

5 INEFFICIENT ASSET MANAGEMENT PRACTICES THAT ARE COSTING YOU

- A practical guide to uncovering hidden costs and transforming asset management.

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Introduction

Though technology is rapidly evolving, subtle inefficiencies may prevail within your IT resources. These often go unnoticed, creating blind spots for your organization.

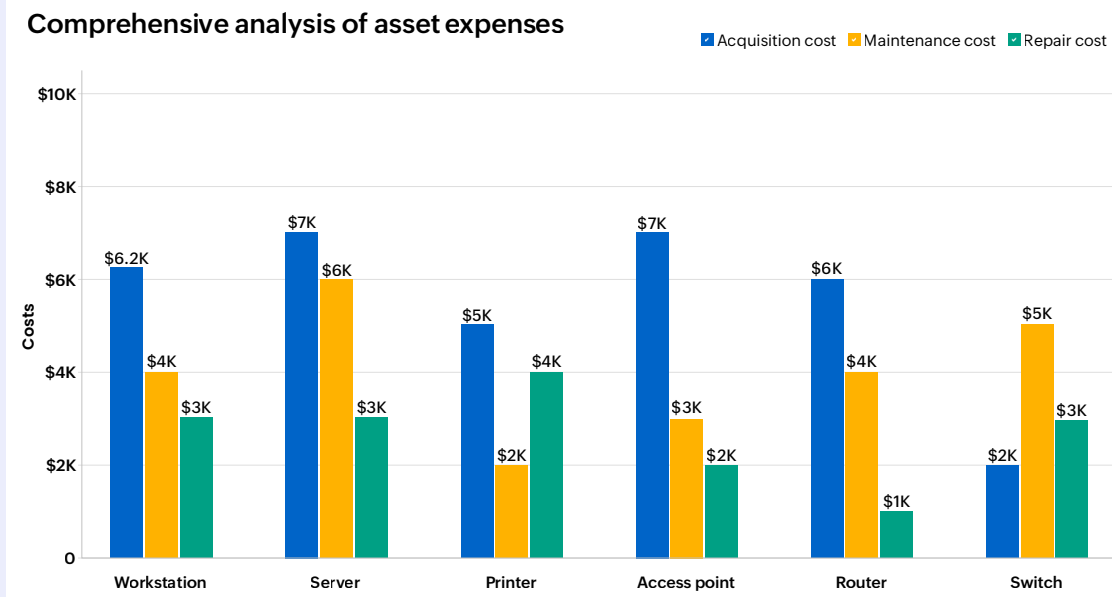
You may lack the tools for comprehensive tracking, allowing this silent drain to persist. Whether it's underutilized hardware, outdated software licenses, a lack of strategic planning, or inefficient troubleshooting processes, these oversights contribute to unnecessary expenses, hindering your organization's financial efficiency and strategic growth. Addressing these oversights requires a proactive reassessment of asset management practices.

This e-book delves into five common, yet costly, mistakes often made in IT asset management. By harnessing the power of advanced IT analytics, you can tackle these inefficiencies and witness substantial cost savings and operational improvements.

Procuring inefficient assets that undermine productivity

Effective procurement involves more than just minimizing the initial acquisition cost of assets; it requires a thorough understanding of the total expenses incurred through the asset's life cycle. Organizations tend to base purchase decisions on acquisition costs without accounting for the associated repair and maintenance fees over an asset's lifetime.

Focusing solely on assets' upfront expenses therefore leads to critical oversight—procuring assets that don't ultimately augment organizational benefits. Delving into the true cost of an asset throughout its life cycle is crucial for making informed procurement decisions, and this involves accounting for repair costs.



The above visualization looks beyond acquisition costs to calculate the average costs incurred through its maintenance and repair activities. The breakdown of costs across different asset categories enables granular analysis that allows IT managers to identify patterns, inefficiencies, and potential areas for optimization. For instance, if assets consistently incur high maintenance costs, the IT department can explore whether the issue is related to outdated components, software compatibility, or other factors, facilitating targeted course corrections.

By considering the entire life cycle costs, organizations can avoid the pitfall of acquiring assets that may seem economical initially but lead to unforeseen expenses down the line. The insights from this analysis arm IT managers with the tools required to advocate for strategic investments aligned with long-term cost savings and operational efficiency. This approach promotes cost-effective and sustainable asset procurement, benefiting the organization in the long run.

