SOFTWAR License OPTIMIZATION REPORT 2013

IT AIN’T WHAT YOU DO; IT’S THE WAY THAT YOU DO IT
“Software asset management is obsolete. Its base processes come from a bygone era of floppy disks and unique license keys, whereas today’s software licensing challenges include virtualized systems and a focus on usage instead of installation(...)”

1 Introducing Software License Optimization, Forrester Research Inc, September 2011, Duncan Jones, Vice President & Principal Analyst
Software Asset Management (SAM) isn’t easy – and many organizations spend time and a great deal of money looking back at their software purchases in an effort to work out what they’ve paid for and what they have installed.

According to recent research, conducted on our behalf by Vanson Bourne, more than half (51%) of organizations are still struggling with traditional Software Asset Management tools, or even manual processes, which enable IT decision makers to identify the number of licenses deployed but, importantly, they do not address usage or reclamation.

Software licensing represents a major cost, is an administrative burden and a hidden license liability for many organizations and often, it consumes far more of the IT budget than necessary (according to Forrester*, 16% of an enterprise organizations IT budget was spent on Software in 2012 and 12% of the IT budget is spend on application maintenance, accounting for 75% of the software budget).

According to our own research in 2011, there is $12.3bn of preventable and on-going costs associated with unused software and shelfware within organizations in the US. It’s now evident that every organization needs a single and comprehensive view of software licenses and usage to manage this issue.

It comes as no surprise then that software asset managers continue to struggle with issues related to software entitlement and license compliance, especially when we learn that more than three quarters said that they’d been audited by a software vendor at least once, and that the average across the UK, US and France was between three and four times each year.

Today, it is no longer a question of whether or not an organization will be audited, but when. Increasingly software vendors are actively using the threat of audits as sales opportunities. In the US, 57% of IT decision makers told us they have been audited more than once in the past year, compared with 54% in France and 46% in the UK.

However, many organizations do not have robust processes to manage audits, leaving them open to fines and unexpected additional costs.

With the right tools any organization can get an instant picture not of only entitlements and install counts but also usage, so that they can maximize the efficiency of their software budget as well as ensure compliance.

Software License Optimization, such as that provided by 1E AppClarity, sorts usage into three categories - frequently used, occasionally used and unused. Once visibility of this is achieved, organizations can begin to right size the number of licenses they own and maintain. As part of an active process of discovering and reporting on usage, AppClarity enables an automated reclaim mechanism to optimize the number of licenses.

Please talk to us to find out more about how our software license optimization solution could help your organization.
Vanson Bourne on behalf of 1E, Dec 2012.

“More than four fifths (84%) of organizations have been the subject of a software license audit in the last 12 months”
It is no longer a question of whether or not an organization will be audited by a software vendor, but when, and which vendor will make the request. Increasingly software vendors are actively using the threat of audits as sales opportunities. Our survey reveals that in the US, 53% of IT decision makers told us they have been audited at least twice, compared with 50% in France and 44% in the UK.

And according to 1E 2011 Software Efficiency Report, there is $12.3bn of preventable and on-going costs associated with unused software and shelfware within organizations in the US alone.

But many organizations do not have robust processes to manage audits, leaving them open to fines and unbudgeted costs. It’s important that organizations can mitigate the risks and be able to rapidly assemble the information for an audit through software license optimization.

### How many times have you been audited by a software vendor in the last 12 months?

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<thead>
<tr>
<th>Base: All respondents</th>
<th>TOTAL</th>
<th>UK</th>
<th>USA</th>
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<tbody>
<tr>
<td>None</td>
<td>17%</td>
<td>19%</td>
<td>18%</td>
<td>12%</td>
</tr>
<tr>
<td>Once</td>
<td>27%</td>
<td>25%</td>
<td>19%</td>
<td>30%</td>
</tr>
<tr>
<td>2-5 Times</td>
<td>35%</td>
<td>36%</td>
<td>31%</td>
<td>42%</td>
</tr>
<tr>
<td>6-10 Times</td>
<td>14%</td>
<td>8%</td>
<td>22%</td>
<td>8%</td>
</tr>
<tr>
<td>11-15 Times</td>
<td>3%</td>
<td>2%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>More than 15 times (please specify how many times)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>7%</td>
<td>10%</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Most organizations have been audited at least once in the last twelve months, but more than half (52%) have been audited at least twice.
“Without the appropriate understanding of audit impacts and management processes, organizations risk providing inaccurate or inappropriate data such as information about IT architecture or the use of competitor products that may be used for sales purposes.”
Used or Unused

Optimizing software licenses is not just about managing usage on PCs and laptops, it also means managing usage on servers.

