

# Soft-Aid Results – What to Expect

Business Advisors of Proper Software Asset Management and Best Licensing Practices

Consulting services include license compliance & best practice assessments, software vendor negotiation, going-forward license management & derivative services.

## Why Proactive Management of Software Assets is in Your Company's Best Interest

The following article will be published in the April 2004 issue of CapitalVenue's newsletter ([www.capitalvenue.com](http://www.capitalvenue.com)). CapitalVenue's readership includes investors and business owners of early to later staged companies in the New England business community. The biweekly newsletter typically addresses ways to streamline business operations.

By David E. Yashar, Principal of Soft-Aid

In today's business climate, both early and later staged companies are being pressured to streamline operations and reduce costs. One business area that deserves focus is software asset management (SAM). An effective software asset management plan involves implementing systems and procedures to support the purchase, allocation, and tracking of software assets and associated licenses. With a mature SAM implementation, an organization will know what they own, purchase only what they need, and effectively use software assets during every stage of their life.

Properly deployed and optimized, a SAM plan provides significant savings that flow directly to a company's bottom line. When combined with proactive negotiation of license programs and terms, a company could save up to 25% on its software budgets.<sup>1</sup> That equates to annual savings of up to \$150,000 per year on software purchases alone for a \$25 million revenue company.

Beyond direct monetary savings, a SAM plan provides a foundation for other important IT functions. Once a company has a firm handle on its total software inventory and where it is deployed, management will be able to justify IT support costs, cleanly assess technological needs, and enforce a consistent and secure

computing environment. For instance, to patch security holes and eradicate viruses, one must have up-to-date knowledge of the software running on each networked computer. Software asset knowledge is also the basis for business continuity and disaster recovery planning. Taking all of these factors into account, the return on investment (ROI) of a SAM implementation is much stronger than many other strategic IT projects.

So why do most growing and mid-market companies lack effective license control and software/hardware tracking systems? The simple answer is that these businesses are consumed

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"... software asset management (AM) disciplines (part of the asset center of excellence) will enable enterprise cost containment ... Best practice users will save 25% via aggressive leverage/displacement policies executed by experienced, disciplined staff."

Mike Egan, Program Director, "Software Asset Management: 30 Quick-Hit Tactics," META Group, July 2001.

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with other tasks which they consider more central to their business missions. The software expertise found at these companies solely extends to use of software applications and rarely to the underlying license terms and programs. After all, while employees use software every day, their exposure to software purchasing (and pricing!) extends only to completing the occasional requisition order. Even many companies in the software industry frequently do not place internal-use licensing

issues high on their executive agendas – this trend, however, is slowly changing with renewed emphasis on corporate governance and stricter internal controls meant to satisfy the concerns of both investors and strategic partners in the wake of the Sarbanes-Oxley Act.

To be fully convinced that licensing is a specialization, one need only consider that businesses can license Microsoft Office in over fifty ways, each with its own benefits, program commitments and revolving rebates. To be certain

### (Endnotes)

<sup>1</sup> Mike Egan, Program Director, "Software Asset Management: 30 Quick-Hit Tactics," META Group, July 2001.

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that one is making the best short and long term purchasing decisions, one should be aware of all of them. When one blends specific business needs with a firm grasp of license terms and programs, one will be empowered to make the best licensing decisions. This approach will also provide one with the most leverage when negotiating license or software maintenance agreements with vendors.

One does not need to be a licensing expert to understand that a head-in-the-sand approach to software asset management is fraught with risks, especially when one considers the downsides. Excess licenses, for instance, have absolutely no business value; however, by some estimates, many companies over-procure software by 15% with the intent of avoiding an audit.<sup>2</sup> This purchasing imbalance typically receives little management focus until IT budgets become grossly out of kilter. By that point, the \$25 million revenue company that I earlier referenced may have wasted close to \$1 million. Any inefficient and inadequate asset discovery and reporting methods will also need to be revamped; the company can expect to spend more time and resources on such projects than if best practices had been implemented earlier.

On the opposing side, purchasing too few licenses may likely expose a company to stiff fines, unwanted press, and the significant business disruption from being audited. Left unaddressed, an out of compliance situation will slowly deteriorate until the Business Software Alliance (BSA) comes calling. No company is too small to be in the BSA's cross hairs.

While software asset purchasing problems may be the norm, they are fully preventable. Effective software asset management requires an array of processes shaped by industry best practices. These systems must accommodate changes in licensing models, new software versions, and software migrations. Companies need to be prepared to act on limited rebates and time-restricted upgrade options. "Best-in-class" software asset management demands this high degree of vigilance. The myriad of tasks include deploying asset discovery tools, reconciling ownership entitlements to usage, purchasing the best licenses using knowledge of terms and programs, and carefully crafting internal enforcement policies. For long-term benefits, companies should streamline the

procurement and allocation of software to users and departments.

At the end of an effective SAM implementation, a company's CIO should be aware in real-time how much software is owned by each department, where it is deployed in the enterprise, and whether it is in use. By metering usage, IT departments can intelligently earmark software for possible removal. Ultimately, this process will enable an IT department to pare back future software purchases and thus save significant resources.

If you choose not to build software asset management competencies in-house, you can have a third party deploy the right systems, assess your licensing portfolio, and ultimately steer you to the most economical licensing programs that best fit your business needs. Ultimately, a software asset management plan is the only way to insure that you are wisely spending your software budgets and are not deploying unlicensed software. ■

## About the Author:

David Yashar is the principal and founder of Soft-Aid, an independent consulting firm that develops and implements software asset management (SAM) systems. Soft-Aid consultants implement processes and policies that support license procurement, software distribution, and other stages of software asset life. Soft-Aid's deep understanding of industry best practices and experience working with all parties to a SAM plan – whether internal business units, vendors, resellers, or asset management software firms – insures the best fit for your organization.

Soft-Aid consultants also help organizations wisely spend software budgets. Soft-Aid's mission is to steer clients to licensing programs and compliance remedies that are the best fit; consultants are judged by the quality and efficacy of solutions and not incented by selling software or specific license programs. We sign confidentiality agreements with our business clients.

Soft-Aid has mediated settlements and negotiated license terms with the BSA and major software vendors, respectively. Through partnerships with premier SAM software vendors, Soft-Aid is able to inventory hardware and software assets both in networks of any size or topography and across computing platforms.

For a free no-obligation consultation on how a SAM plan could benefit your organization, please contact David at [dyashar@aid.com](mailto:dyashar@aid.com) or 617-848-5800. For more information on Soft-Aid and its SAM/license consulting services, please visit the Soft-Aid web site at [www.aid.com](http://www.aid.com). ■

## **(Endnotes)**

<sup>2</sup>William Snyder, Program Director, "Running IT as a Business – Managing the Asset Portfolio," META Group, December 2, 2003.

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