

VENDOR NEEDS AND STRATEGIES

Managing Microsoft: Software Asset Management Perspective

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IDC OPINION

Managing the software licensing landscape within most companies is a complex task. This is made more complicated by both the sheer number of contracts to manage (hundreds, if not thousands) and the different types of licenses that must be administered. Industry trends such as virtualization, cloud, and the consumerization of IT have added to this challenge. For a large number of customers, Microsoft applications represent a significant portion of their IT footprint, and managing these assets successfully is very important. In detail:

- ☒ Microsoft is committed to helping customers plan, deploy, and manage their software effectively and efficiently and offers tools and services through its various software asset management (SAM) initiatives. Microsoft's SAM organization is completely separate from the firm's audit function, and the goal is to help customers proactively manage their software assets (versus reacting to audits or compliance issues).
 - ☒ Software asset management professionals should take advantage of the tools, services, and other resources that Microsoft makes available to them in order to help paint an accurate picture of their software state in a way that is efficient and repeatable.
 - ☒ Organizations should consider the manageability of software licenses at every stage of the software purchase process. In addition, the goal of software asset management should be not only risk mitigation but also license optimization.
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IN THIS STUDY

This study is a companion piece to a previous study (see *Software License Audits: Enterprise and Vendor Perspectives*, IDC #234159, April 2012) that investigated the state of software license audit activity in the enterprise software market today. The focus is on Microsoft's SAM approach. Information in this document is based on interviews with Microsoft employees, partners, and customers.

SITUATION OVERVIEW

Market dynamics are ensuring that the complexities associated with understanding and managing software license contracts will likely increase. In addition, customers are calling for increased flexibility in software licensing, such as concurrent licensing, pay-per-use models, and licensing approaches that allow customers to take advantage of the benefits of virtualization. Managing software licenses successfully is important, as organizations want to maximize their returns on every software license they hold, as well as manage the updates, support, and maintenance that help ensure that the software is working as it should and add costs.

The process of identifying which software products are installed on a computing device has been compared with an archeological dig. One of the first steps is to take a look at information derived from software discovery tools. Most organizations are using multiple tools, including desktop management systems, help desk utilities, patch management tools, and software asset management tools.

If the discovery process is an archeological dig, the process of consolidating the data, and then reconciling this, involves various sources of "tribal knowledge." There is documentation, of course, tied to various sources of contractual information (entitlements, invoices, OEM terms, outsourcing terms, other terms and conditions, etc.) Putting everything together, and trying to paint an accurate picture, can be time consuming and fraught with possibility for error.

Software vendors have recognized the time and effort that it takes customers to stay in compliance. Most recognize that it is in everyone's best interests to help customers manage their software and are offering tools, services, and advice. Following is a profile of the ways in which Microsoft helps customers implement best practices for SAM, from training and certifying partners in SAM to supporting industry standards.

Microsoft

Microsoft SAM

Microsoft is sympathetic to its customers' SAM challenges. The company provides customers with guidance, tools, and resources to help them implement best practices for SAM and trains and certifies partners to help customers. The SAM team at Microsoft is completely separate from the company's audit team or function, meaning that the focus is 100% on helping customers proactively manage their Microsoft

software assets versus identifying software license noncompliance for the purposes of an audit or review.

Microsoft believes that its customers want to be in compliance and understands that they spend a great deal of time trying to do so. Customers spend a lot of time assessing their environments prior to a software purchase, and many still end up buying based on an educated guess. Without an easy way of managing their software assets, customers end up buying more than they need or renewing maintenance on software that is not in production. According to Microsoft, the company would like to help customers optimize the ROI on every license that they have and hopes that this will improve customer experiences and increase satisfaction levels.

To help reduce the time that customers spend on SAM activities, Microsoft offers a range of tools and services provided directly and through partners. The SAM overall program is quite comprehensive, and detailed information can be found at www.microsoft.com/sam/en/us/overview.aspx.

Customers that are trying to implement or improve SAM for Microsoft applications should start by evaluating their approach next to the Microsoft SAM Optimization Model (SOM). The SOM provides a methodology for customers to assess their SAM capabilities and a road map to help them achieve their goals. The model is based on an established set of criteria and 10 key competencies. Each competency is assessed at one of four different maturity levels.

Microsoft provides funds to partners that help customers with SAM. Some of the key aspects of SAM that partners assist customers with include software license discovery and optimization. In addition, Microsoft partners can help customers select and deploy SAM technologies. These activities are broken down by Microsoft into three phases: SAM Baseline, Assessment, and Deployment Planning. In detail:

- ☒ **SAM Baseline** provides an organization with an inventory of deployed Microsoft assets, a review of Microsoft licensing entitlements, and the identification of any over- or under-licensed assets.
- ☒ **SAM Assessment** leads to the development of a customized report that details a customer's existing SAM processes against the SOM framework, identifying opportunities for improvement and associated ROI.
- ☒ **SAM Deployment Planning** helps customers determine which SAM solutions are best for their environment to improve software deployment, metering, inventory, and control and then provides deployment assistance.

