

WHITE PAPER

UK Software Asset Management Maturity

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EXECUTIVE SUMMARY

IDC surveyed 600 organisations in the UK, selecting an equal number of small, medium and large enterprises. The purpose of the survey was to identify current software asset management (SAM) levels of maturity, including the specific requirements for moving from one maturity level to another.

Based on this survey, 548 out of 600, or more than 91% of the surveyed organisations, need significantly more work in managing their SAM programmes to realise the benefits and potentially significant cost savings associated with SAM. Of the 600 organisations that participated in the survey, 488 or 81.3% had at least an informal SAM programme. Of those 488, 204 felt that their SAM programmes were saving money, 270 felt that the programmes were neither costing nor saving money, and 14 felt their SAM programmes were costing them money. IDC notes that the organisations that felt their SAM programmes were saving money outnumbered those that felt their SAM programmes were costing them money by nearly 15 to 1. These organisations achieved their savings through benefits such as reduced non-compliance risks, reduced software costs, and reduced labour costs to manage software.

Surprisingly, significant numbers of organisations are also failing to realise the opportunity to harvest, or reuse, software licences when disposing of hardware assets. Across organisations with:

- ☒ 100–499 PCs, 34% of those that actually knew their organisation's status said that they were not gathering software licences for reuse when disposing of hardware assets.
- ☒ 500–1,499 PCs, 41% of organisations said that they were not gathering software licences for reuse when disposing of hardware assets.
- ☒ More than 1,500 PCs, 46% of organisations said that they were not gathering software licences for reuse when disposing of hardware assets.

Gathering licences for reuse can be an effective way to avoid violating licence agreements and successfully completing software audits and typically results in some appreciable cost savings.

To appreciate the rewards of software reuse, IDC recommends that organisations review their own capabilities in the context of this paper considering the technologies and processes they currently use within their organisations. They should then move towards the processes and technologies necessary to achieve the next level of SAM maturity as defined in this paper.

Senior management should be briefed on the benefits and costs associated with moving the organisation to the next level. Licence gathering is an area that is especially important to address, rather than potentially buying more software licences than an organisation needs.

Failing to address all areas of SAM means that organisations continue to expose themselves to the higher costs associated with potentially over-purchasing unnecessary licences, to potential liability for licence overuse, and consequently, audit violations costing them thousands or even millions of pounds.

IT TRENDS AND SOFTWARE LICENSING

The discipline of software asset management focuses on effective and efficient software acquisition and licence management. Particularly important is how efficient and effective organisations are in implementing processes and technologies to help manage the proliferation of software licences, as well as employing staff to help get the processes and technologies standardised.

While organisations are aware that they are not buying software, only licensing the right to use it, it is the changing conditions under which these licensing rights must be effectively managed that adds complexity. In addition, SAM is affected by a number of trends, including:

- ☒ Virtualisation — There is increased use of virtualisation in the datacenter as well as the desktop. However, the use of such technologies has only made the management of software licences more complicated, as virtual machines and clients tend to proliferate in an unmanaged, or semi-managed environment.
- ☒ Software as a service (SaaS) — Increasing numbers of enterprise and midmarket organisations are moving towards greater acceptance of SaaS to provide an immediate response to senior level demands for cost reductions in non-core areas of the corporate structure.

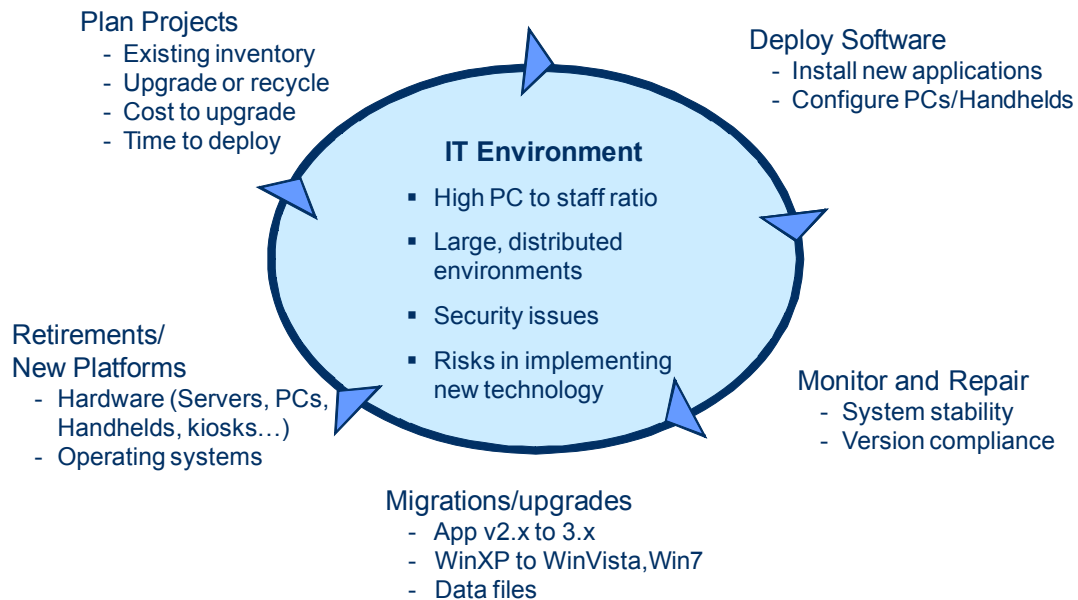
Life-Cycle Management

The transition from one set of people, processes, and technologies through another phase of their use and leading to even greater SAM capabilities, is referred to as SAM maturity.

