THE FUNDAMENTALS OF SOFTWARE ASSET MANAGEMENT

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Defining A Software Asset

A *software asset* is any software used by an organization to assist/accomplish the business function. Organizations invest in software to improve their current processes. As a result, they are considered software assets. This can be compared to software that does not affect their bottom line. For example, a business may designate acquiring Microsoft Office 365 as an investment whereas software like Google Chrome, although important to an organization, may not be considered to be investment.

In order to use and distribute most software, organizations must purchase *software licenses*. Software licenses are legal entitlements and obligations for using software. They can be bought as a perpetual license or a subscription. A perpetual software license agreement is purchased for a one-time fee with optional recurring maintenance costs. However, a subscription license is encouraging organizations to invest in software subscription models that are generally paid on a monthly or yearly basis and are usually accessible through the cloud.

Cloud computing is basically a number of remote servers and networks that allow organisations to access services, software and storage via an external platform - ITAM Review

A perpetual software license is a type of software license that authorizes an individual to use a program indefinitely. Generally, outside of termination, a perpetual software license allows the holder to use a specific version of a given software program continually with payment of a single fee.

-Whatis.com

Although software assets are often overlooked from an organizational perspective, their intangible form should not discourage proper management. More and more organizations are seeing the value of including software asset management in their business strategy.

Let's take a closer look at Software Asset Management.

Defining Software Asset Management

Industry leaders define Software Asset Management:

"Software Asset Management (SAM) is 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."
– ITAM Review

"Software Asset Management (SAM) is a set of proven IT practices that unite people, processes, and technology to control and optimize the use of software across an organization. SAM can help you control costs as well as manage business and legal risks, optimize software licensing investments, and align your IT investments with business needs."
– Microsoft

"Software Asset Management (SAM) is the on-going process of overseeing the lifecycle of the software applications in your organization. SAM optimizes IT practices by streamlining workflows, stabilizing the IT budget, and maintaining control over the organization's software license position, at all times"
- Vizor

The definitions summarize similar points while they each reveal fundamental parts of SAM. ITAM Review points out the importance of processes for effective software asset management, throughout their lifecycle. Microsoft explains the importance of the integration of these processes with the technology and employees to further benefit the organization. And Vizor highlights how SAM is

an on-going process and will consistently benefit the organization with the right practices in place.

WHY IS SAM IMPORTANT?

If the benefits of Software Asset Management are not yet clear, consider how organizations spend approximately 21% of their IT budget on software.[1] Without a proper SAM solution, that is 21% of the IT budget simply being ignored. Imagine disregarding one fifth of your income, or one fifth of your employees. That's a lot!

The software market in the US alone accounts for billions of dollars. As the market grows, more and more businesses are realizing the value of managing software assets. Taking advantage of a SAM strategy can help organizations in countless ways, placing them ahead of their competitors. For example, streamlining IT processes allows organizations to provide a quicker, more consistent service, ensuring employees remain productive.

There you have it- an edge over the competition.

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Benefits of Software Asset Management

"Information Technology and business are becoming inextricably interwoven. I don't think anybody can talk meaningfully about one without the talking about the other" - Bill Gates

As discussed, Software Asset Management is the management and optimization of software asset processes that are aligned with the employees' and organization's goals. But what are some direct benefits of implementing a SAM strategy?

1. IMPROVED IT PRACTICES

Software Asset Management encourages organizations to implement procedures and policies that they may have overlooked. This gets employees involved in the processes, establishing better communication between IT and the users.

In addition, it encourages the monitoring of all relevant software information. By having all software information in one area, IT has better control, management capabilities and improved insight on software statistics. This makes it easier to retrieve pertinent data and *shadow IT*. Shadow IT refers to when employees sign up for software, like online cloud services, on their own, without the knowledge of IT. Therefore, SAM gives IT control over the assets they're responsible for and reducing departmental silos.

