ENHANCE IT WITH THE RIGHT SOFTWARE ASSET MANAGEMENT MODEL

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Executive summary

Software asset management (SAM) is a key success factor that is often overlooked by IT departments, leading to adverse implications for the organization's bottom line. With technology and software emerging as the drivers of all business functions, regulators are enforcing strict controls on software licenses. However, without the right software asset management strategy, companies face several risks such as software non-compliance leading to financial penalties and lawsuits from publishers, incurrence of high IT costs due to sub-par IT resource utilization and overspending on excess software licenses/contracts, and security risks associated with the use of unauthorized or pirated software. According to Gartner, organizations can realize cost savings between 5% to 35% by implementing focused software asset management practices.

Efficient management of software is becoming increasingly important because organizations are spending a significant portion of their IT budget towards it. Studies estimate that organizations spend over 21% of IT budget on software. In addition to this, an organization's SAM strategy should be matured and robust to deal with emerging technology transformations and digital disruption (when new digital technologies and business models affect the value proposition of existing goods and services). Hence, the presence of a matured SAM program is paramount for organizations.

This paper looks at the key challenges of effective software asset management. It also explains the software asset management approach, solution and implementation roadmap that can enable companies to optimize their software assets to achieve various benefits like cost savings and risk reduction.

Introduction

With technology becoming a foundational pillar for today's industries, IT departments play a key role in driving the business forward. One of the tasks for IT departments is taking care of all software assets. Nowadays, software inventory is no longer a mere count of the number of installations. There are numerous types of license metrics used by different software titles. Additionally, there are many software titles that makes use of more than one type of metric and the metric applicable for an organization would be as per the agreement they have with the respective software publishers. All this information must be specially configured to ensure effective software asset management. This mandates the use of a specialized SAM tool to track, maintain and manage the numerous software assets present in the enterprise.

Software asset management is a business practice that involves managing and optimizing the purchase, deployment, maintenance, utilization, and disposal of software assets within an organization. Software assets include both software entitlements/licenses and software inventory/installations. An effective software asset management program can help companies reduce IT costs and software compliance related risks, optimize the use of IT resources, minimize legal risks (due to non-compliance, contract breaches, etc.) and reduce security risks by eliminating the presence of unauthorized software. It also gives companies a better picture about what software products are needed to effectively meet their business requirements, thereby streamlining procurement and vendor relationships.

Challenges

Most companies allocate significant spend for software asset management but are unable to focus on continuously improving its processes. Moreover, due to the ease of provisioning devices and applications over the cloud, many companies tend to incur high costs on licenses, leading to overspending. There is also a tendency to 'buy and forget', leading to low levels of ongoing service management.

Lack of reliable inventory data is a key challenge for organizations. Further, with the dynamic nature of technology trends these days, licensing models are in a state of constant flux. The presence of complex and disparate license models across the enterprise further compromises visibility and can also result in non-compliance in license entitlements and contracts. Thus, it is imperative for companies to establish a unique focus on SAM such as outlining the roles and responsibilities of SAM managers rather than have business or IT teams handle SAM. Similarly, the use of a specialized SAM tool (E.g. ServiceNow SAM, SNOW License Manager, Flexera) is important for ensuring reliable software inventory, license entitlement and license reconciliation data.

As a niche area within ITSM, SAM can generate tangible return on investment for companies that adopt SAM solutions. For instance, having the tools for the right software budget management, forecast and tracking will help companies achieve quantitative benefits such as direct cost savings and cost avoidance as well as qualitative benefits such as improved efficiency and productivity.

Software Asset Management (SAM) Approach

A robust solution framework and target operating model must be leveraged to help companies implement and even enhance SAM in a holistic manner. The three broad layers of a typical software asset management approach are:

1. Establish the right capabilities: This involves using a global process framework to identify processes, metrics, roles and workflows along with data models and tools. The SAM framework helps organizations discover, baseline and load software assets. It also helps them streamline and baseline software contracts during mergers, acquisitions and divestments.

