

Microsoft Desktop Optimization Pack: Benefits With a Catch

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This new set of tools, available as a nonperpetual license add-on to Software Assurance, further addresses the historical Windows client SA value gap. The price is attractive, but there is significant lock-in to SA.

NEWS ANALYSIS

Event

On 17 October 2006, Microsoft announced Desktop Optimization Pack (DOP), which consists of nonperpetual licenses for software tools that Microsoft obtained from four acquisitions earlier in 2006. Softricity's SoftGrid will be available in January 2007. AssetMetrix's inventory services, Winternals' recovery software and DesktopStandard's group policy management software will be available in 2Q07. DOP will cost \$7 to \$10 a year per covered PC (not all PCs need be covered) in addition to Software Assurance (SA) on the Windows client, which must be purchased as a prerequisite.

Analysis

In the past, Gartner has criticized Microsoft for not providing sufficient value in Windows client SA contracts. More than five years has passed since the most recent new release of a Windows client, meaning that two-thirds of customers have not received a new version during their SA contract. In March 2006, Microsoft added exclusive content for SA customers, but many have told us that they feel compelled to buy SA just to get one of the extras — such as Windows BitLocker Drive Encryption or the Multilingual User Interface (MUI) — and that they feel they are overpaying. We also have predicted that by 2009, SA will, in effect, be mandatory, partly due to Microsoft adding more exclusive content.

DOP addresses management challenges and may look like a bargain compared with the pricing of the various tools before they were acquired by Microsoft (for example, SoftGrid, the DOP application virtualization tool, cost more than \$200 per seat and the others ranged from \$20 to \$40 per seat). But the price of application virtualization tools is falling — Altiris SVS costs \$27 and Microsoft will sell SoftGrid perpetual licenses for \$36 until June 2007. However, the attractive pricing of DOP and the value it provides must be considered against a significant downside. Because DOP provides a nonperpetual license and requires the base Windows client SA contract at \$33 to \$54 a year per covered PC, organizations will be locked into SA while they use the DOP tools.

For a limited period (ending at dates ranging from December 2006 to June 2007), the tools will be available separately with perpetual licenses. After that, they will be available only as part of an SA contract. We believe Microsoft should continue to offer the DOP products separately and let customers decide if they are better served by buying the products separately or buying SA.

RECOMMENDATIONS

- Re-evaluate your Windows client SA decision based on the combined value of the DOP tools and Windows Vista Enterprise, taking account of their availability dates.
- If you don't want to buy SA, plan to purchase your licenses while they are still available separately.
- If you decide to buy DOP as part of a new SA contract, lobby Microsoft for a better way of buying SA for PCs purchased more than 90 days previously. At present, you also have to purchase a Windows Professional Upgrade license for such PCs.

RECOMMENDED READING

- "Exclusives Provide Pressure for Windows Client SA" — We disagree with the approach Microsoft is taking to improve the uptake of SA, which limits the availability of some Windows capabilities to SA subscribers. **By Michael Silver and Alvin Park**
- "Microsoft Software Assurance: When Will It Not Be a Choice Anymore?" — Given the importance of the recurring maintenance revenue stream to Microsoft, we believe it will have to look at more-profound measures to increase SA revenue. **By Alexa Bona, Alvin Park and Michael Silver**

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