Understanding the Hidden Cost of Manually Managing Assets

Manual management of data center assets is the prevailing norm in many organizations. The reasons are many, including a lack of adequate tools to justify the expense of automation to not recognizing the hidden costs of using spreadsheets and personnel time to manage assets.

Choosing not to automate asset management has many hidden layers of expense that ultimately affect a company's bottom line. It also limits a CIO/CTOs ability to effectively manage data center operations.

For example, an asset manager needs to be able to help their CIO/CTO accurately answer:

1. **How many assets do we have—exactly? and**
2. **Report (with confidence) on the short-term inflow and outflow of assets**

The inability to quickly answer these two simple questions has direct impact on the bottom line.

1. It limits a clear understanding about how efficiently critical capital is being used to provide computing resources to the company, and
2. This leads to inefficient data center operations, higher personnel overhead and increased equipment and leasing costs.

ROI Assessment: The Simple Model

One way to quickly gage the potential ROI of automating asset management is to understand the costs associated with one routine data center activity, asset inventory audits.

Inventory Audit Costs

Are audits completed entirely by employees? If yes then, consider:

- Labor Burden per hour
- Assets audited per hour
- Number of Assets
- Audits per year

Are audits completed by third-parties? If yes then, consider:

- Cost per asset for the service? ($ 13- $15 per asset seems a supportable number – bare minimum of data collection- asset name, type, location, serial number & rack)
- Number of Assets

- Number of audits per year
- Burden per hour to manage external auditors

Broader ROI Considerations

Beyond audits, the high cost of not having instant access to asset information shows up in many areas:

High, hidden personnel costs related to time spent:

- Capturing asset data e.g. manufacturer, model, configuration
- Identifying asset location e.g. data center, rack, project
- Fixing inaccuracies, errors
- Recognizing, diagnosing and resolving problems
- Providing needed asset details to finance, facilities, and others
- The opportunity cost of diverting scarce technical resources to perform routine audit functions

Hidden operational costs related to a lack of visibility into:

- Environmental statistics e.g. power, heat, footprint, weight
- Asset provisioning e.g. server utilization, movement, decommissions
- Financial metrics e.g. asset costs, depreciation, leasing
- Rationalization of asset maintenance contracts and renewals
- Proving/maintaining compliance e.g. HIPPA, SOX, PCI
- Asset security/Recovering lost or missing assets
- Key asset dates e.g. manufacture date, end-of-life, installation
- Reducing obsolescence of spare parts inventories
- Minimizing unnecessary duplication of spares at remote facilities