

# Asset management: Finding success where others have failed

White paper



- The challenge of managing enterprise IT assets ..... 2
- Steps to mitigating risk ..... 3
  - Step 1: Start at the beginning: The need for executive sponsorship ..... 3
  - Step 2: Gain peer support ..... 4
  - Step 3: Create a strategic implementation plan..... 4
- Summary ..... 9
- For more information..... 9

## The challenge of managing enterprise IT assets

When Alice asked the Cheshire cat which way she should go, the cat answered, “That depends upon where you want to get.” Those chartered with understanding enterprise IT assets have been playing “Alice” for years, looking for help and getting little. In many cases, multiple factions within the enterprise have played the cat, providing little direction. You may recall from reading this classic Lewis Carroll story, ultimately the cat’s advice was that if Alice was willing to walk in a direction long enough, she’d eventually get “somewhere.”

This has been the bane of existence for many asset managers over the years as initiatives start and stop and then start again a year or more later due to the need for a critical point solution. So, the key questions that must be asked when commencing or re-commencing an IT asset management initiative are, “Why did this fail before?” and “Which direction do we want to go?”

Many asset managers rely on industry analyst advice to find the way. Some attend industry events, such as the International Association of Information Technology Asset Managers conference and the Gartner IT and Software Asset Management Summit. Gartner’s advice, while always sound, has cycled over the years among total cost of ownership (TCO), return on investment (ROI), the need for best practices and linking asset management to a configuration management database (CMDB). Still, little has changed over the 10-year existence of the Gartner summit. Before you think this unfair, consider the notion of what could change? Clearly technology has moved forward, especially automation. Software asset management has moved to the forefront, and CMDB has emerged as a hot topic of discussion and debate. Otherwise, the message is relatively the same. In the most general sense, enterprises have always been told to “run IT like a business” and “you can’t optimize what you’re not measuring.”

When asked, most companies would claim to have an asset management system in place. In fact, they would all be correct since asset management systems can come in so many forms, from the fundamental to the complex and from simple tracking to a complex financial focus. But the question remains, how do companies define what constitutes an asset management “system”?

In fact, many companies have been down the path more than once. In considering an asset management system, you should ask yourself:

- How many physical inventories have been performed at the company within your tenure?
- How many disparate spreadsheets and databases exist in your company today?
- Does your company believe it understands its asset base through the company’s fixed asset system?

All of these can be considered asset management “systems.”

However, are these systems aligned with the needs of the organization to control costs and be compliant? For those of us who consider ourselves the “old” asset management guard, we have recently begun to celebrate a movement that has come from a quite unlikely place. For years, we’ve been talking about the value of holistic or lifecycle asset management. Today, asset management is finally getting awareness, but it is doing so under the relationship being built around the CMDB as part of the IT Infrastructure Library (ITIL).

ITIL was created by the U.K. government as a set of guidelines—process-oriented books managed through the Office of Government Commerce—that create a framework for service management. Even though asset configuration items (CIs) have always been a part of the CMDB, little by little, asset management process is creeping into the ITIL language and framework. As evidence, in 2004 software asset management (SAM) has been called out as a discrete process through published documentation of guidelines. Under ITIL, service managers are urged to use these guidelines to form

best practices. Yet no documentation exists as the de facto best practices standard for IT asset management.

Today, the need for and value of implementing asset management is well documented. Most companies understand various maturity and evolution models in the market, including those from HP. Yet, asset management initiatives still fail.

As you prepare to commence your IT asset management initiative, be cognizant of the road ahead and avoid the pitfalls that can cause failure:

- Lack of executive sponsorship and therefore long-term funding
- Lack of peer sponsorship and understanding of the value to peer organizations (users)
- Lack of planning in the pre-project stage around tool implementation
- Lack of clear goals and metrics, especially around quick wins, to ensure positive “press” and continued funding
- Lack of accountability to data accuracy at the process and role levels
- Lack of clear and concise communication along the entire implementation path, especially in terms of the value derived
- Lack of supportive, internal marketing regarding all of the above

## Steps to mitigating risk

The following steps can mitigate your risk as you implement an IT asset management initiative.

