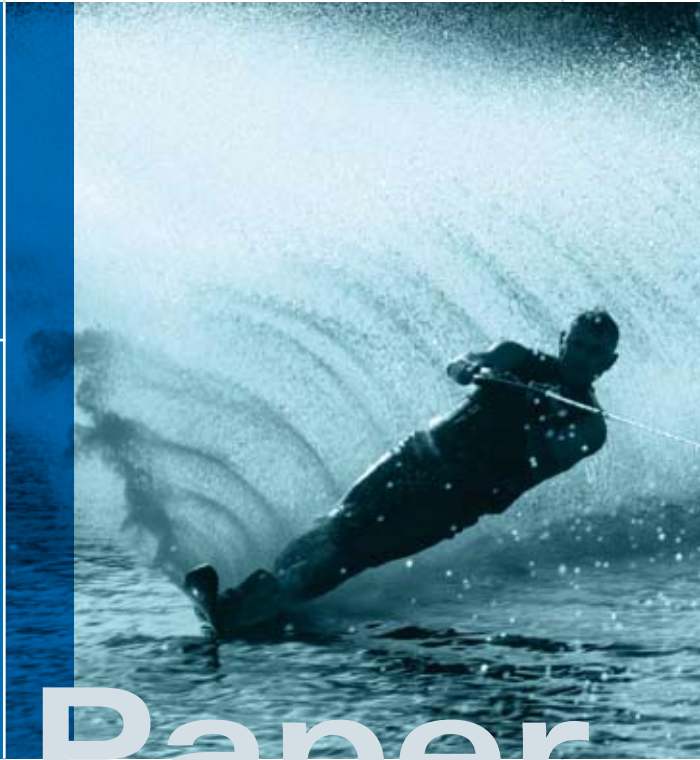




**Spider Licence
Facts for decision makers**

White Paper

- **Contract Management**
- **IT Asset Management**
- **IT Licence Management**



Content

Management Summary	4
Introduction	5
Technical Aspects	6
The Commercial Challenge	7
Consolidating Implemented Software	7
Consolidating Licenses Used and License Agreements	7
Checking Existing Software Maintenance Contracts	7
Consolidating Suppliers	7
Very important: IT Asset Management	8
Measure Software Usage?	8
Reconciliation: Installed Software vs. Existing Licenses	9
Clearly Defined Responsibility	10
Licensing Models	10
Automation	11
Reconciliation with Asset Management	11
License Management in Large Enterprises	12
Introducing License Management	13
Experience Counts	13
Handling Software Audits with Ease	13
Extensions	14
Spider Asset	14
Spider Contract	14
Microsoft Share Point Portal Services	14
Spider Purchase	14
Spider Service Desk	14
Your Challenge - Our Solution	15

Management Summary

The challenge of license management lies in administering programs used and the associated, at times very complex, licensing procedure sufficiently accurately, while optimizing the costs for the entire software management as well as software usage.

This challenge cannot be mastered without license management solutions.

The law on this is clear. Unlawful usage of software is protected by copyright and is punishable. Companies and those responsible, and management in particular, are legally liable.

Even in the event of out of court settlements, companies often experience unforeseen costs. The managers responsible are also increasingly affected subsequent to resignation.

Where license management solutions are intelligently used, cost benefits can occur in the different segments of software management.

- Over-licensing and expensive subsequent licensing can be avoided. License contracts are optimized.
- Software can be used in a far more customized, and often also more selective manner. Software maintenance costs are reduced. Procurement costs are lower.
- IT operation will run more effectively.
- Software and hardware can be dealt with separately on technical and commercial levels.

From experience, asset management in the area of software assets can be maintained far more accurately. In the event of internal IT services accounting, modern license management can provide good support. Spider provides an appropriate tool for this. An overall improvement in budget planning and control with regard to IT is experienced.

Introduction

The last two years have seen a paradigm shift with regard to IT management. Where IT function units previously tended to be defined via hardware, there is now a justifiable swing towards managing IT systems focusing on software. There are several reasons for this trend. For one, the proportional value between hardware and software has changed. A drop in the price of hardware and a simultaneous increase in costs for software has resulted in a current investment ratio of approx. 40% hardware to 60% software.

At the same time it has become clear that operating costs for software are substantially higher than costs for hardware, which have become extremely stable. Optimally administering software consequently also provides support for IT operations.

At the same time, software boasts an attractive attribute - namely that it can be used significantly longer than hardware.

These varying usage cycles need to be sensibly managed though.

The viewpoint of the software industry is also interesting: Many product areas and markets are almost saturated. At the same time, specialist organizations such as BSA (Business Software Alliance) are convinced that even in reliable markets such as Germany, under-licensing of approximately 28% is a fact. The

biggest market potential for software suppliers therefore lies simply in combating under-licensing. Fact: The biggest market potential is expected to be in existing customers. A potential with a value of several billion euro. To try and reap this potential, software suppliers are increasingly insisting on their right to check on the authorized use of software at their customers. For this, software audits, which are generally performed by large commercial firms, are commissioned.

