PREPARING FOR 2021

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THE ITAM REVIEW

Preparing for 2021

The changing, challenging world of asset management

As we look ahead, one thing we can be sure of is that uncertainty is driving change—in all aspects of our personal and professional lives as well as on a wider scale across industries and the political landscape.

The interconnected disciplines of IT, software licencing, procurement and asset management have been undergoing change at varying paces for several years, but 2020 has seen acceleration across the board. The speed of cloud adoption has increased dramatically, with projects once measured in years now being completed in months or even weeks.

All this change means individuals and teams must work differently in order for them and their organisations to succeed. Four critical changes for ITAM professionals to adopt are:

- Break down silos
- Focus on cost and value
- Gain better understanding of the business
- Adapt to accelerating digital transformation

Break down silos

While working in separate fiefdoms has never been optimal, now more than ever is the time to remove the barriers between different parts of an organisation and start working together. ITAM, procurement, IT, finance and more will all greatly benefit from sharing information, problems and solutions with each other.

Focus on cost and value

Done properly, use of cloud technologies will help propel your organisation forward—reaching new markets, developing new products and scaling new heights. To this end, ITAM's interaction with software spend starts to look a little different. Rising spend can be a good thing as long as the cost-to-value ratio is strong. Determining this requires deeper insight into the workings of the business.

Gain better understanding of the business

In the past, ITAM may have been guilty of not always understanding the goals of the wider business and thus not always aligning activities appropriately. For example, if the primary business objective is to rapidly reduce spend on infrastructure as a service (IaaS) and software as a service (SaaS), but ITAM's focus is on increasing hardware inventory coverage from 80 to 90 percent, getting board-level buy-in and backing for ITAM will be difficult.

Adapt to accelerating digital transformation

In April 2020, Microsoft CEO Satya Nadella said they had seen "2 years of digital transformation in 2 months" and that the increased pace has continued throughout the year. While much of this has been manifested as greater adoption of IaaS,

SaaS and cloud, digital transformation encompasses several other technologies as well, including:

- Low code/no code tools

- Internet of things (IoT)

- Containers

- Robotic process automation (RPA)

All these present challenges for organisations around licence compliance and increased software spend—but they may not be immediately obvious to the internal teams currently driving these projects. There's an excellent opportunity for ITAM to proactively start working with the relevant departments, teams and people to help them carry out their initiatives as risk free and cost efficiently as possible. This would show ITAM to be an enabler of transformation, change and progress.

The impact of Brexit

The United Kingdom's (UK) formal withdrawal from the European Union (EU) in January 2021 poses certain potential risks that ITAM and software licensing teams should acknowledge.

Price increases

A rise in prices is perhaps the most likely effect to be seen throughout 2021 and may take several forms. Some software vendors may simply increase the prices of their products to UK customers to offset any additional costs they may incur due to new procedures and backend processes, to name a few.

We may also see price increases due to changes in currency conversion rates once the final outcome is apparent. Identifying in which currencies you purchase your various software agreements is a key first step. Flag this information to your colleagues in finance and work with them to understand the potential price changes for renewals and new purchases planned for 2021.

If time is still on your side, look to negotiate price freezes and/or a clause to place a cap on the price increase.

Contract clauses

Some software vendors restrict the use of software licences to certain territories or impose geographical restrictions on the migration of licences. If your contract states that licences may be used "only within the EU," for example, a strict interpretation of that would preclude the UK. While it's likely many vendors will simply update the language, once any such clauses have been identified, it may be worth confirming with vendors that continued use of the licences within the UK will be permitted.

Next steps

To help you prepare for 2021, a great first step is to identify your top vendors—at least the top 10—and evaluate the contracts you have with them. How you identify them should be through a combination of:

Overall spend
- What is the total spend across licences, support and services?

Criticality of the technology
- Is this vendor key to your plans or can they be replaced?

What you know about the vendor and their behaviour
- Do they have a history of audits or a willingness to negotiate?

Evaluate those contracts and identify which ones may pose risks around geographical restrictions and/or where price changes may be particularly significant. Ensure you flag this risk to the appropriate stakeholders throughout the organisation to allow for timely planning and potential mitigation.

Impact of COVID-19

The impact of the COVID-19 pandemic has had a huge influence on the way technology is bought, used, viewed and managed throughout 2020. Change continues to occur, and a large part of the change is here to stay. Many businesses have realised the benefits of increased homeworking and so much if it will continue through 2021 and beyond. For many, a new way of working has been created.

The changes brought about by COVID-19 pose a particular set of challenges and opportunities for ITAM professionals in all sectors across the globe.

