

TOGETHER STRONGER

SAM & THE ROLE OF THE
MODERN VAR





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Computacenter recently had the pleasure of hosting a group of Procurement and Software Asset Management (SAM) industry leaders where the focus of the discussion was on the challenges caused by the current macroeconomic climate and how bringing SAM, Procurement, and the modern Value-Added Reseller (VAR) closer together can overcome these challenges to enable success.

The market is requiring much more than a traditional reseller service, as businesses are looking to outsource their challenges and benefit from the skilled resource pool, deep independent vendor knowledge, and broad technical capabilities that a VAR can offer.

Although very much on the increase before the pandemic, the use of SaaS and, in particular, the move from data centers to the cloud accelerated at an unprecedented speed during the pandemic. Businesses are now trying to gain visibility and control over purchasing decisions made during this time and ensure there is appropriate governance, preparation and planning in place going forward.

The challenge faced by SAM and procurement is that they are often bypassed, business units most frequently purchase software subscriptions and cloud directly, leading to spiralling software portfolios, technology sprawl and unbudgeted spend. Adding to this, an increasing number of software vendors are making their software even easier to consume and without the need of a credit card, but then making it very difficult to get out of.

In addition, SAM and procurement are often seen as gatekeepers, an unnecessary bureaucratic layer to get through to obtain the software wanted by the business. It was felt strongly, that this needs to change - both SAM and procurement are service functions and can provide valuable data insights and knowledge enabling the business to make informed decisions.

Interestingly, another view was shared on this - where the individual business units buy their own software, and it is considered a positive as they manage their own budget, they are focussed on only buying what they need, so not prone to overspend. However, by doing this the business as a whole does not benefit from economies of scale discounts or from license optimisation.

Whether purchasing continues to be business-led or is transformed into an automated managed service catalogue delivering a frictionless user experience and operational efficiency, what is key for both SAM and procurement is to have complete visibility of what has been purchased and under what licensing terms. This is so they can analyse usage, look for optimisation and rationalisation opportunities, ensure they are included within the joiners, movers, leavers (JML) process, and are included in financial forecasts.

SAM discovery tooling with SaaS and cloud (FinOps) capability is vital to gain the required visibility across hybrid technology, especially for those businesses that have gone through acquisitions where the challenge is even greater.

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To proactively prepare and plan for migration to the cloud it is important to not just understand the business objectives and priorities of the business stakeholders and have visibility of the current software landscape and usage trends, but also to take into consideration the licensing, commercial and technology implications of doing so. This requires in-depth knowledge and expertise that is often a skills gap or an area that needs augmenting, but is where the modern VAR fits perfectly as they have the required skills and experience to support customers in determining the application migration strategy; ‘The 6 Rs’.

The 6 Rs

Retire

Application will no longer serve a business purpose or there is a planned retirement date agreed.

Retain

Maintain application in its current state as there is non valid business or technological case to change it.

Rehost

Movement from one environment to another with no platform or app changes.

Re-Platform

Movement from one environment. to another with changes to the underpinning technology used to build deploy and run the app/workload.

Repurchase

Changes through alternative technologies or consumption models to meet business needs.

Rearchitect

The redesign and rearchitecting of the underlying application in order to leverage technology changes.

The appropriate application transformation strategy is not only determined by technical attributes but also other inputs of which, software licensing can be a significant influence. Moving from an optimised and right sized on-premises environment to the cloud can completely change the licensing charges and if not taken into consideration at the planning stages, then cause at best migration delays or at worst, significant financial impact.

In order to mitigate this risk, it is recommended that license information is considered early on, and these details used as one of the metrics to determine how the application is delivered in the cloud.

For example, with BYOL (Bring Your Own License) your existing software license agreements may attract benefits with certain hyperscalers but not others and this in turn could influence which cloud provider offers the best value in terms of application delivery. However, this is not the only factor that will determine placement as others, such as a multi-cloud strategy or transformation approach, will also need to be considered.

There are significant discount programmes available, such as an Enterprise Discount Program (EDP), on offer from the cloud providers and while they can offer predetermined spend programmes, careful consideration must be given to what the long-term landscape of the software and its resources will look like. There is always opportunity to optimise spend in the cloud through optimising the underpinning services and resources from the Hyperscalers to deliver the software the business uses.

Through early engagement with a VAR and the use of FinOps services to provide an understanding of current and predicted consumption, discount programmes can be sized accordingly and agreed based upon analysis and forward planning thus reducing the risk of under-commit later in the contract.

Data-driven decision making – too much data?

The problem has arisen from siloed service functions, each with their own armoury of toolsets, purchased to address their specific challenges. This worked to some degree in the past as the data was mainly consumed by the function it served. However, now the value of data in decision-making is recognised, when the various functions provide their data to the business, they often present conflicting views. So instead of providing intelligence to support informed decisions, a lengthy battle to prove the accuracy of data commences.

A single source of trustworthy data is required, and the SAM function is best placed to achieve this through cross-functional collaboration, stakeholder management, governance, policies and processes, tool integration and a platform-led approach, i.e. People, Process, Tooling.

By adopting this approach, the correct cloud delivery mechanism and supporting services are identified and costs for software known and can be predicted for demand peaks as services leverage the scalability and flex of the cloud.

In addition, careful planning should be applied to ensure that existing software licensing agreements for on-premises hardware are released in a timely manner and transferred software agreements leverage cloud benefits.

Rather than taking on this challenge alone, we are seeing an increasing number of businesses looking to outsource this data challenge to a VAR, where visibility and control are established to provide trustworthy data as an outcome. In addition, they are looking to outsource other time-consuming or skilled tasks, such as process optimisation and automation; proactive renewals service, allowing time and advice on to consolidate, co-term, optimise and rationalise; management of Tier 2 and Tier 3 vendors to simplify the route to market, to increase operational efficiency and reduce costs.

By outsourcing the challenge, it enables businesses to focus on what makes them unique and provides them the data insights they need to make informed business decisions and achieve their objectives.

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