

# Tight Budgets: Opportunities to Revisit the Past



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With the economy taking a downturn, many companies have either frozen budgets or reduced them for 2008. This change forces us to re-examine our plans, projects and priorities, realigning to financial goals. For the management of IT assets, a typical reaction would be to delay purchases, reduce service levels, and lengthen the lifecycle of some assets. Instead of relying on

reactive restrictions, consider using this change in direction as an opportunity to re-examine existing technology for untapped value. Now might be the perfect time to complete a delayed but budgeted implementation, share data across systems or build additional process automation into existing systems. Even rejected projects should be reviewed to see if the savings



potential estimated for that project puts the project back on the list. Remember, we still have budget, but have to make hard choices on where to spend it.

There are many historical reasons why systems, processes and data are not being used to maximum benefit within an organization. Sometimes it was the lack of resources to implement changes, losing budget to a competitive project, or no obvious relevance to the CIO goals at that time. Politics can hamper business practices especially those that cross departmental lines like IT asset management. Enterprise level product or process implementations routinely fail due to politics interfering with inter-departmental cooperation. Other causes of implementation failure are the lack of the appropriate or adequate resources, poor planning, or simply because the project lost executive support over time.

### Room for Improvement

In a recent webinar, Phara McLachlan (President of Animus Solutions) and I offered common sense advice, laying out opportunities to enhance the value of existing automation and data. The question we asked our audience to consider is whether the IT asset management automation and data are being used to their fullest potential for your organization. Potential is using all of the features and functions of the installed product, use of the product across the entire organization, and considering the automated process and resultant data as corporate-wide assets themselves. If there is unused potential it is possible that there is untapped value yet to be harvested. The bottom line is that by tightening of the lifecycle processes for assets the entire organization is likely to increase ROI on those assets and reduce incoming purchases.

Uncovering the opportunities and determining the cost - benefit ratio requires analysis. As a first step, examine the automation that your company currently has installed to manage IT assets. Are there features and functions that are not currently in use? Could the lifecycle processes be

supported more fully by automation so that existing assets are redeployed and not lost? If the automation does not cover the entire organization, are there legitimate reasons that still exist for the specific exceptions? The broader the scope of a system, the more streamlined and in control the CIO or IT organization remains. For organizations having difficulty in, or failing to, locate assets including the entire organization and automating support for the processes might just be the winning combination.

**Revitalize Shelf ware**

Dusting off shelf ware is another choice that can ultimately yield savings with some investment in the implementation. Enterprise level products that are on the shelf represent a significant investment with no or negative ROI. For IT asset management products, examine why the product is shelf ware and determine if the possibility of savings garnered from expanded capabilities has sufficient value to consider “taking that product off the shelf.” You might consider engaging an outside consultant who has an in-depth an understanding of the product and of the business issues. A consultant will objectively examine the situation and deliver a recommendation on whether to implement or not. If the cost - benefit analysis and risk assessment suggest implementation will deliver savings within a reasonable time frame, then the project will yield an overall benefit to the organization. However, it is essential that as you develop the plan you address whatever issues held the project back in the past. In general, the worst mistake that is made in this scenario is to not adequately budget for training and communication. These steps increase the comfort and commitment from all, including those informal saboteurs that influence others. Training and communication are the wrong things to skip. Try it. You won’t like the results.

Since vendors are feeling the pinch as well as your company, negotiating a reduction in re-instatement fees for that



shelf ware might be possible. Vendors want to keep you as a customer and there is no harm in discussing the topic. If that doesn’t work out, competitors sometimes have replacement programs whereby you can license their product for a small fee or even for ongoing maintenance. So if you aren’t satisfied with the reaction of the current vendor, call others and ask if they have any replacement programs.

**A Broader Perspective**

In the situation where the IT asset management is global and implemented fully, improving product usage may not lead to sufficient savings. An approach to consider is to identify alternative users of the automation. Are there groups within the organization struggling with spreadsheets to manage some type of asset? Assets that are associated with legal documents, expirations or complex relationships among assets are all good candidates for a repository-type product. I have seen building maintenance agreements, fire safety equipment and gas meters in asset repositories. Hard times lead to a broader view of value where saving money for another department is recognized as a positive step instead of a nuisance.

The politics of IT asset management might change under the pressure of tight budgets, with managers finally reading those ITAM reports on usage and which

provide budget-saving suggestions. Now might be a good time to integrate systems, increasing the value of the data collected and providing better financial information to a wider audience within the organization. If information about assets can reduce a tax bill or a maintenance bill, the integration project costs are recovered quickly. This approach also builds champions and strong working relationships that will in turn deliver value later, as you have delivered value to them.

Additional users for IT asset data are found by examining the corporate initiatives that the CIO or CFO have prioritized. If meeting governance requirements has been a costly and time-consuming project over the last few years, you may have a candidate for IT asset data. IT Asset Managers have a tendency to focus on the nightmare of software audits, but in reality software audits are only one flavor of audit that the organization must endure. Analyze whether automation (discovery or repository) would be of value, and if the reported data has any relation or relevance to the governance requirement.

If IT Asset Management is not providing data to Finance about assets, there exists a prime opportunity to increase the accuracy of the IT asset related balance sheet information. The obvious savings come from reduced property taxes and depreciation. For example, in the April edition of ITAK, Marcus Scholes added insurance premiums, quoting research that states 20% of reported fixed assets aren’t really there, pushing premiums as much as 20% higher than necessary. (ITAK, Vol. 3 No. 4)

**Cobbler’s Children**

The legend is that you can tell the cobbler’s (shoemaker) children from the size of the holes in their shoes. If there are holes in the IT asset management program that hinder the organization’s ability to execute the business practices expected for hardware and software management, the opportunity for automation will be found elsewhere in

the organization.

Although the array of systems and products is unique to each organization, there are some obvious products with functionality that help fill the holes in IT asset management. If an enterprise level discovery product is not in use, consider drawing inventory data from the configuration management, network management, security and software distribution products that are currently deployed in the environment. While most do not retain history, it may be possible to extract snapshots and build data in a database elsewhere. Even though databases may be numerous within the organization, few have the types of functionality that automate ITAM processes.

Service management initiatives are the best source of data repository functionality if an asset repository isn't deployed or budgeted. Service management includes asset data organized around services offered. This approach will result in better reports and a stronger service management project

but may provide little support for the financial and contractual management of assets that are essential to IT asset management.

Working with procurement and ERP (Enterprise Resource Planning) systems will at least allow IT asset management to control and report on the acquisition of assets if the IT Asset Management program is lacking in that area. Documentation management products may help manage the legal paperwork of contracts, licenses, maintenance agreements and leases. Legal departments are the best source for this type of functionality.

This list is most likely not complete, and touring the IT department and talking to your peers about the products and services they maintain is a good starting place to line up candidates. The ultimate goal is savings and the impact of budgetary limitations provides the opportunity to act now.

An important caution: Do not get carried away and begin to customize

heavily, building ITAM functionality into another product designed to accomplish something else. Building an IT Asset Management product is most likely more expensive and certainly riskier than purchasing a commercial product. Limit your inventiveness to stop-gap measures that will enhance temporarily the ability to manage the lifecycle of assets.

### Reaping the Harvest

Changes in budget, business goals and priorities do not have to be a roadblock to continued progress. The challenge is to find ways to offer value that is in synch with the goals of the organization. This new perspective may yield opportunities that were out of reach before turning a recalcitrant manager into an ally and a stand-offish Finance department into a willing participant. Move quickly before the economy rebounds!



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