Technology Asset Manager

A publication of ECPweb.com

ECP Survey: Cost Reduction and Compliance Top Reasons for SAM and ITAM Programs

Cost reduction and regulatory and license compliance are the top reasons to have a software and IT asset management (ITAM) program in a company, according to a recent ECP survey. More than 75 percent of firms responding to the survey spend more than $1 million on IT annually, and a majority expressed optimism about their future budgets for these programs.

ECP publishes newsletters and Web sites for its subscription base of some 5,500 business users of ITAM and software asset management (SAM) programs. It also conducts training workshops and seminars. From March 3 to April 10, 2005, we posted a comprehensive online survey, notifying subscribers by e-mail and on ECP Web sites. IT managers from a wide range of organizations answered our questions about the size and scope of their ITAM and SAM programs, as well as initiatives at their companies. The survey explored the status of and attitudes toward ITAM and SAM programs in organizations, asking targeted questions about tools and budgets, commitment to programs and predictions about asset management's future.

Since ECP subscribers are likely to be involved in managing ITAM or SAM efforts, our results may show higher implementation rates than more broadly based studies, and the specific data on budgets and management commitment may be more relevant. We present preliminary results of the survey to coincide with ECP's SAM Summit in Los Angeles, May 15—17. We will publish a more in-depth analysis later this year.

Approximately how many IT seats or users are in your company?	Responses
Did not answer	2
Fewer than 500	21
501–1,000	4
1,001–5,000	18
5,001–10,000	9
10,001–30,0000	8
30,001–50,000	8
50,001–100,000	2
More than 100,000	2
Total	74

Industry Segment	Responses
Consumer products	2
Education	2
Energy and natural resources	6
Financial services	18
Healthcare	1
Manufacturing	2
Pharmaceuticals	2
Public sector	4
Services	8
Information technology services	20
Did not answer	9

NOTE: Some 74 well-known commercial and public sector organizations in the United States, Canada, Australia and the European Union responded to the survey.

What's Driving Programs Today

Asked to identify the key motivations to begin or continue ITAM and SAM programs, 83 percent of respondents said cost reduction, regulatory and software-license compliance were "very important" or "important" factors. Alignment with business strategy, control of IT portfolio and investments and the need for a standardized, up-to-date IT portfolio were important, but to a lesser degree (see Chart 1).

