

WHAT IS

Agile Technology Asset Management?

A new approach that is saving
organisations **£ millions**



Executive summary

From software licenses to desktop PCs, servers and even USB cables, the value of your organisation's technology amounts to tens of millions of pounds annually. Ensuring you get value from those assets is crucial. Until now, however, Technology Asset Management (TAM) has been a largely reactive and retrospective activity, failing to truly manage assets or save money.

In this whitepaper, you will learn about Agile TAM, a new approach which has been proven to cut costs dramatically and set organisations up with a proactive, efficient, and low-risk approach to managing technology assets.

TAM – TIME TO UPDATE?

Technology Asset Management (TAM) is a critical function within any large organisation. TAM is about understanding what technology you are currently using, when licenses will expire and what IT is costing. It is also about negotiating the best license and technology agreements with vendors

For your IT department, TAM ensures technology is being used correctly and complies with license agreements. For your finance team, it ensures that costs do not spiral, and that the cost base is optimised for your requirements. For business users, it ensures the right technology is available to the right people at the right time. And finally, it is about ensuring all these investments are optimised to bring you real value.

However, despite the importance of TAM, it remains a little understood function in most organisations and its value is rarely fully achieved.

Most organisations approach TAM as a technical problem to be fixed by investing in tools or implementing ever more complex bureaucracy. TAM is treated as a process – counting licenses and putting purchase requests through a standardized approval procedure.

By treating TAM as a process-based activity which can be fixed with tools and checklists, many organisations are missing the point of what TAM can do for them. Few organisations think of the bigger picture – of TAM as an activity which involves interaction between strategy, architecture, commercial and finance.



TODAY, MOST LARGE ORGANISATIONS APPROACH TAM IN MUCH THE SAME WAY AS THEY HAVE FOR DECADES:

TAM teams take a retrospective approach to technology management. They look 'backwards' at what they have, rather than forwards to what is on the horizon.

There is a significant manual element in the work (conducting server audits or finding devices which employees have brought onto the estate but not declared)

TAM decisions are often taken in isolation and without input or guidance from the organisation's wider technology strategy

This approach may have been suitable in the past when information technology within the business was more easily controlled. Today however, companies have enormous and complex IT estates, with multiple layers of technology and an interlinked ecosystem where changes in one area ripple across to other areas. Furthermore, it is easier than ever for employees to purchase new cloud licenses or connect additional hardware.

This complexity means that traditional approaches to TAM are simply no longer appropriate. It is not possible for a centralised team to retrospectively track and manage all technology being used, and TAM functions are often overwhelmed, delivering less value for the business while also increasing compliance risks.

A new approach is needed. At bedigital, we call this Agile TAM. It is an approach built on our experience working with numerous large public and private sector organisations that gives your TAM function the tools and strategy to manage assets competitively and efficiently.

In this whitepaper, we will explore the limits of the traditional approach to TAM, and then look at what Agile TAM is and how it addresses this problem.

TAM IS ABOUT BUYING THE RIGHT THING AT THE RIGHT TIME IN THE RIGHT WAY

How much is your organisation paying for your IT assets?
Are you getting real value from that expenditure?
Are you complying with your software license agreements?

These are the kinds of critical questions that TAM asks of your organisation. When done correctly, TAM has real power to change how the business works and optimise costs. It ensures your technology investments are well managed and maximises ROI. Unfortunately, the approach to TAM used at most organisations falls far short of this ideal.



SOME OF THE MAJOR LIMITATIONS OF THE WAY ORGANISATIONS 'DO' TAM INCLUDE:

Manual, time consuming and far from comprehensive

A significant proportion of TAM work is manual and retrospective. It involves physical check-ups on systems and capturing data. Even when automated data gathering is used, collection is not complete and the chances of licenses being missed or miscounted are high, especially if the usage and auditing of the estate is disconnected. At best, TAM teams create an incomplete and historic view of the environment.

Detaches assets from users

Software Asset Management (SAM) tools help 'discover' assets (see the next section). However, these technologies only create a snapshot of what is being used; they do not help TAM teams understand why or how people are using assets. This reduces the ability to manage the assets, confirm that the licensing terms are being adhered to, or optimise the usage.

'Renewal shock'

TAM teams often find themselves 'fighting fires'. For example, they may suddenly receive a notification from a vendor that certain business critical licenses are soon to expire and must be renewed at a higher cost, which causes budget issues. Because TAM teams spend most of their time counting what they have, they do not have the time or resources to keep an eye on the horizon and plan to manage renewals.

