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Be an Advocate for Usage Data

Eliminate Shelfware Wastage

By: Signe Marie Stenseth

You Need to Meter in Order to Optimize

In many areas of life, there are situations where you signed up for something that seemed a good idea at the time, but did not turn out to be what you needed or actually used after all. In our private lives, it could be a stationary bike, a gym membership or a magazine subscription. Most of us get rid of these products or services in the end if we are not getting value out of them, but in the mean time they keep clogging up our garage, our mailboxes, or keep popping up on our bank accounts as recurring charges.

Guess what? This is what we also are experiencing in our organizations – and even more so! Because organizations are far more complex than our private lives (at least in some respects) and the one evaluating the expense charge is often not the same one that is using it, so it is almost impossible – off-hand – to know if the product or service is adding value to the organization. Now, there are several ways to bring some order to this: You can pay the bill for the service without asking any questions, because the company has paid the same bill for the last 5 years – and no one has raised any issue about it. Or, you could do some inquiry to the person in charge of the product or service and they could – based on the best of their knowledge – say if you should still buy or subscribe. Or, you could ask the users of the product and service if they want to continue to use it.

Sometimes, as users of goods and services, we are in fear of losing something that might be of value to us and we will say we are using it more than we actually are. This is natural human behavior, and it has to do with keeping options open – but those options can cost us a lot of money. In our private life, a single gym visit can cost us \$100 if we only go to the

gym once a month. A software application – if you only use it for a few hours a month – can be very costly for those hours! You should evaluate the value you get out of it with the costs that are constantly occurring.

With this idea in mind, it makes sense to look at actual usage history of what we have purchased. We may consciously or unconsciously overstate the need for a certain product or service. Metering is objective, based on facts.

Now let's see how you can be an advocate for usage metering in your organization to promote decisions based on facts rather than assumptions.

Not a Partial Picture but the Complete Picture

Let's focus on one of our most expensive IT assets: software applications. That asset has the additional complication that it is not a physical object that can be seen – i.e., there is no physical presence to remind me that it is something I bought that is currently not in use – contrary to a bike in a garage, or hardware in the office. The system administrator will know it is there, but she/he typically has no visibility into the procurement process of particular applications.

The main focus of the IT Asset Manager has been to connect software entitlements to the software install base. This is ITAM 101. All of the compliance and audit issues rest upon a comparison of what has been purchased to what (where and when) has been installed.

To collect and monitor usage data is taking ITAM to the next level. To collect usage data usually reveal different outcomes:

- We are not using an application that we have paid maintenance/service for

- We are using far fewer licenses of an application than we are paying for
- We are using more licenses than we are paying for

The Cost of Doing Nothing

The savings from usage metering can often best be illustrated with the cost of doing nothing. These cost components can be broken down as follows:

“Shelfware” wastage: According to IAITAM, only 40% of organizations are confident that they have less than 15% “shelfware.”

Wasted Maintenance: Typical maintenance rates average 22% of the license cost annually, so in a 3 year agreement, each license is 66% more. This is waste on top of waste.

Audits: One issue is of course the penalties incurred by being out of compliance, but there is also the cost of manually preparing for and collecting the data needed in the audit. Usage data will enable you to have these data on hand when the auditor arrives.

Opportunity Costs: Many organizations have “spent it all” on business-driven change before the financial year is over. Are all new software license purchases necessary? Especially in large enterprises, there may be unused IT in one part of the organization that could be redeployed elsewhere.

Tools to Enable Usage Data Collection and Analysis

As with all ITAM processes, it is about People, Processes and Tools. A tool is an enabler: A good tool can improve your processes and take you to another level of business value. Why would you be an advocate for usage metering tools? Usage data gives you the ability to analyze what is truly going on in your organization both from an asset and user perspective. Sometimes, it is not easy to foresee what views into the usage data will provide the greatest benefit. You might be able to uncover usage patterns that you had not thought of, and as you analyze the data, you will likely want to look at usage data from various angles. It is therefore crucial to have the ability to have multiple views into the data. By multiple views, I mean the ability to see usage data by: business unit, location, software product or single application/feature/feature-set, user/user group, vendor, project, named users, total use, average use, global concurrent, local concurrent, real time or historic trends etc.

Many organizations have started out with tools that measure one aspect of usage and have found out that the really useful usage data is beyond the tool’s reach. Therefore, a versatile tool with multiple views into the usage data is a requirement.

Communicate and Team Up

Usage data can help communication across organization units and groups: Because it is based on facts rather than assumptions, it facilitates the right discussions and prioritization. Typically, a usage metering tool is owned by IT, but the business and purchasing teams will request reporting and analysis. This strengthens the communication between IT and the other units of the business. Dashboards, automated reporting services and alarms set up for when an asset is close to being maxed out all facilitate insights and pro-active management.

