



**PROVANCE**

# The Benefits of Combined IT Service Management and IT Asset Management

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# The Benefits of Combined IT Service Management and IT Asset Management

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# The Benefits of Combined IT Service Management and IT Asset Management

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## 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 defining the IT Service Management and IT Asset Management 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 IT Service Management and IT Asset Management are examined. A combination of industry research and sample scenarios are used to identify, quantify and illustrate potential synergies and economies of scale.

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 IT Service Management and IT Asset Management. Described is a collaborative solution developed by Microsoft® and independent software vendor Provance™. The example illustrates how the IT Asset Management process knowledge of Provance is captured and provided as a process management pack extension to the new Microsoft IT Service Management product, System Center Service Manager 2010.

## 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 Microsoft Operations Framework and ITIL® (Information Technology Infrastructure Library) are common best practice frameworks for IT Service Management.

The benefits that IT Service Management provides to the enterprise are significant. An IT Service Management 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.

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According to research conducted by IDC, MIT and Alinean<sup>1</sup>, 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)<sup>2</sup>.

## IT Asset Management

IT Asset Management is a separate discipline from IT Service Management. Where IT Service Management focuses primarily on effective IT operations, IT Asset Management provides a business view that facilitates the effective financial management of IT. IT Asset Management focuses on cost, contract and organizational management of hardware and software across the entire life cycle.

A financial perspective is extremely important. IT Asset Management 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.

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

## People

ITSM and ITAM programs have different business objectives. IT Service Management programs emphasize optimized IT operations and service delivery. IT Asset Management 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.

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<sup>1</sup> Taking the Lead: Gaining a Competitive Advantage Through Infrastructure and Platform Optimization  
[http://www.microsoftio.com/content/overview/taking\\_the\\_lead\\_wp.pdf](http://www.microsoftio.com/content/overview/taking_the_lead_wp.pdf)

<sup>2</sup> Ibid.

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Given the operational focus of IT Service Management, this function resides in the IT division reporting to the CIO (Chief Information Officer). With emphasis on cost management and governance, IT Asset Management programs are often initiated and managed by the Finance division. Table 1 shows the different participants and stakeholders typically associated with the ITSM and ITAM disciplines.

**Table 1: Typical Participants and Stakeholders in ITSM and ITAM**

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

In some cases IT Asset Management 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., IT Asset Management reports on a “dotted line” from IT to the finance organization or vice versa). Even in these cases, IT Asset Management requires separate staffing of specific roles in order to perform its unique function and achieve distinct goals.

## Processes

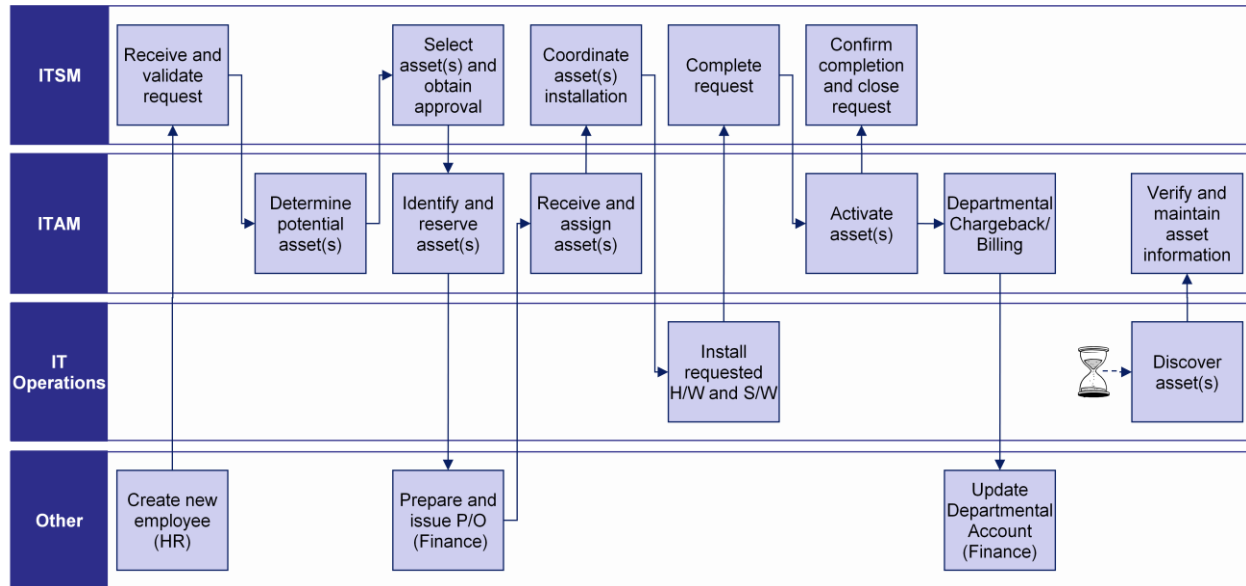
In spite of being organizationally distinct and separately staffed, ITSM and ITAM processes are heavily interrelated and interdependent. IT assets are central to IT Service Management – they comprise the hardware and software that support IT operations and service delivery. For this reason, IT Asset Management is inextricably linked with the processes of IT Service Management.

