

# What's Your Time to Value?

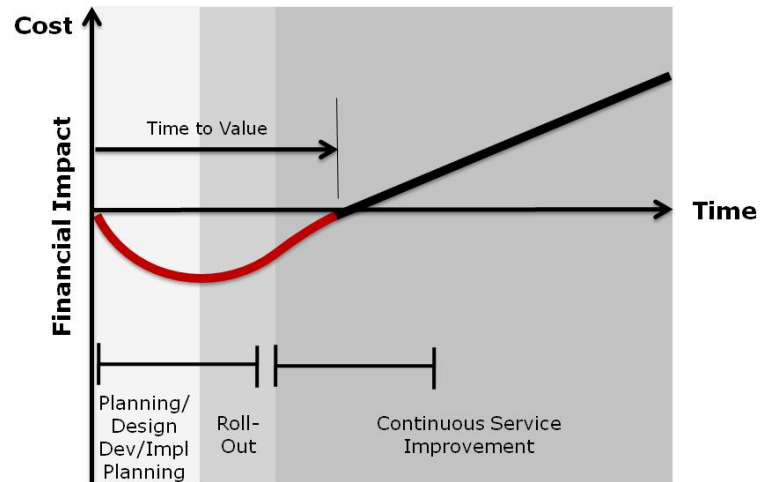
## *How to Justify Implementation of an ITAM Initiative*

### Introduction

As an IT professional, you understand the technical needs, level of effort, and business requirements to successfully implement an IT Asset Management initiative. However, in order to move that initiative forward, you most likely need to prepare a compelling business case including a return on investment analysis supporting your recommendation. This is frequently the most difficult part of the project. Identifying the direct costs associated with the project can be a straightforward exercise, but how do you build a compelling story of where the cost savings, productivity gains, efficiencies, revenue contributions, and other qualitative and quantitative benefits will come from? Many of the savings that are easy to identify tend to be “soft” in nature, and will be dismissed as such by senior management. You need a practical approach to justify the initiative, developed in a short timeframe to immediately build credibility, consensus, and commitment.

### The Economy and Expectations

The global economic downturn has been a game changing event requiring anyone seeking approval for new initiatives to provide a solid business case with a short payback period or “time to value.” Senior management is only interested in new IT initiatives that yield financial payback within months—not years. Many project managers are being asked to achieve positive ROI by the end of the current budget year regardless of the size and scope of the initiative. The critical question to answer in your financial justification as shown in the chart below is “what is the time to value?” and the follow-up question you will be asked is “how can we shorten that time to value?”



### ITAM Project Justification Framework

We have adopted a six-step framework for successfully developing an ROI analysis for IT Asset Management initiatives. This framework has been developed and refined over many years of working with a number of organizations in a variety of industries. The following table provides a high-level overview of the six-steps.



**Step 1: Interview key stakeholders:** The process begins by talking to the various stakeholders including process owners, management, individuals involved in the process, and end-users. Questions should be prepared in advance, and they should focus on retrieving information that helps to build the business case, and focuses on identifying opportunities to reduce cost, improve productivity, and enhance service levels. Requests for metrics, counts, and statistics should also be made of these individuals to help in the development of the financial justification.

What will become apparent after several of these interview sessions is that there are common themes across the organization. Some of the areas of potential savings from an IT Asset Management initiative include: avoidance of fines/penalties from software license non-compliance, efficient utilization of assets, elimination of redundancies, outsourcing, workflow efficiencies, standardization, and shortened time to market.

**Step 2: Identify areas of derived value:** The themes that you uncover from the interview step will provide you with areas to focus on for potential opportunities of savings, which we refer

to as “derived value.” The critical aspect of this step is to not identify every cost in the asset management environment, but rather, seek out the big opportunities that have come out as themes during the interview process. By keeping the financial justification simple and focused on a few key themes, you will have a better chance of capturing senior managements’ attention, and establish credibility.

**Step 3: Populate financial model:** The financial model that you utilize is wholly dependent upon the accepted practice of your organization. There are dozens of ways to present a return on investment analysis including payback period, internal rate of return, economic value add, and discounted cash flows. Whatever the technique, make sure that you contact your finance organization and use the approach that is satisfactory to them.

**Step 4: Develop the narrative:** This step is where the art of business case justification comes into play. As stated previously, the goals of your business case justification are to capture senior managements’ attention and establish credibility. The story you tell and how you tell it will be the most critical factors in achieving those goals. The story must be backed by a credible financial model with reasonable assumptions, but it also must provide a clear and compelling case for why your IT Asset Management initiative is a high-priority for the organization.

**Step 5: Validate results:** Once you have put together a business case with a strong narrative backed by a compelling financial justification, it is time to go back to the key stakeholders that you spoke to in the first step of the process to validate the results. Chances are very good that either during or after your meeting, a decision maker will turn to someone on their team and ask them if they agree with the numbers. The last thing that you want to have happen is for a process owner or technician to debate your assumptions and results in the final presentation with senior management present. If you have taken the time to walk through your assumptions, finan-





cial model, and narrative with those individuals ahead of time, and received their confirmation and support, then your business case will have a far greater likelihood of success.

**Step 6: Final presentation:** The culmination of creating a business case is presenting it to senior management for their approval. If you have followed the previous five steps of this framework, the sixth step should be more of a formality than a time for stress and anxiety.



## Conclusion

Justification of IT Asset Management initiatives has never been an easy undertaking, and the recent economic downturn has only added to the difficulty in gaining approval for ITAM projects. However, there are a number of opportunities to achieve hard-dollar savings with a short time-to-value that senior management will be comfortable to approve if the business justification is compelling and credible. By following the six-step framework presented above, you will significantly improve the likelihood of achieving your desired result, and you will gain recognition as someone that knows how to plan for and execute on a strategy to reduce costs for the organization.

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