FTI™ CONSULTING

CONTROL COSTS AND REDUCE RISKS

SOFTWARE LICENSE COMPLIANCE & OPTIMISATION

EXPERTS WITH **IMPACT**

Contents

Introduction

Software is intangible, making it difficult to track, quantify and manage. Companies and end-users spend millions of dollars in procuring and managing software from a variety of publishers. An average mid-to-large-sized company spends $10,000 per year per user on software licenses without factoring additional risks, including:

NON-COMPLIANCE

A breach of licensing agreements can trigger painful, months-long audits that can consume the time and resources of senior executives. These audits may result in large financial penalties, directly impacting the bottom line and taking away from other activities, such as innovation and IT upgrades.

WASTE

Lacking an understanding of software's usage can result in unfavourable license agreements, purchasing unnecessary seats and an increased cost of ownership.

FTI Consulting's Software Asset Management (SAM) solution has helped clients remain compliant, eliminate waste, negotiate favourable license agreements and significantly bring down the overall cost of ownership of software.

Our team has over 15 years of experience in license compliance and has executed more than 5000 engagements. With deep knowledge of over 27 software publishers, including SAP and Oracle, our team can help with a multitude of situations:

Managing and monitoring software license compliance operations as part of a continuous engagement or managed SAM service;

Helping manage the annual renewal process of large license agreements;

Advising on most cost-effective licensing models and agreements, based upon usage;

Interfacing with auditors during a publisher-driven license audit;

Assisting in the licensing negotiation process;

Helping prevent non-compliance due to use on unauthorised software code, cracks or keygens by rogue employees;

Helping to manage the licensing impacts of complex technology integrations and migrations, such as data centre upgrades, cloud migrations, third-party interfaces, cross-border use and mergers and acquisitions.

Challenges faced
by companies

New technologies and processes can pose risks to maintaining software licensing compliance, but enlisting a dedicated team of experts to effectively manage and improve a SAM programme can help address some of these main challenges:

Mergers and Acquisitions	During mergers and acquisitions, it is important to assess licenses to determine if all licenses should be transferred to the parent company or the subsidiary should continue to own their licenses and eventually the SAM responsibility.
Licensing Contracts	Licensing contracts may be vague so that companies fail to interpret the underlying terms and conditions, do not understand licensing options (subscription, perpetual license, upgrades and unlimited license agreements), or lack clarity around licensing models (user, device, processor, managed capacity, network and client access).
Outsourcing / Cloud	Companies often outsource IT to vendors who manage their entire IT setup. However, SAM compliance still remains the company's responsibility, even as software as a service (SaaS) licensing becomes more complex.
Virtualisation	Virtualisation technology may help companies manage its IT hardware infrastructure effectively, but it often requires additional licensing, including hypervisor licenses, management server licenses, canaged server licenses, guest OS server licenses, guest OS client access licenses, application licenses and application client access licenses.
BYOD	While BYOD (Bring Your Own Device) policies can help support the mobility of today's modern workforce, employees can knowingly or unknowinly install pirated software or malware on devices, leading to significant compliance and security risks.

Case **Study**

Software license compliance and management involving multiple software for a leading Indian bank

BACKGROUND	SOLUTION	OUTCOME
A large private sector bank in India wanted to develop a flexible license compliance programme for all of its software. They needed assistance in interpreting the terms and conditions of a complex license agreement, in order to eliminate waste and fully optimise the full terms of the license.	Our experts conducted a forensic investigation and found, and remediated, non-licensed software from publishers such as IBM, Oracle, Microsoft and SAP. They also identified employees deploying cracked and pirated licenses, and conducted a process diagnostic exercise based on ISO 19770 standards and implemented a real-time license compliance dashboard.	Based on the findings, the bank was successful in averting a large financial exposure due to software non-compliance. Additionally, the bank was able to save a significant amount in their negotiation with multiple publishers on license renewals. This was due to the insights on licensing rules and terminology provided by our experts.

