



SOFTWARE MANAGEMENT NECESSARY TO SAVE TAXPAYER DOLLARS

In fiscal year 2012, federal agencies spent nearly \$74 billion on 6,814 information technology (IT) investments. These expenditures included software and hardware upgrades and improvements, upgrades to legacy IT systems, data migration to virtual servers, and consolidation of data centers.

On July 19, 2011, the Government Accountability Office (GAO) issued a report on inventory management at federal data centers, noting that 15 federal agencies did not list all software assets in their reports. A March 10, 2010, article in *CIO Magazine*, reported that software often is purchased through “seat licensing” or enterprise license agreements. Such agreements require a thorough knowledge of existing software licenses and usage.

Due to inadequate tracking of IT software licenses that agencies currently own or use, the government could be purchasing unnecessary or excessive software licenses. Incomplete information on assets and usage blurs both future licensing decisions and the on-demand or consumption-based procurement of software. Sound software procurement policy, particularly under current fiscal constraints, requires agencies to purchase only what they need and fully use what they already have.

Without the proper tools, software asset management (SAM) can be challenging for agencies. Due to the nature of changing technology, retirement of IT systems, and staff turnover, software tracking is essential to help keep costs under control. New technologies, such as cloud computing, desktop virtualization and bring your own device policies, which allow device-based access to applications, add to the difficulty of tracking and purchasing software assets to meet agency needs.

Effective software asset management can serve many different functions within an organization by helping to understand not only what type of software assets or applications are in its inventory, but also how and whether their use is leading to software license optimization. If an organization is using more software applications than its licensing allows, the organization could be subject to fines and penalties from the vendor. On the other hand, if software licenses are sitting dormant and unused, the organization is paying for unneeded assets.

The federal government can learn from the private sector, which has continued to lead the way both in the adoption of new technology and use of analytical tools to improve and manage IT systems, including the procurement and utilization of software licenses. If used proactively, organizations will know the software licensing requirements of their workforce prior to purchasing or renewing licenses, thus avoiding overpaying for software licenses they do not need or being subject to penalties for using more software licenses than they purchased.

Several SAM auditing systems offer tools such as software license optimization. These same tools could be applied to government systems to ensure that chief information officers and purchasing agents are aware of their existing software assets and can document usage in making smarter purchasing decisions.