The software audit challenge

Large organisations frequently undergo software audits where vendors demand that they prove they are complying with the terms of license agreements. Whenever these audits are made, TAM teams must spend weeks gathering information and dealing with issues that are uncovered.

Waste

Due to the gaps in awareness of how many licenses are genuinely being used, especially in the cloud era, costs associated with software can quickly spiral out of control. Most organisations end up over-licensed in some areas (creating waste), while also being under-licensed in others (creating risk).

The 'boom and bust' of TAM functions

Because TAM is poorly understood by many organisations and often fails to demonstrate its value, it is often one of the first functions to be downsized if a company needs to save money. This may lead to a 'vicious circle' where the organisation has even less control over asset management which leads to higher costs, audit risks and poorer management.

Large organisations are well aware of these problems yet are struggling to manage the sheer complexity of TAM. In recent years, new approaches have been proposed to attempt to deal with these issues. We explore these in the next section.

THE TRUE COSTS OF TRADITIONAL TAM

The traditional approach to asset management is costing organisations millions of pounds each year:



30%

of software license applications go completely unused at large organisations¹

A further

8%

of licenses get used **less than once per month**²

68%

of large organisations receive at least **one software license audit per year**³

Almost

half of software

license audits cost the audited company **USD \$100,000 (£75,000)** in 'true ups', and a fifth cost in excess of **\$1m**⁴

64%

of organisations do not use any kind of software to manage licenses⁵

¹ <https://www.techrepublic.com/article/report-unused-enterprise-software-is-costing-businesses-a-fortune/>

² <https://www.techrepublic.com/article/report-unused-enterprise-software-is-costing-businesses-a-fortune/>

³ <https://www.ivanti.com/blog/the-real-cost-of-a-software-audit>

⁴ <https://www.infoworld.com/article/3060596/software-audits-how-high-tech-plays-hardball.html>

⁵ <https://www.doctor-license.com/blog/wp-content/uploads/2014/05/Survey-SLO-Key-Trends-Audits-Cost-Risk2.pdf>

STICKING PLASTERS FOR THE TAM PROBLEM

The problems with the traditional approach to TAM are costing organisations millions of pounds, while causing compliance headaches and end user dissatisfaction with IT. In response, new services and tools have been developed to address the problem.

These solutions can be placed into two categories. The first is SAM (Software Asset Management), which comprises of a number of technologies which provide management tools for your licenses and can 'discover' technology on your estate – many large organisation will already be using (or have attempted to implement) several SAM tools. The second category is the use of license negotiation companies, who help you assess current software use and negotiate better deals.

Both of these approaches provide value to organisations by closing the knowledge gap and improving price paid for assets which empowers TAM functions. Nonetheless, they are best described as 'sticking plaster' solutions, addressing short term overspend or licence agreements, yet failing to fix the bigger problem.



LIMITS OF SAM

There are several SAM providers whose technology offer ways of 'discovering' software (and sometimes hardware) across your IT estate. Well-known brands include SNOW, Flexera, ServiceNow, iQate, Asset Panda, Pulseway and many more.

SAM tooling is certainly part of the solution to the TAM problem and TAM teams will benefit from deploying it. Nevertheless, it has important limitations:

It only gives you a 'snapshot' of what you currently use. SAM is useful for data collection but does not tell you much more. For instance, how often is a specific license used? Is it critical for one employee, or did they download it once and never use it again?

Because SAM is retrospective, it has limited value when it comes to strategy. It does not help with long term thinking about which technologies you will need in future, or when to get rid of older tools.

SAM only tells you what you have but does not include end users or the business in the conversation about what tech they really need or help plan how to improve.

LIMITS OF LICENSE NEGOTIATING COMPANIES

As the recognition of the waste within IT Asset Management has increased, several specialist negotiation companies have emerged. These firms provide a highly valuable service, helping companies review and renew their licensing and purchasing agreements on the best possible terms with vendors.

While these companies can save customers significant sums of money. Nevertheless, they are still only a 'sticking plaster' solution:

License negotiation provides an immediate reduction in license fee costs. However, if you do not change underlying practices, your IT spend will naturally grow over time and you will be back at 'square one' in two or three years. In fact, if not undertaken carefully aggressive license negotiation can increase risk to the business.

License negotiation companies add little value to the actual work that TAM employees do; they do not 'train' them to become license negotiators. Once the license negotiation firm has completed its work, the TAM staff have no new capabilities or better ways of working.

At bedigital, we are convinced that a more comprehensive approach is needed. One that changes culture, looks forward and truly achieves the potential that TAM has to offer the organisation.

