

Software Vendor Licensing Strategies & Tool Based Compliance



Three Forces At Work

1. Technology advances are driving vendor licensing models (i.e. cores, virtualization, etc.)
2. Software Publishers continue to change licensing models to maintain/align revenue stream
3. Publishers find themselves falling behind & increasingly threatened by market dynamics



*Companies are forced to manage the impact and increasing complexity—**THAT MEANS YOU!***

2010 Predictions

- SAM will become more complex and difficult to manage

License Models

Publishers continue to “tweak” licensing models:

- + *Maximize income potential (maintain revenue stream)*
- + *Address dynamic infrastructure*

Compliance Enforcement

Publishers mandating tool based compliance:

- *Shorter true up or contractual reporting increments*
- *More frequent audits & compliance requests*

Tool Based Compliance and IBM



IBM Distributed Licensing Model



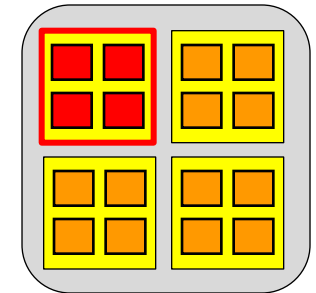
Primary Licensing Metric

Processor Value Unit (PVU)

✓ Very Roughly, 100 PVU's per core

Example: Requirement = MQ Series (1 processor) @ \$69/PVU

Server = 16 Cores



\$110,400

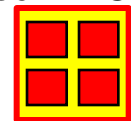
**Two
Ways to
License**

Full "Box" (Total # of Cores)
Standard way to license IBM Products

Instance/Partition Based Licensing

Requires signature of additional
IBM "Sub-capacity Agreement"

Proc = 4 Cores



\$27,600!!

Sub-Capacity Licensing

What is Sub-Capacity Licensing?

IBM Definition

“Virtualization capacity (Sub-capacity) software licensing enables [IBM] customers to license (and pay) for less than the full capacity of a server or group of servers”

Benefit

“Supports diversified workload consolidation onto virtualized servers”

But....

Sub-capacity sounds like a great way to cut IBM licensing costs, but...

Sub-capacity adds an additional layer of complexity
This costs you money!

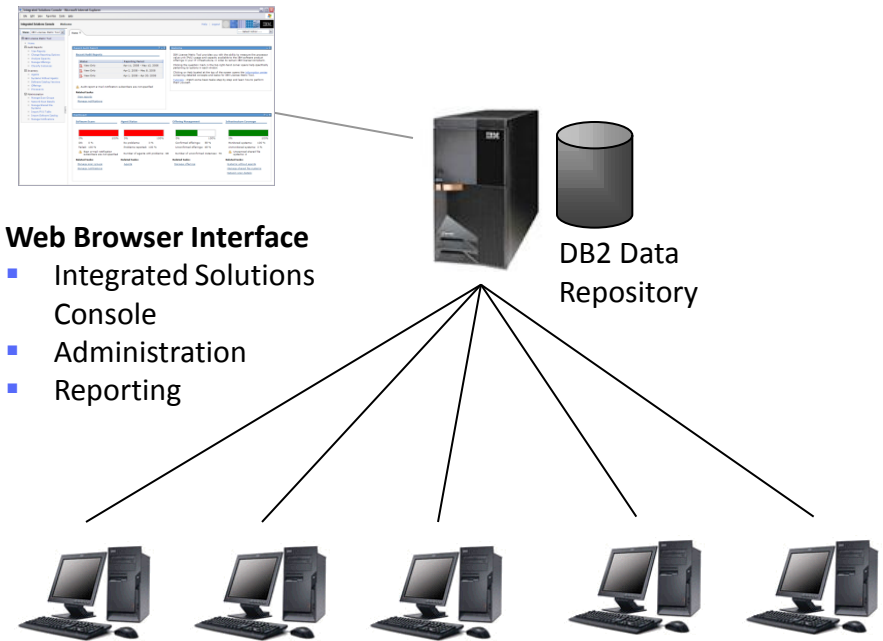
Almost impossible to track with existing auto-discovery tools
New processes & tools required!

Required to sign a new IBM sub-capacity agreement
Lots of new reporting & infrastructure requirements!

ILMT To The Rescue?

IBM License Management Tool (ILMT)

- “Free” tool to IBM software customers (PPA)
- Designed to track and report PVU based software licensing
- Helps “solve” the sub-capacity complexity challenge



ILMT Is Not A Panacea

IBM Only

Vendor Specific Means Challenge

- ✓ Can only be used with IBM
- ✓ Limited number of assets

Difficult Management

One More Tool Deployment

- ✓ Time consuming & difficult implementation
- ✓ Poor documentation

Non-Standard

Single Purpose Tool

- ✓ Very little customization
- ✓ Missing many industry standard features

Deployment Considerations

**All the
standard
SAM
challenges
apply**

Yet another tool for IT to manage
This has a wide ranging impact

The job doesn't end with the
implementation
**Post install considerations can't
be ignored**

Who is going to give ILMT the
required care & feeding?
Don't minimize the importance

Client Observations

Situation

We typically encounter clients using sub-capacity without fully understanding the implications



Result

- 1. Using sub-capacity benefit without an agreement in place*
- 2. Have SC Agreement with no means to track*
- 3. ILMT Deployed – No care and feeding*

*Non-Compliance with sub-capacity licensing terms is a **major** audit focus for IBM - \$\$\$\$*

Recommendation #1

ANALYZE

Evaluate The Need

- ✓ Ensure that benefits of sub-capacity outweigh the costs
- ✓ Management costs can negate dynamic infrastructure savings

Gather The Requirements

- ✓ Establish a clear understanding of the needs and document
- ✓ Data will be critical for negotiations & for implementation

Don't mistake the word "Free!" There is significant risk and management associated with deployment.

Recommendation #2

DEVELOP

Implementation Plan Is Key

- ✓ Lots of factors to consider
i.e... agent deployment
- ✓ Establish tool ownership
- ✓ Plan will determine infrastructure

Processes Equal Success

- ✓ Develop clear processes around
ILMT and reporting requirements
- ✓ Ensure that data is validated and
reports are accurate

Do not take ILMT lightly. Plans & processes are critical. Stakes are high!

Recommendation #3

MANAGE

Management Is Priority

- ✓ Establish on-going management plan around tool, data, & reporting
- ✓ Get IT buy-in to SAM plans

Negotiate More Advantageous Terms

For Example...

- ✓ Try to limit number of reporting requests from IBM in a year
- ✓ Extend time between reporting request and report delivery

To protect yourselves, carefully develop a plan and actively manage to it.

Thank You!

If you have any questions or would like any further information, please feel free to contact us.

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