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WAYS TO SAVE
ON IBM
LICENSING

Minimize risk, reduce costs by up to 30%

INTRODUCTION

Lack of visibility into the IBM software installed across your estate could lead to significant unbudgeted costs.

The good news is that by achieving a holistic view of your entire environment, coupled with IBM-specific data, not only will such risks be minimized, but dramatic cost savings can be achieved.

Gartner predicts that by 2019, annual spending on enterprise software licenses will decrease by 30% as a result of software license optimization*. But, for your organization to take advantage of this you need an effective Software Asset Management process and solution in place.

*Cut Software Spending Safely With SAM
Published: 16 March 2016
Analyst(s): Hank Marquis, Gary Spivak, Victoria Barber

IBM is among the top five software vendors in the world by annual revenue. This giant of a company maintains a vast and wide-ranging product catalog which has evolved over decades.

IBM products are deployed across numerous operating systems, platforms and virtualization technologies. There are multiple versions and even names for various guises of the same IBM product.

For an organization to effectively manage the complexity associated with IBM products, IBM-specific processes and solutions must be put in place.

Get it wrong and your organization could be liable for significant unbudgeted costs. However, if you get it right, not only will your financial risks be minimized but significant savings can be made.



This guide covers a selection of the licensing and entitlement topics which most commonly catch organizations out and how to deal with them.

INTRODUCTION ○



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IDENTIFY ALL “PVU-BASED” PRODUCTS

Getting sub-capacity licensing right is fundamental to achieving significant savings on IBM software.

The vast majority of IBM software, especially from expensive brands such as Tivoli and WebSphere, can be licensed either in full capacity or sub-capacity mode.

The license cost of eligible software is calculated based upon Processor Value Units (PVUs) and the computing power available to that software, either physically or through a virtualized environment.

***To take advantage of sub-capacity, the following requirements must be met:**

- The application must be eligible for sub-capacity licensing
- The application is installed on an eligible virtualization technology
- The physical environment contains eligible processors
- IBM’s License Metric Tool is installed in the virtual environment

Sub-capacity requirements

Products licensed in full capacity mode can typically cost five times more than the same product licensed in sub-capacity mode, so it is absolutely crucial to ensure that all eligible products meet IBM’s sub-capacity requirements*.

So why doesn’t everyone take advantage of this? The commonest reason is that IBM’s License Metric Tool (ILMT) is not deployed in a location where PVU-based software resides.

This is often exacerbated because the team or individual responsible for license management does not have full visibility of all IBM PVU-based applications deployed across the entire IT estate.

Not knowing where IBM PVU-based products are installed makes it impossible to ensure that all sub-capacity requirements are met

IDENTIFY ALL “PVU-BASED” PRODUCTS

IDENTIFY ALL "PVU-BASED" PRODUCTS

HOW SNOW CAN HELP

To remove this risk and deliver these significant savings, Snow Inventory combines data from ILMT with deployed software data across the estate. Snow License Manager provides a report to pinpoint where PVU-based software is deployed on a machine but there is no associated PVU consumption data through ILMT.

This report provides all stakeholders with full visibility of the estate, enabling them to pinpoint where to install and/ or troubleshoot ILMT agents as well as ensuring that all additional sub-capacity requirements are met.

IDENTIFY ALL "PVU-BASED" PRODUCTS



OPTIMIZE THE SUB-CAPACITY ENVIRONMENT

Use it to your advantage

When PVU-based products are configured and eligible for sub-capacity licensing, the total PVU value (hence the license cost) can never exceed full capacity.

This is because the capacity of the physical hardware is fully utilized, so adding more machines to such an environment would not add any further license requirements.

Typically, though, the team or individual(s) who resource the IBM products may not have responsibility for licensing or visibility of the capacity level of the physical environments across the estate.



Understand opportunities for optimization

Stakeholders need to understand the environment as a whole so that they can efficiently optimize deployments. They should be able to ascertain where there are sufficient resources free to allow more virtual machines to be deployed.

Adding a new virtual machine to a fully licensed environment can be done at no additional cost.

Additionally, moving a virtual machine from a physical environment which is running at less than full capacity to an environment that is already fully licensed will free up licenses.

