

Information Technology Asset Management

HARDWARE SOFTWARE AND SERVICES

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SUMMARY

- ✘ Management of government/defense IT assets is an increasing target for cost savings
- ✘ Government/defense IT is tethered to commercial industries
 - + Significant IT sustainment costs
 - + Required technology refreshes
- ✘ IT Cost mitigation strategies require better infrastructure management

PRESENTATION PERSPECTIVE

- ✘ Asset management is a function of perspective:
 - + Organizations influenced by national and international technology market decisions
 - + Federal agency/programs within federal agencies with responsibility for buying and sustaining assets for internal or external customers
 - ✘ Organizations that provide services that requires buying and sustaining assets and services for internal or external customers
 - + Corporation with responsibility for buying and maintaining assets
 - ✘ Programs within corporations with long life cycles
 - ✘ Programs that provide services and requires buying and sustaining assets and services to internal or external customers

WHAT IS IT ASSET MANAGEMENT

- ✘ IT asset management (ITAM) is the set of business practices that join financial, contractual and inventory functions to support life cycle management and strategic decision making for the IT environment.
- ✘ Assets include all elements of software and hardware that are found in the business environment.

SOFTWARE AND HARDWARE ASSET MANAGEMENT

- ✘ Software asset management applies to business practices specific to
 - + Software licenses
 - + Configuration management
 - + Standardization of images and
 - + Compliance with regulatory and legal restrictions
- ✘ Hardware asset management
 - + Management of physical components
 - + Computer networks from acquisition through disposal

GOALS OF IT ASSET MANAGEMENT

- ✘ Uncover savings through process improvement
- ✘ Support strategic decision making
- ✘ Gain control of the inventory
- ✘ Increase accountability to ensure compliance
- ✘ Enhance performance of assets and the life cycle management
- ✘ Risk reduction through standardization, proper documentation, loss detection

“Enterprises expect IT to contribute by delivering results in an uncertain economy while reducing enterprise and IT costs.”

*Meeting the Challenge: The 2009 CIO Agenda
Gartner Executive Programs, Internet 2009*

ASSETS AS INVESTMENTS

- ✘ The IT Asset Management function is the primary point of accountability for the life-cycle management of IT assets throughout the organization.
- ✘ Included in this responsibility is development and maintenance of policies, standards, processes, systems and measurements.
- ✘ They must enable the organization to manage the IT Asset Portfolio with respect to risk, cost control, IT governance, compliance and business performance objectives as established by the business.
- ✘ IT Asset Management is an integrated software solution that works with all departments that are involved in the procurement, deployment, management and expense reporting of IT assets.

IF ASSETS ARE INVESTMENTS THEN...

- ✘ ROI is a performance metric
- ✘ Risks must be evaluated and mitigated
- ✘ Cost control strategies must be employed

“Organizations that manage their assets accurately will achieve **20 percent** cost savings per managed asset within nine months.”

“...organizations that fail to actively manage their portfolio of software licenses will be over-licensed by at least **10 percent** for desktop applications and operating systems.”

Cost Control Through Asset Management: Easy Pickings, Gartner Dataquest, Internet

INDUSTRY INFLUENCE

Government systems tethered to commercial industries will have cost escalation that drive overall IT budget increases.

- ✘ Technology influenced by industry

+ Microsoft	Oracle	SAP	DELL
+ HP	SUN MICROSYSTEMS		Google

- ✘ Multi-year contracts

- ✘ Government/defense requirements are for better, faster and more reliable service

- + Technical refreshes of hardware for additional/enhanced operational capability
- + Software changes for new services and improved software security

MICROSOFT

- ✘ DoD – Army/Air Force 500,000 seats (ea.)
 - + MS in Army's Combat Command and Control Systems in collaboration with Stryker Combat Vehicles
 - + Army's XVIII Airborne Corps' Information Dissemination Management-Tactical is operational in Iraq
 - + MS plans to embed Web portal technology in next generation Defense Knowledge Online portal
 - + MS supporting the US Coast Guard's Maritime Domain Awareness/Department of Homeland Security
 - + MS Defense orders just under \$1/2 Billion in Federal Sales

MICROSOFT (CON'T)

- ✘ “Of federal IT managers with plans to move to Windows 7, 60% plan to make the move in six months or more.”
- ✘ Influencing factors for adopting Windows 7 by federal agencies are time required for management approval and any related IT upgrades.
- ✘ “According to DELL, 60% of federal agencies with Windows 7 Migration plans will make the move as part of their normal PC and laptop refresh cycle.

Uncle Sam Mulls The Move To Windows 7, Information Week, Internet, October 23, 2009

DELL

June 2009, Symantec's annual Government Symposium:
attendees

- + US Postal Service
- + Department of Justice
- + Government Accountability Office

Some Major points:

- ✘ 95% of federal agencies using DELL systems
- ✘ Cybersecurity challenges facing private and public sector
- ✘ Better public/private partnerships

DELL: Inside Enterprise IT: Government Agencies Still Keen on IT Challenges, Internet, June 2009

CURRENT TRENDS

- ✘ “ top priority of IT organizations this year is “reducing the cost of IT to the business.”
- ✘ “...the second highest priority this year is leveraging IT for strategic business advantage.”
- ✘ “leveraging IT for strategic business advantage is more important this year than last year...”
 - Gartner: IT Spending & Staffing Benchmarks, Computer Economics Executive Summary, Internet 2009/2010

SYSTEM OWNERSHIP

- ✘ Organizations/programs that purchase/sustain their own equipment
 - + Influence contract negotiations
 - + Initiate enterprise agreements with vendors
 - + Spec systems that meet tactical and strategic planning requirements
 - + Purchase warranties and services that coincide with system tech refresh schedules

WARRANTY MAINTENANCE AND SERVICES

- ✘ As systems mature/reach sustainment, maintenance/support costs escalate
- ✘ Age requires planned purchase cycles
 - + strategic warranty to maintenance transition planning
- ✘ Critical defense, law enforcement, intelligence, secure messaging and collaboration systems have 24 X 7 uptimes.
- ✘ Increases requirements for sustained maintenance and support.

