Software License Management:
2012 Software License Management Benchmark Survey

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EXECUTIVE SUMMARY

» How do you keep track of all the software assets in your corporate environment?

» Not only what resides on your servers but on each laptop, desktop, tablet, and smartphone?

» Is your company responsible for all of the licenses on each of those devices, or is there a mix of personal and corporate owned devices that blurs the line?

These are three key questions IT has to keep in mind, if for no other reason that the CFO is absolutely keeping them in mind.There are two downsides to not having the accurate facts when it comes to your software assets:

1.   How much will it cost if you are wrong?
2.   What happens if there is a breach because the software was out of compliance?

As IT, you don't ever want to have to answer those questions.

So, in an effort to better gauge how IT is handling the task of software license management, BMC Software and the International Association of IT Asset Managers (IAITAM) commissioned a comprehensive survey.The survey was directed to IT directors, managers and staff.And, after a short period of time, the survey closed with more than 500 respondents representing a cross-section of large and small organizations across North America and the UK, across a variety of industries, including health care, government, education, and legal.

The BMC Software and IAITAM survey results show that organizations clearly see the need for software license management.But it also revealed some interesting insights as well.Although nothing about what was considered important by individual respondents is shocking, when you consider how the respondents replied to the series of questions as a whole some fascinating patterns began to emerge.

WHAT IS SOFTWARE LICENSE MANAGEMENT TO YOUR BUSINESS?

Before analyzing the data, answer the question "What is software license management" (or software asset management)? Some will define software license management as monitoring inventory.Others may take it further by choosing to measure software usage.And others may track down to the latest version deployed in an effort to ensure the latest patch updates were successful.

Some organizations will track software licenses in an excel spreadsheet (more than you might expect, including larger and more complex organizations).Some will use vendor supplied tools, and where there is no tool, consider the risk of not tracking low and leave it to the individual user to maintain currency.And others will leverage asset management or inventory tracking solutions for basic inventory to extensive analytics for usage to deployment to patch management and everything in between.

But why? What's the risk of not tracking at all? What's in it for companies that diligently track their software assets? Like with most everything else in business, it boils down to money.Accurately tracking your software investment can lead to cost savings, ensuring compliance and increased data integrity and security.With all three of those key items as clear benefits of software license management it is a wonder why every organization doesn't do it!

And, if it were that simple, everyone probably would – and maybe even 20 years ago they did.But the complexities that virtualization, mobile technology, and outsourced services have brought to IT, even with their many benefits, has made the process of software license tracking more complex and seemingly the initiative that fails to be completed year after year.That is – until you fail an audit or discover that a significant security breach that could have been prevented with proper patching or prevention of an unapproved application to be deployed hits the bottom line.Then software license management is more likely to get one of the top spots for the year and the attention it should receive from all organizations regardless of size or complexity.

ACCOUNTABILITY FOR SOFTWARE ASSETS – WILL YOU BE READY WHEN THE AUDITORS ARRIVE?

Consider this.You most likely track the value and associated use of your corporate assets, such as the office equipment, real estate and, of course, employees (affectionately referred to as the human capital asset) so that you ensure things are working properly.And you do so because it directly impacts your financial state.So why not your software investment?

Preparation for a software license audit can be time consuming and costly, and can often put other projects behind schedule.And then there is always the fallout if you fail to pass the audit.The survey was quite telling in that 55% of the respondents did not believe that their software asset records are current or accurate, and over 40% admitted that not even all their software applications are fully licensed.Yet, more than 80% are confident they would pass a software vendor audit.It is both interesting and alarming as many companies are falling back into a false sense of security that they are somehow immune to a costly audit with an improving economy and software vendors seeming to turn less to true-ups as a revenue stream.

DEATH, TAXES… AND SOFTWARE LICENSE AUDITS?

It may be pre-mature to think that you are immune from a software vendor audit, particularly if your organization has been growing.Benjamin Franklin is credited with the saying, "nothing can be said to be certain, except death and taxes." But businesses ought to be counting a third certainty for the foreseeable future - the external software licensing audit.

