

## **Information Technology Asset Management: Control and Compliance**

Information Technology Asset Management is the oversight and management of an organizations IT assets — hardware, software and associated service contracts — throughout their life cycle. It begins with planning and budgeting and continues through disposal of those assets. The goal is to provide precise information about where, how, and how effectively the company's IT budget has been used to provide a foundation for planning future IT purchases. Ultimately, the goal of ITAM is to **improve the return on IT investment**.

What it entails is simple enough: Information Technology Asset Management provides the framework for **identifying** and **locating** every IT asset that a company owns. That includes every computer, laptop, router, peripheral, server, PDA, and so on. It includes every software application that any employee uses. It also includes leased equipment, maintenance agreements, service contracts, and software licensing and upgrades.

This paper will:

- Define the process of Information Technology Asset Management (ITAM)
- Identify where the ITAM process can be useful for both hardware and software lifecycles
- Discuss Compliance implications in both regulatory and tax implications
- Identify how to begin an ITAM program, and
- Offer steps to a successful ITAM process

### **Hardware**

ITAM tracks all hardware assets. Naturally, it includes a record of what devices are in inventory, the quantity, and their locations. This is essential information in combating “drift,” the unplanned, unmonitored movement of electronics from their assigned location or user. Drift may happen as employees change positions or move to different locations, taking their laptops or other electronics with them. It may also happen when an employee needs a piece of equipment to work at home; the equipment may or may not make it back to the office.

ITAM hardware tracking can use a variety of methods but these are the most prominent practices.

1. There are **programs that run beneath the computer's operating system**. Whenever the computer is connected to the Internet or Intranet, the program automatically checks in, using the machine's serial number and assigned ID. Similar software exists for wireless devices, triggering a “call in” on an assigned schedule for every device that is enabled for cellular communication.

2. Equipment can also be **physically tagged**. Radio Frequency ID (RFID), in particular, has been an invaluable tool for managing inventory. In fact, RFID has become so standard for inventory control that HP offers *Factory Express RFID* service, which places RFID tags on computer equipment before it leaves the factory. Customers use standard RFID readers to monitor the equipment once it arrives at their facility, without any intervention by employees.

In addition to knowing where the machines are, ITAM hardware tracking also keeps a record of serial numbers, make and model, and specifications, such as configuration and capabilities. It knows where the assets are, who is using them, and how. In these functions, ITAM might seem similar to other methods of inventory tracking. Asset management, though, provides more information, and gives a better overall picture.

ITAM answers questions about whether the right person has the right equipment.

ITAM:

- Matches high-end users who need greater capability with the equipment that meets their needs, and doesn't leave expensive, high capacity machines being underutilized elsewhere.
- Helps make sure employees have the tools they need to do their jobs.
- Gives you the ability to ensure IT assets are where they need to be, properly equipped and supported.
- Prevents spending money on unnecessary technology that provides more capability than an employee needs or uses.

ITAM is also invaluable in tracking the life cycle of hardware. It identifies which assets are ready for disposal, and when. Technology reaches a point when the cost of repair or maintenance becomes greater than the cost of newer, more up-to-date versions. Being able to predict at what point equipment will need to be replaced is a strong strategic advantage in budgeting.

Using knowledge of an item's life cycle to schedule its disposal also creates a unique tax advantage. By replacing technology before it becomes obsolete, displaced equipment can be donated to charitable organizations and fairly used as tax deductions.

Of course, replacing equipment before it breaks also prevents downtime, and keeps operations going productively.

## **Software**

ITAM mandates the identification of all software in use within an organization - how many copies or licenses does the organization own, as well as what machines the software is installed on and who is using the software.

As with hardware tracking, an ITAM system provides a better picture than traditional inventory methods. You not only keep a record of where software is installed, but also reveal how much or how little it is used. Licenses can be transferred or eliminated, reducing unnecessary cost, by using the information gathered by the ITAM program. Monitoring the trends of program usage saves the company money, time, and unnecessary expenditures for the maintenance of unused software or licenses. Further, it indicates which individuals and departments are using certain software most effectively and helps determine where purchases and upgrades make the most strategic sense.

