

## **Managing Software Assets to Improve IT Cost Management**

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**M**anaging software licenses and their associated costs has once again risen as a high priority for IT. Executives are seeking alternatives for cutting expenses and at the same time optimizing existing investments effectively. Software assets are an easy target and Software Asset Management (SAM) is a place where significant cost savings can be achieved.

Renewed interest in SAM surfaces periodically - with spikes most often related to IT finance and contractual compliance. The management of software assets is very simply the efficient and effective use of software licenses that have been purchased to support the enterprise. The Information Technology Infrastructure Library (ITIL) describes SAM as "all of the infrastructure and processes necessary for the effective management, control and protection of the software assets within an organization, throughout all stages of their lifecycle."

SAM goes well beyond tracking and allocating software licenses to support the broader domain of services, assets and financial management for IT. The connections between software assets are significant and required to meet the broader service management strategy of the organization.

CIOs have many questions to consider in implementing a plan for managing an organization's assets. To understand what is needed for SAM, the CIO will need to consider:

- What software products are owned?
- How are they being used?
- Do our license contracts allow for shared use?
- Have we purchased an adequate number?
- What information is needed to support a license audit?

Answers to these questions will enable IT to develop a plan for proactively managing software assets.

While SAM is a management discipline, the value to organizations lies in its trio of business benefits. Many technology disciplines warrant management, but SAM offers three significant points of value for the business. They are the ability to manage a substantial budget component for cost efficiency, cost effectiveness and risk avoidance.

Cost efficiency is the ability to not over- or under-purchase software licenses. Cost effectiveness is to make available their best use to the organization. It may involve consideration of many different licensing models from a single or from multiple solution providers. For instance, a Software-as-a-Service (SaaS) approach might work for Project and Portfolio Management (PPM) whereas licensed and on-site products may be required for an overall IT Service Management (ITSM) strategy. Variability will exist across organizations.

Finally, risk avoidance can be achieved through management and audit tracking of licenses owned by the organization. No enterprise needs either the negative press or audit fines that can result from a failed software license audit.

### **Software Asset Lifecycle.**

There is a lifecycle involved in managing software assets. Some aspects can be impacted by the complexity and variations of contractual arrangements. For the most part, software licenses follow a similar path of requirements planning, deployment and eventual retirement of the asset. The SAM lifecycle should follow these steps, tuned for the particular needs of the company:

- **Needs Identification** - assessment of business needs and review of potential solutions. During this phase of the lifecycle, consideration of the viability of a license structure should be considered.
- **Procurement** - purchase of software licenses and agreement to contract terms. It is at this stage that audit requirements are understood and plans can be established to ensure compliance.
- **Deployment** - distribution of licenses according to contract provisions and entitlement policies.
- **Production/operations** - production begins and operational management is needed. Service support and performance are monitored for each software application.
- **Review** - consider usage of software assets and their effectiveness. The key question at this phase is whether or not the software is meeting its intended use.
- **Renewal** - contract renewal following a satisfactory review that the software asset is serving its intended purpose.
- **End-of-life** - disposal of the license once it is no longer serving its usefulness in the enterprise.

This process of lifecycle management for assets must continue with ongoing planning, deployment, review and renewal until such time as the asset has reached its end of usefulness. At that point, the license is removed from internal systems along with any sensitive or confidential data.

## Implementing SAM.

The lifecycle is quite straightforward for software assets. However, it becomes much trickier to implement. Best practices for managing this lifecycle involve the discovery of existing assets and continuous inventory of new software as it moves through the lifecycle.

License types can be based on users, servers, processors and usage. Many solutions providers have adopted a point system where points are allocated for each type of use and the number of points required for each use can vary. Capacity is becoming another dimension of licensing and some solutions even look to performance monitoring metrics as a basis for licensing.

SAM tools deployed have to be both flexible and provide needed intelligence for discovering, recording and reporting on all of these variations. Only a few such tools exist that can handle this complexity. More often, a combination of tools is required.

The morass of technical details is significant though not endless. IT professionals managing software assets will find themselves sorting through the variety of software assets used in the enterprise, scrutinizing entitlements and sorting through contractual commitments that have already been made by prior management teams. More mature organizations will also assess the linkages between services, assets and financial obligations.

## Summary.

The end-goal of all this effort for SAM is transparency and accountability. SAM, when implemented well, will provide the needed visibility into financial, contractual and usage patterns for IT and executive management. Credibility for IT management will go a long way. Savings in software license expense is the icing on the cake at a time when cost control is critical to the survival of the business itself.

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