Christopher Winter

Partner – IT Asset Management

Ernst & Young

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Building blocks of an organisational operating model

Target Operating Model (TOM)

A blueprint of an organisation's operational strategy, encompassing:

- **Value Proposition:** Defines the unique value the organisation delivers.
- **Operating Model:** Outlines the functional layout of the business model for efficiency and innovation.
- **Services & Locations:** Specifies the offerings provided in various geographical locations to meet customer needs.

Strategic Direction

- **Understanding Market Forces:** Analysing market forces and industry trends impacting business success and the choice of an optimal, target operating model.
- **Transformation Strategy:** The roadmap for implementing changes in the organisation to achieve the target operating model.

Organisation

Describes how organisations provide goods/services to their customers through its selected TOM, focusing on:

- **Processes:** The set of internal business procedures across key areas including finance, procurement, and digital operations
- **People:** The skills, competencies, and culture of the organisation.
- **Technology:** The IT resources needed for delivering products/services, including the tools and software.

Strategy
Target Operating Model
Organisation
Processes People Technology
Governance

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The impact of industry trends and market factors

Shifting working models/ Post COVID trends

Global pandemic transformations have prompted organisations to reassess the most suitable delivery model for their newly-adopted remote work systems.

Decentralised teams have intensified the challenge of managing dispersed IT assets, demanding an ITAM model capable of efficient remote asset management.

Aligning with Sustainability & ESG Commitments

Businesses are more focused on sustainable operation and ESG compliance, impacting their methodologies.

When selecting an ITAM model, companies should consider alignment with sustainability and ESG commitments, including procurement from compliant vendors, energy-efficient IT use, and responsible ITAD.

Tightening Competitive Landscape

Rising customer demands and market competition are driving businesses objectives toward strategic competitiveness and operational excellence.

Competitive pressures demand a more efficient and effective approach to ITAM. Outsourcing to a specialised provider enables businesses to leverage external expertise and technology, maximising the value from IT assets.

Tech-Driven Disruptions

Emerging technologies like AI are transforming business landscapes, influencing the choice between in-house and outsourced services.

New technologies have significant implications for ITAM, requiring companies to select an adaptable ITAM model that can leverage these advancements effectively.
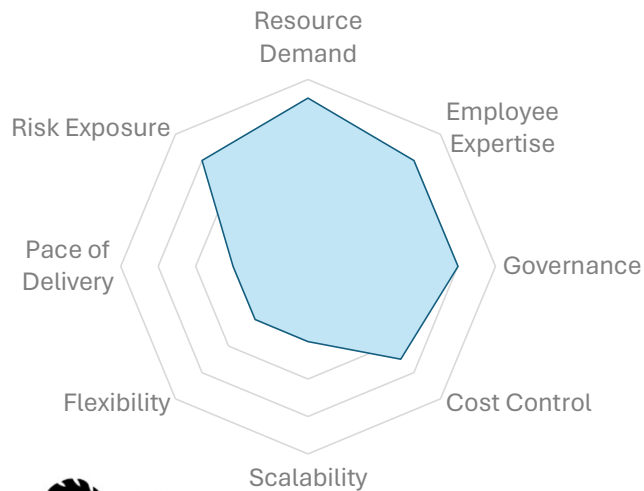
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In-house ITAM Delivery Model

Internal control over all aspects of ITAM delivery.

Radar chart axes: Resource Demand, Employee Expertise, Governance, Cost Control, Scalability, Flexibility, Pace of Delivery, Risk Exposure

Positives

- **Control:** In-house ITAM provides control over processes, aiding quick decision-making.
- **Familiarity:** A deep understanding of the company's IT demands is acquired over time.
- **Data Security:** In-house control reduces the risk of data breaches or misuse.
- **Better Integration:** Easily integrate ITAM with existing business processes and systems.

Negatives

- **Costs :** Recruiting, training, and maintaining a dedicated SAM team can be expensive.
- **Resource & Expertise:** In-house ITAM can strain resources and require significant expertise, posing challenges for smaller or non-IT-centric organisations.
- **Scalability :** Potential challenges in scaling up as the organisation or software complexity grows.

