

SAM MANAGED SERVICES CASE STUDY

AN EXECUTIVE MANDATE

Soaring software costs and shrinking IT budgets caused this Fortune 200 health insurance company to reevaluate its decentralized software procurement model. Each business unit controlled their own software purchasing which didn't leverage economies of scale or provide senior management with insight to software purchasing. The lack of software standards, SAM processes, and software governance policies also increased the company's risk exposure and led to other operational inefficiencies.

To facilitate cost savings, gain insight into software usage and mitigate compliance risks, senior management issued a mandate—IT had three months to centralize all software budgets and procurement, and gain control of all software assets. The goal was to reduce overall software expenditures by 45% in the first year and mitigate compliance and regulatory risks. Such wide sweeping change led IT management to one conclusion—they needed a comprehensive Software Asset Management Program and they needed it operational within three months.

EXPERIENCE COUNTS

With a short window, there was little time to waste. Few people in the organization had experience or knowledge of successful SAM practices. IT needed to quickly implement a SAM program that would maximize the ROI from software investment. After careful consideration, the company decided that Siwel's Managed Services for SAM would be the quickest and most effective way to achieve their goals.

LEVERAGING SIWEL'S EXPERTISE AND INDUSTRY KNOWLEDGE

The client chose to outsource its SAM program to Siwel rather than incur high costs for retraining or acquiring new personnel. Siwel's Managed Services offers a unique money-saving solution that combines expertise, processes, and tools for a full turnkey SAM solution.

Siwel's first step was to establish a license request portal on the client's intranet. Simultaneously, Siwel assessed, created, and modified existing policies and procedures as necessary. Siwel also collected reporting requirements and customized its proprietary Reporting Engine. The Reporting Engine provided management with access to standard and customizable reports in near real time.

Management now had access to reports on:

- Actual software expenditure vs. budget
- Software deployments
- Entitlements availability
- Licenses harvested and available for redeployment
- Trend analysis

OVERVIEW

Client: Fortune 200
Insurance Company
Number of Employees: 7,500
Annual Revenue: \$8 Billion

THE SITUATION

A Fortune 200 Insurance Company was wasting money on software and had significant risk exposure due to non-compliance. Senior Management issued a mandate to centralize software procurement, reduce costs and mitigate non-compliance risk within three months.

THE SOLUTION

The company decided that the quickest and most efficient way to implement a successful Software Asset Management Program was to use Siwel's Managed Services. The program saved the company over \$13.5 million in the first year alone.

“Siwel was able to quickly implement a Software Asset Management program for us that saved us over \$25 million in software expense and actually made new software deployments easier and faster for our employees.” - CIO

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Finally, to ensure adoption, Siwel developed and launched an extensive two-part internal communications and training program for the entire organization.

HEALTHY RESULTS

Despite a tight timeline and lofty goals, Siwel quickly implemented a successful SAM program. The initiative exceeded its initial goal of a 45% reduction in software expenditures and delivered total cost reduction of 48%. By Q3 of the second year of the outsourcing contract, the client had saved an additional 16%.

One outcome of the new program was access to accurate reporting including historical data and trends—information vital to new contract negotiations. In fact, when their Microsoft contract was due for renewal Siwel developed the negotiation strategy based upon data available because of the outsourced SAM program. The result was a 31% reduction in contract renewal price—a savings of \$13.5 million.

Siwel identified additional opportunities to reduce costs. We uncovered \$3.6 million in undeployed software licenses which were placed back in the available inventory pool for future software fulfillment. Siwel also discovered that some of the client's contractual maintenance costs were

calculated at a higher than average rate (25%) and were incorrectly based on MSRP. This saved the client an additional \$500,000+.

Siwel quickly and efficiently established a comprehensive SAM program that reduced costs, mitigated risk, and accelerated the software “request to deployment” cycle time from 7 business days to an average of 2 days. Of course, the healthy results on the bottom line were the real measurement— tens of millions of dollars in spending reductions without impact on day-to-day operations.

SOFTWARE ASSET MANAGEMENT FROM SIWEL

Siwel helps companies realize true cost savings by analyzing, strengthening, and building SAM programs. Since 1998, Siwel has delivered SAM outsourcing and consulting services for some of the largest corporations in the world. We currently track and manage a software portfolio valued in excess of \$3 billion of clients' software as part of our SAM Managed Services. As a result, Siwel has unparalleled experience and expertise in Software Asset Management. Whether we are engaged in a consulting capacity or providing complete outsourced services, Siwel will help you manage software assets more effectively and efficiently.