

PROVANCE

BENEFITS OF COMBINED ITSM AND ITAM

Whitepaper

January 2018



Contents

- The Benefits of Combined IT Service Management and IT Asset Management 1
 - Introduction 1
 - The Challenges of Today and Tomorrow 1
 - IT Service Management..... 3
 - IT Asset Management..... 4
 - People 5
 - Processes 5
 - Technology..... 6
 - Benefits of Combined ITSM and ITAM: Shared Knowledge and Integrated Activities 7
 - Benefits to the IT Service Desk..... 7
 - Benefits to IT Asset Managers 8
 - Benefits of ITSM and ITAM in the Cloud 9
 - Common Platforms..... 10
 - Combining ITSM and ITAM on a Common Platform..... 10
 - The Dynamics 365 Platform 10
 - Provance IT Service Management 10
 - Summary 12

This document was originally published in April 2010.

The Benefits of Combined IT Service Management and IT Asset Management

Introduction

IT Service Management (ITSM) and IT Asset Management (ITAM) are separate disciplines that provide significant value independently. When combined, they deliver even greater value and organizational impact. While these two disciplines are typically implemented in separate areas of the organization with entirely different business objectives and mandates, their processes are highly interrelated. They also share much of the same technology and data to support their implementation. Enormous synergy and economies of scale can be realized by combining and consolidating the overlapping processes, technologies and data.

This white paper begins by discussing several emerging trends that will impact the ITSM and ITAM disciplines, including the rise in customer service expectations, the digital transformation already underway and the rise of the business person as an IT decision-maker.

It then defines the ITSM and ITAM disciplines, and summarizes the benefits that each typically provides to the enterprise as an independent discipline. The differences and similarities in the people, processes and technologies that are used to support their implementation are also identified.

With a basic understanding of the independent disciplines, the additional benefits that result by combining ITSM and ITAM are examined. A combination of industry research and sample scenarios are used to identify, quantify and illustrate potential synergies and economies of scale.

The different approaches to combining separate ITSM and ITAM technologies are described. The relative merits and shortcomings of each approach are detailed and assessed.

Finally, an example is provided to show how a technical solution can be practically implemented to deliver the identified benefits of combined ITSM and ITAM. Described is Provance IT Service Management for Microsoft Dynamics 365. Provance ITSM integrates ITSM and ITAM on the flexible and powerful Dynamics 365 platform for more cost-effective and efficient service delivery and asset management.

The Challenges of Today and Tomorrow

Although ITSM and ITAM disciplines are here to stay, there are several trends that will impact the way in which these disciplines operate over the coming years. The first is the rise of customer service expectations, the second is the digital transformation that is already underway and the third is the rise of the business person as an IT decision-maker. All of these trends will put increasing pressure on IT to become more efficient, effective and service orientated in how they run their IT operations.

Over the last several years there's been a rise in customer service expectations and demands. This will not only impact how IT must support and respond to their company's customers, but how IT must now respond to

their colleagues. Managers and colleagues will expect the same customer service levels when dealing with their own IT department as they get everywhere else. In 2016, Forrester released a report on the trends in customer service. They predict that companies will need to become customer obsessed and “build upon a foundation of operational efficiencies to deliver differentiated service experiences in line with customer expectations.”¹ They also state that customers will “continue to expect easy, effective service interactions that foster an emotional bond.”² For a business to win in the future they will have to meet the new customer challenge by ensuring IT operates smoothly and meets the needs of not only external customers but internal ones as well.

To meet the customer service challenge, many businesses have embraced the digital experience to meet rising customer expectations. By transforming digitally, organizations can engage customers, empower employees, optimize operations and transform products. Gartner contends that 90 percent of large enterprises have already started along a path to digital business while 58 percent already use a cloud service for some aspect of their business.³ Businesses are adopting cloud solutions across all aspects of their business and it’s already reached the tipping point in large enterprises as the preferred method for running their businesses. In 2017, Gartner conducted a CIO survey and found that for 88 percent of the top performers supporting digital business initiatives was more important, compared to 43% of the trailing performers.⁴ Companies of the future will need to embrace digital technologies.

