

STRONGER TOGETHER

TAKING BACK CONTROL



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By 2025, 50% of organizations will unify SAM and FinOps into a consolidated discipline delivering portfolio cost management and governance.”

Target Software and Cloud Costs by Uniting Software Asset Management and FinOps, Gartner, April 2023



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Computacenter recently had the pleasure of hosting a select number of Procurement and Software Asset Management (SAM) industry leaders at our latest Roundtable, where we discussed the many challenges faced by the rapid shift to the cloud at the same time as managing and optimising costs, and how C-level sponsorship, functional collaboration and trustworthy data are crucial to taking back control and achieving cloud and cost objectives.

Earlier this year Gartner reported that “By 2025, 50% of organizations will unify SAM and FinOps into a consolidated discipline delivering portfolio cost management and governance.”

The unification of SAM and FinOps teams makes perfect sense, as their principles are aligned so working together would benefit from each other’s expertise to expedite maturity and reduce the time to value. In particular, utilising SAM’s well-established ITAM Best Practice Framework

[ISO/IEC 19770-1:2017] to manage risk, maximise the value of assets throughout the asset lifecycle, drive operational efficiency and optimise spend through People, Process and Technology.

From our view of the market, although we are widely seeing the emergence of a Cloud Centre of Excellence (CoE) or a FinOps Practice within organisations, we are not yet seeing much evidence of SAM being a part of this.

What we are seeing are the beginnings of functional collaboration, most frequently with SAM and Procurement teams, as organisations are recognising the value of data-driven purchasing decisions to reduce and optimise spend.

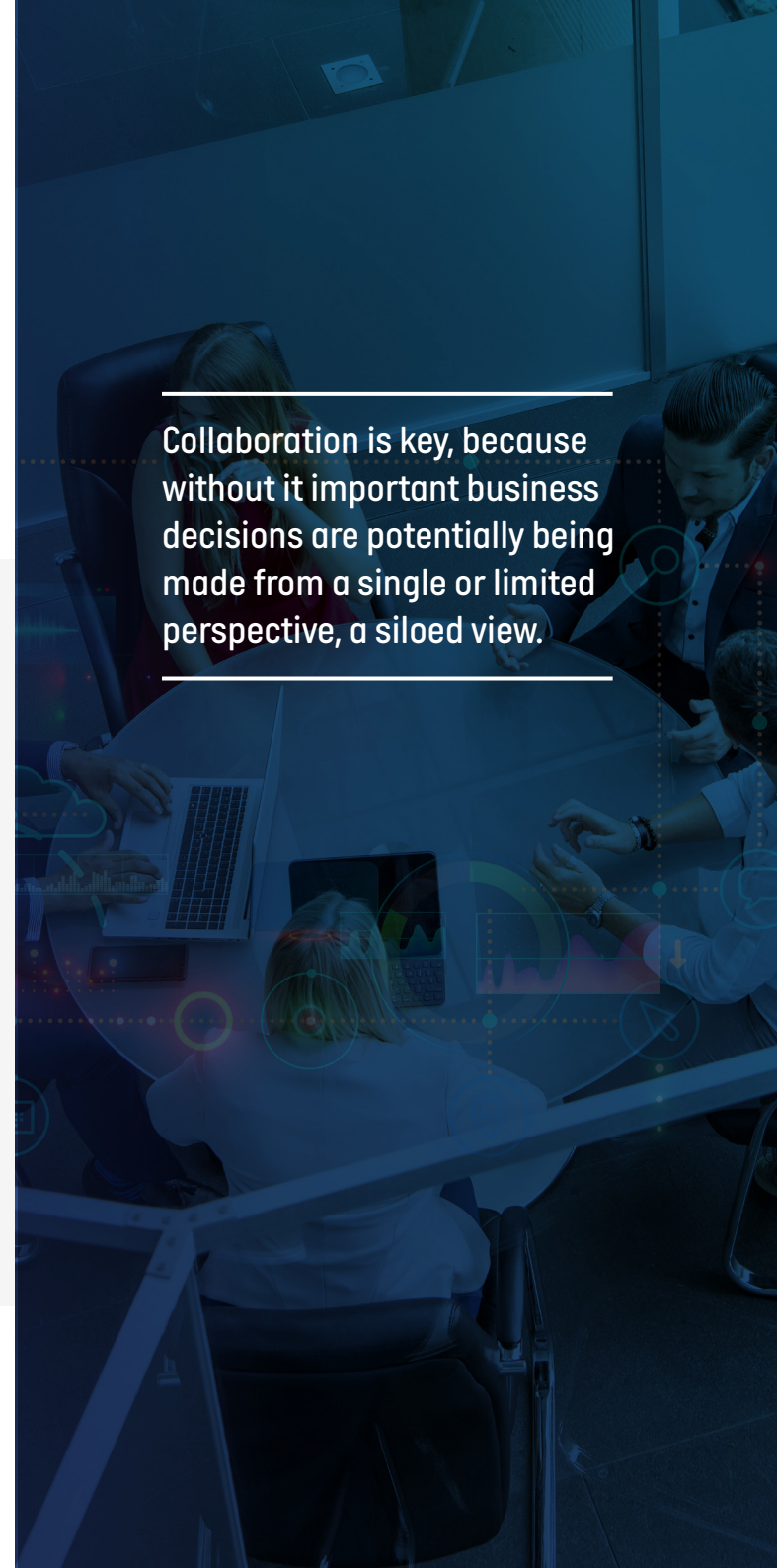
In addition, some SAM functions are working closely with business stakeholders and application owners to support

