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## **SESSION PREVIEW WHITE PAPER**

SOFTWARE AUDITS  
MANAGING AUDITS AS A STANDARD BUSINESS  
PRACTICE



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## ELIMINATING AUDITS AS A STANDARD BUSINESS PRACTICE

Recent industry studies have confirmed that compliance activities (license reviews, audits, etc.) by software publishers are increasing and the associated revenue has become a major part of their total revenue. Which means that these activities are not going to decrease any time soon. The auditing agencies like to position software license compliance as a moral issue. However, it is a financially driven business activity by the publishers.

Organizations that fail compliance events become members of the “frequent audit program” because the publishers know they can make money from them. These organizations almost always see increased compliance activities. This is the problem with not worrying about software compliance and just paying the back usage when caught. You are become an ATM for the publishers.

Another problem with failing compliance events is that the back usage cost is unexpected and unbudgeted. Management generally dislikes spending money but they really hate spending unexpected money because it takes away from planned investments.

## NO COST AUDITS DO NOT EXIST

Compliance events always cost the organization money even if they did not pay any back usage. It took man hours to determine and prove that the organization was compliant. The people involved tend to be higher paid employees. In addition, compliance events are disruptive to the work environment. Employees either work extra hours or planned work is postponed or canceled. Even the process of getting organized to perform the compliance activities can require significant man hour costs.

## COMPLIANCE AS THE NATURAL STATE

The goal of the organization is not to survive compliance events but to decrease their frequency and cost. The frequency decreases when the publishers no longer produce revenue from compliance events. The costs are decreased by addressing compliance in the licensing agreements and having a structured methodology for responding. In too many organizations, compliance events are “fire drills” resulting in:

- Delayed response

- Incomplete response

- Increased man power costs

A late and poor response to a compliance event says to the publisher “We don’t have our act together. Audit us again and you will make money.”

The goal is that being compliant is the natural state for an organization. Then compliance events are not a big deal. The organization can respond quickly with minimal cost and the publishers go away because they are not making any money.

So how do organizations become naturally compliant? They focus on two areas: acquisition and installation.

## ACQUISITION AS THE GATEKEEPER

Most organizations are noncompliant due to poor documentation capture during the acquisition process. They are actually over licensed but cannot prove it. They do not have a “spend” problem. They have a “proof” problem. These organizations will pay multiple times for the same piece of software. Strong software acquisition processes ensure the capture of license agreements, proof of purchase, etc.

The foundation for compliance is laid in the negotiation of the license agreement. Many organizations focus primarily on price during software license negotiations. They do not consider the cost of living with the software after the deal. They do not negotiate terms and conditions around compliance. They do not carefully consider their ability and the cost of being compliant to the grant of usage conveyed in the license agreement. Organizations sign license agreements without knowing where the data is going to come from to prove compliance.

The following are some specific terms and conditions that reduce the cost of compliance:

- No third-part audit agency
- Audit frequency
- Audit timing
- Examples of acceptable usage
- Proof of compliance

## CONTROLLING INSTALLATION

Most organizations prioritize installation over licensing. The bias is to “hurry up and install the software” and “we’ll catch up on licensing later”. The problem is that “later” never happens. Organizations that are naturally compliant prioritize licensing over installation. They will not install software without the appropriate licensing being in place first. The technical people always check with the software asset management people before installing software. In these organizations it takes a real emergency to violate this process.

## SELF-AUDITS

Naturally compliant organizations perform self-compliance audits. They do not wait for an external party to initiate a compliance event. They prioritize their software titles and periodically audit their compliance for the titles deemed most at risk.

Publishing the results of these self-audits keeps executive management aware of the risk mitigation function being performed by the software asset management group.

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## SCHEDULE OF EVENTS

**8:30a-9:00a** Networking with Refreshments

**9:00a-9:30a** Opening

**9:30a-1:30p** One continuous session covering ITAM and IT Security, ITAM Program, ITAM and Cloud Computing, Software Audits, ITAM and ITSM and What is an IT Asset?

**1:30p-2:30p** Lunch

**2:30p-3:30p** Birds of a Feather Interactive Session, Closing

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## TOPICS

### **ITAM and IT Security**

You Cannot Secure What You Don't Know You Have!

### **ITAM Program**

What is the Most Effective ITAM Program for My Organization?

### **ITAM and Cloud Computing**

Why Do We Need to Manage That?

### **Software Audits**

Managing Audits as a Standard Business Practice

### **ITAM and ITSM**

Translating the Value of Both in Your Organization

### **What is an IT Asset?**

Explore the Ever-Changing Landscape of IT and How ITAM Can Keep Up

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