In many companies, non-IT executives now have more power over IT budgets.⁵ According to Deloitte’s 2016-2017 Global CIO Survey, CIOs reported that their budgets to support business innovation have been reduced by about 11 percent.⁶ In a 2016 CMO survey by Gartner, it was found that CMOs, on average, allocated 3.24 percent of revenue for technology spending, while CIOs allocated 3.4 percent.⁷ Another example is from the IDC, who found that most IoT projects are now being led by business decision-makers with technical resources even residing within a business.⁸ Additionally, in the typical company today, employees are far more technically savvy than in generations past and a lot of technology is also much more user friendly, which has led to issues such as “Stealth IT” or “Shadow IT” (software built and/or deployed by other departments without the knowledge of the IT department). The financial impact of “hidden assets” can be great if Asset Managers are unaware of and unable to track an asset operationally or financially. ITSM can provide an extra level of control, providing visibility to help identify and financially manage those assets across their life cycle.

To meet these trends, ITAM and ITSM professionals will need to adopt technology that increases operational efficiency, making them more agile, efficient and effective while also letting them deliver exceptional service to the business.

¹ Leggett, Kate. Trends 2016: The Future of Customer Service. January, 2016.

² Ibid. P.1

³ Sondergaard, P. Willis D.A., Buytendijk F., LeHong H., Lopez, J., Scheibenereif D.... Santos J. Building Platforms for a Digital Society: Key Insights from the 2016 Gartner Symposium/ITxpo Keynote. November, 2016.

⁴ Ibid. P.2.

⁵ McLellan, Laura. Five Years From Now, CMOs Will Spend More on IT Than CIOs Do. Gartner Inc. January, 2012.

⁶ 2016 State of the CIO Survey. CIO.com. December 21, 2015

⁷ Sorofman, Jake. Yes, CMOs Will Likely Spend More on Technology Than CIOs by 2017. <http://blogs.gartner.com/jake-sorofman/yes-cmos-will-likely-spend-more-on-technology-than-cios-by-2017/>. September, 2016.

⁸ IDC. Line of Business Tech Spending to Hit 330.5 Billion. March, 2014.

Scenario: Potential Benefit of Digital Transformation on ITSM and ITAM

Employee goes to the Self-Service portal regarding the fact that they are unable to power on their Microsoft Surface. A Bot responds by looking up the asset record history, and communicates to the employee that the Surface still has 2 months left on the warranty, but it is due for a refresh. The Bot also communicates the cost for the new Surface. The employee chooses the refresh option and is given a service catalog of options to choose from. Once chosen, a change request is automatically set up along with the necessary approvals needed before a new Microsoft Surface is ordered.

IT Service Management

IT Service Management (ITSM) is a discipline that aligns the delivery of information technology (IT) services with the business needs of the enterprise. It brings together separately managed IT processes and components into a single holistic program. The program's purpose is to deliver end-to-end services that emphasize benefits to customers. These combined processes are put into operation using an IT service delivery model. The ITIL® (Information Technology Infrastructure Library) framework is a common best practice for ITSM.

The benefits that ITSM provides to the enterprise are significant. An ITSM program measures performance against specifically defined and tracked metrics. This dedicated effort to measure and continually improve the delivery of IT services in support of business objectives greatly advances the IT operational effectiveness of the enterprise.

According to research conducted by IDC, MIT and Alinean⁹, the following benefits have been observed in enterprises as they improve their level of infrastructure optimization:

Better business and IT alignment

- Enhanced agility
- Reduced IT costs
- Better profitability
- Reduced regulatory and security risks
- Improved satisfaction with IT

The study calculates that, on average, the cost benefit to companies who improve their optimization is an 83 percent reduction in IT cost structure (per PC, per year).¹⁰

⁹ Taking the Lead: Gaining a Competitive Advantage Through Infrastructure and Platform Optimization download.microsoft.com/download/D/4/5/D45CBC6E-E255-48E9-A303-14C3191AA3ED/taking_the_lead_wp.pdf

¹⁰ Ibid.

