



CONFIDENTIAL

IT & SOFTWARE ASSET MANAGEMENT

North Lincolnshire Council

Many organisations are now realising the true business benefits of effective Software Asset Management and Phoenix Software has firmly established itself as one of the leading providers of Software Audit and Asset Management services

North Lincolnshire Council approached Phoenix Software to carry out a thorough software audit.

North Lincolnshire Council was created on 1 April 1996, taking over an 85,000-hectare area of the former South Humberside. The area has a population of around 153,000 in a mix of urban and rural areas. Scunthorpe is the largest town in North Lincolnshire with a population of 76,000.

With 43 elected councillors and approximately 7,200 employees, this Unitary Council provides the full range of council services ranging from schools and libraries to housing and refuse collection. Around £165m is spent on providing these services each year.

THE CHALLENGES

The first challenge which Phoenix needed to address was the council's procurement process - one which had been in place since the council was formed. Like many other local authorities, software procurement was decentralised and North Lincolnshire Council wanted to maintain the concept of budget holder responsibility.



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Recent ICT management surveys have shown that the decentralised approach to purchasing software can result in a global risk. The main problem is caused by the structure of software volume licensing agreements' terms and conditions. These contracts are agreed at a global level and the vendors encourage organisations to maintain centralised records. In addition, the vendor's consumption data or the reseller's procurement records don't always report by cost centre, thus causing frustration when trying to reconcile licence ownership.

It is important, therefore, to determine the degree of centralisation required to ensure effective control decisions, prior to introducing a software asset management programme. An organisation must also decide how it is going to financially administrate its software assets. The cost of purchased software may be either written off immediately through the profit and loss account or treated as a fixed asset and written off over its useful life. The decision will primarily depend on the organisation's plans for usage and replacement of the software as to whether capitalisation can be justified. If software is capitalised, it is important to note that in most organisations, capital expenditure is usually centralised to enable greater control.

Logistically, North Lincolnshire Council was keen to maintain the decentralised procurement approach but recognised the benefits of providing a global interface for managing their software ownership. With this in mind, the council located all licence evidence by directorate and then requested Phoenix to record the licence entitlement by cost centre. During this phase the organisation's global installation rights were calculated. This highlighted evidence of over and under licensing. Phoenix immediately recommended a transfer of licences between directorates. This 'load balancing' of the entitlements ensured global compliance and reduced true-up costs by 25%.

THE DISCOVERY

To begin the audit process, Phoenix Software implemented Centennial Discovery - the council's IT department found the product

satisfied all its key requirements. There are over 150 audit tools available today, with the majority delivering the same output. It is important, therefore, to select a product which meets your requirements, rather than trying to find a product with the most 'bells and whistles'. The best audit tool is the one that does everything you need.

Centennial Discovery was deployed across 2,500 devices in the 110 separate locations which comprise the North Lincolnshire Council estate. The task took three days and used a combination of login scripts for Windows 95 and 98 devices and a 'push installation' for Windows NT, 2000 and XP workstations and servers. One of the key benefits of Centennial is its deployment effectiveness and its ability to silently audit across the smallest bandwidth.

North Lincolnshire Council has a heterogeneous network supporting multiple sites, rural satellite offices and remote users. It was therefore important to use a comprehensive range of deployment methods, thereby ensuring that the client agent was reliably delivered to users regardless of operating system, network topology or connection.

With the client deployment stage completed, it was then necessary to wait a month in order that all devices could be registered and audited. Standalone devices were individually audited. The Centennial repository was subsequently copied and forwarded to Phoenix Software ready for data cleansing.

Centennial has an excellent application recognition process but like all software audit tools, is not able to recognise licence requirements. Phoenix Software has addressed this need by developing a new service to extend the software recognition process of almost all software inventory tools currently available.

Named the Phoenix Data Cleanse Service, it scans the installed software products identified by Centennial Discovery and highlights those which require a licence.



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SENIOR CLIENT OFFICER,
NORTH LINCOLNSHIRE COUNCIL



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North Lincolnshire Council's software repository was quickly cleansed enabling them to report a comprehensive software inventory that detailed 700 licensable products and 4,300 non-licensable products. The data cleanse task is vital if you are trying to reconcile your compliance status - without it, it is almost impossible.

THE RECONCILIATION

Phoenix Software provided North Lincolnshire Council with a skilled software licensing specialist to record all software licences and create a Licence Register that would enable the council to take full advantage of its installation rights.

