REINVENTING YOUR TECHNOLOGY ASSET MANAGEMENT STRATEGY IN THE 2020s

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Reinventing Your Technology Asset Management Strategy in the 2020s

The changing, challenging world of asset management

Technology asset management has always been challenging, even when all your IT resources were on premises and relatively static. And today, we're charging into the hyper-dynamic world of multi-cloud environments, container-based applications, microservices architectures and serverless models. This new world presents additional technology asset management challenges, especially when it comes to managing software assets.

Software is far more complex in the multi-cloud world, which encompasses traditional data centers, private cloud and multiple public clouds. Applications may comprise large numbers of services from multiple providers. In addition, the way we acquire, implement and manage software is changing dramatically. A growing portion of today's software is purchased outside of and without the knowledge of central IT. Consequently, software asset data is scattered across the enterprise, residing on diverse platforms and stored in disparate formats.

Now is a great time to take a close look at the people, processes and technologies responsible for your organization's current technology asset management strategy and to ask yourself some tough questions. Do your people, processes and technologies position you to:

- Meet the demanding requirements for effectively managing software assets in light of disruptive technologies

- Optimize software spend across the entire enterprise

- Protect sensitive data

- Comply with vendor contracts and licensing terms as well as government regulations and industry standards

To handle all these tasks, you need broad and deep visibility into enterprise software assets regardless of who owns them: central IT, departments or business units. But gaining that visibility is problematic considering the complexity of today's environment.

This paper examines the implications of the major shift in how technology asset management is viewed, with focus on software assets. In addition, it presents the criteria a technology asset management strategy for the 2020s must meet with respect to people, processes and technologies.

Why now is the time to revisit your technology asset management strategy

The *Flexera 2020 State of Tech Spend Report* revealed that organizations expect significant changes in IT spend across cloud and on-premises systems over the next year. SaaS, IaaS and PaaS spend continues to rise, while on-premises software spend is declining. In fact, spend for SaaS, IaaS and PaaS already exceeds on-premises software spend. Moreover, 55 percent of companies plan to decrease on-premises spend even more over the next year.

Like all disruptive technologies, the cloud delivers numerous benefits to the enterprise, but it also complicates technology asset management. SaaS is often purchased by business units outside the purview of central IT. Typically, central IT isn't aware of all the SaaS implementations running in the business units. As a result, IT doesn't have a complete view of the entire technology landscape.

This lack of visibility has major implications for IT spend. Without visibility into all the IT assets in the enterprise, IT can't determine total IT spend, let alone optimize that spend by:

- Incorporating business unit purchases into enterprise vendor contracts to negotiate higher discounts and reduce technology costs

- Identifying unused apps across the enterprise and retiring them to eliminate waste

- Identifying apps with duplicate or overlapping functionality and standardizing on a smaller number of apps to boost management efficiency and cut costs

As a result, IT is forfeiting significant cost savings that could have been invested in innovation to increase the competitive edge of the enterprise.

What's more, because central IT doesn't know about them, many SaaS apps are operating outside enterprise security and governance frameworks. The resulting security risks expose the organization to legal action, fines and damage to the organization's reputation. These apps also increase the risk of noncompliance with government regulations, industry standards and vendor contracts, potentially leading to financial penalties.
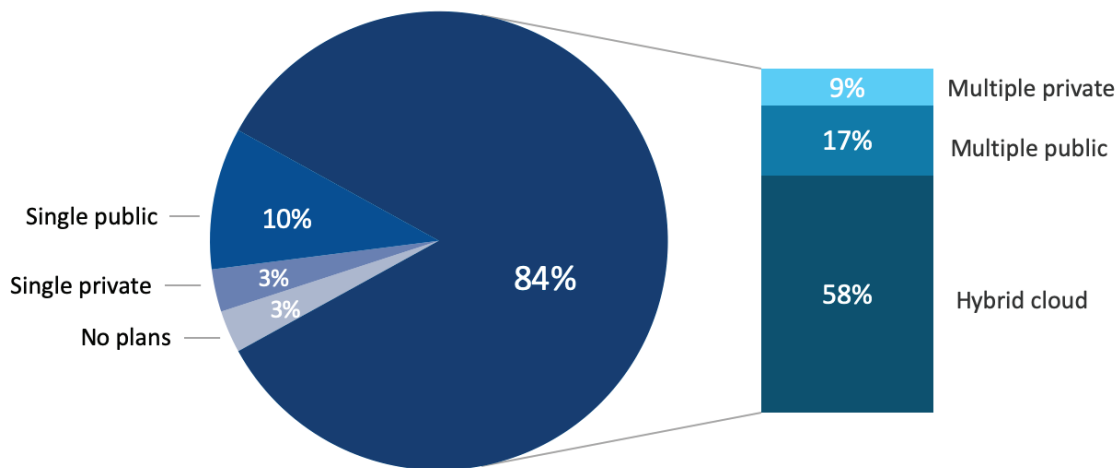
Enterprise Cloud Strategy
1000+ Employees

