



# IT Asset Management

## What ITAM Is & How It Relates To Your Business

IF YOUR COMPANY is like many others, it might not be giving ITAM (IT asset management) the attention it deserves. SMBs typically make ITAM a priority only when major upgrades roll around or during lean financial times when cost cutting and/or efficiency improvements are most sought after. An arguably more important point, however, is that consistently performing rigorous ITAM can lead to numerous desirable benefits and help avoid many risks.

### DEFINING ITAM

ITAM is a multifaceted endeavor but generally boils down to this: accounting for all the company's IT hardware and software assets by col-

lecting and managing data related to ordering, delivery, location, age, cost, warranties, service, maintenance, compliance, licenses, patches, upgrades, support, and more. According to Sandi Conrad, WCO (World Class Operations) practice lead with InfoTech Research Group ([www.infotech.com](http://www.infotech.com)), ITAM provides the support to manage vendors and contracts, support security efforts, and cut costs, "sometimes by as much as 25 to 50%."

Patricia Adams, research director with Gartner ([www.gartner.com](http://www.gartner.com)), breaks asset management into three components: financial, contractual, and inventory. The financial component details the hardware/software asset purchased and its depreciation,

residual value, lifecycle, etc. Associated terms and conditions, warranties, and entitlements fall into the contractual category. And the inventory component entails who is using the asset, what it looks like, and its location. By centralizing these three data sources, Adams says, a company can identify related risks, whether it has over- or under-bought, asset relocation possibilities, and more.

Organizations that have embraced ITAM and related training "have realized huge savings in their IT investment, as well as compliance-violation avoidance," says Keith Rupnik, ITAM specialist with the International Association of IT Asset Managers ([www.iaitam.org](http://www.iaitam.org)). Larger organizations,

### Key Points

ITAM involves accounting for all of a company IT assets through specialized collection and management of data.

- Many organizations currently do a poor job at ITAM, for reasons that often include lack of resources.

- Awareness of the importance of ITAM has increased, in part because software audits have increased.

- Outsourcing ITAM functions to third-party providers is an option.

he says, have saved millions. “For SMBs, significant savings relative to the revenue is possible, but also major efficiencies gained in the productivity of their employees.”

### LACKLUSTER PERFORMANCE

For all possible benefits, general sentiment is that SMBs currently do poorly at ITAM. Clive Longbottom, analyst and founder of Quocirca ([www.quocirca.com](http://www.quocirca.com)), says most asset management is done in spreadsheets “that become rapidly outdated and “don’t reflect what’s really out there.” Quocirca research has found that even large organizations struggle, he says, as there is an average +/-20% spread when comparing the total number of servers they believed they owned vs. the number they actually owned. Overall, he says, companies view the cost of implementing a proper ITAM system as avoidable, while IT departments don’t tend to see ITAM’s value at a business level.

Generally speaking, staffing requirements for IT teams are driven by business needs, Conrad says, “and there’s nothing sexy to ITAM that’s perceived to benefit the business.” Further, ITAM requires skills similar to administrative or accounting but with an understanding of what IT needs in terms of software, equipment, timing, license agreements, and contracts. Additionally, depending on the company, ITAM can be a full-time endeavor. Many companies simply lack the resources to support this.

Stephen Mann, senior analyst with Forrester Research ([www.forrester.com](http://www.forrester.com)), says businesses also tend not to fare well at ITAM because they don’t always view IT assets as entities to leverage in pursuit of business goals. Additionally, some companies have little insight the assets they do use to achieve business goals. Others, he says, have never had reason to focus on IT costs or explore strategies to improve efficiency.

Often, ITAM gets overlooked. Executives handle so many other priorities daily, Adams says, that asset



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World Class Operations practice lead, Info-Tech Research Group

management isn’t something at front of mind. “When budgets get cut, then they want to make sure they’re focused on how to use things effectively,” she says. Adams notes, however, that because lean times have continued globally since 2008, “we have seen a different focus on asset management than the decade prior.”

### INCREASING AWARENESS

While many companies aren’t currently doing ITAM well, awareness of ITAM’s importance seems to be increasing for reasons tied to expenses, BYOD, virtualization, leasing, warranties, and software audits. For example, more companies are looking to virtualization on the desktop to save money, Adams says, and “if you do any type of virtualization, you do need to have good software license management in place.”

