

# THE REAL VALUE OF SAM

**A thorough reconciliation of software licence entitlement not only helps ensure your organisation remains compliant but also provides significant cost savings**

The underlying justification for implementing a Software Asset Management (SAM) programme is the need to apply good corporate governance to all of your organisation's software assets, including the management of all the associated risks arising from the use of these assets. The potential benefits of implementing a well-defined SAM programme are significant and should usually greatly exceed the implementation and operating costs.

The basis of any good SAM programme is to keep accurate and up-to-date software licence information, together with processes for controlling and maintaining its accuracy. Having a comprehensive database to store this information is essential. Not only does this allow you to archive effectively but it also allows you to publish this information when required and clearly balance the equation between what you have installed and what you are allowed to install.

## LICENCE MANAGEMENT TOOLS

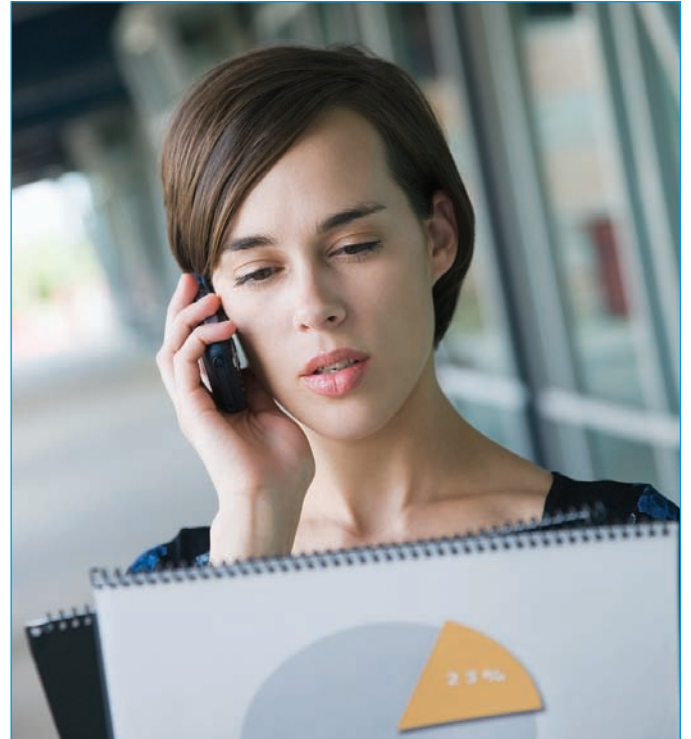
Potentially, licence management tools are one of the most important aspects of a SAM implementation and must be able to:

- Record and track all licence types, such as concurrency and site licences
- Differentiate between contract and non-contract entitlement

- Manage Client Access Licence entitlement
- Maintain the relationship between upgrade licences and base licences
- Maintain and track maintenance agreements

- Aggregate the organisation's installation rights by operational unit
- Facilitate the transfer of licences between different operational units
- Distil software usage data and recognise licensable products
- Allocate licence entitlement to installs
- Report compliance, over or under licensing

Implementing an effective licence management tool can eliminate overspend and reduce instances of buying too many licences, the wrong licences or not buying enough. In addition, knowing with certainty that your organisation is compliant with the licensing terms puts you in a strong negotiating position with software manufacturers and prevents serious embarrassment.



**Having access to a comprehensive licence register could help reduce your software licence spend by up to 30%**

## MANAGING RISK

There is significant risk if licensing terms for all externally procured software are not properly observed. Your organisation's reputation may be damaged by the publicity that results if legal problems become apparent.

Contractually, under most volume licensing schemes, all organisations are required to keep records relating to the products that they, and any affiliate participating under a licence agreement, install or use. The manufacturer has the right to verify compliance with any licence agreement at its expense and will usually engage with an independent accountant from an internationally recognised firm of chartered accountants. If the verification reveals unlicensed use of products, the manufacturer will request that the organisation concerned reimburse the costs incurred during the verification and acquire the necessary additional licences as single retail licences within 30 days.

## CONTROLLING COSTS

Having access to a comprehensive licence register could help reduce your software licence spend by up to 30% by providing you with the following information:

### Maintenance Renewals

Having a comprehensive maintenance schedule helps prevent agreements from expiring without renewal. With many manufacturers, if the maintenance expires then the licensee could be subject to purchasing a full perpetual licence when the product is refreshed to a later version. Subsequently, this could mean that your organisation is paying up to 50% more than it would on maintenance renewal.

