



Reducing Hidden Operating Costs Through IT Asset Discovery

*Facilitating Asset Management to Support
Tighter Cost-Containment Policies*



Executive Summary

Situation: Enterprises Are Unable to Accurately Account for All IT Assets on a Routine Basis

With many companies implementing extensive cost-cutting measures, all areas of business operations must now find ways to reduce their overall operating costs in an effort to increase bottom-line profitability. The once protected IT department can no longer go unscathed by such cost-cutting practices. After reductions in headcount and procurements have been made, cost-cutting strategies are now turning to internal operations, and many IT decision makers are taking a closer look at indirect, or “soft,” costs within these departments.

In the past, IT asset management (ITAM) was considered a task necessary only during periods of extensive hardware and software improvements, such as when deploying new operating systems. Now, IT decision makers are taking a second look at ITAM as a way to recoup many of these hidden indirect, or soft costs.

Problem: Complex ITAM Solutions Fail to Discover All Assets, Increasing IT Costs and Risks

One of the reasons why many small to medium-sized business (SMBs) fail to implement a sound asset management strategy is their reliance on large “all or nothing” ERP-class solutions designed for large enterprise organizations, with features that will never be used. These large-scale solutions are both resource-intensive and difficult to implement and manage. As a result, these solutions are not applied to their fullest extent to perform highly effective asset management within the entire IT infrastructure. This increases the likelihood of higher costs and greater business risks.

For example, if an SMB were unaware that it had exceeded the number of licensed software copies in its site license agreement, these breaches could result in thousands if not hundreds of thousands of dollars in combined fines and penalties. As a result, SMBs must ensure they are in complete compliance with their software licenses, sparing them any unnecessary and costly liabilities.

Solution: A Powerful and Simple Asset Management Solution That Generates Significant ROI

The NetSupport DNA Asset Management solution is designed specifically with SMBs in mind. It applies a more modular approach to asset management, such that smaller firms can start with cost-effective, basic functionality and then add additional features when their business needs them.

With NetSupport DNA, IT managers can “drill down” to any level of detail within their entire IT infrastructure to uncover and manage their IT assets. IT administrators can establish standard hardware, software, Web content, and security configurations, whether by employee, by department, or company-wide. Once the configurations are established, modification privileges are restricted, ensuring application and information security throughout the entire global infrastructure.

In addition, each department’s kilowatt-per-hour use can be compared to an established corporate standard, and any departments that exceed that baseline can be studied in greater detail to determine the areas for cost reduction. If needed, NetSupport DNA can establish power-down cycles by department or for specific workstations in order to meet designated energy goals.

Result: Businesses Lower Operating Cost, Lower Risks, and Realize Greater Productivity Gains.

NetSupport DNA identifies specific areas that are a drain on the IT budget, eliminating waste and recovering costs while improving asset efficiency to generate a higher asset ROI. It provides a complete, detailed snapshot of every aspect of the entire IT infrastructure, improving security and network performance while maximizing asset utilization and productivity. It also eliminates unauthorized copying of licensed software and controls access to sensitive business or personal information, ensuring that the organization meets its software license requirements and regulatory guidelines, minimizing the risk from security breaches, regulatory fines, litigation, or lawsuits.

Undiscovered IT Assets: An Untapped Source for Meeting Cost-Containment Goals

Even though most financial experts are unable to predict exactly when business conditions will improve during an economic downturn, one thing is certain: Periods of slow economic growth and greater business uncertainty will always increase the need to lower operating costs.

With many companies implementing extensive cost-cutting practices, there are no longer any “sacred cows,” and every business department must be more active about finding new ways to reduce operating costs in an effort to improve the bottom line. The once-immune IT department can no longer go unscathed by such cost-cutting policies. After reductions in headcount and procurements, cost-cutting strategies have now turned to internal operations, and many IT decision makers are now taking a closer look at areas such as indirect, or soft costs, which include items such as licensing, software updates, SLAs, and maintenance and support costs.

