



A 1E REPORT

THE HIDDEN COST OF UNUSED SOFTWARE

Executive summary

Keen to maximize revenue and profits, software vendors are becoming increasingly vigilant over licensing. New research shows that businesses with 500+ employees receive license audit requests from software vendors on average four times per year, up from three times in 2012. For 10% of US companies, this number rises to between 11 and 15 audits per year.

These audits come at a cost, whether that's the time it takes to prepare and respond to the requests or the rapid purchase of licenses to ensure compliance. The fact is, as this report shows, many organizations are licensed correctly but have also paid for and deployed software that is not being used.

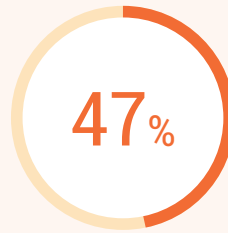
Businesses typically have some visibility over the software that is installed across the organization, but the majority are in the dark about the value of their unused software – and it's costing millions.

To see how businesses are managing their software estates, audit requests and the software license process, we conducted research among 100 UK and 200 US organizations with 500+ employees. This report presents these findings, providing insights into how organizations can take control and optimize their software asset management approach.

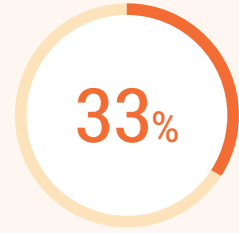
BUSINESSES, WITH AN AVERAGE OF 24,000 PC'S, HAVE SOME VISIBILITY OF THE SOFTWARE THAT HAS BEEN DEPLOYED ACROSS THEIR ORGANIZATION



BELIEVE THEY CAN IDENTIFY ALL UNUSED SOFTWARE



BELIEVE THEY CAN IDENTIFY THE COST OF ALL UNUSED SOFTWARE



HAVE A SOFTWARE LICENSING POLICY IN PLACE

THE COST IS HIGH FOR DEPLOYED SOFTWARE THAT IS LEFT UNUSED



UK

£3.5M
per average company



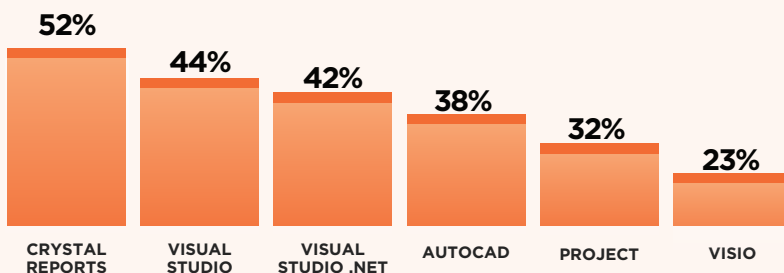
US

\$5.4M
per average company

PERCENTAGE OF DEPLOYED SOFTWARE LEFT UNUSED IN EACH INDUSTRY



PERCENTAGE OF WIDELY DEPLOYED SOFTWARE TITLES THAT ARE UNUSED



Based on a survey of 300 IT decision makers in the US and UK and analysis of 1.8m desktops in 74 companies.

The cost of unused software

Our research shows that organizations are typically paying for, and deploying, more software than they need and it's costing them millions.

Analysis by 1E into 1.8 million desktops in 74 companies, across 13 industries, shows the extent of this problem. Over a quarter (28%) of all software deployed across those 1.8 million desktops is unused (not used in 90 days) and 6% is rarely used (not used for the past 30 days).

*28% of all software
deployed on PCs
is unused*

If we look at only the top 35 software titles that are installed across those 74 companies (and there are more than 1,800 titles in total), the price paid for unused software comes in at \$266 (£170*) per PC in the UK and \$224 in the US.

Based on this insight, a conservative estimate of the total cost of the purchased, deployed and yet unused software within all larger companies (500+ users) in the UK and US is \$991M (£634M*) and \$6.6BN respectively.

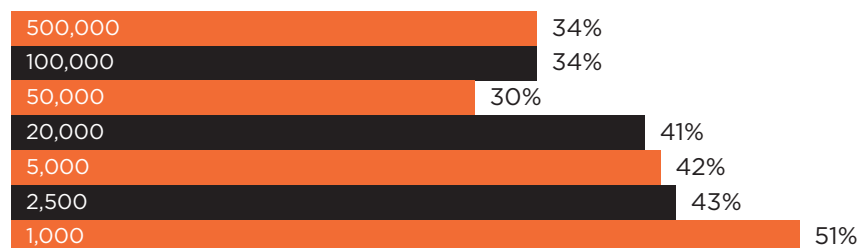
*The total cost of
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\$991M in the UK and
\$6.6BN in the US*

While software licensing is a necessity, paying for unused software isn't. Accurate visibility into the entire software estate and the ability to reclaim unused software will save money. It will also turn the tables in favor of your organization in vendor audits, compliance and license negotiation

Size matters

Companies with over 20,000 users become more diligent about their software management. However, with unused software standing at 30-34% for these large enterprises, there is clearly still room for significant improvement.

*Average % of unused software, according to number of employees
in an organization*



*Conversion rates valid as midday GMT 14/11/14

Problem packages

Companies usually have anywhere from hundreds to thousands of unique software titles deployed.

These 35 titles represent the most commonly deployed applications across 1.8 million desktops analyzed by 1E.

These represent a great starting point for a company looking to focus its software license clean-up efforts and reduce the hidden cost of unused software.