Proper asset management also ensures that only legal software is used on company machines. It locates pirated or unauthorized software, even if only one employee is using it. An effective ITAM solution protects the company from legal action and penalties resulting from license violations. Eliminating issues with licenses, monitoring when license agreements end, and ensuring that all products used are within license parameters is facilitated by appropriately placed ITAM systems.

ITAM information directs IT purchases and disposal of assets, reducing waste and redundancy. It keeps operations functioning smoothly, with less chance of disruption because of technology problems.

An ITAM system is also extremely valuable in planning IT purchases. Put simply, it allows the best purchases to be made at the best time.

First, it eliminates waste and redundancy in purchasing both hardware and software. According to Gartner Research, 70% of organizations have a 30% discrepancy between planned inventory and actual inventory.<sup>1</sup> The cost of maintaining technology is high enough without spending money on items you already own, but have lost track of or forgotten.

An ITAM program collects information about what hardware is needed based on patterns of usage. You can compare the data to the history of equipment purchases and contracts, to determine whether current assets can simply be redistributed instead of purchasing additional equipment. In addition, disposing of unused assets can substantially reduce the organization's tax bill.

Maintenance agreements and service contracts are also a significant portion of IT costs. An efficient ITAM program matches the agreements to the equipment they cover, so that when a piece of technology is taken out of service, the additional costs are promptly eliminated as well. Gartner Research, again, reports that one organization saved \$100,000 by identifying a product it no longer used and canceling the maintenance agreement for it.<sup>2</sup>

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1 NetSupport: IT Asset Management: Saving Money, Reducing Risk, 2005.

2 Ibid.

ITAM also helps with planning software purchases. Because it tracks which applications are used most, and which are not used, ITAM makes upgrading, renewing and eliminating software licenses more straightforward. Software licenses cost the same whether someone is using the application or not, and a solid ITAM program helps eliminate purchasing or upgrading unless the product is actually being utilized. It also matches licenses to users, which can eliminate spending money to upgrade software licensed to people who no longer work there.

## **Compliance**

ITAM is tremendously valuable in ensuring compliance with software licensing agreements and governmental regulations.

As mentioned above, it is absolutely necessary to ensure that no pirated or unlicensed software is being used, anywhere in the company, by anyone. If even *one* computer, used by *one* employee, contains unregistered software, it means that the company is stealing the software. It leaves the organization vulnerable to significant legal action. ITAM tracks down any unlicensed applications and identifies the individuals using them, so that the company can comply fully with all software vendor license agreements.

Government regulations have also created roadblocks for asset management. There are more than *8,500 state and federal regulations* concerning records management in the U.S. Each piece of legislation, from HIPAA to SOX, carries its own requirements for compliance. This can be extraordinarily difficult for businesses today. Compliance is a company-wide issue, and no single department has responsibility for it. ITAM, though, because of its nature, involves all departments and works across organizational divisions.

The data compiled by an ITAM program allows corporations to maintain regulatory compliance and financial transparency. It allows viewing and reporting compliance in the areas of data integrity and security and, equally important, make it easier to *demonstrate* compliance, as well. Having systems in place to meet the regulatory requirements permits your clients to carry on their day to day business without fear of disruption over questions about compliance—the data is there to examine on demand.

Additionally, an ITAM system can improve a company's tax outlook. ITAM allows for a more accurate and timely view of all depreciating assets and thereby will allow quicker and more reliable information to be gathered for the tax reporting. It ensures that the company accurately communicates the full condition of all assets, the actual cost associated with those assets, and any depreciation of IT equipment. It also eliminates the tax burden of unused equipment, which can be a substantial savings.

Finally, ITAM map becomes very useful when a business downsizes or consolidates facilities. In those cases, IT assets must be accurately and efficiently pushed through to allow workers the access to technology they need to keep the business productive. The

information gathered through ITAM allows strategic decisions to help the process, even during drastic changes.

## **Salient Points About ITAM Programs**

When you begin to evaluate an ITAM system, whether it is an existing program or you are involved in establishing new techniques, there are several important points to keep in mind.

1. Do not think of ITAM as crisis management. ITAM is often brought in as a solution to a temporary problem, like Y2K. Once the issue is resolved, it is no longer a priority. However, ITAM is most useful and profitable when it is part of a process improvement, and not a quick fix.

