

Effective IT Asset Management: A Practical Guide to Minimizing Costs and Saving Time



Foreword

Every IT ecosystem is like a puzzle with countless pieces. Now, the job of IT Asset Management (ITAM) is basically to fit all those pieces together in the best way possible, so everything runs smoothly and doesn't burn a hole in your pocket. More than just keeping track of your devices; it's about making smart choices for your business.

So, picture this scenario: A company is bustling with activity—employees typing away on their laptops, servers buzzing in the background, and software running smoothly. But wait, there's a hitch. Some computers are outdated and sluggish, slowing down productivity. The software licenses are a jumbled mess, leading to unnecessary costs. And worse, some assets have gone completely off the radar, leaving the door open for security breaches. This is where ITAM steps in.

Sounds familiar? Trust me, you're not alone.

But the good news is that's where ITAM can come to the rescue.

ITAM works behind the scenes to ensure your IT investments are optimized to the hilt. It's not just about buying new hardware or software; it's about knowing what you have, where you have it, and how it's performing. These insights essentially empower you to make informed decisions, whether squeezing out extra mileage from existing assets, negotiating better software deals, or ensuring that your IT environment complies with regulations.

In this eBook, we'll walk you through everything you need to know about achieving cost and time savings through ITAM. You'll pick up tips to save money and time and boost how things run. Our experts have also built calculation templates to help you crunch the numbers and determine exactly how much savings are in store.

A huge shout-out to the ISR team at EverestIMS for their invaluable contributions, from providing the base content for many chapters to straightforward calculations to unearth actual time and cost savings. Their expertise has certainly made this eBook richer and more insightful.

So, whether you're a CEO wanting to maximize business growth, a CFO looking to be smart with money, a CTO wanting things to run like clockwork, or an engineer intrigued by the tech behind their daily work, join us on this journey.

After all, getting ITAM right can be a real game-changer for everyone who's a part of the ITOps world.

Satish Kumar V,
CEO – EverestIMS Technologies

Table of Contents

Chapter 1- How ITAM Drives Time and Cost Savings	4
Chapter 2- Deep-Dive into ITAM and Time Savings	6
Chapter 3- Deep-Dive into ITAM and Cost Savings	13
Chapter 4- Emergence of Green-Friendly ITAM Practices	19
Chapter 5- Future of Time and Cost Savings in ITAM	20

Chapter One

How ITAM Drives Time and Cost Savings?

IT asset management is your go-to tool for saving time and money. No more wondering if you'll run out of hardware or accidentally overspend on software licenses you don't need. But here's the kicker: ITAM isn't just about financial smarts. It's your partner in boosting your team's efficiency.

With everything sorted out, you can wave goodbye to those marathon troubleshooting sessions and endless IT budgeting issues. Remember those hours you used to spend on maintenance and updates? Prepare to see that time slashed. That means your teams can focus on strategic work – developing new ideas, tackling challenges, and running your IT ecosystem smoothly.

Bottom line: IT asset management isn't just about keeping tabs on assets. It's about setting your company up for success.

Let's look at the key ITAM processes that help save time and money.

Automated asset discovery and inventory management

In IT asset management, the new wave of solutions is changing the game by automating the often tedious tasks of asset discovery and inventory management. These innovative tools scan and categorize IT assets, ending labor-intensive manual tracking.

Streamlined workflow and task automation

ITAM platforms go beyond the basics – they offer a power-packed punch of workflow automation. This means that regular chores like software updates, installations, and license renewals get the automation treatment, lightening the load on your IT teams. This isn't just about saving time; it's also a surefire way to dodge those pesky human errors.

Self-service capabilities and user empowerment

ITAM solutions aren't just for tech-savvy users. They often come with user-friendly self-service features that allow employees to manage their IT assets.

Thanks to straightforward interfaces and self-help portals, team members can request software installations, access helpful resources, and even shoot off support requests without waiting for IT to swoop in.

Centralized reporting and analytics

When working with ITAM platforms, you're not just dealing with a pile of data – you're harnessing powerful reporting and analytics tools. Think of it as a data treasure chest: these platforms gather info from different corners of your company and package it into actionable insights. No more manual data hunting or analysis; it's all there, ready to guide decisions about asset usage, compliance, and cost breakdowns.

Collaboration and communication efficiency

Ever wished there was a way to get everyone on the same page without drowning in email threads? By providing a central hub for sharing intel, tracking asset status, and managing requests, these platforms wave goodbye to endless email chains and the headache of manual coordination. It's all about working smarter, not harder.

Calculating the time savings of ITAM (based on assumptions)

Let's perform a calculation to showcase the potential time and cost savings achieved through ITAM:

What you should know:

- Employee size
- Total of assets to manage
- Annual revenue
- Number of IT staff
- Revenue spent on the IT department (salary)
- Working days per month
- Working hours per day

Calculating monthly work hours:

Monthly work hours per person = Working days * Working hours

Therefore, work hours per person * No. of IT staff = work hours per month

Let's further understand the relationship between ITAM processes and time savings.

Asset discovery and inventory management

- IT department spends no. of minutes for each asset to discover manually
- Spending hours = No. of assets * No. of minutes = No. of hours
- Potential time saved = XYZ%

Time savings per month in asset discovery and inventory management (A1) = XYZ% of no. of spending hours

Workflow automation

- IT department spends no. of hours per month performing repetitive tasks like software installations, updates, and license renewals
- Potential time saved = XYZ%

Time savings in workflow automation (A2) = XYZ% of no. of hours per month performing repetitive tasks

Self-service capabilities

- IT department spends no. of hours per month on handling service requests and support tickets
- Potential time saved = XYZ%

Time savings per month in self-service capabilities (A3) = XYZ% of no. of hours per month on handling service requests and support tickets

Centralized reporting and analytics

- IT department spends no. of hours per month on manual data collection and analysis
- Potential time saved = XYZ%

Time savings per month in reporting and analytics (A4) = XYZ% of no. of hours per month on manual data collection and analysis

Total Time Savings (T) = A1 + A2 + A3 + A4 = no. of hours saved per person

Percentage of time savings (per month):

Percentage of Time savings (Y) = Total Time savings / Monthly work hours * 100

Our client says that nearly 67.6% of their IT department's time has been saved by implementing ITAM solutions.

