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The Soft-Aid SAM Spotlight

A Publication for the IT Asset Mgt./Software
Asset Mgt. and Software Reseller Communities



This Issue (Part 1 of 2):
Cost Cutting in a Down Economy:
Making Intelligent Use of
Application Usage Data

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"We should be careful to get out of an experience only the wisdom that is in it -- and stop there -- lest we be like the cat that sits down on a hot stove-lid. She will never sit down on a hot stove-lid again, and that is well; but also she will never sit down on a cold one any more."

-Mark Twain, author and humorist, (1835-1910)

Industry News

This recent Dilbert sketch highlights part of the reason that companies fail to manage software correctly, *Dilbert*, July 2009 [More](#)

"Recession compromises SAM abilities of firms: Organizations are in need of help from channel to deal with licensing worries," Kayleigh Bateman, *CRN Magazine*, May 26, 2009 [More](#)

"Reining In IT Excess With Software Asset Mgt.," 5/28/09, *E-Commerce Times* [More](#)

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Greetings from Boston

Summer was slow to arrive in Boston but our spirits are up nevertheless. Our beloved Red Sox are doing well overall (sorry NY Yankee fans). And we are seeing an uptick in our services from those companies looking to control costs.

In this e-newsletter edition, SAM Consultant Dave Mansfield writes the first of a two part series on how IT Asset Management (ITAM) helps cut costs. This issue focuses on the intelligent use of software usage data.

The next edition will focus on how companies are using ITAM best practices to redesign core business processes: for example, "onboarding" new employees, asset provisioning, and asset retirement which all have a major impact on IT efficiencies, IT costs, and service levels.

Two editions from now we will explore more broadly how IT Asset Mgt. helps to control costs.

On a separate note, I recently gave a presentation on the role of IT Asset Mgt. in virtualization projects, specifically focusing on Microsoft licensing. If you wish a copy of the slide deck and a good set of links on the topic, please visit www.aid.com/links/

Well that is all for now. Thank you for reading.

As always, an archive of past e-newsletters is available on our web site at www.aid.com/enews/

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Part 1 of 2: Cost Cutting n a Down Economy:

Making Intelligent Use of Application Usage Data

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In today's economy, budgets are being scrutinized and cost cutting measures are being demanded from most departments. While the IT department plays an important role in servicing internal business needs, it has not been immune from this pressure.

When asked to cut costs, IT departments have turned their focus to



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assets that are underutilized or not used at all. Since software licenses are expected to account for 35 percent of the total IT budget of an average enterprise customer in 2010, such expenditures are getting increasing focus.

The questions being asked include:

- "What is our annual spending on software?"
- "Which software maintenance fees are we not realizing value?"
- "Which software is not in use?"

Analyzing software utilization, in particular, has significant savings potential. After reviewing application usage data and trends, one can more closely align licensing requirements with actual software needs. By making intelligent use of software usage data, companies have identified software applications performing similar functions along with those that are under-utilized. While software and hardware inventory tools do a good job of identifying what is actually deployed, application usage functionality adds a critical element when determining which software to purchase and support, which maintenance contracts to renew, and how to pursue an optimized licensing position.

There are direct and indirect costs of having software that is underutilized and/or not needed by end-users to perform job functions. The indirect costs to train users and support underutilized applications may not be readily quantifiable but are real. 'Extra' or 'shelfware' software also poses potential security risks and application compatibility issues. The direct costs are more apparent and equally problematic; they involve investing in software and paying maintenance costs for software for which the organization is receiving little to no value.

The net result of examining inventories, application usage, and software needs are as follows:

1. Where appropriate and allowed under the terms of the license(s), you harvest or reallocate licenses between end-users
2. You review applications that have similar functionality for opportunities to reduce application 'sprawl' and control license and maintenance costs
3. You gain greater precision when evaluating application upgrade or new software requests
4. You have an optimized licensing position and software contracts that more closely align with your business

The data used to accomplish these tasks comes from software application usage tools. Such functionality is found in many integrated or suite-based IT Asset Management (ITAM) tools but also in several well known "point" solutions.

There are several ways that usage information is collected and reported. I won't directly debate the merits of each approach listed below except to point out that the value of the Basic approach is restricted to determining the existence of any application usage; like an on/off switch, it cannot determine degree of usage. In that manner, it is not all together useful.

For simplicity, we can describe the data as 'Basic' and 'Detailed':

Basic information captures only whether an application was opened on a particular PC in set time period (usually 24 hours). It can be faulty if there is a login or start-up script that opens the application regardless of manual launch by the user.

Detailed information can include any number of data points depending on the tool functionality. The four primary data points that one sees in the market are:

1. Tracks Application Open/Close Time
2. Monitors Active Window Time
3. Distinguishes between Active/Idle Applications (either "Active Keyboard" or "Active Mouse")
4. Application Process Time

This data can help determine how many times the application was launched and how long it was in actual use. It can be monitored at set or predetermined intervals. What you are trying to accomplish will dictate the 'Detailed' usage data to gather and the type of tool you

require.

