

- **Software Asset Management in Economically Sensitive Times
- Open Forum Discussion**

- **Presenter:**
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2007 SAM Practitioner of the Year

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- **John Tomeny, IAITAM Fellow**

Mr. Tomeny is a seventeen-year veteran of the SAM/ITAM industry. He is VP of Business Development for Sassafras Software, a pioneer in the development of SAM and license compliance tools and the publisher of K2 - KeyAuditor & KeyServer, a SAM tool published by Sassafras since 1989.

John is Convener of the ISO/IEC 19770-3 working group on Software License Entitlement, a distinguished recipient of the IAITAM Fellow designation and the 2007 SAM Practitioner of the Year award, a member of the International Association of IT Asset Managers (IAITAM), the Software & Information Industry Association's (SIIA) Finance & Operations Executive Council, and the IT Service Management Forum (itSMF).

John serves as chief IT Asset Management (ITAM) consultant and trainer to Sassafras's North American and European customers. In this capacity, John provides one-on-one training services for hundreds of SAM practitioners. He is a contributing author for SAM and software licensing topics to ITAK Magazine published by the International IT Asset Managers Association (IAITAM). He is a principal author of the ISO/IEC 19770-2 Software Identification Tag standard and the ISO/IEC 19770-3 Software Entitlement Tag standard.

In the 1990's, John coauthored the concurrent-use licensing language first used by Adobe Systems for its "Open Options" volume licensing programs. He was a contributing author to the SIIA's former "Self Audit Guide" used by corporate and educational organizations worldwide to achieve software license compliance.

As a leader in licensing technology, Mr. Tomeny actively promotes the dialog between software licensing administrators, software publishers, and license service providers. Mr. Tomeny has presented software licensing issues by invitation for discussion at many industry forums including Gartner Group's Software Asset Management Special Interest Group (SWAMI), Macworld IT Management Conference, SIIA, IAITAM, the US National School Board's Association (NSBA), the Japan Personal-Computer Software Association (JPSA), the Japanese Ministry of International Trade and Industry (MITI), Goldsmiths - University of London, the Academic Applications Forum - United Kingdom, the US Department of Defense (DOD) Software Product Manager's Team, the DOD IT Asset Management Integrated Product Team, IBSMA and numerous other forums.

- **Paul 'Doc' Burnham**

Paul 'Doc' Burnham is the Enterprise Software Asset Management Lead at Textron. He has over 20 years of IT experience with an extensive background in IT Asset Management (ITAM), Software Asset Management (SAM), software compliance, contract and vendor management.

Doc is recognized for his expertise in the mechanics of SAM and the implementation of SAM. His activities within the SAM ecosystem have included: development work on ISO 19770-2 & -3, developing and presenting ITAM and SAM related training, writing white papers and working jointly with other SAM practitioners, tool vendors and software publishers to further the overall knowledge and abilities related to SAM.

He holds the following degrees: Master of Business Administration (MBA), Master of Science, Computer Information Systems and Bachelor of Science, Criminal Justice. Doc holds various industry certifications including: Microsoft Certified Professional (MCP) in Software Asset Management (SAM) and Business Value Planning Services (BVPS), Certified Software Manager (CSM), Advances Software Manager (ASM) and is a certified trainer of SAM courses.

- **Scott Lemm**

Scott Lemm of CIBER is an ITAM consultant with a fierce passion for asset management and technology stewardship with over a decade of experience in total lifecycle management. Efficient at marrying organizational processes with industry frameworks Scott's average savings exceed \$3.5 million annually. Scott has been invited by IAITAM, CAUCUS, IBSMA, ITFMA, EDUCAUSE, and MHEC to speak on ITAM topics. Volunteer efforts include active participation in ISO 19770-3 and representing the State of Michigan in public sector contract negotiations. Scott has a BBA in Entrepreneurialism from Eastern Michigan University. His "healthy disregard for the impossible" leaves no ITAM challenge unturned.

