

Clever Software Asset Management (SAM) requires cross competence

There are no simple shortcuts to achieve significantly cost reducing SAM while gaining sufficient compliance. Using Software License Management tools would certainly simplify your workload, providing accurate and updated information on concerned installations, including usage of relevant licenses. However, to really get on top of how to optimize your license and recurrent support spend, requires continuously updated expert knowledge about technology development and ever changing policies surrounding the most complex license agreements.

Prerequisites when implementing Software Asset Management

Implementing successful Software Asset Management ideally rests on a fully supported and well communicated executive management decision, or else you might jeopardize facing completely unnecessary obstacles and challenges.

Subsequent to the implementation decision you would want to assign a Software Asset Manager with a genuine interest to get into this fairly unique trade with a whole hearted commitment. Many companies establish a cross functional project team representing procurement, finance and IT, in addition to a project manager.

Provided the executive management actually realizes the substantial saving potentials that come with professional license management, they would beyond any doubt encourage the project by instantly assigning sufficient budget and personal resources to reassure a swift and successful SAM implementation.

Focus on the most important license and support agreements

In the next step you would want to decide which license and support agreements the SAM project would comprise initially. This could constitute a challenge itself, should you have multiple agreements distributed over several geographical sites and legal entities. To clearly define the scope by selecting an initial subset of all suppliers or licenses might ultimately turn out to be of fundamental importance.

In most cases you would start with the software that represents your heaviest financial investments, simultaneously avoiding the largest financial threats that come with any possible over deployment that could surface during a license audit.

Make an inventory of contractual license rights and existing installations

Once decided, the time-consuming analyze of the initial subset of license agreements starts. This task is occasionally experienced as both cumbersome and dull. However, bringing the Software Asset Manager up to speed with every relevant aspect of signed agreements is of vital importance for the outcome.

Dealing with most complex agreements often benefits from professional guidance by an external independent license consultant, specialized in decoding the true meaning of all secrets hidden by the legal and technical contractual language, difficult to digest for anyone lacking similar experience and in-depth knowledge.

Typically, a professional license consultant contributes with rock solid advice, ranging from anything between avoiding common pitfalls when dealing with complex agreements, through unveiling less favorable agreement terms and conditions to detecting more or less unnecessary license or maintenance costs.

Furthermore, you would want to determine which documents that constitutes valid license certificates. Depending on supplier, various rules apply; while some suppliers regard invoices as eligible license proof, others render invoices invalid by claiming they could have been credited subsequent to the original invoice.



Ronny Frey is an independent License Optimization contractor. His competence covers the entire palette of IT related agreements - ranging from legal aspects of IT to technical and commercial issues, in combination with an in-depth comprehension of the business operation's specific requirements.

Ronny is specialized in all complex license agreements and often represents or assists his clients in vendor negotiations and strategic sourcing processes.

You are most welcome to contact Ronny by phone +46 31 761 0900.

Obviously, you would need to check if your license entitlements are contractually specified and valid certificates explicitly defined, prior to investigating to what extent you might lack sufficient pieces of approved license evidence or quantities.

Ultimately, you may want to get in touch with certain suppliers to inquire whatever documents you would need in connection to a license audit, while in parallel request a written confirmation defining relevant and valid license certificates.

The agreement inventory process needs to be accompanied by a corresponding inventory of all clients and servers, with or without an inventory tool, aiming at identifying all software installations, regardless of tool or method applied.

License reconciliation and compliance control

The hardware inventory compilation needs to be compared with the agreement inventory report, provided you are familiar with and understand different supplier specific license regulations and policies, as they vary in several respects regarding client or server based software, especially concerning IBM and Oracle.

Oversimplified, you could claim that client based software usually is subject to relatively fewer regulations while server based licenses consist of more complex and extensive agreement policies, often with a direct dependency relation to the relevant server technology applied, especially in virtualized server environments.

During the last decade, an increasing number of suppliers have inserted hyperlinks in their license and support agreements, directing customers to their web sites with dynamically updated license terms and conditions. In reality this turns a customer's intention to maintain contractual license compliance to an impossible mission for most Software Asset Managers, no matter how ambitious.

A few examples of "living" hyperlinked agreement documents or references:

- [IBM's](#) table of processor value units (PVU)
- [Oracle's](#) corresponding core factor table
- [Microsoft's](#) Product Use Rights (PUR)
- [SAP's](#) licensing guide
- [Adobe's](#) product license agreements
- [CA's](#) license agreements

Nevertheless, older license agreements might still be valid, provided they emanate from the "pre-hyperlink" era, given they never got replaced by any newer agreements subject to "silently" implemented web based contractual updates.

Once you feel comfortably familiar with all extensive license regulations you just might be able to judge to what extent you are compliant, if at all. Older license agreements could unconsciously have turned void due to hardware configuration changes that all by a sudden stand in conflict with updated terms and conditions.

Again, I kindly call your attention to the fact that you beyond any doubt need to understand what both parties actually have agreed upon, regardless of personal opinions. Unfortunately, both customers and suppliers often end up with contradicting views on how their agreements are to be interpreted. Occasionally even a supplier's own auditor is unable to give any further details about how to translate older license definitions, as these gradually have changed over time.

Optimizing licenses and consolidating servers

Finally, once you have crosschecked the business' true software requirement and what performance the operations actually demand, you have arrived at the point where you would be able to change at least some server configurations that trigger unnecessary license requirements, hence reduce your IT spend. Again, you would need to understand the license agreement's relation to ever changing processor technology as that forms the basis for many server based licenses.

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