

## Cost Cutting in Enterprises, and Six Ways Identity and Access Management Programs Can Help, 2009 Update

Earl Perkins

Identity and access management (IAM) programs play a key role in cutting IT enterprise costs. Optimizing IT infrastructure spending is an opportunity for IAM programs to deliver value beyond compliance services.

### Key Findings

- Information security and risk management programs, and IAM initiatives in particular, may face somewhat less cost-cutting pressure than other areas of IT, but will not be exempt from such pressure.
- Effective IAM programs can enforce IT austerity programs, enable the rapid outsourcing of IT services, establish metrics for measuring the impact of cost savings and create further cost-saving options.
- Even without major IAM technology investments, cost savings can be realized by optimizing identity infrastructures, processes and organization networks.
- Cutting IT costs can increase risk, and organizations must seek an appropriate balance between risk and cost reduction. IAM programs can mitigate some risk by providing change management for access to vital corporate assets.

### Recommendations

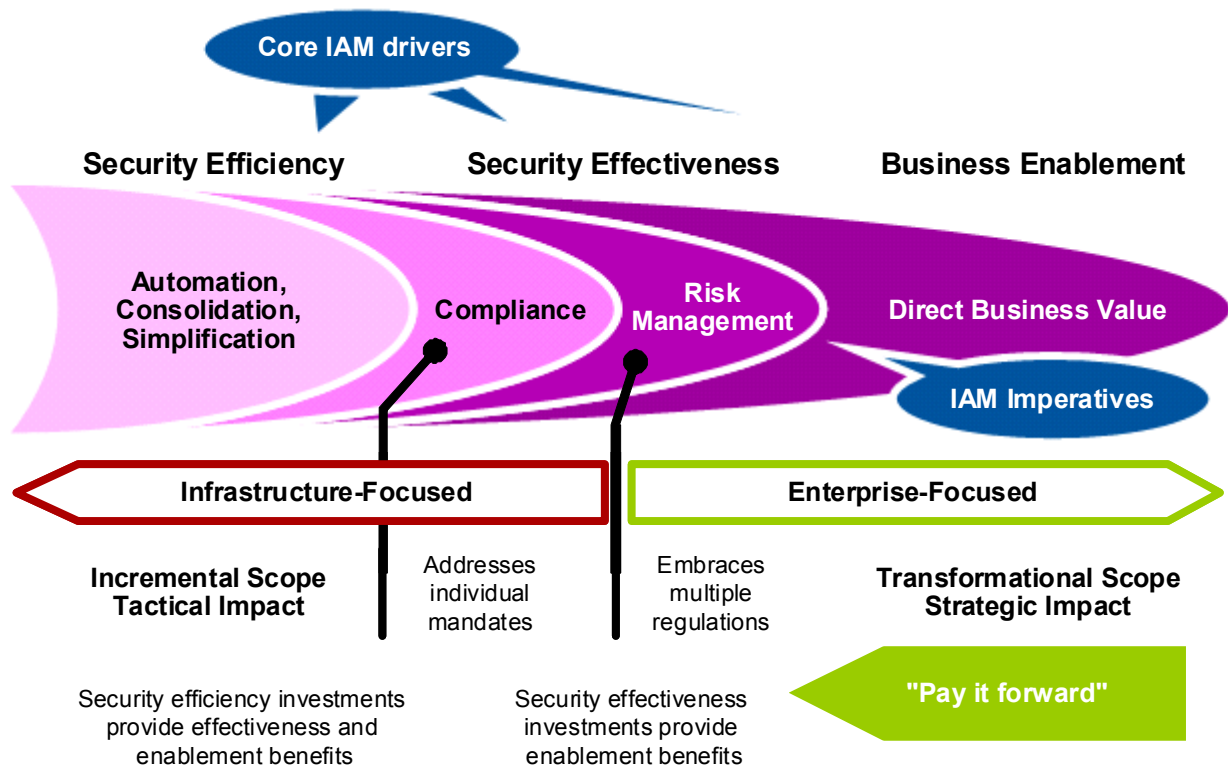
- **Enterprises with established IAM programs:** Exploit IAM assets to choose and align performance metrics that are consistent with the goals of cost-cutting programs. Use the metrics to prioritize IAM services in the IT savings program, and target key reductions in personnel, time and funding.
- **Enterprises currently deploying IAM technologies:** Map out IT savings program initiatives to IAM project phases to reprioritize deployment plans. Develop IAM performance metrics if they are not already available.
- **Enterprises planning IAM technology deployments:** Document key identity repositories, map key identity and access workflows, and identify organizational teams dedicated to IAM to prepare for project downsizing and cost-cutting discussions.
- **Enterprises with immature or nonexistent formal IAM programs:** Review your IT infrastructures and standard operating procedures, and look for IT cost-cutting opportunities through security efficiencies that don't compromise security effectiveness.