Software-license compliance programs are most prevalent, and along with asset tracking, were cited by more than 60 percent of respondents. When comparing current programs with planned ones, the survey data show that initiatives that employ long-standing tools for software license compliance and asset tracking are commonplace, but that initiatives served by newer technology, such as a configuration management database, are just beginning to show up in U.S.-based organizations. This may indicate future areas of effort and opportunity. User ratings on the importance of tools for ITAM and SAM are another indicator (see chart 5).
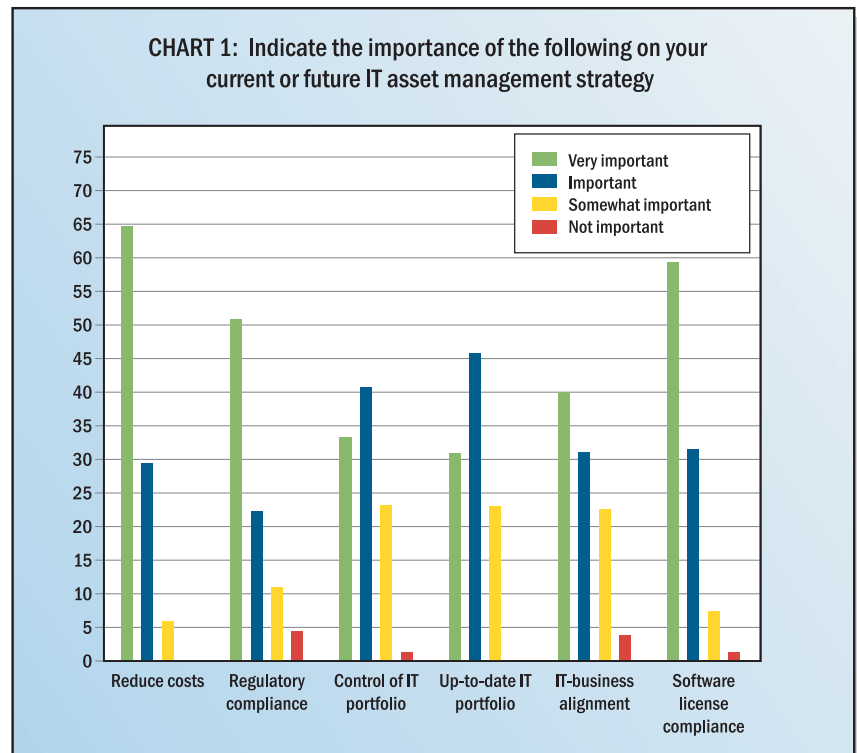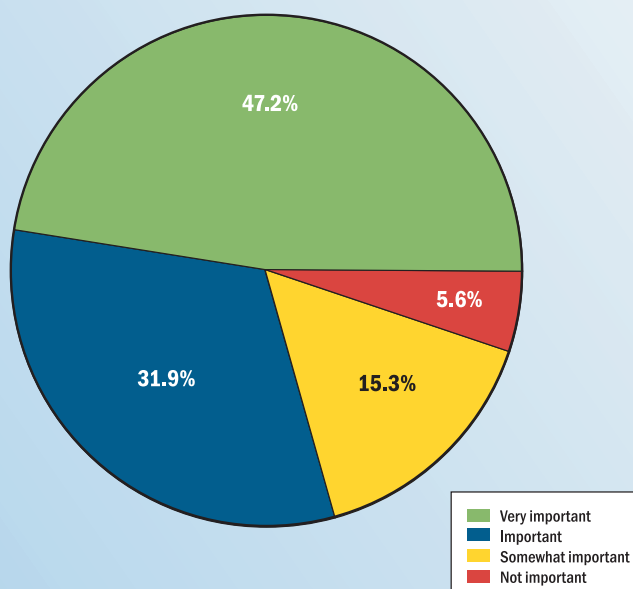
CHART 1: Indicate the importance of the following on your current or future IT asset management strategy

Legend:
- Very important
- Important
- Somewhat important
- Not important

Categories: Reduce costs, Regulatory compliance, Control of IT portfolio, Up-to-date IT portfolio, IT-business alignment, Software license compliance

CHART 2: Rate the level of commitment by the senior management of your organization for the IT asset management program

- 47.2% — Very important
- 31.9% — Important
- 15.3% — Somewhat important
- 5.6% — Not important

Legend:
- Very important
- Important
- Somewhat important
- Not important

A High Degree of Commitment and Maturity

Respondents were asked to rate their managements' commitment to ITAM and SAM programs. Almost half reported high levels, and more than 75 percent reported moderate to high commitment. Less than 15 percent cited some or little to no commitment. A high level of commitment indicates that the upper management of the responder's company recognizes the value of ITAM and SAM programs. Cross-referencing organization size with commitment level shows no correlation—small businesses are as likely as large ones to see the value of these programs (see Chart 2).

The survey asked about programs underway or planned for the near future. Software license compliance (71.6 percent) and asset tracking (62.2 percent) were reported at more than 60 percent of the organizations (see Chart 3). More than 40 percent reported initiatives for software and hardware

redeployment, contract management and IT and Sarbanes–Oxley compliance. These findings are consistent with ECP polls and reports from end users.

Respondents rated hardware tracking (30 percent), followed by software tacking (22.1 percent) and software asset management (20.3 percent) as highly automated. Higher levels of process automation and process maturity are indications of greater effectiveness and performance, reduced risk and lower costs (see Chart 4). Visit http://www.ecpmedia.com/page34.html for more about SAM maturity ratings.

