

Blog Sample

jay gitomer

CLIENT

UnitedLayer

AUDIENCE

Cloud Service Provider resellers

PURPOSE

Educate resellers on topics relevant to their customers' pain points

CREATIVE BRIEF

Write on a useful topic that isn't done to death.

PLACEMENT

This work was created specifically for the customer's corporate blog.



<http://blog.unitedlayer.com/burden-virtual-machine-licensing-issues>

The Crushing Burden of Licensing Virtualized Machines

Software licensing is a complicated matter for any business operating an IT estate. Licensing was once fairly straightforward: count the servers and that's how many licenses you'd need. But as computing has evolved, so has the complexity of licensing. In particular, the advent of virtualized machines and multi-core processors has turned licensing into a problem that few organizations get right.

Factors complicating licensing costs include:

- Knowing whether a partitioned server is running more than one operating system
- Knowing which virtual servers are used constantly and which are only enlisted when demand peaks
- Knowing the exact instance of the software on each server, including edition, configuration, options, management packs, and purpose

- Tracking the purpose for which the servers are virtualized at a given moment, since different costs are associated with different purposes (such as load balancing, resiliency, testing, or development)

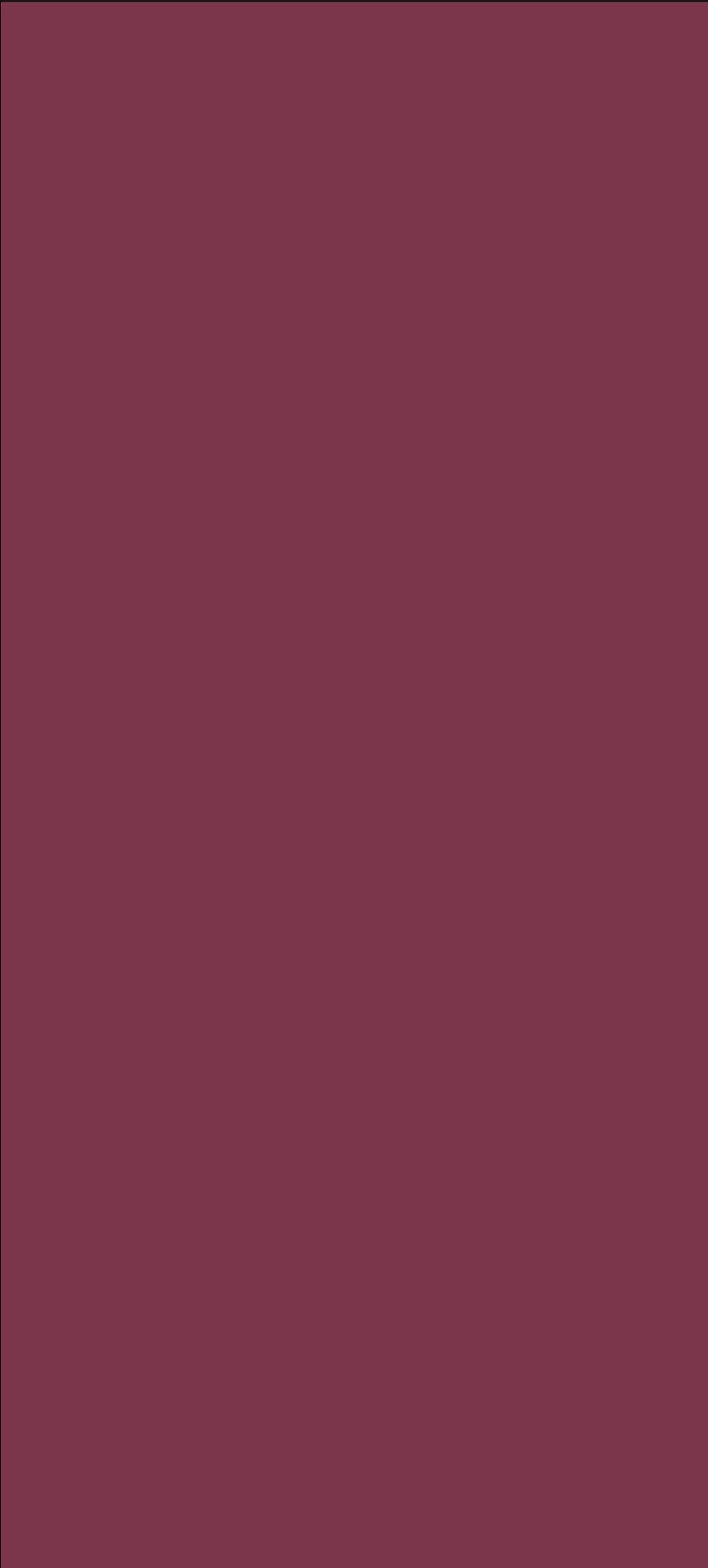
Software reporting is usually a manual process that is both time-consuming and inaccurate. ISVs may provide tools that help companies keep track of their configurations, but while these tools are effective at tracking workstations and laptops, they do not recognize virtualized servers accurately.

License negotiations are where the rubber meets the road. Licenses are usually negotiated annually, so each year offers a new chance to make a mistake. In a license negotiation, a company is required to account for every license that it paid for, and companies that misreport their licensing positions can face heavy penalties. Penalties can be as high as \$10M—that's a difficult burden for any company, but smaller organizations can be destroyed by a fine of even a fraction of that size.

And the ISVs have a pretty good idea of your licensing position, even if you don't. They pay attention to your activities, and they notice if you have acquired a company, extended your geographic reach, or taken any other actions that indicate that your licensing requirements may have increased.

Before major changes, such as the release of new software versions, ISVs usually offer licensees the chance to 'true up' their IT estates. A true-up is a self-audit. Licensees perform a true up and report the results to the ISV, but if the ISV is not confident in the true up report, it will audit the company. Bigger companies need to be especially careful; they are both more likely to have a complex IT estate that is hard to account for accurately, and they are also more likely to be audited than smaller organizations. Audits result in costly diversions of resources, and once one ISV audits a company, another is likely to follow. The smell of blood in the water travels far.

Under-reporting is not the only risk; overspending on licenses occurs too. A typical use case is a department that has purchased 100 licenses for a live environment but only



used 80. It has given some of its unused licenses to another department. The second department has installed some of those licenses in the live environment and some in a testing environment. But the licenses are for the more costly live environment, so an unnecessary expense is incurred.

Licensing is so difficult and so risky that larger companies engage software licensing specialists to reduce the chance of errors. But even large companies that can afford to engage a licensing specialist and that have clout at the negotiation table have trouble remaining in compliance with their licensing agreements. For smaller companies, there is no debate—they are better off letting their CSP keep track of their licenses.

The CSP has the best visibility of the number of cores, virtualized machines, geographic locations, functions, and other elements of each asset in the IT estate. Therefore, it is best equipped to deal with licensing issues as a routine matter; it's part of their core business. However, if you want to handle your own license, some CSPs allow you to BYOL—bring your own license.

If you're considering moving your private cloud to a CSP, you already know the benefits of outsourcing a highly technical element of your enterprise. For companies whose core business is anything other than cloud services, the costs, budgeting, and staffing of running a cloud are simply a distraction from what they do well. And licensing is something that few companies, even those with thousands of servers and an army of software asset managers, can do well. When you're offloading your servers and software, it just makes sense to send the licensing burden along with them.