The Licensing Education Business Case

Description

The Business Case for Education in Software Asset Management

Gives the best ROI – low investment with high returns

by Mohammed Ashraf

Managing software assets continues to evolve from a tactical pain into a strategic imperative.

- While IT budgets have remained flat, software costs continues to grow in terms of its percentage share of the overall IT budget. On an average, software constitutes roughly **18 to 37 percent** of the overall IT budget, and as organizations look for opportunities to reduce costs, software becomes an obvious target.
- In addition, **software audits** have created unpredictable exposure to risk. Organizations that are found to be out of compliance can face multi-million dollar penalties, not to mention considerable negative publicity.

Companies assume that they have asset management systems in place, simply because they have any or some of the following:

a) Discovery tool: Most organizations that have a discovery tool, believe they have an asset management solution in place. What they fail to understand is that asset management is not just discovery, but also the tracking of the physical, financial, and contractual information about the asset as it changes throughout its entire lifecycle. A discovery tool cannot do any of this.

b) Physical inventory database: While this may be highly accurate, but it is time sensitive because it has to be constantly updated due to moves, adds, and changes that are constantly taking place in the infrastructure. In addition, typical physical inventories focus only on hardware and software configuration information. Many a time, organizations do not include the research necessary to tie financial and contract information to the asset with this method.

c) Assets spreadsheets: Asset spreadsheets are prevalent in most enterprises at the business-unit level. They are usually used to track assets for getting some transparency into budgeting, but also for inventory security or intellectual property purposes. The spreadsheets are created and maintained by each individual business unit but due to lack of discipline and standardization in formatting and naming, it is virtually impossible to gain an enterprise view in any consistent form on all the assets held.

d) Fixed asset systems: Many financial professionals prefer the fixed asset system as the system of record, because it relates to book and tax implications. It is of little help, when it comes to the day-to-day operations of IT or to gain a view into the asset's TCO. It does not factor in costs associated with the asset during its service life, involving install, move, add, and change. The system only records acquisition and disposal costs, clearly it will not be in a position to record the asset's TCO accurately.

e) Outsourced to Consultant or SI Partner: There is also the wrong perception that because a company has taken SAM services from large consultants or it is being managed by their system integration partners, then IT managers do not need deep understanding of software licensing and compliance knowledge. In reality, software asset management skills become a necessity when the function is outsourced. It is critical that internal champions are equipped with the tools to understand the issues raised by the SAM consultants and to come out with the most appropriate solution fitting the organization.

Without adequate **in-house software licensing and compliance expertise, organization are unsure if they have implemented the right SAM solution.** The success of effective management, control and protection of the software assets depends on how well the internal champions are trained on Software Asset Management.

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You might want to read more about our CEO Sheshagiri Anegondi (Sheshu). He is amongst the foremost Oracle License Experts globally.

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