

DRIVING ROI

The Case for a Proven Software Asset Management Solution

Driving ROI: The Case for a Proven Asset Management Solution

The need for effective software asset management

Software has become a ubiquitous and essential part of today's competitive business environment. Software costs typically comprise 21 – 24% of total IT spending.¹ As organizations grow and acquire more software, maintaining visibility to what's owned and where it's deployed while ensuring all software licenses are in compliance has become a time-consuming and resource-intensive process.

Software asset managers need effective tools that help them manage their growing software portfolios. With improved access to real-time data, they're able to manage their portfolios proactively, reduce their software costs and minimize their risk exposure.

Hobson & Company (H&C), a leading research firm focused on return on investment (ROI) studies, worked with Flexera, a leader in software asset management, to explore these challenges and learn how industry leaders are responding. H&C conducted independent research consisting of 10 in-depth interviews with Flexera customers and found that a proven software asset management solution addressed specific customer challenges, across both large and small enterprises, to deliver a quick and compelling ROI.

The goal of this research study and paper is to highlight examples of validated use cases where the impact of Flexera's FlexNet Manager, the standard in software asset management for the enterprise, is not only strategic but also measurable based on key metrics confirmed by current users of the solution.

Software asset management challenges

Customers interviewed noted that there are consistent challenges with managing their software portfolios. Below is a list of some of the most universal concerns.

Inefficient and time-consuming processes

Maintaining visibility to all of the software assets that are owned as well as decoding software license entitlements is incredibly labor intensive. Organizations are gathering the data from multiple disparate systems and manually entering it into Excel spreadsheets to manage. This task becomes even more insurmountable for global companies with hundreds of thousands of endpoints.

Lack of visibility to real-time data

Due to the manual nature of the data collection combined with the incredibly dynamic business environment, it's virtually impossible to keep the software asset data up to date. This forces asset manager to make the best decisions they can with data in which they don't have a high level of confidence. Without a clear picture of their actual usage and product use rights, compliance violations are difficult to avoid.

Increasing costs

Gartner has estimated that up to 23% of installed software is unused. This unused software creates unnecessary ongoing maintenance costs and software license expenses. While being over deployed leaves an organization vulnerable to unexpected true-up expenses, being under-deployed means an organization has bought more licenses than they need and are likely paying unnecessary maintenance fees for licenses that aren't being used.

¹ IT Key Metrics Data 2018: Executive Summary, by Linda Hall, Eric Stegman, Shreya Futela, Disha Gupta

Customer research identified Flexera's FlexNet Manager benefits across three broad business objectives:



Improve Access to Data Intelligence



Reduce IT Spend



Mitigate Risk



IMPROVE ACCESS TO DATA INTELLIGENCE

Increase capacity to proactively manage software license compliance

FlexNet Manager automatically decodes entitlement data and product use rights to provide an effective license position (ELP). By automatically normalizing entitlement and consumption data, organizations can proactively manage more of their software estate.

Customers interviewed reported

75%

REDUCTION

in time spent managing software license compliance

“With FlexNet Manager, we are able to do at least twice as much as we were able to do before, and the quality of what we are able to do is better.”

- Senior Manager IT Asset Management



REDUCE IT SPEND

Avoid software license costs through license re-use

Without visibility to accurate consumption and usage data, organizations often buy new software licenses when there are unused licenses within the organization that could be repurposed. FlexNet Manager identifies opportunities to reuse existing licenses and reduce future software spend. Real-time visibility into consumption data provides organizations with a clear picture of which licenses are owned versus used.

Customers interviewed reported

ability to **RE-USE**

2.5%

of annual unused software

“We were recently able to avoid the purchase of \$675k worth of new software from Microsoft because of the ability to reclaim licenses with FlexNet Manager.”

- Senior Manager,
Enterprise Desktop Architecture

Improve vendor negotiations with better visibility and forecasting

Understanding all of the existing contract terms can be challenging due to the sheer quantity of license agreements as well as geography and use-based pricing. Without a comprehensive view of actual license position, vendor negotiations are difficult to manage, and leveraging bulk purchasing opportunities is nearly impossible. FlexNet Manager provides improved visibility to contract redundancy and terms, as well as optimal volumes allowing organizations to streamline existing processes and be in the driver's seat during vendor negotiations.

Customers interviewed reported

3%

REDUCTION

in annual software license spend
through better vendor negotiations

“With the global visibility that Flexera provides, we're able to negotiate terms on bulk licenses that are 25 – 40% better than the terms we had with multiple local licenses.”

- Head of Software Asset Management

Reduce software maintenance spend

About 23% of software is unused. And paying maintenance on unused software is an inefficient use of resources. FlexNet Manager gives organizations the ability to clearly identify savings opportunities by reducing or discontinuing maintenance for redundant, unused and legacy software.

Customers interviewed reported

1.5%

REDUCTION

in annual software maintenance spend

“For our last Microsoft negotiation, we were able to shave \$1 million off our renewal, by not paying for maintenance on software that we aren’t using.”

- Senior Manager,
Enterprise Desktop Architecture



MITIGATE RISK

Reduce risk of unbudgeted “true-ups”

Companies are audited regularly and the fines for non-compliance are steep. Without accurate visibility to the software inventory, it is difficult to ensure that you’re staying in compliance with existing licenses. FlexNet Manager enables organizations to proactively determine and remediate compliance risks. These capabilities greatly reduce exposure to non-compliance expenses.

Customers interviewed reported

85%

REDUCTION

in unbudgeted true-up expenses

“We were being audited 30 times per quarter and roughly half of those resulted in an unplanned expense ranging from \$100,000 to \$250,000.”

