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HOW DATA USAGE METRICS
Take Your SAM to the Next Level

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In today's competitive market landscape, companies are looking for more ways to optimize their assets and cut costs. Software manufacturers are continuing to change their license options and strategies, making it even more challenging for Software Asset Managers (SAMs) to optimize their assets.

The Challenge

Many companies are overspending on their software assets. There are several issues that contribute to this.

Companies that do not have a standard policy for software assets typically do not have tools to measure the installation of those assets, creating a potential liability for their company. Without usage data, SAMs do not have the information at their disposal to drive license negotiations with their vendors. These companies are the most vulnerable during audits and typically have the most overspending.

Companies that have decentralized control over acquisition and software asset authorization do not have the global data to optimize their software assets between groups, divisions or geographies. This type of management does not provide full flexibility to analyze and optimize their software agreements. Companies with usage data can negotiate the most effective agreement license option. Named user, concurrent, pay-per-use, global licensing are just some of the options for licensing across the environment.

Without usage data, companies cannot justify additional purchases against the actual usage. That means that when the user community is plagued with denials, the company is forced to purchase new licenses. This situation can cause further overspending in annual maintenance and support costs.

Some companies have converted to pay-per-use (PPU) agreements to eliminate denials, but users may not be logging off when not in use or may be checking out multiple licenses. This abuse drives PPU costs even higher and companies are paying more than needed.

Usage Data

We've all heard that old adage, "You can't manage what you don't measure." But what does that mean in terms of SAM? Many companies and SAMs are only measuring what has been purchased against what has been installed and reconciling against these metrics. The downside is that you will be paying for software and maintenance of software assets that are not in use. Therefore, the next level of optimization can only be achieved through usage data.

SAMs should collect as much usage data as possible to enable robust reporting and analysis. Let's look at a few examples of usage data and how they can be applied to an environment.
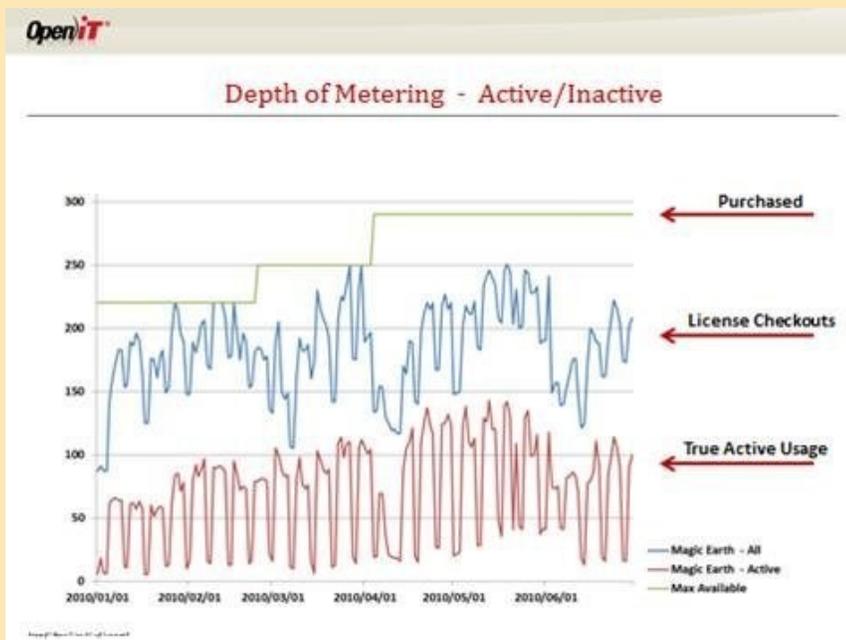

