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Faculty & Staff IT Advisory Committee – Licensing Report

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Problem Statements:

Problem Statement 1: (Acquisition)

- More communication is needed, regarding the purchasing of software, between all campuses, departments, and DoIT. 'Isolated' purchasing can lead to:
  - Reduced buying power
  - Different prices paid by different USC Departments
  - Disjointed purchasing (Accounts Payable processing five purchase requisitions instead of one)
  - Unused licensing from one department could be used by another (Concurrent User Model)
  - Purchasing software individually that is already owned by DoIT (I purchase Office for my work computer when it can be provided by DoIT under a site license)

Problem Statement 2: (Consolidation, Standardization, and Communication)

- Individual Faculty/Staff members can purchase software, through Department Funds or grants, with little involvement from DoIT. Can we formalize relationships with these software vendors? For example: If a professor uses Box, can we form an 'Enterprise Agreement' to use Box for all Faculty and Staff?
- Software can be/is purchased when a solution already exists. For example: A Faculty or Staff member would like to use Box, but Microsoft One Drive is already in place. Does the functionality of One Drive replace the needed functionality of Box?
- Lack of a 'Unified Administration' and dissemination of licenses that are currently owned by the university.

Problem Statement 3: (Innovation)

- Lack of active engagement with Faculty and Staff to find new opportunities for licensing agreements. For Example: Digital Signature software. Can licensing be leveraged to provide this service to the entire USC System?

Investigation Methods/Data/Conclusions

The role of Software Distribution, at USC, has changed somewhat over time. In the beginning, Software Distribution was established to fill the need for an enterprise antivirus solution. At the center of its formation, a universally needed application and a self-sustaining funding model.

Currently, an official model, for obtaining an Enterprise Licensing Agreement, does not exist. Once there is a sufficient backing from the university community, DoIT will negotiate on behalf of the university. In most instances, DoIT supplies the initial funding, with a 'charge back' model used to recoup the cost of the agreement. If the agreement is not self-sustaining, DoIT ends the agreement.

Depending on the parties involved, the terms of enterprise agreements can vary greatly. This group decided to look at different instances of both successful and unsuccessful enterprise agreement implementations. We pulled out the parts that worked in each instance, and defined the portions of the agreement that prevented it from being successful. This report will delve into three instances of past agreements: SmartDraw, Adobe, and Matlab.

SmartDraw is an application that can be used to compose varying types of diagrams (flow-charts, organizational charts, mind maps, etc.). Since there was enough of a support base for this application, an enterprise agreement was negotiated. Using a chargeback model, DoIT did not recoup its costs and the agreement was ended.

Pros: 'Ground swell' of support resulted in an agreement being negotiated; Protection against installing software and not having enough licenses;

Cons: Dependency of chargeback model prevented the agreement from continuing

Adobe creates several enterprise level applications, but we are going to focus on two specific groups: Adobe Pro and Adobe Creative Cloud. These groups have very specific use cases with varying levels of adoption. Adobe Pro is used to create and modify .pdf files, and is frequently included in desktop images. Alternatively, Adobe Creative Cloud has more specialized uses and is normally installed either in lab environments or at specific end user workstations. An enterprise agreement was negotiated with Adobe for both products, but the terms differed depending on organizational units. For example, Adobe Pro is provided as a site license to particular

campuses and departments. All others must pay per installation. Adobe Creative Cloud is provided as a pay per install model. Costs are greatly reduced, but DoIT depends on adoption to recover initial licensing costs. The first two years of this agreement did not see licensing costs fully recovered by DoIT. Since then, adoption has grown and the Adobe Enterprise Licensing Agreement is now a self-sustaining agreement.