Although nearly half of organizations (49%) use a tool which highlights unused software on PCs and laptops that number falls (by 10%) to 39% of organizations which are using a tool to track unused software across PCs, laptops AND servers.

This number falls further in the UK to 37% and to just 28% in France. The ability to identify unused server software enables an organization to reclaim or decommission the server software, as well as optimize their license allocation.

Indeed a third of companies are still using ad hoc and manual methods to track software usage; a surprising figure given that, according to the 1E 2013 IT Efficiency and Innovation report 2013, 48% of IT decision-makers say that cutting IT costs is one of their top priorities.

With Software License Optimization, a continuous process of discovering and reporting on usage enables an automated reclaim mechanism to optimize the number of licenses.

How are you currently tracking usage of software?

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<thead>
<tr>
<th>Base: All respondents</th>
<th>TOTAL</th>
<th>UK</th>
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<tbody>
<tr>
<td>We use a tool which highlights unused software on PCs and laptops</td>
<td>49%</td>
<td>45%</td>
<td>57%</td>
<td>42%</td>
</tr>
<tr>
<td>We use a tool which highlights unused software on PCs, laptops and servers</td>
<td>39%</td>
<td>37%</td>
<td>47%</td>
<td>28%</td>
</tr>
<tr>
<td>Ad-hoc and manual methods with information stored in a file (e.g. spreadsheet)</td>
<td>33%</td>
<td>30%</td>
<td>31%</td>
<td>42%</td>
</tr>
<tr>
<td>*Other (please specify)</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Base</td>
<td>250</td>
<td>100</td>
<td>100</td>
<td>50</td>
</tr>
</tbody>
</table>

Only 39% of organizations use a tool to highlight unused software on PCs, laptops and servers

*Other (please specify): “About to purchase tracking software”; “Don’t currently track”; “We only monitor if software is on the computer, but not usage”
Centralize and Optimize

Centralized software license optimization puts organizations in the best possible place to review, recover and recycle unused software licenses. By centrally monitoring what is used and then correlating that usage to deployment, IT decision makers can begin to right size the number of licenses that they own and maintain.

Software License Optimization sorts usage into three categories – frequently used, occasionally used and unused. Once visibility of this is achieved, organizations can right size the number of licenses they own and maintain. As part of an active process of discovering and reporting on usage an automated reclaim mechanism can be triggered to optimize the number of licenses.

Centralize and Optimize

More than half of organizations manage all their significant software purchase centrally

91% of organizations centrally manage the purchasing of core software applications

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<tbody>
<tr>
<td>All significant software purchasing is managed centrally</td>
<td>56%</td>
<td>54%</td>
<td>60%</td>
<td>52%</td>
</tr>
<tr>
<td>All core applications are purchased centrally, with only rare, specialized applications purchased by business units</td>
<td>35%</td>
<td>36%</td>
<td>31%</td>
<td>42%</td>
</tr>
<tr>
<td>Some core applications are purchased centrally, while the others are purchased by business units</td>
<td>8%</td>
<td>10%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>All software is purchased and owned by business units</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Base</td>
<td>250</td>
<td>100</td>
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Virtualization, and especially server virtualization, is the single greatest impact on managing software licenses and compliance.

Virtualization has spread way beyond the desktop into the data center and, increasingly, organizations and IT decision-makers are highlighting this exponential growth as their major source of concern with respect to their approach to software license management and compliance.

This is especially true in France, where 44% of IT decision makers highlighted server virtualization as a major concern, compared with their counterparts in the US (31%) and the UK (27%).