It becomes unpleasant if under-licensing is detected. Immediate additional licensing is enforced - generally on unfavorable terms. An audit report is sent to management, demanding that they refrain from further under-licensing. In many cases there are cross-references between different software suppliers. Negative audit results, and the fact that copyright has been breached are increasingly becoming reason enough to terminate business with the managers responsible.

Technical Aspects

The software is installed, the license is acknowledged by a mouse click, and the user is happy with their new software. Is it really licensed? How can you determine which software has been installed on a computer?

This task can be accomplished by a number of tools that allow for hard drives to be scanned, and subsequently provide a list of program information found. For this, various traces, which are left when software is installed, are identified. Certain file types on the hard drive, and entries in the registry together with additional details make up certain software, for example. For example, Microsoft Excel 2003.

Is this sufficient for license management? The clear answer: No.

It would seem that not a single MS Excel license was procured in the past couple of years, and yet everything seems perfectly licensed. The reason: Excel was not purchased as a single product, but rather as part of product suites such as Microsoft Office 2003 licenses. However, this is a graphics product that cannot be scanned on the computer by means of this technology, as it is a package of four or five individual products.

In order to proceed technically, the entire scan result must be compared to a software product database. If the scan result also contains characteristics and products that define MS Office 2003, the result can be evaluated. What makes matters difficult though is the fact that there are thousands of software products that can be assigned to each other in different variations. The quality of a software scan therefore depends on the scanning

method and the quality of the software product database. The basis for error-free license management can only be created if all software products available on the market are identified in this database.

Spider Licence can be used with existing tools (SMS, ENTEO, Brainware, Tivoli, etc.), or can make use of Spider Software Identification Services (SIS), a software identification tool with a directory containing over 10,000 software names plus a periodic update service.

As this scanning procedure also allows for serial numbers and computer names of the relevant computer to be captured, amongst others, it is now possible to process this information package even further.

In addition to the license that refers to the installation on a workstation computer (metrics: computer-based or named-user-based), it is obviously also important to administer the software licenses that run centrally on servers, and are not decentralized from clients. Different usage licenses are available. CALs (Client Access Licenses) allow for usage of central software, but can often not be technically captured on the client PC using the software. A similar situation applies to software offered for usage via application servers (e.g. Citrix), or software running on virtual computers, i.e. as an encapsulated application.

This can be achieved by using the relevant system administration tools supplied and reliably adhering to operating processes.

The Commercial Challenge

The software scan results in a list containing computer serial numbers and assigned software packages. But how does that help the businessman? Only once the PC serial number has been assigned to an IT workstation with information about the user, to a cost center, to the location, or to the purpose, can it be determined which licenses belong to this computer. The minimum requirement is therefore that scanned information is aligned with rudimentary organization information. This information can be derived from existing sources such as Microsoft Excel lists, an IT asset management program, or straight from Spider Asset, the sister program of Spider Licence for IT asset management.

Once this basic task has been performed, further steps can be taken.

Consolidating Implemented Software

The fewer software variants are implemented in a company, the better IT operation can be organized. More favorable procurement conditions apply, and collaboration within a company is supported. Clear software goods baskets facilitate technical as well as commercial company processes.

Consolidating Licenses Used and License Agreements

In many cases licenses will have been procured in partial quantities. Bundling these individual licenses to company licenses results in considerable cost benefits when ordering additional licenses and updates.

Checking Existing Software Maintenance Contracts

In practice, incorrect, overly expensive or even unnecessary maintenance contracts are often found. A convenient side effect of license management is a cost reduction in the area of software maintenance.

Consolidating Suppliers

Software prices can usually be negotiated. The better the bundling of software procurement, the more powerful you are when it comes to negotiating more favorable procurement conditions. At the same time, software ordering and authorization procedures can be structured and automated with Spider Purchase, for example.

Very important: IT Asset Management

It is only possible to know how many systems require license administration if numbers of PCs and servers used are available. This couldn't be more logical, and yet it is often not properly taken into consideration for license management. This alone is the reason that documentation problems suddenly occur during an audit. A spot check suddenly reveals a PC system that is completely unknown to the license management system. The opposite can also occur. Licenses are assigned to computers that are no longer in the company. This results in licenses not being available when actually required.

A good IT asset management system provides support for all IT operating processes.

Is your company organized according to ITIL, or are you aiming for this? The CMDB (Configuration Management Database) is nothing more than a combination of IT asset and license management.

Measure Software Usage?