According to industry analyst Gartner, Inc., indirect costs can account for up to 60% of an organization’s total outlay on IT. That works out to almost \$4,000 to \$6,000 per end user.¹ With leaner staffs, reducing these soft costs can provide help in the cost-cutting battle.

In the past, IT asset management (ITAM) was considered a task necessary only during periods of extensive hardware and software upgrades, such as on the occasion of a new operating system release. Now, CIOs are taking a second look at ITAM as a way to address their high indirect costs and minimize any associated business risks.

For example, a recent survey of 343 CIOs and IT professionals indicated they were letting their licensing compliance policies lapse. Sixty-nine percent of those surveyed said they were not confident that they were in full compliance with their software license agreements, and 67% of the IT executives and managers surveyed said their companies haven’t taken steps to ensure compliance.

Those same managers said they have deployed unlicensed software (60%), and 73% said they are unsure about which software is licensed or not. They also did not feel they would be prepared to undergo an audit by a software vendor.²

If uncovered by software providers, such license agreement breaches could cost firms thousands if not hundreds of thousands of dollars in combined fines and penalties. As a result, SMBs must find new ways to account for each installation done under their software license contracts in an effort to ensure full compliance and spare their organizations any unnecessary liabilities, fees, and/or penalties.

For these and many other reasons, SMBs need an easy and cost-effective way to account for and manage all IT assets, including software, hardware, and indirect, or soft, costs. Unfortunately, many existing ITAM solutions have been designed for large enterprise businesses and rely on complex, resource-intensive tools that have been either too costly to deploy or too difficult to use on an ongoing basis.

Rather than deploying resource-hungry, enterprise-class asset management solutions, SMBs need a different and more flexible ITAM model that can be deployed and managed with fewer resources in a more cost-effective manner. Such a solution should also allow SMBs to pick and choose the specific tools that are best tailored to their specific business needs.

The goal of this white paper is to educate SMB IT decision makers about the benefits associated with a sound asset management strategy and how the deployment of tools designed specifically for the special needs of SMBs can not only lower IT operating costs but also prevent costly business risks that are associated with a failure to verify the indirect side of the IT cost ledger.

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1. Source: Gartner, Inc. “Life Cycle Management Underpins IT Asset Management,” F. O’Brien, August 6, 2004.

2. Source: TechTarget.com, “Software licensing: CIOs fall behind, survey says,” July 2008.

The Four Costly Risks Associated With a Poor Asset Management Strategy

Companies that fail to account for all their IT assets incur higher costs when company-wide events, such as major system upgrades, are required. These failures not only increase overall operating costs but also degrade existing resources and lower workplace productivity and profitability.

Organizations that fail to implement a business-wide asset management strategy incur four costly, high-risk business challenges:

According to IDC, organizations that practice IT asset management had on average a 15% or lower total cost of operations (TCO).

Costly Risk #1: The High Cost of Undiscovered IT Assets

Shrinking IT budgets during softer economic periods result in fewer IT employees to perform the ongoing task of routine asset management and discovery. Also, many IT managers see the scope of a company-wide asset management project, covering hardware, software, and services, as an overwhelmingly daunting task. The failure to perform routine asset management has resulted in the needless procurement of new equipment and software for new hires or the replacement of hardware that could have performed sufficiently following a new operating system release.

It's no wonder that, according to Gartner, Inc., 70% of organizations have a 30% discrepancy between planned inventory and actual inventory, and as much as 30% of an IT budget could have been saved by effective asset management.³

The result: *The failure to discover all IT assets results in unnecessary IT expenditures that raise procurement, licensing, and operating costs and detract from bottom-line profitability.*

Costly Risk #2: A Negative Impact on Workplace Productivity and ROI

Businesses that fail to routinely account for all their IT assets incur higher costs when a large-scale asset discovery project is finally performed in support of a required system-wide upgrade. Because the ITAM task has been delayed for so long, the extensive discovery process shifts valuable IT resources away from revenue-generating projects and delays the resolution of departmental problems that impact day-to-day business productivity. In fact, IDC determined that organizations that practice ITAM had on average a 15% or lower TCO, with the greatest saving in procurement (160%), disposal (60%), and operations (44%).⁴

In addition, the lack of a rigorous asset management policy prevents the organization from realizing greater productivity and ROI improvements.

