



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](http://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](http://www.msftadvisors.com)

# Introduction & Summary

- **In 2014-15, 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
<b>Mainstream</b>	Greater of 5 years after release, or 2 years after release of successor	All: Service packs, program patches, updates, hotfixes, security patches	\$0
<b>Extended</b>	5 years after the end of Mainstream	Security patches, custom hotfixes	<ul style="list-style-type: none"><li>• Security patches: \$0</li><li>• Custom hotfixes require Extended Hotfix Service Agreement</li></ul>
<b>Web</b>	2+ years after the end of Extended	Web access to previously released updates, knowledge base articles	\$0
<b>Custom</b>	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 is 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

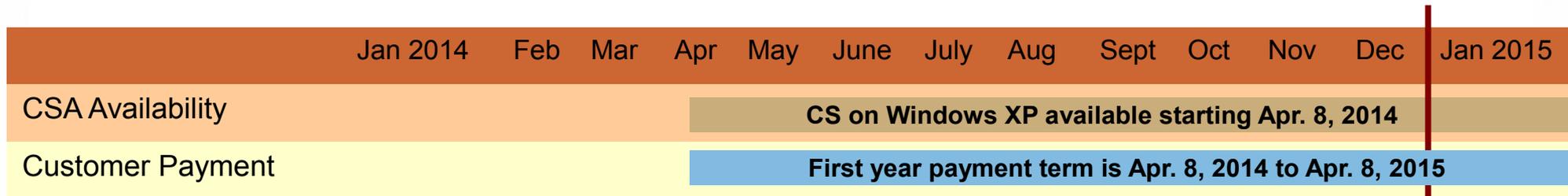
- **Each agreement covers a specific product such as SQL 2000 or Windows XP**
- **A CSA delivers hotfixes only for “critical” problems**
  - “Customer’s business has significant loss or degradation of services”
  - Problems that cause the product to crash, lose data or otherwise materially deviate from its documented functionality
  - Fixes for “Important” updates are 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



# 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 costs 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

- **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 must 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

- **Wait-and-see strategy**

- Commit to no CSA and wait for:
  - Significant price reductions just before the CSA start date, as happened with Windows XP
  - Release of a critical and necessary hotfix, and then purchase retroactively
- Use the delay to reduce quantities, mitigate problems and otherwise reduce the number of unsupported systems
  - If CSA is purchased later, costs will be lower because the number of systems requiring it will be lower