CASE STUDY: AGILE TAM AT THE



Department for Work & Pensions

The DWP is the UK government's largest department with an annual budget of £176 billion, 85,000 employees and IT asset expenditure over £300m. While the DWP had a large and established SAM function, senior management was aware that they needed to increase effectiveness to protect the public purse. Furthermore, the DWP did not have an effective management approach for its technology assets and this was experiencing significant cost impacts.

bedigital implemented Agile TAM at DWP:

- Analysis of suppliers and renegotiation of licences
- Deployment of SAM tools
- Creation of a target operating model
- Capability development among DWP staff to work in an Agile manner

This led to:

£21m

annual direct cost savings from initial optimisation

£6m

reduction in Value at Risk held by DWP

Agile TAM approach to save

£18m

over a 3-year period

TAM team were left with clear purpose and structure, capable of continuing to implement Agile TAM in the long term

INTRODUCING AGILE TAM

Agile TAM is a new approach to asset management which defines TAM as a Service. It emphasises the need to develop effective strategies for the organisation to be able to proactively manage its assets.

Just like Agile project management, which treats projects as a form of continual, iterative improvement (as opposed to a plan that must be rigidly followed) Agile TAM involves thinking about assets in a new way. Rather than treating asset management as a process, it asks TAM teams to focus on an end goal and establish the services and capabilities necessary to support the delivery of that goal.

It is the difference between acting as the checkout at a supermarket, recording and pricing the licenses bought to ensure that they are paid for, versus being a personal shopper who understands what the business is trying to achieve. This then lets the TAM team

present options and advice on how this is achieved in the most cost-effective way, and the assets are installed to ensure they are managed to achieve this value.

Ultimately, Agile TAM is about a change in mentality. The asset management team goes from being a retrospective and reactive function - about counting products bought in the past - to being a proactive business function which joins the company together to make better decisions. In doing so, it saves money and reduces risk. Agile TAM involves continually monitoring and improving the use of assets in line with the overall company strategy to maximise value of investment for the organisation.

What does this look like then? The table below compares the management of assets when using traditional TAM compared to Agile TAM:

Traditional	Agile TAM
<p>DISJOINTED: The TAM function reactively tries to understand what Asset Users have done – leaving the TAM team on the back foot and creating an antagonistic relationship between TAM and the rest of the business.</p>	<p>COORDINATED: The organisation understands that the management of assets is a joint responsibility needing input from IT, Architecture, Asset Users, Finance and Commercial to find the best model for the business and the constraints of the asset.</p>
<p>REACTIVE AND RENEWAL BASED: Decisions are made only in the immediate context without strategic involvement – which keeps the planning horizon in the range of weeks (or months at best). This means major saving opportunities are missed.</p>	<p>COMMERCIALLY FOCUSED AND SUPPORTIVE The aim of TAM is to buy the right assets, at the right time, for the right price and to maximise the value for the business whilst minimising the risk. It is NOT to stop assets being bought.</p>
<p>BUREAUCRATIC: Cost control is achieved through friction. This approach often leads to perverse decisions where assets which would create a benefit actually increase costs when approval and administration is factored in..</p>	<p>GOVERNING: The TAM teams knows what the value of an asset is and seeks to avoid problems. It also plans effective management plans with clear control points that maximise the value of each asset for the organisation whilst minimising the risk.</p>
<p>SEEN AS A DRAG AND COST: TAM functions are often downsized without any perceived loss.</p>	<p>PROACTIVE: Moves the planning horizon from months to years. The TAM function understands that decisions which impact key systems need to be made several years in advance to allow the work to be done to implement the changes needed.</p>
	<p>EMPOWERING: By creating asset roadmaps and then working with the Asset Users to ensure that the value is maximised, the TAM team shows its value and therefore <i>is valued</i>.</p>

