

TOTAL ASSET MANAGEMENT

PHASE III METRICS – DEFINITION AND USAGE

A Management White Paper by:

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ABSTRACT

This paper presents a completely objective Information Technology (IT) measurement (metric) system. The metrics presented are well defined, easily measured, and shed great insight into the proper course of action to take in optimizing a company's investment in IT. The approach presented is the "indicator" approach, in which objective indicators, similar to the DOW Jones Industrial Average (DOW), are chosen to observe trends and perform comparisons to the rest of industry. The most important of all indicators presented is the Technology Absorption Rate (TAR), which is the measure of how fast an enterprise can actually "absorb" or make use of new technology. It is also the objective measurement that can identify when a company is too close to adopting "bleeding edge" technology. "Bleeding edge" is a term often applied to newer, immature technology. Those that choose to adopt immature technology often struggle with implementation due to bugs and incompatibilities.

This paper attempts to define IT Asset Management as not just an inventory, but a strategic measurement and decision support system. To achieve that system requires acceptance of and adherence to a new corporate discipline. Despite the wishes of the IT organization and the best sales performances of generally credible vendors, IT Asset Management cannot be implemented by simply selecting and installing a software package.

Finally, this paper presents formal definitions and indications for six important technology indicators (metrics). The indicator approach presented is contrasted to conventional approaches that attempt to yield a monetary quantification. Shortcomings inherent with attempting to perform conventional financial quantification of IT Return on Investment (ROI) are presented, with a step-by-step approach to applying the indicator method instead. A way to use the indicators presented to yield future monetary quantification through applying standard linear regression techniques is also described.

INFORMATION TECHNOLOGY (IT) IS CRITICAL TO BUSINESS

“By 2000, organizations that fail to focus on IT as an enabler of business value, rather than merely IT’s role as an efficiency driver, will put their enterprise at risk (0.8 probability)”

Proceedings from Gartner’s 1997 Asset Management Conference, San Francisco

GartnerGroup is a well respected firm that provides IT industry insight and analysis. Many corporations subscribe to Gartner and use them to aid in strategic IT planning as well as to provide recommendations on tactical implementation. This statement, offered by Gartner, captures the true motivation for investing in IT in today’s marketplace. That investment is to enable a corporation in delivering the products or services that constitute its primary business.

In the past, the investment in IT was motivated primarily by the desire to increase the efficiency of individual workers. Expectations of using fewer employees to do the same amount of work were not uncommon. As IT has evolved, however, it has been used increasingly as a strategic weapon to compete more effectively and to capture additional market share. Corporations have learned that IT, applied correctly, can “enable” the individual worker, offering them additional power to execute their duties. This has the effect of increasing morale as well as creative thought. The reverse also appears to be true. When IT is not applied correctly, it actually burdens the individual worker, frustrating them, and resulting in decreased morale. A subjective way of detecting if IT is being applied well, or poorly, is to observe the IT department itself. If an observation of the IT department yields an honest opinion that the department has lost credibility within the organization, then IT is most likely not viewed by the rank and file as “enabling”. If, on the other hand, the organization is well respected, then IT is most likely viewed as effective.

There is danger in allowing a poor implementation of IT to perpetuate. In addition to the effect on morale, which although subtle can be significant, there is the risk of creating a “deadly embrace” between the IT organization and the end users. This situation occurs when IT has lost credibility within the organization. It manifests itself as a reluctance, on both the part of the IT organization and the end users, to adopt new technology. In the case of the IT department, they are reluctant to take risks and expose themselves to additional criticism. In the case of the end users, they are reluctant to try anything new, since the last several times they incurred unacceptable impacts to their ongoing work. This is especially true when the benefits of the new technology, which are many times not well understood by laypersons, were not well communicated or translated into relevant terms. The general perception by the end users is that IT is ineffective in supporting the environment that they use, so they tend to minimize their dependency on that environment. The net effect is that the enterprise does not leverage IT to its fullest potential.

