



Your ITAM Program: To Outsource, or Not to Outsource?

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Presenter



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*Portfolio, Technology & Client
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How do you maintain your house?



Do you outsource any of your household operations?

maid



cook



valet



butler



What does your ITAM program look like today?

Do you have formal processes in place?

Do you have skilled resources?

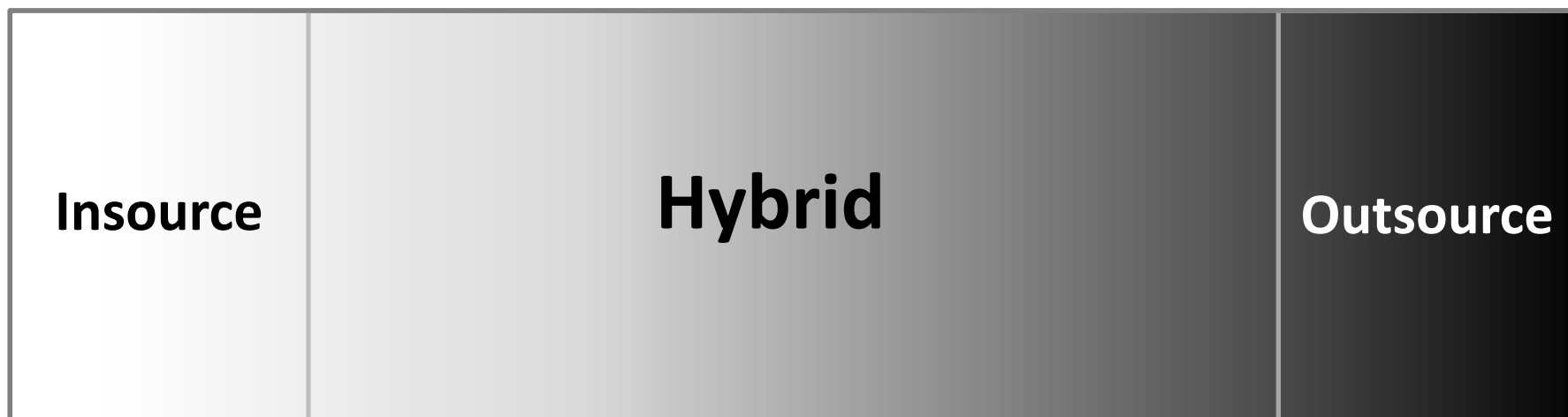
Do you have effective tools?

Is there budget available to improve and grow the program?

Does it demonstrate business value?



