



Enterprise Management System (EMS) White Paper

EMS-
Realized Cost Savings for CIOs- do you
know Jack?

Edited by Mark Krueger & Nancy Richards

CrossTec Corporation
500 NE Spanish River Blvd.
Suite 201
Boca Raton, FL 33431
(800)675-0729 / (561)391-6560
www.CrossTecSoftware.com

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Abstract

Jack be nimble, Jack be quick, Jack jumped over a candle stick... what can we learn about this nursery rhyme? If we suppose Jack is within a modern IT Department, he is feeling the heat. The need or push toward IT efficiency and compliance has CIOs jumping. CEOs are looking to force a paradigm shift within those monies allocated to IT components from the long-standing 80/20 tenet. According to Editor in Chief and VP, Rob Preston, at Information Week: “the maintenance and upgrade became the recurring cost of doing business, to the point where spending on upkeep accounts for 80% of the average IT budget, with only 20% left for the new stuff that drives new revenue opportunities.”¹ Jack doesn't want to get burned and may need a proverbial leg-up to get to where his CEO needs his department.

According to Nancy Lambert, with Forrester Research ², the steady increase in importance of management and monitoring of IT technologies is becoming vital for organizations- with an eye toward productivity and automation. The components which will address the various challenges faced by the CIO are manifold. IT management software is the key however, by which Jack, can accomplish the directives laid out for his department and his company's objectives toward better service delivery solutions. Like the elementary nature of the rhyme, effective IT asset management is a stepping stone toward future growth and development.

IT asset management controls a company's IT assets by budgeting, planning, monitoring, incident resolution, and determining the end of an asset's life. Given today's budget restrictions, hiring freezes, downsizing, governmental compliance regulations, and increased cost-cutting pressure - monitoring IT assets forces a *do more with less approach*. Without a comprehensive management program in place IT assets can cost far more than necessary through waste and redundancy (direct costs) and overly complex management and maintenance (indirect costs). Implementing an effective IT asset management program is a first step for companies to deal with these issues.

¹ Information Week, United Business Media Publication, Editorial, September 22, 2008. pg. 54

² Forrester Research, Article: *IT Management Software*
<http://www.forester.com/Research/Document/0,7211,39996,00.html>

Management and Tracking

With constant pressure to reduce costs, the growing frequency of software vendor audits, and government regulations, managing IT assets is a vital corporate function - a potential liability if not performed properly. Inadequate or inaccurate reporting no longer simply wastes money; it can open a company to legal action. Regardless of a company's size, it must comply with software licensing requirements and, as it grows, increasingly stringent government regulations.

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State and federal lawmakers have introduced numerous legislative acts to safeguard data integrity and business assets and to ensure consumer privacy. Compliance is mandatory; violators will be prosecuted. If a company does not have systems in place to meet these legislative requirements, how will it demonstrate compliance while carrying on its day-to-day business?

From a cost-saving standpoint, knowing the inventory of IT assets is critical when deciding whether to purchase more assets, redistribute current assets, or retire them completely - along with their costly maintenance contracts and renewal fees.

Maintaining and distributing assets across the company is difficult and costly when the assets cannot be readily found. Knowing the location of assets, how they are configured, and how they are used allows a company to ensure that these assets are in the right place at the right time, properly equipped and supported.

Many companies don't have the resources to devote a full-time employee to IT asset management (ITAM), so the job often falls to already overworked IT personnel. ITAM is often overlooked as other IT concerns take precedence, reducing its effectiveness and opening a company to costly compliance issues, as well as wasting money through redundant and unnecessary spending.

The general consensus is that companies have two options: address ITAM by purchasing a software solution or outsourcing the ITAM function - or do nothing and hope for the best. Companies that choose the latter option may be gambling with their future.

Asset Management Defined

IT asset management lets organizations optimize IT assets - hardware, software, and services - to achieve business goals and meet all legal requirements such as software license agreements and government regulations regarding accountability.