A deadly embrace between the end users and the IT department translates empirically to a poor ROI on IT. Since the IT investment is generally made to enable an enterprise and to capture increasing market share, that investment is arguably compromised. If the company were to be considered in isolation, a poor implementation of IT might be considered a less than optimum investment, not unlike other disappointing investments the company may have made in its

history. The company cannot, however, be considered in isolation. Its competition is also using IT as a strategic weapon with the same goals – to enable their business in pursuit of increasing market share. If the competition wins that battle, the result is far reaching and could jeopardize attaining future performance expectations. There is much at stake.

Most, if not all, corporations today use IT as a means to better track and service customers as well as a means to deliver increasingly innovative services and products. The ability to deliver products and/or services is therefore greatly influenced by how well a corporation embraces and harnesses information technology. This is especially true of organizations that deal with “soft”, or intangible products such as banking and insurance. Being the first to market or leading with innovative offerings tends to directly influence a company’s ability to increase market share by being perceived as the market leader. Thus, it follows that the application of information technology directly influences market share.

If the application of IT influences market share, then the goal should be to optimize that application. A corporate IT environment that is poorly planned and managed, tends to yield frustration and, over time, often results in a corporate culture that is either indifferent to new technology or shies from it. At best, such an environment possesses several roadblocks to leveraging the technology, which not only causes end user frustration but limits the rate at which new technology can be absorbed by the enterprise. At worst, the end user base will actually resist all new attempts to advance applied IT, resulting in an even lower rate of return on IT investment.

It therefore stands to reason that of two companies equal in size and with similar sales and marketing strategies, the company that better harnesses information technology will, over time, capture increasing market share. By best leveraging technology, they will be able to bring new products to market faster, offer more complex and innovative services, and be able to provide a higher degree of customer service and satisfaction. Thus the perspective that if a company is not now viewing information technology as a strategic weapon to enabling its current and future business, it is at risk.

FEDEX – A CASE IN POINT

FedEx is probably one of the best examples of a company capturing and defending market share through the application of information technology. FedEx is well recognized as having the best package tracking system of all overnight carriers. They have built a reputation of delivering on time and have created a strong sense of confidence within their customer base due to their ability to track a package throughout the system. All of this has translated to a commanding 59% market share for FedEx in the overnight package delivery market, with their next leading competitor, Airborne, having only 16%.¹

What is important to keep in mind when considering the FedEx example, is that it is not simply a matter of investment now for any competitor to start threatening FedEx’s market position. If Airborne’s Technology Absorption Rate (TAR), a measure of how quickly their culture can absorb new information technology, is not as good as FedEx’s, then it is likely that Airborne can never catch FedEx in terms of applying information technology to gain market share. FedEx will continue to lead in new innovative services and delivery options, since their

¹ Standard & Poors. “Air Cargo.” *Industry Surveys*, June 30, 1994, pp. A40-A42.

information technology infrastructure and, indeed their culture, can support it better than their competitors. The best the competition can do now is to increase their awareness and commitment to information technology, having seen how it has benefited FedEx, and hope that FedEx becomes complacent in its position as market leader.

Without a measurement system or the ability to measure its TAR, a company could be losing ground to its competitors daily. The first indication would be either disappointing stock performance, declining rate of growth, or declining sales, none of which would historically be attributed to poor implementation of information technology. Indeed, the absence of effective IT application is generally not entirely to blame, but it is an overlooked yet increasing factor. The danger is that when it first announces itself as a problem through declining market share growth, it is already too late to readily change. A company will, at that point, be playing “catch up” with its competition, trying to duplicate their offerings or service options, limited by the company’s ability to make use of, or absorb, new technology.

IT ASSET MANAGEMENT IS THE MEASUREMENT SYSTEM

IT is an increasingly important strategic weapon for any corporation. As such, it becomes more and more important to ensure that weapon is being deployed to its fullest. Without a well planned and managed approach, it is highly unlikely that IT is being optimally leveraged. What is worse, poor implementation can, over time, yield a culture and an installed infrastructure that resist further technological advance. This scenario can seriously jeopardize a corporation’s ability to leverage IT at all, at least as well as the competition, which can lead to loss of market share over time. Therefore, with so much at stake, how IT is being planned and deployed should be of paramount importance to the highest levels in the corporation. IT Asset Management should be a topic of extreme senior level interest. It is not just the task of maintaining an accurate inventory for the benefit of the IT organization.

