

Licensing & Compliance: Two Strategies, One Goal

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Roadmap for Discussion...



- 1) What are the challenges facing the Software Industry today?**
- 2) What is the relationship between the business and technology?**
- 3) Why are license management and compliance complimentary?**
- 4) How does the firm begin to frame the issue of compliance?**
- 5) What tools are available in pursuit of the firm's strategy?**

The Business Relationship

Producer:

- Are they entitled to it?
- Have they deployed it?
- Are they using it?
- What version is it?
- Is it supported?
- Where is it?
- Do they want it?
- Do they need it?

“It”

Enterprise:

- What is it?
- Are we entitled to it?
- Have we deployed it?
- Are we using it?
- Is it supported?
- Where is it?
- Do we want it?
- Do we need it?

Relationship Management:

Optimizing/Leveraging current/future investments
Aligning to value in the relationship

Establishing baseline visibility on usage/deployment
Clarifying issues of entitlement

Software Licensing Framework

Entitlement

LICENSE GRANT

(Perpetual / Non-Perpetual)

LICENSING METRICS

(Named-User, Concurrent User, CPU, Server, Core, Terabyte, Usage, etc.)

OTHER LICENSING T&Cs

(Express rights and limitations regarding usage, functionality, deployment, etc.)

OTHER T&Cs

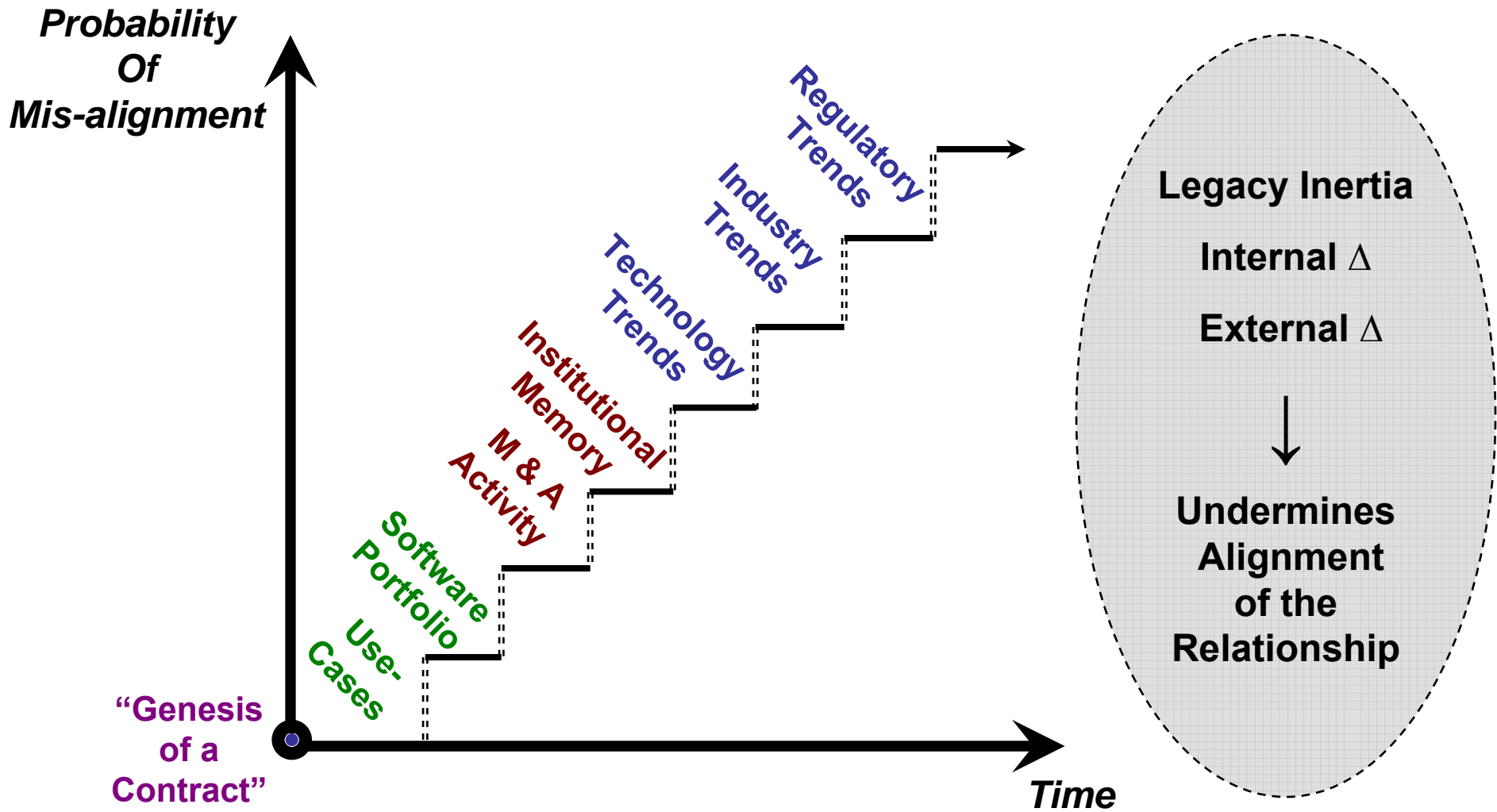
(Reporting requirements, Audit rights, Derivative works, Sublicensing, Transferability, etc.)

