Asset Management –
With What All It's Worth,
Why Don't You Have It?

This document identifies four reasons why companies do not invest in asset management products, or why, if they have bought into one, they don't use it.

White Paper
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Introduction …

There is certainly enough research to support the position that asset management saves companies money. We hear this from all of the major consulting firms including The Gartner Group, The Meta Group and IDC. Furthermore, a few big-name firms have built some big-sized solutions in this product space. Can they all be wrong?

The easy answer is, "of course not". Gartner estimates that companies with more than 5,000 employees can save $300,000 to $500,000 through better asset management. All companies, no matter the size, typically save 30% the first year they implement a program and continue to save up to 10% over the next 5 years[1]. If your infrastructure budget is $15,000,000, you could expect to save $450,000 in the first year alone. With these potential savings, smart companies do investigate this opportunity further.

Contrast this though with the alarming reality that 80% of companies do not have an asset management program. These infrastructure organizations are characterized as being chaotic, or at best, reactive. Downtime occurs frequently and staff struggle to react to the demands of their changing environments. Management too is under attack, often besieged by service complaints and pressures to lower costs.

With all of this data, you have to seriously ask, why don't you have an asset management program?

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[1] The Gartner Group, *"Asset Management: An Introduction",* DPRO-98126, May 2001

First – It Depends on You …

At the lowest level, you probably do have an asset management solution – Microsoft Excel. If you are a network engineer, a LAN or UNIX administrator, you probably do your best to manage the assets that you are responsible for. Most support groups, their supervisors or managers have some method to track their assets.

Gartner has defined an Asset Maturity model listing typical characteristics of infrastructure organizations[2]. They rate organizations as being 1) chaotic, 2) reactive, 3) proactive, 4) service oriented, or 5) a recognized value-provider. The use of spreadsheets is often seen when teams attempt to end their reactive mode of operation. Energized and enthusiastic engineers often take a higher-approach, employing Microsoft Access, SQL Server, or MySQL databases to achieve the same goal. Some teams even create useful PHP, ASP or Java programs to give their teams shared access to the team database.

> Usually the people who want asset management the most, don't have the authority to obtain it.

The problems with this approach are obvious. While we commend these engineers for taking initiative, these point solutions aren't implemented at large-enough scale to obtain the benefits from a true asset management program. Unless the network, LAN, UNIX and other teams buy-into the team solution, the well-intended initiative is ill fated from the start.

But most importantly, has management bought into the team solution? If not, the team approach most often runs out of momentum. The engineers or analysts will eventually need to perform application development or database administration. Instead of managing the systems that they support, these engineers will lose valuable time supporting these database applications. Additionally, in not being programmers, the engineer generally does not architect the system to scale to larger proportions.

Instead what happens is that the makeshift product remains a point-solution. The network group uses their solution, as does the LAN group and does the UNIX group. The groups often become territorial, and instead of sharing their solution, they resist the idea of changes or expansion.

We find that the people who desperately want asset management don't have the authority to obtain it. Ultimately, they become part of the reason why it does not occur – a conflicting vested interest. These energetic teams who created their own point solutions become resistive to something on a larger scale. Their needs are met, but the needs of the organization become sacrificed.

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[2] The Gartner Group, *"Evaluating the Maturity of an IT Asset Management Program",* DF-14-6558, November 2001

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Asset management must be implemented at the director or vice president level. But if you are one of these executives, why haven't you implemented a viable solution?

There Are Usually Conflicting Interests ...

So we are left with the same proposition – a conflicting interest – but at a higher level. Why don't directors and vice presidents employ asset management techniques?

Ignorance or perhaps brute defiance leads some infrastructure organizations to failure. Some leaders simply do not understand how asset management can be their way out. The expenses and lost opportunities caused by a mismanaged portfolio do add-up over time. Overpayment on maintenance agreements, lost leased assets, and lack of proactivity will eventually lead to failure.

For the leaders who simply do not understand, we direct those readers to the countless white papers and research articles on asset management. While these leaders are certainly an issue, their time is usually limited.

The pressures from above and below typically root out directors who are unwilling to understand these potential opportunities. Upper management wants better results and the technical staff want better tools to solve their problems.
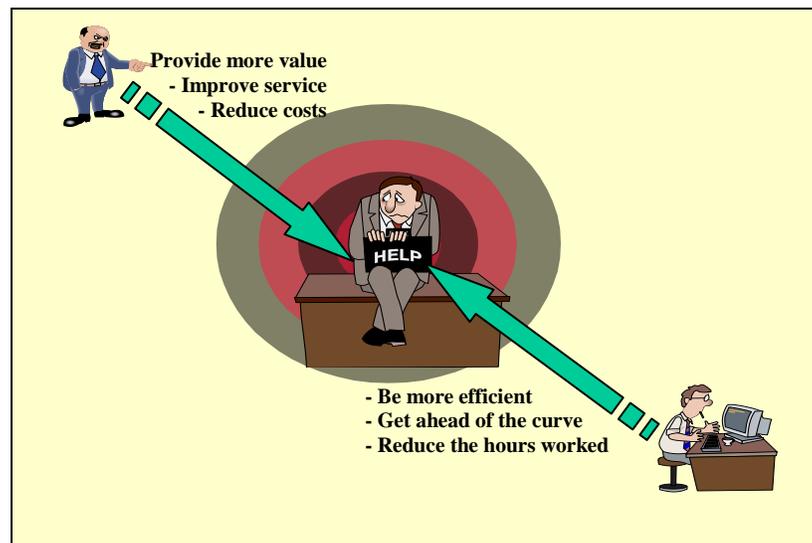
If you are a director or vice president and are still reading why you have not implemented asset management, you are on the right course. Here we have found 4 standard reasons.