A company must first convince itself of the importance of IT to its continued success. When that importance is realized, then IT Asset Management becomes the measurement system that will yield the necessary feedback to continue to optimize the deployment of IT. Before any tools are selected and before any processes are defined, the necessary measures to effectively plan and manage the implementation of IT should be decided upon. Once those measures (metrics) have been defined, then the definition of all else will naturally follow. To proceed in any other way is to place “the cart before the horse”.

METRICS – THE REAL VALUE

Most people would accept, to varying degrees, the argument that IT should be viewed as a strategic business enabler. The premise is that the application of IT directly influences market share and should therefore be optimized. Without a means to measure the application of IT, however, it is impossible to optimize it. This is where most corporations find themselves today.

Total Cost of Ownership Versus Metrics

There is quite a bit published currently about Total Cost of Ownership (TCO) and the use of IT Asset Management to minimize TCO. Several groups are attempting to measure TCO, using various methods. The dilemma surrounding TCO measurement is that it requires many assumptions and is specific to each business. The assumptions stem from attempting to quantify expenses surrounding the “soft” costs of managing and using an IT infrastructure. Such soft costs include end users supporting themselves and inefficient use of the technology due to inadequate training or poor implementation. These costs are anticipated to be significant, yet are nearly impossible to directly measure. Therefore several assumptions must be made which ultimately lead to lack of acceptance of the TCO quantification by one or more key people.

In addition to the subjective nature of TCO measurements, the premise on which TCO is built is the quest for minimizing the life cycle cost of IT. Focusing on minimizing the cost of IT is like focusing on minimizing the cost of a company’s revenue producing activity – it may not be the best focus. That is, focusing solely on minimizing cost tends to exclude examining the possibilities of expanding operations in pursuit of increased profitability and market share. It can yield decisions that are counter productive and potentially limiting. Therefore, when IT is considered as an enabler of business, it is more useful to focus on optimizing its role as an enabler, rather than focusing on minimizing how much money is spent acquiring and supporting it. Said differently, the focus should be on *optimizing IT as an investment* rather than minimizing its cost. TCO is an important point to consider, as is cost control in any other aspect of business. However, TCO should not be the primary focus. The metrics presented in this paper are meant to quantify the application of IT as a business enabler, especially as compared to the rest of industry.

IT Should be Considered from an Enterprise-Strategic Perspective

To successfully manage requires information. The more timely and accurate the information, the more effectively one can manage. Asset Management does not differ. However, the problem to date has been that companies tend to focus on the tactical needs of IT instead of the strategic needs of the corporation. IT’s tactical needs include knowing where their assets are physically located and knowing what components (both hardware and software) are installed on each active desktop. While the need for this tactical level of information exists, it tends to be a parochial need of the IT department. It is not generally an issue that attracts senior level interest or enthusiasm. This creates a paradox because senior level sponsorship is required to realize the discipline needed to provide the desired tactical level of information.

This focus on tactical IT needs is short sighted and, since it does not attract senior level attention, typically fails. IT has responded by seeking a technology solution for implementing the asset tracking discipline. A purely technical solution to any business discipline need, however, tends not to work. ***Technology is not a substitute for discipline.***

A far better approach is to quantify the strategic needs of the corporation, and then use that quantification to attract senior level interest. Having gained senior level interest, then implement a strategy that will not only yield the desired strategic IT decision support information, but the tactical information as well.

Determining the corporation's strategic needs means defining a measurement system and the metrics that will be necessary to both assess the enterprise's current IT health as well as provide insight into which direction to take IT. This measurement system needs to be fluid so that the metrics are available at all times, upon request. Such a measurement system, once defined, will yield a clear direction on how to implement asset management, and the tools, manpower, and level of commitment can be readily determined. Many companies are proceeding in reverse, however, in selecting a tool without first thoroughly defining their strategic measurement needs.

Using Indicators to Measure

One approach to measuring applied IT progress is to use the indicator method. Indicators are easily measured observations that offer keen insight into objects of study. An example of a well known indicator is the DOW Jones Industrial Average – an indicator of the performance of the New York Stock Exchange. The benefit to indicators is that they are easy to measure and are clearly objective. They are most usefully applied to comparing, either from one time period to the next (trending) or from one company to another. Figure 1 shows an example of four important technology indicators (metrics) that offer a comparison to industry averages.