With any of the above approaches, one should be careful not to confuse casual users with those users who require the application but use it for a minimal period every month. Before any action is taken to uninstall or replace existing applications, you should always first poll end users to determine their perceived needs for a given application. While a particular application may only be used for a short period in a given month, it could in fact be critical to someone's job function. A good example of this is software used by the accounting departments to perform their monthly closes: that application is critical but may only be used for less than one day per month. One would not want to blindly uninstall that without stakeholder involvement, which is a best practice under the ISO 19770-1 SAM Process standard.

I am reminded of the company that was spending hundreds of thousands of dollars maintaining an expensive line-of-business application for the mortgage industry. After deploying a usage monitoring tool, the IT department discovered that only two people in the company were using this application and one was doing so solely to calculate his personal mortgage payments!

It is all too common for many organizations to fail to cancel or renegotiate maintenance and support contracts based on current application usage.

Scenario: Company 'A' plans to expand use of a Business Intelligence application that represents a significant financial investment for the organization. The expansion will likely lead to increased license and maintenance costs and the company wants to be wise about the additional investment. In addition to five hundred (500) existing users, the project team has identified a department with seventy-five (75) users that have asked for the application. After reviewing usage data, the IT department discovered that over the last 180 days only three hundred (300) of the existing users had used the application more than a few hours per month. After polling end users, the IT department confirmed which users required the application in their core job functions. With this analysis, Company 'A' began to ask several questions with strategic relevance:

1. Why are so many existing users not making use of the application? Do they need additional training and/or to have their roles reassigned/redefined?
2. Do we need to buy a license for another 75 users or can we reassign licenses?
3. What more economical licensing options such as concurrent or usage-based licensing exist? Are there software editions (e.g. viewers) at a free or reduced cost that meets user needs?
4. How might we use this analysis when renegotiating existing software contracts?

Some common areas that often deserve closer examination are as follows:

- Are users creating documents or just opening them?
- Are users making use of all components in a broader suite? You might want to consider the net savings and user impact in purchasing stand-alone components or downgrading to a lesser suite.
- Is software being used only in read-only mode?

What Does This All Mean?

In a recent publication, Patricia Adams, one of Gartner's IT Asset Management analysts, stated:

"A holistic approach to ITAM that will yield short-term and long-term savings, as well as cost avoidance, necessitates a strategy that includes a software usage tool. Enterprises that implement software usage monitoring capabilities will achieve savings of five to twenty-five percent in the first year [underline added]. After the first full cycle of contract re-negotiations, the savings will likely stabilize at two to three percent in subsequent years."

Source: "[Cost Cutting by Effectively Using Existing Software](#)," Patricia Adams, Gartner (Report ID: G00155025), February 7, 2008.

When you combine Gartner's estimates with the potential savings from strategically negotiating contracts, harvesting licenses for reuse and strategically reviewing projects for appropriate ROI, the choice to collect and utilize usage data becomes a "no brainer."

In fact, my experience has been that even higher rates of savings and cost avoidance can be achieved when consistently using the usage data as part of an overall asset management program.

"Technically Speaking"

While not a topic for this article, it should be stated that there are many types of software usage tools that work with various types of platforms. Some are standalone applications and while others are part of a more integrated solution. Some work only on the Windows / Intel (Wintel) platforms, while others work on multiple platforms including various flavors of UNIX, Linux, and so forth. After establishing your needs, you should talk further with tool vendors to assess which products suit them.

Some of the tool vendors extend their functionality to include:

- Metering (aka "Application Control"): where you can meter the use of software residing on local or remote servers to ensure no more copies are being used than are properly licensed.
- Seamless integration with virtualization technologies (such as 'application' virtualization [e.g. Microsoft App-V and Symantec Workspace Streaming (SWS) (formerly AppStream)] and 'presentation' virtualization [e.g. Terminal Server or Citrix Presentation Server] so that you can keep track of application usage using these technologies.
- Web browser usage tracking which can be useful for applications that are accessed via a standard web browser.

Feel free to [email me](#) for a copy of Soft-Aid's tool matrix that compares inventory and license management tool functionality for a wide cross section of tools. There is a section on usage monitoring and metering (i.e. application control).

Closing Thoughts

The above examples represent a few of the ways that application usage data can be useful in your strategic planning. Don't forget that the data should be coupled with end user interviews to assure there are no hidden usage patterns that need to be considered (i.e. applications that are rarely used but critical to business performance). I should remind you that a tool that measures software usage is only one piece in an asset management tool box. If you use these tools together, you can build an effective solution that will answer C-Level questions about how the organization is making use of its IT assets as well as justify the business case for many IT projects.

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