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**The Many Paths to
SAM Optimization and Cost Reduction
And the Common Gate to them all.**

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The Principle that Guides Today's Discussion



- *We have long been distracted by managing the Intellectual Property (IP) asset owned by the software publisher rather than managing and optimizing the Entitlement asset owned by the customer.*



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What is Software License Optimization?



- A SAM philosophy and related processes focused on reaching to an 'optimal' point of balance between over- and under-entitlement.
- The goal of which is to ensure that we neither purchase too many, or not enough, software licenses.
- Sometimes optimization efforts will seek alternative entitlement methods that more closely align with customer business values.

How to... “Optimize” Software Licensing

- Move beyond conventional (audit-based) SAM
- Focus on managing “Entitlements”
- Manage installed instances to meet Entitlement demand rather than managing Entitlements to meet installed instances.
- Sometimes referred to as “Optimized SAM”
- But I like to call it “Entitlement-centric SAM”

Entitlement-centric Software Asset Management



- A management approach that recognizes that the true value of software is in its entitlement and not merely in file existence.



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Software Licensing Optimization for Cost Reduction



- Why do we call the installed software an “asset” and how has this definition impacted industry attitudes about software licensing?
 - Software is Intellectual Property (IP) Asset owned by the Publisher
 - Entitlement is an Asset owned by the Customer
- We often fail to achieve Optimized SAM because we are distracted by managing the IP asset rather than the Entitlement asset.



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Comparisons of the two approaches...

Optimized SAM vs. Compliance-focused SAM

ENTITLEMENT-CENTRIC SAM vs. CONVENTIONAL SAM

Conventional Software Asset Management



Compliance First: Traditional five-step approach

1. Audit Deployed Software
2. Collect Proofs of Ownership
3. Reconcile Inventory with Entitlements
(Goal: Compliance)
4. Establish Corporate Culture & Guidelines
5. Manage Ongoing Compliance and Cost Reduction
(Goal: continued Compliance & Cost Reduction)



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Entitlement-centric Software Asset Management



Optimizing the Conventional SAM model...

1. Audit Deployed Software & Collect Usage Metrics
2. Proofs of Ownership & Create Active Policy Mgmt
3. Reconcile Policy Management with Entitlements*
(Goal: Compliance, Optimization & Cost Reduction)
4. Adjust Deployment & Licensing Levels to Demand*
(Goal: Compliance, Optimization & Cost Reduction)
5. Establish Corporate Culture & Guidelines
6. Manage Ongoing Compliance and Cost Reduction

*Some present-day licensing models may inhibit steps 3 and 4.