The technology indicators are used to measure supportability of both hardware and software, the age of the installed IT, and the technology level. The indicator of technology level is called the Technology Figure (TF), which is a measure of the processor class, installed memory, hard drive size, and processor speed of all installed desktops. Other important indicators include the Technology Infusion Rate (TIR), which is mathematically defined as the first derivative, with respect to time, of the Technology Figure. The TIR measures the rate at which a company is introducing new technology. An example of a TIR trend is shown in Figure 2.0. A more important indicator, the Technology Absorption Rate (TAR) is a measure of how quickly a company can actually absorb, or make use of, new technology. It is mathematically defined as the second derivative, with respect to time, of the TF.

IT Investment Health Status (as compared to industry)	
Hardware Supportability (a measure of how supportable the hardware environment is)	●
Software Supportability (a measure of how supportable the software environment is)	● 👍
Technology Age (a measure of how old the PCs are)	● 👎
Technology Level (a measure of the technology currently deployed)	● 👎

Figure 1. Sample Technology Indicators (Metrics)

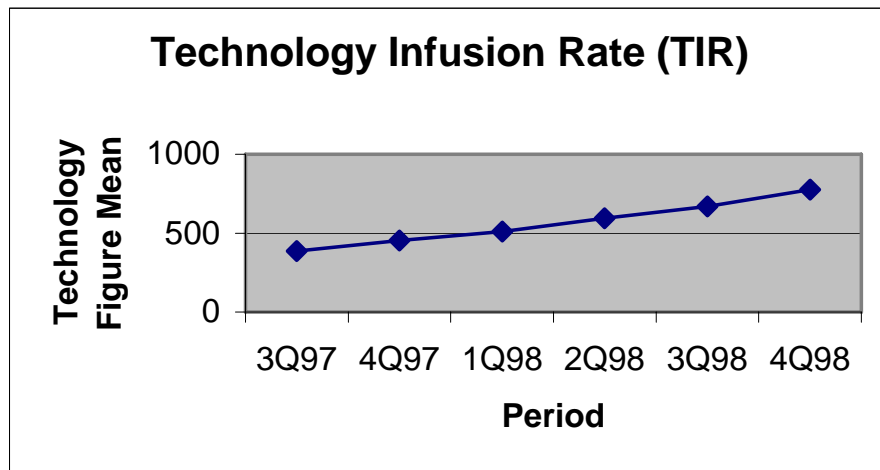


Figure 2. Sample Industry Technology Infusion Rate (TIR)

Technology Indicators to Money

Absolute quantification of a financial position is generally expressed in monetary units such as dollars in the United States. It is therefore hard for some to embrace the indicator approach since indicators do not yield monetary measurements. Indicators relate to, or observe, trends that influence monetary positions, but do not yield absolute monetary quantification. In just about any other large investment a company may consider, it is possible to model that investment in financial terms to support a decision to proceed or not. Offering a new product, for instance, will require market analysis, expected investment in operations to produce the new product, and expected sales, over time. In total, such an analysis will yield expected financial

results in terms of a return on the initial investment, along with the time until that ROI is achieved. Attempting to quantify, in financial terms, an expected ROI on IT investment using conventional means may not be possible.

First, IT is a flowing, continuous investment that has no start or stop. Second, IT is so embedded in the workplace of today that it impacts employees' perceptions of their work environment, along with the company's level of commitment to such an environment. Morale level in a company is a highly important intangible, and IT has a direct influence on it. Morale level, however, cannot objectively be quantified in financial terms. Third, IT directly influences a company's ability to provide increasingly innovative and advanced offerings, and to be first to market with those offerings. Although IT influences such offerings, so do many other factors, including:

- Current market position
- Effectiveness of marketing efforts
- Price point
- Distribution capabilities
- Sales strategies.

Of the factors listed above, IT also influences:

- Price point – IT's ability to enable higher efficiencies can directly influence price point
- Distribution capabilities – IT application can increase tracking capabilities and accuracy, thereby increasing distribution channel options and capacity

As can be seen, IT strongly influences many factors that, in turn, strongly influence a company's ability to capture and defend market share. The relationship is co-dependent, however, and to attempt to calculate IT's contribution in financial terms is difficult if not impossible. It requires significant modeling, which tends to be specific to a given company. The modeling then requires numerous assumptions that compromise the objectivity of the quantification. Once the objectivity has been compromised, the value of the quantification is suspect.

