



# Software Asset Management: Time for a Reset

Global organizations are set to up their spending on technology and software in 2018, but increased investment doesn't necessarily translate into a good thing. Simply pouring money into new technology for the sake of innovation could introduce disruptive threats if organizations don't fortify their software asset management (SAM) initiatives.

Why? Cyber threats are non-stop. Increasing software audits have become the new norm. And the risks associated with software will only continue to hamper the way you move your business forward.

But what if you could boost software investment and ensure the right protections? With a mature SAM strategy and program, organizations have the potential to save 30% on their annual spend while realizing millions in cost avoidance by optimizing software licenses, improving contract negotiations as well as eliminating audit penalties.

Yet many IT leaders have still not embraced the concept of SAM strategy and function—which is fundamental to realizing these tangible benefits.

To check the pulse on where SAM sits on the IT leadership agenda and gain deeper insight into the biggest roadblocks, IDG and Deloitte conducted an exclusive survey of more than 100 CIOs and IT leaders across industries. The *Executive Viewpoint on Software Asset Management: Time for a Reset?* research unveils where leaders are missing the mark, why it's time to hit the reset button, and how to chart a path forward.

**What Gets in the Way?**

According to IDG Research, an alarming 72% of respondents have not yet created or implemented a formal SAM strategy.

Instead, they are opting to initiate the practice in a haphazard fashion versus taking a more holistic approach.

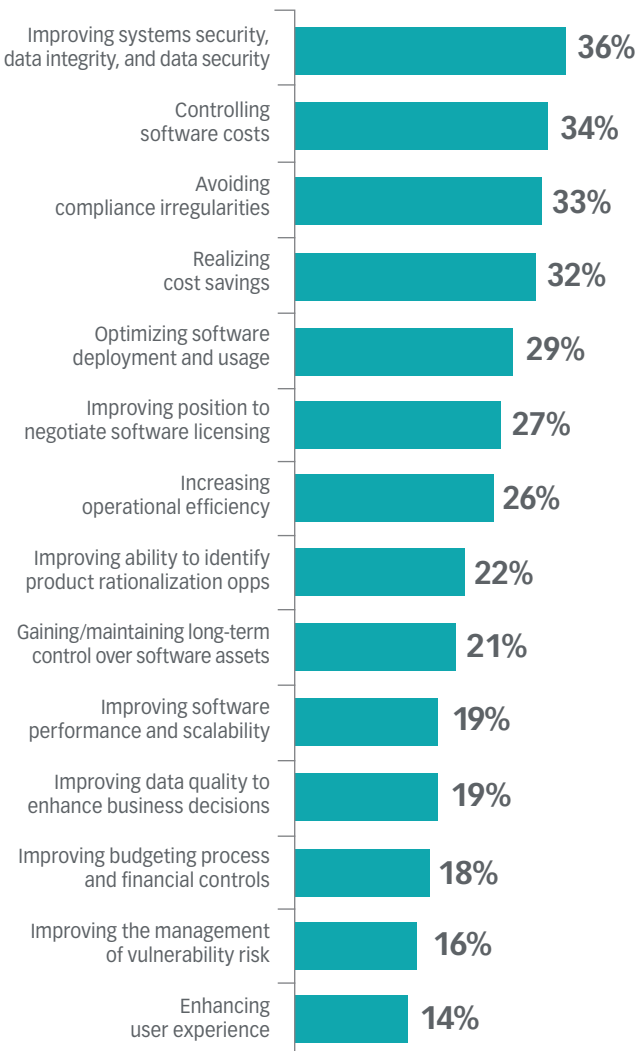
This falls in line with 83% of respondents who said they don't view SAM as a strategic initiative. More than half of respondents (55%) indicated the practice of SAM was a tactical initiative aimed at helping meet specific business requirements such as compliance, cost controls, or minimizing security and compliance risks. Twenty-three percent (23%) viewed SAM as "nice to have," but not necessarily a priority.

Although 41% of C-level executives view SAM as a way to optimize software deployment, only 24% of director-level personnel feel the same way. There were other discrepancies in how both sets of respondents see the range of potential benefits from deploying a SAM program, including improving systems and data integrity and security (49% of C-level execs vs. 29% of directors), controlling costs and maximizing the full value of software (41% vs. 29%), and avoiding compliance irregularities (32% vs. 29%).

**SAM**

FIGURE 1. **POTENTIAL BENEFITS OF SAM**

What are the most important potential benefits of implementing a software asset management solution?



**What's in It for Me?**

The payback is clear. With 22% of total IT budgets dedicated to software spend, on average, according to Deloitte, companies can expect to achieve between 5% and 25% annual savings on application costs by implementing a robust SAM program.

Despite the recognized upside to SAM practices, respondents see a variety of obstacles holding them back. The most challenging are a lack of internal software expertise, and difficulty establishing clear SAM standards and frameworks.

