INDUSTRY PRIORITIES
Keeping up with top-of-mind executive concerns

Getting Your Arms Around IT Asset Management

Compliance pressures, disaster planning and the desire to run IT as a business are three forces driving more companies to take hold of IT asset management technology.

By Therese Rutkowski

AFTER SURVEYING A CROSS-industry spectrum of companies, Lori Sechio confirmed what she already suspected: 95% of them had inaccurate information on the number and configuration of their IT assets—a discrepancy that could put these firms at risk of Sarbanes-Oxley (SOX) noncompliance if they were publicly held and did not implement a rigorous IT asset management (ITAM) program.

"We looked at our client base over the past two years, and 95% of the time the technology assets they had on their books did not match what we actually found," says Sechio, CEO of TekMethods, a Tampa, Fla.-based IT asset management (ITAM) services firm.

In the current business environment, companies cannot afford to be lax about accounting for their IT assets, according to Sechio and other sources.

In particular, SOX requires executives of publicly-held companies to ensure

the accuracy of their financial statements—and a company's IT estate can often account for 50% of the total enter-

prise asset base and sometimes as much as 80% of capital expenditure, according to Peter O'Neill, a U.K.-based analyst at

Forrester Research Inc., Cambridge, Mass.

"CFOs can sign on the dotted line about their asset base with a much higher degree of confidence if they have an ITAM program in place," says TekMethods' Sechio.

Companies also can recover from disasters more quickly, Sechio adds. In fact, in addition to SOX, the 2005 hurricane season brought ITAM to the forefront of executive concerns.

"Essentially, ITAM is the discipline of knowing the technology assets you have, where they are, how they are configured, who is using them and other information," she says. "It provides a comprehensive view of your technology portfolio."

Specifically, a solid ITAM program has five components, she says:

■ **Configuration Data:** The software on each piece of hardware and the actual hardware configuration (RAM, hard drive memory, microprocessor speed).

■ **Basic Asset Data:** Manufacturer, model number, serial number for hardware and software assets.

■ **Demographic Data:** Physical location and users for all IT assets.

■ **Financial Data:** Cost of each asset.

■ **Contractual Data:** Warranty information, maintenance programs, lease information, licensing agreements.

Therefore, a company using ITAM technology can recover critical information on their hardware and software assets—at a moment's notice—to help them configure new equipment much more quickly if disaster strikes. The data also can be used for taxes, technical sup-

port, contract administration and risk management, she adds.

THE BIGGEST DRIVER

From the perspective of the insurance industry, companies need to make sure they don't lose IT assets—such as laptops—that have private data on them," says Patricia Adams, a research director specializing in ITAM and configuration management database (CMDB) technology at Gartner Inc., Stamford, Conn.

The recent incidents of stolen laptops containing personal information may be

ITAM Market Adoption
(Number of clients)

a factor in IT asset management growth in financial services, she says, because ITAM plays a role in making sure companies are tracking those assets.

"If something does get lost or stolen, you find out about it right away—not a month later and not when it hits the newspapers," she adds.

Currently, however, the biggest driver for ITAM purchases across industries is not SOX, disaster recovery or IT security, according to Adams. The biggest driver is ITIL (information technology infrastructure management), a framework for managing IT service support and delivery,

which originated in the U.K.

"SOX was the driver two years ago," Adams says. "That's when companies were saying, 'We've got all these leased assets that are off the balance sheet. What are we going to do? Do we capitalize our IT assets? How are we going to account for them?'"

Today, companies are implementing ITIL because they are trying to run their IT departments as businesses, and ITAM is a part of ITIL.

"IT asset management is a component of an IT service management strategy," Adams says. "If you're going to deliver specific IT services, you have to know what those services are costing you. Without visibility into what your assets cost, what depreciation cycles they're on, you can't charge appropriately for your services."
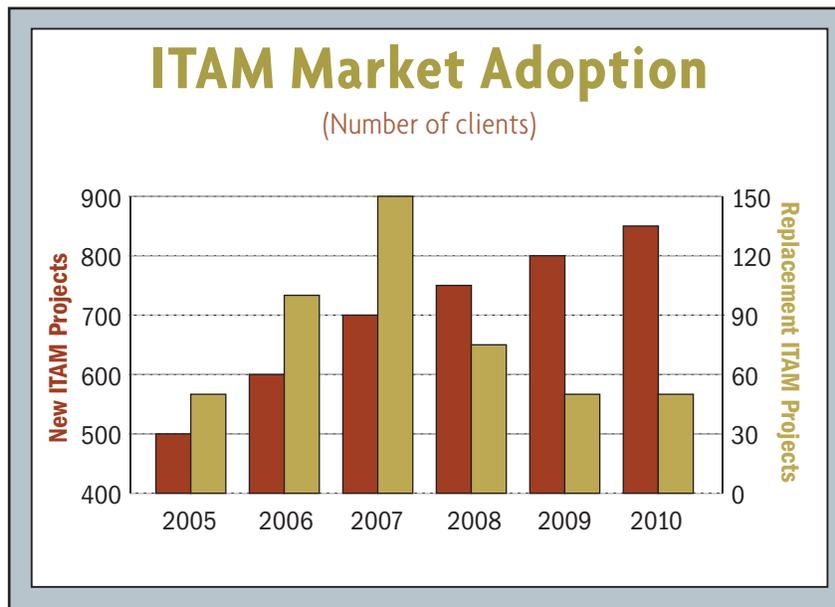
GROWING ADOPTION

In fact, because IT organizations in all industries are developing business service management (BSM) systems, ITAM adoption is growing, according to market research.

Approximately 30% of the Global 2000 companies have already adopted ITAM technology, according to Gartner, with growth forecast at 10% annually over the next several years.

According to Forrester research reports, approximately half of $1-billion-plus companies have already implemented ITAM, and project growth to be between 6% and 16% over the next three years.

Most companies already using ITAM technology have full-time asset management staff, ITAM processes in place that

integrate with other IT processes, and a suite of regular reports for both IT and business executives, notes Forrester's O'Neill, in his report, "The Forrester Wave: IT Asset Management, Q3 2006."

"However, our conversations with clients indicate that around one-third of these projects were unsuccessful," O'Neill adds. "Either they were one-off Y2K exercises that involved manual ITAM data collection that nobody wanted to maintain, or the necessary process and organization changes around the ITAM project were unsuccessful."

As a result, Forrester also sees many ITAM replacement projects taking place, actually peaking next year (*see "ITAM Market Adoption," at left*).

"We're really just at the tip of the iceberg with IT asset management," says TekMethods' Sechio. "Many companies are still trying to get their arms around the data. They have barely scratched the surface on all the ways they can use it," she says.

Commercial insurers might find the information useful when underwriting risk or paying claims, for example, and

technical support can use it for help-desk services.

ITAM data also can be valuable in mergers and acquisitions, says David Jamieson, national sales manager for Centennial Software Ltd., a U.K.-based firm that provides a IT asset discovery and security management software.

"When an acquiring company is figuring out what they are actually buying, they need to know the value of the company's assets," he says. "This information is useful as part of that due diligence." **INN**

TekMethods

The Experts in Helping Organizations Take Charge of Their Technology Assets

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