



mogul

whitepaper

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mogul subscription pricing

Introduction

This whitepaper explains the subscription pricing approach on which our mogul system is based.

Why subscription pricing?

Financial reasons	
No capital expense	Large capital expenses are bad for your cashflow. Leasing is an option, but it increases the overall cost and, with today's economic climate, may be difficult to obtain. Monthly subscription payments directly to the manufacturer means no upfront capital expense and lower cost.
Less risk	In today's economic climate, large capital expenses are risky. Additionally, significant risks are associated with these expenses: rapid depreciation and obsolescence of equipment, long-term viability of the manufacturer. Monthly subscription payments mitigates the risk.
Less commitment	Flexible terms apply to software and hardware and are not tethered to long-term commitments. Software and hardware leases can be discontinued at any time with no penalties incurred. Monthly subscription payments means more flexibility.
No surprises	In the traditional payment model, the security of large upfront cash disbursements are only as secure as the future viability of the manufacturer and the shelf life of their products and systems. With monthly subscription payments, the balance of power is split between vendor and client and your risk is substantially mitigated.
Lower engineering cost	With a subscription approach, where the manufacturer manages the product roadmap (hardware, software upgrades), a significant amount of engineering time can be saved by the vendor evaluating and rolling out upgrades rather than each client individually.

Practical reasons

Internal compatibility	Budget constraints often mean that paid-for upgrades can not be purchased for all systems simultaneously, resulting in incompatible systems being used within a facility. With a subscription approach that includes software and hardware upgrades, constant compatibility can be guaranteed.
External compatibility	When upgrades involve a financial decision, it is inevitable that companies will upgrade their systems at very different times, if at all. With a subscription approach that includes software and hardware upgrades, system installations are significantly more likely to be compatible throughout the market, facilitating collaboration between facilities.
Focus on latest release	Vendors often apply a significant amount of resources to maintaining older versions of systems and software as a significant number of clients have chosen to delay upgrades. With a subscription approach, where upgrades are included in the price, less resources are used for maintaining old versions, and enabling the vendor to focus on the current release and innovation designs for the next release.
Avoid hardware restrictions	Vendors are usually constrained by a client's software and the hardware on which it runs, and therefore has little control over hardware upgrade paths. With a subscription approach that includes hardware upgrades, the vendor can manage the hardware upgrades to match software requirements without any surprise upgrade costs to the client.

Emotional obstacles

Ownership

For some, a sense of 'ownership' is a key factor in their decision to invest in technology. However, in the innovations-driven environment in which we all live, we're offering a new perspective for visual effects artists and facilities. As technology increasingly shifts toward the online, software-as-a-service (SAS) and thin client mind set, where priorities also shift toward delivering new levels of innovation, faster and for less money, the concept of subscriptions for hardware and software become increasingly compelling.

With the mogul subscription model, we're changing the meaning of ownership; we're taking ownership of the challenge to continue delivering the most innovative, leading edge, most powerful systems-level and desktop application-level VFX solutions in the industry. For customers, the burden of 'managing technology innovation' is lifted so they can take ownership of something far more valuable: their talent, creativity and the inspiration they deliver to their clients.

How is the price calculated?

Fair subscription prices can be calculated on the basis of cost-of-ownership. By comparing a product to a comparable, for-sale product and taking into account cost of the product, support, maintenance, upgrades, financing and so forth over, say, a 3 year period, a monthly subscription price can easily be calculated.

Example 1: Playback system without storage

Workstation, monitor, tablet \$14,000

Software \$8,000

Support and maintenance, 3 years, hardware and software \$3,000

Financing, 8%PA, \$3,500

Total cost over 3 years: \$28,500

Monthly subscription fee = \$790 on a 36 month contract.

Example 2: Project, storage and asset management system

Server \$8,000

Part-time software engineer to build and maintain \$40,000 PA

Total cost over 3 years: \$128,000

Monthly subscription fee = \$3,900 on a 36 month contract.

To address the higher upfront cost and avoid subscribing becoming significantly more costly than traditional purchasing, the monthly fee can be ramped down over time. E.g the first 6 months can be charged at a price necessary to cover the usual start-up costs, whilst the ongoing subscription price can be set much lower.

Example 3: Desktop compositing software

Software \$4,000

Support and maintenance, 3 years \$1,800

Financing, 8%PA, \$512

Total cost over 3 years: \$6,312

Monthly subscription fee = \$175 on a 36 month contract.

Example 4: Desktop rotoscoping software

Software \$900

Support and maintenance, 3 years \$405

Financing, 8%PA, \$115

Total cost over 3 years: \$1,420

Monthly subscription fee = \$39 on a 36 month contract.