



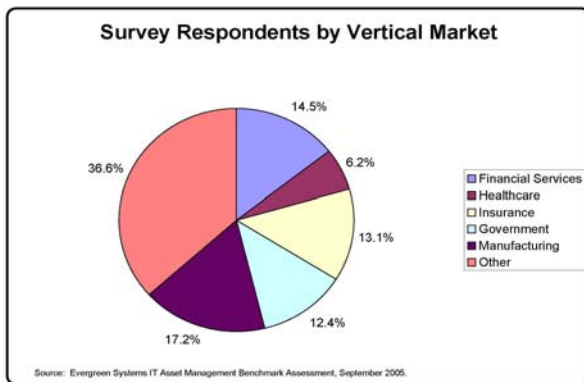
Special Report for ITAM

ITAM Benchmark Assessment

In September 2005, Evergreen Systems conducted an IT Asset Management (ITAM) Benchmark Study at the Gartner Group’s IT Software & Asset Management Conference. One hundred forty-five (145) IT managers, directors and executives from more than 98 companies, organizations and institutions participated in the survey, which was designed to:

- Gauge the degree of commitment to and focus on enterprise ITAM based on timing, funding, key business drivers, strategic maturity, and the level of executive sponsorship of initiatives.
- Assess current operational maturity levels—considering the breadth and depth of coverage, maturity of processes, and reconciliation activities.
- Identify the degree to which the data available through ITAM programs is being leveraged for business benefit.
- Determine the understanding of and alignment with a Configuration Management Database (CMDB) strategy.

We received highest participation from individuals representing the Manufacturing (17.2 percent), Financial Services (14.5 percent) and Insurance (13.1 percent) sectors.



This paper provides our analysis of the overall market trends shaping the future direction of ITAM in the Financial Services sector based on survey data and our experience consulting in large, diversified financial services organizations. The data also suggests for IT practitioners in the Financial Services sector key areas for improvement and hidden opportunities that can be exploited to deliver business value and alignment.

Key Findings

On a positive note, the Financial Services sector appears to lead the market in several high-level indicators of an organization’s ITAM maturity:

- 78.6 percent have budgeted and approved ITAM projects within the next six months, as compared to 67.7 percent of respondents overall
- While Cost Savings is the clear leader in the top three business drivers of ITAM programs overall (74.6 percent), an unprecedented 85.7 percent of Financial Services sector respondents point to Cost Savings as the top business driver of their ITAM efforts
- The Financial Services sector also appears to plan better than most, with 50 percent of respondents reporting that their organizations have a published ITAM strategy, as compared to 38 percent of respondents overall
- Moreover, 85.8 percent of the Financial Services sector respondents said that their ITAM programs are approved and supported at the VP or CIO level versus 76.5 percent of respondents at large
- In contrast, an analysis of the data indicates that while Financial Services organizations have gained effective control of IT assets, they are struggling to leverage the data to deliver business value as evidenced by the following:
- Only 35.7 percent have established a federated IT governance approach for asset management, as compared to 43.2 percent of overall respondents



- A dismal 7.1 percent versus 20.5 percent of respondents at large have integrated their ITAM data with change and service management in a closed loop system that updates asset records at the completion of any change
- Only 33.3 percent indicate that their consolidated ITAM repository manages desktop software, data center software and data center hardware. These are much lower rates than reported by respondents at large.

Background

In the past five years, Cost Accountability, Security, and Regulatory Compliance have come to figure more prominently in the CIO's focus, resulting in increased visibility of corporate asset management programs. Sarbanes Oxley has raised the prominence of the Control Objectives for Information and Related Technology (COBIT) and established it as a de-facto standard. In a similar fashion, the IT Infrastructure Library (ITIL) has also risen in prominence as an approach to better managing the delivery of IT services across the enterprise. In fact, in an Evergreen survey conducted at the September 2005 IT Service Management Forum annual conference more than 90 percent of Financial Services sector respondents said they have budgeted and approved ITIL projects planned within the next 6 to 12 months.

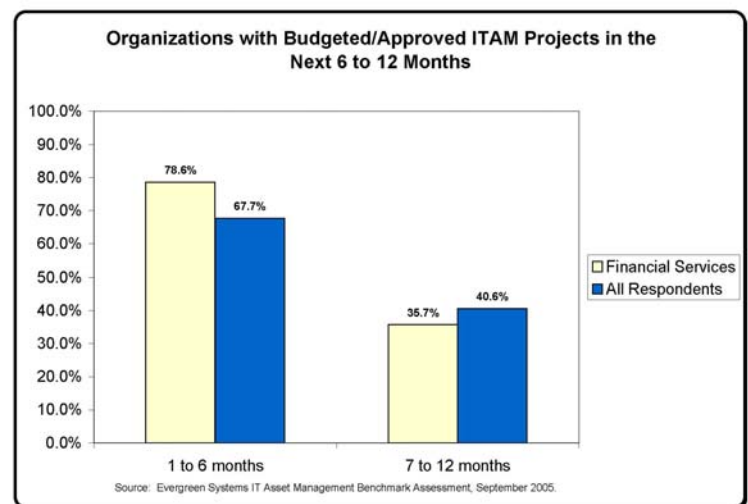
A core component of ITIL is the Configuration Management Database (CMDB), which acts as a knowledge repository of relevant information on assets, as well as the relationships between assets. The CMDB is populated and built upon configuration items (CIs), specific objects or elements in the IT environment that are managed under change control. Much, but not all of the data desired in a CI is the same data managed in an IT asset management system.