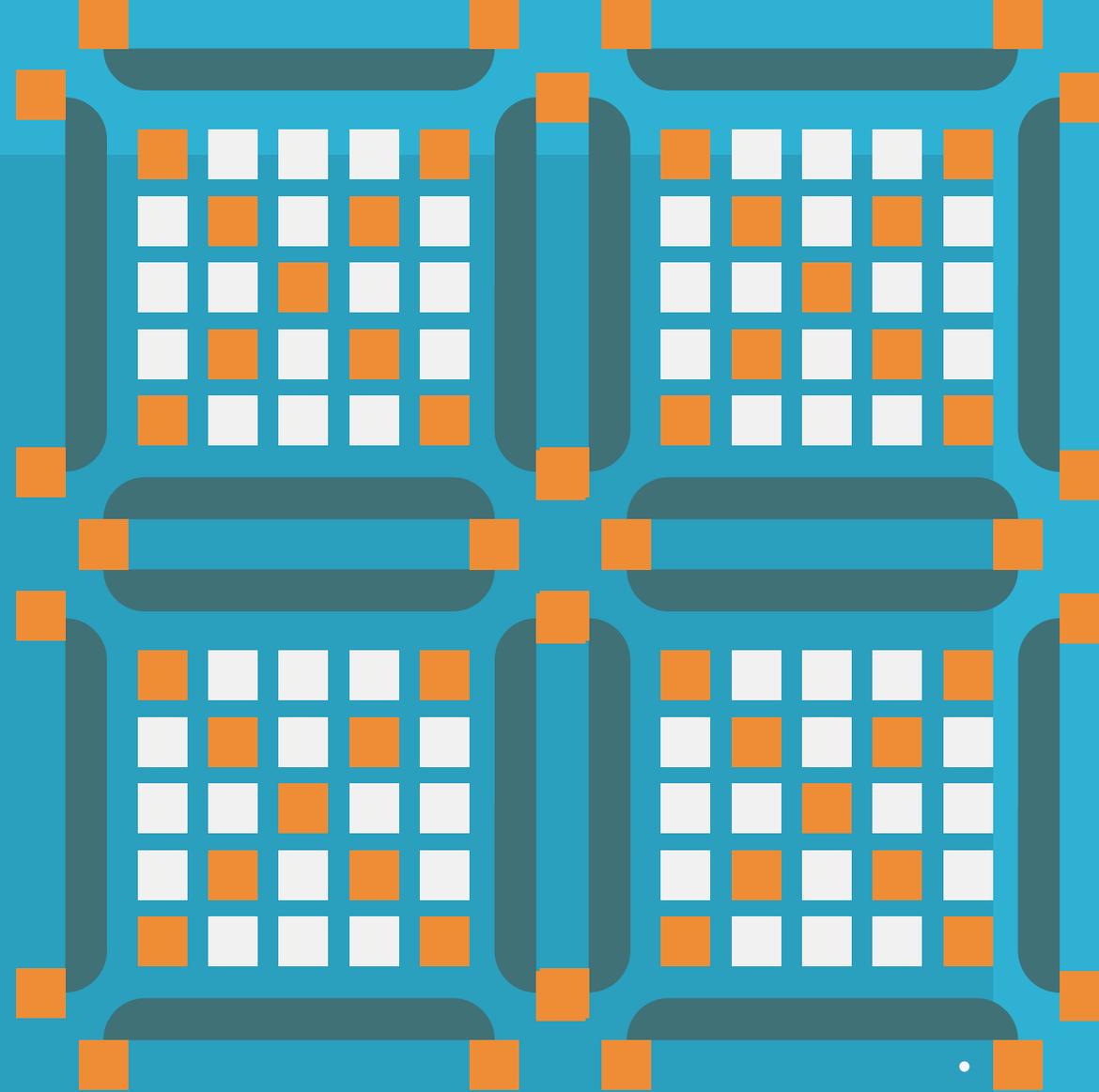
OPTIMIZE THE SUB-CAPACITY ENVIRONMENT ○

OPTIMIZE THE SUB-CAPACITY ENVIRONMENT

HOW SNOW CAN HELP

Snow License Manager provides a full picture of the IT estate to identify where PVU-based products reside and the level of capacity that is being facilitated.

