

**IT Service Management**

**Asset Management**

**Statistics & ROI Equations**

## Foreword

The statistics, equations & information included in this presentation are industry-standard (supported by Gartner, Inc as well as a variety of other specifically ITAM-focused organizations).

We hope that this brief overview provides you with the information you need to continue moving forward.

## Industry-Accepted Statistics

- According to Gartner, Inc. enterprises that systematically manage the lifecycle of their IT assets will reduce their cost per asset by as much as 30% during the first year, and between 5-10 percent annually during the next five years.
- Additionally this same study indicates that up to 30% of all organizations are in a “chaotic” state, meaning they do not know what they own, where the assets are located, and who is using them.
- Another 45% are in a “reactive” state, meaning they track assets on a project-by-project basis, such as a licensing audit, never stopping to fully analyze the data.

## Industry-Accepted Statistics

- According to Gartner, 70% of organizations have a 30% discrepancy between planned inventory and actual inventory.
- Up to 30% of an IT budget could be saved by effective asset management.
- Organizations that practice ITAM had 15% or lower TCO. Greatest savings were in procurement (160%); disposal (60%); and operations (44%).<sup>2</sup>

Gartner, Inc, CS-17-0113: Using IT Asset Management to Ensure Software Compliance, Patricia Adams, July 29, 2002.