As a quick review, the SAM process takes place throughout the software life cycle. As shown in Figure 1, the software life cycle is ideally a feedback loop that starts from planning for the acquisition of software licences, through the actual deployment of those licences, to the patching and updating of the applications (and possible migrations), and then retirement.

FIGURE 1

Software Licence Life Cycle



Source: IDC, 2010

With this software life cycle in mind, IDC conducted the survey of 600 organisations in the UK in September to October 2009. The purpose of the survey was to identify current software management levels of maturity in the UK, including specific requirements to move from one maturity level to another. IDC found IT managers, as well as finance managers, working through different levels of software asset responsibility, and also found organisations with different levels of maturity.

THE STATE OF SAM IN THE UK

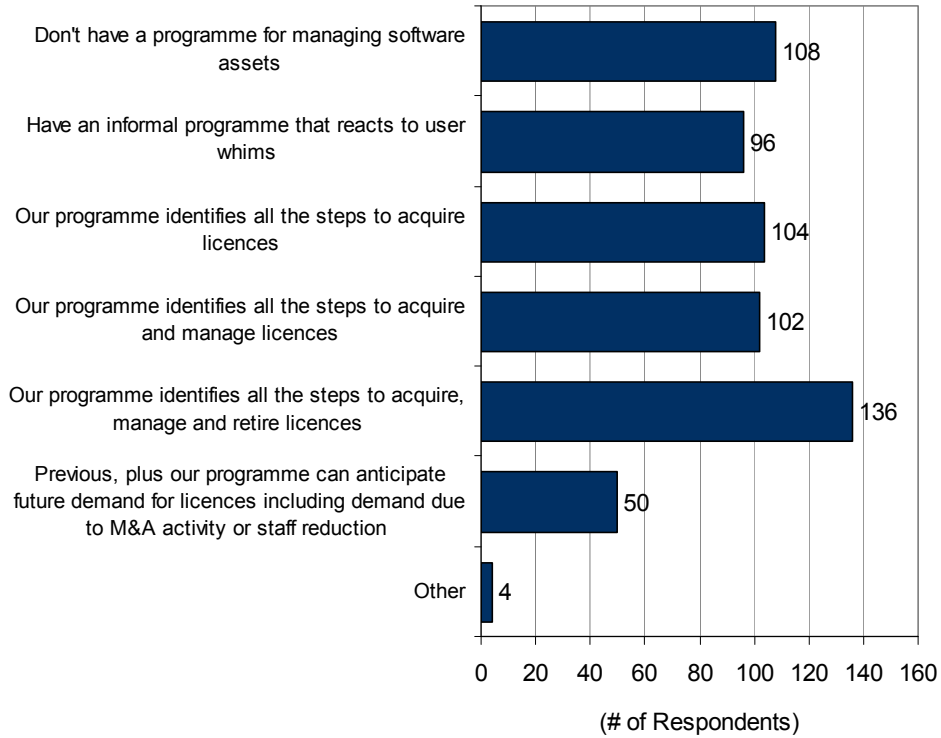
UK SAM maturity is definitely "work in progress", as the majority of organisations in the survey population consider themselves to have a SAM programme. Respondents had varying levels of responsibility and from this appeared to have a better sense of their individual responsibilities than they did have of organisational goals and objectives for their SAM programmes.

Survey respondents were asked whether or not they had a programme for SAM, as well as its constituent parts. Responses were in the range from "we don't have a programme for managing software assets" to "our SAM programme identifies all the steps to acquire, manage and retire licences, and can anticipate future demands". See Figure 2 for more details.

FIGURE 2

SAM Programme Uses

Q. Which of these definitions most closely fits your organisation's use of SAM?



Note: n=600

Source: IDC UK Software Asset Management Survey, 2010

The majority of respondents had a programme that could at least acquire licences; only 18% did not. 68% had a programme that could at least address acquiring software licences. But only 23% had a programme that could acquire, manage, and retire software licences. Finally, only 8% had a programme that could anticipate future licence needs, as well as acquire, manage and retire software licences.

Maturity Levels Discovered in Survey

Organisational maturity needs to be broken down across people, processes and technologies in order to get a better sense of quantifying how these organisations compare with each other. IDC looked at processes for rolling out patches, people involved in managing the SAM programme, and technology for identifying and managing software licences as they are deployed and as they are used. We also took a life cycle approach to our questions in order to determine across people, process and technology how they were managing software licences in their environment.

