resident's Letter

Virtual Imagination

by Andrew Welch

One question I get asked more than any other is this:

Why are you offering your software as shareware, why don't you "go commercial" with it?

I have worked under contract on commercial software before, but I currently don't have any plans to "go commercial" in the near future, for a number of reasons.

I firmly believe that the electronic distribution of software is an idea whose time will come soon, if it hasn't already.

I think it makes much more sense for someone to be able to search on-line for a solution to their computer needs, try out the software to see if it really does, and then pay for it, than it does to walk into a computer super-store and pay 5x the amount for a package, with the only assurances to its usefulness espoused by the publisher on the back of the box.

Legally speaking, shareware makes more sense as well.   Did you know that when you buy a piece of software, you have purchased a license to use the software, you haven't purchased the software itself?   Well, 'tis true.   The "shrink wrap" licenses you see on the little baggies that hold the disks in commercial packages attempt to create a legally binding contract between yourself and the publisher for a license to use the software in question.

The problem is, these shrink wrap licenses attempt to make you agree to their terms

before you've even seen/used what you are buying (the software) to determine its applicability towards a particular use.   Shrink wrap licenses are more of a scare tactic than a legally binding agreement—you can't even read what you are "agreeing" to when you buy the product because it is shrink wrapped inside the box!

With shareware, we don't have this problem: you get to actually try out the software to determine if it will actually do what it claims, and you obtain your license to legally use the software after   evaluating it.

Would you buy a car if it came in a shiny box, with the specs printed on the side?   I sure wouldn't, I'd want a test drive.   This is the reason why computer magazines are so important: they test drive the software for you, and report back on their opinion of it.   Not to knock computer magazines—I use them as a reference myself, and enjoy them thoroughly—because they provide a valuable service.   However I wouldn't buy a car based solely on MotorTrend's test drive analysis either.

Yes, yes, I know: most publishers offer a 30-90 day money back guarantee if the software doesn't do what you want it to.   However publishers also know that few people return software, even if they're not satisfied with it.

But legal issues aside, there are other caveats to commercial software distribution: it takes a huge amount of up-front money to successfully launch a commercial product.   You have a physical product—though what you are selling is a license (a "virtual product"), not the product itself—that you must produce in-quantity to get a decent discount.

You know all those nice product showcases in mail order houses such as MacConnection?   Well the publisher pays a few thousand dollars a pop to have their products listed there.

For most commercial products, the actual money made per product is about the same as the money made on an electronically distributed product.   It works like this: the publisher sells products to a distributor.   The distributor then sells products to the retailer, who then sells products to you, the consumer.

Of course, there are price breaks all along the way, so all of the middlemen can make their cut.

Let's say we have a product we list price at $49.95.   The retailer might discount this, and sell it for say $40.   Of course the retailer paid more like $30 for the product (hey, shelf-space, taxes, employees, and rent all cost money) from their distributor.   The distributor probably bought the product for around $20 a pop from the publisher.

The publisher then needs to subtract his expenses: artwork, packaging, media duplication, advertising, etc.   Advertising is a big one: many distributors won't even pick

up your product if you don't have and stick to an advertising campaign—and those MacWhatever ads you see cost a pretty penny too, let me tell you.

What we have leftover is what is called "net sales", that is the money the publisher makes from a product after expenses. The programmer typically gets a 15-20% cut of this money (hey, the publisher has other expenses to cover—orchestrating all of the elements that go into a commercial package is a heck of a lot of work).

What this all adds up to is outrageously expensive software prices for you, the end user. Now I'm not condemning any of this: each vendor plays a vital role in getting the product out to you, and up 'till recently there hasn't been a viable way to bypass all of the middlemen.

However as more and more people get hooked up electronically and information services such as eWorld, America Online, CompuServe, etc. get more friendly to use, I don't see any reason why electronic distribution of software, especially via shareware, cannot be a viable business to be in.

It simply makes sense: lower prices for consumers, less overhead for publishers, and the consumers actually get to try the software they are purchasing a license for before they buy it.

The problem with electronically distributing software right now is simply scale: commercial vendors may not make all that much more per-unit (excluding high-end packages such as PhotoShop, etc.), but they sell a hell of a lot more packages because the number of people they can reach through print advertising and store shelves is an order of magnitude greater than the number of people who are on-line.

I do believe that the trend we have been seeing of more and more people getting on-line, either through a commercial service such as eWorld, America Online, CompuServe, etc. or through the Internet will only continue. If it does, we may be entering a new age of software distribution: electronic distribution via shareware.

But aren't you worried about people not paying their shareware fees Andrew?

No, actually I'm not. Software piracy is rampant—the same people who will use our software without paying for a license will steal commercial software as well. Why fight it?

Most people have realized that if we are offering a quality product that is well-supported for significantly less than they would have to pay elsewhere, it is in their best interests to support us.

We try to make it as easy as possible to register our software, we remind you with a notice if you are using an unregistered version (hey, all of our lives are busy enough

without having to remember to pay for something we already have), and we give you a license code that removes all of the shareware notices, personalizing your copy of the software with your name when you register.

Mind set is a problem—we aren't used to taking a bite of a hamburger before deciding if we want to pay for it (but I can tell you that for some of the burgers I've had, I wished this was an option).   This is why we explicitly explain what shareware is in the opening dialog box in all of our software.

Shareware is also often seen as "unprofessional"—and admittedly much of it is. However there are a number of shareware publishers like Ambrosia Software who are trying to create and distribute professional shareware software products.   Support us (and I don't mean just Ambrosia Software), and together we'll usher in a new age of software distribution.

Computer technology has created an entirely new set of concepts that will take us all a bit of time to catch up with—prior to 30 years ago or so, the only place a virtual reality existed was in our imaginations—but the fun has just begun!

We're entering a brave new world folks: support the pioneers of the electronic frontier.

...and next issue, something completely different