nexthink

Nexthink Insights

Soft-WASTE

How much does IT waste on unused software licenses?

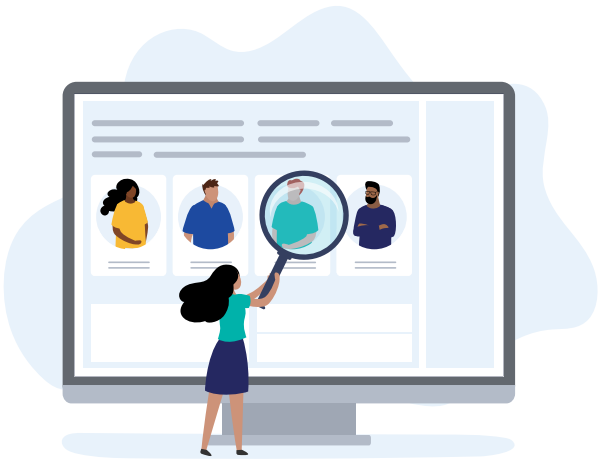
Introduction

> *"The software tools I pay for are rarely used by my employees".*

In this edition of Nexthink Insights, we examine the statement above in detail with real endpoint data from millions of knowledge workers, and we offer concrete tips to help IT leaders avoid unnecessary software costs and protect their Digital Employee Experience.

During the first few weeks of trialling our platform, customers receive a full experience audit across their devices. Looking at that initial time period, our engineers examined 6M devices and made several interesting discoveries.

In this report, we'll show you exactly how much money is wasted on unused software licenses, and how you can deliver a powerful employee experience without wasting a single cent.



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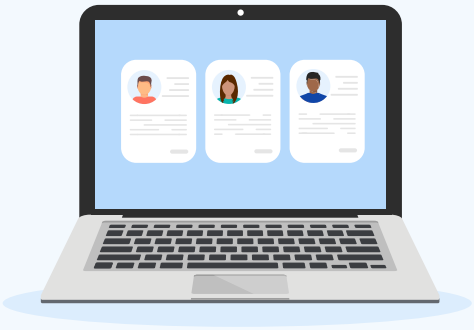


50%

licenses unused

Of the 6 million anonymous customer devices from 9 industries, and 12 regions, roughly half (49.96%) of all installed software and licensed SaaS applications went unused by employees!

Looking across more than 30 popular software tools, unused software licenses **costs IT about $44,743,651 per month**.

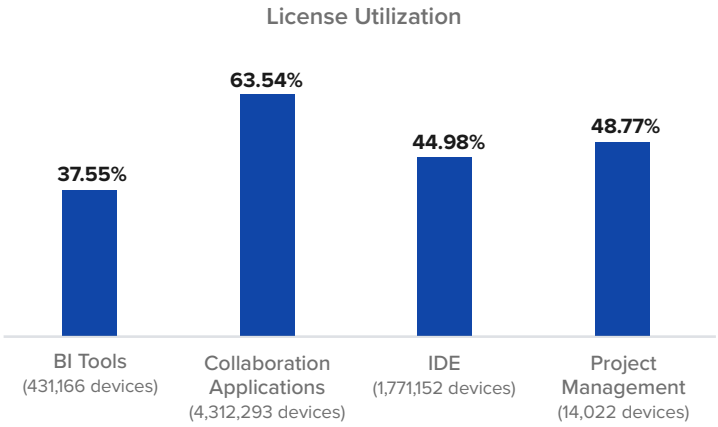
37% of employees use **3 browser applications** to access their SaaS tools.

In a poll of 200 IT leaders, **only 5% of them claimed 'complete visibility'** into the total number of software licenses being used by their employees.

Oh, What a Waste!

Software usage vs. licensing costs

Knowing how many software licenses go unused we were able to estimate an average cost figure from our robust sample size. Looking across more than 30 popular software tools, we picked an average licensing fee per user per month, and calculated that unused software licenses costs IT about $44,743,651 per month, or $536,923,812[1] per year. At the end of this report, we offer tips on how IT can turn those wasted dollars into savings.



We identified thousands of applications, and found several popular tools that were either actively utilized (+50% usage rate) or rarely utilized (<15%).

