

# Updates To The Microsoft Software Assurance Program

## What It Means For IT Managers

In September, Microsoft finally rolled out its updated Licensing 6.0 options for its Office System, including the latest Software Assurance Program. There are a number of changes taking place, most of them being touted by Microsoft as responses to customer requests. However, independent consultants, including the Gartner Group, are estimating these changes will end up costing some customers more money and driving them to implement alternatives to Microsoft products.

### ■ Software Assurance Defined

The standard discounted bulk software upgrades that were originally available as part of Microsoft contracts are history. Formerly known as Microsoft's Upgrade Advantage, Software Assurance offers the ability to upgrade to future product versions for a fixed fee through an annuity-based Open License. Two new avenues are available to obtain Software Assurance. First, software purchased via OEM is now open to the program. Secondly, a grace period now lets customers make changes to their licensing programs when Microsoft breaks out individual applications in Office 2003 editions.

Designed to save users money, the Software Assurance plan is aimed at organizations that upgrade their desktops at least every three and a half years and their server products every four years. Microsoft estimates the Software Assurance fee is equivalent to 29% of the license cost for desktop products and OSes and 25% for server software.

Analysts from the Gartner Group consulting firm point out, though, that most companies are on closer to a four-year cycle, which means they will pay 68% to 107% more because of the elimination of upgrade discounts. With Software Assurance, there would be no version skipping, such as migrating from Win98 to WinXP, eliminating Win2000 and the costs associated with upgrading.

For example, if an organization has a volume discount for which it pays \$375 for each Office 2003 license, it could have upgraded from Office 2000 for a fraction of that price under the old licensing model that gave credit for license trade-ins.

Under the new program, that same license will cost the full \$375 in addition to \$109 per year for Software Assurance. Total cost after one year: \$484, after two years: \$593. When the next release of software rolls around in two years, there is no cost other than the Software Assurance premium associated with the upgrade.

## ■ More Than Just Upgrades

Including the actual upgrades, Software Assurance attaches additional benefits not routinely associated with upgrades. Enterprise and Open Value customers, as well as Select Licensing customers, will be able to split the cost into annual installments instead of writing a check for one lump sum. This will let IT managers more accurately budget for license expenditures. Because the upgrade is, in essence, already paid for, upgrades can be installed almost immediately upon their release instead of having to wait for business cycles.

In an effort to help customers enhance employee productivity, Microsoft is letting licensed users install and use Office System desktop applications on their home computers in what is known as the Home Use Program. As wonderful as it sounds from the employees' point of view, this could be a major headache for IT departments to track and regulate. However, if employees want to purchase their own software license as a user of licensed software in the Software Assurance program, the Microsoft Employee Purchase Program offers generous discounts off retail prices on Microsoft's desktop consumer software.

## ■ Making A Decision

Since 2001, Microsoft has been pushing Software Assurance to its enterprise customers, who are now taking advantage of their ongoing investment with the rollout of Office 2003. As its larger accounts have fallen into step with the new licensing model, Microsoft is now promoting Software Assurance to medium-sized and small businesses as a way of controlling their software license expenditures and saving money. Still, the bottom line comes down to this: Does your organization need to continually upgrade to the latest and greatest software release from Microsoft, or are upgrades only necessary when more functionality is needed or some particular software is no longer supported? Keep in mind that those who do not sign up for Software Assurance will end up paying the full price each time upgrades are purchased. ■

*by Sandra Kay Miller*