Your SAM and IBM deployment teams can use common data points to work together to pinpoint optimization opportunities and make significant license savings within the environment whilst ensuring that applications are adequately resourced.



OPTIMIZE THE SUB-CAPACITY ENVIRONMENT ○



SERVER STATES

As with all business-critical applications, a top priority is that they remain available at all times. To deal with this, these applications are installed onto backup servers in different states.

The configuration will generally be as follows: a server which is actively running the application and then either a “hot”, “warm” or “cold” backup server which is available in the case that the active server fails.

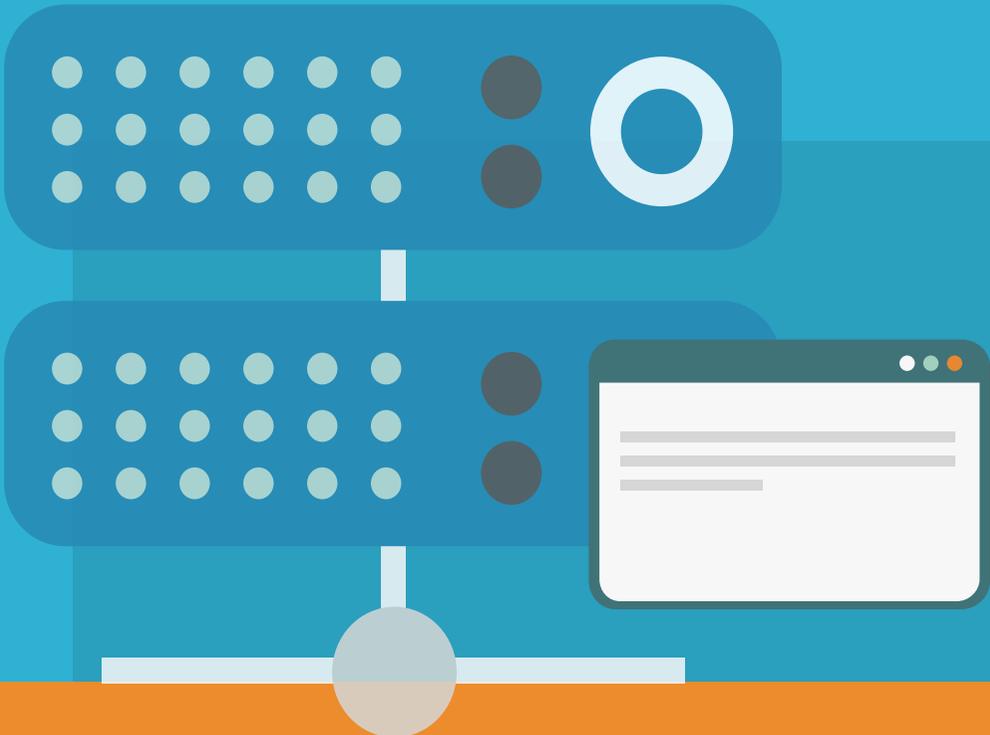
The definition of the “hot”, “warm” and “cold” states are described in further detail in the IBM Passport Advantage Distributed Software Licensing Guide.

Cold, warm or hot?

Those applications which are in a cold or warm state are on servers which are either switched off or idle. As such they do not generally require a license. An application in a “hot” state is active and therefore requires a license. There are caveats to this and the SAM team should always check specific license guidelines to ascertain liability.

A lack of visibility across the estate, multiple stakeholders with differing responsibilities and product-specific entitlements can mean that an organization either is not covered where they should be or they are overspending on unrequired licenses. A SAM solution is required to deliver transparency.





SERVER STATES

HOW SNOW CAN HELP

Snow License Manager identifies all applications deployed across an organization's IT estate and determines on which server the application resides, plus the users of the machine.

This empowers the SAM team to work with the administrator in identifying the states for each server and to record it within Snow License Manager. This both highlights opportunities to optimize license spend and means that applications which don't need licenses can be excluded when an effective license position is calculated.

“In cold and warm situations, a separate entitlement for the copy on the backup machine is typically not required and no additional charge applies. In a hot backup situation, the customer must acquire license entitlements sufficient for that machine.”