Buying software that is not used frequently

Purchasing new software is a significant undertaking that requires careful consideration. When determining which tools to invest in, there are numerous factors to take into account.

Given that most businesses spent^[1]

\$337 billion

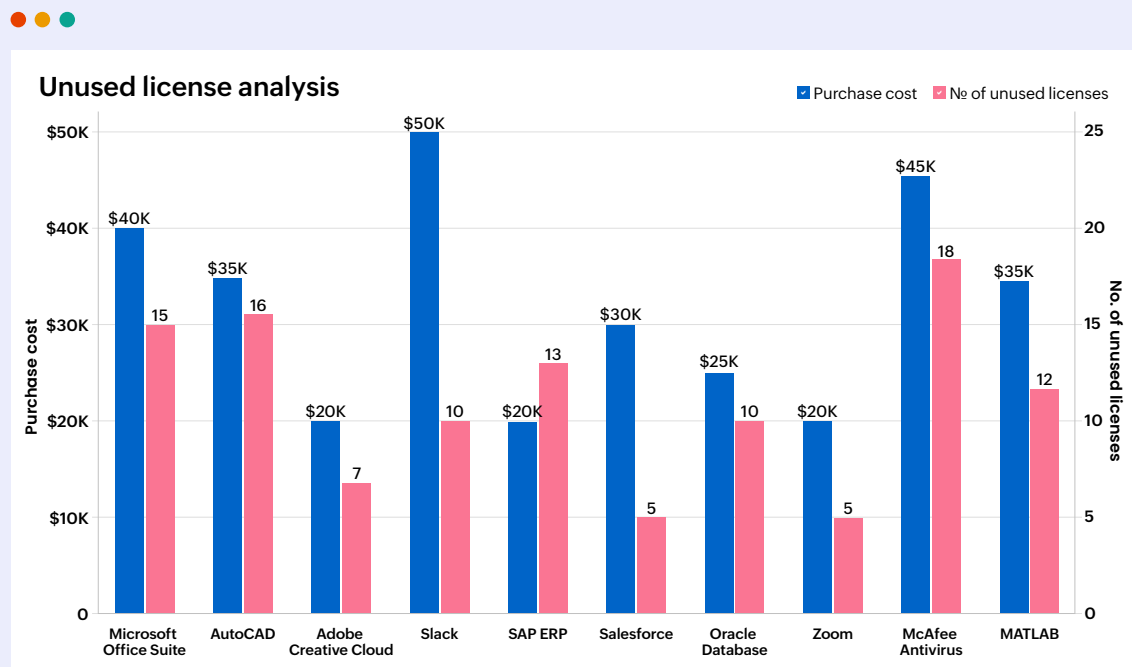
on IT and managed services, which typically accounts 24% of IT spending, it is crucial for organizations to make an informed decision regarding software purchases.

However, the question remains: how do we make the right choice when it comes to software procurement?

The key challenge lies in aligning software investments with actual organizational needs to avoid the pitfalls of inflated IT costs. This misalignment between software acquisitions and actual usage creates a financial strain, as the organization pays for licenses and subscriptions that are not utilized enough to extract equal value.

Its impact is twofold: First, there's the direct expense associated with the acquisition of any software. Second, the organization incurs indirect costs related to the management and maintenance of unnecessary software, including expenses for updates, support, and potential security vulnerabilities.

The recent report, **The State of Cloud Cost Intelligence**, uncovered that only about a third of organizations have knowledge of how their cloud expenses are utilized [2]. To tackle this rampant inefficiency, it is necessary to assess software usage patterns carefully and implement strategies to align software investments with the actual needs of the organization.



Organizations should identify software licenses that have remained unused over a defined timeframe. This involves conducting a comprehensive audit to pinpoint instances where purchased licenses are not consumed by employees. The above visualization picks out the most underutilized software in an organization and computes the costs associated with these unused licenses. By identifying and analyzing these financial impacts, IT leaders gain valuable insights to optimize software expenditures and strategically align licensing strategies with actual usage patterns.

While the previous unused license analysis uncovers the unused software licenses in the organization, there may also be instances where the consumed software isn't utilized effectively or regularly. An effective way to track this is to simply look at software usage behavior.