- **Poor Network and IT Infrastructure Performance** — The lack of ITAM practices fails to uncover individuals who are sapping network bandwidth by downloading or streaming MP3 files, videos, and games, resulting in slower network performance for the rest of the organization.
- **System and Employee Mismatches** — The failure to perform routine ITAM means higher-performance systems are not placed with power users, reducing productivity. On the other hand, the latest technology might be wasted on new employees as a result of ongoing procurement practices, as those employees might not necessarily be able to take advantage of those features.
- **Unauthorized Use of Open Source Software** — An ineffective ITAM policy fails to discover the use of unauthorized open source freeware that may violate existing software license agreements. The incompatibilities of such software place an undue burden on the support organization and degrade internal employee communications.

The result: *Failed ITAM policies result in poor worker productivity and slower performance that increase operating costs and rob IT infrastructure of ROI.*

3. Source: Gartner, Inc. "Life Cycle Management Underpins IT Asset Management," F. O'Brien, August 6, 2004.

4. Source: IDC. "Asset Management Lowers TCO," August 31, 2004.

Costly Risk #3: A Greater Number of Licensing, Liability, and Legal Violations

The failure of an organization to accurately account for all copies of licensed software, as well as how and where that software is being used, can result in one or more of three negative and costly outcomes:

- 1. Financial Penalties** — Companies that allow unauthorized software copying can be sued by the vendor for copyright infringement, even if management is unaware of an employee's action. Such organizations can incur fines that, according to the Business Software Alliance (BSA), can be as much as \$150,000 for each program copied. Criminal prosecution could lead to a fine of up to \$250,000 and/or a prison sentence of up to five years.⁵
- 2. Brand Impact** — The exposure of sensitive personal or financial information and access to inappropriate online content can also result in costly negative public relations that can damage a corporate brand and may impact future sales and marketing campaigns. In 1998, a female employee brought a sexual harassment lawsuit against Continental Airlines over sexually explicit postings on an internal corporate website.⁶ While the case is currently under appeal, the publicity surrounding the case works against Continental brand marketing.
- 3. Regulatory Fines** — For certain industries such as healthcare or financial services, failing to secure systems with retrievable personal data, transactions, or account information can violate certain federal regulations and incur severe penalties. As a reference, Seattle-based Providence Health & Services, agreed to pay a \$100,000 fine to Health and Human Services after failing to properly secure its data backup tapes, disks, and laptop computers. The violation of the Health Insurance Portability and Accountability Act of 1996 compromised the personal healthcare information of more than 386,000 patients.⁷

The result: *Legal actions and penalties that result from an ineffective ITAM strategy can severely impact an organization's current and future financial performance as well as its corporate brand image.*

Costly Risk #4: Higher Energy and Utility Costs and Failure to Support Green IT Initiatives

Many organizations waste millions of dollars in energy expenses because they don't have the means to analyze their total energy use. For example, leaving desktop systems on at night can cost tens of thousands of dollars per year in wasted electricity. Such practices can also increase the likelihood of a security breach, potentially compromising sensitive business information.

According to EcomNets.com, one PC consumes approximately 535 kW per year, two-thirds of which is used when that system is idle. Effective power management practices can save an organization anywhere from \$20 to \$60 per PC per year, or \$20,000 to \$60,000 per 1,000 computers for a typical SMB organization.

From a green standpoint, PCs account for 40% of carbon emissions from all IT devices, servers account for 23%, LANs account for 7%, and printers account for 6%. SMBs that fail to control when their IT assets are being used⁸ increase their carbon footprint, compromising their green IT initiatives and negatively impacting brand image.

