AberdeenGroup

# Discovering IT Asset Value Yields Savings Dividends

An Executive White Paper

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# Discovering IT Asset Value Yields Savings Dividends

**Executive Summary**

Under pressure. That is how many executives feel today as they are pushed to expand profits while also keeping costs low. In the drive to meet these divergent demands, companies have made financial, time, and resource investments in information technology (IT) hardware and software assets. Yet many executives painfully discover — despite their commitment to technology — that they are wasting a significant portion of their IT budgets. IT organizations require a high return on investment (ROI) for their IT assets, but they often overlook two critical components: (1) accurate identification of their IT inventory and (2) monitoring usage of software and hardware assets. According to Aberdeen research, companies that effectively manage their IT resources can save up to 35% annually on their IT budgets.

Today, many companies rely on manually based IT asset management systems because of a perceived lack of asset tracking and software usage solutions that are easy to install and maintain. A manual system, even when combined with some computerization, however, is highly prone to errors and is difficult to scale. Consequently, companies hire and train more IT support staff and end up with an expensive, unwieldy asset management process that can quickly — and quietly — deplete IT resources and corporate bottom lines.

Any IT resource is not an asset if its costs exceed the value that it delivers. This Aberdeen *White Paper* documents the growing challenges of tracking and managing corporate IT assets. It also highlights the importance of an IT asset management program to help measure and control costs. In particular, this paper examines the value of tracking and metering of IT assets to maximize the ROI of IT hardware and software spending. The paper concludes with a discussion of the SupportSoft Auto Discovery and Metering product.

**Reducing IT Spend Is Job One**

In reaction to a global economy that is slow to recover from a recession, businesses have made "cost control" their new mantra. Struggling to maintain or increase profitability, businesses must develop aggressive strategies to cut spending and achieve a higher return on their IT assets. The primary role of an IT organization is to build and manage a high-performance IT environment that supports a company's business strategy. This task is not always easy. It is made even more difficult when an IT organization lacks ongoing visibility into the actual usage of its internal and external IT resources. Consider how improved IT asset management could mitigate the following situations:

- Microsoft Corp.'s new software licensing program, which could raise software bills for some companies, has caused many IT organizations to reexamine the value of their licenses. Discovery and metering solutions facilitate software licensing and distribution management to prevent over- or under-buying, and also to reallocate a software license that is no longer being used by the previous user to a new user.
- Companies own and operate applications, software, and hardware at differing life-cycle stages. Asset tracking and metering can provide companies with a full inventory of their ever changing IT assets, including where applications are physically installed on the network, which assets are being used and how often, and what equipment is more prone to problems or security attacks.
- IT hardware and software are constantly being updated to accommodate new business requirements, address changes in technology, and incorporate new software and hardware components. An IT asset management solution with highly precise discovery and metering capabilities can ensure that computing systems have the memory and processing speed to obtain full performance from new software upgrades.
- Aberdeen research indicates that business continuity and disaster recovery are two top IT priorities for the coming year. Organizations with a solution in place that enables them to easily maintain a current inventory of their IT assets can rebound from an unexpected disaster significantly quicker and easier than organizations that have not yet implemented such a solution.
- As handheld devices continue to permeate the corporate enterprise, businesses need to actively manage these assets. The total cost of ownership (TCO) for a device, such as a Pocket PC, has been estimated to exceed $4,000 per year. By acting early to incorporate these devices into an overall asset management strategy, companies can curb costs and losses — and avoid the same management mistakes associated with the proliferation of laptops in the late 1990s.

Aberdeen has observed that IT asset management has taken on an expanded charter and sense of urgency. Acute issues are discovery and inventory tracking, both of which represent the ability to collect and record detailed information about the digital assets on computing systems across a network — including mobile and handheld devices — and also measuring, or "metering," software usage patterns.

**Enterprise IT Asset Management**

IT asset managers' goals are to maximize ROI and lower TCO on software and hardware assets; they also strive to align these assets with the strategic direction of the company. Costs related to maintaining these systems may include people, ap-


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plications, hardware, software, inventory, licensing contracts, and budgets — any information resource that can improve a company's overall IT asset performance. Table 1 includes some key questions that a typical company should be able to answer in optimizing its IT investments.

### You Cannot Manage What You Cannot Measure

Precise discovery is the first and most critical step in any asset management program. A company cannot rationalize and manage its IT resources if it cannot accurately track and measure the deployment, use, and ultimately the value of software and hardware assets, including handheld and other mobile devices.

A research study found that most large enterprises today own approximately 30% more IT-related software and equipment than they actually believe they do or can account for across the enterprise. This statistic strongly suggests that IT organizations lack precise information on what they own and operate on a regular basis. Additionally, studies indicate that most companies with 5,000 or more employees are overlicensed and/or also support isolated and incompatible applications. Application redundancy and underutilized assets waste resources, increase the risk of errors, and impede a company's productivity. These factors are leading companies to seek better approaches to uncover and track IT data and provide intelligent feedback.

