

Software Licensing and Controlling Costs

Is Your Licensing Effectively Managed and Is It Providing the Lowest Total Cost of Ownership?

Presented by **Scott D. Rosenberg**
Founder and CEO
Miro Consulting, Inc.

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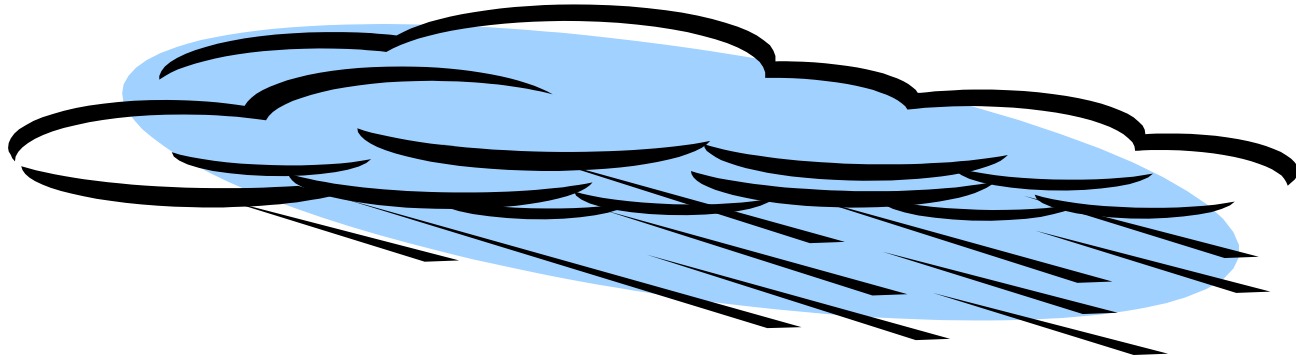
1 **MIRO** CONSULTING
IT COST CONTAINMENT SPECIALISTS
www.miroconsulting.com

“You Can’t Manage What You Don’t Know.”

~ the late great business thinker and author, Peter Drucker



Quick Fact



Did You Know that Oracle Made 397 Pages of Changes to Its Licensing Rules and Regulations Over the Past 12-Months?

What Do You Need to Know to be Able to Play the License Game?

It's Multi-dimensional!



Compliance is the Name of the Game

- Compliance is the Lowest Common Denominator
- If you're compliant, you don't need to purchase more; If you're not compliant, you do*!



* Running out and just buying is not a good move.

- Are You 100%
“***Bet Your
Paycheck Sure***”
You’re License
Compliant with
Oracle, Microsoft
or Other Software
Vendors?



Quick Fact

Gartner

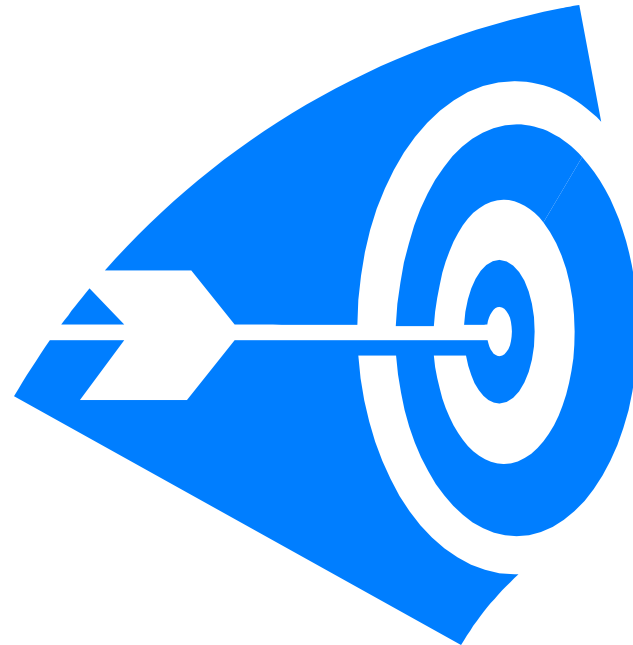
“Gartner finds that clients do not understand the compliance risks with their Oracle infrastructure software licenses.”

Quick Fact

***According to the Yankee Group -
“90% of companies worldwide have
had to deal with software licensing
non-compliance issues.”***

Truth Be Told....

Would Your
Organization Pass
an Oracle,
Microsoft or other
Software Vendor's
Audit?



Would My Software Provider Audit Me?

- In the words of **Computerworld** (June 5, 2006) “it’s inevitable...a virtual certainty”.
- Most publishers are only *enhancing* their enforcement operations.
- Oracle makes at least 41% of their revenue from maintenance and support
 - It is their money printing machine
- Profitable Industries and Businesses are Targeted
- Both BSA* and SIIA* have *quadrupled* over the last six months the reward money offered to employees to report their employer.