Rarely Utilized Apps (<15%)

- Tableau
- Trello
- Notion App
- Spotfire
- BlueJeans

Actively Utilized Apps (+50%)

- Slack
- Teams
- Zoom
- Webex host
- Asana

Minimum License Cost (user/month)

BI Tools	$83
Collaboration Applications	$8
IDE	$10
Project Management	$10

Minimum Cost of Unused Software (user/month)

BI Tools	$22,348,842
Collaboration Applications	$12,578,096
IDE	$9,744,878
Project Management	$71,835

BI Tools consist of tools like Tableau & SpotFire

Collaboration Applications consist of tools like Zoom, Slack, and Teams

IDE consists of developer tools like Pycharm Professional, Visual Studio Professional & Enterprise

Project Management consists of tools like Trello, Asana

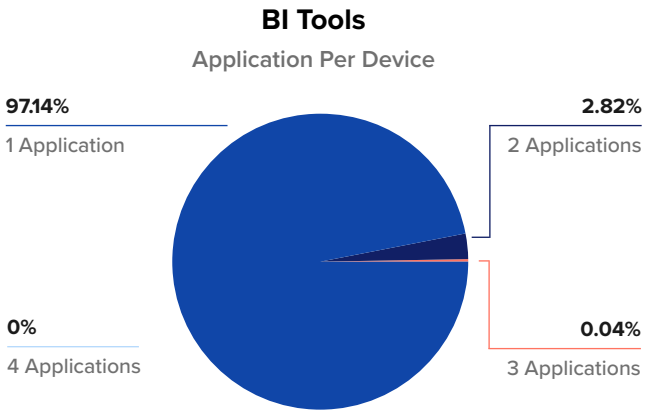
[1] See 'About Data' section for more information.

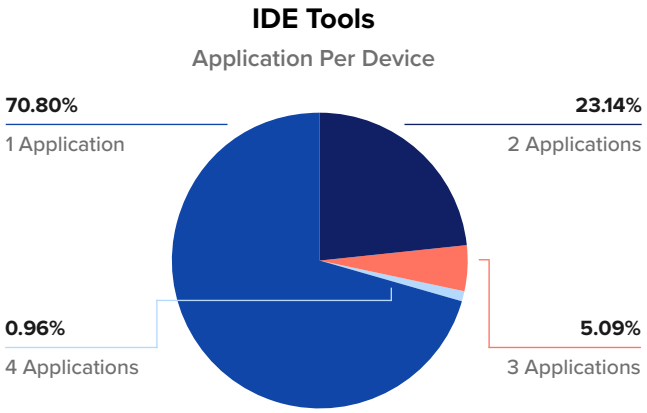
Employee Confusion

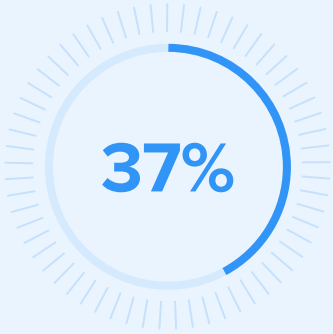
Which app should I use?

We also discovered that many knowledge workers are using multiple applications for the same purpose. For example, roughly 37% of employees use 3 browser applications to access their SaaS tools and the internet, and just under 1/3 (31%) use 2 collaboration tools.

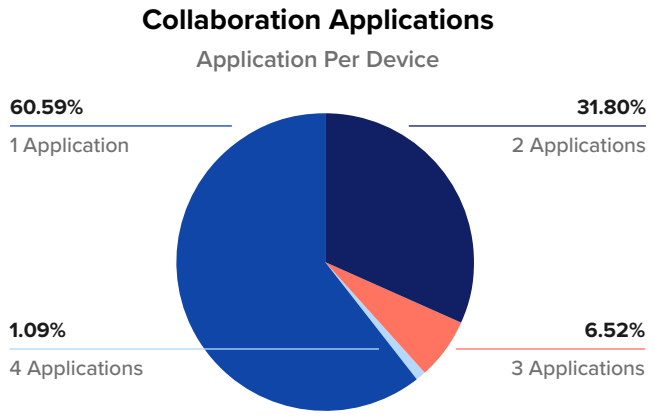
Browsers and Collaboration apps present the most opportunity for tool cutting / consolidation, while employees who use BI Tools tend to stick to one favored application.







Roughly 37% of employees use 3 browser applications to access their SaaS tools and the internet.