Myths around
software license compliance

MYTHS	REALITY
"We have perpetual licenses. We don't need to worry about compliance."	While perpetual licenses may grant lifetime usage, users still need to monitor usage regularly to prevent over-usage.
"We have an unlimited subscription and can use any software version/ edition and any quantity."	Subscriptions have restrictions on the version and editions of the software that can be used and there are often caps on the quantities that can be deployed. It is advisable to read the agreements carefully.
"We have installed software, but it is not being used so we don't have to worry about non-compliance."	Every software that is installed requires a valid license whether it is being used or not.
"We have never been audited and will not get audited in the future."	Audits are on the rise, and even without audits, pirated and malware software can lead to legal, reputational and security risks.
"We are a small company hence SAM is not important for us."	SAM is important for all sizes of companies, not only for compliance but also to manage and optimise IT spend.
"We have a complex environment with a lot of remote and standalone systems, so auditors won't be able to discover deployments."	Auditors are experienced in investigating complex environments and have the expertise to identify and extract software from all systems, even after machines are 'wiped' or reformatted.
"No one will find out that we are using unauthorised software."	Anti-piracy mechanisms are growing more sophisticated, such as embedding software with phone-home technology to alert the software vendor of an illegal deployment in a corporate environment.

How we
can help

FTI Consulting uses a structured and strategic approach towards license compliance by improving processes, reducing license mis-calculations and driving predictive revenue through greater insights. We offer four key services depending on client requirement:

BENEFITS OF OUR SOFTWARE ASSET MANAGEMENT SERVICES

Improved visibility on enterprise-wide software portfolio

Reduction in unnecessary and unplanned spend

Expand software discovery capabilities and enhanced reporting

Improved utilisation of deployed software assets

Ability to proactively identify and manage software-related risks

Streamlined licensing process to improve license allocation and re-harvesting

Peace of mind in dealing with audits and negotiation process

COMPLIANCE ASSESSMENT

We provide end-to-end Software Asset Management assessment services such as Contract Analysis, Deployment Identification and Process reviews for all major software publishers.

PROCUREMENT CONSULTING

- We assist companies in their Enterprise Agreement (EA)/ Unlimited License Agreement (ULA/PULA) renewals by accurate estate realisation.
- We interface with auditors and publishers with our clients.

DISPUTE ADVISORY AND CRISIS MANAGEMENT

- We assist clients resolve their disputes with major software publishers using our deep technical skills coupled with our global knowledge and experience on software licensing.

LICENSE OPTIMISATION

- We assist clients achieve maximum benefits of Software Asset Management by executing a focused approach on putting additional governance in place and optimising existing license configurations to capture savings.

In addition to the above services, FTI Consulting has its own enhanced delivery model and in-house technology to discover compliance insights for high-risk software publishers like Oracle® and SAP®. These deployments often pose a unique challenge to organisations due to complex licensing rules and non-standard license deployments.

Case **Study**

SAP dispute advisory services for a large Indian telecom firm

BACKGROUND	SOLUTION	OUTCOME
A large Indian telecommunication firm was involved in a licensing dispute related to findings from an SAP audit. SAP alleged that a third-party application, enabling customers to make online payments for mobile recharges, was connecting to SAP's Enterprise Resource Planning (ERP) software and constituted indirect access, a violation of the license.	Our experts performed landscape and data flow analysis to identify third-party applications interfaced with the SAP ERP system. A business process review was performed for the mobile recharge and payments platform to understand the type of data transfer between the application and the SAP ERP system. Using a forensic approach, FTI team members identified a static read access between the mobile recharge platform and SAP ERP system. In addition to this, the team performed a contract analysis to identify terms of use that supported such usage of the SAP application.	The telecom firm presented the findings to SAP and was able to amicably resolve its dispute. The team's findings assisted the firm in averting huge penalties, and the firm was able to amend its agreement with SAP to include business to customer (B2C) access to SAP applications.