A modern SAM tool can streamline processes, saving the IT department from doing unnecessary manual and repetitive labor and ultimately saving time. IT can focus on strategy and delivering a good service.

2. MAINTAINING AN EFFECTIVE LICENSE POSITION

Under "Defining Software Assets", software licenses were discussed as part of an organization's legal entitlement and obligations for using software. A key activity provided by a SAM tool is the comparison of software installations with purchased licenses. This comparison is known as the Effective License Position, and tells us whether we are under-or over-licensed, indicating if adjustments are needed to achieve an optimum Effective License Position (ELP).

Demonstrating that it continually monitors its ELP is particularly important for organizations to pass – potentially even avoid - vendor audits, which will be discussed in more detail later.

The implementation of a modern SAM tool can automatically compare software licenses and installations. This informs IT of their ELP at any time they need it with almost no manual labor.

3. ORGANIZATIONAL BENEFITS

A SAM strategy affects an entire organization by maintaining productivity, introducing improved IT procedures and increasing reliability in IT. A SAM solution can even benefit specific departments, which will be discussed later. In addition, if a SAM solution is properly implemented an organization can benefit from reduced IT cost.

4. REDUCED IT COSTS

By properly implementing SAM, organizations can benefit from improved IT practices, maintaining an ELP, and reduced IT costs.

In many cases, IT departments over-purchase software because they are not aware of the software they already own or its usage. However, SAM provides detailed insight into the organization's applications from which IT cost reductions can be identified.

Here is some information SAM can collect:
- What software the organization owns
- Quantity of software licenses
- What software is installed
- Who is using the software

This information contributes to a SAM concept called *software asset optimization*.

Software asset optimization is a proactive approach to ensuring your organization has the optimal number of licenses- meaning that the organization reduces the number of owned licenses when they are not needed or being used by employees. It compares the software

needed (type of applications, quantity required) to license ownership (which licenses you purchased, quantity installed). As a result, any excess software will be identified. The organization can then take the appropriate steps to reduce their unused licenses and ultimately reduce their costs.

Examples of the techniques to obtain software optimization:
- Remove allocated software licenses that are not required for that user, as part of de-provisioning processes discussed in greater detail later
- Investigate *software metering/usage*: determine what software is being used and either retire it or store in a "pool" of unused licenses
- Practice *software recycling*: retrieve software from a pool of licenses and reallocate it to users who need it

SAM empowers the IT department to make smart purchasing decisions and prevents over expenditure in the future.

Essential SAM Processes

Software Asset Management processes may be beneficial to your organization in several ways. Examples of processes include

- Tracking Licenses
- Minimizing the cost of Licenses
- Maintaining License Compliance
- Reporting
- Software Asset Lifecycle Management

TRACKING LICENSES

For many organizations, spreadsheets are used to track software licenses and their associated details. Listing software licenses helps organizations monitor what software they own and who is using them. To be effective, these spreadsheets require constant management.

The maintenance of a spreadsheet requires frequent updating and cross referencing with a network/inventory tool such as Microsoft SCCM. However, modern SAM tools can be used to manage on-premise PC software licenses, mobile app purchases and cloud service subscriptions, without the hassle of constant supervision or manual updates. They can track the number of licenses in use and the type of licenses you have

purchased as well as managing supplier information. A proactive SAM solution can also notify you of any changes to your assets by sending email notifications. Overall, a SAM tool helps organizations stay on top of their purchases, remain within their budget and meet an Effective License Position.

COST OF LICENSES

Software is typically bought as a perpetual license with yearly maintenance costs or as a subscription. Currently, most businesses have a combination of both.

Consequently, keeping track of costs can get out of control.

It is important to manage all software expenditure, no matter how it was purchased. Regardless of how small a monthly subscription may be, all purchases should be monitored and managed.

SAM solutions keep track of purchases, monthly costs, and maintenance fees. They are able to break down software expenditure by month, year or by employee, department and project. Usually, SAM tools display metrics most important to the organization in a dashboard, which can also be compiled into customized reports.