Deployment

Monitoring, Tracking & Compliance

(Audit, self-reporting / manual, electronic / data, financial)

Elements of Change



Perpetual / On-site Model

Development:	18+ month cycle
License Right:	Perpetual
Deployment:	On-premise
Installation:	Extensible / Customized
License Renewal:	Annual Annuity
Procurement:	Upfront payment
Return on Investment:	Expected future return
Probability:	Variable
Alignment to Value:	?????
Exposure to Risk:	?????
Business Relationship:	?????



Licensee

“Known” “Unknown”

Licensor
“Known”
“Unknown”

Mutual Insight	Asymmetric Information
Asymmetric Information	Mutual Uncertainty

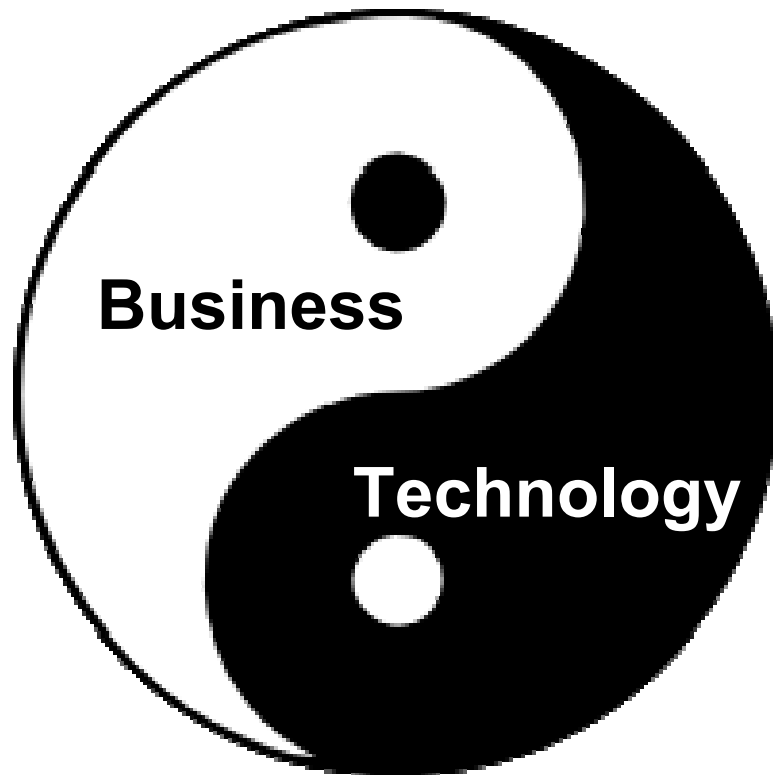
Overcome:

