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An Insider's View: Software Asset Management

Agenda

- Overview
- Objectives - the Ultimate Model
- Managing Software Assets
- Resources
- Q&A

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Overview

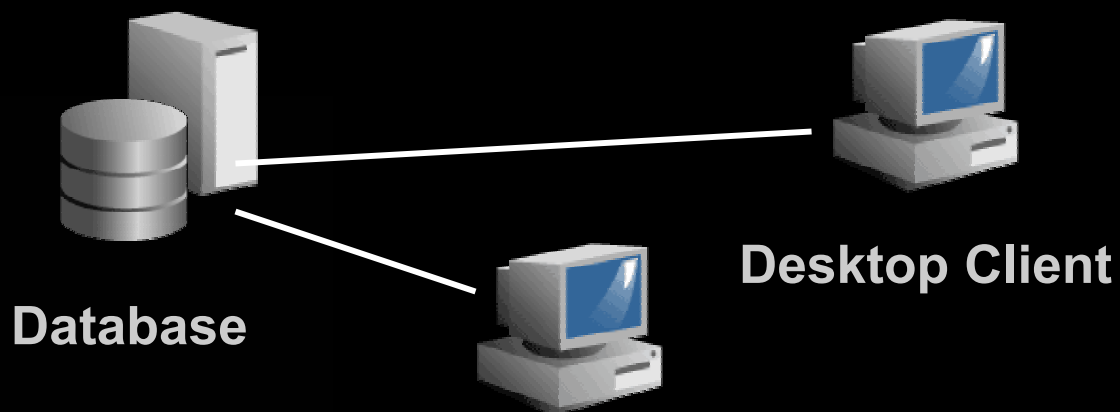
Managing Software Assets

“The ability to gather, arrange and manipulate data with computers has given business people new tools for managing.”

- Peter Drucker

***In the beginning...
it seemed easier***

Client Server:



Current Business Climate

- Increased Complexity & Highly Sensitive
- Heightened Security Concerns
- Worldwide Economic Downturn Longer than Expected
- Increased Scrutiny On All Business Transactions -- Corporate Governance

Licensing Snapshot

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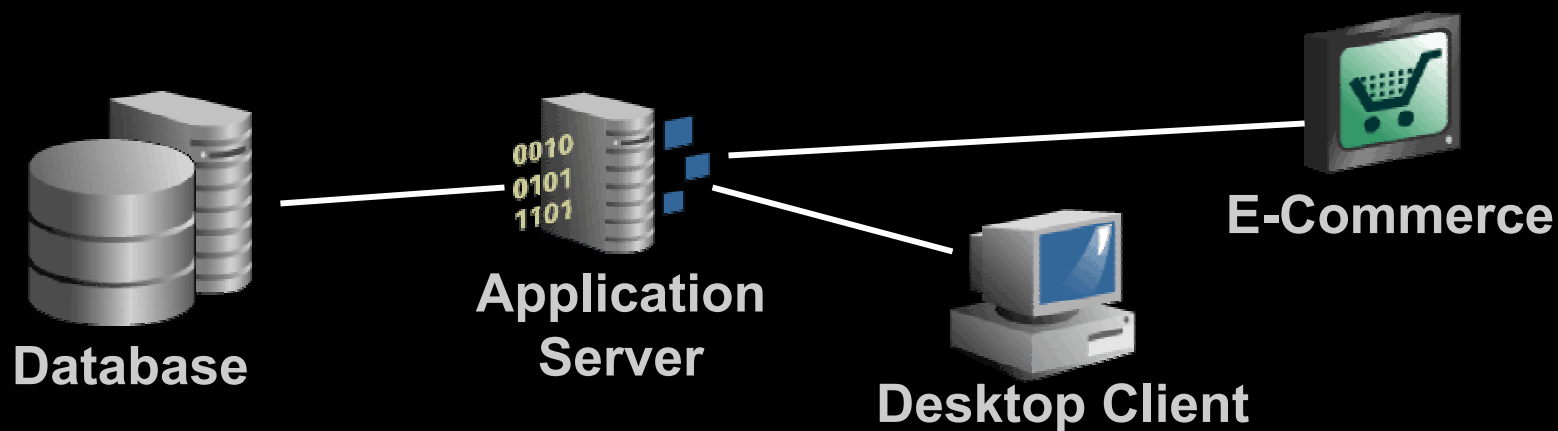
Current Environment:

- Today's Customers want to buy software as needed; eliminate shelfware
- Customers say they need more flexibility
- More inquiries about Utility models, Capacity and Subscription models
- License compliance industry problem causing customer anxiety

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***Now it's more...
sophisticated,
more complex***

Multi-tier Climate:



***Is there a holy grail
for pricing and
licensing?***

***Can we measure it
and count it?
What does the holy
grail look like?***

Objectives - the Ultimate Model

Objectives - the Ultimate Model

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Simple



Flexible



Transparent



Predictable

Technology changesare catalysts to licensing changes

Perception is Everything...

Perception

1. Pricing is complex
2. Too many changes

Reality

1. Pricing is rich with nuances to treat everyone fairly
 - Oracle was 1st vendor to publish price list and its licensing policies
2. Licensing is an evolutionary process
 - IT environment is dynamic

Price is not Just a Number

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Metric

Named User Plus
Processor
Devices
Workstations

Term

Perpetual
Utility, Subscriptions
Term (1, 2, 4 year)

License Type

Full Use
Application-Specific
Embedded

Support

Software Update
Product Support

There is a license suitable for every customer's needs

Managing Software Assets

Why bother?

**Step1: Create
the position and
hire a Software
Asset Manager**

Trimming IT in a Down Economy

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In these economic times of almost universal belt-tightening, companies are looking for new ways to streamline costsand the IT organization is often a good place to start!

- Competitive software environment
- Today, vendors offer more options and flexibility than ever before
- Companies can take advantage of new ways to can cut software licensing fees

Step 2: Evaluate existing software licenses

Understanding What You Have

Just like every smart business tracks its physical assets, such as desktop computers and telephone handsets.....

- IT managers should take equal care in tracking their software licenses.
- That involves knowing how licensing agreements are set up
- How many workers are authorized to use the software
- How many actually are using it, etc.

Most software vendors have has the right to audit its customers, close tracking of existing licenses allows IT managers to be proactive, managing the process themselves instead of watching their vendor manage their business for them.

Do you Know Who's Using What ? ^{10^g}

- Another opportunity to take a close look at the potential to cut software licensing costs is when big changes within the enterprise occur
- In those situations, close coordination with the human are increasingly working to make sure their customers understand exactly what uses are acceptable

Software or 'Shelfware'

Today's reality: Many Customers are Downsizing

What's happens to unused software?

- When should you reduce your number of licenses?
- Only if the employee reduction is a long term plan
- Not cost effective to cancel support and license, if having to re-purchase both a year later

Named User Plus or Processor?

Important Things to Consider

- Is your user population countable?
- Is your user population greater than 50 Named User Plus per Processor?
- Does your user population often change and thus makes it difficult to track?
- Do you need unlimited access to the Database?

Understanding Metrics

- Named User Plus
 - Based on users and non-human operated devices accessing the Database
 - Used in environments where users can be counted
- Processor
 - Based on the number of processors in the server where the Database is installed and/or running
 - Used in environments where users are uncountable

License Migrations

“Architectural changes drive software license changes”

Concurrent Device may be measurable in a 2 tier environment (older architecture), but isn't measurable in a multitier environments

New metrics must be introduced to address new needs

What Product Should You Buy?

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- Each product Edition has different features or license rights
- All features or services included might not be necessary to meet your business requirements
- IT managers should understand how the software is to be used
- The customer should consider whether an entry level product and license might be more ideal, rather than a more expensive package that offers services that aren't useful for their specific business need
- Also, many vendors offer preconfigured software packages
- Instead of buying 3 applications, companies may find that buying a bundle that includes all 3 will likely cost less and offer additional features

License Type

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More rights

More value

Full Use

ASFU /
ESL

Less rights

Less value

Restricted
Use

Term Licenses, Utility, Subscriptions ^{10^g}

Once an IT manager has a firm evaluation of existing licenses, it becomes easier to determine if your current licensing supports your needs..... In some case, something as simple as changing the form of the license from user based to processor based can save money.

