



Keeping the software police away

How self-auditing drives down cost, complexity and risk

Executive Summary

It's not 'if' but 'when' you can expect a software audit in 2007. That's the clear message coming from leading vendors such as Microsoft, Adobe and Symantec as well as industry watchdogs including the Business Software Alliance (BSA) and Federation Against Software Theft (FAST).

With research from the BSA suggesting that around 27 percent of software in use by British companies (36 percent worldwide) is illegal – i.e. not properly licensed or counterfeit – it's no wonder that the vendors see an opportunity to use audits to secure significant missed revenues.

With each of the major vendors making millions from enforced audits, it makes perfect sense that this activity will increase in 2007. As one insider confided recently, "we never walk away from an audit with nothing; everyone has some skeletons in their closet".

The carrot and the stick

Interestingly, there appear to be two distinct (but sometimes connected) approaches to software compliance. Recently, Microsoft launched its 'Self-Start' program for compliance in the UK, inviting small-to-medium sized organizations to submit their own compliance reports. This offers a more attractive route to compliance, avoiding a forced audit and putting the customer in the driving seat.

However, the stick remains an option, with a warning to any organization that doesn't submit willingly to a self-audit that they may still be referred to the BSA, resulting in a forced audit and substantially greater penalties for any discovered licensing shortfall.

It's not only external auditors you need to worry about!

The BSA's tactic of offering up to \$200,000 (£100,000) to staff who blow the whistle on their employers should be enough to give any CIO or compliance officer nightmares. Disgruntled staff and ex-workers could be queuing up to line their pockets at the expense of their former employers: <http://reporting.bsa.org/>.

The good news for organizations that want to avoid the disruption and punitive penalties associated with a forced audit is that it's easier than they might have thought to get a handle on software usage across the enterprise. Solutions such as Centennial Discovery, which automatically finds, identifies and tracks all software on the network, remove much of the leg work from software compliance – enabling managers to assess the level of software installs and usage without spending weeks traipsing round the office armed with a clipboard.

This white paper from Centennial Software, the leaders in asset discovery, will show you how to keep the software police away and put your organization in the driving seat for securing significant IT management cost savings in the near future.

Counting the cost

The one over-riding question each organization should ask itself is: "Can we afford to not be in control of our software usage?". Those that are brave enough to say "no" now will most likely be the ones left unscarred by a forced audit in 12 months time.

1. Why worry about compliance?

Software piracy is big business. With as much as 27 percent of the software in use across British organizations illegal, the BSA estimates that software vendors are missing out on \$29 billion globally every year.

So it's hardly surprising that the vendors are out to recoup these lost revenues. And that's why recent months and years have seen major fines handed down to organizations found to be in breach of software licensing laws:

"The BSA... is currently pursuing investigations of 100 UK companies for software licence infringement." – Out-Law.com, December 2006

"Microsoft launches licensing crackdown" – Silicon.com, January 2007

Recent financial penalties have ranged from a couple of thousand pounds for small organizations using a few copies of unlicensed applications up to nearly a million dollars for larger firms where over-usage was rife and the organization could not prove any effective controls or measures to manage software compliance. And, of course, the impact of being found to be non-compliant isn't just financial. Negative publicity, disaffected customers and weakened shareholder confidence can all result from a run-in with a vendor or watchdog.

The accidental criminal

Of course, the vendors know that not all software piracy is deliberate. It is generally accepted that poor management and a lack of visibility across the IT network are perhaps the most common causes of licensing discrepancies, rather than conscious over-use.

Unfortunately, a plea of 'mis-management' or under-investment in asset discovery technologies won't help when dealing with a vendor or watchdog looking to secure lost revenues. Whatever the cause of piracy, organizations' best hope when found out is to settle quietly out of court, possibly paying over the odds to avoid any adverse publicity. However, that too may be a false hope:

"Business Software Alliance Investigation Leads to Court Action Against Two UK Companies" – BSA.org, December 2006

The software police

Traditionally, the major vendors have had three main options for enforcing software licensing compliance:

1. Enforced audit by the software vendor (e.g. Microsoft's CLARET reports)
2. Enforced audit by a vendor-sponsored watchdog (the BSA is funded by Microsoft, Adobe, Autodesk, CA and others)
3. Compliance schemes run by independent bodies (e.g. FAST, SIIA etc.)

A 'fourth way'

Recently, Microsoft added a softer option in the form of the 'Self-Start Programme', which offers customers the opportunity to audit themselves and submit the results to the vendor. This is arguably the best option for customers, and has the benefit of off-setting the increased end-user workload with the potential for less disruption, a reduced financial impact and no media intrusion.