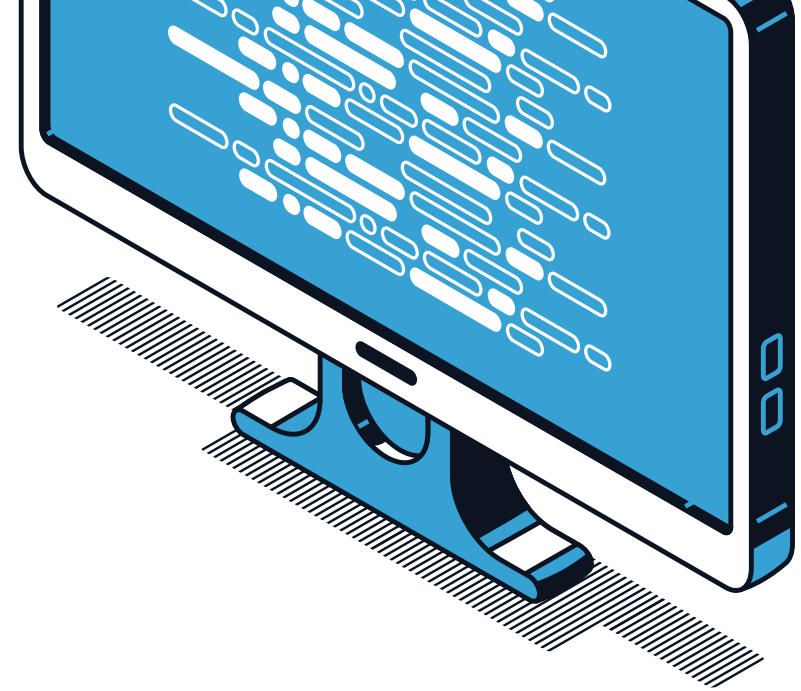
As the above table shows, Agile TAM turns an organisation's asset management into a much more proactive function. This is about a change in mentality, but also about the ways technology is used and decisions made.

AGILE TAM: AN ANALOGY WITH FACILITIES MANAGEMENT

Because technology – and especially software – is often intangible, businesses often do not treat this kind of asset as they would treat other assets they own and pay for. However, if we consider TAM in the same way as we treat facilities management, it is possible to see how Agile TAM is much more beneficial than the current norm.



Traditional TAM essentially gives asset users free reign over tools. This is like a facilities manager letting employees use a company meeting room without any oversight. Staff might decide to draw on the walls, leave the rooms in a mess, or use it as a place to have lunch. If the facilities manager worked like traditional TAM teams, they would simply let people do what they want, and perhaps check up on the state of the room once every three months.



In reality, most facilities managers are much more proactive – like Agile TAM. They spend their days checking that people are using meeting rooms correctly, that they are not spending too long in them and are leaving them tidy. A good facilities manager would also monitor usage of a room and maximise the value to the business – if they noticed it was barely being used, they might convert it to an office for ‘focus work’, which might help the business become more productive.

While this analogy is of course simplified, it demonstrates why the current approach to TAM is often very disappointing.



BENEFITS OF AGILE TAM: 4 STORIES

Why change how your organisation manages technology assets? At bedigital, our clients experience several important benefits when they introduce Agile TAM. The following four stories demonstrate how Agile TAM supports large organisations:

Better use of your assets

Claire wants to purchase a license of Visio to create some technical drawings. The value to the business is recognised by Claire (the Asset User) and she makes the business case. In the past, the TAM team would have used bureaucratic processes to check and double check the sign-off - mistaking friction for control. Once approved they would simply have recorded the purchase and added it to the catalogue but not monitored usage with Claire.

In a more agile environment, the TAM function's aim is to support the business – the management plan for Visio recognises Claire's need but also acknowledges that it may not be continual. Better data management and tools means that the TAM team can offset most purchases by re-harvesting un-used licenses from the existing estate and so can avoid most purchases. Various SAM tools provide usage monitoring, and these are integrated with the software deployment tools to automate the 'harvesting' of unused licenses. As the re-harvesting occurs automatically it means the friction for initial usage can be reduced – Claire uses an app store to simply download the software on demand. And, if she doesn't use it, it will simply be re-harvested back into the pool.

Furthermore, if it was mistakenly removed (when she was on holiday for instance), it takes two minutes for Claire to re-install from the app store.

Greater accountability

Tom leads the sales team and makes a business case to move to a new CRM application. The business benefits include significant cost reduction to be achieved by removing the old CRM system within 18 months after the new system is implemented.

In the Agile TAM approach, TAM becomes a governance function with long term planning horizons, integrated with commercial and finance. This means that the strategy for the old CRM asset is updated and management controls implemented to ensure that IT and the business users are aware of the financial risk of not removing the old CRM. Tom is therefore made accountable for the delivery and effective utilisation of the assets through appropriate financial controls.

The business maximises the value of the assets and minimises the risk. TAM does not 'control' the business or IT, but provides the information required for better decisions to be made by making the implication of decisions visible with enough time to impact the outcome.

BENEFITS OF AGILE TAM: 4 STORIES

More intelligent approach to budgeting

Every year, your finance department sets budget targets for each division of the company. Amy is the head of your R&D department and is notified at renewal that her preferred software package is moving out of main support and renewal costs will double if not upgraded. Because she has a restricted budget this year, she bears the higher renewal cost rather than undertake a disruptive upgrade and forgoes a planned project to pay for it.

