CASE STUDY

NUCLEAR COMPANY SAVES $14 MILLION WITH CAPPED ULA CERTIFICATION

INTRODUCTION

A prominent player in the nuclear energy sector, known for ensuring reliable and sustainable energy solutions, sought to certify out of their capped Oracle Unlimited License Agreement (ULA). Certifying out of a ULA is a complex process where a company transitions from unlimited usage of Oracle products to a fixed number of licenses. This case study outlines the steps taken by the energy company to successfully certify out of their capped Oracle ULA, streamline their software asset management, and achieve significant financial savings.

"REGULAR" VS CAPPED ULA

A capped Oracle Unlimited License Agreement (ULA) and a regular Oracle ULA differ in terms of scope and limitations, which influences how organizations should approach them, especially when certifying out of the ULA. Here's a detailed breakdown:

REGULAR ULA

Scope

- Unlimited Usage: A regular ULA allows for unlimited deployment of specified Oracle products during the ULA term.
- Term: Typically lasts 3-5 years, after which the organization must either renew the ULA or certify out.
- Certification: At the end of the term, the organization must certify the number of licenses it has deployed. This number becomes the perpetual license count.

CAPPED ULA

Scope

- Limited by Cap: A capped ULA also allows for the unlimited deployment of specified Oracle products but with a predefined cap on a specific metric (e.g., number of processors or users).
- Term: Similar to regular ULAs, usually 3-5 years.
- Certification: At the end of the term, the organization must certify the number of licenses deployed, but the total count is subject to the predefined cap.

REGULAR ULA

Approach
- Deployment Maximization: During the term, the organization should deploy as many licenses as possible to maximize the value derived from the ULA.
- Compliance Tracking: Maintain detailed records of deployments to ensure accurate certification.
- Certifying Out: At the end of the ULA, the organization needs to conduct an internal audit to determine the number of licenses in use, document this usage, and submit it to Oracle for certification.

CAPPED ULA

Approach
- Cap Management: Carefully monitor usage to ensure it does not exceed the predefined cap.
- Compliance Tracking: Keep detailed records of deployments with an emphasis on tracking against the cap metric.
- Certifying Out: Conduct an internal audit to ensure the deployment count is accurate and within the capped limits. Document the usage and submit it to Oracle for certification

CHALLENGES

When certifying out of a capped ULA, several critical factors need to be carefully managed. The energy company encountered multiple significant challenges during the certification process of their Oracle ULA:

Time Constraints: With only three months to complete the certification process, the company struggled to meet the tight deadline. The limited timeframe added immense pressure to swiftly review and decide on the best course of action, hindering thorough preparation.

Complex Licensing Environments and Policies: Operating across various environments, including on-premise VMware and Hyper-V, as well as Microsoft Azure public cloud, posed significant difficulties. Each environment's complex licensing policies required meticulous management, and Oracle's policy of counting the maximum vCPUs of an instance type, rather than the actual usage, risked over-licensing and unnecessary costs.

Regulatory Hurdles: As a nuclear energy provider, the company faced stringent regulatory controls over system access and changes. These regulatory hurdles complicated the process of gathering accurate data and making necessary adjustments within the limited timeframe, leading to potential non-compliance.

Non-Standard ULA Terms: The ULA's specific non-standard terms, such as a cap of 225 Processor licenses for certification and a 365-day rolling average for Azure counts, required precise tracking and continuous monitoring. The company struggled to accurately calculate usage metrics to ensure compliance with these terms.

Accurate License Count: Achieving an accurate count of licenses proved challenging. Overestimating the number of licenses risked substantial unnecessary costs while underestimating could lead to non-compliance and potential financial penalties. The company found it difficult to track and validate deployments accurately to reflect actual usage.

Documentation and Evidence: Maintaining detailed documentation and evidence to support the declared license count was problematic. Discrepancies between reported and actual usage could result in non-compliance issues and financial repercussions. Comprehensive reviews of all licensing agreements were not thoroughly conducted, leading to potential misunderstandings of terms and conditions.

Legal and Contractual Obligations: Understanding and complying with all legal and contractual obligations was critical but challenging. Ensuring that the certification process adhered to relevant legal requirements and conducting a legal review to understand any contractual obligations were important steps that were not fully accomplished, risking legal disputes and penalties.

By addressing these unresolved challenges, the energy company aimed to successfully certify out of their capped Oracle ULA, streamline their software asset management, and achieve significant financial savings.

SOLUTION

To tackle these challenges, the nuclear energy company partnered with LicenseFortress, leveraging its expertise in software license management and compliance. LicenseFortress developed a comprehensive project plan tailored to the company's specific needs. They began by conducting a detailed review of the company's licensing environments, including on-premise VMware and Hyper-V, as well as Microsoft Azure public cloud, to ensure all usage was accurately tracked and reported.

LicenseFortress navigated the complex licensing policies, particularly Oracle's policies concerning Azure Constrained vCPUs and VM environments, ensuring the company didn't over-license and incur unnecessary costs. They meticulously tracked the usage against the ULA's specific terms, such as the cap of 225 Processor licenses and the 365-day rolling average for Azure counts, to maintain compliance.

Additionally, LicenseFortress provided guidance on maintaining detailed documentation and evidence of software deployment and usage, which was critical for accurate license counting and to support the declared numbers during the certification process. They also conducted a thorough legal review to ensure the certification complied with all legal and contractual obligations.

Effective coordination with Oracle was another key aspect of the solution. LicenseFortress facilitated negotiations to defer the certification until all license counts were finalized, ensuring the process was smooth and conducted in good faith.

Throughout the engagement, LicenseFortress's advanced monitoring tools enhanced the company's visibility into software usage. LicenseFortress helped the nuclear company to facilitate a more effective license management and strategic planning. Their expertise and strategic approach ensured compliance with software licensing agreements. Resulting in, significantly reducing the risk of future financial penalties and delivering substantial financial savings for the energy company.

RESULTS

The $40,000 investment in this project yielded substantial benefits for the energy company. Thus underscoring the value of strategic management of unlimited licensing agreements. Key results included:

- Savings: The optimization efforts identified and eliminated unused software licenses, resulting in an estimated total savings of approximately $14M. The nuclear company reduced the number of Oracle Database Enterprise Edition licenses from 440 to 221, under the renegotiated threshold. This resulted in significant savings on license and support costs.
- Compliance: Ensured compliance with software licensing agreements, significantly reducing the risk of future financial penalties.
- Improved Visibility: Advanced monitoring tools provided improved visibility into software usage, facilitating more effective license management and strategic planning.

THEIR NEXT CHAPTER

The energy company decided to forgo ongoing protection as an **ArxPlatform** customer – opting to manage their licensing internally. Post-ULA certifications, it is almost guaranteed that organizations can expect an audit notice. This was the case for the nuclear energy company. Unfortunately, without the continuous support and guidance of LicenseFortress, the company encountered several avoidable compliance issues. Recognizing the complexity and risks involved, the energy company once again reached out to LicenseFortress for audit defense.

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.