

Getting Started with IT Asset Management

SYSTEMSALLIANCE
Think Big. Work Smart.

A Systems Alliance White Paper written by Ed Coram

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Introduction

Five years ago, Meta Group reported U.S. corporations wasted \$90 billion buying assets already owned, buying the wrong technology, and making lease payments on equipment already returned. Since then IT Asset Management has been increasingly identified as one of the keys to an effective IT operation. A recent Gartner report noted that 75 percent of companies are exposed to the risks of overspending on and sub-optimal use of IT assets and projects, that those companies committing a minimum of three percent of their IT operating budget to IT asset management programs and tools can expect a 25 percent reduction in the total cost of ownership.

As the statistics above indicate, there is value to be gained through the effective management of IT assets. All too often though, the fact that IT assets aren't being managed effectively, surfaces when a problem arises (e.g., a suspected impropriety creates the need for a reconciliation of invoice data with the assets on hand). Is your company one of the few currently realizing the benefits of effective IT asset management or are you waiting for a problem to spur you to action? In this white paper we provide a quick assessment tool that will help you determine if action is required and if so, how to get started.

The Case for IT Asset Management

Over the past 12 months Systems Alliance has helped multiple clients address issues that highlighted the importance of effective IT asset management. In two unrelated instances the clients were concerned about the potential implications of employee improprieties they had discovered. In each case the client suspected they had been significantly overcharged for many assets and had never actually received a substantial number of the assets paid for. In both instances, the analyses produced similar results – and highlighted critical problem areas an asset management program would have addressed, including:

“All too often the fact that IT assets aren't being managed effectively, surfaces when a problem arises.”

Procurement

1. The absence of full life-cycle asset management processes aided and abetted efforts by client employees to engage in fraudulent activities.
2. The absence of reviews and controls around the procurement process enabled the purchase of hardware, software and consumables from spurious entities.
3. The failure to institute periodic pricing reviews hid the fact that asset costs were not in line with market pricing.
4. The failure to reconcile goods received against original purchase orders obscured the fact that components ordered were being replaced by lower-end components.
5. The absence of vendor invoice reviews inhibited the discovery of inconsistencies that would have raised flags months, if not years, sooner.

Deployment & Utilization

1. Inconsistencies in the capture and recording of asset data (e.g., make, model, configuration, serial number, cost, purchase date, owner, warranty and license information) made it especially difficult to reconcile asset records and invoice data with the assets on the ground.
2. The absence of an asset information repository obscured visibility into the wide variety of operating system versions deployed, inhibited the effective distribution of software patches

and upgrades and increased the time and effort required to provide desktop support to end-users.

Decommission and Disposal

1. The failure to collect and record asset information at time of purchase and to maintain accurate information throughout the asset life-cycle inhibited accurate accounting for asset depreciation and disposal.

“Through 2008, 30 percent of large enterprises will experience at least one on-site software audit per year (0.7 probability),”
Gartner – Prepare for Continued Software Audits in the Short Term, Jan 2006

The issues faced by these two clients surfaced as a result of employee improprieties. However, a spot audit by either the BSA (Business Software Alliance) or SIIA (Software and Information Industry Association) can lead to similar results; the realization that your business incurs substantial risk simply because insufficient attention has been paid to the management of IT assets. The BSA collects fines of up to \$150,000 for every unregistered software program installed on a company's computers and the inability to prove installed software has been legitimately licensed can trigger those fines.

IT Asset Capability Maturity Model

The IT Asset Capability Maturity Model chart below provides another perspective on the opportunities for and benefits of effective IT asset management. It shows how, as companies become implement more effective asset management processes, they accrue greater savings.

Level	Characteristics	Savings Observed <small>Source: META Group</small>	Company Distribution <small>Source: Gartner Group</small>
High ↑	Value Oriented <ul style="list-style-type: none"> Utilizing cross-organizational and cross-discipline techniques to maximize asset value and minimize costs Tracking and realizing concrete savings 	45%	5%
	Service Oriented <ul style="list-style-type: none"> Asset management integrated with back-end systems (e.g. HR, Finance, Help Desk) Leveraging cross-organizational information 	35%	
	Proactive <ul style="list-style-type: none"> Formalized processes in place Policies and procedures are linked Asset discovery tool and centralized repository 	15%	20%
	Reactive <ul style="list-style-type: none"> Fire fighting mode Beginning to see policies defined and implemented Rudimentary process development 	5%	75%
Low ↓	Chaotic <ul style="list-style-type: none"> No formalized process Disorganized approach to asset management 	—	

Where is your organization on the maturity scale?

