



THE BUSINESS CASE FOR SOFTWARE ASSET MANAGEMENT
by Peter Alderson, SAM Practice Leader, Computacenter



Executive Summary

- **'SAM' is an often misused, misunderstood term with many interpretations**
- **A properly implemented SAM programme can deliver cost savings of 10-30%**
- **Expect to invest 3-5% of software spend on SAM programme (Gartner)¹**
- **Organisations must take a pragmatic 'satisficing' approach to a SAM programme**
- **'Licence management', which is the logical start for any SAM programme, is knowing what you have deployed, what you have purchased and reconciling one against the other**
- **SAM must be approached as an ongoing, iterative process within a framework of 'continuous improvement'**
- **To gain and maintain control of cost and risk means having tools, processes and expertise in place, all of which can be expensive.**

Defining SAM

Software Asset Management, or SAM, is a term that has been bandied about to such an extent that many IT, Finance and Procurement managers are unsure about what it actually means. Some think it is sophisticated licence management. Others say that it is a purely audit-based function to ensure compliance. Whilst neither view is incorrect, each is only part of the picture.

ITIL (IT Infrastructure Library) defines SAM as 'all of the infrastructure and processes necessary for the effective management, control and protection of the software assets within an organisation, throughout all stages of their lifecycle'. SAM involves ongoing processes and activities that:

- Prevent an over- or under-licensed situation from occurring
- Create and maintain a low level of legal and security risk, ensuring compliance and protection
- Give the IT department visibility of the entire software estate
- Allow better control your costs with future purchases and renewals
- Help to deliver better budgetary control, making an organisation more competitive.

In short, SAM helps you gain and maintain control of cost and compliance across your software estate.

Benefits of SAM

Stewart Buchanan of Gartner² explains, 'Even if your organisation escapes vendor audits, software will cost more as a result of poor asset use and financial control. The organisation may be paying too much to maintain or renew unnecessary or unused licences, while other software is improperly licensed, unsupported and unmaintained.'

A properly run SAM programme can reduce an organisation's IT asset costs by 30% within the first three to six months (Gartner). Organisations often begin considering SAM when they are concerned with one or more of the following:

- **Cost:** the pressure on IT departments to do more with less. The absence of a SAM programme backed by in-depth licensing expertise means organisations are missing out on savings of between 10-30% on software spend.
- **Compliance:** a reactive approach to SAM triggered by poor compliance, focusing on resolving licence shortfalls either on a periodic basis or worse, when confronted by a vendor or an enforcement body such as FAST.
- **Change:** significant organisational change such as mergers and de-mergers will impact the software estate and give rise to opportunity and risk if not anticipated and addressed. In-depth knowledge of licensing models on a vendor-by-vendor basis is critical to understanding how to navigate change and optimise licensing for current and future needs.
- **Complexity and Control:** the increasing complexity of vendors' licensing schemes, combined with lack of transparency makes it difficult for organisations to gain and maintain control of cost and risk across the software estate. Having the tools, processes and expertise in place to clarify what is installed, what is purchased and to reconcile one against the other is fundamental to reducing complexity and increasing control across the estate. **This is, in effect, 'licence management' and the logical start for any SAM programme.**

Tina Fruhauf, Computacenter's Director, Customer Excellence for the Software Business Unit, herself an experienced Licence Manager, observes that this presents a greater challenge for smaller organisations, which 'generally lack appropriate

in-house technical expertise and require more understanding of what they need, including the optimisation of their procurement process.'

Forrester³ findings indicate what a properly managed SAM programme can save, on average, in the following areas:

- **Compliance:** \$10 in software per laptop or server with regard to compliance
- **Licence optimisation:** From \$50 per desktop to \$300 per server
- **Other costs:** 10% in IT support costs in training, research and productivity improvement.

SAM gives you a sharper insight into your software. Consequently, you can confidently plan:

- Future procurement
- Vendor negotiations and renewals based on accurate records
- Better upgrades and technology rollouts.

You will have proof of your licence position and, because SAM is ongoing, you can be certain of your processes delivering the right information in future. You'll know exactly what to budget for. You can withdraw and redeploy software as your organisation changes. Because SAM is dynamic, its well-defined processes mean up-to-date information.