The result: *Any organization that fails to implement an effective ITAM strategy to control when and how assets are used also incurs higher energy costs, has less secure networks, and works against green IT initiatives.*

To enable more cost-effective asset management practices, SMBs need an easier-to-use, flexible, and cost-effective solution that is tailored to their specific day-to-day business needs and helps them lower their overall operating costs. NetSupport DNA Asset Management can address all these risks and aid in achieving the business goal of lowering overall IT operating costs.

5. Source: The Business Software Alliance, "Software Piracy and the Law," 2006.

6. Source: Wikipedia.org, "Blakey vs. Continental Airlines," 2000.

7. Source: FierceHealthIT.com, "Seattle system will pay \$100K HIPAA fine after repeated breaches," July 2008.

8. Source: EcomNet.com, "PC Power Management," September 2009.

The Modular Approach to a More Effective IT Asset Management Strategy

Information is key. Without it, informed, cost-effective decisions with regard to IT asset upgrades and the rollout of new technology cannot be made. From a purely cost-saving standpoint, knowing the inventory of IT assets is critical when deciding whether to purchase additional assets, redistribute existing ones, or retire them completely, along with their costly maintenance contracts and renewal fees.

One of the reasons why many SMBs fail with asset management is the reliance on large “all or nothing” enterprise-class solutions that contain features they will never use.

The IT asset management function is the primary point of accountability for the life-cycle management of information technology assets throughout the organization. Included in this function are development and maintenance of policies, standards, processes, systems, and measurements that enable the organization to manage the IT asset portfolio with respect to risk, cost, control, compliance, and business performance objectives as established by the business.

One of the reasons why many SMBs fail in their asset management goals is the reliance on large “all or nothing” enterprise-class solutions that contain features they will never use. These large-scale solutions are both resource-intensive and difficult to implement, manage, and use. As a result they are not applied to their fullest extent to account for every asset within an entire IT infrastructure.

Given the trend toward increased cost-containment policies, SMBs need a more cost-effective, modular approach to asset management, which will allow them to pick and choose the tools that best fit the size and scope of their IT asset management needs.

A Modular Approach

The NetSupport DNA Asset Management solution is designed specifically with SMBs in mind. It applies a more modular approach to asset management, so that SMBs can start with basic functionality (with features such as User Management, Hardware and Software Inventory, Alerting, and Energy Monitor) and subsequently add additional ITAM modules (such as PC Remote Control) when business needs warrant it.

Two benefits are associated with the NetSupport DNA modular approach to asset management:

- 1. Greater Cost Efficiencies** — With a modular ITAM design, SMBs can accomplish their existing asset management goals within current budget requirements without sacrificing overall effectiveness.
- 2. Increased Use Due to Ease of Use** — Modular ITAM functionality is simpler, allowing tasks to be accomplished within the scope of day-to-day routines without requiring costly, dedicated resources that take time and attention away from more important profit-generating IT projects. As a result, modular ITAM is performed on a more scheduled basis.

Easy-to-Use yet Powerful Design

What sets NetSupport DNA Asset Management apart from other solutions is its ability to report on SMB assets no matter where they are, going beyond just a local- or wide-area network. The NetSupport framework technology provides a stable and secure method for tracking assets that may ordinarily be “hidden” on a remote network or behind firewalls.

With NetSupport DNA, IT managers can “drill down” to any level of detail necessary to manage their IT assets, whether that is on a global, organizational, departmental, or individual basis. For example, administrators can inspect all employee systems to determine which configurations are able to run an operating system upgrade with acceptable performance.

Robust Capabilities That Prevent Security Risks

NetSupport DNA Asset Management enables a highly secure business environment in the following ways:

1. Robust Access Privileges — The NetSupport DNA Asset Management solution allows IT administrators to establish hardware, software, Web content, and security configuration standards, whether by employee, by department, or globally and via Active Directory. NetSupport DNA also allows changes to be tracked by asset or by owner. Once the configuration is altered an alert will be triggered. For example, if an employee inserts a USB device to copy licensed software, the employee would be unable to perform this action and an alert would notify the administrator of this activity including the detail of the machine name, the name of the user that logged in, and the location of the asset and the date/time the action took place. With such access privileges, NetSupport DNA helps to establish and enforce security policies to prevent users from changing their standard configurations.

