

DoD ESI

# Software Maintenance Cost Tracking Guide

Guide to Capturing Software Maintenance Data to  
Provide a Basis for Cost Savings and Cost Management

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## Table of Contents

<b>Issue .....</b>	<b>3</b>
<b>Approach.....</b>	<b>3</b>
<b>Steps to Capture and Potentially Reduce S/W Maintenance Costs.....</b>	<b>3</b>
<b>Sorting Capabilities.....</b>	<b>4</b>
<b>Benefits/Value .....</b>	<b>4</b>
<b>Limits .....</b>	<b>5</b>

## Issue

Organizations within DoD pay significant and increasing amounts for annual software maintenance. This recurring cost consumes a growing percentage of the annual DoD IT Budget, which has been reduced in recent years.

## Approach

This document provides a roadmap to identify, document, and manage Software Maintenance spending. When used with the accompanying Excel Workbook, an organization can analyze and address spending from many vantage points, including organization, sub-organization, Vendor, Publisher, and amount.

An Excel Workbook titled, "**SW Maint Cost Mgmt Tool**" accompanies this Guide to Capturing Software Maintenance Data to Provide a Basis for Cost Savings and Cost Management.

## Steps to Capture and Potentially Reduce Software Maintenance Costs

- Review recent budget and spending records
- Develop list of software maintenance spending by line item
- Compare spend list to any available ITAM/SAM Records<sup>1</sup>
- Identify & include unsupported licenses (for future use)<sup>1</sup>
- Determine the software your organization uses but is licensed or funded by others<sup>1</sup>
- Survey users to capture any previously unidentified licenses<sup>1</sup>
- Review list with organization to ensure completeness<sup>1</sup>

<sup>1</sup> Update the List as required after each step

<sup>2</sup> The attached Worksheet provides a methodology for analyzing past years software maintenance spending and projecting future years spending. The Worksheet needs to be maintained with current data, including columns for additional years as needed, overwriting outdated columns with current data, and deleting older data no longer useful. The intent is to, at a minimum, capture the data for two prior years, current year and at least one future year.

- Identify Key Data Items of each line item:
  - User Organization Name
  - User Organization Code
  - Budget Authority Organization Name (for example, the Department of the Navy calls this organization a Budget Submitting Office or B.S.O.)
  - Budget Authority Organization Code
  - Maintenance Vendor (usually the OEM/IP owner)
  - Software Publisher
  - License Set #, SKU, or Identifier used by Publisher
  - Maintenance Expiration Date (Last Day PoP)
  - Payment Frequency (Annual, Quarterly, Monthly)
  - 2014 Annual \$ Amount<sup>1</sup>
  - 2015 Annual \$ Amount<sup>1</sup>
  - % Increase 2014 – 2015 (Calculated)
  - 2016 Annual \$ Amount<sup>1</sup>
  - % Increase 2015 – 2016 (Calculated)
  - Notes on Increase/Change Due to Other than Escalation
  - Projected 2017 % Increase<sup>1</sup>
  - Projected 2017 Annual \$ Amount<sup>1,2</sup>
  - Notes
- Enter Data Items into the Template section of Excel workbook, "**SW Maint Cost Mgmt Tool**".
- Modify **template** to accommodate any additional data items required.
- The completed Template now serves as a Software Maintenance Asset and Cost **Report**. The report should be kept current, by revising columns for applicable dates and periods (and data items added), and revising or adding rows as data changes or licenses are added or deleted. The report is now an accurate record that can be sorted as needed.
- Sort by any data item above.

## Sorting Capabilities

The accompanying Excel Workbook titled, “SW Maint Cost Mgmt Tool” is comprised of four Worksheets provided in the Workbook:

- **Template**
- **Report**
- **Budget Code**
- **Publisher**

The **Template**, when filled in with Data Items from all Software Maintenance transactions (now the **Report**), can be sorted and subtotaled in numerous ways. Since the Workbook is a standard Excel Workbook, the Data Items, Template format, Report format, and data sorts can all be easily customized to fit any organization’s unique needs. It is truly a Software Maintenance Management Tool.

### Two Sort Examples appear as Worksheets in the Workbook:

1. *Total Spending by Budget Authority Code* (**Budget Code**)
2. *Line Items and Subtotal by Publisher* (**Publisher**)

## Benefits/Value

Completion of this Workbook will provide a current snapshot of software maintenance costs that can and should be kept current over following years. It can provide the basis for budgeting, bundling of maintenance obligations, budget responsibility linked to organizational changes, and a top level view of all software under maintenance.

Specific benefits include:

- Budget estimating for upcoming fiscal year’s budget submission.
- Identification of highest cost license sets, organizations, etc. This can serve as an action list as savings are generally most available where the most money is currently spent.
- Identification of unused but maintained licenses which may be transferred (if permitted by underlying EULA) or discontinued (subsets of a license set may be unable to be discontinued unless the entire license set is discontinued).
- Bundling license sets for potential discounts, coterminous dates, and management efficiencies.
- Serving as a basis for identifying license sets that can be rolled into a new Agreement (such as an Enterprise License Agreement – ELA). Including an existing license set in a new ELA or larger single license set may provide administrative efficiencies, improved support, and cost savings.
- Comparison of Vendor policies (such as annual escalation) for specific Publishers and across all Publishers they represent.

- Comparison of Publisher policies (such as annual escalation) compared to other Publishers and across all Vendors that represent the Publisher.
- Identification and management of escalation across all license sets, Vendors, Publishers, sub-organization, etc.
- Benchmarking of Software Maintenance costs and escalation rates for cross-organizational and cross-service information sharing.
- Serve as a starting point for creative methods of containing and even reducing software maintenance costs including expanding competition, aggressive negotiations based on benchmark data, shared savings contracts, etc.

## Limits

This is not an ITAM/SAM solution, although data incorporated by this Checklist/Tool can be part of establishing and/or maintaining ITAM/SAM data. The operational challenge in developing this Checklist/Tool is to keep it simple and focused on Software Maintenance Cost identification, tracking, analysis, and management. Organizations and senior management may try to expand the information collected so that the Checklist/Tool morphs into a crude ITAM/SAM solution.

The scope of this effort is to identify, track, analyze and manage software maintenance costs. Should there be any expansion of this tool beyond this scope, such as adding data, the overall Workbook and Worksheet structure should be maintained in order to continue to serve the original purpose.

### About the Author

John Zettler is part of the DoD ESI Contractor Support Team at BuySide Partners. He has over 30 years of experience in Government Acquisition, specializing in financial, pricing and related contractual functions. Mr. Zettler's focus is on Best Value acquisition, employing Total Cost of Ownership (TCO) and Life-Cycle Cost Estimate (LCCE) methodologies. He has 20 years of experience in financial issues surrounding Commercial Off-the-Shelf (COTS) Enterprise Software Licensing and Pricing.

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