

Magic Quadrant for Software Asset Management Tools

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Software asset management tools are essential for the management of increasingly complex licensing metrics and cloud consumption. Sourcing, procurement and vendor management leaders must understand the market to select vendors that can reduce risk, optimize costs and improve business outcomes.

Market Definition/Description

Gartner defines the software asset management (SAM) tool market as products that provide automation to support the tasks required to maintain compliance with software license use rights. The tools provide in-depth analysis of software assets by decoding software license entitlements, automating the collection of software consumption data, establishing independent software vendor (ISV) effective license position (ELP), optimizing software value delivery, and sharing information with other tools and stakeholders.

SAM tools offer a broad spectrum of features and functionality. Gartner breaks down SAM tools into seven discrete activities:

- **Discover and identify software entitlements:** Integrate with vendor portals, sourcing and procurement applications and other data sources to obtain software contract, purchase and procurement records, and support manual entry. Understand vendor licensing use rights to support reconciliation and optimization.
- **Normalize software entitlements:** Consolidate multiple software entitlement records and other information to produce a single, accurate, organized and categorized inventory of the entitlements in effect for each ISV.
- **Discover and identify software:** Interrogate networks to find the physical and virtualized platforms on which software runs. Capture platform configuration information and extract a list of all installed software and consumption.
- **Normalize software consumption data:** Consolidate multiple platform consumption datasets and other information to resolve duplicated or conflicting records. This creates a single, accurate, organized and categorized inventory of software installation and consumption data.
- **Reconcile software asset information:** Harmonize entitlement information with normalized software installation data. This creates an ELP, which is the balance between license

entitlements and actual license installation.

- **Optimize software entitlements and consumption:** Track changes to software license use rights, identifying unused software, oversubscribed features, and the ability to leverage upgrade and downgrade rights, and the potential savings from these activities.
- **Share software asset information:** Consume and produce information for use in other domains. A central system of record for IT assets enables the enterprise to manage vendors and software assets throughout their life cycles.

Magic Quadrant

Figure 1. Magic Quadrant for Software Asset Management Tools



Source: Gartner (July 2020)

Vendor Strengths and Cautions

Aspera

Aspera is a Challenger in this Magic Quadrant; in the last iteration of this research, it was a Niche Player.

Aspera's flagship SAM product SmartTrack is complemented by its inventory solution SmartCollect, and advanced optimization modules for SAP, Oracle and SaaS. Aspera's product offering includes capabilities for complex license management and enhanced support to optimize cloud consumption. Aspera also offers SAM managed services through the delivery of SmartTrack to complement its product offering.

Headquartered in Boston, Massachusetts, and Aachen, Germany, Aspera largely operates within North America and Europe. Aspera is a wholly owned subsidiary of USU Software, which also offers additional solutions for IT service management and knowledge management. In 2020, USU Group is working on tighter integrations within its products.

Strengths

- **Single source of SAM technology and services:** Aspera's combined tool and service offerings are appealing to customers seeking additional support managing their software estate beyond the implementation of a tool.
- **Product investments:** Through enhancements and partnerships with third parties, Aspera has invested in product improvements that enhance organizations' ability to discover, inventory and meter software and SaaS consumption.
- **Dedicated customer support:** Aspera provides customers with dedicated contacts for technical support, which customer feedback indicates has resulted in increased customer satisfaction.

Cautions

- **Marketing strategy:** Aspera emphasizes the importance of license compliance within its messaging, which doesn't resonate with prospects focusing on the modern demands of SAM, such as data aggregation, security and cloud consumption management.
- **Geographic presence:** Aspera largely operates in Europe and North America, offering little support for organizations within Asia/Pacific (APAC), Latin America, Africa and the Middle East.
- **Dependency on service offering:** Customer feedback gathered through inquiries and Gartner Peer Insights indicates that implementing and administering Aspera's SmartTrack solution is difficult, which creates a dependency on its service offering.

Certero

Certero, a new entrant to this research, is a Niche Player in this Magic Quadrant.

Certero provides a platform for both hardware asset management (HAM) and SAM with Certero Unified Platform. Certero also offers a modularized approach to HAM and SAM with Asset Studio

for Enterprise ITAM and Asset Studio for Enterprise SAM. Headquartered in Warrington, U.K., Certero operates largely within Europe, specializing in IT asset management (ITAM) and SAM tools and services.

Certero Asset Studio for Enterprise SAM is complemented by additional modules, which include App-Centre, its self-service portal, as well as four modules for Oracle, IBM, SAP and cloud for enhanced optimization capabilities.

Note: Certero declined to participate in the research process for this Magic Quadrant; it identified no reference customers and chose not to provide supplementary information. Gartner's analysis of Certero in this Magic Quadrant is therefore based on other credible sources, including previous vendor briefings, customer inquiries, Gartner Peer Insights reviews and other publicly available information.