“As more enterprises implement an IT service management strategy, an understanding of costs to deliver business IT services will become essential. It is a necessity to ensure that external vendor contracts are in place to deliver the specified service levels the business requires, especially as more software is put in the cloud.”¹¹

IT Asset Management

IT Asset Management (ITAM) is a separate discipline from ITSM. Where ITSM focuses primarily on effective IT operations, ITAM provides a business view that facilitates the effective financial management of IT. ITAM focuses on cost, contract and organizational management of hardware and software across their entire life cycle, whether on premise or in the cloud

A financial perspective is extremely important. ITAM translates IT into terms that business managers understand. It allows IT to be understood and managed in terms of dollars and cents, rather than service level (SLA) and operational metrics. Tracking cost and contract information supports cost-effective IT finance and governance functions such as purchasing, cost allocation, contract management, vendor management and license management.

ITAM delivers substantial business value. Industry analysts Forrester, Gartner and IDC have all calculated the return on investment (ROI) in an ITAM program. While there are slight variances between their findings, the consensus is that ITAM typically reduces the total cost of ownership of hardware and software in the range of 10 to 30 percent.

Furthermore, with the acceleration of refresh cycles, the expectations of millennials and the tech savviness of the typical end-user, it will become more important than ever to track and understand the total cost of assets as they will become increasingly commoditized. Empowering end-users to make choices about assets from pre-defined options can be both cost-effective and efficient.

“With an increased focus on software audits, configuration management databases (CMDBs), bring your own device (BYOD), managing virtualized software on servers and clients, developing IT service catalogs and tracking software license use in the cloud, ITAM initiatives will gain priority and acceptance in IT operations.”¹²

¹¹ Gartner Hype Cycle for IT Operational Management. Gartner Inc, July 23, 2013. P.77

¹² Gartner Hype Cycle for IT Operational Management. Gartner Inc, July 23, 2013. P.76

People

ITSM and ITAM programs have different business objectives. ITSM programs emphasize optimized IT operations and service delivery. ITAM programs, on the other hand, focus on the cost management and governance of infrastructure technologies. As discrete disciplines they are typically staffed separately and are usually organizationally distinct.

Table 1: Typical Participants and Stakeholders in ITSM and ITAM

IT Service Management	IT Asset Management
<p>CIO</p> <p>Director of IT Operations</p> <p>IT Service Manager</p> <p>IT Service Desk Manager</p> <p>Desktop Management Group</p> <p>Data Center Management Group</p> <p>Incident and Problem Manager(s)</p> <p>Change and Configuration Manager(s)</p> <p>CAB (Change Approval Board)</p> <p>IT Service Desk Analyst(s)</p> <p>IT Service and Repair Technicians</p> <p>IT Operations Staff</p>	<p>CFO</p> <p>Director of IT Finance</p> <p>IT Asset Manager</p> <p>Software Manager</p> <p>IT Procurement Manager</p> <p>IT Contract Manager</p> <p>Disposal Manager</p> <p>Legal Counsel</p> <p>Board of Governance</p> <p>IT Asset Management Analyst(s)</p> <p>Shipping and Receiving</p> <p>Warehousing</p>

