



Asset Management

Finding Success Where Others Have Failed

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 getting their arms around the enterprise’s IT asset base have been playing “Alice” for years, looking for help and getting little. In many cases, the 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 a critical point solution need. 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’ annual conference and the Gartner IT and Software Asset Management Summit. Gartner’s advice, while always sound, has cycled over the years between total cost of ownership (TCO), return on investment (ROI), the need for best practices and this year, to a focus on 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 this thing called CMDB has emerged as a hot topic of discussion and debate. Other than that, the message is relatively the same. In the most general sense the message has always been 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 is one of defining what constitutes an asset management “system.” In fact, many companies have been down the path more than once.

- Ask yourself how many physical inventories have been performed at the company within your tenure.
- Ask yourself how many disparate spreadsheets and databases exist in your company today. Ask yourself whether or not the company believes it has a handle on 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 on the map, but under the relationship being built around the CMDB as part of the IT Infrastructure Library (ITIL).

If you’re not familiar with ITIL, it was created by the UK government as a set of guidelines (actual process oriented books managed through the Office of Government Commerce) that create a suggested framework for service management. Even though asset configuration items 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 the messaging around the various maturity and evolution models in the market including Peregrine’s view. Still, we see failure of asset management initiatives.

- 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 level
- Lack of **clear and concise communication** along the entire implementation path especially around the value derived Lack of **rabid internal marketing** regarding all of the above

Step one - 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 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.

Executive sponsorship of the asset management initiative is a key criterion for success. If you are suspect of this statement, think back to your own asset management initiatives and 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, step one in building an IT asset management initiative is to align the initiative with value and drivers at the senior levels. These can be focused on reduced cost, IT efficiency, or compliancy. While value may be defined at the operational level, also look to extend that value into support of the overall corporate mission. IT can be taken beyond a utilitarian view into IT as an enabler and IT as a competitive advantage in support of the growth of the business.

Step two – 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 executive sponsorship. From a utilitarian view, it is critically important that the return on investment of the IT asset management initiative be focused on value to the end user community. This is especially important when the initiative includes management of desktop, laptop and mobile devices. Sound asset management practices dictate that policies and procedures are closely managed. In most cases, that translates 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.

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 dollars. This usually will link service level agreements, and their negotiated metrics, to the allocations being charged. This connection may not be self-evident, but every business unit manager that understands allocation accounting will lean on this argument in times of need or perceived service gaps. IT asset management managers should use this to their advantage since 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 the 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 is in effect, the general ledger for IT. In fact, integration between the Enterprise Resource Planning (ERP) package and IT’s asset management repository create 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 control mechanism since all of the details including hardware, software and parent/child relationships exist in the repository.

Step three – 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 to the masses, it is critically important to create a strategic plan. The recommendation is to start with some “no lose” statements at the front end of the initiative. As a foundation, the following statements must be made and agreed to by all stakeholders:

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

While these are the foundations of the initiative, there are underlying IT asset management project predecessors that become critical to the over-arching messaging of the initiative. These should be viewed as strategic plays within the project plan. If managed effectively they will get the project off to a solid start with a positive path to success and longevity:

Define “Asset Management” up front.

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 crossing the bridge to full asset management by including a more holistic definition which includes request, procurement, contract, warranty, financial, IMAC (install, move, add, change) and disposal management. It will be important to the success of the project to break down these processes and define value statements around each step of the lifecycle.

Define primary, secondary and tertiary goals and align each to value with specific ROI timelines.

Asset management projects fail every day due to the lack of clarity around specific measurable goals.

Understand initiative goals early. For instance, in today's business environment, many companies start with software compliancy as the driving need. Auditability is a 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 TCO control or reduction. Whatever the reasons, make sure there are measurable key performance indicators (KPIs) that can be tracked and reported against systematically on a periodic basis based on progress.

Identify a “core project team” with strong leadership who are empowered to make decisions.

The core team must be trusted and empowered to make cross-organizational decisions. Remember, IT asset management touches just about everything. Processes can be considered invasive at the end user level so IT asset management decisions should not be made in a vacuum. Rely on the core team to be decisive but also to engage the 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 that swirl around 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 to 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 accuracy. In order 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, a procurement manager responsible for creating an order will 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. The receiver understands that serial-number, asset tag and receipt date are critically important to accuracy of his/her function (without which linkages to fixed asset accounting, warranty management, etc are impossible to track). Start with catch-point analysis and define data criticality focused on the most critical data elements at the highest required levels of accuracy.

If “TCO reduction” based, do not buy-in until a TCO baseline is completed.

Gartner claims up to 25 percent savings on TCO when enterprises implement an asset management discipline and system. Be careful of this pitfall if there is no baseline. Reductions and savings of this nature will always get the eyes and ears of your “C”-level executives. It is important to have a baseline if TCO reduction is the cause of excitement and funding in the senior ranks. If no baseline exists, ask the simple question “25 percent of what?” That said, beginning a TCO initiative as a cost control mechanism, especially when linked with a refresh program and the process controls mentioned above, can provide comfort to the senior ranks that the IT enterprise is being run like an efficient business. Many times, this is really the goal.

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 and method. It is natural for that process to include a reconciliation of what was ordered, what was received, and what was invoiced. In IT asset management, consider creating a similar process and method. First, commit that the IT asset management repository is “the bible.” 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 database (CMDB) should be accurate. However, there are too many variables and entry points for non-approved assets to find their way in to the enterprise. Therefore, the use of auto discovery technology plays a mandatory role in the reconciliation of the asset repository. At first, one would expect to find many gaps and inaccuracies in the database as processes are maturing. Over time, through good catch point process management, the gaps should decrease.