Strengths

- **Customer experience:** Gartner Peer Insights indicate that the Certero support team is very responsive and well-versed in SAM, which has led to a high level of customer satisfaction.
- **Product portfolio:** Certero offers a suite of products that extend beyond software asset management, and may be appealing to organizations that wish to manage hardware, software and cloud assets on a single platform.
- **New partnerships:** Recently established partnerships with large channel partners within North America have improved its availability within the region.

Cautions

- **Marketing execution:** Certero lacks brand awareness due to limited marketing and sales functions, which inhibits its ability to capitalize on new market opportunities.
- **Largely operates within Europe:** Certero primarily operates within Europe, and more specifically within the U.K. Organizations operating internationally or in other regions should consider other solutions due to a lack of geographic support.
- **Dependency on services:** Certero commonly markets and sells its offering as a combination of tools and services, which may be unappealing for organizations seeking only a SAM tool.

Eracent

Eracent is a Niche Player in this Magic Quadrant; in the last iteration of this research, it was also a Niche Player.

Eracent's SAM offering is part of a suite of products branded as IT Management Center (ITMC). ITMC comprises ITMC Discovery, ITMC Lifecycle, a set of Eracent Data Extractors (EDEs) to extract data from third-party tools, publisher specific Continuous License Reconciliation (CLR) modules for license reconciliation and optimization, and the AppStore Plus self-service workflow

portal. Eracent is a privately owned company based in Riegelsville, Pennsylvania, with additional sales and support staff located throughout North America and Europe, and in São Paulo, Brazil. Most of its customers are midsize organizations located within North America, with several large enterprise customers.

Eracent also offers additional products that complement ITMC, which include a vulnerability assessment module, and IT asset data normalization and enrichment capabilities for SAM, ITAM and IT service management (ITSM) via the stand-alone IT-Pedia library.

Strengths

- **Flexible pricing:** Eracent's modular approach to supporting large software publishers such as Adobe, IBM, Microsoft, Oracle and SAP appeals to budget-conscious organizations that want to limit initial spending to just what is essential and then add compatible components as needed.
- **Customer satisfaction:** Investments in customer support staff and support documentation have been made over the last year, which has resulted in high levels of customer satisfaction.
- **SAM and HAM support:** Eracent continues to focus on the delivery of an IT asset management solution that allows organizations to not only support all SAM activities, but also to manage the life cycle of IT hardware.

Cautions

- **Ease of use:** Customer feedback indicates that ITMC user interface is challenging to navigate, making the tool hard to utilize.
- **Limited resources:** Eracent has fewer resources than larger SAM vendors to invest in new capabilities/enhancements and new market demands.
- **SaaS limitations:** Eracent offers limited prebuilt API integrations to monitor SaaS consumption, and relies heavily on the use of its native discovery capabilities to identify and monitor SaaS consumption. Customers who do not utilize its discovery capabilities will have limited visibility into SaaS consumption, and may be required to request additional APIs to be built in order to visualize additional SaaS consumption.

Flexera

Flexera is a Leader in this Magic Quadrant; in the last iteration of this research, it was also a Leader.

The core of Flexera's SAM offering is FlexNet Manager, which is available as a suite or in individual modules. These modules include FlexNet Manager for Clients, for Data Centers, for SAP Applications and for Engineering Applications. Flexera is a privately owned company headquartered in Itasca, Illinois, and serves large to midsize enterprises throughout North America, EMEA, Latin America and APAC.

Through acquisitions, Flexera has recently added complementary capabilities including SaaS spend management, advanced data normalization and enrichment, cloud cost management and optimization, cloud governance, cloud migration, and business service and dependency mapping to support advanced technology data insights.

Strengths

- **Portfolio depth and breadth:** While continuing to support license management capabilities, Flexera has added multiple products to its portfolio. This has strongly positioned Flexera to support organizations' need for technology data and insights in complex hybrid environments.
- **Customer experience:** Flexera has made investments in enhanced CRM capabilities and customer support portals, and adopted an agile approach to improve response time to customer issues, which clients say has led to improved technical support.
- **Geographic support:** Flexera has established a strong implementation, integration and support network for clients using internal resources, global and regional partners.

Cautions

- **Portfolio integration:** While Flexera has added products such as SaaS Manager, Data Platform, Application and Dependency Mapping and Cloud Management Platform to its portfolio through acquisition, these products are not yet fully integrated on a singular platform.
- **Deployment:** Customer feedback indicates the implementation of Flexera was more difficult than their presale expectations.
- **BYOL product add-on:** Flexera leverages cloud APIs instead of agent-based discovery to identify whether instances in cloud environments are utilizing cloud-provided licenses or are licensed by bring your own license (BYOL). This requires that customers utilize the policy engine in addition to FlexNet Manager to identify BYOL software in cloud public environments.

License Dashboard

License Dashboard, a new entrant, is a Niche Player in this Magic Quadrant.