IT Asset Management – More than an Inventory

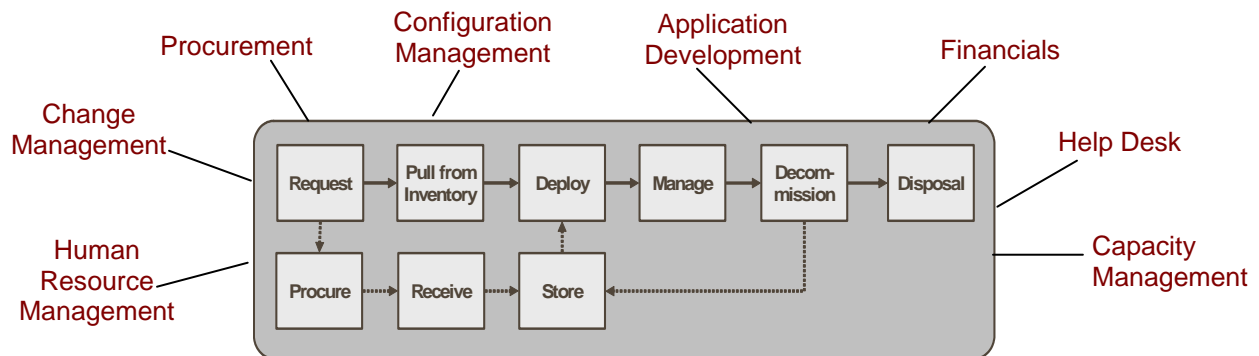
Often, when clients are asked for a definition or description of IT asset management, the response typically starts and ends with the creation and maintenance of an asset inventory. Effective IT asset management is much more than that.

Gartner defines IT asset management as the combination of tools, processes and organizational interfaces that financially manage, optimize and dispose of IT assets.

“Increasingly, savvy organizations are realizing that a sound IT asset management program is now a mandate for business success. But that new reality - ITAM as a disciplined business practice — requires you to reexamine the old approaches and their ad hoc collection of tracking devices and negotiation strategies. To move your ITAM program to the next level, and leverage the significant strategic value it offers to the business side, demands new thinking - both strategically and tactically.”¹

IT Asset Management is about using accurate physical, financial and contractual asset information to make business decisions that result in better risk management, cost management and operational efficiencies.

When done properly, asset management has ties to all key IT planning and management processes and systems, including procurement, HR, help desk, change and configuration management, financials, and capacity management. As depicted in the diagram below, effective IT asset management processes span the full asset life cycle.



The failure to manage IT assets through their complete lifecycle (i.e., from requisition to retirement and disposal) increases the likelihood that a business is a) under utilizing and/or not using software and hardware assets that have been purchased, b) poorly managing vendor relationships and not maximizing organization-wide purchasing power, c) incurring unnecessary and/or inappropriate support expenses, d) incurring inappropriate lease and maintenance expenses, and/or e) using unlicensed software.

¹ Gartner IT and Software Asset Management Summit, Overview, September 18 - 20, 2006.

that meet the specific needs defined and are a fit for the company from a technology and operational perspective. A disciplined evaluation and selection process is critical to success.

The use of proven request for proposal and product evaluation templates can often be used to expedite the process, facilitating the definition of detailed, client-specific requirements, the actual evaluation process, and the collection and summarization of vendor and tool evaluation results. Systems Alliance leverages a Delphi evaluation tool to help clients define the relative priority of various product requirements and to evaluate alternative products in consideration of those priorities.

- 3. Implementation Planning: It happens all the time.** Companies do a rigorous job of tool evaluation and selection, but end up with an unsuccessful implementation. More often than not, the problem can be traced to issues in the implementation planning process. The keys to successful implementation planning for IT asset management are not unlike those for other projects.

Deployment tasks	Calendar											
	Rx1	Rx2	Rx3	Rx4	Rx5	Rx6	Rx7	Rx8	Rx9	Rx10	Rx11	Rx12
Project Kickoff												
Validate project charter & plan												
Assemble project team												
Process Definition												
Identify key process components												
Develop detailed process flows/descriptions												
Identify critical integration points												
Define staffing requirements, R's and R's												
Define performance metrics												
Hardware/Software Acquisition												
License ITAM tool												
Validate hardware requirements												
Acquire required hardware												
Install software/hardware												
Pilot Implementation & Test												
Production Rollout												
Project Completion & Shut-down												
Project Management Checkpoints												

- **Clearly defined project objectives and deliverables** help to focus the project team and assure expectations are aligned.
- **Identification of the project sponsor and definition of the governance structure** increase the likelihood that critical decisions will be made on a timely basis.
- **The definition of tool acquisition, integration and implementation tasks** provides those involved with a clear view of all tool specific activities and their interrelationships.
- **Identifying and addressing related process changes** helps assure operational as well as technology issues are being considered.
- **The inclusion of communication and change management tasks** in the plan addresses an often overlooked component of most every implementation effort (i.e. the people impacted).
- **The definition of key resource requirements** (e.g. staff, budget) assures the required commitment and level of investment are understood before the project is initiated.