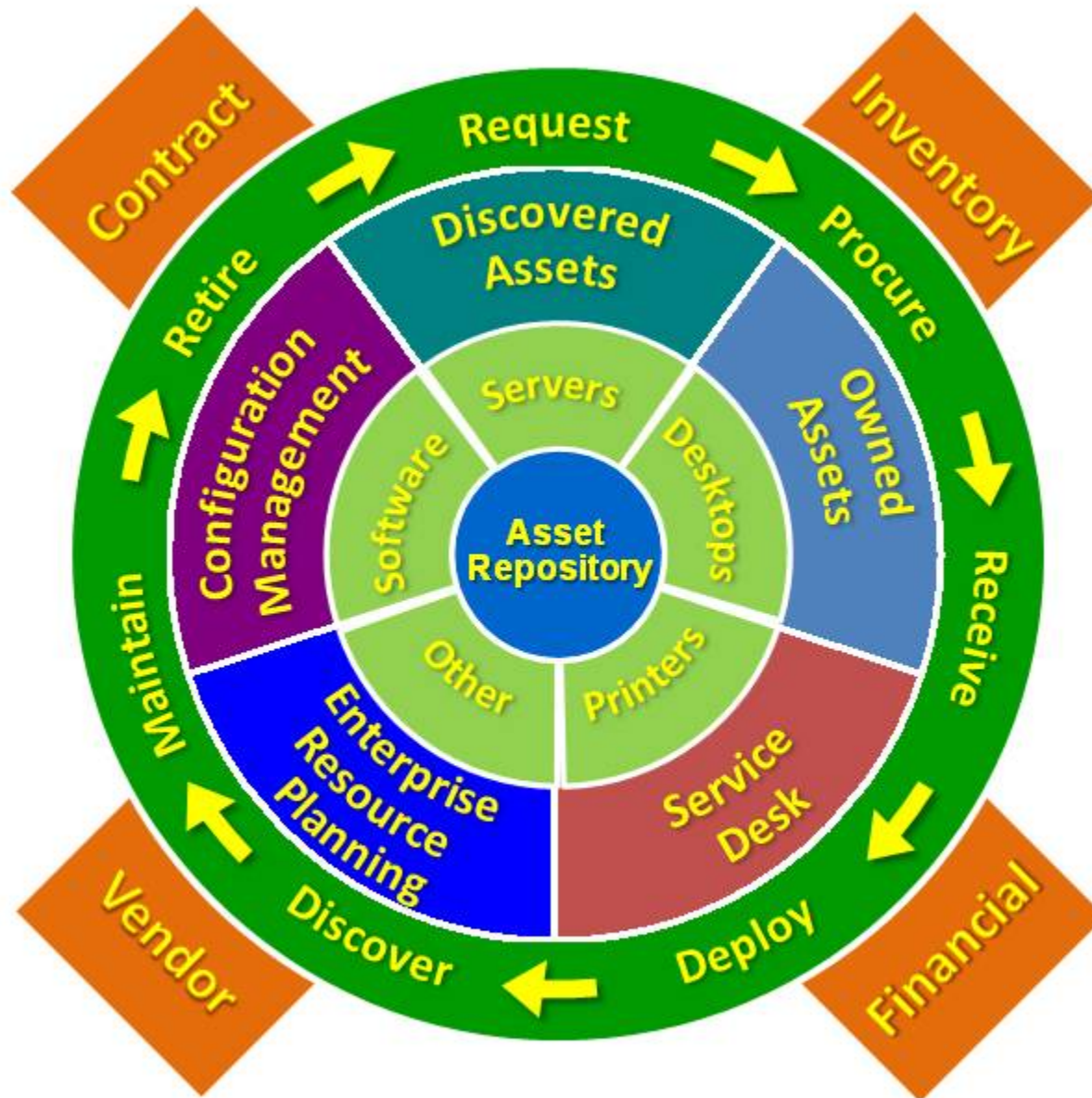
## Industry-Accepted Statistics

- Enterprises that reconcile assets can identify redundant or rarely used products. According to Gartner, one enterprise saved \$100,000 by dropping a product for which it was paying maintenance fees but no longer using.
- By retiring unused assets, companies may reduce tax bills for assets by as much as 20–30%.<sup>3</sup>
- Enterprises that do not integrate usage and inventory data overbuy software licenses for 60% of their portfolio and are non-compliant on 30% of their software.

Gartner, Inc, CS-17-0113: Using IT Asset Management to Ensure Software Compliance, Patricia Adams, July 29, 2002.

## ITAM Lifecycle

The following chart represents ITAM's components, processes & organization in relationship with other financial management concepts and ITIL service delivery alignment.



## ITAM Equations

The following equations can help you in your own ROI estimates for ITAM. We have included not only savings equations, but some purchase investment estimation equations as well.



## ITAM Savings Equations

### **Eliminating Manual Inventory Annual Savings =**

Number of PC's in organization \* Number of inventories per year \* Minutes to manually inventory a PC \* Cost of IT tech per hour \* 1hr/60minutes

### **Eliminating/Repurposing Underutilized Software =**

average cost of license (including maintenance) \* number of unused licenses per PC \* number of PCs in organization

## ITAM Savings Equations

**Help Desk Annual Savings** = Number of PC's in organization \*  
annual number of support calls per PC \* average cost per  
support call \* estimated % reduction in support costs

**License/Compliance Risk Avoidance Savings** = probability of  
software audit [ ( number of PC's in organization \*  
estimated number of unlicensed applications per PC \* 2 \*  
average cost of license (including maintenance)) +  
infringement penalty + cost of litigation + cost of business  
disruption]

## Purchase Investments Equations: PC's

**1 year investment** = Number of PC's in organization  
(Cost per seat of ITAM tool + annual maintenance  
per seat)

**Subsequent years' investment** = Number of PC's in  
organization + annual maintenance per seat

## Purchase Investments Equations: Process

**1 year investment** = (cost of IT tech per hour \* number of hours required for training and deployment) + (Cost of dedicated resource to develop and implement process \* number of hours required to develop and implement process)

**Annual investment** = Cost of IT tech per hour \* number of hours spent administering tool/process

# Return On Investment

$$\text{ROI} = (\text{savings} - \text{investment}) / \text{investment}$$

## Supplemental White-Paper

The white-paper below has better visual representation of the equations we outlined above, as well as accompanying explanatory paragraphs and yet another organization of the benefits of ITAM.

This paper may help you get into the materials more quickly.

[http://www.expressmetrix.com/pdf/ROI\\_6.pdf](http://www.expressmetrix.com/pdf/ROI_6.pdf)