

Case Study

Dynamic Systems

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During the seventeen years he's worked at Dynamic Systems, Will McManus has watched the company grow from twenty to six hundred employees. The Texas-based company, which specializes in fabrication of mechanical systems used in construction, was propelled by the rapid adoption of microelectronics manufacturing within the building industry. With the growth came significant commercial success; but in a manner typical of businesses that experience rapid expansion, the company's software licensing practices didn't evolve quickly enough to keep pace with its growing user base and distributed sites. McManus, who has risen to the rank of Vice President of Information Technology, recalls a bleak situation back in 2001: "Our license inventory was still being tracked using an Excel spreadsheet. Written policies surrounding software piracy existed, but weren't enforced. Nobody even knew how many computers we had."

On Shaky Ground

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Will McManus,
VP of IT, Dynamic Systems

Quick Facts

Customer: Dynamic Systems

Location: Austin, TX

Industry: Manufacturing

Desktops: 600

Nationwide Offices: 7

Vendor Audits: Microsoft & Autodesk

IT challenges solved:

- Ensured software license compliance
- Eliminated unnecessary software spending
- Improved system visibility and upgrade planning

Unfortunately for Dynamic Systems, the absence of careful license management practices is exactly what software vendors expect—and exploit—when they see a growth profile like that of Dynamic System's. **Microsoft was the first to bite.**

Software Audit #1: Microsoft

When McManus received the initial letter from Microsoft, it seemed pleasant enough. The letter asked whether Dynamic Systems had an automated inventory tool that tracked licenses—the answer to which was “no”. Additionally, the letter requested a PC count and records to show they were compliant with all their Microsoft software within sixty to ninety days. Because the company had no technology to automate the discovery process, the IT department was required to conduct a manual inventory to satisfy the requirements of the inquiry. Because the

company's purchasing records hadn't been centrally managed, McManus appealed to Dell (from whom all Dynamic Systems' computers and software were purchased) to print out the company's purchase history so the license details could be compared with the inventory data revealed during the manual audit.

The whole process took over four months (Microsoft thankfully granted an extension), during which McManus found computers *and* people the IT department didn't even know existed; and, not surprisingly, they uncovered a worrisome number of non-compliant Microsoft licenses. Dynamic Systems reported back to Microsoft with its findings, along with a copy of its software usage policy which prohibited the installation and use of unlicensed applications by employees. Fortunately, the audit stopped there; Microsoft demanded that their license counts be brought up to date, but no fines or penalties were issued for the unlicensed copies.

Software Audit #2: AutoDesk

The next time Dynamic Systems was audited, the company didn't get off as easily. When a terminated employee "reported" the company to the Business Software Alliance (BSA) for being out of compliance with its AutoCad licenses, McManus discovered that, indeed, the user base for AutoCad had increased by fifty percent without a corresponding increase in purchased licenses or a means of locking unsanctioned users out of the application. After publishing a nasty press release about Dynamic System's licensing malfeasance, the BSA turned over the case to AutoDesk to work directly with Dynamic Systems.

According to McManus, the IT department spent months working through the legal challenges and license inventory issues, having to involve people from IT, accounting, and executive management in coordinating the effort. When all was said and done, Dynamic Systems was fined \$4500 for each of the unlicensed users, plus an additional multiplier representing an estimate of how long those licenses had been in use. The only factor working in the company's favor was proof that the manager who installed the illegal software had signed the software usage policy stipulating that only licensed software reside on Dynamic System's computers. Had this not been the case, the outcome of the audit and the associated penalties would have almost certainly been much worse.

Selecting the "Right-Sized" Technology

Having been through two painful audits, McManus knew it was time to rectify the company's licensing situation. For McManus, this meant both implementing technology to keep track of what was installed on desktops and servers, as well as developing new procurement processes to ensure licenses were properly documented, deployed and managed.

Though he knew Dynamic Systems continued to face significant liabilities in the event of a publisher audit, it was a colossal challenge finding an automated solution that met both McManus' demands for a powerful and feature-rich solution, as well as the limitations inherent to mid-sized businesses. He evaluated several enterprise-oriented framework solutions including Microsoft's Systems Management Server (now known as Systems Center Configuration Manager) and Altiris' Asset Management Suite, but found they were too expensive from both a financial and implementation standpoint, too broad in their functionalities to provide the depth of software license management capabilities he needed, and required extensive training in order to properly implement. McManus also tested a number of inexpensive and free inventory tools, but they lacked critical license management features and generally couldn't scale beyond fifty users.

After a number of false starts, McManus learned about Express Metrix's product, Express Software Manager. In contrast to other solutions he'd evaluated, Express Software Manager met McManus' list of key requirements at a price he could easily justify.

