

**ITAM**  
review

**2023**

# ITAM INSIGHTS REPORT

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Analysis of the changing cost of software, hardware and cloud by the industry charged with managing it.

*By Rich Gibbons, MD, ITAM Review*



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# Introduction

*“As digital transformation continues to reshape industries, the ability to harness IT effectively is a decisive factor in determining an organization’s long-term success. By examining the events raised in this report and their impact on business decisions and budgets, this paper aims to equip IT professionals, executives, and stakeholders with valuable insights to proactively manage their IT assets and maximize returns on investment.”*

**Rich Gibbons, MD, The ITAM Review**

## Abstract

This annual report highlights the key changes over the previous 12 months that may impact ITAM professionals, their stakeholders, corporate leadership and the wider business at large.

Ignited by COVID-19 and driven by rising inflation, soaring energy costs, and geo-political instability, 2022/2023 saw a range of price increases from software publishers - across on-premises and SaaS product lines. When spending increases, an organization should always monitor to ensure spend efficiency and Return on Investment (ROI) for the business. Now, with spend increasing and no commensurate increase in value being received by customers, software & cloud cost management must be a C-level imperative for all organizations.

Coupled with this, there have also been significant changes to licensing rules and contract terms from some Tier 1 vendors. These amendments adding further complexity and overhead to managing software entitlements and performing renewals as well as introducing further compliance and financial risks to the business.

The fast-paced evolution of technology has made Information Technology Asset Management (ITAM) an essential discipline for organizations seeking to optimize their operational efficiency, enhance cybersecurity measures, and maintain compliance with regulatory requirements. As businesses strive to navigate the dynamic landscape of digital transformation, the ability to make informed decisions regarding IT assets has become paramount to ensure competitiveness and success.

The "ITAM Insights 2023" whitepaper presents a comprehensive analysis of the key industry events that are expected to shape the ITAM landscape throughout the year. By examining the potential implications of these events on business decisions and budgets, this report aims to equip IT professionals, executives, and stakeholders with valuable insights to proactively manage their IT assets and maximize returns on investment.

Effective ITAM extends beyond mere inventory management into the boardroom. Within the ITAM Insights 2023, we delve into critical industry events that are anticipated to impact businesses across various sectors. The whitepaper focuses on key areas such as regulatory changes, technological advancements, market trends, and emerging risks. By examining these factors through an analytical lens, we aim to lay bare the potential consequences and opportunities they present to organizations.

The insights derived from this report will empower businesses to make informed decisions when formulating strategies, allocating budgets, and leveraging emerging technologies. By identifying potential risks and anticipating challenges, organizations can proactively mitigate vulnerabilities and capitalize on emerging trends to gain a competitive edge.

In conclusion, the "ITAM Annual Overview 2023" whitepaper provides a comprehensive analysis of the key industry events that are expected to impact business decisions and budgets in the realm of ITAM.

By offering strategic insights and actionable recommendations, this report equips organizations with the knowledge necessary to navigate the evolving ITAM landscape, reduce risks, and improve spend efficiency.

As digital transformation continues to reshape industries, the ability to harness ITAM effectively will be a decisive factor in determining an organization's long-term success.

## Why ITAM?

IT is essential for all organizations. It helps them cut costs, solve problems and generate revenue. But IT assets are also incredibly wide ranging, important and expensive; so they need to be managed. IT Asset Management (ITAM) is the industry charged with managing these assets to ensure organisations extract the most value from their IT investments while minimising risk.

As an industry, ITAM has been rapidly ascending in seniority within organisations, moving out of the shadows as a back-office operational process and into the limelight of the C-suite. The smart management of assets is a shrewd business practice which delivers benefits far beyond IT, supporting almost every corporate agenda from financial prudence to security, sustainability and compliance. The implications of the issues raised in this report therefore have far-reaching consequences beyond those who work in ITAM.

