MATRIX42
SMARTER WORKSPACE – BETTER LIFE

License Manager

No more proprietary Proxy Servers: Mobile application delivery and access made easy for it and users

The survey at a glance

Executive Summary

License management has never been a sexy subject – but it is an increasingly important one. According to Gartner, nearly 70% of companies were audited by a software vendor between 2013 and 2014 – a significant increase on the 2009 figure of 54%. With some software vendors dependent on auditing for 25% or more of their annual revenues, it's a trend that is likely to continue. For organisations, when combined with increasing license complexity and the potential for six-or seven-figure unplanned costs to arise from an audit failure, it's an issue they can't afford to ignore.

When faced with the potential for a software audit they know may be difficult to deal with, many companies choose to implement a standalone Software Asset Management (SAM) tool. These solutions are often very effective at addressing a short-term license management issue retrospectively. However, they are rarely designed to cope proactively with the changing compliance demands of rapidly evolving IT environments. This is especially the case when software deployments span individual desktop PCs and mobile devices, datacentres and virtualised installations, and as well as cloud-based applications. Essentially, this approach is like trying to drive a car by looking only in the rear-view mirror.

Organisations need to start treating license management as a proactive organisational process, not just a standalone management tool. Only a centralised license compliance solution that is integrated into the management of the complete IT service management lifecycle can support a proactive license compliance process effectively and efficiently. By implementing this kind of advanced, comprehensive solution, companies can drive their compliance program forwards proactively and with full visibility, so they always know what the road ahead has in store. The benefits include:

• Easier, less time-consuming compliance fulfilment
• Avoidance of the risks associated with compliance failures
• Lower costs through the identification of unused and underutilised software
• The ability to reallocate scarce IT resources to other tasks
• A stronger negotiating position with vendors through full transparency over license requirements and usage
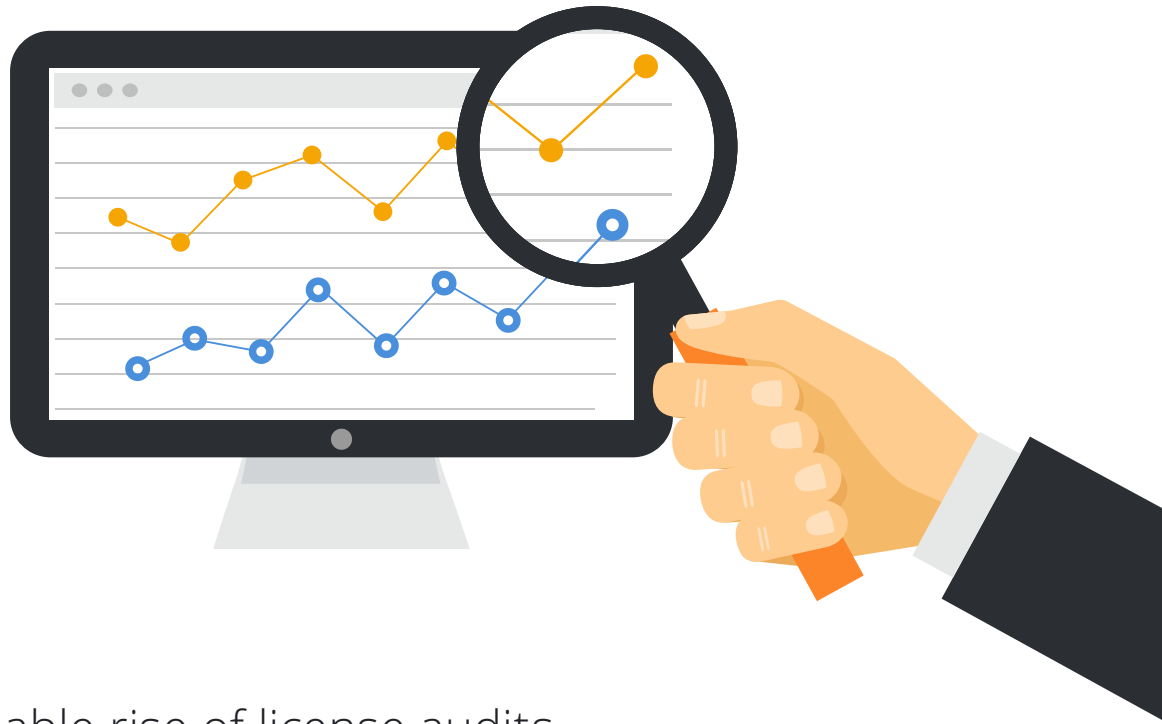
1 The unstoppable rise of license audits

There's no doubt about it: software license audits are becoming more frequent. Anecdotal evidence from organisations, and the increasing volume of discussion and press coverage that the topic is generating, are supported by surveys run by Gartner and others. In fact, the latest available Gartner data on the subject from September 2014 indicates that the proportion of organisations audited in the previous 12 months increased to a record level of 68%, up from 54% in 2009. This signifies that vendors believe there is significant benefit to be gained by checking whether customers have licensed themselves correctly or not. In fact, some software vendors now generate 25% or more of their total revenues through customer license compliance audits.

