



# Software Asset Management Assistance

Contract Compliance Services – Advisory

## Managing software assets effectively

Software asset management (SAM) is a business practice designed to reduce information technology (IT) costs, limit risks related to the ownership and use of software, and increase IT and end-user efficiencies. SAM is defined by the Information Technology Infrastructure Library (ITIL®) as, “All the infrastructure and processes necessary for the effective management, control, and protection of the software assets within an organization, throughout all stages of their life cycle.”

SAM is critical to managing an IT environment; an organization that doesn't know what software assets it has, where they are located, how they are configured, and how or by whom they are being used is effectively compromised. Implementation of many IT processes—such as configuration, release, or change management—depends on an organization's accurate knowledge of its IT assets.

A mature SAM strategy can enable organizations to gain the greatest benefit from software license agreements, which are taking an ever-increasing share of IT budgets. An accurate understanding of license entitlements and deployments allows companies to negotiate with software vendors from a position of knowledge and often avoid paying for unneeded software.

KPMG has helped FORTUNE 500 and FORTUNE 1000 companies with a variety of SAM projects. Our Contract Compliance Services (CCS) professionals can help your company better control its software license and maintenance costs by addressing SAM and IT asset management issues. KPMG can help you avoid waste and reduce costs by providing recommendations on improving management of the software asset life cycle. This may involve reviewing people, process, and technology areas against the ISO 19770-1 and ITIL

standards, or providing specific vendor/brand licensing assistance services to help reduce a particular area of software-related spending.

### Common errors

KPMG's SAM professionals have seen a pattern of oversights that may result in customers either purchasing too much unneeded software or not purchasing enough software to cover license compliance exposures.

These include:

- Being unaware that servers have been missed altogether from a software deployment count (e.g. where agents from SAM tools are not installed, malfunction, or where parts of the network are heavily secured)
- Incomplete reporting from many SAM tools. A prime example is when too little information around deployment is captured to properly count license deployments, such as virtualized servers/processors.
- Underestimating what it really takes to implement a SAM tool successfully, including the extent of specific software product knowledge, business rules configuration, integration with other systems and with related business processes such as procurement

- Not understanding the disconnect between IT, Procurement and Legal, resulting in only a partial understanding of what software has been procured and under what terms and what software has been installed and is actually being used.

### SAM reviews

KPMG's SAM reviews can help clients identify areas of overspending, manage technology change and limit compliance risk to help enhance value from their IT assets.

We also can help you:

- Review historical license purchasing to identify improvements in software procurement practices
- Develop a complete inventory of software owned and deployed, even in structures where poor SAM processes exist
- Obtain better discounts and quantity optimization from upcoming contract negotiations by utilizing KPMG's detailed software product licensing knowledge
- Identify and resolve gaps in existing SAM tool configurations for systems such as HP Asset Center, SCCM, and Flexera
- Prepare a response to a vendor audit request
- Identify and provide recommendations to help mitigate potential software over deployment liabilities
- Identify potential financial benefits through improved tracking of hardware and software.

Key potential benefits of a SAM review program can be grouped into the following categories: financial, operational, and risk reduction/mitigation.

### Financial

- **Improve license agreement negotiations** – A SAM program can help you negotiate new license purchases, maintenance renewals, and enterprise-wide unlimited agreements from a position of knowledge. Capitalize on volume pricing, metric optimization, and effective use of existing license grants.
- **Avoid over/underpurchasing** – A company unaware of software currently owned or in use may purchase software that it already owns but does not use (shelfware) or a company may purchase less software than it needs. Determining your company's true third-party software needs may lower your costs.
- **Increase volume licensing discounts** – A company with decentralized or uncontrolled software purchasing may not obtain maximum volume purchase discounts that are available through centralized procurement. Increase economies of scale by concentrating the volume into specific versions, platforms, resellers, and vendors.