- ✓ Imperfect Information
- ✓ Information Silos
- ✓ Asymmetric Relationships
- ✓ Lack of Transparency

Objective:

- ✓ Fact-based Dialogue
- ✓ Strategic partnership

Yin-Yang of Business and Technology

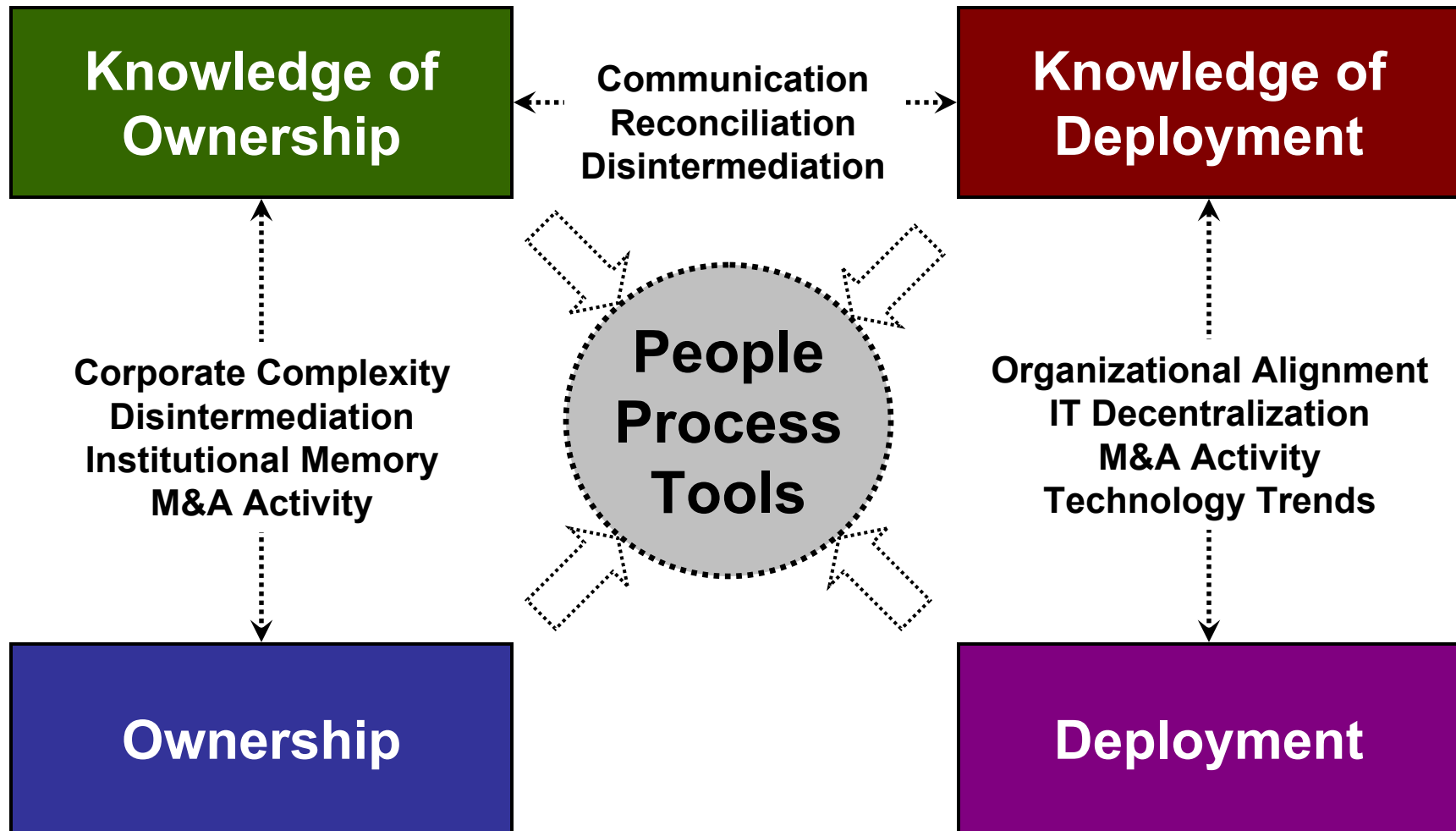


- ✓ **What are the strategic goals of the firm in licensing?**
- ✓ **How will technology enable those objectives?**

“All of the infrastructure and processes necessary for the effective management, control and protection of the software assets within an organization, throughout all stages of their lifecycle.”

