The Importance of Software Management: How Rationalizing Assets Creates Real Business Benefits
As the world has become more connected and employee and customer demands have grown, businesses have increasingly had to rely on their IT departments to respond to the application economy with the agility, efficiency and innovation required to excite and engage business consumers, and to compete. However, in attempting to fulfill its role as a business driver, IT faces a number of barriers, including:

Complicating these challenges is the fact that most of IT’s effort still goes towards simply “keeping the lights on” rather than innovating. As a result, much of their financial and physical resources are tied up in purely operational activities, such as managing the vast array of software licenses that are required to run the business.

The question then becomes, how can IT redirect resources to more strategic initiatives, while at the same time managing business and customer demands for low-cost, flexible and modern services? A software asset management strategy (SAM) can help organizations achieve these strategic objectives.
What is Software Asset Management (SAM)?

SAM is the management and reconciliation of the physical, financial and contractual lifecycle attributes of software assets. SAM enables the delivery of cost-efficient, timely business knowledge to better manage and control the business and operational aspects of IT. It includes managing and optimizing the purchase, deployment, maintenance, utilization and disposal of software applications within an organization.

Software assets have unique characteristics within IT infrastructures, so they must be managed differently than hardware and other components. For example, when it comes to software, many organizations struggle to understand and manage some of the more intangible elements of these assets, including:

- Asset Lifecycles and Relationships
- Vendor Histories
- Contractual Elements
- License Allocations
- Costs

On top of these concerns, the continued popularity of virtualization and cloud platforms means that many of the software assets IT is managing today may not even physically exist within their onsite infrastructure. That said, the potential benefits a SAM strategy can bring to an organization make it worth navigating these challenges.
What can SAM bring to the business?

The right SAM strategy will help IT departments simplify the cost, complexity and compliance equation around managing software assets, so they can focus less on day-to-day operations and more on bringing value to the business. For example, with SAM they can:

- **Lower or eliminate unnecessary spend** by identifying unused “shelf-ware” and avoiding unnecessary software purchases
- **Reduce licensing costs** through harvesting and redistribution of existing software assets
- **Avoid the risks and costs of non-compliance** (e.g., penalties, business disruptions, reallocation of resources and brand damage) that can result from a vendor software audit
- **Improve visibility into asset utilization** to better understand how software is being leveraged and avoid asset sprawl and over- or under-purchasing of licenses
- **Streamline efficiency and responsiveness** by automating review, approval and fulfillment processes for software assets

Some 88 percent of European organisations expect their IT assets to be audited at least once in the next 12 months, and 77 percent would struggle to conduct this audit report/poll.¹

¹ Source: “Protect Your Assets, Control Your Spending” a poll conducted by CA Technologies at the 2012 European Gartner IT Procurement, Financial and Asset Management Summit, London, United Kingdom.
The Challenges of Effective SAM

As organizations consider the implementation of a best-practice-based SAM strategy, they must first take stock of their current IT environments and assess how they are managing common challenges, including identification of software and their characteristics, prevention of asset sprawl and management of user entitlements. Common questions to ask include:

**Identification**
“Can we quickly and easily inventory our current software assets, so we know what and how many versions and bundles we’re running?”

**Sprawl**
“Do we have a way to ‘see’ our software assets and their usage across our entire physical and virtual infrastructure?”

**Entitlement**
“Can we drill down into our software assets for data on elements like usage caps, distribution rights, client access licenses, named users, etc.?”

**Financial Impact**
“Can we effectively and quickly determine our software asset costs for comparison to budgets?”
This diagram represents a best-practice-based workflow for implementing an effective SAM strategy. The middle portion shows the core activities IT departments should be performing on a scheduled basis (e.g., bi-annually or annually). While these tasks are straightforward, the complex, intangible nature of software makes them incredibly challenging to complete in a manual fashion. Therefore, a solution that automates these steps is recommended.

The top portion shows the persistent need to manage requests and provision software to meet users’ requests. These activities should be aligned with the data discovered in the four core steps (e.g., Are there unused licenses that can be reclaimed and redistributed?).

Finally, as the middle and top portions are aligned, it’s imperative that IT optimize license usage to streamline the environment and reduce costs. If it appears that additional licenses are needed or a software asset should be retired based on the data gathered, IT should seek support from decision makers to close the loop.
Implementing a best-practice-based SAM strategy can seem like a challenging task, especially when organizations are used to manual approaches that have exposed them to cost overages and license compliance risks. Below are a few tips that will help IT departments kick off and execute a successful SAM project.

1. **Ask Many Questions:** Think about software asset management challenges from both business and operational perspectives, and ask questions like “What are our business drivers,” “Are licenses under control” and “Do we have unnecessary software?”

2. **Start Small, and Build On Success:** Begin with a simple inventory of software assets before taking on a larger project, such as complete license rationalization.

3. **Select the Right Tools for the Job:** Manual SAM is nearly impossible, so choose a solution that leverages automation to increase visibility into asset utilization. Also, make sure it will provide answers to the questions asked in tip one.
What to Look for in a SAM Solution

When evaluating solutions to power a best-practice-based SAM strategy, organizations should prioritize one that provides the following features:

- **Financial Management** that shows what costs are relevant to the business, forecast and manage payment schedules, and increase visibility into the financial impact of your asset base.

- **Vendor Management** that helps clarify the interdependencies and intricacies of vendor relationships.

- **Contract Management** that properly administers the terms of an agreement, helping eliminate extra penalties and fees.

- **License Management** that helps organizations avoid unnecessary purchases and overspending on software licenses.

- **Software Asset Management** that improves productivity around license reporting and audit management – and supports a holistic SAM strategy across an entire physical and virtual infrastructure.
CA IT Asset Manager is an integral part of the CA Service Management solution. It is an enterprise solution that enables organizations to holistically manage their IT assets. With the solution, a company is able to determine what assets are available and in use, improve organizational distribution of those assets and increase productivity around license reporting and audit responses.

Unlike manual approaches that are subject to cost overages and license compliance risk, CA IT Asset Manager helps organizations determine what hardware and software assets are being used, monitor associated costs across the organization and manage the license audit process more effectively. This means they can reduce the risk of license compliance and optimize the cost, management and distribution of existing assets.

With CA IT Asset Manager, organizations can:

- Deliver business value: reduce risks and costs
- Maximize the value of their IT assets
- Streamline efficiency and responsiveness
- Increase software compliance
Achieving Concrete Benefits for the Business

Based on analysis performed by the CA ROI & Business Value Analysis Team, organizations that implement CA IT Asset Manager can look forward to the following business benefits as they execute their SAM strategies:

- **50-70%** reduction in software over-purchasing costs
- **45-55%** reduction in software compliance fees
- **40-60%** reduction of asset costs due to invoice error
- **35-45%** reduction in portable device shrinkage
- **70-85%** reduction in property taxes assessed on retired assets

Note: The impact ranges shown are provided to show the potential process improvements and ROI metrics that can be achieved through the appropriate, effective implementation and use of CA IT Asset Manager.²

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