# IBM COMPLIANCE IN 2026: THE FORMAL REVIEW, THE COLLABORATIVE BASELINE, AND THE RED HAT SCALE PROGRAM WITH DELOITTE

Two things every IBM and Red Hat customer needs to understand this year: how IBM's formal license review differs from its collaborative baseline, and what the Red Hat subscription review program delivered with Deloitte is asking for and why

> *A research note for CIOs, IT asset managers, Linux and platform owners and procurement leaders who have received a Passport Advantage audit notice, a Client Value Acceleration or collaborative baseline request from IBM, or a Red Hat subscription review request delivered by Deloitte under the SCALE program. It is not tied to any single client situation. Written from the buyer's side of the table. Redress Compliance, 2026.*

**Key takeaways**

- IBM runs two compliance motions on the IBM software estate. The formal license review runs under the Passport Advantage audit clause with a third party auditor and gives the customer process rights. The collaborative baseline runs on goodwill through IBM's own licensing organization, requests the same data, and gives the customer no rights unless it insists on them.
- The difference is procedural, not substantive. Same ILMT data, same counting rules, same list prices, same Cloud Pak or enterprise agreement proposal at the end. A baseline the customer validates becomes the agreed starting point for everything that follows, including a formal review.
- Red Hat now has its own motion. Since the acquisition, Red Hat subscription reviews have been industrialized into a program, delivered at scale by Deloitte on Red Hat's behalf, that reconciles every running RHEL and OpenShift instance against active subscriptions. It is a compliance review with an accounting firm's process and a renewal true up as its output.
- Deloitte sits on both sides of the IBM relationship: it delivers IBM's Client Value Acceleration engagements and it runs Red Hat's subscription reviews. The same firm can be baselining the IBM estate and reconciling the Red Hat estate of the same customer in the same year, and the findings are consolidated into one IBM negotiation.
- The response is the same for all three: route to the contract owner, read the contract, run your own count before disclosure, provide exactly what is owed, agree nothing, and move every finding into the renewal on your own calendar.

## PART ONE: THE FORMAL LICENSE REVIEW AND THE COLLABORATIVE BASELINE

### 1. WHAT EACH ONE IS

- **The formal license review.** IBM exercises the audit clause in the Passport Advantage agreement: it may verify compliance, on notice, at reasonable times. IBM engages a third party auditor at its own cost, defines a scope of products, entities, geographies and period, and produces a findings report followed by a settlement proposal for licenses and back maintenance at list, usually traded into a renewal. It takes months. The customer can negotiate scope and timeline, challenge a draft report, hold IBM to confidentiality terms, and close the review with a documented outcome.

- **The collaborative baseline.** A request from IBM's software licensing and compliance organization, often under the Client Value Acceleration title and sometimes delivered by a partner such as Deloitte, framed as a partnership activity and explicitly not a formal review. The first ask is twenty four months of ILMT reports for sub capacity products and License Service data for Cloud Paks and OpenShift. The second ask is whatever the first analysis suggests. The output is a mutually agreed baseline to support future licensing discussions or optimization initiatives, meaning a compliance position the customer has validated, feeding a commercial proposal.
- **Why IBM prefers the baseline.** A formal review costs auditor fees, months of process and the customer's procedural rights. A baseline gets the same data in a few emails, faster, cheaper, positioned before the renewal, and with nothing for the customer to contest because nothing was formally claimed.
- **Why the baseline is the more dangerous of the two.** A validated baseline is an admission. If the informal route stalls, a formal review inherits it as the agreed starting point. If it succeeds, the Cloud Pak or enterprise agreement proposal that follows is built on numbers the customer supplied and confirmed. The request also routes to the ILMT administrator rather than to procurement, so the data often leaves the building before anyone with negotiating authority knows it was asked for.

## 2. FORMAL REVIEW VERSUS COLLABORATIVE BASELINE

| | Formal license review | Collaborative baseline |
|---|---|---|
| **Contractual basis** | The audit clause in Passport Advantage: IBM may verify compliance, on notice, at reasonable times. | Framed as a partnership request. Relies on the sub capacity obligation to produce ILMT reports on request, and on your cooperation for everything else. |
| **Who runs it** | A third party auditor engaged by IBM, with IBM compliance behind it. Auditor fees are IBM's cost. | IBM's own licensing organization under a client value title, at times with a partner such as Deloitte delivering the engagement. No auditor, no fee, no formal notice. |
| **Scope** | Defined in the notice and negotiable: products, entities, geographies, period. | Open ended. Starts with sub capacity products and twenty four months, then additional information as jointly agreed. |
| **Your process rights** | Scope negotiation, a reasonable timeline, a draft report you can challenge, confidentiality terms, a documented close. | None by default. What you send is used as sent; what you agree is agreed. |
| **Output** | A findings report and a settlement proposal: licenses and back maintenance at list, usually traded into a renewal. | A mutually agreed baseline, then future licensing discussions or optimization initiatives, meaning a proposal built on your own data. |
| **Cost to IBM** | Months of effort and auditor fees, with a defined end. | A few emails. Faster, cheaper, and positioned before the renewal. |
| **Consequence for you** | A claim you can contest through a known process. | A claim you have pre validated, or an agreed baseline that becomes the anchor if a formal review follows. |

The substance is identical: the same data, the same counting rules, the same list prices, the same commercial end point. What changes is who controls the process and what protections apply. In a formal review the customer has some; in a baseline the customer has whatever it insists on.