Gating Criteria

The life cycle approach is embedded in the gating criteria used to outline SAM maturity as well. Criteria are intended to look at individual parts of the software asset life cycle in order to determine where best organisations can focus their people, processes and technology resources. In many organisations, IDC found that companies usually combine various people, processes and technologies, but not methodically or consistently. It is therefore intended that these criteria standardise operations for licence management across the life cycle in a systematic way. These criteria are summarised as follows:

- A formally documented software asset management programme (level 2)
- A list of IT-approved applications for installation on the PC (level 2)
- An individual or group responsible for SAM (level 2)
- Manual identification of software assets (level 2)
- A SAM programme that focuses on acquiring, managing and retiring licences (level 3)
- A third-party or in-house created solution to track and manage software assets in an automated fashion (level 3)
- A formal plan for tracking retired applications, including the removal of retired applications from the standard image (level 4)
- Explicitly tracking errors in deploying software to update PCs (level 4)

Gating Process

It is important to note that the individual levels described below have specific criteria that must be met for each level. ALL the criteria must be met in order for a respondent organisation to be considered at that level. The result was that surveyed organisations were in the following categories:

- LEVEL 1 — This is the starting point for all organisations. Of the 600 total survey participants, 548 (91%) of organisations were in this group. This group had SOME of the characteristics of a SAM programme, but not all of the gating criteria were met to move these respondents to a more advanced level. In other words, they had to meet all four criteria to be moved into level 2, but they met 3 or fewer criteria.
- LEVEL 2 — Criteria for entry into this level are to have formal SAM documentation, a list of approved applications for PC installation, a person or group responsible for SAM, and at least manual identification of software assets. 52 organisations were in this group.

Of these 52 organisations:

- Four felt they were saving more than 20% due to their SAM programmes
- Nine felt they saved 11%–20% due to their SAM programmes

- 18 organisations felt they saved between 1% and 10% due to their SAM programmes
- 16 organisations felt they neither saved nor spent anything for their SAM programmes
- 5 organisations felt their SAM programmes cost them between 1% and 10%
- LEVEL 3 — Criteria for entry into this level meant these organisations met the level 2 criteria, plus had a SAM programme focused on acquiring, managing and retiring software licences, as well as had either a third-party software solution for managing software or something created in-house. 23 organisations met these criteria.

Of these 23 organisations:

- One organisation felt it was saving more than 20% due to its SAM programme
- Four organisations felt they were saving between 11% and 20% due to their SAM programme
- Ten organisations felt they were saving between 1% and 10%
- Five organisations felt that they neither saved nor spent anything for their SAM programme
- Three organisations felt their SAM programmes cost them between 1% and 10%
- LEVEL 4 — Criteria for entry into this level meant these organisations met the level 3 criteria, plus had a formal application retirement as part of the software licence management process, and explicitly tracked errors in deploying software to update PCs. 15 organisations met these criteria.

Of these 15 organisations:

- One organisation felt it was saving more than 20%
- One organisation felt it was saving between 11% and 20%
- Seven organisations felt they were saving between 1% and 10%
- Three organisations felt they were neither saving nor spending much for their SAM programme
- Three organisations felt their SAM programmes cost them between 1% and 10%.

In conclusion, the results suggest that those organisations that have committed to investing the time, money and resources to create, implement and maintain an effective SAM programme are typically recognising a good return on their investment.

Software Licence Gathering

Across organisations with 100–499 PCs, 34% of those that had a definite view said that they were not gathering software licences for reuse when disposing of hardware assets. 41% of organisations with 500–1,499 PCs said that they were not gathering software licences for reuse when disposing of hardware assets. 46% of organisations with more than 1,500 PCs said that they were not gathering software licences for reuse when disposing of hardware assets.

Gathering licences for reuse can be an easy way to avoid violating licence agreements, successfully completing software audits and reducing software costs. However, gathering licences requires that organisations have in place the software necessary to count the authorised software licences on PCs, know which employees are leaving, and then remove the software from the PCs. Without some form of script or third-party solution to automate software licence removal, this capability is manually intensive, especially within organisations in which a large number of employees have PCs.