### Step 1: Start at the beginning: The need for executive sponsorship

Asset management is rarely considered mission critical to anyone outside of IT. It is also a difficult initiative for IT departments, because they own the assets but have little control over them outside of the mainframe/server environment. Asset management is an enterprise-wide initiative that touches virtually all departments that have users: that typically means all IT assets and their relationships with the user community.

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Executive sponsorship of the asset management initiative is a key criterion for success. Think back to your own asset management initiatives, then compare them to the success of the Y2K programs. In most companies, Y2K was an initiative identified as “mission critical.” Sponsorship to ensure Y2K compliance came from top executives and, while considered an IT initiative, had interest and concern at the board level. Y2K was the most successful mass asset management initiative in history. Why? Because it was considered mission critical by every senior management team in government and industry. No C-level executive wanted the risk of failure.

In summary, the first step in building an IT asset management initiative is to align the initiative with value and drivers at the senior levels of management. Focus initiatives on reduced cost, IT efficiency or compliancy. While value may be defined at the operational level, also look to extend that value into support for the overall corporate mission. IT can go beyond a utilitarian role into acting as an enabler with IT as a competitive advantage that supports the growth of the business.

## Step 2: Gain peer support

The second most important requirement is to gain peer sponsorship. Gaining this level of sponsorship can be daunting and in many cases more difficult than obtaining executive sponsorship. However, it is critically important that the return on investment of your IT asset management initiative be focused on value to the end-user community. This is especially important when the initiative includes management of desktops, laptops and mobile devices. Sound asset management practices dictate that policies and procedures are closely managed, in most cases, translating to change. Adoption of asset management practices usually spawns changes to the political and cultural ecosystem of the business units. Therefore, the business unit manager will want to understand the value to the business and its employees.

If the enterprise has adopted a chargeback or cost allocation model, the stakes are raised considerably for IT. As a utility within the enterprise, business unit managers want to understand the value they are getting for their IT costs. Service level agreements, and their negotiated metrics, link to the allocations being charged. The connection may not be self-evident, but all business unit managers who understand allocation accounting will want to understand the value they are receiving in times of need or perceived service gaps. IT asset management managers should use this to their advantage, as one of the main benefits of asset management to the end user is the reduced cycle time to service based on a sound asset knowledge base. Another clear benefit to business unit owners, especially where cost allocation models exist, is cost and budget transparency and control.

Most business people understand the basic workings of accounting and the purpose of a general ledger. It is important that the peer sponsors understand that IT asset management acts as the general ledger for IT. In fact, integration between the Enterprise Resource Planning (ERP) solution and the IT asset management repository creates a more detailed sub-ledger of information than the fixed asset package can or is willing to handle. Therefore, the IT asset management repository becomes a key aspect of the business unit's cost controls, as all of the details including hardware, software and parent/child relationships exist in the repository.

## Step 3: Create a strategic implementation plan

Once you have defined key stakeholders and sponsors of the IT asset management initiative but prior to marketing the initiative throughout the enterprise, it is critically important to create a strategic plan. You should start with some "no lose" statements at the beginning of the initiative. As a foundation, the following statements should be made and agreed to by all stakeholders:

- Information technology is strategically important to enterprise operations.
- Without effective asset management, optimizing return on investment (ROI) cannot be effectively measured.
- Effectively applied asset management provides both the measurement system and infrastructure to optimally leverage IT investments.

While these statements represent the foundation of an asset management initiative, there are other underlying requirements that are also critical.

These requirements should be viewed as a strategic part of the project plan. If managed effectively, they will provide the project with a solid start and a positive path to success and longevity:

- **Define "asset management" at the beginning.** As simple as this may sound, it is critical. There are many different definitions for asset management, everything from asset tracking (what is it, where is it, who has it?) to fixed asset accounting to full lifecycle asset management. Consider a broader asset management definition by including request, procurement, contract, warranty, financial, IMAC (install, move, add, change) and disposal management. For the success of the project, you should identify these processes and define value statements around each step of the lifecycle.