License Dashboard's SAM tool offering has three primary components: License Dashboard License Manager for entitlement management and reconciliation, Dashboard Discovery for inventory and consumption data, and License Dashboard Portal for reporting and dashboarding. License Dashboard is a pure-play SAM vendor, offering tools and SAM services. It is privately held by Bytes, and headquartered in York, U.K. It largely operates within Europe, serving small to midsize enterprises within EMEA, and has a limited presence in North America.

Additional offerings include License Dashboard API, which facilitates data sharing; SaaS Optimization Platform provided by Binadox for visibility into cloud consumption; and Data Navigator, which helps aggregate data from other inventory sources.

Strengths

- **Product flexibility:** License Dashboard takes a discovery- and inventory-agnostic approach, which potentially reduces the need for an additional inventory tool in an organization's environment.
- **Entitlement management:** Using License Cleanser, License Manager excels at entitlement management with custom rules that allow for import and cleanse entitlement entries.
- **Pricing and sales strategy:** Customer feedback indicates that License Dashboard's pricing and functionally are well-suited for organizations with basic requirements, and may also be appealing to smaller organizations.

Cautions

- **Product delivery:** License Dashboard does not offer a multitenant SaaS offering, which is problematic for cloud-first organizations.
- **Limited optimization capabilities:** License Dashboard does not support advanced SAP optimizations, engineering applications or cloud optimizations, which results in a dependency on its SAM services.
- **Geographic presence:** License Dashboard's core support team is in the U.K., which requires organizations within other geographic regions to utilize locally based partners to support the tool.

Matrix42

Matrix42, a new entrant, is a Niche Player in this Magic Quadrant.

Matrix42 is headquartered in Frankfurt, Germany, and is a privately held company that largely supports midsize enterprises within EMEA. Matrix42 offers a suite of products that include unified endpoint management (UEM), endpoint security, data protection, ITSM and SAM. These solutions are built on the same platform to enable digital workspace management.

Matrix42 Software Asset Management supports license management for basic requirements. It requires add-ons, such as Oracle Database Compliance, Data Center Compliance, SaaS Compliance, Cloud Expense Management, License Intelligence Services (LIS) and SAP compliance powered by VOQUZ, and an engineering plug-in provided by OpeniT fully integrated in its unified web interface.

Strengths

- **Platform integration:** Matrix42's platform provides a unified web interface for users across all its product offerings, and integrations with third-party tools are required to augment its SAM base offering. This allows users to share data in the platform and reduces the need to navigate disparate systems while conducting regular operations and analysis.

- **Presales expectations:** Customer feedback indicates that Matrix42 sets realistic expectations about the time to deploy its SAM module, which leads to satisfactory deployment scores.
- **Flexible configuration:** Matrix42 provides a platform with drag-and-drop capabilities that enables users to easily create custom workflows and reports, and adjusts the UI to their needs by configuration.

Cautions

- **Regional presence:** Matrix42 has a strong presence in EMEA, yet customer feedback indicates it lacks partners or internal support in all other regions.
- **Product roadmap:** Matrix42's core focus has historically been endpoint security, ITSM and enabling digital workspaces. While Matrix42 has begun to increase investments in SAM, customer feedback indicates that some of its SAM capabilities do not fulfill their growing SAM needs.
- **SaaS management:** Matrix42 offers limited support for the discovery of SaaS applications using a browser agent, and minimal API integration with common SaaS vendors such as Adobe and Salesforce.

ServiceNow

ServiceNow is a Leader in this Magic Quadrant; in the last iteration of this research it was a Visionary.

ServiceNow is a publicly traded company headquartered in Santa Clara, California, and operates globally with 80 offices worldwide. It is a cloud platform company with a strong foundation in ITSM that has expanded to cover a broader set of workflow capabilities to support IT, employees and customers. ServiceNow Software Asset Management provides software compliance, optimization, SaaS license management, software spend detection, normalization services and a library of software entitlements for various vendors under one SKU. It includes advanced publisher packs for Adobe, Citrix, IBM, Microsoft, Oracle, SAP and VMware.

ServiceNow also offers customers an asset management application as part of its ITSM, with a foundational SAM plug-in that supports basic SAM and HAM requirements. The foundational SAM plug-in is not evaluated as part of the Magic Quadrant.

Strengths

- **Platform strength:** ServiceNow provides customers with a single platform of products on one architecture that natively integrates on one data model to easily share data through the organization, which improves software asset and technology decision making for the full IT asset life cycle.
- **Brand recognition:** Through strong brand recognition and a large ITSM customer base, ServiceNow Software Asset Management is regularly included in customers' shortlists of SAM

tools.

- **Continuous improvements:** Software Asset Management has a rapidly growing customer base, and as a result, ServiceNow has continued to heavily invest in product enhancements, such as SaaS license management, improved publisher pack support, and advanced automation and machine learning capabilities.

