THE EMEA ORACLE USER GROUP AND ORACLE LMS

DEVELOPING AND MAINTAINING 'AUDIT READY' CAPABILITIES – VIEWS AND ADVICE ON ORACLE AUDIT BEST PRACTICES

THE ORACLE LMS STEERING COMMITTEE
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ORACLE
LICENSE MANAGEMENT SERVICES
&
EMEA ORACLE USER GROUP

A comment we frequently hear from customers at Oracle License Management Services (LMS) is "what can we do to prepare in advance for an audit?"

It's a good question, and one that extends in scope beyond just Oracle investments, as technology vendors of all shapes and sizes look to monitor product usage versus entitlements to protect their intellectual property (and ultimately, their future R&D budgets and long-term business success!). Yet I would say that what's really being asked is "how can we complete the process as quickly as possible and minimize any business disruption?" This is of course a fair point, and one that we're equally prepared to address, as LMS is fully aware that our role is to act as business partners with customers – rather than 'business disruptors'.

Education is, as always, key to providing an answer. Therefore, for the latest LMS Steering Group meeting in Lisbon, we went in search of best practice recommendations for managing the audit process. Specifically, attendees were asked to highlight both the main barriers to a successful audit, and the guidance they would offer our customer community to help them better prepare. This was a different meeting to previous Steering Groups as the audience consisted of EMEA Oracle User Group leaders. Our collective goal was to create a joint User Group/Oracle perspective on becoming audit ready, and the output, presented in the following pages, represents a series of tips and best practice advice that resulted from the discussion.

I hope you find them both informative and practical.

Kind regards,

Jonathan Koop
Senior Vice President, Oracle LMS

SECTION 1: THE FIVE PRINCIPLE BARRIERS TO AN EFFICIENT AUDIT

What are the main barriers to a successful audit? This was the first topic we raised with the User Group leaders, to understand from their perspective the obstacles to preparing for the activity. The resulting discussion, combined with LMS knowledge and experience, suggests five stand-out issues that can impact the length, cost and business disruption caused by the process:

1. GAINING A COMPLETE PICTURE

Probably the biggest single barrier to a prompt audit conclusion is the time needed to understand and catalogue an expansive and geographically distributed IT environment. Many organizations will enter into the audit process unsure whether their licensing and contracting records are complete. In fact, as one User Group member highlighted, it's not uncommon for companies to ask their vendors directly for help in retrieving the details of individual orders or licenses. The consensus was therefore that trying to describe and quantify the general IT environment – the total number of servers etc. – before measurement scripts can be run, has the potential to introduce long delays.

2. THE THIRD-PARTY EQUATION

Another area seen to introduce greater complexity into a license audit was the involvement of third-party outsourcers and service providers. Customers are frequently surprised to find that even though the outsourcer is responsible for deploying software capabilities in any set contract, it is they themselves that maintain the responsibility for compliance. This is a situation made worse by service providers continually upgrading different applications without offering any clear documentation of their activities – upgrades that can quickly take the 'host' organization out of compliance. Such considerations apply across every facet of IT delivery, from support to hosting arrangements, and as one User Group member stated; "simply agreeing who needs to be audited in the first place can tie up significant resources".

3. THE ACQUISITIONS CHALLENGE

There are two sides to the acquisitions challenge. The first relates to a customer being acquired, merged or divested – and the resulting process of rationalization and consolidation of IT environments (plus the potential loss of staff and technical knowledge) – with little or no update provided to software vendors. The second, interrelated issue occurs when companies such as Oracle acquire other software companies. In such instances, the resulting impact is only noticeable when a customer makes changes to their business and discovers the licensing model is now different – hence the importance of taking time to fully understand what an acquisition means to terms and conditions.

4. A LACK OF DEDICATED RESOURCE

This is a challenge that begins when a company fails to designate a single point of contact for auditors to engage with. Not only does this extend the time needed to identify the 'who', 'where', and 'when', but it also suggests the wider resources needed to complete the activity have not been correctly organized. The absence of a dedicated audit team (where members are drawn from the executive, software asset management, IT, finance, legal and business user communities) can also result in the process being managed in an ad-hoc manner. For one User Group member, such a development can result in a lack of understanding as to the best way to proceed; "It means little coordination between the people tasked with providing audit data and the team responsible for negotiating new contracts and purchases, and that ultimately means a lack of visibility into our overall compliance situation".

5. MISUNDERSTANDING RIGHTS AND ENTITLEMENTS

This last barrier relates to a mismatch in expectations between what a customer believes is being agreed, and the precise meaning of the contract. This, in part, relates to the fourth barrier, as ownership is critical to managing expectations. The legal department will have an obvious role in formalizing the actual contracts, but their understanding can on occasion lack the 'business dimension' of why products are deployed, or the IT/procurement angle of how the technologies are sourced and implemented. In addition, creating, consolidating and validating this single view can be extremely difficult – especially when key individuals operate from distributed locations.

ORACLE USER GROUPS

Oracle is a company committed to building strong and independent user groups across each of our operating regions worldwide. Our 900+ user groups provide forums for organizations to share information, experiences and expertise – and perform a vital role in communicating to Oracle customer feedback in terms of current challenges and future expectations. Organized by products, technologies, applications and industries, each user group offers an environment for customers to network and debate best practices.

