

Strategic Oracle Licensing: Enabling Agile Cloud Adoption & Innovation

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About Redwood Compliance.

IT Cost Management and Software License Experts

Redwood Compliance LLC is a California-based firm specializing in IT Cost Management, Software License Management and License Audit Management.

We are independent of all major software vendors. This independence allows us to focus on our core mission – **helping our clients reduce IT cost, optimize spend, and align IT spend with the overall strategy.**

Agenda

- Keys to Agile Cloud Adoption for Oracle customers.
 - License Mobility.
 - Cloud Vendor Options & Clear Licensing Rules.
 - Cloud Costs.
- Oracle Licensing - The Basics.
 - Processor, Named User Plus (NUP), Application User.
- Important documents – Oracle Master Agreement, Oracle Cloud Licensing Policy, others.
- License Options - BYOL and License-Included.
- Licensing in Cloud Environments:
 - OCI, AWS, Azure, Google Cloud.
- Unlimited License Agreement (ULA) Considerations.
- Key Considerations for Strategic Oracle Licensing
 - OCI Cloud contract types, License Tracking / Software Asset Management.
- FAQ.

Audience

- Oracle DBAs and Application Managers/Administrators.
- IT Asset Management / Software Asset Management.
- Infrastructure Managers/Administrators.
- IT Procurement.
- Legal.

1. Keys to Agile Cloud Adoption for Oracle customers.

License Mobility	Are there any limitations or restrictions on applying existing Full Use Perpetual Oracle licenses to deployments across on-premise and cloud environments? → Generally, no. Some ULA exits <i>may</i> have limitations, but this is generally not the case.
Cloud Vendor Options & Clear Licensing Rules	Oracle Cloud Infrastructure (OCI) rules are contractually clear – the Processor Core factor table and the “Oracle PaaS and IaaS Universal Credits Service Descriptions” provide detailed coverage. However, AWS, Azure, GCP are clarified by non-contractual “policy” documents. → Ensure that your organization has a clear understanding of the licensing rules for the cloud environments where licenses are to be applied.
Cloud Costs	Tracking cloud costs is a challenge, and modeling multi-SKU deployments and costs is key.

1. Keys to Agile Cloud Adoption for Oracle customers (continued).

Example of OCI cost modeling as part of OCI procurement and adoption project.

Redwood Compliance LLC - OCI Migration BOM Summary							
OCI Compute							
Part #	Type	Metric	Quantity	Unit Price	Extended Hourly Price	Discount	Discounted Annual Price
B92306	Standard - E3 - OCPU VM.Standard.E3.Flex	OCPU Per Hour	246	\$0.012590	\$3.970366	15%	\$30,130
B92307	Standard - E3 - Memory VM.Standard.E3.Flex	Gigabytes Per Hour	3034	\$0.000755	\$2.994103	15%	\$22,722
B91961	Block Volume Storage	Gigabyte Storage Capacity Per Month	14115	\$0.025500	\$0.483780	15%	\$3,671
B91962	Block Volume Storage - Virtual Performance Unit (Balanced)	Gigabyte Storage Capacity Per Month	14115	\$0.001700	\$0.032252	15%	\$245
B88318	Compute - Windows OS	OCPU per hour	5	\$0.092000	\$0.460000	0%	\$4,107
							\$60,875
DBCS - Exadata							
Part #	Type	Quantity	Unit Price	Metric	Extended Hourly Price	Discount	Discounted Annual Price
B92380	Exadata X8M-2	Hosted environment per hour	1	\$14.516200	\$14.516200	15%	\$110,161
B88847	Exadata OCPU - BYOL	OCPU per hour	70	\$0.322600	\$22.582000	15%	\$171,370
B92382	Storage Server - X8M	Hosted environment per hour	1	\$2.903200	\$5.806400	15%	\$22,032
							\$303,563

2. Oracle Licensing - The Basics.

Common Oracle perpetual license metrics include:

Processor	Oracle's primary licensing metric is the "Processor" metric. This metric is dependent on the number and type of processor cores, which are scaled by an Oracle-defined factor. For most x86 chips with more than 1 core, that factor is 0.5. The Processor Core Factor Table is a critical contractually defined document: https://www.oracle.com/contracts/docs/processor-core-factor-table-070634.pdf
Named User Plus (NUP)	Named User Plus (NUP) metric is defined as individuals authorized to use Oracle programs installed on single or multiple servers regardless if individual is actively using the programs at any given time. Additional considerations like NUP-minimums apply.
Application User	Very similar to NUPs and used by many on-premise applications like E-Business Suite and others. Key thing to remember – if a user is provisioned access, then an Application User license is required.

