IT Asset Management: More Than Inventories

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Introduction

IT Asset Management (ITAM) is an often overlooked weakness inhibiting IT success. ITAM is frequently viewed simply as inventory data necessary for refresh projects or license true-ups. The critical link of ITAM to IT planning and delivery are far too often ignored. This area, often tucked away as a small part of an internal IT governance or compliance function, is normally under-staffed, under-tooled, and undervalued. ITAM will rise to the surface periodically when a large software vendor audit comes up, but diminishes into the background of 'non business facing IT' just as quickly. The goal is often to spend as little as possible on this function, with the benchmark set at avoiding unexpected compliance traps. At times, even this level of proficiency is difficult to achieve.

ITAM, however, underpins significant IT capabilities. A limited view of what assets you own, what assets cost, who uses them, and how well they perform – reduces the ability of IT organizations to act as a business partner. Poor ITAM capabilities reduce the success rate of IT projects, prevent effective application planning, and ensure IT will only be positioned as order takers and rarely as strategic partners. If you cannot tell the business how well IT is working today, it is very difficult to establish the credibility to recommend tomorrow's strategies.

In order to strengthen this critical IT foundation, CIO's must understand the critical link of asset management to successful delivery and commit to an asset management capability development roadmap.

Defining ITAM

More than Inventories

At the most basic level, ITAM can be thought of as a database of IT purchases with essential data elements which help identify the cost and impact of the asset (serial number, asset tag, model, manufacturer etc.). In the right context, this data could represent something much larger. The assets you purchase are the result of business demand and IT delivery. What you purchase, where it goes, how it is

used, and when/how it should be replaced are all critical elements to many other activities. A mature ITAM practice encompasses processes and value elements across all stages of the asset lifecycle:

- **Business Alignment:** How do users request new hardware or applications? Are standards identified? Is an exception process clearly defined? Is a catalog used to drive options that align with IT strategy? ITAM strategy begins with an understanding of business alignment. ITAM ensures that IT hardware and software solutions are standardized and matched with usage scenarios. These standards are often presented through a service catalog, with clear workflow for exception handling.

- **Procurement:** Does procurement validation happen in a consistent way for all IT purchases? Are all purchases tracked? Can reports be effectively generated to show spend activity across solutions,

businesses, regions, etc.? Prior to generating a PO, ITAM ensures that a purchase is necessary and in line with IT strategy. This is accomplished through stock management, license inventory, catalog management, and deployment tracking processes.

- **Allocation:** Is there a clear process for moving assets from stock to deploy? Is assignment information captured and validated? Are user roles validated against the IT assets they require? Are reassignments captured? Follow receipt of a new asset, ITAM tracks allocation and ensures distribution and assignment follow IT policy.

- **Compliance:** Can each type of software license model be effectively tracked? Can this data be associated to deployment information? Can reports be generated on demand to show stock levels, usage levels, or over deployment? With a clear view of purchases and assignment, ITAM can generate on-demand compliance tracking.

- **Lifecycle:** Is lifecycle status tracked? Are reports generated to reflect hardware or software that is past end of life? Can you identify assets within usable life that are available but currently not being utilized? Is IT asset utilization level tracked on a monthly basis? The ITAM tools often become the repository to view assets at their various stages of lifecycle status. This provides architecture and application owners a clear view of progress toward planned future states.

- **Optimization:** Are licenses from transfers or off boarding placed back into stock? Is software utilization tracked? Are licenses from low utilization harvested and reassigned? Are options for alternative software clear before adding new licenses? Are true-ups driven by quality data or over procured at high thresholds? By integrating into service management processes, ITAM groups bring significant value in ensuring all assets are optimized,

with limited wasted resources via long stock times, under-utilized licenses, or wasted purchases.

- **Retirement:** Are assets effectively retired and disposed at end of life? Are maintenance or support contracts updated quickly as assets are retired? In the final stage of an asset, the ITAM function ensures proper disposal, depreciation, and removal from the IT environment.
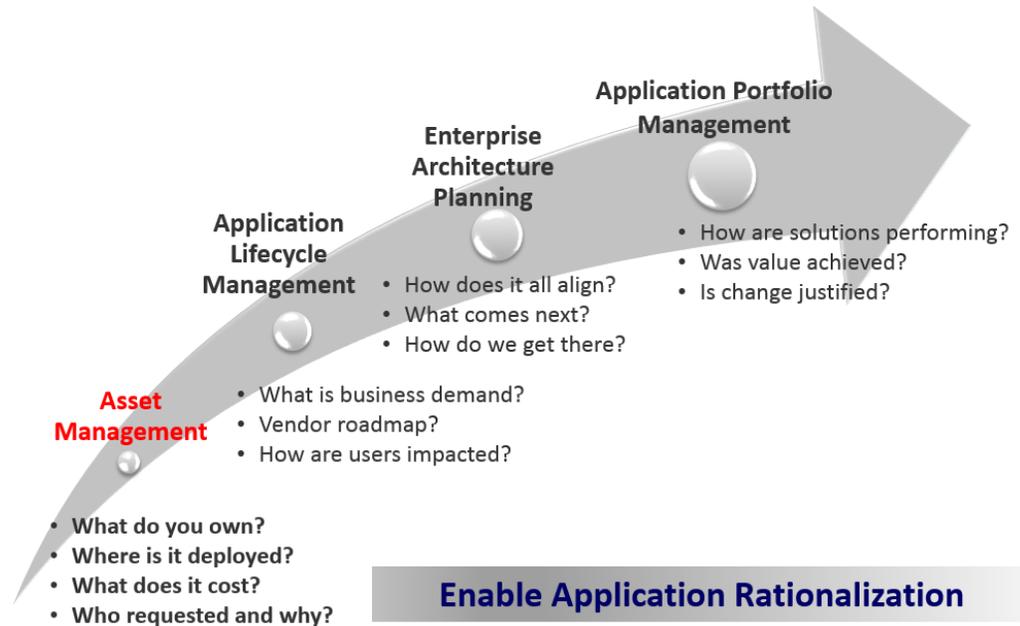
Two Focuses