The purpose behind ITAM is to integrate all IT resources and thereby improve ROI. It creates a system to eliminate potential problems. It is proactive in nature, allowing for more streamlined spending and efficiency within the company. While it does, in fact, typically improve ROI quickly, the ultimate value is in long term cost reduction. ITAM is most profitable when it controls the day-to-day operations, helping realize maximum efficiency from IT assets and the employees who use them.

It lends itself easily to linking asset management strategy to overall business strategy.

2. To get the best results, automate or outsource ITAM. It is a common mistake to leave it to the IT department. IT personnel tend to be overworked, and while they understand the importance of ITAM, other concerns take precedence. The department never has the opportunity to devote its full attention to ITAM, and eventually the program just fades away.

By outsourcing or automating ITAM, it is no longer occupying a valuable employee's time and attention. Employees, inside the IT department and out, can focus on their core business, and spend their time more profitably while ITAM functions are accomplished.

Automating ITAM involves selecting software that performs the necessary tracking and auditing functions. There are many options, and many levels of complexity, from which to choose. Outsourcing ITAM is an option that becomes more and more viable every year. It dedicates a qualified and trained professional, or several of them, to your company's ITAM tasks without burdening your staff.

## **Considerations for Initiating a Successful ITAM Program**

1. Identify and define the goals of your ITAM program. This requires collaboration across many departments and individuals in the company. Finding what the

projected needs are and exactly where the ITAM solutions are going to take you are the biggest steps in this process. Remember that information technology is strategically important to the business's operation. Effectively managing assets is necessary in order to optimize and measure the return on IT investment.

Make sure your ITAM goals are specific, and identify key performance indicators that can be measured to track progress.

2. Select appropriate tools. Ensure that all goals have tools that help move the ITAM strategy forward. Do not leave goals hanging or assume they will be accomplished by fallout from the general organization system. Each tool or component of the system should be meeting a specific need.

If extensive new equipment purchases take place in the coming months, for example, make sure the tools are in place to adequately monitor purchases to avoid redundancy and facilitate tracking.

3. Recruit senior management support. Make sure system goals align with values at the senior management level, such as reduced costs, compliance and organizational efficiency. Encourage connecting ITAM goals to organizational goals and supporting the company's growth.
4. Make sure the system evaluates data using a realistic life cycle approach to assets. Information about the life cycle of each piece of technology will be necessary to appropriately manage and plan future purchases.
5. Dedicate qualified and professional trained personnel or resources to the program. Whether the company makes the decision to outsource ITAM or have its own in-house automated system, ensuring dedication and the allotment of appropriate resources is key to success. Without a realistic assessment of the cost and resources associated with implementing your ITAM system, its goals will never be met. The processes set in place must maintain accuracy of the data they collect, and they must evolve as the organization changes. That requires a trained professional, and without them, the program could end up wasting money.
6. Develop process auditing and evaluation procedures. As with any new system, it takes discipline. Everyone involved in adding or updating ITAM, which is virtually everyone, must be monitored for correct procedures. Eventually the process will become habit, and part of the normal flow of business. Until it does, make sure projects don't fall by the wayside.
7. Develop specific mechanism to correct inaccurate data. Accurate data is essential, so your system must contain mechanisms for analyzing information. Have a strategy in place to allow mistake to be quickly and efficiently fixed. This will keep negative consequences in check, rather than allowing them to grow to

become potential disasters. Having a system that utilizes a quick response approach is ideal, alleviating potential problems while they are in the early stages and keeping the entire system where it needs to be.

Inaccurate data can be identified by using the proper technology and procedures, such as RFID tags and handheld scanners.

8. Periodically review the program. As with IT in general, new developments and changes require new strategies and tools. Periodically, evaluate the system to ensure it still meets the company's goals, and is up-to-date with the changing environment of the IT department. Regular reviews also lead to finding new applications for the data you've collected to further benefit the organization.

ITAM brings both quantifiable and qualitative benefits to your clients. The quantifiable benefits are significant — making better decisions about purchases, making sure assets are distributed to be as effective as possible. The qualitative benefits are just as striking, and closely related: improved productivity, as well as better management of risk exposure.

The ultimate goal of asset management is to realize savings through improving business and IT processes, and improving decision making. ITAM is a cost-effective, sound practice that allows your clients to do more with less.