Cautions

- **SaaS management:** ServiceNow's SaaS License Management feature only offers prebuilt API integrations with Salesforce, Adobe, Microsoft Office 365, DocuSign, Box, Dropbox, Google G Suite, Atlassian Jira Software, Webex and Zoom to monitor SaaS consumption. Integrations with other SaaS applications will require the configuration of integrations with the use of SaaS License Connections.
- **Product licensing:** ServiceNow sells Software Asset Management as a bundled product, which may require organizations to pay for features that do not add value to their SAM program.
- **Optimization recommendations:** Out of the box, ServiceNow offers limited suggestions for alternative licensing configuration, such as reassignment of capacity to subcapacity license, processor to core licensing, cloud use rights and virtualization use rights.

Snow

Snow Software (Snow) is a Leader in this Magic Quadrant; in the last iteration of this research, it was also a Leader.

Snow's primary source of revenue is through the sale of its SAM toolset, which has historically been anchored by Snow License Manager, Snow Inventory, Snow for Oracle and Snow Optimizer for SAP Software. Snow is a privately owned company headquartered in Stockholm, Sweden, serving global customers across all sizes of enterprises, with additional offices located in EMEA, North America, Latin America and APAC.

In July 2019, Snow announced it would rebrand its product lineup as it began to shift to an integrated platform. The core SAM products are underpinned by the Snow License Manager technology. This is made up of three components: Adoption Tracker (discovery, inventory and normalization), Spend Auditor (spend management and license reconciliation) and Spend Optimizer, which provides reports and insights into opportunities to optimize software and cloud services.

Strengths

- **Portfolio depth and breadth:** Snow continues to offer strong support for traditional SAM objectives, including software license compliance, and optimization of vendors such as Microsoft, Oracle, IBM and SAP, while adding capabilities to support cloud consumption management.

- **Geographic support:** Snow has excelled at driving brand awareness, and has a solid geographic presence with a strong partner network to serve customers in multiple markets such as North America, EMEA, Latin America and APAC.
- **Ease of use:** Snow has largely built proprietary products to offer clients an integrated experience that enables them to easily share and access data across their various product offerings.

Cautions

- **Product messaging:** Snow's product rebranding has caused confusion among some customers, making it unclear which products are required to meet their SAM needs.
- **Product strategy:** Snow acquired Embotics (now branded as Commander) in December 2019, and has yet to announce how it will integrate this with the rest of its product offerings.
- **Customer support:** Customer feedback indicates that Snow can be slow to respond to customer inquiries, leaving some customers unsatisfied with Snow's support.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Three vendors were added to this year's Magic Quadrant due to their ability to meet this year's functionality requirements and required revenue. Three vendors were dropped as a result of their lack of support for prebuilt API integrations with Adobe, Microsoft or Salesforce.

Added

Certero

License Dashboard

Matrix42

Dropped

1E

Belarc

Ivanti

Inclusion and Exclusion Criteria

To be included in the 2020 Magic Quadrant for Software Asset Management Tools, vendors must:

- Sell and market a SAM tool that, at a minimum, contains the following functionality:
 - Discovers, normalizes and reconciles software license entitlement data with software consumption data to establish an ELP for ISVs. This includes vendors that license based on sophisticated measures, such as CPU cores used, physical-virtual mappings and other activity-based metrics. Included vendors must provide full ELP support for 80% or more of the software applications from each of the following vendors:
 - Adobe (PC and SaaS)
 - IBM
 - Microsoft (on-premises and SaaS)
 - Oracle Database
 - Salesforce (SaaS)
 - SAP (ECC 6.0 and S/4HANA)
 - Has a prebuilt connector to support native API integration for at least one of the following SaaS vendors:
 - Adobe
 - Microsoft
 - Salesforce
 - Optimizes software value delivery and information sharing by:
 - Identifying unintentional license shortfalls and enabling their mitigation
 - Highlighting potential reductions in the number, type, and expense of licenses required for current and future enterprise needs
- Has at least \$4 million in 2019 annual SAM tool licensing and SAM tool license (perpetual or subscription) and maintenance revenue (excluding professional services associated with SAM).
- The provider's SAM tool must be generally available for purchase as a separate product, with core SAM functionality developed by the provider, and it must have had an initial general availability release date on or before 1 November 2019.

- If the provider is white-labeling a partner's solution, then there must be significant differentiation in the white-labeled product to be considered in parallel with the original white-labeled solution as it relates explicitly to licensing compliance and optimization.
- The provider must be actively participating in this market, marketing and selling a product that has fit Gartner's definition of a SAM tool, since 1 January 2019.

