Trends on Better IT Asset Management

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New exiting trends will lead to a higher adoption of asset management methodologies. Tighter financial controls in a difficult market demands particular focus on total spending.

Key Findings

- IT asset management (ITAM) will proliferate in midsize and large companies.

- More cost savings can be achieved by a combination of improved asset management processes and the implementation of more-advanced tools for asset and contract management.

- Software assets are dominated by large providers exploiting their market share, rarely to the client base's advantage.

- Organizations making investments in IT will increase and push for a higher level of maturity of ITAM in the next five years.

Recommendations

- Review your internal programs and readiness for financial asset management.

- Take advantage of the transformation of IT by controlling procurement and portfolio management.

- Implement processes first, and then develop methodologies and select more-advanced tools to implement them.

ANALYSIS

This document was revised on 7 October 2008. For more information, see the Corrections page **on gartner.com.**

Within the ITAM discipline, three core topics establish Gartner's research framework for 2008:

- ITAM

- Hardware asset management

- Software asset management

The Gartner IT Financial, Procurement and Asset Management Summit, which will take place 27-29 October 2008, in San Diego, California, will reveal the latest trends on better management of IT assets, and related financial and procurement implications. Structured along four major tracks, the conference will address the latest trends and provide holistic coverage for IT managers, procurement professionals and the market for ITAM services. Speakers from all continents will offer insight into how companies react to the current economic challenges and how the disciplines that help reduce cost are maturing.

IT Financial Management

Many asset management tasks consolidate into financial statements and into ways to distribute cost to its originators — the businesses. Asset management and procurement are where the CIO meets the CFO, and where investments should drive savings in a more-visible fashion. Midterm efficiency and proven cost containment will be demonstrated in major sessions about IT spending, its causes and chargeback mechanisms. Cost control has matured in the server infrastructure and network environment, and is now hitting the software arena. IT portfolio management is leading the way and joining hands with application budgeting, procurement and vendor spending control.

Recommended reading:

- "Building a Powerful Alliance With Your CFO: Research Description"

- "The Changing Shape of IT: What We've Uncovered, Where You Can Find It"

- "IT Spending and Staffing Report, 2008"

- "Toolkit: A Decision-Making Framework for Chargeback in the Midsize Enterprise"

- "The Finance, Procurement and IT Connection Is a Three-Way Street"

- "Cost Cutting in IT: Eliminating Hidden Costs"

- "Raising IT's Credibility: The Gartner IT Management Competency Framework"

ITAM

During the past 15 years, ITAM has matured from a back-office accounting practice to a true IT and financial management discipline. Despite this development, ITAM penetration in some midsize and large companies is low and ineffective. The IT asset category is one of the few asset categories that is transformed, creating a changing relationship among hardware, software and telecommunications installations.

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Moving ITAM forward starts with the processes and ends in tool implementation and an evaluation of the savings achieved. Processes have matured to a progressive asset management point that allows for proactive cost control. Based on asset management repositories, such processes can be automated and savings can be achieved. Making virtualization an integral element of ITAM is one of the action items that can show obvious business value coming form the use of advanced ITAM tools and processes.

Recommended reading:

- "MarketScope for the IT Asset Management Repository, 2008"

- "Cost Cutting by Effectively Using Existing Software"

- "Open Source in Contracts and Legal Issues, 2008"

- "Cut Storage Costs by Measuring the Total Cost of Ownership of Data"

- "IT Modernization: Modernize IT Funding to Modernize IT and Legacy Data Storage"

- "IT Procurement Best Practice: Leverage Services to Buy Products More Competitively"

- "Asset Life Cycle Management, Tools and Processes"

- "Effective Leasing Requires Specific IT Asset Life Cycles"

Procurement of Software Assets

Procurement, in general, is on a path of increased measurability and business alignment. Besides the procurement function, it has to deal with strategic relations that are being pursued by specialized vendor management teams.

The behavior of software megavendors has a high impact on procurement functions. The never-ending struggle between vendors to increase the revenue flow and the user organizations faced with ongoing cost-containment necessities is getting more intense with the degree of vendor lock-in. Caused by the challenge of technology enhancements that may negatively affect the software license agreements, the major software vendors seem to lose sight of their customers. Performing a good negotiation and leveraging an advanced vendor relationship are key to staying ahead of the curve and securing the required benefits that are not always shown in pure discounts.

The related tools that enable the proper management of agreements and contracts are moving toward more maturity and can help secure the benefits once negotiated. In addition, negotiating excellent software license agreement terms and conditions will play a vital part in ensuring license compliance. Gartner continues to see software vendor audits, and customers find it increasingly difficult to agree on clearly defined licensing metrics.

Recommended reading:

- "Toolkit: Checking Oracle Invoices for Maintenance and Support"

- "Reduce IT Spending on Software Shelfware Yearly Support Fees"

- "Dispelling Four Microsoft Licensing Myths"

- "Choosing Between Microsoft's Select and Enterprise Agreements"

- "Procurement Analytics: Dealing With the Relevant Issues"

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- "Magic Quadrant for Sourcing Application Suites, 2008"

- "Avoiding the Most Common Pitfalls in Strategic Vendor Management"

- "How IT Procurement Can Demonstrate Value During Tough Economic Times"

- "Understanding the Three Dimensions of Software Pricing"

- "Plan Longer for Shorter Software Contract Negotiations"

- "Toolkit Sample Template: Manage the Software Investment Life Cycle"

- "Toolkit Sample Template: Manage Software License Conversions, New Licenses for Old"

- "Negotiating the Software License Agreement: Don't Do This at the Golf Course"

Upcoming Trends in Management

A relatively new area of asset management control is constituted by integrated workplace management that incorporates facilities and all technical capabilities to support the control and use of limited, nonhuman resources. It is part of a broader understanding of the relative cost of resources and their optimization for a business use. From a similar perspective, software use is reconsidered under an innovative asset view — the business functions or scenarios. This is the ground for innovation and improved competition. Mobility, service-orientation, commoditization and other such buzzwords characterize the focus on outcome instead of technology. Agility requires flexibility, which raises the question of whether long-term software contracts are advantageous.

Differing methods for software acquisition will open up a market from a cost perspective, and will divide the solution marketplace into commodity and required innovation, available in a standardized or highly customized manner. Funding for all new projects is provided by the business units and requires appropriate tools for tracking and allocations. Although not fundamentally new in nature, its rigid application in ITAM will continue and lead to market growth for ITAM products and services. As an overarching element, total spending per vendor or per category will become the new management criteria and will lead the way to integrating the new cost categories to a proven level of control.

Recommended reading:

- "Don't Overlook Opportunities to Save Costs on ITAM"

- "Magic Quadrant for Integrated Workplace Management Systems"

- "Negotiating Long-Term Software Contracts in an Economic Downturn"

- "Vendor Survey Analysis: Drivers, Inhibitors and Conditions in the Business of IT Outsourcing, Worldwide, 2007"

- "IT Infrastructure Utility Services Reach 5% of Data Center Outsourcing Revenue"

- "Long-Term Trends That Will Radically Alter Licensing in the Software Market"

- "Cloud Computing Changes IT Asset Acquisition and Ownership"

- "Inspiring Vendors to Participate in Strategic Vendor Management Programs"

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This research is part of a set of related research pieces. See "IT Asset Management Summit Expands Its Topic Coverage" for an overview.

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