

Eight Simple Steps to Effective Software Asset Management



Contents

Step 1: Collate your licence agreements	01
Step 2: Determine your actual licence position	01
Step 3: Understand your existing software assets	01
Step 4: Analyse your software inventory	02
Step 5: Match your software to licences	02
Step 6: Face reality	03
Step 7: Create an organisational procurement	03
Step 8: Plan for ongoing management	03

The need to comply with regulatory acts like Sarbanes-Oxley and ongoing legalisation initiatives to strengthen intellectual property protection has required many organisations to re-look their approach to software asset management.

To effectively manage software assets, organisations need a perpetual approach that combines both infrastructure and process to control and protect the software assets throughout all stages of their lifecycle.

Many organisations under-estimate the sheer volume and value of their total software assets. Most unknowingly own thousands of pieces of software, making it difficult to create an accurate list of owned software and to deploy the correct software in the right place. While they typically take careful stock of physical IT assets (hardware), few have the capability to adequately or effectively manage their software assets on an ongoing basis, exposing them to greater risk.

The success of a software asset management initiative will not only depend on appropriate technologies, processes and policies, but also on a centralised approach to licencing management, whether this is at a global, regional or country level. Without a centralised approach different business units may make purchasing decisions and deal with a variety of software licencing models from different vendors. In this case it is unlikely that the business receives optimal pricing, licence management becomes complex and risk increases.

Dimension Data works with many organisations worldwide to address their software licencing and asset management needs. We recommend taking the following steps to creating a centralised licencing approach and establishing an effective software asset management programme.

Many organisations **under-estimate** the sheer **volume** and **value** of their **total software assets**.

Step 1: Collate your licence agreements

As a first step, it is important to consolidate all licencing agreements owned by the company, irrespective of who they were purchased by. Ideally this not only includes the actual licence certificate, but also proof of purchase and invoices. Licences come in many different formats and from many different places, making sales receipts and invoices critical in proving that the software was purchased from an appropriate source. A licence certificate may not be considered enough during an external software licence audit.

All licencing documentation should be recorded electronically and all physical licences should be stored in a safe location. In addition it is also recommended to collect and store all physical software media to ensure that the software is both accessible and not installed without appropriate approval.

Gathering this material is a daunting task for most organisations. A licencing reseller may be able to assist in getting information on volume licence purchases if such agreements are in place with the software vendors.

Step 2: Determine your actual licence position

When all licence agreements have been collected they must be analysed to create a statement of your actual licence position detailing the number of licences owned and the licence rights for each software application.

Analysing licences post collation can also be a complex task, depending on the type and volume of licences within the organisation. It is however critical to establishing the actual position on current licences owned for each piece of software.

Keep the following in mind when analysing your licences:

- Some licences expire and therefore cannot be classified as “current”
- Licence upgrades must have a valid initial licence
- Some licences are not transferable and will therefore not be valid
- Different software licences grant different usage rights. For example software licences might be ‘per computer,’ ‘per user,’ ‘per processor’ or full site licences
- Software assurance upgrades need to be performed correctly to ensure their validity
- Understand the entitlement granted by each licence as some licences count users not computers and must be counted separately

Step 3: Understand your existing software assets

To gain a thorough understanding of software assets on hand, you need to audit your used software.

The primary goal is to determine what software has been installed on computers and to generate a list of total installations per application. A software audit must count the correct item that uses a licence, i.e. per computer, per user, per process.

All systems that use company software must be audited and as the software environment is dynamic, audits need to be done regularly – ideally on weekly basis.

Dimension Data does not recommend performing large scale manual software audits. Manual audits are not sustainable on an ongoing basis, are prone to human error and are expensive. Manual audits may be suitable for small scale or isolated computers but the collected inventory should be considered obsolete as soon as it is completed.

The Business Software Alliance (BSA) is the voice of the world's commercial software industry and its hardware partners. This organisation **investigates software piracy and breaches of copyright law** at the request of its members, and **takes legal action where appropriate.**

Increasingly, software vendors are also requiring software licence usage reporting be implemented to "true-up" volume licencing agreements.

Step 4: Analyse your software inventory

The raw software audit data does not provide an accurate view of required software licencing as not all software requires the same type of licence. Post completing the licencing analysis it becomes necessary to analyse the information collected by the software inventory to determine the licences that are actually required by all software that is currently in use.

