Deloitte.

Audit & Enterprise Risk Services

Software asset management
Reducing costs, mitigating risk, gaining control

Overview

An increasingly complex challenge

It's no secret that managing software assets can be a challenge. Multiple stakeholders are involved in the purchase, installation, deployment, maintenance, utilization, and disposal of software. The technologies involved are complex and constantly changing. License agreements are increasingly complicated and multi-layered, frequently containing hundreds of metrics and provisions for how the software can be deployed. Expanding reliance on cloud computing, virtualization, and software as a service (SaaS); the mounting complexity of the licensing models to be maintained by the organization; and a growing array of discovery and information technology (IT) management tools add even more layers of complexity to software asset management (SAM).

> In the software license assessments that Deloitte has performed, clients had unrealized cost savings averaging 23 percent of their annual maintenance spend.[1]

If software assets are not well-managed, it can be costly. As the economy has faced stiff headwinds over the past few years, software vendors have increased their focus on audits, actively pursuing payment for non-compliance to meet revenue goals. In fact, roughly sixty percent of companies are subjected to at least one software audit per per year. This number has doubled over the last six years.[2]

The financial impact

Costs of ineffective management

Enterprises spend a lot of money on software. Software licenses and maintenance costs were approximately 22 percent of an organization's Information Technology (IT) budget in 2012, according to Gartner, and were second only to what was spent on people.[3] In addition, Gartner forecasts that enterprise software spending will continue to be the fastest growing segment of the IT budget with a 6.8 percent increase from 2013 to 2014.[4]

---

1 Deloitte results and analytics related to cost savings/avoidance come from a dataset composed of roughly one thousand software license assessments performed across 20 countries between 2009 and 2012. Included data was normalized, removing outliers and calculating values at software list price.

2 Samuel Greengard, "Navigating the Thorny World of Software Licensing Management," *BizTech* magazine, September 2013.

3 "IT Metrics: IT Spending and Staffing Report, 2013," February 1, 2013, Gartner, Inc.

4 "Gartner Says Worldwide IT Spending on Pace to Reach $3.8 Trillion in 2014," January 6, 2014, Gartner, Inc.

But all too often, companies are not aware of how much software they are currently using, have already licensed, or actually need. Ineffective asset management can put organizations at risk of:

- Unplanned payments to software vendors for non-compliance
- Over-subscription — paying for more software licenses than needed, especially as the organization and environments change
- Security threats, due to the use of unauthorized software or the inability to manage their IT assets

After analyzing the results from software license assessments that Deloitte has performed, we found that 85 percent of clients were out of compliance and owed money to software vendors. Furthermore, we found that for every $1 million spent with a software vendor, organizations had, on average, $230,000 in unrealized costs savings with that vendor.

The problem

Deep and broad knowledge required

To avoid such unwanted budget surprises, and to limit operational, financial, and legal risk related to the ownership and use of software, forward-looking companies are developing and implementing SAM programs. A mature SAM program can help a company optimize IT costs, reducing both out-of-compliance and over-licensing situations.

Many organizations, however, may lack the skills, resources, and budget for a complex SAM initiative. Seeking a simple fix, companies often rely solely on a SAM tool — even though technology solutions alone are incomplete, and license use is measured by more than just the number of installations. Without a solid foundation of technology, people, and processes in place to understand the broader picture, organizations are likely to fall short of sustainable management, leaving themselves open to operational, financial, and security risks.

What's more, the management of software assets touches many layers of the organization, from IT, finance, and security to procurement and legal. Therefore, an effective SAM program calls for a multifaceted approach that spans the enterprise. Finding people within the organization who possess both the deep and broad range of knowledge required can be difficult.

Deloitte can help.

> Deloitte's SAM implementation services help organisations to gain control over their IT assets via a program focused on savings and a rigid SAM structure.

An integrated approach

Optimizing the full lifecycle of software assets

Deloitte can assist you with designing and implementing an ongoing SAM program, optimizing the full lifecycle of your software assets, to help you:

- Realize cost savings
- Reduce audit and legal exposure from software over-deployment
- Mitigate security risks from the use of unauthorized software
- Improve the forecasting and budgeting process and financial controls
- Increase operational efficiency
- Develop a framework for continuous improvement
- Gain and maintain long-term control over software assets

Our skilled practitioners can help you manage the multi-layered complexity of SAM programs, from focused diagnostics and vendor baselines to full implementations. We offer an integrated approach that includes not just tools, but people and processes as well. Our SAM team also provides knowledge and experience that spans legal, compliance, security, finance, and more, so we can help you put the requisite skills sets, accountability, and governance to work to effectively manage your assets throughout the software lifecycle.