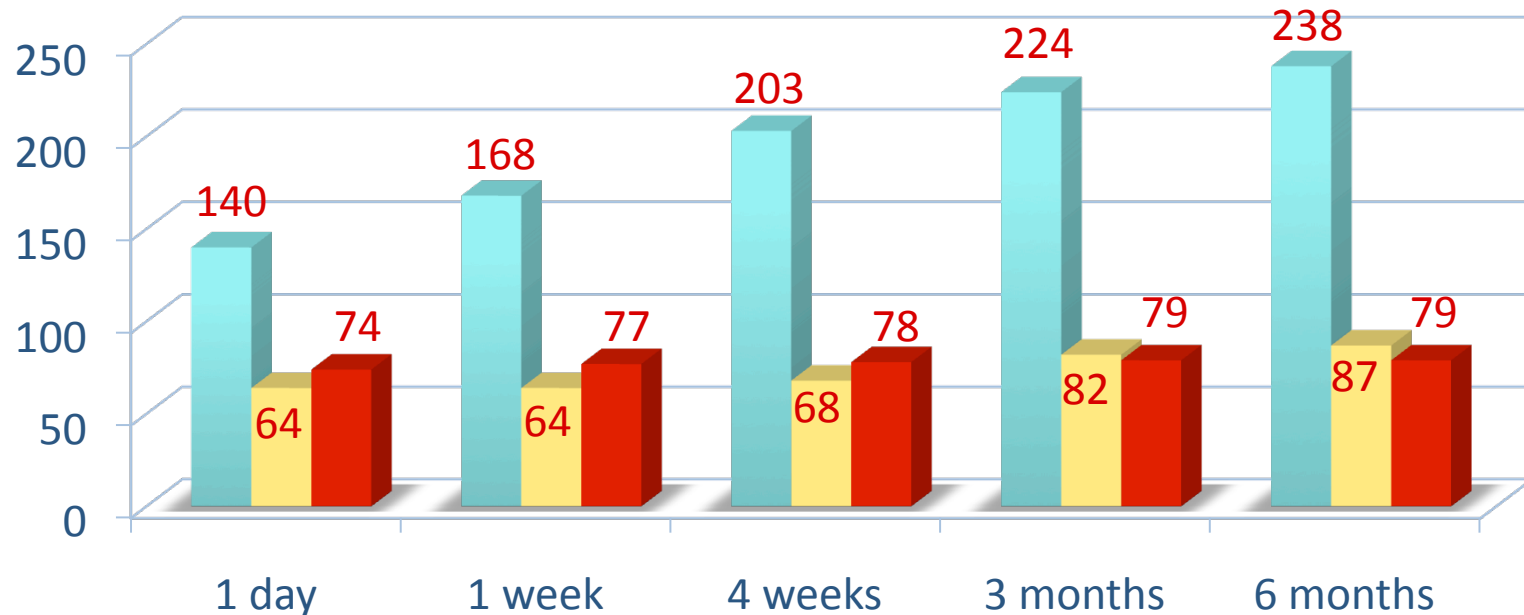


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Example #1

Unique Computers Using Software



- 350 Adobe Acrobat Licenses 68% License Utilization
- 175 Adobe Design Premium CS6 Licenses 50% License Utilization
- 115 Adobe Master Collection CS6 Licenses 69% License Utilization

Analysis conducted over one year period.

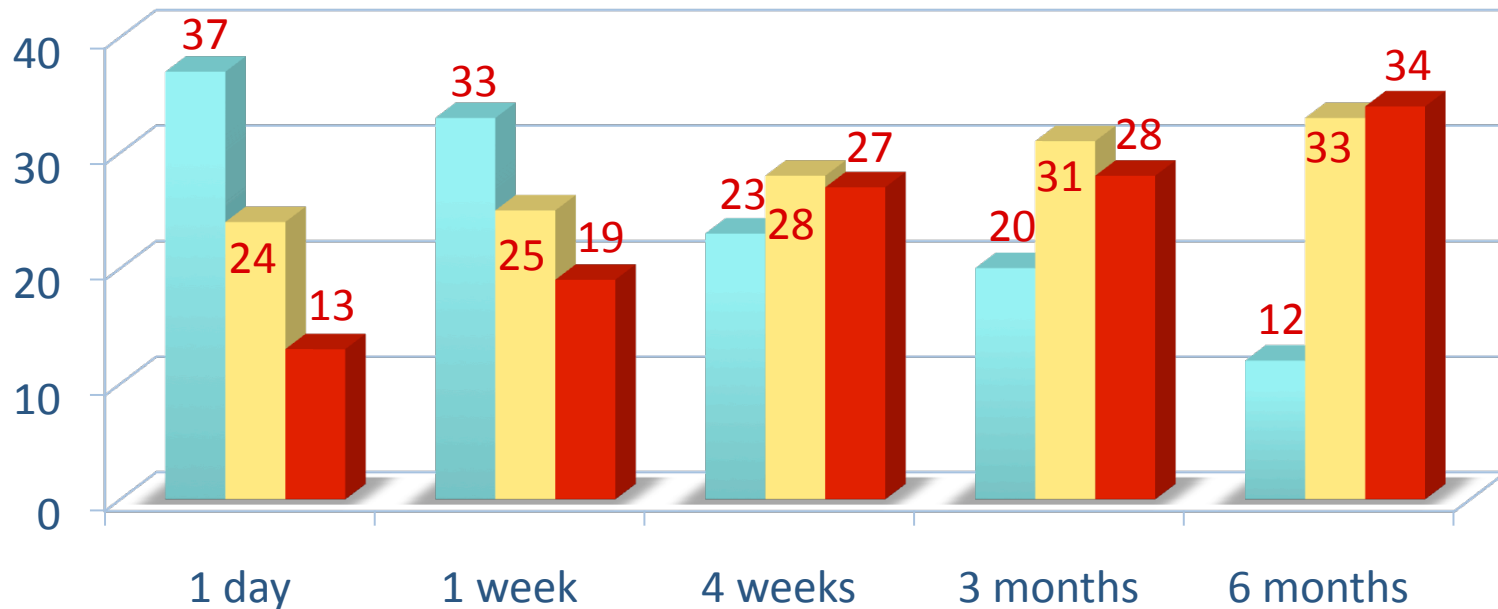
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Example #2