LICENSE COMPLIANCE

License compliance is ensuring the organization is adequately licensed. Each vendor has different standards of what it means to be compliant.

It is important to ensure you are meeting the license requirements by each vendor to pass vendor audits. The successful implementation of a modern SAM tool facilitates this by continuously tracking software licenses and installations in its ELP reports.

As a result, the organization will be relieved of associated fines from audits, or a damaged reputation within the company, as well as avoiding wasted expense on unused software.

REPORTING

It is highly recommended to produce reports of your software assets on a regular basis. This is important for your records as well as providing software information requested by other departments. Reports provide insight on pain points, procedures and breakdown of costs.

The time taken to create reports can be reduced with Software Asset Management tools as they have extensive reporting capabilities that will help analyze the metrics most important to the organization.

A SAM tool may also use a process called *normalization* that creates simplified but accurate reports, based on software installation data. The process of normalization transforms raw installation data into actionable information. It can also create consistency in software asset details, such as publisher, title, version and edition.

SOFTWARE LIFECYCLE MANAGEMENT

One of the most important aspects of Software Asset Management is the monitoring of assets throughout their entire lifecycle. This includes software requests, software authorization, procurement, provisioning, de-provisioning, and software recycling.

Software Request

To keep IT informed about all the software in the organization, SAM encourages the setting up or strengthening of procedures to eliminate the risk of shadow IT. Therefore, eliminating the possibility of employees signing up for software on their own, without the knowledge of IT. As long as software requests go through an IT process, they can be made through email, over the phone or through a request portal.

To encourage a streamlined process, SAM tools may offer a request portal for employees to fill out their own requests. This removes manual entry as well as unnecessary steps to start the request process. Once a request is made in the portal, the entire process is started automatically. The request portal can also be populated with a software catalogue, simplifying the process even further. This limits employees to chose from a restricted list of software request and sets up different forms for each software listed.

Software Authorization

Organizations may already have approval processes in place. However, they do not always consider IT as part of any software-related processes. It is ideal for employees to understand how the approvals fit within IT processes, even if there is a multi-layered process. For example, a software request might be approved by an end user's line manager first, then the system owner, and finally company director. Whether the request is approved or rejected, the decision is reported back to IT so they can either continue the process or stop any purchases.

The approval processes can be facilitated with a Software Asset Management Tool by getting authorization by the right people in a timely manner- not to delay IT.

Procurement

When a software license is not available upon request, a purchase request is created. This can include procurement processes such as the following

- Requisitions – Creation of a purchase order through the existing purchasing program
- Vendor Follow Up – Reminders to follow up with vendors to confirm purchase orders
- Maintaining an inventory of goods upon receipt
- Financial Settlement – monitoring cost of transaction

This is important information for IT in order to install the software, let all employees know it is available, and take note of the costs and associated maintenance fees.

SAM tools can simplify the process by automatically integrating the purchasing department within the appropriate IT processes.

Provisioning

Provisioning is the allocation and deployment of software assets to users. For example, if a company is hiring dozens of interns, their software requirements can be prepared in advance. The benefit is the proper management of costs and availability of licenses. Modern SAM solutions can automatically provision software based on a user's position or role in the company. As a result, new employees are able to work as soon as they start.

De-provisioning

The process of de-provisioning is the removal of unnecessary software and the de-allocation of licenses. It can be performed in many instances. When an employee leaves or changes departments, IT can de-provision the software the employee had access to. This re-enters the software licenses into the *license pool*, from where they can be re-distributed to another user.

Furthermore, the removal of software is beneficial when *metering data* shows licenses are not being used. As a result, licenses can also be put into the license *pool,* to be recycled later on. Gartner reported that recycling software can save an organization up to 30% of IT costs within the first year of implementation.[2]

It isn't uncommon for organizations to have projects that may require access to software licenses for the duration of the project. When the project is completed or an employee leaves the project, de-provisioning can retrieve those licenses. De-provisioning can be an excellent way to save money, reduce waste, leverage existing investments, and practice software optimization.