## ANALYSIS

The worldwide economic crisis continues to deepen, placing intense pressure on enterprises everywhere to cut costs. IT budgets are under cost-optimization scrutiny in virtually every enterprise and across every industry sector, and information security and risk management budgets — including those for IAM projects and programs — are no exception. Gartner research has shown that effective, well-designed IAM deployments can actually help enterprises reduce or at least contain costs. This document, based on extensive Gartner research, presents six key ways that enterprises can achieve these goals.

Gartner research has identified a consistent set of business drivers for and benefits of IAM programs (see Figure 1). The primary drivers for IAM programs are security efficiency, security effectiveness and business transformation, with security efficiency typically the highest priority.

**Figure 1. IAM Drivers and Benefits Mapped to Key Business Imperatives and Cost Control**



Source: Gartner (February 2009)

Enterprises can reduce or contain costs, while improving their ability to meet specific service-level targets, through a combination of process improvements, organizational changes and technology implementations that can streamline processes, reduce the time required to perform procedures, and reduce errors and the remedial costs associated with them. (Many IT organizations have identified immediate efficiency benefits simply by documenting their basic IAM assets and processes.) Effective IAM programs offer key benefits to enterprises. They can simplify IT infrastructures and save operation costs, depending on where and how the benefits are realized. Misguided attempts to reduce or eliminate IAM programs during periods of economic uncertainty can prevent enterprises from realizing these benefits.

IAM technologies and processes can help enterprises cut or contain costs in six key ways.

## Reducing Reputational Risk

Reputational risk can arise from retaliatory actions taken by current or former employees facing an uncertain job market (see "Best Practices in Information Security Before, During and After Employee Downsizing"), or predatory actions taken by competitors seeking to exploit vulnerabilities in identity infrastructure. When a workforce reduction or enterprise restructuring becomes necessary, the access privileges of former employees and contractors must be revoked so that these individuals no longer have access to enterprise networks, applications and other vital resources (including business partner's applications). An effective IAM solution enables such revocations to occur quickly, and to be monitored and audited to reduce reputational risk. This rapid revocation process reduces the turnaround time for the restructuring and change management that inevitably occur during these periods and is administered by fewer people than manual deprovisioning.

- **Example action:** Evaluate the potential use of governance of access, role management or risk management IAM tool deployments to track and report access risk.
- **Range of potential savings:** This is defined by the mitigation of the risk level and the consequent financial impact associated with threats.
- **One-time cost to implement:** This is the cost of implementing the tool (software licensing plus project costs), plus the cost associated with training business analysts to ensure that reporting efforts are maintained.