Honorable Mentions

The following vendors did not qualify for inclusion, but have SAM tool capabilities that are relevant to this market:

- **1E** is a privately owned company headquartered in London. It offers a portfolio of endpoint management solutions, including ITSM automation, endpoint detection and response, digital experience monitoring, and its SAM tool, AppClarity. 1E did not meet the inclusion criteria, as it did not offer prebuilt API integrations with Adobe, Microsoft or Salesforce at the time of evaluation. Organizations in EMEA and North America looking to manage on-premises software may want to consider AppClarity.
- **Belarc** is a privately owned company headquartered in Maynard, Massachusetts. It offers products to support license management, configuration management and cybersecurity status. There are two components to its SAM and ITAM tools, BelManage and a Data Analytics module. Together, these provide customers with the ability to manage software within their IT estate. Belarc did not meet the inclusion criteria as it lacked native support for SAP and did not offer support for Salesforce at the time of evaluation. BelManage is well-suited for organizations with intermediate SAM requirements, looking for an integrated tool that doesn't rely on other sources for discovery and inventory.
- **Ivanti** is a privately owned company headquartered in South Jordan, Utah. Ivanti goes to market with a portfolio of products that includes ITSM, ITAM, SAM Security and UEM solutions. These complement the vendor's SAM offering and IT asset management portfolio, which has two components: Asset Manager and License Optimizer. Ivanti did not meet new inclusion criteria, as it did not offer prebuilt API integrations with Adobe, Microsoft or Salesforce at the time of assessment. Organizations that desire intermediate SAM capabilities for on-premises license management may want to consider Ivanti's asset management portfolio.
- **ManageEngine** is a Pleasanton, California-based division of a privately owned, Chennai, India-based company called Zoho. ManageEngine did not meet the inclusion criteria, as it wasn't able to support the creation of an ELP for 80% of the software applications for Oracle and SAP. Additionally, ManageEngine did not offer prebuilt API integrations with Adobe, Microsoft or Salesforce. Organizations in North America, Western Europe, the Asia/Pacific region and Japan that are looking for foundational SAM capabilities in the context of a broader IT management software portfolio may want to consider ManageEngine's ServiceDesk Plus offering.

- **Open iT** is a privately held company headquartered in Houston, Texas. The company's portfolio of offerings is focused on SAM for engineering applications. Open iT did not meet the inclusion criteria, as it wasn't able to support the creation of an ELP for 80% of the software applications for Microsoft, Oracle, IBM and SAP. Additionally, Open iT did not offer prebuilt API integrations with Adobe, Microsoft or Salesforce. Organizations in North America, Latin America, EMEA and the Asia/Pacific region seeking tools to manage specialty engineering or technical products may want to consider Open iT solutions.
- **OpenLM** is a privately owned company based in Elyakhin, Israel. OpenLM is a complementary product to traditional SAM systems, designed to manage applications deployed and licensed using a license manager. As a result, OpenLM was not included for analysis in the SAM Magic Quadrant. Organizations utilizing specialty or engineering software applications may want to consider the OpenLM platform to supplement or augment their traditional SAM solutions.
- **Raynet** is a privately owned company headquartered in Paderborn, Germany. Hardware discovery and software inventory as well as data management are managed through its product RayVentory. Other Raynet products and services include software packaging, migration services, software deployment, managed services, development and project management. In December 2019, Raynet and Aspera announced an OEM partnership with Aspera in December 2019 that allows Raynet to utilize Aspera's product library, reconciliation engine and optimization capabilities, which combines with RayVentory to form the RaySAMi solution. As a result, Raynet did not meet the inclusion criteria as its solution was not significantly differentiated. Organizations evaluating solutions to manage software on-premises and within cloud environments may want to consider Raynet.
- **VOQUZ Labs** is a privately owned company headquartered in Berlin, Germany. VOQUZ Labs is part of the VOQUZ Group, which is an SAP partner, and offers IT services and products for the management of SAP. VOQUZ Labs' samQ software is an add-on to SAP that provides SAP license management. VOQUZ Labs also offers setQ Authorization Manager to automate the role approval and assignment of users in SAP. VOQUZ Labs did not meet the inclusion criteria as samQ only supports the license management of SAP. Organizations looking for a point solution to help manage their SAP software licenses may want to consider samQ.
- **Xensam** is a privately owned company headquartered in Stockholm, Sweden. Xensam's portfolio includes Xupervisor, Xearch, Xync and Xource. Xupervisor is Xensam's SAM solution, which provides out-of-the-box functionality and is available via cloud or on-premises. Xource, its software identification service, provides commercial software recognition capabilities, made possible through an extensive database of software publishers and applications. Xearch is Xensam's SAM inventory search agent and allows Xupervisor to provide total usage of software and active usage. Xensam did not meet the inclusion criteria as it offers only partial support for SAP. Organizations in Europe with intermediate SAM requirements looking for a cloud-based SAM solution may want to consider Xensam.
- **Xpandion** is a privately held company headquartered in Tel Aviv, Israel. When founded in 2007, Xpandion initially focused on developing its solution for usage inspection in ERP systems,

access control and user life cycle management, but following its international customers' demands, it added SAP licensing optimization capabilities. Xpandion is an SAP partner, and its ProfileTailor LicenseAuditor offering allows clients greater control over their SAP licensing, authorizations and usage. LicenseAuditor has cloud and on-premises options available. Xpandion did not meet the inclusion criteria as ProfileTailor LicenseAuditor only supports the license management of SAP. Organizations looking for a point solution to help manage their SAP software licenses may want to consider ProfileTailor LicenseAuditor.

