



Software Licensing
Advisors

Custom Support Options for Microsoft Customers

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About Pica Communications & Software Licensing Advisors

• **Pica Communications**

- World-class Microsoft licensing expertise
 - Principal Consultant, Pica Communications
 - Developed licensing practice at Directions on Microsoft
 - 11 years of licensing research, analysis, and comment
- **Services**
 - Microsoft Negotiations and Licensing Workshops
 - Licensing Advisory Services
 - Retainer agreements
 - Ad-hoc advisory services
 - Books and articles on Microsoft Licensing
 - www.picacommunications.com

• **Software Licensing Advisors**

- Steve Kelley, Principal Consultant
 - 7 years as a Microsoft Account Manager
 - Unparalleled insight into Microsoft negotiating strategies, compensation metrics, org structure, concessions
- **Services**
 - The customer's advocate during Enterprise Agreement renewals
 - Critique Microsoft offers
 - Develop cost analysis
 - Develop optimal licensing position and best alternative to a negotiated agreement (BATNA)
 - **Audit defense**
 - Review software inventories and develop effective licensing position
 - Advice on remediation and audit posture
 - www.msftadvisors.com

Introduction & Summary

- **In 2014, Microsoft will end most support for software released in 2001-2003**
- **Many customers continue to run this software**
 - Windows XP, SQL Server 2000, Windows Server 2003, Exchange 2003, SharePoint 2003
 - May be unable to upgrade to more recent releases because of:
 - Legacy desktop applications that will not run on more recent Windows versions
 - Critical applications certified to run only on certain platforms--Windows Server 200-2003, SQL 2000
- **Microsoft will provide ongoing support for “critical” and “important” hot fixes**
 - If customers are willing to pay high support fees via a Custom Support Agreement (CSA)
- **The standard CSA is the most common support solution proposed by Microsoft**
 - But a lesser-known alternative, CSA Essentials, offers support for critical hot fixes at much lower cost

Microsoft Support Phases

- The availability of service packs, updates, hotfixes, and patches depends on a product's life-cycle phase
- These are guidelines, not guarantees

Phase	Duration	Updates	Costs
Mainstream	Greater of 5 years after release, or 2 years after release of successor	All: Service packs, program patches, updates, hotfixes, security patches	\$0
Extended	5 years after the end of Mainstream	Security patches, custom hotfixes	<ul style="list-style-type: none">• Security patches: \$0• Custom hotfixes require Extended Hotfix Service Agreement
Web	2+ years after the end of Extended	Web access to previously released updates, knowledge base articles	\$0
Custom	2 + years after Extended	Same as Extended	Custom Support Agreement, with per device pricing

Microsoft Custom Support Categories

- **Custom Support Deliverables are slightly different from standard Premier Support**
 - No proactive support elements, such as Risk Assessment Programs
- **Premier Support required to have a Custom support agreement**

Category	Description
Problem Resolution	Assistance for problems with specific symptoms encountered while using a Microsoft product, where there is a reasonable expectation that the problem is caused by the product
Support Assistance	Short-term advice, guidance, and knowledge transfer for issues not covered by Problem Resolution Support
Support Account Management	Management and service delivery staff help customers organize support around customer business requirements

Features of the Custom Support Agreement

- **Each agreement covers a specific product such as SQL 2000 or Windows XP**
- **Hotfixes for only “critical” problems**
 - “Customer’s business has significant loss or degradation of services”
 - Problems that cause the product to crash, lose data or otherwise materially deviate from its documented functionality
 - Fixes for “Important” updates available at additional cost, at Microsoft's discretion
- **No changes or updates for additional functionality, updated design, etc.**
 - No time zone or daylight savings issues
- **Per device pricing at least doubles every year**

Product Examples	Min. Devices	Price per Device		
		Year 1	Year 2	Year 3
Windows XP, Office 2003	750	\$200	\$400	\$1,000
Exchange 2003	25	\$10,000	\$20,000	\$50,000
SQL Server 2000	50	\$31,100	\$62,200	\$124,400

Payment Schedule for Custom Support Agreement

- **Payment is always retroactive to the start of Custom Support**
- Customer has access to any hotfixes previously released
- Example:
 - Windows XP goes off custom support April 8, 2014
 - Customer acquires CSA Jan. 1, 2015
 - Payment is calculated from April 8, 2014

Customer signs CSA
on Windows XP

	Jan 2014	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan 2015
CSA Availability				CS on Windows XP available starting Apr. 8, 2014									
Customer Payment				First year payment term is Apr. 8, 2014 to Apr. 8, 2015									

Custom Support Essentials

- **Alternative approach to payment that can substantially reduce costs, with slightly higher risk**
- **Can substantially reduce costs if only a few critical hotfixes are released**
 - For example, the most recent critical hotfix for SQL Server 2000 was Aug. 14, 2012
- **Covers critical hotfixes only (No fixes for “Important” severity)**
 - Includes Problem Resolution and Support Assistance
- **One critical hotfix is included in the Enrollment Fee**
 - Additional hotfixes available at a fixed price
- **Payment is a basic fixed fee + a per device fee per hotfix**
 - As customer takes older systems out of service, hotfix cost will go down

SQL Server 2000 CS Essentials/CSA Comparison		
Based on 100 SQL 2000 Servers in year 1 (4/13-4/14)		
	CS Essentials	CS Agreement
Enrollment Fee	\$440,000.00	\$3,110,000.00
# of Hotfixes included	1	Unlimited
Additional hotfix fee	\$35,000	\$0
Additional hotfix device fee	\$4,000	\$0
Number of devices	100	100
Cost per additional hotfix	\$435,000	\$0
Cost for 3 hotfixes	\$1,310,000	\$3,110,000

Timing Issues

- **CSA can be purchased at any time, and is retroactive**
 - Customer has access to any hotfixes previously released during the Custom Support period.
 - But payment is retroactive to the initial Custom Support date, so costs are the same, whether the customer purchases it immediately or a year later.
- **CS Essentials can be purchased at any time but is not retroactive**
 - Waiting until a hotfix is released and then purchasing CS Essentials does not work
- **Customer wins with Essentials if...**
 - Few critical hotfixes are released
 - The customer is willing to forgo “important” hotfixes that affect only features or usability.
 - Hotfixes are released that aren't considered valuable or useful to the customer and that they do not install
- **Customer wins with CSA if...**
 - Numerous critical hotfixes are released, preferably in the early CSA period when device fees are low
 - These hotfixes solve a problem that the customer has or that they want to patch.
- **Possible combination**
 - Purchase 1 year of CSA in first year of custom support, when hotfixes are more likely and device prices are relatively low, then move to CS Essentials for remaining years