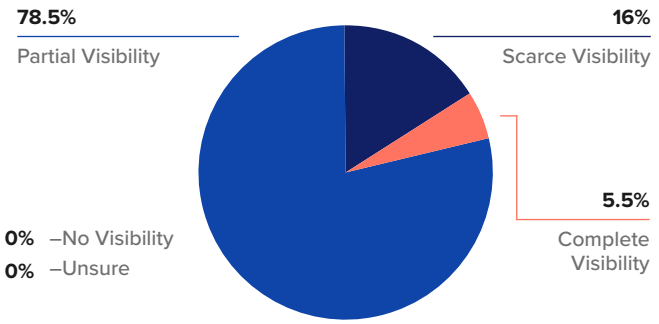
Every IT department and company is different. Some prefer their user base has access to dozens of applications, even if those applications might overlap in functionality. It's also true, however, that employees can quickly become confused when presented with multiple tools that achieve the same objectives.

Imagine a single marketing campaign has at its disposal 15 separate SaaS tools, and 10 of those tools share the same functionality and purpose. When faced with too many options, coordinating among different teams quickly can turn into a nightmare.

We recommend you find the right balance for your unique Digital Employee Experience. To do that, your IT team should have visibility into the tools their employees use and they should have the ability to corroborate that data based on accurate employee feedback.

In a separate research project with Gartner Peer Insights, we polled 200 IT leaders and only 5% of them claimed 'complete visibility' into the total number of software licenses being used by their employees.

How much visibility does your IT department have into the total number of employees who have adopted and are actively using each application?



Only 5% of IT leaders claimed 'complete visibility' into the total number of software licenses being used by their employees.

5 Tips to Crack Your Software Problems

1. **Conduct Software Usage Audits for Smarter SaaS Vendor Negotiations :**

   IT leaders enter software negotiations at a distinct disadvantage if they aren't equipped with the right data.

   Software vendors will naturally encourage them to purchase as many licenses as possible – and without a clear picture of what their employees are using and what they'll need, IT leaders often find themselves overspending without realizing it.

   A comprehensive software usage audit can help IT leaders avoid this problem and conduct smarter negotiations that save their company money in the long run. This audit will answer important questions related to usage patterns, including:

   - What licenses are installed but not being used?
   - What licenses are being used very little?
   - What licenses are being used regularly?

   This data can then help IT leaders negotiate subsequent contracts, reducing the number of unused licenses on the contract and only paying for what the organization needs.

2. **Create Accurate Digital Personas Based on Binary & Variable IT Traits for Smart Software License Allocation**

   IT has found itself with a tricky problem:

   How do you do the right things for the right people? A one-size-fits-all approach is easy to implement — for example, everyone receives the same laptop. But it doesn't satisfy everyone's needs and isn't a very efficient way of managing the digital experience. Or what about extreme personalization? That will meet every-one's needs but it will likely be costly and labor-intensive.

   Smart persona building can help IT for the latter but without wasting resources or budget.

   In order to do that you should organize employees using binary & variable IT Traits.

   Binary IT Traits

   - Metrics that fall under this category are clear cut; either you are, or you are not something.
   - These can be 1:1 or *1:Many*; meaning a defined Persona might be "users needing 16 CPU-core systems" which could be a simple yes/no qualification.

Variable IT Traits

- Metrics that fall under this category are typically numerical calculations or "building blocks" that measure an individual construct, such as the amount of time Microsoft Excel is being used during the working day [Notice how it's more than just "has MS Excel been installed or not?"].
- Variable traits don't just tell IT what behaviors an employee is exhibiting, but *how much* they're exhibiting those behaviors.

When you build your persona you should combine both binary and variable traits to better qualify and organize user types. So for example, if you were to build a Persona for "Developers" you might include the specific developer applications in use (variable), plus consumption requirements (binary) to identify people that require developer workspaces, even though they may not be in a typical developer role.

3. Actively Monitor Employee Software Usage for Cost Bloat

A one-time software usage audit will yield valuable data, but isn't sufficient for maintaining an accurate picture of software cost bloat. Employees' software usage changes over time – and so it must be continuously monitored so IT teams can be alerted to areas for potential cost reduction.

With dashboards that non-invasively monitor software usage, IT teams can visualize under-utilized software and determine next steps to potentially reduce software costs. This doesn't necessarily mean getting rid of licenses that are under-utilized; they can start by engaging with employees directly, providing best practices for better software use, and then determining which licenses are truly wasting money.

4. Layer Employee Sentiment onto Usage Data to Make Better Data-Driven Decisions

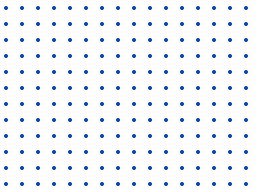
Considering the last tip, it's important to keep the following in mind: just because a software is only used occasionally doesn't mean it isn't vital to a particular employee.