- ITIL Best Practice Guide – Software Asset Management

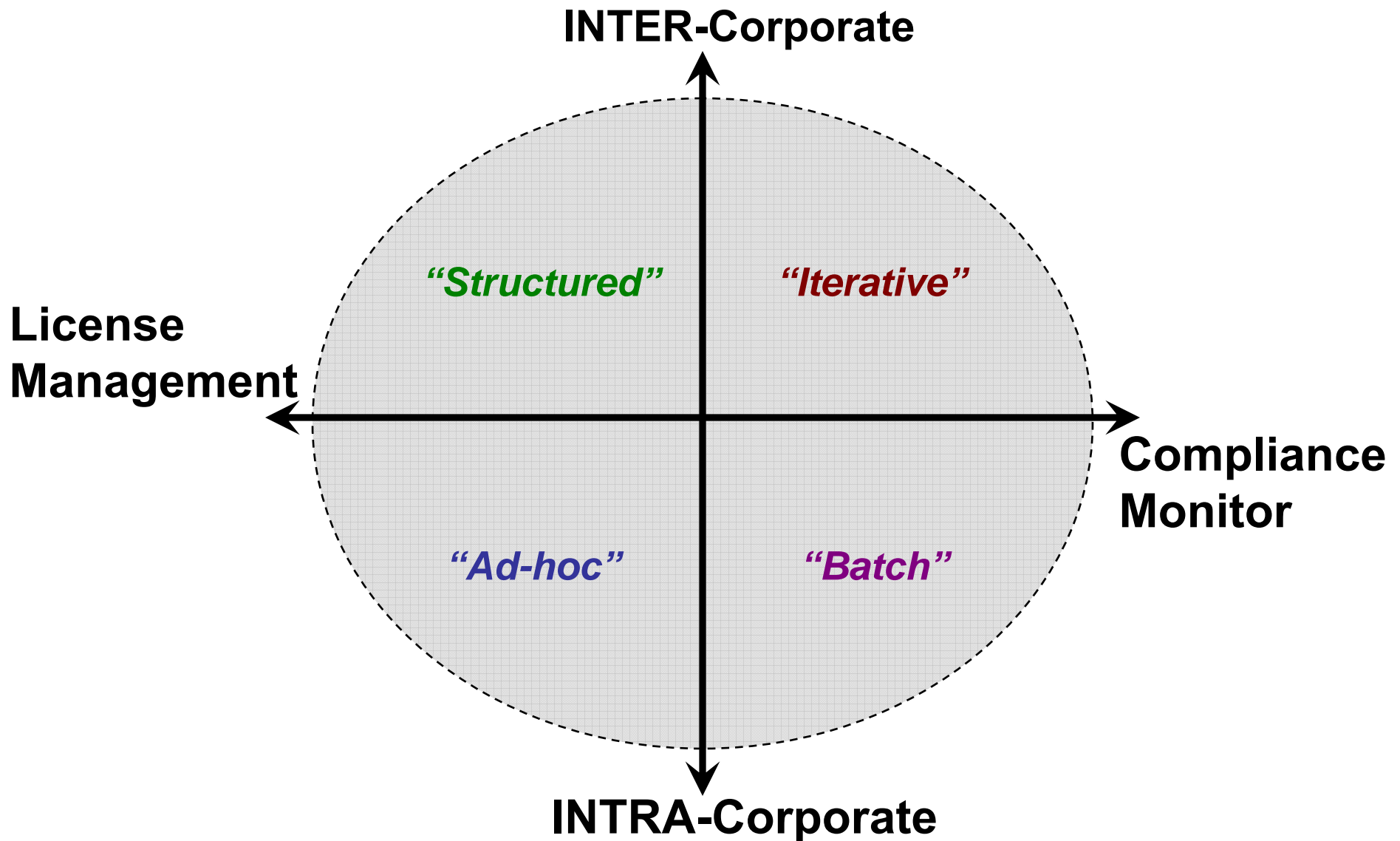
Ownership and Deployment



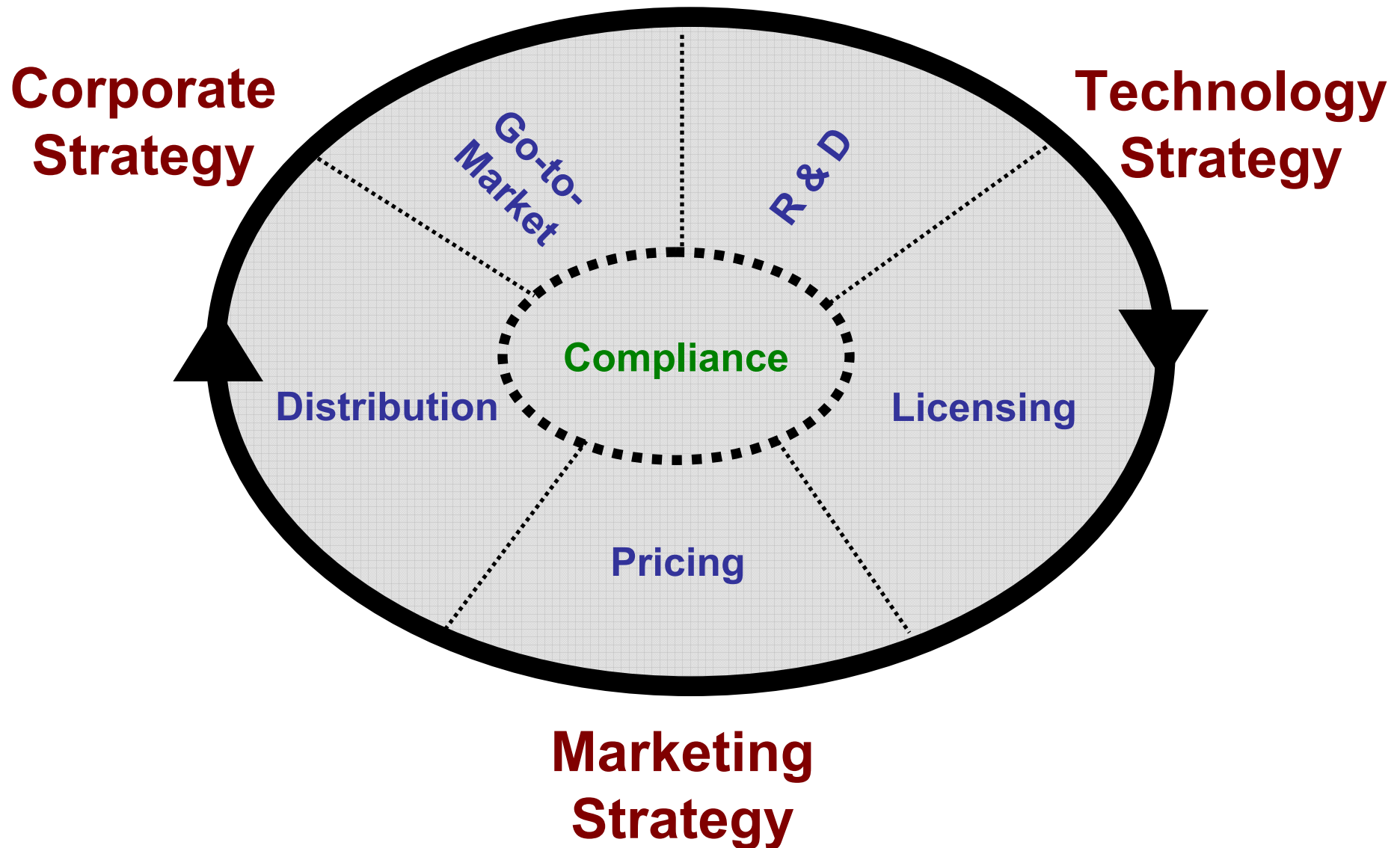
Variables to Consider

Market Structure:	Monopoly – Competitive
Business Climate:	Objective – Relationship
Legal Environment:	Supportive – Non-supportive
Business Dynamic:	Trusted – Arms Length
Go-to-Market:	Standard – Negotiated
Regional Scope:	Domestic – Global
Business Solution:	Horizontal – Vertical
SEULA:	End-user – Partner
Software Portfolio:	Narrow – Broad
Software Type:	Desktop – Enterprise
License Metrics:	Concrete – Diffuse
Customization:	Stock – Extensible
Sponsorship	???
Objectives	???
Abilities	???