- **Avoid competing purchases** – A company unaware of software currently in use may purchase duplicate product solutions or competing technologies.
- **Realize full upgrade discounts** – A company with incomplete software entitlement and deployment tracking may purchase full products instead of leveraging upgrade potential.

### KPMG's Contract Compliance Services

KPMG was the first "Big Four" accounting and advisory firm to set up a dedicated CCS practice with a specialist SAM group. Today, more than 450 full-time contract specialists in KPMG member firms in the United States, United Kingdom, Australia, and across Europe, Africa, Asia Pacific, and Latin America help clients manage their contract execution in order to increase performance and decrease risk. Our CCS assistance features:

- **Integrated international teams:** KPMG's integrated international CCS teams comprise diversely skilled U.S. and global professionals with leading experience and in-depth knowledge of software licensing and contract-related issues.
- **Cross-cultural versatility:** We understand regional cultures and business practices as well as the complexities and nuances of a wide range of contracts, processes, and procedures. We have the language and cultural skills to operate effectively anywhere. KPMG's professionals know local laws, customs, and business practices so they can effectively provide SAM services, help our clients optimize cost and achieve compliance with license agreements, and recommend practices that can help achieve higher levels of SAM maturity going forward.

- **Re-use software disposed with hardware** – A company that does not track software during hardware retirement may unnecessarily dispose of viable software products, resulting in the need to repurchase the software for the new or replacement hardware.
- **Reduce maintenance costs** – Better-managed software licenses may allow you to cancel maintenance for unneeded shelf-ware, reducing your ongoing maintenance costs.

### Operational

- **Monitor and manage cost savings** – A SAM program can focus on the management and measurement of cost savings realized by the process, allowing management to monitor both the operational and financial benefits of implementing a SAM program.
- **Labor performance improvement** – Increase the efficiency of the support organization by minimizing incorrect configurations and unauthorized installations; increasing efficiency of the desktop enablement department through automated provisioning; and potentially reducing costs for the support organization and end users by standardizing vendor platforms, applications, and versions
- **Hardware improvements** – Consolidation of the number of servers and CPUs, which can reduce the data center overhead (e.g., space, electricity, and cooling)
- **Reduce help desk time** – A significant amount of time spent on a help desk call is associated with trying to determine PC configuration. By increasing the accuracy of your hardware and software inventory, your customers may potentially realize savings on help desk support, training costs, patch management, and media deployment.
- **Streamline IT procurement and operations** – SAM can help organizations track and consolidate software versions based on approved software catalog, allowing rationalization of products, standardization of versions and consistency throughout the organization. This can bring a number of IT operational benefits, including improved software configuration, release, and security management procedures.

### Risk

- **Proactive software license compliance** – Multiple software publishers are currently conducting customer license compliance audits to validate that their customer deployments are properly licensed. Implementing a SAM program can mitigate exposure in compliance audits and help you more fully understand your current license position.

- **Avoid unmonitored software deployment** – A company with uncontrolled software deployment might have unknown and unlicensed software within the environment, representing a possible financial liability and potential security risk.
- **Avoid lost entitlement records** – A company purchasing valid software in a decentralized or unorganized manner may not be able to accurately store and track entitlement (i.e., proof of purchase records) for such purchases, resulting in compliance liability.
- **Realize control** – Reengineering the software procurement process by implementing preventative controls and creating additional detective controls to identify software purchased through nonapproved channels can increase the ability to efficiently and effectively monitor deployed software applications.

### Case study one: Leading global software company

Our client requested KPMG’s assistance with launching a sustainable global SAM program. The client’s goal was multifaceted:

- To reduce software and hardware costs
- To reduce liability from software audits.

### Our approach

KPMG’s CCS professionals worked with the client to understand its current processes and to help with the design of new policies to drive program activities and desired end-user behavior. We helped the client design and implement improved IT Asset Life Cycle processes systems and responsibilities. These included establishing controls to prevent and detect noncompliance with policies; selecting and implementing various SAM tools to enable, monitor, and automate cost controls; and helping the client organize the new policies into a corporate policy manual. We also focused on quick tactical wins.