Evolving technology has also made true enterprise IT asset management much more sustainable through automated distribution, discovery, and analysis of the complex fabric of interconnected systems.

The Financial Services sector is clearly a market where accurate IT asset information is strategically valuable. This market has the highest percentage of knowledge workers, a high rate of change, and a highly competitive landscape of companies rapidly leveraging emerging technologies to deliver value.

At the same time, this segment bears the highest business risk from failure and a high degree of regulatory scrutiny.

Almost 68 percent of those surveyed have budgeted and approved ITAM projects within the next 6 months, and 40.6 percent have budgeted and approved projects in the 7-12 month timeframe. Clearly, ITAM projects are on the radar for the overwhelming majority of companies. Understandably, given the critical nature of information technology to its business, the Financial Services sector leads this demand curve, with 78.6 percent having funded ITAM projects in the next 6 months



Key Business Drivers

Cost Savings is the clear leader in the top 3 business drivers of all ITAM programs, at 74.6 percent. But for the Financial Services sector, it's a clear frontrunner, with respondents pointing to Cost Savings as the highest priority at 85.7 percent, exceeding all other drivers by almost 40 percent. [Why do we believe this is the case?]

Security and the CMDB are the next most significant business drivers cited by Financial Services sector respondents, at 50 percent. As many security breaches exploit known weaknesses in certain software classes of products, knowing those assets on a proactive basis gives IT the ability to be much more proactive in effectively managing known weaknesses. Also, by understanding the access rights for individual and classes of assets, the IT organization can more accurately manage appropriate user access. Given the sensitive nature and value of the data maintained by the Financial Services sector, Security is extremely critical.



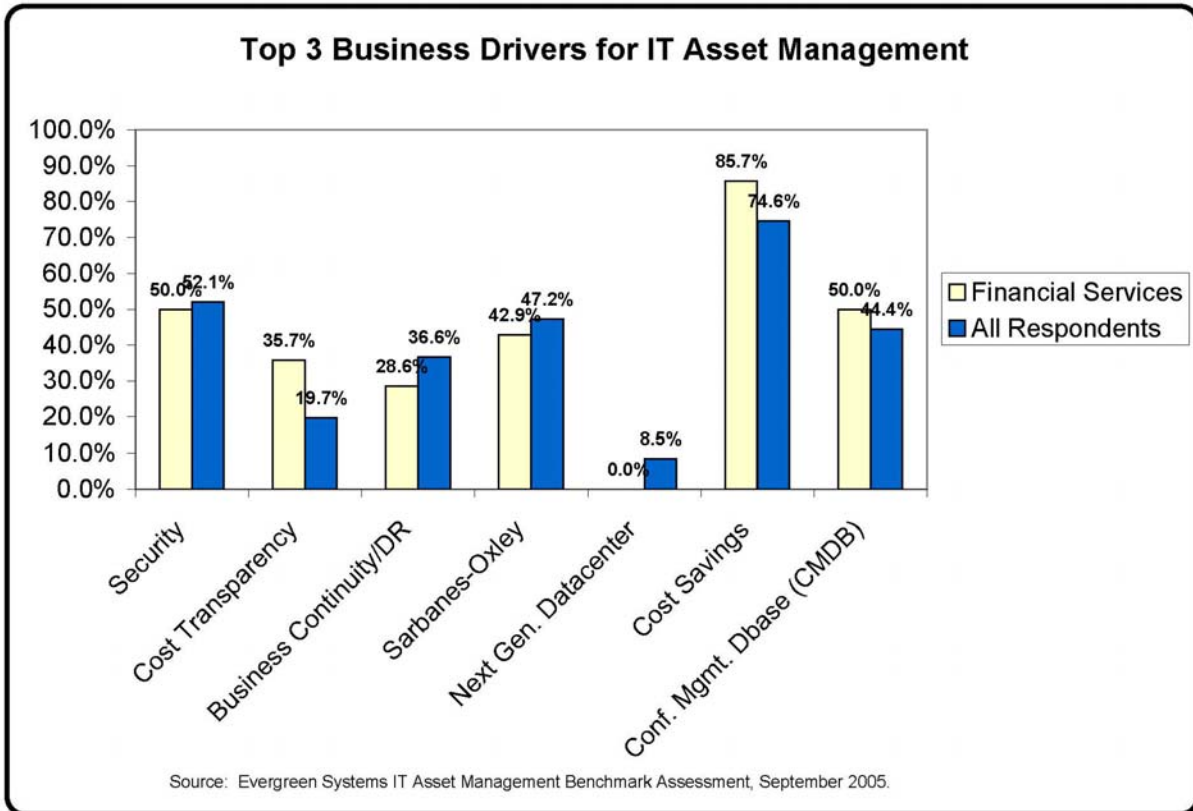
The fact that respondents point to the CMDB as one of the most common business drivers is also no surprise. What we did find surprising is that only 8.5 percent of overall respondents and none of the Financial Services sector respondents identified next generation data centers as a business driver. Here's why:

About a third of our Financial Services sector clients over the past 12 months have next generation data centers as a primary business driver. Whether driven by disaster recovery improvements, a move to shared and/or virtual environments, or simply to allow for expansion, these organizations are conducting large-scale, enterprise-wide programs to rebuild central processes found in the data center. To reduce delays and to mitigate the risk associated with such large-scale changes, we see these firms expanding their data center initiative's scope to incorporate a CMDB approach.

The apparent disconnect between IT Asset Management, CMDB and the data center points to a real hidden opportunity that could yield dividends for IT managers in the form of improved capacity and resource

planning, reduced risk associated with failed changes (and a lack of configuration knowledge) and better IT operations in general due to more current, accurate and useful data. For example, a global investment and financial services client is adding a CMDB to their data center virtualization project. They're leveraging the upgrade as a one-time opportunity to capture a complete picture of the myriad associated assets and configuration items in the data center.

Finally, our data suggest that the market in general does not place a high degree of importance on Cost Transparency, but the Financial Services sector does. Thirty-five (35.7) percent of the Financial Services sector respondents see this as a top business driver. This is consistent with the high percentage in the Financial Services sector that views Cost Savings as a key driver.

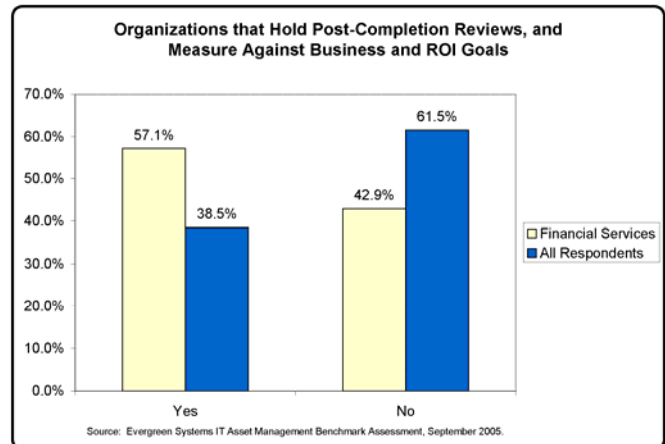
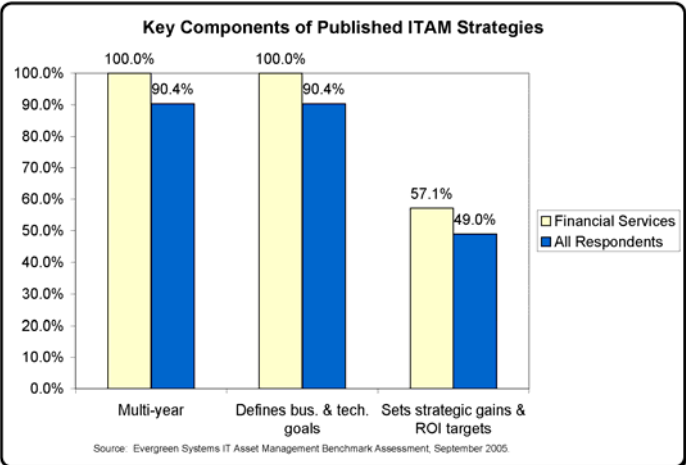
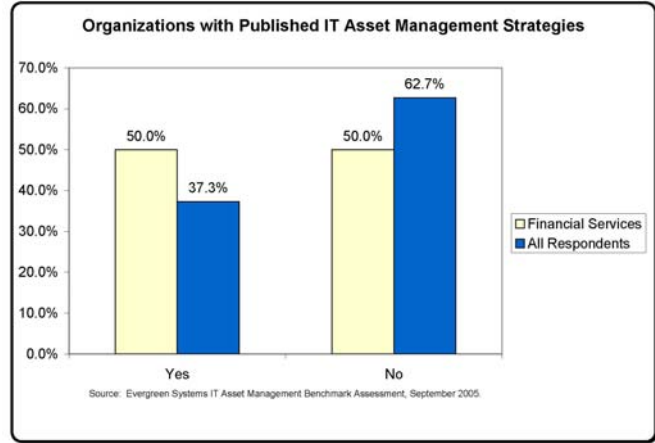