- **Jonathan Naseath**

Jon is a manager with KPMG's Advisory Services practice focused on Software Asset Management (SAM). Jon has over seven years of professional experience which included IT Asset Management (ITAM), Sarbanes-Oxley, Security Management, and other regulatory and contract compliance services.

Jon has managed SAM assessments at leading companies which include: gap analysis against the ISO SAM standard 19770-1, the development of a roadmap to improve SAM maturity, and license compliance assessment with respect to software publishers.

He has led software license compliance programs for most of the top tier software publishers in the industry, resulting in significant annual revenue recoveries, while also preserving the customer relationships. Jon has also led the development of training materials related to SAM and represents KPMG on the ISO 19770-2 SAM standard committee.

Jon holds a MS degree in Information Systems Management, is a Certified Information Systems Auditor (CISA) and a Certified Fraud Examiner (CFE).

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- **Software Asset Management in Economically Sensitive Times - Open Forum Discussion**

- **Session Overview**

In his prescient book on global economics, "The World is Curved", David M. Smick tells us that economic hard times can be cleansing agents. They provide opportunities to kill off the toxic waste brought about by less economically sensitive management practices. Just as global economists must navigate carefully to guide nations safely through these times, so also should SAM Practitioners use today's economic hard times as leverage to reinvent their vision. Join this moderated "Open Forum" discussion to learn about solutions that you can consider for your organization, and come prepared to share your own ideas and success stories.

While this session is ostensibly about SAM during "Economic Hard Times", it is really about using SAM processes to optimize costs anytime and all of the time. It's about discovering where the toxic waste is in our processes and turning it into both cost reduction and value improvement for our organizations.

Most importantly, this session is about you - and your processes. This is an "Open Forum Discussion". You came here today not simply to listen, but to participate in a group discussion.

Note: Occasionally in this document a statement is followed by a person's name. This is to call particular attention to the person who contributed that statement. It is not an indication that the person contributed the entire page on which their name appears. While each of the other sections were also contributed by one or more of the content contributors, not all sections are referenced with the contributor's name(s). While this is a joint work of the contributors, each of the individuals may hold different opinions on specific topics.

- **Key Issues**

- Reinvent our SAM vision.
- Discover our economically insensitive practices (toxic waste).
- Kill off the toxic waste to optimize software costs and value
 - Cost Avoidance
 - Cost Reduction
 - Value Improvement

- **Software Asset Management**

"All the processes and infrastructure necessary for the effective management, control and protection of software assets within an organization throughout all the stages of its lifecycle."

- **A SAM program requires the correct combination of...**

- Processes
- Tools
- People

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- **Cost Avoidance**

Avoid license and copyright violations and unbudgeted costs.

- **Create a SAM Policy with Teeth**

Don't wash out your policy with only the traditional "adhere to vendor copyright" language. Take ownership and state the facts:

1. Identify Roles and Responsibilities (include your CIO)
2. ALL software must come from the organization
3. Outlaw downloadable software (all software must come from the organization)
4. State your ability to audit
5. Admit that you WILL remove illegal AND unused software
6. Request their assistance in identifying opportunities for cost savings.

- **Crack Track**

Automate SAM tools to identify and report software installations that follow patterns that are consistent with illegal "cracked" software.

Compare application installation paths found by your SAM tool to your enterprise package installation path and look for inconsistencies. Are your primary applications (Microsoft, Adobe, etc.) installed in a consistent path or are there variances when there shouldn't be variances.

Beware of applications installed in the home space (Documents and Settings). Look for identifiers in the application path such as the text "crack" and "keygen."

Set your tools to identify "Applications of Interest" by filtering for keywords, looking for applications in the home space, and application paths that are inconsistent with your enterprise distribution paths. Run reports weekly and validate your findings. Whether you find 1 or 101 each finding reduces your liability.