Calculating the time savings of ITAM (based on assumptions)

Monthly IT Department Cost (Salary):

Annual IT department's salary = Revenue * Spending on IT department Salary

Monthly IT Department Cost = Annual IT department salary / 12

Monthly Cost per Member:

Monthly Cost per Member = Monthly IT Department Cost / No of members

Hourly Cost per Member:

Hourly Cost per Member = Monthly Cost per Member / Monthly work hours per person

Total Cost Savings per Month:

Total Time Savings (T) = No. hours per month

Hourly Cost per Member = \$XYZ

Total Cost Savings = T * Monthly IT Department Cost

Actual savings per month = Monthly IT Department Cost – Total cost savings

Percentage of Cost Savings on Salary: Actual savings per month / Monthly IT Department Cost

Per

Annually:

Actual savings per Annually = Actual savings per month * 12

Percentage of Cost Savings on Salary = Actual savings per annually / Annual IT department salary

Chapter Two

Deep-Dive into ITAM and Time Savings

Streamlined ITAM processes

Asset management is a process that helps in tracking, maintaining, and managing assets throughout its lifecycle. Here are the steps involved.

- **Inventory:** Start by creating an inventory of all IT assets. This includes hardware devices such as computers, servers, printers, and network equipment, as well as software licenses, applications, and digital assets.
- **Categorization:** Categorize the assets based on their types, locations, and other relevant criteria. This helps in organizing and managing them.
- **Documentation:** Create a record for each asset, capturing essential details such as asset name, serial number, purchase date, warranty information, license information (for software), and assigned user or department.
- **Asset tracking:** Implement a system or tool to track the movement and changes of assets. This can involve barcode labels, asset tags, or asset tracking software. Update the asset records whenever an asset is moved, assigned to a new user, or changed.
- **Maintenance and updates:** Regularly maintain and update the asset records. This includes recording maintenance activities, repairs, upgrades, and retirements of assets. It helps track the assets' lifecycle and identify opportunities for optimization or replacement.
- **License management:** Keep track of software licenses and ensure compliance. Maintain a record of license details, installations, and usage to avoid over-purchasing or non-compliance with license agreements.
- **Reporting and analysis:** Generate reports and analyze data related to asset usage, performance, costs, and trends. It helps make informed decisions regarding asset procurement, allocation, and optimization.
- **Disposal or decommissioning:** Develop a process for proper disposal or decommissioning of assets that have reached the end of their lifecycle. It includes securely wiping data, recycling or disposing of hardware, and canceling software licenses.
- **Auditing and compliance:** Conduct regular audits to validate asset records, ensure accuracy, and verify compliance with policies and regulations.
- **Continuous improvement:** Review and improve the asset management process based on feedback, changing business needs, and technological advancements.

How to calculate time savings of streamlined ITAM (based on assumptions)

Factors to consider:

- IT manager responsible for managing no. of IT assets in a medium-sized company
- Average no. of minutes per asset per month spent on manual tracking, updates, and audits – without an ITAM tool
- $\text{IT amounts to no. of assets} \times \text{no. of minutes per asset per month} = \text{total no. of minutes per month}$

Calculation

Now, let's assume that by implementing an IT asset management tool, the manager can reduce the time spent on these tasks by 50%. So, the time saved per month would be:

Time saved with asset management/month = Total time spent on manual asset tracking, updating and auditing -
(Total no of assets * time spent on each asset per month with an asset management product)

This reduction in time spent on manual tasks allows the manager to focus on more strategic initiatives, improve productivity, and contribute to the overall efficiency of the IT department.

Our client says that their IT manager has been able to save 750 hours per year.

Seamless asset lifecycle management

Asset Lifecycle Management (ALM) is the systematic approach to managing an asset from acquisition to retirement. It involves various stages, including procurement, deployment, maintenance, upgrade, and disposal. In the context of IT Asset Management, ALM aims to streamline the management of hardware, software, and other technology assets to align with strategic goals and operational needs.

Let's look at the various aspects of ALM and how they help save time.

How to calculate time savings of ALM (based on assumptions)

What you should know:

Number of employees
Support technician salary/no. of hours
Number of assets owned by employees
Percentage of computers
Number of audits per year
Time taken to capture basic audit info

1) Enhanced asset tracking and visibility

[Gartner states that 70% of companies have a 30% discrepancy between planned and actual inventory.](#) This highlights the unreliability of data collected by manual audits. Also, such audits are a single snapshot of IT assets when the audit was performed. Automating this task ensures your information is always updated and accurate while reducing discrepancies to almost zero. It also eliminates the need for anyone to execute any audit manually, saving thousands of hours.

Formula

Time saved = [Time taken to manually capture asset*no. of assets*number of audits/year]/60 minutes

Money saved = [Time saved*[IT technician salary/annual working hours]]

Our client says that automating inventory checks has relieved them from spending almost \$15,000 on this task.

2) Optimized procurement processes

ALM helps optimize the procurement process by establishing standardized workflows and automated procedures. Companies can automate purchase order generation, vendor selection, and contract management.

Formula

Time saved = [Time taken for procurement actions*[request/employee*number of employees]]/60 min]

Money saved = [Time saved*[IT technician salary*working hours]]

3) Track asset warranty expiry/end of life

Reports say that an average employee loses productivity 9 minutes a day or 45 minutes per week due to slow or faulty old hardware. Setting up the appropriate notifications, including notifications for when a warranty is about to expire and another for when the end-of-life of an asset is approaching, will help to solve this issue. [The Small Business PC Refresh Study even states an average repair cost of \\$427 to \\$521 per machine older than four years.](#)

Formula

Cost to repair old hardware=repair cost*5% of the number of assets

[Time lost per week*5% of number of assets]/60 min=number of hours of lost employee productivity

Quick issue resolution

Quick issue time resolution is a metric that measures the average time it takes to resolve a customer interaction, from when it is created to when it is marked as "resolved." This metric is crucial because research has shown that being responsive and effective in resolving issues improves customer satisfaction and loyalty.