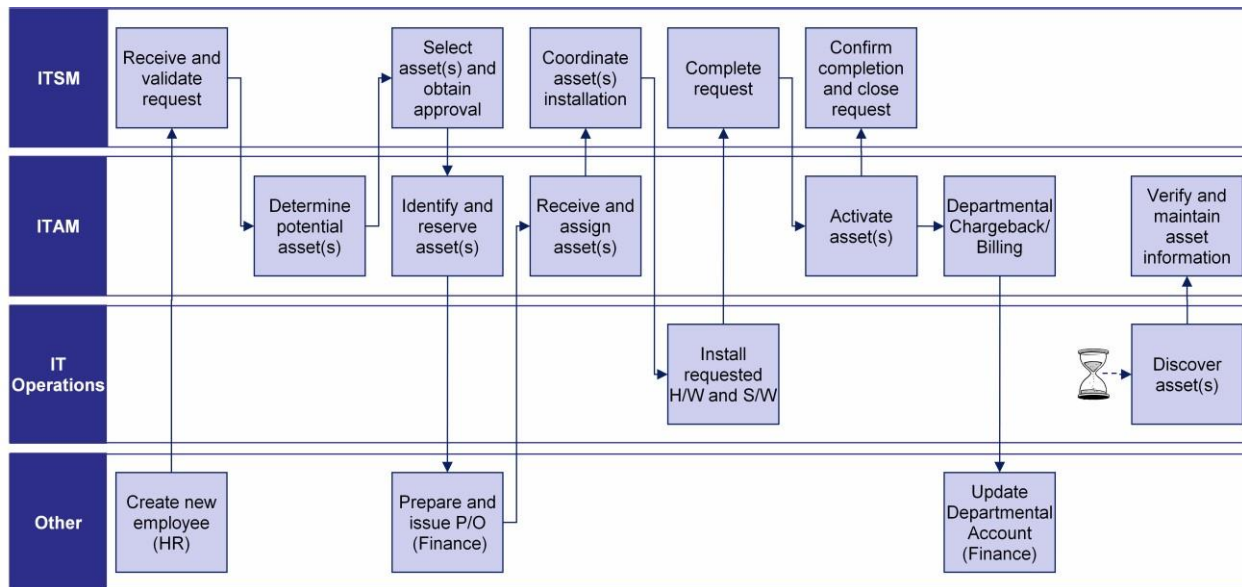
In some cases, ITAM operates as a standalone group in the IT organization, or is managed under an organizational matrix with shared accountability between the IT and Finance divisions (i.e., ITAM reports on a "dotted line" from IT to the finance organization or vice versa). Even in these cases, ITAM requires separate staffing of specific roles to perform its unique function and achieve distinct goals.

Processes

Despite being organizationally distinct and separately staffed, ITSM and ITAM processes are heavily interrelated and interdependent. IT assets are central to ITSM – they comprise the hardware and software that support IT operations and service delivery. For this reason, ITAM is inextricably linked with the processes of ITSM. IT assets are the foundation upon which all IT services are built. In order to be properly performed, Incident Management, Change Management and Service Request Management frequently require interaction with ITAM processes such as move/add/change, procurement, storage, and disposal. Furthermore, policy and governance processes maintained under the ITAM program directly determine operational parameters, such as user entitlement, service levels (SLAs) and conformance to regulations, policies and contractual agreements.

Given this inter-dependency, process definitions supporting various ITSM activities will include ITAM process steps, and vice versa. In other words, there is usually an ITAM “swimming lane” adjacent to ITSM and other disciplines in ITSM process definitions. As a representative example, Figure 1 below shows a simple process diagram for providing a new employee with a computer.

Figure 1: Process for Providing a New Employee with a Computer



Technology

Enterprises can take one of three approaches to implementing technology to support their ITSM and ITAM programs:

- The technologies can be completely separate
- The technologies can be integrated at one or more levels
- The technologies can share a single common technology platform

The most common approach is to implement ITSM and ITAM technologies completely separately. In fact, 50 to 80 percent of enterprises have yet to implement ITAM repository technology.¹³ Of those enterprises that do, very few integrate them with their ITSM technology. Despite the significant financial and productivity benefits, Gartner estimates that only 33% of IT organizations integrate their IT service desk tools with their ITAM repositories - even if both tools are from the same vendor.¹⁴

¹³ Gartner Hype Cycle for IT Operational Management. Gartner Inc, July 23, 2013. p77.

