

CASE STUDY

THE ORACLE AUDIT PLAYBOOK: HEALTH EXCHANGE FOUND OUT OF COMPLIANCE BY MORE THAN \$14M

INTRODUCTION

To meet the tight deadline, the SI licensed Oracle® components exclusively and established multiple teams to work on different parts of the project. The SI then built a virtualized cluster to support the Exchange but, in doing so inadvertently violated the Oracle license agreement.

Oracle audited the Exchange and discovered that usage was well beyond the licensing agreement and billed the Exchange for more than \$14 million. This amount of money would have bankrupted the Exchange, so Oracle agreed to settle if the Exchange signed an Unlimited License Agreement (ULA) for \$5 million.

This is a common tactic in the Oracle audit cycle. Oracle contracts are full of complexities, often generating compliance issues from the moment the software is installed. They audit their customers, often citing exuberant compliance fees. Oracle then offers customers out of compliance a

“deal,” often pushing services or products, (i.e. cloud credits) that the customer may not want/need. Customers often settle or renegotiate their terms with Oracle, giving an already unfair contractual advantage even more leverage.

CUSTOMER CHALLENGES

- Oracle audit tactics
- Over-licensed
- High support costs

ABOUT THE CUSTOMER

The Affordable Care Act (ACA) provided a pool of money so states could build Health Exchanges – state-wide resources for individuals, families, and small businesses looking to purchase health insurance and obtain financial assistance. In the case of one such exchange (the Exchange), the timeline to be up and running was a matter of months, so the Exchange contracted with a global information technology and system integrator (SI) to build out the Exchange's infrastructure.

REMEDICATION AND RECOMMENDATIONS

The Exchange engaged LicenseFortress to help it find ways to decrease its annual \$1.7 million support costs. LicenseFortress provides Oracle license management services that reduce software costs by optimizing active licensing and retiring licenses no longer in use. LicenseFortress assists Oracle customers in making the best decisions in optimizing and negotiating their licensing.

LicenseFortress performed a Compliance and Optimization Review of the Exchange's Oracle licensing. After reviewing the Exchange's contract, LicenseFortress cataloged and inventoried the Oracle products and workloads used across all environments: production, staging, user acceptance testing (UAT), and disaster recovery.

The analysis uncovered licensing issues. The Exchange had licensed 18 products but was only using ten. In fact, had the Exchange just bought its licensing on a per-product basis, it would have paid significantly less than \$5 million and faced lower support costs.

At about the same time that LicenseFortress was evaluating the Exchange's Oracle license use, the SI had just completed a technical upgrade to its infrastructure, resulting in a reduced processor count supporting the SI's virtual cluster. Previously, the Exchange was sharing eight servers on the SI's joint infrastructure; but with the upgrade, the SI moved the Exchange to their own servers – two servers with 32 cores. This change provided LicenseFortress the opportunity to reduce the Exchange's Oracle licenses.

Working with the SI, LicenseFortress determined that it could restrict the Exchange's Oracle workloads at the host level. This would reduce the number of licenses needed and allow the Exchange to terminate the Oracle ULA and buy new licenses at a discount. Of the ten Oracle products, five were put on one server and five on the other server.

The net result? The Exchange's support costs dropped from \$1.7 million to \$400,000 annually – a savings of \$3.9 million over three years. Now an ArxProtect Customer, LicenseFortress provides the Exchange with the following:

- Guaranteed compliance with its Oracle license and services agreement (OLSA)
- Anytime access to LicenseFortress license experts
- Training and onboarding assistance for the SI's Database Administrators (DBAs) and system administrators to ensure they understand the Oracle contract and appropriate license utilization
- The ArxPlatform, includes a proprietary SAM tool configured to the Exchange's environment to monitor license utilization, catch non-compliance issues, and minimize compliance liability
- Legal representation from Beeman & Muchmore, LLP

