

The relevance of ITAM in our digitally transforming world

Brian Adler, Senior Director – Cloud Market Strategy, [Flexera](#)

During the past few years, we’ve seen digital transformation continue to expand and evolve across organisations of all sizes and industries and within all verticals. With this transformation comes the need for rapid adoption of new technologies and new ways of acquiring and provisioning the resources to take advantage of these technologies.

During this time, we’ve seen a shift in the role and purview of ITAM practitioners, as they’ve had to adjust to this new world, much of it in the dynamic and agile expanse of the public cloud. This transformation and the disruption left in its wake has accelerated, requiring ITAM practitioners to evolve their processes and continue to adapt to their transforming IT estates.

The most recent [Flexera State of ITAM Report](#) reveals the challenges, initiatives, activities and metrics of success for ITAM teams across the global landscape. The report captures the importance and continued relevance of ITAM, detailing the responses of 500 IT professionals across a broad spectrum of industries, organisation sizes, and roles and responsibilities. The insights provided by respondents provide a big picture of the challenges, strategies and initiatives of ITAM practitioners both today and in the years to come.

Wasted spend: stop me if you’ve heard this before

This year’s report reiterates a common theme seen throughout the history of the State of ITAM Report, as well as that of Flexera’s [State of the Cloud reports](#): Organisations continue to waste a significant amount of IT spend.

As organisations pivot away from on-premises configurations (and the software required for those

environments) and move to the world of public cloud and SaaS, one constant remains – wasted IT spend shows no signs of slowing, regardless of the environment. This year, global respondents estimated that 38% of their desktop software spend is wasted, while 33% of their spend in both cloud (IaaS/PaaS) and SaaS is also wasted. As organisations continue to move away from the traditional data center model, this results in confusion as to how to best plan for future IT usage.

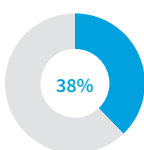
As these organisations move into the cloud, these IaaS/PaaS/SaaS environments are new and initially unproven. So, established processes have not yet been developed to maximize the efficiency of spend and minimize waste. As a result of this shift, the role of ITAM is contracting in some areas while expanding in others, and new rules of engagement must be established to combat the wasted spend that continues to be prevalent across organisations.

SAM teams’ responsibilities evolve, but the big things are always the big things

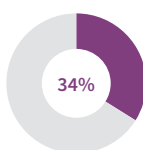
Regardless of the maturity of SAM teams, the primary responsibilities they’re held accountable for all revolve around the same theme—the preparation for, and response to, software vendor audits. As seen throughout the history of this report, audits (and attempts to avoid and/or prepare for them) have an outsized presence in many organisations, and this year was no different. Responsibilities such as tracking software licenses, maintaining inventories of used/unused licenses and responding to audits took the top three of four responses regardless of the maturity of the SAM practice.

This seemingly oversized effort comes more clearly into focus when reviewing the responses associated with the

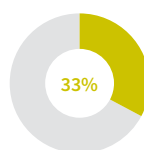
Estimated wasted spend remains significant across the IT estate



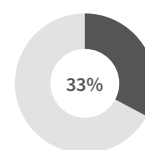
Estimate the percentage of your **desktop software** spend that’s underutilized or wasted.



Estimate the percentage of your **data center software** spend that’s underutilized or wasted.



Estimate the percentage of your **SaaS** spend that’s underutilized or wasted.

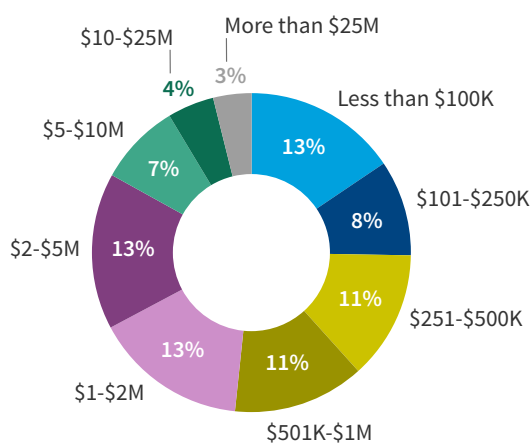


Estimate the percentage of your **IaaS/PaaS** spend that’s underutilized or wasted.

fees and penalties incurred by organisations as a result of software vendor audits. During the past three years, 14% of respondents estimated they have paid more than \$5 million in audit-related fees, penalties and true-ups, and 3% have paid more than \$25 million.

Audit penalties are typically unbudgeted expenses. They not only hit the bottom line but also have a ripple effect across the organisation—those fees come out of the budget of some group (or groups), hindering their ability to execute on previously scheduled and funded initiatives. These penalties can have long-lasting effects on the organisation’s roadmap, internal initiatives, staffing and resources.

Estimated spend over the past three years as a result of audits by software vendors



N=500
Source: Flexera State of ITAM Report (October 2022)

CCOE: A good place to be for ITAM

The report also highlights some continuing positive trends for ITAM space. 69% of respondents indicated their organisation has a cloud center of excellence (CCOE), which helps to guide their adoption of public cloud. Of those organisations with a CCOE, 83% have at least one member from the ITAM/SAM team. As more and more workloads move to the public cloud (and the licensed software needed to power those workloads moves with them), SMEs (subject matter experts) on software licensing entitlements and restrictions will play an important role in the cost and compliance management of cloud-based workloads.

Many of these organisations have cloud financial management groups, often referred to as the FinOps team, that are responsible for efficient and effective spend on public cloud resources. These FinOps practitioners are SMEs on the billing models and

“Of those organisations with a CCOE, 83% have at least one member from the ITAM/SAM team.”

discounts used by the public cloud providers, but they often have a large blind spot when it comes to licensing terms and fees for the commercial software running on these resources. This is where the knowledge and expertise of ITAM practitioners will continue to be relevant and pay dividends. These team members focus on the exact areas where FinOps has limited vision and experience.

The role of the ITAM practitioner is changing as the procurement of IT resources (and the environments in which they reside) continues to change. But the knowledge ITAM practitioners bring to the cost and compliance requirements of an organisation will continue to be relevant regardless of where, how and when these IT resources are procured and deployed. As with any new technologies, unforeseen challenges will be encountered as they develop and mature. ITAM practitioners need to continue to be agile so they can adapt to, embrace, and manage the complexities of these new technologies.

The results of the most recent State of ITAM Report provide a view into many emerging challenges and how they’re being addressed by ITAM teams across industries. For many more insights into the importance of ITAM and complete survey results, download the [Flexera State of ITAM Report](#).



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A former Senior Director Analyst with Gartner, Brian has more than 20 years of technology experience. Besides his time at Flexera, Brian is also a Governing Board Member of the FinOps Foundation.