Make Your ITAM Program *ROCK!*

Case Studies Show Success

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An IT Asset Management (ITAM) program requires a number of critical processes to produce the data organizations need to make important business decisions.

Lifecycle processes manage an IT asset from the time it is requested to the time when it is retired. Audit and true-up preparation helps organizations avoid unexpected expenses and ensures compliance with license entitlements. Vendor and contract management helps organizations determine which vendors are the best fit and establish the most favorable agreements. Tools implementation and usage are processes that are necessary to ensure optimal utilization and accurate output of data. Software harvesting places licenses back in circulation when a hardware asset is retired. Asset disposal ensures that hardware is retired, tracked in the corporate fixed asset system and disposed of in an ecofriendly manner.

Each of these processes is important to the success of an ITAM program. However, the addition of one particular ingredient will *really* make your ITAM program rock and positively impact the financial performance of your organization. What is it?

The Missing Link

In technology today, Business Intelligence and Business Analytics are more than just frequently used buzzwords; they are among the top ten applications that CIOs are focused on. How do they apply to your organization's IT Asset Management program?

Business Intelligence commonly refers to tools and their output, while Business Analytics is more about people and the analysis they perform on the data derived from the tools. It's the combination of Business Intelligence and Business Analytics that provides your organization with detailed information on your IT assets to enable the most prudent decisions for your business.

Many organizations have ITAM tools in place to perform such functions as auto discovery, software license management, contract management and storage of data in an asset management repository. These tools generate data about IT assets or serve as repositories for important information. This data must be analyzed and interpreted by people, or business analysts, to transform it into useful information. Often times, this area of expertise is lacking in organizations, even though it is one of the most important components of a successful ITAM program.

Business Analysts, often referred to as license analysts within an ITAM program, perform the following critical functions:

- Validate hardware and software asset data
- Analyze historical information
- Analyze and report on:

- contract entitlements
- deployment activity against license requests
- *in-process* transactions
- compliancy issues and potential exposures

- Perform product and deployment trending
- Provide baseline observations and recommendations
- Provide management updates to measure publisher and overall license management performance
- Understand full terms and conditions of vendor contracts as well as amendments and schedules related to these agreements, both historical and real-time

- Prepare for true-ups, contract negotiations and deployment validation to vendors
- Identify relationships between contracts such as metric changes, superseding products, etc.
- Identify important dates and contract limitations

Many organizations lack these resources or areas of expertise, which leads to challenges when it comes time for audits, true-ups and contract negotiations. These organizations can be blindsided by software license "gotchas" and changes. However, the incorporation of license analysts into the process can keep them ahead of the curve.

Case Studies

To demonstrate the importance of Business Analytics within an ITAM program, here are some actual case studies describing the specific scenarios and their financial impact on organizations.

Fortune 500 Pharmaceutical Company

One of the largest drug distributors in the United States was audited by Deloitte on behalf of a major software vendor. The initial audit of 15-20 of this vendor's software products determined that the drug distributor was using a product we'll refer to as "Product B," for which they had not purchased individual licenses. The auditor determined that they needed to pay $2.4 million to become compliant. However, the auditor did not take "bundling" into consideration, whereby the customer was allowed limited use of Product B with the purchase of full access to Product A.

For the purpose of checks and balances, the drug distributor engaged an ITAM consulting firm to conduct a post-audit review. Certified software license analysts determined that, according to the terms and conditions of the vendor's contract, the customer had the right to use Product B with no additional fees. As a result of this analysis, the pharmaceutical company saved $2.4 million.

Fortune 500 Telecommunications Provider

A Fortune 500 telecommunications company maintains a software enterprise agreement with the same major software vendor. Like the example of the pharmaceutical company, this agreement entitled the company to full use of Product A, with limited use rights for Product B.

This telecommunications provider engages experienced license analysts as part of a managed services solution for their ITAM needs. With a thorough understanding of software licensing as well as this particular enterprise agreement, these analysts were aware of the product use rights and informed the customer that they were not required to purchase licenses for Product B because they were already entitled to limited use. This analysis resulted in a cost avoidance of $7 million for the telecommunications provider.

This same company was due to renew a 3-year contract with another large software vendor. Two software products (Product "A" and Product "B") were covered by this contract, and the software licensing for data center applications was based on physical cores. A license analyst reviewed the data and found that the discovery process was yielding virtual data rather than physical core data.

The environment included only 50,000 physical processors, but the company had been ordering licenses based on discovery data that indicated significantly more. The company had renewed maintenance on 105,000 processor licenses for Product A and 78,000 processor licenses for Product B. They also purchased 38,000 processor licenses for Product A and 67,000 for Product B, in addition to the maintenance renewal. Analysis resulted in reducing the license quantity by approximately 100,000 licenses for Product A and by 50,000 licenses for Product B, leading to a significantly lower maintenance renewal cost for the customer.

In one more example, this same company was due to renew their 3-year enterprise software contract with a third vendor. To prepare for the contract renewal, an experienced license analyst was engaged to validate licenses, and discovered that many of them could be harvested. The customer purchased hardware and transferred the harvested software licenses to the new equipment. This analysis resulted in cost savings of $10 million for the customer.

These real-world examples validate that introducing Business Analytics into your ITAM program will produce more detailed information about your IT assets. This valuable information will lead to better decisions about these assets and will result in a significant, positive financial impact on your business. It is critically important to ensure that the tools within your ITAM program produce accurate data that Business Analysts can then review interpret and transform into productive information for your organization.

Remember to incorporate Business Analysts into your ITAM processes, whether they are from inside your organization or from external sources. Once these Business Analysts begin to uncover cost savings opportunities, your ITAM program will take on increased importance and gain the attention of your executive team. It will then be easier to earn the executive sponsorship needed to ensure continual investment in enhancements to your ITAM program. When you enter this cycle of continual process improvements resulting in additional cost savings, your ITAM program truly rocks!