CONTROLLING COMPLEXITY: IMPLEMENTING A CULTURE OF CONTROL

La Hacienda de los Morales
Ciudad de México, Mexico
During this sitting of the LMS Steering Group, the first to be held in Latin America, we continued to explore the challenges associated with controlling complexity. The focus of the conversation was the primary obstacles contributing to excessive complexity. More specifically, we looked at the operational factors that limit visibility into deployed assets and usage metrics – and how this is preventing a more proactive stance to license management.

The questions posed to the group centered on the recommended changes organizations can make to existing procedures, management practices and infrastructure to create an effective culture of control. This led to some interesting and frank responses, particularly in terms of the problems in creating a trusted licensing picture, and the demands on license management teams to better understand the business output connected to any technology investment.

The LMS Steering Group offers every attendee an equal voice to highlight concerns and debate adequate responses. Oracle is one of these voices, though on the day my role is predominantly aimed at facilitating the discussion. However, I believe that it’s important to maintain two way dialogue between customers and suppliers, and in the following pages I offer you a snapshot of the main points raised – and my own views and opinions to continue the debate.

I hope you find it an interesting read.

Kind regards

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A SNAPSHOT OF POINTS COVERED

1. CREATING TRUSTWORTHY INFORMATION
   The progress being made by organizations toward achieving a consistent and reliable view of licensing information

2. THE CHALLENGE OF INFORMATION SECURITY
   The role of license management in implementing an effective information security capability

3. MAKING THE MOST OF BUNDLED SOFTWARE
   Insights into making the most of bundled technology packages and avoiding a compliance headache

4. UNDERSTANDING COST ALLOCATION
   Mapping insights into actual usage to license entitlements to calculate what’s being spent and what’s being delivered

5. TRANSFERABLE KNOWLEDGE
   Identifying the skills and expertise that can enhance a license management professional’s career prospects

6. MAPPING LICENSE USAGE TO BUSINESS DEMAND
   The difficulties of aligning the licensing structure to the wider business strategy

7. FACE-TO-FACE ENGAGEMENT
   How Oracle LMS can support more face-to-face engagement to promote greater license visibility
CREATING
TRUSTWORTHY
INFORMATION

Is a centralized structure the best approach to managing licenses across an extended operation?

IN RESPONSE:
The central management of licenses by a dedicated team of Software Asset Management (SAM) professionals is what we at Oracle LMS term the ‘optimal state’ – particularly when it incorporates the management of procurement procedures. This is definitely the direction many organizations are heading in, as I can attest to from the many conversations I have had with customers operating out of different locations around the globe.

However, this is a statement that comes with a caveat: the progress being made is predominantly occurring within specific divisions and business units. In other words achieving a centralized view at a global, cross-national level is significantly harder due to the nuances of individual countries when it comes to governing laws, procurement, contract and licensing obligations.

Another principle challenge is implementing appropriate governance and charge-back models. The task of distributing the costs for maintaining a centralized licensing and contracts team, alongside the provision of adequate support, continues to prove a lot harder to solve than it initially appears. What experience teaches us is that this will continue to be the case unless the executive sponsorship is in place to drive forward the necessary changes.
THE CHALLENGE OF INFORMATION SECURITY

What role can license management best practices play in ensuring an effective approach to information security?

IN RESPONSE:

It may be slightly controversial to suggest that the majority of people working on license management are more closely attached to compliance than they are to corporate governance. The former is of course driven by IT to minimize risk exposure, while governance in this definition is focused more on information security and corporate protocols. Yet as numerous high profile security breaches demonstrate, security will always maintain essential importance and license management has an influential role to play. This is where risk mitigation and asset optimization go hand in hand, based essentially on detailed insights into what’s been deployed, who’s using it and (just as importantly) who shouldn’t be using it. Authorization is equally important, both in terms of identifying software that is authorized to run in your environment, and how this can translate into effective access rights to reduce the risk of unapproved usage. The Steering Group also highlighted the need to address unauthorized patch updates and support, in order to restrict the illegal downloads that can bring any number of nasty surprises inside the firewall. Therefore, it is strongly advisable that organizations ensure tight controls exist into the type of licensing and software being allowed into their environment controls that will automatically drive improved information security across the entire business.
MAKING THE MOST OF BUNDLED SOFTWARE

How can organizations exploit the full potential of bundled license packages from Oracle and avoid any governance issues?

IN RESPONSE:
The topic of bundles, the purchasing of a group of interrelated products from the Oracle stack, is ultimately a question that relates to visibility. Exploiting their full potential is to capitalize on advantageous pricing options and the additional functionality available for the same user population. Any governance concerns typically relate to a perceived lack of insight the customer has into all the different licenses acquired with the fear that this will result in either shelfware or unexpected compliance exposure. The simple answer to the problem is to confirm up front when engaged with your Oracle sales, account or implementation teams that a full inventory will be made available.

The good news is that each of these teams is fully equipped to supply a detailed breakdown of each component within the bundle. In addition, Oracle LMS can also help you understand what’s been included in the purchase, and on request bring in product experts to detail the precise functionality of the different technologies. This is one of the central capabilities of LMS’ Advisory Services, where we can offer help and advice on your licenses and contracts outside of any audit or official investigation into usage. Our aim is simply to give you a platform for asking one off questions in relation to specific aspects of your deployed estate, and how you can make the most of the investment.
How can Oracle LMS help customers identify how their technology investments align to specific services being delivered by the business?

