

Seize IT Asset Management Best Practices to Conquer Complexity

Alvin R. Park

Dynamic changes in the business climate mandate that IT asset managers accept broader responsibilities.

ANALYSIS

Not long ago, IT asset management primarily involved acquiring hardware and software; little attention was paid to managing assets through their life cycle. Today, IT asset managers can count on two certainties when looking to the future: increased configurational complexity and expanded management responsibilities. The costs to maintain IT assets in operational mode (including hardware, software and support services) represent 40 percent to 60 percent of the overall IT operations budget. In the face of mounting marketplace pressures, organizations expect IT asset managers to seek opportunities that create competitive advantage and make positive contributions to the business' bottom line. Numerous factors compound this challenge, including:

- Evolving licensing models
- Changes in workforce structures and how individuals use technology
- Changes in the supplier landscape

We have fielded many questions regarding ongoing permutations in the business environment. Thus, our research agenda for 2005 includes exploring a key Client Issue, which we address in this Spotlight: How will continued growth in IT infrastructure complexity affect IT asset management?

The short answer (although not the only answer) is that to do their jobs well, IT asset managers clearly must be specialists in the disciplines involved in procurement, as well as proactive generalists who can identify how to best match changes in the supplier marketplace and business environment with enterprise needs. In the face of this mandate, there is some good news. Never before have there been so many opportunities for IT asset managers to have a demonstrable and quantifiable impact on their organizations' success. In this Spotlight, we offer guidance to help IT asset managers tackle the challenges that comprise the discipline of IT asset management.

Read Between the Licensing Lines

Fundamentally, asset managers must be able to provide users with the software and hardware they need to do their jobs. This might appear to be a simple matter; however, given the complex array of systems most organizations employ and the fluctuating usage requirements, asset managers who don't perform the necessary due diligence risk missing out on the best deals for their businesses. Some key tactics that asset managers can employ include:

- *Profiling Users:* This information can be used to negotiate custom, lower-priced categories that can reduce software licensing costs by 10 percent to 20 percent, even with large, enterprise application vendors, which often have rigid licensing user categories and definitions. In "Define User Categories to Reduce License Fees With Large Enterprise Application Vendors," Alexa Bona describes how, even though this process can be handled manually, asset tracking and software usage tools (sometimes called software metering tools) can identify the least- and most-used applications in a suite of products, how to negotiate a tiered system of user types based on this data and caveats to look for in vendors' definitions of user categories.
- *Confirming Software Inventory:* At the receiving end of the tactical spectrum, Jane Disbrow points out the importance of confirming your software inventory (see "Asset Management Best Practices: Confirm Software Inventory"). Each year, businesses should reconcile their inventory with vendors and require written verification of that inventory from each vendor. Many situations, such as the frequent mergers and

acquisitions (on the part of the customer as well as the vendor) and the rebundling and renaming of products that take place in today's business climate make this an imperative.

Examine the Risks

Asset managers looking for cost-cutting opportunities sometimes seize opportunities with complicated implications. In the following research, we provide examples of cost-cutting opportunities that exemplify this point:

- In "Think Twice Before Embracing Streaming Technology for PC Applications," Alvin Park and Mark Margevicius describe how streaming technology — a nascent tool that segments the downloading of applications into small segments, thereby allowing businesses to install and remove software virtually in real time — places businesses at risk for the penalties associated with licensing noncompliance as they attempt to align their license rights to actual employee usage patterns.
- Server consolidation might seem like a good way to cut hardware and maintenance costs; however, software vendors rely heavily on their installed bases for upgrade fees and support costs. In "Avoid Software Licensing Traps When Consolidating Servers," Frank DeSalvo offers examples of key scenarios that exemplify how this strategy can sometimes cost more on the software side for an organization.

Embrace the Role of Asset Manager

Due to the complexity and cost of IT systems today, and the implications these systems have on other parts of an organization, asset management has become a strategic cornerstone for many organizations. However, this broadened scope of responsibility raises many issues, such as determining to whom the IT procurement function should report. Should it report to the IT department or should it fall under the purview of a central department, such as finance or purchasing?

Some Gartner surveys show that about half of the companies have IT procurement reporting to the IT organization. However, focusing on a dotted-line reporting structure is a mistake, as Alan Mac Neela, Jane Disbrow and Andy Kyte explain in "IT Procurement Needs to Work for the Business, Not One Department." IT procurement requires support and information from IT, finance and purchasing departments. Thus, despite reporting lines, individuals involved in IT procurement must be involved with all these operational areas. We delineate the benefits of working hand-in-hand with each entity and offer advice for creating cross-functional, interactive partnerships.

Because the costs and implications of maintaining IT assets have such large budgetary ramifications that extend across business units, it's essential to align asset management strategies with specific business goals that are tied into organizationwide metrics. Strategies only work if they become the basis for positive change in processes across the organization. Jack Heine explains the importance of this approach in "Link Strategies to Metrics to Ensure IT Asset Management Performance."

Reinforce Relationships With Exceptional Suppliers

An area that many best-in-class organizations often fail to focus on is appraising and recognizing exceptional suppliers. Although most organizations spend a significant amount of effort evaluating how effectively their internal resources contribute to operational excellence, they typically only exert a small amount of effort toward evaluating supplier relationships. Yet, the supply base represents more than half of the total cost base across many organizations. In "Supplier Awards Culminate From a Strong Supplier Appraisal Process," Andy Kyte describes how IT asset

managers can improve the relationship with and commitment from suppliers that deliver added value to the business by encouraging innovative, executive-led programs to appraise and reward vendors.

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