Coalition for Fair Software
Licensing

Coalition for Fair Software Licensing Open Letter from the Executive Director Calling for Support of the *Principles of Fair Software Licensing*

On the first anniversary of our launch, the Coalition for Fair Software Licensing today calls for the industry-wide adoption of the *Principles of Fair Software Licensing*.

Organizations of all sizes and in every stage of digital transformation use software products and cloud services to enhance cyber security, ensure business continuity, and improve workforce mobility. According to Research & Markets 2022 Software Products Global Markets report, the global software industry is expected to grow from $1.5 billion in 2023 to $2.3 billion in 2027.

Even so, many underestimate the importance of software licensing terms. Software licensing terms dictate how organizations may use software to perform critical tasks and, increasingly, how effectively they are able to move to and operate in the cloud. **While fair software licensing supports and facilitates transitions to the cloud, restrictive software licensing threatens to hamper such migration.**

We are now facing a decisionpoint: whether or not we will allow certain companies to dominate their own customers through restrictive and harmful licensing practices.

The *Principles* provide customers and vendors alike with an accountability framework for the licensing of software. They were designed to support the continued growth, adoption, and diversification of cloud services. Specifically, they are:

- Licensing terms should be clear and intelligible;
- Freedom to bring previously purchased software to the cloud;
- Freedom to run on-premise software on the cloud provider of choice;
- Costs should be reduced through the efficient use of hardware;
- Freedom from retaliation for choice of cloud service;
- Avoiding customer lock-in through interoperable directory software;
- Equal treatment for software licensing fees in the cloud;
- Permitted uses of software should be reliable and predictable; and
- Licenses should cover reasonably expected software uses

Digital transformation is essential for organizations – in both the commercial and public sector – to adapt and thrive in the global economy. Recent world events have expedited the adoption of cloud strategies and significantly increased demand for cloud services. Recognizing this trend, some providers have sought to leverage the entrenched position of their legacy software offerings to lock customers into their cloud services. They have used restrictive licensing terms to impose contractual and financial barriers to the adoption of alternative cloud providers. These abusive practices inhibit competition, limit customer choice, and put innovation, cybersecurity, and digital transformation at risk.

As noted in recent media coverage, many customers struggling with restrictive software licensing are reluctant to share their experiences for fear of retaliation from their software vendor(s). Retaliation often comes in the form of surprise audits, increased license pricing, and threatened litigation. To date, customers have had to navigate these challenges alone – but are increasingly working together to highlight the ripple effect of these concocted barriers to the cloud of throughout the economy.

The Coalition and its members are part of a growing number of organizations calling for the support and adoption of the well-established *Principles of Fair Software Licensing*. First introduced in Europe in 2021, the *Principles* have since steadily gained global support and recognition. Polling hundreds of technology decision makers at U.S. businesses across a range of sectors, the results of a 2022 survey were near unanimous. Customers believe the *Principles* will help ensure the continued growth, adoption, and diversification of cloud services. More recently, saw further support in submissions to the U.S. Federal Trade Commission on the business practices of cloud service providers as guidance for mitigating the impact onerous licensing requirements.

The promise of the cloud has long been that of efficiency – in cost, delivery, and security. The Coalition for Fair Software Licensing was formed to ensure that the complexities of software licensing do not undermine that promise. We are working to create a positive path forward of accountability and transparency for providers, customers, and all other industry stakeholders alike. This topic is too important to let certain software providers dominate at the expense of their customers.

Today we call for your support, engagement, and partnership as we build the dialogue around these harmful practices and work to preserve customer choice and freedom in the cloud.