The chances for successful implementation of an IT Asset Management solution increase dramatically when the implementation plan meets each of the requirements listed above.

4. Deployment: While the implementation plan provides the roadmap for deployment, successful execution of the plan will result in the deployment of the asset management solution and the delivery of a roadmap for ongoing asset management in the form of process and tool documentation and training.

The documentation should provide detail for each process step including the role involved, the activity performed, the tool or interface used and the result produced.

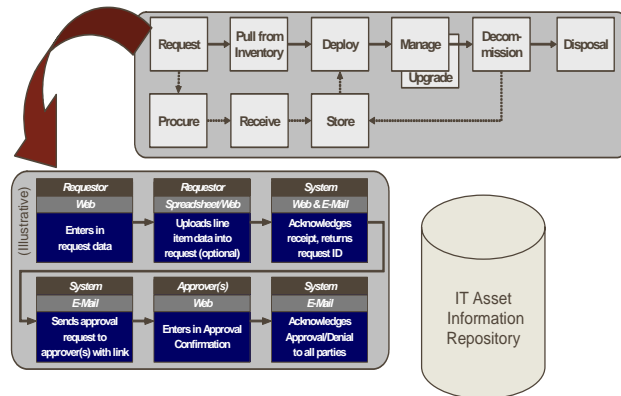


Figure 6

As noted in figure 6, an asset information repository is required to house asset specific information and facilitate asset related reporting.

IT Asset Management Effectiveness – A Self Assessment

How well are your IT assets being managed? Not sure? Here is a short questionnaire you can use to gauge the effectiveness of your asset management program.

#	Quick Assessment	Yes	No
1.	Do you have an accurate inventory of IT assets (hardware and software)?		
2.	Do you know where your IT assets are located?		
3.	Do you monitor IT asset utilization levels?		
4.	Do you know how much your IT assets cost and the specific business functions they support?		
5.	Are you leveraging your purchasing power?		
6.	Are the appropriate license and maintenance agreements in place?		
7.	Are you getting the support you need?		
8.	Are you paying only for the support you need?		
9.	Are you accurately depreciating and amortizing your IT assets ?		
10.	Are assets decommissioned and disposed of on a timely basis?		

One or more no (or I don't know) answers could be an indication that you have some work to do.

Additional Benefits

If inhibiting fraudulent activity and reducing the potential downside of a BSA or SIIA audit are not benefit enough, implementing an IT asset management program can provide value in other ways. An effective IT asset management program can also:

- Facilitate the location of information about assets that enables the organization to secure those assets from threats and remediate vulnerabilities.
- Keep track of assets that must be turned in and properly disposed of so issues related to security, intellectual property rights, licensing compliance, regulatory concerns and environmental risks do not arise.
- Facilitate the provision of asset ownership, utilization and lifecycle maintenance information for use during contract negotiation and renewal discussions.
- Enable the identification of redundant and/or underutilized assets, helping to reduce overall IT costs.
- Enable the collection of asset usage information for use during budgeting, planning and cost-allocation processes.
- Facilitate the development of effective exit strategies for obsolete technologies.

To find out more about how your organization could benefit from IT Asset Management, contact ITAM@systemsalliance.com

About Systems Alliance

Systems Alliance, Inc. is a regional systems integrator, technology consultancy and software development firm. Our approach focuses the sophisticated project management methods of global systems integrators on discrete and well-defined engagements. As a result, we continually please clients by delivering high-value solutions to their most complex challenges. Headquartered in Sparks, Maryland with a regional office in Raleigh, North Carolina, Systems Alliance serves Fortune 1000, state and local government, higher education and healthcare clients throughout the mid Atlantic and Southeastern United States. To learn more, please visit <http://www.systemsalliance.com>.

About the Author

Ed Coram is the director of the Systems Alliance Process and Performance Improvement practice. He has 25+ years experience in large-scale IT environments and has successfully managed performance improvement and cost savings programs for Fortune 1000 companies across a wide range of industries.