



## Getting Control of Enterprise Software Starting with Microsoft Office365

*Implementing ServiceNow SAM Pro for Lifecycle Software Asset Management*

### Executive Summary

Regional Energy is a major US utility provider, serving millions of customers in the US. Having grown significantly through merger & acquisition - technology asset management, especially software asset management, has grown much more complex given the huge increase in assets as well as the sources of asset data across procurements, contracts, usage, entitlements and retirements.

Enterprise software vendors recognize this complexity and the challenges organizations face in understanding their software license state. As a result, software compliance auditing has become an important and significant source of revenue for software companies. During the past year, Regional Energy was subject to an enterprise software audit resulting in a seven figure true-up cost – a painful surprise.

Leveraging ServiceNow's enterprise software management capability, SAM Pro, Regional Energy & their partner Evergreen Systems designed and executed a program to gain proactive control over enterprise software assets. We began with Microsoft Office 365 as a live pilot use case - rationalized and combined data sources, simplified and unified processes, roles and responsibilities, and incorporated consistent, lightweight governance directly into the lifecycle flow of work.

We developed an accurate inventory status over the full lifecycle of the assets, with real time ability to meter, add and remove software through Microsoft SCCM. We integrated with Microsoft Office 365 and configured the appropriate entitlements for real time visibility into the license ownership state.

Today Regional Energy has over 90% accuracy of source data (improving every month) and have used the improved software knowledge to accurately identify and rationalize the Windows and Office installed base for older versions - much more easily managing upgrades to

Microsoft Windows 10 and Office 365. Since they now understand the Office 365 license state in real time, they are able to eliminate the disruption and expense of unplanned software audits.

Near term, future enhancements include deepening the use of the asset data in planning as well as getting control of other enterprise software entitlements including Oracle, IBM, SAP and VMWare.

## Background: & Business Impacts

Over the previous decade, Regional Energy had grown quickly through merger & acquisition – acquiring and integrating multiple regional and local utility providers. This caused significant disruption in IT, with specific impact on the corporate knowledge supporting software management due to the challenge and confusion of combining hundreds of sources. These sources included PDFs, spreadsheets, e mails, expense reports and paper documents – along with various, even conflicting electronic discovery data. Specific challenges included:

- Discovery inconsistency, multiple sources of data
- Inability to determine software entitlement other than manually over multiple organization units
- Inability to determine software titles actually in use, other than manually over multiple organization units
- Difficulty in determining true license compliance state as a result

The current state of software asset management created potentially significant business impacts and risks including:

- Material financial & strategic assets not under proactive control to the degree needed – causing the data to be unreliable
- Potential under licensing risk – with associated true ups & penalties along with possible out of budget cost surprises
- Audit / compliance potential surprises creating short notice, significant business disruption
- Enterprise software vendors’ increasing use of audit /compliance business models
- Potential impact on IT Strategy given limited ability to accurately project capital expenditures, make effective tradeoff decisions, determine true costs of IT services

Enterprise software vendors recognize this complexity and the challenges organizations face in understanding their software license state. As a result, software compliance auditing has grown in importance – and become a very important source of annual revenue for software vendors. During the past year, Regional Energy was subject to an enterprise software audit that exposed their weaknesses in software asset management and resulted in a seven figure true-up cost – a very public and painful surprise.

## SAM Program Goals & Objectives

Regional Energy committed to solving their enterprise software management challenge by creating a durable, full lifecycle solution. Key goals included:

- Establish a proactive, technology enabled process for managing enterprise software licenses such as Microsoft, Oracle, IBM, SAP and VMWare
- Provide real time visibility end to end in the software asset lifecycle – from procurement to retirement
- Create a durable solution addressing governance, people, process, technology and organizational change needs
- Proactively meet security needs with a formal authorization process
- Educate and inform with an ongoing communications program
- Provide accurate, consistent decision support data for all stakeholders including finance, governance / compliance, procurement, IT support, audit and capital planning

## Program Challenges

A number of significant challenges faced the team tackling the enterprise software asset management problem, including:

- Manual normalization /reconciliation of data sources
- Thousands of software asset entitlement data source records of in a variety of forms – PDFs, e mails, spreadsheets, even paper documents
- Lost entitlement records
- Inconsistent and incomplete Microsoft SCCM data across business units
- Various incomplete and conflicting electronic discovery technologies
- Organizational readiness / past siloed activities
- Diverse culture
- Complex license models and versions
- Appropriate resources
- Relevant skills & experience for solving the problem

## Program Approach & Journey to Date

Regional Energy recognized that the enterprise challenge was a big one – and the solution was not just about technology, but it needed to address the people, process, governance and organization change needs as well. Regional engaged their ServiceNow partner Evergreen Systems to help meet the need. Together they applied a 4-step process that works well for tackling a big challenge – understand the problem, start small, build a pilot solution and learn and expand.

**Step 1 – Understand the Problem** Regional and Evergreen began by getting deep clarity on the problem. We defined the problem from the perspective of what value is expected and by whom, across those involved including customers, managers and providers. We also needed to know why it's a problem, how it's handled today, how much it costs, why it's worth solving – and what the minimal, viable solution needs to deliver. All this helped us to draw a circle around the common problem set which we got agreement on and carefully documented. This became the starting basis for the scope.

**Step 2 – Start Small** We zeroed in on a single target – getting control over one enterprise license - Microsoft Office 365, with a small group who were highly motivated to solve this problem. Together we defined it over a lifecycle view – so we could clearly identify how each area is linked, its minimal viable needs, its critical success factors (CSF) and what minimal key performance indicators (KPIs) could ensure each area's success and alignment, end to end. We documented this and used it to create the detailed scope and SOW.