## 3. HOW TO RESPOND TO EITHER

- **1. Acknowledge and route.** Reply courteously, confirm receipt, and route the request to whoever owns the IBM contract. The ILMT administrator does not respond to IBM; procurement or licensing does.

- **2. Check the contract.** Establish exactly what IBM is entitled to request without a formal review, in most cases the ILMT audit reports the sub capacity terms require you to retain, and what it is not.
- **3. Run the ILMT health check.** Verify ILMT is installed on every sub capacity eligible environment, agents are reporting, reports cover the full period without gaps, and the catalog is current. Fix gaps now and document when and why they existed. This decides the size of any claim.
- **4. Build your own baseline.** Reconcile ILMT peaks and License Service data against Passport Advantage entitlements. Classify every discovered instance. Contextualize every peak. Know the number before IBM does.
- **5. Remediate before disclosure.** Decommission dead instances, correct bundling and signature errors, right size resized VMs, and license anything genuinely unlicensed through the normal commercial route.
- **6. Provide exactly what is owed.** The reports the contract requires, in the form and period it requires, on a timeline you set. No packages, raw databases or supplementary exports. No additional information without a stated reason and scope.
- **7. Agree nothing.** Do not validate, confirm or agree any baseline document, summary or calculation. Acknowledge receipt, note disagreements in writing, state that any compliance position must be established through the contractual process. Do not sign anything.
- **8. Move any claim into the renewal.** Ask for any shortfall in writing with the counting basis, respond on the evidence, and negotiate any settlement as part of your renewal strategy, with the Cloud Pak or enterprise agreement proposal evaluated on its merits rather than as a remedy.

## PART TWO: THE RED HAT SCALE PROGRAM WITH DELOITTE

### 4. WHAT THE PROGRAM IS

Before the acquisition, Red Hat compliance was a renewal conversation. The account team compared subscriptions to what it could see, asked for a true up, and forgave what it could not see. Since the acquisition, that conversation has been industrialized. Red Hat subscription reviews now run as a program, delivered at scale by Deloitte on Red Hat's behalf, with the consistency of an accounting firm's audit practice and the commercial discipline of IBM. The anatomy is consistent:

- **The notice.** It arrives from Deloitte, or from Red Hat with Deloitte named as the engaged firm, under a program title and usually described as a subscription review, a subscription optimization exercise or a customer success engagement. It cites the verification language in the Red Hat Enterprise Agreement and sets a short deadline for an initial data response.
- **The data request.** A full inventory of the Red Hat estate: subscription manager and Satellite exports, hypervisor and cluster inventories, cloud instance lists by provider and account, OpenShift cluster, node and core metrics, developer program enrollments, and support case history by system. Deloitte supplies its own templates and scripts and asks the platform team to run them.
- **The reconciliation.** Deloitte matches every running RHEL and OpenShift instance to an active subscription by product, tier, term and quantity. Anything unmatched is unsubscribed. Anything on a lower tier than its workload suggests is mis tiered. Anything on a developer or partner subscription in production is out of scope. The output is a shortfall in subscriptions, back dated to the deployment date and priced at the production tier.
- **The commercial close.** The shortfall is handed to the Red Hat and IBM account teams and presented as a renewal true up: back dated subscriptions plus a forward multi year commitment, often on OpenShift Platform Plus or a Red Hat enterprise agreement, with the discount conditional on signing. Where the customer also has an IBM estate, the Red Hat figure and the IBM figure arrive in the same negotiation.
- **Why it scales now.** Simple Content Access removed system level entitlement enforcement in 2021. Nothing technical stops an unentitled host from registering and updating, so compliance is contractual and self policed, and most estates never assigned anyone to count. A reconciliation program run by a firm with standard templates finds the gap in every estate it touches.