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 IT Asset Management processes such as move/add/change, procurement, storage, and disposal. Furthermore, policy and governance processes maintained under the IT Asset Management program directly determine operational parameters, such as user entitlement, service levels (SLAs) and conformance to regulations, policies and contractual agreements.

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

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



## Shared Knowledge and Integrated Activities

Individually, IT Service Management and IT Asset Management 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 IT Service Management.

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

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## 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 IT Service Management system. With access to additional information about inventory and location from the IT Asset Management 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 IT Asset Management information supports the most rapid resolution of an IT Service Management incident.

In addition to achieving greater efficiencies, access to IT Asset Management information also fosters more cost-effective IT Service Management decisions. Knowledge of hardware warranty coverage, support contracts, leasing agreements, unused inventory and 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.

*“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.”<sup>3</sup>*

## Scenario: Cost Effective Service Management

A user has reported that they cannot power up their laptop computer. With access to IT Asset Management 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.

There is two-way benefit in sharing knowledge between IT Service Management and IT Asset Management. The IT Service Desk is an important check point to capture and validate IT Asset

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<sup>3</sup> 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

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Management information. Details captured in the course of incident reports and change requests, such as user location and configuration detail greatly improve IT Asset Management effectiveness.

*“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.”<sup>4</sup>*

## Technology

Enterprises can take one of three approaches to implementing technology to support their IT Service Management and IT Asset Management 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 IT Service Management and IT Asset Management technologies completely separately. In fact, 50 to 80 percent of enterprises have yet to implement IT Asset Management repository technology.<sup>5</sup> Of those enterprises that do, very few integrate them with their IT Service Management 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.<sup>6</sup>

One of the reasons that integration between IT Service Management and IT Asset Management technologies is not commonplace is that for some enterprises the cost and effort far exceeds the gain. Significant costs may be incurred to establish and maintain the desired level of integration between the technologies. An upfront labor investment will be required for coding APIs (application programming interfaces) or to create custom integration code. In some cases, it may be necessary to purchase EAI (Enterprise Application Integration) middleware to allow the separate technologies to interact. Over time, initial integrations will need to be tested and modified as new versions or updates of both products are released. With separate applications running on separate platforms using separate supporting technologies, it may be necessary to retain individuals with special skills for the configuration, customization and ongoing maintenance of each technology. There may also be ongoing labor costs involved to support manual steps in the integration between the technologies that cannot be coded or automated. In cases where technologies are incompatible, integration cannot be achieved at any price.

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<sup>4</sup> 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

<sup>5</sup> Gartner Hype Cycle for IT Operational Management.

<sup>6</sup> Ibid, p. 6

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When the desired level of complete or partial integration is established between IT Service Management and IT Asset Management 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 IT Service Management and IT Asset Management technologies – accuracy, consistency or timeliness – will compromise the integrity of the solution and diminish the intended benefits.

## 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.

Enterprises can integrate their separate service desk and ITAM technologies at one or more different levels:

- The software can be integrated at runtime through APIs (application programming interfaces)
- The workflow technologies that execute IT Service Management and IT Asset Management process can be integrated
- The data repositories can be integrated

As opposed to integration, solutions built on a common platform share a single architecture at all three levels. In other words, IT Service Management and IT Asset Management provided on a common platform share the same runtime software, the same workflow engine and the same database. Common platforms eliminate the need for integration at any level, thus avoiding the cost, effort and other limitations.