ITAM programs use software tools to "inventory" hardware and software, but they are much more than that. ITAM knows when each machine was purchased; what processor it uses; who installed what software on it and when; how often it is used; and when and how it will be (or was) retired. ITAM enables remote monitoring and provisioning, rather than laboriously tracking assets physically. An effective ITAM solution provides central management and configuration capabilities, cutting IT costs and speeding the upgrade and provisioning cycle.

With these tools in place, a company can tell where its IT dollars are and how they're being used. By automating ITAM, it is no longer a full-time job. A member of the IT staff can monitor the ITAM process along with other tasks, thus eliminating the need to dedicate a valuable employee to this one pursuit.

The need to account for every IT dollar is driven not only by economic necessity but also by increasing government regulation. No one department within a company is

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responsible for compliance; an effective ITAM program must involve every department in every company.

ITAM Detailed

ITAM can help an organization:

- Control IT purchases and deployment.
- Compare its actual needs with contract terms and purchase history.
- Avoid noncompliance and its associated legal risks.
- Eliminate unnecessary purchases.
- Determine optimum retirement dates for equipment nearing the end of its lifecycle.

When executed properly, ITAM provides:

- Significant improvement in technology ROI.
- Maximum operational efficiency and end-user productivity.
- Alignment between IT strategy and corporate strategy.
- Compliance with federal, state and local laws as well as software licensing agreements.

Hardware

ITAM tracks hardware assets: PCs, laptops, servers, PDAs, peripherals, routers, hubs, and others. It knows how many there are, where they are, their serial numbers, their make/model, their technical specifications, and their optimal retirement timeframe. ITAM knows who has these devices, what they use them for, and how often they use them.

Implemented properly, a complete ITAM solution answers basic questions such as:

- Does the right person have the right asset?
- Do they need more capability or less?
- Could someone else be more productive with an asset that an employee is underutilizing? Can the company avoid purchasing a new machine by transferring assets across departments?
- Are there machines that have reached the end of their useful lifecycle and should be retired?

Software

ITAM tracks the software applications within an organization, such as:

- how many licenses or “seats”
- who has them
- who is using them
- what machines they reside upon.

ITAM helps monitor license usage more efficiently, tracking which software is being heavily used and which isn't being used at all, what needs to be renewed and when. Licenses can be transferred or eliminated based on usage trends, all tracked by the ITAM solution.

Poor or nonexistent asset management makes a company vulnerable to legal action. *Even if only one employee is using unlicensed software on a company asset, the company is now technically stealing that software.* An effective ITAM solution will track down unlicensed programs and the people using them, allowing the company to ensure legal compliance with all vendor licensing agreements.

Overview of ITAM

The state of IT asset management today:

- According to Gartner, 70% of organizations have a 30% discrepancy between planned inventory and actual inventory.
- Up to 30% of an IT budget could be saved by effective asset management.³
- Organizations that practice ITAM had 15% or lower TCO. Greatest savings were in procurement (160%); and operations (44%).⁴
- Enterprises that reconcile assets can identify redundant or rarely used product. According to Gartner, one enterprise saved \$100,000 by dropping a product for which it was paying maintenance fees but no longer using.
- By retiring unused assets, companies may reduce tax bills for assets by as much as 20-30%.⁵
- Enterprises that do not integrate usage and inventory data overbuy software licenses for 60% of their portfolio and are non-compliant on 30% of their software.

These statistics suggest that organizations are either saving money and ensuring compliance by implementing ITAM or, more often, wasting money and risking noncompliance by not implementing ITAM.

³ Gartner, Inc.: *Life Cycle Management Underpins IT Asset Management*, F. O'Brien, August 6, 2004

⁴ IDC: *Asset Management Lowers TCO*, August 31, 2004.

⁵ KPMG: *Return on Investment Analysis for "Enterprise Desktop Computer Management*, 1999.