STRATEGIC ASSET MANAGEMENT DECISION

Servers

- ✘ 40% of companies on 4 yr hardware tech refresh life cycles, 30% on 3 yr cycles, 30% on other cycles (longer)
 - + Extend warranties to 4 year life cycles; average procurement needs are reduced by 1/3.
 - + Annual cost of maintenance can be reduced
- ✘ Maximize use of warranties
 - + Target systems to transition to maintenance coverage (longer life cycles)
 - + Supports maintenance budget planning
- ✘ Tech refresh in parallel with commercial vendor releases
- ✘ Tech refresh platforms and applications in parallel
- ✘ Requires “very strong” management oversight

BENEFITS OF THE TECHNICAL REFRESH

The technical refresh is both a tactical and strategic planning tool

- ✘ Strategically it leads the new technology initiative to lower cost, less energy and better performance
 - + Provides out-years budget planning decision support
- ✘ Tactically it requires the identification of existing assets for removal from maintenance
 - + For large systems, frees up existing invested capital that can be used to support other efforts

ASSETS AND CHARGEBACKS

- ✘ Organizations that do not own their assets/applications but purchase them as part of a service have less control over asset management strategies.
 - + Hardware is purchased based on enterprise requirements; not necessarily program requirements
 - + No participation in contract negotiations that meet program tech refresh requirements
 - + Tailored agreements with vendors are forbidden; central IT organizations handle all purchases
- ✘ Who owns the costs for assets, the business units or the central IT organization?
 - + *If business –unit decision makers perceive IT to be “free”, they will be unable to account for the true cost of business investments and activities. Furthermore, there will be a lack of incentive to make the most efficient use of IT resources.*
- ✘ Chargebacks do not offer any greater sense of strategic or tactical asset management or cost effectiveness.

*IT Budget Chargebacks: Making Users Pay
Computer Economics, Internet, December 2007*

SOFTWARE ASSET MANAGEMENT

- ✘ Operating systems and applications require constant updates to support increased security requirements.
- + Operating systems, commercial applications and custom built software must be refreshed, enhanced and upgraded in parallel with the hardware platforms they run on.
 - ✘ The more parallel the alignment with other technical refreshes, the more predictable budget planning and cost estimating becomes.

SOFTWARE ASSET MANAGEMENT

- ✘ Requires collaboration with engineering, configuration control board, US Computer Emergency Readiness Team (CERT) and commercial industry security and vulnerability releases
 - ✘ Insures technical reliability
 - ✘ Secure systems
 - ✘ Most current capabilities
- ✘ Software Enterprise Agreements
 - ✘ Agreements with software vendors designed to be most cost effective for a specific program/environment
 - ✘ Standardized software applications help reduce costs
 - ✘ Stabilizes annual license maintenance costs
 - ✘ Supports software strategic cost estimating and budget planning
 - ✘ True Up provides infinite license usage until end of the year

CONTRACTS AND SERVICE AGREEMENTS

- ✘ Maintenance contracts must be negotiated from a strategic planning perspective
 - + Frequency of tech refreshes reduce long-term maintenance costs
 - + Maintenance contract price escalations can nullify maintenance cost reductions
 - + Service agreements that insure against system failure/malfunction help hold down maintenance costs
 - + Systems purchased for long term use should be managed to transition to maintenance contracts.
 - + Systems which are not planned for long term use should be refreshed with lower cost systems or eliminated from the inventory
 - ✘ Not tasked for critical functions

SERVICES

Services should be purchased to insure that tech support will maintain/sustain systems based on their criticality during the warranty period.

- + Remote technical support
- + Next business day
- + Remove and replace
- + Keep your hard drive

NEW TECHNOLOGIES

× Cloud Computing

- + Massively scalable information technology-related capabilities are provided as a service across the internet to multiple external customers.
- + Consumers decide which services to use at what time and when to release them when they are no longer needed
- + RISK: loss of control of data, hardware, software, security and individual vendor negotiations for cost benefits
- + Can “risk” be mitigated enough to make cloud computing a reality for defense, intelligence, law enforcement, governance, advanced technologies etc.

PERFORMANCE METRICS

- ✘ Balanced Scorecard/Monthly Center Updates
 - + Depending on the organizational level i.e. program, branch, division, agency etc., both in operational or sustainment environment, asset management cost performance should be monitored.
 - + Effective performance is based on sustained cost reductions over time

ASSET MANAGEMENT TOOL

“...bring the data to the network rather than the network to the data...at the place [where data and the network link] networking is commodity...”

Geir Ramleth, Doing Business the Way the Giants Do It, DISA Customer Partnership Conference 2009

- ✘ An organization cannot do a good job of managing assets if it does not know definitively what assets it has, where they are and their readiness status.
 - + What, how many, where are they?
 - + Are they active, inactive or spares?
 - + Are they under warranty or maintenance contracts?
 - ✘ When do they expire?
 - ✘ What is the transition strategy to move warranted asset to maintenance contracts?
 - ✘ What's the increase in maintenance costs?
 - ✘ If the window to move assets is missed, will it cost the program and how much?
 - ✘ If operating systems are going to be tech refreshed, how many does the program have and what is the replacement costs?
- ✘ An asset management tool should be used to capture and provide specific answers to these kinds of questions.
 - + This provides the decision support to strategists and planners and will provide considerable risk avoidance to asset management.