

CUSTOMER SUCCESS

State Health Exchange Saves \$3.9M with LicenseFortress™

Building the Exchange

In 2012, the Affordable Care Act (ACA) provided a pool of money so states could build Health Exchanges – state-wide resources for individuals, families, and small businesses looking to purchase health insurance and obtain financial assistance. In the case of one such exchange (the Exchange), the timeline to be up and running was a matter of months, so the Exchange contracted with a global information technology and system integrator (SI) to build out the Exchange’s infrastructure.

To meet the tight deadline, the SI licensed exclusively

Oracle components and established multiple teams to work on different parts of the project. The SI then built a virtualized cluster to support the Exchange but in doing so inadvertently violated the Oracle license agreement.

In 2014, Oracle audited the Exchange and discovered that usage was well beyond the licensing agreement and billed the Exchange for more than \$14 million. This amount of money would have bankrupted the Exchange, so Oracle agreed to settle if the Exchange signed an Unlimited License Agreement (ULA) for \$5 million.

LicenseFortress Provides Cure for Unnecessary Licenses

In June 2016, the Exchange engaged VLSS to help it find ways to decrease its annual \$1.7 million support costs. VLSS offered LicenseFortress™, an Oracle license management service that reduces software costs by optimizing active licensing and retiring licenses no longer in use. LicenseFortress assists Oracle customers to make the best decisions in optimizing and negotiating their licensing.

Using LicenseFortress, VLSS reviewed the Exchange’s Oracle license contract and then catalogued and inventoried the Oracle products and workloads the Exchange was using across all environments: production, staging, user acceptance testing (UAT), and disaster recovery.



The analysis uncovered licensing issues. The Exchange had licensed 18 products but was only using ten. In fact, had the Exchange just bought their licensing on a per-product basis, it would have paid significantly less than \$5 million and faced lower support costs.

LicenseFortress Saves \$3.9 Million

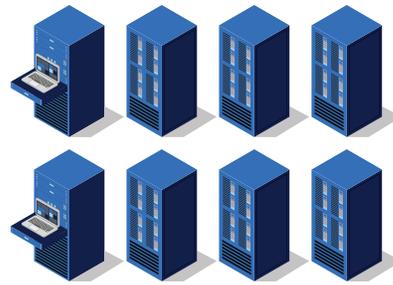
At about the same time that VLSS was evaluating the Exchange's Oracle license use, the SI had just completed a technical upgrade to its infrastructure which resulted in a reduced processor count supporting the SI's virtual cluster. Previously, the Exchange was sharing eight servers on the SI's joint infrastructure; but with the upgrade, the SI moved the Exchange to their own servers – two servers with 32 cores. This change provided VLSS the opportunity to reduce the Exchange's Oracle licenses.

Working with the SI, VLSS determined that it could restrict the Exchange's Oracle workloads at the host level. This would reduce the number of licenses needed, and allow the Exchange to cancel the Oracle ULA and buy new licenses at a discount. Of the ten Oracle products, five were put on one server and five on the other server.

The net result? The Exchange's support costs dropped from \$1.7 million to \$400,000 annually — a savings of \$3.9 million over three years. In addition to the savings, LicenseFortress provides the Exchange with these unique services at no additional cost:

- Guaranteed compliance with its Oracle license agreement, with insurance backing from Berkshire Hathaway and legal representation from a top-ten legal firm, Husch Blackwell
- Anytime access to VLSS license experts
- Training and on-boarding assistance for the SI's Database Administrators (DBAs) and system administrators to ensure they understand the Oracle contract and appropriate license utilization
- Proprietary monitoring tools configured into the Exchange's environment to monitor license utilization, catch non-compliance issues, and minimize compliance liability
- A personalized portal so the Exchange can view and monitor its license inventory, remediation plans, and quarterly compliance reports

Original Scenario



- Exchange sharing eight servers on joint infrastructure
- Exchange licensing 18 products, but only using ten
- Exchange required to purchase ULA for \$5M

LicenseFortress™ Scenario



- Exchange moved to two servers, with 32 cores
- Oracle workloads restricted at the host level
- Cancel Oracle ULA
- 3-year savings: \$3.9M



Most importantly, the Exchange now has peace of mind, knowing that it will never have to pay Oracle back-license, back-support, or audit fees again!

Conclusion

The State Exchange is not the only Oracle customer that accidentally violated their license agreement. As many other customers will attest, Oracle licensing requirements are confusing and non-compliance can be extremely expensive. LicenseFortress is a service that ensures your organization only pays for licenses it absolutely needs and is using its licenses in accordance with the license agreement.

Moreover, once VLSS confirms that your organization is in compliance, the LicenseFortress guarantee is in effect. When Oracle issues an audit notice or a notice of license review, VLSS immediately engages with Oracle on your behalf and, if required, provides legal representation from a top ten legal firm, Husch Blackwell, and insurance backing from Berkshire Hathaway.

With LicenseFortress, the State Exchange saved millions of dollars in support costs, optimized its software assets, and helped itself better manage and prevent compliance issues. Most importantly, the Exchange can now trust that it won't be paying Oracle any additional monies when Oracle comes knocking again!

If you're looking to upgrade or change your IT environment, but are afraid new licensing makes that cost-prohibitive, you need to consider LicenseFortress. As the Exchange's experience with LicenseFortress demonstrates, the results can be substantial.