- **Identify Software Vendor "Predators" and Track inventory/use of their software**

Software "Predators" are those vendors that use audits as revenue makers. "Predatorware" are those applications where much of the revenue/profits come not from general sales but from the threat of audits.

Beware of demo/trial software that is easily downloaded through the web. Most trial software are full installations of said software that have been disabled for long-term use. Enablement of the software merely requires a license key/code for extended use.

Look closely for the EULA before downloading. The EULA may contain detail that requires you to uninstall the demo software after the trial period regardless if the demo is disabled. Failure to comply with uninstalling may result in a requirement to PAY FULL PRICE FOR YOUR DISABLED SOFTWARE. Winzip from Corel, as of the publication of this document, requires you to uninstall after 10 days or be required to pay full price.

Remember that web downloads are often tracked to your IP and subsequently to your organization. Such downloads raise flags to software vendors. Many downloads raise many flags. A lack of purchase for said software will raise even further flags.

If your organization can disable software downloads by users through proxy settings then consider such an implementation. Otherwise use SAM tools to monitor and disable installation of such applications.

- **Consolidate/organize Software Procurement Proofs-of-purchase**

Ultimately, your organization's software assets must be reconciled against proofs-of-purchase and not second hand records of entitlements.

- **Verify Invoices**

Do they reflect the agreed upon price/quantity/license? Are you checking for duplicate invoices?

- **Recognize the Illusion of Compliance Reports**

The difference between the 1990's and today is that the SAM practitioners of the 90's knew they didn't understand licensing; now we (often falsely) believe that we both understand it and are successfully managing it.

We often do not see that the IT management world is permeated with ignorance. I don't mean lack of intelligence, but simply a lack of accurate information. Many tool vendor compliance reports do nothing more than count up the numbers of installed copies of software and "reconcile" them against the number of entitlements. This practice is wholly inadequate and inaccurate because many installed copies do not require entitlements.

While knowledge of our ignorance breeds risk-aversion, ignorance of our ignorance breeds risky behaviors.

-- John Tomeny

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- **Cost Reduction**

- **Benefit from the Power of Usage Tracking**

- Measure and review end-user software usage statistics with users
Make software usage metrics available to the end user for identification, validation, and local removal of unused software.
- Adjust software pools according to usage rather than workstation count
Do 'requirements', 'deployments', or 'usage metrics' drive purchasing?
- Evaluate Application Usage Patterns
Identify low/peak use and understand why, modify contracts to match use rather than machine count.
- Harvest unused and low-use software
When a request comes in for a new software installation, prior to purchasing a license, our standard procedure is to run a quick audit on that application in order to determine if any licenses are available.

If no licenses appear to be readily available, look to see if some of the installed licenses have been left unused for a while. When you see an application which hasn't been launched in over six months, chances are that the user will be willing to have that application uninstalled, and you can then reallocate that license to someone who actually needs it.

-- Joe Smith, University of Wisconsin, Milwaukee

- Utilize application servers (Terminal Server) for low use applications
This is an end-user facing compliment to analyzing usage patterns to select the best license models (below).
- Use audit data to Identify unused hardware
Reducing Hardware footprint is as good as reducing software footprint.
- Adjust Network infrastructure/services to align with inventory/use data
Use Inventory/Use data to identify network usage and adjust Network infrastructure/services accordingly.

- **Improve Acquisition Costs and Negotiations**

- Maintain an alternative application database
An end-user visible approved low-cost/no-cost application alternatives to at-cost software.
- Maintain a web enabled software service catalog
An end-user visible website to order software services including procurement, new installs, and updates thus eliminating duplicate purchasing.
- Analyze usage patterns to select the best license models
This is a vendor facing compliment to using application servers (Terminal Server) for low use applications. But it moves beyond simply shifting end-user access patterns and seeks cost effective alternative licensing models. The more insensitive a licensing model is to usage metrics the less likely it will be cost effective. This tip is different than simply modifying contracts to match use. Instead, it seeks to modify both the license model and the supporting contract.
- Use the presence of SAM tools to negotiate favorable contracts
The presence of a powerful tool can reduce vendor fear of piracy and thus provide favorable terms/costs.
- Seek cost effective software delivery methods
Some states do not charge sales tax on software delivered electronically.