**Step 3 – Build an Initial (Pilot) Solution** With a narrowed scope, committed team and clear SOW we built a successful solution addressing people, process, technology, governance and organizational change needs. We treated it as a Pilot to lower the perceived risk and encourage creativity and learning throughout. Accomplishments to date include:

- Created and documented a full lifecycle Software Asset Management (SAM) Process and Policies approach for enterprise SAM
  - Included multiple revisions, sign-off and full team approvals
- Defined and documented the SAM roles and responsibilities
- Developed security roles for SAM users
- Created software reclamation rules and procedures
- Conducted bi weekly SAM Admin knowledge sessions
- Enabled SAM Pro in Kingston
- Enabled the Subscription packages for Office 365, Oracle, VMWare and IBM
- Enabled the Office 365 Microsoft integration to bring in the software subscription / purchase data
- Created new custom software models
- Designed and Implemented an authorization strategy that ties in with software certified/blacklisted
- Created the relevant software entitlements for the Office 365 suite
- Created additional entitlements for end user and infrastructure assets
- Reviewed and updated Microsoft SCCM integration disabling the old software import and enabling the new SAM import
- Enabled the Microsoft SCCM Add/Remove and AI integrations
- Turned on Microsoft SCCM metering for the Office 365 products
- Enabled the SAMP Usage integration for Microsoft SCCM metering data
- Created custom software license metrics
- Created custom dashboards for continuous software monitoring including tracking normalization process, Microsoft Office 365 refresh and Windows 10 refresh
- Worked with teams across the enterprise to:
  - Create a consistent discovery motion and increased data discovery accuracy to 80%
  - Reach a 90% accurate normalized software state
  - Get and rationalize software entitlement / contract data from hundreds of sources
- Developed training materials, trained users, finalized systems documentations

**Almost immediately the SAM data began to support better IT operations. We were able to:**

- Provide data / reporting to clearly identify PCs running Windows versions 7-8, giving the Windows 10 migration program manager the visibility needed to better manage the migration.
- Begin the Microsoft Office 365 rollout enterprise wide, providing data visibility into PCs using older Office products (2010, 2013 etc.) enabling the program manager to effectively refresh the enterprise footprint.

**Step 4 – Learn Lessons & Expand** Reflecting on lessons learned improves the path forward, here are some worth noting:

- Obtaining entitlement data is going to be hard work. Regional Energy has multiple business units that purchase software and most the data was saved in documents, emails, spreadsheets, and paper copy – totaling hundreds of sources. Working with the Business Units, Contracts, Procurement and Microsoft, we applied a consistent, template-based approach to gathering and reconciling all the source data. Following this approach - we were able to create a single, accurate, enterprise source of software asset data.
- Getting discovery and software normalization right is going to be hard work. Multiple means of discovery including ServiceNow discovery and Microsoft SCCM existed at Regional. Getting network access and permissions / rights to perform discovery activities across business units and groups takes time. Following a consistent process across the enterprise enabled creation of a consistent discovery capability, which is essential to accurate knowledge of the assets in use and provides an essential audit function when comparing it with contracted entitlement. Since Regional is on the ServiceNow Kingston release, the next upgrade will bring us the “suggestions” capability which should make normalization much easier.
- Getting complete integrations in place with major software vendors really paves the path for the future. Since neither side is perfect, it provides us the view the vendor has of our entitlement and it gives us the ability to actively reconcile our common understanding of entitlement – eliminating the need for future software audits with their associated pain and expense. Further, it creates a forward-looking planning capability never possible before. When considering which strategic vendor to choose for a new initiative or deciding whether or not to use new capability from a given vendor – we can now make better decisions based on true understanding of the financial, logistics and operational considerations.

The 4 Step approach proved very effective, accomplishing two key goals that form the foundation for long term, enterprise success with SAM.

- 1) The limited Pilot approach proves the clear strategic and financial benefit of getting control over the Microsoft Office 365 software estate, in better decision-making support and proactive financial control. This gives executives a solid basis for continuing to fund the program across all major enterprise software vendors.
- 2) The limited Pilot approach builds a complete, proven initial software management capability – a model that Regional Energy can apply - including governance, people, process, technology and organizational change. Beyond that – it also creates a core team of people who understand and have overcome the challenges using a solution approach that works – and will now be the advocates and leaders for change in extending the solution successfully to the enterprise.

## Going Forward

Regional Energy is following a logical, wave strategy for the SAM program going forward.

- Wave 1 will focus on the standard, corporate image software
- Wave 2 will focus on current installed software not part of image
- Wave 3 will focus on the “Significant 7” infrastructure software which include Oracle, IBM, SAP, CA, Quest Software, Microfocus, and Microsoft SQL Server
- Wave 4 will focus on any remaining software along with ongoing enhancements to work done in the previous waves

Specific activities planned include:

- Integrations with the Oracle, IBM, and VMWare portals to include software entitlements and software allocation data
- Refinement of the data collection process including integrations with contracts and procurement to reduce the effort and improve the quality of the software data gathering activities
- Upgrade to ServiceNow Madrid to take advantage of the SAP integration as well as normalization suggestions and software entitlement importing
- Additional metering / software usage for other high usage end user device software (Adobe, Corel, etc.)
- Importing of additional software entitlements, software usage (where applicable), and software allocation data dashboards and reports to show current software position with cost breakdowns for other major software vendors
- Further development of reclamation and harvesting processes for software entitlements to support true-ups and redistribution of software for onboarding and offboarding

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