Here are seven key strategies you can implement:

- **Create a knowledge base or FAQ page:** Compile a database of frequently asked questions and provide self-service resources for customers to find quick solutions.
- **Automate processes wherever possible:** Utilize automation tools to streamline repetitive tasks and free up your team's time for more complex issues.
- **Direct customers to faster resolution channels:** Guide customers towards communication channels such as live chat, phone support, or dedicated support email addresses.
- **Prioritize and triage customer service tickets:** Develop a system for prioritizing incoming tickets based on urgency or customer value, ensuring that critical issues receive prompt attention.
- **Tag customer types to route tickets to specialized teams:** Categorize customers based on their specific needs or characteristics to route their inquiries to the most appropriate team or individual.
- **Create an escalation strategy for technical issues:** Establish a clear escalation process for complex technical problems that require specialized expertise, ensuring a timely resolution.
- **Use the right tools, such as templates and historical data:** Implement tools that enable your support team to leverage pre-defined templates, access relevant historical data, and provide consistent responses.

How to calculate time savings of quick issue resolution

To calculate the average resolution time, you can use the formula:

Average resolution time = Total resolution time in a defined period / Total number of customer interactions resolved in that period.

Collect data: Choose a specific period for analysis and collect data on the resolution time for all reported internet connectivity issues during that month.

Determine resolution time: For each reported issue, calculate the average resolution time in hours. To get to that calculation, it would take the total duration and divide it by the number of conversations to arrive at your final answer.

Consider when the issue was reported to when it was fully resolved.

Note down the resolution time for each issue.

Let's assume we have the following data for four randomly selected issues:

Calculate Average Resolution Time:

Resolution time for issue 4 + Resolution time for issue 3 + Resolution time for issue 2 + Resolution time for issue 1

Divide the total by the number of reported issues: No. hours / No. issues

Simplified auditing and compliance

ITAM tools offer significant time benefits in simplifying audit and compliance management. A 2020 survey by [Gartner found that companies that use ITAM tools can reduce the time required for audits by up to 50%](#). So, companies can save time, ensure accuracy, and maintain compliance with ease while optimizing resource allocation, improving productivity, and achieving long-term operational efficiency. Let's quickly look at the roles of ITAM tools in managing audit and compliance.

- **Automated data collection and consolidation:** ITAM tools automate the collection and consolidation of asset data, eliminating manual efforts. These tools reduce the time spent on data collection, allowing auditors to access accurate and up-to-date information quickly.
- **Streamlined compliance monitoring and reporting:** With automated compliance checks and alerts, companies can proactively identify non-compliant assets and resolve issues promptly. Additionally, these tools simplify the generation of compliance reports, saving time in preparing documentation for audits and regulatory assessments.

- **License management:** ITAM tools provide license management capabilities that automate the tracking, monitoring, and optimization of software licenses. Companies can save time during audits and avoid the risk of non-compliance penalties associated with over- or under-licensing.
- **Quick and accurate audits:** Using automated asset discovery and reconciliation features, ITAM tools compare actual asset inventories with recorded data, identifying discrepancies. It reduces manual effort and significantly shortens the time required to complete audits.
- **Better resource allocation:** The time saved through automation and streamlined workflows allow companies to better allocate resources. Hence, companies can focus on strategic initiatives, proactive risk management, and other high-value tasks that drive business growth.

How to calculate time savings of simplified audit and compliance (based on assumptions)

Factors to consider:

- Number of employees
- Total revenue
- No. of hours spent by the internal/external audit department

Now, let's calculate the potential time and cost savings in hours of an internal/external audit department:

Potential time savings per week = (Average hours spent per week) * (Percentage of time savings)

Potential time saving per quarter = Number of weeks * Time saved per week

Potential cost savings per week = Time saved per week * Hourly rate

Potential cost savings per quarter = Time saved per quarter * Hourly rate

Please note that in order to assess the time and cost savings, it is necessary to consider factors such as company size, time allocated for the audit without cost saving measures, and the auditor's hourly charges. By applying these values to the formula provided, you can calculate the potential time and cost savings achieved by implementing cost-saving measures within your audit process.

Our clients say that implementing an ITAM tool has helped them:

- Save 72 hours per quarter - internal auditor
- Save \$7200 per quarter - internal auditor
- Save 36 hours per quarter - external auditor
- Save \$200 charges - external auditor

Accurate and analytical reports

Analytical reports are comprehensive documents that present detailed information and insights derived from data analysis and research. These reports aim to provide a clear understanding of a specific topic, issue, or problem by examining and interpreting data in a structured and organized manner. Let's explore how ITAM helps save time by enabling the generation of insightful reports.

- **Centralized data management:** ITAM consolidates and centralizes asset data into a single system or database. This eliminates the need to manually gather information from multiple sources, saving significant time. Studies have shown that centralized data management through ITAM can reduce data collection efforts by up to 40%.
- **Real-time data updates:** ITAM systems offer real-time tracking and updates on asset information. This means that reports can be generated with the most up-to-date data, eliminating the need for manual data collection, and saving time. Real-time data updates can reduce report generation time by up to 50%.
- **Automated reporting:** ITAM systems can automate the generation of reports based on predefined templates and parameters. This automation saves time by eliminating the manual effort required to compile and format reports. Research suggests that automated reporting can reduce report creation time by up to 60%.
- **Customizable reporting:** ITAM systems provide customizable reporting features, allowing users to tailor reports according to their specific needs. Users can select the desired data points, filters, and visualization options to create reports that meet their requirements. This customization capability can save up to 30% of the time spent on report analysis.

- **Data analytics capabilities:** ITAM systems often include built-in data analytics capabilities or integration with analytics tools. These features enable companies to gain deeper insights into their asset data, identify trends, and make informed decisions. Leveraging data analytics can save up to 40% of the time spent on manual data analysis and interpretation.
- **Compliance and audit support:** ITAM systems facilitate compliance monitoring and audit readiness by generating reports that demonstrate software license compliance, asset usage, and adherence to regulatory requirements. These reports reduce the time and effort to prepare for audits, potentially saving up to 50% of the time spent on audit preparation.
- **Decision-making support:** Accurate and analytical reports generated by ITAM systems provide valuable information for decision-making. By having reliable data at their fingertips, stakeholders can make informed decisions quickly. Studies have shown that decision-making time can be reduced by up to 30% with the aid of ITAM reports.

