



# Understanding the Essentials of Licensing Oracle Technology Products



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*November 2010*

# Oracle Licensing Overview

- Software License
  - The “right to use” (RTU) the software; not the software itself
    - Oracle *doesn't* use license keys
      - It's up to you and your conscience to license the software before using it
    - Licenses are *not* tied to a product version
      - Example: Enterprise Edition database license is equally valid for Oracle 9i, Oracle 10g, Oracle 11g, etc.
    - You're entitled to new software versions *only if* you have a valid maintenance and support contract

# Oracle Licensing Overview (cont'd)

- (3) Oracle License Levels
  - Full Use
    - Least restricted license offered by Oracle
    - Oracle typically provides support to customer
  - Application Specific Full Use (ASFU)
    - Restricted license specific to a given ISV application
    - Typically distributed and supported by ISV partner
  - Embedded Software License (ESL)
    - Most restricted license offered by Oracle to OEMs

# Oracle Licensing Overview (cont'd)

- License Rights Described In:
  - Oracle License and Services Agreement (OLSA)
    - Details basic rights, ownership, restrictions, warranties, disclaimers, etc. related to Oracle products and services
  - Ordering Document
    - Details specific products, license types, number of users, level of support, and any applicable discounts
    - Signing or otherwise accepting your Ordering Document indicates acceptance of the OLSA and Ordering Document license terms

# Oracle Licensing Overview (cont'd)

- Perpetual vs. Term License:
  - **Perpetual** is a one-time license fee allowing continued use of the software for as long as the customer complies with all license terms
  - **Term** is for a specific, limited period of time during which the user is allowed access/use of software
    - 1-year, 2-year, 3-year, 4-year, or 5-year terms
    - Term length determines percentage of the perpetual list license price paid; Support = 22% of net perpetual fee
    - At term end, program license terminates automatically

# Oracle License Metrics

- (2) Most Common License Metrics:
  - Named User Plus (NUP)
    - For environments where users and/or devices can be easily identified and counted (e.g. internal use apps)
      - Includes human and non-human operated devices
      - Popular license for development and test environments
  - Processor
    - For environments where users *cannot* be easily identified/counted (e.g. external, customer-facing apps)
      - Also used when it's more cost effective than NUP licenses

# Nuances of Processor Licensing

- Be Aware of these Important Nuances:
  - Installed and/or Running
    - Entire cluster must be licensed where Oracle is installed
    - Standby or remote mirroring machines need licenses
    - Exception for HA failover machines *if* live <10 days/year
  - Multi-core Processor Calculation
    - (total # of processor cores) \* (core factor)
    - Refer to Oracle Processor Core Factor Table:  
<http://www.oracle.com/corporate/contracts/library/processor-core-factor-table.pdf>
    - All fractions of a number are always rounded up

# Nuances Per Product

- Be Aware of these Important Nuances:
  - Oracle Database Standard Edition
    - Processor counted equivalent to an occupied socket
    - For multi-chip modules, each chip counted as a socket
  - Virtualization Software & Partitioning
    - VMware ( et al 3<sup>rd</sup> party) is considered soft partitioning and requires the full server environment to be licensed
    - Oracle VM can be configured as hard partitioning; therefore, it's the *only* virtualization software that's classified as hard partitioning

# Oracle Unlimited License Agreement

- Unlimited License Agreement (ULA) Defined:
  - Time-based license agreement (typically 3 years) that grants a customer an unlimited license for a pre-defined list of Oracle products for up-front fee
    - Attractive when customer expects high growth in usage of Oracle products over the term of contract
    - No true-up at end of contract period, but customers must document actual deployment of all products obtained under the agreement
    - Quantities determine the number of licenses the customer gets at the end of the ULA term

# Unlimited License Agreement Risks

- Financial Risks from a Licensing Perspective:
  - Customer may not realize their expected growth in usage, thus overpaying for the licenses they actually used during the contract term
  - If Oracle product usage declines after term expires, customer is still required to pay the same amount in maintenance that was in effect during the ULA
    - *Bottom Line: Always have the proper processes and tools in place to accurately track and assess your Oracle deployment and usage*

# Oracle License Migrations

- (3) Basic Types:
  - Supported Product Migration
    - Allows customers with supported licenses to receive an Update for an older product without relicensing
  - License Migration
    - Contractual modification of customer's Oracle licenses purchased under an older metric to take advantage of current license metrics (e.g. Concurrent Device to Processor)
  - License Upgrade
    - Contractual change of an existing license that is less restrictive and/or expands functionality and/or term

# Impact of License Migrations

- Allows Existing Licenses to Convert to:
  - Current Oracle License Metrics
  - Latest Software Programs and Functionality
- Commonly Requires New Ordering Document
- Generally Involves Additional Payments to Oracle
  - Additional License and Support Fees
    - Migration (e.g. NU to NUP) or Upgrade (e.g. SE to EE)

# Migration Methodologies

- (3) Migration Methodology Calculations:
  - Ratio-Based
  - Net/Net
  - List/List
- Ratio-Based Migration
  - Converts Old License Metrics to Current Metrics
    - Ratios establish fixed relationships between old & new
    - No new license fees for migrated licenses
    - Approved ratios mitigate price list changes

# Migration Methodologies (cont'd)

- Net/Net Migration
  - Converts Old License Metrics to Current Metrics
    - Uses a fee-based calculation to determine price paid
    - Net price of migrated configuration is determined using Oracle Global Price List less any e-business discount
    - Credit is based on net license fees originally paid for licenses migrated, subtracted from net price of migrated configuration

# Migration Methodologies (cont'd)

- List/List Migration
  - Commonly Used in License Upgrade Situations
    - Named User Plus >> Processor ; Database SE >> EE
    - Existing licenses are upgraded based on last published list price of both the original configuration AND the upgraded configuration
    - The price of the original configuration is subtracted from the list price of the upgraded configuration to determine the list price of the license upgrade
    - Any discounts are applied to determine net fees paid

# Oracle Software Support

- (3) Support Plans Based on Product GA Date:
  - Premier Support – Updates, 24x7 Support, 5 Yrs from GA
  - Extended Support – Premier Support in Years 6, 7 & 8
  - Sustaining Support – Online +Call-Center Support, 9 Yrs+
- Premier & Extended Support Provides:
  - Software updates, fixes, upgrade scripts, security alerts
  - Tax, legal and regulatory updates
  - 24x7 support, including web-based My Oracle Support
  - Major product and technology releases
  - Certification with both new Oracle & 3<sup>rd</sup> party products

# Oracle Support Pricing

- Premier Support for Software
  - 22% of Net License Fees for First Year Support
  - Renewals = Prior Year \$ + Inflationary Adjustment Rate
    - Inflationary Adjustment Rate (IAR) published annually
    - Licenses w/Contractual Cap Rate increase by lower CCR
  - A support lapse can trigger a re-price of remaining support for given license set under a Customer Support Identifier
- Extended Support
  - Prior Year Price + IAR + Additional Fee for Yrs 6,7,8
    - Additional Fee, Yr 6 = 10% / Yrs 7 & 8 = 20% Uplift(s)

# Concluding Comments

- Ensuring Oracle license optimization & compliance can be a daunting task
- A fail-proof way to address these challenges is to have an automated discovery & software asset management tool in place
- Netcentric License Management Services can help you set policies, procedures and deploy automation to avoid Oracle over-spend and remain compliant  
>> Send us an Inquiry: [LMS@netcentricsystems.com](mailto:LMS@netcentricsystems.com)