Single public — 10%
Single private — 3%
No plans — 3%
84%

9% Multiple private
17% Multiple public
58% Hybrid cloud

Figure 1.

Source: RightScale 2019 State of the Cloud Report from Flex-

Traditional data center environments were difficult enough to manage. Today's hybrid IT environments encompass not only on-premises systems but also systems running in private and public clouds. In addition, as *Figure 1* shows, 84 percent of organizations are running multiple clouds. Multi-cloud strategies help organizations avoid vendor lock-in and keep options open to ensure agility and flexibility as technologies and market expectations change. The size of the enterprise software portfolio is increasing dramatically as individuals, departments and business units make their own technology acquisitions and implement SaaS solutions. This further complicates technology asset management efforts.

Merger and acquisition (M&A) activity, which is increasing in both number and magnitude, makes technology asset management even more complex. Effective integration of the IT assets of both the acquiring and the acquired company plays a major role in ensuring a successful M&A outcome.

Integration requires combining hundreds, even thousands of hardware and software assets. Successful integration requires broad and deep visibility into total assets owned by both companies. A lack of visibility severely limits IT's ability to accomplish a successful integration. In fact, the lack of clean, accurate IT asset information is a leading cause of failed integrations.

Containers add another layer of complexity to your technology asset management. On the benefit side, a container's footprint is significantly smaller than that of a virtual machine (VM). Consequently, containers are faster to spin up and they consume far less storage space. They're also highly portable and standardized images make them easy to reuse in other deployments and services. As a result, containers can help increase speed and efficiency in development scenarios. They also provide the optimum vehicle for evolving microservices application architectures.

On the downside, only limited management capabilities are available for containers. In fact, no license management capabilities are available, which may increase license compliance risk. Additionally, microservice-based apps enabled by containers create a much finer-grained execution environment—they have many more moving parts, making them difficult to manage.

All these factors are converging to create intricate environments that seemingly defy management. Now is the time to position your organization for the decade ahead by revisiting and refining your technology asset management strategy so you can:

- Assess how the factors described above affect your environment in both positive and negative ways

- Identify the gaps in your current strategy in light of the steady stream of disruptive technologies

- Update your technology asset management strategy accordingly to smooth the transition to a digital enterprise

Are you gaining maximum value from your people?

Asset and vendor management teams have played a vital role in managing technology spend by:

- Optimizing license consumption

- Ensuring compliance with contract terms

- Negotiating and managing favorable vendor contracts

- Optimizing renewals

- Automating license management

Their efforts have yielded significant reductions in the cost of on-premises software and increases in operational efficiency. As enterprises go digital, however, these teams continue to occupy themselves primarily with on-premises systems.

As *Figure 2* shows, cloud teams, infrastructure and operations teams are more actively involved in enterprise cloud cost management than other groups in the enterprise. These teams are involved in governing IaaS and PaaS usage costs, optimizing spend, reporting and analyzing cloud costs, and governing SaaS usage and costs. This siloing began in the early days of cloud migration as organizations established dedicated cloud teams.