How to calculate time savings of analytical reports (based on assumptions)

Factors to consider:

- Number of assets
- Average time spent on manual report generation
- Frequency of report generation
- Number of reports generated per month
- Number of employees involved in report generation

Now, let's calculate the potential time savings over a period of one year by using an ITAM system for report generation:

Time spent on per year manual report generation without ITAM (Total time spent per month * 12)

Time spent per year on report generation with ITAM (Total time spent per month * 12)

Time savings by generating accurate and analytical reports = Total hours spent per year without ITAM – Total hours spent per year with ITAM

One of our clients (with 500 assets) say that ITAM saved 420 hours of their IT manager's time over the course of one year

Accelerated MTTR

Downtime can impact productivity and customer satisfaction. So, companies strive to restore services quickly, making Mean Time to Restore Service (MTTRS) a crucial metric. MTTRS refers to the average time required to restore a service or system to its normal functioning following a failure or incident. The sooner a company can resume operations and minimize the impact on stakeholders, the better. Let's look at the key features of MTTRS.

Asset tracking: By maintaining an accurate and up-to-date inventory, the tool ensures that assets can be quickly located for troubleshooting or restoration purposes.

Let's take an IT company that does not have an asset management tool. They will likely spend an average of 30 minutes locating a specific piece of equipment or software license. With 50 developers encountering incidents regularly, this time delay can accumulate. However, with the right ITAM tool, they can reduce the time spent on asset location to just 5 minutes per incident, resulting in a time savings of 25 minutes.

Asset streamlining: An asset management tool allows assets to be categorized, labeled (QR Codes/ Bar codes), and assigned relevant attributes such as location, ownership, and maintenance history. This facilitates easy identification and retrieval of assets during the restoration process.

Let's take an IT company that takes an average of 1 hour to find a particular asset among their approximately 500 assets (spread across offices). By utilizing an asset management tool, they can reduce the time required to locate assets to just 15 minutes, saving 45 minutes per incident.

Centralized information: An asset management tool is a centralized repository for all asset-related information. It consolidates data such as warranties, support contracts, documentation, and configuration details – leading to faster decision-making.

Let's take a company whose support technicians spend an average of 20 minutes gathering the necessary documentation, warranty information, and configuration details for each incident. By implementing an asset management tool that provides centralized access to this information, they can reduce the time spent to just 5 minutes, saving 15 minutes per incident.

Automation and integration: Integrating the asset management tool with other systems, such as incident management or service desk software, allows for automated workflows and streamlined processes. When an incident occurs, the tool can automatically associate relevant assets and their details, providing instant visibility to the support team.

Let's take a company whose support technicians manually associate relevant assets and their details, which takes approximately 15 minutes per incident. By integrating an asset management tool with their incident management system, they can automate this process, reducing the time required to just 5 minutes per incident, saving 10 minutes.

How to calculate the time savings of accelerated MTTR (based on assumptions)

Total time savings = Total minutes saved in each above step * Number of Incidents

MTTR without an asset management tool = Average restoration time per incident without time savings

MTTR with an asset management tool = Average restoration time per incident without time savings - (Total time savings / Number of Incidents)

For a better understanding of the importance of the asset management tool, check out the table below:

IT Assets

Asset	Type of Asset	Avg Outage time per year [Without AM tool in place]	Avg Outage time per year [With AM tool in place]	MTTR (Without AM tool)	MTTR (With AM tool)	Avg cost of outage/hour
Physical server	IT	24.7 hours	12 hours	1-2 hours	0.5 to 1.5 hours	\$10,000-\$100,000
Virtual server	IT	18.7 hours	10 hours	1-2 hours	30 minutes	\$10,000
Desktop	IT	30 minutes	15 minutes	1-2 hours	1-1.5 hours	\$1,200
Network switch	IT	30 minutes	15 minutes	1-1.5 hours	0.5-1 hour	\$1,000-\$10,000
Router	IT	2 hours	1 hour	1-2 hours	2-3 hours	\$10,000

Non-IT Assets

Asset	Type of Asset	Avg Outage time per year [Without AM tool in place]	Avg Outage time per year [With AM tool in place]	MTTR (Without AM tool)	MTTR (With AM tool)	Avg cost of outage/hour
Centralized AC system	Non-IT	2-3 hours	1-2 hours	2-3 hours	1-2 hours	\$100-\$200
Elevator	Non-IT	1.5-2.5 hours	1-2 hours	2-3 hours	1-2 hours	\$150-\$250
Diesel generator	Non-IT	2-3 hours	1-2 hours	2-3 hours	1-2 hours	\$500-\$1,000
TV	Non-IT	1-2 hours	<1 hour	1-2 hours	0.5-1 hour	\$50-\$100
Coffee Vending Machine	Non-IT	3-4 hours	1-2 hours	1-2 hours	0.5-1 hour	\$10-\$20

Chapter Three

Deep-Dive into ITAM and Cost Savings

Proactive risk mitigation

Inadequate IT asset management can expose companies to various risks, including compliance violations, financial challenges, security breaches, and operational inefficiencies. However, by implementing the best-suited ITAM practices, they can mitigate these risks and reap cost benefits. Without ITAM solutions, they may face several risks, such as Compliance Risk (R1), Financial Risk (R2), Security Risk (R3), and Operational Risk (R4). Some of the best practices of risk mitigation in ITAM include:

- **More visibility and compliance:** Superior ITAM practices provide visibility into IT assets, enabling companies to maintain compliance with licensing agreements. This can result in up to 30% cost savings by managing software licenses and avoiding violations.
- **Streamlined procurement and asset utilization:** Optimizing procurement processes and asset utilization helps mitigate financial risks. This strategic approach can save up to 25% cost and improve overall operational efficiency.
- **Superior maintenance and support:** Automated tracking of warranties, maintenance contracts, and support ticketing systems minimize operational risks. Companies can save approximately 20% in costs through improved maintenance and support efficiency.
- **Risk mitigation and security:** Companies can strengthen their security posture and minimize the risk of cyber-attacks/data breaches with the right ITAM tool. They can reduce security-related incidents and potential data loss by up to a 35% reduction.
- **Workforce productivity:** Automating asset management tasks reduces operational risks by saving time and allowing IT teams to focus on strategic initiatives. Companies can save up to 40% of the time spent on asset management tasks and save up to 30% cost

How to calculate the cost savings of risk mitigation (based on assumptions)

To determine the overall cost savings, it is important to assign percentages to each risk and mitigation strategy. The percentages below vary based on company structure and circumstances.