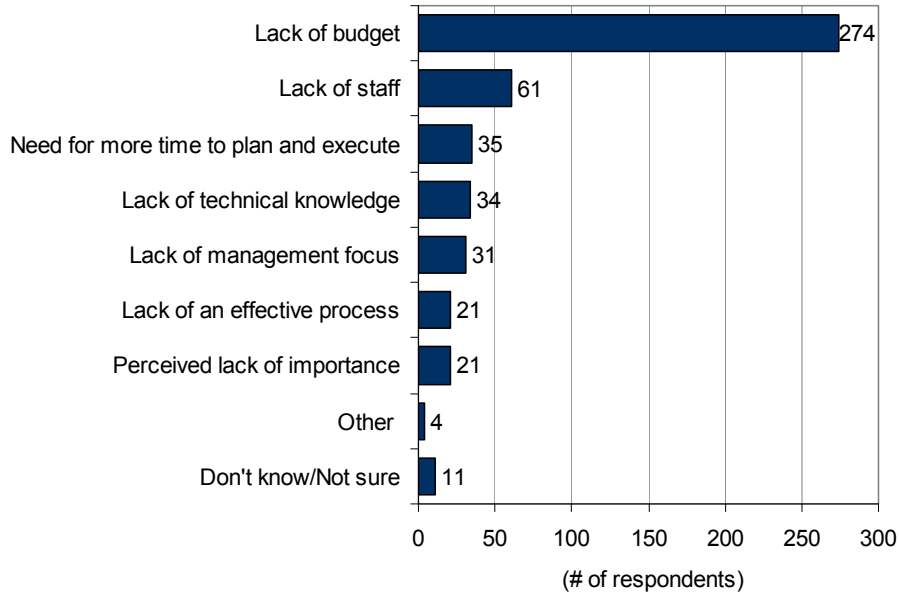
Barriers to SAM

In achieving organisational goals for SAM within their organisations, survey respondents were asked to choose which barriers there were to achieving those goals. The primary barrier most often cited was lack of a budget: 274 (45.5%) organisations out of the 600 cited this as the most important barrier. The second most cited barrier was lack of technical knowledge, and third was the lack of an effective process. See Figures 3, 4 and 5 for more details.

FIGURE 3

Most Important Barrier Cited by Organisations

Q. What are the main barriers to achieving organisational goals for SAM?



Note: n=492

Source: IDC UK Software Asset Management Survey, 2010

FIGURE 4

Second Most Important Barrier Cited by Organizations

Q. What are the main barriers to achieving organisational goals for SAM?



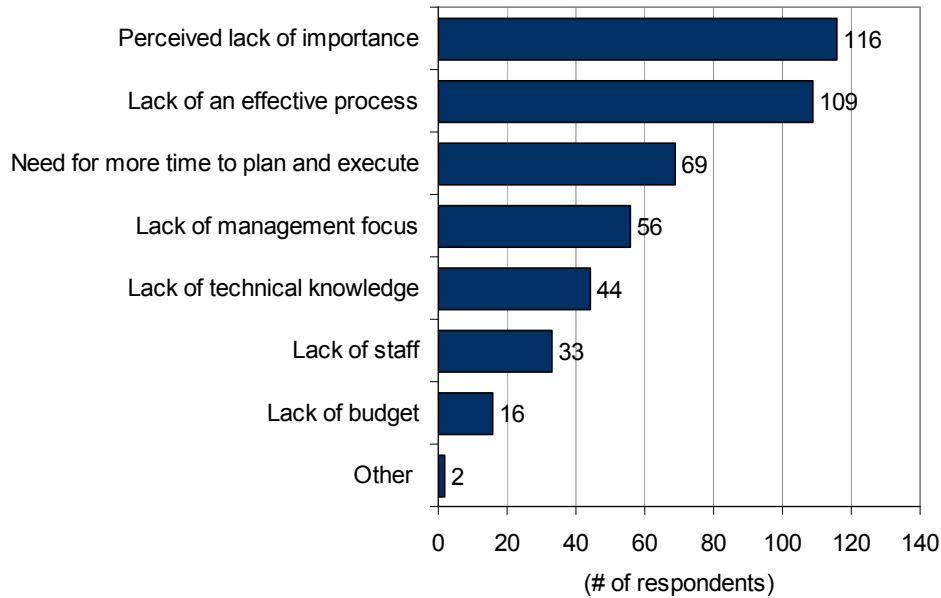
Note: n=471

Source: IDC UK Software Asset Management Survey, 2010

FIGURE 5

Third Most Important Barrier Cited by Organizations

Q. What are the main barriers that exist to achieving organisational goals for SAM?



Note: n=445

Source: IDC UK Software Asset Management Survey, 2010

Providing the provisioning and reconciliation capability through a centralised licence catalogue is not trivial, and requires budget, technical knowledge, process and staff in order to create a solution that updates regularly with licence information. However, once this initial investment has been made and an effective SAM programme is in place and managed efficiently, the financial rewards can far outweigh the investment.

Overall, the survey results demonstrate that it is likely that senior management must make the initial investment in full and upfront to get the maximum benefits from SAM.

