

What Our Executives Need From Us

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Priorities are changing rapidly these days, with executives honing in on specific objectives. Obviously, savings and reduced spending are primary objectives. At the same time, executives are open to opportunities to set their company apart, either from the competition or from the company's current performance. During weak economic times, companies can still succeed rather than merely survive. I asked a number of industry leaders to join me for a fresh perspective on the most vital actions that executive can take for 2009. The resultant webinars (available from the IAITAM website) have many ideas for executives to pursue to meet financial and opportunity objectives. While I won't try to reiterate all of the information from the webinar,

each speaker has clear advice that is just as relevant to those executing on the projects as those selecting the direction. In this article, I'll share with you the themes that resonated with me.

Shut the Door

I'll start with my own advice: Stop unruly purchases. My experience is in IT and I have been frustrated over the years by good asset managers who were not able to shut down credit card purchases, software downloads and other unplanned-for purchases. The larger the organization, the more likely it is for executive management to believe that purchasing is controlled and to not understand that company culture, power structures and lack of executive interest

have authorized the door to be left open. Downstream lifecycle processes are seldom as accurate and effective as needed, leading to failed audits, lack of version management, security issues, duplicate functionality and higher support costs.

Take advantage of the need for savings to close the purchasing gaps in your organization. You should be able to illustrate both direct and indirect savings. Identify the costs of diversity in the environment including the savings from re-deployed assets and volume discounts. Estimate a percentage of support and security costs that can be attributed to that diversity. Describe the opportunity for savings through a formalized strategic purchase plan of major vendors, configurations and standard images.

Without intervention, executives striving to control purchasing are likely to impose an additional authorization procedure, which does little to homogenize the environment or enforce a plan. Authorization schemes backfire during times of attrition or lay-offs, preserving the problem and creating a management pool with less awareness of strategic plans.

No Surprises

As an experienced insurance industry professional Paul Paray of Willis HRH provides solutions designed to reduce risk for companies. As part of his work with IAITAM, Paul is speaking out about the legal problems that arise from a company's information technology.

"The major IT exposure comes from systems failures, data loss or theft and from intellectual property infringement. It is unlikely that standard insurance policies that companies have will cover these types of events," Paray explained.

Paray advocates best practices for IT, particularly IT asset management practices which lead to a more controlled and thus compliant environment. However, with rapid change and limited budgets come additional risks, particularly when dealing with intangible assets such as software. The "no surprises" approach



adds financial resources to protect business activities which depend on computer network and telecommunication systems. The IAITAM IT Asset Policy indemnifies an insured for damage, loss, or theft of intangible data assets.

This application of an old idea (insurance) to a new source of risk (IT) is innovative; opening up another choice for balancing risk against budget and internal weaknesses.

Opportunity through Software Negotiations

Bob Turner, Director of Smart Software Deals LLC is an experienced negotiator on both sides of the table. The underlying message of his advice is that contractual language should be proactively negotiated so that the final language is a good deal for both parties.

“It is good practice at any time to prepare in advance and to not be reluctant to negotiate terms that work better for your company,” stated Turner. “Our current economic situation accentuates the importance of building a relationship with your vendors and working with them on terms that benefit both. As a senior manager at several top software companies, I know there is opportunity being left on the table by customers.”

Suggestions such as asking for a reduced maintenance fees on existing software by committing to new licenses or locking in pricing for future purchases during the term of the agreement are good examples of terms that work for both parties as well as generate savings.

Turner stresses the need to understand the strategic role of the software and to use that knowledge to build a deal that best match that need.

“Although end of the quarter or fiscal year end may be a good time to get a good price, don’t let the timing rush you into a deal that may not be in your company’s best interest,” Turner stated.

In order to implement these suggestions, information about software and its use are critical. Preparation requires reports from the IT asset

management repository, files on other negotiations with this vendor, usage data, as well as service data. All of this information should already exist and the operational task is to pull it together at the right time.

Shake Out Savings through Change

Not all of Ed Cartier’s advice falls into the IT realm. As a partner in Sage Technology Resources Inc., Ed provides executive consulting that spans numerous departments in the organization. However, Ed’s focus on sources of opportunity and savings naturally leads to IT. While executives might be reluctant to change technology, Ed observes that technology changes such as a move to virtualization or SaaS have real potential for significant savings.

“There are any number of costs that have become ‘invisible,’ either because they are hidden or because we don’t believe that there is an alternative,” Cartier stated. “There are no sacred cows during economic hardship because the last thing you want to do is make a cut that impacts ongoing operations.”

Cartier recommends a combination of increased discipline for the basics along with considering change as a source of unexpected savings. From an operational perspective, change begins with good data to evaluate impact. While amassing the data to analyze, why wait for the thunderbolt from above? Some very simple changes have created significant savings according to studies discussed in Cartier’s presentation. Be inspired to rethink the accepted and consider alternatives once again.

Broaden Your Expectations from Relationships

Larry Shoup of Silver Tree Solutions, Inc. inspires executives to broaden their understanding of the non-traditional resources available to them. Whether they are subsidiaries, partners, strategic sourcing or resellers, these relationships should be delivering a specific value and in most cases are not optimized in any

way.

“Organizations spend significant time and resources building a relationship only to watch it fail to produce the anticipated results,” stated Shoup. “Relationships either die expensive, messy deaths with one side blaming the other, or nothing happens in the relationship beyond the initial publicity. Either way, organizations can no longer afford to invest in relationships which do not produce tangible results.”

Shoup’s advice is not limited to IT, but the application of it to the wide array of vendors, OEMs, consulting companies and outsourcers that inundate IT is another potential source of savings and opportunity. Once again, the advice leads to taking a fresh look at the normal handling and expectations for those relationships that impact IT assets. A systematic approach increases your empathy (what is the goal of the other party) and creates achievement milestones for the relationship so that measurement is possible.

Developing your Own Secret Sauce

Each of these speakers developed their advice independently and based on their own areas of expertise. It is interesting that an underlying theme of re-examining established wisdom is present in each approach. Whether considering innovation in insurance or technology, or no longer accepting established procedures or relationships as a fact of life, each is sure that there is opportunity and savings to be gleaned. Proactive action and a reliance on data for analysis also underlie the different approaches. It would seem that IT asset managers have the tools to help executives uncover successful changes as well as become a source of positive change themselves.

Whether you act on the specific advice of these speakers or not, consider taking that fresh look at your environment with only the savings and opportunities as goals. This change of view seems to be the essential one for succeeding in 2009.

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