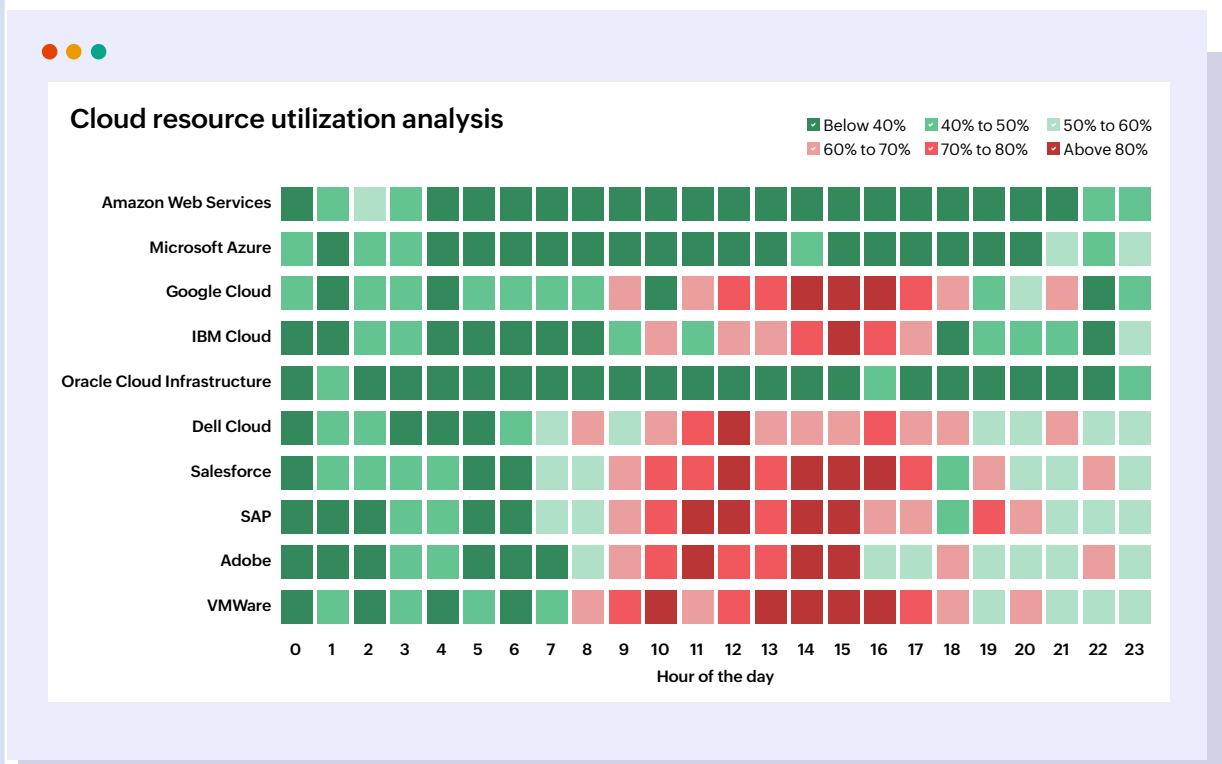
Last accessed details

	Software name	Users assigned	Cost per license	Last accessed on	Days since usage
1.	Microsoft Office Suite	150	150	15 Jan	45
2.	Adobe Creative Cloud	80	50	10 Feb	70
3.	AutoCAD	30	300	05 Jan	55
4.	Salesforce	200	100	20 Feb	50
5.	SAP ERP	100	500	01 Feb	69
6.	Slack	120	10	30 Jan	51
7.	Oracle Database	50	200	15 Feb	65
8.	Zoom	180	20	25 Jan	46
9.	McAfee Antivirus	90	40	05 Feb	56
10.	MATLAB	40	50	28 Feb	57

By identifying software that hasn't frequently been accessed and has gone unused for a longer period, IT managers can easily pinpoint unnecessary purchases. The above pivot chart tracks the last access details of the organization's assets and filters out resources that have remained unused for a longer duration. IT managers can uncover patterns in software usage, facilitating strategic decisions on software license allocation and optimization. It is recommended to cut back on these licenses or reallocate them as necessary, and ensure future asset purchase plans accurately reflect organizational usage trends. This analysis serves as a valuable tool for organizations aiming to align software investments with operational needs, improve cost efficiency, and enhance overall software asset management.