IT Asset Management is organized into Hardware Asset Management (HAM) and Software Asset Management (SAM). Both areas are critically dependent on one another. Having a list of hardware is of limited value without knowing what is installed on the hardware and how it used. Likewise, software asset management is extremely dependent on hardware due to the number of license models based on device installation or hardware capacity.

While highly dependent, from an operations standpoint they each have a unique focus. HAM is often focused heavily on stock levels, hardware lifecycle, and warranties. SAM is focused on the many differing licensing models, numerous contract terms, entitlement rights, maintenance, and license true-ups. This makes SAM much more dependent on the appropriate supporting ITAM technology to track this level of detail and the expertise to understand the many licensing nuances and entitlement changes. However, the overall asset cycle is very similar, with the exception of some specific asset attributes and processes related to optimization.

ITAM Value Enablement

Driving Additional IT Maturity

With mature ITAM processes in place, a foundation is provided to allow higher value IT maturity areas.

Application Portfolio Management
- How are solutions performing?
- Was value achieved?
- Is change justified?

Enterprise Architecture Planning
- How does it all align?
- What comes next?
- How do we get there?

Application Lifecycle Management
- What is business demand?
- Vendor roadmap?
- How are users impacted?

Asset Management
- What do you own?
- Where is it deployed?
- What does it cost?
- Who requested and why?

Enable Application Rationalization

Improving Project Selection
In order to validate the value of a proposed project, decision makers must understand the impact on existing IT investments and users. Two questions are often asked during the business case review: 1) How do I know these costs are accurate? 2) How will this impact the environment today? Both questions are very difficult to answer without up-to-date asset records or the resulting configuration deployment data from deploying the assets. Far too many projects obtain approval based on high-level estimates, only to later have significant budget over runs and unplanned impact on the environment. Similarly, valuable projects may be missed without understanding the full level of impact. Limited data about what is owned also reduces the ability to analyze competitive alternatives already in place within the existing environment.

Improved Impact Analysis
Your asset system provides the initial data link to what can eventually become a more substantial configuration and service management integration. Creating a link between assets, the deployed configuration details, the associated IT

services, and a record of IT activities against that service, allows for deeper analysis such as a production change impact. Creating this dynamic association between your IT assets help to understand the potential downstream effects on other IT systems and users anytime a significant change or project is proposed.

Initiating Application Portfolio Management

Organizing assets into categories and services quickly yields an improved view of service effectiveness and costs. This allows IT to develop metrics which measure portfolio success and effectiveness. This is a critical step in shifting IT into a business partnering mode. When IT is prepared to discuss details about what is available and how applications are delivering value, they can then participate effectively in decisions about how the portfolio should change.

Enable Application Rationalization

Application Portfolio Management often leads to a framework for rationalizing applications within the environment. Many CIO's recognize the need to simplify the environment and reduce costs by reducing the number of applications with duplicate functionality. Even though this is a reasonable endeavor, it is often derailed by not understanding just how many applications are in place, what they cost, who uses them, and what metrics should drive decisions on application selection. This chain of data begins during the initial procurement and asset capture processes.
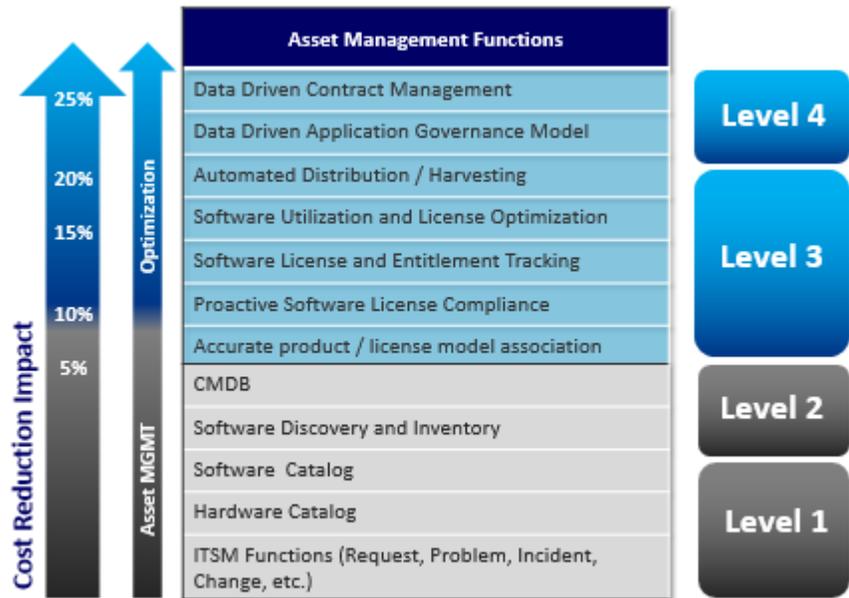
A Foundation to Enterprise Architecture