The council was requested to locate all volume licensing certificates or order acknowledgements, boxed products and OEM purchase records. The boxed products had to include the box, manual and CD. With the ever increasing incidence of piracy, many vendors require all of these components to ensure authenticity.

With the documents and media located, our auditors visited the site and recorded all the information. An audit was completed per purchasing directorate and, in order to ensure accuracy of each individual licence inventory, the auditor cross-referenced these records with consumption reports issued by the vendors and purchasing records provided by the council's reseller. This comparison not only checked the quality of the audit but also enabled our auditors to highlight any absent licences and prompt further investigation.

It was during this records audit that our auditors noted an acquisition of licences which had taken place in 1997. It was identified that a quantity of Microsoft licences was originally purchased by Humberside County Council. Microsoft, however, had no record of a licence transfer. This is a common occurrence and one that can lead to a risky misrepresentation of licence entitlement. It is essential, therefore, that if an acquisition or merger occurs between two organisations, licence ownership should be transferred appropriately.

Completion of each directorate's licence inventory made it possible to calculate the council's global installation rights. This involved our auditors verifying software upgrade paths, technology guarantee entitlements and maintenance agreements - thus allowing the organisation to have a clear understanding of how many times it can install a product. This was the first point at which Phoenix was able to provide a clear representation of the licences owned and the council's software entitlements.

From this information, the council could then prevent over-deployment of software, improve its negotiating position and purchase what it actually needs - rather than what it thinks it needs. The council's management team is now in control of its software assets and can considerably reduce excessive spending.

THE VERIFICATION

Once the physical and records audits had been completed, Phoenix conducted a verification audit which compares the physical installs with the Licence Register. This in turn allowed North Lincolnshire Council to identify areas of under and over licensing.

A detailed management report was provided which illustrated the council's current compliance status. It was accompanied by a detailed electronic database enabling the council to drill down complex audit trails and licence aggregations. Using the reports, our senior auditors held a number of in-depth compliance meetings, supplying the council with a full overview of how to remedy any licence shortfalls, load balance any directorate over-licensing and provide a roadmap to improve future software procurements.

MAINTAINING COMPLIANCE

With the compliance issues addressed, North Lincolnshire Council wanted to ensure that this software audit was the start of a continuing process which would maximise the council's return on investment and ensure that the significant cost savings they had already achieved could continue.



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They quickly realised, however, that to make this work they needed to implement a corporate policy/procedure and introduce a single user interface to help consolidate and drive forward the management of their software assets. As corporate members, the council was able to utilise template policies and procedures available from FAST.

They then needed a business tool that would fully integrate with Centennial Discovery and extend its reporting capabilities. In addition to this, they wanted to ensure the relational integrity between what is installed on the network and what they are allowed to install was maintained. Licence Dashboard™ was the tool selected to achieve this goal.

With an easy to use Web-based interface, Licence Dashboard now enables the council's authorised users to take full control of their software and licence inventories, combining all Licence Register and Centennial software audit information into a single reporting tool.

Using Licence Dashboard, North Lincolnshire Council's IT team has built a comprehensive business process which ensures the delivery of an effective software asset management programme. As a result, the team are now able to make more informed purchasing decisions and provide improved support to the council as a whole.

2008 AND BEYOND

Elayne Smith, Client Services Manager, and Richard Cook, Senior Client Officer, are still the driving force behind the continuing success of North Lincolnshire Council's software asset management process.

As valued customers of Phoenix Software, North Lincolnshire Council has seen how, over the past few years, the importance of

carrying out a successful SAM process has grown. With the assistance of their dedicated Phoenix SAM Consultant, Lynsey Wardell, the council still strives to maintain this position.

With ISO standards increasingly becoming a requirement for many organisations, North Lincolnshire Council is ready for these changes. The procedures the council now has in place far surpass many in other similar organisations and this is down to Richard Cook's interest and understanding of what is required, and what motivation it takes, to keep a SAM project running smoothly.

Richard Cook concluded:

"Gaining control of software licensing is not a straightforward task. It is complex, sometimes frustrating and demands considerable time and resources to carry it through. With Lynsey's software licensing knowledge and monthly visits to help support us, she has become an extended part of North Lincolnshire Council's team and enables us to keep one step ahead with our software asset management.

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THE PHOENIX SOLUTION

Software Asset Management Services from Phoenix Software enable organisations not only to implement a process that helps them identify their current software/licence status but also, more importantly, to introduce a programme that drives the future control and management of software assets.



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