Many of the larger software companies are conducting audits more frequently.In part, these audits are driven by the efforts of vendors, such as Adobe Systems and Microsoft Corporation, to rein in unsanctioned use of software licenses.Like many companies, software vendors are enduring difficult economic times.Faced with reduced new license sales, they are seeking to make up for the deficit in revenue by increasing the number of audits, and their associated fines.No one is immune anymore – the target is volume and getting the largest share, no longer just about going after the largest market players.

REALIZE MAXIMUM VALUE FOR YOUR INVESTMENT

One of the largest expenses for an IT department (and therefore any organization) is software costs.And not just the initial purchase price, but the additional cost of software licenses.According to Gartner®, Inc.Software licenses represent 20% of a company's total IT budget.There is seemingly a software license paradox at work, with organizations over-licensed up to 60% of owned software licenses and under-licensed 30%.

The goal for software licenses is to be "adequate." Organizations need an adequate number of licenses, not too many, not too few.If an organization buys too many licenses it has overpaid and wasted funds for an underutilized product.If an organization buys too few licenses it can find itself misusing licenses and potentially running afoul of vendor audits.

In order to hit this bull's-eye of adequate licenses, an organization must have insight into what software is deployed and whether it is being used.Software license management solutions solve this issue by providing:

» Insight into both deployment numbers and usage patterns

» More accurate budget planning

» Reallocation of assets to the proper users

» Data to support additional software purchases, as well as negotiate beneficial support contracts.

Take into account that the most important piece of information in justifying additional software investments (by nearly a 2-to-1 margin) is knowing what licenses are being used and not used.And yet, only 26% of the respondents indicated that they track any software usage patterns.That is where the value of an automated software license management solution is realized.Not only can asset management solutions speed the inventory process, minimize the impact on critical IT resources, and fully prepare an organization for an audit, but also by tracking software utilization and intelligently normalizing software titles (which are constantly changing, particularly as organizations are acquired, switch versioning, or license by general use or by version) a business can proactively ensure costs are controlled, compliance is maintained, and vulnerabilities are reduced.

YESTERDAY, TODAY AND TOMORROW…

It is clear that as IT becomes increasingly complex and new technologies continue to interrupt the mix, organizations can clearly benefit from automated software license management solutions to prepare for an audit, limit unnecessary costs, better and proactively manage resources, and improve operational efficiency.Many organizations are well aware of the benefits afforded by software license management solutions, yet don't fully utilize them.Most likely this is driven by the constant chase of emergency situations, which limit an IT department's ability to think and act on a strategic level.While this is understandable, it is not good business or IT practice, given the tremendous costs and risk associated with not having a proper software license management solution.

What was historically a manual process is becoming automated today.Once automated, integration with financial and service business systems will deliver the accurate tracking, accountability, and compliancy to support proactive business and financial software investment planning, and remove the risks of audit failures and data breaches due to out-dated software management.

SURVEY METHODOLOGY AND KEY FINDINGS

2012 Software License Management Benchmark Survey Results

[NOTE: The margin of error chart can be used, though must be determined to be accurate with this survey size.]

The software license management solution survey was conducted by BMC Software and IAITAM.A total of 522 surveys were completed, with answers to more than 15 questions.

Following is a list of selected survey questions along with notable data points for each.A complete list of the survey questions follows in the next section.
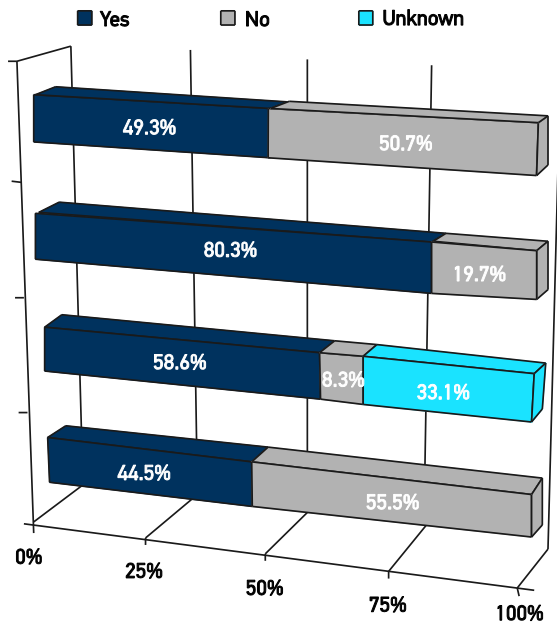
Do you conduct internal practice audits at your organization?