Effective Strategies for In-House SAM

Organisation	Effective Strategies
People	Training & Development
Process	X-BU Collaboration
Technology	SAM Tool Adoption
Governance	Constant Review

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Case Study: In-house

Case Study 1

Client Background
- A multinational financial institution employing over 21,000 individuals and generating a revenue of $24 billion.
- Despite facing limitations due to resource constraints and skill availability, they strived for complete control over their SAM function.

Inhouse Team Role
- Established a local in-house SAM team and a cost-effective nearshore team.
- Regular training sessions ensured team's skills stayed current with SAM best practices.
- Fostered interdepartmental collaborations for SAM initiatives and consistently improved SAM processes.

Outcome
- Full control over their SAM function including the governance framework, tool selection, and data ownership.

Case Study 2

Client Background
- A global multinational information technology infrastructure services provider with a workforce of approximately 87,000 individuals, and an impressive revenue generation of around $17 billion annually.
- While operating within a tight budget, the company faced numerous challenges. Despite having a large in-house SAM team, they struggled with manual processes, lack of necessary tools, and poor data quality.

Inhouse Team Role
- The client had assembled a substantial in-house SAM team. However, the team struggled to effectively manage SAM due to manual procedures and poor data quality.

Outcome
- The organisation continued to face difficulties in software asset management and incurred higher costs due to resource inefficiencies. The absence of necessary SAM tools and poor data quality hindered their efforts to streamline and optimise their SAM.

Organisation	Effective Strategies	Case Study 1	Case Study 2
People	Training & Development	✔	✘
Process	X-BU Collaboration	✔	✘
Technology	SAM tool adoption	✔	✘

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Outsourced ITAM Delivery Model

ITAM delivery fully managed by an external provider, leveraging specialised expertise.

Positives

- **Expertise:** Vendors are specialists in ITAM and offer ready-made expertise.
- **Reduced Resource Strain:** Outsourcing reduces the load on in-house resources and removes the need to train/recruit specialists.
- **De-Risking:** Outsourcing shifts certain operational risks to the vendor, reducing in-house liabilities and internal risk management.

Negatives

- **Control:** Outsourcing lessens direct oversight.
- **Data Security:** Increased data breach risk.
- **Vendor Dependence:** Over-reliance on the vendor could lead to challenges when changing vendors or taking ITAM internal.
- **Potential Hidden Costs:** The initial cost of outsourcing might be low, but there could be additional hidden costs for services not covered in the main contract.
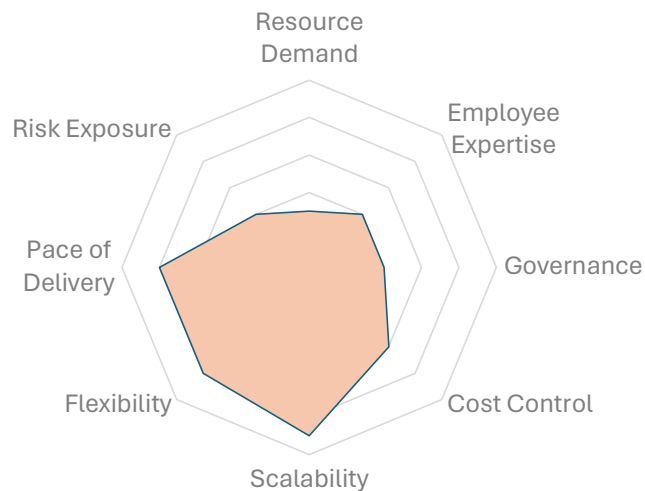
Effective Strategies for Outsource SAM

Organisation	Effective Strategies
People	Knowledge Transfer
Process	Clear Objectives & SLAs
Technology	Tech Dependency Management
Governance	Regular Communication

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Case Study: Outsource

Organisation	Effective Strategies	Case Study
People	Expertise	✔️
Process	Clear Objectives	✔️
	SLAs	
Technology	Tech Dependency Management	❌

Client Background

- A leading global company, operating with a record workforce, generating impressive revenue.
- The same leading global company, after a period, faced multiple challenges. They wanted to focus on core business operations, manage diverse software assets efficiently, but struggled with managing SAM due to their internal team's lack of requisite skills and expertise.

