

# IT ASSET MANAGEMENT SELECTED BEST PRACTICES

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*By Sherry Irwin*

## **INTRODUCTION**

As the discipline of IT asset management (ITAM) began to evolve in the early 90s, organizations often asked: **What** is IT asset management and **why** would we want to do it – what are the benefits? In recent years, ITAM has developed into a mature discipline, for which the potential benefits are well documented and generally understood. The challenge for many organizations continues to be **how** to implement ITAM best practices that will return the promised 5 to 25 percent cost savings and other benefits.

With reference to Gartner's ITAM maturity model, and consistent with our experience, over fifty percent of organizations are still *chaotic* or *reactive* in their ITAM programs, suggesting that there continues to be a significant gap between understanding and execution. This article will outline some of the most important steps to include for a successful ITAM implementation, based on many years of personal and client experience.

## **IT ASSETS AND IT ASSET MANAGEMENT DEFINED**

IT assets include purchased, leased or licensed hardware, software, and related contracted services – all of which involve external parties (suppliers) to which there are financial and legal obligations, as well as potential liabilities. While most ITAM practices are relevant to in-house developed applications and other forms of intellectual property, these other 'assets' are usually out-of-scope in the short to medium term, since external parties are not involved to the same degree, if at all.

We define IT asset management as “*a combination of **processes and policies, data and technologies, and organization/staffing** necessary to ensure the effective acquisition, deployment, use, maintenance, and disposal of IT assets.*” IT asset management ensures *maximum benefit* from IT investments at *minimal cost* and with *acceptable risk*.

It is also important to differentiate between *IT asset tracking* and *IT asset management* – a common source of confusion and missed expectations, especially in selecting supporting products and services. From a data and technology perspective:

- **IT asset tracking** deals with the *physical* details of IT assets (e.g., name, model, location, status), as required for IT operational functions such as planning, deployment, operation, support and service. The focus is on assets as deployed and, possibly, used. Enabling

technologies include automated inventory discovery, electronic software distribution, and usage metering.

- **IT asset management** deals with the *fiscal* (financial and contract) details of IT assets, in support of IT business management functions: contract, license, vendor, and risk management. The focus includes assets as acquired, as well as deployed and used. An IT asset repository, with a robust data model and functions such as workflow management, is needed in support of IT asset management, as well some level of IT asset tracking.

From a process view, holistic ITAM is a *meta-process*, comprised of multiple functions, processes, and activities, both within and external to IT; many are not owned by the ITAM function, but must be influenced by the ITAM function, in order to meet the ITAM objectives.

### ***WHY IT ASSET MANAGEMENT?***

For most organizations, and the industry overall, the key ITAM driver has been *cost reduction and control* – the economic downturn in the early 2000s was a catalyst for ITAM for that very reason.

*Risk reduction* is another driver – increasingly surpassing cost reduction. Organizations have long been concerned about legal and financial exposure resulting from non-compliance with software licenses; compliance with financial, environmental, and other regulatory requirements is now another area of focus. From a pure operational perspective, ITAM can also support security and disaster preparedness – also a high priority for most organizations today.

As ITAM matures, the focus expands to include *maximizing benefits* from IT investments – the next frontier.

### ***SELECTED ITAM BEST PRACTICES:***

- ***Prioritize:*** Understand that, unless your organization has unlimited resources, it won't be possible to implement ITAM for all IT assets in the first year or even two years; it will be necessary to prioritize both the IT assets and supporting lifecycle processes, and to phase the implementation accordingly. Prioritize the asset portfolios based on their relative magnitude, as measured (if only as an estimate) by the number of assets and locations, expenditure, budget, and number of associated contracts, vendors and invoices. In addition, take into consideration any known issues or opportunities for specific portfolios, which may raise their priority (e.g., pending lease termination or a desktop refresh). Similarly, IT asset lifecycle processes should be prioritized based on their relevance to specific ITAM objectives and how well they are currently performed. Phase the implementation based on the identified priorities, but with the flexibility to accommodate changes in priority based on new or changed circumstances.
- ***Organization:*** Establish a centralized, dedicated, and adequately staffed ITAM function, with the mandate and authority needed to meet the identified objectives – directly or by influencing other departments' practices where necessary. Cross-functional teams, including legal, finance, human resources and other departments, must be involved in specific ITAM initiatives to ensure that key business, technical and other issues are addressed. Based on successes, the mandate, influence and size of the IT asset management department will

increase over time, and it will be increasingly perceived as a service function rather than a control function.

- **IT Asset Inventory:** As with anything else, you need to know what IT assets you have in order to manage them. To that end, an IT asset inventory should be maintained, ideally including financial and contractual data. Data standards are critical – a must for data analysis! Identify all IT asset lifecycle processes in which IT asset data could be entered and updated, and by whom; define policies for data entry or update and automate where feasible.
- **IT Contract Management:** Include contract negotiations and management in the scope of your ITAM initiative – much of the tangible savings results from improved terms and conditions related to both the acquisition and the ongoing use of the asset. Maintain a checklist of terms for consideration in any negotiation, and revise for specific transactions. Post-execution, monitor both parties' compliance to the contract, addressing instances of non-compliance as appropriate; in particular, ensure that the supplier complies with any negotiated terms (e.g., discounts) which are often forgotten after the deal is done. A higher level of vendor management is additionally achieved through proactive contract management, often resulting in better service and support.
- **Change Management:** IT asset change management (IMACs - Installs, Moves, Adds, Changes) has been justifiably characterized as the “unanticipated abyss” in ITAM implementations. Change management is critical in two ways:
  - In the change *planning* phase, as a means to assess if proposed changes are compliant with any governing contracts, especially for software where license agreements may not support certain changes; for non-compliant changes, the financial impact and/or alternatives can then be considered and, if necessary, appropriate rights obtained *before* a non-compliant change is made.
  - In the change *implementation* phase, as a means to ensure pertinent IT asset data is updated to reflect a completed change; for example, asset version, location or allocation.Although the ITAM function doesn't typically own the change management process, it is dependent on it for basic IT asset tracking and as a means to ensure software license compliance. Somewhat surprisingly, few organizations have mature, cross-platform change management processes, a situation which can compromise ITAM benefits.
- **Usage Management:** A more recent ITAM focus is on the actual usage of IT assets, especially software. In many instances, assets or services are either not used or are under-used, such that cancellation or a reduced commitment is feasible; in some cases, the product or service is no longer even installed, yet invoices continue to be paid!
- **Invoice Verification:** Invoices are an extension of the contract, and must be managed as such. One of the most effective, proven methods to achieve often significant savings is to verify invoices against a number of criteria including the contract terms, as negotiated, as well as asset usage and value.
- **Monitor Industry Trends and Practices:** Industry trends or changes in supplier practices can often impact specific IT asset portfolios, affecting their cost and viability; this is most evident with software, where vendors frequently change the license and/or support terms to generate additional revenue. Proactive ITAM requires an enterprise-level *awareness* of relevant trends, issues and practices; an *assessment* of their impact; and a response, both internal to the organization and to external suppliers, as appropriate.

## *CONCLUSION*

In my experience, ITAM typically results in significant and tangible benefits in the short to medium term – a rarity in the IT industry. Organizations that have been successful in their ITAM initiatives reap tremendous financial, technological and competitive advantage over their industry peers. The imperative is to get started, in some way, now rather than later. Time is your enemy – the longer you wait, the bigger the problem will get and more money will have been wasted!

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