- Companies can save software costs by using term licenses instead of perpetual licenses
- Special projects, for example, could require unique software that could be licensed for one-year or multi month terms, which would cost less than the total cost of perpetual license
- **Think Differently:** A term license agreement for a pilot program can be rolled out to a few locations. Later, the customer can upgrade to a perpetual license when the project is implemented everywhere

Vendor & License Integration Issues ^{10^g}

- IT departments of merged companies need to do a better job of managing the integration of potentially disparate licensing schemes
- Discuss the integration with the dominant vendor
- Vendors may honor pieces of an agreement with another vendor because they gain additional users
- Evaluate whether you should use multiple vendors versus standardizing on one
 - Typically, more efficient to consolidate to one vendor
 - Using one vendor can deliver benefits

Hidden Costs.....

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Licensing fees aren't the only costs to consider when choosing between vendors

One of the biggest ongoing costs is a maintenance program, which often varies dramatically depending on the vendor.

Outsourcing and Financing

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- Several years ago, some enterprises found it was more cost effective to outsource the human resources function
- Today some are finding that a whole slew of non-core competency functions can be handed outside of the company to gain efficiencies
- Many enterprises recently have found that outsourcing major software-based functions, such as customer relationship management initiatives, procurement or financial programs can significantly reduce costs.
- Many of the major software vendors offer outsourced solutions
- Finally, many vendors now offer financing, making it easier for companies to choose the very best solution to fit their needs

Flexible & Affordable Acquisition Options

e.g. Financing

- Flexible solutions
 - Payment Plans
 - Leases
- Customer Benefits
 - Overcome budget constraints
 - Conserve capital
 - Simplify with fixed, predictable payments

Summary: Streamline Costs

- Select the most suitable licensing metric
- Evaluate need for license migrations
- Determine appropriate product and license terms to meet your needs
- Evaluate maintenance fees
- Financing

While the responsibility to manage software agreements is up to each individual company, some vendors recognize that they have a duty to educate customers and potential customers.

As a result, many vendors are working to make sure their customers understand exactly what uses are acceptable, which makes it easier for customers to manage their software assets more effectively.

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Resources

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A N N O U N C E M E N T

Specialty Pricing Seminars

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The Software Investment Guide

Evaluate Our Pricing

Read the Software Investment Guide
to understand pricing & licensing policies...

The Software Investment Guide ^{10^g}

Software Investment Guide **Welcome**

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Welcome

Welcome and thank you for the opportunity to share Oracle's pricing and licensing policies.

Some of you may ask, why now? It's simple really; software pricing and licensing strategies now more than ever are an important aspect of managing today's business climate. Shifting market conditions and shortened business cycles seem to be the norm, no longer the exception.

As your company faces these changing markets and the infinite number of new technology options, we understand that optimizing your software investment can appear to be a daunting task. We are committed to you and we want you to be successful. To help you achieve this goal, we have developed a Software Investment Guide. The purpose of the guide is to help you optimize your software investment by enhancing your understanding of Oracle's licensing and pricing practices. We believe that by sharing our expertise, we empower you to better manage your Oracle licenses, and to make more informed software investment decisions on the whole.

How was the Software Investment Guide Developed?

For an explanation of:

- Pricing & Licensing Practices
- Software & Service Offerings
- Total Cost of Ownership analysis
- Links to Supporting Documents

...and much more,
download the SIG

Where to Get More Information.....

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Pricing and Licensing Website

www.oracle.com/corporate/pricing

Customer Pricing Inquiries

Pricinginquiry@Oracle.com

A large, stylized graphic of the letters 'Q' and 'A' in a dark grey, serif font. A large, bright red ampersand (&) is superimposed over the center of the 'Q' and 'A'. The text 'QUESTIONS' is written in white, bold, sans-serif capital letters across the top of the 'Q', and 'ANSWERS' is written in white, bold, sans-serif capital letters across the middle of the 'A'.

QUESTIONS
ANSWERS

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