

# The IT Administrator's Guide to Software Asset Management

A ScriptLogic Positioning Paper

# Introduction

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IT administrators are faced with more challenges and resource constraints than at any time in the past ten years. A tough economic environment where revenues are unpredictable or down from previous years is leading to IT budget reductions. At the same time, companies are turning to IT for increased use of new technologies to drive to a new level of productivity with customers, partners and employees. IT departments today don't have the luxury of additional headcount and more importantly have less budget to implement new projects and are forced to decide which legacy systems can be maintained. There is no question that every IT investment must have a rapid payback and well defined return on investment. There is no room for error today as IT decisions must be precise and not waste any financial resources.

So given the tough economic times, what else can IT do to deliver more value to the business? Are there potential blind spots within the IT organization that could destroy a carefully planned budget? Does your company and IT organization have an active Software Asset Management (SAM) program?

## What is Software Asset Management?

SAM is a proactive business practice, typically performed or involving the IT organization, that creates an inventory of all software licenses used in a company on the network, servers, desktops, notebook computers and mobile phones. SAM processes also tracks the usage, purchase costs, potential savings and compliance with all software license agreements in use. SAM, if implemented as a best practice by including software tools, will also perform these tasks with near real-time reporting allowing the business to adjust future software purchases, improve negotiations and avoid potential embarrassment if there is a software audit.

## Why is SAM important to the business?

### Software Audits are Common, not Rare

Many small and medium businesses have had to publicly settle with software companies for failing to be compliant with the software license (i.e. not paying for licenses in use). Software companies are losing an estimated 20% of revenues from software piracy and industry associations such as Business Software Alliance ([www.bsa.org](http://www.bsa.org)) and Software & Information Industry Association ([www.siiia.net](http://www.siiia.net)) are actively auditing small to large companies. Audits typically allow only ten days for a company to demonstrate compliance and as a result are a major disruption for the business and the IT organization.

## Software Licenses are Assets with Contracts

Because the majority of business software is purchased with a license agreement, a legally enforceable contract, it is imperative to know if key business assets are at risk. In addition, software is commonly used throughout the business to solve many different problems. Many times, both management and IT are not aware that a software application has been purchased, installed and what the accompanying license agreement terms and conditions require of the company. Implementing SAM also enables IT to identify open source or shareware applications that may have been free but must be monitored for license compliance risk.

## Software is Expensive to Own, Especially if Licenses are Unused

According to Gartner Research and IBM, 70% of IT budgets are spent on maintaining existing computers, infrastructure and applications. Software applications traditionally require maintenance agreements costing 10 to 30% of the license cost per year. Companies that implement SAM find that a large number of licenses or seats purchased and being maintained are not being used. IT administrators have a difficult enough time justifying the Return on Investment for new software purchases to the finance department and management. Implementing SAM as a business practice allows IT to identify licenses that are not being used and wasting money.

## Why IT should care about SAM?

### Best Practice IT Security Requires Knowing What Software is Installed

The old management adage is “You can’t improve what you can’t measure”. The same is true for IT in managing security risks by using SAM to know as soon as possible when new applications are installed in the company. Everyone knows that employees and even managers in a company will innocently install applications with the potential of causing IT support issues. According to Gartner’s 2008 IT Spending for SMB, the top two spending priorities are 1) IT security and 2) PC upgrades. Every business wants to avoid the hit on productivity from network, server or desktop outages due to an IT security issue.

### IT Support Incidents are Resolved Faster

SAM enables the IT organization to quickly identify the applications on a user desktop or mobile computer in the field before attempting to resolve an incident. KPMG reports that IT desktop administrators using SAM can reduce support costs per client by as much as 50% by reducing the amount of time inquiring about configuration and the amount of IT administrator time visiting a client or server.

### IT Wants to Deliver New Solutions

As mentioned earlier, only 30% of IT budgets are typically available for new projects and purchases. Applying SAM as a best practice enables IT to identify unused software licenses and be in a stronger position to negotiate better pricing with software vendors by understanding usage at a detailed level. In addition, unnecessary software maintenance costs are also eliminated. The typical outcome according to Cynthia Farren Consulting, a company specializing in designing and implementing SAM practices is 7

to 10% annual budget savings on software spending. The savings frees up budget resources for the new and exciting projects that will delight the business and make IT the hero.

## **IT Must Manage Mobile Platforms**

Smartphones with mobile applications are quickly finding their way into the enterprise. SAM practices enable IT to be in a stronger position to manage the software license, costs, support and security issues of smartphones more effectively. Smartphones such as the Blackberry and Apple iPhone have the potential of doubling the number of clients being managed by IT in the corporate network. Again, SAM is a best practice that can help IT minimize risks for the business.