Your Vested Approach Isn't Enough …

Some good salespeople have probably sold you one or more network management systems, problem management systems, or desktop inventorying tools. These products each have their virtues and place in managing your portfolio – but none meets the needs of systems asset management.

Desktop inventorying products are excellent at tracking desktop hardware and software across the organization. The needs of the data center however are different. For instance, a desktop PC is used by an individual whereas a server is used by many. When a PC is down, you know who is affected. But when a server is down, who all is affected? Better yet, who is affected if a network switch, router or circuit is out of service?

Network management platforms give you part of the story, but they do not correlate your clients to systems. They don't match other useful information like maintenance agreements, contracts, and service level agreements to the physical view of how the network is connected.

While all of these management systems are useful, none are uniquely positioned to manage systems assets. Too often leaders expect these solutions to be their end-all panacea. Unfortunately, the problem arises in the niches between these solutions.

The Solution is a Combined Approach …

We do not advocate throwing-out your network management, problem management and inventorying tools. We believe the answer is to incorporate the strengths of these systems into your asset management program. Most all of these products are SNMP-aware and often have well-built, accurate repositories.

Why throw it away? Many of the asset management products on the market espouse this as your approach. The big enterprise solutions want to be top dog and use asset management to leverage replacement of your other systems. To bring in most asset management products you will need to lose focus on your existing tools.

Since most organizations want to get value out of their investments, they will naturally resist bringing in another management tool. Understandably, network systems management, virus management, and problem management are generally more important than asset management. Many companies already have vested solutions for these and must show value for these investments.

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The fallacy of most asset management products on the market is that they do not blend-in with your other solutions. Directors rightfully resist bringing in another conflicting or overlapping solution. The issue isn't one of ignorance, but instead a posture where these astute leaders need a viable solution that blends-in with their other vested strategies.

One Size Can't Fit All …

Gartner's best practice in implementing an asset program is first to identify a problem to solve[3]. The needs in your organization may be to manage costs, or perhaps to manage lease agreements. Other firms perhaps may need better information to launch a consolidation strategy. As you might expect, each organization's needs are unique.

Part of the answer may lie in your accounting system, problem management system, or desktop inventorying tool. We believe there is no need to bring in a system that overlaps with other functionality that you already posses.

Integration with your other systems is the right approach. There is certainly a common base that all asset management systems must contain, but where it goes from there, it depends on your need.

Customization and the ability to mold the system to your needs is critical to the success of your asset management program. Again, many of the solutions on the market are a big enterprise approach to solve a small, but critical problem. If you think about it, asset management is really not hard to do. You just need the right tool that fits uniquely into your environment.

The Fear of Obsolescence…

Over the years, directors do get burned in investing in management tools that do not get fully implemented. Many of these under-utilized products can meet part of the asset management need, but none totally fits the bill.

No one wants to bring in yet another solution that doesn't get implemented, or worse, dies on the vine due to disuse. Again, prudent directors need to understand that their new asset management programs won't be another boondoggle of waste.

The concern is real. Garnter has found that 70% of all asset management systems fall by the wayside, become inaccurate and disused[4]. Again, we ask why?

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[3] The Gartner Group, *"Best Practices to Launch an IT Asset Management Program",* DF-15-9800, April 2002

[4] The Gartner Group, *"Tools to Help Manage IT as a Business Service",* T-18-1642, September 2002

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People do not use many products on the market because they leave asset management as an after-thought – an after-the-fact proposition. But think about it, who likes to do documentation after the fact?

What you need is asset management to become an operational activity – part of your daily routine. Your asset management system needs to blend the right features to enable it to become an operations tool, not a management tool. The product you pick should be one that is used daily as a part of your everyday operations.

We caution you however to think further as your management program will not work with a tool alone. You need proven techniques and principles to help ensure that your staff leverages the investment that you made toward a more mature program. When you have had other vendors who say goodbye after the software sale, why would you expect your next provider to do any different? The fear of obsolescence is real, but a valued partner should be there to help you be successful.

Conclusion …

To increase the maturity of your infrastructure support team, you ultimately need an asset management program. The savings potential is real, the improvements to service are quantifiable, and with it you can easily show how you provide true value to the organization.

Your other management products have a place in your organization, but they are no substitute for an asset management system. When you start to look for an asset management product, the solution you select should compliment your existing systems. Be sure you can tailor the program to fit your unique needs.

But more importantly, how does the product meet your day-to-day operations needs? What features does your product have that give you a better chance that it will not become shelfware? Be sure too that your provider will be there to help ensure your success.

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