



Oracle Licensing and Compliance

NoCOUG Summer Conference

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*If you think compliance is expensive,
try non-compliance.*

□ FORMER U.S. DEPUTY ATTORNEY GENERAL
PAUL MCNULTY

Redwood Compliance

Oracle License Specialists

Based in Palo Alto, CA, Redwood Compliance consists of subject matter experts with extensive experience in software licensing, contracting, and sales.

Redwood Compliance delivers audit defense, contract negotiation, license optimization and advisory services around Oracle licensing.

Redwood Compliance is independent of Oracle - it is neither an Oracle partner nor reseller. This means we deliver independent, unbiased services in the best interests of our clients.

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Agenda

1. The Basics – “installed and/or running”
 - Licensing metrics & common risk factors leading to Oracle licensing non-compliance.
2. Working with Oracle.
3. Oracle on VMware – a compliance conundrum.
 - Understanding Oracle’s position.
 - [The Mars case.](#)
4. ULAs – getting the best value out of your “Unlimited” License Agreements and minding the pitfalls.
5. Oracle License Audits – what to expect.
6. Performing an internal audit.

1. The Basics – “installed and/or running”

- What makes Oracle licensing difficult and more complicated than other vendors’.
 - A lot of it is defined in vague and generic language that is open to interpretation.
 - There is no specific language for virtualized or partitioned environments.
- Common Licensing Metrics
 - Processor
 - Named User Plus
- Legacy Metrics
 - UPU
 - NU-MS, NU-SS, Concurrent Devices
 - Legacy metrics can be a compliance pitfall if not properly understood and managed.
- What needs to be licensed – anywhere Oracle software is “Installed and/or running”
 - For ULAs, it’s “installed and running”

1. The Basics – Risk factors for non-compliance

- What is non-compliance?
 - Using unlicensed or under-licensed software.
 - This includes using Oracle software outside defined restrictions.
- Risk factors that enhance the likelihood of non-compliance:
 - Mixed metrics.
 - Large mix of Oracle programs in use – this makes it very difficult to track compliance across all products.
 - Environment size – bigger environments entail higher compliance risk.
 - Not understanding Oracle's approach to licensing DR/Backup environments.
 - Backup, Failover, Standby, Mirroring
 - Partitioning – including VMware, Hyper-V, HP nPar, IBM LPARs, among others.
 - Mergers, acquisitions and divestitures.
 - Entity definition and coverage issues.
 - Combined entities may lead to a rise in Oracle deployment footprint.
 - M&A activity is especially complicated if ULAs are involved.

1. The Basics – Risk factors for non-compliance (continued)

- High growth in your company.
- Use of Oracle Applications without matching Oracle Tech/Middleware footprint.
- Use of third party software like SAP that runs on Oracle.
- Using Oracle software in a hosted environment to service customer needs.
- Unlimited License Agreements (ULAs). “Unlimited” can lull customers into a false sense of security. The ULAs only cover explicitly mentioned products. So while Database Enterprise Edition may be covered, the Options/Packs may well not be covered by the ULA and require separate purchases.

2. Working with Oracle – who's who?

- Oracle License Management Services (LMS)
 - Are the licensing authority.
 - Only LMS has the mandate to perform formal license audits.
- Oracle Sales
 - Sales and LMS are independent, but do talk to each other.
 - Any compliance related purchases will be done through Sales; LMS does not sell licenses.
 - Sales may nominate a customer to LMS for an audit.
- Oracle Legal
 - Assist LMS with legal aspects, including contractual details, interpretation of definitions and – if necessary – issuing breach and contract termination notices to Oracle customers.

3. Oracle on VMware – a compliance conundrum.

- Oracle's approach to "partitioning"
 - LMS's interpretation of "installed and/or running"
 - "Soft partitioning" vs. "hard partitioning", and Oracle's "Partitioning Policy"
- Oracle in VMware and the Mars case
 - Case background - Oracle initiated an audit of Mars and requested deployment details for the entire VMware environment.
 - Mars pushed back against providing data for the entire VMware environment; Oracle threatened to terminate its license agreements.
 - Mars took Oracle to court.
 - What happened
 - Settled out of court.
- Smooth sailing ahead with Oracle in VMware? Pitfalls to look out for when putting Oracle in VMware.

4. *Unlimited License Agreements (ULAs).*

- What is a ULA?
 - Unlimited use of certain products for a certain period of time.
 - At the end of the ULA, either renew or certify.
 - Why get a ULA?
 - Typically high growth environments or anywhere there is likely to be a large and dynamic Oracle environment.
 - Can yield great discounts from list prices.
- Risks and pitfalls with ULAs
 - Can be expensive.
 - Counting up for certification is a major task.
 - Lost value in an under-used ULA.
 - Oracle's ULA "assistance" expose unknown compliance risks.
 - Use of products not covered by the ULA.

5. Oracle License Audits.

- Who can perform them?
 - **Only LMS can perform audits. Sales cannot.**
- “Why was I selected for an audit?”
- Your contractual obligation and the audit clause.
- What to expect – example scenario.
 - Notification letter.
 - Scope determination.
 - Manual data collection.
 - Oracle’s tools and scripts for data collection.
 - Reconciliation & final report.
 - Negotiation and resolution.

6. *Performing an internal audit.*

- Stay ahead of the curve – do an internal audit before the auditors arrive.
- A good internal audit will give you a complete picture of your Oracle situation.
 - Identify compliance gaps.
 - Identify surplus licenses.
- Key steps in an effective internal audit
 - Contract review
 - Entitlement assessment
 - Deployment assessment
 - Reconciliation of entitlements and deployments
 - Identify compliance gaps and resolution options - perform value assessments to identify most favorable option.
 - Identify surpluses and plan on license optimization and/or support cost reduction.
- Getting expert assistance with this process is important to ensure it's done correctly and is meaningful in providing an accurate picture of the Oracle licensing and compliance situation.

Questions?

Stay in touch

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Thank you!