

Asset Management Software is the last thing you need

Asset management is finally getting the recognition it deserves – particularly in the IT arena. But despite a lot of hard work, especially on the part of Gartner, the definition of asset management still varies wildly depending on who you talk to. Many people think of asset management as having a list or an inventory of assets, usually maintained on a spreadsheet. Those in the know, however, would describe asset management as the set of processes that facilitate the collection of physical, financial and contractual data relating to any assets, empowering management to make both tactical and strategic decisions based on reality. If asset management is executed effectively, business risk can be reduced and significant cost savings can be achieved.

The solution is often perceived to be software led, and this is where things start to go wrong. A number of organisations begin their asset management programme by asking software vendors for product demos. They then make their choice based on a combination of product look and feel, cost and perceived functionality.

Software vendors will customise their products to align with some of your known processes, set up standard reports to your specification and organise data import. What software vendors won't do is analyse what information your business needs to facilitate tactical and strategic decisions, fix broken processes and create new ones, or clean and reconcile data. Some of this work is tedious, some of it is very complicated and requires a trained eye – such as identifying break points in a lease contract – or matching and reconciling financial and physical data.

Software vendors may tell you that they fix broken processes – but the truth is that their job is to sell software, because that's where the margin is. They do not warrant that the data you import into their system is clean. This is by no means an attack on software vendors – just a reality check. Software simply provides a repository for your data, it does not tell you how to make strategic decisions or which suppliers are taking advantage – you do that by analysing the information you have.

So having established that asset management software is merely a filing cabinet for you to store your data – you're beginning to realise that this is not going to be a "tick in the box" type of project. A large organisation might spend £1m+ on a software implementation and perceive no real benefit because the rudimentary groundwork was ignored. A successful asset management programme actually comprises 50% process, 40% management buy-in and only 10% software.

"Companies must accept that IT asset management can require a fundamental change in processes. Tools alone will not solve their problem" – Gartner

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1 Getting started

1.1 Make a plan

The first step has to be the overall strategic plan for the business, understanding how the asset management programme will meet the corporate objectives and identifying the priorities. For example:

- ◆ cost containment
- ◆ outsourcing
- ◆ conserving cash through leasing
- ◆ software compliance
- ◆ supplier management
- ◆ contract management

It is important to establish the priority ranking at the outset. This will allow you to break the project into manageable chunks and achieve faster, more visible results.

1.2 Get buy-in

Because this project encompasses the entire lifecycle of assets, it will necessarily cross a number of departmental and divisional boundaries. There will be politics to deal with and arguments about charge-backs for project costs. Without an upfront buy-in from departmental managers a successful outcome is unlikely.

1.3 Ask the questions

The next step is to interview all the interested parties from finance and contract managers, through Help Desk and engineers to users. Each of these parties will have value to add in terms of commentary about what processes are in place, what works and what doesn't, what could be improved and what data should be collected. Review all existing systems for capturing asset data – you will be surprised how many there are and the level of duplication. You will also begin to get a clear idea of what reporting will be required.

1.4 Re-design the processes/implement/train

This will give you a fair idea as to the processes that need to be re-designed or maybe just simplified, how to implement them and what training will be required at ground level to ensure a successful transition.

1.5 Automate processes

Once the processes are installed and established (fine tuning will be required after a few weeks/months), the next step is to evaluate those parts of the process that can be automated. This exercise will effectively generate a software functionality specification. The specification can then be included in the ITT and distributed to the software vendors of your choice.

1.6 Reconcile the data

While the software vendor is being selected, work can begin on the data cleaning. The primary data sets – physical, financial and contractual - need to be reconciled to each other. This will involve a physical audit that may be a combination of auto-discovery tools and labour intensive physical examination. The findings of the physical audit need to be reconciled against the Fixed Asset register. This is one of the more difficult tasks because invoice descriptions (the basic data input source for the finance department) rarely use the same language that an IT professional would use in describing the same asset. In addition finance may view “one asset” as 100 x Dell Optiplex, whereas the IT department wants 100 assets with attached “child assets” such as 18GB HD. The reconciliation process will highlight a number of issues that need to be resolved such as:

- ◆ Standardised descriptions
- ◆ Unique asset IDs
- ◆ Parent/child asset relationships
- ◆ Depreciation rules
- ◆ Capitalisation rules
- ◆ Lease management
- ◆ Supplier price monitoring

At the end of the reconciliation process there will be a number of assets that are missing – these will need to be written off. There will also be a number of assets present which cannot be linked back to financial records – where these still have a useful life they need to be given IDs. There will be a large amount of idle inventory that should be redeployed or valued and sold. Software discrepancies will also become apparent – licences in use that cannot be traced back to a purchase and licences installed on idle equipment.