However, the key to end-user success with this initiative is to provide the vendor (whether it is Microsoft or any other software manufacturer) with an accurate and reliable report that satisfies their audit requirements. This is where you need an advanced software discovery solution that automatically finds, recognizes and tracks the usage of all software on the network.

2. Self Audit – the principal requirements

Whether completing a vendor-supplied audit template, or submitting self-generated reports, there are a number of key metrics to consider when proving license compliance. In order to accept an audit, a vendor will want to see:

1. **A full audit of the software installed on the network**
A sample isn't going to be enough; vendors will want a complete audit of the entire network, including desktops, laptops and servers. They'll also want to track version numbers and any suites.
2. **Software usage information**
Important to the vendor for tracking concurrent licensing. This is also vital to the end-user, as it can flag up software that is not being used cost-effectively.
3. **Evidence of the software license entitlement**
Possibly the trickiest part of the audit, and something that often requires expert SAM guidance from a licensing professional.

The software audit

First of all, forget images of teams armed with clipboards roaming the offices for weeks on end. With a solution like Centennial Discovery, a full network audit (both hardware and software) can be achieved without the administrator ever leaving their seat.

A small (under one Megabyte) client agent is deployed remotely to each target PC. This agent then builds up a complete audit of all software installed on the machine, including everything from OS and office applications through to freeware and OEM software. Centennial Discovery's unique four-stage software recognition engine (see separate white paper: "The art of software recognition" available from www.centennial-software.com) identifies each application and automatically groups products into relevant suites.

Even laptops which are hardly ever in the office can be included in the audit. Whether through the VPN or over any form of internet connection, the Discovery client agent can report software installations and the latest usage data directly back to the server. All client communications are both compressed and encrypted, making it both safe and easy to audit remotely.

An important differentiator for Centennial Discovery is its ability to reconcile the latest audit information locally, before sending any data back to the server. This ensures that only new information is communicated back to the server, which can cut network traffic by a factor of a hundred (a typical update audit from a Discovery agent is just 2Kb compared to several hundred Kilobytes for other solutions).

Finally, the last thing IT managers want is for the network to grind to a halt while the audit is taking place. With Centennial Discovery, the client agent is optimized to work in the background, auditing the PC while the user continues with their everyday business.

Why audit with Centennial Discovery:

1. Full network audit without manual intervention
2. Covers all software vendors (does not rely solely on a Registry scan)
3. Audits multi-site, multi-platform networks from a single console
4. Automatically groups single products into suites (e.g. Microsoft Office)
5. All audit information is compressed and encrypted at the client
6. Clients dynamically monitor for changes, reporting autonomously
7. No impact on network or PC performance

3. Tracking software usage

Understanding how the software on the network is used doesn't only benefit the vendor looking to match concurrent usage against license entitlement. Identifying under-used or redundant applications can also be a key route for end-users to either lower their compliance bill or save costs by negotiating better support and maintenance contracts.

Although many vendors will state publicly that any installed software must be licensed (even if it was never used), there is a strong case for uninstalling redundant applications and either holding them in reserve to cover any possible over-use elsewhere in the organization, or re-allocating them to a new user in preference to buying a fresh copy of the application.

But not all discovery tools are created equal; and most simply cannot provide accurate usage data.

Snapshot vs. dynamic discovery

For many organizations, there will be a temptation to satisfy an audit requirement with a 'snapshot' tool – i.e. a solution that takes a one-time view of the network which is not subsequently updated. Taking this route will most often prove a false economy, however, as the end user will miss many of the medium and long-term SAM benefits that cannot be fully realized with more basic audit solutions.

Understanding software usage is a good example of why you need a 'dynamic' auditing solution like Centennial Discovery. Only by continually monitoring the user's computing behaviour can the solution accurately report back usage information on individual applications.

Benefits of tracking software usage with Centennial Discovery:

1. Identify expensive applications installed on PCs but under-used
2. Re-allocate applications to more needy users or hold in reserve to cover any licensing shortfall
3. Identify potential productivity issues (e.g. over-use of non business applications)

4. Reconciling software usage against license entitlement

While most organizations works towards an ideal of centralized purchasing, in truth the acquisition of software licenses is often more haphazard and localized. This makes collecting evidence of the company's licensing position one of the trickiest parts of any audit.

