

Enhance Business Leverage With Oracle by Being Audit Ready

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Keeping Our Clients Current: Audit Readiness Enables and Empowers Decision Making

Info-Tech Research Group produces this Vendor Insight in partnership with Tarim Consulting, the premier independent consulting firm specializing in all things related to Oracle licensing and compliance.

[As the number two software company](#) in the world, Oracle has 430,000 customers in 175 countries and holds the top spot in 50 product or industry categories. Because of its market presence, Oracle can be a customer's largest IT asset and form an integral part of its IT infrastructure. In this situation, making business-driven decisions to maximize the return on the Oracle investment is crucial.

However, customers are often forced into making vendor-driven over business-driven decisions due to pressure from Oracle. Such pressure can come from aggressive sales tactics, convoluted business practices, complex licensing policies, audit threats, and cloud upsell. Among these, an Oracle audit threat is the most predominant form, creating the most anxiety for IT leaders when it comes to making cost reduction, risk mitigation, and future strategic decisions, which can have lasting financial and licensing implications.

Oracle Audit Risk Criteria

To combat the anxiety over making such decisions, customers need to understand two key aspects of an audit. First, there is no way to completely avoid an audit. The possibility of an audit is always present since Oracle has the contractual right to audit its customers. Second, audits cannot be predicted. While Oracle's decisions involving cost reduction, risk mitigation, and future strategy can lead to audits, other risk criteria can raise an audit flag with License Management Services (LMS), Oracle's audit team. In our experience, having any of the below increases the likelihood of being audited:

Organizational Activities

- No Oracle asset management strategy.
- Post-merger and acquisition activities.
- Sarbanes–Oxley Act (SOX)/corporate governance concerns.
- Management structure change.
- When there is a disconnection among IT, Procurement, and Legal departments.

Risky Usage Activities

- Historic or mixed license metrics.
- Expansion without incremental license purchase.
- Web-based systems on user-based metrics.
- Significant architectural changes.
- E-Business Suite applications without supporting technology.
- Complex architectures and licensing scenarios.
- Mismatched support level for the same license set and unexpected maintenance cancellation.

Purchase History

- When a customer has not made any new purchase in over three years.

Being in Compliance Fuels Audit Preparation

In the event of an Oracle audit, the compliance findings and associated penalties can be devastating. The highest findings that Tarim has seen were over \$1B. Therefore, customers must maintain compliance to avoid legal, financial, and operational risks. Additional challenges to staying in compliance are posed by the fact that Oracle programs have no license keys. **What is the best way to deal with this situation? Audit readiness is the answer.** This allows the customer to identify and resolve potential compliance issues before they face penalties from Oracle. All these goals can be achieved with the following:

- **An understanding of Oracle licensing and strategy that provides:**
 - A grounding in Oracle's licensing policies.
 - An understanding of areas of potential risk and cost reduction.
 - Insight into how end users can improve their existing Oracle relationships.

Combining Info-Tech Research Group's foundational research with the [Oracle Licensing & Strategy Clinic that Tarim Consulting](#) delivers provides all of the above.

- A software asset management (SAM) program that:
 - Designates the personnel who will participate in the SAM effort and during an audit if one is initiated.
 - Outlines what will be done if LMS sends an audit letter.
 - Conducts periodic reviews, e.g., every six months or annually, of the Oracle deployment to identify and resolve compliance issues.

- Provides an up-to-date license entitlement and tracking of where licenses are deployed, allowing the customer to redeploy surplus licenses first before purchasing to avoid creating shelfware.
 - Maintains a repository of Oracle documentation: contracts, orders, and support renewals.
 - Pools purchasing to take advantage of volume discounts and sales cycle timing, e.g., quarter or year-end.
- A third-party licensing expert familiar with Oracle's audit and business practices whose background and insight can be leveraged by the customer in their dealings with Oracle if the in-house experience is unavailable. The expert can also be involved with the SAM program.

Bottom Line

Achieving audit readiness can be a process, and maintaining it requires ongoing time and effort. However, this will pay off in the form of the customer's freedom and ability to make anxiety-free, business-driven Oracle decisions, regardless of the pressure that Oracle may exert. Because an audit can be initiated at any time, the time to start is now.

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