

The SAM Spotlight

A Publication of Soft-Aid for the ITAM/SAM Manager Community

In This Issue

[Feature Article: Trying to Make Sense of it All - An Overview of Software Licensing Models and Concepts](#)

[Promotion Alert: Time Running Out on Microsoft's Complimentary Terminal Services CAL Program](#)

[Current Industry News](#)

Quick Links

[Newsletter Archive](#)

[Industry News Archive](#)

I am pleased to introduce the newly updated Soft-Aid e-newsletter on topics that relate to software licensing and Software Asset Management (SAM). We plan to distribute this on a monthly basis to customers and others in the SAM community who wish to learn more about these topics.

Every issue will include a feature article on SAM or software licensing and a piece specific to the industry. The nature of the second article is to bring you specific news or opinions relevant to those who manage software assets.

Please do not hesitate to reach out to me or a member of the Soft-Aid team with any questions or ideas for future articles.

For those with whom we have worked in the past, it has been our pleasure serving you. For those with whom we may work in the future, keep in mind, that a proper SAM program can yield many tangible benefits to your company.

Finally, please feel free to share this with colleagues that would find this information useful. There is a forward link at the bottom or they can be added to our mailing list by going to: <http://aid.com/enews/>.

All the best,

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Trying to Make Sense of it All

An Overview of Software Licensing Models and Concepts

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Over the past ten years, I have talked with countless IT professionals about software volume licensing programs. With rare exceptions, my clients have found licensing to be confusing, aggravating, and tedious. Sound familiar? This article will review the licensing models and associated concepts used by some of the major software publishers. Future editions of the newsletter will discuss specific programs in more detail.

Grudge Match: Transactional vs. Contractual

Volume licensing programs typically fall into one of two classifications: transactional or contractual. Many software publishers offer both types of programs to meet the needs of different types and sizes of customers. While this is done to be helpful, it can lead to confusion and inappropriate purchasing decisions.

Transactional licensing programs are based on a single purchase. These licensing programs usually have a tiered pricing structure that offers steeper discounts as the quantity purchased increases, as illustrated in the table below:

Purchase Level	Quantity	Price/license
A	10-99	49.95
B	100-249	44.95
C	250-499	39.95

You are not required to sign a contract, nor is there an obligation to purchase additional licenses. One differentiator of transactional licensing programs is its reorder policy. Some are transactional in the strictest sense of the word: each purchase must qualify on its own and is priced accordingly. Other programs allow you to order additional licenses at the original purchase level but at a lower quantity, sometimes as little as one. This benefit is available for a predetermined time, usually one or two years, which is specified in the license agreement. Using the table above, suppose you initiated a license

agreement at level C by purchasing 350 licenses. The reorder policy would allow you to acquire another 20 licenses at the lower level C price of \$39.95 per license, rather than having to "start over" at level A's price of \$49.95. As a result, you do not need to build a buffer for future growth into your initial purchase quantity.

In contrast, a contractual license program does require you to sign contracts that govern the licensing program and use of the software. These programs also require you to purchase additional licenses. This requirement could take the form of a forecast or a commitment to license all new systems added to your environment during the term of the agreement. A licensing program based on a forecast offers lower upfront pricing based on a promise to purchase a predefined quantity of licenses prior to the expiration of the agreement. Contractual license programs are intended for medium to large organizations.

It should be noted that all licensing programs are technically contracts. Even if no physical contract is signed, every software license includes terms and conditions that govern the use of the software that must be accepted prior to installation.

How Much If I Get Two - Hundred? Understanding Purchase Levels

In any license program, purchase levels are determined by one of several possible metrics. The simplest method is to base them on the number of licenses purchased. Another popular concept is to use "points." This is commonly used by publishers with a diverse product line to recognize that some products may be quite inexpensive, while others may cost thousands of dollars per license. The higher the price of the license, the higher its point value will be. As a result, purchasing one very expensive license will put you in a higher purchase level than purchasing 20 less expensive licenses. Finally, some publishers structure their purchase levels based on the total Suggested Retail Price (SRP) of the licenses purchased. This offers the same benefit as a points-based structure but can lead to some confusion because the reseller's actual purchase price of the license is typically lower than the

SRP.

You Want Fries with That? Volume Licensing Options

Virtually every volume licensing program offers two options: upgrade protection and premium technical support. Upgrade protection is an insurance program for software that allows you to upgrade to any new version released during its term. The term of upgrade protection is typically one or two years, although there has been a recent trend to offer three-year options. Premium technical support plans provide priority in phone queues, extended hours of support and/or guaranteed response times. In some cases, upgrade protection and/or premium technical support is included with the product licenses; this is common with antivirus licensing. Similarly, some publishers combine upgrade protection and technical support into a single offering.