### Upgrades

Without having access to a comprehensive licence register, your organisation may find it difficult to procure licences based on historic purchases. For example, many manufacturers provide upgrade licences to earlier purchases - without maintaining a comprehensive audit trail of all purchases made, however, it is likely that your organisation will purchase full licences rather than upgrades. Subsequently, this leads to a possible overspend of between 25-50%.

### Reallocation of Unused Licences

Without tracking licence entitlement on an ongoing basis, your organisation could lose sight of licences that have become available due to project completion or asset disposal. Many organisations continue to purchase new licences when they could simply reallocate. A comprehensive licence register could provide your organisation with an interface that will enable you to maintain licence availability, thus minimising unnecessary expenditure.

### Increased Discounts

Maintaining a licence register will enable your organisation to review purchasing trends and be alerted to volume incentives. Many organisations are unable to track how many licences have been purchased over a period of time and therefore never challenge resellers to increase discounts. Subsequently, your organisation may purchase software at a lower discount than you are entitled to. This may be happening in business areas that are purchasing locally, where the purchasing



## LICENCE DASHBOARD™

Without a comprehensive licence management tool, the function of managing licences essentially becomes a manual process, one which is prone to error, complacency and eventually leads to regression. Most organisations end up using a number of spreadsheets to manage and track their entitlement - these documents become difficult to summarise and make it almost impossible to demonstrate effective audit trails which outline the allocation of upgrade paths and maintenance agreements.

In addition, having multiple interfaces, each managing different stages of the process, leads to confusion. To achieve best practice, therefore, it is essential that all information is reported through a single interface, such as Licence Dashboard.

The Licence Dashboard family is a powerful range of products which put

you in control of your software assets. Designed with finance and procurement reporting requirements in mind, the products give you the power to manage the entire lifecycle of your organisation's software assets.

To see for yourself, watch our online demo at [www.licensedashboard.co.uk/demo](http://www.licensedashboard.co.uk/demo)

officer is unaware of global agreements or the Group is unaware of increased discounts available through volume agreements.

## BENEFITS

The basis of any good licence management process, therefore, has to be the provision of accurate and up-to-date information in a format that is easily accessible and can be used in conjunction with effective software policies and procedures. The tools that your organisation chooses are fundamental to the success of your Software Asset Management programme.

A thorough reconciliation of software licence entitlement not only ensures your organisation remains compliant, but also provides significant cost savings – in terms of direct expenditure on software, as well as in related process and implementation costs. Other benefits could include:

- Better negotiating position
- Improved strategic infrastructure planning

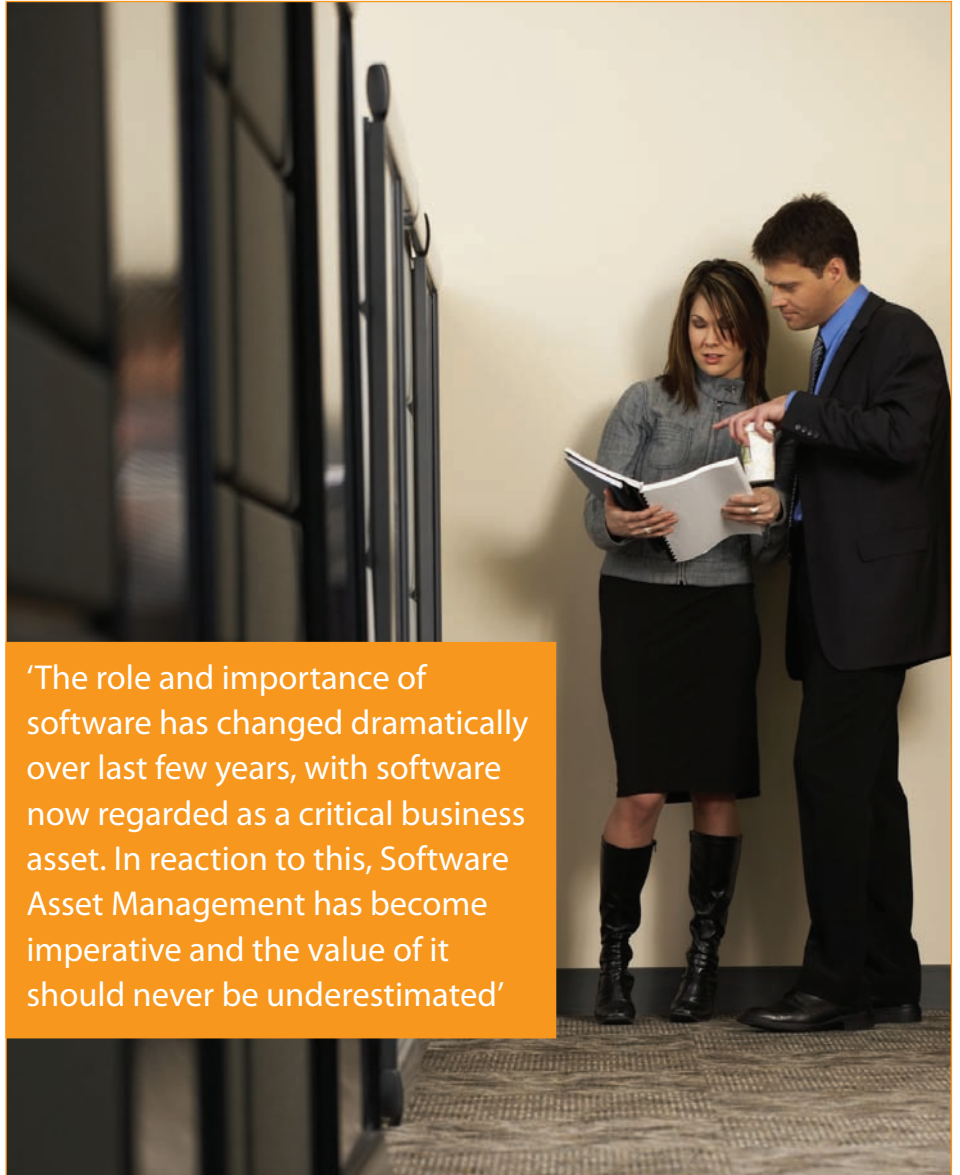
- Prevention of software over-deployment
- Reduced hardware costs
- Improved purchasing arrangements
- Reduced costs of internal licensing support
- Better quality and more informed decision making