This can help you increase cost-savings, reduce complexity and ensure compliance. In short, you gain control of your estate with:

- Greater portfolio and version control
- Ability to redeploy existing licences where they are needed
- Reduced cost of procurement, support, upgrades and maintenance charges
- Fewer concerns about unsupported programs, viruses and security issues
- Controlled software deployment, electronic software distribution and desktop lockdown
- An audit trail to prove compliance
- Discovery of your portfolio's true value for balance sheet purposes
- Identified opportunities for portfolio rationalisation
- Reduced support costs with rationalised number of core products and standard builds.

Presenting the business case for SAM

Presenting a business case for SAM purely on ROI is difficult. Instead, Gartner recommend that the business case examine the hypothetical business impacts of four different scenarios and their most probable outcomes:

- **Inaction – do nothing:** The organisation buys licences piecemeal in response to each new project demand. Consequently, spend is uncoordinated, and the organisation loses out on chances to optimise it. In addition, staff may lack knowledge of licensing rules. For example, they may load a single licence on multiple systems, not realising that a licence key does not guarantee entitlement.
- **Underinvestment – doing too little too late:** For many organisations, SAM starts as a small-scale initiative. The project managers buy a discovery tool on which they depend – perhaps too much – for licensing cost-cutting. However, what some organisations do not realise is that drastic economies of scale with software can reduce the effective discounts available to them. Ironically, it might also make the organisation more open to an audit, because with few or no licences to trade in, successful post-audit bargaining with the vendor is less likely or substantially weakened. It might also encourage the organisation to have a more positive view of their licences than the vendor – or auditor – does.
- **Over-commitment:** Organisations who have just been audited or find themselves under threat of an audit might over-react and over-spend to mitigate current risk and future recurrence. This could include granting the vendor exclusive audit rights. Uncovering non-compliance in-house before the vendor does can result in purchasing new licences instead of reallocating unused ones. Over-reliance on discovery tools can cause the organisation to overlook the importance of contract negotiation, which is an excellent opportunity for licence consolidation and rationalisation.
- **Satisficing: This is the optimum SAM position.** In this scenario, the organisation has developed processes and procedures for SAM, perhaps after a painful audit. The objective is

to prevent future costs as well as optimise current spending. Gartner say that organisations should expect to spend 3 – 5% of their software budget on a SAM programme. Savings depend on previous inefficiencies, but it is reasonable to expect the programme to be cash-positive, especially if it avoids a major settlement with auditing vendors.

Getting the job done

To properly execute a pragmatic SAM programme, organisations need three elements for long-term success.

Comprehensive tool

As you would expect, a robust SAM tool needs to do all of the following:

- Discover all IT assets on the network
- Provide accurate hardware and software inventory
- Reconcile purchases against actual purchasing data for the number of licences
 - Installed
 - In use, for concurrent licences
- Meter software usage
- Advise you which users have not installed required security patches or updates
- Provide comprehensive reporting.

This is the easiest part of SAM to address. Finding SAM skills and implementing industry-leading best practices are more challenging.

Best practice methodology

Employing industry-leading methodology from sources such as ISO 19770-1 and ITIL from the start of a SAM programme enables organisations to identify which key policies and procedures can be adapted or implemented to most efficiently reduce costs and ensure control over their software assets without the need for a process overhaul on a large scale.

A by-product of following best practice methodology is the permanent elimination of the risks associated with inadequate software licensing. With vendor-driven audit activity at an all-time high, the ability to easily provide definitive

proof of compliance at any given time is invaluable. So how can organisations find out which elements of SAM are most valuable to them and be confident that they are engaging with a partner who can help them reach their objectives efficiently and effectively?

