

IT Asset Management Depends on Accurate IT Asset Tracking

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Best-in-class IT asset management requires accurate IT asset tracking, but good tracking does not always lead to effective management. Make better resource decisions by analyzing how tracking and management are linked.

WHAT YOU NEED TO KNOW

Accurate IT asset accounting and tracking are the foundation of best-in-class IT asset management, but effective tracking does not necessarily equal effective life cycle management. Tangible cost savings from IT asset management will result from better management decisions that bring value to the business. To make smarter resource decisions, determine if you are fully exploiting your asset data, and understand the dependencies and differences between IT asset tracking and IT asset management.

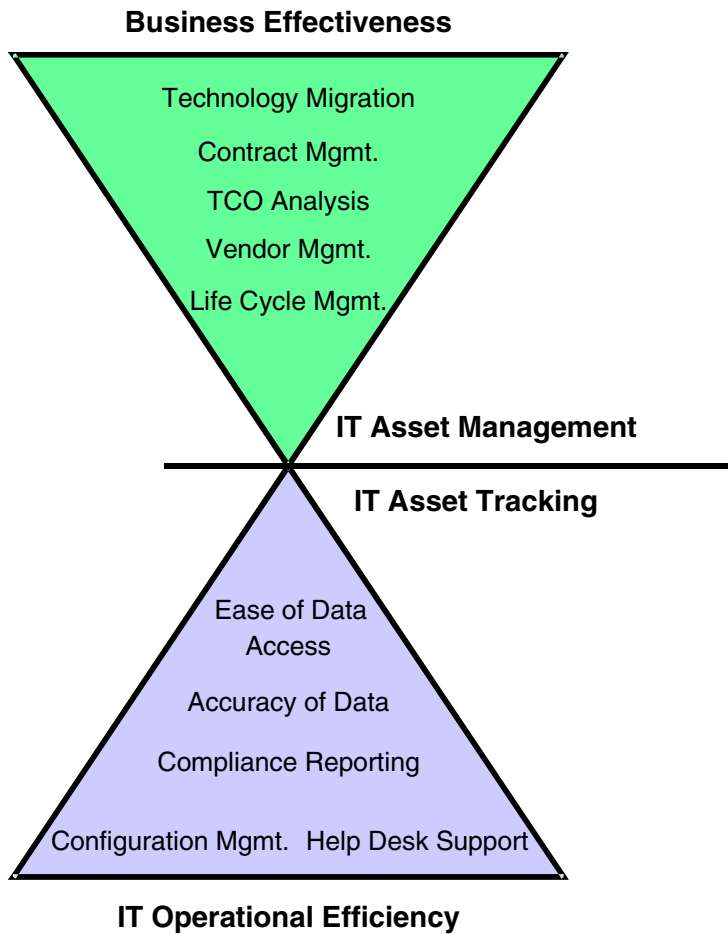
ANALYSIS

The term "IT asset tracking" rarely is used to describe the initial efforts associated with implementing an IT asset management discipline and, too often, the terms "IT asset tracking" and "IT asset management" are viewed as interchangeable. However, there are significant differences:

- **IT asset tracking** is the practice of discovering, recording and maintaining accurate information regarding IT assets, including details associated with acquisitions, vendors, configurations, repair history, assignment or ownership, taxes, warranties, licensing, disposal, and other data required to correctly identify an asset's status and its relationship to other assets or events throughout the asset's life.
- **IT asset management** represents the system of integrated management processes, strategies and technologies that are implemented in a phased approach so that a company can control its IT assets throughout their life cycle. The goal of optimizing IT asset investments by managing key events throughout an asset's life yields improvements by reducing total cost of ownership, increasing asset effectiveness and reducing liabilities associated with asset misuse.

The functions associated with asset tracking tend to be *operations-oriented*, support IT asset maintenance activities and provide the raw asset data for IT asset management decisions (see Figure 1). The focus of IT asset management is *business effectiveness*, where functions tend to be more strategic and establish management policies that are driven by increasing business value.

Figure 1. IT Asset Tracking and IT Asset Management



Source: Gartner Research (December 2004)

Make Better IT Asset Management Decisions

It is nearly impossible to achieve any semblance of IT asset management without an accurate asset-tracking base. Life cycle decisions that are made to effectively manage an asset must be based on reality. Many organizations often spend substantial time and effort to establish an IT asset tracking process — complete with a set of tools — without maximizing the benefits of the investment by making better decisions.

IT asset tracking supports a decision framework, but it is not a decision process. For example, the IT asset repository should contain information that can be used to "model" the financial and operational effects of moving from a three-year to a four-year desktop replenishment cycle. The data used to model these effects derives from a *tracking function*, while using the data to make better asset life cycle decisions is a *risk-based management function*. Although tracking and management are complementary functions, accurate tracking does not necessarily yield smart, effective decision making.

Asset accounting requirements are well-understood, and they are part of formalized state and federal accounting/tax practices and procedures. Asset management is less documented, and

guidance is found in loosely defined industry best practices. An organization can have excellent asset accounting/tracking processes, but make ineffective asset management decisions. The risk is in making decisions with inadequate information.

The five major differences between IT asset tracking and IT asset management are:

- Asset tracking processes are measured in metrics that focus on accuracy, while asset management often is measured in metrics that focus on value to the business.
- A degree of asset accounting/tracking — but not asset management — is required by law.
- Asset tracking does not address efficiency (lower unit cost) and effectiveness (business alignment) of IT assets — these are part of asset management.
- Asset tracking is a required overhead cost of doing business because of license compliance, data protection and asset disposal issues, while asset management is not.
- Asset accounting/tracking, with few exceptions, focuses on the financial effects of asset ownership and contract management. Asset management must consider other aspects, such as reliability, compatibility, schedule, total cost of ownership, upgradability, cost avoidance and architectural compliance.

Asset management begins with an understanding of the technological, financial and contractual requirements for the asset. IT assets often "morph" (that is, change in capacity, function or value) over time, due to architectural changes, upgrades, new version releases, reassignment, tax law changes and other factors. This morphing aspect is a major distinguishing factor between general plant/equipment assets and IT assets. Morphing can affect the useful life of the IT asset. Understand its impact when managing the asset base.

Effective IT asset management must be sensitive to the current and future needs of the business. Business needs may dictate the need for compromises on negotiating price, such as when flexibility in delivery schedule and quantity may be more important. IT asset management is a team effort and requires a variety of skills to effectively address many decision points that are a part of the asset's life.

Key Facts

IT spending increased in 2004 and is expected to increase in 2005, but CIOs and senior business-unit managers will continue to reduce the IT baseline budget to free money for new projects. By making better decisions based on accurate IT asset tracking data, you can improve the effectiveness of your IT asset management and save costs.

Key Issues

What are the best practices for IT asset procurement, maintenance, leasing and disposal?

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