**Section 1**

**PRICE  
INCREASES**

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# Price increases

A significant concern for CFOs is the relentless increase in software prices and the impact on businesses. Over the past year, we have witnessed a substantial upward trend in software licensing and subscription costs, making it increasingly challenging to manage IT budgets effectively. These price hikes directly impact the bottom line, squeezing financial resources and necessitating difficult decisions regarding resource allocation. Moreover, the unpredictable nature of software pricing puts a strain on forecasting and budgeting processes, making it challenging to plan for future expenses accurately. It is crucial for organizations to closely monitor and evaluate these escalating costs to ensure that software investments align with strategic objectives and deliver the expected value while maintaining financial stability for our organization.

## IBM

IBM announced a series of price increases for products in January 2023 with all "Passport Advantage Eligible" products across:

- Perpetual
- Subscription License
- Monthly License
- Fixed Term Licenses
- Appliances

Receiving the following price increases:

- Canadian Dollar: +19%
- GBP: +24%
- Euro: +24%
- Danish/Norwegian Krone: +24%
- Swedish Krona: +24%
- Japanese Yen: +24%
- South African Rand: +24%

There were also price adjustments announced for Passport Advantage Eligible SaaS Products:

- Swiss Franc: -5% \*
- Indian Rupee: +7%
- South Korean Won: +7%
- Canadian dollar: +10%
- British Pound: +15%
- Euro: +15%
- Danish Krone: +15%
- Japanese Yen: +15%
- Norwegian Krone: +15%
- South African Rand: +15%
- Swedish Krona: +15%

*\* Note that the Swiss Franc saw a price decrease.*

It is to be noted that no IBM Cloud products are included in this range of price increases, giving customers another strong indication (if one was needed) where IBM's future focus lies.

## Next steps

Price increases of this size, and at relatively short notice, can play havoc with an organization's ability to budget for their future software spend. Given this, now may be an opportune moment to revisit your IBM strategy looking at questions such as:

- Do we need to maintain all our current IBM estate?
- Can we replace planned IBM purchases with software from other publishers?
- Can we reduce our IBM spend via third-party support options?

The IBM announcement can be found [here](#).

## Microsoft

### Price Harmonization

Microsoft announced a "price harmonization" effort where various local currencies were brought back in line with the US Dollar (USD) pricing to increase "agility" for Microsoft and to ensure "more consistent pricing" for customers. The new pricing began April 1, 2023.

Focused primarily on Microsoft Cloud products, the initial price increases were:

- GBP: +9%
- EUR: +11%
- Danish Krone: +11%
- Norwegian Krona: +11%
- Swedish Krone: +15%

As part of this update, Microsoft have also moved to a 6-monthly price review cadence. This means Microsoft pricing may be more volatile in the future than previously seen.

The official Microsoft announcement can be accessed [here](#).

### Asian price changes

Alongside the above, Microsoft have also revealed they will be revising pricing across all products (on-premises and cloud) in Japan & Korea from April 1, 2023. The increases are as follows:

#### Japan

- On-premises software: +20%
- Online services: +15%

#### Korea

- On-premises software: +15%
- Online services: +11%

Finally, Microsoft announced a global 10% price increase with the release of SQL Server 2022.

## Oracle

July 2022 saw Oracle announce an 8% increase to their US support prices as well as inflation-commensurate rises in other locations. While the latter hasn't been publicly defined, rises of 8% in APAC too have been reported.

## SAP

Citing high inflation, higher energy/labour costs, and increased 3rd-party service prices, SAP announced a 3.3% increase in support costs from January 1, 2023, further increasing prices for what can already be a significant line item for many organisations. While they point out this is the first time in almost ten years that they've made such an increase, to do so alongside so many other increases means the impact for customers is significant.

This increase applies to:

- SAP Standard Support
- SAP Enterprise Support
- SAP Product Support for Large Enterprises

but does not raise prices for support on new purchases of software.