– IBM*

*IBM Passport Advantage Distributed Software Licensing Guide

SERVER STATES ●



A sting in the tail

IBM's Subscription & Support (S&S) service entitles customers to upgrade all of the products that are covered by an active agreement. It also entitles them to technical support.

To make savings, an organization may choose to cut subscription and support of a particular product if, for example, they decide to phase it out or replace it with a different application. So long as the software application is not upgraded beyond what the customer was entitled to at the time of S&S cancellation, the customer will remain compliant.

IBM's Passport Advantage agreements (which cover S&S) have an 'All or Nothing' restriction. This essentially means that if a product is fully or partially upgraded beyond entitlement then the Subscription & Support must be reinstated for every single instance within the site. A "site" typically refers to a given office location or country as per the agreement setup.

The cost of "Software Subscription & Support Reinstatement" is far greater than your annual renewal rate—in most cases, as much as three times greater than your annual renewal rate, equalling roughly 60% of total license costs.

CASE POINT:

A customer has a Lotus Notes installation of 10 000 instances. As they are phasing out Lotus Notes to replace with Microsoft Exchange they decide that they do not want to renew maintenance on the full estate. They only want to keep 'Subscription & Support' for 50 developers, who still need the last version because of a legacy Domino application.

However, because of the All or Nothing rule and 50 installations of a non-entitled version and/or benefiting from support, the customer would be liable to a reinstatement requirement for 9 950 licenses. An unexpected cost of approximately \$600,000!

SUBSCRIPTION & SUPPORT



SUBSCRIPTION & SUPPORT

HOW SNOW CAN HELP

Snow License Manager displays all IBM products installed across the estate and their version. This is supplemented with information such as release date from Snow's Software Recognition Service.

This enables the SAM team to rapidly identify where risks against the 'All or Nothing' rule may occur.

It's not uncommon for users to have software installed that they simply don't need. Usage measurements ensure that the SAM team can ascertain whether this is the case and proactively rectify any "All or Nothing" risks.

SUBSCRIPTION & SUPPORT 

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ENTITLEMENTS

IBM products and versions change over time, as do the agreements that supplement them. Where once an application was available to purchase in isolation, it may now be sold as part of a bundle. This could mean that software which is newly requested is already licensed because it forms part of an existing bundle.

On the other hand, it could be vastly more expensive than previously because that single piece of software must be purchased with other unnecessary and costly applications.

Because IBM's product catalog is so large, it is a difficult task to understand what the terms are per product and even whether a product has been renamed.

Simplifying the software catalog

It's important to understand what is installed across the estate and to be able to match the products with individual stock keeping units (SKUs) and associated product use rights. This empowers the SAM team to understand entitlements such as upgrade and downgrade rights for the plethora of IBM products.

A Software Asset Management solution should automate this process to minimize the risk of non-compliance and optimize entitlements with software deployments. Crucially it should also be able to measure usage to ascertain whether a product is really needed.