- IT Director of Digital Transformation

Reduce effort managing external audit prep

Software audits are a regular part of an organizations business process. It can take months to manually pull the data from multiple systems, review, correct and prepare the audit reports. In addition, as soon as the reports are complete, they are out of date because the environment is constantly changing. FlexNet Manager enables organizations to be confident and prepared for vendor audits. FlexNet Manager greatly reduces the time required to support an audit with real-time visibility into the estate.

Customers interviewed reported

80%

REDUCTION

in time spent managing external audits

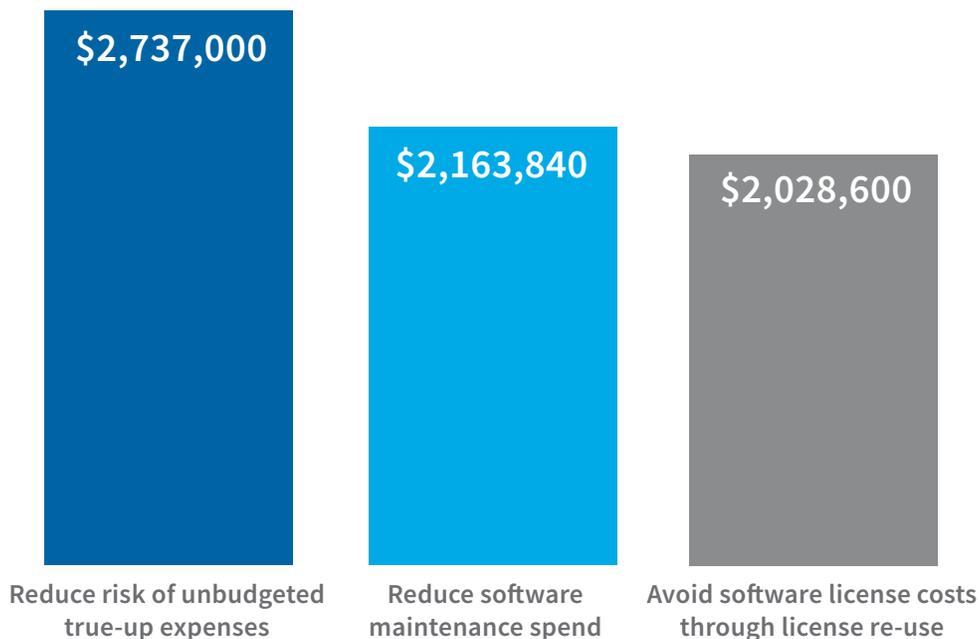
“If people know you are using FlexNet Manager, they will accept the data directly from FlexNet Manager and don’t need to come on site, so we are able to handle the data requests on a 2-3 hour call, versus a full week of time spent with them internally collecting data.”

- Senior Manager,
Enterprise Desktop Architecture

In summary

Hobson identified six discrete organization-wide benefits during the customer interviews for this research paper. Below is a sample of just a few of those benefits and their potential annual value to

an organization with \$32.2 billion in annual revenue, 29,000 employees, and an annual IT budget of \$1.0 billion:



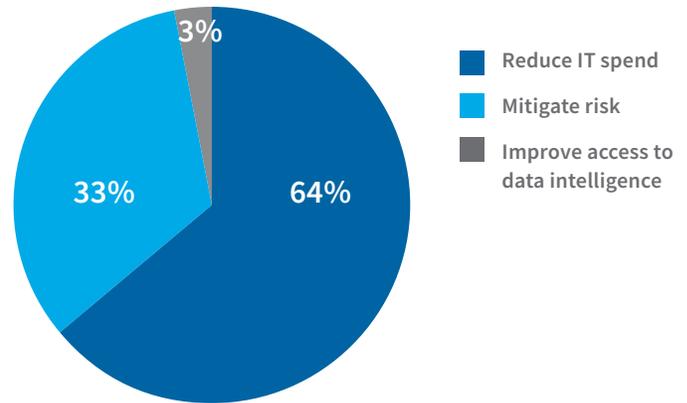
Key ROI findings

The value of Flexera's software asset management solution is immediate and demonstrable. A sample organization with \$32.2 billion in annual revenue, 29,000 employees, annual IT budget of \$1.0 billion, and an annual software budget of \$154 million realizes significant financial benefits from an investment in a proven software asset management solution. For this sample organization, annual benefits can exceed \$8 million per year.

For this sample organization, the five-year investment totaling \$6.46 million generates a positive return in 3.7 months. The five-year return on investment is very strong at 509%. The key financial metrics for the sample organization were calculated by standard methods.

Financial metric	5-year value
Payback (months)	3.7
ROI	509%

Benefits by value driver



About Hobson & Company

Hobson & Company helps technology vendors and purchasers uncover, quantify and validate the key sources of value driving the adoption of new and emerging technologies. Our focus on robust validation has helped many technology purchasers more objectively evaluate the underlying business case of a new technology, while better understanding

which vendors best deliver against the key value drivers. Our well researched, yet easy-to-use ROI and TCO tools have also helped many technology companies better position and justify their unique value proposition. For more information, please visit www.hobsonco.com

NEXT STEPS

Find out how
FlexNet Manager
can help you.

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ABOUT FLEXERA

Flexera helps executives succeed at what once seemed impossible: getting clarity into, and full control of, their company's technology "black hole." From on-premises to the cloud, Flexera helps business leaders turn IT insight into action. With a portfolio of integrated solutions that deliver unparalleled technology insights, spend optimization and agility, Flexera helps enterprises optimize their technology footprint and realize IT's full potential to accelerate their business. For over 30 years, our 1300+ team members worldwide have been passionate about helping our more than 50,000 customers fuel business success. To learn more, visit flexera.com