THE RESPONSE:
Another question raised during the Steering Group was how can organizations work more closely with vendors to gain greater visibility into how costs relate to specific outputs inside core business functions – a conversation particularly relevant when chargeback models are in place. From a best practice perspective the answer is again connected to adopting a more proactive stance in the management of the software estate. Any activity aimed at improving overall cost alignment has to begin with gaining a greater understanding of what you own, and Oracle LMS is always on hand to help provide you with that inventory – and to break down license and entitlement information based on how you track the data.

Next is to apply this understanding across the estate, an exercise that can be split into two distinct phases:

1. **DISCOVERY**
   Identify who is deploying the software, what the total deployment looks like, and then measuring this inventory to understand actual usage statistics.

2. **MAPPING**
   Comparing your view of actual usage to your license entitlements, and tracking licenses (whether this is by project, server or PO) to calculate what is being spent versus what you’re entitled to.

This is an area that highlights a unique capability of Oracle LMS – we can provide a complete 360° view of our customer’s license estate, including their subsidiaries (national and international) and business units. Furthermore, this insight is available across all Oracle product lines, including those already purchased, those currently being purchased, and those that come in via acquisition. This is an important first step because the majority of organizations still struggle to even track down existing contracts and related information – knowledge critical for charging back costs based on the functionality of products deployed and actual usage metrics. Where we apply our expertise is to help customers map out this environment, and to build scenarios of how the infrastructure operates today, and how it could operate in the future (detailed from either an ROI cost or charge back perspective). The output delivered is a model that offers guidance for redeploying licenses in a different, more productive manner, as well as demonstrating a different type of value that could be extracted from existing assets.
What essential skills can mark out an individual as a license management expert, and competencies that can enhance future career aspirations?

**IN RESPONSE:**

The obvious place to start is the certification and expertise that surrounds broad categories such as IT asset management (ITAM) and SAM, and learning the detailed methodologies as well as some of the benchmarking procedures associated with these industry standards. I would also add to that legal expertise, and certainly the contract knowledge to interpret, understand and negotiate contract terms and conditions.

However, what I believe can truly differentiate an expert in the license management arena is an in-depth understanding of the actual technology being licensed. This can be a challenge because many people come to the table with a predominantly detail-oriented audit background, where they have a thorough understanding of methodologies and processes alongside the contracting and legal implications – but have a really tough time grasping the purpose of the technology and how the licensing applies.

Where Oracle LMS can help, indeed where our core capabilities come into their own, is at this critical juncture. While anybody can read a contract, figuring out how it applies to a specific technology and why it’s licensed in a particular fashion requires a different type of knowledge. For example, understanding the precise differences of an effective disaster recovery solution and the value it delivers is what stands individuals apart. This is because they can understand why Oracle licenses its products accordingly, and what we value as a licensable event. To me this is the essence of transferable knowledge.
MAPPING LICENSE USAGE TO BUSINESS DEMAND

With IT increasingly charged with improving their understanding of the nature of business demand, how can license usage be connected to the business strategy, and how can this information be used to improve the overall delivery and responsiveness of IT service delivery?

IN RESPONSE:
This is a question that really demonstrates the changing nature of IT service delivery. Again, the answer relates to the sharing of information, and helping IT understand how license usage fuels the business strategy – and how these insights can act as a platform for improving overall delivery and responsiveness to changing operational priorities.

From an LMS perspective, I think there are a few things we can do to help. The first is to continue working closely with customers in a purely advisory capacity to enable them to fully understand their entitlements, and various tactical issues relating to the deployed license estate. In addition, we’re also actively working hand in hand with many organizations to help them develop an effective SAM strategy – many of my colleagues are trained to SAM and ITIL standards and can assist you in mapping an effective approach.

The other aspect open to us is to inspire the broader conversation, which is the purpose behind the LMS Steering Groups. During these events we bring IT professionals together to discuss their strategies for license management, and what they’re doing with regards to inspiring executive buy in and support – as well as their methods for managing vendor relationships. I think this is a really important initiative for generating a mutual understanding of the challenges and opportunities facing them.
Those customers who attended the Steering Group once again reiterated the regional preference for direct communications with vendors. How can LMS help support this requirement?

IN RESPONSE:
The Oracle LMS philosophy is that face to face meetings are vital to developing an engagement, particularly as we build longer term relationships with our customers and move toward the role of trusted advisors. It’s also something we continually put into practice – we have consultants deployed in 114 countries supporting 35 languages around the world to ensure we can provide this direct interaction. These are resources that are on the ground and available to meet our customers in person whenever the opportunity arises.
The LMS Steering Group is a forum dedicated to promoting best practices in the field of license management. It was set up to identify opportunities and recommendations for organizations looking to improve how they manage IT assets, track license usage and ensure compliance.

The role of Oracle LMS in these meetings is to inspire the conversation, and to report back to our wider customer community on the key findings. In addition, the outputs from each event helps shape both the nature of the LMS service offerings, and our overall licensing policy.

Future Steering Groups are continually being planned. For more information, and to book your seat at the table, please email lms-global_ww@oracle.com or visit www.oracle.com/goto/lms