Figure 1 Purchased vs checked out vs active

In Figure 1, we can see by looking at the green purchased line and the blue license checkout line that the users started experiencing denials in February and again in April. Based upon that information alone, the company purchased additional license to quiet down the user community and ensure there were no work stoppages due to license issues. However, with the additional usage data of true active users in red, we can see that additional license were not necessary at all. Depending upon your industry, the cost of software license varies greatly, but we can easily calculate the overspending in this environment assuming a modest license cost of only $2000 each. The difference between the cost of true

active at 145 and checkouts at 252 represents a delta of 107 licenses, but remember this company purchased a total of 285 licenses. The savings between 285 and 150 at $2000/license equates to $270,000. Many applications cost tens of thousands of dollars each, which just multiplies the savings exponentially.
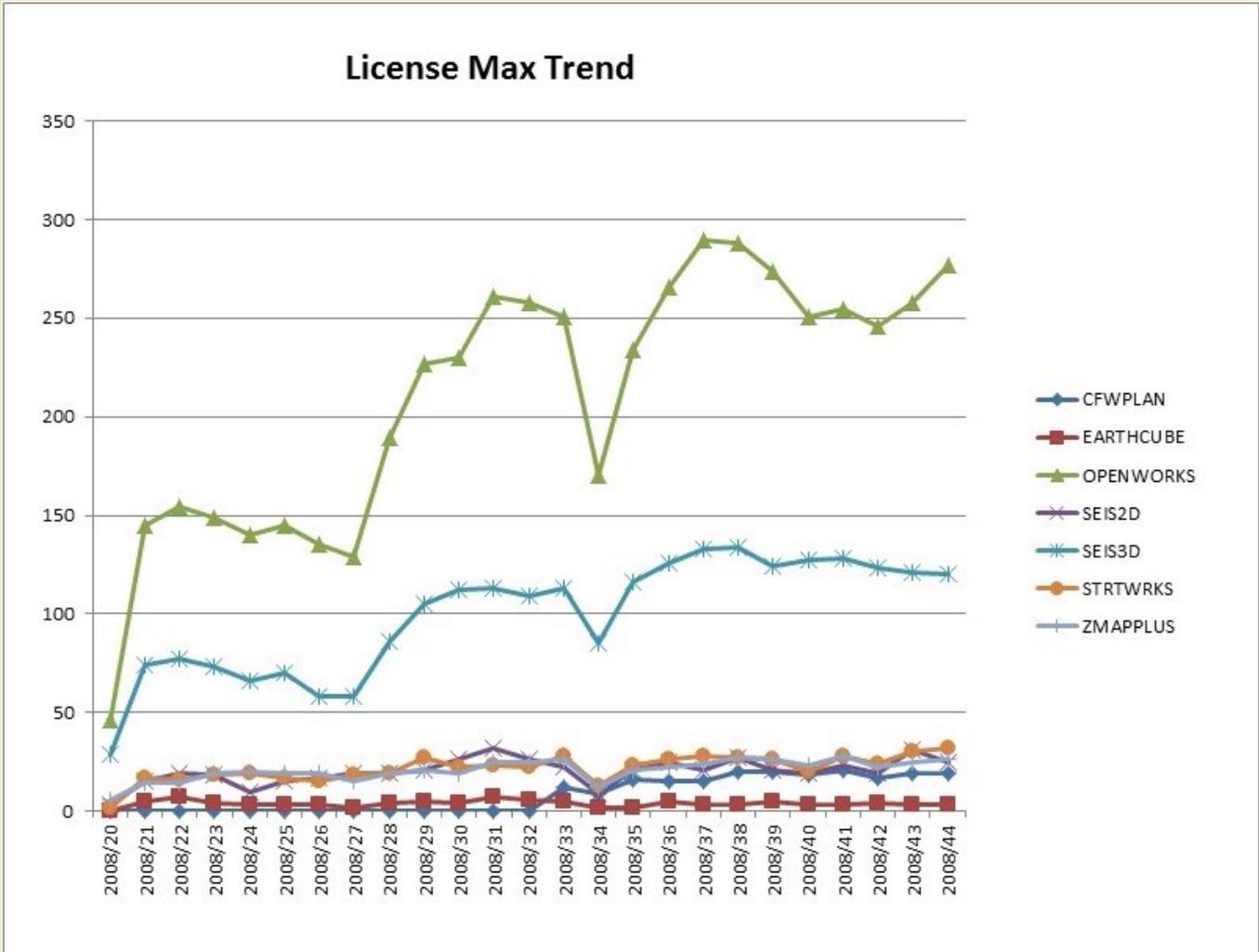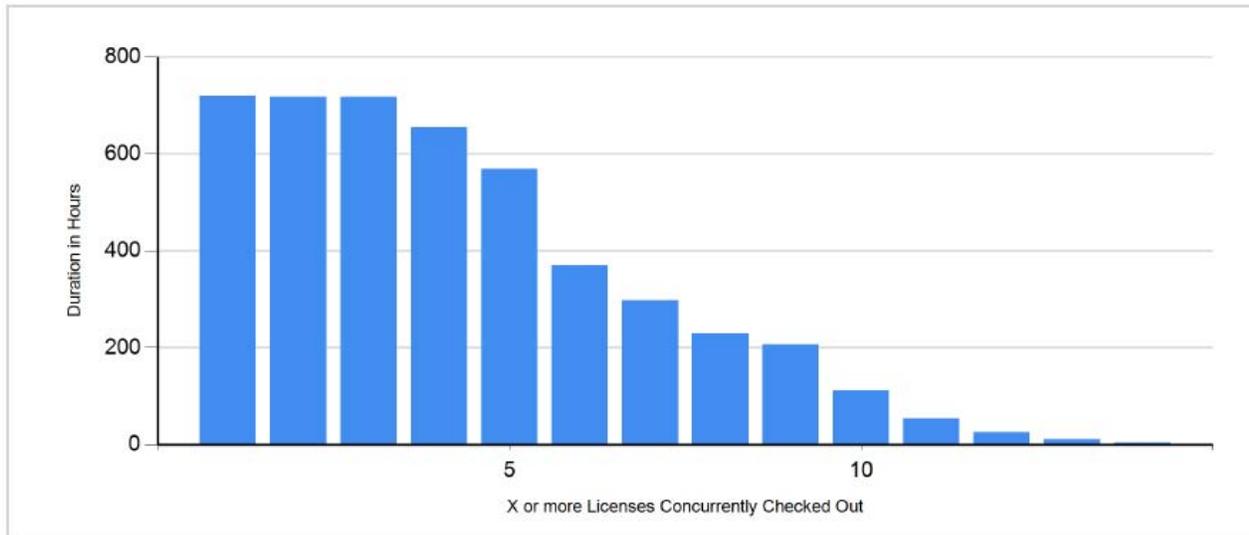