At 51 percent of respondents, many processes or tools were automated for IT financial management, followed by hardware tracking (36.2 percent) and software asset management (31.9 percent). The relatively low percentage of managers rating their SAM processes as highly automated is consistent with findings from ECP's SAM maturity studies. Although the SAM studies were more narrowly focused, they revealed generally low levels of automation and process maturity for SAM, contract management and software tracking in more than 71 percent of organizations. The current ITAM survey shows a slightly higher level of process maturity in the corresponding areas.

CHART 3: Indicate which of the following initiatives your organization has underway or plans to launch in 2005

Legend:
- Software license compliance
- Asset tracking
- Software deployment/re-deployment
- Hardware deployment/re-deployment
- Contract management
- IT compliance - Sarbanes Oxley
- Integration of IT asset and service management
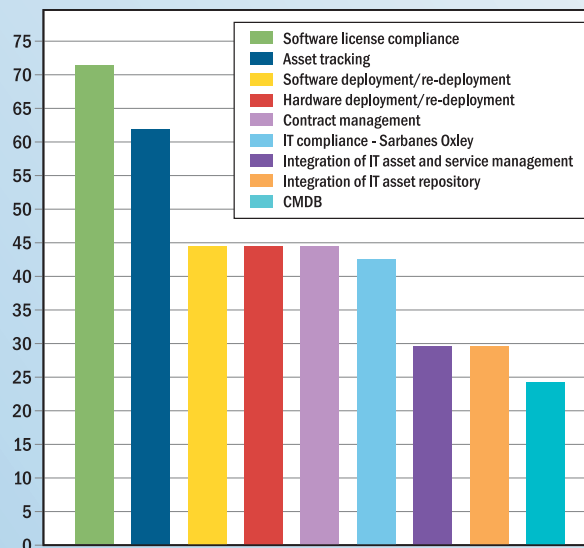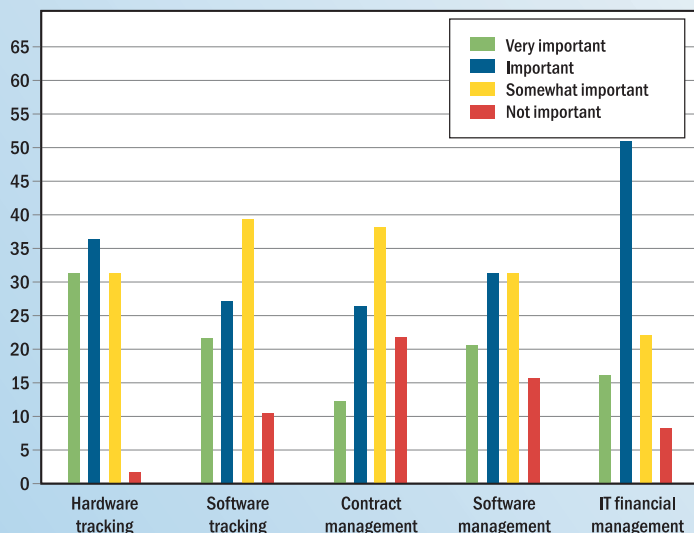- Integration of IT asset repository
- CMDB

CHART 4: How would you rate your organization's process maturity level in the following areas: hardware and software tracking, contract management, software asset management and IT financial management?