* BSA [Business Software Alliance]; SIIA [Software Industry & Information Association]



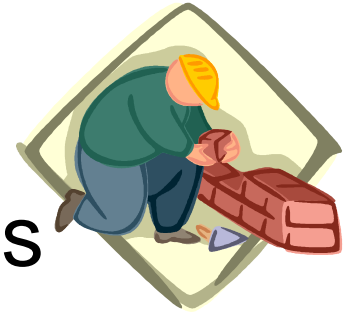
How Did We Fall Out of Compliance?

- In almost all cases, the static Oracle contract you have will not necessarily adapt to Oracle's latest licensing model.
- If you have updated your servers or consolidated your architecture, your Oracle licensing could be out of compliance.
- If you have web enabled applications, your Oracle licensing could be out of compliance.
- Outsourcing - Data centers, servers and applications externally managed
- Disaster Recovery – If you changed your DR plan or backup site configuration, your Oracle licensing could be out of compliance.

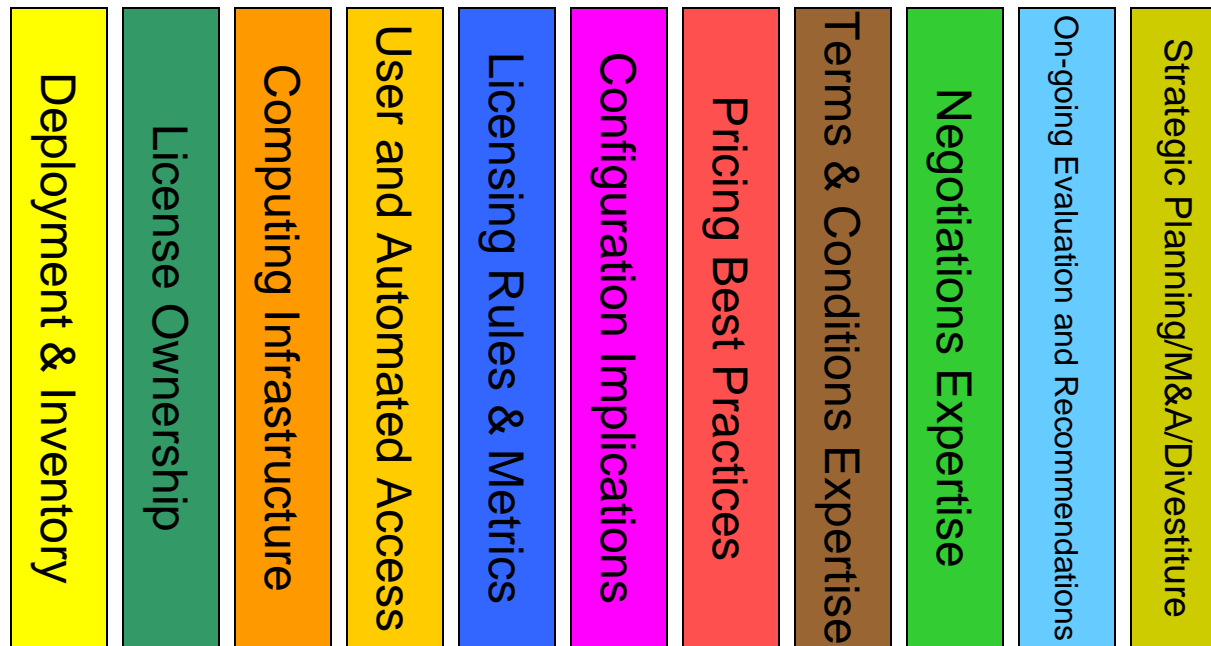


The World of Procurement Negotiations



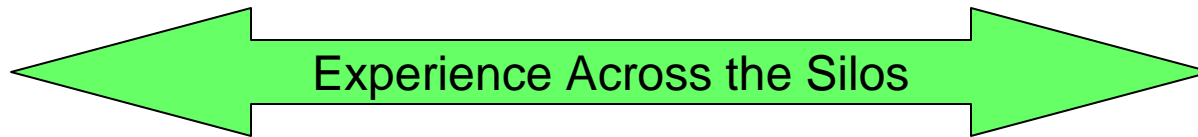


Licensing & Compliance Knowledge Silos



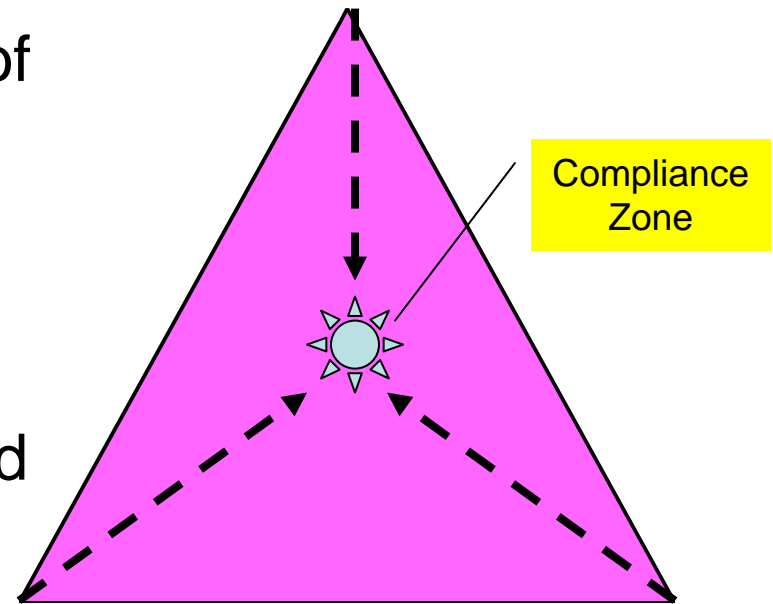
The Knowledge Needed

- Deployment & Inventory
- License Ownership
- Computing Infrastructure
- User and Automated Access
- Licensing Rules & Metrics
- Configuration Implications
- Pricing Best Practices**
- Terms & Conditions Expertise
- Negotiations Expertise
- On-going Evaluation and Recommendations
- Strategic Planning/M&A/Divestiture



Compliance is the Name of the Game

- Before starting negotiations with any software vendor, you must establish your current inventory of licenses.
- Gather all your contracts reflecting what you've purchased and what is supported (support and maintenance)
- Know where you've deployed and installed your software
- Identify users (human and non-human)
- Identify the Gaps.



Know what you got, where it is and who/what is using it.

Challenges of License Management

- **Variety = Complexity**
 - Different product versions bought over time
 - Different product releases still in use
 - Minimum and maximum requirements, license types, and license terms –
- **Different Licenses Bought Over Many Years**
 - Rule Changes, Old Licenses, New Licenses
 - A Complex Mixed Licensing Bag
- **90% of clients are either over –or- under licensed**
 - This incurs both costs and risks

Procurement Negotiations

Is Getting a Great Discount From Your Software Vendor the Whole Game ???