McManus' tool selection criteria could be summarized as follows:

- **Software and hardware inventory tracking.** Express Software Manager provided tracking and detailed reporting capabilities that satisfied both McManus' hardware and software asset management needs.
- **Software usage data.** This investment presented an opportunity not only to understand where Dynamic Systems was under-licensed, but also where it was over-licensed. Express Software Manager provided data revealing which applications were (or were not) being used, how often, and by whom.
- **Ease of use.** McManus didn't have the luxury of devoting several personnel to managing a single piece of technology. Express Software Manager was straightforward to deploy and use, and required little, if any, training or expertise to administer—a winning combination for a mid-sized business.
- **Low system impact.** Because Dynamic Systems ran lots of processor-intensive applications, McManus demanded a solution with low memory and CPU utilization on servers and desktops—a requirement that Express Software Manager easily delivered upon.
- **Support for uncommon applications.** Dynamic Systems, given the specialized nature of its business, relied on a number of highly specialized and custom applications, and McManus was thrilled to find technology that could recognize and report on every application with minimal configuration.

- **Affordability.** With Express Software Manager, Dynamic Systems didn't need to spend a fortune in terms of either the initial investment or ongoing maintenance and support. Budget was a key factor in McManus' decision.

The investment in Express Software Manager marked the beginning of Dynamic Systems' journey toward becoming fully—and uncompromisingly—compliant.

Journey Toward Compliance

The first thing McManus did after deploying Express Software Manager was perform a baseline inventory of all the desktops, servers, laptops and virtual hardware. He then inventoried all the software on the company's systems. Finally, McManus imported all the historical purchasing data from an Excel spreadsheet directly into Express Software Manager's purchasing console for reconciliation with inventoried assets.

McManus also recognized that several changes needed to be made to the procurement process to ensure that any assets subsequently purchased would be integrated into the new system. To this end, McManus established two primary simple, yet high-impact procedures:

- 1) When any new machine was introduced into the IT ecosystem, the Express Software Manager client became part of the desktop image.
- 2) Purchasing information was sent to an administrative assistant, who entered the data to Express Software Manager's purchasing interface.

According to McManus, the pairing of Express Software Manager with new procedures has made all the difference in the world. First, McManus no longer loses sleep over the prospect of a software audit—he is unequivocally confident that Dynamic Systems is fully compliant with its license agreements and would be able to handle any software audit quickly and efficiently—sparing the company the kind of disruption brought on by audits in the past.

Second, McManus has taken full advantage of software usage data to determine which licenses were

Back on Firm Footing

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not being used and eliminate unnecessary spending. McManus' staff routinely evaluates usage statistics to determine which licenses can be re-allocated to other users and/or which maintenance contracts should be allowed to lapse.

With Express Software Manager's hardware tracking capabilities, McManus has seen significant improvements both in system replacement planning and help desk effectiveness. Weekly reports are sent to Dynamic System's branch managers showing when systems were purchased, when warranties expire, and other details that empower various branches to manage the hardware refresh cycle more efficiently. Help desk personnel no longer need to call or email employees to get system information; with Express Software Manager they enjoy quick browser-based access to data such as serial number, memory, disk space, and more. In addition, they can view real time software usage reports to troubleshoot desktop or network performance issues by evaluating which applications running on desktops may be utilizing too much CPU capacity or network bandwidth.

A Vice President of IT's Advice to Others

It took two failed audits to convince Dynamic Systems' stakeholders to invest money and resources in implementing technology and more careful processes related to software license management. Will McManus, who lived through the entire experience, has become a passionate advocate for effective license management. When asked for practical advice for organizations seeking to overhaul their licensing practices, McManus advocates the following:

First, centralize IT purchasing so that one department (or, in the case of smaller companies, one individual) is responsible for ensuring that procurement and license details are properly documented, tracked, and made accessible to those who need them.

Second, develop a strong usage policy to educate employees about the consequences of noncompliance and discourage behavior that puts your organization at risk. Send the usage policy out yearly and require each employee to sign it. Not only will it help to curb compliance risk, but it can also improve your legal position in the event of a failed audit.

Finally, implement a reliable, accurate, automated inventory tool; and if possible, make the inventory client part of your organization's desktop image. If such technology had been in place when Dynamic Systems received its first audit letter from Microsoft, they could have been spared a chaotic four-month business disruption by quickly furnishing the required information.

Although every organization will have unique considerations related to its own licensing complexity, IT environment, and software procurement policies, these basic steps are a strong starting point for all companies and will provide firm ground on which to travel as you begin your journey toward compliance.

About Express Metrix

Express Metrix, a veteran in the IT asset management space for over a decade, focuses on serving organizations whose needs for accurate, comprehensive IT asset reporting and trouble-free management aren't met by enterprise-oriented framework products or less sophisticated inventory tools. Express Metrix recently welcomed its 5,000th customer, having earned a reputation for delivering superior IT asset reporting, ease of deployment and use, and outstanding customer support. Winner of the SIIA's CODiE Award for "Best Asset Management Solution," Express Metrix is a Microsoft Certified partner and is certified Citrix Ready. More information on Express Metrix can be found at www.ExpressMetrix.com.

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