Your Options: Not a Matter of Black or White



Insource: Build ITAM Program Internally

Hire skilled resources

Establish roles and organizational structure

Design, document and implement processes

Evaluate, select and implement tools

Train on process and tools

Integrate and communicate program



Hybrid Scenario: 1

Leverage External Expertise On-Site

**Process
Consultants**

**Tools
Experts**

**Software
License
Analysts**

**Contract
Analysts**

**Professional
Negotiators**

**Vendor
Managers**



Hybrid Scenario: 2

Use External Resources Off-Site

Process
Consultants

Tools
Experts

Software
License
Analysts

Contract
Analysts

Professional
Negotiators

Vendor
Managers



Hybrid Scenario: 3

Out-Task Complete ITAM Functions

Hardware
Contract
Management

Software
Contract
Management

Software
License
Analysts

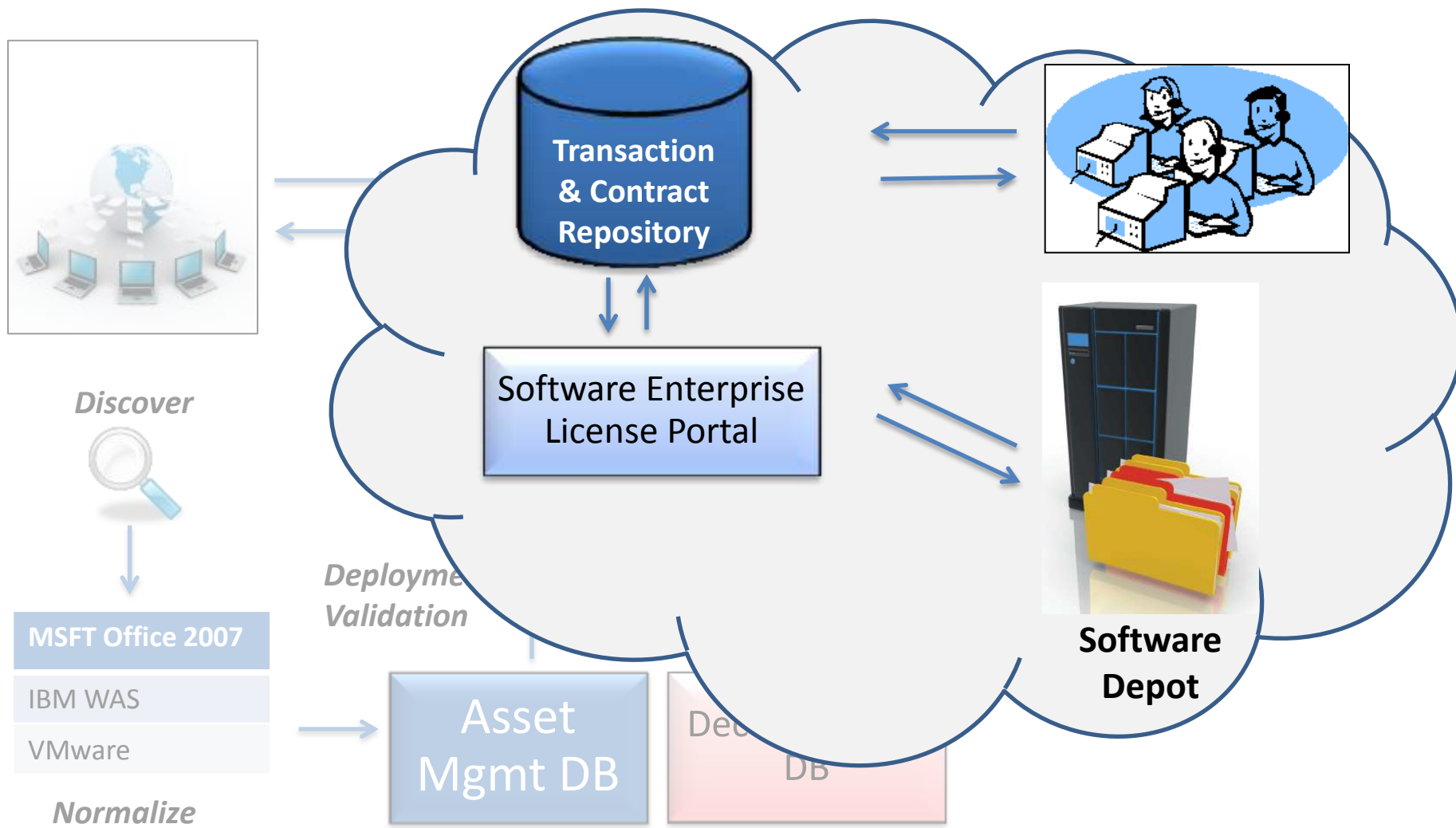
Physical
Inventory

ITAM
Program
Management

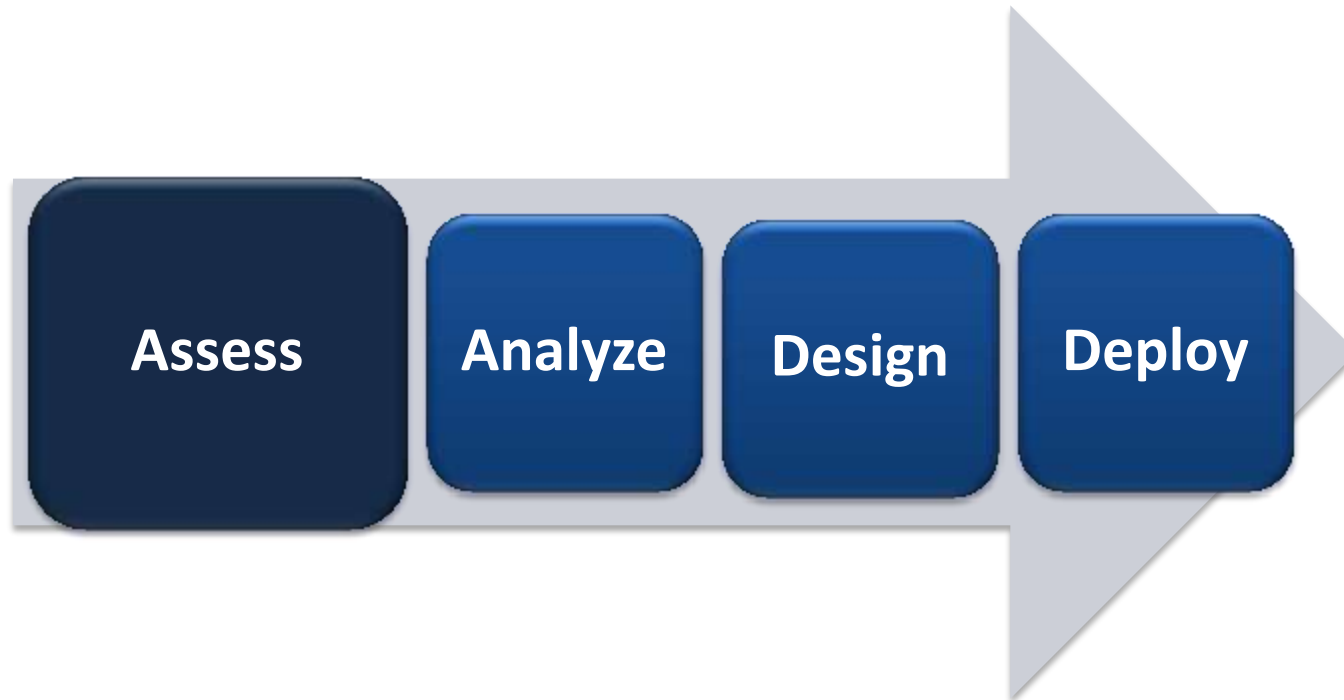
IT Asset
Disposal



Outsource: Engage 3rd Party to Manage ITAM



What is the state of your ITAM program?



Self-Assessment



If you could off-load some ITAM functions, what would they be?

IT asset discovery analysis

Software license management

Hardware asset management

Contract management

Contract negotiation preparation

Audit preparation and response

IT asset disposal



The Right Solution for You: Decision Criteria

Gaps?
Risks?
Inefficiencies?
\$\$\$?



How to approach the financial analysis

Cash Flow Elements

- Know what to measure
- Know your current “business as usual” cost
- Create various models based on the options available

Payback Period

- Understand your corporate objective for ROI

Return on Investment

- Assess the cost & savings stated as $(\text{Gains} - \text{Cost}) / \text{Cost}$
- Calculate Net Present Value
- Calculate Internal Rate of Return



EXAMPLE: Transition 5 License Analysts to Managed Services Model