Elsewhere, many leasing vendors are offering great deals on hardware, Adams says, which also requires good asset management. A company that goes over a lease agreement by two months, she says, “might as well have purchased that asset” as the value can be completely lost if the company can’t locate the asset or must turn to the secondary market to replace it.

Conrad says an increase in software audits in recent years has been

a factor in increased awareness of ITAM’s importance. “When the economy gets soft, the audit business increases,” she says. “Lucky” companies are audited by the software vendor and may only have to pay for past unpaid usage. If audited by a compliance organization, however, a company could face “fines of up to three times the retail price for each license out of compliance,” she says. Further, companies buying software in response to audits typically lose some negotiation power along with the opportunity to analyze installs vs. actual usage, which can increase the cost to reach compliance.

Despite increased audits, Conrad says, many companies still aren’t dedicating resources to ITAM, including companies audited annually for several years. “There’s still the perception out there that ITAM is a cost with low payback, rather than a means to right-size the budget,” Conrad says. Rupnik says SMBs “are the ones typically caught” by compliance agencies “because they didn’t know any better, which results in financial hardship.”

### PERPETUAL PERSISTENCE

Adams recommends approaching ITAM by focusing on the process and building it around the different stages of an asset’s lifecycle,

including requisition, receiving, deployment, maintenance, retirement, and disposal. "Most organizations spend more time picking a tool than they do defining their process," she says. Next, look at the ITAM tool. If there are processes not flexible in the tool, she says, "you'll be aware of whether that tool will be a good fit or not." Tool sets essentially include pieces covering inventory, discovery, asset management, and software licensing optimization, Adams says.

While organizations typically do well in regard to the physical aspects of assets because they usually have tools in place with inventory and discovery functionality, a much lower percentage does well in all ITAM facets, Adams says. "One of my favorite sayings is it's 80% process and 20% tool," she says. Due to being resource-constrained, small organizations tend to believe putting a tool in place will "solve everything." Realistically, though, companies need "good, robust, rigorous processes" to ensure the data in the tool is right, and "that's one of the key constraints I see in medium and small businesses."

Outsourcing ITAM is an option, and Conrad says there are great third-party providers. She cautions, though, to choose a partner "that's part of the process," as adds, moves, and changes happen constantly and "it can be difficult to keep up with these if the provider isn't involved in the daily process." Furthermore, she says, providers can vary dramatically in what they include. For example, offerings can range from a hosted service that discovers and reports software and hardware on the company's network to an on-site contractor that acts as a liaison between the purchasing, vendors, and IT processes.

"The biggest mistake I see is with companies assuming they're getting full ITAM when they're actually only getting an inaccurate inventory," Conrad says. In terms of software, she says, remember



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## ITAM Best Practices

Rigorous and consistent ITAM is worthwhile for numerous reasons. As Info-Tech Research Group's Sandi Conrad says, "Once the money is spent, you can't get it back, so if you've overbought on software licenses or have lost equipment, you've wasted money." Conversely, Conrad has seen companies cut software budgets by 25% through better management of maintenance and support. To that end, the following are various ITAM best practices:

- Determine immediate and long-term (12-36 months out) goals.
- Create ITAM policies and policy management.
- Communicate with employees and educate them about ITAM goals.
- Assign asset management to a qualified technician.
- Match an ITAM tool to your environment.
- Begin the ITAM process by targeting top vendors you use and big-spending areas.
- Automate processes when possible.
- Centralize the IT acquisition process.
- Understand agreements, contracts, product usage, future plans, and compliance statuses.
- Ensure financial, inventory, and vendor management.

that "ultimately the software vendors will hold your organization responsible for compliance, regardless of third-party relationships, so ignoring compliance issue notifications could be detrimental."

Also important to remember is that persistence pays off. Rupnik sums this up well by characterizing ITAM

as a "program" that "never ends and can always be improved." An ITAM manager, he says, can bridge the gap between the business and IT. "Looking at it another way, organizations need finance regardless of the state of the economy or the business. ITAM, like finance, is a core competency," he says. ●