

"Software usage measurement tools are critical not only for organizations establishing software compliance standards, but most importantly for strategic IT asset management initiatives. As IT budgets for software increase, so will the need for accurate license tracking activities that provide leverage for negotiations."

-- **Christopher Germann**, IT Asset Management
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According to the October 2002 "U.S. Software State Piracy Study" published by the Business Software Alliance, one out of every four software applications used in the United States is unlicensed.

Being on top of software asset management is critical today. More and more software companies are cracking down on software license compliance, making software license tracking a necessary part of managing your IT assets. Software companies aren't nearly as tolerant of software license abuse as in the past. Current legislature supports software abuse policies and heavy fines are now being imposed upon companies not compliant with software licenses.

In addition to the software vendors, there are two formal organizations focused on supporting activities aimed at enforcing software compliance and software pirating: Business Software Alliance (BSA and the Software & Information Industry Association (SIIA) Additionally, the BSA carries out an active, roving campaign designed to reduce the use of unlicensed software and boost sales for their member companies

Who are the "Software Police"?

The Software & Information Industry Association was originally founded in 1984 as the Software Publisher's Association. With over 800 member companies, it is the principal trade association for the software and digital content industry. The SIIA participates in government relations, serves as an industry advocate, provides continuing education opportunities, and protects the intellectual property rights of its members.

The Business Software Alliance was founded in 1988, has approximately 20 member companies, and is focused primarily on activities to protect the intellectual property rights of its members. Both organizations provide toll free hotline phone numbers for reporting of unlicensed use of software. Additionally, the BSA carries out an active, roving "grace" campaign designed to reduce the use of unlicensed software and boost sales for their member companies.

Their members endorse both organizations to represent member interests at customer sites. They are empowered to request - and carry out - software audits under copyright legislation and/or by specific language in software license agreements. Their empowerment is validated by corporations' desires to avoid threatened legal action.

What is a Software Audit?

There are two common types of audit requests that your organization might receive either

from the BSA, the SIIA, or directly from a software vendor. The more common - and more benign - of the two is typically initiated by an informational letter that explains the merits of using licensed software and encourages the reader to download a free software audit tool to run on their site.

This is the approach currently used by the BSA in their roving amnesty campaigns. In their campaign, the BSA will provide additional instructions on how your organization can participate in their program. Typically, they will inform you that for your organization to participate you must not have previously received notice from the BSA or its members of suspected software license infringement within your organization. There also must not have been any prior warning of investigation. Finally, prior to or during their grace period your organization must have acquired sufficient software licenses to ensure legal use of their members' software.

The second - and much more serious - type of request that can be initiated by either organization or by a software vendor is a direct request that informs you of suspected software license infringement within your organization.

How Should My Organization Respond to a Software Audit Request?

As the saying goes, "An ounce of prevention is worth a pound of cure." The best approach is to become compliant in advance so you will not have to be worried about how to respond in the event that you do receive an audit request. We will explore a suggested step-by-step plan in the next section. As you read the plan, the important principal to keep in mind is to 'buy the software that your organization uses and throw away the rest'. It is always better to do this in advance rather than when under pressure.

What Can We Do to Reduce Our Risk of Legal Exposure?

First you must understand what the auditors will be looking for. In the context of corporate or educational piracy, here is the short list:

- End User Piracy (staff/students installing and sharing unlicensed copies)
- Client-server Overuse (unmanaged server access)
- Internet Piracy (staff/students downloading unlicensed software)
- Hard-disk Loading (vendors installing unlicensed "gifts" to new computers)
- Software Counterfeiting (not typically found in educational or workplaces)

Next, you must eliminate these forms of piracy from your organization. We will examine two approaches to reducing risk:

1. The fast track to compliance for those organizations that would like to act quickly
2. A long-term solution that your organization should consider putting into place to accomplish the greatest effectiveness

The Fast Track to Compliance

1. Collect Proofs of Ownership

- Purchase Orders
- Paid Invoices
- Receipts for Purchase
- Original License Certificates

The "proofs of ownership" list is arranged in order of the potentially easiest items to locate and in reverse order of the most acceptable proof. That is not to say that purchase orders are not acceptable. They are often the most reliable, and most accurate, proof you will be able to locate. Auditors generally will prefer original license certificates over all other forms, but will usually accept anything on the list.

The most important thing to keep in mind in step one is that the list can be divided into two types of "ownership proof" and only one or the other is acceptable in a compliance audit. The first three items represent different types of "receipts" while the fourth is a "certificate of ownership". You may mix the first three receipts as long as you can demonstrate that there is no overlap; however, you may not mix receipts with license certificates.