The best approach is to take IT ROI quantification a step at a time. Since IT is used to influence a company's ability to capture and defend market share, it is at least important to quantify a company's position relative to the rest of industry. It can be argued that if a company is quantified ahead of industry by objective technology metrics, then that company is truly leveraging IT better than the industry at large.

Since IT is a competitive, strategic weapon, it is only important that an enterprise leverage that weapon better than its competitors. When two people are being chased by a bear, it's not important to outrun the bear – it's important to outrun the other person. This calls for a comparative measure, such as a technology indicator, and an absolute monetary quantification is not required.

As a first step in approaching IT ROI quantification, a company should concern itself with measuring itself against its competitors, and trending its own performance to ensure it

continues to advance in applying IT. The technology indicators, used as objective measures and instruments of trending, best apply.

Once technology indicators have been used to monitor the company's trends in applied IT, then those same indicators can be used to predict future costs. That is, a cost observation can be recorded for each technology indicator calculation in a time period. Then, after enough cost observations have been recorded, a simple linear regression can be performed over the "X" data points (technology indicator measures) and the "Y" data points (observed costs). This will yield a mathematical model that can be used to predict future costs. That is, by choosing a target cost reduction, the model can be used to yield corresponding changes to the indicators required to yield the target cost reduction.

Having observed the technology indicators in the past, this will yield a course of action that can be executed with a high degree of confidence. For example, if a 5% cost reduction is sought, the model might suggest raising the Hardware Supportability Quotient (HSQ) by four points. From this, a technology refresh program can be prepared that will be used to increase standardization throughout the environment, thereby achieving the desired cost reduction. Table I shows observations of four technology metrics over five time periods and the associated observed maintenance cost. From these observations a model can be formed using standard linear regression techniques. The model can then be used to predict future costs based on anticipated changes in the technology indicators. The model can also be used to set target values for the indicators based on a desired cost figure.

The model can also be used in reverse. For example, using the model to calculate different cost points for different HSQ points will product an understanding of how standardization of the IT environment influences cost to support that environment.

Costs are not the only observations that can be recorded with the calculated indicators over time. Market share, stock performance, and customer satisfaction can also be recorded and regressed. This can yield a generalized IT model, allowing a company to better understand just how IT influences overall performance. Although, since technology indicators alone do not summarize all factors that influence stock price and market share, the IT model would only be useful in attempting to understand the sensitivity of such performance quantifiers to IT. Still, such a model would be quite valuable.

Table I. Sample Technology Indicator Values and Associated Observed Maintenance Costs.

Period	"X" Values				"Y" Values
	HSQ	SSQ	AGE	TF	Maintenance Cost
4Q97	5.9	12.2	4.3	455.3	\$4,500,000
1Q98	5	10.5	4.5	440.4	\$4,750,000
2Q98	6.3	8	4	525.5	\$4,500,000
3Q98	8	9.5	3.5	590.6	\$4,250,000
4Q98	12.5	7.5	2.4	645.3	\$3,950,000

Technology Indicator (Metrics) Definitions and Use

Table II contains the definitions and usage indications for six important technology indicators. The indicators are entirely objective, easy to measure, and repeatable. Together they form a measurement system that can be used to guide a company through its investment in an application of IT. The indicators can be used to measure against industry, show trends within the company, and to predict performance measures (including future cost). They represent a completely objective measurement system that is potentially superior to one that is highly subjective and wrought with assumption.

One of the indicators presented is the Hardware Supportability Quotient (HSQ). The HSQ is a measure of the diversity of the desktop environment. According to Gartner, diversity is the single biggest factor in causing problems in the distributed systems environment.² Gartner goes on to recommend using an outsource vendor to drive standardization in the environment. The HSQ is the objective measure that can be used to contractually bind such an outsource vendor.