optimisation and rationalisation activities. However, we are not yet seeing any evidence of wider collaboration with functions such as Infrastructure, Security, and Application Development.

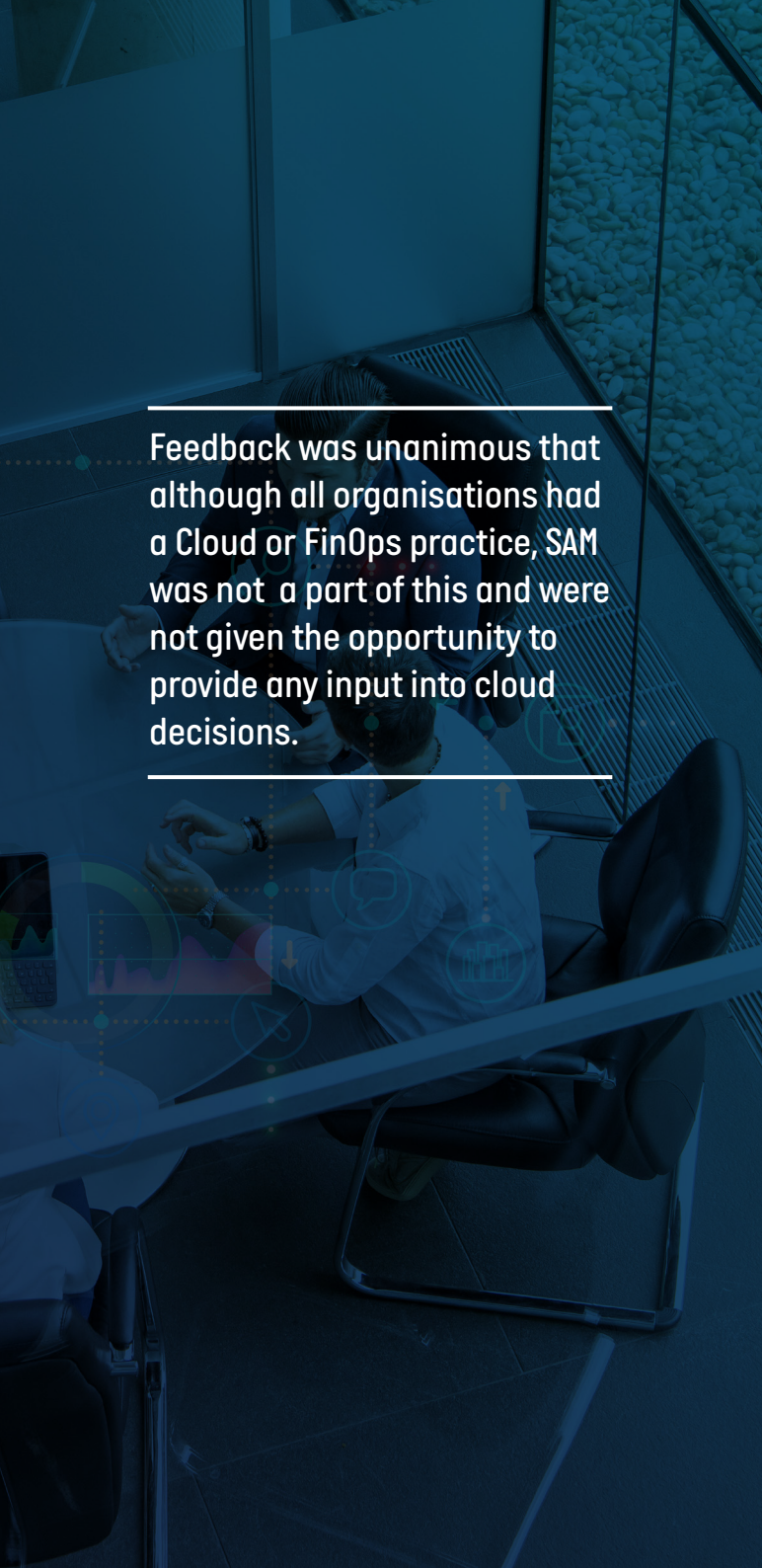
Collaboration is key, because without it important business decisions are potentially being made from a single or limited perspective, a siloed view. To achieve optimised costs, you need to have the full breadth of data. There are many valuable inputs to build up the picture and achieve complete visibility, such as:

- What is the vision, objectives, timeframe, key success metrics?
- What is the hardware and software strategy? What is the roadmap?
- What is the agreed source[s] of trustworthy data?
- Who currently uses what hardware and software, where and how?
- What is the business value of the software or services?
- How does the software and infrastructure map to services, who owns them? Who is accountable?
- What is the current software licensing position, how would that be impacted based on different scenarios?
- What are the use rights? Do the current licenses cover usage in the cloud? Any restrictions?
- What are the security implications?
- Are there any regulatory requirements?
- What are the commercial levers?

Knowledge is power - knowing your organisation, knowing where you are now and where you want to be, and knowing your data is complete and trustworthy is the enabler to taking back control.



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Feedback was unanimous that although all organisations had a Cloud or FinOps practice, SAM was not a part of this and were not given the opportunity to provide any input into cloud decisions.

Unified SAM and FinOps

Our first discussion point was whether our market view aligned with what was happening in their organisation, to what extent the Gartner statement is, or will be, a reality in their organisation and if it isn't, what were the blockers or challenges they faced.

Feedback was unanimous that although all organisations had a Cloud or FinOps practice, SAM was not a part of this and were not given the opportunity to provide any input into cloud decisions.

It was widely felt that SAM wasn't seen as relevant to the cloud conversation as its remit is purely license compliance, risk mitigation, and in addition for some, optimisation, and rationalisation of installed software. The perception and capability of the SAM function very much needed to be elevated to that of a strategic function, responsible for the governance of the organisation's asset lifecycle (hardware or software) whether physical, virtual or cloud.

However, most did not have that C-level sponsorship to elevate SAM and to drive the required behaviours through