2. Streamline operations and compliance: This involves streamlining SAM operational activities like software request management, software inventory and entitlement management, financial planning and chargebacks, etc., while taking actions to ensure software license and contract compliance. It provides procurement and demand management support and ongoing improvements, thereby enabling end-to-end management of the software asset lifecycle

3. Drive transformation: Advanced capabilities are employed to enable spend data analytics and steer cost reduction initiatives across the enterprise. SAM practitioners can facilitate the required enterprise transformation by rationalizing the software portfolio, developing a clear sourcing strategy and improving scope for automation.

Steps for effective Software Asset Management (SAM)

To ensure effective SAM, enterprises should implement an ongoing steady state target operating model aimed at improving operations and optimizing processes while ensuring program governance and compliance. This steady state target operating model will be implemented through four key steps as mentioned below:

1. Plan and prepare: In this step, the project plan is created in collaboration with key stakeholders such as the product owners, SAM process leads, VMOs, etc. This is followed by setting up project meetings, finalizing governance structure and gaining access to SAM systems and documentation

2. Assess the current state: After completion of the planning and preparation activities, perform an as is analysis of SAM processes, tools, metrics/KPIs/SLAs, etc. The output will be a current state analysis report and identification of quick wins

3. Design the future state: Based on the current state analysis report and gaps identified, the 'to-be' processes and tools framework will be set up. This is the right stage to start identifying opportunities for cost reduction. Finally, the roadmap for implementation is developed based on the to-be state framework

4. Finalize the future roadmap: All information including the to-be state report, recommendations and roadmap are shared with the stakeholders and a final proposal for SAM managed services is created. The detailed implementation roadmap will be updated and finalized after review and feedback from all the key stakeholders.

What an ideal Software Asset Management (SAM) Solution should entail

A Software Asset Management solution should be built after considering the following factors:

1. Target organization's business requirements and current IT infrastructure

2. Latest industry trends and tool capabilities

3. Knowledge, experience and capabilities gained from previous SAM and IT asset management engagements

The solution must leverage a combination of several tools, frameworks and processes that enhance the management of software assets for companies and use an integrated SAM process framework for end-to-end management of the software asset lifecycle.
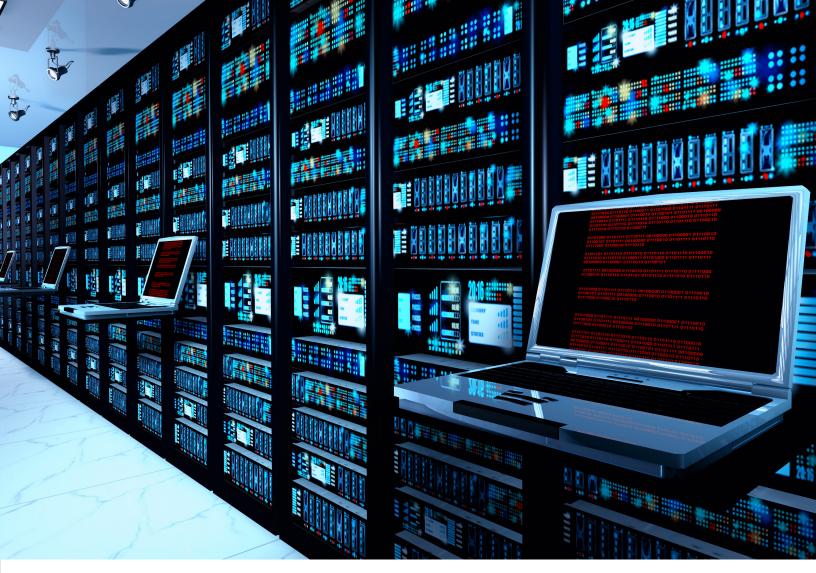
When choosing a software vendor to partner with, organizations need to select a vendor that employs a holistic operational model that manages SAM operations while interfacing with internal and external partners, uses robust data models and technology architecture to support scalability and automation and includes strong program and operations governance for ongoing operational activities, software auditing and compliance.