Evaluation Criteria

Ability to Execute

Gartner analysts evaluate vendors on the quality and efficacy of the processes, systems, methods or procedures that enable IT provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation. Ultimately, vendors are judged on their ability and success in capitalizing on their vision.

We use the following criteria to evaluate the ability to execute:

- **Product or Service:** We consider the core goods and services offered by the vendor that compete in and serve the needs of customers charged with effectively and efficiently managing software assets. This includes demonstrated current product and service capabilities, quality, feature sets and skills, offered natively or through OEM agreements and partnerships to:
 - Decode software license entitlements
 - Automate software consumption data collection
 - Establish an effective license position
 - Optimize software value
 - Share information
- **Overall Viability:** Viability includes an assessment of the organization's overall financial health, as well as the financial and practical success of the business unit. This criterion rates the likelihood of the organization being able to continue to offer and invest in the product, as well as its product position in the current portfolio.
- **Sales Execution/Pricing:** This is an assessment of the organization's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel. This also includes the total cost of ownership (TCO) for the SAM tool, the hardware required for its operation, and staffing with sufficient expertise to operate the product.
- **Market Responsiveness/Record:** We look at the ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs

evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness to changing market demands.

- **Marketing Execution:** This criterion refers to the clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand, increase awareness of products and establish a positive identification in the minds of customers. This mind share can be driven by a combination of publicity, promotion, thought leadership, social media, referrals and sales activities.
- **Customer Experience:** This criterion comprises the products and services and/or programs that enable customers to achieve anticipated results with the products evaluated. Specifically, this includes quality supplier/buyer interactions technical support or account support. This may also include ancillary tools, customer support programs, availability of user groups and SLAs.
- **Operations:** This is the demonstrated ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis to meet the needs of key stakeholders in the SAM marketplace.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	Low

Source: Gartner (July 2020)

Completeness of Vision

Gartner analysts evaluate vendors on their ability to convincingly articulate logical statements about current and future market direction, innovation, customer needs and competitive forces,

and how well they map to the Gartner position. Ultimately, vendors are rated on their understanding of how market forces can be exploited to create opportunities for the vendor.

We use the following criteria to evaluate completeness of vision:

- **Market Understanding:** We evaluate the vendor’s ability to understand the needs of SAM tool customers and translate them into products and services. This criterion also considers the vendor’s ability to show a clear vision of the SAM tool market, to listen to and understand customer demands, and to shape or enhance market changes.
- **Marketing Strategy:** This is defined as a clear, differentiated messaging consistently communicated internally, as well as externally via social media, advertising, customer programs and positioning statements.
- **Sales Strategy:** We look for a sound strategy for selling that uses the appropriate networks, including direct and indirect sales, marketing, service, and communication. Partners extend the scope and depth of market reach, expertise, technologies, services and their customer base.
- **Offering (Product) Strategy:** This refers to the vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements. Also evaluated is the vendor’s demonstrated ability to address customer needs, technology trends and marketplace shifts for effectively and efficiently managing software assets.
- **Vertical/Industry Strategy:** We evaluate the vendor’s strategy to direct resources, skills and offerings to meet the specific needs of individual market segments. Also evaluated is the demonstrated ability to serve the needs of customers with unique regulatory and/or technology requirements.
- **Innovation:** We evaluate the direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or preemptive purposes. Also evaluated is the vendor’s demonstrated ability to systematically identify, test, refine, develop and introduce innovative new features and capabilities for effectively and efficiently managing software assets.
- **Geographic Strategy:** This is the vendor’s strategy to direct resources, skills and offerings to meet the specific needs of geographic locations outside the “home” or native geography, either directly or through partners, channels and subsidiaries, as appropriate for that region and market.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High

Evaluation Criteria ↓	Weighting ↓
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Not Evaluated
Vertical/Industry Strategy	Low
Innovation	Low
Geographic Strategy	Low

Source: Gartner (July 2020)

Quadrant Descriptions

Leaders

Vendors positioned in the Leaders quadrant provide mature offerings with a comprehensive range of SAM capabilities. They demonstrate superior vision relative to current and anticipated customer requirements and successfully execute on that vision, actively building competencies and adding or enhancing functions to sustain their market position, as market requirements evolve. Leaders typically have a large and satisfied customer base. They have developed brand recognition in the marketplace through dynamic marketing activities, innovative products, productive sales channels and effective product support strategies. Their size and financial strength enable them to remain viable in a challenging economy.

Challengers

Vendors positioned in the Challengers quadrant can execute against their vision; however, that vision is not as well-aligned with current market direction as that of vendors in the Leaders quadrant. Challengers typically have significant size and financial resources and offer a solid SAM product. They have demonstrated a degree of market success, as evidenced by satisfied customers, and run efficient operations. However, Challengers may lag behind Leaders and Visionaries in their overall understanding of market needs, their marketing and sales strategies, and their ability to roll out new and innovative functionality within a longer-range roadmap.

