Licensing a Changing Landscape

With the Cloud offering so many opportunities for cost savings and efficiency gains, why aren’t more businesses making their entire software licensing Cloud-based? The truth is, it’s not as straightforward as that. Most businesses are likely to have at least some of their software on-premise and switching over completely to Cloud-based services requires a degree of planning rather than just flicking a switch.

The most appealing solution for many organisations then, is to have a mix of on-premise and Cloud-based applications and licensing agreements – otherwise known as a ‘hybrid’ estate. Analysts predict that the trend is pointing towards more organisations managing hybrid environments as a solution in its own right, rather than as a stepping stone to a fully Cloud based infrastructure.

This gives a good balance in terms of flexibility, cost efficiency and control and allows organisations to take advantage of the flexibility to mix on-premise and Cloud to simplify their processes and maximise their existing software portfolio. Managing these different licensing types side-by-side, however, can sometimes feel like climbing a mountain or walking through a blizzard.

Common challenges for companies with a hybrid licensing estate include:

- Reconciling costs with a mixture of payment schedules
- Comparing value for money across licensing types
- Understanding the terms, conditions and entitlements attached to on-premise licensing when making a decision on Cloud
- Incorrect licensing

69 percent of companies agree that implementing a hybrid Cloud strategy will be one of their biggest areas of focus in 2015.¹

In this whitepaper we explore how Microsoft has made an early move to make things easier for enterprises that wish to embrace a hybrid environment, and help you consider the steps you need to take if you’re going to maximise this opportunity. You may be surprised to learn that the summit of straightforward licensing is finally in sight.
It all starts with the users

The days of every individual in an organisation requiring precisely the same software build and access profile are no more – the rise of mobile workers, and BYOD, have created an expectation from the workforce, to be able to access everything from anywhere, at any time and on any device.

This proliferation of devices allows users to create their own unique environment which enables them to do their best work and it is this personalisation of working styles that businesses must respond to.

Enterprises want to be able to provision the right environment for the right user, and at the right price. With Cloud software highly geared towards user requirements (which in turn achieves greater productivity for the organisation), one of the first steps that any company should take is to profile their user types and assess profiles as they are today, and as they see them in the future based on the strategic aims or roadmap of the business.

This not only helps define how the current IT estate is being used, it also serves as a benchmark from which to build out budgets and future plans. By establishing this technology roadmap early on, organisations can work on migrating the quickest and most simple Cloud services first whilst allowing for gradual migration of any other Cloud services that may be required later in the process.

IDC predicts that the total mobile Western European workforce will grow from 96 million workers in 2014 to 143 million in 2018, accounting for 75% of the total workforce.

Using what’s already there

Once you’ve got a clear picture of your user profiles today, and in the future, the next step is to take time to scrutinise your software licensing set-up – ensuring you maximise your current agreements, and negating any redundant licenses.

It is vital to understand what equipment, apps and licenses your organisation already has, as many enterprises find that there are already existing licenses with their Enterprise Agreement that are not being utilised. This assessment will differ greatly from business to business, which is why it is advised that enterprises seek advice in undertaking it. It is important that you fully understand the long term connotations when planning migration to Cloud based services, rather than taking a piece-meal approach with no clear strategy or end goal.

Using Software Asset Management (SAM) puts you in the best position to carry out this exercise successfully – SAM best practices are not just for uncovering short-falls – they can also highlight entitlements that you’ve yet to take advantage of, and if you have an existing EA but are not using Office365 then it’s possible that you’re missing out.

To help you do this, you should seek to appoint an expert SAM Partner who can advise on both Cloud services and licensing agreements. This will allow them to undertake a full assessment of your business requirements and advise what is best for your entire organisation, rather than just on one particular product or license.

Understanding the discovery data generated by most audit tools and evaluating it against the complex publisher licensing agreements is a specialist task and it’s advisable not to undertake it alone. Mistakes made here can have material costs, not to mention huge compliance implications.

At this stage, you should also consider how successfully a Cloud set-up can sit alongside your existing IT infrastructure. Does your organisation have the tools required to allow IT personnel to facilitate, adapt, and extend your Cloud usage to work within your existing IT environment?

As we’ve already discussed, Cloud management is not a standalone entity. For Cloud migration to be a success, it must be seamlessly integrated to work with your existing IT best practices.

Trying the Cloud for size

Even large enterprises can be overwhelmed by the sheer scope and flexibility of Cloud services when they first look to tackle migration to a hybrid estate. Many still believe that Cloud is an all-or-nothing solution, and this is perhaps why so many have put it off for so long. However, it need not be so daunting. Organisations can deploy Cloud services on a step by step approach, allowing them to “try it for size” before using it for larger more complex services.

Before deciding what to place in the Cloud first, you should profile your users and departments. Once your user profiles and software entitlements are in place, you are now equipped to take a look at who would be best suited to taking advantage of any existing Cloud entitlement.

Users with the following profiles are great candidates when it comes to trialling Cloud within your organisation.

**Mobile workers** – employees who frequently use tablets, smartphones and laptops and whose job is not location dependent

**Shop floor workers** – employees who may need email and instant messaging but not access to desktop tools or business applications

**Remote workers** – employees who are not office-based and may not need full access to the corporate IT infrastructure but do need access to email, messaging and basic collaboration tools

These could be prime candidates as your first Cloud users and a test bed for how Cloud could really work for you.
A simple way to “try out” cloud services with these candidates is through The Microsoft Enterprise Agreement, which offers the best value to large organisations that are looking for a manageable volume licensing program.