SAM Teams Aren't Yet Managing Cloud Spend

ENTERPRISE CLOUD COST MANAGEMENT RESPONSIBILITIES	CLOUD TEAM	INFRASTRUCTURE & OPS	BUSINESS UNITS	FINANCE	SAM & VENDOR MGMT
Govern IaaS/PaaS usage/costs	47%	47%	28%	21%	8%
Optimize cloud spend	41%	46%	21%	15%	5%
Chargeback cloud costs	30%	30%	21%	30%	5%
Govern software licenses in IaaS/PaaS	30%	43%	20%	16%	12%
Govern SaaS usage/costs	31%	36%	32%	17%	6%
Own cloud budgets	28%	34%	38%	17%	2%

Figure 2.

Source: RightScale 2019 State of the Cloud Report from Flex-

The new cloud teams and the existing infrastructure/operations teams were tasked with all aspects of cloud deployment and management. While these teams are technologically savvy when it comes to cloud, they don't have the same breadth and depth of expertise as traditional software asset management and vendor management professionals when it comes to understanding vendor management, contract negotiations, license terms, usage and spend optimization.

As organizations struggle to manage cloud costs—particularly in an economic environment characterized by low unemployment and difficulty in recruiting people with the right skillsets—asset and vendor management professionals are uniquely positioned to help in digital transformation and migration to the cloud. These teams can play a valuable role in interpreting usage data, negotiating favorable vendor contracts and optimizing tech spend. In many organizations, these teams are already responsible for some SaaS solutions such as Salesforce and Workday, so they have a proven ability to handle cloud cost management. The skills they bring—for example, understanding vendor contracts and complex licensing terms—make their participation in managing cloud spend highly advantageous.

As part of the revamped technology asset management strategy, these professionals need to promote collaboration with their colleagues in the cloud environment. Their participation enhances and demonstrates their value to the organization in managing cloud costs. It also expands their cloud knowledge through interactions with the more technical cloud teams.

Can your processes accommodate the digital enterprise?

Organizations have spent years evolving highly sophisticated best-practice processes for acquiring, implementing and managing on-premises assets and applying automation to make those processes faster and more efficient. Automation has saved millions of dollars for many organizations. Automated processes continue to play a vital role in optimizing spend and reducing security and compliance risk for on-premises systems.

These processes work well in traditional environments where central IT always plays a role. In the cloud world, however, business units, departments and functional areas such as marketing and human resources are making many of their own technology purchase decisions and control an increasing percentage of technology spend. They often use their tech budgets to purchase cloud-based solutions without involving central IT. Consequently, cloud adoption and SaaS proliferation have created an environment in which asset management processes are scattered across the enterprise.

From an enterprise standpoint, that means a large, unwieldy software portfolio with multiple apps, many of which have overlapping capabilities because business units have selected their own products. This includes multiple apps for service desk, expense reporting, finance, marketing automation and other services. Often, central IT and security teams don't know these apps are running in the enterprise, introducing business risk from apps that don't fall under enterprise governance and security frameworks.

Typically, organizations don't have a consistent process across the enterprise for capturing asset data. Some business units may employ automated tracking while others continue to track assets manually. (According to the *Flexera 2020 State of Tech Spend Report*, 86 percent of respondents cite too many manual processes as somewhat or very much a challenge in their efforts to manage IT spend.)

As a result of inconsistent data capture processes, asset data is fragmented and maintained in disparate systems and formats across the enterprise. Gathering and rationalizing the data across multiple business units and rolling it into a complete enterprise view is extremely cumbersome. With outdated processes, accurately determining total technology spend, let alone optimizing it, is time consuming—and it may not even be possible.