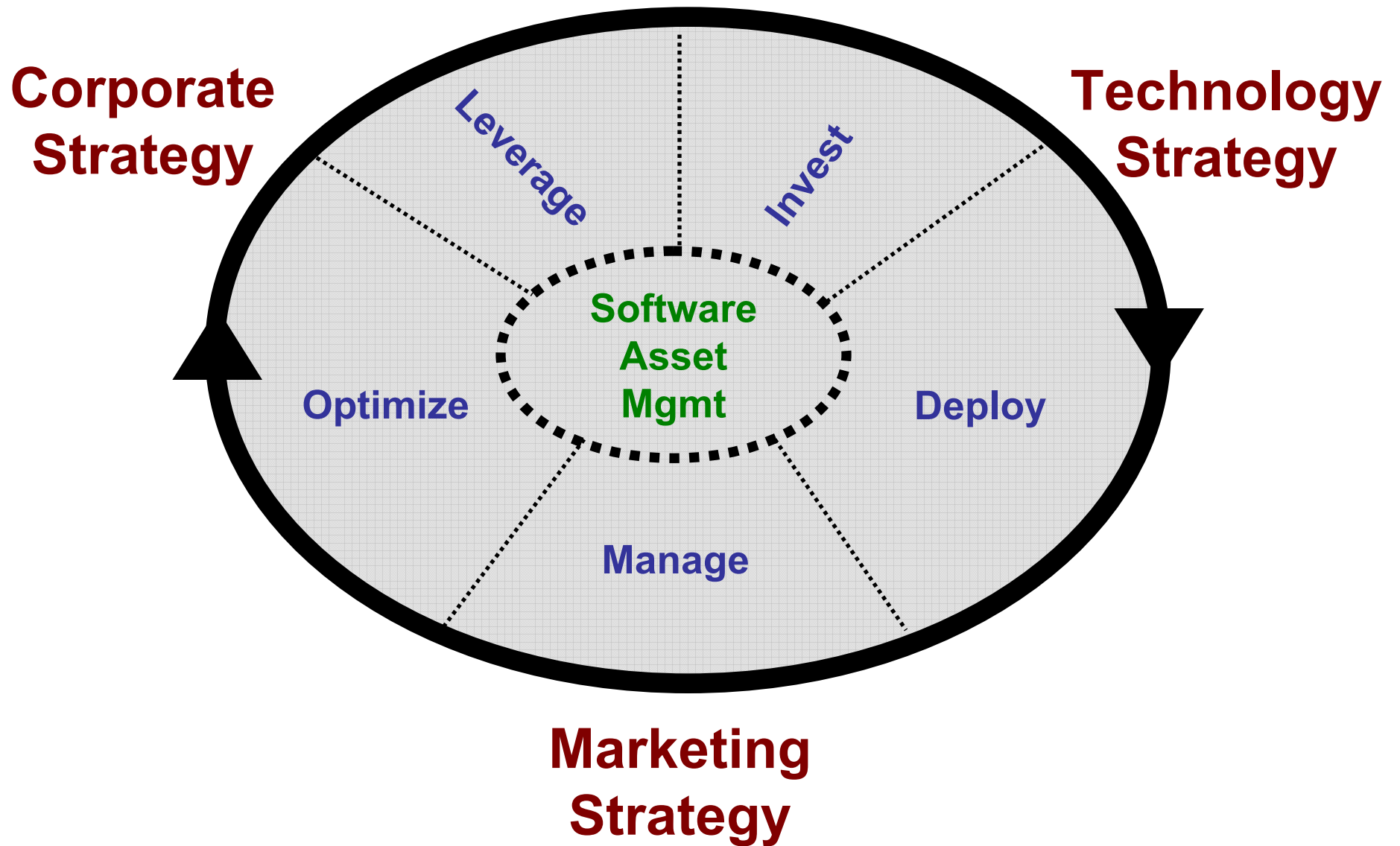
Strategy and Tactics



Two Tales (Software Producer Lifecycle)



Two Tales (Enterprise)



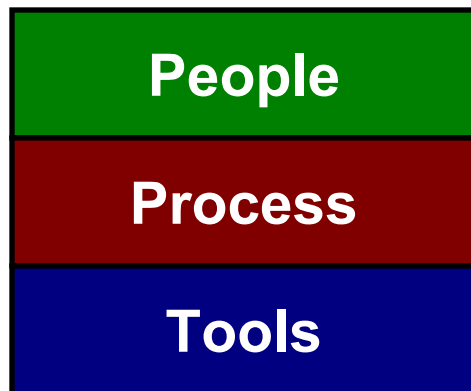
Thoughts regarding Tools

ISO Standards:

19770 – Part 1

19770 – Part 2

19770 – Part 3



In Conclusion...

- ✓ Complexity, Uncertainty and Risk
- ✓ One size certainly does not fit all
- ✓ Opportunity for common lessons learned
 - Software Producers
 - Enterprise
 - 3rd-Parties
- ✓ Legitimacy of divergent perspectives
- ✓ Piracy → Audit → Compliance → SAM → ??????



Appendix 1: Contact Information



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Thank you!

Appendix 2: Selected Reading

1. Software Asset Management: A Key to Infrastructure Optimization by KPMG, October 2008.
2. Tools Manager 2008 ITAM and SAM Tools by ECPweb, Winter 2008.
3. Bringing Software into the Computer Age with Electronic Licensing and Distribution by IDC, October 2008.
4. Software and IT Asset Management by IBSMA, June 2008.
5. Worldwide Software Pricing and Licensing Taxonomy and Report Guide by IDC, March 2008.
6. Trends 2008: Application Licensing and Pricing by Forrester, January 2008.
7. Key Trends in Software Pricing and Licensing by ECPweb, Macrovision, SoftSummit, CELUG, and EDA, November 2007.