Apart from enabling strategic sourcing that brings in expertise and knowledge on procurement best practices, the solution helps clients to optimize licenses using some of the methods mentioned below:

- Re-allocating licenses and profiling users by validating user entitlement rules thereby controlling access to enterprise software and ensuring that users are provided with the right edition of applications and suites based on their needs

- Harmonizing license entitlements so that only authorized licenses are installed at the particular workstations where they are required, thereby reducing wastage

- Rationalizing the software portfolio to optimize license usage by removing unused and unauthorized licenses, downgrading to lower editions where possible, identifying cheaper software which can replace expensive ones, and decommissioning undesirable software versions and software with duplicate functionalities

- Consolidating software contracts between multiple business units using the same or different software for similar purposes, thereby generating cost savings

Benefits of a mature ongoing Software Asset Management (SAM) program

A mature ongoing SAM program can help companies to achieve several benefits such as:

- Improved visibility into software assets through in-depth reporting that tracks license compliance status, operational and SAM process KPIs, contract renewal dates, etc., at various points throughout the year. Intuitive dashboards provide instant alerts to the relevant stakeholders about key events like license end-of-life, software end-of-support, contract expiry, presence of blacklisted/unauthorized software etc., which will enable them to take appropriate and timely action

- Reduced costs by eliminating maintenance of unused licenses and versions that are no longer covered by vendor support. It also improves spend planning by using past investments to predict future decisions

- Optimized license consumption through smart allocation based on usage guidelines, user profiling and application of entitlements like product use rights. Accurate forecasting and inventory management improve predictability, thereby reducing overspending and achieving better pricing through vendor negotiations

- Improved efficiency through automation and enhanced productivity of IT support/help desk operations through the centralization of license management operations, deployment and administration. This will in turn help organizations focus on improving their core business, which is crucial in today's age of rapidly-evolving technology

- Robust compliance and governance by eliminating software piracy, institutionalizing processes on internal audits, validating software license inventory, adopting strict IT security policies, and tracking software usage. Companies can also ensure adherence to the legal and regulatory software license requirements across geographies. E.g. Good quality SAM data will enable easier identification of asset related risks that can lead to breach of EU General Data Protection Regulation (GDPR) policy. This can help in preventing such breaches and the associated heavy financial penalties

- Enhanced customer satisfaction by enabling responsiveness and simplification for end-users. For example, the presence of a catalog to request and receive software after all necessary approvals will be convenient for end users, their line managers, software deployment teams etc.

Conclusion

While software asset management is not new to the industry, the rise of stringent regulations is forcing companies to re-look at how they manage their software licenses. The right software asset management strategy can protect enterprises from regulatory fines and high IT costs. It also helps organizations stay relevant in an era of increasing digital disruption by enabling them to focus more productively on their core business. To help companies create an effective strategy and roadmap for software asset management, a four-step SAM approach is recommended. This approach includes planning and preparation, assessing the existing landscape, defining the future state and creating a roadmap based on stakeholder feedback. Additionally, the SAM solution must include frameworks, tools and processes which enables companies to have a single-window view into their software licenses, inventory and compliance status across the enterprise. This approach and the right SAM solution partner can help companies in reducing security risks related to unauthorized software, improving spend planning, reducing TCO, ensuring compliance and governance, improving employee productivity and enhancing user satisfaction.

Sirisha Tadepalli
Principal Consultant- Asset Management and Cloud Service Integration, Infosys

Sirisha has 13+ years of experience in IT Service Management with a core focus on Asset Management. She leads multiple transformation programs involving ITAM & SAM toolsets (ServiceNow, BMC, Flexera, Snow Software etc.) and implementation of ITSM platforms (ServiceNow, Remedy etc.) driving clients towards Service Excellence bringing in real time cost benefits, improved customer experience and repeat business.

Ashok Sasidharan
Consultant – Service Asset & Configuration Management and ITSM, Infosys

Ashok specializes in Software Asset Management and Service asset & configuration management. He has vast experience in the areas of SAM consulting and implementation, license compliance & optimization and software contract management. His SAM expertise has enabled clients from various industries and geographies to achieve significant cost savings and reduction in compliance risks.

For more information, contact askus@infosys.com

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