- **Define primary, secondary and tertiary goals, and align each with value and specific ROI timelines.** Asset management projects fail every day due to the lack of clarity around specific, measurable goals. Understand your goals early in the process. For instance, in today's business environment, many companies start with software compliance as the driving need. Support for auditing is another key driver. An out-of-control, leased asset base is also a key driver, as are consolidations, acquisitions, down-sizing and facility moves. All of these goals link to different aspects of control, whether they are for tracking or financial purposes, such as controlling or reducing total cost of ownership. Whatever your goals are, make sure you define measurable key performance indicators (KPIs) that can be systematically tracked and reported on a regular basis to show progress.

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*Asset management projects fail every day due to lack of clarity. Understand initiative goals early, and identify a core project team that is empowered to make decisions.*

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- **Identify a core project team, with strong leadership, that is empowered to make decisions.** The core team must be trusted and empowered to make cross-organizational decisions. IT asset management touches just about everything. Processes can be considered invasive by end users, so IT asset management decisions should not be made in a vacuum. Rely on the core team to be decisive but also to engage peer sponsors and analyze and weigh decisions that relate to corporate objective and end-user satisfaction.
- **Understand the need for data accuracy, but be realistic.** The core project team needs to provide leadership on what can be accomplished given all of the variables associated with IT asset management. While 100 percent accuracy of the database is preferred, it is unobtainable. It is critical that IT asset management processes throughout the lifecycle are understood and documented. Once processes are defined, the next step is to align the processes with the roles that are responsible for managing each process. It is important to provide both a carrot (incentive) and a stick (reprimand) around role-based accountability.

To alleviate the stress on the role players, clearly identify "catch points" of data that are likely to occur with each event and process. For instance, procurement managers responsible for creating an order should understand that requester-name, cost center, supplier name, purchase order number, asset description/configuration and quantity are all critical parts of data integrity within the ordering process. Receivers should understand that serial-number, asset tag and receipt date are critically important to the accuracy of their function and require linkages to fixed asset accounting, warranty management and other information for tracking. Start with catch-point analysis and define data criticality focused on the most critical data at the highest required levels of accuracy.

- **If the asset management project is based on reducing total cost of ownership (TCO), make sure that a TCO baseline is completed first.** Some industry analysts claim up to 25 percent savings on TCO when enterprises implement asset management. Be careful of this pitfall if there is no baseline. Reductions and savings of this nature will always get the attention of your executives. A baseline is required if senior management is concerned about TCO reduction. If no baseline exists, ask the simple question: "25 percent of what?" That said, beginning a TCO initiative for cost control, especially when linked with a refresh program and process controls, can assure senior management that IT is being run as an efficient business. Many times, this is really the goal.

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*Industry analysts claim up to 25 percent savings on TCO when enterprises implement an asset management discipline and system.*

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- **Define a three-way, match reconciliation methodology, but let the infrastructure manage IT asset management.** In the procurement world, a three-way match is a standard process that includes reconciliation of what was ordered, what was received and what was invoiced. Consider creating a similar process for IT asset management. First, commit that the IT asset management repository, or CMDB, has the needed data. If the lifecycle processes are managed well and critical data elements are defined and updated on a real-time basis through role-based accountability, the CMDB should be accurate. However, there are too many variables and entry points for non-approved assets to find their way into the enterprise. Therefore, autodiscovery technology is essential in reconciling the asset repository. At first, gaps and inaccuracies in the database may occur as processes mature. Over time, through good catch point process management, the gaps should decrease.

Finally, although enterprise-wide physical inventories are expensive, best practices recommend the use of spot audits at the business unit level with reconciliation to the asset repository. Remember, autodiscovery cannot detect what is not “connected.” This creates an immediate gap. If you are adopting full lifecycle asset management, including contract and financial management, autodiscovery cannot guarantee entitlements or ownership of the assets it finds. Therefore, it is critical to continue to provide spot audits to see whether the reconciliation engine is working as it should. Accuracy is reached when you have a consistent five to eight percent or less inaccuracy metric on identified critical data elements among these three points of verification.

- **Integration should always be a key goal of an IT asset management initiative.** Never forget that the value of IT asset management goes beyond IT. When you consider internally marketing your asset management initiative, such as with Finance and Human Resources departments, integration becomes key. IT asset management is not a closed system: you need an open system that can integrate and appear transparent. If you’re trying to promote the value to Finance, consider promoting accuracy of the fixed asset repository at a sub-ledger level, which is controlled by Finance.