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- Value Improvement
 - Continuous SAM Improvement
 - Total Technology Audit Process
 - Forget settling for 80% of the environment. Use Scott Lemm's 5-step audit process that identifies "live" assets through existing and/or free audit tools.
 - 1. Utilize Nmap for agent-less scans
 - 2. Use existing or free agent based SAM tool
 - 3. Pull data from your Enterprise Security systems
 - 4. Identify Point solutions (network management, printer management, telecom management)
 - 5. Perform smarter manual scans (from USB device and/or handheld scanner)
 - Create a Reliable Inventory
 - When you loose confidence in your data you loose money.
 - Improve deployment processes
 - Consider a software pull process
 - Enabling end-users to install "approved" software rather than waiting for IT to manage requests.
 - Lighten the build footprint - improve desktop performance
 - Use audit data to identify desktop build footprint and eliminate unneeded applications for improved distribution time and desktop performance. For example manufacturing devices may not need messaging, email, and calendar software.
 - Tool Management
 - Identify and replace underperforming IT tools including those related to distribution, inventory, usage tracking, packaging, etc.
 - Analyze Support Contracts
 - Ask these organizational questions: How often do you use support? What do you get for support? Do you need to pay for 7x24 or 5x8? Are you using your 'development' support incidents?
 - Analyze Maintenance Contracts
 - What do you get for maintenance? How often do you upgrade to new versions? Renegotiate maintenance contracts based on use and economic times.
 - Regulatory Requirements
 - Sarbanes-Oxley (SOX)
 - Financial reporting related to corporate assets.
 - FDA 21 CFR Part 11
 - For companies that are regulated by this FDA Title 21 Code of Federal Regulations.
 - Special Requirements
 - Taxation - especially in EU and SA
 - Some government requirement certifications

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- **More Strategies for Improvement**

- **Understand Your Environment, and Manage the Whole Lifecycle**

One will never be successful if they don't understand how IT is used in their environment. Understanding use includes usage metrics as a vital component, but also includes speaking to IT staff and end-users. Understand where ITAM data may improve day-to-day operations. Make an IT tech more efficient and you have an ITAM champion for life.

Too many focus on short-term success or pieces of SAM/ITAM rather than the long-term lifecycle. You will never see the horizon if you constantly stare at your feet. Value that one receives from usage management pays dividends to license negotiations, distribution, and harvesting. If you focus only on contracts, harvesting or tools then you will fail to bring the true power and cost savings available when you manage the entire process.

-- Scott Lemm

- **Understand the Power of Usage Tracking**

Collect usage metrics and mine them to:

- **Avoid Costly Liability Risks**

See where people are frequently using demo software rather than procuring full/legal versions.

- **Forecast Requirements**

Many users want software but you are often at a disadvantage in identifying "need" and how best to satisfy it. Seed a license rather than buying a larger expensive site license. Track the usage of a smaller license to determine the needs and opportunities for a larger license. Identify how the application is used in order to negotiate effective terms for your environment.

- **Negotiate Favorable Contracts and Eliminate Software Waste**

You can not know which licensing option is most appropriate for your organization unless you can collect and analyze usage metrics. Audit reports are simply inadequate for this purpose, as having a software product installed is not an indicator of requirement or utilization.

- **Improve Operational Efficiency**

Use usage data to:

1. Reduce the need for physical audits – if you have use data then your hardware is active/known
2. Reduce the size of your loadset – if the software isn't used by install it. Smaller loadset means less time spent installing software and more time solving problems
3. Open your tool data to your system administrators – they will appreciate your effort and offer additional advice on how to use it.
4. Control/manage high network use applications. These applications slow the network for everyone and you can determine/control who and how often they are used.