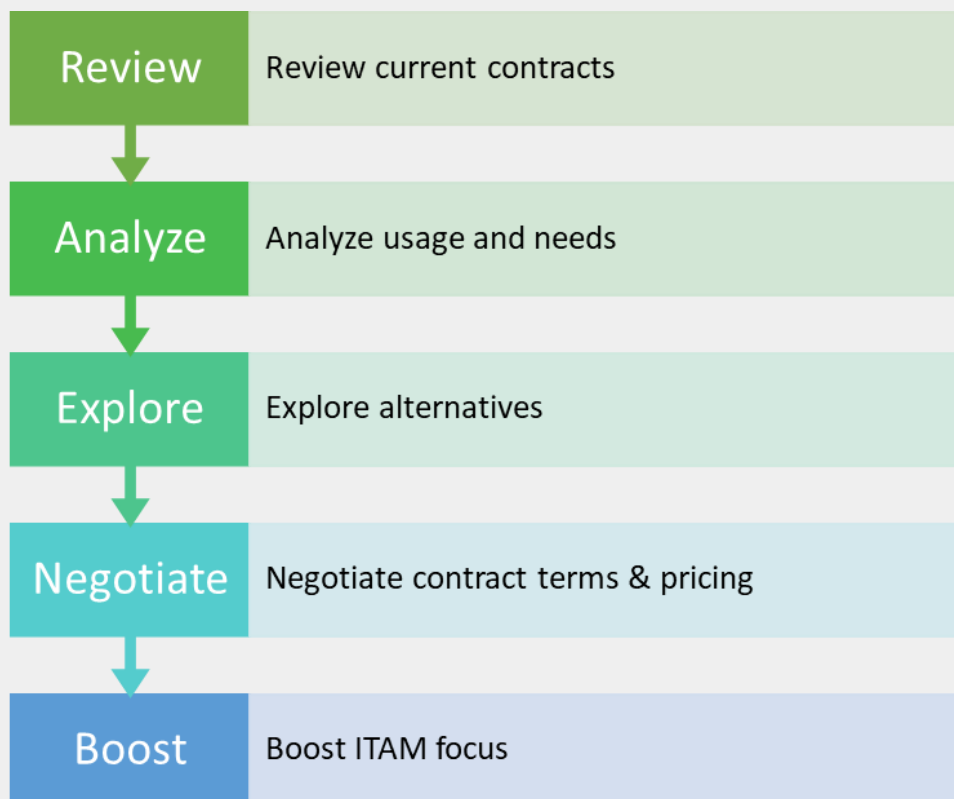


# Analysis & Recommendations

The escalating software price increases coupled with the macro-economic situation characterized by inflation present significant challenges for businesses. The impact of rising software costs can strain financial resources, hinder budgeting accuracy, and potentially limit investments in critical technology solutions. To navigate these challenges effectively, businesses must adopt proactive measures such as reviewing contracts, exploring alternatives, negotiating with vendors, optimizing license management, and engaging in strategic planning.

By diligently monitoring market dynamics, considering cost-saving opportunities, aligning software investments with business objectives, and focusing on ITAM - organizations can mitigate the impact of software price increases and navigate the macro-economic landscape with resilience, maintaining financial stability while driving innovation and growth.

For all these software publishers, and others, we recommend a 5-step plan of action:



## Section 2

# CONTRACT & LICENSING CHANGES

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# Contract & licensing changes

The ever-evolving nature of the software industry often leads to modifications in contractual agreements, including licensing terms and conditions. These changes can have significant implications for organizations, impacting rights, obligations, and costs associated with software usage.

Ensuring compliance with these evolving contracts becomes a complex task, requiring a meticulous review of contractual provisions and their potential legal ramifications. Moreover, such changes can introduce uncertainties in budget planning and forecasting, making it challenging to estimate future software-related expenses accurately. It is crucial for us to closely monitor and evaluate these contract amendments to safeguard our legal interests, mitigate risks, and align our software usage with the revised licensing terms while maintaining compliance with contractual obligations. It is also critical to have current, detailed data as to what software is in use, how it is being used, and where it has been deployed.

Two particularly significant such changes in the last year have been from IBM and Oracle – both of which introduce new overheads, challenges, and risks to each business using the relevant products and agreements.

