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Findings: Polls and Inquiries Indicate That Clients Should Be Prepared for an Oracle Audit

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In Gartner client inquiries and user polls, we have seen an increase in the percentage of companies that have been audited by Oracle. Organizations should review compliance risk areas, because noncompliance will result in unexpected costs with low negotiating leverage.

FINDINGS

Gartner analysts who take calls on Oracle licensing and pricing are seeing a much higher incidence of Oracle audits.

ANALYSIS

The frequency of Oracle audits appears to be increasing. Organizations without good asset management processes and procedures in place frequently find themselves out of compliance with their license agreements. This often stems from poor asset management and a lack of communication among asset management teams, the software contract negotiators, the technical staff installing the software and the business units using the software. In addition, Oracle compliance issues could occur due to important usage rights not being included in the actual contract but rather in policy documents referenced within the contract. These policy documents are subject to change by Oracle at any time, which could create an out-of-license compliance condition. In addition, because Oracle contracts state that order forms take precedence over negotiated contracts, new licensing metrics appearing on order forms are sometimes inadvertently agreed to by customers that fail to review the order form carefully when ordering a different or new product.

Some of the compliance issues reported are due to changed platforms for testing or backup/recovery systems and the application of license minimums for multicore machines. Others are related to the connection of systems being counted as many "devices" instead of just one. Finally, one result of Oracle's many acquisitions is the reinterpretation/changing of the terms for acquired companies, which can create licensing disputes due to vague usage rights. Customers should ensure that Oracle does not use "current policy" to overrule hard-negotiated terms and conditions, and they should be sure to check all order forms to ensure consistency with negotiated license metrics.

Because of the increased activity in Oracle audits we are seeing, we recommend that organizations:

- Have a strong asset management system in place

- Emphasize the importance of an in-depth understanding of Oracle licensing details to all impacted business units

- Ensure that users are within Oracle usage rights before an audit occurs

WHAT YOU NEED TO KNOW

Compliance has always been important for software licenses and remains so. IT leaders who are not sure whether they are complying with their Oracle licenses should invest time and energy now to ensure compliance.

RECOMMENDED READING

"Prevent Oracle Technology License Compliance Issues"

"Organizations Starting to Use Oracle Database 11g Enterprise Edition Should Be Aware That Four New Options Are Separately Chargeable"

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"Negotiate Oracle's Software License Agreements to Reduce Unexpected Cost"

"Understand Oracle's Virtualization Policy to Avoid Unexpected Costs"

"Disaster Recovery and High-Availability Software Licensing Fees and Policies"

"Review Software Vendor Order Forms Carefully Before Signing"

"How to Make the Right Decisions About Oracle Unlimited License Models"

"Findings: Be Aware of Oracle's Trial-Product Policy"

"First 100 Days As Software Asset Manager"

"Optimize Software Licensing Costs With Software Asset Management"

Oracle's reference guide for pricing and licensing Oracle software:
www.oracle.com/corporate/pricing/sig.html

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