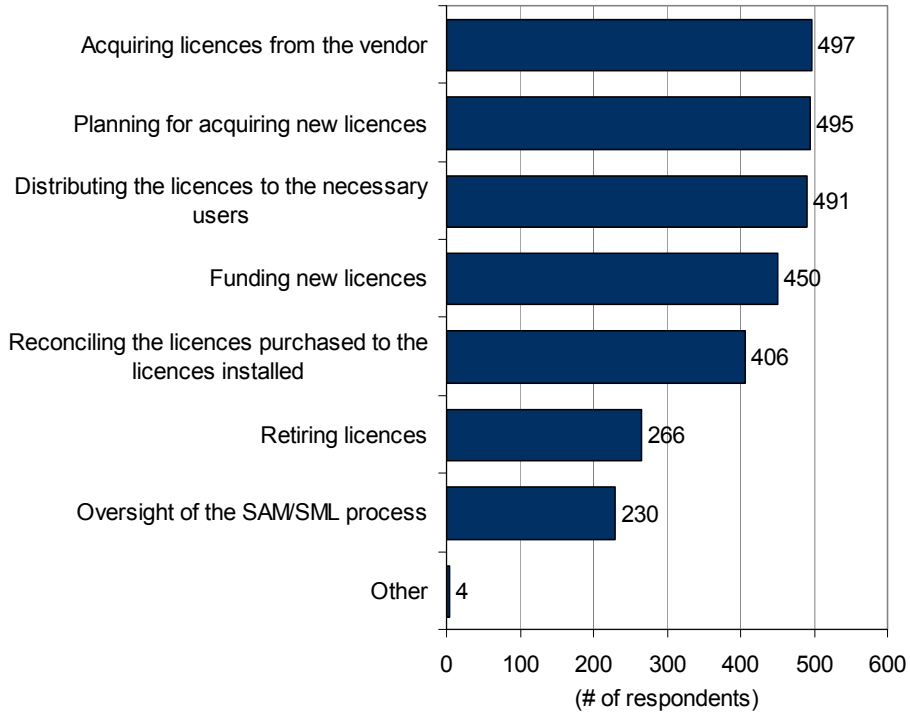
SAM Responsibilities

Survey respondents were asked about the basic nature of their SAM programmes. Respondents were asked: "For what software asset management (SAM) or software licence management (SLM) functions are you directly responsible?" Answers ranged from planning for software licence purchases to reconciling the purchases. See Figure 6 for more detail.

FIGURE 6

Software Asset Responsibilities

Q. For what software asset management (SAM) or software licence management (SLM) functions are you directly responsible?



Note: n=600

Source: IDC UK Software Asset Management Survey, 2010

Interestingly, while 600 people were responsible for individual activities such as planning, acquiring, and distributing software licences, only 102 were responsible for all activities within their organisations.

Given today's economic environment, IDC recommends appointing an individual to have overall responsibility for the software asset management programme. This person can ensure that the licence management and asset management processes are put in place, and appropriately coordinated throughout the organisation. They would make sure all members of personnel involved in the SAM programme perform their responsibilities in line with the organisations official SAM processes and that the programme is maintained and reviewed on an on-going basis.

SAM Programme Goals

Survey respondents were also asked "What goals is your organisation trying to achieve with your SAM programme?" and could answer with responses ranging from "not sure" to "optimised use of licences given explicitly stated organisational goals and objectives". See Figure 7 for more details.

FIGURE 7

Software Asset Management Goals

Q. What goals is your organisation trying to achieve with your SAM programme?



Note: n=383

Source: IDC UK Software Asset Management Survey, 2010

Responses were widely distributed across the spectrum of answers and, as might be expected, "making sure that the organisation makes it through a software audit without paying fees" was the most common response.

However, consistent with the other answers identified in previous figures, one of the smallest number of responses was "optimised use of software licences given explicit management goals and objectives". This again indicates that the true value of SAM is not being recognised by existing programmes.

Achievement of Goals

Survey respondents were asked, "Is your organisation achieving its goals with its SAM programme? Possible responses were "Yes", "No" and "Don't know/Not sure".

Informal SAM Programmes

Of the 600 organisations that participated in the survey, 488 or 81.3% had at least an informal SAM programme. Of those 488, 204 felt that their SAM programmes were saving money, 270 felt that the programmes were neither costing nor saving money, and 14 felt their SAM programmes were costing them money. IDC notes that the organisations that felt their SAM programmes were saving money outnumbered those that felt their SAM programmes were costing them money by nearly 15 to 1. These organisations achieved their savings through benefits such as reduced non-compliance risks, reduced software costs, and reduced labour costs to manage software.

However, IDC also wanted to determine whether or not organisations felt they were achieving their goals for their SAM programmes. IDC broke down the 600 respondents into specific categories based on their answers to the question: "Which of these definitions most closely fits your organisation's use of SAM?" Respondents could choose from the following:

- "We don't have a programme for managing software assets". 108 respondents fell into this category.
- "Have an informal programme that reacts to user whims". 96 respondents fell into this category.
- "Our programme identifies all the steps to acquire licences". 104 respondents fell into this category.
- "Our programme identifies all the steps to acquire and manage licences". 102 respondents fell into this category.
- "Our programme identifies all the steps to acquire, manage and retire licences". 136 respondents fell into this category.
- "Our programme identifies all the steps to acquire, manage and retire licences, plus our programme can anticipate future demands for licences". 50 respondents fell into this category.
- "Other". 4 respondents fell into this category.

