

IAITAM ACE 2025

ITAM - Another Brick In The Wall

Software Audit Defense:

How to Prepare for and Respond to A Software Vendor Audit





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POP QUIZ!

Question: You've been informed of a software audit. How should you respond?

- A. Immediately provide auditors a report of every purchase and every install. Overload them in data.
- B. Avoid response; wait for them to make contact again. It is possible they will forget and move on.
- C. Respond by acknowledging receipt and nothing more. Work internally on a strategic plan before providing any data.



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Pulled from the Headlines

In 2017 NASA paid IBM \$18.9 million to bring software usage in compliance with license agreements (NASA, 2023)

NASA paid \$15 million on unused Oracle software because it feared the outcome of an audit (The Register, 2023)

NASA estimates they could have saved \$35 million over the past five years in licensing fines and overpayments (The Register, 2023)

The average cost for organizations that experience non-compliance problems is \$14.82 million (CIO Dive, 2017)

Non-compliance costs increase 45 percent from 2011 (GlobalSpace, 2017)



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Audit Response & Preparation Steps




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Initial Response

- 
- Inform your management
 - Establish a single point of contact (ITAM member)
 - Acknowledge notification
 - Kickoff your audit response plan



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Notify Audit Response Team

Procurement / Contracts

- ▶ Halt procurement activities with vendor
- ▶ Obtain purchase orders and contracts



Vendor Relationship

- ▶ Confirm audit notice with a known vendor contact
- ▶ Aim for a zero-impact resolution

System / Application Owner

- ▶ Stop communication with supplier
- ▶ Freeze environment changes

Cybersecurity

- ▶ Evaluate legitimacy of audit notice
- ▶ Potential phishing attempt

Legal

- ▶ Evaluate need for an NDA
- ▶ Previous audits for lessons learned



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Gather Documents and Data



Purchase Orders



Contract Terms



Software Terms &
Conditions



Click through agreements



Vendor's right to audit



Installation counts



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Perform Audit Analysis

- ▶ Evaluate installs compared to purchased rights
- ▶ Review software usage terms and conditions
 - ▶ Consider license type (concurrent, per user, per device) number of devices per install, subscription vs. perpetual
- ▶ Locate vendor's right to audit in contract's terms



Understand the Contract!



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Audit Strategy

Determine Your Audit Stance

- ▶ Based on Audit Analysis
 - Good standing
 - Compliance concern

Report Audit Stance to Management

- ▶ Summarize Analysis
- ▶ Raise concerns and risk level
- ▶ Include estimated financial impact (Retail cost * Years of Use)

Identify 'Levers' of Influence

- ▶ Is there an upcoming renewal?
- ▶ Is there a product that was being consideration for purchase?
- ▶ Is the vendor motivated to settle quickly due to time of year?



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Audit Events

- ▶ Use scope language from the start; influence the audit's scope
- ▶ Cooperate fully
- ▶ Provide the auditor what is asked for and nothing more
- ▶ Legal and Cybersecurity approves all data sent to vendors
- ▶ Cybersecurity encrypts sensitive information
- ▶ Provide single numbers where possible (install count)
- ▶ Avoid or control all scans and data released
- ▶ Prepare internally before all meetings with auditor



**Control the
scope; control
the conversation.**



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Audit Close

Audit Findings

- ▶ Distribute auditor's findings to stakeholders
- ▶ Summarize auditor's findings for management
- ▶ Remediate findings and save proof of remediations
- ▶ Engage procurement for a financial resolution if needed

Post Audit

- ▶ Implement corrective actions to address compliance issues
- ▶ Document lessons learned, and add to audit response plan
- ▶ Establish an internal audit procedure
- ▶ Conduct internal audits regularly



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Q & A

- ▶ Questions or comments?
- ▶ What did we miss?
- ▶ Other things to consider?
- ▶ Your audit stories...



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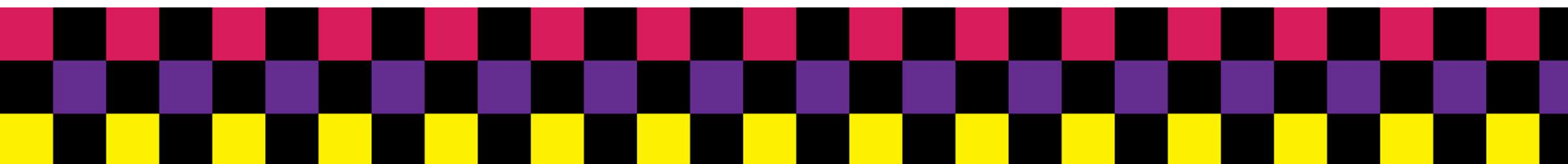


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Sources

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