



ACHIEVING SOFTWARE COMPLIANCE

A successful settlement is reached with IBM, assisted by SoftwareONE expertise.

IT INFRASTRUCTURE

- 4 data centers
- 5000+ users
- 180 physical servers
- 1600 virtual servers
- PC clients managed with Microsoft SCCM
- Windows servers managed with BMC ADDM

SUMMARY

A large Malaysian telecommunications provider wanted a review of their significant software assets to evaluate vendor compliance and improve asset management. SoftwareONE was already engaged in a Microsoft review when the customer was notified of an IBM audit. With the assistance of SoftwareONE expertise, the customer was able to resolve their position with a final and amicable settlement while setting up for ongoing software controls.

ABOUT

This customer is a large mobile telecommunications provider in Malaysia. It provides both prepaid and postpaid mobile services to over 10 million subscribers. The business is also growing its position in content and Value-Added Services (VAS), enterprise solutions, bulk wholesale services, digital services, and machine-to-machine (M2M) solutions, in line with evolving technologies and changing consumer behavior in Malaysia.

After the engagement, SoftwareONE received an email from our customer with thanks for a successful audit negotiation outcome:

“Hi Patrick,

Just to want to share with you the good news with regards to the IBM SLR. Both parties have finally agreed to resolve the issue with a final settlement. I believe without the solid explanation, clarification and remediation activities that we have done with your support and expertise, we may not have been able to reach this amicable settlement.

Your responsiveness, despite the time difference, as well your flexibility has been much appreciated. Thanks to you and your team for the assistance rendered throughout this challenging period.

Looking forward to working with you again in the future.”

“Best regards,
Head of Service Integration and IT”

THE CHALLENGE

This customer had recognized the need to improve their software asset management, and vendor compliance. The size, complexity and geographic spread of their resources had grown to require improved oversight. SoftwareONE was already their primary Microsoft software reseller and was engaged to conduct an advisory service and IBM software license compliance assessment.

Through the compliance assessment, SoftwareONE uncovered several issues, including the need for improved control, governance, and management of hardware and software assets. For example, they had been paying IBM for sub-capacity licenses. However, as a pre-requisite to qualify for IBM's sub-capacity (virtualization) licensing rules, the customer needed to install the IBM License Metric Tool (ILMT). Without this tool in place, they would need to pay IBM's full capacity (physical servers) licensing at an increased cost of tens of millions of Malaysian ringgits.

As SoftwareONE continued the compliance assessment, and the early stages of ILMT implementation, IBM sent an audit notification letter. Recognizing their risk and potentially significant financial exposure, the customer engaged SoftwareONE to expand their assessment to provide an audit preparation and negotiation service. This deeper engagement would assist in positioning for the audit.

THE SOLUTION

Through SoftwareONE's strategic advisory service, the customer was able to navigate the complex and challenging audit process successfully. Together, we developed a clear view of IBM objectives and developed a strategy to insulate them from subjective licensing rules that favor the publisher. For example, an obscure ruling dictates that every Sub-capacity customer, be required to provide up to 2 years of ILMT reports. Since we were in the process of installing ILMT, they could not meet the 2-year rule. If they were subjected to full-capacity pricing, as well as a non-compliance penalty, the expense would reach to millions of US dollars.

In the face of the proposed penalty, they turned to SoftwareONE. With patience and experience, SoftwareONE experts developed a strategy and provided guidance throughout the negotiation with IBM. Demonstrating technical proof of usage, combined with skillful negotiation, SoftwareONE supported the customer during the entire two-year audit. IBM conceded to a remedy that reduced the compliance penalty to 3.3% of the initial rate. Also, IBM provided additional licenses including a year of subscription and support.

The customer was extremely pleased with the outcome and has decided to engage SoftwareONE for Software Asset Management (SAM) managed service in 2019 including top priority to monitor IBM/ILMT.

BENEFITS

- Helped by SoftwareONE expertise, the business saved nearly 97% of the seven-figure compliance penalty initially proposed by IBM.
- The Business has established a continuing relationship with SoftwareONE to provide additional value-added services.
- Both the business and IBM benefit by implementation of the IBM License Metric Tool software to carefully manage and maintain future compliance.
- With the support of SoftwareONE expertise, reconciliation payment to IBM was achieved sooner.
- The settlement ended with an ongoing friendly relationship between the business and IBM.