In Agile TAM, a more sophisticated approach to budgeting happens. Through continual monitoring, the Agile TAM team already knew that Amy's software would be going out of service 24 months in advance. They therefore notify finance and Amy that it would best to pay for the update early, because the costs of doing so in 12 months' time would be considerably higher.

The business maintains the final decision on spend allocation but has been provided with the information and so can plan the upgrade with IT in time. No extra software costs are incurred, and Amy's team are not disrupted by a short notice upgrade.

More intelligent approach to purchasing

IT uses Redhat Linux as a server OS and pays an annual subscription for support. Redhat is a significant license cost to the business. However, while Redhat is architecturally the platform of choice for servers, it is acknowledged that within the next 18 months the move to PaaS in the cloud (where licensing is included in the service cost) will start to reduce the cost of on-premises demand for Redhat licensing.

In most organisations, the TAM team would simply undertake annual renewals of the support costs on the basis that they have not been given instructions not to.

In an Agile TAM environment, the management plan for high cost assets are reviewed at least annually at timescales which allow for changes to be implemented at renewal (in this case 6 months prior to renewal). The usage and plans for the software are reviewed with Architecture against the previous plan.

This approach identifies that the move to cloud is unlikely to be undertaken as quickly as originally anticipated and a new management hypothesis is created for the asset which acknowledges that while the software usage is likely to decrease over time, the minimum commitment is likely to be at least current usage for the next 3 years. Commercial can use this insight to negotiate a multi-year reviewal with Redhat and achieve a better deal, creating a multi-million saving for the asset and removing a number of internal usage constraints.

A THREE-STEP PROCESS FOR IMPLEMENTING AGILE TAM

bedigital has successfully introduced Agile TAM at several large public and private sector businesses. We take you on a journey to transform your asset management to Agile TAM:

1

Discovery:

Understanding your desired state

We begin all engagements by understanding your desired vision for asset management. Our experienced teams work with you to identify pain-points and opportunities related to asset management and utilisation.

Learning about your asset position

Our teams use SAM tools and initial audits to discover your current technology environment. We also review and assess your existing assets and license positions to identify risks and issues to understand what is important.

Understand your current processes and tools

Knowing what is already in place, how the SAM team works, and the processes and tools being followed.

Service hypothesis creation

Working with you, we prioritise activities to create a service hypothesis which works within your organisation and value transformation plan for TAM to guide activities and maximise value realisation for your organisation as you implement the services and move towards your desired state.

2

Implementation – Using Sprints

Using an Agile approach, we work with you to implement the Value Transformation Roadmap and develop your TAM services to deliver the planned benefits. The aim being to bring each asset under management and to do this we:

Create and implement an asset management plan for each asset

We work with you to create an asset plan which looks forward and helps your TAM department become more proactive. This plan identifies how each asset should be managed, by whom and what the governance and control points are. It provides a logical basis for decision making about purchases and ensures you are continually complying with licence agreements. This may focus initially on commercial aspects but should aim to bring the asset to the point where the value the organisation gains from the asset is maximised and the risk minimised.

3

Review, Reflect and Re-prioritise after each Sprint

At the end of each sprint we review the expected outcomes and benefits and reflect on progress to ensure that the work is on track to maximise the benefit for the organisation. The benefits of the Agile TAM approach are such that we expect that the work will be cost neutral (once savings are considered). We also build the capabilities the organisation needs to maintain the services once we have finished.

BEGIN YOUR AGILE TAM JOURNEY TODAY



Agile TAM is ultimately about giving your organisation a method for managing your technology that is appropriate for the way that modern business uses IT. Traditional technology asset management is unable to cope with the demands of modern software and hardware usage. There are simply too many tools and devices being

used for companies to try and manage this with a retrospective and reactive approach.

With Agile TAM, your organisation can implement services which bring a new way of managing its assets which corresponds with the needs of modern business IT use, now and for years to come.

If you wish to gain control over IT spending, ensure compliance of your software licences and have the confidence and benefits of an Agile TAM approach., contact bedigital today. Our highly experienced teams can help you implement the Agile TAM Services that will set you up for long term success.



Cardiff
33–35
Cathedral Road
Cardiff
CF11 9HB
United Kingdom

London
The Minster Building
Great Tower Street
London
Greater London
EC3R 7AG

0292 167 9320

0203 761 4850

bedigitaluk.com