Other enterprise systems illustrate how common platforms are highly effective in supporting separate organizational groups that have different goals, interrelated processes and shared data. Two examples are ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) systems.

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Just because separate IT service desk and IT Asset Management software products are offered as part of a larger portfolio of IT operational management software and sold by the same company does not mean the products are delivered on a common platform.

While suites of products carry the same brand name, their ITAM technologies were originally developed separately by independent software vendors and subsequently acquired and integrated into an existing product line. Although the separate products are offered as part of the suite and optimized to work together, they do not fully overcome the many challenges of solution integration. Furthermore, Gartner suggests:

**Table 2: History of IT Asset Management Acquisition by IT Management Suite Vendors**

IT Management Suite	Acquisition	Year
Symantec	Altiris	2007
IBM Tivoli	MRO	2006
HP OpenView	Peregrine	2006
CA Unicenter	Argis	2002
BMC	Remedy	2002

*“The largest IT operations management software vendors, built through acquisition, have significant market share, but the product innovation needed to meet some of today's IT infrastructure challenges remains in the hands of the smaller, more-agile vendors.”<sup>7</sup>*

Gartner goes on to recommend the following<sup>8</sup>:

- Be prepared for product road maps to change, release cycles to slow down and the unique value to diminish when large IT operations management portfolio vendors acquire innovational products.
- Look to smaller, agile IT operations management vendors for leading-edge, innovative IT operations management capabilities.
- Use these innovative point products to augment your IT operations management architecture.

There are some products that provide IT Asset Management functionality as part of their IT service desk software. These all-in-one offerings share a single architecture and deliver the benefits of a common platform; however, they are not considered to be as fully functional or feature rich as the stand alone IT Asset Management software products. Few are tracked and evaluated in industry analyst IT Asset Management market and vendor assessments.

## Combining IT Service Management and IT Asset Management on a Common Platform

A unique example of IT Service Management and IT Asset Management delivered on a single, common platform comes from a collaboration between Microsoft and Provance. Microsoft has introduced a new IT Service Management solution, Microsoft System Center Service Manager 2010. In addition to

<sup>7</sup> David Williams, Gartner Research. Has Market Consolidation Killed IT Operational Management Tool Innovation? ID Number: G00165649. March 23, 2009. P. 1

<sup>8</sup> Ibid.

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supporting IT Service Management, Service Manager provides an extensible platform that allows the solution to be extended with additional functionality. Provance, a specialist in IT Asset Management software development, has used this extensibility to add IT Asset Management functionality to Service Manager that runs on the same common platform.

## The Microsoft System Center Platform

Microsoft System Center solutions help IT professionals manage the physical and virtual IT environments across data centers, desktops, and devices. The integrated and automated System Center management solutions enable IT organizations to be more productive service providers to their businesses.

A central feature of System Center is an integrated, extensible platform for managing IT resources. Each System Center solution is built on a scalable and extensible data model that allows IT professionals and software developers to use APIs and development tools in the software development kits (SDKs) to create extended and customized solutions. This platform supports not just the System Center solutions and Microsoft management technologies, but also cross-platform interoperability and the development of third party applications.

## Microsoft System Center Service Manager

Microsoft System Center Service Manager 2010 is the new IT Service Management technology from Microsoft that helps unify the Microsoft System Center platform and extends its value by integrating information, knowledge, processes, activities and workflows across the System Center solutions.

Key technologies in Service Manager include:

- A workflow engine for automating all or portions of IT processes and integrating System Center solutions
- A common data warehouse and reporting platform for integrating business intelligence information across System Center
- A connector framework to support technology integration across System Center, other Microsoft products, and common industry management tools
- A Configuration Management Database (CMDB) to support the management of information about IT service components and how they relate to one another
- A self-service portal to provide end users access and interface to IT and reduce help desk call volume by enabling users to help themselves
- A knowledge base to capture and share practical knowledge for IT professionals and end users

## Process Management Packs

Service Manager has been built upon a proven and extensible technology infrastructure shared across the System Center family. This allows Service Manager to be customized to support an organization's specific processes and requirements.