You need to transform your technology asset management processes to tackle the challenges of managing IT assets in the digital enterprise. Revamped processes should be based on best practices that call for:

- Evolving from a focus primarily on relatively static on-premises software assets to a focus on IT assets residing in a dynamic, hybrid, multi-cloud environment in which assets may be added or retired daily, even hourly

- Gaining visibility into all assets, wherever they reside and whatever their granularity, and then rolling asset data into an enterprise-wide view

- Optimizing spend and eliminating waste at every level, from departments and business units to the enterprise as a whole

Do you have the right technologies in place?

The right technologies help you streamline and automate technology asset management processes so the enterprise can operate at digital speeds. With the right tools you can:

- Automate the collection of asset data across multiple business units, multiple clouds and diverse systems, services and microservices

- Discover assets regardless of the platforms they reside on or the architectures on which they're based

- Present an enterprise view formatted for consumption by a variety of stakeholders

- Constantly seek out opportunities for optimizing spend and identifying waste so you can keep costs in check

- Continuously enforce security and compliance policies to ensure consistency across the enterprise and mitigate business

The technologies you need to evolve your technology asset management strategy include:

- An IT visibility and data enrichment solution

- Technology asset management and vendor management tools

- Cloud cost management tools

- SaaS management tools
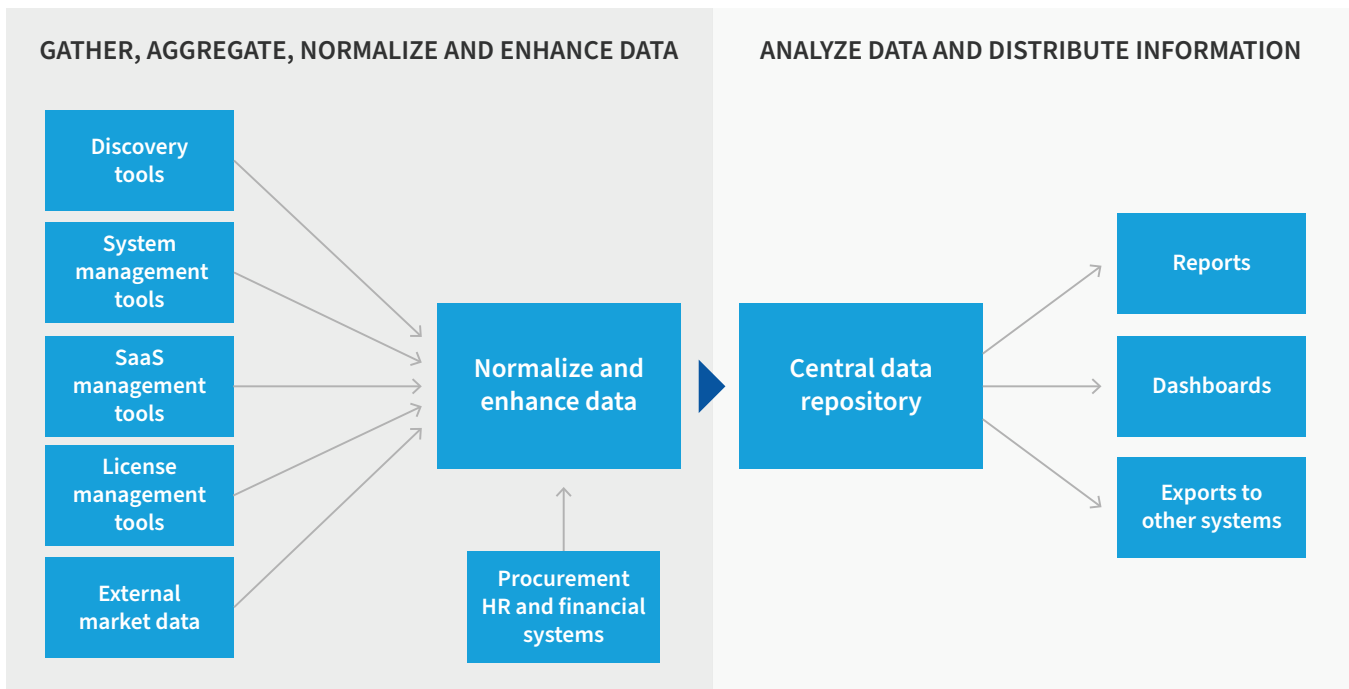
- Software vulnerability tools

GATHER, AGGREGATE, NORMALIZE AND ENHANCE DATA

Discovery tools

System management tools

SaaS management tools

License management tools

External market data

Normalize and enhance data

Procurement HR and financial systems

ANALYZE DATA AND DISTRIBUTE INFORMATION

Central data repository

Reports

Dashboards

Exports to other systems

Figure 3.

