

Success Story:

Major Global Financial Services Company

Customer Profile: This major international corporation has a long history of serving customers around the world in many different segments of the financial services industry. Significant organic and acquisitive growth over many decades was capped by some very large mergers during the recent global financial crisis. The company is ranked among the 20 largest financial services companies worldwide, all of which have assets exceeding a trillion dollars, with most employee counts numbering in the hundreds of thousands.

Challenge: Despite a strong corporate commitment to operating ethically, and despite considerable over-spending on software licenses to ensure compliance, a number of circumstances had conspired to place the bank in the position of being unable to effectively challenge a multi-million dollar claim from one of its key software vendors for over use of its software. With two significant corporate license renewals coming up, the bank decided it was time to invest in gaining greater control of its software licensing throughout the corporation.

Solution: After a rapid but very thorough evaluation and selection process, the bank purchased FlexNet Manager Suite for Enterprises from Flexera Software, and engaged Flexera Software to provide implementation and license management consulting services. The initial implementation project was focused on gathering, analyzing, and reporting the data needed to negotiate renewals of corporate license agreements with two key software vendors. While this narrowed the scope of the product's usage and license position information needed, it still required a full roll-out of the solution to cover all of the bank's many hundreds of thousands of computers and users.

Benefits: The bank completed the first phase of what is arguably one of the largest software asset management (SAM) and license optimization projects ever attempted, in record time. Using the hard data and licensing analysis provided by the FlexNet Manager Suite Software License Optimization solution the company negotiated two corporate software license renewals for an astonishing ROI that far exceeded their expectations. A conservative accounting of the savings that will be realized over a five-year period as a result of the first two corporate license renewal negotiations alone indicates a return of more than 15 times the investment in software and consulting services with Flexera Software (1,400% ROI).

Even more remarkable is that the project resulted in first-year hard savings (in actual reduced budgeted license and maintenance spending) of more than twice the amount invested with Flexera Software.

The Corporate Environment

After the turmoil of the 2008 financial crisis even the strong survivors needed to rein in spending and reduce risk at every level of the organization. To gain greater control and reduce risk in its vast information technology operations the bank had embarked on a corporate-wide IT Service Management (ITSM) project. BMC Software was selected to provide the foundation and implementation of its Atrium Discovery and Dependency Mapping (ADDM) product was under way as the first step toward establishing and

populating a comprehensive Configuration Management Database (CMDB) for its more than half a million hardware assets.

Now the bank's software license management was under pressure from two directions. On the one hand its strong commitment to ethical business practices had produced software procurement practices that added new licenses whenever and wherever needed, without regard to unused or available licenses elsewhere in the organization. In many cases, the overall license counts far



"Flexera Software delivered on every promise, from the POC all the way through the implementation and delivery of results."

- Senior IT Executive



exceeded what was needed, resulting in much higher than necessary software spending.

"Every request for a software license submitted by any authorized employee went directly to our third-party software procurement provider and a new license was purchased. There was little to no control over these purchases."

- Business Technology Executive

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On the other hand, the complexities of tracking software installations and usage throughout multiple different IT environments in the many acquired companies made it very difficult to challenge software vendors who claimed non-compliance. The problem of predicting software needs was impacted by the uncertainties around future personnel counts during the financial crisis. The combination of large mergers and potentially significant layoffs made projecting even short-term future usage nearly impossible.

The situation came to a head when one of the bank's largest software vendors submitted a claim totaling many millions of dollars for additional licenses and penalties related to previously projected reductions in workforce which had turned out to be much smaller in scope than expected. With a lack of hard data to challenge that claim, and two very large corporate license renewal negotiations coming up, the CIO decided it was time to get their software assets under control.

Selecting a Software License Optimization Tool

The bank first reviewed and assessed all of its current SAM tools and determined that none of them would provide the breadth, depth, and scalability required for a comprehensive Software License Optimization solution. After discussing the needs and potential suppliers with leading industry consultants the bank quickly focused on Flexera Software as the strongest contender to provide the needed Software License Optimization solutions and expertise.

The bank prepared a detailed list of evaluation criteria under the following categories:

- Software discovery and data collection
- License agreement, contract and purchase data management
- Licensing and entitlement management
- License reconciliation against installations and usage
- Licensing optimization leveraging license entitlements
- Reporting and administration

Their list of critical software vendors included: Microsoft, IBM, Adobe, Oracle and SAP. In addition, it was of paramount importance that the solution would integrate seamlessly with its existing discovery tools, including BMC's Atrium Discovery and Dependency Mapping (ADDM) and Microsoft System Center Configuration Manager (SCCM). Flexera Software worked with the customer to quickly complete two proof-of-concept ("PoC") projects. One focused on the ability to produce an actual license position for a few specific software applications from the two key vendors. The other established that the FlexNet Manager Suite products would successfully install and operate in the bank's IT environment, and pass its integration and security testing.

To the bank's surprise, in the two concurrent 16-day PoC's FlexNet Manager Suite met or exceeded all of the established selection criteria. They determined that Flexera Software was the only vendor that could meet their timeframe and provide a solution that would automate the entitlement-based license optimization process. The bank quickly moved forward to purchase the product, and engaged Flexera Software to provide implementation and software license management consulting services. And they challenged Flexera Software to achieve both a scale and a schedule that had never been attempted before for a SAM project.

Implementing FlexNet Manager Suite

The bank needed the data and analyses for its two license contract renewal negotiations to be provided just four months from the date contracts were signed with Flexera Software. Having recognized the immensity of the project and the challenges of such an aggressive schedule, Flexera Software had assigned several of its key implementation and licensing consultants to work with its pre-sales engineers during the PoCs, and kept them on the project through the initial implementation phase.