As used in this document, "Deloitte" means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Our SAM services

Founded on technology, people, and process

SAM program assessment, design, and implementation

- **SAM process risk assessments.** Assessing and benchmarking the current process against the Deloitte SAM framework, which is based on International Organization for Standardization (ISO) and Information Technology Infrastructure Library (ITIL) standards. This assessment includes organizational models; governance practices; tools deployment; and management processes, policies, and procedures.
- **Strategy and organizational structure development.** Defining a corporate-wide SAM strategy, vision, and execution plan, as well as establishing and documenting company-wide governance processes and objectives for SAM.
- **SAM policy, procedures, and roles development.** Designing scalable SAM policies, processes, and procedures, and establishing SAM management and execution responsibilities.
- **SAM transformation.** Designing the plan to move from transactional efforts to strategic SAM practices in the areas of process, sourcing, tools, and demand management. Efforts are scoped and prioritized against five SAM lifecycles areas, which integrate the SAM framework into an operational day-to-day plan and establish a realistic and achievable roadmap for the organization.

SAM point solutions

- **Software license optimization.** Establishing a point-in-time software inventory baseline (licenses versus deployment) with suggested license optimization approaches. This effort can be focused on a specific vendor or multiple vendors.
- **Software vendor rationalization.** Assisting your company in rationalizing its selection of software vendors, eliminating duplicative services and software, improving your organization's efficiency and investments in software, and reducing exposure to security threats.
- **SAM training.** Developing training focused on your organization's specific SAM processes and requirements, while also incorporating your SAM tools and technologies.

SAM tools

- **SAM tools installation and configuration.** Developing an overall strategy for the use of SAM tools to support your organization. Advising and assisting on the selection, implementation, configuration, and management of SAM tools.
- **Contract administration system implementation.** Advising and assisting on contract administration system selection, implementation, and configuration.

SAM managed services

- **Continuous SAM compliance.** Developing a process to perform self-audits to assess license compliance on an ongoing basis.
- **SAM managed services.** Assisting with a range of functions — from selected point solutions to full outsourcing — related to SAM and software licensing on a continuous and ongoing basis.

The Deloitte difference

Head and shoulders above the competition

Deloitte performs hundreds of license baseline reviews per year, and we have implemented SAM programs for end-user organizations around the world. As a neutral third party, we provide a truly objective perspective on monitoring and governing software assets, helping companies obtain the accurate information they need to optimally license their IT landscape. Clients benefit from our skills, experience, and industry leadership in the area of software asset management, as demonstrated through our:

- Deep understanding of vendor software license programs, metrics, and terms
- Distinct frameworks, methodologies, and accelerators, compiled from working with thousands of companies in the software asset management area over the past 10 years
- In-depth knowledge of the software industry and field experience helping vendors improve their licensing language as licensing models evolve
- Strong global presence, with more than 800 trained practitioners in 52 countries around the world
- Risk Intelligent approach, which is based on a broad understanding of risk management and its implications
- Recognized leadership in the risk consulting space, with Forrester Research citing Deloitte as one of the vendors with deep technical expertise and global reach and naming Deloitte the top-ranked provider with respect to execution.[5]

5 Ed Ferrara and Andrew Rose, "The Forrester Wave™: Information Security Consulting Services, Q1 2013," Forrester Research, Inc., February 1, 2013.

> "Deloitte shines when tackling large-scale challenges at mature, complex organizations. Customers facing such issues and looking for a vendor that will marry deep technical capabilities with strong business processes should look to Deloitte."
>
> —"The Forrester Wave™: Information Security Consulting Services, Q1 2013," Forrester Research, Inc., February 1, 2013.

Contact us

To discuss your software asset management challenges, please contact:

Jan Corstens
Partner
+ 32 2 800 24 39
jcorstens@deloitte.com

Diederik Van Der Sijpe
Partner
+ 32 2 800 24 62
dvandersijpe@deloitte.com

Hans Vandewijer
Senior Manager
+ 32 2 800 20 88
hvandewijer@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

© February 2014 Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises

Designed and produced by the Creative Studio at Deloitte, Belgium.