Why Enterprise Clients Should Choose User-based Software Licensing Metrics
By Robert J. Scott

I am a technology attorney in Texas specializing in software license transactions and disputes with the major software publishers including Microsoft, Adobe, Oracle and IBM. I represent some of the world's largest corporations in enterprise software license transactions. I have been involved in more than 600 software license disputes in the last 10 years and during that time I have discovered that device- based licensing leads to many compliance problems that could be easily avoided. I have been encouraging my clients to move toward user-based metrics for many years, and the market trends are moving in that direction.

A device-based license is a type of software license that covers one or more devices regardless of how many users work on the device. An operating system license is a classic example of a device-based license. You buy one OS to cover the device regardless of the number of users. Enterprises with multiple users per device, such as call centers and hospitals, gravitated toward this metric to save money. User-based licenses cover users of software regardless of the number of devices. SAAS based offerings have traditionally been user-based. Enterprises with multiple devices per user have traditionally gravitated toward user-based licensing. Unfortunately, over time many of my clients have wound up with a mix of both models causing difficulty with counting and frequently license compliance problems. Given the increased adoption of cloud-based models, user-based subscription licensing has exploded in recent years. Yet, many large enterprises remain in enterprise license agreements with device-based metrics.

In recent months I have been helping many large corporations migrate from on-premise, perpetual, device based licensing models to hosted, subscription, user-based models. In October of 2014, Microsoft announced its Enterprise Cloud Suite, offering for the first time user-based metrics for many products including operating systems that were previously only available under device-based metrics. I recommend user-based licensing to my large clients because I have found that all of my clients have much better human resource records than software deployment records. User-based licensing based on HR records is much easier to manage than device-based licenses based upon software deployments. By shifting to user-based, licensing large enterprises can save millions of dollars in reduced software asset management expenses and compliance penalties.

For large enterprises adopting cloud based solutions, the shift to user-based licensing makes even more sense. By using role-based user models, my clients can now differentiate the software they buy not by what is installed but rather by what the user's role requires. Executives get a different software bundle than call center employees. Roles-based user models offer more flexibility and lower pricing than traditional enterprise models based upon one or two desktop bundles for an entire enterprise.

If you are still not convinced, let us consider a hypothetical software audit of a large enterprise. What is the time and energy necessary to calculate the software installed on all company owned devises? What tools, resources and expertise will be necessary? What is the lead time to generate the necessary reports? Now consider an audit of the same company that has adopted the user-based strategy described above. One call to HR for last week's payroll reports showing user roles should provide all the relevant information for the audit. To learn more about strategies for large enterprise software licensing, please feel free to contact me to discuss your situation in confidence.

About the author Rob Scott:

Robert represents mid-market and large enterprise companies in software license transactions and disputes with major software publishers such as Adobe, IBM, Microsoft, Oracle and SAP. He has defended over 225 software audit matters initiated by software piracy trade groups such as the BSA and SIIA. He is counsel to some of the world's largest corporations on information technology matters including intellectual property licensing, risk management, data privacy, and outsourcing. Robert ensures that Scott & Scott, LLP continues its focus on cost-effective strategies that deliver positive results.

Get in touch: rjscott@scottandscottllp.com | 800.596.6176