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The main mechanism used to customize Service Manager is the *process management pack*. A process management pack is a configuration of Service Manager that adds capabilities to support IT management processes. Any of the Service Manager technology components – workflows, data elements, forms, reports, connectors and knowledge articles – can be created or modified to bring new features and functionality to the application. Process management packs can be packaged, distributed and installed with Service Manager, and then further modified, if desired.

Microsoft provides process management packs with Service Manager to support Incident, Problem and Change Management, and will offer a supplemental process management pack for Compliance and Risk Management.

## Provance IT Asset Management for Microsoft System Center

Provance is an independent software vendor (ISV) that provides full-featured IT Asset Management software. Since 1997, the Provance IT Asset Management solution has contributed to the success of Global 2000 enterprises, managed IT service providers and government organizations.

Provance has developed a process management pack that adds IT Asset Management functionality to Microsoft System Center Service Manager 2010. Just like the process management packs that Microsoft provides for Incident, Problem, Change, and Compliance and Risk Management, the Provance IT Asset Management Pack extends the functional capability of Service Manager. The only difference is that the Provance process management pack is separately licensed, sold and supported.

As a process management pack, the Provance IT Asset Management Pack is built using the Service Manager platform technologies – the CMDB, the Connector and Linking framework, connectors to Active Directory®, Configuration Manager, and Operations Manager, Workflow, and the Data Warehouse, etc. Configurations and extensions of these technologies allow the Provance IT Asset Management Pack to provide the following new capabilities that run within Service Manager:

- IT Asset Life Cycle Management for controlling IT costs and effectively managing hardware and software through the entire life cycle, from receipt to disposal
- Software Asset Management and License Compliance for identifying over and under licensed software titles, thus minimizing software costs and maintaining license compliance
- Supplemental cost, contract and organizational information for supporting decision making, resulting in more efficient and cost effective IT Service Management

## A Common Platform Delivers the Best of Both Worlds

The example described above illustrates how a combined ITSM and ITAM solution can be practically implemented to achieve the desired benefits; furthermore, the described example is delivered on a common platform, which provides even greater value.

The collaboration between Microsoft and Provance additionally represents a unique pairing of a large, well established technology provider with a highly specialized independent software developer. The

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combined solution delivers the best of both worlds – the agility and innovation of a focused, domain expert like Provance backed by a powerful platform built on the rich and extensive set of technologies developed, delivered and continually evolved by Microsoft.

## Summary

Although IT Service Management and IT Asset Management 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.

In spite of these significant benefits, ITSM and ITAM are rarely combined. Enterprises that have implemented an ITAM practice represent the minority; of those that have, only about a third combine their ITAM practice with ITSM.

From a technical perspective, ITSM and ITAM can be combined either by integrating separate systems, or by delivering both on a single, common platform. While these two approaches both achieve the desired benefits of combined ITSM and ITAM, a common platform affords further advantages. There is a much lesser cost (in both human capital and technology) required to deliver the combined disciplines on a single platform 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. Again, 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.

Few common platforms for combined ITSM and ITAM actually exist. While ITSM and ITAM software are offered as components of larger IT management suites, the ITAM components have been built as separate applications and added to the suites through acquisition. Conversely, all-in-one IT Service Desk software products that provide IT Asset Management capabilities are not considered to be as fully functional or feature rich as the stand alone IT Asset Management software products.

One example of ITSM and ITAM delivered on a common platform is a collaborative initiative between Microsoft and Provance. Microsoft has introduced a new IT Service Management solution, Microsoft System Center Service Manager 2010. In addition to supporting IT Service Management, Service Manager provides an extensible platform that allows the solution to be extended with additional functionality. Provance, a specialist in IT Asset Management software development, has used this

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extensibility to add IT Asset Management functionality to Service Manager that runs on the same common platform.

Not only does the Microsoft /Provance solution deliver the many benefits of combined ITSM and ITAM on a single common platform, it represents a unique collaboration that delivers the best of both worlds – the domain expertise of an agile and innovative independent software specialist, delivered on a rich, extensible platform developed and backed by a well established technology provider.



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