Remote working

More staff working from home means more hardware devices—laptops, tablets, mobile phones, monitors, etc.—in many more locations around the country and perhaps the world. This device increase calls for focus on hardware asset management (HAM) and also IT asset disposition (ITAD). The elements to be managed include:

- Tracking the hardware

- Tracking the software installed on the hardware

- Tracking the data held on those devices

Tracking the hardware lifecycle

The hardware asset lifecycle includes:

- Specify

- Acquire

- Deploy

- Service

- Retire

Ensuring you can manage each element of this gains importance with the rise of remote working.

The hardware itself represents an investment. For example, 8,000 laptops at £400 each is £3,200,000 and organisations will want to ensure money isn't being wasted. Being able to report where these devices are and when they're likely to need repairing/replacing will become a key task for most ITAM teams throughout 2021.

Along with creating new processes to handle all this, existing processes will need to be modified too. A common example is the joiners, movers, leavers (JML) process. If you now have a situation where users are no longer in the office, what changes are needed for assigning new devices, allocating newly required software installations, and retrieval of hardware and software?

Tracking software installations

The more endpoints there are, the more opportunities for software non-compliance to appear. Consider questions such as:

- Do you have enough CALs for all these devices?

- Are users installing unlicenced software and/or trial copies?

- Are people sharing licences?

These are all situations which can lead to audit bills, so ensuring you can still monitor these in the new landscape of 2021 will be key.

Tracking the data

The location of data is of huge importance—both internal data, such as payroll and business IP, and customer data. Start working with internal stakeholders such as your security teams to ensure the business can see which devices are where, what software they have installed and which cloud services they can access.

Rise in audits

Looking ahead to 2021, it's likely that compliance checks and audits will continue apace and perhaps even increase in frequency. The primary reasons for this are twofold:

Organisational change

The sudden shift to remote working meant changes that, under normal circumstances would have taken weeks to be reviewed and signed off, were introduced almost immediately. This greatly increases the likelihood of noncompliance with software licencing terms—particularly around access to software on shared servers and even whether enough licences have been acquired.

Falling revenue

Several software publishers have seen drops in sales during 2020, leading many to report flat or negative growth in their quarterly revenue figures. For these organisations, uncovering additional revenue via audits may be an attractive option to temporarily boost their bottom line.

Both organisational change and falling revenue mean audit defence should be a priority for you as you prepare for 2021. You must know what you have and where it is and how that complies with the terms of your contracts and agreements. But you must also have strong processes around engagement with the vendor and how the audit will be conducted.

Reduced headcount

An unfortunate effect of the COVID-19 pandemic for many organisations has been a reduction in staff. If this is the case for your organisation, it's important for you to review your software contracts and renewals and look where licence quantities can be reduced. This is across both on-premises software and also SaaS products, particularly as SaaS use will have grown significantly during 2020.

With some vendors it may be as simple as reducing the number at the next anniversary or renewal, while others may have clauses preventing you from reducing numbers below a certain amount or until a new agreement is signed. In the latter scenarios, work with vendors to find a solution. Remember, they're the vendor's rules, and they can bend them if they want to. Consider your organisation's overall business goals for 2021 and where they might align with the vendor's strategy and use that to your advantage.

Impact of the cloud

As we've seen, COVID-19 has accelerated digital transformation in several areas and a large part of that involves cloud usage—both SaaS and IaaS. There are several factors to consider when defining and executing your cloud management strategy, including:

- Bring your own licencing (BYOL) rules

- New processes needed

- New asset types involved

- Cost management

- Service optimisation

- Stakeholder engagement

Let's consider some of the elements to focus on at the start of your 2021 preparations.

Licence compliance

Even professionals proficient in on-premises licencing face becoming unstuck in the cloud world. Not all of the same rules apply and there are numerous new rules with which one must become familiar. Often these rules change in the cloud environment. What is true for Microsoft Azure may not be true for AWS.

The utilisation of cloud resources is typically spread throughout an organisation. Dozens of team members need to create and use cloud resources and they often have direct access to the cloud environment, enabling them to provision and migrate workloads at will. Where on-premises licences are being migrated to and/or deployed into public cloud environments, it is imperative that, once you have a grasp on the relevant rules yourself, you spread that knowledge across the business.

The people who are architecting and creating cloud resources must be aware of what they are and are not permitted to do per the software licencing rules. Have a process to monitor and review these scenarios, make sure you're involved during the architecting and planning phases of projects so you can advise on any licencing issues.

Cost management

There are two sides to cloud cost management: short term and long term. In preparing for 2021, it makes sense to focus on the short-term wins first, but you should also begin the changes required to make long-term savings; otherwise you'll be caught in a short-term cycle and never reach full cloud cost management maturity.

