



Many Happy Returns

Celebrating the Benefits & ROI of ITAM

In a recent research note, Gartner analyst Patricia Adams seemed pleased with an awful truth: enterprise ITAM adoption has increased 15 percent in five years to more than 40 percent of all companies surveyed. Such numbers should inspire thoughtful ITAM professionals with fear and doubt. We believe that our discipline is critical to managing cost of ownership, that ITAM is a security must-have, and that it's essential for SARBOX and privacy compliance. How could we have botched the sale with six out of 10 companies?

Anyone attending asset management trade events will already suspect a gap in our value proposition. After all, there is always a presentation or a panel discussion on "getting executive buy-in," or "the business case for ITAM" (at this year's conference it's Wednesday at 4 p.m.). If they were joining us in Nevada, you can bet that the folks responsible for purchasing inarguably essential things like electricity and cell phones would be enjoying the gaming tables, not sitting through another hour of PowerPoint slides. Our problem has always been that the bean counters know little more than how expensive ITAM can be, and how often asset management initiatives fail.

ITAM is not a new idea anymore, so there are case studies galore for those wanting to build a business case around its virtues. Yes, it is complex and expensive. Yes, it is a strategic capability which, when done right, delivers great ROI. Perhaps a majority of companies elect not to buy because, on the value side of the ledger, decision makers are not consistently counting the beans that actually matter.

The primary challenge to rationalizing its value is technology asset management's diverse range of stakeholder benefits. Beyond IT, which usually foots the bill, holistic ITAM provides returns on investment in procurement, finance, security, environmental, and even community affairs. In a

public marketplace where customer trust is precious, ITAM is a tool that ensures accountability for brand-protecting things like privacy compliance and environmental protection. ITAM facilitates the efficient use of capital. It keeps the company safe from the software police. Every C-level executive and board member will value its deliverables if these results can be translated into meaningful denominations.

This is worth mentioning because surveys have shown that we often fail to understand the priorities of both consumers and our own C-level executives. For example, in 2006 when McKinsey asked consumers to rank issues by importance for the next five years, "environmental" was at the top of their list, but corporations ranked environmental issues as only third in importance. From the corporate perspective, consumer privacy/data protection ranked as the second most important issue; customers ranked it as eighth.

Priorities are not better aligned inside our organizations either. In a 2009 Ponemon Institute study on the business case for data protection, 93 percent of CEOs rated "identifying and responding to a data breach" as important, but only 58 percent of other C-level executives agreed. "Protecting personal or confidential information shared with vendors, business partners and other third parties" was important to 87 percent of CEOs, but only to 47 percent of other business leaders. How much would our business case for spending mega bucks on asset management be strengthened by demonstrating to the CEO how the investment will improve our ability to recognize and respond rapidly to the loss of a data bearing asset?

Such demonstrations can't be based on fuzzy, qualitative arguments about improved security, but rather on solid data. The same Ponemon study quantified how costs rise rapidly with delay in discovering the loss of a data-bearing asset. Inside 24 hours, the average cost was \$8,950; after a week of