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*Never forget that the value of IT asset management goes beyond IT.*

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There is a lot of sensitivity today around Sarbanes-Oxley compliance. Financial systems are the cornerstone for auditing and accuracy during a Sarbanes-Oxley attestation process. Because fixed asset systems are solely focused on the financial management of book and tax ramifications of the assets, they care little about asset moves, adds and changes along the lifecycle. Fixed asset systems typically track quantities, cost basis amounts and depreciation and are concerned with asset onboarding and disposal processes. While onboarding processes usually work well because documentation is clean and accurate, disposal processes usually have gaps because human communication is necessary and critical. The IT asset management repository tracks serial details as well as the parent/child relationships of each asset. Doesn’t it then make sense to mitigate risk to the accuracy of the fixed asset system by ensuring integration with the procurement and disposal processes at a detailed level?

Another example of integration is the value that IT asset management brings to employee onboarding and termination processes run by Human Resources. Integration between Human Resource systems and IT asset management enables accurate and timely onboarding processing, accessibility to required IT tools to increase the new employee’s efficiency and collection of corporate intellectual property and hard assets on the back end of the relationship. Without this

integration, the enterprise is at risk of security breaches. Last but not least, is the integration with IT service management and the importance of an accurate CMDB.

- **Define business intelligence/analytic deliverables in advance.** Industry analysts tout the need to run IT like a business, and business intelligence is always a key driver at the beginning of an IT asset management initiative. However, more times than not, the project team focuses on tactical aspects of the initiative once funding is provided: a critical error in pre-project planning. It is very important that the core team understands the linkage to funding. Senior management will not fund an IT asset management project simply because it sounds like a good idea. Project stakeholders often make promises that usually relate to a commitment to accuracy, decision support and analytics through business intelligence. If the core team loses focus on the business intelligence aspect, the success and the longevity of the IT asset management initiative can be at risk. The team should focus on the output—every aspect of the project plan that relates to data. When designing process and aligning tools, make sure there are three to five analytic reports for senior management. Accuracy is important at the tactical levels; however, accuracy is only important if it is used to enable and support the business through analytics.
- **Marketing, marketing, marketing.** Everything discussed thus far is at risk without a strong, internal marketing plan. The best laid plans—and results—will go unnoticed unless you advertise the value in what IT asset management delivers. Marketing must begin as soon as the IT asset management initiative is contemplated. This is when key stakeholders in the project must begin convincing peer sponsors to join the journey. Clear, concise communication is necessary, but the journey is just beginning. Let's face it, IT professionals don't typically market initiatives. IT initiatives are often considered a mandate and are internally focused within IT. As previously stated, a successful IT asset management initiative is a company-wide, culture-altering event. To be successful, the initiative must be marketed throughout its lifecycle. An internal marketing plan should address the beginning, the middle and the end of the project and then provide an on-going view into the metrics that will continue to be tracked and reported. Why? Because IT asset management requires continued, internal support.

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***Without an internal marketing plan, the best laid plans and results will go unnoticed. Marketing must begin as soon as the IT asset management initiative is contemplated.***