Not taking into account usage patterns before choosing the right vendors or OEM

Cloud vendors provide immense flexibility in pricing and usage, however, most cloud vendors offer a pricing model that heavily favors regular, consistent usage. Meanwhile, an organization's actual usage pattern often involves irregular activity with sustained periods of dormancy. Due to this mismatch between the vendor's pricing model and the organization's usage patterns, the company ends up paying for unused resources during dormant periods, leading to inflated costs over time. By analyzing cloud infrastructure usage patterns and commissioning resources accordingly, organizations can optimize cloud expenditure significantly.



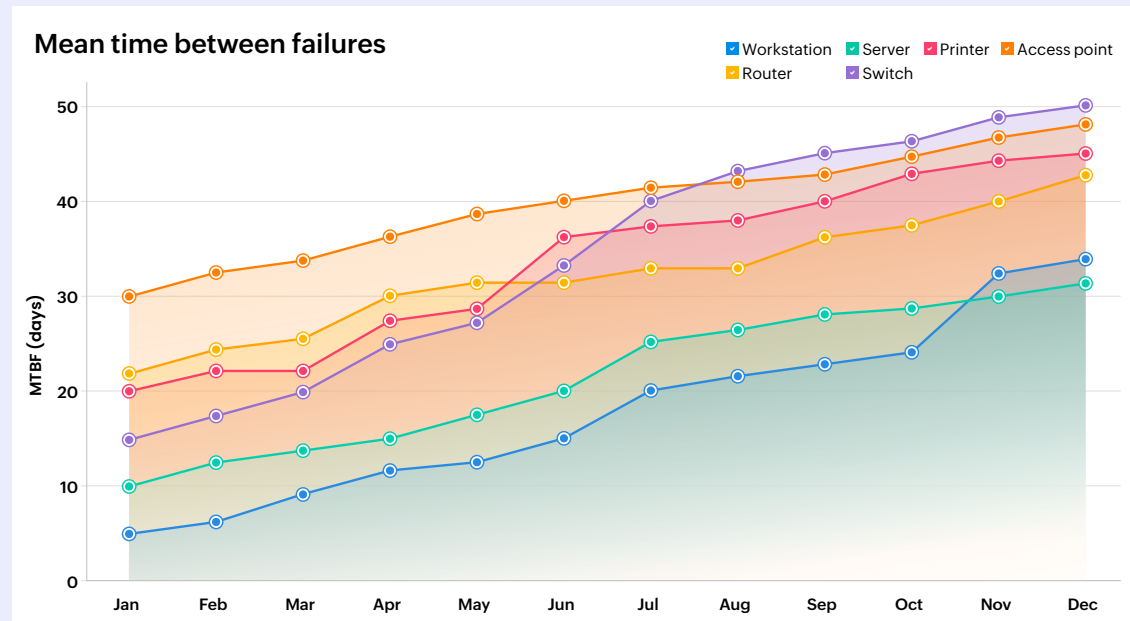
This analysis picks out the most underutilized resources in an organization, computing their average utilization levels across each hour of the day. By visualizing hourly usage and establishing utilization trends over time, IT managers can identify patterns and fluctuations in usage, isolating periods of underutilization. This analysis therefore proves essential in evaluating resource consumption, re-evaluating vendor contracts, and optimizing costs based on the actual usage and requirements across the organization.

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Improper troubleshooting

Ineffective troubleshooting practices can create bottlenecks in IT performance, leading to prolonged downtime, frustrated users, and increased operational costs. For instance, consider a scenario where a company experiences recurring network connectivity issues. Instead of identifying and addressing the root cause, the IT team consistently resorts to immediate, temporary fixes, providing results in the short run but resulting in repeated disruptions down the line. This inefficiency not only affects user productivity but also contributes to a cycle of reactive problem-solving, hindering overall IT efficiency.

To counter this operational inefficiency, it is crucial to implement a structured monthly analysis that evaluates troubleshooting efficiency. The fastest way to accomplish this is by tracking the interval between asset failures.