For more information on upcoming meetings, please email: **oracleusergroups_ww@oracle.com**

SECTION 2: THE TOP SEVEN TIPS FOR MANAGING A SUCCESSFUL AUDIT

What steps can organizations take to ensure a successful audit? How can you proactively prepare for the actual process – from the initial request/scoping meeting through to completion? Again, these were questions posed to the User Group, and their answers have helped form seven top tips for becoming 'audit ready':

1. UNDERSTAND THE PURPOSE OF AN AUDIT

This may sound obvious, but when a customer fully understands the role of an audit, and that the scope of an engagement with organizations such as Oracle LMS is simply to validate compliance versus contract, then the engagement can move forward far more effectively. This level of understanding was also seen as vital for ensuring the right people participate in the audit project team, that they're aware of their roles, and that they're prepared to fulfill them. Finally, an understanding of purpose was considered essential for helping explain requirements, and why (for example) the auditors need to collect server information, or why they're validating the license inventory and entitlements to provide an overall conclusion of their compliance status.

2. MAINTAIN EFFECTIVE CONTRACT MANAGEMENT

It's a massive boost to the process if companies, at the very beginning of an audit, can provide detailed insights into all the existing contracts they have – and how many licenses they own. This obviously places the emphasis on maintaining effective document and contract management capabilities to ensure the information is centralized and on demand. This ties in with feedback from previous Steering Groups where customers are looking to be proactive in moving to a more mature license management set-up. As one User Group member commented: "Such an approach ensures companies are not simply waiting around for an audit letter to arrive. Instead, they're seeking proactive advice when considering changes to their license structure, or even considering the option of developing a Software Asset Management (SAM) function".

3. DELEGATE AUTHORITY FOR THE AUDIT

Following on from top tip 2 is the importance of empowering an individual from within the audit team to act as a single point of contact during the process, with the authority to request, collect and provide the data needed to keep the audit on schedule. The alternative is that the auditors are directed toward a job role such as IT Administrator. This is the perfect person from the perspective of engaging with those who actually manage the system, but they can lack the 'political weight' to enforce information requests – meaning timescales are stretched due to delays in gaining the necessary approvals.

4. JOINTLY AGREE AN ACHIEVABLE TIMELINE

What is the best-practice approach to defining the audit process and agreeing the schedule of activities? The User Group consensus was 'collaboration', and working with organizations such as Oracle LMS to limit the length of the engagement through agreed start and end dates – alongside regular milestones that act as status updates. Such an approach helps remove the impression that an audit will be an indefinite, on-going process, and provides the customer (as long as they adhere to their commitments) with a set date to prepare for the compliance findings.

5. REMOVE THE FEAR FACTOR

There was also common agreement that straightforward audits start with an accurate appreciation of the intentions of the vendor: at LMS our agenda is not to be intrusive or to interrupt the business, but rather to work collaboratively with customers in protecting Oracle's intellectual property. At every opportunity we'll actively seek to collaborate with customers to minimize any concerns they have in relation to their operational priorities. Take for example the issue of data security. We understand just how important this is, and have strict data protection rules in place to give customers every confidence that we'll do everything to mask and protect their information. Another example is the fear that an audit will disrupt the business when scripts are run in the production environment. Again, in this instance we'll look to work with customers to minimize such risks – including the use of a mirror image in the test environment.

6. DO YOUR HOMEWORK BEFORE WE ARRIVE

This discussion centered on the types of information that customers can prepare in advance (once they've been notified of an audit) to speed things along. This includes the server inventory, and identifying the types of machines each server is running on – and a recommendation from the User Group was for organizations being audited to approach the vendor at the outset of the process to identify what measurement tools exist to help with collecting this information. Another common delay that resonated with the User Group was that caused by discrepancies in the number of application users. This can be the result of active user IDs that need to be disabled (the user has left the company etc.), and completing these activities in advance will significantly improve time to completion.

7. STAY IN REGULAR CONTACT

Finally, the session concluded by reviewing how regular contact can keep an audit on schedule. At LMS it's in our best interests to keep you compliant and meeting your strategic objectives. That means no customer should fear contacting LMS to request updates on the progress of the audit. As one User Group member explained: "During the process I need to know where you are with the analysis, and when we can expect to see the results. Then I can plan our response or issue the green light". We fully understand that the vast majority of our customers don't aim to be non-compliant, and that two-way communication is far more productive in overcoming any issues. That's why we encourage organizations to not be passive in their approach to compliance, but instead to engage with us, and to share the results of their measurement tools for validation.

IN SUMMARY

The purpose in exploring this topic has been to provide those customers who receive notification of an audit with the insights needed to help minimize the time and effort required to complete the process.

As for key takeaways, discussions with the Oracle User Group leaders highlighted three key points specifically relating to Oracle LMS:

- The team is a unique source of license and product expertise: we offer a range of different customer-centric services, and the best way for you to take advantage of this support is to proactively engage us with questions relating to your Oracle estate – rather than waiting for an audit to occur
- Bring Oracle LMS into your strategic planning sessions: alongside your Oracle Sales Representative, we can offer best-practice advice on defining, structuring and deploying your future technology investments
- Develop a more mature approach to Software Asset Management: Oracle LMS engages with SAM functions across the globe, and we can work with you to provide the expert advice needed to build up your in-house capabilities (certainly from the perspective of Oracle products)

ABOUT ORACLE LMS

Oracle LMS actively counteracts licensing complexity with an approach focused on two primary outcomes:

We help organizations proactively maintain compliance with Oracle licensing models and their contractual obligations to remove any financial, operational or legal risk.

We quickly develop comprehensive insights into the deployed estate to reduce inefficiency, duplication and redundancy, and align licensing requirements to actual business need.

LMS can also help you gain a more centralized and coordinated view of your Oracle estate in order to make more informed business decisions. We can help you master the intricacies of maintaining, migrating and upgrading your Oracle assets to remove a significant barrier to aligning business demand and IT supply.

Future Steering Groups are continually being planned. For more information, and to book your seat at the table, please email **lms-global_ww@oracle.com** or visit **www.oracle.com/goto/lms**