Visionaries

Vendors positioned in the Visionaries quadrant demonstrate a good understanding of where the market is going, or they have a compelling vision regarding how to change market rules. However,

they may be challenged to consistently execute against that vision, because of undercapitalization, a limited market presence, lack of experience, smaller company size or narrower market scope. As the quadrant's name suggests, Visionaries are often innovators that introduce new capabilities earlier than the vendors typically found in the Challengers and Niche Players quadrants. In the SAM market, Visionaries provide innovative features and abilities that can enable SAM practices to expand their potential contribution to organizations.

Niche Players

Vendors in the Niche Players quadrant focus successfully on a small segment of the market, or they are less focused and do not innovate enough to outperform others. For example, a Niche Player in the SAM market may focus on midsize organizations, while vendors in other quadrants serve a broader constituency. Similarly, a Niche Player in the SAM market may focus on providing SAM as part of a larger offering involved in IT operations or IT security. This can limit its ability to outperform its competitors or be innovative. Vendors in this quadrant typically have smaller installed bases than vendors in other quadrants. However, inclusion within this quadrant does not reflect negatively on the vendors' value in the more narrowly focused market they service.

Context

Organizations should not choose a SAM vendor simply because of its position in the Magic Quadrant. Instead, they should build a list of criteria that describes their current and future needs, and then select from vendors that best meet those requirements. Gartner sometimes advises clients to consider SAM tool vendors not found in this Magic Quadrant, as they may be better suited to their specific situation and needs. Organizations should prioritize vendors that have experience in the market and plans to enhance functionality that is important to them.

The Magic Quadrant is an assessment of the SAM vendors' position in the market. This assessment includes product evaluation, but primarily focuses on overall vendor strategy and performance, including customer feedback. ¹ Product comparisons can be found in "[Critical Capabilities for Software Asset Management Tools](#)," which applies nine critical capabilities that differentiate the most popular, fully featured SAM products on the market against four use cases. Gartner strongly recommends that organizations use Magic Quadrant research in conjunction with the Critical Capabilities research, Gartner Peer Insights reviews, ² inquiries with analysts and other Gartner research to define their requirements and select solutions that match their needs.

IT leaders must also ensure that adequate skills, training, process and implementation activities are in place for a successful SAM practice. These organizational factors will have a greater impact on the overall value realized from a SAM tool investment than any specific functionality found in a given tool (see "[Three Critical Elements of a Successful Software Asset Management Tool Implementation](#)").

Market Overview

IT leaders and their teams need SAM tools because ISVs have developed increasingly complex software license usage and distribution models. This complexity makes it easy to overspend, as well as to become out of compliance. These risks are now so great that it is virtually impossible

to establish a defensible audit position, or optimize license usage and costs, without a specialized tool. Additionally, software delivery models have begun to change with an emphasis on subscriptions (see [“Software Asset Management for the Cloud: Consumption Management and Optimization Take Center Stage”](#)). This has added an increased emphasis on the ability of SAM tools to manage the consumption of subscription software and cloud services.

ITAM professionals need deep connection with life cycle management processes, and require data sources to manage hardware, software and cloud resources, which requires a broad array of tools to provide. SAM tool vendors have developed their products to address the increasing risks and costs associated with the increasing mobile and virtual assets. Finding mobile and virtual software assets is more challenging and requires greater automation, further driving tool adoption. The most relevant standard for ITAM, ISO/IEC 19770, has the potential to drive increased focus on this market, yet it is of limited current interest to Gartner clients.³ Although many SAM tool vendors – such as Flexera and Snow – support the ISO/IEC 19770-2 (focused on software consumption) and 19770-3 (focused on software entitlements) standards, limited ISV support restricts the value they can provide in automating SAM data analysis.

As ISVs adopt licensing models that account for infrastructure as a service (IaaS), SaaS, virtualization and mobility, complexity will increase. SAM tool vendors, such as Aspera, Flexera, ServiceNow and Snow, can now establish ELP for browser-based SaaS and web applications, such as Microsoft Office 365, Salesforce or Workday. These applications often require different approaches to monitor user activities and access to relevant cloud services, and to establish ELP. This is because there is often no installed software or “footprint” to discover, as there is with traditional disk-based software. These challenges have driven acquisitions of startups that support SaaS capabilities, as seen by Flexera’s acquisition of Meta SaaS, ServiceNow’s acquisition of VendorHawk and License Dashboard’s third-party partnership with Binadox.

Additionally, SAM tool vendors have begun to add support for the management of IaaS environments. Many of the vendors have started to ingest cloud billing data via API to help visualize and identify cost savings opportunities for cloud consumption. Some vendors, such as Flexera and Snow, have also begun to acquire leading cloud management platforms (CMPs; see [“Magic Quadrant for Cloud Management Platforms”](#)) in order to improve the governance of cloud instances and manage cloud expenses. As organizations continue to shift workloads to cloud environments and utilize a mix of perpetual licensing and cloud provider-managed licensing, organizations will need to look for CMPs and SAM tools to complement each other.