The EA offers businesses the flexibility to buy cloud services and software licenses ad-hoc but under one agreement. Microsoft end-user technologies can be procured through the Enterprise Agreement on a per-user, per-device, or hybrid basis, with a choice of cloud and user optimised licensing options and simplified license management – perfect for finding out how well the Cloud fits with your organisation.

In 2013, one billion smartphones were sold globally (an increase of 35% on 2012).

Mapping out the future

Selecting a group to become super-users gives you incredible power – the power to predict the future. By reviewing and understanding their user experience, and knowing the costs associated, you can start to extrapolate the data to work out precisely how your business will benefit. For example:

What if we moved all of our remote users onto Office365?
- How long would it take?
- How much money would you save?
- How much more flexibility would it give your staff?
- How much more productive would it make your workforce?
- What would it mean for staff morale? (Have you ever yelled at a computer that took three minutes to boot up because of the amount of software installed? Imagine if that never happened, your staff would be very happy indeed)

Forrester estimates that tablet usage for work and home will triple to 905 million globally by 2017.

Choices, choices

Driven by the need of organisations to have licensing arrangements that support the way in which they want their business to work, Microsoft has transformed its approach to Enterprise Agreements with two new offerings:

The Enterprise Platform Enrolment gives you the best value when you buy Microsoft end-user technologies on a per-user, per-device, or hybrid basis. It provides a range of benefits, including best pricing when you make an organisation-wide commitment to the Enterprise Platform, Cloud and user optimised licensing options, and simplified license management.

Applications include Office Professional Plus, CAL Suites, and Windows Enterprise.

Enterprise Cloud Suite is specifically tailored to organisations that want to free parts of their business from per-device licensing. The Enterprise Cloud Suite2 does precisely this with Office 365 E3, Enterprise Mobility Suite, and Windows Software Assurance on a per-user basis. The combination of these three offerings empowers users with best-in-class productivity tools across devices while supporting IT security and control. ECS also offers more simplified Cloud licensing in the Enterprise Enrolment, as well as true per user licensing that puts users at the centre.

The Enterprise Cloud Suite works on a User Subscription License (USL) or an Add-on license basis for the Enterprise Platform in the Enterprise Enrolment. Enterprise Cloud Suite USL is best suited to users who are not covered by an existing Enterprise Platform or who would like to transition to full user-based licensing at renewal.

The USL lowers initial licensing costs because you subscribe to the rights to use Microsoft products and services instead of purchasing a perpetual license. Whereas the Enterprise Cloud Suite Add-on works for users who are covered by an existing Enterprise Platform. The Add-on is a subscription that supplements your existing Enterprise Platform license position.

Be prepared

As with any journey, there can be pit-falls and hidden hazards but with the right team, the right knowledge and advanced planning, the biggest challenges can be anticipated, and overcome.

Here’s what you should consider:

a. Don’t look at Cloud and on-premise software licensing assets in isolation – always consider the entire estate and your overall business aims. Investigate how each element depends on, or impacts the other.

b. Using SAM principals will help you save money; maintain control of your estate, maximise deployment and put you in the best possible position to discuss any changes to your software licensing.

c. Appoint a specialist SAM Partner to expertly analyse your existing position and prepare an optimisation plan – taking into account your technology road map, existing deployments and the complexities of the relevant publisher licensing agreements.

d. If you have existing agreements the best route is to always proactively speak with your software provider (ideally after you have conducted a thorough audit of your business).

e. Change doesn’t have to happen in a hurry. Hybrid licensing solutions exist for a reason and the great news is that software vendors are pushing hard to make life easier for companies who choose this route.

f. Conduct a run-through of the conversation that you need to have with your software vendor. Draw data from across the business, and make sure you understand your licensing position – don’t be afraid to put together a list of questions beforehand. Vendors appreciate that it is not easy to introduce new licensing types, and they will want to keep you as a customer – show them how willing you are to stay.

g. Don’t wait until renewal time for your conversation. Starting the process early will offer you the best opportunities for negotiation. Software publishers want their customers to move to the Cloud – you could get more help than you think.

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As your workplace evolves, so too does your relationship with your software vendors, they now offer a service rather than just a product.

However, this does not have to mean a huge overhaul and giant headache for organisations like yours. By seeking out the right advice, you can ensure you fully understand your options with regard to a hybrid Cloud environment.

After a comprehensive analysis of your current and potential future technology environment, your SAM partner will be in a position to work with you to identify the best way forward for your business.

Undertaking this analysis at the beginning of your journey allows you to make the best decisions for the business as a whole, rather than just achieving short term IT cost savings and “quick wins”. After all, Cloud migration is no longer solely an IT decision – it affects your entire enterprise.

References and Additional Resources
1. Source - Forbes
3. Source - IDC, Worldwide Quarterly Mobile Phone Tracker, January 2014
4. Source - Forrester Research World Tablet Adoption Forecast, 2012 to 2017 (Global)* forecast January 2013

Additional Resources
1. Enterprise Agreements
2. Crayon’s Route to Cloud Datasheet

Crayon are the software and licensing experts, and our 'SAM Centric Philosophy' ensures that the optimisation and licensing advice we provide for you will always be solidly grounded in a comprehensive understanding of your personal IT estate - tailored specifically to your technology roadmap and business goals.

We have deep license management and solutions expertise across large and mid-market enterprise, and with offices across the world we can assist your organisation wherever you are based. Our experts can help you establish which aspects of your business would be better kept on premise and which could be placed in the Cloud, ensuring you are fully aware of all your options when deciding what best suits your current technology and your organisation as a whole in the long term.

So whilst Hybrid Cloud does mean mixing your licensing types, it doesn’t have to feel like you are walking through a blizzard when trying to manage them. Having a clear plan, the right team, knowledge, tools, processes – and most importantly, the right partner alongside you – it can feel more like a walk in the park.