If Microsoft, or another large software vendor were to audit your asset portfolio tomorrow, would you pass?

Are all software applications that are used internally (or remotely) fully licensed?

Do you feel your IT software asset records are accurate and current?

CHECK THE STATEMENT THAT BEST DESCRIBES HOW SOFTWARE LICENSES ARE HANDLED WHEN A PC IS BEING RETIRED AT YOUR ORGANIZATION.
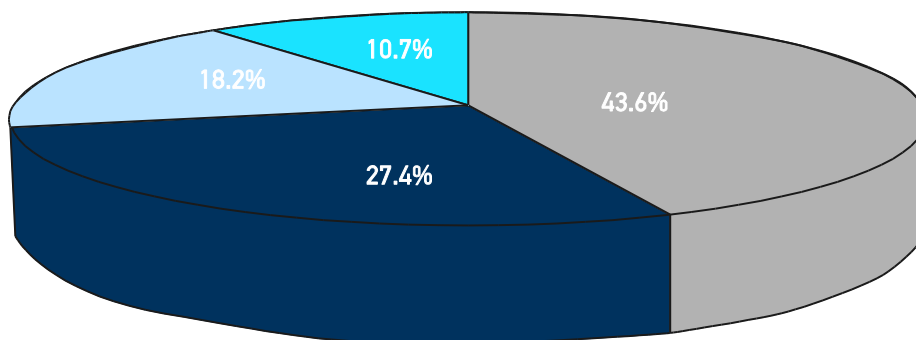
☐ PCs to be disposed are wiped without examining the software installed on the machine
■ Perform manual process to document disposed software update license counts
☐ Conduct a discovery run that locates and counts all licenses
☐ Disposal processes are not shared with the software management team

» Those who said they "perform manual process" had a higher likelihood of passing an audit (92.3% versus 82.0%)

» Not surprisingly, those who indicated that "PCs to be disposed are wiped without examining the software installed" had a lower percent that felt they would pass an external audit (75.3%).

WHAT SOFTWARE LICENSE MANAGEMENT TASK IS MOST IMPORTANT WHEN JUSTIFYING ADDITIONAL SOFTWARE INVESTMENTS?

- 57.8%
- 25.5%
- 16.7%
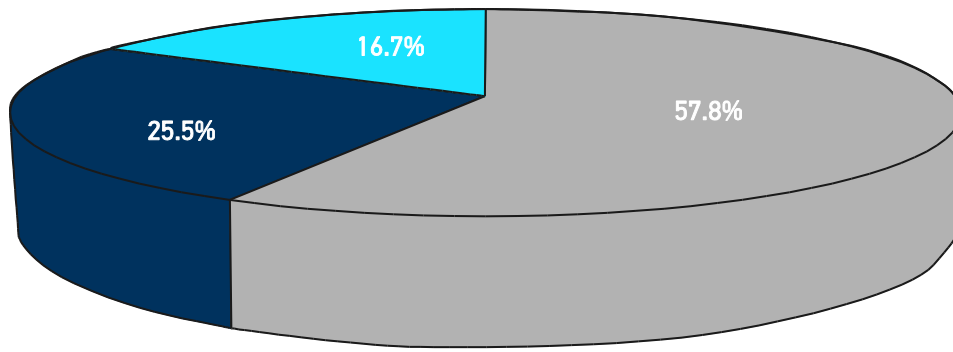
☐ Know what licenses are being used or not being used
☐ Understand the number of purchased licenses within a license agreement
☐ Conduct a discovery run that locates and counts all licenses

