

Making Mainframe Software Asset Management a Success

By Mike Zelle

Some companies still treat Software Asset Management (SAM) like a nice-to-have insurance policy: not really necessary and a luxury for extraordinary events. However, today's increasing emphasis on productivity has heightened awareness of issues that SAM directly addresses—namely, software expense control. Plus, SAM can immediately lower a company's exposure to unexpected contract compliance fees arising from software license audits, as well as the time needed to assemble the data necessary to endure such close scrutiny.

As efficiencies have been rung out of other, more conspicuous corporate cost centers, the bean counters have looked widely across corporate operations and begun asking questions about where savings can be found in IT. To

their surprise (except the IT people), optimizing mainframe software presents dramatic opportunities to save money. Some elements of IT infrastructures often go unused, yet are still maintained at great cost. Software is commonly both over- and under-licensed. License fees and support and maintenance payments are often automatically paid without a second thought, even for software that hasn't been used in years or is redundant to newer implementations.

So, mainframe SAM has recently gained respect for capabilities it has been quietly and humbly providing for decades to the world's largest corporations. Indeed, any corporation that's serious about cost controls, lowered liability, and transparency to their own mainframe systems now consider SAM a discipline that's core to their operations.

Historically, resistance to investing in SAM people, process, and tools has occurred because the benefits couldn't be seen or the ROI wasn't easily justified. But given SAM's expansive capabilities and the increasing awareness of its importance in both corporate operations and governance, SAM has become increasingly easier to sell to everyone from IT managers to CFOs who can use it as a tool to burnish their own image as cost control and compliance risk avoidance crusaders. Let's examine the many SAM components and numerous benefits they offer companies of any size running mainframes.

SAM Basics

The information foundation of SAM that enables cost savings and compliance risk reduction is the tracking of

installed software inventory, measuring its usage, and reconciling or integrating this information with contract and licensing data. Achieving real success in SAM is accomplished by skilled people utilizing the proper tools and processes supported by senior management.

Understanding all the benefits that can be derived from mainframe SAM is critical to obtaining comprehensive leadership buy-in and thereby optimizing your software costs.

Auto-Discovery Tool

An auto-discovery tool provides the automated detection and inventory of all the enterprise's installed software and, most importantly, who is using these assets. Many companies learn that auto-discovery is an essential tool in an asset management program because it lets them always know where all their assets are and who is using them.

Software has become the largest single IT expenditure, so it's a critical expense factor that must be discovered and tracked. Knowing what's truly active in the software inventory and reconciling that with current vendor contracts is enormously beneficial. Another core value of the discovery tool is that it can proactively facilitate contract compliance that dramatically reduces the risks of an unfavorable audit, which can be an expensive surprise due to retroactive license fees.

Usage Monitoring Benefits

Consider the value of identifying software with low or no usage. Support and maintenance contracts can be reduced or eliminated for software that is dormant. SAM tools with usage monitoring uncover these potential savings. You learn what's being used, where it's being used, who is using it, and how usage changes over periods of time. This data helps asset managers understand inventory and provides vital information for contract negotiations. For example, what if usage is declining, rising, or moving from one platform environment to another? Perhaps some software is no longer used at all. A clear understanding of changing usage patterns, asset inventory, and specific contract terms can potentially save millions of dollars in costs each year.

With proper discipline and a new, transparent understanding of the value of your software assets and usage monitoring, an enterprise can achieve dramatic results by controlling vendor software costs, improving operational

performance, and reducing maintenance fees. Let's examine how SAM drives value, savings, and cost avoidance in each of these areas:

SAM helps you control vendor software costs by:

- Leveraging contract negotiations
- Reducing contract compliance and audit risk
- Reducing software fees through competitive replacement
- Consolidating servers efficiently
- Cost-effective hardware and software upgrades
- Validating invoices
- Implementing effective charge-backs.

SAM helps you improve performance and reduce maintenance costs by:

- Enforcing internal standards and in-house developed software lifecycle management
- Improving product testing and validation
- Enhancing Disaster Recovery (DR) and business continuation.

Seven Ways to Control Vendor Software Costs

Understanding the inventory of all the software assets in your organization is a critical first step in controlling software costs. The active inventory is a SAM term that identifies the software assets currently in use. Here are seven ways that SAM can be an ideal tool for controlling mainframe software costs:

- 1. Leverage vendor contract negotiations:** Contract negotiations can be difficult and filled with conflict even in the best of times and with the best preparation. Negotiations are made more difficult if they're lopsided, and only the vendor comes to the table armed with data on inventory and presumed software usage patterns. Your detailed knowledge of actual inventory and software usage combined with a thorough analysis of your company's contract data pave the way for successful negotiations. Today, companies should be armed with accurate data to realize the immediate benefits of eliminating unused and low-use software. Software vendors will likely provide a better cost structure, regardless of their licensing model, once they know you're empowered with information and can replace their software or deploy it in a controlled, measured way that better

meets your needs. SAM can also help you avoid receiving out-of-date or discontinued software that was part of a previous order or mistakenly re-supplied.

