



TECHNICAL BRIEF · BASED ON GAO-25-107114 · VA, DoW

5 OF 6 AGENCIES REPORT RESTRICTIVE CLOUD LICENSING IMPACTS

5 of 6

SELECTED AGENCIES THAT REPORTED RESTRICTIVE SOFTWARE LICENSING PRACTICES AFFECTING THEIR CLOUD EFFORTS

In November 2024, GAO found that five of six selected agencies reported restrictive software licensing practices affecting their cloud efforts. VA and DoW each have open recommendations to issue guidance for identifying, analyzing, and mitigating them.

THE FINDING

In November 2024, GAO published [Cloud Computing: Selected Agencies Need to Implement Updated Guidance for Managing Restrictive Licenses](#) (GAO-25-107114). GAO defines restrictive licensing practices as vendor processes that limit, impede, or prevent agencies' efforts to use software in cloud computing. It reviewed six randomly selected agencies and 11 cloud investments.

Five of the six reported impacts. Four saw cost increases and three reported a narrower choice of cloud provider.

GAO made two recommendations to each agency. VA received recommendations 5 and 6: update and implement guidance to fully address identifying, analyzing, and mitigating the impacts, and assign and document responsibility for identifying and managing them. VA agreed. GAO rated VA as not having demonstrated full implementation of either key activity.

DoW (formerly DoD) got a similar finding first. In September 2023, [DOD Software Licenses: Better Guidance and Plans Needed to Ensure Restrictive Practices Are Mitigated](#) (GAO-23-106290) found that officials from all three selected components reported restrictive practices. GAO recommended that the DoW CIO, in coordination with the Enterprise Software Initiative (ESI), update and implement guidance and plans covering the same three activities. DoW agreed.

WHY IT KEEPS HAPPENING

GAO gave two reasons in the civilian report. Responsibility was unassigned: officials pointed to the CIO or a shared group of IT, acquisition, and legal staff, but none had documented who was accountable. And the topic ranked low, because officials said they had seen few instances.

The DoW report adds a pattern. Four of the six DoW investments reported no impacts, and GAO suggested that may be because they deploy software inside the cloud rather than move it there. The practice bites at migration. Where it bites, the money is hard to see: DoW officials could not specify the amount of most cost increases they reported.

Timelines have slipped. DoW said in 2023 that it intended to publish guidance by the end of fiscal year 2024. In November 2024, the DoW CIO told GAO the department planned to define restrictive license practices clearly and issue guidance by June 2026.

DoW also set up an enterprise cloud management board in February 2025. VA told GAO it planned a working group by the end of fiscal year 2026. By GAO's January 2026 notes, no guidance existed at either agency.

WHY IT MATTERS TO YOUR BID

Migration, rehosting, and hosting task orders are where installed commercial software meets a cloud provider's infrastructure. GAO's examples of restrictive practices are the kind that change a price after award: repurchasing licenses for cloud use, charging extra to run a vendor's software on another provider's infrastructure, charging a conversion fee, and steering customers toward the vendor's own cloud.

An agency with no guidance and no dollar figure has no baseline to hold a price against. GAO said the full extent of the impact on DoW remains unknown. An offeror that treats vendor license terms as a named migration risk, with a way to measure them, is answering a question the agency cannot yet answer for itself.

Recompetes raise the stakes. An incoming contractor inherits the incumbent's enterprise agreements, marketplace subscriptions, and commitments along with the workloads. A cost volume that assumes licenses move at no added cost is a bet on terms nobody has checked.

VA's separate license-count recommendation is covered in [The License Count GAO Keeps Asking VA to Produce](#).

TECHNICAL APPROACH

The method below comes from Avalon's [FinOps service](#). It works from billing and contract records with read-only access, in unclassified environments, and it supplies the measurement that GAO's guidance recommendations depend on.

- 1. Collect the paper trail.** For each cloud investment in scope, gather the enterprise agreements, reseller or vehicle contract documents, and invoices. The agency provides them, and the schedule starts at the access grant, not at award.
- 2. Baseline from the bill.** Pull 12 to 24 months of native billing data (the AWS Cost and Usage Report, Azure Cost Management exports, or the GCP BigQuery billing export), normalize it to the FOCUS specification, and reconcile it to the invoices. The output is one agreed spend baseline per investment.
- 3. Test licensing model fit and find the charges.** For each workload that runs commercial software, compare bring-your-own-license against license-included pricing. Check the bill for charges that match the practices GAO lists: repeat purchases, conversion fees, and surcharges for running a vendor's software on another provider. Flag unused marketplace and SaaS subscriptions and enterprise-agreement commitments that exceed actual consumption. The result is a dollar figure for each investment, which is the analysis GAO found missing.
- 4. Validate, rank, and hand over.** Walk each finding with the engineers who own the workload, since some licensing choices trace to architecture. Deliver a findings report ranked by dollar value, effort, and mission risk, an evidence workbook with line-level detail behind every number, and a 30/60/90-day roadmap that names owner roles for each vendor relationship.

- 5. Repeat before decisions.** A monthly cycle tracks each finding to realization, and a quarterly executive review reports identified versus realized savings. Re-run the baseline ahead of renewals and migration waves, so the number exists before the decision.

Avalon advises; the contracting officer negotiates with vendors. This work does not write the agency's licensing guidance or assign responsibility, which are the agency's decisions. It is not a financial audit or attestation, and savings depend on actions only the agency can take.

WHAT "FIXED" LOOKS LIKE

GAO has published closure evidence for one of the twelve civilian recommendations. NASA's recommendation to assign and document responsibility closed after NASA updated its Cloud and Computing Services guidance in July 2025, and GAO reviewed and confirmed it. That is the only closure on the page.

For the guidance recommendations, GAO's own wording sets the test: guidance that fully addresses identifying, analyzing, and mitigating the impacts. These are targets:

- A written definition of restrictive licensing practices that investment owners can apply.
- For each cloud investment, a dated impact analysis with a dollar figure.
- A mitigation plan with an owner role and a review date.
- Responsibility assigned and documented by role.

STATUS CHECK

OPEN VA recommendations 5 and 6 and the DoW CIO recommendation were open as of GAO's last update, January 2026. Eleven of the twelve GAO-25-107114 recommendations were open; NASA's recommendation 8 is the one closed.

TEAMING FIT

NAICS	541519, 541512
AVALON'S SUB ROLE	Billing-data baseline, licensing model fit analysis, and a dollar-ranked evidence workbook of cloud licensing costs under the prime's cloud migration or hosting task order
SMALL-BUSINESS STATUS	Small business; HUBZone (in progress)
LIKELY VEHICLES	GSA MAS (SIN 518210C Cloud Computing and Cloud Related IT Professional Services); GSA MAS (SIN 54151S IT Professional Services); GSA Alliant 3

If VA or DoW cloud migration or hosting work is in your capture plan, Avalon teams as the sub that puts a dollar figure on what vendor license terms add to each cloud investment.

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