Procurement Negotiations

- Beware of being seduced by that great, sexy discount...because chances are...
 - you will have purchased software to sit on your shelf [a/k/a '**shelf ware**'] and
 - increased your yearly support & maintenance bill at the same time.



Here is what **Gartner*** is saying about Negotiating with Oracle

- Be prepared for negotiations with Oracle and be sure to understand its current license models
- Ensure that an experienced negotiator is the first point of contact for such negotiations
- Maintain *best practices* for IT asset management and tracking Oracle licenses
- Build into the license agreement the flexibility your company needs

* Gartner IT and Software Asset Management Summit
September 12-14, 2005

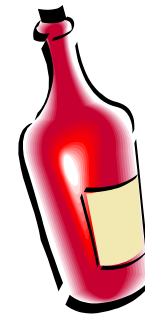


Most Common Mistakes Made in the Purchase of Software

- **MISTAKE #1: Procuring licenses on a 'per project' or 'per application' basis.** Having an “enterprise review” enables you to determine if existing licenses can be leveraged or be redeployed.
- **MISTAKE #2: Ignoring non-production and/or temporary servers** which may be needed during O/S or system migrations.
- **MISTAKE #3: Lack of tracking** of Oracle database instances in production and non-production (development, test, disaster recovery, etc).
- **MISTAKE #4: Procuring licenses without establishing a firm compliance verification process** and a future self-audit date to validate.
- **MISTAKE #5: Not performing proper 'what if' analysis** during project planning to determine best license solutions for options being considered.

Procurement Negotiations

- Get everything - including all your “understandings”- in writing. Lock it down.
- Verbal understandings mean nothing.
 - Memories are NOT like fine wine. They DON'T improve with time!

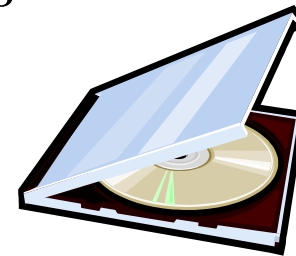


THE TRAP

Installing or Upgrading Oracle products from the general distribution CDs.

FACT

Oracle states in their *Software Investment Guide* (March '06) that they include software and functionality on their general distribution CDs that *you may not* be licensed for. This additional software and functionality will install without any special notice provided, which may lead to running unlicensed software.