# IBM Passport Advantage

IBM's Passport Advantage agreement governs most volume license purchases from IBM. On February 1st, 2023, Clause 4.1.a (License Verification) changed to the following:

**“Client will, for all Programs at all Sites and for all environments, create, retain, and each year provide to IBM upon request with 30 days’ advance notice: i) a report of deployed Programs, in a format requested by IBM, using records, system tools output, and other system information; and ii) supporting documentation (collectively, Deployment Data).”**

## What does this mean?

This change means that you as the customer are contractually required to measure consumption of IBM licenses, in order to provide a report to IBM on their request within 30 days. This must be done once per year.

The scope is all programs covered by the Passport Advantage and Passport Advantage Express agreements and has been in the International Program License Agreement (IPLA) terms since October 2021.

Previously the License Verification clause in these agreements merely required customers to provide sufficient records and outputs to IBM and its appointed auditors in order to verify compliance. As such, this amendment represents a considerable tightening of the rules. Many IBM licensees will be familiar with the need to keep continuous records for programs eligible for sub-capacity licensing, but this change means that requirement is extended to every program.

This change also affects the audit process as IBM will use the report as the baseline for the audit, whilst still retaining the right to ask for additional information and deployment data. Essentially the annual report you provide becomes the baseline for the audit activity.

## Challenges

The primary challenge here is that reliable reporting methods aren't available for all IBM software and metrics. Beyond more common metric types such as Authorized User & PVU, IBM have a large number of other metrics which may be difficult to measure. Furthermore, at the time of writing, IBM have yet to publish the required reporting format, so currently customers don't know what to measure, how to measure it, or how to report it.

## Next steps

The new terms took effect for existing IBM customers on May 1, 2023. The terms apply as of that date to new orders and renewals, meaning as soon as your organization renews IBM S&S, you're subject to the new terms. Therefore, it's crucial that processes and technologies are put in place to continuously discover your entire IBM estate. It's also vital that you have a full and accurate understanding of your current license entitlements as you'll need this to estimate the cost of any non-compliance.

Given the complexity of IBM licensing it's important that you don't underestimate the impact of this change. Talk to your existing tool providers to see how they can help and consider engaging third-party IBM licensing experts. There are a wide variety of options out there ranging from your reseller, IBM partners, and independent consultants and firms. Now is the time to start planning such an engagement as you must have strong confidence in your IBM licensing position in time for your next renewal.

Taking a longer-term view on IBM compliance and hoping you don't get an audit letter is no longer an option – you must now, at least once per year, declare your license consumption to IBM. If that declaration shows a shortfall, you then must comply with the Excess Use Resolution as detailed in section 10.3 of the agreement.

## Major Oracle Java changes

January 2023 saw Oracle announce a major change to the licensing structure for Oracle Java, which will most likely result in significant price increases for Java customers. In fact, we have already heard real-world estimates of between 2x – 10x cost increases for some organisations.

Formerly licensed by either “Named User Plus” for client devices or “Per Processor” for servers, Oracle Java has now been moved to a “Per employee” licensing model.

The crux of the issue lies with how Oracle has chosen to define employees. Oracle defines an employee as your:

- Full-time employees
- Part-time employees
- Temporary employees

and also those same categories of your:

- Agents
- Contractors
- Outsourcers
- Consultants

That *“support your internal business operations”*.

**Oracle have made it clear that your license count under this new model is based on your total employee count, not just the portion of those who use Java software.**

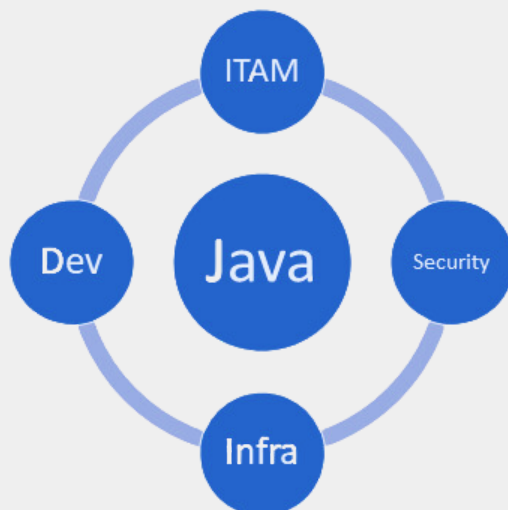
## Next steps

As an organization that uses Oracle Java, your next steps are:

