Top Three IBM Software Licensing Challenges

By Christopher Barnett

In the past, I have covered some of the most problematic aspects of standard IBM software license agreements. However, IBM software licensing can be a recurring nightmare for procurement teams and IT administrators for reasons that extend beyond the four corners of those agreements. Three of the more "global" challenges associated with correct licensing of IBM software products include the following:

1. **You will be assimilated.** Though IBM has a wide array of current software-product offerings, a large part of that catalog is the result of a substantial number of acquisitions of other companies (e.g., Tivoli, Lotus, Guardium, SPSS, ILOG, Cognos, Rational, Informix) that developed innovative software products. As a result, IBM's software products often have very little in common with one another, either from an architectural or a business-model perspective. Licensing metrics and restrictions vary substantially across the product line, requiring software asset managers to become proficient in a stack of licensing rules that rival the Oxford English Dictionary for fine print.

2. **Good luck with discovery.** The variability of IBM's software-product architectures means that it can be extremely difficult to deploy a software asset discovery tool that is capable of identifying all IBM software installed on company computers. IBM's License Metric Tool (ILMT), in theory, at least, is one product designed to facilitate the discovery process. However, ILMT can be challenging to deploy and configure correctly, especially in virtualized environments (where its use typically is mandatory, if a business wants to take advantage of sub-capacity licensing). In addition, it is worth being at least a little suspicious of discovery tools that are developed and distributed by the same companies that naturally would like to maximize their customer's software-licensing expenditures.

3. **Resource drain.** Many of the products published by IBM are mission-critical software tools. A company's entire customer-facing business operation may be constructed on top of WebSphere Application Server, and its repository of customer data may be stored in a DB2 database. Consequently, IBM software products often are very widely distributed throughout corporate IT environments, meaning that IT administrators often must choose between the lesser of two evils: either (a) license all servers to full processing capacity, which maximizes the likelihood of license compliance at the expense of higher licensing charges, or (b) devote IT manpower to configuring and monitoring processor usages, which maximizes the likelihood of licensing efficiency at the expense of human resource costs. Pick your poison.

For these and other reasons, it often is very nearly impossible to correctly and efficiently license IBM software without the assistance of knowledgeable counsel or other, independent licensing consultants. Without adopting a holistic approach to the challenge, the risk of exposure can be unacceptably large.

About the author Christopher Barnett:

Christopher represents clients in a variety of business, intellectual property and IT-related contexts, with matters involving trademark registration and enforcement, software and licensing disputes and litigation, and mergers, divestments and service transactions. Christopher's practice includes substantial attention to concerns faced by media & technology companies and to disputes involving new media, especially the fast-evolving content on the Internet.

Get in touch: **cbarnett@scottandscottllp.com** | 800.596.6176