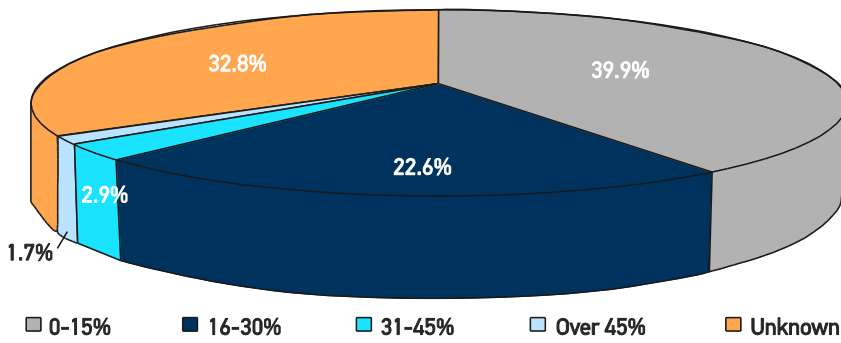## WHAT IS THE PROCESS WHEN SOMEONE IN YOUR ORGANIZATION ATTEMPTS TO DOWNLOAD AN UNAUTHORIZED APPLICATION?

- 47%
- 53%
- 28%
- 25%
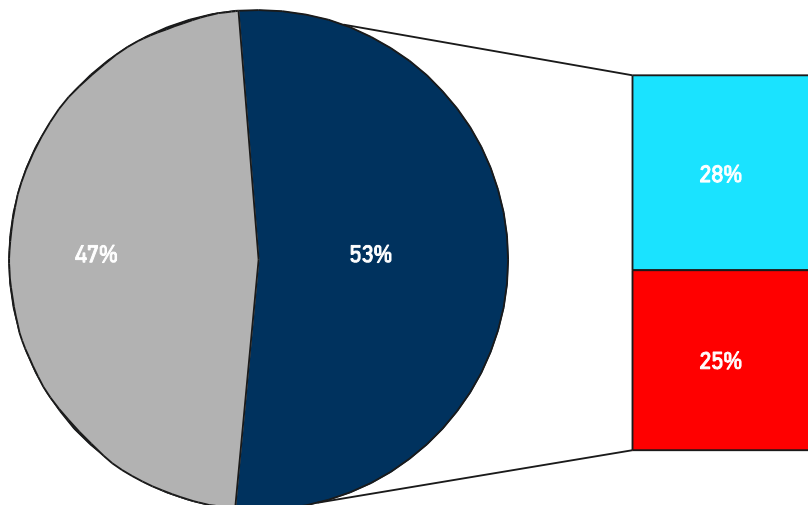
☐ A program blocks the download
☐ There is no program to block downloads and no opportunity to institute that process

» Almost half of the respondents had no program to block unauthorized applications, making insight into IT assets very difficult.

» Of this group that did not have a process in place to block applications, 40.6% still felt that their assets were accurate and current (compared to 48.3% of the general respondents).

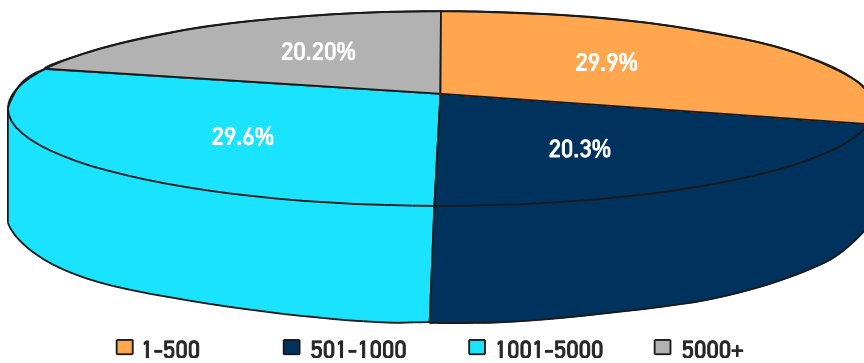» Additionally, 75.7% of this group indicated that all their software applications are fully licensed.

DO YOU CURRENTLY TRACK SOFTWARE USAGE PATTERNS?

» Only 25.5% of the respondents indicated that they track software usage patterns, with three-quarters not doing so.