Short term

This includes processes such as turning off unused resources and reducing the size of over-provisioned workloads. These changes can be made relatively quickly and easily and will make an immediate difference to the cloud bill. This will give you a quick win to show management the benefits of ITAM in the cloud. Find out more about managing cloud costs.

Long term

Long-term savings in the cloud involve:

- Stakeholder engagement

- Processes

- Internal education

It's important to work with leaders across the business to understand their goals and objectives for 2021 and beyond and create a constant relationship between their goals and your goals. Show them how you can help them stay within budget or free up resources for other projects and how they can help you with your overall cost-saving targets, for example.

Longer-term savings also require processes to help set guardrails for cloud usage and to monitor it on an ongoing basis. A great example of this is *tagging*—when a cloud resource is created, you can tag it with identifying information such as the project name, location, team name, user, etc., and these tags can then be tracked, reported on and analysed. It's a key first step to enabling chargeback for cloud spend within an organisation. Other more straightforward processes can include simply defining which teams can deploy certain types of cloud resources or setting policies to turn off resources overnight.

Doing this successfully requires company-wide input from key stakeholders, a process to enforce and review tagging, and internal education to ensure all relevant users are familiar not just with the process but also the reasons behind it. If you educate them on why ITAM is asking them to do these things, people are much more likely to comply when they understand the logic.

Getting access

Underpinning much of this is a requirement to have comprehensive, up-to-date information on cloud usage, including overall spend as well as spend by environment/location/team/project, etc. Access to billing portals often sits with the infrastructure or deployment teams—the people who are deploying resources into the cloud. So you'll need to reach out and request access.

Next steps

Engage with stakeholders
- Align objectives and share information

Create processes
- Keep a focus on the long-term savings

Discover total usage and spend
- Without this, the picture will always be incomplete

Doing more with less

An additional challenge for 2021 is the requirement to do more with less. There's a growing array of assets and technologies that require managing, and ITAM teams may be smaller than before due to COVID-19-related downsizing. You cannot simply keep working harder. So, to ensure you meet your goals in 2021 while retaining a work-life balance, we recommend you review where you can incorporate into your ITAM structure:

- Tools

- Managed services

- Automation

These will enable you to continue to offer great levels of service to the business while adapting to all the changes and more that's been discussed in this white paper. They'll also enable you to focus your skills and experience on large-scale savings and digital transformation opportunities, while still ensuring the foundational elements are completed accurately and in a timely manner.

Done properly, the inclusion of some or all of these into your ITAM strategy will positively benefit all involved.

What's next?

7 strategies

1
Align ITAM with business strategies
- Understand the C-level objectives and how ITAM can help

2
Insist on a seat at the table
- Work with stakeholders to take the lead to coordinate ITAM across the organisation

3
Write an ITAM charter
- Specify the operating model across tech spend and get budget

4
Start consolidation projects today
- Work with a long-term view of the roadmap where possible

5
Get lean, get agile, get in control
- Get involved in cloud and next-generation technologies

6
Continually assess vendors by spend, risk and relevance
- Use this to optimise your technology stack

7
Integrate with service management
- ITAM and ITSM are better together

7 immediate tactics

1 **Set up meetings with key stakeholders**
- Do this as soon as possible and make them regular

2 **Define your top vendors by spend and risk**
- Use this to focus your efforts in 2021

3 **Review all renewals due in 2021**
- Can you reduce user quantities to reduce spend?

4 **Check hardware inventory**
- Does it still meet your defined minimum coverage?

5 **Refresh processes such as joiners/ movers/leavers process**
- Ensure your processes are still working

6 **Get access to all cloud platforms**
- Access to billing and licence utilisation information is especially important

7 **Create a presentation to share this with stakeholders and the board**
- Letting others around the business see your plans and objectives is key

About the ITAM Review

This document was created in a joint effort with Flexera and ITAM Review, an independent global community for worldwide ITAM, SAM and licencing professionals. The ITAM Review exists to champion the business value of the ITAM profession, develop ITAM industry leaders and enable organisations worldwide to extract best value from their technology investments whilst minimising risk. To learn more, visit itassetmanagement.net

NEXT STEPS

Talk with us about your asset management needs

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Flexera delivers IT management solutions that enable enterprises to accelerate and multiply the return on their technology investments. We help organizations *inform their IT* with total visibility into their complex hybrid ecosystems, providing the IT insights that fuel better-informed decisions. And we help them *transform their IT* with tools that allow IT leaders to rightsize across all platforms, reallocate spend, reduce risk and chart the most effective path to the cloud.

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