"BMC was a tremendous business Partner to Flexera. The Product and Engineering teams worked extremely well together, vetting integration ideas, holding weekly project update meetings, and quickly addressing support and product escalations. They were true professionals in every sense of the word."

**- Tim Boudreau,
VP Strategic Alliances
Flexera Software**

For its part, the bank established the project as a top priority, with a senior CIO driving it from the top down. This enabled everyone working on the project to gain all the cooperation and support needed from its many stakeholders.

The implementation team set about getting the FlexNet Manager Suite installed and integrated with the bank's software discovery tools and purchasing systems. While SCCM integration is a long-standing out-of-the-box feature of FlexNet Manager Suite, BMC ADDM integration was relatively new and had not been stress-tested in such a large and complex environment. However, with the strong commitment of both BMC Software and Flexera Software to meet the needs of their mutual customer, the two suppliers were able to work together to quickly address any issues that arose and the products were soon working together as if one system.

The next implementation challenge came as the huge volumes of data started flowing into the FlexNet Manager repository, pushing its scalability beyond anything previously attempted. With a development team standing by to enhance the product as needed, any bottlenecks were identified and quickly addressed. FlexNet Manager Platform's comprehensive application recognition library proved more than capable of identifying all the applications from the vast array of installation evidence collected, and the system was soon populated with all of the application installation and usage data required for

software license optimization. FlexNet Manager Platform's automated application recognition process replaced the bank's previous manual process that required 30 people to maintain.

Software License Optimization

While the implementation work was progressing, a couple of Flexera Software's software licensing consultants began analyzing the bank's software license agreements for entitlement information. Once the FlexNet Manager Suite repository was fully populated with application installation and usage data the licensing consultants were able to quickly import license purchase data and apply use rights to begin the process of identifying all the areas of potential cost reduction. Savings were ultimately derived from a variety of factors and methods, including the following:

Identifying unknown and under-used product use rights:

Volume license agreements often contain vendor-specific license entitlements that are difficult to understand and apply. Other software product use rights were known to the bank but could not be exploited without the necessary hard data. Flexera Software's licensing consultants applied the FlexNet Manager Suite Product Use Rights Libraries and their many years of experience with such agreements to identify a range of potential opportunities for license optimization.

Modeling optional license structures:

Volume license agreements available to major customers often have multiple different options for the way users and computers can be grouped and counted for various products. The licensing consultants were able to model various approaches to applying the bank's contractual entitlements to help determine the optimum license structures.

Switching to a different license agreement:

Late in one of the renewal negotiations the bank began considering a new

agreement with different license structures, as an alternative to renewing the existing contract. The consultants were able to simulate different licensing models to confirm that the new structure would indeed be more cost effective.

Normalizing user accounts:

FlexNet Manager Suite reports showed that many users had multiple accounts which were all being counted as users. By applying the contracted definitions of users for each application the bank was able to achieve further reductions in required license levels.

Uneconomical maintenance agreements:

It is generally much more cost-effective to subscribe to annual maintenance programs to obtain software upgrades than to purchase new versions when needed. However, in the highly regulated, risk-averse world of financial services, software upgrade cycles are often much longer than usual. The consultants were able to determine which applications were costing more in maintenance fees than they would ever save in new version purchases, based on their actual upgrade cycles.

Unneeded maintenance and support:

In the bank's decentralized IT operations many applications had been licensed over the years that were no longer in use. In some cases maintenance and support fees for the unused software were still being paid every year. The consultants used the FlexNet Manager reports to identify the unneeded maintenance so it could immediately be terminated.

License harvesting and re-use:

The bank used FlexNet Manager Suite's application installation and usage reports to identify copies that were no longer in use and reallocate them elsewhere in the organization.

Terminating shelf-ware licenses:

Using the FlexNet Manager Suite application usage reports the consultants were able to identify installed or

purchased applications that had little or no use. The bank was then able to remove those from consideration in the license renewal negotiations.

Business Value Gained

The bank is delighted with the spectacular results achieved in this first phase of its software asset management and license optimization program. In addition to the current and future cost savings mentioned previously, the bank has seen many other benefits and is now positioned to make rapid progress in many related areas. One member of the SAM team commented that in just six months Flexera Software and the FlexNet Manager Suite implementation had helped move the bank's SAM maturity forward significantly. Related benefits include:

- Software license audit risks have been identified and mitigated
- A solid foundation is in place for expanding the Software License Optimization solution to cover all of the bank's other major software vendors
- The initial savings realized will help fund the bank's ongoing IT Service Management program.
- The bank now understands the process changes needed to eliminate over-spending on software without compromising full license compliance, which will help slash hundreds of millions of dollars from its future software spending.

A senior IT executive commented that this is the only major IT project that anyone at the bank can remember in which the software vendor delivered on every promise, from the PoC all the way through the implementation project and delivery of the results. Given the scale and schedule of this project, it is truly a remarkable achievement.

About Flexera Software

Flexera Software helps application producers and enterprises increase application usage and the value they derive from their software. Our next-generation software licensing, compliance and installation solutions are essential to ensure continuous licensing compliance, optimized software investments and to future-proof businesses against the risks and costs of constantly changing technology. Over 80,000 customers turn to Flexera Software as a trusted and neutral source for the knowledge and expertise we have gained as the marketplace leader in licensing, installation and compliance for over 20 years and for the automation and intelligence designed into our products. For more information, please go to:

www.flexerasoftware.com



Flexera Software LLC
(Global Headquarters):
+1 800-809-5659

United Kingdom (Europe,
Middle East Headquarters):
+44 870-871-1111
+44 870-873-6300

Australia (Asia,
Pacific Headquarters):
+61 3-9895-2000

Beijing, China:
+86 10-6510-1566

For more office locations visit:
www.flexerasoftware.com