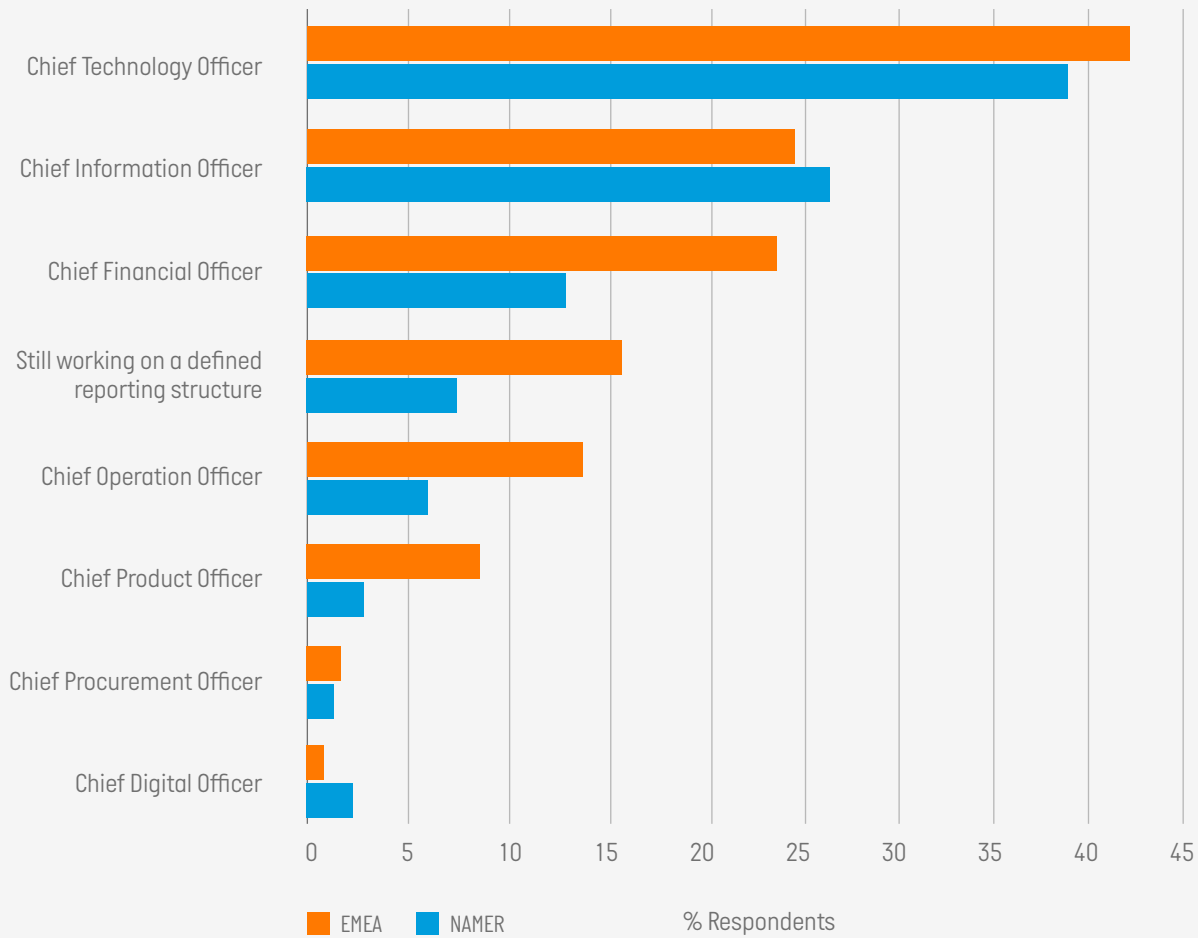
common objectives across the organisation. It was agreed that this very much needs to be instigated from the top down, not bottom up, to be effective. Some have good working relationships with Procurement and one or more additional functions, but all lacked collaboration with other key areas such as Infrastructure, Cloud, and Security.

It was discussed whether this elevation or inclusion of SAM at a strategic level was dependent on its reporting line within an organisation and felt that internal SAM teams need support from the wider industry to articulate the "why" in order to get C-level engagement on this, by providing and proving clear C-level benefits in white papers, webinars and conferences.

The FinOps Foundation provided a view from the market in its State of FinOps 2023 report, where survey feedback showed the Chief Technology Officer as the most likely reporting structure for the FinOps function.

Reporting structures become clearer

Practitioner only responses



Source: State of FinOps 2023, FinOps Foundation

- CTO stable as most likely reporting structure
- CIO continues to diminish
- CFO growing slightly
- 64% reduction of those stating that they are still working to define the reporting structure
- 20% reduction in multiple selections of reporting structure indicating fewer dotted lines

Source: State of FinOps 2023, FinOps Foundation

Cost Visibility

The conversation moved onto the problems faced when calculating the cost of services, as again these involve different departments, so awareness and visibility are often a challenge. In addition, many don't know why and where they have cloud infrastructure, so no housekeeping is done to turn off what is not being used or is no longer required. The crux of this being that mostly, accountability for cloud spend does not sit at department level, so controlling and optimising costs is not top of their agenda.

A lot of time and effort is going into mapping software and infrastructure to services to try to get to a point of transparency on all costs. Having a single source of trustworthy data which covers the entire scope of the estate and provides reliable insights on who is using what, where and why is key to this being achievable. One customer had been driven to take drastic action and switch off servers which appeared not to have an owner or where there was no business justification for their usage.

The ultimate aim across all was to reach unit economics, understand the Total Cost of Ownership (TCO) of each service, each function and individual. However, to achieve this complete picture, software costs also need to be included. However, visibility and knowledge of software and SaaS licensing terms and costs usually sit within the remit of the ITAM/SAM function. Thus, reinforcing the need for them to be represented within the FinOps or Cloud CoE function.

