

Company risks

Software purchases account for a significant portion of a company's Information Technology (IT) capital spending. However, the full impact of the software license agreements and contracts are often misunderstood, and the related internal controls are often found to be lacking or immature. As companies seek to optimize their software spend, many are challenged by several factors:

- The lifecycle of software is very complex. Multiple stakeholders may be involved in the purchase, installation, movement, and disposal of software assets.

- License agreements are complicated. Companies may not have the dedicated resources necessary to understand and follow the terms of license agreements, but are legally required to comply with the obligations contained in them. Many companies review their contracts once a year for about an hour. Software vendors do not view ignorance as a viable explanation for software misuse.
- Audits are a big business for software vendors. Thousands of companies are audited a year by the major vendors.

It is easy to create a multi-million dollar liability with a few clicks of a mouse



Lack of controls = Large recurring expenses

Software Asset Management (SAM) operational audit details

Internal audit departments are responding to these risks by executing SAM operational audits. These audits typically range from 175 – 375 hours of effort utilizing experienced SAM professionals. Audit components include:

- **Process risk assessment**
Assessment and benchmarking of the current process against leading industry practices and Information Technology Infrastructure Library (ITIL) and International Standards Organization (ISO) standards.

- **Software license baselines**
Baseline determination of software deployed against the licenses owned and potential financial liability calculations performed and/or cost savings opportunities identified.
- **Software security risk assessment**
Analysis of non-essential software and security patch deployment.
- **Insightful analysis and recommendations**
Process gaps are identified and remediation activities are developed.



Post-audit opportunities

The internal audit department can create and provide long term SAM value to the company through the following additional opportunities:

- **Additional software license baselines**

Analyze other software vendors not selected during the SAM operational audit, or perform ongoing monitoring of particular product usage to point out issues before they become liabilities.

- **Sustainable license management**

Assist with SAM tool selection and implementation. Help assess how the tool can meet the objectives of the company as well as enhance the ability to perform license baselines.

- **Reoccurring operational audits**

Re-perform the audit to update the assessments and baselines to determine how well the company is closing the gaps.

We have a deep understanding of the software vendors license programs. We helped write the standards, and are well placed to provide post-audit services.

Case studies

- **Bottling company**

Process risk assessment and license baseline performed. Process gaps identified. US\$5.9M in potential financial liability identified.

- **Real estate company**

Process risk assessment and license baseline performed. Process gaps identified. US\$225K in potential financial liability identified.

- **Automotive manufacturing company**

Process risk assessment and license baseline performed. US\$2M in financial liability avoided through server reconfigurations.

- **Educational company**

Process risk assessment, license baseline, and security analysis performed. Process gaps identified. US\$5.4M in potential financial liability identified. Over 7,000 instances of non-essential software installed. Low (<50%) compliance with security patching compliance.

The Deloitte difference

Deloitte is an industry leader in the area of SAM:

- We helped write the standards. Our people participated in the groups writing the SAM ISO and ITIL standards.
- We design the vendors compliance programs. We engaged worldwide to provide license compliance services for 4 of the top 6 largest software vendors.
- In-depth knowledge of the software industry. We know where the licensing models have come from and where they are going. We routinely help vendors improve their licensing language based upon field experience.



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