Owning software and requiring software are two different things. In many cases software is installed on computers that have not been used in a long time, or will not be used again. Does this make sense? If it costs money, surely not. It has long been technically possible to check when software was last used. This process is known as software metering. A practise considered to be completely normal in neighboring countries, is regularly blocked in Germany by worker's councils or staff councils, essentially because of the fear of employees' job performance being measured without their approval. Clarification and an appropriate employment agreement are required here. Clari-

fication must be provided, assuring employees that the aim is not to know how many times Jane Doe recently started up MS Access, but rather to prevent unnecessary expenses, and to ensure that a more reasonable Office version without MS Access is next procured, for example. Data within the scope of metering can be anonymized.

Details regarding goal setting and implementation can be addressed, and concerns of employee representatives can be reliably regulated within the framework of an employment agreement. Software metering is a function of Spider Software Identification Services (SIS) that can be switched off.

Reconciliation: Installed Software vs. Existing Licenses

The core functionality of Spider Licence lies in matching the software used with existing or required licenses. In practise, this function is extremely complex, as different license metrics (computer-based, named-user-based, CPU-based, concurrent use, OEM license,...) as well as different license types (single license, volume license, enterprise license, test license,...) need to be considered. Different license variants (combination of license metrics and license type) need to be administered, while software pools that indicate individual products (e.g. Excel), suites (e.g. Office) across several product generations (e.g. Office 2000, Office 2003, or Office XP) need to be depicted. This functionality has been integrated into Spider Licence without complicating its operation.

Scanned-in license documents can be made available to users online, if required. This is an extremely practical function, especially for enterprises.

Spider Licence comprises the following objects, which make up the license inventory:

- License group: A license group corresponds to particular software and provides an overview across versions (e.g. Office, IE, Winzip, etc.).
- License pool: The license pool enables grouping and administration of licenses in a version. In Spider Licence software licenses that were commercially procured are administered in the license pool. In addition, the license pool contains the assignment to the technical software package (e.g. software package that is reported via the inventory).
- License: The license serves to administer commercial and technical license information. Licenses are assigned to a license pool in license management.

Clearly Defined Responsibility

Personal liability also exists in the event of breaches of copyright. It is therefore important for managers to organize the correct activities in license management as a preventative measure. Besides using a license management tool, it is also important to assign responsibilities, define internal quality rules, and control adherence to these.

Obviously this is only possible by means of an appropriate license management tool. Implementing suitable processes that are as uncomplicated as possible, and defining a simple but clear control mechanism are the result of joint project work. Regardless of which of our proven concepts is followed, the importance lies in those responsible meeting the responsibilities assigned to them.

Licensing Models

The various licensing procedures of software suppliers are becoming increasingly complex. This is partly due to new usage models such as Application Server or browser-based software usage, and partly due to the constant introduction of new procedures, merely for the purposes of implementing marketing goals and in so doing ensuring the cash flow from customer to software supplier. License management products depict all current licensing procedures. However, it is also important that new, future licensing models can be administered. Herein lies the strength of Spider Licence. The flexible license metrics system allows the most complex licensing variants to be clearly illustrated.

Assigning software to a function unit workstation or a function unit server system is based on the following general information:

- License metrics: Determining the metrics (client, user, processor, MIPS, SITES, Tier1, Tier2, Tier3, Tier4) of the object to be assigned. The metrics of the object to be assigned must correspond to the metrics of the license pool to ensure a definite matchup.
- License usage: Number of licenses for use (license requirement) depending on the license metrics.

Automation

Successful license management projects have a high degree of automation. Examples:

- Changes to the cost centre structure are automatically transferred to Spider Licence by the master SAP system.
- Several modern software distribution products can receive control files from Spider Licence for the distribution of structured, defined software packages.
- A scanner automatically informs Spider Licence about the successful distribution.

Entire request, authorization, procurement and distribution procedures can be automated by combining Spider Purchase, Spider Licence, SAP MM and software distribution products.

Reconciliation with Asset Management

Software licenses have a high value and must be entered in the books as capital assets. Spider Licence provides supports for reconciling license assets with data contained in asset management. An appropriate interface is available for SAP users.

License Management in Large Enterprises

License management in very large enterprises presents particular challenges and opportunities. For one, the purchasing power of a large enterprise can sometimes have such an impact on software suppliers that it is able to enforce individual improvements in conditions and usage. Depending on the size, competence centers for particular software types such as databases or virus protection can also be established. Specialists for large software suppliers can also be used to build up detailed knowledge of products and strategies, but also of commercial advantages.

The Enterprise version of Spider Licence supports these requirements and offers corresponding administration support, as well as a powerful roles and rights concept.