» Of those who did track software usage, 75.3% only had between 0 and 15% of their software on the shelf (a slightly better percent that the general group's 70.4%).
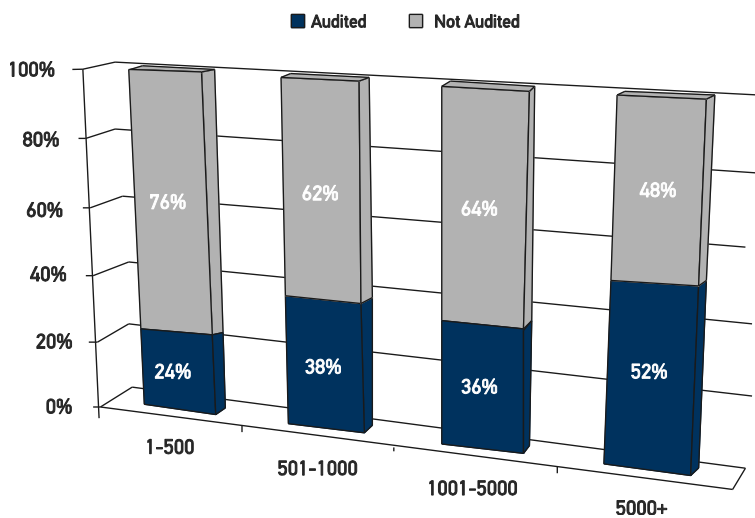
WHAT PERCENT OF THE SOFTWARE YOUR ORGANIZATION CURRENTLY OWNS IS SITTING ON A SHELF AND NOT BEING USED?

Legend: ■ 0-15% ■ 16-30% ■ 31-45% ■ Over 45% ■ Unknown

Values: 32.8%, 39.9%, 22.6%, 2.9%, 1.7%

HOW MANY END NODES (PCS/SERVERS) DOES YOUR ORGANIZATION HAVE?

Legend: ■ 1-500 ■ 501-1000 ■ 1001-5000 ■ 5000+

Values: 20.20%, 29.9%, 29.6%, 20.3%

HAS YOUR ORGANIZATION BEEN AUDITED BY A SOFTWARE VENDOR IN THE LAST 12-18 MONTHS?

Legend: ■ Audited ■ Not Audited

	1-500	501-1000	1001-5000	5000+
Not Audited	76%	62%	64%	48%
Audited	24%	38%	36%	52%

» This data is matching the number of end nodes against percent that had been audited

» 1-500.19.0%

» 501-1000.26.2%

» Have you ever had to pay a fine to a software vendor for not passing a license audit?

» Only a small percent of respondents had been fined for not passing a software license audit (5.5%)

WHAT IS THE #1 REASON TO HAVE A SOFTWARE LICENSE MANAGEMENT SOLUTION?

- □ To ease migrations
- ■ Risk management
- □ Disaster protection
- □ Cost savings
- □ Budgeting for future needs
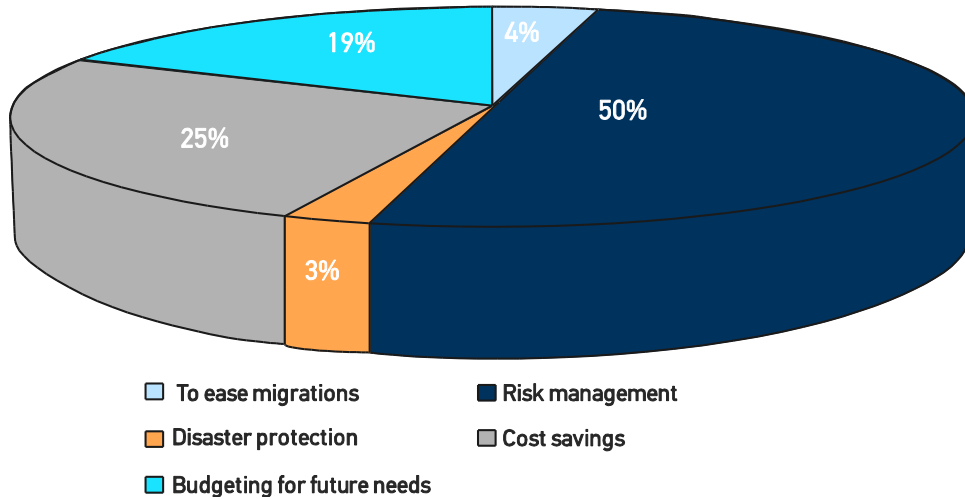
» Those who cited risk management as the number one reason to have an SLM solution had the same percent of having been audited.