Master/Premium/Standalone Analysis

Usage Analysis of 115 Adobe Master Collection CS6 Licenses



- Acrobat Only Usage 17% / 3-months ~ 10% / 6 months
- Design Premium Usage 27% / 3-months ~ 29% / 6 months
- Master Collection Usage 24% / 3-months ~ 29% / 6 months

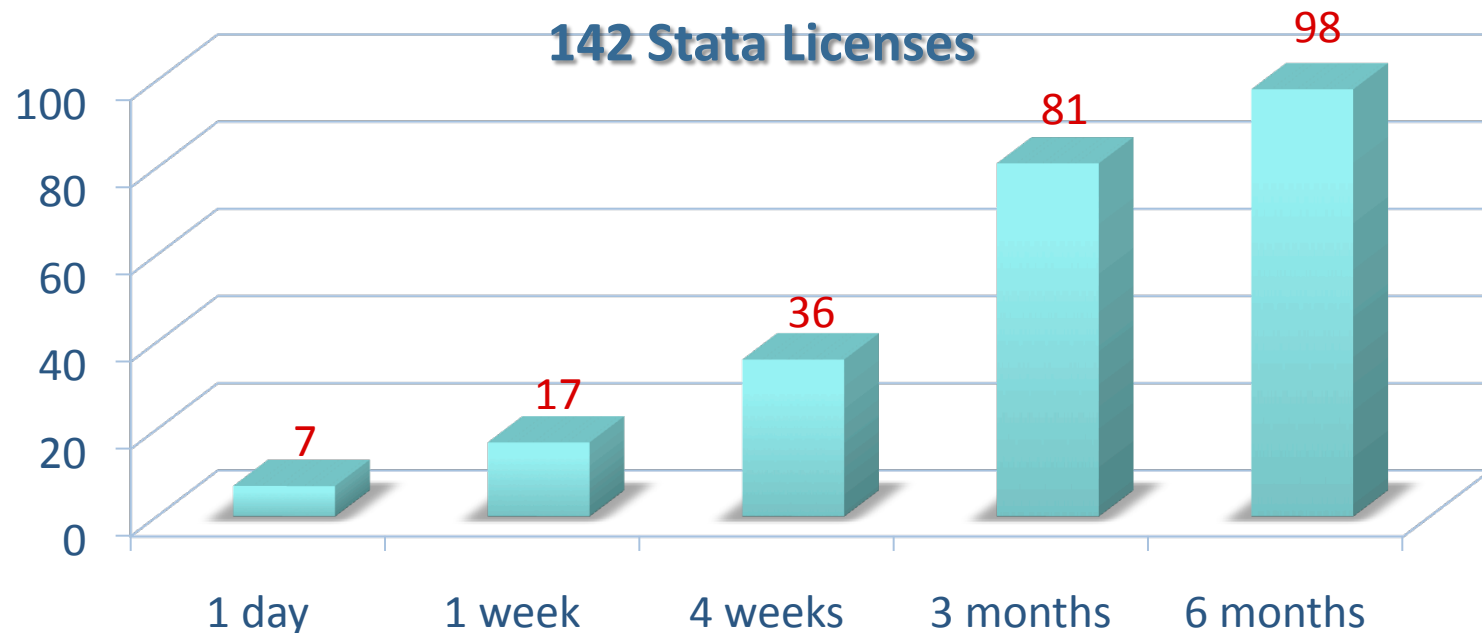
Unused Licenses 32% Never Used ~ 39% Under-used

Analysis conducted over one year period.