That's why it's important to combine the aforementioned usage data with employee sentiment data. Gathering employee feedback related to their software habits will ensure that when IT leaders seek to reduce software costs, they do so without causing any inadvertent disruptions to employee productivity.

5. Regularly Repeat Previous Steps to Renew, Reduce, or Reallocate Software Licenses

The previous four steps make up a surefire process for software license optimization – but must be performed regularly, updated, and iterated based on changing employee habits and processes.

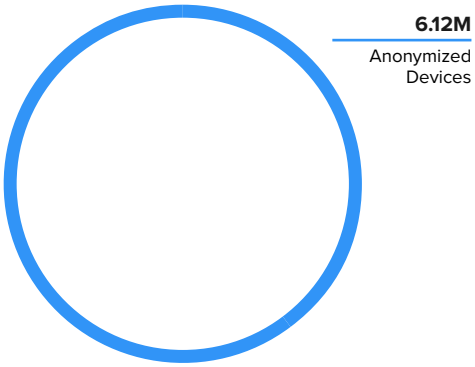
Employee personas should be re-examined and updated over time. Software usage audits should become a regular initiative, particularly as IT leaders enter renewal negotiations with software vendors. Repeating this process will ensure that an organization's software suite is continuously improving in terms of the value it provides for employees at the lowest cost possible.



About the Data

Nexthink's customers are at the forefront of creating a more sustainable and cost-effective software management strategy. Because of this, they welcomed the opportunity to reduce their software waste and improve their employee tech experience, which Nexthink happily enabled them to do. This report uses anonymous data from customers during their initial trial period with Nexthink. The software data in this report was taken from devices with Windows (not Mac), and not all software found was from a 100% licensed version. However, we believe the data we've collated provides a reasonable estimate for how much unused software costs the corporate IT industry.

6.12M Anonymized Customer Devices



8 Industries

- Consumer Goods
- Financial
- Industrials
- Organizations
- Services
- Technology
- Education
- Healthcare & Pharmaceuticals

12 Regions

- Europe North
- Europe South
- Asia Pacific
- East
- Middle East
- West
- Central
- Europe Central
- Africa
- India
- South America
- Canada

ABOUT NEXTHINK

Nexthink is the global leader in Digital Employee Experience management. The company's products allow enterprises to create highly productive digital workplaces for their employees by delivering optimal end-user experiences. Through a unique combination of real-time analytics, automation and employee feedback across all endpoints, Nexthink helps IT teams meet the needs of the modern digital workplace.

Have questions about the Nexthink platform?

CONTACT US

Price Estimates

These prices are approximate and may vary across industry and region.

BI Tools

Application Name	Cost per user per month	Cost per user per year	Comments
Tableau	$83.25	$999.00	
TIBCO Spotfire	$125.00	$1,500.00	
Microsoft PowerBI Desktop	$20.00	$240.00	
QlikView	$116.25	$1,395.00	

Collaboration Applications

Application Name	Cost per user per month	Cost per user per year	Comments
Microsoft Teams	$12.50	$150.00	Business standard
GoToMeeting	$16.00	$192.00	Business plan (not enterprise)
Zoom	$19.99	$239.88	
Slack	$32.00	$384.00	
Cisco Webex Meetings	$25.00	$300.00	Meet + call plan
BlueJeans	$16.66	$199.92	
Lifesize	$14.95	$179.40	

IDE

Application Name	Cost per user per month	Cost per user per year	Comments
Visual Studio Professional	$45.00	$540.00	
IntelliJ IDEA	$70.68	$848.16	
PyCharm	$29.38	$352.56	
WebStorm	$18.76	$225.12	
PhpStorm	$29.38	$352.56	

Project Management

Application Name	Cost per user per month	Cost per user per year	Comments
Trello	$17.50	$210.00	
Notion	$25.00	$300.00	
Asana	$49.99	$599.88	

Note: *All prices are in dollars (USD)*

A note on the 'Rarely Utilized Apps and Actively Utilized Apps' section:

The software listed in these two categories are licensed. In other words, the utilization figures are the most accurate snapshot of we can access at present.

Terminologies:

'Application' is defined as either desktop or web based (SaaS) applications where the usage across the sample is above average of the overall average usage of applications.

'Unused software licenses' is defined as software that has not been used at least once for a continuous 60 days period.

'Rarely used software licenses' is defined as software that was used less than 15% of the time in the same period.

'Actively used software licenses' is defined as software that was used less than 50% of the time in the same period.