

Hands Free Asset ID

An Asset Management Best Practice: Completely Automating Asset Tracking

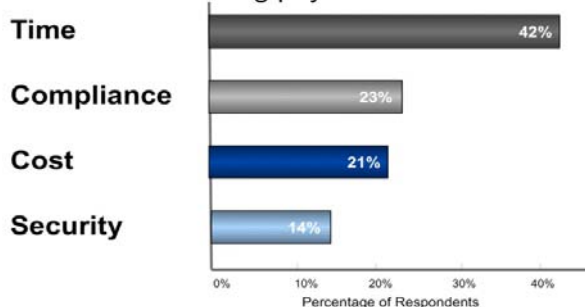
At a recent gathering of government, corporate and educational asset managers and IT asset managers, we surveyed attendees about the biggest obstacle they faced in managing their asset inventories.

Sometimes survey data can surprise. Other times, it's just an affirmation of the obvious.

For those reading this edition of ITAK and/or attending the IAITAM 2009 Annual Conference & Exhibition, our findings aren't "breaking news": In a nutshell, the biggest obstacle turns out to be the manual aspects of collecting and managing accurate inventory data –including the labor involved in asset tracking and asset reconciliation.

We aren't making scientific claims about our survey. But it is instructive to note that most anecdotal comments surveyed asset managers spoke about centered around the fact that they wanted more time to "manage" assets and less time "counting and tracking" them. In other words, they just wanted to "do their jobs."

What are the most pressing challenges for tracking physical IT assets?



Time and Cost issues relate directly to the full inventory and reconciliation cycle.

Source: RF Code Survey of IT Asset Managers, 2008

Ironically, while manually tracking assets is both laborious, often clumsy (think of snaking around a desk to read tag information) and certainly not glamorous, it's a critical part of the asset management process.

Fully automating all aspects of asset tracking can:

- Significantly reduce the time and money companies now spend on this activity
- Increase asset utilization
- Reduce purchasing costs
- Increase asset security while minimizing asset risk, and
- Help smooth relationships with others in the corporate food chain affected by inventory issues, including:
 - ◊ Audit and financial accounting
 - ◊ Regulation & governance
 - ◊ Risk management
 - ◊ Procurement
 - ◊ Facilities and others

Which group makes the most demands on you?

At this point in the discussion, it's fair to ask: Where does fully automated asset tracking have the most impact? The answer: Those aspects of the tracking process that are most manually intensive.

What are these?

Automation Inflection Points: Where Completely Automated Asset Tracking Makes Sense

There are several primary areas in which fully automated asset tracking can play a key role because the processes and activities involved are typically highly manual.

1. **When conducting a full inventory.** IAITAM

recommends inventorying distributed IT assets once a year and data center assets twice a year. This will include:

- a. The inventory collection process, where people are charged with physically finding each asset, documenting its location and matching it to a unique identifier. One of our customers, a major organization, used to allot 11 staff people over six weeks to do a complete inventory. This amounted to some 66 man-weeks of labor. What could you do with 66 extra man-weeks? This is what we call the concept of “recovered time.”
- b. The inventory reconciliation process, where asset managers must bring into agreement the previous inventory with the current inventory. Gartner says that *70 percent of organizations have a 30 percent discrepancy between planned inventory and their actual physical inventory.* Here’s where the search and find mission comes into play as people hunt down “missing” assets that fail to show up on the current inventory. Some have compared reconciliation to an Easter Egg hunt, only not as much fun and certainly not as sweet.
- c. In the case of the organization mentioned above, that inventory typically resulted in an accuracy rate of about 80%. As a result, about 20% of their asset inventory needed reconciliation. That process alone was a litany of manual processes: from trying to find the asset to documenting a paper trail for the asset to communicating with the finance department so the asset could be properly written off.
- d. It was calculated that that it took close to 10 man-weeks to reconcile the missing 20% of its asset inventory. What could you do with that time?

2. **When looking for an asset that needs maintenance, repair or upgrade.** Conservative estimates put the number of such assets at about one-third of the total asset inventory. Assume that you are managing 1,000 assets. If your inventory data base is 90 percent accurate, then that means you’ll need to go on a search mission for the 10 percent of assets not accounted for. In this case, 33 assets. If you’re successful in finding those assets, you’ll lose some 66 man hours in finding them, given that an average search may take up to two hours per asset.
3. **When overpurchasing or overprovisioning because you’re not successful in finding unaccounted for assets.** If you’re not successful in finding those assets, then your organization may end up purchasing new ones to replace those you couldn’t find. Now it’s both time and money you’ve lost, including driving up the total cost of ownership of your asset inventory. And it’s the bottom line that takes this hit.