Support for specialty engineering and operational technology (OT) is also of increasing interest to many organizations. Specialty engineering systems, such as CAD software and CNC machines, often have expensive per-seat licensing costs and specialized license management systems. Some SAM tool vendors, such as Flexera, Open iT, and OpenLM, can establish ELP for these systems to ensure compliance and optimize the use of software in these environments.

As traditional IT software has been introduced into OT environments, software vendors are increasingly extending license compliance audits into this space and demanding data relating to use of their software by OT systems. OT software vendors are following the lead of IT software

vendors in auditing for compliance with software license terms and conditions, increasing the risk of significant unbudgeted costs. SAM tools that can support both IT and OT systems not only can address these risks, but also can support broader IT/OT alignment (see [“Hype Cycle for Managing Operational Technology, 2019”](#)).

SAM tool vendors continue to move their focus beyond just license compliance. Gartner clients indicate that SAM tools that can help optimize licenses and subscriptions in order to identify savings is a requirement for enterprise-class SAM tools. Gartner clients are increasingly expecting SAM tools to support their need to aggregate data for additional use cases, so a SAM tool must support software optimization. In the 2018 Gartner SAM tool survey, security concerns were the biggest driver of decisions to invest in SAM tools among respondents. ⁴ Security leaders, including CISOs, increasingly look to SAM tools to provide a useful view of their software inventory to improve vulnerability assessment and risk management. SAM tool vendors, such as Eracent and Snow, have introduced new products that help identify, classify and report on vulnerabilities and threats within an environment. SAM tool vendors have also offered data normalization and enrichment services that can be utilized to support application rationalization, project planning and digital transformation initiatives.

Enabling improved business process performance is increasingly important to organizations, and SAM tool offerings are evolving to meet this need. Many SAM tool vendors, such as Flexera, Eracent and Snow, provide enterprise app stores as part of their core SAM product offerings to make software acquisition and approval easier, while providing oversight. Others integrate with IT self-service portals from ITSM tools (see [“Magic Quadrant for IT Service Management Tools”](#)), client management tools (CMTs; see [“Market Guide for Client Management Tools”](#)) and UEM tools (see [“Magic Quadrant for Unified Endpoint Management Tools”](#)).

In 2019, Gartner estimated the size of the SAM tool market at between \$290 million and \$310 million. This is with an estimated growth rate of approximately 12% over the previous year. ⁵ The depth and scope of SAM tools will continue to grow. As SAM vendors move to support cloud, virtualized and mobile software, new approaches will evolve. Investment in a SAM tool comes with risks related to the swiftly changing nature of software licensing and the increasing diversity of platforms. ITSM, client management and other IT tool vendors that don't offer robust SAM capabilities are starting to establish relationships with SAM tool vendors, create partnerships and add new product features to fill SAM automation and optimization gaps in their solutions. As a result of these trends, Gartner expects both partnership and merger and acquisition activities to continue as SAM-specific tool vendors look to expand opportunities and larger IT operations management suite vendors look to add this functionality.

SPVM leaders must ensure that their tool selection considers both their existing and future needs, as well as these trends in the market. It is common practice in the SAM tool market for a proof of concept (POC) test to be performed prior to finalizing the purchase of a tool. This enables the client to validate that software consumption can be measured effectively for key ISVs. It also provides staff with the ability to get direct experience with the tool and reduce the risk that the product cannot be effectively used for improving the value of software assets to the organization.

Evidence

¹ Unless otherwise stated, “customer feedback” refers to customer reference feedback collected as part of the analysis process.

² Gartner Peer Insights. This information is based on 280 reviewers of SAM tools submitted between May 2019 and May 2020.

³ Based on an analysis of 2019 inquiries in which the ISO standard was brought up as a decision criterion for selection.

⁴ The results presented are based on the 2018 SAM Tool Survey, conducted online in June 2018 among 200 respondents in the U.S. (n = 100) and U.K. (n = 100).

⁵ Gartner’s “[Market Share Analysis: ITOM, Experience Management, Worldwide, 2019](#)” analyzes market share for ITOM experience management, which includes SAM, ITAM and ITFM.

All respondents were screened for active employment in organizations with 100 or more employees worldwide that have or are planning to deploy SAM tools internally.

Respondents were required to work in the IT department, and to have knowledge of SAM. They were also required to have one or more of the following roles when related to SAM:

- Determine the business needs
- Set the strategy
- Define technology requirements
- Investigate or evaluate service providers or tools
- Make final decisions
- Manage operations

Soft quotas were established to guarantee a good distribution in terms of company size. The results of this study are representative of the respondent base and not necessarily the market as a whole.

The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested and administered by Gartner’s Research Data and Analytics team.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether

offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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