The above visualization computes the mean time between repeated asset failures for each category of asset employed within the organization. By visualizing this value across months, IT managers can easily establish a trend in maintenance efforts. While higher values and increasing trends point to effective troubleshooting and maintenance practices, lower values are a good indicator of improper troubleshooting that resulted in frequent failures.

The insights from this analysis help IT managers zero in on ineffective practices across the organization and act as an effective way to measure the results from improvements in troubleshooting.

Organizations can also pinpoint individual assets that face repeated breakages using the analysis below, which identifies assets that have the highest number of reopened tickets.



Improper troubleshooting

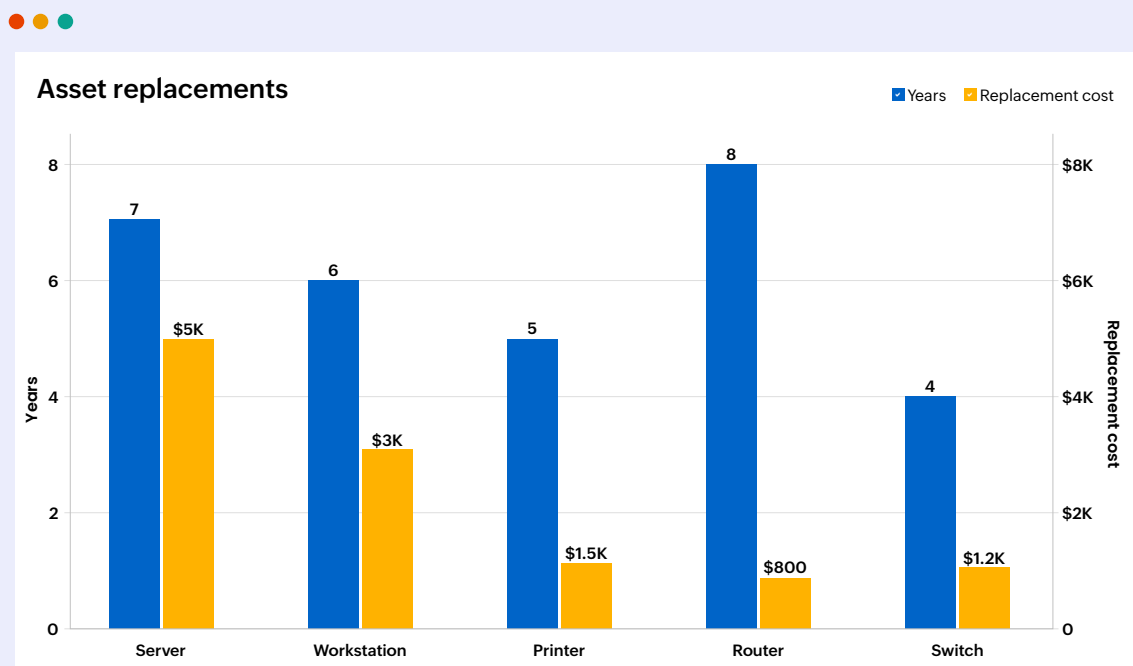
	Asset name	User	Department	Site	Reopened tickets in the last 6 months
1.	zylker - 2134	Andrew Richard	Finance	New York	9
2.	HP - Inkjet - 1340	Ella Hendrickson	HR	Singapore	9
3.	zylker - 0039	Gabriel Paul	IT	London	13
4.	TP - link - 0195	Howard Stern	Finance	Singapore	8
5.	HP - Inkjet - 5494	Jennifer Louis	Finance	London	8
6.	Epson - EB - 34	Sasha Gomez	IT	London	12
7.	Epson - EB - 10	William Tate	IT	New York	15
8.	sunny - 1456	Sunny Taphouse	IT	Singapore	14
9.	gia - 1983	Giavani Elsby	HR	Singapore	15
10.	druc - 1258	Drucy Ferrelli	IT	London	11
11.	ash - 1479	Ashbey Asquez	Finance	New York	10
12.	dan - 1599	Danya Heskins	IT	New York	13

This visualization isolates problematic assets whose issues weren't resolved effectively, as evidenced by the high volume of reopened tickets. IT managers can use these insights to bear down on individual occurrences of improper troubleshooting and ensure the root cause of breakages is addressed effectively. This targeted approach enhances the overall productivity of the IT team, reducing the recurrence of incidents and the occurrence of asset downtime.