Access privileges can also extend to Web content to minimize the risk from viewing unauthorized or inappropriate content. Keywords can be established that will allow viewing of approved websites while blocking unapproved websites.

2. Application Metering — NetSupport DNA Asset Management allows administrators to designate certain periods when licensed applications or systems can be used. For example, specific individuals can be given access to IT resources after the workday or on weekends, as part of a specific work-related project. NetSupport DNA allows restricted access to applications, thereby adhering to End User License Agreements, which allows department purchases to be applied effectively and accurately.

3. Software Updates and Alerting — NetSupport DNA Asset Management includes a software distribution tool that can push out software packages to every user or alert and direct users to a central network location where they can update their applications at a time that is best-suited to their work schedule. NetSupport DNA also includes a warehouse function that enables a software package to be stored on a local desktop within the department and then pushed out to each user. This minimizes the impact on network performance for other users and departments. Administrators can receive detailed reports on the employees who have downloaded the update, along with warnings when applications reach their license limits.

How NetSupport DNA Solves Asset Management Challenges

NetSupport DNA Asset Management solves the costly risks associated with traditional asset management techniques in the following ways:

- **Lowers IT Operating Costs and Improves Asset Discovery** — NetSupport DNA Asset Management provides a snapshot of the entire IT asset infrastructure, enabling better and more cost-effective decision-making. For example, new employees can be assigned unused or underused systems located in a different department rather than automatically purchasing new systems. Administrators can match software-licensing costs to real-time employee needs, eliminating unnecessary software expenditures. Employees using excessive bandwidth due to streaming and sharing multimedia content can be identified thus improving network performance and avoiding potentially costly legal issues. This also lowers procurement costs instead of purchasing additional network assets to improve network performance.
- **Minimizes Liability Risks** — The NetSupport DNA alerting capabilities restrict access to high-risk-content websites and data/application copying, preventing fines, penalties, and risk from employee and vendor litigation.
- **Increases Worker Productivity and ROI** — NetSupport DNA Asset Management recoups underutilized hardware and software, matching hardware performance to user and departmental needs and improving company-wide performance.

NetSupport DNA Ease of Use Saves Valuable Time and Resources at Delivra Inc.

Background and Evaluation

When you're running an IT department for a small Software-as-a-Service (SAAS) organization, the old truism of time and money becomes extremely apparent. For Delivra, Inc., a privately held, Indianapolis-based B2B email marketing service organization experiencing conservative levels of growth, time was a valuable asset that could not be wasted on activities that did not yield the greatest payback.

Working with a compact amount of machines and a handful of servers, one would think that asset management would be a breeze, but for Delivra's IT Director, Chris Nelson it was a "dreaded and horrible task". For

Nelson, the week-long annual process of accounting for all their IT assets involved researching invoices, searching for paperwork, writing down serial numbers, and interrupting employees at their desk in order to enter information in spreadsheet files about their hardware and software configurations. As Nelson put it, "If we missed something on our first go-around, we had to go back and get the additional information from their computer, robbing both their and our productive time."

With additional headcount and growth looming on the horizon, it was clear that Delivra needed a better way to manage their IT assets. While Nelson was familiar with the issue of asset management, he had a somewhat negative perception of the category based on the traditional ERP model of complex, hard to use/deploy, and resource-intensive solutions.

"The time required to collect asset information went from several days to several minutes. With a few mouse clicks, I had all the information I needed. That alone made NetSupport DNA worth it for me."

—Chris Nelson, Director of IT Delivra, Inc.