Let's consider all the risk types as 'R' and all the cost savings as 'C'

Compliance risk:

- Risk Percentage - R1 (Software licenses, audits, and potential legal penalties)
- Mitigation Strategy (Enhanced Visibility and Compliance)
- Cost Savings - C1

Financial risk:

- Risk Percentage - R2 (Unnecessary expenses, overspending on software or hardware, and budgetary issues)
- Mitigation Strategy (Streamlined Procurement and Asset Utilization)
- Cost Savings - C2

Security risk:

- Risk Percentage - R3 (Software vulnerabilities, data breaches, cyber-attacks, loss of sensitive information)
- Mitigation Strategy (Risk Mitigation and Security)
- Cost Savings - C3

Operational risk:

- Risk Percentage - R4 (Delays in issue resolution and increased downtime, negatively impacting productivity and customer satisfaction)
- Mitigation Strategy (Maintenance and Support, Time Efficiency and Workforce Productivity)
- Cost Savings - C4

To calculate the overall cost savings, we can use a weighted average method based on the risk percentages. Here's an example calculation:

$$\text{Overall Cost Savings (X)} = (C1 \times R1) + (C2 \times R2) + (C3 \times R3) + (C4 \times R4)$$

$$\begin{aligned} X = & (\text{Compliance Risk Savings} * \text{Compliance Risk Percentage}) + \\ & (\text{Financial Risk Savings} * \text{Financial Risk Percentage}) + \\ & (\text{Security Risk Savings} * \text{Security Risk Percentage}) + \\ & (\text{Operational Risk Savings} * \text{Operational Risk Percentage}) \end{aligned}$$

Our client estimates that they achieved 34.25% overall cost savings in IT asset management

Depreciation management

Depreciation management ensures accurate tracking of asset value and lifespan, enabling informed decisions on asset utilization and replacement. It minimizes financial losses and helps assess the true cost of ownership. By optimizing asset utilization, companies can make strategic investments and minimize unnecessary expenses. Depreciation management also provides valuable insights for planning and maximizing asset value. Some of its benefits include:

- **Accurate depreciation calculation:** IT asset management tools automate depreciation calculations based on industry-standard methods, ensuring accuracy and consistency.
- **Optimal asset utilization:** IT asset management tools help companies identify underutilized assets, enabling them to optimize asset allocation and minimize expenses.
- **Reduced manual effort:** Automation eliminates the need for manual data entry and calculations, saving time and reducing the risk of errors.
- **Regulatory compliance:** Accurate asset depreciation data ensures compliance with financial reporting standards, avoiding penalties and legal consequences.
- **Improved asset planning:** IT asset management tools provide insights into asset lifecycles, enabling companies to plan for replacements and upgrades, reducing unexpected costs.

How to calculate cost savings of depreciation mitigation (based on assumptions)

a) Straight-line method

The straight-line method evenly distributes the depreciation expense over the asset's useful life. The formula is as follows:

$$\text{Depreciation Expense} = (\text{Initial Cost} - \text{Salvage Value}) / \text{Useful Life}$$

- **Initial Cost:** The cost of acquiring the asset.
- **Salvage Value:** The estimated value of the asset at the end of its useful life.
- **Useful Life:** The estimated number of years the asset will be used.

b) Double declining balance method

The double declining balance method accelerates the depreciation expense in the early years of the asset's life. The formula is as follows:

$$\text{Depreciation Expense} = (\text{Book Value at Beginning of Year}) \times (\text{Depreciation Rate})$$

$$\text{Depreciation Rate} = 2 / \text{Useful Life}$$

- **Book Value at the Beginning of the Year:** The asset's initial cost minus accumulated

c) Sum-of-the-years'-digits method

The sum-of-the-years'-digits method also accelerates the depreciation expense but at a decreasing rate. The formula is as follows:

$$\text{Depreciation Expense} = (\text{Remaining Useful Life} / \text{Sum of the Years' Digits}) \times (\text{Initial Cost} - \text{Salvage Value})$$

- **Remaining Useful Life:** The number of years left in the asset's useful life.
- **Sum of the Years' Digits:** The sum of the digits from 1 to the useful life of the asset.

Note 1: The same formula gets applied for non-IT assets.

Note 2: The cost saving is always dependent on the number of assets and the total depreciation value of that asset held. With the below-mentioned formula, you can calculate cost savings.

Cost Saving = Total depreciation expenses

_____ *Average % of cost saving
Number of
Assets

Our client estimates that they achieved 34.25% overall cost savings in IT asset management

Improved inventory management

Inventory management involves tracking the movement and storage of stock. Its objectives include achieving optimal stock balance to meet consumer demand and ensuring the availability and value of internal assets. Inventory management supports financial recording, investment decision-making, project planning, and risk management.

However, asset managers often face complex problems requiring thorough analysis to determine the best action. Whether it's hiring additional staff or working overtime to meet targets, cost-benefit analysis provides valuable insights. Cost-benefit analysis involves evaluating the benefits and costs of a particular action, decision, or project. It helps companies obtain tangible results that inform the feasibility and advisability of a given situation.

[A survey conducted by Industry Week](#) revealed benefits such as a 28.3% increase in maintenance productivity, a 20.1% decrease in equipment downtime, a 19.4% cost-saving on materials, and a 17.8% reduction in inventory maintenance and repair.