A platform for consolidating and managing all asset data

As *Figure 3* illustrates, an IT visibility and data enrichment solution enhances your technology asset management strategy by accessing, rationalizing and consolidating asset data from discovery solutions, client management solutions, procurement systems and other sources. It also identifies software and hardware products based on relevant product and market intelligence, including lifecycle and support data such as end-of-life and end-of-support, Windows Server and Windows 10 compatibility, vulnerability data and standard asset naming. In addition, it provides interactive analytics to help you understand and leverage the data and a means of presenting the results.

Technology asset management and vendor management tools

Effective technology asset management and vendor management tools provide a number of important capabilities. They automate license management to support license optimization efforts across data center servers, client devices and SaaS apps. This helps you prevent wasteful overbuying of licenses as well as underbuying, which could result in substantial vendor true-up costs.

- Negotiate more favorable contracts with vendors by, for example, bringing discovered shadow SaaS apps into enterprise purchase agreements for higher discounts

- Maintain enough licenses to ensure that people have the apps they need when they need them

- Identify and then reclaim or retire unused licenses

- For applications with features-based pricing, leverage usage data to pay only for features people are using

- Allocate SaaS investments by department or business unit for financial reporting

Cloud cost management tools

Effective cloud cost management tools enhance your technology asset management strategy by:

- Presenting a comprehensive picture of your cloud costs, including combined billing data and detailed usage information

- Ensuring cloud costs are allocated to the appropriate cost centers or teams

- Identifying waste so you can eliminate it and optimize enterprise cloud spend

- Enhancing your ability to forecast future needs

Software vulnerability tools

Software vulnerability tools provide visibility into all your software and corresponding patch statuses. Effective tools identify vulnerabilities across your entire application portfolio and prioritize patch management based on insights gained from threat and vulnerability intelligence. Tools capable of delivering live updates with dashboards and custom reporting keep software secure and you in the loop when it comes to essential, up-to-date vulnerability intelligence.

Conclusion

As cloud and other disruptive technologies flow into organizations at increasing speeds, they pose significant technology asset management challenges. Yesterday's technology asset management strategies—as effective as they've been for traditional IT environments—come up short in today's multi-cloud environment that includes containers, microservices and other disruptive technologies.

Now is the best time to take a look at your technology asset management strategy and ask, "Do I have the right tools in place?" Taking time to identify any shortcomings equips you with valuable knowledge for realigning and enhancing your strategy to best leverage the skills and knowledge of your technology asset management professionals, revamp your processes for the digital era and implement technologies that empower you to approach the 2020s with confidence.

Additional resources

Strategic Technology Asset Management in Complex Environments webinar

Flexera 2020 State of Tech Spend Report

Analyze – Data Platform datasheet

Normalize – Data Platform datasheet

Optima Cloud Cost Management datasheet

FlexNet Manager for Clients datasheet

IT Asset Management

Cloud Management Platform datasheet

Normalize – Data Platform datasheet

Analyze – Data Platform datasheet

NEXT STEPS

Talk with us about reinventing your asset management strategy.

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ABOUT FLEXERA

Flexera helps business leaders succeed at what once seemed impossible: getting full visibility into, and control of, their company's technology "black hole." From on-premises to the cloud, Flexera helps organizations unravel IT complexity and maximize business value from their technology investments. For more than 30 years, our 1300+ team members worldwide have been passionate about helping our more than 50,000 customers optimize IT to achieve their business outcomes. To learn more, visit **flexera.com**

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