Married or Just Dating? Perpetual vs. Subscription

Regardless of the licensing program model, most software publishers provide perpetual licenses. This means that your right to use the software is not limited to a specific period of time. You have the right to use the software indefinitely. The only rights that will cease when the agreement expires are reorder privileges, upgrade protection and/or premium technical support options (assuming these were part of the agreement). There are a few rare exceptions; some publishers offer subscription licenses. Once the subscription ends, you no longer have the right to use the software. As such, these licenses have a lower upfront cost but require ongoing renewal to continue use of the software.

A Concurrent Affair: Understanding Concurrent Licensing

One of the common misunderstandings I have encountered is that products can be licensed concurrently. In other words, licenses can be shared as long as the total number of simultaneous users does not exceed the number of licenses owned. There are few publishers that still offer this model, so it is important to check the terms of the license

agreement if you believe it's allowed. In most cases, you will need a license for each device that uses the application at any time. For those products that are available in a concurrent model, it is important to have a method in place that will limit the number of users that can access the application to the number of licenses you own. In fact, some agreements for concurrently licensed products require you to do so. Software metering solutions are available for this purpose.

Deciding on which licensing program to utilize should not be done hastily or without understanding all your options. It is important to consider both your short- and long-term requirements to determine the best solution for your organization.

Next Issue: The essentials of licensing Microsoft Server Products

**"I am always doing that which I cannot do, in order that I may learn how to do it."
- Pablo Picasso**

Time is Running Out

*Microsoft's offer of complimentary Terminal Services CALs expires June 30, 2007
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In my experience advising clients on their licensing options, I have found that properly licensing terminal services environments is a source of confusion. This is understandable given the changes that Microsoft has made to the licensing requirements for this service. This article should help you understand those requirements and how you can claim complimentary Terminal Services client access licenses (CALs).

In general, using terminal services requires two CALs. First, you need the Windows Server CAL - the same CAL that is required to use Windows Server for file and print services or any of its other capabilities. The second CAL that is required is the Windows Server Terminal Services CAL. Some of my clients thought that only the Terminal Services CAL was required. Others thought that using Citrix in conjunction with terminal services eliminated the need for the Terminal Services CAL. Neither of these conclusions is correct.

Part of the confusion surrounding terminal services licensing stems from

an exception that is allowed for terminal services in a Windows Server 2000 environment. Under the "Desktop Operating System Equivalency Rule," any device that is licensed for Windows 2000/XP Professional does not need the Windows Server 2000 Terminal Services CAL. Devices running any other operating system, including Windows CE, require both CALs.

When Microsoft released Windows Server 2003, the "Desktop Operating System Equivalency Rule" was eliminated. As a result, all devices require both CALs regardless of its operating system. Microsoft recognized the effect this would have on their customers so they launched a program to offer complimentary Windows Server 2003 Terminal Services CALs. You can claim one CAL for any Windows XP Professional license that you owned as of April 24, 2003. You did not necessarily have to have XP installed as of that date. For example, if you downgraded an OEM license for XP to Windows 2000 Professional, you are still eligible for the offer. This offer expires June 30, 2007.

To take advantage of this program, you will need to prove your eligibility. For Windows XP Professional licenses purchased through a volume license program, you will need your Agreement number, Enrollment number and/or Authorization number. If you do not have this information available, your reseller should be able to help you find it. For licenses acquired as either OEM or boxed product (aka "shrink-wrap"), you will need the product key. Details on the claim process as well as FAQs can be found at <http://www.microsoft.com/windowsserver2003/howtobuy/licensing/tscaltransfaq.aspx>.

This is an excellent time to verify that you have properly licensed your terminal services environment. Even organizations running Windows Server 2000 terminal services should claim eligible CALs to minimize costs of a future upgrade to Windows Server 2003.

Industry News

Application Control is a Growing Concern: "90.4 percent of 450 IT administrators polled want the ability to block the unauthorized use of games at work, with 60 percent calling it 'essential'," -Efrain Viscarolasaga, Mass High Tech, March 23, 2007

<http://masshightech.bizjournals.com/masshightech/stories/2007/03/26/newscolumn2.html>

"Symantec Reports Rise in Data Theft, Data Leakage, and Targeted Attacks Leading to Hackers Financial Gain," March 19, 2007

http://www.symantec.com/about/news/release/article.jsp?prid=20070319_01

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