- Negotiate with Oracle to reduce the scope and/or unit costs
- Identify the potential for you to move to a 3rd party offering from vendors such as:
  - Microsoft
  - Red Hat
  - Azul

The latter option will require communication between many internal stakeholders including:

- ITAM
- Infrastructure
- Security
- Development



This will not be a quick process. However, it may well be the best option long-term to reduce your Oracle software spend.

## Analysis

While these changes have been widely publicised, not all changes to software contractual terms are. To best address these, and any future similar scenarios, having strong lines of communication between your ITAM and Legal teams is key – ensuring that relevant information is shared in a timely fashion and that the impact of any changes can be viewed through a 360° lens.

## Section 3

# MERGERS & ACQUISITIONS

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# Mergers & acquisitions

Merger and acquisition activity among software publishers is something that customer organisations should pay close attention to as it can have a profound impact on future dealings. Key areas to consider are:

## Supplier Consolidation

Mergers and acquisitions often result in the consolidation of suppliers in the market. This can lead to a reduction in the number of available options for products or services. For business leaders, this can limit choices when it comes to selecting technology solutions, potentially reducing competition and impacting your ability to negotiate favourable terms and pricing.

## Integration Challenges

When suppliers merge, there can be challenges in integrating their systems, processes, and cultures. This may result in disruptions or delays in delivering products or services, leading to potential setbacks in project timelines or operational efficiency. It is important to anticipate where potential integration issues that may arise during the merger or acquisition process could have a negative knock-on effect on your business.

## Changes in Product Roadmaps and Support

Mergers and acquisitions can also impact the product roadmaps and support provided by suppliers. There may be changes in the focus, direction, or prioritization of certain products or services. This can impact your organization's technology roadmap and require adjustments to align with the new supplier's offerings. It's crucial to communicate and engage with the supplier to understand their future plans and assess the implications for your business – particularly if you have renewals and/or significant new purchases on the horizon.

## Contractual Obligations and Pricing

Mergers and acquisitions can result in changes to contractual obligations and pricing structures. Existing agreements with suppliers may need to be renegotiated or re-evaluated in light of the merger or acquisition. This can include revisiting terms such as pricing, service-level agreements, support, and maintenance. It is important to review and assess the impact of these changes to ensure continued compliance and favourable terms for your organization.

## Supplier Stability and Long-Term Viability

Mergers and acquisitions can introduce uncertainty regarding the stability and long-term viability of suppliers. Changes in ownership or corporate structure may impact the financial health, resources, and capabilities of the supplier. It's essential to assess the potential risks and ensure the supplier's ability to deliver on commitments, provide ongoing support, and invest in future product development.

## Vendor Management

Mergers and acquisitions can necessitate adjustments to vendor management strategies. It may be necessary to consolidate vendor relationships, re-evaluate strategic partnerships, or seek out new suppliers to ensure continuity of services and products. It's crucial that business leaders have the information and data to stay informed about industry developments and maintain open lines of communication with suppliers to navigate the impact of mergers and acquisitions effectively.

## Increased Audit Risk

A common tactic to quickly recoup a portion of the acquisition costs is to increase the focus on software non-compliance audits. Finding customer organisations who are using software in ways and/or quantities outside of the agreed parameters can be seen as a relatively "quick win" in terms of generating new revenue.

## TIBCO + Citrix

February 2022 saw the acquisition of Citrix for \$16.5 billion by “Vista Equity Partners” and “Evergreen Coast Capital” – the latter being an affiliate of “Elliott Investment Management”.