Case **Study**

Migrating Oracle Licenses for a Financial Services Client in India

BACKGROUND	SOLUTION	OUTCOME
A large financial services client underwent a significant IT transformation due to expansion, technology adoption and a move to a virtual and cloud infrastructure. Its Unlimited Licensing Agreement (ULA) with Oracle was due for renewal and the client had to decide whether to renew the ULA, migrate to a different license – a Perpetual Unlimited License Agreement (PULA) - or exit the ULA and buy individual licenses as needed.	Our team of senior experts worked closely with the client to assess the company's needs and develop an overall strategy to address current and future requirements at the right price point and contractual terms. The team conducted a detailed, rapid assessment of the client's diverse IT environment to study both hardware and software footprint, and attended negotiation meetings with the publisher to understand and advise on the proposal's impact on the client.	The team acted as a bridge and translated opportunities, challenges and facts from both sides. Based on our knowledge of licensing for this publisher and our overall knowledge of IT infrastructure, as well as the financial services industry, the team facilitated an efficient and cost-effective contract for the client. The contract also included an opportunity for the client and publisher to work together as a showcase partnership, and the client does not need to worry about software licensing, procurement, compliance, audits for this publisher in future due to our regular ongoing monitoring and flexible licensing terms.

How we are
Different

FTI Consulting provides an expert team, forensically sound processes and advanced analytics tools to produce tangible business results on hundreds of SAM reviews and negotiations with global software publishers.

With increased focus on software piracy and license misuse, we envisage a forensic approach being deployed by software publishers in license compliance audits.

Our in-house forensic capabilities can assist clients pursue deeper analysis of their environment enabling them to be better prepared for such license audits.

We can also assist our clients in interfacing with publishers directly to help facilitate audit requirements and contract negotiations.

AUDIT DEFENSE

FTI Consulting's data collection scripts are lightweight but provide detailed system scans to gather maximum data points possible with minimal intrusion or business disruption. Additionally, FTI Consutling tools can be easily integrated with enterprise-wide tools such as patch management and anti-virus software.

Our solution is customised for each customer situation and developed using our team's global experience across variety of publishers.

DEEP INSIGHT ANALYTICS

LIGHTWEIGHT AND CUSTOMISABLE
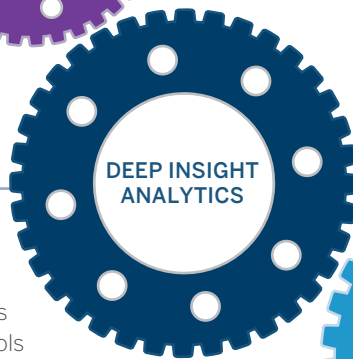
Unlike traditional tools, FTI Consulting's in-house tools can scan various sources across various Operating System platforms for deep insights on software deployments.

In addition to providing insights around customer's deployment of software, our tools also include specific checks for many different software products based on specific licensing rules relevant for our client.

About
FTI Consulting

● FTI Consulting offices

Advisor to **8** of the **world's top 10** bank holding companies

Founded in **1982** and **$2.8BLN** equity market capitalisation*

With **4700+** employees and offices in **28 countries** on six continents, our breadth and depth extends across every major social, political and economic hub **around the globe**

53 of the **Global 100 corporations** are clients

Advisor to **96** of the **world's top 100** law firms

Trusted advisors serving clients globally with **diverse expertise** and **exceptional credentials** including accountants, economists, engineers, former CFOs and strategists

We combine unparalleled **expertise** and **industry knowledge** to address critical challenges for clients

We are a **global advisory firm** that provides multidisciplinary solutions to **complex challenges** and **opportunities**

Expertise across a range of industries: Real Estate, Energy, Power & Products, Financial Institutions & Insurance, Healthcare, Life Science, Retail & Consumer and Telecom, Media & Technology

* Number of total shares outstanding as of October 18, 2018, times the closing share price as of October 25, 2018.

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About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

The views expressed in this brochure are those of the author(s) and not necessarily the views of FTI Consulting,Inc., its management, its subsidiaries, its affiliates or its other professionals.

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