Unfortunately, managing purchased licenses invariably leads to a long email and paper trail. Interpreting this requires a certain amount of professional know-how to fully understand exactly what has been purchased and how this affects the overall IT estate.

Thankfully, help is at hand from qualified software licensing specialists who are trained to take the audit data provided by Centennial Discovery and combine this with an in-depth knowledge of commercial software licensing. By matching software usage against entitlement, a Centennial SAM partner can advise the organization on how best to present findings back to a vendor as well as negotiate the best deal going forward.

Why team up with a Centennial SAM partner:

1. Certified skills implementing Centennial Discovery to track software installations and usage
2. Combine audit results with licensing know-how to put end users in the driving seat
3. Identify cost-savings and efficiency improvements through better use of audit data
4. Provide expert consultancy on maintaining compliance and achieving SAM best practices

5. Discovery and SAM experts keep the software police away

When it comes to auditing software usage, SAM experts choose Centennial Discovery. No other solution is so popular among the top accredited Microsoft SAM partners in the UK.

And it's easy to see why; working with Centennial Discovery has distinct advantages for both the end-users and SAM professionals:

- Easy to deploy and manage multiple sites from a single console
- Create dynamic audits and meaningful reports without manual intervention
- Accurately track usage information as well as upgrades / downgrades etc
- Export audit data into 3rd party applications for detailed license reporting

Working together, Centennial Discovery and a qualified SAM professional can provide you with all the information you need to satisfy an audit request from a software vendor or industry watchdog:

Audit Information Required	Provider / Source
Publisher	Centennial Discovery
Product	Centennial Discovery
Version	Centennial Discovery
License Type	Centennial Discovery / SAM Professional
Supplier	SAM Professional
Invoice Number	SAM Professional
Invoice Date	SAM Professional

Of course, Centennial Discovery is the ideal solution to help you react speedily to a forced audit from a vendor, enabling you to create your own view of software usage without having to take a third party's word for it.

But to wait for that audit demand – which, as we have already highlighted, is more likely to happen in 2007 than ever before – is missing the point. The best way to minimize the cost of compliance is to proactively reach out to the vendor with your own license report.

This is why organizations should see schemes such as Microsoft's 'Self-Start Programme' as an opportunity to get ahead of the game and avoid costly compliance fines further down the line. After all, as the analyst firm Gartner reports, over 70 percent of organizations have a 30% discrepancy between their expected and actual IT inventories.

Can you afford another 30% on top of your software bill this year?

Probably not. That's why getting a handle on software usage ahead of a vendor audit is essential. It puts the end-user organization in the driving seat and offers an opportunity to 'clean house' and re-allocate unused licenses before submitting a report to the vendor. It also keeps the vendor happy, because they don't need to allocate resources and time to audit the end user.

6. Beyond Software Compliance

While many organizations will be tempted to view compliance as a distinct or even one-off project, it is important to understand the long-term benefits of the business practices and technologies involved in effective software management.

In terms of the chosen Discovery tool, it is important that firms maximize the ROI of the initial project by continuing to have a full and up-to-date view of the network, even after the initial engagement is complete. By maintaining a dynamic audit, it is far easier for managers to prevent the organization falling out of compliance, over-purchasing unnecessary licenses and losing control over what's on the network.

And while a compliance project is concerned primarily with the software on the network, Centennial Discovery also gives multiple stakeholders across the enterprise invaluable information about the state of the hardware estate – from a simple device-by-device view of configuration through to more complex queries about build compliance, platform deployment and detailed upgrade wizards.

For more information about the full capabilities of Centennial Discovery, please visit:

www.centennial-software.com/products/discovery

About Centennial Software

Founded in 1997, Centennial Software is today a multi-national software company with over five million licenses of its IT asset management and security solutions sold to blue-chip organizations around the world.

With sales offices across the USA, Europe and Asia Pacific, Centennial's extensive partner network means that its solutions are sold and supported in all major markets worldwide. Centennial products are available in English, French, German and Spanish language versions.

For further information:

To learn more about Centennial Discovery and its software management capabilities, please visit our website at: www.centennial-software.com

To view a live product demonstration of Centennial Discovery, please see our webinar schedule: <http://www.centennial-software.com/resources/events/>

Our range of free IT Asset Management and network auditing white papers can be downloaded from: <http://www.centennial-software.com/resources/whitepapers/>

Finally, if you're ready to see what Discovery can do on your network, try our free 30-day evaluation download: <http://www.centennial-software.com/downloads/>

To learn more about Centennial Discovery, or to be put in touch with an approved Centennial SAM partner, please contact your local office below:

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