



SAM Helps CIOs Get Ahead

Software Asset Management (SAM) enables IT leaders to take control of their software inventory and investments across the entire organization. Among the benefits: cost savings, increased agility and accuracy in software procurement, and improved controls to ensure license compliance.

IT leaders are ready to start spending again, based on the most recent Economic Impact survey [December 2009], conducted among *CIO* magazine's readers.

But before CIOs propose any new IT projects, they should get a handle on what they already own. Such knowledge is ammunition for justifying any IT investment—especially for CIOs new to the role or company. These IT leaders face particular pressure to quickly gain control over the IT environment for cost savings, risk management, and credibility.

Many companies have licenses for software not yet installed, or have installed software that is not being utilized. When investments go unrealized due to lack of insight across an organization, it is money down the drain. Avoiding the waste requires better control, centralized asset management, thorough inventories and monitoring of software assets — which makes good business sense. These goals can all be accomplished with an effective Software Asset Management (SAM) program.

Waste Not

An unmanaged software environment can be a major source of unplanned IT expenditure. A 2008 KPMG International survey on Software Asset Management notes that, “The over-deployment of software can cost organizations millions of dollars in unplanned expenditures.”

“The most significant thing for companies to understand is that software is not just an expense,” says Juan Fernando Rivera, director of U.S. Software Asset Management at Microsoft. “Software is an investment that must be managed like all other assets. With the economic downturn, companies want to ensure they are optimizing all of their investments.” For instance, organizations may take advantage of licenses they own but aren't utilizing by transferring them from one division to another in need.

Beyond cost management and making the best use of IT assets, companies must also consider compliance issues. According to an independent report, “Not only did companies face increased software audit activity in 2009, but they also saw more causes

How SAM Helps New CIOs

For the CIO new to the job, the pressure is great; CEOs expect to see quick progress and improvements. In fact, in a recent discussion about becoming a new CIO on the LinkedIn CIO Forum, IT leaders say their top priorities are to quickly discover IT pain points and gaps, and move fast to remedy them.

At the same time, these new CIOs must align their efforts with the business and help grow revenues through technology innovation and utilization—all while establishing themselves at the table with the other C-suite executives and building strategic value for the organization outside the walls of the IT organization.

SAM can help new CIOs gain a comprehensive understanding of the IT environment, create a centralized infrastructure to optimally manage software assets, and quickly gain credibility. SAM provides the tools to map existing legacy software, understand which applications need upgrades or security patches, and identify any unsanctioned or unsafe software. Only through this controlled environment can CIOs deliver real business value, cost savings, security, reliability, and high performance.

The CIO of a large, Southwest-based business process outsourcing company decided that implementing SAM was a top priority in his first 90 days. Like any new CIO, he was unsure of what potential problems or issues he might be inheriting. Luckily, the SAM engagement found no significant challenges, and the process gave the CIO a sense of reassurance.

With solid insight into the organization's current capabilities, a new CIO can make more informed and faster decisions regarding new technology, upgrades, and strategy shifts.



SAM: All 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.

of disputes and noncompliance claims” (“Surviving A Software License Audit”, Forrester Research, Inc., January 2010). For instance, virtualization is a growing trend in IT environments, and leveraging the correct licensing model can be complex. If the same software is used in different operating systems on a single machine, separate licenses may be necessary for each instance of the software. Beyond virtualization, other causes of noncompliance include inactive user accounts, unauthorized external use, and accidental deployment. Compliance is one of the benefits of SAM because it provides IT leaders with clarity, understanding and control of their environments.

Matching installations to licenses is a challenge for all IT organizations; the larger the organization, the more labor-intensive this process can become. A lack of software documentation and identification standards can create confusion and make the reconciliation more intensive.

It is ultimately up to the IT executive to stay on top of asset management scenarios. Instead of spreadsheet-driven or ad hoc processes that merely attempt to inventory software, companies are increasingly adopting the processes, policies, and tools that constitute a formal SAM program.

SAM: Strategic Management

The Information Technology Infrastructure Library (ITIL) defines SAM as: “All 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.”

A SAM program is a four-step process that typically begins with a license review and inventory exercise, followed by an analysis of licenses mapped to installations to identify gaps. Next, a review of policies and procedures around installations and license management is undertaken, and in some cases, a modeling exercise is carried out to understand asset management maturity within the organization.

Finally, the CIO can develop a plan for software management including: retiring any outdated software; renewing licenses; installing patches and upgrades; monitoring and inventory procedures; and identifying acquisition options and timeframes for new investments.

At a high level, SAM is a proven best practice to help IT organizations:

- Control costs, risks, and complexity
- Optimize the use of software assets
- Grow the infrastructure to meet business needs

Implementing a formal SAM practice can help companies save time and money, and develop a more strategic approach around software acquisitions for greater long-term IT value.

Microsoft's SAM Programs

While most companies have some type of established SAM process, it is often manual and at a basic level of maturity. Developing, enhancing, and ultimately maintaining a more strategic SAM plan is how real benefits are realized. Many companies hire outside expertise to jumpstart an evolution of their plan that is customized for their organization, providing a roadmap to move them to the next level. They can then manage SAM long term on their own, with the understanding that SAM is a continually evolving process, not a one-time exercise.