### Results

The client published its policies in a corporate policy manual that clarified the controls in place to enforce policies. The selection and implementation of a supporting SAM tool was successful. Ten years of software transactions were gathered and converted to present-day entitlements, and 30 software vendors and approximately 300 software license agreements were reconciled. The focus on quick tactical wins for cost savings with strategic publishers yielded significant results. Savings in actual software spending amounted to an estimated \$30 million.

## KPMG's SAM approach

Each KPMG SAM review is designed to meet customer-specific needs. These vary considerably and may encompass a full review of processes, systems, and organization against the ISO 19770-1 and ITIL standards, assistance with SAM tool selection, or assistance on a particular vendor or brand to optimize software-related spend.

To arrive at an understanding of your current state SAM practices, systems, and organization, we obtain answers to questions such as:

How much do you spend on software licensing and support/maintenance every year? How many desktops/laptops and servers do you have? Have you recently been audited by one of your software vendors for compliance with your software license agreements? What were the results?

- Have you recently gone through any significant organizational changes that could affect your software licensing positions such as a merger, acquisition, or divestiture? Are you approaching the renewal date of any significant software license agreements?
- How centralized and controlled is your procurement of software across all areas of your organization? Do you definitively know how much software you are entitled to use and the contractual restrictions limiting that use?
- How centralized and controlled is your deployment of software across all areas of your organization? Do you definitively know how much software you have deployed and how many software licenses those deployments are consuming?
- Do you know how much software you have paid for and deployed that is not currently being used?
- Have you recently pursued a virtualization strategy in your data center(s)? Have you optimized your software licensing to maximize the cost benefits of this strategy?
- Do you currently have a SAM tool implemented for software discovery and license reconciliation? Are you completely satisfied with the results of this implementation?

## Our results can help benefit your business

KPMG's Advisory practice provides a wide array of services related to SAM and software license compliance. KPMG has helped leading global corporations (including several of the FORTUNE 50) to address challenges related to SAM, with a view toward helping reduce compliance exposure and costs, and achieving higher overall IT maturity.

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



## Case study two: U.S. Telecoms provider

Our client requested KPMG's help with establishing a baseline of the company's software entitlements to deployments in support of contract renegotiations prior to maintenance renewals. The engagement goal was to assist in:

- SAM process improvements and optimization
- SAM supporting tool reimplementation and improvements.

## Our approach

KPMG performed a review of the client's operations to explore potential risks associated with the client's major vendor titles. We trained and worked with the existing client teams and tools to create a detailed compliance report showing deployments and entitlements for the major vendor titles. Our professionals conducted a SAM maturity assessment and used those detailed research and discovery findings to prioritize process improvements.

## Results

KPMG identified potential overdeployment issues of approximately \$4 million for mitigation and resolution. Working with the vendor, our client was able to remove, upgrade, or redeploy licenses to significantly reduce this potential exposure ahead of any vendor audit. Our professionals also assisted the client's IT Asset Management team to help them capture and enter accurate deployment counts in their SAM tool reimplementation.

## Contact

The KPMG team comprises individuals with significant SAM and contract compliance experience in your industry. As a leading compliance firm, we offer global reach. Please contact us for more information about Software Asset Management:

**Paul Baguley**  
Principal, KPMG LLP  
T: 408-367-7608  
E: paulbaguley@kpmg.com

**Michael Adams**  
Managing Director, KPMG LLP  
T: 614-249-2323  
E: madams@kpmg.com

## Roxann Kerner

Alliance Director, KPMG LLP  
T: 312 665 2679  
E: rkerner@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity.

Any trademarks or service marks identified in this document are the property of their respective owner(s).

© 2017 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International. NDPPS 637868

April 2017