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Example #3 Frequency of Use Analysis



- **When Usage is Infrequent**
 - Renegotiate for Concurrent-use Licensing
 - Consider Alternative Entitlement or Provisioning Methods

Case Study #1

Manufacturing Firm, 16,000 desktops



- **Right-sized Licensing** - Less than 10% of MS Office users used Pro tools.
 - *Modified MS agreement for Standard Edition.*
- **Harvest & Reallocate** - Seven applications had over 1,200 unused copies.
 - *Harvest unused software for savings.*
- **Improved Provisioning** - Same applications had over 2,200 rarely used copies.
 - *Application kiosks offered more savings.*
- **Appropriate Licensing Model** - Two applications licensed for over 8,000 had concurrent use of less than 10 at a time.
 - *Renegotiated terms to concurrent use licensing for savings.*

Case Study #2

Higher Education, 5,500 desktops



- **Site License Analysis on Twelve Software Products**
- Two Products well utilized
 - 4,217 unique computers and 4,394 unique computers
 - 77% and 80% utilization
- One Product Significantly Underutilized
 - 199 unique computers
- The other Nine Products Horribly Underutilized
 - One to six unique computers used them over six months

Example #4 Usage Based Gap Analysis

Name	Issued	Limit	Status	Last Used	Count Details
Microsoft - Visio Pro 2007	42	45	Optimize		45
CS15709			✓ Locked	9/9/2011 1:57 PM	1
CS14485			✓ Locked	9/9/2011 8:15 AM	1
CS15041			✓ Locked	9/8/2011 5:22 PM	1
CS14481			✓ Locked	9/8/2011 1:30 PM	1
CS15036			✓ Locked	9/8/2011 10:27 AM	1
CS14074			✓ Locked	8/12/2011 1:12 PM	1
CS11922			✓ Locked	8/10/2011 4:07 PM	1
V4-ITVISIO04			✓ Locked	8/10/2011 10:01 AM	1
CS11978			✓ Locked	8/8/2011 2:31 PM	1
CS12877			✓ Locked	8/2/2011 2:22 PM	1
CS10753			✓ Locked	8/2/2011 1:38 PM	1
CS16099			✓ unlock	7/29/2011 9:21 AM	1
CS16102			✓ unlock / uninstall	7/15/2011 4:52 PM	1
CS10765			✓ unlock / uninstall	7/14/2011 7:48 AM	1
CS10503			✓ unlock / uninstall	7/13/2011 2:33 PM	1
CS14756			✓ unlock / uninstall	7/8/2011 8:24 AM	1
CS14477			✓ unlock / uninstall	6/24/2011 10:03 AM	1
CS11899			✓ unlock / uninstall	6/18/2011 12:49 AM	1
CS14144			✓ unlock / uninstall	6/16/2011 11:01 AM	1
CS15059			✓ unlock / uninstall	6/7/2011 2:39 PM	1
CS14516			✓ unlock / uninstall	5/30/2011 8:52 AM	1
V4-ITVISIO02			✓ unlock / uninstall	5/24/2011 2:40 PM	1
CS12864			✓ unlock / uninstall	5/19/2011 3:37 PM	1
CS7951			✓ unlock / uninstall	5/3/2011 2:09 PM	1
CS15007			✓ unlock / uninstall	5/2/2011 5:25 PM	1
CS14508			✓ unlock / uninstall	12/1/2010 11:35 PM	1
CS8110			✓ unlock / uninstall	11/3/2010 3:41 PM	1
CS14484			✓ unlock / uninstall	11/1/2010 8:59 AM	1
CS15025			✓ unlock / uninstall	10/7/2010 4:56 PM	1
CS15716			✓ unlock / uninstall	6/15/2010 8:11 AM	1
CS13849			uninstall		1
CS15293			Locked other		1
FN-AH-15391			Locked other		1