Legend:
- Very important
- Important
- Somewhat important
- Not important

Categories: Hardware tracking, Software tracking, Contract management, Software management, IT financial management
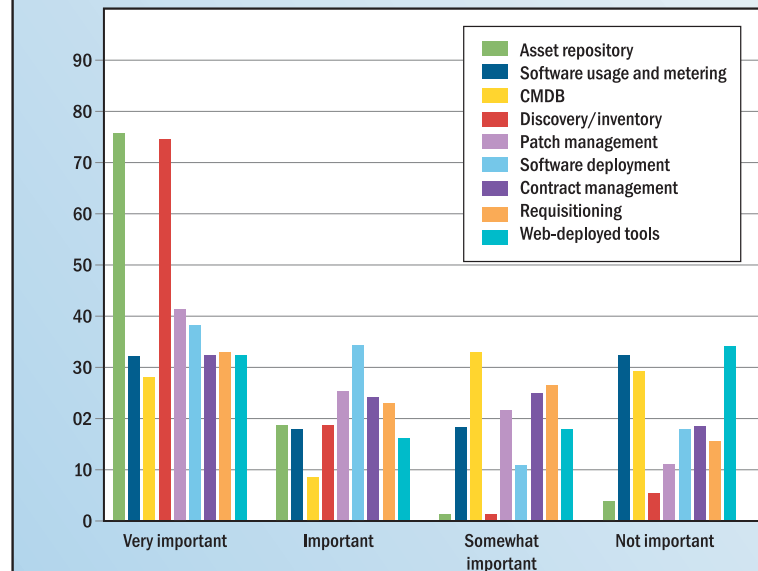
Cost-cutting was reported as a priority by 94 percent of those answering our survey. Consequently, we'd expect to see a correspondingly high level of process development in IT financial management. Although a solid 66.7 percent reported that IT financial management processes were highly automated or that they had many processes or tools, it looks like a lot of work remains to be done in this area.

Asset Repository and Discovery Tools Get High Marks

Asked about specifics, many firms indicated commitment to ITAM and SAM tools they consider important to their success, although some reported not using the tools at all. The data show some clear favorites. Asset repository and discovery tools are the most commonly cited tools, with more than 74 percent of firms rating them as very important and more than 92 percent rating them as important or very important. Patch-management tools were very important to 41.4 percent, and almost 70 percent rated them as important or very important. Software deployment, contract management, requisitioning and software-metering tools were all named very important by one-third of respondents and "at least somewhat important" for 60 to 70 percent of firms. The verdict was split on Web-based tools and software metering tools, with both cited as very important by one-third of respondents and not important by as many or more respondents (see Chart 5).

CHART 5: How important is the use of tools?

Legend:
- Asset repository
- Software usage and metering
- CMDB
- Discovery/inventory
- Patch management
- Software deployment
- Contract management
- Requisitioning
- Web-deployed tools

A configuration management database (CMDB) was cited as very important by 27.9 percent of respondents, but more than 60 percent reported the use of a CMDB as not important or somewhat important. The range of responses reveals that configuration management is in place or planned for a few firms, although a majority cite a lack of familiarity or say that it is out of the scope of the current ITAM program.

Other tools were listed as important to the asset management program. The majority of responses mentioned internally developed applications as significant tools (e.g., specialty databases, utilities to capture and feed data into the asset repository and data warehouses). Service desk and analytic reporting tools were also cited.

No. IT seats or users	Managers	Field staff	Admin.	Sourcing	Vendor mgmt.	End user support	Data analysis	Contract mgmt.	Other staff	Average staff per 1000 IT seats
Fewer than 500	1.35	1.35	0.40	0.67	1.46	1.83	0.74	0.46	0.67	16.76
501–1,000	2.75	9.50	2.25	3.50	1.67	3.50	2.67	1.33	0.67	35.00
1,001–5,000	1.63	2.07	0.94	1.33	0.53	1.67	0.87	0.63	0.60	3.93
5,001–10,000	1.29	4.86	0.86	1.57	0.29	1.71	1.14	0.57	1.29	1.87
10,001–30,000	4.00	15.50	2.17	1.14	0.29	26.17	4.67	0.67	0.75	2.40
30,001–50,000	10.71	42.57	8.00	11.14	5.71	37.43	8.00	4.29	5.00	3.32
50,001–100,000	52.00	14.00	28.00	13.00	9.50	8.00	20.00	13.50	8.50	2.22
More than 100,000	27.00	2.00	0.00	0.00	0.00	2.50	0.00	2.00	1.00	0.35