## Enforcing IT Austerity Programs and Improving Operational Efficiencies

More-effective IT cost control during an enterprise austerity program includes the ability to match identities to resources, whether the resources are automated timesheets, or expense or financial accounting systems. IAM programs enable the decommissioning of other identity stores and leverage/retask hardware, software and operating system licenses for other purposes. IAM programs also provide a comprehensive foundational infrastructure (depending on its scope and maturity) that permits access only to services defined as necessary by such programs and can provide complete audit-tracking capabilities to those services for purposes of chargeback and accountability. IAM programs further enable enterprises to recertify levels of access during austerity efforts and permit managers to attest that entitlements are appropriate for their workforce, enabling greater control of the program at all levels.

- **Example action:** Analyze and modify disparate identity administration processes to enforce austerity, remove inefficiencies and recover consolidated licenses. This can be done without purchasing user-provisioning or workflow tools if time is critical.
- **Range of potential savings:** This is one to two times a full-time equivalent (FTE), depending on the size of the organization.
- **One-time cost to implement:** This is the cost of new or redirected business process analysts for six months.

## Enabling Rapid Service Sourcing

Outsourcing IT services is a cost-cutting step that enterprises frequently take, particularly during periods of economic uncertainty. The outsourcing decision must be based on many factors, one

of which is the ability to quickly transition IT services from on-premises to off-premises. IAM foundations enable outsourcing planners to:

- Identify key repositories of identity data for employees, partners and customers
- Map out (and possibly automate) process workflows for provisioning, deprovisioning and privilege assignments
- Provide on-demand audit reports of authentication, authorization and administration events

These foundational actions reduce the time required to move selected IT services into a sourcing arrangement and enable the costs for the IAM infrastructure to be calculated accurately if sourcing for these IT services is required.

- **Example action:** Audit IAM resources to assess the feasibility of sourcing opportunities based on price and availability. The results will provide a foundation for restructuring.
- **Range of potential savings:** This is one-half to one FTE, depending on the size of the IT organization.
- **One-time cost to implement:** This amounts to three to six months, depending on the size of the IT organization and the relative needs of other sourcing opportunities.

## Establish Benchmarks and Metrics

When enterprises are cutting IT costs, IAM-related metrics play a crucial role in identifying key measures that serve as performance benchmarks for the cost-optimization program. The IT organization can identify metrics that can best be used to track progress in savings in priority areas (for example, process fulfillment, transaction volume and time to delivery). Establish and document expected change factors, such as increase, decrease and no change, as initial indicators. IAM reporting provides a rich set of initial metric options that serve as a starting point for the establishment of benchmarks to help measure IT cost-cutting performance. You can use these benchmarks to validate the IT savings program and the role IAM plays in IT savings.

- **Example action:** Deploy an IAM governance program that establishes performance benchmarks for tracking costs. Identify IAM audit reports that can assist in reporting costs and metrics.
- **Range of potential savings:** This is undetermined.
- **One-time cost to implement:** This includes tools, one month to set up the templates, FTE time and the costs of setting up governance organizational steps.

## Supporting IT Alternatives

Enterprises seeking to save on IT costs inevitably, and rightly, look at alternative ways to use IT. These may include enabling more-flexible working hours, allowing employees to work from home, transitioning IT employees to different duties and using temporary staff more extensively. These alternatives need to be undertaken without incurring additional operating costs, and access across networks, applications and services must remain seamless and must be provided quickly if real-world savings are to be realized. Meanwhile, the enterprise must maintain segregation of all employees' duties, and transitioning will require flexibility in approving and assigning privileges. This is achieved by an access control layer to mediate remote/partner-based access, and by an identity administration and intelligence layer to deliver higher-level process and governance capability over the identity life cycle.

- **Example action:** Reduce help desk call volume related to password management by implementing self-service password reset, or an enterprise single sign-on (ESSO) tool based on a hybrid telecommuting-at-work model.
- **Range of potential savings:** The range of potential annualized savings is 70% of password-related help desk costs.
- **One-time cost to implement:** This includes tool costs and three to six months of one integration specialist's FTE. Expect a longer return on investment for ESSO (one to two years) than for password management (six months to one year).

