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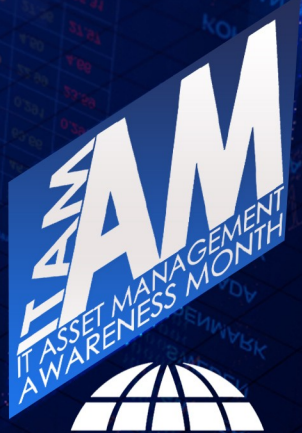

Stop Guessing on Software Usage

Business Value From Metering Software Usage

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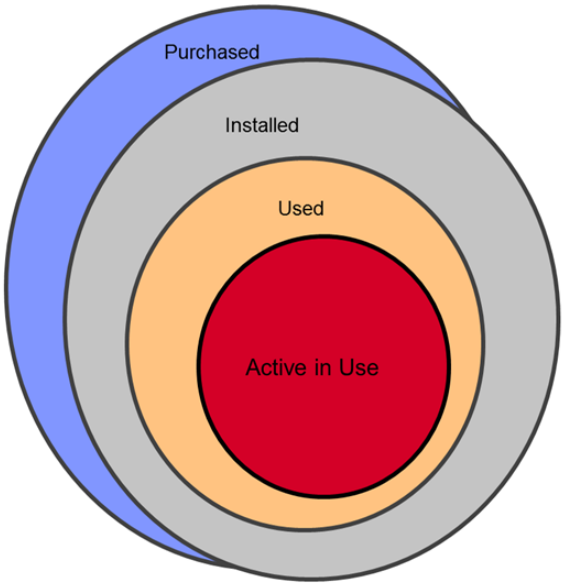
This article explains how optimized business value is developed from analyzing IT usage data, specifically software application usage. The issue is simple: not all purchased software is installed, not all installed software is used, and even software applications supposedly in use are left open for an extended period with no apparent user or processor activity. How can we make sure purchased software is deployed efficiently? Usage data enables this optimization by identifying patterns of inefficient usage, or even lack of use.

Figure 1: Metering Software Helps You Uncover the Layers of Software Usage in your Organization



CFOs have the expertise to determine which financial metrics are critical for cutting down unnecessary expenditures, but they may not have tools to identify usage issues, such as how frequently software applications are utilized. By employing advances in technology to effectively manage and optimize IT resources, business leaders can gain advantages for the company. Instead of reducing software licenses and services by assuming "correct" levels, managers can use software usage reports to discover underutilized software and services. They can create a new IT accountability culture in their company, where active usage is a criterion for keeping a service or an application. By implementing widespread change in IT resource use, both in work methods and in organizational behavior, companies can achieve greater productivity and increase revenues.

How to Get Started

If you start from scratch and have no access to usage data as of now, it may be helpful to start the discussion by looking at a simple maturity model for use of usage data (Figure 2) and asking: What usage data makes the most sense to review and what type of analyses are the most critical? You might want to start with reviewing a subset of your software portfolio's usage data on a few standard reports to verify the value of this information when renewing agreements or making decisions on support levels. You will quickly see the value of setting up key reports that can run automatically and be distributed to stakeholders on a weekly or monthly basis, and then be ready to establish an integrated data analytics and communication platform that captures how IT resources are used in your company. You might also see the need to go

further into usage data such as reviewing active vs. inactive usage of software – in order to work towards more efficient use of your resources, and more scalable agreements with your vendors.