How automated is the system you have?

That’s an important question because in addition to the daunting manual challenges mentioned above, there are a few



other “obstacles” you face in getting to inventory and asset management nirvana. These include, but are not limited to a number of physical obstacles that can interfere with asset tracking. Among them:

- Access limits
- Locked doors
- Difficulty in finding asset tags/serial numbers
- The sheer volume of assets
- The frequency of recommended inventory
- Constant asset movement
- Emerging green issues (more on this later)

Most companies have some degree of automated asset tracking in place. We’ve come a long way from counting on an abacus. But have we yet gone to the other end of the spectrum where all manual tracking intervention is eliminated and what’s left is the critical part of the job that can’t and shouldn’t be automated—the part of the asset management process that combines critical decision making and asset management experience with the science and discipline of process automation?

Four Degrees of Automation Separation

In the evolution of automation, there have been significant advances in the march toward completely automated asset tracking.

Let’s start with human readable tags. These are certainly advancement over more rudimentary “technologies.” Plus, the tags are cheap so you can affix to almost anything. And they’re cheap. But they are not automated. They require a lot of manual labor to read the tag and then enter into a spreadsheet.

Barcode tags take automation one step further. Certainly reading a bar code is a lot faster than the option above. Plus, they are more accurate, cheap and small. But is this complete automation? Not if you have to manually scan each tag during inventory. And how up to date is an inventory based on bar coding? Only as good as the last scan. So bar coding, while a

big step above the human readable tag, is probably what most people would consider an intermediate automation approach - a step in the right direction, but not full automation.

Then there's passive RFID. Depending on the environment, passive tags provide very accurate reads. And they are certainly a faster way to get data into a system. Like bar code labels, they can be small in size. But they don't provide real time data (again it's the last read taken, which means not real time data). Plus, they still require *manual* wandering to capture asset inventory information. Again, passive RFID is an incremental automation approach - a step in the right direction, but not full automation.

Is semi-automated good enough?

For asset managers looking to reduce the time and cost of tracking assets, obtaining real time, actionable data, increase asset inventory and have total asset awareness at all times, then maybe not. Consider this: expensive labor doesn't scale, so applying costly resources to a task that can be automated may not make sense. Then consider that the information these "partially automated" solutions capture is out of date the minute it's captured. And if it's a "last taken" inventory you have, than the security of your assets is always at risk. There's cold comfort in this headline from *Security Pro News: Server Theft Trumps Server Hacking*. Substitute any asset for that server and you realize that semi-automated solutions provide insufficient asset protection.

So what does a fully automated system look like?

A fully automated system should be real time and "hands free." That means no labor is required to collect asset data. And all data is accurate up to the minute. The solution capable of providing this real time data without manual intervention is active RFID-based. Such solutions:

1. Eliminate all manual intervention related to data collection. Information is automatically sent to a "reader" whenever a change occurs so that inventory accurate and up to date.
2. Communicate in real time
3. Provide wide area coverage
4. Determine asset location to zone, room and rack levels
5. Know immediately when an asset moves thereby enhancing asset security
6. Easily integrate with existing asset tracking databases and systems
7. Deploy simply and easily
8. Can monitor the asset environment - from heat and humidity to the presence of water to access issues
9. Meet the needs of the data center *and* the entire organization
10. Are built from the ground up to integrate easily in existing asset management applications, including those from HP, IBM, CA, Microsoft and others.
11. **Provide an ROI is one year.** All semi-automated and fully automated solutions require tag and reader outlays as well as deployment costs upfront. It's Year Two in which the ROI of a fully automated system proves itself. With manual labor now eliminated, the cost of the system goes down to virtually zero

Your Last Inventory Can be Your LAST Inventory

If the time and cost of asset tracking is one of your most expensive headaches, a fully automated solution can virtually eliminate the inventory process altogether. With dynamic visibility into status, location of inventory; real time, up-to-the minute inventory accuracy; and greatly reduced physical IT asset management costs, you can as one of our survey participants said, "Do your job."

Then ask yourself: If there's no more inventory, what could your team do with its "Recovered Time?"

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