- **Asset Centric vs. Entitlement Centric SAM**

When SAM tools and processes first appeared twenty years ago, for better or worse the industry was almost singularly focused on software license entitlements. Even the rudimentary technologies of the day were concerned primarily with entitlements management with little thought about "assets". Then in the mid-1990's, external compliance audits were introduced by the BSA, SIIA (then known as the SPA), and software vendors. The world changed for SAM Practitioners who were then forced to count executable files. But the simple existence of a file does not translate to value unless it is being used. And many believe that the SAM world today is unreasonably focused on something of no significant value - file existence. Today, fortunately, the SAM industry has an opportunity to come to its senses and once again focus on the item of true value - software license entitlements.

We are emerging from an industry that has been mired for 20 years in the conventional wisdom of "asset-centric" SAM. It is time for us to break that mold, to demonstrate that software license compliance, when properly managed, is "entitlement-centric".

- "Asset-centric" = a predisposition with file existence as a software licensing metric.
- "Entitlement-centric" = a focus on measuring and managing usage rights in software licensing.

-- John Tomeny

- **While we are improving our own processes, let's find ways to improve the industry**

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- Usage vs. Inventory Metrics
 - It is not enough to simply audit file existence for compliance management. It is far more cost effective to measure usage to determine licensing requirements. The more insensitive your asset management process is to usage metrics, the less effective you will be at cutting costs and returning value.
- Corporate ROI Study from a new SAM Tool installation – Usage vs. Inventory Metrics
 - Scott Lemm reported at the 2009 IAITAM Annual Conference that he was able to identify the following cost reduction targets within the first five months of SAM analysis using K2 - KeyAuditor & KeyServer from Sassafras Software.
 - Less than 10% of MS Office users utilize Pro tools - save by licensing Standard at next EA negotiation in 2010
 - Seven applications had over 1,200 unused installations - harvest for savings over \$220,000
 - The same applications had over 2,200 rarely used installations - install application kiosk for savings over \$260,000
 - Two applications licensed for over 8,000 users show concurrent use less than 10 at any one time - Renegotiate terms with floating license for savings over \$125,000
- University of Wisconsin - Milwaukee
 - This is what the the Power of Usage Tracking is all about. Moving beyond cost control to cost reduction.
 - Nine Years of SAM ROI
 - Over \$2 Million in software purchasing cost reduction. Using Sassafras K2 - KeyAuditor & KeyServer.
 - Concurrent Use License Savings \$1,539,317
 - Adobe, EndNote, AutoDesk, other products.
 - Volume Purchase (per-device) Licensing \$478,248
 - Microsoft, SAS, SPSS, McAfee, other products.
 - Self-managed & Proprietary License Servers \$142,485
 - Maple, Mathematica, MatLab, other products.
 - Total 9-year cost for K2 - KeyAuditor & KeyServer \$142,096
 - Total ROI for all product and licensing groups \$2,017,954
- Reference Materials for Further Study
 - Sassafras SAM White Papers and Best Practice Guides
 - <http://www.sassafras.com/SAM/>
 - Scott Lemm's - Sassafras K2 Software Asset Management User Group
 - <http://www.linkedin.com/> Search Groups for "Sassafras K2"
 - John Tomeny's - ISO/IEC 19770-3 Home Page
 - <http://www.samstandards.com/>
 - Doc Burnham's - SAM Optimization Forums
 - <http://www.samguides.com/>
- Thanks to the content contributors: Scott Lemm, Doc Burnham, and Jonathan Naseath
 - Jimmy Wales, founder of Wikipedia has been attributed with saying: "To be successful, you have to find something simple that people need and solve that problem in a way that people love.". Each of these industry leaders have emulated this statement in one way or another in their work. It has been an honor to have each of these gentlemen contribute together with me to this Open Forum session.

Thanks! -- John Tomeny