How to calculate cost savings of inventory management (based on assumptions)

One real-life example of cost-benefit analysis in inventory management is the Economic Order Quantity (EOQ) model. EOQ is a calculation method used to determine the optimal order quantity that minimizes the total inventory costs, including carrying and ordering costs.

Factors to consider:

- Annual demand – No. of units
- Cost per unit

- Ordering cost per order
- Carrying cost per unit per year

Calculation

$$EOQ = \sqrt{(2 * D * S) / H}$$

D = Annual demand S = Ordering cost per order H = Carrying cost per unit per year

Now, let's calculate the total cost for this order quantity.

The total cost consists of two components: the ordering cost and the carrying cost.

- Ordering cost = (Annual demand / EOQ) * Ordering cost per order
- Carrying cost = (EOQ / 2) * Carrying cost per unit per year
- Total cost = Ordering cost + Carrying cost

Based on the analysis, periodic inventory counts may be suitable for small businesses where the costs of implementing computerized systems outweigh the benefits. Conversely, perpetual inventory systems offer substantial benefits for larger companies, where the costs of installation and training are offset by advantages such as theft prevention, error detection, and proper stock maintenance.

Intelligent asset reuse management

IT asset management offers significant cost-saving opportunities by promoting the reuse of assets within companies. Through enhanced asset visibility, accurate tracking, optimized inventory management, asset cataloging, redistribution, license optimization, and proactive maintenance, ITAM ensures that assets are utilized, and unnecessary expenditures are minimized. Let's take a closer look at the key considerations of asset reuse.

- **Asset visibility:** ITAM provides companies with a comprehensive view of their IT assets, encompassing hardware, software, and licenses. Studies have shown that improved asset visibility can reduce new asset purchases by up to 25%.

- **Asset tracking:** With ITAM, companies can track the entire lifecycle of their assets, from acquisition to retirement. It helps identify underutilized or idle assets that can be repurposed. According to industry research, asset tracking can lead to up to 30% cost savings.
- **Asset inventory optimization:** ITAM enables accurate inventory management, ensuring that assets are allocated and utilized. Companies can easily reduce unnecessary asset procurement costs. A recent survey found that inventory optimization can result in cost savings of up to 15%
- **Asset cataloging:** ITAM facilitates the cataloging of assets, capturing details such as specifications, configurations, etc. This helps identify suitable assets for reuse, reducing the acquisition of new assets. Studies have indicated that asset cataloging can save up to 20% of costs.
- **Asset redistribution:** ITAM supports asset redistribution to another department or location where it can still serve a purpose. It greatly reduces the need for new asset purchases. Industry data suggests that it can lead to up to 40% cost savings.
- **Asset license management:** ITAM enables companies to optimize software licenses and identify underutilized licenses that can be reallocated. It avoids unnecessary license expenditures – with research showing that license management triggers up to a 30% cost reduction.
- **Asset maintenance and repair:** ITAM facilitates the tracking of asset maintenance and repair history. Companies can delay replacement costs and maximize asset value. According to industry studies, it can extend the lifespan of assets by up to 20%, resulting in huge cost savings.

How to calculate cost savings of asset reuse management (based on assumptions)

Let's consider an example where a company implements an ITAM system to track and reuse computer accessories (keyboard and mouse).

Factors to consider:

- Average cost of a new keyboard
- Average cost of a new mouse
- Average lifespan of a keyboard
- Average lifespan of a mouse
- Average annual employee turnover rate
- Number of employees
- Number of accessories required per employee -

Now, let's calculate the potential cost savings over a period of three years by reusing computer accessories:

Cost of new accessories without ITAM = Total cost per employee * Number of employees

Cost of new accessories with ITAM = Total cost of accessories * Number of employees

Cost savings by reusing accessories using ITAM: Cost of new accessories without ITAM – Cost of new accessories with ITAM

This cost reduction can be attributed to avoiding unnecessary purchases of new accessories and maximizing the lifespan of existing ones.

Our client says that they could save up to \$13,500 over a period of three years.

Consistent software license management

Managing software licenses is often overlooked, leading to unnecessary expenses and compliance risks. But the truth is that implementing a software license management feature within an IT asset management system is essential for companies to achieve cost savings and ensure compliance. Let's look at the benefits:

- **License compliance:** Maintaining license compliance is crucial to avoid legal consequences and financial penalties. A software license management feature provides companies with a centralized view of all software licenses, ensuring they are up-to-date and aligned with usage. According to a survey conducted by Flexera, 44% of companies reported receiving at least one audit request from a software vendor in the past year. Of those audited, 58% faced licensing issues, resulting in an average penalty of \$880,000.

- **Software usage:** Software license management allows companies to monitor and analyze usage patterns, identifying underutilized or unused licenses. It helps them optimize software investments, avoiding unnecessary license renewals or purchases. [According to a study by Gartner, companies can save up to 30% of their software costs with license management.](#)
- **Avoidance of overlapping licenses:** Different departments or teams often procure software licenses independently, accumulating overlapping licenses. Software license management enables companies to consolidate their software procurement processes, eliminating redundant licenses and ensuring optimal utilization.
- **Vendor negotiations:** Software license management provides accurate and up-to-date information on software usage, which can be very useful during vendor negotiations. Companies can negotiate favorable terms, including volume discounts, subscription models, or alternative licensing options. A recent case study highlighted that a multinational manufacturing company saved \$8 million by optimizing software licenses.

How to calculate cost savings of software license management (based on assumptions)

Annual IT spend = % of revenue
 Annual software spend = % IT spend
 Cost reduction potential = % of annual software spend
 Cost to manage software on asset management = % of software spend

Annual software spend - cost reduction potential = Actual cost to the company

Proactive asset breakdown prevention

The consequences of asset failures extend beyond mere operational disruptions, frequently resulting in costly repairs, replacements, and significant economic losses. This is where the implementation of an asset management tool becomes crucial. Let's dig deep into this the world of asset breakdown prevention:

Preventive maintenance: An asset management tool enables proactive maintenance by scheduling regular inspections, servicing, and repairs for assets before they break down. Potential issues can be identified and addressed early, reducing breakdowns.

