

Enterprise-wide Consolidation on the CIO's Menu: Preparing Ingredients



ITAK Columnist

Jenny Schuchert

VP of Sales and Marketing for Animus Solutions, Inc.

When executives are weighing their options for savings and cost-cutting, one of the choices is to consolidate resources. This year, the usual round of re-organizations just might include an executive directive to reduce the number of data centers over the next 18-24 months. Data center consolidation removes the ties to regions or business units in favor of centralized and homogenized IT assets to reduce duplication. The expected results are savings from reduced energy consumption and lower costs for maintenance and support. Balanced against these savings are the anticipated costs of the consolidation project which include moving equipment, HR costs, upgrading infrastructure at the chosen site and renegotiating some contracts.

Obviously, IT asset management has an enormous role in consolidation projects. Organizations without strong and influential IT asset management often fail to achieve predicted savings. In a recent article in the Wall Street Journal, author Justin Scheck cites two examples where projects were jeopardized by the extent of their software catalog and by the political issues associated with removing the duplicates. ("Taming Technology Sprawl: H-P Hits Snag in Quest for Savings through Systems Consolidation," *Wall Street Journal*, January 28, 2008). Citigroup identified a catalog of 10,000 software titles instead of the 6,000 that was predicted

in the project's assumptions. Scheck also reports that Hewlett-Packard (H-P) had a major issue with an unexpected software catalog of 6,000 and no previous efforts to standardize on software applications. Political issues surfaced with the CIO's efforts to generate savings from eliminating duplicate software applications.

After a sigh at the lack of understanding H-P executive management demonstrate regarding their suite of products that tame these issues, let's consider options on how to prepare for internal consolidation through hardware and software asset management.

Major Preparatory Changes to Consolidation

When planning for change, effective IT asset managers consider the nature of the work done by the end users, the culture of the organization, the other programs that are receiving emphasis at the time of the change and even the trends that the executives read about on the internet. If the CIO has had positive results from investing in IT asset management programs, then business practices that prepare for internal consolidation or even external mergers and acquisitions while delivering immediate value should be easily implemented.

One business practice that helps to prepare for consolidation is establishing

policy and procedures for re-deploying hardware and software. With re-deployment, cooperation is built by offering the benefit of distributing needed equipment more quickly at reduced costs. Re-deployment gains support for adherence to company standard configurations since the largest pool of equipment available for deployment will be standard equipment. Central pooling of resources opens opportunities to reduce maintenance costs by streamlining the contracts and by identifying maintenance payments on equipment not in use. Support costs usually lessen with less variety in the environment, although support costs may rise if equipment is kept in service longer.

A financial practice that aids in preparation for consolidation is chargeback, either with the assets individually or as part of the service management initiative for IT. Introducing chargeback is an enormously effective incentive for disposing of old equipment, emptying closets and reducing hoarding. If the budget is tied to the quality of the asset data, providing information to the IT asset management program, or supporting automated processes, will become important to all levels of management, not just the CIO. While this change can be painful and face political opposition, the ease on the budget eventually converts uncooperative members of middle management into advocates. Re-deployment works well with chargeback, making each business practice more successful. Ideally, these changes lead to centralization through systems that will make it easier to physically change the IT landscape for the company.

It is important to note that re-deployment and chargeback are programs that encompass both hardware and software. In the Wall Street Journal article quoted earlier, it was the software catalogs that were the biggest issue with regard to consolidation. Standards are essential to reining the software catalog and to cutting costs. Most

organizations have standards, but also have flexible exception programs to circumvent those standards. The purpose of IT is not to have neat and tidy asset configurations, so if standards are not current or correct they become meaningless. Software standards are particularly vulnerable because of the ease with which software can be introduced into the environment.

Also, major departmental initiatives are often centered on the selection of an application to automate and streamline essential tasks. If standards do not support these efforts, or if the information about existing software contracts or publisher relationships is not available, the catalog of software will grow unchecked. To prepare in advance for consolidation, controls put in place at procurement to enforce standards will reduce the difficulty later provided that a reasonable effort is made to create standards that support the users in their essential tasks.

In some cases, the IT vendors are actually forcing or facilitating standardization and consolidation. Consider the recent series of acquisitions and product consolidation in the IT asset arena. There are markedly fewer vendors than existed only a year ago. With industry giants acquiring long-standing ITAM providers such as Altiris, LANDesk, Peregrine, Opsware, EverDream and MRO, IT managers will have the opportunity to work with a single vendor to provide a wide array of IT asset management services. Ed Cartier, a partner at Sage Technology Resources, noted that, "As major IT vendors such as H-P, Dell and IBM incorporate their acquired IT asset management tool sets into their standard data center management offerings, CIO's will have the opportunity to standardize their back-office operations and eliminate a broad array of specialized tools that may perform only part of what the consolidated products offer. This level of consolidation will create savings in the areas of maintenance fees, personnel utilization and general operational efficiencies."

Minor Changes that Help With Consolidation

No matter how successful an asset management program has been, it may not be possible to initiate major changes even for a good cause. With the systems, processes and services that are already in place, what can be done to prepare for consolidation?

First, consider doing homework. Take a new look at the results of the discovery at the full scope of what can be found. For hardware, IT discovery products can report on hubs, routers, firewalls, networked printers and many other devices that may fall outside of the current scope of management. Is there a department that does not participate in the discovery? How about using the agent-less discovery feature to extract at least an outline of information? Is there is asset data in another area of the company? What about offering to store it in a repository so that as much data as possible is in a central location?

For software, take a good look at the dictionary and the software results coming from the discovery product. How much manual effort does it take to turn the discovered data into information that can be matched to licenses? Would it be possible to improve the dictionary, or the mapping of executables to license? Answering these questions may require putting more effort into the existing products and not necessarily buying something new. If the vendor says that the product can do more, have them show you how. They want to keep your business and should be motivated to help.

Next, meet with the disaster recovery or contingency planning team and find out about the data and information routinely collected as part of disaster preparation. There are two scenarios for this meeting – either you walk out with less to do during consolidation because the team has good data to start the process, or you could walk out a hero because you can deliver better data than they have had. In either case, consolidation will be smoother and better coordinated with the ongoing requirement to produce a viable disaster

plan.

When the decisions were made about collecting data and maintaining it over time, the choices were made to solve the informational needs of service management and the business management of IT. Revisit those decisions and consider the ability to collect additional information that would help in consolidation. Some organizations do not track a physical location or to a cost center. Restrictions on where or how a software application can be used may not be easily accessible. Mutual dependencies that surface when designing services or when mapping applications may not be in the asset repository. These types of small changes in the automation and processes implemented prior to consolidation can cut months off of the project.

When Consolidation Happens

Consolidation is difficult because of the impact on people, politics, systems and company culture. IT asset managers have the ability to take some of the pain out of consolidation by providing accurate data about the IT infrastructure and how it is used in each location, avoiding supposition-based decisions. Departmental managers that have benefited from life cycle management services are less likely to be fearful or proprietary when asked to participate in standardization or consolidation.

In a stressful economic year, the better we do our jobs, the more likely we are to be still doing them next year.