For several years now, Microsoft has been working with its Certified Partners to provide comprehensive and complimentary SAM offerings to its customers.

The SAM Consultation service includes:

- Full inventory analysis of software installed/deployed in the environment
- Process and procedure guidance
- Maturity assessment using the Microsoft SAM Optimization Model
- "Go-forward" license procurement and management consulting recommendations

During the engagement, a SAM consultant works with the IT leader to consider the organization's culture and IT environment, purchasing processes and practices, and employee policies and procedures as they relate to hardware and software usage. Existing policies that impact SAM will also be reviewed, including disaster recovery procedures, security enhancements and software deployment.

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According to KPMG International, Software Asset Management is not a standard practice, even among large companies. KPMG International's SAM survey reports that 74 percent of enterprises still use manual processes and 86 percent are only at a basic level of SAM maturity. But the benefits of SAM implementation—including optimization, cost, and security—are encouraging CIOs to increase their adoption rates.

A Case By Case Look At The Benefits

The benefits of SAM can best be seen in the examples of companies that have implemented it.

1 Cost savings

To help CIOs in running a tight ship, SAM ensures an organization is using everything it purchased and is on the licensing program that delivers the best value for the investment.

Ampacet, a Tarrytown, N.Y.-based dye manufacturer, needed help managing a large software deployment during a period of steep growth. IT Director Bob Woods decided a SAM consultation would best help the company prepare for standardization. Beyond expediting the deployment, SAM saved Ampacet \$300,000 in licensing costs by identifying a more optimal licensing program. "The return on investment will help our IT department justify future investments, and management has peace of mind that we are in compliance with our software licensing," Woods says.

Another example is **Toyota Mall of Georgia**, an Atlanta-based car dealership with \$190 million in annual sales. Following a SAM assessment and implementation, the dealership realized its licensing records—handled by an outsourced IT firm—were incomplete and confusing. To gain control, it brought IT management in-house, while retaining an IT consultant. "With these changes, we are saving approximately \$5,000 to \$7,000 per month in IT support costs," says Ron Friedel, chief financial officer for Toyota Mall. "We credit the SAM engagement with helping us save \$60,000 annually."

2 Process and licensing optimization

Optimized licensing programs can help IT organizations:

- Simplify software deployment, purchasing, and support through desktop standardization
- Implement management policies that ensure compliance and drive more automation, freeing IT staff time
- Reduce support needs through policies and standardization so that IT can focus on projects with strategic value



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— EARL HACKER, VICE PRESIDENT AND CIO, WHITNEY, BRADLEY & BROWN

Afterward, the SAM consultant will work with company stakeholders to close any gaps between installations and licenses. Finally, the consultant will prepare a customized report to help IT managers craft their company's tailored SAM program.

Microsoft SAM partners also offer an introductory program called SAM Assist, which focuses on the first few steps of the process. SAM Assist engagements focus on securing a baseline inventory of software assets, and are often conducted remotely in a virtual manner.

The SAM Assist service includes:

- A single online volume license reconciliation utilizing a discovery tool
- A review of Microsoft purchase history to determine license entitlements
- An executive summary outlining license shortages and overages
- Recommendations on reconciling discrepancies by product and version

For more information, visit www.microsoft.com/ussam or call 866-606-3749.

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Take the example of **Whitney, Bradley & Brown** (WBB), a technical and management consulting firm in Reston, Va. Having unsuccessfully tried to automate its license inventory and tracking, Vice President and CIO Earl Hacker was concerned his firm may not have complete licensing records. A SAM engagement did indeed find instances of mislicensing, as well as acquisitions of unnecessary and costly software. It also provided WBB with a streamlined process to optimize its software assets going forward. “We finished our engagement knowing how to plan for and organize an asset management tracking solution so we get accurate data that we can use,” says Hacker.

③ Improved planning for growth

Planning for growth involves helping facilitate mergers and acquisitions. Combining two companies creates software licensing challenges, which can be addressed by proper SAM implementation. For example, each acquisition can bring its own set of challenges, says the CIO of a business process outsourcing company based in the Southwest. SAM can help identify potential difficulties as the two companies merge, he says.

SAM also helps address a common problem during mergers: adding a large volume of users to core applications. “We were aware that we did not have enough client licenses to support a new HR application and anticipated a large expense to stay compliant,” says Orin Owen, director of IT for **Five Star Airport Alliance** (FSAA), a Tavares, Fla.-based provider of airport baggage handling systems and terminal services. The license analysis process helped him determine that FSAA could acquire processor licenses for the servers running Microsoft SQL Server, rather than a license for each user accessing the application—which ended up saving more than \$50,000.

Global expansion can be another area of confusion for IT managers, because a license may be valid in only one geographic region. A SAM process can highlight potential issues and help CIOs determine how to work with vendors on revising license agreements.

Now Is The Time To Act

CIOs who take control of software assets in their organizations can reap the benefits and get ahead. SAM helps maximize IT staff time and resources, allowing them to discover new business opportunities and focus their efforts toward achieving strategic goals. CIOs who adopt SAM methodologies will have a more manageable software environment while benefitting from improved growth planning, process and license optimization and cost saving.

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