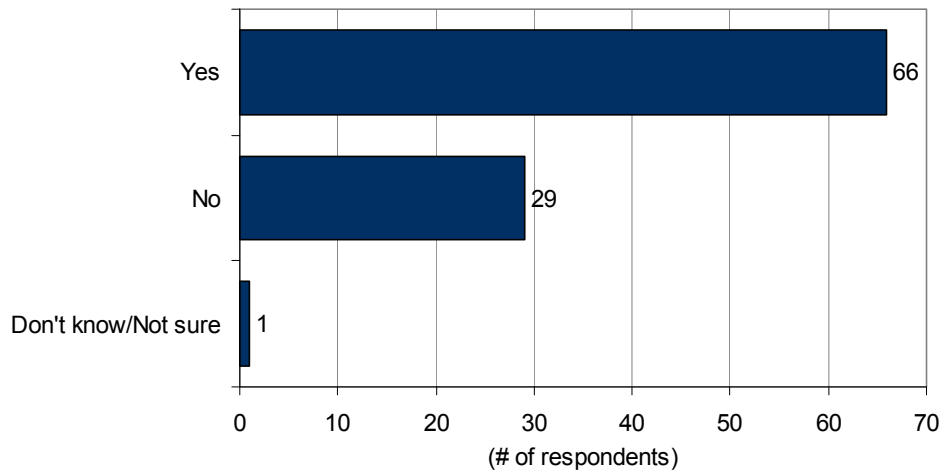
IDC looked in detail at the respondent categories for organisations that at least had some form of SAM programme (even an informal one). We also wanted to review those that had more than 50 respondents for statistical validity.

Of the organisations that had an informal SAM programme, respondent answers are given in Figure 8A.

FIGURE 8A

Achievement of Goals Across ALL Respondents with a SAM Programme

Q. *Is your organisation achieving its goals with its SAM programme? (of those that had an informal program)*



Note: n=96

Source: IDC UK Software Asset Management Survey, 2010

69%, or 66 respondents, said yes to achieving their goals within this group. IDC notes that respondents were most often interested in the goal of ensuring that they make it through an audit without finding that they were using more software licences than authorised, although all were interested in at least one other goal.

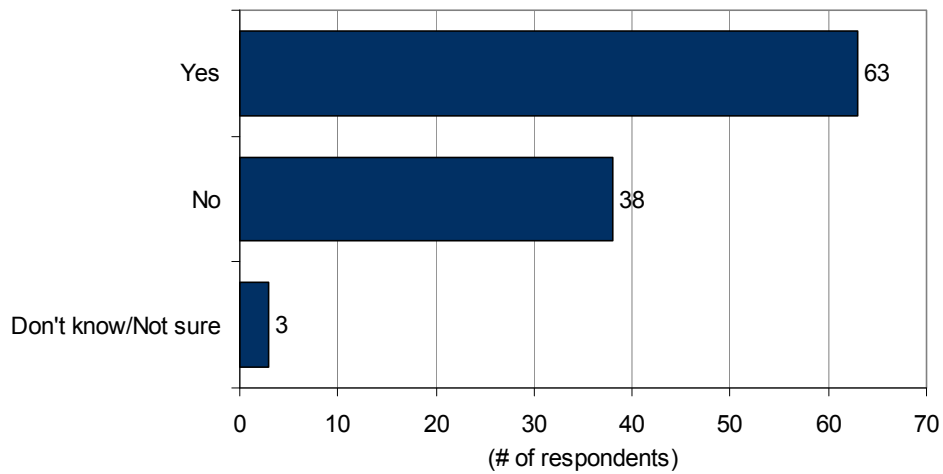
SAM Programmes With Focus on Acquiring Licences

Of the organisations that had a SAM programme directed at acquiring licences, respondent answers are given in Figure 8B.

FIGURE 8B

Achievement of Goals across ALL Respondents with a SAM Programme

Q. *Is your organisation achieving its goals with its SAM programme? (of those that had a programme that acquired licences)*



Note: n=104

Source: IDC UK Software Asset Management Survey, 2010

While 61%, or 63 respondents answered yes, IDC notes that this group of respondents was also most often interested in the goal of ensuring that they make it through an audit without finding that they were using more software licences than authorised, although all were interested in at least one other goal.

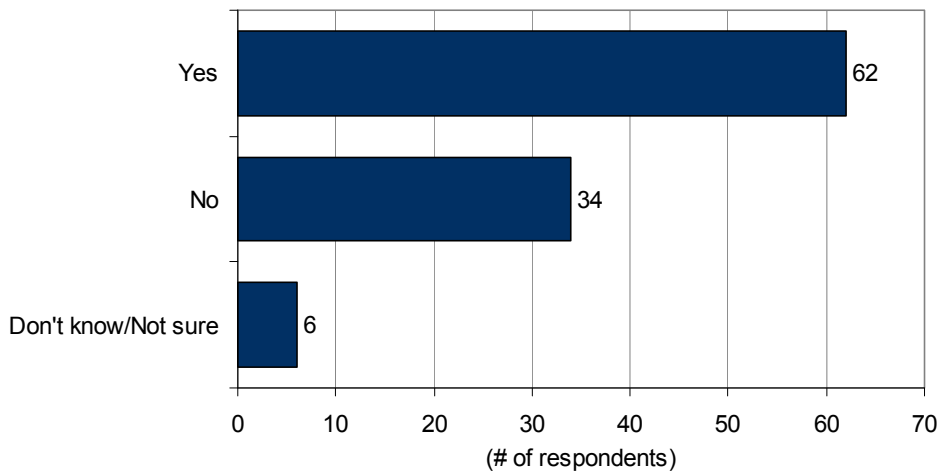
SAM Programmes With Focus on Acquiring and Managing Licences