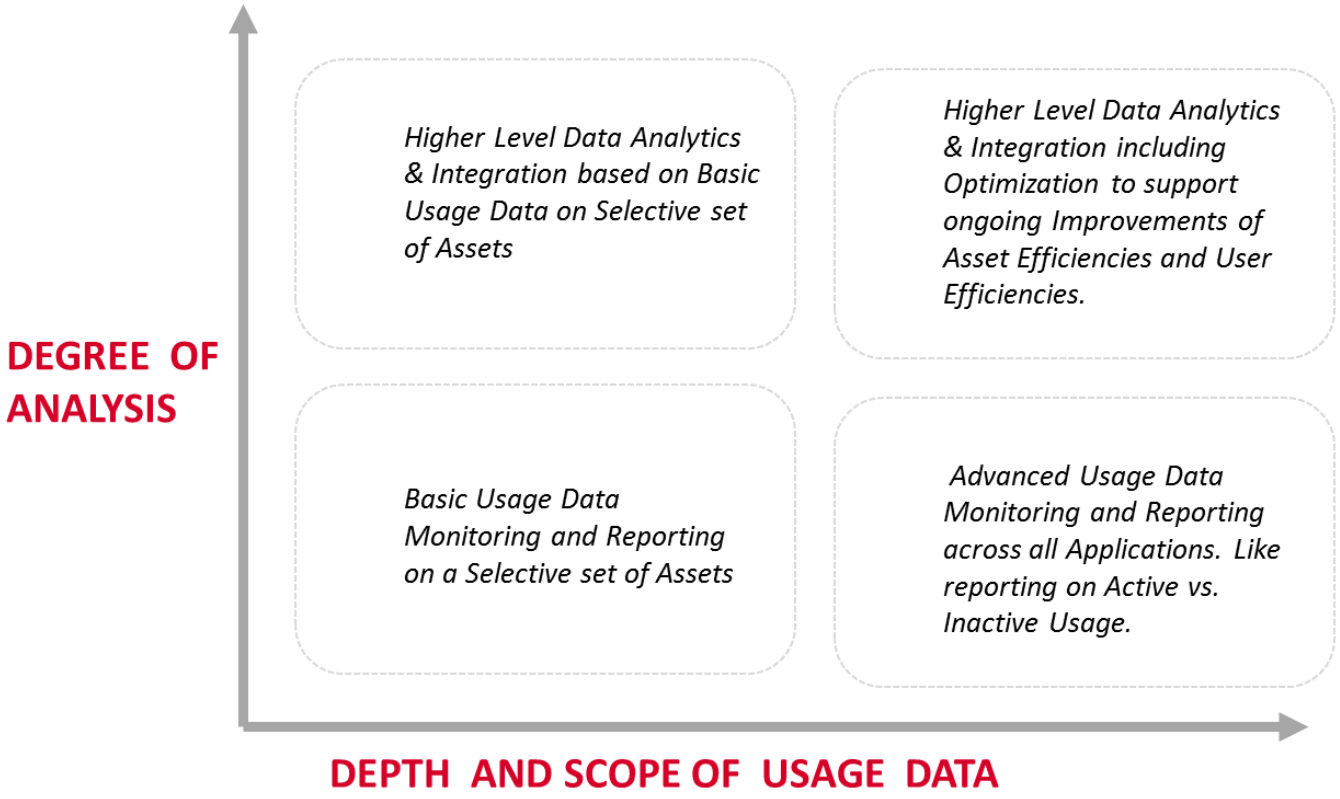
View Real-time Usage and Capture Trends

The larger and more global your organization is, and the more expensive and complex applications and systems become, the more benefit your organization will gain from fully implementing a software usage metering and optimization solution. To gain full insight and control of IT assets, you need to see usage in "real-time" and see broader trends – and be able to drill down through usage data from a global enterprise level all the way to the individual user level, across any project, business unit, site or time zone. Managers can avoid paying for unnecessary products or services by analyzing usage of all their assets and understanding how these are used by various groups. By possessing accurate information about their IT assets, leaders have the control needed to successfully handle technology deployment projects, training, contract negotiations, software audits and compliance requests, based on documented needs.

Technical Architecture Not a Determinant for Software License Agreements

If your organization is global and you have business-critical (and expensive) applications across your enterprise, it is a good business practice to identify software usage data across all sites. Without changing your infrastructure, you can simulate various licensing regimes, and run scenarios including total global usage, global concurrent usage, and concurrent usage by region – even if you currently are physically bound to one technical set up. Many software vendors offer different pricing for Wide Area Network (WAN) vs. Local Area Network (LAN) licenses. It can be valuable to compare the merits of these scenarios and others, before choosing the best license regime for your company, and take advantage of concurrent license sharing across time zones. With a trusted third party metering system in place, you can negotiate an agreement based on a virtual global set up, even if you prefer to serve your end-users through a different technical structure.

Figure 2: The Use of Usage Data – Maturity Model



Ask for More Flexibility in Your Agreements

Distinguishing between a technical set up and how license agreements are structured can provide valuable flexibility and greater service availability. By getting easy access to technology when you need it, you can strive for no downtime, no denials, and instant availability of new software versions and features for all users. In order to achieve this, open up software agreements as much as possible to make them scalable, without paying too much for this flexibility. Pay-per-use based agreements can help you achieve many of these advantages. You may need to introduce a high and a low usage watermark, to protect both you and the provider, but you will still benefit from a far more flexible agreement instead of traditional rental or perpetual agreement offers with fixed number of users or applications. Your company's activity level can greatly determine software license pricing, which in turn can motivate both you and your provider to deploy and support the users in the most effective way. Both parties work as partners to achieve greater efficiencies.