### Who are they?

Elliott Investment Management have been involved with various software companies in recent years (either directly or via “Evergreen”) including:

- Attachmate
- BMC
- Micro Focus
- Novell
- Quest
- Symantec

While Vista Equity Partners are involved with organisations including:

- Apptio
- Datto
- Jamf
- Pluralsight
- TIBCO
- Wrike

And other technology companies.

Once the acquisition closed in September 2022, Citrix was merged with TIBCO to create a new company: Cloud Software Group.

### What does this mean?

Mergers & acquisitions involving software companies often leads to an increase in compliance audits, thus **there is now an increased risk of software licensing audits focusing on Citrix software.** Given the relative lack of activity in this space previously, it is likely that most organisations have a higher-than-average chance of non-compliance among their Citrix estate. This was potentially exacerbated by the rush to keep organisations working during the COVID-19 pandemic.

TIBCO was already a company known for aggressive audit tactics – it is not unreasonable to assume this practice will be carried forward into the new Cloud Software Group. Ensuring that you have a solid compliance status around both your Citrix and TIBCO licensing is a must to help prevent the likelihood of audit penalties in 2023/24.

## OpenText acquire Micro Focus

Completed in Q1 2023, OpenText acquired Micro Focus for \$6 billion in a move aimed at helping customers with digital transformation and accelerating Micro Focus's move to the cloud.

**Both organisations are well known for their difficult and aggressive audit tactics, and it is our view that customers should be prepared for new compliance checks and audits within the next 12 months.** Steps to take include:

- Make sure you have a full & up-to-date overview of all the Micro Focus and OpenText software within your business
- Check that you have ALL your contracts, amendments, POs etc. for all purchases – including awareness of any “click through” EULAs
- Engage your legal team now to review contracts and cover any potential issues then make them aware that audits may arise over the next 12-28 months

## Broadcom acquire VMware

May 2022 saw Broadcom announce their intention to acquire VMware for \$61 billion, just a few months after VMware fully became independent of Dell Technologies.

Broadcom have been quite transparent about their plans with VMware, and they include:



Take EBITDA from  
\$4.7B to \$8.5B



Focus on recurring  
revenue



Reduce R&D  
spend



Focus on biggest  
existing customers

The 81% increase in EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) over 3 years looks set to come partly from a reduction of internal costs but also an increase in costs paid by customers. Broadcom have identified that over 50% of VMware customers have flat spend, something they want to change – particularly with an increased focus on recurring revenue.

We believe it likely that Broadcom will look to divest many of the less profitable parts of the VMware portfolio, meaning uncertainty for customers using those product lines. This should be considered when approaching renewals and when performing 3rd-party comparisons.

## Competition authority investigations

The deal is far from done with both the European Commission and the UK's Competition and Mergers Authority (CMA) continuing to investigate as of April 2023.

### CMA

March 2023 saw the CMA refer the deal for an in-depth investigation on the basis that the deal "may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom".

## Analysis

Both these acquisitions serve to reduce the amount of truly independent options for organizations looking to procure new and/or validate existing ITAM services. While resellers and consultancies strive to ensure separation between their internal software sales and ITAM services divisions, some software buyers look for providers they perceive to be totally independent – often to benchmark advice and services currently being received.

## Trustmarque acquire Livingstone

February 2023 saw IT reseller Trustmarque – backed by One Equity Partners (OEP) – acquire Livingstone, a leading ITAM services provider based in the UK.

Livingstone were considered the only independent SAM vendor in the Gartner Magic Quadrant, but it seems this independent status must now be relinquished as their new parent company sells a range of software from publishers such as Microsoft, Oracle, Adobe and more.

## Anglepoint acquire FisherITS

The US ITAM consultancy Anglepoint acquired UK-based SAM provider FisherITS in November 2022. This deal enables Anglepoint to expand their UK and EMEA footprint while making additional services available to existing FisherITS customers.

# CONCLUSION

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# Conclusion

Investment in software is not a luxury, but a necessity for businesses to thrive in the rapidly evolving digital landscape." This report has examined the significant challenges faced by organizations when doing so, including price increases, contract changes, and the impact of mergers and acquisitions in the software industry.

