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## DON's Software Licensing Office Leverages Volume Buying Power to Save Millions of Dollars

*By DON Enterprise Software Licensing Program Office (PMM 110) – CHIPS October-December 2014*

The Department of the Navy's (DON) Enterprise Software Licensing (ESL) Program Office (PMM-110) has saved the Navy and Marine Corps \$116 million as of July 2014, "by leveraging their combined buying power and establishing ESL agreements where it makes sense to do so" according to the ESL product manager Mr. Lyle Cross. "The DON ESL Program Office leverages the buying power of the DON to inform and maximize the returns on our investment decisions. Standardization of our processes enables coordinated funding and management and enterprise-level evaluation and tracking of current and future requirements for all enterprise-designated software vendors and products."

The DON ESL Program Office was established in 2011 to support the Department of Defense (DoD) Chief Information Officer (CIO) information technology (IT) consolidation roadmap and efficiency efforts. In accordance with this guidance, the DON ESL Program consolidates, centralizes and streamlines the acquisition and management of licensing agreements for the Navy and Marine Corps.

The DON CIO designated the Marine Corps as the lead, under the acquisition oversight of the Program Executive Office for Enterprise Information Systems (PEO EIS). The DON ESL team includes representatives from the Navy and Marine Corps, with acquisition and contracts professionals from several organizations including Space and Naval Warfare Systems Command (SPAWAR), Naval Supply Systems Command (NAVSUP), PEO EIS, and Marine Corps Systems Command (MCSC). The team also receives support from cross-functional representatives from the DON CIO, Deputy CIOs (Navy and Marine Corps), and DON Financial Management and Budget (FMB).

The use of DON ESL agreements is mandated by the Feb. 22, 2012, joint memorandum issued by the DON CIO, Assistant Secretary of the Navy (ASN) Research, Development & Acquisition (RDA) and ASN Financial Management and Comptroller (FMC). "Mandatory use of Department of Navy Enterprise License Agreements" is directed in order to achieve maximum cost savings.

To date, the DON ESL Program Office has awarded five DON ESL Agreements:

Microsoft - May 2012 - SoftChoice

Oracle - June 2013 - DLT Solutions

Axway - September 2013 - Conscious Security

Symantec - April 2014 - DLT Solutions

ActivIdentity - April 2014 - Software Information Resource Corporation (SIRC)

The DON employs a strategic vendor management (SVM) approach in developing IT enterprise licensing agreements. SVM is a process for defining and developing an enterprise-level vendor relationship with a software publisher that is considered strategic to the DON. Once established, the relationship is effectively sustained and managed throughout the product/contract lifecycle. Thus, each agreement is unique, with its own

intricacies due to the varying nature of each software publisher and reseller. Each will have unique ordering processes, terms and conditions, funding strategies and payment terms. In addition to the five awarded agreements noted above, the DON has identified a number of vendors as potential DON ELA candidates, including IBM, Cisco, NetApp, EMC and VMware.

For more information about DON ELAs and the ELS Program Office, please visit:  
<https://www.peoeis.portal.navy.mil/pmm110/default.aspx> (CAC and .mil domain required).

### **Oracle ESL Awarded in June 2013 Surpasses Expectations**

The DON's Oracle Enterprise Software License (ESL) Agreement was awarded in June 2013, and is achieving even greater return on investment than originally anticipated, realizing over \$84 million in cost savings on core products in just the first year. Catalog software orders are expected to provide additional savings.

Mr. Floyd Groce, co-chair of the DoD Enterprise Software Initiative (ESI) Working Group and the DON CIO's lead for enterprise licensing, indicated "the DON Oracle ELA represents a significant evolutionary improvement in enterprise agreements, using the Strategic Vendor Management process to facilitate stakeholder collaboration and improve visibility, license management, funding, and value for the DON."

Total cost savings are projected to exceed \$194 million over the life of this DON ESL Agreement. This agreement, awarded to DLT Solutions an authorized Oracle reseller, freezes prices at pre-negotiated rates through the end of the life of the contract in fiscal year 2018.

The Oracle ESL Agreement consists of two parts including core products and catalog items. Core products cover unlimited licenses within the DON for a core set of products, and include maintenance renewals and version upgrades (see below). This portion of the agreement also consolidates 350-plus existing agreements and incorporates maintenance renewals for the catalog of products provided by the legacy enterprise license agreements (Navy Afloat, Navy Ashore and Marine Corps). Under this agreement, support payment annual costs for these legacy renewals are frozen through FY 2018.

Over 1,200 additional Oracle products are available for separate procurements via a software catalog at a 70 percent discount from Oracle list prices. This is an additional 18 percent discount above current DoD ESI pricing. Single orders that exceed \$1 million qualify for an 80 percent discount from Oracle list prices. (See Figure 1.)

In addition to generating significant savings, the Oracle ESL aligns with DON CIO policy in that it improves interoperability and IT asset management capabilities and provides unlimited data-sharing for all DON authorized users. The agreement also promotes standardization of products across the department, enabling optimized architecture and consolidation of Oracle license ordering and management to reduce workload and improve efficiencies. Last, but not least, the Oracle ESL offers extended support for databases and WebLogic at no additional cost and supports maintenance renewals for core products at a centralized point for all DON authorized users.

This ESL is a substantial accomplishment in the department's efforts to leverage the enterprise to achieve cost and management efficiencies. The centralization of funding into one annual payment for core products and the centralization of ordering ensured by the agreement enable greater transparency, oversight and control over Oracle software procurements, resulting in cost savings and increased negotiating power for the DON.

Inquiries regarding the DON Oracle ELA may be directed to the following points of contact:  
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