Many organisations could argue that vendors make some level of incorrect licensing inevitable through the sheer complexity of their licensing models, and a lack of clear information or training on how to comply with their obligations. While this may be true, it doesn't absolve them of their legal requirement to comply if audits have been made a compulsory component of the licensing contract. And, even if they haven't, few companies are willing to reject an audit request and risk damaging relationships with the vendors of software they rely on to run their businesses. Moreover, the risks of compliance failures are significant enough on their own to make compliance and audit management a key element of any organisation's IT strategy. These include legal costs, reputational damage and compromised profitability when unplanned costs arise as the result of under-licensing, or where money is spent unnecessarily on unused or underutilised licenses.

Unfortunately, without the right tools in place, license compliance is frequently a slow, laborious process. Many companies lack a centralised source of license information, meaning that multiple systems need to be interrogated, and some information may even need to be collected manually from individual computers. The rise of shadow IT, where software and cloud applications in particular are purchased without the knowledge or approval of the IT department, create an additional, invisible risk that can easily create significant problems when the auditors come calling.

Software Asset Management (SAM) is the discipline that most companies turn to, in order to get license management under control. The rise of the software audit has led to a steep rise in the number of SAM offerings on the market. But the ways in which SAM solutions address license management challenges are many and varied. As a result, organisations need to understand the differences and their implications.

DID YOU KNOW?
Software vendors depend on license audits for 25% or more of their annual revenues.

License management point solutions: great today, gone tomorrow

When faced with increasing license compliance risks and rising vendor audit frequency, many License Managers turn to standalone SAM software to help them organise and accelerate the compliance fulfilment process. In many cases, this enables them to solve their most urgent license management issues quickly, effectively and at a relatively low cost. However, while these solutions seem attractive from a short-term perspective, there are often a number of drawbacks associated with them. For example:

Multiple interfaces
Standalone SAM offerings must be integrated with multiple existing systems within an organisation. Each integration requires a separate interface, which slows deployment of the solution, increases cost, potentially reduces data quality and increases the number or potential failure points.

Increased complexity
These solutions are essentially accessing licensing information sitting on other systems, rather than creating a centralised repository of license data. As a result, there is no reduction in overall license management complexity, and a greater likelihood that not all data will be captured where, for instance, a reliable interface to a particular system does not exist. Data inconsistencies could also be created if, for example, information about individual devices is disparate, and different data is used within the SAM process than in others.

Poor transparency
Standalone SAM solutions are not integrated with organisations' other existing IT systems and processes, including software distribution, service desk, patch management and so on. In effect, they become another solution to manage, acting as a drain on scarce IT resources, further reducing overall IT asset transparency, increasing management complexity and reducing efficiency.

Lack of cloud coverage
Organisations of all sizes are increasingly turning to cloud-based applications to support key operational processes in areas like customer relationship management, sales and marketing and enterprise resource planning. Licensing for cloud applications often works quite differently from that of traditional software deployed onsite on individual computers or within a corporate data centre. Many SAM point solutions have no way of accounting for cloud-based licensing.

Shadow IT remains hidden
Cloud-based applications are also often the main source of the 'Shadow IT' infrastructure that is invisible to the IT department and therefore a key source of potential audit failure. A lack of integration with other systems and cloud-licensing functionality means that these shadow cloud applications are also invisible to many SAM solutions. This means that access to them cannot be controlled, and as a result, employees could take their access with them when they leave an organisation. This can be a source of significant unnecessary cost and potential leakage of confidential data for their former employer.

As a result of these shortcomings, organisations that purchase SAM point solutions often discover they need to reinvest in a more complete alternative within a couple of years, in order to meet increasing license compliance complexity and management workload. This is a direct consequence of treating license management as a tool with which to solve a specific IT problem, rather than seeing it as an ongoing organisational process that requires responsibility for licensing to be managed proactively across every department.

② Holistic license compliance management for future-proof compliance

So, if SAM point solutions tend to be effective but short-term remedies for increasingly complex license management challenges, what is the alternative? The first step in creating a more sustainable long-term strategy is to stop treating license management as an isolated task, and to start turning it into an essential business process that is integrated into the IT asset and workspace management lifecycle. This transformation involves establishing a range of process elements, which together can make complete license compliance easier and faster to achieve.

Six Steps to Complete License Compliance Management

1. **Single version of the truth**
   Rather than constantly accessing (possibly incomplete) data through separate interfaces with multiple systems, it is more effective and efficient in the long run to establish a single, centralised pool of resilient master data for all your IT assets. This ensures you have complete transparency over all your compliance-relevant software and hardware at all times.