Pros: 'Ground swell' of support resulted in an agreement being negotiated; protection against installing software and not having enough licenses; agile licensing to fit all needs (Pro vs Creative Cloud);lower cost per license

Cons: Dependency on chargeback model; not site licenses for all campuses and departments; Creative Cloud is not a site-wide license for any organizational unit

A more recent example, Matlab, has been approached from a different angle. Matlab is a numerical computing environment used by some of the larger campuses and departments in the USC system. Purchases are made by these organizational units for the exact number of seats needed in each instance. Since the user base is so broad, a proposal was put forth to pull all licenses under an Enterprise Licensing Agreement. Five departments and campuses were 'co-sponsors' for the start of this agreement. Each group contributed a little more than they normally would in order to obtain a 'site license' for the USC system. Now, each USC department and campus has access to Matlab.

Pros: Sponsors paid initial cost of the agreement (self-sustaining model); Protection against installing software and not having enough licenses;

Cons: No formalized funding model after the first year;

Executive Summary:

Enterprise Software Licensing is playing an ever-growing role in the University environment. With these increasing demands, we see problems arising in the areas of Acquisition, Consolidation, Standardization, Communication, and Innovation as it relates to enterprise level licensing. Looking at past licensing agreements, this report pulls out the good and the bad from each agreement, and concentrates them into a new licensing model. This new 'Sponsor Funding Model' allows campuses and departments to put forth the agreements that are most impactful for their organizational unit. Agreements are not negotiated unless financial support exists. Adoption of the 'Sponsor Funding Model' eliminates the need for a 'charge-back' model, and protects University assets by ensuring we are in compliance with software license usage terms.

Recommendations:

1. Better communicate existing DoIT license availability to Students, Faculty, and Staff:

   The committee recommends quarterly mass emails (Newsletters). Separate emails should be sent to Employees and Students. The emails should outline the following:
   a. A link to a unified webpage that contains information for all available Enterprise Software Licenses
   b. Any changes to current licensing models
   c. Any newly negotiated Enterprise Software Licenses
   d. Call for recommendations for new licensing projects

2. Creation of a 'Sponsor Funding Model':

   The committee recommends, that for new licensing agreements, a sponsor within the USC system should take ownership of procuring funding for their project. This sponsor can be any organization within the USC system. The sponsor will coordinate with other organizational units (co-sponsors) within the system to determine if there is enough support to warrant an Enterprise Agreement. This will be coordinated closely with DoIT. These groups should enter a three-year commitment to funding their project. In the case of unlimited licensing, each unit's cost will be calculated based on total FTE students, for each organizational unit, as compared to the whole. When concurrent seat licenses are purchased, the number of seats that each unit will be using, as compared to the whole, will be used to calculate cost. At the end of the internal three-year agreement, new terms can be negotiated, and funding commitments can be withdrawn. At any time, new organizational units may enter the agreement. Their portion of funding will be determined and disbursed accordingly to existing sponsors. The administration and ownership, of all Enterprise Licensing Agreements, will fall to DoIT.

Outcomes:
- Organizational units know where their funding is going, and it is going to projects that they directly 'sponsor'.
- Funding is not dependent on DoIT budgets.
- We move away from a 'charge-back' funding model, and towards a more collaborative 'centralized' approach.
- Risk Mitigation:
  - Increase buy-in for software compliance
  - Protection of University assets
  - Stabilized funding model
- All Enterprise Licensing Agreements are automatically self-sustaining from a DoIT perspective. Unless the project is sponsored by DoIT, it will never make it to agreement negotiations unless there is Enterprise support for the product.

Resource Requirements and Strategies:

For these recommendations to become successful, we need resources from many different areas of the university.

- New Support:
    - Software Distribution: Create a three person team to facilitate and negotiate terms for all Enterprise Licensing Agreements
    - Sponsor: Each Organizational Unit, that sponsors an agreement, will have to dedicate support for each project. This support will include identifying other sponsors and working with DoIT to facilitate an equitable funding agreement.
- Existing Support:
    - Division of Administration and Finance - Purchasing Department: Continued support from Procurement to facilitate processing of purchase orders for new and re-occurring agreements.
    - Office of General Counsel - Continued support from General Counsel to ensure that the legalities involved in contract negotiation are favorable for the University.