

I'll Take It! – As soon as I calculate our return on investment.

*Find the hidden treasures with improved
infrastructure asset management?*



White Paper

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What's My ROI?

The headlines in 2003 read, “IT Asset Management is Mandatory, Not Optional”¹. Many organizations read this slogan not as a pronouncement, but more as common “sales speak”. It is not surprising that even in 2004, less than 80% of companies are satisfied with their efforts to effectively manage their IT infrastructures.

Interestingly, most organizations still rely on Microsoft Excel® to keep track of their vital IT resources. These organizations find themselves working hard to mature from chaotic planning cycles, delayed project deliveries, and excessive support costs.

However, several organizations have done well at what is often called “first attempts”. This is characterized by a collection of disparate products and procedures that all help manage an IT infrastructure. At this state, organizations have a combination of separate, point-solution tools for Event Management (like What's Up Gold, Big Brother, etc.), Service Management (like Nagios, Intuit TrackIT, etc.), Performance Monitoring (like MRTG), and Change Management (like custom Lotus Notes, Access ® or Excel ® forms and procedures), and Asset Management (E-Pac Asset Tracking, Tally Census, etc.).

Organizations that recognize the value of asset management systems have moved well beyond the “chaos”, but are often still reactive to trends that cannot be predicted with non-integrated solutions. Without an integrated solution, CIOs, CFOs and IT Directors have a limited ability to predict the long-term effects of system changes and to identify outage patterns.

The true Return on Investment comes when a cross-functional team accurately assesses the requirements from an integrated IT Asset Management program. Central to the ultimate solution is a common repository, customized to fit unique requirements. But the central question often remains – “Where's the ROI?”

¹ The Gartner Group, “Management Update: IT Asset Management is Mandatory, Not Optional”, IGG-08202003, August 20, 2003

First – Think Out of the Box – “Let’s Make Some Money”

Forget savings, how can your solution bring added revenue or new increased value. Once you have an integrated asset management solution, you have new opportunities for reporting that provide new opportunities.

Plan your system with custom reporting that delivers value to your customers.

Use your new asset management system to develop reports that provide benefit to your customers. Remember, you may have customers either internal or external to your company. If your IT systems are providing information to your customers, there is hidden value in reporting on how your IT assets are being deployed.

Tell your customers:

- Your up-time trends
- Data processed per customer
- Value of assets in use
- Quantity of assets in use
- Efficiency metrics
- Amount of changes
- Long-term trends on costs, performance or changes

In some cases, you can sell or charge your customers for this type of reporting. But if not, there is still a value in how this communication influences your customer’s perception of the quality you deliver. Sit down monthly or quarterly with your customers and review information on how you manage their important information assets. If you do, the value you obtain can easily support the cost of your asset management program.

The Standard Areas for Savings

Thinking traditionally, IT asset management saves 30% of your annual infrastructure operations cost within the first 12 months, and 10% over the next five years. If your organization is just getting started with a program, there is plenty of room for improvement.

There are several known places to find savings. Even if you already have a program in place, the potential areas for savings are the same. The chart below identifies where savings can be found with effective IT management programs.

Area for Savings	How
Vendor Invoices	Recurring bills for equipment maintenance, license renewals, telecommunications circuits, and leases are often fraught with errors.
Matching Services	Reduce maintenance levels on less-critical systems (i.e. development, test), moving unneeded licenses on system to where they are needed.
Unused Telecom Costs	It is not unusual to find costs for circuits or telecom services that are no longer being used
Equipment Trade-ins	Unused, aging equipment has an immediate value if traded-in on new purchases

Wasted Uplifts	Value can be found in unused warranty periods, remaining maintenance coverage, and valid licenses that are lost when systems are disposed or taken out of service. Time & material expenses is reduced when support or warranty coverage is accurately identified
Team Productivity Savings	Having an integrated system will save on wasted duplicated effort, errors from multiple systems, and time-wasters due to lack of information
Reduced System Support Costs	The cost to support numerous systems like What's Up Gold, Big Brother, MRTG, and Nagios does add-up over time. Support efficiencies can naturally be obtained through consolidation.
Lower Tax Burdens	Notoriously inaccurate IT fixed asset lists can be cleaned-up to reduce property tax obligations.

Infrastructure Performance Improvement

Area for Improvement	How
Increased Uptime	Outage resolution is faster when you have the proper information. Often, downtime is caused by the most recent change. Having an asset management system that correlates changes to assets is a valuable enabler.
Reduced Downtime	A good asset management system will help you know who can be affected by a change. With this knowledge, a change can be planned for a time that is least likely to affect potential users.
Identifying Upgrade Candidates	Overburdened systems can cause productivity problems for end-users. Having an asset management system that shows failure trends or usage data can help identify underperforming assets.

Business Enablement

Added Value	How
Improved Ability to React to Business Changes	Good asset records helps companies that sell or acquire assets or companies. Asset management systems allow you to quickly respond to inquiries on your asset portfolio.
Project Enablers	Often projects like Data Center moves, network or operating system upgrades need the information provided from asset management systems.
Improved Budgeting & Planning	Knowing the age of your hardware, software, and operating systems help you plan for technology refresh cycles. Having this information early helps obtain justifications well in advance of when upgrades become critical.
Visibility to Upper Management	IT support groups are valued business partners, and having good reporting from an asset management system provides useful visibility.

Cost Avoidance

Avoiding a cost is as good as saving money.

Area for Savings	How
Un-needed Purchases	Identification of unused licenses, hardware, maintenance, and other assets can avoid new purchases.
Consolidation Candidates	Reduce maintenance levels on less-critical systems (i.e. development, test), moving unneeded licenses on system to where they are needed.
Headcount	Sometimes headcount can be identified that is being used to support proprietary asset management systems (i.e. Remedy developers), or staff performing manual tracking or cost-recovery processes

Risk Avoidance

There is significant risk in not managing your asset portfolio properly.

Area of Risk	How
Software Licensing Fines	Organizations do get heavily fined for not having good records on software licensing.
Legal Compliance	Sarbanes-Oxley and other legal requirements create civil and criminal penalties for not accurately reporting corporate assets.
Security	Reducing the impact of security failures
Business Continuity	In the case of true disasters, accurate asset data is invaluable to the recovery process.

Conclusion ...



Simply taking industry averages may not yield the appropriate points to gain executive approval of your project. The key to being successful is finding the target areas that fit your organization. Often, a winning argument is found by blending your asset / change management program with your on-going projects. For instance, perhaps you can justify your asset management program as a part of your network upgrade or Sarbanes-Oxley project.

With all the opportunity for making or saving money, the best decision is simply to get started. Often, the cost to do nothing significantly outweighs the cost to move forward. In many respects, you can't lose by implementing an effective, integrated IT Infrastructure Management System.