A mature organization should base every purchasing-, support- and training decision on documented needs based on usage data and follow up with measurable documentation after decision and action have been taken. This can easily be done by creating customized dashboard for each stakeholder; CIO/CFO, Compliance Manager, Purchasing Officer, Application Portfolio Owner and Support Manager to name a few.

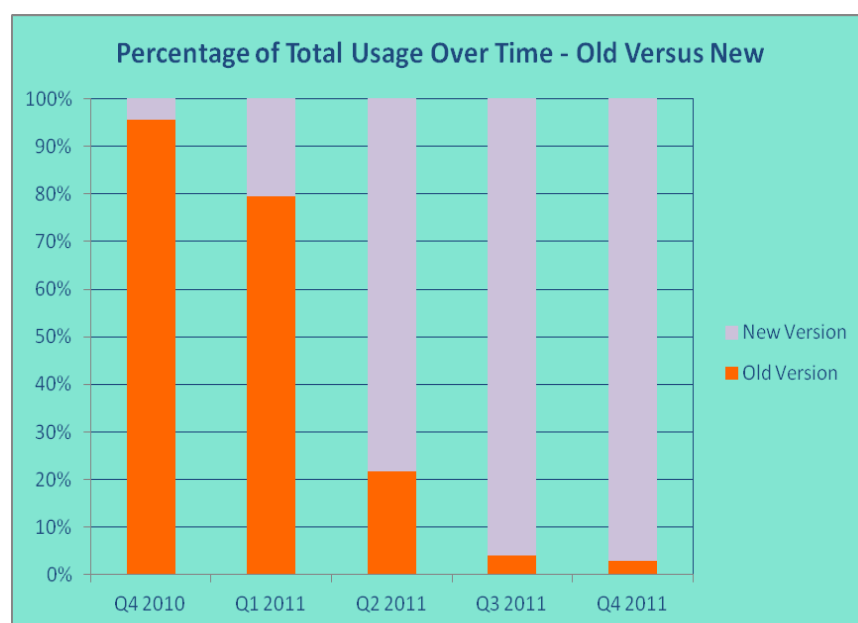


Figure 1: *The adoption of a new version took almost a year and success came from monitoring and then accelerating the transition of late adopters through training and support.*

Document your Results

Whatever your position is in your organization: Be an advocate for usage data to help your organization make optimal decisions! And document the benefits! Show how much you have saved the company in hard and soft dollar savings. When documenting clear business results, you are guaranteed a long standing position in your company.

