

Back to Basics: What is Software Asset Management (SAM)? The 2021 version.

Why “back to basics?” You don’t know what you don’t know.

This brief will cover familiar territory, so feel free to scan and skip ahead to anything new. However, there may be some terms and approaches you’ve taken for granted without really knowing where they came from or where they are going.

A SAM level setting, then a look ahead.

IT departments have been managing business software usage since word processing and spreadsheet programs put PCs on everyone’s desks in the 1980s. But just like the substantial differences between a 1986 Acer 1100 personal computer and today’s 4.80GHz laptops, software management has exponentially grown in complexity and importance. When that Acer 1100 hit the market, business software spend was just under a billion dollars. For 2020, Gartner estimated enterprise software purchases would be some \$503 billion and grow to \$556 billion in 2021.¹

What is Software Asset Management (SAM)?

Most every worker in an enterprise organization has a computer and uses software provided by their company, whether on-premise or cloud-based. Software Asset Management (SAM) is the motion or tool used to help IT better oversee and control those software assets from a physical, financial, and contractual perspective. Besides managing the distribution and usage of software, this discipline includes lifecycle processes, as well as policy and governance monitoring and enforcement.

The benefits of SAM.

The benefits of having a singular, centralized SAM are the cost savings created from consolidated, company-wide purchase and usage agreements (rather than ad hoc purchasing), reduced risk by ensuring license compliance, and reduced expenditures from underutilized applications. SAM technology automates much of the manual and error-prone processes such as spreadsheets, email, and siloed contract information. A SAM solution centrally manages:

- New software licensing, and licensing removal (compliance to licensing), usage (shelfware still being paid for)
- Usage metrics for existing applications – is the company getting the greatest value from the software purchased
- New Requests – for addition or removal of software (should integrate with the ITSM system)

What are SAM standards?

Like all things IT, there are international standards for IT asset management. The purpose is to ensure a consistent way to show that SAM performance is satisfying corporate governance requirements and effectively supporting IT mandates overall. Since the first standard was introduced in 2006 (ISO 19770-1), it has evolved year-to-year (now 19770-5) to include Software Identification (SWID) Tags which are used by discovery tools; XML schema for recording usage rights, limitations, and metrics; Entitlement Tags Encapsulations for licensing terms, rights, and limitations in a machine-readable format; and Resource Utilization Management (RUM) standardization.

A day in the life of an Enterprise SAM



Who is in charge of SAM?

SAM is a standard function within most enterprise IT departments. Usually overseen by the head of IT operations, professionals that most likely manage the day-to-day SAM usage are:

Software Asset Manager, responsible for:

- Adding software assets into a database or SAM tool
- First point of contact for software asset requests (via ITSM employee helpdesk or HR portal)
- Daily management of SAM tool and any integrations
- Management of SaaS instances and licenses
- Management of any physical software boxes and their licenses
- Producing standard SAM reports on software costs and usage

Software Asset Management Analyst, responsible for:

- Analyses of license usage data and software deployment
- Internal reviews of selected software vendors to ensure they are "audit ready"
- Researching new license types and trends

IT Asset Manager, responsible for:

- Managing and overseeing all IT purchases and usage – hardware, software, cloud, etc.

Risky business. What are the old ways of managing software?

Surprisingly, many SAM practitioners still rely on cumbersome, manual process for both on-premise and cloud-based software—think time-consuming, error-prone, spreadsheets, siloed management tools, and external solutions. The risk is far greater than bookkeeping headaches. Lack of license compliance has cost companies hundreds of thousands if not millions of dollars in fines and true-up costs. Even when legacy SAM tools are integrated into current IT Infrastructure Library (ITIL) systems, these challenges are not solved and may even present greater management needs. These risks include:

- **Brittle Integrations:** This risk is caused by legacy SAM tools sitting outside an ITIL system. Because integrations are brittle and may require heavy maintenance, managers rely on disconnected data imports and exports between systems. With no real-time visibility across usage, spend, and optimization, IT struggles to stay on top of things and often defaults to reactionary mode.
- **Lack of cohesion:** Many companies have decentralized software purchasing based on department or location need. Each location manages software with their own tools and processes, risking overpaying for and not maintaining compliance for licenses.
- **Disconnect between finance and licensing:** Complex licensing and pricing models from top publishers make it difficult to manage software when dealing with multiple systems, especially when managed from a spreadsheet. Manually having to import procurement data or comparing financial documents against vendor contracts is not only time consuming but also can result in an inaccurate report of your total spend.

Fortunately, next-generation IT asset management solutions are starting to replace traditional SAM tools. These solutions help SAM practitioners reduce risk, increase visibility, work faster and smarter, and optimize software spend.

What's next for SAM? The many predictions...

Back in 2018, Gartner anticipated that "...through 2020, only 25% of enterprises will be satisfied that their SAM tool purchases align well with prepurchase expectations of value."² In order to ensure that the next-generation of SAM technology performs to expectations, companies should consider the following:

The move to cloud-based software is accelerating.

The 2020s are going to see increased reliance on cloud-based software (SaaS) implementations. A recent Gartner Research report even identified that the dramatic growth in cloud adoption is driving much-needed modernization in SAM. They see SAM as the critical mechanism for mitigating SaaS cost increases, especially around the need to get control over costly provisioned, yet inactive licenses.³

The next generation of SAM: A single system of action.

To better handle this continued SaaS evolution (as well as the increased dependence on IaaS and PaaS), it will require even greater visibility into and rigor around software procurement and management. Simply integrating legacy SAM tools into current ITIL systems doesn't sufficiently solve challenges.

Next-generation SAM directly tackles the risks and challenges mentioned above by incorporating everything into a single system of action, most often folded into an IT asset management solution. The attraction to this approach is clear: seamless data sharing, increased data reliability, lower costs, improved efficiency, and optimized business value. The benefits of a single system of action are:

Benefit 1: Synchronization with the Configuration Management Database (CMDB)

A single system of action enables singular, more powerful discovery to deliver comprehensive, high-quality data—including licensing and software usage information.

Benefit 2: Real-time visibility into licensing and compliance

Because SAM runs on the same platform as the general ledger, a company can quickly reconcile deployed licenses with their financial records, aligning license purchases with actual usage.

Benefit 3: Reduced software cost and risk

- Coupling SAM and IT change management ensures software license costs are evaluated and approved as part of the change process.
- With a single system of action, SAM practitioners can automatically reclaim and redistribute licenses that are not being used or that fall outside of established policies.
- The overarching view enables contextual decision making. For instance, if a desktop software user currently has a license, is that appropriate given their organizational role? Could the license be reclaimed or downgraded? Similarly, if software is running on a virtual server, it may be used—but does it support an important application or business service?

And finally, just how critical is SAM? Just ask your CXO.

To illustrate the growing importance of SAM within the IT asset management framework, we'll end with another survey result from Gartner: Nearly 80% of individuals responsible for SAM now report to a C-level role, and 27% of those responsible for SAM are themselves in C-level roles.⁴

To learn more about modern SAM as a part of a dynamic ITAM solution, read ["Next-Generation Software Asset Management"](#).

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Sources

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