Partners can use the tools developed by Microsoft to assist customers with these activities. For example, the Microsoft (MAP) Toolkit is an agentless inventory and reporting tool that can be used to discover hardware and software profile information. Customers can use this itemized breakdown of every machine in their environment to assess their suitability for various platform migrations — including Windows 7, Office 2010 and 365, Windows Server 2008 R2, Hyper-V, Windows Azure, and Microsoft Private Cloud Fast Track. Microsoft is updating its (MAP) tool to extend it to the desktop environment. According to Microsoft, this will form the basis for a lot of what Microsoft is seeing happen now in cloud license management.

ISO 19770-2 Standard

Microsoft announced in April 2012 that it will be adopting the ISO 19770-2 standard. ISO 19770 is an international standard consisting of three parts (-1, -2, and -3) that together define a process framework for performing software asset management as well as provide a data standard for software identification tags that will help make licenses and entitlements more manageable. The first part of the standard (-1) is directed at enterprises and outlines best practices and processes for effective software asset management.

In addition, to support customers that are trying to achieve -1, Microsoft's SAM Optimization Model will map to the -1 tiers. These tiers were created by the ISO 19770 working group to make it easier for customers to achieve the standard via a phased approach. The SAM Optimization Model will show customers what they have obtained so far and the gaps. Microsoft will be launching this as part of the Worldwide Partner Conference in July 2012.

The second and third part of ISO 19770 are directed at software publishers and describe the way in which software should be tagged so that it is easier for customers to manage compliance. These tags provide a universal way to identify software, which should make it easier for customers to track and manage the software running within their environment. The standard and its components have been under development for the past several years. Adobe, Symantec, and CA Technologies have also publicly announced support for ISO 19770-2.

Microsoft has made a companywide commitment to the -2 tags — support for the standard has been built into the common set of engineering criteria that helps ensure consistency across the products. The -2 tags are embedded in some products now and will be incorporated into the planning cycles for future releases of other products. In the coming months, Microsoft is also planning on making some tags available for the install base. For example, there will be a service pack to tag Windows 7.

While the -2 tags themselves won't simplify licensing, and should not be considered a silver-bullet solution, they represent a material step in the right direction and should help reduce the time spent managing by a significant amount.

Beyond the -2 tags, Microsoft is participating in a desktop task force that has a working group around cloud license management, focused on investigating ways to make it easier to manage licenses both in the cloud and in the hybrid on-premise/cloud environments.

FUTURE OUTLOOK

To gain access to the software that they need to run their businesses, software customers must navigate a lot of contractual territory. Most customers are managing multiple software license contracts, and the terms of these contracts — even within the same vendor's roster of products — are almost always different. Complexity increases compliance risk and reduces customer satisfaction.

At the same time, customers are also calling for increased flexibility in software, and market dynamics are ensuring that the complexities associated with understanding and managing software license contracts will likely increase. In the future, the adoption of public cloud services should help alleviate some of the SAM challenges. However, private cloud environments will create new (challenges) and opportunities for effective management of software entitlements.

For customers, the goal of SAM should not only be risk mitigation but also license optimization — Where are they overspending — on software support or license (types that are more robust than needed based on usage patterns)? How can they position themselves to better understand their future software needs?

Software vendors should realize, as Microsoft has, that no one wins when software licensing is unmanageable. By providing customers with tools and services to help them stay informed, as well as supporting standards such as the components of ISO 19770, Microsoft is taking steps to ensure that customers are "optimizing the ROI on every license that they have."

ESSENTIAL GUIDANCE

Be More Proactive, Less Reactive

Those in SAM roles understand that if you have to react to a situation, you've lost money and capabilities.

For those SAM professionals that are trying to convince senior management to make SAM a priority, the smartest approach is to be able to tie it to ROI and prioritize your efforts based on this. It may not make sense to invest in SAM across the board, but for certain high-value applications, it probably does. By optimizing your software needs, you can look at ways to spend your software dollars most effectively.

It is important to note that optimizing license spend is not synonymous with "cut spending." The customer might buy less of some things and more of others. ISVs such as Microsoft want to expand their product footprint within the customer but not because the customer is guessing on what they need based on bits and pieces of information. ISVs want customers to adopt the software that will be most useful to them, and they should want to deliver a positive ROI for every license purchased.

LEARN MORE

Related Research

- ☒ *Software License Audits: Enterprise and Vendor Perspectives* (IDC #234159, April 2012)
- ☒ *Enterprise Agreements Get an Update* (IDC #232571, January 2012)
- ☒ *Worldwide and Americas Software Channel 2011–2015 Forecast Update* (IDC #232117, December 2011)

Synopsis

This IDC study is a companion piece to a previous study (see *Software License Audits: Enterprise and Vendor Perspectives*, IDC #234159, April 2012) that investigated the state of software license audit activity in the enterprise software market today.

"Microsoft is committed to helping customers plan, deploy, and manage their software effectively and efficiently and offers tools and services through its various software asset management (SAM) initiatives," said Amy Konary, research vice president for Software Licensing and Provisioning at IDC. "Customers of Microsoft should familiarize themselves with these offerings and take advantage of them where it makes sense."

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