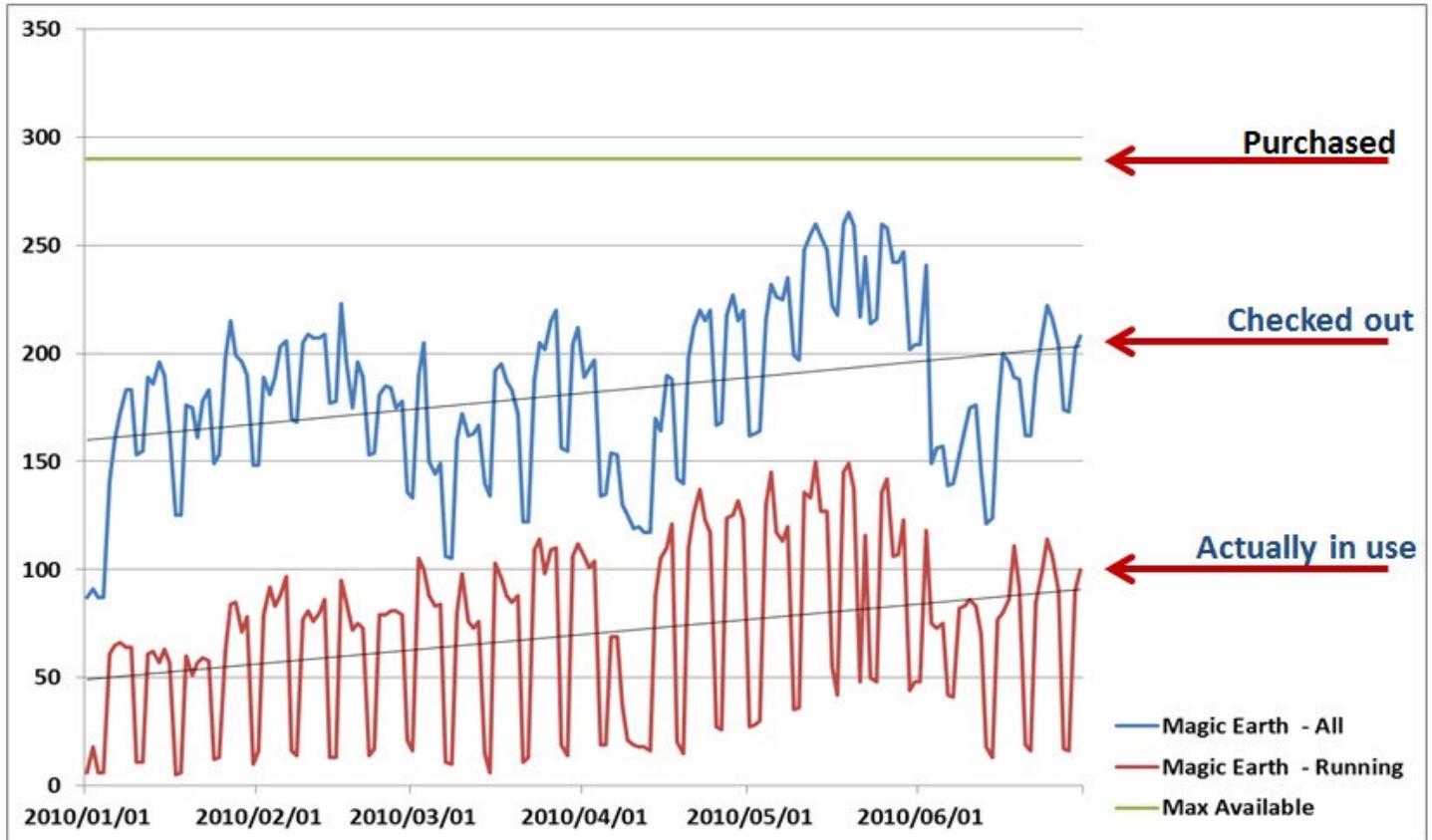


Figure 2: *What usage data is critical to you? Metering can unlock multiple “layers” of usage. A versatile tool matures the role of usage data over time.*

How do you start this journey? Start harvesting the low hanging fruits first, in order to create momentum and show the way for further savings and benefits:

Cut back on underutilized software where cuts do not hurt users: If they have to take on new versions or tools as part of the cut, monitor closely when the uptake of the new versions or tools have taken place and cut back when there are no usage on old versions or tools. (1)

Set up an automatic alert mechanism: This mechanism helps to pro-actively manage software licenses, renewals and when certain thresholds are reached.

Enter into more flexible agreements with core vendors: Agreements that have a usage component can give you advantages. It is easier to try out new features and functions without running the risk of any expensive purchase upfront before ensuring that your users have picked up the new functionality. A more flexible, usage-based agreement often leads to tighter relations with your vendors because discussions can focus on usage and value from their products and services (discussions that are based on usage facts rather than assumptions). They will want to

support you with products and services that create value for you – to ensure long-term relations. You can give important feedback to them - on how a single feature or feature set is in use – and channel this feedback to R&D so that they can continue to support your need for future improvements in technology that you are highly dependent on.

Share technology best practices on a global level: With usage tools, you are able to document what technology is in use right now and how it has been in use in the various locations or projects. In this way, best practices can be spread company-wide. Also, training needs can be determined for a specific product, for a specific region, or the effects of training can be measured.

Promote corporate communication - profiling application usage can promote communication across location and teams: Software monitoring tool that is accessible through a web portal for key users so they can easily pull out information on usage by application or feature. Popular reports can be Top 10 users of a product or a feature. This helps users find power-users and strengthens corporate communication and collaboration.

Prepare for licensing audit and budgeting: Reporting and budgeting costs are highly reduced by documenting actual software inventory and usage on an ongoing basis.



Enable organizations to do more usage-based internal chargeback: Increase user awareness of how IT resources are being spent. Usage data opposes the idea that IT is a sunk cost void of any economic analysis, but instills a culture of accountability in the organization by ongoing focus on IT value, cost and efficiency.

Along this journey of constantly looking for ways to better support users and the business, we must not forget the importance of always cutting back on things we do not need. Savings can always be channeled back and reinvested in new projects to improve business and operations, things we may otherwise not have been able to do.

Reference:

1. *Cost Optimization and Technology Uptake, ITAK Volume 7/Issue 10, by Nancy Benthien and Signe Marie Stenseth*

Drivin' ITAM – WORLDWIDE

Highlighted Speaker



Signe Marie Stenseth
Senior Vice President
OpenIT, Inc

Be an Advocate for Usage Data!

Signe Marie Stenseth is Senior Vice President of Open iT., a software company dedicated to help organizations meter, analyze and optimize their IT assets.

Signe has been with Open iT for over 10 years, and has also served on the Board of Directors of the company. She has a varied professional background; working as an advisor to the Norwegian Government, for the EU Commission in Brussels, Belgium, in addition to positions in finance for Norsk Hydro – an industrial conglomerate. She holds an MBA from The Norwegian School of Economics and Business Administration with additional studies in economics from University of Mannheim, Germany, and College of Europe, Belgium.

She is married with 5 boys, and lives and works out of Houston, Texas



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