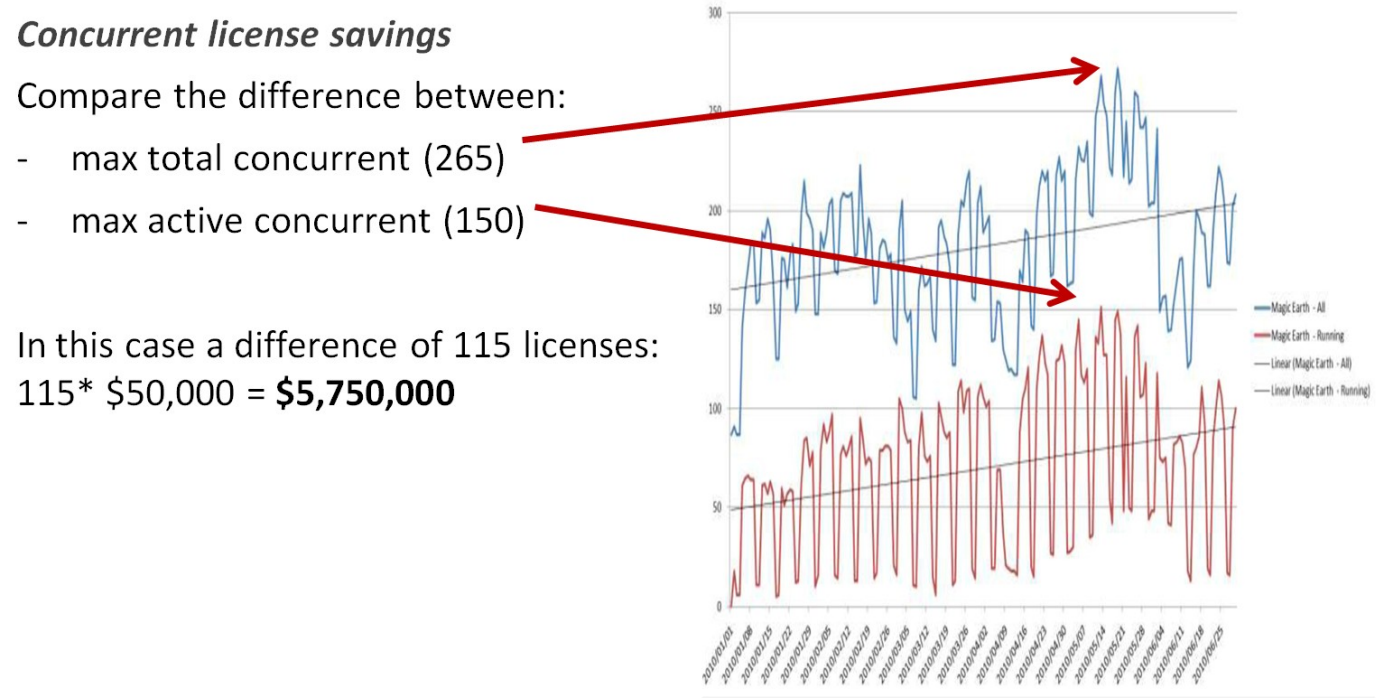
Harvest Inactive Licenses - Automatically

An innovative way to cut costs at an application level is to automate harvesting of inactive software. In the customer example shown in Figure 3 below, inactive software usage amounted to over 5 million dollars in software license costs for this high end application. The solution was to cut back on these licenses by introducing an application that automatically checks in licenses that are inactive. "Inactive usage" can be defined to match customized criteria required by the company for that specific application: a combination of no keystrokes, mouse movements or CPU usage over a certain time can render the license inactive. When an inactive user wants to use the application again, the user can reclaim the license with one click and get back to work without losing any work done before termination. In this case, the company gained a high return on their investment. Prior to its use, they were running close to capacity level for this application, and instead of increasing their licensing spend during license agreement renewals, they were able to cut back on licenses not in active use.

Introduce Chargeback

Leaders of business units appreciate transparency as well as fair and reliable chargeback mechanisms as both contribute to better valuation of IT services. In addition to meeting regulatory financial reporting requirements, chargeback creates greater awareness of which assets are in use and what they cost, resulting in conscious planning and fiscal

Figure 3: Over 5 Million in Savings to Cut Back in Inactive Software Usage



stewardship. In the long run, reducing waste delivers significant cost savings, especially in a larger and more complex environment.

One customer, a Global Application Portfolio Manager, reports that "Decisions regarding technology choice, right-sizing a purchase or a rental agreement, support and training can be based on usage based facts, rather than assumptions. As difficult as a mid-manager position can be, I feel I am more a hero now, being able to meet goals and communicate well both with upper management and end-users – since all decisions are backed up by facts."

Build Application Usage Dashboards for All Stakeholders

With so many stakeholders that have budgets or are in charge of support and training, having easy access to usage data through dashboards is essential: each manager should look at trends in usage for their assets or user groups on an ongoing basis. Through the use of integrated Excel spreadsheets, a stakeholder can open a saved spreadsheet, and click 'refresh' to update the usage data such as: max/min/average usage, by day/week/month, top 5 users/producers of an asset, etc. Filtering and juxtaposing this data will give leaders new insights into what steps are needed next for the organization.

In conclusion, leading the way to reshape and reorganize a company is never easy, but there are solutions available to help in the process. By analyzing usage data, business leaders can make prudent decisions about using financial resources. They can take a structured approach towards cost management while building a resilient organization that can innovate, adapt, and bounce back from adversity.