The software industry has experienced notable price increases, posing financial burdens and necessitating proactive cost optimization strategies. Organizations must closely monitor and assess these price hikes, review contracts, and explore alternative solutions to mitigate their impact. Simultaneously, changes in contract terms and licensing conditions require diligent legal evaluation to ensure compliance, protect interests, and accurately forecast budgetary requirements.

Furthermore, the ever-changing landscape of mergers and acquisitions has introduced complexities for businesses. Supplier consolidation has reduced options and necessitated adjustments in vendor management strategies. Integrating systems, aligning product roadmaps, and reassessing contractual obligations have become critical for maintaining operational efficiency and technology roadmaps.

For business leaders across the globe, it is imperative to proactively address these challenges and leverage the opportunities presented by emerging trends. Engaging in strategic planning, optimizing IT asset management, and fostering effective vendor relationships are key to navigating the evolving technology landscape successfully.

This includes actively monitoring market developments, diversifying software portfolios, and seeking favourable pricing and contract terms through negotiation.

The "ITAM Insights 2023" report serves as a valuable resource for decision-makers, providing actionable insights and recommendations to enhance competitiveness, optimize costs, and drive innovation. By adopting a holistic approach that balances financial considerations, legal implications, and strategic planning, organizations can adapt to changing market dynamics and position themselves for long-term success.

In conclusion, as the digital revolution accelerates, organisations must navigate the complexities of price increases, contract changes, and supplier consolidation in the software industry. By embracing a proactive and strategic approach informed by the insights presented in this report, CIOs, CFOs, and CEOs can make informed decisions, optimise investments, and align technology strategies with business goals. Embracing change, maintaining agility, and leveraging emerging opportunities will enable organizations to thrive amidst the evolving landscape of the digital era.

# APPENDIX

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# Appendix

IBM Price increases

[https://www.ibm.com/common/ssi/ShowDoc.wss?docURL=/common/ssi/rep\\_ca/n/323-531WWEN/index.html](https://www.ibm.com/common/ssi/ShowDoc.wss?docURL=/common/ssi/rep_ca/n/323-531WWEN/index.html)

Microsoft price harmonization

<https://news.microsoft.com/europe/2023/01/05/consistent-global-pricing-for-the-microsoft-cloud/>

SAP support increase

[https://support.sap.com/content/dam/support/en\\_us/library/ssp/carousel/support-fee-statement\\_english.pdf](https://support.sap.com/content/dam/support/en_us/library/ssp/carousel/support-fee-statement_english.pdf)

IBM Passport Advantage changes

[https://www.ibm.com/software/passportadvantage/sss\\_wyntka\\_revised\\_pa\\_agreements.html](https://www.ibm.com/software/passportadvantage/sss_wyntka_revised_pa_agreements.html)

IBM new Passport Advantage agreement

<https://www.ibm.com/support/customer/csol/terms/?id=Z125-5831&lc=en#detail-document>

Oracle Java price list

<https://www.oracle.com/us/corporate/pricing/price-lists/java-se-subscription-pricelist-5028356.pdf>

Citrix & TIBCO merger

<https://www.tibco.com/blog/2022/10/20/introducing-cloud-software-group-the-future-of-tibco-is-bright/>

OpenText acquires Micro Focus

<https://investors.opentext.com/press-releases/press-releases-details/2023/OpenText-Buys-Micro-Focus/default.aspx>

Broadcom to acquire VMware

<https://investors.broadcom.com/news-releases/news-release-details/broadcom-acquire-vmware-approximately-61-billion-cash-and-stock>

UK CMA refers Broadcom deal

<https://www.gov.uk/cma-cases/broadcom-slash-vmware-merger-inquiry#full-publication-update-history>

Trustmarque acquires Livingstone

<https://www.trustmarque.com/news/trustmarque-acquires-livingstone-technologies-the-gartner-magic-quadrant-specialist-in-software-asset-management/>

Anglepoint acquire Fisher ITS

<https://www.anglepoint.com/blog/news/anglepoint-acquires-fisherits/>