Of the organisations that had a SAM programme directed at acquiring and managing licences, respondent answers are given in Figure 8C.

FIGURE 8C

Achievement of Goals across ALL Respondents with a SAM Programme

Q. *Is your organisation achieving its goals with its SAM programme? (of those that had a programme that acquired and managed licences)*



Note: n=102

Source: IDC UK Software Asset Management Survey, 2010

With 61%, or 62 respondents answered yes, IDC notes that this group of respondents was also most often interested in the goal of ensuring that they make it through an audit without finding that they were using more software licences than authorised, although all were interested in at least one other goal.

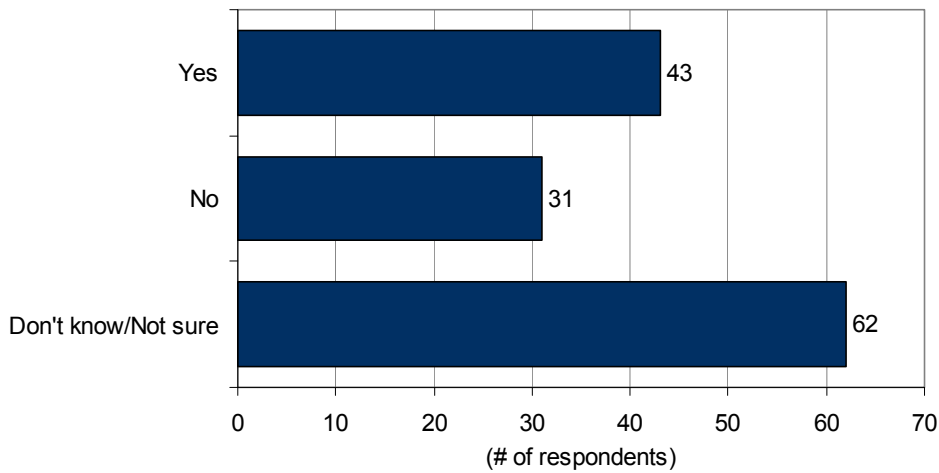
SAM Programmes With Focus on Acquiring, Managing and Retiring Licences

136 respondents had a SAM programme directed at acquiring, managing and retiring licences. This group was asked if they were achieving their goals for the SAM programme. Respondent answers are given in Figure 8D.

FIGURE 8D

Achievement of Goals across ALL Respondents with a SAM Programme

Q. *Is your organisation achieving its goals with its SAM programme (Q3)? (of those that had a programme that acquired, managed and retired licences)*



Note: n=136

Source: IDC UK Software Asset Management Survey, 2010

This group was radically different from the others, in that a staggering 46%, or 62 respondents did not know or were unsure if they were meeting the goals of their asset management programme. 31%, or 43 of the 136 respondents answered yes, they were meeting the goals of their asset management programme. IDC notes that the same number of respondents were interested in the goal of ensuring that they make it through an audit without finding that they were using more software licences than authorised, as well as purchasing as few licences as the organisation needs, although all were interested in at least one other goal beside that in their programmes.

Overall Picture — SAM Maturity Varies Widely

The collective picture drawn from the survey data is that SAM programme definitions, goals and responsibilities vary widely across the sample. It is clear that most organisations have multiple goals for their SAM programme, and that the most cited goal is to make it successfully through an audit without paying a fee for unlicensed installed software.

Most organisations have a relatively incomplete picture of what capabilities they should include in their SAM programmes, as measured by the need to include managing and retiring software licences, not just acquiring them. Gathering licences for reuse is "low hanging fruit" when it comes to reducing costs and ensuring that operational headaches are avoided prior to undergoing a software audit.

Respondents that were interested in acquiring, managing and retiring licences were especially interesting. IDC takes this high percentage of respondents replying "don't know/unsure" as those who thought that it was enough to have a SAM programme with goals and objectives and a life-cycle management approach, without actually verifying that the goals were being met.

But overall, there was a consistent theme that there were real benefits to be gained in managing software effectively and even benefits to undertaking just one or two of the actions associated with SAM.

Other Survey Observations

While there are many factors that go into increasing SAM performance within an organisation, IDC looked at the following to further assess respondents' capabilities. These capabilities may also have a bearing on the maturity of organisations using SAM, but are not explicitly identified as criteria.