8. Is Unlicensed Software Usage Hurting Your Bottom Line by KPMG, October 2007.
9. Contract Risk and Compliance: Understanding and Mitigating Risks in Extended Business Relationships by Deloitte & Touche, September 2007.
10. Could Pay-Per-Use Software Licensing Solve the Virtualization Conundrum? by IDC, June 2007
11. Auditing in the Self-Reporting Economy by Harvard Business School, June 2007.
12. Fifth Annual BSA and IDC Global Software Piracy Study – 2007.
13. Software 2006 Industry Report by McKinsey & Company, April 2006.
14. More than a Matter of Trust: Managing Risk in Extended Business Relationships by Deloitte, April 2006.
15. The Impact of SOX on IP Management presentation to the Licensing Executives Society-Silicon Valley Chapter by Ernst & Young, February 2006.
16. The End of Software by Timothy Chou, 2005.
17. Software Publishers' Enforcement Programs: A Survey by ECPweb.com, November, 2005.
18. The Future of Enterprise Software by Accenture, October 2005
19. An Insider's View on Software Licensing Trends for Enterprise Applications presentation to SoftSummit by Forrester, October 2005.
20. The Self-Reporting Economy: A Matter of Transparency and Trust by KPMG, 2004.
21. The Future of Software Licensing: Software Licensing Under Siege by IDC, March 2004.