- Not Compliance Gap Analysis
- But Usage analysis
- Example Report run on October 1st
- Recommends Harvesting Instances Unused for 90+ days

Limitations of Conventional SAM

Conventional SAM ~ Audit focused

- Predisposition with file existence as licensing metric
- Focuses first on gaps in deployment/entitlement
 - Mantra: “If it’s installed, I need to license it.”
- Not sensitive to entitlement: trial/demo copies
- Does not initially examine usage and demand
- Delays in usage analysis ~ delay license optimization

Publishers themselves contaminate conventional SAM when they can not distinguish between evaluation, perpetual, and subscription-based “cloud” instances.

Advantages of Optimized SAM

Optimized SAM ~ Entitlement focused...

- First target: Compliance or Cost Reduction
- When targeting Optimization & Cost Reduction...
 - Compliance comes along for the ride
 - Because we're doing everything we do under Conventional SAM plus tracking Entitlements & Usage
- Especially useful in Virtual & Cloud Computing
 - When the IT ecosystem is constantly changing, or when entitlements are subscriptions, or when .exe's are not discoverable, audit-centric SAM becomes inadequate.

Is a Software Subscription an Asset?

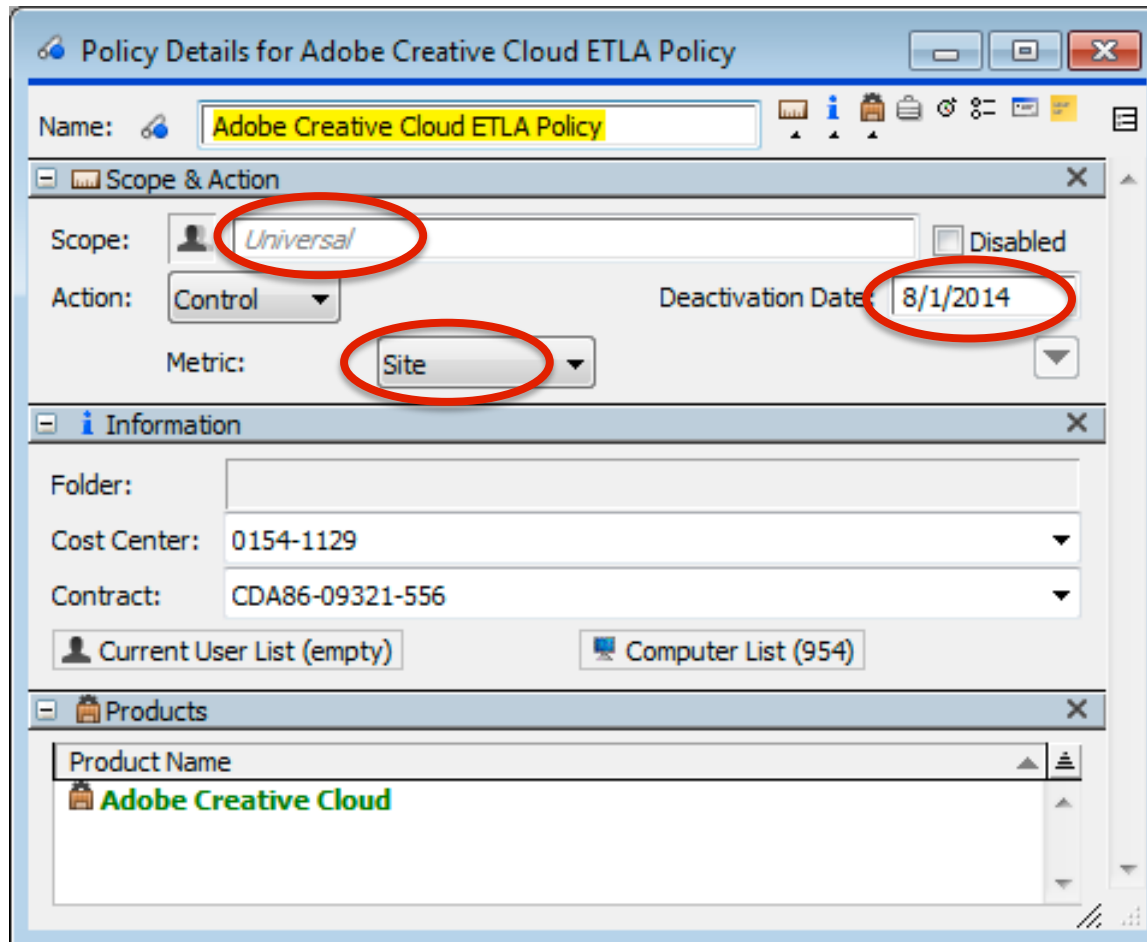


Yes! It has value, the business has invested in it, and its consumption can be optimized for reduced cost.

- How Can a Subscription be Optimized?
 - In the same or similar manner to perpetual licensing
- Notice the Similarities in License Metric...
 - Machine-based Subscription
 - Essentially an expiring 'per-device' license
 - User account-based Subscription
 - Essentially an expiring 'named-user' license