License management in large enterprises must also function beyond the internal boundaries of enterprise areas, affiliates and foreign companies. The structure of the enterprise must be able to be displayed, despite central license management. Multi-client orientation, multilingual capability, acceptance of several currencies, and a flexible roles and rights concept are the qualifying functions for Spider Licence to be used in an enterprise.

Introducing License Management

License management projects normally occur in three phases. The first phase involves performing an inventory. Even for this, a license management product is installed to enable structured capturing of recorded values. The second phase involves optimization of knowledge, licenses and operating procedures. The third phase structures the operation in such a manner that the high level of knowledge that has been acquired up to this point in time, can be permanently retained and all optimizations used in the long term.

Handling Software Audits with Ease

An audit has taken place, and it was hardly noticeable. External auditors, especially their software specialists, have accepted the concept of license management. Current reports document the license status. License documents were available. Spot checks could be performed with Spider Licence, and proof of proper licensing presented online.

Companies using Spider Licence are completely relaxed about software audits.

Experience Counts

Projects can only be implemented in a workable manner and with minimum effort if it possible to draw on practical experience and a number of successful license management projects. However, there are only a few specialists who are flexible enough to implement different license management concepts, and possibly meet individual situations. Our specialists have successfully implemented license management projects in medium-sized companies, right up to DAX-listed companies. If the situation requires, we can also complete a project of this nature in a short period of time - if initial success needs to be visible fast.

Extensions

Spider Licence has been fully integrated into the Spider product family. For more extensive requirements, a tried and tested IT asset management system, contract management, and a workflow engine are available for process control. A number of tools from other suppliers can also be connected.

Spider Asset

The Spider Asset IT asset management system is an ITIL-conforming configuration database that can administer all workstations, servers, communications systems, etc. In addition to technical and organizational data, Spider Asset administers process and organization data.

Spider Asset collaborates with Spider Contract. Contracts pertaining to hardware, software, workstations or employees are immediately linked. Details required for fast processing are consequently immediately available: SLAs (Service Level Agreements), purchase and leasing contracts as well as warranty information and commercial residual values are provided. The authorization system ensures that information does not fall into the wrong hands.

Spider Contract

All contracts and agreements in a company are administered by the contract management product, Spider Contract. All data required for ordinary operation is available directly at the workstation of the person responsible. The data is focused on all the relevant details and separated according to almost any contract type.

Acceptance is enhanced by comprehensive configurability. It is possible to define views for each user group such that only currently required information is displayed. Connections to attachments such as invoices, working notes, automatic resubmissions, and links to the objects affected make Spider Contract an effective tool.

Microsoft Share Point Portal Services

This tool enhances collaboration within a team. Particularly in conjunction with Spider Contract, the load is taken off creating, versioning, authorizing, releasing and archiving contracts.

Spider Purchase

Product catalogs, queries, orders and associated procedures, as well as authorization procedures comprise Spider Purchase. An ideal extension to Spider Asset, or on its own as an individual module.

Spider Service Desk

This product supports the service help desk. From the creation of tickets (queries), to process conforming handling, to evaluation of services performed - this product offers the complete solution. In addition, a knowledge database for resolving known tasks is provided. Direct linking to Spider Asset and Spider Contract makes detailed knowledge about workstations affected by a ticket, as well as the associated SLAs (Service Level Agreements) and warranty and leasing contracts available.

Your Challenge - Our Solution

Spider products were created for the European market. The experiences from countless customer situations are integrated in this development. Every enterprise has a different structure, different requirements, and a different culture. We have still managed to create a product family that is so flexible by default that it can solve even unusual problems at our customers.

Together, for your success.

Experienced consultants will implement your requirements and ideas. Structured processes and knowledge are prerequisites for a successful project. Our reference customers will gladly make themselves available to you by agreement. A brief selection of our customers:

Alte Leipziger Lebensversicherung AG
 Atlas Elektronik GmbH
 Axel Springer AG
 BACARDI GmbH
 Bahlsen GmbH & Co KG
 Bausparkasse Schwäbisch Hall AG
 BERU AG
 DAD Deutscher Autodienst GmbH
 The Swiss Parliament
 Ethicon GmbH, a Johnson + Johnson Company
 Linde AG
 Olympus Europe
 Rheinmetall Defence Electronics GmbH
 RWE AG
 Sharp Electronics GmbH
 STILL AG
 STILL Skandinavia
 Stora Enso Deutschland GmbH
 Tchibo Frisch-Röst-Kaffee GmbH
 Vodafone D2 GmbH
 VVB Bausparkasse München AG (HVB)
 gedas AG – Member of T-Systems

Contact

**Spider
Lifecycle Managementsysteme GmbH**

Paul-Dessau-Straße 6
D-22761 Hamburg
Germany

Tel. +49 (0)40 - 788 999 - 0
Fax +49 (0)40 - 788 999 - 90

Email: info@spider-lcm.de
www.spider-LCM.de