Managed Service Provider Role

- To tackle these challenges, the company outsourced their SAM to a specialised provider with the expertise and capacity for scaling up operations quickly.
- The provider started by conducting an assessment, identifying areas for optimisation, and crafting a tailored SAM strategy for the company.
- The service provider initiated regular, clear communication to keep the company aligned with the progress and to build an effective working relationship.

Outcome

- The organisation succeeded in managing their software assets effectively and overcame the initial challenges.
- The successful outsourcing also led to marked improvements in data quality and saw the company transition from manual processes to a more efficient SAM tool.
- Effective communication strategies and clear SLAs helped manage stakeholder expectations, align goals, and ensure the smooth delivery of services.
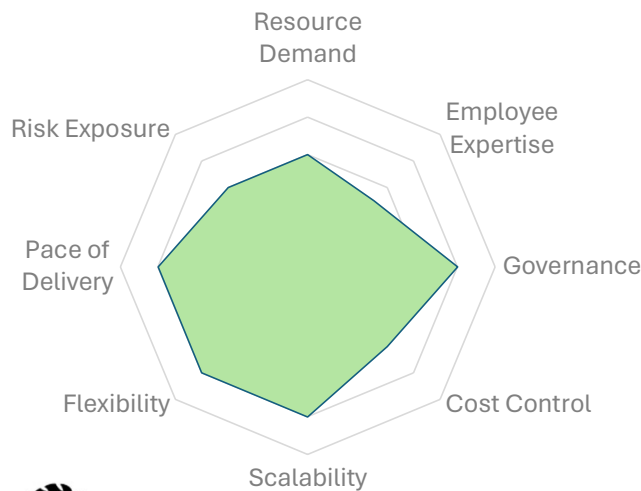
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Hybrid ITAM Delivery Model

A blend of in-house and outsource ITAM delivery capabilities, balancing control with expertise.

Positives	Negatives
• **Flexibility:** IT offers a balance between in-house control and outsourced expertise, providing flexibility to adapt based on changing needs. • **Resource Optimisation:** Combines the advantage of having in-house team's business context knowledge with the technical expertise of external team. • **Cost Effectiveness:** More cost effective than completely managing ITAM in-house, especially for organisations with limited resources or fluctuating needs.	• **Complexity:** Managing hybrid model can get complex due to involvement of multiple parties and need for coordination. • **Risk Management:** There might be potential risks involved in terms of security and compliance when a part of ITAM is managed externally. • **Lack of Clear Responsibility:** There could be potential confusion or disputes about who is responsible for different tasks or issues.

Effective Strategies for Hybrid SAM

Organisation	Effective Strategies
People	Integrated Teams
Process	Clear delineation of responsibilities
Technology	Balance of Tools
Governance	Active Collaboration

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Case Study: Hybrid

Case Study 1

Client Background
- A multinational pharmaceutical company.
- The client faced the problem of managing complex software assets across numerous divisions and across different geographical locations. The client recently established a SAM team after vendor audits, and decided to use Aspera as their SAM tool.

Hybrid Role
- **Service Provider:** Helped to roll out and implement the Aspera SAM tool. An Oracle baseline was established and aligned sub-capacity licensing with IBM's T&Cs. The service provider also offered guidance on vendor and cloud-related queries.
- **In-house SAM Team:** The client formed a central in-house SAM team and outsourced specific functions. The in-house team collaborated closely with the service provider to ensure alignment of processes and goals.

Outcome
- Vendor relationships improved due to transparent data and business insights offered.
- Within the hybrid model's flexibility, the client was able to successfully address their initial challenges.
- Successful client/vendor negotiations were supported, leading to right-sized enterprise agreements.

Case Study 2

Client Background
- A leading data analytics and consumer credit reporting company with 16,000 employee and revenue of $6.6 billion.
- Struggling with an ineffective in-house team and blurred responsibility lines for SAM, which became more pronounced with the shift to a hybrid model. They aimed for a mixed approach to SAM to balance their needs and resources.