## Reducing Application Development Costs

An IAM program enables greater flexibility and more timely changes to support business initiatives, including new product and system rollouts. Removing embedded IAM capabilities from applications (for example, changing development practices that hard-code authorization in the application) enables developers to concentrate on meeting business aims and objectives. This is a longer-term effort toward cost savings. But to realize them, the process must begin immediately.

- **Example action:** Establish a secure development life cycle program with an effective application authorization management framework.
- **Range of potential savings:** One to three FTEs, depending on the size of the organization.
- **One-time cost to implement:** This includes six to 18 months for one system with embedded authorization, and two to three years for more applications, depending on the size of the organization. This is a long-term goal.

Gartner has developed a simple decision framework for enterprises that wish to use IAM in their cost-optimization efforts, with ratings for benefit, impact and risk (see Figure 2).

Figure 2. IAM Decision Framework

	Benefits		
	Low	Medium	High
<ul style="list-style-type: none"> <li>• <b>Potential Benefit</b> <ul style="list-style-type: none"> <li>- How big is the cash saving if the action is implemented?</li> </ul> </li> </ul>		>10% reduction IT operations, audit, contract costs	
<ul style="list-style-type: none"> <li>• <b>Customer Impact</b> <ul style="list-style-type: none"> <li>- What impact will this have on customers?</li> </ul> </li> </ul>	Potential process changes		
<ul style="list-style-type: none"> <li>• <b>Time Requirement</b> <ul style="list-style-type: none"> <li>- Can you capture the savings in this fiscal year?</li> </ul> </li> </ul>		3-12 months, depending on scope, level of effort	
<ul style="list-style-type: none"> <li>• <b>Degree of Organizational Risk</b> <ul style="list-style-type: none"> <li>- Will your leaders ensure the changes are made? Is your organization capable of adapting to the changes?</li> </ul> </li> </ul>			Requires some organization (skill set) and process changes, acceptance
<ul style="list-style-type: none"> <li>• <b>Degree of Technical Risk</b> <ul style="list-style-type: none"> <li>- Is there a risk that the change will undermine the ability of your systems to deliver?</li> </ul> </li> </ul>		Depends on tool introduction, low-to-medium risk	
<ul style="list-style-type: none"> <li>• <b>Investment Requirement</b> <ul style="list-style-type: none"> <li>- Does the change require a large upfront investment before savings can be captured? Is the organization willing to make an investment at all?</li> </ul> </li> </ul>		May require management time, some IT tools	

Source: Gartner (April 2009)

## RECOMMENDED READING

---

"Federated Identity Management Provides Limited Cost Savings"

"Identity and Access Management Technologies Defined, 2008"

"Justify Identity Management Investment With Metrics"

"Managing Professional Services Costs in User-Provisioning Technical Implementations"

"Model-Driven Security: Enabling a Real-Time, Adaptive Security Infrastructure"

"Best Practices in Information Security Before, During and After Employee Downsizing"

## REGIONAL HEADQUARTERS

---

### Corporate Headquarters

56 Top Gallant Road  
Stamford, CT 06902-7700  
U.S.A.  
+1 203 964 0096

### European Headquarters

Tamesis  
The Glanty  
Egham  
Surrey, TW20 9AW  
UNITED KINGDOM  
+44 1784 431611

### Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.  
Level 9, 141 Walker Street  
North Sydney  
New South Wales 2060  
AUSTRALIA  
+61 2 9459 4600

### Japan Headquarters

Gartner Japan Ltd.  
Aobadai Hills, 6F  
7-7, Aobadai, 4-chome  
Meguro-ku, Tokyo 153-0042  
JAPAN  
+81 3 3481 3670

### Latin America Headquarters

Gartner do Brazil  
Av. das Nações Unidas, 12551  
9º andar—World Trade Center  
04578-903—São Paulo SP  
BRAZIL  
+55 11 3443 1509