Serial numbers are not proofs of ownership. They are useful to identify copies of software and their source and they are helpful when purchasing upgrades. But auditors will not accept the existence of serial numbers as proof of ownership. Additionally, original media (CD's, diskettes, and documentation) is less useful in today's world of multiple license packs and is generally unreliable in counting numbers of licenses.

2. Audit Installed Software

- Systematically Inspect Every
 - Desktop
 - Portable
 - Server
 - Home computer (optional)

Steps one and two can be reversed or done simultaneously. Both must be completed prior to reconciling and proving license ownership in step three. You will need an exhaustive list of all copies of software and their version numbers installed on all computers in your organization. Later we will discuss tools that you can use for this task. Once you have completed steps one and two you are ready to discover how much of your organization's installed software is legally licensed.

3. Reconcile Audit & Proof of Ownership

- Product Names

- Version Numbers
- Types of Licenses (Single-user, Concurrent use, other restrictions)
- Serial Numbers

Compare the details in list three from your audit list and ownership proofs list for matches. The goal of step three is to discover any software in use on your site that cannot be traced back to its license. With each such discovery you then make the decision of whether to buy a license or delete the software. **The fast track to compliance method is easy to describe however can be very difficult to accomplish and manage unless you have an automated auditing and usage management system in place.]**

A Long-term Solution

For a more long-term solution, add the following two steps to the first three above.

4. Establish Corporate Culture

- Publish Corporate Policy
- Have Employees Sign It
- Centralize Purchases
- Store Original License Certificates, Purchase Orders, Invoices, Receipts, Registration Cards
- Prevent or Detect Employee-Software Installs

There is nothing that can replace the value of well-designed and active anti-piracy education among the staff and students in your organization. Their understanding of the pitfalls and solutions will go a long way toward reducing risk within your organization. Add to that the organizational discipline of recording ownership as purchases occur, and you will create the important foundational basis upon which your company can build to effectively manage ongoing usage.

5. Manage Ongoing Usage

- Determine Ownership (department, division, or corporate organization)
- Manage Correctly by Type of License
- Who Should Have Access to Each Product?
- Track Computer Obsolescence and Stop Buying Software
- Identify Waste, Reclaim & Redistribute
- Predict Needs and Purchase Accordingly

Before you can effectively manage software usage to comply with your software licenses you must first know who owns the licenses and determine whether licenses have been purchased for use anywhere within your organization or only for use within specific departments, divisions, or regional areas of your company.

Next, you must understand what type of licenses your organization owns.

Site licenses (licenses that can be installed anywhere within your organization) are the easiest to manage. However, unless you use great diligence to determine true usage they can cause the hidden problem of making it difficult for you to determine exactly how many units you should purchase. Concurrent-use licenses (licenses that can be shared by multiple users) are also convenient but they are the hardest to convince publishers to offer. Single-user licenses (licenses which must be locked to specific computers) are often the most expensive IT asset your organization owns and can create the biggest legal risk if not properly managed.

In the next section we will discuss how to effectively manage all of the major types of software licenses to reduce legal risk, lower ownership costs, and soften the fears and resulting resistance of software publishers to offer licenses that are truly useful to your organization.

How Can We Effectively Manage Ongoing Software Usage?

It is easy to understand, from the material we have covered so far, that effective management of a multitude of software programs within a diverse, and ever-changing, user community can be a complex task. The Resource Monitor Software solution first takes steps to simplify this daunting task by breaking down software management into four essential elements: computers, people, software, licenses.

Resource Monitor provides the essential first steps through a unique auto-discovery process that identifies and locates installed software and reports important details about computer hardware. Resource Monitor takes the management process to the next step with flexible software license definitions that cover the full range of today's most common software licenses.

The final step of identifying end-users and authenticating them to use approved software accomplishes several important efficiencies. It closes the gap to potential software piracy and creates a supported working environment where employees can gain legal access to software to complete their work effectively. Moreover, it helps organizations achieve high levels of efficiency in the use of their software budgets.

Resource Monitor is an effective tool used by IT Managers for getting a complete picture of software installed across networked and non-networked computers. Comprehensive installation data is captured as well as software versions, product license keys and more. Pre-defined reports such as the "Licenses Exceeding Limits Report" give you instant access to the data needed to manage your software assets.

Resource Monitor will help you save money by eliminating the need to pay hefty non-compliance fines. Also, save money by effectively managing the software licenses you own. Know which software is installed on each workstation, server, or laptop in your company and determine if the application is current and if the employee is still utilizing the software. This knowledge will help you stay in compliance by enabling you to

remove any unused software from a workstation that is consuming a license. Even transfer an application to a workstation that requires it from one that does not require it.