Measuring Consumption of Software License under Subscription

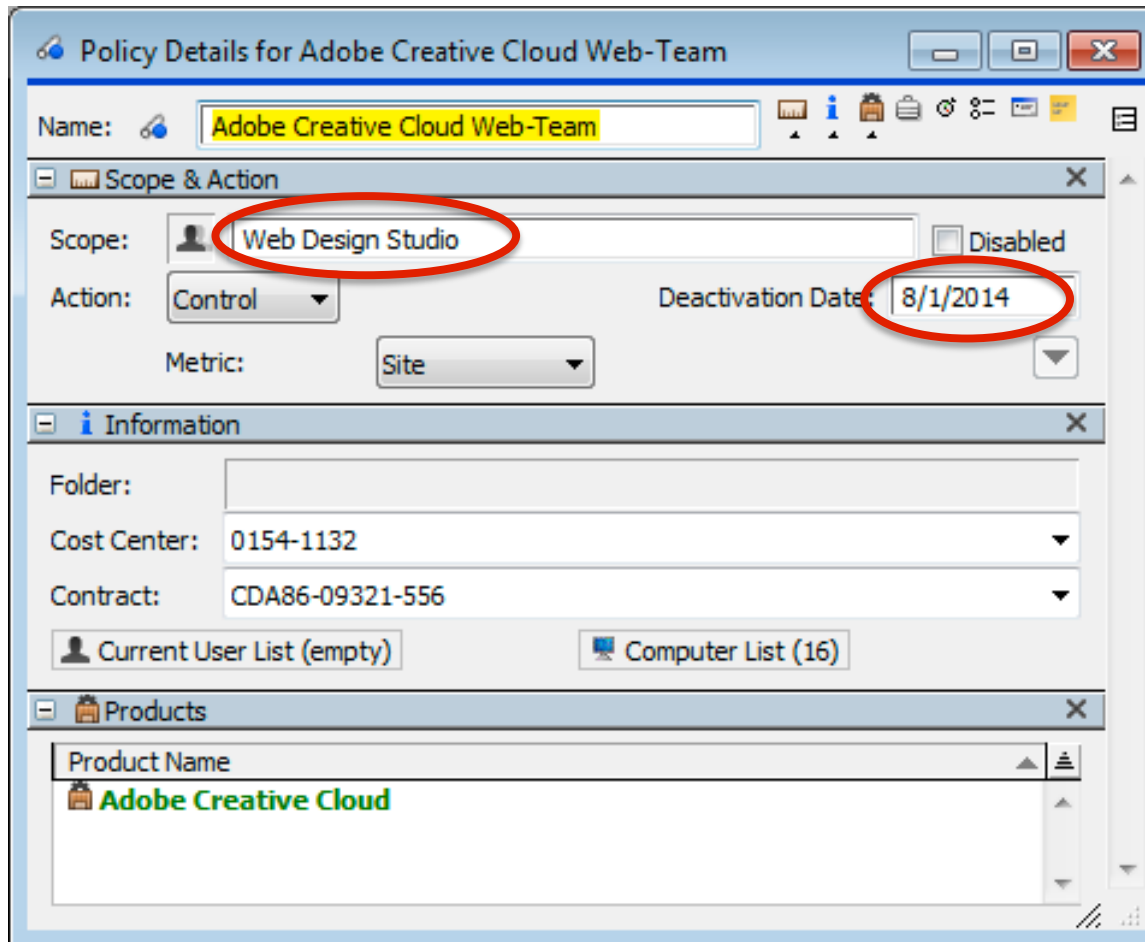


ETLA Policy Configuration

- Site License
 - Same Metric as Perpetual
- Scope: “Universal”
 - Enterprise usage metering
- Measures Usage
- Unique Computers

Entirely unconcerned with auditing installed software!

Measuring Consumption of Software License under Subscription



CC for Teams Policy Configuration

- Team License
 - Named User Licensing
- **Scope: Limited**
 - “In-scope” usage metering
- Measures Usage
- Unique Users

Entirely unconcerned with auditing installed software!



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Optimizing License Entitlements and Reducing Costs

WHERE AND HOW TO GET STARTED...

Negotiating Tips from a Software Publisher Licensing Expert



- Effective Negotiation of Licensing/Pricing Changes...
 - Present a strong business case (including usage analysis).
 - Demonstrate how both customer & publisher will benefit.
 - Show how it's achievable and supportable.
 - Explain what you are trying to accomplish through the licensing exception.
 - Provide proof of how you can ensure compliance.
- Make it less about what you heard someone else get, and more about what your company needs to be successful.



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Recommendations on Where to Start



- Usage as an Indicator of Business Value
 - Usage-based entitlement generally in Customer's interest.
 - Generally in Publisher's interest to obscure usage.
 - Tracking application usage at a granular level increases negotiating leverage with vendors.
- Cost & Installed Base as Indicators of both Risk Exposure and Optimization Opportunity
 - Compliance vs. Cost Reduction - both are cost reduction.
 - Your top compliance targets are top optimization targets.

Sometimes Price... Sometimes Metric...

- Negotiate a great price with simplified compliance management
 - Mutual of Omaha was able to negotiate specialized licensing terms from preferred vendors, drive down rates on per-seat and per-user agreements, and obtain highly competitive pricing on maintenance contracts.