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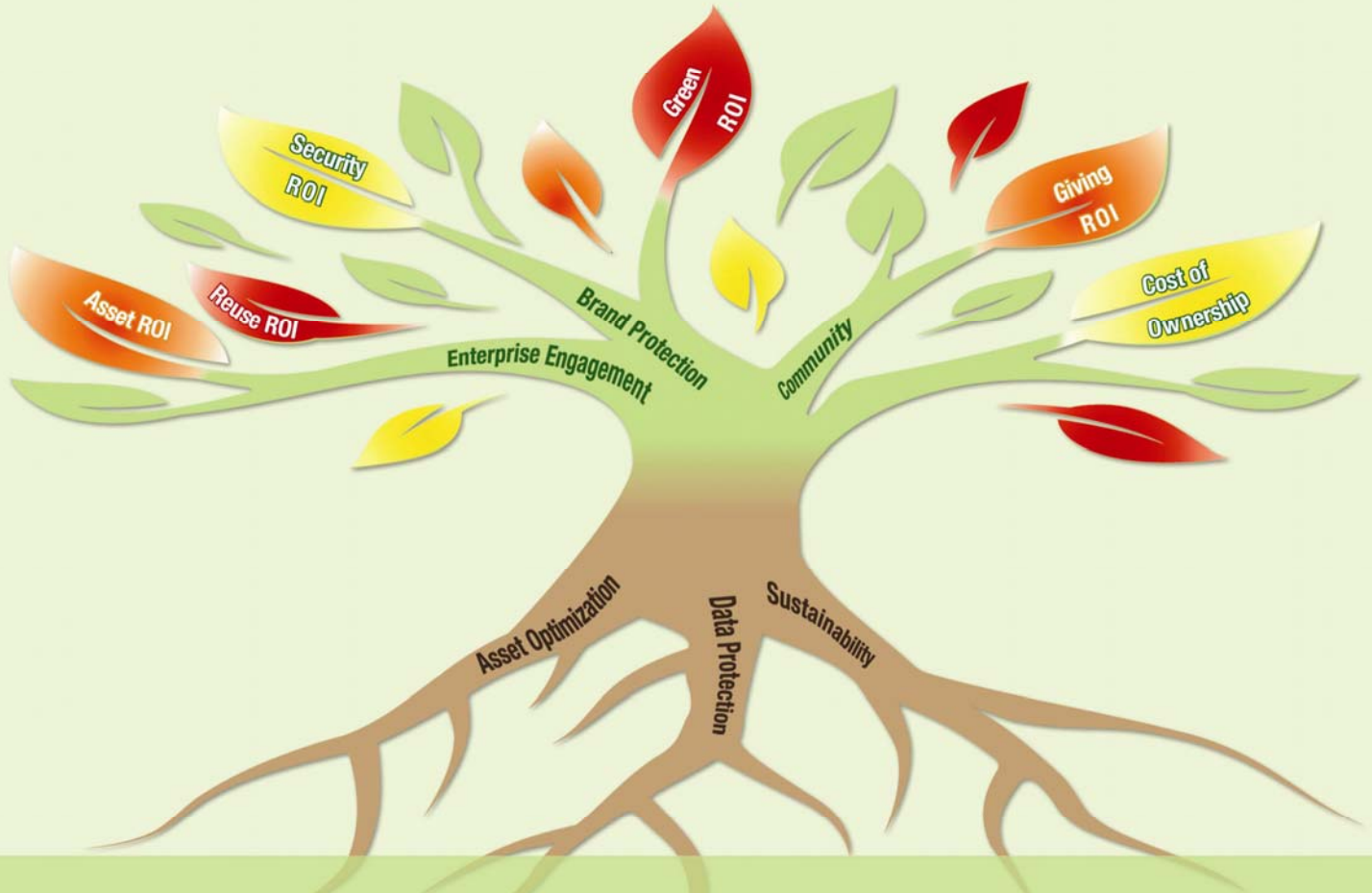
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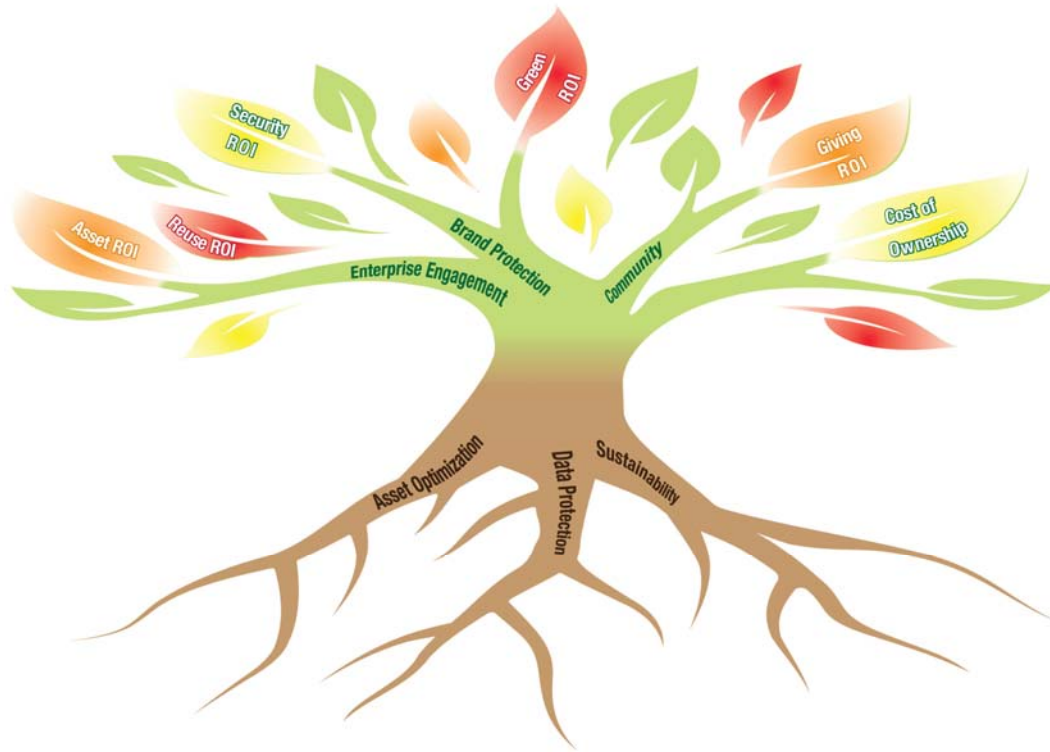
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delay, costs rise to \$115,849 per asset. Backed by hard facts, ITAM capabilities that can maintain accurate asset inventories and rapidly identify inventory variances now have a quantifiable value to the CEO and the Chief Information Security Officer. Asset managers will have meaningful new value metrics to report to enterprise risk managers: time to identification of variances, and percentage of variances successfully resolved.