Uninstalling licenses or deactivating cloud subscriptions would normally be done manually; however, a modern SAM tool is able to de-provision with just a few clicks.

Software Recycling

As previously mentioned, it is ideal to re-use software licenses. As long as the vendor permits the re-allocation, it is a great method to save on costs. Although usually a manual task, a modern SAM tool can generally re-distribute them automatically.

Additional Benefits Of A SAM Tool

"While technology is important, it's what we do with it that truly matters" -Muhammad Yunus

EASILY TRANSITION FROM SPREADSHEETS

Organizations may practice Software Asset Management with the help of spreadsheets rather than a SAM solution. Although this is a positive start to managing your software, it lacks the proactive approach that provides your organization with real-time data, streamlined processes, automatic reporting, and company-wide trust.

Spreadsheets are prone to error, time consuming and unresponsive, whereas a SAM tool is quite the opposite. If you started to manage your assets in spreadsheets, a modern Software Asset Management solution has the ability to collect the data from them, automatically. There is no need to re-enter data manually, eliminating the possibility of human error. The SAM tool ensures data accuracy and reliability while promoting confidence in IT practices throughout the organization.

DOCUMENTATION MANAGEMENT

Busy IT managers sometimes overlook the importance of managing the documentation for software license, maintenance and subscription agreements, together with the related purchases. A SAM tool can facilitate license-related document management with a file repository. By storing all necessary documents in one

location, they are easily accessible and can be linked to the appropriate software assets. Frequently, there is even the possibility to link to an existing documentation repository such as SharePoint.

Finally, having relevant documentation is important to support your software license entitlements for vendor audits. By backing up purchases, the organization reduces the chance of costly penalties.

PROACTIVE EMAIL REMINDERS/ALERTS

A SAM solution often has the capability of sending email reminders or alerts. This is particularly beneficial to remind IT of maintenance and subscription renewals.

Alerts are also important for IT to better prepare for negotiating. This can lead to better contracts, remain at an Effective License Position and even avoid renewal penalties.

A SAM solution caters to an organization's specific needs by offering to set up customizable email reminder alerts, on specific days, at specific times.

Working with Other Departments

Software Asset Management is primarily focused around IT, but, requires the support and collaborative efforts from other departments if the SAM platform is to perform at maximum effectiveness to work. The following are the key departments IT must join forces with for successful a Software Asset Management program.

WORKING WITH PROCUREMENT

The procurement and IT departments should work together to comprehensively distribute software. There are several instances in SAM processes, as previously mentioned, that requires the inclusion of the procurement department. For example, an employee notifies IT of a new software request. However, the process can only be completed with the involvement of the procurement department. Particularly, procurement will be part of the process once a software request is approved, and may even be part of the negotiation and contractual terms. As a result, a certain relationship and trust must be established between departments. Evidently, a modern SAM tool will facilitate this relationship but it can also be done without one.

WORKING WITH HR

By working with Human Relations (HR), IT is able to set up new employees in their new position much more quickly. Normally, this procedure can take a few days to complete, but after setting up the appropriate documents and software for each position, the process can be streamlined. In a modern SAM solution, it can be done with one click. New employees receive documents and access to software and cloud services, automatically. This process is also beneficial to employees changing departments. A SAM tool removes access to previous software and allocates new applications relating to the new position. Not only does working with HR simplify the on-boarding of new employees but it also provides security measures for when employees leave. It isn't uncommon for companies to unwillingly leave access to software to former employees. By working with HR, this de-provisioning can be done efficiently and minimizes security risks.

WORKING WITH FINANCE

With Software Asset Management in place, the IT department is able to provide greater insight into the costs of software usage and purchases. This helps the finance department keep track of departmental costs.