Replacing hardware before the end of usable life

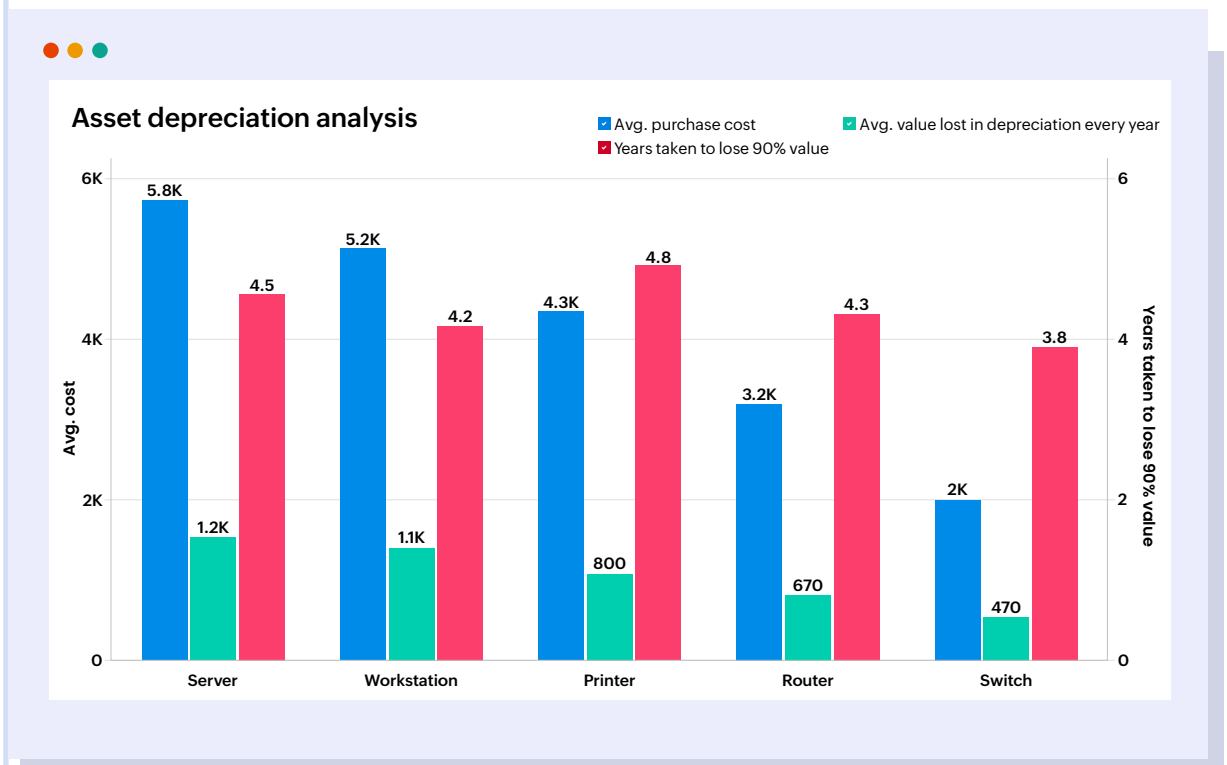
When IT teams order new assets, replacing existing ones that seemed slow or outdated, the expectation of enhanced productivity is uplifting. Yet, there's a hidden cost quietly eating into your budget: premature asset replacements. This overlooked expense, stemming from replacing equipment before their time, can impact finances significantly.

Premature asset replacements result in increased upfront costs, putting a strain on budgets that could otherwise be allocated strategically to other initiatives. In order to mitigate these expenses, it is imperative to gather exhaustive insights into asset repairs and replacements so organizations can benefit from minimized maintenance and repair costs and maximized operational efficiency.



The previous analysis calculates the average time taken for hardware to be replaced and the corresponding replacement costs. This approach helps to discern the current organizational trend in asset replacements and uncovers the expense associated with decommissioning assets and providing replacements.

To determine if these asset replacements are commissioned at the right intervals, IT managers can utilize the below analysis.



This visualization facilitates the identification of depreciation trends, empowering IT managers to anticipate the time taken for hardware assets to lose 90% of their value and reach the end of their usable life. Comparing the insights from these two visualizations helps organizations evaluate current replacement practices and determine the right window to commission asset disposals. In addition to reducing unexpected asset failure and premature replacement costs, this data-driven approach contributes to financial stability and ensures the organizations derive the most returns from their asset investments.