Licence Dashboard™ is an essential tool for organisations of all sizes looking to hone their licence management process. Without it, managing software assets becomes an arduous and resource intensive task, one which suppresses the savings you could be making.

### Money Well Spent

Establishing a definitive ROI for Software Asset Management is a difficult task. To help illustrate the savings you could be making, here are some example outcomes of customer investigations Licence Dashboard Ltd has carried out:

- **An 800 seat organisation** was unaware of the Microsoft Office 97 technology guarantee where if procured within a certain timeframe, a free of charge upgrade to Office 2000 was available. This customer had a shortfall of 96 Office 2000 licences that Licence Dashboard was able to demonstrate could be licensed by 96 of their Office 97 licences, an instant saving of approximately £25,000 on one line item
- **A 3,000 seat Council** was going from a decentralised purchasing environment to a centralised one. Over the course of 10 years, the Council had undergone much re-organisation due to adopting smaller Borough Councils, other mergers, boundary changes and transferring some responsibilities and assets to the County Council. Licence Dashboard Ltd discovered previously unknown Microsoft Select and Open Agreements that were legitimate Council assets to the value of £89,000. The assets were then available for redistribution as opposed to purchasing new licences
- **A 4,000 seat FTSE 100 company** with a dedicated procurement team was looking to implement a full Software Asset Management programme. The customer was about to replace its audit software - this was avoided, however, as Licence Dashboard was integrated with its existing audit software, saving £30,000. In addition to reducing the risk of illegal exposure, the customer also saved 30% on its ongoing annual software spend and an additional 25% by redistributing software licences. It was also able to increase its asset value by 60% as the average desktop software was now valued at £1,000 per PC
- **A records audit for a 30,000 seat insurance company** showed it to be 'missing' 1,000 Office licences. After investigation from Licence Dashboard Ltd, it was proved that the organisation had placed an order appropriately for 1,000 Office licences under its Microsoft Select agreement, received and paid the invoice from the reseller but the reseller had erroneously not reported the transaction to Microsoft. Although the error was clearly the fault of the reseller, the



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customer was ultimately fully liable until the matter was resolved. Had the organisation not had a records audit, it is likely that this error would have gone unnoticed for years with the risk of the reseller going out of business and subsequently no hope of reclaiming almost £250,000 of spend

Software Asset Management is more complex and more demanding than hardware asset management and, therefore, the SAM process needs to be more comprehensive in content.

The role and importance of software has changed dramatically over the last few

years, with software now regarded as a critical business asset. In reaction to this, Software Asset Management has become imperative and the value of it should never be underestimated.

## FIND OUT MORE

For further information, contact the Licence Dashboard Team on **0845 265 1217** or email [info@licencedashboard.co.uk](mailto:info@licencedashboard.co.uk)

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