Licensing expertise and vendor leverage

SAM involves examining software contracts and licensing implications by vendor across the software estate to identify under- and over-licensing. As a result of initial findings, a SAM specialist clarifies software licences and removes ambiguities during a careful renegotiation or renewal of licences and maintenance. They implement comprehensive processes, procedures and policies to cover the software lifecycle services from procurement to retirement. Consequently, you can produce the required software licensing records at any time to prove compliance. However, in order for this to succeed, you need to periodically assess and review your SAM programme within a continuous improvement framework. Because these skills are expensive and specialised, they can often be impractical to maintain in-house. This is why Computacenter offer SAM services that are flexible and scaleable enough to meet the needs of any organisation, regardless of size.

Computacenter can get you started

Whatever your reasons for addressing SAM, Computacenter's Software Asset Appraisal and Discovery Service provides an affordable and pragmatic licence management solution for gaining and maintaining control of compliance and costs. The result is an optimised, compliant estate.

Because an in-house SAM service is not something that every organisation can afford, Computacenter have developed a variety of flexible and scaleable SAM services to suit the needs of any organisation, whatever its size or level of SAM maturity.

We can help break the SAM process down into easily understood processes and services. This provides our customers with maximum returns with minimum upheaval. Our services demystify

SAM, breaking down its aspects into clear deliverables and ROI. Computacenter's dedicated team of in-house SAM consultants and licence managers, with their impartial advice and in-depth vendor expertise, can help to reduce the cost and mitigate the risk associated with your software assets.

To speak to us in confidence about software asset management or for more information on our services, call 0800 783 5492.

www.computacenter.com/software/default.asp

Why Computacenter for software lifecycle services

Many software service providers claim to offer SAM services for the mid-market, although sometimes these involve little more than DIY tools. Computacenter believe in offering a complete proposition which we can scale to meet any customer's requirements. We are also:

- **SAM pioneers:** Long before SAM became popular, Computacenter were already implementing it for their customers. More recently, we have been driving new initiatives such as the [Microsoft SAM programme](#) and ISO 19770-1.
- **Large and experienced:** Our SAM team, which is one of the largest in the UK, have more than 10 years' experience in delivering tailored solutions to our customers.
- **Vendor independent:** We consider this to be important for two reasons:
 - Unlike other SAM practices we do not perform hostile audits for vendors. Our SAM advice and services are completely confidential and always put the customer first
 - Our lack of vendor dependency means that we have one of the UK's most comprehensive vendor-knowledge portfolios.
- **Certified in best practice methodology:** All Computacenter SAM processes adhere to independent best practice such as ITIL and ISO 19770-1. However, we go further by taking core elements of both, along with FAST and BSA principles, to offer a more practical solution whilst retaining the core methodology.

Our approach to best practice is prescriptive rather than proscriptive, enabling us to find a best fit for our customers' business agility and objectives.

- **Comprehensive:** We offer a comprehensive set of software lifecycle services from procurement to retirement.

Our customers say

'Thanks to Computacenter's experience and knowledge, we have been able to enjoy significant cost savings on our Microsoft Enterprise Agreement. It has also helped us to create a software licensing roadmap for the future that will enable us to maximise our assets while minimising cost on an ongoing basis.'

**Stuart Walters, Head of Applications,
Eversheds**

'We wanted to adapt software procurement to fit a centralised model which would enable us to take advantage of benefits of scale and ensure we were fully compliant.'

**James Fleming
IT Infrastructure Manager, Speedy Hire**

'With Computacenter's help, we now have better visibility of our software estate and can deal with compliance at the right time.'

**Phil Cranch, Software Licensing Manager,
Environment Agency**

'By improving the utilisation of existing licences, we have been able to cut our spend on new standardised desktop software by 36 per cent.'

IS Director for insurance giant

'We wanted to leverage our global spend via a centralised model for our purchasing requirements while at the same time simplifying procurement.'

**James Rumsey, Head of Procurement,
Michael Page**

About the author

Peter Alderson, Computacenter's SAM Practice Leader, became a qualified ISO 19770-1 Assessor in October 2007. He is certified to perform SAM assessments, make recommendations in this area and create asset management roadmaps for customers. The two-year qualification is valid to the end of October 2009. Peter earned this certification through **IBSMA**, the world's largest organisation of business-application software managers. **ECP** runs IBSMA's business, marketing and administration, leveraging its 6,000-strong subscriber base.