If this sounds more like sales than asset management, remember that the essence of professional selling is to understand their pain, then to help customers—internal and external—achieve their business objectives. When we broaden our view of ITAM’s potential for our companies through deeper engagement with a broader range of internal customers, we can measure our increased relevance by how much our asset management initiatives morph to address new goals, the number of new metrics we track and report, and by the number of new faces around the table.

Initially, not all stakeholders will appreciate the obvious beauty of an ITAM solution to their problems, placing the burden on us to discover enough about their hopes and dreams and fears to create a quantitative and compelling vision of a utopia that includes asset management.

Though far from ending when stakeholder support is gained for an ITAM initiative or an ongoing program, their support creates an obligation for us to include them in the governance and further development of our capabilities. Metrics must be defined for each stakeholder area, and specific goals set. Regular meetings to review results will provide a venue for

identifying ways to continuously and incrementally improve our programs.

The economic circumstances of the past year have been tough on business, especially IT. Budgets are shrinking if not disappearing altogether. Businesses are pressuring IT for greater security, more demonstrably sustainable “green” IT, improved returns on capital investment, and greater flexibility in responding to a hyper-dynamic market. Brand protection is more important than ever. The net result? IT must operate more efficiently, with less margin for error, than at any time since the invention of the personal computer.

Asset management is the tool that can make such precision and productivity possible, making our discipline more strategic to our companies than at any time in the past. We will probably be required to connect a few dots for people along the way, but our only chance to fulfill such potential will come if we enlist the support of the whole business. That makes our knowledge of asset management secondary to our collaborative skills, and our ability to translate ITAM results into values that are relevant to the business leaders.

Regular, quantified, positive results also provide an opportunity which too few asset managers create for themselves - the chance to communicate good news to senior management about the incredible, ongoing returns from their investment in IT asset management.

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