Better ITAM Planning

Thirty-seven (37) percent of all respondents indicate that their organizations have a published ITAM strategy. The Financial Services sector ranked ahead of the market average, with 50 percent having a published ITAM strategy. Common elements of a published strategy are a clear set of business justifications, a review of the strategic value, and an understanding of the program’s ability to reduce risk. At a minimum, an effective strategy must extend beyond the current timeframe, and define areas of expected gain for both business and technical outcomes. The survey results support this thinking. Of those organizations in the Financial Services sector with a published strategy, 100 percent of those strategies meet the minimum criteria described above.

The leading edge of innovators begins to show at this point. Only 49 percent of all survey respondents define specific strategic gains from the high-level goals, and apply ROI targets to the planned gains. Of this group, only 38.5 percent leverage post-completion audits to uncover and document the value delivered and lessons learned. Here is where a higher degree of accountability for projects in the Financial Services sector may show. Fully 60 percent of the Financial Services sector respondents define strategic gains and set specific ROI objectives, and they follow through more often to determine the outcomes—with half of this group performing post completion audits.



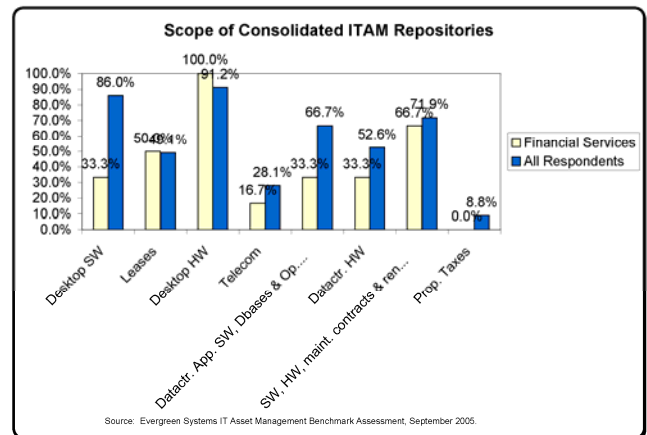
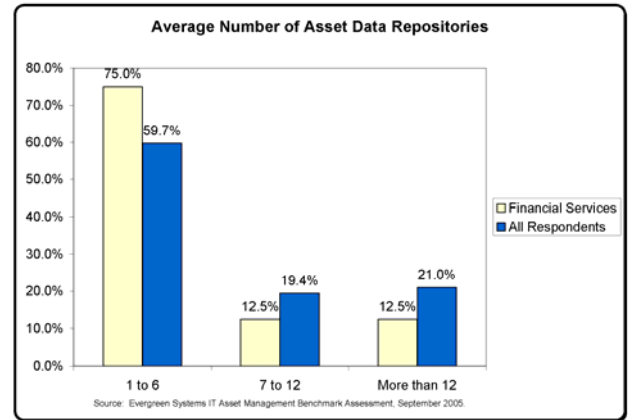
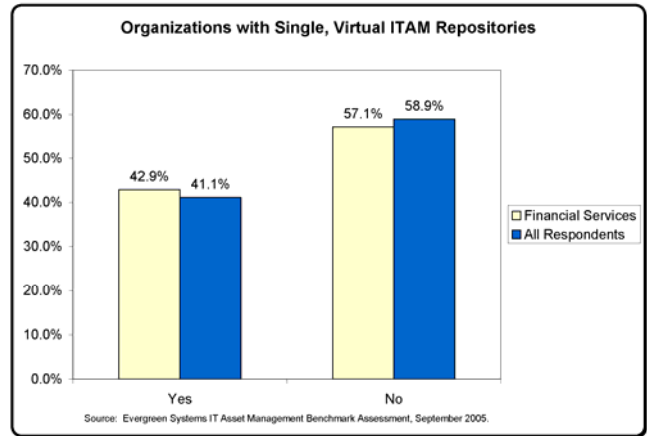


Current Operational Maturity Levels

Over 40 percent of respondents have established a single, enterprise wide IT asset management repository. This is an impressive percentage given the challenge of architecting such a common repository and making it operationally sustainable. For those who do not, almost 20 percent have 7-12 asset repositories, and 21 percent have over 12!

For those with a single virtual repository, a high number capture and manage distributed hardware (91 percent) and software assets (86 percent). Seventy-two (72) percent also manage license and maintenance contracts/renewals associated with the assets. A little further behind are the data center software (67 percent) and hardware (53 percent). One hundred (100) percent of Financial Services sector respondents manage distributed hardware—the highest overall, but they are also lowest overall in management of distributed software, datacenter software, and datacenter hardware.