Garner, Inc., in *Accountancy*, November 1, 2004.

A Successful Strategy

Often, ITAM is brought in as a solution when a company faces an issue such as Y2K, software license compliance audits, or threatened prosecution regarding compliance with government regulations. Once such issues are resolved, however, ITAM can lose it priority.

ITAM is not crisis management, it is a process to control the day-to day operation and utilization of IT assets, ensuring that an organization realizes maximum efficiency from these assets and the employees using them. ITAM should be implemented as a process improvement, not a “quick fix.” While it usually shows measurable ROI quickly, an ITAM solution will ultimately prove itself through longer-term cost reductions throughout the organization.

Quantifiable benefits include the ability to procure only required hardware and software assets, establish the optimum level of maintenance agreements, and negotiate better pricing and terms. Qualitative benefits include productivity improvements and better identification and management of risk exposure.

To optimize an ITAM program, the following considerations should be addressed:

- **Link IT to business objectives-** An effective ITAM program must link asset management strategy to both IT strategy and overall business strategy.
- **Incorporate lifecycle processes and governance-** An effective ITAM program must include a lifecycle approach to assets and a governance infrastructure to ensure immediate and long-term success.
- **Avoid common mistakes-** Companies that fail at ITAM often blame poor communication, failure to analyze data, and inadequate focus on process.

To survive and prosper, companies must realize the full potential of their IT assets. This is only possible through a comprehensive ITAM program that goes beyond technology, establishing asset lifecycle processes and the governance infrastructure required to ensure both immediate and long-term success.

ITAM and Compliance Mandates

Because of the growing number of regulatory compliance measures initiated by government, businesses are under new pressure to monitor and report on their assets, including all assets associated with running the business - especially IT assets.

The Health Insurance Portability and Accountability Act (HIPAA) and the Sarbanes-Oxley Act (SOX) are just two of the legislative initiatives that require organizations to keep a close eye on IT assets at all times. Each legislative initiative carries it own set of compliance requirements. As companies try to manage these diverse requirements, organizational boundaries between IT and other departments are blurring. Compliance is

no longer solely the concern of the CEO, CFO, Board of Directors, or internal auditing team; just as asset tracking is no longer the responsibility of only the CIO and IT managers. Today, compliance and IT security must be company-wide issues.

ITAM Assessment

Companies need to maintain a level of compliance that exceeds even the most rigid requirements by monitoring and enforcing ITAM policies at all times. Therefore, an effective solution surpasses all compliance requirements, whether set forth in HIPAA, SOX, or elsewhere. Meeting these requirements also helps ensure that the cost-saving benefits of ITAM will be realized.

When considering an ITAM solution, look for the following:

- Efficient and accurate discovery of *all* IT assets, including routers, printers, servers, laptops, PDAs, and workstations.
- A structured approach to software discovery across the company, with application, suite, and version recognition for both workstations and servers.
- A centralized asset repository that houses the physical, contractual, and financial information for each asset, along with information about software throughout the organization, including versions, user, and number of copies.

Misconceptions abound regarding ITAM (and other) solutions; the following are some of the most popular:

- **“Methodology is first and foremost about technology”**- Methodology must be based on what works for an organization and to help it to meet its business needs. Technology is the tool to reach the goal, not the goal itself.
- **“The IT platform with the lowest-cost TCO is the best choice”**- The IT manager must ensure that a platform can run the company’s existing applications and work with its existing infrastructure; otherwise, a best-of-breed platform may be worthless.
- **“Soft costs don’t count”**- Indirect costs can account for up to 60% of an organization’s total outlay on IT; ⁶ rarely do the largest costs show up on a vendor invoice.

The best solution for any company is the one that meets its stated business goals, works best with its existing systems and processes, and provides lowest true TCO (soft costs included).

⁶ Gartner, Inc.: *Total Cost of Ownership; The Impact of System Management Tools*, D. Cappuccio, B. Keyworth, W. Kirwin.