Enterprise Architecture process frameworks provide a proven platform to ensure IT solutions are working together to improve capabilities at reduced cost. Many organizations are focusing on EA processes, but once again find these initiatives difficult to tackle due to the limited information available to take the first steps. The very first stage of EA process is understanding the current state architecture. While this information may be spread throughout the organization in minds and diagrams, the critical link falls once again to asset management. What software do you own? What hardware is it installed on? Who is using it? All these questions must be answered before EA can effectively define a future state architecture.

Understanding the numerous ways asset details are required to deliver and improve IT services is key to developing a business case for ITAM improvement beyond inventory quality alone. Once this business case is established, it is time to develop an ITAM framework and roadmap.

Driving Value Achievement

Once the current state is analyzed against opportunities within each stage of the lifecycle, specific value for asset management can be established. While improving the accuracy of raw inventory information certainly helps achieve some tactical quick-wins, driving repeatable value requires specific focus on alignment and optimization processes.

Asset Management Functions	Level
Data Driven Contract Management	Level 4
Data Driven Application Governance Model	Level 4
Automated Distribution / Harvesting	Level 3
Software Utilization and License Optimization	Level 3
Software License and Entitlement Tracking	Level 3
Proactive Software License Compliance	Level 3
Accurate product / license model association	Level 3
CMDB	Level 2
Software Discovery and Inventory	Level 2
Software Catalog	Level 1
Hardware Catalog	Level 1
ITSM Functions (Request, Problem, Incident, Change, etc.)	Level 1

Cost Reduction Impact: 5%, 10%, 15%, 20%, 25%
Optimization / Asset MGMT

Maintaining accurate asset details and associating this information within service management activity provides an immediate value to any organization. However, building upon this effort by moving to higher levels of asset maturity enables a much higher degree of savings through improved negotiation, better matching of IT assets to services, and higher utilization of existing assets. The asset management

group becomes a service to application and service owners, driving data required for metric-driven decisions. This extends ITAM beyond simply avoiding audits or preparing for refresh efforts, into a critical link to overall IT delivery.

Prepare Your Asset Management Roadmap

With an understanding of asset stages and value opportunities, you can begin defining a roadmap that addresses gaps in the organization, tools, and processes. While immediate opportunities will present themselves, the journey to a mature steady state can often extend for several years. Roadmap milestones within the first six months may include:

- **Processes**
  - Develop a detailed catalog of what applications are in purchase histories across all sources.
  - Standardize (and possibly centralize) IT asset procurement validation.
  - Identify key software titles with high cost or compliance impact, and centralize utilization management.
  - Integrate asset harvesting into onboarding, off boarding, and transfer processes.
- **Organization**
  - Finalize role description and staffing level requirements.
  - Onboard required resources or target managed service opportunities.
  - Integrate ITAM into immediate tactical asset activities (procurement, data quality reports, audits, etc.)
- **Tools**
  - Develop long-term technical requirements.
  - Review environment for existing asset discovery or tracking capabilities.
  - Identify any requirements to review external solutions.
  - Analyze available solutions and target POC.

Beyond this stage, the roadmap should include tool implementation, integration with service management activity, detailed asset report development, data integration with application governance processes, asset optimization, compliance risk reporting and reviews, and service catalog integration.

Conclusion

While ITAM may be relegated to the back room of IT, awaiting the next compliance, refresh, or true-up exercise, there is opportunity to embrace untapped opportunities. Rather than representing a scramble during difficult times, ITAM could lay the foundations to transform IT into a proactive, data-driven organization. The best way to drive improvements is to obtain a deep understanding of what you have today and how well it is working. If you cannot accurately count software or hardware, it is likely difficult to articulate the opportunities IT has available to improve business delivery. Regardless of where your specific ITAM challenges exist, Enaxis has experience driving IT Asset maturity with greenfield implementations, team development, vendor agnostic asset tool selection and implementation, experienced focus on targeting detailed asset data for IT governance, or driving large-scale software or hardware agreements using your existing asset data.