For most organizations, and especially the Financial Services sector, this is upside down. The clear mission critical order of priority is to focus first on effective asset management of the data center. Here the assets are very expensive, as is the real estate and operating cost footprint. More importantly, these are strategic, mission critical assets. Failure to manage effectively here can have direct, significant, and measurable affect on revenue, profits, and customer satisfaction. The inter-connected complexity of the assets here also demands a clearer understanding of their state and relationships.



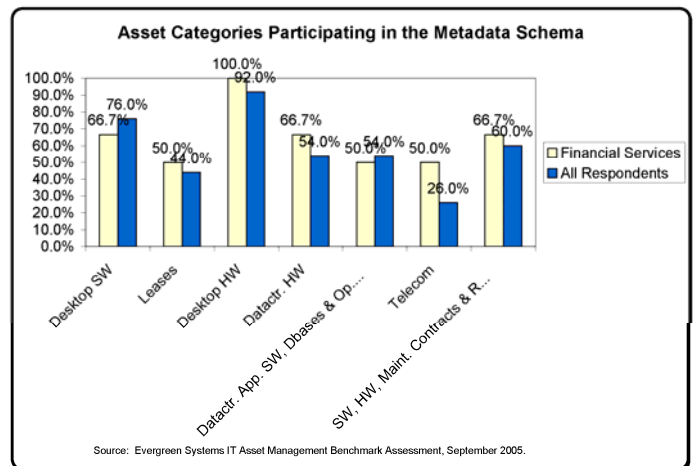
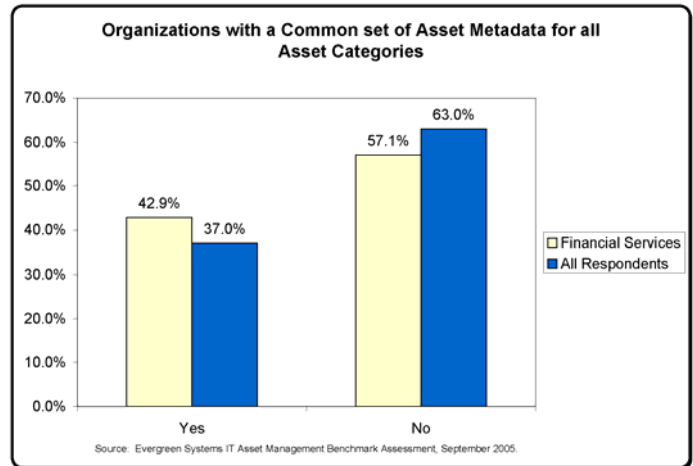
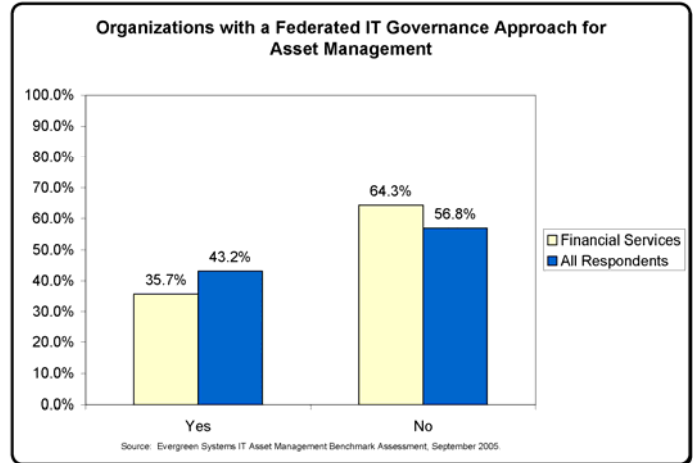


Defining a Federated Approach

Forty-three (43) percent of all respondents have an agreed upon, federated IT governance approach for asset management defining a clear picture of corporate requirements versus local operating flexibility. The Financial Services sector has the second lowest score (29 percent) by industry segment. For those who have agreed upon a federated schema, 37 percent claim to have defined a common set of asset metadata for all asset categories.

An agreed upon federated approach means that the single ITAM repository is actually a single *virtual* ITAM repository—being fed, and feeding relevant information to other systems of record in an agreed upon fashion enabling both parties to it to meet their business needs. For example, the CIO needs certain data on the router infrastructure to do effective capital planning. This data may be fed to the ITAM repository by a separate router management system that enables the router administrator to run the routers day-to-day. Neither party can use the other’s management application to accomplish their task, but the systems together in a federated model can meet both needs.

For those with the agreed upon metadata schema, highest participation is in the distributed software and hardware, with data center hardware and software at about half the rate of participation of the distributed assets. For the Financial Services sector, the gap is wider, with lower participation of distributed software at 66.7 percent, and datacenter software at 50 percent. This means that the Financial Services Marketplace as a group has further to go than the market in general in establishing a working, ITIL-compliant Configuration Management Database (CMDB).