Figure 2: License Max Trend

In Figure 2, we can see with usage data that one application has wide use while others have moderate to small. Depending upon the applications, this usage data would suggest migrating users off the low usage application and standardizing on another application. It may also suggest user training is in order for the company to realize more potential and return on moderately used applications.

License Efficiency Chart

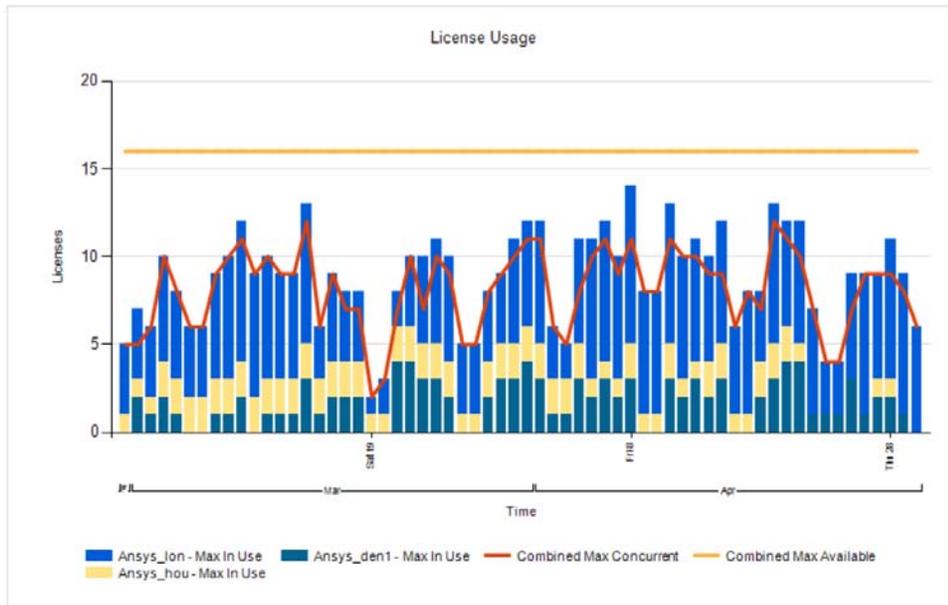| Application Name	Max Available	Max In Use	Within 95%	Within 99%
GPFULL	14	14	11	13

