

Evolving Licensing Models

Enterprise technology is typically the third-largest budget line item for most companies, after human capital and facilities. In recent years, software licensing has shifted from perpetual licenses to subscription and usage-based models. Key trends include:

- **SaaS and Cloud Licensing:** Subscriptions, with monthly or annual payments, dominate software access. While this lowers upfront costs, it can increase long-term vendor lock-in.
- **Open-Source Licensing Compliance:** With the widespread use of open-source components, licensees must ensure compliance with MIT, GPL, and Apache to protect intellectual property and account for infringement risks.
- **License-as-Code:** Licensing terms are frequently embedded in deployment scripts and containers with automated license tracking and enforcement.

Why it Matters. Effective technology investments demand careful management, planning, and oversight to ensure compliance, reduce waste, and mitigate legal risk. Business leaders and experts must understand licensing models and their implications. Organizations that monitor changes in providers' licensing terms and adopt software asset management (SAM) best practices are better equipped for audits and compliance reviews. Otherwise, software providers may capitalize on their customers' missteps to impose fees and penalties. Proactive management is essential to minimize these risks.

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