- Change the metric (license consumption model) to align costs to business value
 - “We wanted concurrent licensing. We showed the vendor our total usage and which people were using it. They licensed the software product concurrently. It saved us about \$200,000.” - Paul “Doc” Burnham

Software Vendor Response... Obscure Usage



- The clever software vendor will seek licensing terms that obscure usage.
 - Offer reduced pricing on Enterprise agreements.
 - Or reduced pricing on “per-device”, “per-user”.
- They trade your “optimization” for their “low cost”
 - That can be a “Win” if you continue to track usage and measure value against subsequent year costs.
(This year’s low cost may be short lived.)

Potential Weaknesses to Avoid

- Possible Under-reporting of offline software usage
 - Is offline usage fully reported?
- Possible Over-reporting of Software left open
 - Is idle time either prevented or accounted for?
- Inconsistency of usage tracking tools
 - How is 'usage' tracked?
- Purchase tracking that is not Entitlement-centric
 - Does not reconcile Current Entitlement Position with Usage

Other Optimization Examples

- Usage data enables objective decision making and optimization of a multitude of costly services.
 - Secondary usage rights
 - Maintenance & Support purchases
 - Upgrade deployment planning
 - Internal Support Services allocation
- Informs planning decisions at every stage of IT service planning.

Study Resources

- Entitlement Based Software Asset Management
 - <http://www.sassafras.com/entitlement-sam.html>
- The Many Paths to SAM Optimization and Cost Reduction
 - <http://www.sassafras.com/sam/Optimization.html>
- Case Study Examples
 - http://www.sassafras.com/sam/Using_K2.html
- Usage-Driven M&E Management
 - (See Doc Burnham)

Make Yourself Instruments of Change

The maturation of the SAM Practitioner compels us to no longer be merely consumers at the end of the food chain.

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