After researching several solutions online, and evaluating their free software demo, Delivra decided on NetSupport DNA. "I was skeptical when the NetSupport sales person told me how easy it was to use, but after trying their evaluation version, I was amazed at how easy the software was to use and deploy. It was a game changer for me. Based on that, there was no question that NetSupport DNA was the solution we needed."

The NetSupport DNA Proactive Approach Generates Measurable ROI

After deploying NetSupport, Delivra saw an immediate payback within the first year. According to Chris Nelson, "The time required to collect asset information went from several days to several minutes. With a few mouse clicks, I had all the asset information I needed. I got my time back. That alone made NetSupport DNA worth it for me."

The ROI from NetSupport DNA also was seen in several other areas of the Delivra IT organization, especially when it came to accounting for costly software licenses and the renewals of related maintenance agreements. According to IT System Analyst, Kyle Holmes, Delivra had several departments using specialized software applications that were originally purchased outside of the formal IT acquisition process. As a result, the IT department never received renewal notices when those agreements expired. According to Holmes, "There's nothing worse than finding out one week before the software runs out that you'll have to buy a new piece of expensive software because you missed the deadline. With NetSupport DNA, that won't happen again. We now make more informed decisions and become more proactive versus reactive."

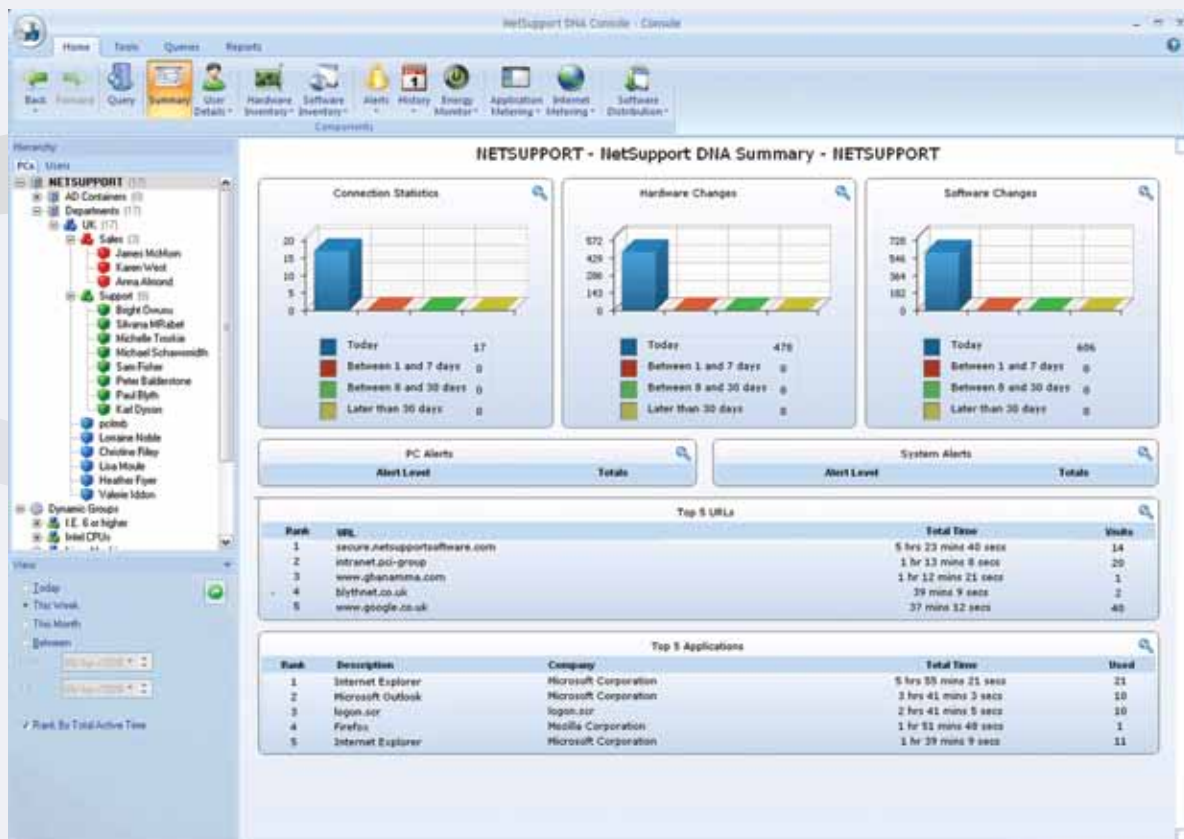
NetSupport DNA has also allowed Delivra to eliminate costly software maintenance agreements that are no longer needed. Previously, the accounts payable department would automatically renew many of software agreements originally purchased outside of the IT department. NetSupport DNA has allowed Delivra to determine whether that agreement is needed, and if not, allow them to expire. According to IT Director Nelson, "this alone has saved us tens of thousands of dollars".