Formula

Cost Savings = (Number of Breakdowns without preventive maintenance - Number of Breakdowns with preventive maintenance) * (Average cost per breakdown)

Real-world example

Imagine a manufacturing company that operates heavy machinery. Prior to implementing a preventive maintenance schedule facilitated by an asset management tool, they experienced an average of 10 breakdowns per year, with an average cost of \$5,000 per breakdown. However, after the tool was deployed and preventive maintenance measures were put in place, the breakdowns reduced to just 3 per year.

Cost Savings = (10 - 3) * \$5,000 = \$35,000

By successfully avoiding 7 breakdowns per year, the company saved \$35,000 in maintenance and repair costs.

Condition monitoring: An asset management tool can integrate with various sensors and monitoring devices to track the real-time condition of assets. This allows for continuous monitoring of asset health and performance indicators.

Formula

Cost Savings = (Number of Breakdowns without condition monitoring - Number of Breakdowns with condition monitoring) * (Average cost per breakdown)

Real-world example

Consider the case study of a fleet management company. Before implementing an asset management tool with real-time condition monitoring capabilities, their vehicles encountered an average of 20 breakdowns per year, costing them approximately \$2,500 per breakdown. However, with the asset management tool in place, the breakdowns were reduced to 8 per year.

Cost Savings = (20 - 8) * \$2,500 = \$30,000

By preventing 12 breakdowns annually, the company could save \$30,000 in maintenance and repair costs.

Asset utilization optimization: An asset management tool can help optimize asset utilization by providing insights into usage patterns, idle time, and underutilization. Companies can take measures such as redeploying, selling, or retiring those assets. This optimization minimizes the risk of breakdowns caused by overuse.

Formula

Cost Savings = (Maintenance and repair costs for underutilized assets) + (Opportunity cost of idle assets)

Real-world example

Consider the example of a logistics company that operates a fleet of trucks. By utilizing an asset management tool, they identified that 10 trucks in their fleet were underutilized due to infrequent use, resulting in maintenance requirements. The annual maintenance and repair costs for these underutilized trucks amounted to \$15,000. Additionally, the opportunity cost of having idle assets was estimated at \$5,000 per year.

Cost Savings = \$15,000 + \$5,000 = \$20,000

The company successfully saved \$20,000 in maintenance costs and opportunity costs.

How to calculate cost savings of asset breakdown management (based on assumptions)

With the help of the below formula, you can calculate the total cost savings by adopting the AM tool.

*Cost Savings = (No. of Breakdowns without AM tool – No. of Breakdowns with AM tool) * (Avg. cost/ breakdown)*

Asset breakdown calculation for IT assets

The average cost to repair an IT asset breakdown can vary depending on the type of asset, the severity of the breakdown, and the location of the repair. However, in general, IT asset repairs can range in cost from a few hundred dollars to several thousand dollars. However, studies have shown that IT asset management tools can help to reduce the number of breakdowns by up to 50%.

Sample	Type of Asset	Avg breakdowns per year (Without AM tool in place)	Avg breakdowns per year (With AM tool in place)	Avg repair cost/ 1 breakdown
Desktop computer	IT	1 to 3	0.5 to 1	\$200-\$500
Laptop computer	IT	1 to 3	0.5 to 1	\$300-\$700
Server	IT	0.5 to 1	0.25 to 0.5	\$1,000-\$3,000
Network switch	IT	0.5 to 1	0.25 to 0.5	\$500-\$1,000
Printer	IT	1 to 2	0.5 to 1	\$100-\$300

Asset breakdown calculation for non-IT assets

The number of breakdowns of non-IT assets that can be avoided by using an asset management tool (AM tool) in a company depends on a number of factors, including the size and complexity of the company, the quality of the tool, and the level of implementation. However, studies have shown that AM tools can help to reduce the number of breakdowns by up to 30%.

Examples:

Sample	Type of Asset	Avg breakdowns per year (Without AM tool in place)	Avg breakdowns per year (With AM tool in place)	Avg repair cost/ 1 breakdown
Coffee Vending Machine	Non-IT	0.5 to 1	0.25 to 0.5	\$100-\$500
Centralized AC system	Non-IT	1 to 2	0.5 to 1	\$200-\$1,500
Elevator	Non-IT	0.5 to 2	0.25 to 1	\$150-\$4,500
TV	Non-IT	0.5 to 1.5	0.25 to 0.5	\$100-\$500
Diesel generator	Non-IT	1 to 2	0.5 to 1	\$500-\$2,000

Chapter Four

Emergence of Green-Friendly ITAM Practices

Sustainable IT asset management practices are essential for businesses looking to reduce their environmental impact and improve their bottom line. By properly disposing of IT assets, prioritizing energy efficiency, and partnering with reputable ITAM providers, companies can enjoy cost savings, environmental benefits, and an improved reputation. Additionally, sustainable practices can contribute to CSR efforts and help create a greener future for all.

Benefits of green-friendly ITAM practices

- Operational cost reduction through optimized energy consumption, resource allocation, and streamlined workflows
- Environmental stewardship and carbon reduction - adhering to eco-friendly practices and aligning with global sustainability goals
- Regulatory compliance and risk mitigation - preemptively safeguarding against legal penalties and reputational risks
- Enhanced brand perception by prioritizing ethical considerations and attracting environmentally conscious customers, investors, and partners

Best practices of sustainable IT asset management

- **Regularly review and update policies:** Businesses should regularly review and update their IT asset management policies to ensure they are in line with current regulations and best practices.
- **Prioritize reuse and recycling.** When disposing of IT assets, businesses should prioritize reuse and recycling options. This includes donating or reselling IT assets that are still functional and recycling those that are not.
- **Train employees:** Employees should be trained on sustainable IT asset management practices. This includes educating them on the importance of reducing energy consumption and properly disposing of IT assets.

How to calculate cost savings of sustainability asset management (based on assumptions)

Let's consider an example of how a Sustainability Asset Management (SAM) tool can lead to cost savings through energy efficiency.

