# Audit-Proofing a Bank

**DBS**

**COMPANY INTRODUCTION:**

DBS Bank is a multinational banking and financial services corporation headquartered in Marina Bay, Singapore. Established in 1968 by the Government of Singapore, DBS is now the largest bank in South East Asia with over $518 SGD in assets in 2017.

DBS has more than 280 branches in 18 markets around the world, with a significant presence in Singapore, Indonesia, India, Hong Kong, China and Taiwan.

The Chief Procurement Officer of DBS oversees all software purchasing, and is responsible for managing vendor audits when they occur.

DBS faced a challenge that many organizations encounter when purchasing software or responding to a software audit. They would purchase software when users requested, but didn't have Software Asset Management (SAM) processes in place to provide visibility to their effective license position.

Software audits are a legal right an enterprise agrees to when purchasing software licenses. DBS was overspending on software from the desktop to the datacenter, and as many companies do, they considered this a type of cushion against non-compliance.

A proactive organization will have a comprehensive and accurate asset inventory. This information, along with purchasing history and license compliance data, helps make the audit process smoother to complete. DBS, however, was operating in a more reactive mode. The lack of normalized software inventory data meant that a software audit would be intrusive and disrupt operations. Two audits did in fact prove challenging to withstand.

> *"Software vendors need to think twice about scaring or bullying us during an audit. Flexera's given us the data and confidence to know exactly what software we have and what we use."*
>
> **DONNA TROWBRIDGE**
> **—DBS CHIEF PROCUREMENT OFFICER**

One audit came from a large vendor of enterprise software. DBS worked very hard to comply with the vendor's requests, which included running audits scripts in the bank's environment. The vendor requested $18 million in audit penalties and license true-up fees. In this instance, the vendor's sales team was also negotiating additional business with DBS at the same time the audit was conducted. This raised concerns with DBS management and impacted the relationship with the vendor.

The second audit was initiated by a vendor of datacenter software. The audit process was very resource-intensive and took more than a year to complete. Just as in the first audit, the vendor tried to negotiate additional business during the audit. What was most concerning to DBS was that after the long process, no additional license true-up fees or audit penalties were due despite the prolonged disruption and uncertainty.

DBS wanted to move away from negative vendor relationships which can occur when a software company is attempting to negotiate new business during the audit process.

**There had to be a better way.**

## Solution

To reduce the risk of time-and resource-intensive vendor audits and improve the relationship with their software vendors, DBS initiated a selection process for a Software Asset Management solution. There were three key requirements:

1. A solution approved by Oracle® and IBM® to accept that solution's data during an audit or license true-up.

2. A company that offered professional services not just for the tool implementation, but also best practices around licensing rules for the various software vendors they used.

3. Usability of the system. With a complicated environment, DBS initiated an on-premises solution that each of the technology units could manage and use for visibility of their license position.

DBS Bank chose FlexNet® Manager Suite for Enterprises from Flexera. The goal wasn't just to manage license entitlements from major vendors including Oracle, IBM, Microsoft® and Adobe®, but also a multitude of smaller software vendors. It's often the niche vendors that cause procurement professionals audit challenges, as these vendors make their software easy to download and install. With an Application Recognition Library of over 230,000 applications from more than 16,000 vendors in FlexNet Manager Suite, DBS can now easily discover what software was installed, and where it's being used.

> *"Working with Flexera, DBS approaches audits from a position of strength, and not fear."*
>
> **DONNA TROWBRIDGE**

DBS also established very specific software policies, and mapped out all new SAM processes from an installation and procurement perspective. They segmented their suppliers into three tiers. The top tier includes vendors such as Oracle, IBM and Microsoft on which the bank relies for mission-critical tasks and operations. Flexera has extensive capabilities to help DBS manage and optimize software from these top-tier vendors to reduce costs and the risk of a vendor audit.

