



Software Strategies for Small Businesses: Best Practices for Software Compliance

Small businesses are an integral part of the U.S. economy, representing 99.7 percent of all employer firms and accounting for half of all private sector employees. They also produce 13 to 14 times more patents per employee than large patenting firms, and these patents are twice as likely as those from large firms to be among the 1 percent most cited. But small businesses put all of this success and innovation at risk if they do not properly manage their software assets. In 2005, approximately 21 percent of software installed on U.S. computers was unlicensed, resulting in more than \$6.9 billion in losses.

To help American small businesses avoid the risks of unlicensed software, the **U.S. Small Business Administration** and the **Business Software Alliance** are partnering for a yearlong education program: *Software Strategies for Small Businesses*. By following the best practices outlined here, small businesses can protect themselves from the legal and financial consequences of using unlicensed software.

Establish a Responsible Software Policy

The first step to managing your software assets is to develop guidelines concerning the illegal copying and use of commercial software in your business. Formalizing a software policy statement will not only help guide software decisions, but it will also demonstrate to employees the importance of using only licensed software.

For a sample small business software policy that can be customized for your business, please visit www.SmartAboutSoftware.org.

Communicate Software Policy to Internal Staff

Once you have established a software policy, it is important to educate employees about the policy. SBA and BSA recommend distributing it to current employees, including it in orientation materials for new employees, posting it on company bulletin boards, and making available on company computer networks. Even after your software policy is established, remind employees about the security and financial risks associated with unlicensed software by hosting an annual meeting with employees to review and answer questions regarding the policy.

For a sample memorandum to employees about software use, please visit www.SmartAboutSoftware.org.

Centralize the Compliance Process

Your software policy will only be effective if someone at your business is responsible for enforcing it. SBA and BSA recommend assigning an individual or team to manage the compliance process, including maintaining a central file of all original materials such as manuals, registration cards,

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license agreements, and receipts for each software purchase. Small businesses can additionally require that all software purchases be made through a designated company authority, and that software purchase requests be made in writing and approved by a manager.

Purchase From Authorized Dealers

To ensure that the software you are purchasing is legal, buy only from authorized dealers or through reputable application service providers (ASPs).

Audit Your Assets

Software is a valuable asset to your small business, and regular auditing is imperative to protect your business and ensure compliance. Audit office computers and laptops on a monthly basis, maintaining a database of owned licenses and authorized users as well as deleting unlicensed software or obtaining any licenses needed for compliance. SBA and BSA also recommend conducting periodic spot checks to ensure compliance.

SBA and BSA offer free software audit tools at www.SmartAboutSoftware.org.

Enforcement

Because the stakes are so high for small businesses, it is imperative to ensure that the software policies in place are followed. Noncompliance puts your business at risk for legal action, fines of up to \$150,000 per violation, and could open your network to viruses and security breaches.

To ensure accountability and understanding, SBA and BSA recommend requiring employees to sign a corporate software policy statement. Employees found in violation of the policy may be subject to termination.

Keep Informed

Stay up-to-date on emerging software piracy trends to better understand how to protect your network security and business from software piracy threats. Visit www.bsa.org for the latest information about and tools for responsible software management.

Work With Software Associations

Software management is critically important for every small business, but it can sometimes be difficult to start a program for the first time. Software associations such as the Business Software Alliance (BSA) have the expertise to help you ensure software compliance. BSA offers software asset management tools and resources to help small businesses establish and enforce sound software management programs. Contact BSA at 1-888-NO PIRACY or www.bsa.org.

For other small business questions, contact SBA at 1-800-827-5722 or www.sba.gov.

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