TRAP

Feeling everything's under control just because you've done the job of periodically tracking your licensing on a spreadsheet.

WHY?

- The great-looking spreadsheet probably doesn't reconcile your assets to the stipulations on your Oracle contract.
- The same spreadsheet doesn't account for the 397 pages of changes Oracle recently made.

Best Practices for Licensing

1. Establish a repository for software asset management information
 - a. Key documentation: Proofs of purchase, license agreements with terms and conditions and ordering documents

2. Identify what software is installed on which servers and desktops.
 - a. Monitor for Changes and Reconcile with the repository.
 - b. Know Your Servers' Configurations – Cores and Processors Do Matter

3. Understand how to validate for license compliance
 - a. Remember, rules are changing even as we speak.

Best Practices for Licensing

4. Self audit at least twice per year...or better still hire an outside firm to conduct the same
 - a. Identify the gaps and use 'best practices' to remediate

5. Track all database and application instances in production, non-production and disaster recovery
 - a. Knowing the value you receive from Oracle licensing will help you in your negotiation of new licenses!

6. No new procurements without enterprise review

How Do You Level the Playing Field?

- *Be Smart.* Hire an experienced outside company to:
 - Create a Cost Containment Strategy that will work for you.
 - Conduct a ‘Friendly Audit’ of your Oracle or other software licensing environments. Find out what your compliance picture looks like.
 - Note: This should be done independent of your software provider.
 - Package and broker a procurement and/or a restructuring based upon the experts’ considerable experience, know-how and ability to finesse the agreement.

Conclusion:

Don't Be Afraid to "Get Help"

- Licensing is complicated
- Chances are good you're either over or under licensed
- There is an opportunity to save significant \$'s on your licensing and maintenance support
- Being audited is a real possibility
 - Be proactive. Don't wait for the vendor's audit announcement.
- Expert solutions and services pay for themselves
 - Use of IT asset management software ensures efficiency and reduces risk
 - Expert consulting services brings perspective and best practices



About Miro Consulting, Inc.

- ✓ Since August 2000, New Jersey-based Miro Consulting, Inc. has provided advisory services to Oracle and Microsoft clients needing assistance in managing their highly complex and ever-changing software licensing assets. This highly successful consulting practice has helped 200+ clients throughout North America negotiate new Oracle and Microsoft licensing and consulting contracts and renegotiate existing contracts, significantly lowering the total cost of ownership. Miro has saved its clients over \$75 million in licensing and license support cost and overseen over \$700 million in Oracle and Microsoft transactions.
- ✓ Miro's clients include PR Newswire, Timex, Cablevision, Heinz, J.Crew, Memorial Sloan Kettering Cancer Center, Polo Ralph Lauren, Reader's Digest, Revlon, Royal Caribbean, and Sony
- Awards and recognition recently received by Miro Consulting, Inc.:



Miro Consulting was recognized by *Inc. Magazine* that it is part of their 2006 *Inc. 500* list of companies, which represents the nation's 500 fastest growing private companies. Miro's ranking is 397.



Deloitte named Miro Consulting, Inc. one of the 500 fastest growing technology companies in North America. The *Deloitte 2006 Technology Fast 500* recognizes the 500 fastest growing technology companies in North America. Miro was ranked #186. The *Deloitte Technology Fast 500* is a ranking of the fastest growing technology, media, telecommunications and life sciences companies in North America based on percentage fiscal year revenue growth over five years (2001-2005).



For the second consecutive year, *NJBIZ* announced that Miro Consulting was chosen as one of the fifty fastest growing companies in the state of New Jersey.



Miro Consulting, Inc.'s Founder and CEO Scott Rosenberg was selected as a finalist in the *Ernst & Young Entrepreneur Of The Year® (EOY)* 2006 New Jersey Awards Program. The Ernst & Young Entrepreneur of the Year® award honors entrepreneurs whose ingenuity, hard work and perseverance have created and sustained successful, growing business ventures.



Deloitte named Miro Consulting, Inc. one of the 50 fastest growing technology companies in New Jersey. The *Deloitte Technology Fast 50* recognizes the 50 fastest growing technology companies in a specific geographical area. The *Technology Fast 50* winners are selected through nominations and extensive research and based on five-year percentage growth. This program is part of *Deloitte's* North American *Technology Fast 500* in their Technology, Media & Telecommunications (TMT) Group. Along with other sponsors, *Deloitte* has recognized the 50 fastest growing technology companies in New Jersey each year since 1996.



Thank You

- For more information, please visit us on the web at

www.miroconsulting.com

