To SAM or Not to SAM? The Differences Between a Microsoft SAM Engagement and an Audit

In recent years, Microsoft seems to have been shifting an increasing volume of its license-compliance resources toward what it calls Software Asset Management (SAM) reviews. These "optional" engagements typically are proposed by Microsoft personnel with whom a company has not had any prior interactions, and the company often receives no advance warning or introductions from its Microsoft account teams. The reviews are advertised as being "extremely beneficial" for the company, offering valuable insights regarding current SAM practices and opportunities for process improvement.

Some companies may indeed benefit from working with a consultant to review software licensing and deployment practices. However, no company should be under any delusion regarding what a Microsoft SAM engagement really is: an audit. Just like an audit, during the SAM process, Microsoft's auditors will ask for voluminous information regarding software deployments, will propose phone calls and meetings that are outside the ordinary course of business operations, and will insist that the company meet unreasonable deadlines for delivering information. Furthermore, just like an audit, there likely will be no quarter given for any inadvertent over-deployments of Microsoft's products – if the company has more installations than it has licenses (even unused installations of which IT teams were unaware), then it will be expected to purchase licenses to cover that "use." In addition, while the SAM review is officially "optional," Microsoft often describes it as a way to avoid a contractual audit (thereby making it sound a whole lot less optional that it really may be).

The only way that a SAM engagement typically differs from a non-optional, contractual audit is the way in which the findings of the review are resolved. In a SAM engagement, license shortfalls must be remedied, but that typically can happen under negotiated terms and at the company's ordinary, discounted license prices. Under a contractual audit, Microsoft has the right under some circumstances to insist that licenses be purchased at a markup over the rates that a company ordinarily would pay, and Microsoft also can insist that the company reimburse it for the costs incurred in conducting the audit. However, in our experience, those negative aspects of an audit resolution often are the subject of negotiations with Microsoft's compliance and sales teams, and in many cases Microsoft will concede those settlement points in order to maintain a healthy, prospective working relationship with the audited company. Furthermore, during contract renewals, companies also may be able to negotiate more favorable audit language in their agreements with Microsoft that might help to alleviate the audit-resolution burdens imposed under the standard terms.

Our recommendation to most of our clients is to politely decline Microsoft's SAM advances and instead to begin work with a third-party license consultant to conduct a comprehensive, internal review of the company's current compliance status. That approach typically affords all of the benefits of a Microsoft-funded SAM review while providing the company with maximum flexibility to resolve the findings. Furthermore, once the internal review is complete, the company will be in an excellent position to respond to any non-optional, contractual audit demands that may follow the rejection of the "optional" SAM engagement.

Tags: Microsoft licensing, Microsoft audits, SAM engagements