The documentation management of a SAM tool will also provide the appropriate files the finance department requires for their financial audits. As a result, SAM processes facilitate the sharing of financial information.

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Best SAM Practices

Regardless of what you are managing, there are practices to follow to obtain the best results. The following are the top 5 practices for an effective Software Asset Management program, whether or not it is with a SAM tool:

TRACK SOFTWARE LICENSES

Be sure to maintain an updated list of all your purchased software licenses, which include both perpetual licenses and cloud subscriptions. Ensure each application is associated to the correct users and is updated when there are any changes. This will give a better idea of which license you have the legal right to use. In other words, your license entitlement. In addition, maintain records of data related to the software assets. This can include contract details, time for renewal, purchase costs, maintenance contracts and service fees. Evidently, this process can be done automatically with a modern SAM tool, however, in the case that obtaining one is not

possible, it is better to have a general idea of your license position as opposed to none.

"Good, bad or indifferent, if you are not investing in new technology, you are going to be left behind" *-Philip Green*

CONTINUOUSLY MONITOR EXPENDITURE

It is essential to monitor and breakdown expenditure to get a clear picture of the allocation of your budget. It isn't uncommon for organizations to inadvertently waste money on licenses because they lack the processes to manage the costs.

It is also recommended to create reports for a better understanding of metrics that are relevant to your goals. Use the information to compare past and current expenditure as well as forecast for your IT budget. Although these processes can be done manually, it might be easier to use a SAM tool. This depends on the size of your

company, the number of employees and the quantity of software the organization owns.

MANAGE DOCUMENTS

Keep a central repository of your asset information. This can include contracts and even attaching files to an asset. If vendors audit your license entitlement, documentation will be required to show proof of purchases. Vendors look at documentation as well as your current license position. They usually require updated information about how many licenses you currently own and how many are being used.

As a result, you cannot rely on your email inbox for license documents – it won't be enough. Keep purchase documents, license agreements, and maintenance contracts in one central location. It will also greatly benefit the finance department and their audits. If a modern SAM tool is not being used, it is prudent to prepare documentation a considerable time before any audits.

SET REMINDERS/ALERTS

Reminders are crucial to staying on top of software maintenance and renewals. In comparison to setting departmental meetings, setting up reminders for software can be just as easy. Without a modern SAM tool, it can be very easy to fall behind on maintenance, and renewals if not properly reminded. This can lead to being non-compliant or not being able to provide a quality service to the other employees of the organization.

IMPLEMENT SAM FOR IMPROVED BUSINESS STRATEGY

The implementation of a Software Asset Management solution can establish stronger IT practices and increase your organization's productivity. This means getting the CIO involved and having SAM as part as the overall business strategy. Although that may take time to implement, take advantage of the immediate benefits like visibility of IT costs, reduced manual labor, and streamlined IT practices.

By encouraging the involvement of the entire organization in your SAM strategy, departments will understand how to benefit from the new processes and trust the system. It will also emphasize the importance of treating Software Asset Management as an on-going process that involves technology and employees, like Microsoft pointed out in their definition.

Evidently, it will be IT's responsibility to properly execute such a project but if implemented successfully, the employees as well as upper management will quickly realize the advantages a proper SAM solution.

ON NEXT PAGE: GUIDELINE TO FIND YOUR IDEAL SAM STRATEGY

Guide: Determine Ideal SAM Strategy

EVALUATION: Answer the following questions to determine if your Software Asset Management solution needs upgrading:

YES	NO	
☐	☐	1. Are you license compliant?
☐	☐	2. Do you know who is using what license?
☐	☐	3. Are you managing your cloud subscriptions?
☐	☐	4. Do you know if some devices have unnecessary licenses installed?
☐	☐	5. Do you have a central location for all your documents related to your software?
☐	☐	6. Can you easily determine the accurate cost of software for a specific department over the last year?