Finally, while enterprise-wide physical inventories are expensive, best practice recommendations dictate the use of spot audits at the business unit level with reconciliation to the asset repository. Remember, auto-discovery cannot detect what is not “connected.” This creates an immediate gap. If you are adopting a full lifecycle management definition of asset management including contract and financial management, then you also understand that auto-discovery cannot guarantee entitlement or ownership of the assets it finds. Therefore it is critical to continue to provide spot audits from a holistic sense to ensure the reconciliation engine is well oiled and working. Accuracy nirvana is reached when you have a consistent five to eight percent or less inaccuracy metric on identified critical data elements between 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 marketing the initiative based on value outside of IT, integration becomes key. Two good examples of this are finance and human resources. Your pledge to the enterprise is to remain an open system from an integration and transparency perspective. IT asset management is not a closed system. If you’re trying to sell value to finance, consider an accuracy play that provides a sub-ledger approach to the fixed asset repository which is controlled by finance.



In today's world, there is a lot of sensitivity around Sarbanes-Oxley compliance. The financial systems are the cornerstone for audit-ability and accuracy during a Sarbanes-Oxley attestation process. Since 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 are concerned with the asset on board and disposal processes. While the on board process usually works well since documentation is clean and accurate, the disposal process usually has gaps since human communication is necessary and critical. Fixed asset systems typically tracks quantities, cost basis amounts, and depreciation. The IT asset management repository tracks the details at a serialized level along with the parent/child relationships of each asset. Doesn't it then make sense to mitigate any risk to the accuracy of the fixed asset system by ensuring integration during the procurement process and the disposal process at the detailed levels?
- Another example is the value that IT asset management brings to the employee on board and termination processes run by human resources. This may seem obvious, but to many it isn't. Integration between the human resource systems and IT asset management ensure accurate and timely on board processing, accessibility to the required IT tools for efficiency of the new employee 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 to the service management side of the house and the importance of an accurate CMDB.

Define business intelligence/analytic deliverables up front. Every analyst in the universe is crowing about the need to run IT like a business. Business intelligence is always a key driver at the front end of an IT asset management initiative. However, more times than not, the project team are lulled in to the tactical aspects of the project once funding is provided. Consider this as a critical error in the pre-project planning phase. It is very important that the core team understand the linkage to funding. Senior management will not fund an IT asset management initiative just because it sounds like a good idea. Promises have been made along the way by the project stakeholders that usually relate to the commitment on accuracy, decision support and analytics through business intelligence. If the core team loses focus on this aspect of the deliverable, it is one sure-fire way to create risk to the success of the project and the longevity of the IT asset management initiative. Focus on the output! This means in 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 that create transparency to the senior management levels. Accuracy is important at the tactical levels. Accuracy is only important if it is used to enable and support the business through analytics.

Marketing, Marketing, Marketing. Everything mentioned above is at risk without a sound internal marketing plan. The best laid plans (and results) will go unnoticed unless you take a town crier approach to advertising the value in what IT asset management delivers. Marketing must begin as soon as the IT asset management initiative is contemplated. This is when the project key stakeholder must start down that path of convincing peer sponsors to join the journey. Clear, concise communication is necessary, but the journey is just beginning. Let's face it, as IT professionals, we're usually lousy marketers of our own initiatives. We usually get away with it since many of our projects are 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. In order to be successful, the initiative must be marketed forever! This internal marketing plan should address the beginning, the middle and the end of the project and then on an on-going basis should provide a view into the metrics that continue to be tracked and reported. Why? Because an IT asset management initiative requires continued buy-in.

- 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 marketing of the benefits will mitigate the risks of loss of key stakeholder and peer sponsorship. The outline below 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 around each. 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 to see immediate returns for example, 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 of the "Target Audience" groups mentioned below with a focus on unique value:

- **Target Audience**

- Upper Management
 - Peer Groups
 - Users

- **Objectives**

- Project Awareness
 - Deliverable Awareness
 - Creation of Peer Sponsorship
 - Continuation or Increase Project Funding
 - Implementation of Change/SLAs
 - Promotion of Information Flow/Increase Decision Support
 - Sarbanes-Oxley, SAM Compliance, GAO Audit, Clinger-Cohen or other IT Governance Initiatives

- **Methodologies**

- Letters (Intro & Follow-up)
 - Project Status Updates
 - Media – Flyers, Bulletins, Billboards, Brochures
 - Intranet
 - Surveys
 - Celebrations
 - IT Asset Management Assessment Synopsis

- **Outputs/Deliverables**

- Analytics/Reporting/Decision Support
 - Change Management Structure
 - SLAs/Measurement Systems
 - Infrastructure Alignment/Discipline

- **Schedules**

- Intro/Kickoff
 - Project Update Reporting
 - Promotional Materials
 - Intranet Linkages to Project Team/Information
 - Creation of Surveys
 - Creation and Execution of SLAs

- **Specific Metrics and Key Performance Indicators (Cross-functional/Cross-organizational KPIs)**

Summary

There are many forks in the road on the path to success of an IT asset management initiative. Through proper understanding, planning and most of all, continuous marketing, you will 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 warns, "If you don't know where you're going, you might not get there"

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