"The lack of skills depth is probably the biggest gap" in a mature SAM process, says Dave Dawson, a principal and global software asset management leader in Deloitte Risk and Financial Advisory, part of Deloitte & Touche LLP, in an interview to discuss the findings. "Most companies use the expertise they have in the best way they can, but they don't have people who understand vendor licenses and contracts at the depth they need to."

Hoping to solve all your SAM woes with a software technology is not a realistic strategy nor is it a sound approach. There are much broader risks and challenges, and realizing ROI is an even tougher task. IT leaders should ask themselves:

- What does my SAM success look like?
- Do I have the right people with the right skills in place now to drive an effective SAM process and framework?
- Do I have the right technology that enables my team to drive the right outcomes?
- How do I measure ROI that justifies my SAM investment?

### What's the Path to Quantifiable ROI?

While organizations have some confidence in their ability to reduce risk with their current SAM approach, the path to quantifiable ROI is cumbersome. SAM gets relatively high marks for helping reduce legal, operational, and security risks, particularly from C-level respondents. However, companies are less confident in their ability to optimize software spend (39%), improve software scalability and performance (39%), and create efficiency (33%).

To bolster SAM efforts, more than half of organizations with a formal SAM function prioritized investments in better technology (51%) while 48% were interested in accessing leading practices to optimize SAM processes. Those without a formal SAM function are more likely to focus on tool implementation and leveraging third-party advisors. This indicates that access to the right people with domain SAM expertise and knowledge of processes is a precursor to formalizing an effective SAM roadmap and strategy.

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In general, SAM hasn't become a strategic priority because companies either aren't focused enough on the significant financial and operational benefits or they haven't felt the sting of a vendor audit. "The cost of doing nothing or ignoring things hasn't been that high," says Dawson. Some companies let SAM slip under the radar; others got away without being audited; and still others found other ways around the potential fines or penalties.

In order to reduce security risks, maintain compliance with licensing agreements, and decrease legal exposure, IDG Research found that organizations plan to prioritize a variety of actions over the next 12 months:

- **Make processes more efficient** (cited as most important by 24%)
- **Invest in technology** (23%)
- **Implement SAM tools and other solutions** (17%)

### What's Next?

To take a strategic approach to SAM, IT should follow these best practices:



**People first.** Assess whether you have the right team with the right skills and experience in place, including vendor-specific licensing knowledge, general licensing and contract terms, and a good understanding of IT infrastructure and software discovery tools. This critical step will help identify gaps and where you need to strengthen the SAM disciplines—by either hiring internally or working with an outside vendor to ramp up specific SAM skills that don't exist in-house, especially when it comes to covering the entire spectrum of enterprise software.



**Trustworthy data is king.** Bad data could lead to making the wrong decisions. Make sure you have high-quality data on software assets across the enterprise to drive better decisions. That data can provide the ultimate lift when it comes to vendor negotiation (which could save you millions of dollars). "That's the biggest crown jewel," says Deloitte's Dawson. "If you don't have good, clean data about the software employed in the environment, you can't see the right attributes that correlate to licensing terms. With bad data, you make bad decisions."



**Technology is the enabler.** A single version of the truth helps to gain greater transparency and visibility into your software assets across the enterprise. Automating this function can identify where you're leaking money with oversubscribed software, where your risk points are with undersubscribed software, uncover out-of-compliance software, and identify vulnerabilities.



**Know your most critical vendors.** Don't try to boil the ocean and perform SAM practices on every piece of software and for every provider.

Segment the vendor population and focus on the biggest

and most complex software deployments first. Getting that right will deliver the greatest potential savings to consolidate or negotiate better terms. Then build out the SAM program from there.



**Tie SAM to other strategic IT and enterprise initiatives.** Don't do SAM in a vacuum—leverage SAM disciplines as part of other key initiatives, such as moving to the cloud or boosting overall cybersecurity efforts. "If you don't know what exists in the organization, you'll have a hard time protecting it,"

says Dawson. "If SAM data is used to support CIOs' initiatives around security, it's a direct tie into strategic goals."

**The Bottom Line**

In the face of growing IT complexity and digital transformation, SAM is emerging as a critical lever in the overall IT arsenal for delivering much-needed visibility and controls for managing application sprawl. However, IT leaders should formalize SAM strategies and operationalize leading practices in order to increase cost savings and reduce enterprise risk.

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**Dave Dawson**, Principal, Deloitte & Touche LLP



## About the Software Asset Management Research

To qualify for this 12-question survey, respondents were required to work in an IT-related function in a C-level, VP, or director-level role. Most respondents (95%) are employed at a company with 1,000 employees or more. Qualified respondents are employed in targeted verticals: Technology; Financial Services; Healthcare; Retail, Wholesale, and Distribution; and Transportation. A total of 103 qualified respondents completed the survey.