ORIGINAL SCENARIO



- Exchange sharing eight servers on joint infrastructure
- Exchange licensing 18 products, but only using ten
- Exchange required to purchase ULA for \$5M

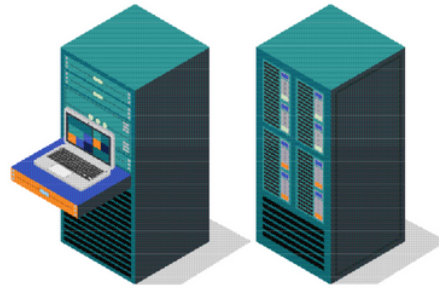
Most importantly, the Exchange now has peace of mind, knowing that it will never have to pay Oracle back-license, back-support, or audit fees again!

THE BOTTOM LINE

The State Exchange is not the only Oracle customer that accidentally violated its license agreement. As many other customers will attest, Oracle licensing requirements are confusing, and non-compliance can be extremely expensive. LicenseFortress offers the ArxPlatform a SAM MS that ensures your organization only pays for licenses it absolutely needs and is using its licenses in accordance with the license agreement.

Moreover, as an ArxProtect customer, once LicenseFortress confirms your organization is in compliance, you are protected under the financial guarantee. When Oracle issues an audit notice or a notice of license review, LicenseFortress immediately engages with Oracle on your behalf and, if required, provides legal representation from Beeman & Muchmore, LLP.

LICENSEFORTRESS SCENARIO



- Exchange moved to two servers, with 32 cores
- Oracle workloads restricted at the host level
- Cancel Oracle ULA
- 3-year savings: \$3.9M

With LicenseFortress, the State Exchange saved millions of dollars in support costs, optimized its software assets, and helped itself better manage and prevent compliance issues. Most importantly, the Exchange can now trust that it won't be paying Oracle any additional monies when Oracle comes knocking again!

MORE ABOUT

ARX PROTECT

Becoming an ArxProtect customer means that the ArxPlatform will continuously monitor the State Exchange's license usage and send immediate alerts if compliance problems arise. In addition, the State Exchange gets the LicenseFortress guarantee. If – and when – Oracle issues an audit notice to the State Exchange, the LicenseFortress guarantee provides the State Exchange with legal representation by a top law firm and insurance backing.

This means that regardless of the outcome of an Oracle audit, the State Exchange will not be held liable to pay for any back-licenses.



SAFEGUARD YOUR SOFTWARE ASSETS

We help defend your software assets and remove the threat of non-compliance. Stop worrying about software compliance and turn your attention to challenges that really matter for the success of your business.

MANAGE YOUR LICENSES

We work with you to resolve and certify your company's compliance. From there we monitor your compliance 24 hours a day, 365 days a year.

MONITOR YOUR COMPLIANCE

We detect activity in real-time, allowing for the quickest response possible to changes that might threaten your license compliance.

PROTECT YOUR INVESTMENT

We leverage decades of technical and legal expertise to defend your compliance in a software license audit.

ABOUT LICENSEFORTRESS

LicenseFortress was developed in 2014 by VLSS's Founder & Chief Architect, Dean Bolton. VLSS has spent over 13 years specializing in Oracle and VMware technologies. LicenseFortress was born after VLSS was approached by VMware about a predicament that many of their customers were facing when trying to license Oracle on VMware. Oracle's aggressive auditing tactics shed light on the dire situation that most companies face when using Oracle's products, especially in a cloud environment. While some companies have been deterred from using Oracle, we believe it is a powerful tool for your business when deployed correctly. That's where LicenseFortress helps you take control of your license investment while removing the threat of being out of compliance.

ANONYMITY STATEMENT

This case study is based upon a customer of LicenseFortress. LicenseFortress takes steps to properly safeguard sensitive and personal information by removing all direct identifiers - e.g., name, location, CSI numbers, etc. This step is taken to protect the identity of our customers.



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