

TALKING LICENSE MANAGEMENT AND THE IT LIFECYCLE

The Oracle LMS
Steering Group

London, 2014

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LICENSE MANAGEMENT
SERVICES

How strongly do licensing considerations influence IT decisions within your organization? When do you think licensing should enter the discussion within the lifecycle of planning, decision making, negotiation, review, deployment and renewal?

These were the questions posed at the latest sitting of the Oracle License Management Services (LMS) Steering Group, held in London on October 23. Clearly, this is a topic close to the hearts of many license management professionals, because a significant proportion of their day to day challenges and frustrations stem from a lack of involvement in fundamental aspects of the lifecycle. This came across as particularly true for the initial phases of planning and scoping new capabilities, but further value can also be added at each stage of the overall process. Or, put in a language the executive will better understand, the earlier people start thinking about license management, and the more they continue along this path, the more likely they are to find the right contracts and get the most value out of what they buy.

I hope you find this summary of the points raised an interesting read.

Kind regards,



Jonathan Koop
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TALKING LIFECYCLES

The London Steering Group followed on from the previous sitting hosted at Oracle OpenWorld, where the conversation focused on the structure of license management teams. Here, attendees offered opinions on the benefits of adopting a centralized versus decentralized approach to managing licenses – as well as the ‘cost-center’ model where licensing teams purchase software for the entire business and then effectively ‘rent’ these capabilities out at a premium.

Central to this discussion was the question of ‘who owns the budget?’ However, any answer to this is determined in the main by a range of preceding activities concerned with ‘what to buy, how to implement it, and how to get the most out of the investment’. In other words, how the budget is used across the complete IT asset lifecycle – a process that follows a series of clearly defined steps:

- Gathering business requirements
- Scoping and selecting a solution
- Buying and contracting
- Implementing
- Reviewing and de-commissioning

A key issue for many licensing professionals is how actively involved they are in each of these steps, and what additional benefits could be delivered if offered a more central role. Clearly there is room for improvement, as many businesses rate their ability to manage IT assets as weak (both from a financial control and IT asset lifecycle perspective). At the same time, IT environments have grown in complexity thanks to virtualization models, cloud-based infrastructure, and a wider array of devices to support.

“I think actually people only sit up and listen after an audit, and the more it costs, the more they listen. It’s one of those things with software licensing – if executives can’t see it then they don’t think about it.”

London Steering Group attendee

So what does this all mean for license management teams? Can the business afford to keep them at arm's reach and only engage 'when time allows'? Can they more clearly demonstrate to executives the connection between their expertise and the wider cost and risk-cutting agenda? And from a practical aspect, can license teams be brought into the lifecycle process outside of a typical audit scenario?

Expert recommendations – the LMS Consultant

“For lifecycle planning, I can't emphasize enough the importance of thinking licenses at the very beginning of the process. I would even go as far as to say that licensing should drive and be the principal concern in a 'pre-planning' stage to help identify what licenses you already have, and what the estate currently looks like – before considering future decisions. What it comes down to is that if you don't have access to a complete view of your environment, then any planning will carry the potential for introducing unnecessary risk.”

TALKING BUSINESS REQUIREMENTS

While software undeniably represents a principal asset for almost any company, until recently it hasn't been widely regarded as such. Indeed, licensing typically remains an afterthought as the business rushes to deliver new capabilities to meet user demand. Flexibility is today's preferred watchword – and the ability to use software anywhere, anytime, on an authorized machine by an authorized user. Yet it is the flexible nature of today's distributed IT services model that provides licensing professionals with an even more critical role to play in safeguarding the business – so why are they usually invited late to the party?

When assessing the demand for new capabilities, IT departments are heavily reliant on insights into what assets they have, where they are, who is using them, what they cost and how they're configured. Equally they also need guidance, particularly when it comes to getting straight answers on the effectiveness of the proposed approach. As a result, organizations are increasingly turning to their vendors to help in planning sessions to validate configurations, and to highlight the full license requirements needed to meet end user requirements. This helps highlight the value of the business engaging with license teams earlier in the planning cycle, rather than simply expecting them to rubber stamp the proposal at the end of the process.

