



THE LOOKING GLASS

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How to Build a Business Case for ITAM

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Many organizations are realizing the need for more focus on IT Asset Management (ITAM), however they are struggling to gain the acceptance and sponsorship that will ensure a successful program. Do any of the following scenarios describe your situation?

- Your current IT asset management function is largely manual, disparate and the accuracy and completeness of the asset data is questionable.
- You have been unable to acquire the executive buy-in, budget or resources required to move forward to make your ITAM program more efficient and reliable.
- Your management team has numerous IT initiatives on their plate and does not have the mindshare to address your ITAM concerns.

If you can relate to the above scenarios, read on! This article will outline an approach to build a business case for ITAM that will influence decision-making and help you generate the focus, buy-in and budget that you require.

Step 1 – Evaluate why people buy

Once you build a business case, you will need to sell it internally, so the first step is to understand why people make buying decisions within an organization. Here are some reasons why people buy:

- To eliminate or avoid pain
- To address fear
- To become more effective and productive
- To gain control
- To save money
- To look good

How can we relate the reasons people buy to common ITAM concerns that exist within your environment?

Step 2 - Identify compelling reasons

The next step is to correlate the reasons to buy with compelling reasons for your organization to focus on ITAM. Here are some examples:

- To eliminate or avoid pain: pain of being out of compliance with regulations such as Sarbanes-Oxley, HIPAA, Gramm Leach Bliley Act, etc.; pain of a software audit by the Business Software Alliance (BSA) or major vendor; pain of financial penalties and negative publicity associated with non-compliance
- To address fear: fear of the exposures of an audit; fear of personal legal accountability related to financial reporting
- To become more effective and productive: streamline processes, workflow and increase data accuracy
- To gain control: establish and demonstrate controls for corporate and governmental compliance; implement process frameworks such as ITIL and CobiT
- To save money: make IT functions more cost effective
- To look good: increase visibility within your organization by resolving any of the above issues

Step 3 - Quantify the benefits

It is critical to quantify the benefits of addressing ITAM because then they become more tangible. Hard ROI sells better than soft ROI. As an example, if you are creating a resume to find a new job, quantifiable results will help sell your achievements and the value you can bring to a new organization.

If you can provide specific examples of how enhancements to the ITAM program will save your company money, this will be the best method of promoting your ideas. Here are some suggestions:

- Prepare analysis of software entitlements vs. software usage to indicate either overspending or over deployment. If the data is not available, estimate based on the information you have.
- Estimate cost savings as a result of more efficient IT hardware and software spending.
- Identify new desktops and software licenses purchased where asset re-use program would have saved the company money.
- Prepare time-savings analysis if formal process and tools were utilized versus ad hoc methods and fire drills. Time savings leads to cost savings.

Resources

There are numerous resources available that provide information quantifying the benefits of ITAM. Leading analysts such as Gartner and Forrester provide white papers and information on industry-proven statistics. Websites of leading ITAM product companies provide white papers and case studies. The BSA (www.bsa.org) is a good resource for pertinent information on software piracy, prevention and its consequences. The BSA periodically publishes information on companies that were out of compliance and the amounts that were owed to vendors.

Here are some examples of industry statistics that can be found on the web:

Gartner

"Enterprises that systematically manage the lifecycle of their assets (from acquisition to support) will reduce cost per asset by as much as 30 percent during the first year and between 5 and 10 percent annually during the next five years." *Why Assets Are Different*, April 23, 2001

Forrester

"The average company loses 1% to 3% of its assets yearly due to theft or loss and can increase its asset recovery by between 3% and 12%." *Selecting Your IT Asset Management Solution*, October 6, 2006

BSA

"The worldwide personal computer (PC) software piracy rate stayed the same at 35 percent while losses increase by over \$1.6 billion." *BSA Global Piracy Study*, May 2006

Step 4 - Prepare the business case

Once you have completed the research for your business case, the next step is to organize and prepare the plan. The plan should be written in a concise and comprehensive manner and the following is a recommended outline for the document.

- Executive Summary. Introduce the purpose of the document and highlight the major theme(s). Executives do not have time to read a lengthy, wordy document, so get right to the point. Include information that will provide a quick but comprehensive summary at a glance.
- Business Requirements. Outline the business requirements for focusing on ITAM that were determined in Step 2.
- Benefits. Quantify potential savings and ROI that were developed in Step 3.
- Case studies. Include internal and external case studies from your research in Step 3.
- Recommendations to include cost estimates. Present potential solutions. Executives do not want to hear about problems all the time. Present the problem but also include a viable solution and desired outcome. It will be critical to include cost estimates. While enhancing your ITAM program will result in cost savings and efficiencies, there will be costs associated with implementing your recommendations, such as internal and external resources, and tools.

Step 5 – Present the business case

Now it is time to schedule a meeting with the appropriate members of the executive team. When the executive briefing takes place, present the business case in a concise manner and emphasize the quantifiable benefits that will result from your recommendations.

The key to making a business case is the bottom-line effect to the organization. Provide quantifiable ROI as well as the risks associated with not making changes. Do the research and in-depth analysis of the benefits over time prior to presenting the business case to your executive team. This due diligence should result in increased buy-in and support to move your ITAM program forward.



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