## 5. WHAT DELOITTE COUNTS AND WHERE THE FINDINGS COME FROM

| Finding | How it arises | How Deloitte prices it |
|---|---|---|
| **Unsubscribed guests on unsubscribed hypervisors** | RHEL for virtual datacenters covers unlimited guests per subscribed socket pair. Guests migrate to hosts outside the subscribed pool or hosts join a cluster without a subscription. | Socket pairs added at Premium, back dated to the first guest observed on the host. |
| **CentOS conversions never subscribed** | Estates converted CentOS after end of life, including development and test, and subscribed only production. | Every converted system as a Standard or Premium subscription, back dated. |
| **OpenShift cores above entitlement** | Subscriptions sized to allocated rather than running cores, or clusters grown without a true up. | Core pair subscriptions for the excess; the included RHEL node entitlement is rarely credited unless the customer raises it. |
| **Production on self support or Standard** | Support tier chosen at purchase, workload changed later. | Repriced to Premium for the period, plus the forward uplift. |
| **Developer subscriptions in production** | No cost and team developer subscriptions used for workloads that are not individual development. | Each system as a full production subscription. |
| **Bring your own subscription in the cloud** | RHEL instances built from customer images rather than marketplace images. | Each instance requires a customer subscription; marketplace instances are the hyperscaler's. |
| **Extended lifecycle and add ons** | Systems on end of life releases without Extended Life Cycle Support; Smart Management or Insights entitlements exceeded. | Add on subscriptions back dated to the release end of life date. |

Reconciliations run both ways: over subscription, wrong tiers paid upward, and included entitlements not applied are as common as shortfalls. Deloitte's reconciliation surfaces only the findings that favor Red Hat unless the customer supplies the rest.

## 6. HOW TO RESPOND TO THE SCALE PROGRAM

- **1. Treat it as an audit.** The program title and the customer success language do not change what it is. Route the notice to the contract owner. The Linux and platform teams do not respond to Deloitte; procurement or licensing does, and Deloitte does not get direct access to the estate.
- **2. Read the Red Hat Enterprise Agreement.** Establish what verification Red Hat is entitled to, on what notice, at whose cost, and what it is not. The verification language is narrower than IBM's audit clause. Deloitte's templates and scripts are not a contractual requirement.
- **3. Run the reconciliation yourself first.** Map every hypervisor to its subscribed socket pairs, classify every RHEL instance by source, tier and purpose, count OpenShift on running cores and apply the included RHEL node entitlement, separate developer, partner and marketplace instances, and reconcile against every active subscription and enterprise agreement. Know the number before Deloitte does.
- **4. Remediate before disclosure.** Re map hypervisor pools so guests sit on subscribed hosts, decommission dead conversions, enroll eligible individual use in the developer program, re tier where the workload justifies it, and subscribe what is genuinely unsubscribed through the normal commercial route.
- **5. Provide a reconciled position, not raw data.** A subscription position by product, tier and quantity that the contract entitles Red Hat to see. Not Satellite databases, cloud account exports or Deloitte's scripts run against production. Do not agree to additional data without a stated reason and scope.

- **6. Agree nothing.** Do not validate, confirm or sign Deloitte's reconciliation summary or shortfall. Acknowledge receipt, note disagreements in writing with the evidence, and state that any compliance position must be established through the contractual process.
- **7. Present the other direction.** Over subscription, tiers paid above need, included OpenShift entitlements not applied, and marketplace instances counted twice belong in the same reconciliation. They reduce the number and they are yours to raise.
- **8. Move it into the renewal, together with IBM.** Where there is an IBM estate, the Red Hat figure will be negotiated alongside it. Build one baseline across PVU, VPC and Red Hat, and negotiate any settlement as part of the renewal strategy on your calendar, with the OpenShift or enterprise agreement proposal evaluated on its merits rather than as the remedy.

## 7. MISTAKES THAT COST THE MOST

- Sending twenty four months of ILMT data, or a full Satellite export, from the operations team in the first week because the request said it was not an audit.
- Letting Deloitte run its scripts against production because the platform team saw a customer success engagement rather than a compliance review.
- Discovering the ILMT coverage gap or the unsubscribed hypervisor pool from IBM's or Deloitte's analysis rather than your own.
- Confirming a baseline summary or a reconciliation figure by email as a courtesy. A courtesy is an admission.
- Negotiating the IBM baseline and the Red Hat reconciliation as two separate events with two teams, when IBM is negotiating them as one.
- Accepting Cloud Pak, an enterprise agreement or OpenShift Platform Plus as the way to make a soft compliance problem go away at IBM's quarter end.
- Assuming the informal route, or the customer success framing, is safer than a formal review. It is cheaper for IBM, not for you.

## 8. HOW REDRESS HELPS

Redress Compliance runs the exercise from the buyer's side: the contract read across Passport Advantage and the Red Hat Enterprise Agreement, the ILMT health check, the Red Hat and OpenShift reconciliation, the combined internal baseline, the controlled response to IBM and to Deloitte, and the negotiation of any resulting position inside the client's renewal strategy. Our fees are fixed, and every dollar removed from IBM's number belongs to the client.

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