ENTITLEMENTS

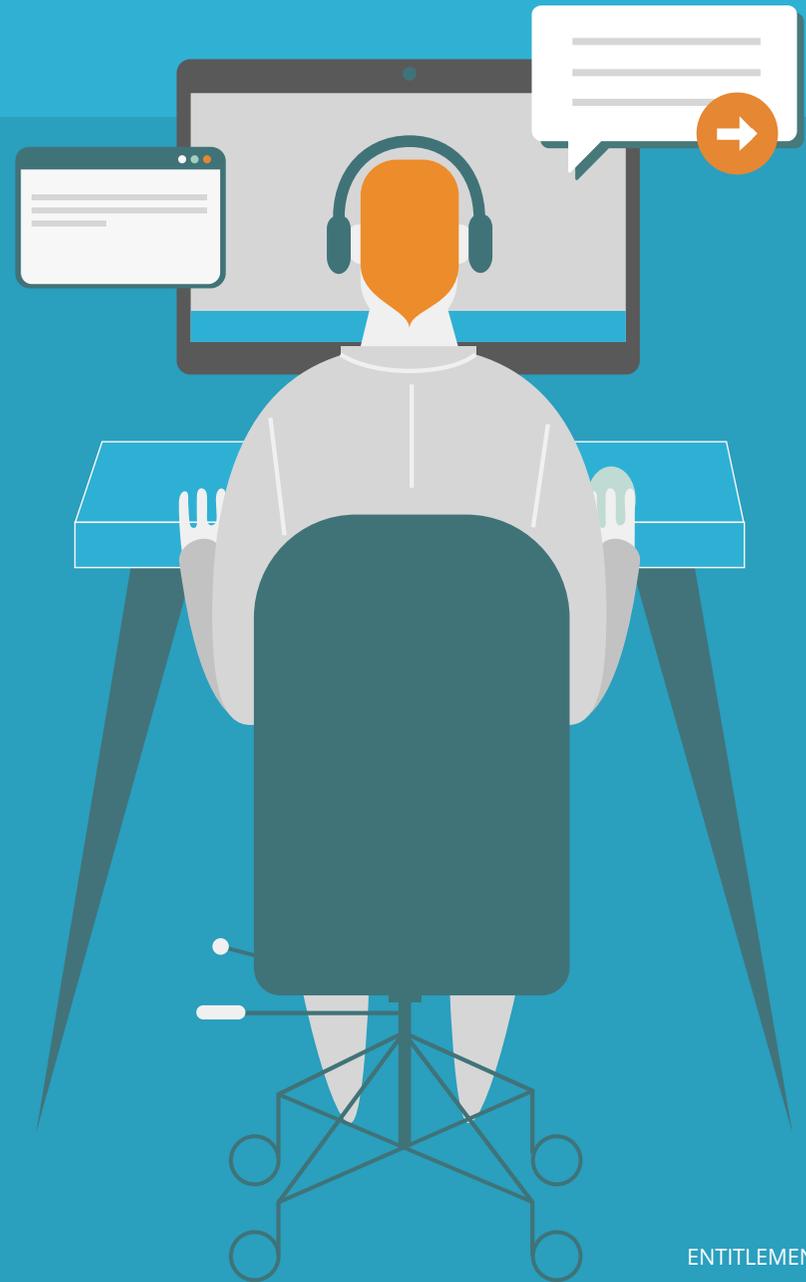
ENTITLEMENTS

HOW SNOW CAN HELP

Snow's Software Recognition Service makes entitlement management far more efficient. The reconciliation of historical purchases to active entitlements is automated with less requirement for manual intervention.

Snow License Manager empowers the SAM team with usage information. This gives insight into whether applications are truly needed. If they are not, the product(s) can be uninstalled and licenses returned to a pool for recycling.

The end result is a significant potential for reduced software spend with employees using only what they truly need.



ENTITLEMENTS

SUMMARY

IBM provides a number of ways to license its products in a fair and reasonable manner which mean that you can pay for only what you need. However, it can be difficult for end user organizations to take full advantage of this due to the tricky nature of monitoring IBM software installs and usage.

By building a complete overview of the IBM products installed within your environment you can make significant savings. Having that visibility and transparency simplifies management significantly and minimizes financial risk.

What is required is a solution which consolidates data from IBM's own mandatory License Management Tool along with all of the data you would expect from a world-class SAM solution.

The Snow SAM platform enables your teams to understand hardware and software configurations across your IT estate and combines that with specific IBM licensing intelligence, all from a single point of reference.

Use this visibility to optimize your software configurations and build a continuous automated process to utilize existing entitlements, recycle unused licenses and to effectively balance resources with the required licenses.



ABOUT SNOW SOFTWARE

By managing software in use across the organization, Snow creates tangible savings and releases budgets, giving enterprises around the world the confidence to invest in new technologies such as virtualization, cloud and mobile.

Snow provides C-level executives, software managers and procurement professionals actionable intelligence on software installs, usage and entitlements across all platforms – from mobile to desktop, datacenter to cloud – saving up to 30% of software spend in year one.

Some call it Software Asset Management, Enterprise Mobility Management, Unified Device Management or even just license compliance.

Like thousands of organizations around the world, we call it Snow.

SUMMARY ○

**APPLY THE INITIATIVES
IN THIS GUIDE,
IN COMBINATION
WITH SNOW'S
SAM PLATFORM TO
SIGNIFICANTLY REDUCE
IBM LICENSE COSTS.**

➔ **Look out for our
complimentary cost saving
guides on SAP, Microsoft
and Oracle, available at
snowsoftware.com**