Next on the list comes desktop virtualization, raised by 28% of IT decision-makers in France, 23% in the UK and 20% in the US.

Getting application licensing right is hard enough in the physical world, but in a world of desktop and server virtualization, many organizations probably aren’t properly accounting for their software licenses.

What aspect of virtualization is having the greatest impact on your approach to managing software licenses and compliance?

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<tbody>
<tr>
<td>Server virtualization</td>
<td>32%</td>
<td>27%</td>
<td>31%</td>
<td>44%</td>
</tr>
<tr>
<td>Desktop virtualization</td>
<td>23%</td>
<td>23%</td>
<td>20%</td>
<td>28%</td>
</tr>
<tr>
<td>Application virtualization</td>
<td>13%</td>
<td>9%</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>They are all equally having a significant impact</td>
<td>28%</td>
<td>32%</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Virtualization is having no impact on licenses and compliance at all</td>
<td>4%</td>
<td>9%</td>
<td>2%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Base: 250

Almost one third (32%) of IT decision-makers tell us that server virtualization is having the greatest impact on software license management.
About this research

The survey was conducted in the UK, USA and France, by Vanson Bourne, an independent research company, in November 2012. It was commissioned by 1E and analyzes the results from 250 IT decision-makers.

A wide range of private sectors (which an emphasis on the finance sector)

Organisations with over 250 employees (with an emphasis on 3000+)
How can 1E help?

AppClarity is the fastest, most cost-effective way to establish visibility and control of your software landscape and spend.

Do you know the truth about your IT landscape? Waste should not be an acceptable part of enterprise software licensing. AppClarity provides a single, accurate view of the software installed and active across the enterprise. An automatic process that enables you to proactively manage software and licenses across the enterprise and down to an individual user basis, making IT delivery a leaner and more cost-effective proposition.

Stop paying for software you don’t need. Stop letting your suppliers dictate vendor-audit negotiations. Get the truth about your IT landscape.

AppClarity: big picture, binary detail

Benefits
• Identifies unnecessary software across PCs and servers
• Maximizes cost savings
• Manages your organization’s software by region, department or any way you want
• Automatically removes unused software
• Controls unwanted applications
• Optimizes the license allocation for premium server software

Features
• Improves audit readiness
• Accurate software inventory
• Detects unused PC software
• Detects unused server software
• Financially quantifies waste
• Automatically reclaims and recycles licenses on PCs
• Restricts the use of prohibited applications
• Simple traffic light compliance system
• Measure usage of features
1E is the pioneer and global leader in ActiveEfficiency solutions. 1E’s mission is to identify unused IT, help remove it and optimize everything else. 1E ActiveEfficiency solutions help reduce servers, network bandwidth constraints, software licenses and energy consumption.

Our headquarters are in London and New York and we have offices in Paris and New Delhi. With more than 20 million licenses deployed worldwide, 1,600 organizations in 42 countries trust us to help them to work efficiently, productively and sustainably. To date, our customers make $1.4 billion in efficiency savings. This includes $800m in energy costs alone and a reduction in CO2 emissions of 6.4 million tonnes.

Our customers are drawn from public and private sectors across the world and include AT&T, Verizon Wireless, Dell, ING, Nestlé, BNP Paribas, Ford Motor Company, the US Department of Veterans Affairs and the UK Department of Work and Pensions. Our largest customers have more than 300,000 seats, our smallest just 500.

Vanson Bourne creates and delivers compelling, relevant content for technology brands to own and use in high value media relations, demand generation and thought leadership marketing campaigns.

We couple our specialist technology research expertise with our years of experience in helping tech brands communicate with their markets. The result is well-crafted, independent and robust content for B2B and B2C marketing programmes.

We adapt the delivery of our content to fit all your marketing communications and direct sales efforts. This makes it easier than ever to leverage our high-value content across both traditional and new social media channels, creating news coverage, market buzz and customer action.

About 1E
1E’s suite of disruptive IT operations management tools save billions, solve problems and simplify the management of large, complex IT environments – in record time. Designed with a singular focus to help drive down costs, 1E’s solutions include tools for IT asset management, Windows systems management and BYOPC.

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