

# How to Maximise Your Software Value with a Cost Effective Strategy

Consolidate, Analyse, Optimise.



# Introduction

To remain successful, businesses must drive competitive advantage, increase revenue, reduce costs and control associated risks. Many see digitalisation as key to meeting these challenges and are transforming every area of their business.

In this guide we consider how an effective software lifecycle management strategy can help you to achieve your business goals. We will also look at how to drive down costs and the steps you need to take to implement your strategy and how to select the right tools for the job.



# What is a software lifecycle and why do you need a strategy to manage it?

Innovative businesses rely on a wide range of software solutions – from everyday office applications to complex customer relationship management systems. Each of these solutions goes through a familiar purchasing cycle – negotiation, procurement, maintenance and renewal. If you decide to dispose of an outdated solution (rather than renew it), you may need to replace it. This takes you back to the start of the cycle – negotiation.

Procuring and staying on top of a large and complex software estate can put a big strain on your IT department as well as your budget – often distracting them from more valuable activities.

With so many products and vendors to choose from, the buying process can be costly and time consuming – and without access to the right data, getting the best deal can be near impossible. A lack of careful management can be costly too.

## The average business wastes £210 per user on unused software every year<sup>1</sup>

– and over-licensing is just one aspect of software management that probably costs more than you think.

But identifying where waste is occurring, and working out how best to tackle it, can be complex and time consuming. That is why you need a strategy to manage it.



With an effective software lifecycle strategy you can:

- Make informed decisions, procure and renew products with confidence, and maximise the value of your software estate.
- Stay on top of licensing requirements and manage software supply chains from sourcing and fulfilment to management and retirement.
- Manage and present the results of your strategy to the business, with easily sharable data.
- Simplify and streamline your software management – saving you more time and money.

<sup>1</sup> According to a 2016 report by 1E

# Three steps for maximising your software licensing estate

## 1 Consolidate – take stock and identify priorities

The first step in managing your software estate is to take stock of what you currently have. Businesses often err on the side of caution, paying for complex software solutions that offer features they don't really need – or that are needed only by a small proportion of the workforce. Similarly, businesses often over-provision software licences and are unaware of how many they actually need or are in use.

Taking stock of your software estate can be a complex and challenging task; much more so than a hardware audit, as physical assets are, by their nature, much easier to identify. Whilst there may be some areas of your software estate that you know you need to investigate, there may be others that you are not even aware of. For this reason, many businesses look to a third party to help them audit software.

Insight can work with you to create a detailed picture of your current software estate. We can often do this using reports or tools you already have and, where there are gaps, we can suggest either our own or third party tools to provide an accurate picture. We then consolidate all data and check against entitlements to produce effective license positions (ELP).



## 2

### **Analyse** – monitor usage and examine meaningful patterns

Once you have an overview of your software estate, you can begin to look at its usage and cost and consequently, identify priorities. This is where software asset management (SAM) tools can help.

By monitoring usage, you can identify which software is delivering the best value and which features are not in use. This enables you to make informed decisions around which software solutions are best suited to your needs. When it comes to deciding whether to renew or replace a software solution, you'll have a complete view of how it is currently being used. Better still, with effective tools, the right expertise

and guidance you'll have complete information when presenting your strategy and proposals to your business.

At Insight we use a combination of our own proprietary tools and leading third party solutions to deliver our SAM service. Our highly experienced consultants provide you with visibility of the extent of your software estate, combined with analytics and insight on your usage, giving you a clear picture of your compliance and wastage. This will help you to reduce both cost and risk. But our service doesn't stop at handing over the information. We give expert advice on the actions you need to take to optimise and protect your business.



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### Optimise – make informed decisions and maximise value

Good software lifecycle management begins with procuring the right software – at the right price. With so many vendors and products available, businesses are increasingly turning to web-based tools to help them make their purchases. But it is imperative to use a buying platform that has access to the right data.

As of 2019, Insight has over 3,500 partners, and relationships with all major software and hardware manufacturers and publishers, including established and emerging partners in the cloud. Insight's e-procurement platform gives your buyers access to products from all of these companies, as well as near real-time access to product information, availability and pricing.

Keeping up with software entitlements is also a challenge for most global enterprise-level organisations. Determining who bought what and when, as well as tracking distribution, involves so many touch points and complexities that there is no clear position on compliance terms.

With good software lifecycle management you will be able to keep track of your software licenses and determine whether you are compliant. Increasingly, software vendors insist on regular audits to verify compliance against licensing agreements. Preparing for an audit can be costly and time consuming, and failing one can result in hefty fines.





In one example we identified a global manufacturing and retail client facing a non-compliance claim from a top publisher of \$28M, whilst at the same time trying to renew an extension of their Enterprise License Agreement. As part of our engagement **we were able to deliver a \$26.5M saving** in non-compliance fees, whilst helping achieve a four-year renewal agreement at a significantly discounted price. This included a \$2M value credit for use on new purchases when required throughout the term.

In contrast, you may be over-licensed and paying for licences you are not using. With accurate visibility of your estate, you can save on licensing costs and achieve a clear view of where to reallocate existing licences, instead of paying for new ones. You may also be able to reduce the overall number of licences you are paying for. For enterprise-level software users this can result in substantial cost savings.

We also worked with a manufacturing client that was struggling to deal with the complexity of multiple software contracts and a lack of any overall strategy or master agreement. They also had huge issues with compliance and knew they needed to mitigate this risk. **We were able to deliver a saving of over \$1.4M** through identifying wastage in licences not being used.



## Why you should avoid a one-size-fits all solution – and how a trusted partner can help

Software lifecycle management is a complex and specialised task. Before taking it on, you should ask yourself whether you have deep knowledge and expertise across all of your software publishers. If not, you would be better out-tasking and outsourcing to get the right tools, expertise

and guidance to support your decision making. Working with a trusted partner, which has a track record and strong relationships with all of the major software publishers, helps you manage more proactively and deliver faster results.

## What should I do now?

At Insight, we recognise that you need answers as much as you need technology. We can help you with all elements of your software lifecycle management, improving your business performance whilst ensuring you maximise your software investment. You can outsource as much, or as little of your software lifecycle management as you like. We tailor our services to your needs. We will help you:

- Identify areas of potential risk to your business.
- Obtain a detailed picture of your software consumption versus entitlements.
- Achieve favourable terms, including pricing and rights.
- Reduce wasted consumption and plan efficient future cost management.

- Build good practices for software licensing and subscription management.
- Mitigate risks across the audit lifecycle, including upfront prevention, in-flight mitigation and settlement/negotiation support.

If you would like to learn more, simply speak to one of our experts and they will talk you through the next steps. We can also arrange workshops for your organisation. We evaluate your software needs, work with you to understand where you want to go and create an actionable roadmap to ensure you have an IT supply chain that supports the evolution of your business.

[Learn more about our Software Supply Chain Optimisation Services.](#)

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