¹⁴ Ibid, p.6

When the desired level of complete or partial integration is established between ITSM and ITAM technologies, there are further considerations that must be taken into account. Given the volume and complexity of application interaction and data transfer between the products it can be challenging to maintain accuracy across all points of integration. Unless real time integration is established between the two technologies, the scheduling and frequency of application synchronization must be appropriately structured. Even when complete accuracy and appropriate synchronization are established, it is also imperative that shared and integrated process and information elements are presented and managed consistently.

Errors in any of these three areas of data synchronization between integrated ITSM and ITAM technologies – accuracy, consistency or timeliness – will compromise the integrity of the solution and diminish the intended benefits.

Benefits of Combined ITSM and ITAM: Shared Knowledge and Integrated Activities

Individually, ITSM and ITAM deliver significant value to the enterprise; however, greater benefit is achieved by sharing the knowledge and coordinating the independent activities of the separate organizations and programs. Sharing knowledge between the two programs directly results in more efficient and cost-effective ITSM and ITAM.

Benefits to the IT Service Desk

Making supplemental cost, contract and organizational detail from the ITAM program available to the IT Service Desk speeds incident resolution and fulfillment of change requests. Simply providing access to the ITAM knowledge base can improve key IT Service Desk efficiency metrics like MTTR (mean time to resolution), volume of calls/emails/chat sessions processed, number of calls/emails/chat sessions closed per analyst and customer satisfaction.

Scenario: More Efficient and Rapid Incident Resolution

The hard drive on a rack-mounted server supporting a critical application has failed, and is recorded as an emergency incident in the ITSM system. With access to additional information about inventory and location from the ITAM system, the Incident Resolver can determine that there is an identical server of the same make and model available in storage. The Incident Resolver submits a Change Request to have the failed server immediately swapped out with the replacement in inventory. In the Change Request the Incident Resolver can specify the warehouse location of the replacement, its serial number and asset tag for proper identification, and can pinpoint for the Service Technician the exact building, room, rack and slot of the server to be replaced. In this example, supplemental ITAM information supports the most rapid resolution of an ITSM incident.

In addition to achieving greater efficiencies, access to ITAM information also fosters more cost-effective ITSM decisions. Knowledge of hardware warranty coverage, support contracts, leasing agreements, unused inventory, replacement schedules enable front line IT staff to quickly determine which option not only meets the operational requirement, but will do so at the lowest possible cost to the enterprise. Moreover, companies that have a better understanding of the costs associated with a business service will make better decisions regarding service levels.¹⁵

“A comprehensive ITAM repository will have details regarding software use, warranty and leasing information, age of hardware and likely replacement cycle, and the cost and availability of spare parts. Armed with the data in the knowledge repository, the IT service and support team could make better financial and service delivery decisions to optimize the use of a PC asset through its life cycle.”¹⁶

Scenario: Cost-Effective Service Management

A user has reported that they cannot power up their laptop computer. With access to ITAM information, the Incident Resolver can see quickly that the laptop is less than a year old and is covered by a full parts and labor warranty provided by the manufacturer. With this information, the Incident Resolver determines that the most cost-effective resolution is to have the laptop returned to the manufacturer for replacement rather than incurring external service costs or consuming internal time and labor to perform the repair.

Benefits to IT Asset Managers

There are several benefits for Asset Managers sharing knowledge between ITSM and ITAM. The IT Service Desk is an important check point to capture and validate ITAM information, such as asset confirmation that an individual is in possession of the asset that they have been assigned. Details captured during incident resolution and change requests, such as user location, asset location and configuration detail will greatly improve ITAM effectiveness.

IT Asset Managers can also more easily factor ITSM information into decisions about asset purchases, life cycle and refresh decisions. Asset managers will get a better understanding and fuller picture of how an asset is actually used, what business services that asset supports, and why an asset is important. They will also be able to take incidents, problems and service requests into account when assessing the total cost of ownership of an asset as well as vendor rating and agreement management.