Conclusion

These insights into inefficient asset management practices can guide your organization as you reassess your asset management strategies and course-correct. By addressing these inefficiencies head-on, your organization can be positioned for enhanced efficiency, resilience, and a more cost-efficient future.

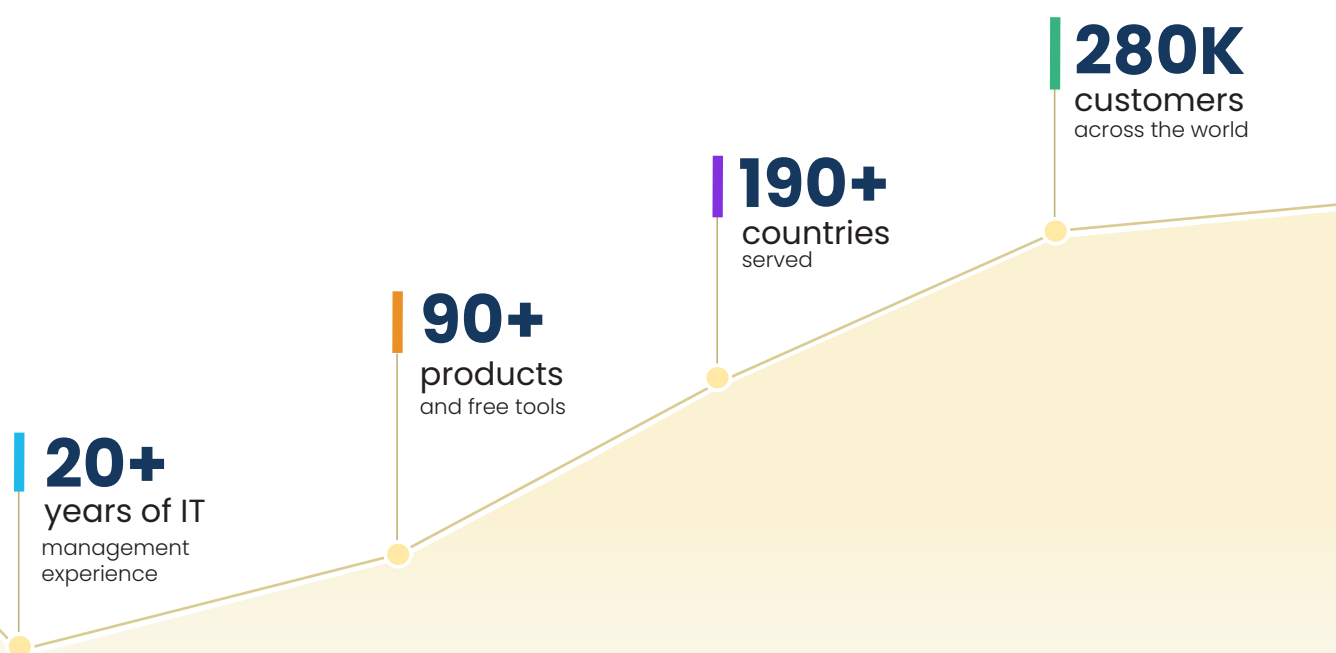
About

ManageEngine Analytics Plus is a self-service, AI-driven IT analytics solution that helps organizations implement complex initiatives to address the requirements of expanding businesses. Available on-premises and in the cloud, Analytics Plus visualizes IT data from several applications and integrates out of the box with several popular IT applications such as ManageEngine ServiceDesk Plus, Jira, ServiceNow, Zendesk, and ManageEngine Endpoint Central. Analytics Plus features an AI-powered analytics assistant that responds to voice and text prompts to provide meaningful visualizations. This eliminates the need for a data analyst to aid help desk managers and reduces report building time while enabling organizations to make faster, data-driven decisions.

Kick-start your IT analytics journey with a free trial of Analytics Plus.

Want to learn more about the product before giving it a try?

Sign up for a free, virtual tour with one of our solution experts.



Reference

1. <https://www.analysismason.com/research/content/articles/smb-spending-growth-rsmb1/>
2. <https://www.cloudzero.com/state-of-cloud-cost-intelligence/>



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