- 2. Reduce contract compliance and audit risk:** Contract compliance is a complex undertaking. SAM users can match software contract usage rights with what's actually deployed and used, so they can proactively manage contract compliance risk. SAM is a powerful tool to prove compliance; it can be successfully used to:

- Ensure software is installed only on licensed equipment
- Ensure unlicensed software isn't installed and can't be used
- Certify that software de-installed is, in fact, no longer resident
- Provide independent, third-party reports that show inventory and usage in an accurate, repeatable way.

Even in the best-run organizations, it's easy to install software on an unlicensed machine or Logical Partition (LPAR). These installations can lead to substantial financial consequences. SAM automation can be effectively used with your well-defined processes to prove and maintain compliance and help enforce company policies.

- 3. Reduce software fees through competitive replacement:** Nothing drives down prices like real competition triggered by exact knowledge. SAM provides the clearest understanding of the usage of all software that has similar functionality. Now you can have informed vendor discussions about which software will survive in the company's new environment, based upon facts. When you show a software vendor that you know how much their product is being used, which users will need retraining, and what software could replace their product, you have demonstrated the real ability to replace their product.
- 4. Efficient server consolidations:** What could be more valuable than building a cost-driven knowledge foundation that can help you develop effective server consolidation scenarios? Of course, these scenarios are dependent on understanding how the software vendor charges for its software. The most

cost-effective scenario depends on whether a software application cost is based on the capacity of the whole server or a sub-capacity LPAR. If set software fees are based on LPAR capacity, understanding product usage is essential to determining which software applications should be deployed to which LPAR. If other software fees are based on the server's full capacity, a scenario that best controls cost should isolate these applications to a small capacity server while consolidating all other software on large-capacity servers. Server consolidation offers an opportunity to renegotiate Enterprise Licensing Agreements (ELAs). Armed with the right information, your company can negotiate to lower your total cost of ownership. In today's environment of mergers, acquisitions, and facility consolidations, server or data center consolidations with redundant, underused or out-of-compliance software are often in the critical path to real financial savings.

5. **Cost-effective hardware and software upgrades:** With actual inventory and usage data, your data center team can now manage the upgrade process more efficiently. Optimized hardware planning that will drive real savings can only start with the software inventory, usage, and upgrade fee map fully detailed. With your new SAM report data, you may decide to deploy software on an entirely new mainframe, just select LPARs, or just retain a smaller mainframe for specific applications.
6. **Invoice validation:** The more complex a software contract is, the more likely the invoice will be incorrect. Successful SAM users have achieved significant savings by correcting invalid invoices. Even for simpler licenses, changes in deployment and use that are communicated to the vendor don't always find their way to the vendor's billing system. Too often, the organization has no mechanism for ensuring that the software listed is correct and consistent with the terms and conditions specified in the license agreements. Don't make the mistake of relying solely on the vendor's billing system

when you can have the facts in your own hands.

7. **Effective charge-back:** What about your customers and charge-backs for services provided? How you demonstrate that you're charging customers for the software and services actually used is a continuing challenge. A variety of approaches have been attempted and implemented with varying success. But the key to a successful charge-back process requires allocating software costs based on actual software usage patterns, not guesswork. With SAM tools and reports, customers can now understand how servicing their needs resulted in specific charges to them.

Improving Performance & Lowering Maintenance Costs

SAM provides multiple, immediate opportunities to renegotiate maintenance agreements and lower costs. This includes the removal and repositioning of software that will provide the data center staff with the opportunity to streamline processing efficiency and optimize production performance. Here are three ways to generate improvements with a defined SAM implementation:

1. **Internal standards enforcement and in-house developed software lifecycle management:** Enforcing your own internal standards and maintaining tighter compliance is crucial. A SAM tool helps manage and enforce these standards on your own application software inventory by providing information to:

- Eliminate unused or lightly used in-house software or obsolete versions of such software
- Plan cost-effectively for in-house application upgrades
- Identify application software that has high processing time and low usage as a candidate to be eliminated or rewritten
- Verify that all load modules are correctly deployed for in-house applications
- Identify older versions of embedded software
- Plan and verify implementation of an application end-of-life program.

2. **Improve product testing and validation:** Any company that can identify who is using a specific software product is in a much better position to get first-class testing results and validation from customers. This usage-based information provides an opportunity to define or expand the user acceptance-testing group when new maintenance is applied to the product.
3. **Enhance DR and business continuation:** Do you have documented disaster recovery and business continuation plans? With SAM, if anything happens to your company's data center(s), your detailed understanding of software deployment by individual asset and usage patterns is essential to a properly prioritized recovery plan. Another set of critical components is the contract terms and conditions to prepare the company for any contingency. With SAM implemented, you've made a strong contribution to document your disaster recovery plan, have proof of vendor obligations, and can ensure the continuation of your business.

Conclusion

Seasoned SAM users have proved year after year that the secret to success is really no secret at all. Your organization can gain tremendous rewards by taking a stable, disciplined approach to applying SAM principles—one that exploits the power of auto-discovery software to inventory usage and contract terms and conditions. You just need to know where to look. **Z**

About the Author

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