	Licenses	Duration in Hours	Duration in % of Total
	14	3.75	0.52 %
	13	10.33	1.44 %
	12	25.83	3.59 %
	11	53.92	7.49 %

Figure 3: License Efficiency Chart

   In Figure 3, we have a Maximum In Use equal to the Max Available; however, the tail of this chart and the usage data indicate that this company could maintain only 11 total licenses and cover the usage 95% of the time. The last three licenses were only utilized less than 2% of the time. Each company must determine its threshold for licensing, but, again, by utilizing usage data, companies can continue to optimize their software assets for maximum return on investment.

Figure 4: License usage stack vs concurrent

Figure 4 represents both the stacked regional concurrent usage data as well as the combined global concurrent usage. This type of report can help SAMs determine if it makes sense to go with regional agreement (site licenses) or global licenses.

Results

There are many more examples available, but the message is clear to any SAM. Usage data allows companies to report and analyze the data in many different ways. This data may be used for any of the following benefits:

- Better negotiations with software vendors
- Optimized software license purchases – determine which type of license is most advantageous to your company
- Optimized maintenance and support costs – only pay for what you are actually using
- Chargeback usage by group/department/geography
- Identify poor end user habits that require training
- Identify license hogs, users who check out multiple licenses simultaneously
- Identify poor end user habits of never logging off expensive applications when idle
- Ability to reclaim unused or under-utilized software licenses and redeploy to other groups/departments/geographies
- Software license compliance
- Industry regulations compliance
- Minimizing financial exposure
- Ability to allocate cost for mergers and acquisitions

Get Started

There are many tools on the market that allow companies to meter software assets. It is important to start with executive sponsorship to ensure cooperation from all levels and departments in the company. With sponsorship, collect a list of requirements from each group, consolidate, and create a list of must have requirements.

Research the market for tools that meet your requirements. Once a tool has been identified, utilize a pilot or proof of concept with a small number of users and applications. This pilot will flush out any unforeseen requests or requirements and enable the SAM to put together a comprehensive deployment strategy and timeline. It is recommended that even after testing, deployment start with a small user-friendly group to identify any challenges or issues that did not present themselves in the test environment. This also gives the SAM a set of champions to help market the new changes and policies when it is time for deployment. This is critical. Even with executive sponsorship, it is important to market the program to the end user community prior to implementation.

Another best practice in implementation is to establish a baseline in the beginning. This will allow SAMs to report savings specifically based upon optimization decisions made as a result of the measuring usage data. It is easy to calculate the ROI of such investments with usage data tools.

Let's Face it

Usage data is a prerequisite for optimization. Only when you have the insight into your usage, you can optimize based on your company's needs. Take a phased approach. Begin measuring your most critical and expensive technology first to ensure a return on your investment early on in the process. Gain commitment to improve business processes to fully optimize both your assets and user efficiencies in your organization.

Along this journey of constantly looking for ways to better support users and the business, we must not forget the importance of always cutting back on things we do not need. Savings can be channeled back and reinvested in new projects that may otherwise have not been funded to improve business operations.

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HIGHLIGHTED SPEAKER

Be an Influencer by Applying Usage Data

Signe Marie Stenseth is Senior Vice President of Open iT., a software company dedicated to help organizations meter, analyze and optimize their IT assets.

Signe has been with Open iT for over a decade, and has also served on the Board of Directors of the company. She has a varied professional background; working as an advisor to the Norwegian Government, for the EU Commission in Brussels, Belgium, in addition to positions in finance for Norsk Hydro – an industrial conglomerate. She holds an MBA from The Norwegian School of Economics and Business Administration with additional studies in economics from University of Mannheim, Germany, and College of Europe, Belgium. She is married with 5 boys.

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