SaaS Management

From a SaaS management maturity perspective, most did not have a SaaS Management Platform (SMP) tool, and instead were relying on being informed of the use of SaaS applications and being provided with login credentials for a multitude of individual SaaS portals. This is found to be both time-consuming and limiting, as only getting insight into what is known, rather than into the complete SaaS landscape. There was a good discussion regarding the pros and cons of the different SMPs on the market and the methods used by each, as the logical next step in maturing their functions.

Significant Rise in Software Renewal costs

Individuals anecdotally shared where they had seen significant increases in software costs at renewal, one as high as a 300/400% rise. To mitigate the cost impact of this, it was discussed how important it was to proactively prepare ahead of a renewal to understand the business value of each software application, who uses it and why, and the application strategy, so it can be determined if the cost is justified or whether alternatives need to be sought. A modern Value-Added Reseller (VAR) can work with customers to provide guidance from a Commercial, Licensing and Technical perspective or if an alternative can't be used, can provide benchmark costs, and offer guidance on which levers could be used to achieve the best possible price.

In some cases, where the licensing changes have made the cost no longer financially viable, they sought guidance through their VAR to strategically move away from particular vendors, to reduce costs and regain control, whilst minimising the impact on the business.

Software Audit Awareness

Whenever customers get together, the topic of software audits always comes up as everyone is keen to understand which vendors are currently active from our view of the market as well as from each other – one even mentioned how they kept an eye on which vendors were recruiting in this space! The key takeaway from this was to proactively manage your software estate – gain full visibility from both an inventory and entitlement perspective, whether physical, virtual or in the cloud, so that any compliance risk is mitigated and the opportunity to right-size, optimise and rationalise is enabled through trustworthy data.

Multi-Cloud

From the latest Flexera 'State of the Cloud Report', 89 % of enterprises now operate in multiple clouds. Customers had initially expected that 'multi-cloud' would enable them to easily switch workloads between hyper-scalers, but in reality, it hasn't been so straight forward. Initial "Cloud First" strategies led to many companies rushing into cloud, but this has inevitably led in many cases to increases in operational complexity, increases in cost and risk exposure and ultimately organisations not fully realising the benefits of cloud they expected. As such, customers are now trying to right size and re-assess workload placement, hence we are seeing trends such as an increase in repatriation. Ideally organisations should carefully plan workload migration to the cloud and have all the insights and knowledge to make an informed choice. Therefore, moving from 'Cloud First' to 'Cloud-Appropriate'.

Customers have tended towards buying services from hyperscalers to support individual cloud deployments, because organisations have implemented clouds in silos, often driven by individual business lines. These hyperscaler services deliver similar operational outcomes but all in different ways. Think of security as an example, or logging, or monitoring or storage. All these hyperscaler services differ which means dedicated resources, technology lock-in, a lack of commonality and standards, and a lack of visibility when an operations team wants to look holistically across these platforms. And this multiplies over time, so costs increase, risks increase, technology areas become more complex, and an organisation gets mired in governance and process issues.

And so, at Computacenter we recommend our customers should 'Design for Multi-Cloud' whether you are in multiple cloud platforms already or have a primary single cloud with multi-cloud perhaps in your future. This approach helps our customers move towards a single cloud operating model with the goal of addressing the challenges of using disparate cloud native services by moving to a more centralised and standardised approach via the use of commonality and abstraction.

Simplifying and reducing complexity to provide greater visibility and control of our customer's software estate to deliver operational efficiency and cost control.

We help our customers ensure they have control of their software estate by providing independent licensing, commercial and technical advice to enable customers greater visibility and to remove complexity across the lifecycle of their Software investments, using agile and innovative solutions.

Our extensive industry leading software knowledge aided by our processes and tools helps our customers unlock opportunities in their software lifecycle. We understand that our customers are unique, and we offer a range of smart procurement and ITAM services to meet every need. Our modular procurement and lifecycle management services are designed to help organisations at all levels of maturity.

Our global presence allows us to service our customers across their geographic needs, whilst our flexible, innovative and transparent cost models can be tailored to address any budgetary requirement including alignment to the use of Marketplaces to offset consumption commits.

About Computacenter

Computacenter is a leading independent technology and services provider, trusted by large corporate and public sector organisations. We are a responsible business that believes in winning together for our people and our planet. We help our customers to Source, Transform and Manage their technology infrastructure to deliver digital transformation, enabling people and their business. Computacenter is a public company quoted on the London FTSE 250 (CCC.L) and employs over 20,000 people worldwide.

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