¹⁵ Gartner Hype Cycle for IT Operational Management. Gartner Inc, July 23, 2013. P.76

¹⁶ Adams, Patricia and David M. Coyle. Toolkit Decision Framework: The Value of Integrating IT Asset Management and the IT Service Desk. Gartner Inc, January 24, 2008. P.2

Scenario: Proactive Asset Management

An Asset Manager commences asset refresh planning and reviews all the PCs in their inventory. The standard procedure is to swap a PC 30 days before the lease return date. However, for one PC the Asset Manager can see by reviewing the ITSM related information that the PC is being used as part of a SQL server on dozens of applications, which will make it harder to replace. The asset manager allocates 90 days to this endeavor.

Additionally, applying ITSM process to common asset management functionality helps with inventory control. For example, Asset Managers can benefit if all IMACD (install, move, add, change, dispose) are handled as change requests, are tracked and put through a series of approvals, which helps prevent assets from being accidentally lost only because there was no tracking of IMACD.

“Gartner estimates that IT organizations can save an estimated 20% to 30% of the total asset life cycle management costs of their PCs by integrating ITAM processes and technologies with IT service desk tools and incident and problem management.”¹⁷

Scenario: Cost-Effective Asset Management

A new employee starts during the midst of a rollout into production of an updated service that the company has used for the last five years. The Asset Manager looks at the warranties of the service and the old licenses all have six months left on the warranty. Rather than starting the new employee on the old service and then spending time configuring the new service in six-month’s time, the asset manager deploys one of the new licenses instead.

Benefits of ITSM and ITAM in the Cloud

The benefits of moving to the cloud—such as reduced hardware costs and more effective use of resources—are well known. Specifically, ITSM and ITAM can benefit from the cloud’s accessibility, connectivity and recovery.

Accessibility: Regardless of where employees are, incidents, service requests and change requests can be filed and resolved off-site. In particular, Managed Service Providers—whose business success is heavily reliant on good customer service—can let customers access data without having to access the Managed Service Providers

¹⁷ Adams, Patricia and David M. Coyle. Toolkit Decision Framework: The Value of Integrating IT Asset Management and the IT Service Desk. Gartner Inc., January 24, 2008. p. 3

infrastructure. And for a global company, 24hr/7day a week access to data is important for smooth service delivery no matter the time.

Connectivity: Cloud applications and infrastructure are the future. By leveraging the cloud for ITSM and ITAM, it will be easier to connect and integrate all the pieces within the environment.

Recovery: The company infrastructure is always on and another company takes care of the installs, updates and backups, leaving the help desk to concentrate on exceptional service delivery.

By moving ITSM and ITAM into the cloud, IT will deliver better accessibility, connectivity and recoverability, and therefore, better customer service at a lower cost.

Common Platforms

There is a clear distinction between integrated technologies and the delivery of IT Service Management and IT Asset Management on a common platform.

As opposed to integration, solutions built on a common platform share a single architecture at all three levels. In other words, ITSM and ITAM provided on a common platform share the same runtime software, the same workflow engine, the same database as well as the same data and information. Working with real-time data and information helps the IT Service Desk and IT Asset Managers make better, more informed and cost-effective decisions. It also eliminates the need to re-query or re-enter the same information on several occasions. Updates from one group can be immediately seen by another group. For example, ITAM data can be organically enriched (verified and updated) by the Service Desk and Asset Managers can update inventory, which can automatically be seen by the Service Desk in real-time. Additionally, common platforms eliminate the need for integration at any level, thus avoiding the cost, effort and other limitations.

Combining ITSM and ITAM on a Common Platform

A unique example of ITSM and ITAM delivered on a single, common platform is Provance IT Service Management, an integrated ITSM and ITAM solution powered by Microsoft Dynamics 365.

The Dynamics 365 Platform

Intuitive and simple-to-use, Dynamics 365 provides business applications, that work seamlessly together to help manage business functions across Field Service, Customer Service, Project Service Automation, Sales, Marketing and Operations. With Provance ITSM and Dynamics 365, companies can leverage the familiarity of Microsoft solutions and keep important information together on a single platform. From Office 365 to Cortana Intelligence to the Internet of Things (IoT) and Power BI—no other ITSM solution is supported by the depth of innovation platform technology that Microsoft delivers.