**Table 1: A Sample Scenario for IT Asset Optimization**

| Monitoring and Optimizing IT Assets |
|---|
| **Company:** |
| • A large Fortune 500 pharmaceutical enterprise with 35,000 users |
| **Vital Statistics:** |
| • A total of 35,000 laptop users, each with the standard corporate build of Microsoft Office |
| • A total of 3,000 of the users also use a Pocket PC-based handheld with a sales force automation (SFA) application and Microsoft Office installed. |
| **Asset Optimization Questions:** |
| • Which applications are being accessed, and how often? |
| • Which software licenses can be eliminated, reallocated, or renegotiated? |
| • Do all the handhelds have Pocket PC V3.0, and do they have the necessary antivirus patch? |
| • Is it necessary to pay $XX for all 35,000 Microsoft or 3,000 SFA installations? (For example, does the accounts payable team require the SFA application?) |
| • Is there wireless network connectivity available? |
| • Is all the installed software accounted for — or are there unlicensed or nonstandard applications installed that might cause unnecessary and/or costly support problems? |

**Source: Aberdeen Group, October 2002**


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### The Role of Auto Discovery and Metering

Auto discovery software provides visibility into a company's IT assets by utilizing agents to automatically "discover" and report on digital assets — software or hardware — linked to an enterprise's network. If an agent is deployed on a device that is intermittently connected to the network, the agent can store changes when the device is disconnected and automatically sync it with the IT inventory database the next time the device logs on to the network.

"Metering" enables IT managers to identify and measure software usage patterns. IT organizations use this information to prevent over- or under-buying and to identify what software is being accessed so that they can avoid paying for licenses that are installed but never used. Other key benefits of metering include:

- Visibility to evaluate software usage patterns and measure the cost of each application against the business value it provides, in an effort to target software deployment to the areas of highest return
- Identification of unauthorized applications (e.g., videogames and screen savers) that may negatively affect support issues by lengthening problem resolution, adding to costs or hindering network performance
- Detailed contract, warranty, and entitlement data to enhance the decision-making process for future hardware and software investments, as well as cost-savings opportunities
- Improved management and tracking of contract information to ensure license compliance and the correct level of vendor service

Aberdeen estimates that organizations using well-defined discovery and metering will lower their overall IT asset management and spending costs by as much as 20%, and also reduce their reliance on manual processes to track and manage their IT assets by as much as 86%.

### The SupportSoft Approach

Some software providers have started to offer metering and auto discovery solutions, either as stand-alone products or as part of a larger suite of applications. Aberdeen research shows that IT buyers want a broader value proposition for asset management — one that extends beyond passive information administration to a *proactive* model designed to increase IT performance and free up IT staff and budget for more strategic purposes. By preempting potential problems within their IT infrastructure caused by weak asset management, companies can avoid costly support issues later.


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SupportSoft's newest product offering addresses the need to enable IT decision makers to balance short-term cost-reduction results with long-term ROI benefits. Its Web-based Auto Discovery and Metering software captures detailed data and monitors ongoing software usage. SupportSoft's product creates and populates a profile of configurable information about all of the IT assets an enterprise wishes to measure, including a real-time snapshot of personalized technical information. It can include a complete record of the characteristics and location of IT equipment by individual, department, or geographic location. Details can be linked to individual items and/or users to increase IT control and assist in maximizing business benefits. Additionally, with detailed knowledge of software usage patterns, enterprises can improve management of their software contracts.

The SupportSoft Auto Discovery and Metering solution works in either a connected or disconnected mode. It can integrate with existing enterprise applications and can be deployed as an individual solution or in combination with SupportSoft's Resolution Suite for comprehensive enterprise support automation.[1] The SupportSoft Auto Discovery and Metering solution comprises six key elements:

- *IT Resource Management* precisely identifies standard and nonstandard applications to ease license management and software distribution.
- *Automated* gathering of asset information across multiple individuals, organizations, or locations from one central location eliminates deskside visits and/or manual entry of data.
- *Scheduling* enables the IT organization to plan and schedule the discovery and metering process in a manner that optimizes network bandwidth and avoids interference with user productivity.
- *Analytics* provide intelligent feedback for strategically targeting IT resources.
- *Metering* enables timely updates on software usage to monitor enterprise performance and IT resource optimization.
- *Secure Information Delivery* ensures the confidential transmittal of asset information across the network.

[1] For more information on support automation and the suite of applications offered by SupportSoft (including areas for self-healing, mass healing, self-service, assisted service, and more), please see Aberdeen's *Executive White Paper*, *Support Automation: Redefining Technical Support for Problem Resolution,* June 2002.


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## Aberdeen Conclusions

A complete understanding of the IT environment is essential to controlling costs and maximizing ROI on IT assets. Although a company may have an IT asset management solution, it is suboptimized if it cannot accurately measure and maintain the overall value of the company's software or hardware inventory. There are some caveats: Enterprises need cost-effective solutions that can be installed and deployed quickly and that do not use a large, cumbersome feature set. Today, companies will not tolerate chaotic, complex implementations. Cost centers must be clearly defined and measurable, and payback should be evaluated in months, not years. Finally, there needs to be a clear path to leverage existing IT investments with future software functionality to accommodate growth and expansion.

According to Aberdeen, companies that have or have not invested in IT asset management software should create a rigorous process that precisely identifies hardware and software inventory across the entire enterprise and that accurately and consistently meters software usage patterns. Although maximizing the value of IT resources is complex, an effective IT asset management program with automated discovery and metering capabilities can offer a clear, direct lever for controlling costs and, ultimately, for boosting profitability.

SupportSoft has artfully added automated discovery and metering to its portfolio of products. In addition to the attention paid to IT asset management, SupportSoft also has products for other key IT infrastructure requirements, such as virus attack recovery and software distribution, all of which directly connect cost control to operational efficiency. With its Auto Discovery and Metering software, SupportSoft offers yet another means for enterprises to preempt expensive support problems before they occur, lowering IT costs and building corporate profitability.

**To provide us with your feedback on this research, please go to www.aberdeen.com/feedback.**

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Based on a comprehensive analytical framework, Aberdeen provides fresh insights into the future of computing and networking and the implications for users and the industry.

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