Ease of Use Extends IT Effectiveness

NetSupport DNA software has also allowed Delivra to save time and extend their productivity, especially with new employees. A process that used to take several hours determining software and hardware configurations has now been reduced to a matter of minutes. According to Director Nelson, "The time to configure is ridiculously small. The reporting function allows me to setup configuration models for each department, and within minutes we're up and running. We are now confident that based on those reports the employee has everything they need from the start."

In addition, adding peripherals has now become an equally easy process. From System Analyst Holmes perspective, "when we need to add an external monitor or additional memory to a computer, I can see the model and serial numbers, as well as the number of open memory slots all from within NetSupport DNA. What used to be a painful, manual process is now a snap."

A Sample of the NetSupport DNA Asset Summary Screen



The Bottom Line

From Chris Nelson's perspective there is no doubt that NetSupport DNA was a sound investment for Delivra. "NetSupport DNA is remarkably easy and efficient. I believe that there are many unintended benefits beyond the asset management function that can streamline the operation of an IT organization and make things much easier. It's so rare for an organization to make good on the claims of their products. NetSupport proved to be a far better solution than what their salesperson originally told me."

Conclusion

In business, there are two ways to meet bottom-line financial goals: increase sales or reduce costs.

During periods of economic uncertainty when increasing revenue becomes more difficult, enterprises must look to every cost center in an effort to reduce unnecessary operating costs and meet bottom-line business and financial goals.

Small to medium-sized businesses (SMBs) can no longer ignore IT asset management as a potential source for further cost reductions, but to accomplish it effectively requires the use of superior tools that address the unique needs of the SMB. Such tools must provide the highest level of detail on every aspect of IT assets, whether hardware, software, or soft costs, in order to generate the greatest cost reductions and the most informed asset management policies.

The modular design of NetSupport DNA Asset Management provides IT decision makers, managers, and administrators with an easy-to-use asset management tool, enabling the most effective cost-reduction decision making possible.

In summary, NetSupport DNA Asset Management provides SMBs with five strategic business advantages:

- **Greater Cost Savings** — NetSupport DNA identifies the asset areas that are a drain on the IT budget, eliminating waste and recovering costs that improve efficiency and generate higher asset ROI.
- **Complete Infrastructure Awareness** — NetSupport DNA provides a complete, detailed snapshot of every aspect of the entire IT infrastructure, improving security and network performance while maximizing asset utilization.
- **Increased Ease of Use and Productivity** — The information provided by NetSupport DNA Asset Management enables administrators to easily and precisely match the best systems to the employees who need them, boosting workplace productivity.
- **Full License Compliance and Accountability** — NetSupport DNA eliminates unauthorized copying of licensed software and controls access to sensitive business or personal information, ensuring that the organization meets its software license requirements and regulatory guidelines.
- **Reduced Legal and Brand Risk** — NetSupport DNA's ability to designate approved websites while blocking access to restricted content minimizes the risk from subsequent litigation and lawsuits.

For more information on NetSupport DNA Asset Management, please visit our website at www.netsupportdna.com or contact us at 1-888-665-0808 or via email at sales@netsupport-inc.com.



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