Provance IT Service Management

Provance ITSM takes advantage of the Dynamics 365 platform to provide flexible and cost-effective ITSM and ITAM—helping IT deliver exceptional service. Provance ITSM lets IT digitally transform ITSM while also letting them strongly leverage their existing investments in Microsoft technologies. Optimized for use with

Microsoft Intelligent Business Cloud solutions and System Center, Provance ITSM is also integrated with Office 365, Azure security & operations management (formerly known as Operations Management Suite), Active Directory, Visual Studio Team Services, Power BI and Azure Machine Learning.

Effective IT service is all about process. Provance ITSM is organized by standard ITIL process areas, such as "Incidents," "Change Requests" and "Configuration Items". PinkVerify is an internationally recognized ITSM assessment service. Provance ITSM holds the prestigious PinkVerify certification for the following 11 processes:

- Incident Management
- Problem Management
- Change Management
- Request Fulfillment
- Release Management
- Knowledge Management
- Service Continuity
- Service Portfolio
- Service Catalog
- Service Level
- Event Management

Provance ITSM lets IT immediately benefit from the tried and true methods that have been already adopted and proven successful by the most accomplished companies in the world.

Effective Asset Management is all about visibility and control. Provance ITSM lets IT proactively plan and manage IT assets and the services they support. Manage assets and get insight into both active and inactive assets to support financial analysis, budgeting and operational planning. And by having visibility and control of assets throughout their entire life cycle—from request to disposal—IT can optimize asset use, reduce costs and guarantee the company gets the full value of investments in technology.

Deploy Provance ITSM anywhere and manage anything. Manage a Microsoft or non-Microsoft infrastructure. And with optimized interfaces designed to meet different organizational needs, IT can effectively serve different needs in many ways.

Provance ITSM features also include:

- Code-free Configuration
- Automation
- Ticketing
- Dashboards and reports
- SLA Management
- Knowledge Management
- Release and Deployment Management
- Service Catalog
- Self-Service Portal

- Third-party Notification
- Configuration Management

Summary

Although ITSM and ITAM are separate disciplines that provide significant value independently, they deliver even greater value and enterprise impact when combined.

While these two disciplines are typically implemented in separate areas of the enterprise with entirely different objectives and mandates, their processes are highly interrelated and they share much of the same technology and data to support their implementation. Enormous synergy and economies of scale can be realized by combining and consolidating these overlapping processes, technologies and data.

Future trends of increased customer expectations, digital transformation and business people as IT decision-makers will impact operations, demanding the practice of ITSM and ITAM becomes more agile, efficient, effective and customer service orientated. By moving ITSM and ITAM into the cloud, IT will deliver better accessibility, connectivity and recoverability, and therefore, better customer service at a lower cost.

From a technical perspective, by combining ITSM and ITAM on a single, common platform, there is a much lower cost (in both human capital and technology) required to deliver the combined disciplines than to achieve and maintain the necessary level of integration between separate systems.

Similarly, both ITSM and ITAM rely on much of the same data. Maintaining the required data to support both disciplines in one repository on a single platform avoids the many problems that are likely to occur when synchronizing separately maintained repositories. Synchronization of separate repositories is prone to errors in accuracy, timeliness and consistency that compromise data integrity and prevent achievement of desired benefits.

One example of ITSM and ITAM delivered on a common platform is Provance IT Service Management, which extends the powerful and intuitive Dynamics 365 platform, providing a flexible and cost-effective ITSM and ITAM solution that will help IT deliver exceptional service. Powered by Dynamics 365 and with native integration to Office 365, Provance ITSM is optimized for use with Microsoft Intelligent Business Cloud solutions and System Center, letting IT strongly leverage their existing investments while also digitally transforming their IT Services and Asset Management to meet today and tomorrow's service challenges.