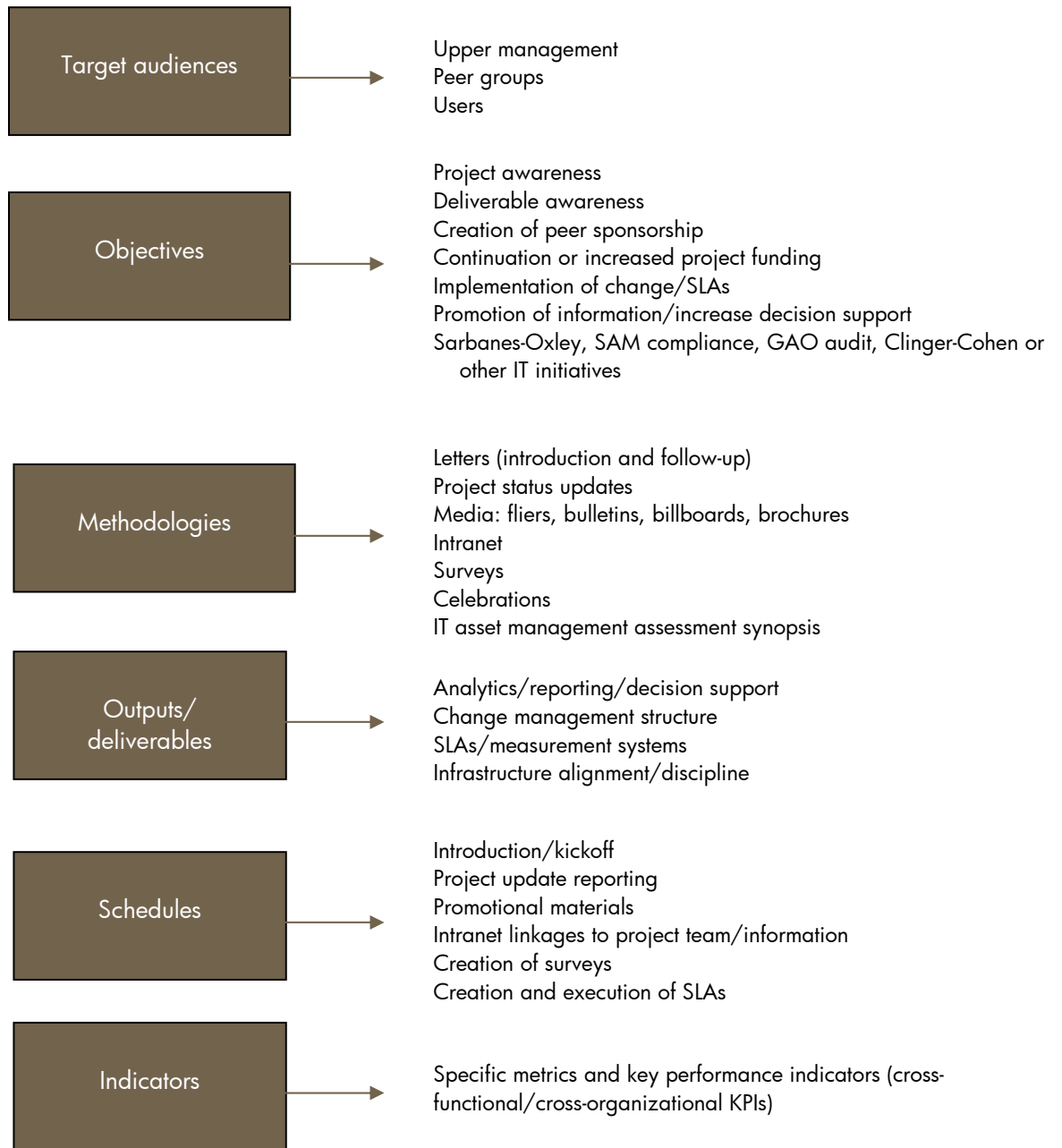
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Technology will continue to evolve, the next wave of hardware and software will appear, and mobile and wireless communications will continue to mature, creating potential gaps in every process that IT asset management tries to control. Continued, internal marketing of the benefits of IT asset management will mitigate the risks of loss of key stakeholder and peer sponsorship. The following outline can be used to create a sound marketing plan for every phase of the project, including on-going future-state changes. Segment the IT asset management initiative into current and future states, and build specific marketing and communication plans for each.

To see immediate returns, get creative by using the company's intranet to make a big splash, and have some fun by rewarding staff for good asset management citizenship. For example, you can market software compliance initiatives to mitigate the risk of Business Software Alliance (BSA) or FAST audits.

Be sure to create a unique set of plans and marketing communications and messages to each target audience with a focus on unique value, as shown in Figure 1.

**Figure 1.** Internally marketing an IT asset management initiative



## Summary

There are many paths to a successful IT asset management initiative. Through proper understanding, planning and most of all, continuous marketing, you can avoid the pitfalls of a failed IT asset management project. And, always remember to heed the warning of the modern day Cheshire cat, Yogi Berra, who warned, "If you don't know where you're going, you might not get there."

## For more information

[www.managementsoftware.hp.com](http://www.managementsoftware.hp.com)

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