Factors to consider:

- Type of asset (lighting systems)
- Number of lighting fixtures
- Average wattage per lighting fixture
- Hours of operation per day
- Days of operation per year
- Energy cost savings target

Calculation

Calculate the current energy consumption:

Current Energy Consumption = Number of lighting fixtures * Average wattage per fixture * Hours of operation per day * Days of operation per year

Determine the energy cost savings target:

Energy Cost Savings Target = Current Energy Consumption * Energy cost savings target

Convert energy savings to cost savings:

Cost Savings = Energy Cost Savings Target * Energy cost per unit

Our client says that the implementation of the SAM tool in optimizing lighting systems has resulted in an annual cost savings of \$15,000.

Chapter Five

Future of Time and Cost Savings in ITAM

Balancing remote vs. hybrid vs. on-premises

In the future of remote, hybrid, and on-premises work environments, the role of IT assets becomes pivotal. For remote teams, IT assets are the lifeline connecting dispersed workers to their digital tools, ensuring efficient collaboration. In hybrid settings, these assets facilitate seamless transitions between home and office, enabling flexibility without disruption. On-premises operations rely on IT assets to maintain core functions, where optimal management guarantees uninterrupted productivity.

Across these diverse settings, IT assets stand as the backbone, shaping the way work is done, costs are controlled, and efficiency thrives.

- **Remote work efficiency:** As remote work becomes standard practice, optimizing IT assets takes on a new dimension. Ensuring that remote employees have access to the necessary software, tools, and equipment is essential for maintaining productivity. By implementing ITAM practices, companies can track the allocation of remote assets, prevent over-provisioning, and reduce unnecessary expenses.
- **Hybrid flexibility:** The rise of hybrid work models demands a dynamic approach to ITAM. Companies can determine which assets are better suited for in-office or remote use by carefully analyzing usage data. This optimization prevents the accumulation of surplus assets in either location, leading to reduced procurement costs and increased asset utilization.
- **On-premises optimization:** ITAM continues to play a vital role in sectors where on-premises infrastructure remains critical. By implementing robust asset tracking and maintenance schedules, companies can extend the lifespan of hardware, reduce unexpected breakdowns, and avoid unnecessary replacements. This approach minimizes downtime, prevents costly emergency repairs, and saves substantial money.

Evolving role of AI, automation, and analytics

The synergy between ITAM and advanced technologies is reshaping cost-saving opportunities and operational efficiency.

AI-driven insights

The infusion of Artificial Intelligence (AI) brings an exceptional advantage to companies, empowering them to derive concrete and valuable insights from extensive volumes of asset data. This is achieved through the utilization of predictive analytics, which holds the capacity to anticipate equipment maintenance requirements with a remarkable degree of accuracy. This predictive prowess serves as a proactive measure to avert costly downtimes, enabling timely interventions that mitigate potential operational disruptions.

Automation for efficiency

With the implementation of automation, IT teams are liberated from these labor-intensive processes, granting them the latitude to devote their expertise to endeavors of higher strategic value. A prime example of this is witnessed in software management. Automated procedures for software deployment, updates, and patch management not only deliver noteworthy time savings but ensure the currency and security of IT systems.

Analytics for optimization

These sophisticated analytical tools provide invaluable insights into asset usage patterns. The predictive capabilities of analytics extend their utility into hardware and software asset management. By scrutinizing data indicative of IT asset performance trends, they can predict impending hardware failures. This predictive foresight empowers maintenance endeavors, allowing proactive measures to be undertaken, curbing the occurrence of unplanned downtimes and circumventing the financial implications of reactive repairs.

Need for single platform solutions

The complexities of modern IT environments underscore the importance of adopting single platform solutions to streamline ITAM processes and drive savings.

Streamlined management

The incorporation of a unified platform within an company's IT infrastructure revolutionizes the approach to asset management. Acting as a centralized hub, this platform corrals all IT assets into a single repository, simplifying the complex tasks of tracking, managing, and reporting. This consolidation is a potent remedy against pitfalls such as oversights, redundant purchases, and inadvertent non-compliance with software licensing regulations.

Enhanced visibility

Implementing a singular platform gives a company an unparalleled view into its intricate IT ecosystem, yielding a decisive edge in decision-making. This panoramic perspective a single platform offers transcends the traditional siloed approach, enabling stakeholders to draw insights from a comprehensive vantage point.

Integrated workflows

The amalgamation of IT asset management with other critical business processes engenders a symphony of operational efficiency. This harmonization is achieved by establishing integrated workflows, where the strategic interplay between ITAM and other functional domains elevates the efficiency quotient. Consider the integration between ITAM and procurement systems, where automation becomes the driving force behind asset acquisition. This ensures purchases are closely aligned with genuine requirements, mitigating the likelihood of overstocking and overspending.

Incorporating these trends and strategies into ITAM practices equips companies to navigate the ever-evolving IT landscape, thereby minimizing costs, enhancing efficiency, and ensuring optimal resource utilization.

Final Thoughts

Undoubtedly, IT asset management is a catalyst for optimizing operational efficiency and fiscal responsibility. By diligently overseeing the entire lifecycle of your technological assets, you position your enterprise to realize substantial gains in both cost savings and time management.

Hence, ITAM serves as a strategic roadmap, guiding you through the intricacies of procurement, utilization, and retirement. Consistent asset evaluations, meticulous inventory documentation, and a proactive stance towards maintenance and enhancements collectively contribute to a well-functioning IT ecosystem.

Moreover, ITAM transcends fiscal implications, encompassing heightened security, regulatory compliance, and overall workforce productivity. You mitigate potential risks and bolster data integrity by diligently monitoring software licenses and ensuring up-to-date solutions.

We hope the ITAM calculations in this e-book have offered some practical strategies for maximizing cost savings and time efficiency. For nearly a decade, EverestIMS has been at the forefront of offering customized ITAM solutions to companies of all sizes and industries. Hence, whether you're looking for an on-premises setup, a cloud-centric approach, or a perfect hybrid ITAM solution, we're here to guide and support you every step of the way.

If you have any feedback or questions about ITAM-related savings, please reach out to us at marketing@everestims.com