Key steps:

- Determine what licencing requirements exist for each piece of software
- Determine the nature of the licence required for all applications i.e. per computer, per user, etc.
- Identify unapproved and inappropriate software
- Identify software that is deemed to be a security risk

A key action when analysing software inventory is to discover unauthorised and untested software, particularly software from a non-trusted source. Unauthorised and untested software could introduce security vulnerabilities or stability issues into your environment and should be identified for remediation.

Step 5: Match your software to licences

To accurately determine licence compliance you must have both an accurate licence count and an accurate software audit. Then you must ensure that the correct software is compared with the correct licence(s) to determine the over/under licencing compliance position for each application.

Key steps:

- Compare each application with the correct licence
- Compare each application with the correct licence type, i.e. per computer or per user, per processor, etc.
- Identify all deployed software for which there is no licence
- Identify all under-licenced and over-licenced software
- Identify all retired software still in use

Many organisations are surprised to find out that they are over-licenced. In an attempt to remain compliant, they may be purchasing more licences than actually required. Industry analyst reports have estimated that up to 75% of organisations worldwide are overspending on their IT assets, which includes buying up to 30% more licences for more than 50% of their portfolio.



If under-licenced, the organisation is almost **always liable** **no matter what** **the source** of the unlicenced software.

Step 6: Face reality

If you find that you are under- or over-licenced it is likely that your existing software asset management approach is flawed or not rigorous enough. Whether under- or over-licenced it is recommended that a remediation plan be created and followed.

If over-licenced you are spending more on licences than required and/or there are software licences available to be deployed, but your return on software investments are not being optimised.

If under-licenced, the organisation is almost always liable no matter the source of the unlicenced software.

Uninstalling software does not remove the requirement to have owned a licence when the software was installed. Penalties vary by country, but are always in addition to and far greater than the actual licencing cost.

Step 7: Create an organisational procurement policy and processes

Post the audit, it becomes important to define a company policy for the purchasing of software, including purchasing authority, approved vendors and how to deal with exceptions.

Create a software inventory database to track approved software titles, versions and licence purchase information. Clearly delegate and document responsibility and accountability for acquiring new software and recording purchases. Standardise software titles so that all employees have the same versions, and retire obsolete software and PCs.

Key considerations and steps in policy definition include:

- Define both the policy and the process that follows the policy
- Define the approval chain
- Ensure that the policy does not impact any core business actions
- Define exceptions to the process and when they may be used
- Define when and how software audit checkups will be performed
- Get organisation-wide agreement to the policy and communicate it to all employees and stakeholders
- Enforce the policy without exception

Step 8: Plan for ongoing management

An organisation's software environment and software requirements evolve on an ongoing basis and should be reviewed periodically. The continuous process of software asset management needs to keep in step with the organisation's requirements.

By doing so, you will limit your organisation's legal liability stemming from inadequate licence management procedures. This could result in and/or fail to obviate under-licencing and copyright infringements/illegal software usage.

Technology-based software asset management solutions are available to help this process. Some only provide a limited subset of the management functions associated with the acquisition, deployment, ongoing management and disposal of a software asset throughout its lifecycle. Ensure that you implement a tool that takes into account the entire life cycle.

Dimension Data's Software Licence Asset Management solution combines expert knowledge of software licencing with award-winning technology to streamline and ease the process of establishing and managing an organisation's software licence compliance.

We provide a combination of consulting services, a technology suite and reporting functionality to reduce the effort and cost incurred in establishing and managing software assets across the organisation.

MIDDLE EAST & AFRICA

ALGERIA • ANGOLA
BOTSWANA • GHANA • KENYA
MOROCCO • NAMIBIA • NIGERIA
SAUDI ARABIA • SOUTH AFRICA
TANZANIA • UGANDA
UNITED ARAB EMIRATES

ASIA

CHINA • HONG KONG
INDIA • INDONESIA • JAPAN
KOREA • MALAYSIA
NEW ZEALAND • PHILIPPINES
SINGAPORE • TAIWAN
THAILAND • VIETNAM

AUSTRALIA

AUSTRALIAN CAPITAL TERRITORY
NEW SOUTH WALES • QUEENSLAND
SOUTH AUSTRALIA • VICTORIA
WESTERN AUSTRALIA

EUROPE

BELGIUM • CZECH REPUBLIC
FRANCE • GERMANY • HUNGARY
ITALY • LUXEMBOURG
NETHERLANDS • SPAIN
SWITZERLAND • UNITED KINGDOM

AMERICAS

BRAZIL • CANADA • CHILE
MEXICO • UNITED STATES