Their previous software compliance process was manual and required employees to show proof that they owned licenses—a time consuming process. Now, the bank lets employees install whatever they want in the datacenter from their top-tier vendors. With a monthly inventory process leveraging the data from FlexNet Manager Suite, DBS has visibility into any new software installs. The procurement team maintains a pool of unused licenses. If one is available for the newly discovered installation, the business unit is charged. If an unused license isn't available, it's then purchased from the vendor. Flexera gives DBS greater confidence that their inventory is accurate, and that they're in continuous license compliance.

## Benefits

FlexNet Manager Suite for Enterprises from Flexera has helped DBS move from reacting to the disruption of a vendor audit to being proactive to an audit on their own terms. The data provided by FlexNet Manager gives DBS Bank's Chief Procurement Officer the confidence that the bank remains in license compliance and doesn't need to be as concerned about an audit.

Leveraging the power of FlexNet Manager Suite, DBS established a very specific vendor audit policy all software vendors must follow if they want to do business with the bank:

1. The vendor audit must use Flexera data.

2. The vendor may not run scripts in the DBS environment unless they can prove Flexera data is inaccurate.

3. An audit must be completed in six weeks or less. If an audit runs over six weeks, vendor must compensate DBS for their time based on a rate card.

> *"Flexera definitively stepped up when we needed them. They gave knowledge to the DBS team that was invaluable."*
>
> **DONNA TROWBRIDGE**

4. No new business or sales activity will occur with that vendor during the audit process. The vendor's sales representative must be present during the entire audit process to fully understand the impact the audit has on the bank.

5. DBS will compare the original claim from the vendor and the final number of what the auditors settle on. If it's determined that DBS owes no additional license fees or audit penalties, they'll place the vendor on a blacklist and conduct no business with them for 18 months.

This policy helps prevent software vendors from making unreasonable demands or attempting to use the audit process to derive additional sales revenue. If the vendor employs these techniques and the audit process results in no additional true-up fees, then the vendor is blacklisted.

## A different way to respond to vendor audits

Flexera gave DBS the confidence to become proactive. They established firm processes and controls that are followed, regardless of the demand of the audit. DBS has no issue with legitimate license true-ups for software used but not licensed. They've changed their response to one of empowerment and knowledge.

Software audits are often closed by settling for a portion of the vendor-requested amount. Because DBS can leverage the power of Flexera's data, they're no longer concerned with settling to end an audit. They have the visibility to know exactly how much they owe a software vendor. For example, a major technology vendor performed a regional audit of their software in Singapore and requested $15 million USD. However, DBS ultimately paid $200,000 in license true-up costs reflecting the actual usage data.

When a vendor comes in to conduct an audit, they're given a compliance report from FlexNet Manager Suite. That becomes their starting point for the process.

## Saving money on software

Besides creating an environment of continuous license compliance to reduce the risk of a vendor audit, DBS also changed their procurement processes. They became a "license broker" to fulfill the many software requests throughout the company. Now, when a new request comes into procurement they try to fulfill the request from a pool of available licenses. This enables DBS to optimize their software spend and avoid purchasing new software that isn't needed.

DBS also has a license re-harvest process in place. If a software license is no longer in use, they can reclaim it to place back in the pool. This created an environment where software can be "rented" from the pool for short periods, without the need to purchase additional licenses.

Flexera helped DBS make better decisions when entering software license agreements. Many software vendor sales representatives negotiate a new enterprise license agreement at the end of every quarter in order to reach quota numbers. With Flexera, DBS knows exactly how much they're spending and what licenses are in use. They no longer make uninformed software license decisions.

> "Having the right data from Flexera gives us the confidence that we're in compliance."
>
> **DONNA TROWBRIDGE**

## Working with Flexera

Flexera brought a level of license expertise and best practices that DBS needed to implement their SAM program. When asked about her experience working with Flexera, Chief Procurement Officer Donna Trowbridge said, "I think that I often judge by outcomes, and the outcome for us has been fantastic. We save money, manage our software better and aren't afraid of audits. And Flexera has been a part of that outcome."

**NEXT STEPS**

Visit us to learn more about Software Asset Management solutions.

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**ABOUT FLEXERA**

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