## **What are businesses doing today with SAM and how is it implemented?**

According to a 2008 study published by KPMG, SAM is becoming a top ten priority for 34% of businesses. In terms of how many businesses have implemented SAM: 86% of businesses have limited control over their software assets and lack SAM business processes and tools. Per the same KPMG study: 18% don't track software assets centrally, 46% track manually, 17% manage their software assets with 3rd party software tools and only 13% manage their software assets with an integrated, real-time software application.

## **What is the role of technology in SAM?**

It is important to note that SAM is more than just buying a software asset management tool. SAM implementation requires formation of a cross-functional team with critical leadership from senior management and IT to help with choosing the appropriate SAM software tools for the company to implement the overall SAM processes and practices. Organizations should consider the following software functions when implementing a SAM program:

- Inventory tools – to automatically identify and locate the software in use,
- License management – a central repository database containing the ownership, contractual and licensing details with frequent, automated updating and archiving capability
- Usage metering – provides the ability to identify rarely used software and directly related software maintenance contracts
- Software delivery – a tool to request delivery of software, make patches and automated software removal capabilities
- Workflow automation – a tool for automating the SAM processes and eliminating manual controls and reporting.

## What results can I expect from using a SAM program with a software tool?

Per KPMG, companies implementing a mature SAM business process with real-time, centralized reporting tools can reduce manual IT labor costs per computer by as much as 50%. In addition, as companies improve SAM business practices with software tools, the costs of creating and deploying standard images are lower. In addition, infrastructure optimization costs are lower. However, most importantly, IT will understand software usage, be in a position to drive lower software pricing and have a tighter control over software budgets by eliminating wasteful IT spending habits throughout the organization.

## What's in it for you, the IT Administrator?

At this point, some IT administrators may be thinking “This is great for the company and IT management, but what's will SAM do for me?” First, if your company has not implemented SAM, this could be a proactive opportunity to improve your career by taking ownership of a critical business process with obvious return on investment to the company. Second, implementing SAM using automated software tools will free you up from more tedious tasks and limit the many IT incidents caused by unknown applications inside of the company. Third, if there is an audit of your company's software assets, having SAM in place will help you avoid a major disruption to your already busy schedule, not to mention keeping a positive and productive relationship with management by being prepared in advance of any software audits and avoiding paying settlement costs.

## What are the key criteria when looking for a SAM software tool?

The cornerstone of any SAM software tool is the ability to quickly build an accurate inventory of software assets through automatic scanning and identification of a wide range of applications.

It is crucial that the software tool have a large repository of known applications that provides regular updates to your installation, to minimize the amount of manual interventions required from the IT administrator. Also, it is important to look for the ability to work across both Intel PC and Apple Macintosh computers, as well as easily identifying open- source/freeware/shareware applications.

Also one should consider the ability to track multiple types of software licensing models including Microsoft volume licensing, Oracle concurrent user licensing and open-source licenses. The ability to support multiple or custom license models is critical in quickly calculation potential cost savings or compliance issues after software purchase data is entered into the SAM tool.

Carefully evaluate the SAM tool for integration with industry leading directory's (i.e. Active Directory) and system management tools (e.g. Microsoft SMS and SCCM). Integration means that the SAM tool has the ability to automatically collect software asset details and build reports with minimal effort from the IT administrator.

And finally, evaluate the SAM tool installation requirements for clients and servers. Ideally, the agents should require as little memory as possible to maximize client performance throughout the organization as the SAM tool performs real-time monitoring and reporting.

## **Introducing ScriptLogic Asset Manager**

If you are ready to begin saving money by implementing a SAM program and purchasing a comprehensive SAM tool, ScriptLogic is pleased to present Asset Manager. Many ScriptLogic customers have been asking for a comprehensive and cost-effective software product to help implement Software Asset Management in their companies.

### **ScriptLogic Asset Manager offers customers the following critical features:**

- Centralized, real time application for IT organizations to monitor software applications and licenses being used in the enterprise on servers, desktops and mobile devices
- Supports management of software in virtualized environments including VMware, XenServer and HyperV
- Tracks license costs, usage and calculates potential savings
- Integration with Active Directory, Microsoft SMS and SCCM 2007 environments

## **About ScriptLogic**

ScriptLogic Corporation, a wholly owned subsidiary of Quest Software (Nasdaq: QSFT), is a recognized leader in the management, monitoring and support of desktops, servers and networks. ScriptLogic's award winning solutions benefit 27,000 customers worldwide in the areas of desktop, helpdesk, active directory, server, network management and most recently software asset management. IT professionals and organizations of all sizes rely on ScriptLogic to streamline administrative tasks and improve productivity through "Point, Click, Done" solutions. For more information, visit [www.scriptlogic.com](http://www.scriptlogic.com).

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