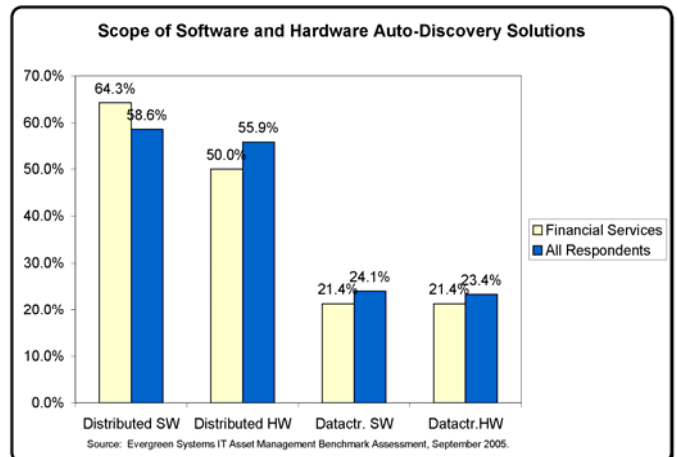
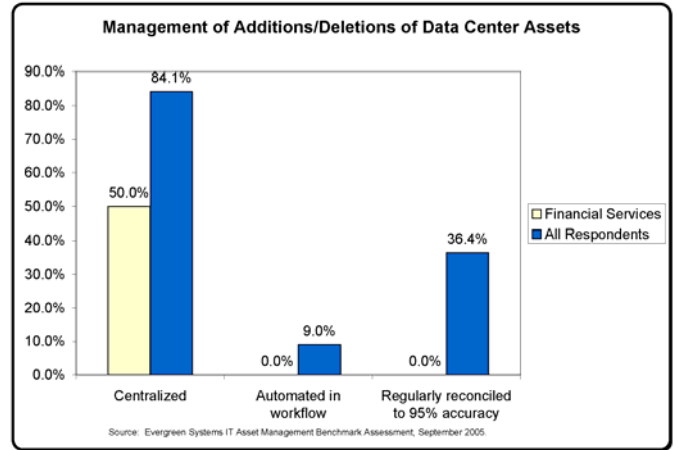
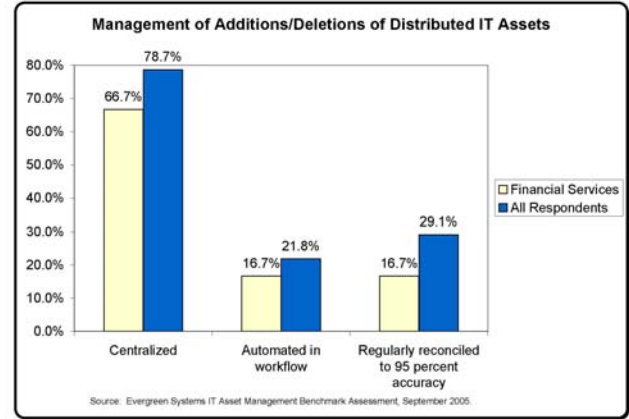
Lagging Indicators: Managing Additions/Deletions of Distributed and Data Center Assets

Many advanced practitioner ITAM programs appear to focus on the wrong priorities and are at serious risk of failing to deliver business value. This is even more relevant for the Financial Services sector, as it lags the market in a number of key areas:

- While the Financial Services Marketplace has centralized additions and deletions of distributed and data center assets at a respectable rate, 66.7 percent and 50 percent respectively, only 16.7 percent regularly reconcile the distributed asset additions and deletions, and none regularly reconcile data center additions and deletions to a high degree of accuracy.
- More troublesome, only 7.1 percent of Financial Services sector respondents have the ITAM repository integrated with change and service management activities in a closed loop fashion. Nor do these organizations show a high degree of fully implemented auto discovery technology in use, with 64.3 percent maintaining auto-discovery solutions for distributed software and 50 percent maintaining auto-discovery solutions for distributed hardware.

With respect to the data center, the picture is even more worrisome, with Financial Services sector respondents indicating at a rate of 21.4 percent that they maintain fully implemented software and hardware auto-discovery solutions for data center software and hardware. As a matter of proof for the need and the mission critical importance, only 29 percent of the Financial Services sector respondents feel their ITAM data is sufficiently reliable to enable major data center changes with low risk. This clearly is an area of exposure that senior IT management should care deeply about. Financial Services sector respondents have created an automated audit trail of all changes to a given asset suitable for use by Sarbanes 404 compliance teams, but only 7.1 percent have integrated service and change management—which we believe is the

primary update mechanism for changes to a given asset, and is required to create an audit trail.





The Financial Services sector leads the general market in web automation workflow by 2 to 12 percentage points, with IT asset procurements, moves/adds/changes (MACs), and security requests/changes ranging from 35.7 percent to 57.1 percent.