3. Important documents – OMA, Oracle Cloud Licensing Policy, others.

Oracle Master Agreement (OMA)	The main Oracle agreement that includes key license terms and definitions, references the Support Policy, and includes the LDRs. https://www.oracle.com/contracts/docs/lic_online_toma_for_o.com_v062223_ch_ca_eng.pdf
Oracle Cloud Service Agreement (CSA)	Underpins all Oracle Cloud services and is critical to understand. Includes by reference many other important Oracle Cloud contracts and terms, including the one below. https://www.oracle.com/contracts/docs/cloud_csa_v012418_sg_eng_4419911.pdf
Oracle PaaS and IaaS Universal Credits Service Descriptions	Critical OCI contract document. Includes all OCI service definitions, metrics, and others. https://www.oracle.com/contracts/docs/paas_iaas_universal_credits_3940775.pdf
Licensing Oracle Software in the Cloud Computing Environment (Policy)	A policy document introduced by Oracle in 2016 and revised routinely. Describes the licensing guidelines for Oracle in third-party environments. https://www.oracle.com/a/ocom/docs/cloud-licensing-070579.pdf https://www.oracle.com/us/corporate/pricing/authorized-cloud-environments-3493562.pdf

4. License Options - BYOL and License-Included.

Applying existing licenses to cloud vs cloud services that include the license fees.

BYOL	Bring Your Own Licenses – apply existing on-premise licenses to Oracle deployments in the cloud. Applies to: 1. Oracle Cloud Infrastructure (OCI) – BYOL SKUs. 2. AWS, Azure, and GCP (for specified services only).
License Included	Cloud service SKUs that already include the license fees for the Oracle programs in the service subscription. Really applies to two scenarios: 1. Oracle Cloud Infrastructure (OCI) – License Included SKUs. 2. AWS RDS Oracle Database Standard Edition 2. Note: Oracle Database EE is NOT available as a License Included option.

5. Licensing in Cloud Environments - OCI.

OCPU	OCI's vCPU analogue. For x86 systems, 1 OCPU correlates with 1 physical core. Contractually defined in the Processor Core Factor table.
BYOL "Processor" license in OCI	In OCI, 1 "Processor" license covers 2 OCPUs (for x86 platforms). This generally equivalent to on-premise. NUP minimums apply the same. Example: 1 DBCS VM with ODB EE (BYOL SKU) with 2 OCPUs / 32GB Memory = \$287.93 per month. ▪ The above VM would require 1 "Processor" license of ODB EE to be allocated. ▪ Technically, the license would be required even if the VM is powered off.
License Included	The OCI SKU includes the license fees and does not require separate license allocation. Hourly rates are higher (but includes more Options/Packs by default). Example: 1 DBCS VM with ODB EE (License Included SKU) with 2 OCPUs / 32GB Memory = \$640 per month. No license allocation required. No annual recurring support on perpetual licenses.

5. Licensing in Cloud Environments – AWS, Azure, GCP (continued).

Contractual Considerations	There are no contractual definitions or rules for these third-party clouds. Oracle provides “policy” guidance through the “Licensing Oracle Software in the Cloud Computing Environment” document. (https://www.oracle.com/a/ocom/docs/cloud-licensing-070579.pdf).
Important Takeaways from the Policy	▪ 1 “Processor” license covers 2 vCPUs (if multithreaded). ▪ 1 “Processor” license covers 1 vCPU (if not multithreaded). Note that this coverage is approximately half of OCPUs in OCI. The Policy only applies to AWS (EC2 and RDS), Azure, GCP – other clouds are not defined. The Policy applies to a specific list of Oracle programs. For example, RAC is not on this list.
License Included	Currently, only AWS RDS with Oracle Database Standard Edition 2 offers a “License Included” option. Azure and GCP do not offer a “License Included” option. Customers must ensure sufficient license quantities.

6. Unlimited License Agreement (ULA) Considerations.

ULA Deployments	Generally, there are no restrictions on deploying ULA programs in OCI or AWS, Azure, GCP.
Certification	▪ ULA program deployments in OCI may be included in the certification counts. ▪ ULA program deployments in AWS, Azure, GCP may not be included in the certification counts. This may be negotiated differently during the ULA negotiation.
Post Certification	▪ Generally, ULA certified quantities may be moved across on-premise, OCI, and third-party clouds. ▪ Some ULA agreements may have post-certification limitations – we advise against agreeing to such terms.

7. Key Considerations for Strategic Oracle Licensing.

OCI Contract Types	▪ Pay as you Go. Most flexible. List price (no discount). ▪ Funded Allocation Model. As flexible as above; includes committed amount that is invoiced only based on actual usage. Discounted from list price. ▪ Universal Credit. Least flexible, longer-term commitment. Unused amount is forfeited.
Software Asset Management	▪ High fidelity license management is key. ▪ Tracking license usage across on-premise, OCI and third-party clouds is difficult but necessary. ▪ A mix of BYOL and License Included (where possible) is typically a good approach to cost management and license compliance, while maintaining cloud adoption flexibility.

8. FAQ Time!

Your feedback is critical!

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