Table 1. Average staffing levels by job function

Optimism Reflected in ITAM Budgets

The diverse size of organizations that responded reveals a wide range of IT budgets, as well as the amounts spent on ITAM programs. Reports are optimistic, with 80 percent of organizations predicting equivalent or higher spending in 2005. More than 75 percent of responding firms spend more than $1 million on IT annually, and 19.7 percent spend more than $100 million. In ITAM spending, the results show a wide range as well, but some 40 percent of organizations spent more than $100,000 on ITAM tools last year, and approximately 25 percent spent more than $100,000 on external ITAM consulting. Upgrading existing applications, continuing existing implementation plans and purchasing new software asset management and procurement applications were cited as key goals for 2005 spending (see Charts 6 and 7).

Staffing Levels Vary with Organization Size

As expected, average staffing levels tend to decline as the number of desktops increase (see Table 1). Many factors contribute to staffing levels, including automation, integration of tool sets, scope and maturity of the program. We will provide more data and analyze this area further in our in-depth report later this year.

An unexpected finding was the high level of staffing in smaller organizations, representing a high degree of commitment to ITAM programs. Some 86 percent of organizations with 1,000 or fewer desktops reported having an IT asset management program, and 69.5 percent reported a software asset management program. Nearly all organizations with more than 1,000 desktops reported having both types of programs.

What's Next

Response to this survey indicates continuing interest among the community of IT professionals for market-based data comparing different companies' IT asset and software management programs. This survey provides a benchmark that organizations can use to evaluate their own progress. Our in-depth report will include a review of programs by computing platform and organizational size. Plans for refreshing computer technology and program location (department and organizational level), installed tools, budgets and spending by organizational size will also be covered. We will look at process maturity and software compliance enforcement practices.

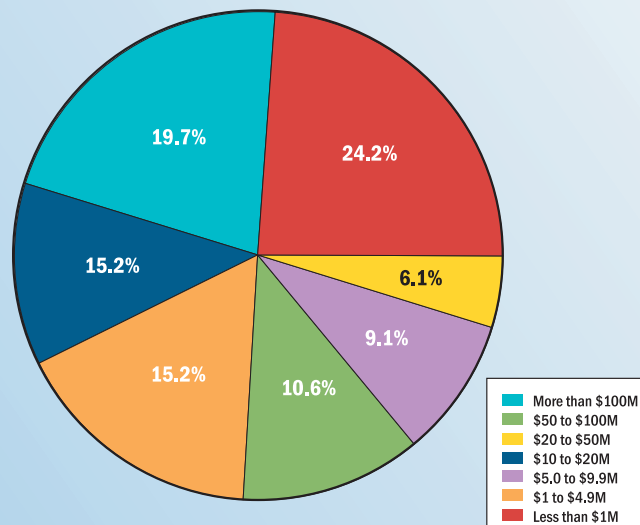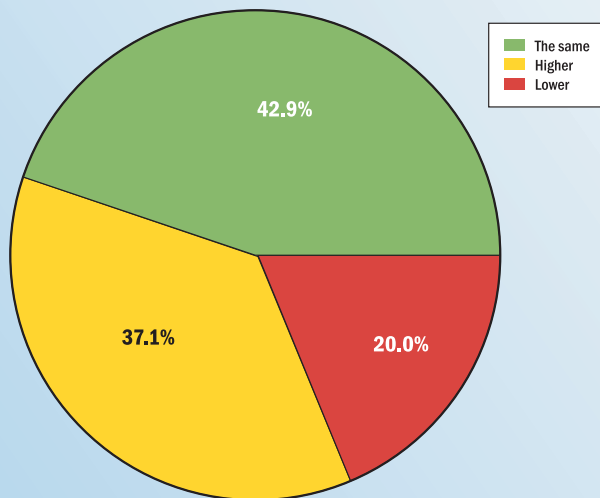**CHART 6:** Indicate the amount your organization spent in 2004, in total IT budget

- More than $100M — 19.7%
- $50 to $100M — 10.6%
- $20 to $50M — 6.1%
- $10 to $20M — 15.2%
- $5.0 to $9.9M — 9.1%
- $1 to $4.9M — 15.2%
- Less than $1M — 24.2%

CHART 7: Compared to the amount you spent in 2004, do you expect your 2005 ITAM budget to be higher, lower or the same?