² GartnerGroup, "Want to Standardize Distributed Systems? Then Outsource!", J. Leigh, Gartner Advisory, 12 January 1998

Table II. Technology Indicators (Metrics)	
Indicator (metric)	Definition and Indications
Hardware Supportability Quotient (HSQ)	<p>Measure of the diversity of the hardware in the enterprise. It is quite easy to measure by essentially observing the ratio of the like products to the total products. The higher the number, the better. The premise is that it is much harder to support and use an environment that contains a high degree of diversity. The better standardized an environment, the more efficient it is, the lower the cost to support it, and the more flexible it is.</p> <p>A low HSQ indicates a very diverse environment that is difficult to support and use. Roadblocks to efficient use and future migrations lie everywhere. This leads to corporate frustration and distrust of IT, which leads to a poor TAR. This can threaten the corporation's ability to use IT as a strategic weapon.</p> <p>The key to improving this metric is standardization. A well conceived and diligently enforced standards program is required.</p> <p>This metric should be used to gain internal support for lowering the infrastructure diversity through higher standardization. It should also be used to measure the results.</p> <p>This metric should be also used to leverage maintenance providers into lower maintenance costs under the reality that a highly uniform environment translates to lower sparing and support costs.</p> <p>Finally, this metric should be used as a measure of outsource vendors. An outsource vendor can be given a contractual target to achieve a HSQ of 12.0. This metric can then be used to measure actual performance.</p>
Software Supportability Quotient (SSQ)	<p>Measure of the number of unique versions of word processors and spreadsheets installed in the environment. The lower the number, the better.</p> <p>A high SSQ indicates a lack of standardization on general office software, which is the software that employees use the most. Such a lack of standardization creates roadblocks to the efficient creation and sharing of information throughout the enterprise. Even though word processor and spreadsheet programs can save to lesser version levels, it is generally after one iteration that the information originator learns that a lower level is required for the requestor. This results in lost time and efficiency, as well as increased frustration. This is a contributing factor to a low TAR, however not as strong a contributing factor as HSQ.</p> <p>The key to improving this metric is software standardization.</p>
	<p>This is a measure of the average age of all desktop computers as calculated by their BIOS dates.</p>

Table II. Technology Indicators (Metrics)	
Indicator (metric)	Definition and Indications
Applied Technology Age (AGE)	<p>The industry mean for “tech turns” is 3 years. Having older technology generally limits a company’s ability to host current applications and third party options. Being behind the industry on technical currency can lead to a serious disadvantage in being able to host or roll out a key strategic application in a timely fashion. A company may find that a major upgrade is first required. This could mean the difference between being first to market, or the competition’s being first to market.</p> <p>AGE and HSQ are related in that older equipment costs more to maintain and support. Older equipment generally has a lower mean time between failures (more prone to failure). Additionally, obtaining spare parts for older equipment is harder, and therefore more costly.</p> <p>The key to improving this metric is to maintain pace with the industry in refreshing technology.</p> <p>This metric can be used as a performance measure of an outsource vendor. An outsource vendor can be given a specific AGE contractual target, then measured to assure the target has been met.</p>
Technology Figure (TF)	<p>This is a measure of the level of technology in use at the desktop. It is based on the processor level, the processor speed, the amount of RAM installed, and the size of the hard drive installed.</p> <p>Too low of a TF suggests an inherent limitation to what can be hosted at the desktop. It generally follows AGE, however it is possible to deploy newer equipment that is less capable than the industry mean. Like AGE, a low TF could mean the difference between bringing a new offering to market first, or the competition’s being first to market. If the current TF is too low to support a new strategic application, then a company must suffer a complete technology refresh before deploying the strategic application.</p> <p>The key to improving this metric is to keep pace with industry by deploying a level of technology that exceeds the current industry trends.</p> <p>This metric can be used as a performance measure of an outsource vendor. An outsource vendor can be given a specific TF contractual target, then measured to assure the target has been met.</p>
Technology Infusion Rate	<p>This is the trending of the TF over time. It is the measure of how fast a company is investing in new technology. Mathematically it is defined as the first derivative, with respect to time, of the TF. To measure the TF, a company must subscribe to a perpetual inventory solution.</p>

