

## Save £105 per device by managing software

This article has been contributed by **Mark Flynn**, UK Managing Director at **Snow Software**.

### Vanity purchases for enterprise users

Will middle management come clean if they understand how expensive ill-considered purchases can be?

Enthusiasm is one of the greatest human traits and we should all look to harness it wherever possible. Nobody wants to crush the spirit of their work force, because the psychological effects will neutralise any spirit of endeavour. However, for an IT asset manager, this presents a very tangible problem, because enthusiasm can become costly. One by-product of over-enthusiasm is that people over reach themselves and buy software they never really use – other than as a status symbol.

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As specialists in software asset management, we can verify the significant cost to businesses of this practice – known as ‘vanity purchasing’ – through previous proof of concept projects undertaken with enterprise customers. Our research gathered during these preliminary exercises show that customers can, on average, save around £105 per device (c. \$160, €120) when spending on software licenses can be centrally controlled and managed in accordance with the users’ specific requirements.

As a trend, vanity purchasing has been a problem within most organisations for many years. It is akin to retail therapy for the workplace. Analysts have always recommended the introduction of tighter procurement systems to reduce the practice, but the problem of misused assets has persisted. Migration to the cloud potentially makes things worse and left un-checked, could seriously exacerbate the problem. According to Gartner Research forecasts, over 40% of IT infrastructure will be located in the cloud by 2014. This means it is vital that cloud-based assets are managed efficiently with costs controlled through license optimization.



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### Workplace retail therapy

Which software is most commonly the subject of a ‘vanity purchase’ as we see it?

Adobe’s Creative Suite is a typical example, with its impressive range of design and development tools. Yet in reality, few non-programmers ever find the time to learn Flash and continue creating their presentations in Powerpoint. Neither do they master the web design tools, or illustration and mobile applications that come with this suite. This means a large proportion of full suite licenses are wasted.

Microsoft Office is another product that has been historically under used. A significant number of people who license this package have only ever used Word on a daily basis, with Excel and Powerpoint being used irregularly. Other applications in the package also go unused with Sharepoint, Dynamics, Project and Visio licenses being the most frequently wasted. For instance, one particular customer we worked with identified that 89% of Office Pro deployments were unnecessary. Around £214,500 worth of cost savings were seen from reining in the use of MS Project alone.

Now, cloud computing equivalents like Office 365 could be giving rise to additional rash buying. Buying software licenses in the era of the cloud is easier than ever before. This is a dangerous phenomenon, given that the foundations of cloud computing, such as virtualisation, have made licensing rules more complex than ever. Although users now have the capacity to buy software, few understand that the rules of licensing have changed dramatically. They might realise that subscription software has replaced licenses per machine, but are they likely to appreciate how those subscriptions work?

### Trigger-happy sys admin

Additionally users might know enough about virtualization to spin up a new server when database performance needs boosting, but do they realize that each new server needs a separate software license? Do they understand the level of detail needed to keep tabs on a system in which charges are levied on the basis of CPU time used? How widely are the new methods for calculating usage understood?

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Oracle's virtualisation rules provide an excellent case in point to illustrate how complex it is for users to understand in an enterprise environment. Oracle doesn't support soft partitioning on VMware clusters, so it is important to have full visibility of exactly where Oracle is deployed in the estate and what the underlying virtual server architecture relates to. A common scenario we uncover when working with customers, is that the IT administrator installed Oracle database products on a virtual server but failed to recognise the licensing impact this has. They have assumed that only the virtual server needed to be licensed, when in fact, they should instead have taken in to account the underlying architecture of the physical servers. Or in the case of a VMWare cluster, the whole cluster needs to be licensed for every physical server where the virtual server could potentially be running. Not having a clear understanding of Oracle Licensing demands puts the organisation at risk of non-compliance. And a small 'oversight' like the one illustrated above can be a very expensive mistake to make – to the tune of millions of Pounds in penalties.

Maybe one day there will be a system of signing up to software that warns people what they are letting themselves in for. People could be quizzed to see whether they understand the cost implications and charging model of the software they are ordering. Many would struggle if asked to explain the basis on which SQL servers are costed. How many people outside the SAM community have ever read a software licensing agreement anyway?

“SAM cannot be seen as a handbrake on progress or a productivity blocker”

This sort of policing is not an option, however, and SAM professionals cannot be seen as a handbrake on progress or a productivity blocker. So retrospective asset management is the order of the day. Some of the new, more advanced software asset management systems offer surprising features for optimizing cloud based applications. They go beyond confirming the suspicions that asset managers have long held (such as the practices of vanity purchasing and over-licensing of software packages described above) to expose patterns of waste that would otherwise have passed under the radar. This in turn means helping organizations shave millions off their IT budgets in the medium term, as we saw during a recent project with Kingfisher Plc.

To provide an additional example, in one particular engineering company, CAD/CAM licenses were massively over provisioned. In this instance, it was not mere vanity purchasing – nobody can design a car or create a construction blue print without computer aided design (CAD) software – but was an incidence of poor version control. Many licenses were still payable for Version 3 of the software, when the majority of users were simultaneously in possession of Version 4. The resulting investigation allowed the company to drastically cut the number of licenses owned, from 400 to 300, creating a substantial reduction in software costs.

### Managing demand and supply in the cloud

Just as the cloud has created an environment for rash purchases, it has compensated by improving the management tools for rationalising this chaos. Software asset management systems, which can be installed and run in-house or provided as a managed service over the cloud, can help rein in the costs. There will be many cases where software has been paid for, but is not being used regularly. Since a refund from the vendor is not an option, it makes sense to re-allocate those resources. Software asset management systems help administrators highlight the mismatch between demand and supply of licenses. Departments can trade off their excess licenses with each other, so if Marketing has too many licenses of video conferencing software that it never uses, they can be traded with, say, the Engineering department. This internal market helps optimise assets and budgets, within the enterprise. When department heads realise they can recoup some of their budget, they are soon motivated to act.

Software asset management, by optimising the use of licenses and budgets, is seen to be incentivising greater efficiency. Delivering license coverage over the cloud only helps to fine tune this process and empowers companies with greater liquidity and, in turn productivity improvements. Perhaps one day then, asset management systems will be the ultimate status symbol for an ambitious middle manager. We think they should be!

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