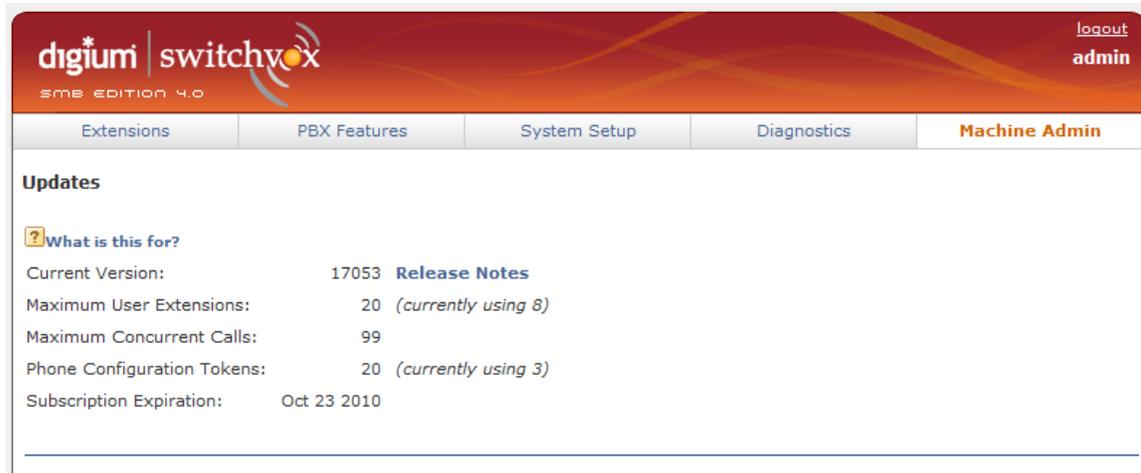*Helpful Tool – The Switchvox Subscriptions Portal*

In order to provide resellers with an easy interface for determining what should be purchased for their customers' Switchvox installations to add users, change support level, or renew subscriptions, Digium has developed and improved Switchvox Subscriptions Portal.

Before placing orders for service-based components, Digium encourages resellers to visit the Switchvox Subscriptions portal at:

http://www.switchvox.com/subscriptions

Subscription Status – Is it Time to Renew"

The Support expiration date can be found on the Updates utility inside of the Machine Admin section of the Switchvox admin web interface, e.g.:

Subscription Expiration displays the date on which the User Subscriptions and Software Maintenance will expire (23rd, October, 2010).

The Switchvox Subscriptions portal (http://www.switchvox.com/subscriptions) can also be used to retrieve information about Support Expiration for an installation of Switchvox.

Here, the expiration date (13th, October, 2009) of a system is shown.

Subscription Changes - No More Prorated Support

In the past, Digium offered Prorated Support. The Prorated Support system operated under the construct of user-months and allowed customers needing additional users, who had already consumed a portion of their year of support, to purchase numbers of full-year

user support that would be broken down into months of support and then applied to the number of user licenses required to achieve a total number of users. Each user was thus comprised of 12 user-months of support. For example, under this old system, a Customer bought 10 Gold Subscriptions on January 1st and…

- 2 months later wants to add 1 extension
  - Customer needs 1 user x 10 remaining months in the year = 12 user-months, so Customer Buys 1x Gold User Subscription (12 user-months) and 2 months are discarded
- 6 months later wants to add 2 extensions
  - Customer needs 2 users x 6 remaining months in the year = 12 user-months, so Customer Buys 1x Gold User Subscription (12 user-months) and 0 months are discarded
- 11 months later wants to add 12 extensions
  - Customer needs 10 users x 1 remaining month in the year = 10 user-months, so Customer Buys 1x Gold User Subscription (12 user-months) and 2 months are discarded.

Digium has ceased offering Prorated Support. Digium has reached this decision due to the complexities of offering, selling, and educating customers on prorated support. Prorated Support is no longer offered effective immediately.

Under the current system, Digium does not prorate User Subscriptions. A customer wishing to add a new user in the first month of their initial Switchvox service period purchases the same item as a customer wishing to add a new user in the eleventh month of their initial Switchvox service period. For example, a Customer buys 10 Gold Subscriptions on January 1st and…

- 2 months later wants to add 1 extension
  - Customer Buys 1x Gold User Subscription
- 6 months later wants to add 2 extensions
  - Customer buys 2x Gold User Subscriptions
- 11 months later wants to add 12 extensions
  - Customer buys 12x Gold User Subscriptions

Subscription Changes – Out of Subscription Additions

In the past, Digium required customers wanting to add users to their systems to maintain full support – active Subscriptions for both all users and for Software Maintenance and Updates. In order to address the needs of customers who do not otherwise want ongoing

support from Digium, but who still want to add additional users, Digium now offers Out of Support Users Subscriptions. The Out of Support User Subscriptions allow customers to add additional users, but comes with absolutely no support or access to updates.

The Switchvox Out of Support User Subscription is offered only in a single product SKU, 1SWXOOSS1U, and is priced the same as a single Switchvox Silver User.

F.A.Q.

Q: Are customers required to buy renewals before the expiration date of their initial subscription?
A: No. Customers may purchase renewals at any time. Note that expired renewals backfill to the original date of expiration.

Q: If a customer does not purchase a 2 or 4-year renewal up-front, do they still get the 10% or 25% respectively off of the equivalent purchase of multiple 1-year renewals?
A: Yes. A customer is eligible for the multi-year renewal purchase, and discount, regardless of when they purchase the subscription.

Q: Can I purchase renewals for periods greater than 4 years?
A: No. Currently, a 4-year renewal is the longest period of time for which Digium offers a renewal product.

Q: A customer purchases 4-year renewals for their User Support and Software Updates and Maintenance. What happens at the end of the 5th year?
A: The customer's system goes out of support and they will need to purchase additional renewals to remain under support and receive software updates.

Q: Do standard channel discounts apply to the multi-year renewal product SKUs?
A: Yes. Standard channel discounts apply to the multi-year renewal products.

Q: I have a question about Switchvox subscriptions that is not answered in this document. Where should I look for answers?
A: First, review the "Switchvox User Subscriptions and Software Maintenance" document. If your question is not answered there, please refer to your Digium Distributor or Digium Channel Account Manager.

Wrapup

This concludes the overview of Digium's Switchvox Multi-Year Subscriptions. Any questions not covered by this document should be directed to your Digium Channel Account Manager.