» Of those who cited cost savings, a higher percentage (31.8%) had been audited by a software vendor in the last 12-18 months.

HAVE YOU MIGRATED TO WINDOWS 7 AS THE STANDARD DESKTOP PLATFORM?

» Of those who said yes, 84.6% also thought they would pass an audit from Microsoft or another large software vendor (similar to the general group).

» Those who responded yes were slightly more likely than the general respondents to say their IT asset records are accurate and current (53.6% to 48.3%).

» Those that responded yes were also slightly more likely (86.4% to 81.7%) to say that all applications are fully licensed.

APPENDIX A – QUANTITATIVE QUESTIONNAIRE

MAIN QUESTIONS
1. Do you feel your IT software asset records are accurate and current? Yes or no.
2. Are all software applications that are used internally (or remotely) fully licensed? Yes or no.
3. What is the #1 reason to have a Software License Management solution?

   a. Cost savings
   b. Risk management
   c. Disaster protection
   d. Budgeting for future needs
   e. To ease migrations

4. Do you currently track software usage patterns? Yes or no.
5. What percent of the software your organization currently owns is sitting on a shelf and not being used?

   a. 0-15%
   b. 16%-30%
   c. 31%-45%
   d. Over 45%
   e. Unknown

6. Are you currently tracking software licenses on company owned mobile devices? Yes or no.
7. Are you able to track company owned software licenses versus personal software licenses on employee owned mobile devices? Yes or no.
8. Do you conduct internal "practice" audits at your organization? Yes or no.
9. Has your organization been audited by a software vendor in the last 12-18 months? Yes or no.
10. If Microsoft, or another large software vendor were to audit your asset portfolio tomorrow, would you pass? Yes or no.
11. Have you ever had to pay a fine to a software vendor for not passing a license audit? Yes or no.
12. What software license management task is most important when justifying additional software investments?

   a. Understand the number of purchased licenses within a license agreement
   b. Know what licenses are being used or not being used
   c. Have an accurate depiction of the cost of the application

13. Do you have a formal process for approving/denying the use of certain applications? Yes or no.
14. What is the process when someone in your organization attempts to download an unauthorized application?

   a. A program blocks the downloads
   b. Downloads are not currently blocked and doing so is of interest to me
   c. There is no program to block downloads and no opportunity to institute that process

15. Check the statement that best describes how software licenses are handled when a PC is being retired at your organization?

   a. Conduct a discovery run that locates and counts all licenses
   b. Perform manual process to document disposed software and update license counts
   c. PCs to be disposed are wiped without examining the software installed on the machine
   d. Disposal processes are not shared with the software license team

16. Have you migrated to Windows 7 as the standard desktop platform? Yes or no or Currently in progress.
17. Do you virtualize software applications? Yes or no.
18. If yes, are you able to track software license application usage on applications that have been virtualized? Yes or no.
19. What solution do you currently use to track your assets including applications, hardware, etc.?

   a. BMC FootPrints
   b. BMC Track-It!
   c. LANDesk
   d. Altiris
   e. Kace
   f. Microsoft
   g. Other

20. Do you currently own any BMC Software solutions? Yes or no.
21. How many end nodes (PCs/Servers) does your organization have?

   a. 1-500
   b. 501-1000
   c. 1001-5000
   d. 5000+

ABOUT IAITAM

With its global reach to over 5,000 members, IAITAM exists solely to impart knowledge through professional education and expert advice surrounding IT Asset Management best practices in order to educate organizations surrounding the business aspects of an IT Asset Management Program and the consequential benefits in risk avoidance, enhanced ROI and operational efficiencies when a mature ITAM Progam is achieved.