Hybrid Role
- **Service Provider:** The service provider brought in their SAM expertise to manage complex software assets. However, communication gaps and differing methodologies created challenges in seamless operations.
- **In-house Team:** The small in-house team found it difficult to maintain full oversight of the service provider's work. This affected the smooth integration of in-house and outsourced tasks, leading to inefficiencies and tasks falling through the cracks.

Outcome
- Lack of clear role delineation and coordination between the in-house team and outsourced provider led to gaps and overlaps in SAM processes.

Organisation	Effective Strategies	Case Study 1	Case Study 2
People	Integrated Teams	✔	✖
Process	Clear delineation of responsibilities	✔	✖
Governance	Active Collaboration	✔	✖

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Yes, but so what?

Why should I care about choosing the correct delivery model? Does it matter?

Cost exposure	Many costs associated with a delivery model selection are irrecoverable, should a change be required.
Core competencies	The relative benefits of a delivery model should be assessed against your business' core competencies and whether they are aligned with the critical elements of ITAM (e.g., data collection and analysis, compliance, etc.).
Skills market	Access to specialised skills is not guaranteed. A challenging recruitment landscape should be considered when deciding to invest in an in-house capability.
Strategic alignment	If the delivery model chosen is at odds with your business' overall strategy, the friction caused will significantly impact the success of your ITAM program.
Risk Management	Specific types of risk cannot be outsourced (see: regulatory). This must be considered before deciding on an outsourced/hybrid model.

Now you have selected a delivery model, build a business case:

As with any objective, it must be supported by a solid business case.

When building a business case to support your selected ITAM delivery model, consider the following activities:

1. Define strategic objectives
2. Conduct stakeholder mapping
3. Secure sponsorship
4. Develop implementation plan
5. Perform ROI analysis
6. Define performance metrics/KPIs
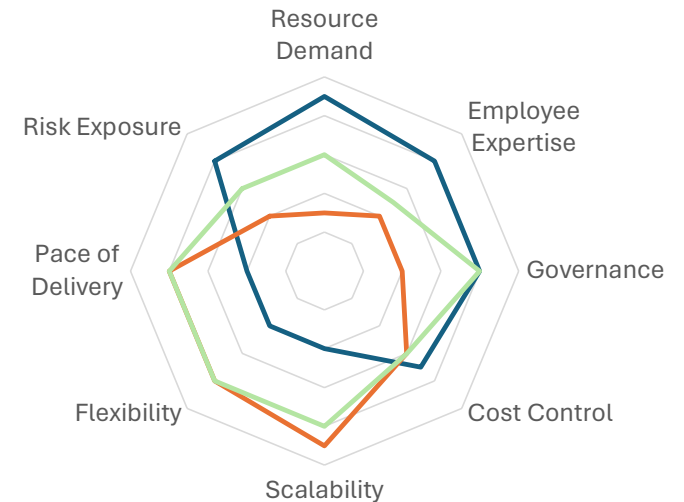
Recap and Next Steps

Recap

- **Exploring ITAM Models:** Reviewed in-house, outsourced, and hybrid models.
- **Analysing Benefits & Challenges:** Discussed pros and cons of each model.
- **Discussing Effective Strategies:** Highlighted strategies for effective ITAM implementation.
- **Learning from Case Studies:** Gained insights from real-world cases.
- **The "So What" of ITAM delivery Models:** what is the impact of your selection?

Next Steps

- **Operational Examination:** Assess your organisation's size, nature, IT setup; perform a gap analysis.
- **Business Case:** Develop a strong ITAM business case underlining cost savings, risk reduction, and value.
- **Modern Methods:** Embrace up-to-date ITAM practices, tools, build vendor ties, ensure robust governance, and contemplate different models.

Note: The knowledge gained during this presentation about various ITAM models and their effective implementation strategies can help you to draw your roadmap to a robust and resilient ITAM function that best suits your organisation's preferences and circumstances.

— In-House — Outsource — Hybrid

Radar chart axes: Resource Demand, Employee Expertise, Governance, Cost Control, Scalability, Flexibility, Pace of Delivery, Risk Exposure

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Questions & Discussion

Thank You