“When it comes to me too late, I know that if I spot a problem I could be held responsible for holding up a major IT project. It's at this stage that I hear 'what, do I need licenses for this?' Yet if they came to me earlier then there would be no shocks.”

London Steering Group attendee

Recommendations

“To me, what we're essentially talking about here is risk. Yes, risk means different things to different companies, but it typically comes down to either under-deploying or over-deploying licenses. Worse still, risk can mean creating a compliance situation because no one factored into the equation what was there in the first place.”

SCOPING THE SOLUTION

Planning is obviously an important first step in the software asset lifecycle, but the provision of detailed licensing information is equally important in subsequent activities. Certainly when IT and business users are scoping a solution, including what features should be 'turned on' and the resulting technical architecture, licensing considerations should never be divorced from the conversation.

There are of course many elements to explore, including those that go beyond what the new implementation looks like to how it relates to the existing environment. This is not just to ensure you avoid buying capabilities that already exist (even if they're collecting dust on the shelf). It's also about understanding cause and effect, and the cost and legal implications of adding more licenses or re configuring what's already in place – especially when the inevitable scope creep occurs and introduces even more complications into the mix.

Recommendations

"Scoping touches on the prevailing behavioral dynamic that exists inside many organizations. Particularly bad behavior which, for example, can be summed up in statements such as "we have a new project, let's buy some licenses to get it going" – or "we'll start the project and just use the licenses we already have". This is where licensing and SAM teams need to do the 'education piece', and push best practice to the wider operation. If you look at any major software vendor, and the different licensing policies and massive product portfolios they present, the opportunities for making poor decisions are simply too great to ignore. Yet within licensing teams and vendor organizations such as Oracle LMS, there is the expertise to get things right first time – without introducing a delay."

TALKING CONTRACTS – AND MONEY

It's been said that corporate procurement is bringing the lessons learned from strategic solutions such as Supply Chain and Spend Management to the world of software licensing. Rather than being the final tactical step before a contract is signed, procurement is now seen by many as driving the business dimension behind the software asset lifecycle. It therefore makes complete sense that procurement teams embrace the licensing expertise available both within their organization and from key strategic partners – especially when it's estimated that most companies overspend on software by 20%.

It's the same for Finance, as licensing teams can help deliver measurable savings by ensuring no unnecessary software licenses are purchased – as well as making the most of previous investments through activities such as license re-harvesting. In addition, working with an organization such as Oracle LMS can provide transparency between you and the vendor's sales team. The goal here is to strip out complexity and ensure the right configuration is in place and that it's priced correctly. Ultimately, it comes down to making costs more predictable, which in turn allows you to forecast your budget more accurately.

Recommendations

"Procurement have a vital role to play in agreeing the ideal contract. Partly, this is down to responsibility as they sign the final purchase order. But in my experience, there is also a tremendous amount of knowledge in procurement that can supplement insights from the licensing teams. For example, they maintain a record of all transactions, and have the documentation in place to silence any doubters. There definitely appears to be a direct correlation between a routinely compliant organization and good collaboration between procurement and licensing."

TALKING IMPLEMENTATION

The software has been identified, scoped and purchased, so is the License Manager's job complete? Of course not, because a number of risks still exist in connection with the different implementation options available. Nowhere is this more evident than when deploying to the cloud, where questions can quickly start emerging from the implementation team: "What is the ideal way to set up our IT architecture?" "What happens when we need to increase capacity to meet demand?" "Who is going to be responsible for keeping count of what we're using?" This is the value of having the licensing team fully involved in the implementation process – to ensure what's being activated conforms to the contract. Otherwise, a few 'unwanted surprises' are just around the corner.