CrossTec Corporation's Solution

Central management and accounting of IT assets in a secure, coordinated, and efficient manner is the key to effective and secure ITAM. The optimal solution is to combine hardware and software inventory monitoring with software distribution, application and Internet metering, alerting & reporting capabilities, web-based help desk, and remote control functionality.

The CrossTec EMS (Enterprise Management System) software offers this combination of features and function, providing a centralized solution to your current IT asset management needs while preparing you to meet increased regulatory compliance requirements as the business grows.

Hardware Inventory

EMS's hardware inventory module presents all information about a specific hardware asset, such as CPU, BIOS, memory, and memory slots used/available. EMS provides summaries by category; hardware inventory reports can be viewed for single client, department, dynamic group, or the whole company. Inventory settings can be configured for all EMS clients or separate departments.

Software Inventory

EMS features a detailed summary of all applications detected on a target PC; this information is displayed on either a PC-by-PC basis or on a group basis. EMS reports the number of applications installed on every EMS client within the company and monitors current license levels.

Asset History

Effective ITAM involves not only knowing what assets are currently located on the network but also being able to identify historical changes. The history option enables you to track changes to a client's hardware and software. Each time EMS gathers inventory data it compares the current data against information held on the server and records any differences in the history.

User Management

EMS provides a range of features to locate and manage PCs and users within a networked environment. EMS stores key user data along with supporting asset, lease, and maintenance data. EMS also provides the mechanism to create dynamic groups that can be added to the main company tree view and can contain PCs from any number of departments.

Reporting

Reporting enables IT managers, purchasing agents, and executives to use the data obtained through their ITAM program. EMS offers two types of reports;

1. On Screen reports contain supporting bar and pie charts and drilldown capabilities on all key summary data.
2. Print Optimized reports are powered by a Crystal Report engine that offers a full set of management reports.

Both reports can be printed or exported to file formats such as Adobe Acrobat (.pdf), Microsoft Word (.doc), and Microsoft Excel (.xls).

Software Distribution

EMS provides a multi-delivery option for software distribution. An operator can define a software package to be deployed; once created, the application package can be automatically pushed to target PCs for deployment or published centrally.

Application Metering

The EMS application metering component identifies all applications installed on client PCs; details reflect the time the application was started and finished, the actual time it was in use; and when viewed at departmental level, shows summaries by frequency of use or by duration. Application usage can be restricted on target PCs for all users or limited to specific PCs.

Internet Metering

The EMS Internet metering module provides a detailed summary of Internet (or Intranet) activity on a user PC: URLs visited, duration on a page, and page analysis within a specific URL are all recorded. EMS even provides a quick link to review a specific URL. Internet metering also provides the ability to restrict URL access based on its status or by a time-based policy.

Conclusion

A company's IT assets account for the largest portion of its overall IT budget; properly managing and accounting for these assets is the key to making sure each IT dollar is well spent. An ITAM solution such as EMS combines hardware and software inventory with software distribution and application; Internet metering; and remote control functionality that can ensure that IT assets are where they should be, set up optimally, and being used to their best advantage. Moreover, IT departments are steadily looking toward establishment of quality control and best practices; EMS complies with the ITIL (Information Technology Infrastructure Library) framework.

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Jack can leverage his assets, prevent his candle from blowing out, or even, burning at both ends. EMS offers a complete desktop management solution out of the box. That can allow Jack to take the big leap from child's play. As the IT department moves toward company objectives they fall in line with BSM (Business Service Management)⁷.

⁷ Forrester Research, Article: IT Asset Management, ITIL, And the CMDB: Paving The Way For BSM, Robert McNeill, Thomas Mendel, Ph.D., Jean-Pierre Barbani, Tom Pohlmann, Kim Le Quoc.
www.forrester.com/Research/Document/0,7211,3799,00.html