Table II. Technology Indicators (Metrics)	
Indicator (metric)	Definition and Indications
(TIR)	<p>This metric should be used as an industry guide to determine the rate at which a company should plan on refreshing technology. It can also be used as an advanced indicator of a company’s ability to absorb new technology, which is a critical metric.</p> <p>The key to this metric is to monitor position relative to industry to ensure a company is at least keeping pace with applied information technology.</p>
Technology Absorption Rate (TAR)	<p>This is the trending of the TIR over time. It is the measure of how fast a company can actually absorb or make use of new technology. Mathematically it is defined as the second derivative, with respect to time, of the TF.</p> <p>This is a critical metric. It defines a company’s position relative to its competition or relative to itself in a previous time period in using information technology as a business enabler. All other metrics influence this one metric.</p> <p>Theoretically, although a company can control how fast it spends on technology, its own internal bottlenecks, infrastructural shortcomings, and culture will limit how fast it can assimilate the most recent round of technological advances. This will tend to limit how fast it regroups and readies itself for the next round. Therefore, measuring how fast a company increases its technology level will provide insight into how well organized it is to take advantage of its technology investment.</p> <p>The key to optimizing this metric is to maintain a zero slope. That means a company has matured to the point where it has reached a steady position in its ability to absorb new technology. The company has also found the proper point on the technology curve to implement, far enough behind the “bleeding” edge that it is not feeling the effects, but not so far back that there is room for improvement.</p> <p>If the slope is positive, it means a company has not yet matured but it is headed in the right direction. It means the company is behind in technology but has successfully removed cultural and infrastructural roadblocks and is now making progress in catching up.</p> <p>If it goes negative, after having been zero or positive, a company is declining in its ability to make use of new technology, which is most likely an indicator that it has gone too far in adopting “bleeding edge” technology. The inherent problems “bleeding edge” technology has cause the company to slip.</p> <p>If it has never been zero or positive and is currently negative, a company is in danger. It must seriously consider its strategies and take action now.</p>

One of the most important steps to implementing asset management is to first define the measures required. Those measures, or metrics, will then drive all catch point definitions, the choice of the tools, the procedures, the amount of applied manpower, and the centering of responsibility. Also, those measures will be needed to gain the senior level sponsorship required to make asset management work.

CONCLUSION

IT is of paramount importance to the continued viability of any enterprise. Without an effective way to plan and manage the investment in IT, a company stands to lose market share over time. IT Asset Management, although currently viewed as primarily a PC inventory to benefit the IT organization, is intended to be the measurement system that will allow an enterprise to optimize its application of IT. It is of growing importance that the senior management of any enterprise understand and embrace IT asset management as that measurement system. The first step in gaining senior understanding and acceptance is to quantify the actual measurement system and how it will be used to optimize the IT investment. Several objective metrics, including the Technology Absorption Rate (TAR), have been presented as technology indicators. As indicators, they are best applied in observing trends (from time period to time period) or in comparing to the rest of industry. Since an enterprise's application of IT only needs to be better than their competition's, a comparison to industry is quite valuable.

About the Author

Brett Husselbaugh has over 20 years of experience primarily in the IT industry. He has consulted with over 25 of the leading Fortune 500 companies on strategies for optimizing the IT investment. With experience as both a CIO and a CEO, Brett brings a unique and practical perspective to IT management, promoting the concept of operating as a "business within a business" to deliver measurable value. Brett is a proven business leader, an innovative thinker, a highly effective writer, and an enthusiastic and motivational public speaker.

Brett has experience as founder and CEO of TOBEK Technical Services, an IT Asset Management firm which he started with no outside investment and grew to 80 people in three years. He then positioned the firm and sold it to Inacom, a Fortune 500 company. He then founded eTelligent Solutions, a highly regarded ITAM consulting firm. In 2007, he co-founded Veriam to deliver Value-Focused Asset Management to clients as a managed service. Brett also has experience as a CIO, Managing Partner for Managed Services, VP of Strategic Development, VP of Services R&D, Principal Consultant, Industry Analyst, and Program Manager.

Brett has published several magazine articles as well as over 50 industry white and position papers. He has spoken on numerous occasions to audiences of senior and executive management teams on optimizing IT investment, developing strategy, and effective IT management.

Brett holds a Masters of Science in Electrical Engineering from the University of Texas at Arlington and a Bachelors of Science in Electrical Engineering from the University of Maryland at College Park. He is currently a member of American Mensa.

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