"You see more and more bundling of software which in turn offers a huge array of capabilities, many of which we simply haven't paid for. The conversation I find myself frequently having is that yes, you have the lot, but don't load it because you'll have to pay separately for it."

London Steering Group attendee

Recommendations

"The implementation phase perfectly demonstrates the value of a mature SAM function, because of the need for tight controls. There are many factors that can inhibit control, take virtualization or third-party outsourcing, yet for many organizations SAM capabilities are still seen as an excessive cost. However, this inevitably leads to the 'head in the sand' approach, where limited funds are set aside to cover the consequences of any possible audit – funds that could be used to bring in the tools and expertise needed to eradicate the problem."

REVIEWING AND DE-COMMISSIONING

Finally, we come to the year on year reviews, and ensuring your organization is getting maximum value from the investment and ongoing support costs. In an environment where IT is asked to do more with less, this is an essential activity to maintain 'cost optimization'. The reality however is that most organizations are not doing an effective job of managing these investments, relying instead on spreadsheets or home grown databases to track software licenses and utilization.

What can licensing teams do to help? Well, a more proactive approach to software asset management (SAM) (supported by the resources needed to achieve this) can provide timely and accurate intelligence into what is actually being used, and what isn't. If it is being used, then IT and Finance can understand the level of demand and overall compliance levels –

knowledge that can then be factored into future planning sessions. This information is also highly valuable when it comes to renewing license agreements, as it provides the factual evidence to support a reduction in spend, or a re evaluation against anticipated future needs.

The potential for further cost savings also exists when an IT asset is found to be under used – or not used at all. In this instance, a detailed picture of overall business demand allows this 'unused / under deployed' asset to be redeployed or repurposed to serve elsewhere in the organization. If the software has truly reached 'end of-life', then the license team can again use their expertise to ensure decommissioning has removed every last trace of the product – and the associated costs.

Recommendations

"At this stage, the focus should be purely on cost-optimization. For companies growing, or more importantly shrinking, the review process is about maintaining visibility on the number of users. Without this insight, you run the obvious risk of overpaying for support and licenses. So for the CIO, close engagement with licensing in effect becomes a cost-saving exercise."

IN SUMMARY

A general trend within many IT departments today, driven by executive expectations, is to increase the proactive monitoring of software assets across their deployment lifecycle. Managing the associated licenses, and ensuring contract compliance, is an integral part of this process. From the very beginning of the process, when the business identifies the demand for new capabilities, it has become increasingly important to have a voice in the room who can simply ask: "what does this mean from a licensing perspective?" Not only is this important for avoiding 'nasty surprises' in future audits, closer involvement from licensing can also lead to actual cost savings.

The expertise inside licensing and software asset management teams, supported by organizations such as Oracle LMS, also offer a competence for avoiding IT wastage that doesn't always exist inside the IT, Finance and Procurement functions. Thankfully (or unfortunately), to date most organizations have been able to get by. But times are changing as do more with less efficiency mandates are prioritized, and vendor software audits increase. Something has got to give, and business leaders can only respond to these internal and external pressures by improving asset management processes and engaging more closely with the 'licensing question'.

ABOUT ORACLE LMS

Oracle LMS actively counteracts licensing complexity with an approach focused on two primary outcomes:

- We help organizations proactively maintain compliance with Oracle licensing models and their contractual obligations to remove any financial, operational or legal risk.
- We quickly develop comprehensive insights into the deployed estate to reduce inefficiency, duplication and redundancy, and align licensing requirements to actual business need.

LMS can also help you gain a more centralized and coordinated view of your Oracle estate in order to make more informed business decisions. We can help you master the intricacies of maintaining, migrating and upgrading your Oracle assets to remove a significant barrier to aligning business demand and IT supply.

Future Steering Groups are continually being planned. For more information and to book your seat at the table, please email **lms-global_ww@oracle.com** or visit **www.oracle.com/goto/lms**



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