NEXT STEP: If you answered *no* to any of these questions, you may want to start looking into an upgraded Software Asset Management strategy. This includes reviewing organizational goals, IT goals, processes already set up, and the potential to consider a SAM tool.

Consider your department goals & the goals of the entire organization, in comparison to SAM processes you want to improve.

INVESTIGATION

1. How can improved SAM processes benefit your organization?

_____

_____

_____

2. What are your IT goals regarding Software Asset Management?

_____

_____

_____

3. What IT practices, regarding Software Asset Management, would you like to improve?

_____

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_____

4. How can these processes be improved with a SAM tool?

_____

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5. What SAM features are you most interested in?

☑ **VIZOR** Features   ☐ Check off the features you need to reach your IT goals

☑ ☐ Option to install on-premises   ☑ ☐ Software recycling

☑ ☐ Option to install on-cloud   ☑ ☐ Extensive reporting capabilities

☑ ☐ Manages licenses   ☑ ☐ Software normalization

☑ ☐ Monitors Effective License Position   ☑ ☐ Central repository

☑ ☐ Software metering/usage   ☑ ☐ License documentation repository

☑ ☐ Software Request portal   ☑ ☐ Integration with purchasing information

☑ ☐ Supports Multi-layered Approval process   ☑ ☐ Automate on-boarding

☑ ☐ Streamlining provisioning   ☑ ☐ Email alerts and reminders

☑ ☐ Streamlining de-provisioning   ☑ ☐ Integration with Microsoft SCCM

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Vizor Software Asset & License Management solution is what you need to update your current SAM strategy. Its flexible configuration empowers users to customize their solution to meet their organizational goals.

Obtain thorough insight on your Effective License Position while maintaining company-wide productivity and reducing IT costs.

Visit **www.vizor.cloud** to review all Vizor's features and capabilities.

Learn more about VIZOR

Improve workflows today!

Glossary

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Software asset: any software used by an organization to assist/accomplish the business function .

Software licenses: legal entitlements and obligations for using software.

Page 2

Software Asset Management (SAM): the on-going process of overseeing the lifecycle of the software applications in your organization. SAM optimizes IT practices by streamlining workflows, stabilizing the IT budget, and maintaining control over the organization's software license position, at all times .

Page 3

Shadow IT: Leaving IT in the dark about software in the organization. It is when employees sign up for software, like online cloud services, on their own, without the knowledge of IT.

Effective License Position (ELP): Current and accurate information on the licenses and installations (or subscriptions) for any of – usually all of – the software assets owned by the organization.

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Software asset optimization: Proactive approach to ensuring your organization has optimal licensing for all software. In other words, for each application there are enough licenses for compliance and any additional buffer quantity to support appropriate response to provisioning requests. A good SAM tool will enable you to drive your ELP toward a fully optimized state.

Software metering/usage: determine what software is being used – important information in driving toward software asset optimization.

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License compliance: is ensuring the organization is adequately licensed by comparing software installations with purchased licenses. Achieving a compliant ELP for key applications is often first priority in a SAM tool investment.

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Normalization: The process of normalization transforms raw installation data into actionable information.

Software Asset Lifecycle Management: The monitoring of assets throughout their entire lifecycle. This includes software requests, software authorization, procurement, provisioning, de-provisioning, and software recycling.

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Software request: The process of submitting a request for a new software application. Can be done by the IT department or directly by employees.

Software authorization: Getting the appropriate people to sign off on employees using a software application and/or necessary purchase of licenses.

Procurement: One part of software asset lifecycle management that requires IT to work with purchasing to obtain new software.

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Provisioning: Provisioning is the allocation and deployment of software assets to users.

De-provisioning: The act of taking away software from users.

Software recycling: Re-allocating software that has already been allocated to another user.

License pool: A database detailing licenses owned by the organization and not currently allocated or installed. Provisioning requests would be met first by re-allocating from the license pool, before initiating purchase

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