Licensing in the virtual age
Do you know what's running on your network?

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I have spent a lot of time lately looking at some of the issues of management and automation, and how they impact on the ability to deliver IT services and implement a more dynamic infrastructure.

Having sat through countless vendor cloud pitches over the past few months as part of this, there seems to be an idealistic, almost naïve, viewpoint that it is a natural progression for companies to continue their virtualisation efforts beyond consolidation to implement a dynamic, or private cloud, based infrastructure. The reality is that this requires a completely different approach to thinking architecting, buying and managing IT. There are many problems to be overcome, and one of the most fundamental, yet also oldest and trickiest to solve, is the challenge of software licensing.

A few weeks ago I was involved in a group discussion with a combination of IT vendors, integrators, end-users and lawyers on the challenges of licence management and coping with compliance. Before we even got to discussing the changes being driven by virtualisation and dynamic IT, a central theme emerged which was that most companies are operating blind when it comes to software licensing.

The last decade has seen IT become steadily more important to many organisations through automation and the need to manage ever increasing amounts of information. The overall spend on IT systems and service delivery has been increasing, and the software licence burden has similarly increased. Yet the general consensus from the table was that spending on licence management has been falling in proportion to the overall software spend. We see this too in our surveys, with software licencing and IT asset management often having poorly defined policies that are manually implemented.

We've previously discussed the importance of integrated management and automation to the ongoing operations of dynamic IT, and the same mindset applies here. Private cloud will depend on a high degree of integration and automation to be realistic and achievable, with the end result that a licensing strategy that is mostly manual will be ill-suited to the job, particularly as operations staff are over-stretched and manual processes tend to have out of date or inaccurate information.

Why are so few companies able to get on top of the software licence management issue? Part of the problem is that despite vendor claims, the tools available to manage software licensing and IT assets in general are felt to be lacking, requiring a significant amount of investment and integration to get them working. There are many priorities competing for the limited budget and bandwidth, and management being low on the list of immediate investment priorities, this is clearly an impediment to progress.

Another factor to be considered is the overall complexity of licencing. Industry standard servers have bought a degree of simplification and commoditisation to the hardware layer, but when it comes to software, the complexity seems to be ramping up, not down. Vendors all seem to have their own unique take on licensing, particularly in a virtual environment, making standardisation difficult. Licences often have complex legal conditions that few companies are able to understand, let alone optimise.

Ironically, some of software vendors that are pitching the idea of private cloud the loudest are not really walking the walk. Managing the complexities of licensing that they introduce is making the transition much tougher than it needs to be, when what is needed is clarity and predictability. While change will be slow, it's time to start asking tough questions of suppliers about service based licensing and what they can and are doing to make this work.

In the meantime, what steps can you take to make progress on bringing licensing into the virtual age? Getting started is often the biggest hurdle, especially if there is very little licence management structure in place. The potential rewards from licence and maintenance cost savings can be high, however, so the case for dedicating investment is likely to be strong. Even though the tools available may not always be perfect, adequate solutions are available to automate many aspects of the problem and provide that much needed visibility.

There is also a growing breed of licensing specialists that aim to bring long term expertise in buying and managing software. While individual businesses may find it impossible to fund or even find specialists (it seems that vendors love to snap up all of those who finally master the art of licensing), these companies can bring experience of multiple negotiations to the table to squeeze costs out of conservative licensing plans.

Whether you're on your way to private cloud or just getting the hang of consolidation, it's all too easy to let software licensing run away from you and end up paying over the odds or risking non-compliance. Getting insight into what's actually owned and in use can put you in a position of strength come renewal time, allowing shelf-ware to be retired and improvement initiatives to be largely self-funding in this area.

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