Assumptions:

Savings

- Transition 5 License Analysts
- Annual salary = \$85K per analyst
- 15% incentives/bonus
- 32% benefits
- 3% annual salary increases

Cost

- 3rd party Managed Services Agreement
- 24-month initial term
- 5% renewal increase every 2 years



EXAMPLE: Transition 5 Internal Software License Analysts to a Managed Services Model

<i>5-Year Impact on Cash Flow*</i>			
	<u>Decrease</u>	<u>Investment</u>	<u>Cash Savings</u>
YEAR 1	(\$1,207,650)	\$450,000	(\$757,650)
YEARS 2-5	<u>(\$5,129,047)</u>	<u>\$1,891,125</u>	<u>(\$3,237,922)</u>
TOTAL, 5-YEAR	(\$6,336,697)	\$2,341,125	(\$3,995,572)

*Cost of capital: 7.55%

*5-Year Net Present Value (NPV): (\$3,220,848)

*Discounted payback period: 23 months



Case Studies

Fortune 100 Financial Institution

- Manages Hardware Asset Management internally
- Outsources software contract and license management for leading suppliers

Fortune 100 Telecommunications Company

- Manages tool deployment and testing internally'
- Outsources software contract and license management for leading suppliers

Fortune 1000 Pharmaceutical Company

- Manages ITAM program internally
- Outsources software compliance and audit preparation

Conclusion

- ✓ Assess your current program and determine gaps and risks
- ✓ Consider insourcing and outsourcing options to fill the gaps and eliminate the risks
- ✓ Analyze expected financial ROI from selected options

...Typically the greatest efficiencies come from a hybrid approach.



Who is Siwel Consulting?

Top tier provider of IT solutions involving hardware, software and services

Founded in 1992; headquarters in New York; 280+ employees; woman-owned business

15 years of ITAM leadership;
IAITAM Corporate Provider Member

Service Fortune 50, Enterprise and Mid-Market clients

Manage \$3.5+ billion in contractual software licenses



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