Software Inventory Checks

When asked if software checks were performed to ensure the accuracy of the inventory, 51 of the 52 level 2 organisations said that they at least did annual checks.

Software Repositories

When asked "Do you have a repository or software asset register(s) that contains details of all licences you have purchased?", 50 out of 52 said yes. Interestingly, six said that they were tracking assets in a spreadsheet, but five of these were organisations that were tracking between 100 and 499 PCs. This undoubtedly is a time-consuming activity, and only accurate at the date and time it is completed, representing a good justification for deploying a discovery tool.

Tool Effectiveness

The 52 level 2 organisations responded that they felt the solutions they used to discover software licences were very effective. 51 of the 52 felt they were discovering at least 50% of the licences in their environment. 27 of the 51 felt they were discovering more than 90% of the licences in their environment.

Successful Audits

While 33 of the 52 were interested in optimised use of software licences given clearly expressed SAM goals and objectives, 46 of the 52 were interested in passing an audit without paying a fee for unlicensed installed software.

RECOMMENDATIONS

Based on this data, most UK organisations need significantly more work in managing their SAM programmes. The picture that this data paints is one of organisations failing to understand that the applications they use are business assets, and that these assets must be managed like other revenue-generating assets (PCs, servers, phones and so on) under their control. In addition, software licence assets must be managed no matter how large or small the organisation. Company executives in these organisations are squandering the opportunity to gain better control of business assets through managing software licences more efficiently and ensuring that business objectives tied to application licences used by employees are achieved.

IDC recommends that organisations move smartly but incrementally toward the next level. Each of the level 1, 2 and 3 organisations should consider implementing the criteria of the next highest level to increase their maturity levels, and so gain the cost and performance benefits associated with each level of SAM. Individual organisations should review their own capabilities in the context of this paper to address technologies and processes within their organisations. They should then move towards the processes and technologies necessary to reach the next level. Senior management should be briefed on the benefits and costs associated with moving the organisation to the next level.

IDC has the following specific recommendations for individual levels:

Level 1 organisations moving to level 2 should ensure that they have an individual responsible for SAM, and that this individual is at least responsible for their local organisation's licences. This person can then clearly articulate a starting position on the goals of the SAM programme within the company on which senior management can base decisions about cost, schedule and performance. Organisations should consider each of the criteria outlined in this paper for their SAM programmes, and move forward with decisions about licence rollout based on authorisations from senior management. The person responsible for SAM should solicit support for his/her efforts by pointing out benefits to the company resulting from SAM programmes. Depending on the size of their area of responsibility, and the funding and other support received from senior management, they can anticipate rollout of their SAM programme taking as little as a couple of months to as long as a year or more.

Level 2 organisations moving to level 3 should move forward on managing licences with a third-party tool or something developed in house. Whatever is used, they should ensure that they are verifying the number of licences being discovered.

Level 3 organisations moving to level 4 should start developing a formal plan to regularly review applications that will be discontinued for use in the IT environment at least annually. Additionally, they should track the number of errors associated with the rollout of patches and updates to networked machines.

CONCLUSION

Based on our survey work, IDC believes that organisations in the UK are well on their way to increased focus on software licence management and software asset management. However, there should be more awareness among board members, IT and finance executives, and IT and finance managers of additional processes, technologies and positions that could be implemented to increase SAM capabilities. IDC's UK SAM Survey found that:

- ☒ 15 out of the 600 organisations surveyed were able to meet all suggested criteria for effective SAM
- ☒ 23 of the 600 organisations surveyed were able to meet six out of the eight suggested criteria for effective SAM
- ☒ 52 of the 600 organisations surveyed were able to meet four out of the eight suggested criteria for effective SAM
- ☒ 548 of the 600 organisations surveyed were able to meet some, but not all suggested criteria for effective SAM

These findings suggests that organisations would benefit from adopting practices such as formally documenting SAM processes within their organisations, actively tracking and removing applications once they have reached end-of-life, and having a standardised image.

Certainly, individual capabilities in different SAM areas are better than none. For example, the use of either third-party software or in-house software solutions to identify, track and manage software licences in the environment, benefits organisations considerably in automating a SAM solution and potentially delivering cost savings, especially across large organisations.

Gathering licences for reuse can be an easy way to avoid violating licence agreements, successfully completing software audits and saving costs. However, gathering licences requires organisations to have the necessary software in place to count the authorised software licences on PCs, know which employees are leaving, and then remove the software from the PCs. This capability is manually intensive and therefore costly especially in large organisations with high numbers of employees using PCs. IDC recommends that organisations invest in some form of script or third-party solution to automate software licence removal and by doing so reduce the cost and drain on resources and improve the efficiency and accuracy of the process.

Failing to address all areas of SAM means that organisations continue to expose themselves to the higher costs associated with over-purchasing unnecessary licences, potential audit violations, potential legal penalties and the financial liability for software licence under-purchase, costing thousands, or even millions of pounds.

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