

The Value of Asset Management for the IT Financial Manager

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IT financial managers are accountable for an organization's contractual obligations for licensed software. The increasing prevalence of software audits places the IT financial manager in a difficult position, unless he has immediate access to accurate information about software license usage at the organization. Often it takes a long time to compile the information required to gain a complete view of software license usage across the organization. Once the compilation is complete the IT financial manager is not always confident in the accuracy of this information. Software contracts are very complex because they must take into account the version of software, the maintenance of that software platform, the costs associated with the hardware configuration and the number of users authorized to use that software. As the number of licenses and the complexity of those licenses increases, the traditional manual methods of keeping track of software licenses becomes unwieldy. Improving the management of your IT assets can help ensure your company is in compliance with contract requirements and optimizing the use of the IT assets you are paying for.

What does this mean in the real world? Let's take the example of an IT finance executive whose job is to manage IT spending. His goal is to support business executives working to optimize business outcomes while keeping IT costs under control. Our IT finance executive is responsible for keeping track of IT spending across the centralized IT organization as well as IT based in five different divisions in three different geographic regions. He is new to the company and wants to make a good impression with the executive leadership. As his first major initiative, he has been asked by the CIO to ensure that the company can pass upcoming internal and external audits of its software licenses. At the same time, he is being asked to reduce IT license costs by 10%. In addition to managing these key initiatives, the IT finance manager must ensure that a development team working on a high-priority customer retention project has access to all the IT assets they need. How does he go about solving these challenges? The process should be straightforward if our IT finance manager can answer some important questions about the type and quantity of the software applications in use such as:

1. How many licenses does the company have for each software application it owns?
2. How many users are accessing which licenses at which times?

The IT finance manager asks IT operations for assistance in collecting the information he needs, however, he is dismayed when he learns the reality of the situation. He discovered that, for the past ten years, the process of managing software licenses was pretty simple. The company had licenses for six products and the details were stored on a spreadsheet maintained by one manager within the IT operations department. As long as this very detailed oriented individual was in charge of IT software license management everything worked well. However, once this individual was given a broader set of responsibilities, he no longer had the time to manually keep up to date with all the changes in the use

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of software assets across the different business units. This was happening at the same time that the business was expanding, buying new companies, and adding hundreds of new applications into the organization. Inevitably, the business managers were not able to keep up with all of the changes in software licenses. Spreadsheets were increasingly out of date and therefore did not reflect the current situation.

The good news is that the IT finance leader was able to access the information he needed to support the upcoming audits. He was also able to collect comprehensive information about most of the IT assets. In most situations, he was able to determine where the company had overlapping software applications and where the company had too many licenses because of acquisitions. The bad news is that too many professionals had to drop critical projects in order to solve the immediate crisis. In addition, with some critical applications, it was impossible to determine with a high degree of certainty if the right number of licenses was being purchased. Based on a preliminary analysis, the IT finance manager felt that the company had more licenses than it needed for some applications, however, he didn't want to put the company at risk by cutting back too much. He needed to retain a large number of licenses to insure the development team working on the customer retention project would have adequate IT resources to meet its tight deadline.

Finding a Better Way for IT Asset Management

The IT finance manager had a difficult time in his first few months on the job. However, based on his perseverance and support from the IT operations team, he helped the company avoid the fines and work delays that can result from a failed audit. His support for the special projects developer team also resulted in some very positive outcomes. He knew that with enough manpower and a "fire drill" mentality, the team could achieve its short-term goals, but at what price? He was not able to deliver on the CIO's demand for a 10% cut in IT license costs, despite knowing how important it is to maintain financial discipline. He also knows that in order to maintain the integrity of the company, he needs a more automated process. Given the constant change in the number and type of IT assets, the IT finance manager wants to ensure that the next audit will be handled better and that the company will be able to improve control of its IT licensing costs in the future.

This is what he determines he needs:

- A software inventory that is readily available and can be automatically kept up to date based on changes in the company staff and project requirements
- A software inventory that can be maintained in both distributed and mainframe environments
- Information about vendors specifications, hardware requirements, and Sarbanes-Oxley Section 404 requirements needs to be included in the software inventory

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IT Software Asset Management that Keeps Pace with Change

Keeping track of your IT assets is not a one-time project or even a once per quarter project. If you want to have control over the assets you have, where they are, who is using them, and what they cost, then you need a process that continually updates all the necessary information. In addition, traceability of IT assets becomes increasingly important as the rate of change in the business increases. The IT finance manager wants a process in place so that when a new employee is hired, the provisioning of appropriate software applications is fast and cost effective. For example, if the new employee will be working on SAP, then you need to understand how many licenses for SAP are available before you make a decision to purchase or re-purpose an existing license. Making these decisions in a cost-effective way requires immediate access to information about the use of existing assets. An easy to use automated process is the best way for the IT finance manager to get the information he needs to both control IT costs and support business objectives.

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The Components of IBM Tivoli's IT Asset Management Portfolio

IBM Tivoli's IT Asset Management Portfolio is designed to help IT financial managers maintain a state of readiness for any potential software audits. These tools are intended to help manage software on virtually any platform, with many license types and leverage metrics from many vendors.

A successful software audit requires that IT financial managers understand which software is run on which platform. Tivoli's asset discovery tools provide agent based discovery services covering many different platforms including: Windows, Linux, zLinux, Unix, and z/OS. The tools are designed to help IT financial managers discover software assets. They can then track whether or not they are ready for the audit process, regardless of the platform they reside on. For example, the IBM Tivoli IT Asset management solutions enable IT financial managers to get a complete picture of what software is installed, what partition it's installed in, and how many processor cores are implemented. This information will help the IT financial manager accurately determine if license consumption is in excess of authorized capacity.

IT financial managers are responsible for purchasing the right number of software licenses to meet business requirements. Hitting that number accurately requires a lot of detailed data on how the business utilizes software. Tivoli Asset Management for IT collects all of the data from Tivoli's Asset Discovery tools and any other discovery tools you may have. Once you have the data collected, you are able to compare purchased software inventory to what is actually deployed to quickly assess whether or not you are over or under purchased.



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