What is still troubling is the gap between the more than 30 percent of all respondents who have adopted web-based workflows, and the 20 percent of respondents who have integrated the ITAM data in a closed loop with change and service management. This gap is much wider for the Financial Services Marketplace, with a web workflow adoption rate in excess of 40 percent, and a closed loop integration of the ITAM data with change and service management of only 7.1 percent. Two possible explanations may account for the difference:

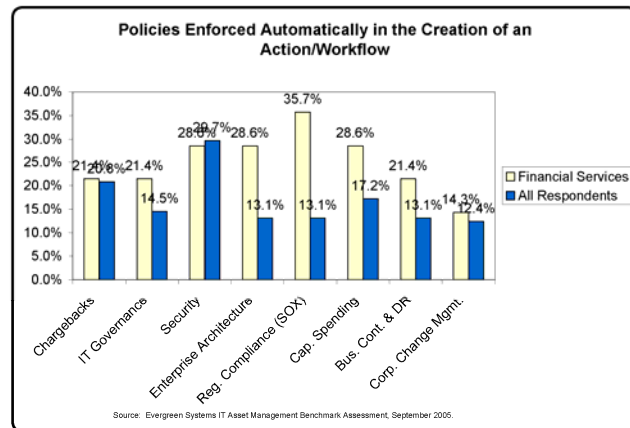
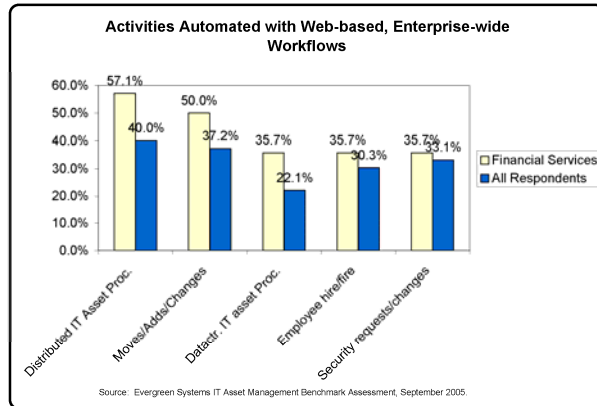
- The web workflows for many operate independently of the ITAM repository (not good), or
- The survey respondents did not clearly understand that the web workflows were service actions or changes

Web enablement of key workflows just begs to be leveraged for policy automation! What better opportunity could exist to bring policy to life than to engineer its adherence into the construction of the task? For those who have created web based workflows, how well are they realizing this golden opportunity?

Nearly 30 percent of all respondents have automated security policy compliance in their web workflows, with the Financial Services sector at 38 percent. This is much higher than the next most frequently automated activity, Chargebacks, at 21 percent overall. Kudos to those who have done this! It is our opinion that security policy compliance should be the number one policy item to address through automation. The Financial Services sector clearly leads the general market in policy automation, and an average of one-third have automated policy adherence for Regulatory Compliance, and Capital Spending.

To our way of thinking, two areas stand out as offering the greatest benefit for the investment in policy automation: Corporate Change Management, and Regulatory Compliance (including Sarbanes). Because these policies are applied in high volume, they can create significant inefficiency if not engineered effectively, and carry significant risk if they are not followed.

As a last point here, remember that these policy automation results only apply to those who are using web-enabled workflow—about one third of all those surveyed³49 percent for the Financial Services sector. Only a small percentage of the total population, 5 to 10 percent, has achieved any policy automation at all. We believe this represents an area of great potential for returns in efficiency and risk reduction for those who embark upon it.





The ITIL Configuration Management Database

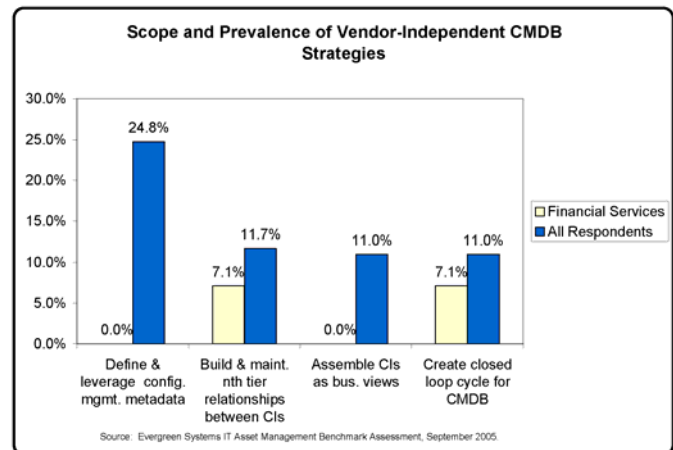
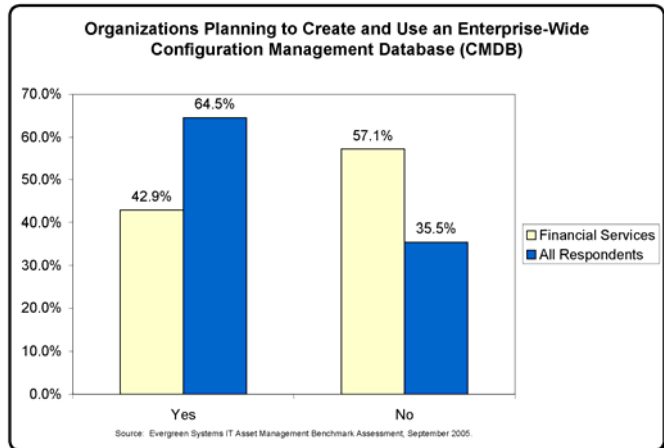
ITIL’s CMDB is meant to serve as a repository of accurate information, both current and historical, which can be leveraged to deliver IT service and service support functions effectively. Key challenges in executing a CMDB include:

- Building and maintaining the “nth tier” dynamic relationships that exist in a system view
- Assembling business views of CIs
- Creating a closed loop update cycle for the CMDB (like that for ITAM with change management)

There is great interest in/commitment to building a CMDB, with 64.5 percent of all surveyed planning to create and use an enterprise wide CMDB. It is clear that awareness of the CMDB has reached a high level in the ITAM community. Surprisingly, the Financial Services sector lags the general market in this regard, with only 42.9 percent indicating they are committed to building an enterprise CMDB.

Almost 25 percent of all respondents have a vendor independent strategy for building and using a CMDB—not too bad! Beyond that is where lack of knowledge, and the “newness” of the CMDB concept become apparent—with only 11.7 percent having a strategy for nth tier relationships, creating business views, and keeping the CMDB current. The Financial Services sector respondents lag pretty far behind here as well, as none indicated that they have a vendor independent strategy for defining and leveraging configuration management meta data.

The CMDB is a quantum leap in complexity over the general view of an ITAM repository, driven by the wider variety of data stored in it, and the need to view and understand the data in a large number of complex, interactive views. While ITAM and the CMDB are not one and the same, much of the essential data for CIs will come from effective ITAM repositories. While there is a great degree of market excitement around the CMDB, the understanding of what is involved in truly creating and maintaining one is still very limited.





For good reason, in most organizations there is strong sustained interest in gaining consistent management control over the assets of the IT organization. Working knowledge of the assets provides a base of information which can be leveraged to support more accurate and rapid strategic decision making, as well as day-to-day operational execution.

If 90 percent of what IT does is process workflow, then accurate data regarding the assets being leveraged and changed during the workflow is required for efficient and accurate delivery. Those who recognize this see that it is a multi-year journey, are creating true strategies to reflect this, and are garnering the required political support and funding for the long term.

Smart ITAM programs target and deliver ROI and strategic value. Settling for less is just not necessary. To do so, business value must first guide and then drive what is done³/₄from design, to execution, to operational reality, to audit of the results.

The general market for IT asset management as a practice has developed more slowly than it could have due in part to a lack of independent standards and best practices. This creates market confusion. Now, the CMDB, as part of ITIL's powerful best practice body of knowledge has gained terrific visibility, even while not being widely understood. There is a good deal of commonality between best practices IT asset management and the CMDB, but they are not the same.

Vanguard practitioners of ITAM are working hard to understand the CMDB, and create a logical combination of the CMDB and ITAM to meet the needs of their businesses. While not easy, we believe this is valuable work which will yield a solution leveraging the best of both worlds, to the benefit of their businesses.

The Financial Services sector is a paradox. While the value of effective IT asset management is the highest of any market, the operational maturity and best practices lag behind the in several key areas.

General state of maturity for this market is far behind the overall market. From creation of a single, virtual asset repository, to effective management of software, to enterprise integration with key systems and processes that drive the accuracy of asset data, the Financial Services comes out near dead last. This extends from IT asset management to advanced thinking on a key intersection with ITIL, the CMBD. Much of the root cause for lack of enterprise maturity is believed to lie in the many autonomous lines of business in this market, which traditionally controlled their own IT budgets.

The value is there for Financial Services. For those in the segment who are advanced practitioners, business use of the data for key areas such as Business Continuity, Capital Planning, Security, Regulatory Compliance (Sarbanes Oxley), and Portfolio Rationalization ranges from 20 to 50 percent higher than the general market.

But, we believe things are changing. The Financial Services sector is investing in IT Asset management projects at a rate higher than any other segment in the next 6 months. Their executive project support is very strong. They recognize the terrific potential return on investment in this area, and are beginning to consolidate key IT infrastructure functionalities. Core strengths in planning, financial accountability, project management, and auditing of outcomes should enable the Financial Services sector to quickly reach an advanced practitioner's level of maturity, and deliver significant business value.

Don Casson is CEO and Co-Founder of Evergreen Systems