This exercise will also highlight leased equipment that is idle (or has been sold) and any extension rentals that are being paid unnecessarily. Duplication of maintenance cover will also be identified.

Inconsistencies in purchasing patterns, maverick purchasing and opportunities for maximising volume purchase can be analysed and actioned.

The reconciliation activities will not only yield early savings opportunities but will also expose broken processes. It is imperative that this project is undertaken with substantial internal commitment and within the shortest possible timeframes to ensure that data remains accurate.

1.7 Chose the software

Now that you have a full understanding of the processes operating in your organisation, as well as the priorities and existing systems – you are well positioned to make your choice of software. Asset management tools are described in two ways:

Auto-discovery or inventory tools (a snapshot of a point in time)

Auto-discovery or inventory tools collect physical data using an agent that is distributed via the network. Data on assets that are not attached to a network or data not available through discovery needs to be collected manually. The information is then collected in an inventory for reporting. Organisations that have existing systems management software sometimes try to leverage their investment by using its inventory capabilities. But these capabilities are primarily designed to support electronic software distribution and the

tracking capabilities can be difficult to adapt. Getting the right tool for the right job is always safer and often cheaper in the long run.

Auto-discovery or inventory tools should *never* be used as the primary data input for an asset management system, as they tell you what you actually have – not what you *should* have. Auto-discovery tools should only be used to verify information that has been generated from procurement, deployment and change management systems.

Choosing the right auto-discovery tools will depend on the level of detail and functionality required, for example some tools only report on software licences present whilst others may include software usage.

Repository or asset management tools (a dynamic view of financial, physical and contractual asset data)

The repository contains information on the physical, financial, and contract information associated with assets. Repositories are usually designed along the lines of the asset lifecycle and include procurement, deployment, change management and disposal. The repository will usually have facilities to import data from major accounting and Help Desk systems to avoid replication of data input. They also have the ability to allow reconciliation of data collected by auto-discovery tools.

Some repository tools will actively support the workflow processes and some have evolved to accommodate e-procurement. All tools will include an event management facility for early warning of critical dates such as lease termination.

No panacea is available

The optimum solution for any organisation is an integrated auto-discovery tool and asset management repository. There are now a lot of very good products available but here is no utopian solution to the asset management issue. For example, no single discovery tool can run on NT, UNIX, Mainframe and OS400 (i5OS). Different solutions will need to be integrated for a multi-platform environment. Some discovery tools are more focussed on software compliance than hardware management and vice versa. Some repositories are web enabled – others aren't.

Finding the best match for a combination of solutions will very much depend on how much effort has been put into determining the functionality and workflow requirements.

Achieving the best results from asset management will be a combination of the success of the automated procedures and the quality of data to begin with.

1.8 Making decisions and cashing in on the benefits

Now the hard work has been done. You have a sophisticated asset management system supported by best practice processes, reports are delivered on time, planning and budgeting is a breeze. This is the point at which two things can happen:

- ◆ processes begin to deteriorate and data quality is compromised
- or
- ◆ confidence in the data can support a new generation of asset management initiatives such as total portfolio planning and Total Cost of Ownership analysis.

1.9 Maintain, maintain, maintain

The only way to ensure that your initial investment and benefit does not degrade over time is to constantly review the processes, business needs and data quality. Regular audits and process review are essential.

In addition, it is critical that the issue has board level buy-in to ensure focus and commitment.

Properly executed, asset management could make a material difference to the profits you report this year – so it is probably worth a few minutes discussion at the next board meeting.

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