- The same — 42.9%
- Higher — 37.1%
- Lower — 20.0%

Our next survey, beginning this month, will look at eight key factors in SAM maturity and the cost savings associated with an active SAM program. We invite you to participate—not only will you receive a premium, but you'll gain access to valuable comparative data.

Rick Mitchell, Steven Russman and ***Bill Winters*** contributed to this article.

Enterprise Licensing Is Preferred Enforcement Method—for Now

Enterprise licensing was the preferred enforcement method for software license compliance for nearly 40 percent of those responding to our poll, close to double the tally of the second-most popular option. That's not surprising—enterprise licenses (for which fees are based on the number of computers, users, employees or some other verifiable quantity) can make financial and operational sense if they are the lowest-cost alternative based on a review of usage and installations. But they are often the default choice—a means to put off the inevitable day of reconciling license rights with installations.

Improvements in discovery and usage-monitoring tools, including low-cost and easier-to-deploy tools, provide data for Windows platforms of moderate complexity and help drive improvements in software asset management (SAM) in many organizations. Tools for UNIX and mainframe systems are also greatly improved and are sure to enable better management of these platforms.

In the overall context of managing risk, enterprise licensing may be the lesser of two evils—cheaper than the cost to fix high-profile compliance-problem areas like accounting-control audits. As companies continue to grapple with Sarbanes—Oxley compliance, the fact remains that software is a huge component of IT spending—and as SAM managers know, an area ripe for savings.
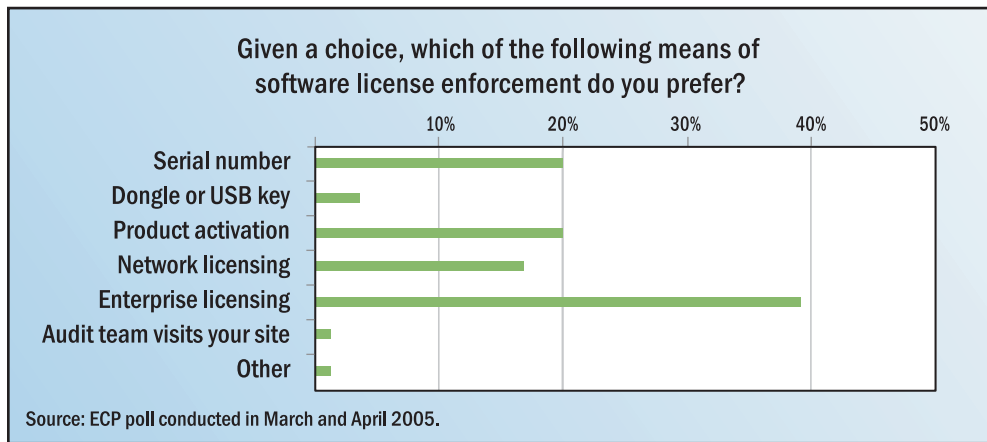
Software asset management will induce many users to abandon enterprise licensing in favor of active license-management programs—driven by cost savings and new and enhanced tool sets, making data collection and reporting easier. Whether serial number, license key, activation or network license, we believe the percentage of vendor-imbedded licensing controls will grow as the technology improves and the cost of deployment declines, driving users toward usage-based licensing models under which they pay for what they are actually using. Enterprise licensing is likely to become the most expensive licensing option, as software publishers see this class of users as unwilling or unable to accommodate the newer usage-based licensing models, and, thus, having no alternative.

Given a choice, which of the following means of software license enforcement do you prefer?

Source: ECP poll conducted in March and April 2005.