Taking control of software licensing

The sheer magnitude of unused software represents a fantastic opportunity for businesses to reclaim unused licenses and redeploy precious IT budgets. A typical software license vendor audit can cost companies dearly, but by understanding and managing software usage effectively, organizations can arm themselves with the data they need for an impending audit, saving millions in the process.

Audit rates continue to rise

The average number of software vendor audits per year for companies with 500+ employees has risen from three in 2012, to four in 2014.

US-based companies are much more likely to be audited, seeing an average of five annual audits compared to three in the UK. It can be a lot worse too, as nearly a third of US companies (29%) are audited between six and 15 times per year.

The number of times companies have been audited by a software vendor in the last 12 months

	Total	UK	US
None	20%	22%	19%
Once	25%	31%	22%
2 – 5 times	28%	26%	30%
6 – 10 times	14%	6%	18%
11 – 15 times	8%	1%	11%
Don't know	6%	14%	2%
Average number of audits	4	3	5

Looking at the different vertical sectors, manufacturing companies have an average of six audits, compared to the public sector that only has an average of two. In fact, 40% of public sector organizations surveyed had escaped audits altogether in the past 12 months.

Current approaches to software asset management

IT environments are becoming increasingly complex with virtualization, a mix of on-premise software and cloud-based services, plus a greater number of employee-owned devices. Due to this, software licensing is more of a challenge than ever before, so we wanted to see how companies are dealing with this.

Two thirds of companies have complete visibility over their software estate; 54% of companies have the ability to identify unused software

When asked about the level of visibility companies have over their software estate, the results were encouraging. Two thirds (66%) said they had complete visibility, 56% said they were able to access, manage and decommission applications on user devices, and 54% felt they were able to identify unused software.

However, only a third of organizations have a software license optimization policy in place and the majority are not able to put an accurate figure on their annual software licensing spend or identify the cost of unused software across the organization.

There is a marked difference between UK and US firms, with 73% of US companies saying they have clear visibility, compared to 53% in the UK. Similarly, 64% of US-based companies are confident they can identify unused software, compared to just 39% in the UK.

	Total	UK	US
We have clear visibility of the software installed across our organization	66%	53%	73%
We can access, manage and decommission applications on user devices	56%	49%	60%
We can identify all unused software	54%	39%	62%
We can identify the cost of unused software across the organization	47%	27%	57%
We can initiate automatic software reclaims and assign these to other PCs	46%	35%	52%
We can put an accurate figure on our annual software licensing spend	44%	36%	49%
We have a software license optimization policy	33%	21%	39%
Software licensing is automated	26%	16%	32%

From an industry perspective, manufacturing (77%) and financial services (71%) were ahead of other sectors in terms of understanding software deployment and usage. Interestingly, the countries and industries that are seeing more audits from software vendors also appear better equipped to deal with them as a result.

Better usage tracking by some, but a long way to go

Digging a little deeper, we asked companies exactly how they are improving their software visibility and control, and compared this to our findings from 2012.

Overall there is an increasing number of companies using tools to highlight unused software on PCs, laptops and servers, with totals jumping from just 31% in 2012 to 58% this year. Breaking this down by country, the UK has jumped from 37% to 46% and the US has made significant improvements from 47% to 64%.

Once again the manufacturing industry stands out, with 72% of companies in this sector using a tool that highlights unused software. This is well above the average of other industries and a dramatic improvement for this sector on 2012, which was just 44%.

	Total	UK	US
We use a tool to highlight unused software on PCs, laptops and servers	58%	46%	64%
We use a tool to highlight unused software on PCs and laptops	48%	37%	54%
We use a tool that tracks usage of public cloud-based software	39%	8%	54%
Ad-hoc manual methods with information stored in a file, for example a spreadsheet	38%	37%	38%
We use a tool that meters usage of individual applications or use of features within an application	31%	15%	40%

Conclusion

The surprising aspect to this report is that the way in which businesses deal with the issue of software licensing has not changed significantly in the past 18 months.

Software license compliance often leads organizations to acquire more software than they need

There are some areas of improvement but overall businesses still have a big job to do to gain full visibility and control over their sprawling software estates – and to reclaim the cost of their unwanted applications and IT.

While organizations are adopting more automated systems for identifying the software they have and what is being used, the tendency is to use a combination of manual and software-led processes to build up a picture of ownership and usage.

Unfortunately, a great deal of this scrambling around to ensure software license compliance leads organizations to acquire more software than they need. If they believe a vendor is coming in to conduct an audit, the common approach is to simply acquire additional licenses for that product, whether they are using their existing licenses or not.

While this is good for the vendor, it exposes a more fundamental failure in business process, highlighting that organizations do not take enough time to learn who is using each product, how often and whether the software they have is sufficient for actual needs.

The good news for businesses is that there are solutions available that will not only give full visibility of all software, but that also provide the means to manage future licensing and usage, take control to understand the software estate, prove compliance and ultimately save your company millions.

Research methodology: 1E analyzed the software that is deployed and unused on 1.8m desktops in 74 companies across 13 industry sectors. 'Unused software' is defined as software that has not been used for 90 days. The cost estimates are based on the 35 most commonly deployed software titles across the 1.8m desktops. A survey of 300 IT decision makers was also carried out by Vanson Bourne in July 2014. The sample comprised of 200 IT decision makers from the US and 100 from the UK, who all worked in organizations with 500+ employees.