2. **Distinguish between value and cost**
   Industry research suggests that up to 23 per cent of all the software purchased by organisations is never actually used, and that the total value of installed but unused software averages $400 per computer! Only by having a single, consolidated view of where software is installed and how it is being used can you identify this kind of wastage and eliminate it from your bottom line.

3. **Beat the automatic renewal trap**
   Ensure unused licenses are identified before they are automatically renewed with maintenance or upgraded without maintenance. Both scenarios usually generate costs that could also be optimised.

4. **Ensure fast, effective audit preparation**
   With complete transparency over all your license compliance data, you can gather all the information you need for each audit more quickly and with far less effort than the manual alternative

5. **Bake compliance in to your organisation**
   By managing the entire lifecycle of the software your business relies on centrally, and always being aware of exactly who needs what, it becomes easier to ensure that your software deployments are compliant with all the relevant internal and external requirements.

6. **Simplify and master licensing complexity**
   The days of software being installed individually on every device are coming to an end. However, deploying applications in the data centre, on virtualised servers or consuming them as services from the cloud, add extra layers of license management complexity. Only a centralised license management solution that covers licensing no matter where or how the software is installed, can enable organisations to maintain a compliant environment as their IT infrastructure evolves.

By achieving all of this, it's possible to transform license management from a reactive, tool-oriented necessity, to a proactive, process-oriented source of value. The benefits for organisations can be dramatic.

3 The benefits of treating license management as an integrated business processt

Too often, license management is seen as an annoying but necessary task, rather than a valuable process that can directly impact an organisation's bottom line. Things can look very different when an audit reveals under-licensing that generates a six- or seven-figure unplanned cost. But the potential benefits are not just financial. When properly integrated into IT asset management strategy, license management can deliver a range of advantages. These include:

• Comprehensive lifecycle support and optimisation for all your IT assets from request and approval to allocation, deployment and eventual retirement

• Permanently optimised and transparent IT asset costs through integrated and complete cost planning, monitoring and forecast capabilities

• Reduced risk and complete peace of mind through by avoiding the failure to comply with audits and compliance requirements

• Reallocation of compliance fulfilment resources to other tasks through increased automation and risk-free user self-service that increases employee satisfaction by empowering people to work their way

• Optimised allocation of inventory based on actual user need

• Greater cost-efficiency and productivity through elimination or reallocation of unused licenses, and automatic updating of compliant software

• A stronger negotiating position with vendors post-audit through complete transparency about actual requirements

A holistic approach to license management can empower your entire organisation to operate more efficiently, and enable employees to maximise their productivity with fast, compliant access to all the IT resources they really need.

(4) Conclusion

For software vendors under intensifying competitive pressure, auditing organisations for license compliance makes a considerable contribution to maintaining revenue and margins. This will ensure that the frequency and intensity of those audits increases for the foreseeable future. The ever-greater diversity of hardware and software consumption options across desktop environments, mobile devices, datacentres and the cloud, will also guarantee that license management complexity continues to increase. This is only exacerbated by the complexity of vendor licensing terms, and by cloud service subscriptions that have on-premise restrictions built into them, i.e. when a company installs specific versions of certain products locally, additional licensing fees may apply. While usually capable of solving most short-term licensing management problems, SAM point solutions are rarely optimal for efficiently and effectively dealing with this kind of diverse and rapidly evolving license landscape.

Using a centralised, integrated, complete and process-oriented license management solution maximises license transparency and simplifies management. And because – as any SAM expert will confirm – effective license management is 75% organisational, only this kind of process-oriented solution is likely to deliver maximum results.

Choosing a solution that can be easily integrated into an organisation's overall IT Service Management infrastructure helps turn license management from a standalone tool into an end-to-end organisational process. This is the best way of minimising risks, optimising costs and resource allocation, and proving the business value of license management for the long-term.

Learn more about Matrix42
Compliance functions with a
30-day free trial.

▶ Visit: matrix42.com/en/products/matrix42-compliance

Matrix42 AG

Matrix42 operates successfully in seven countries – Germany, Austria, Switzerland, the Netherlands, Great Britain, Sweden, and Australia. The company's headquarters are in Frankfurt am Main in Germany. Founded in 1992, the company has been part of the Asseco Group since 2008, one of Europe's largest software providers.

Matrix42's products and solutions are designed to simply and efficiently manage modern work environments – whether physical, virtual, or at mobile workspaces.

Matrix42 focuses on user orientation, automation, and process optimization. The company's solutions meet not only the requirements of modern emplo-

yees who want to work from any location and with a great variety of devices, but also those of IT departments and businesses themselves.

Matrix42 offers its solutions to organizations across different sectors who value forward-looking and efficient workspace management. The company also successfully collaborates with partners who provide on-site consultation to Matrix42 customers. Some of these leading partners include TAP.DE Solutions GmbH, Consulting4IT GmbH, and DSP IT Service GmbH. Further information available at

www.matrix42.de
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