How Cisco IT Reduced Costs Through PC Asset Management

Centralized network-based PC management program keeps employee desktops current and reduces costs.

Cisco IT Case Study / IT Services Expense Management / PC Asset Management Solution: This case study describes Cisco IT's internal deployment of a networked solution to centralize and control PC asset management functions. This solution enables an effective partnership with an outsourced PC supplier, avoids late-return penalty costs, and helps provide cost-effective employee desktop and mobile computer platforms that boost productivity over the lifetime of the asset. Cisco customers can draw on Cisco IT's real-world experience in this area to help support similar enterprise needs.

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— Mark Edmondson, Manager, IT Services Expenses, Cisco Systems

BACKGROUND

The total cost of ownership for a company's PC assets—initial hardware costs, software licenses, technical support for users, updates, and repairs—can quickly add up to a significant portion of a company's operating costs. According to Gartner Group and other respected IT industry analysts, best practices dictate that a company should be tracking and managing 90 percent of its assets, and should always know where 85 percent of these assets are located. Beyond cost issues, intellectual property largely resides on PCs in today's companies; PC asset management plays a critical role in protect this intellectual property.

Lacking a corporate program for PC asset management, the Cisco IT group set out to gain control of the company's PC assets and define an efficient process for tracking and managing both desktop and mobile PC systems. At its peak, spending on hardware alone exceeded US$100 million per year, representing a huge opportunity for cost savings. The IT team also set out to analyze and streamline the installation and upgrade process, which required four hours of technician time per installation or refresh. Any reductions in technician time would free up resources that could be dedicated to more mission-critical tasks, such as fighting virus attacks and strengthening the companywide infrastructure.

CHALLENGE

The corporate culture at Cisco Systems has always extended a high level of freedom to individuals and teams. When it came to the selection of PCs, each employee's decision was considered personal. A myriad of computers was sitting on desks and networks, being carried onto airplanes and into hotel conference rooms, and configured in an infinite range of ways for the Internet, intranets, and extranets. Systems were being purchased from every vendor, distributor, and retail channel that employees could find, and Cisco IT was being asked to install, support, update, and

refresh these systems. Without a companywide asset management program to cover PCs, individual groups and departments were left to manage these costs independently, and no economies of scale were enjoyed for purchases, support, or any other PC-related functions.

Cisco management teams noticed the rising support costs associated with PCs that had exceeded their optimal usefulness. The shrinking life of these assets was initially addressed in 1998 by replacing PC purchases with a leasing program. This program yielded some cost savings by providing a process for system refreshes, but tracking assets became even more challenging with the shorter asset lifespan—and the leasing program introduced cost penalties for late returns or lost assets. Within two years of switching from purchasing to leasing, the need for a PC asset management program became a priority and Cisco IT began to define the needs and challenges for the program.

A major challenge was re-educating Cisco employees. An effective solution—with a process that would be adopted by everyone—would require extensive internal promotion of the cost savings, overall efficiencies, and other benefits to the company and users. Besides the cultural challenges, a PC asset management program faced process challenges:

- PCs had become much more mobile, making a precise tracking process more difficult to achieve and resulting in a much broader range of required systems and configurations. Users demanded choices for desktop and laptop systems, wired and wireless connections, and the ability to tie into corporate networks from homes, hotels, partner offices, and the road.
- Information about PC assets was distributed in multiple databases at multiple locations, and was being managed by different teams. At the onset of the asset management program, several databases contained PC asset data. One held leasing information (although most PCs were purchased at the time), one held employee information, one managed logons for PCs on the Cisco network, and others tracked and managed software licenses.
- The IT resources were not sufficient for manually tracking and managing the company's PC assets.

SOLUTION

The team developing Cisco IT's PC asset management program determined that a phased approach would be best, beginning with the introduction of cost controls and the automation of asset tracking functions. Since gaining control of PC assets was still perceived as a significant change for Cisco employees, this approach would minimize the adjustments required by the user base. The phased approach included information-gathering steps that would help ensure the success of new companywide best practices. The phases were defined as follows:

- Step 1: Identify and use the data available within various departments and databases. This information had to be centralized, and then consolidated and correlated into a meaningful format.
- Step 2: Evaluate internal processes and identify existing best practices that could be applied across Cisco.
- Step 3: Evaluate outsourcing to offload the internal IT team from functions that could be more cost-effectively managed or implemented by a vendor.
- Step 4: Provide automated tools for tracking PCs over the life of each asset.

After completing the first step, Cisco's PC asset management team had a centralized source of information about all PC assets at the company. It was possible to track and manage a PC over the life of the asset, but the process was not automated and imposed a new burden on IT. Sharing information with management and end users also required the generation of reports, another manual task.

With the second step, the program team began discussions with all of the Cisco departments that had been tracking and managing their own PC assets. During this phase, the team identified many best practices that could be implemented globally. For example, a group in Colorado had developed a particularly efficient method for scheduling

system refreshes. That approach was extended to cover all of Cisco, providing one of many improvements in overall efficiency. Understanding that the process of sharing ideas and identifying best practices requires effective companywide communication and collaboration, the PC asset management program team introduced weekly meetings, with global representation. Cisco's network infrastructure allowed meetings to be held without requiring any travel, and imposed minimum overhead on the involved teams.

The third step brought in a partner for the PC asset management team—a global PC support firm was selected to manage the U.S. PC leasing program and to gradually take over numerous tracking and management functions. Initially, Cisco continued to handle many tasks. For example, Cisco IT was handling all installations of leased PCs for new employees, recovering PCs from terminated employees, and manually updating the internal tracking database for asset transfers. After Cisco spent two years manually tracking assets, collaboration with the new partner was evaluated. The IT team gave Program Manager Pam Lisotta the task of improving overall efficiencies within the leasing program. Specifically, management wanted to see an increase in the percentage of on-time returns of PCs. The set life was defined as 30 months. At the end of this period, each leased PC was to be turned back in, and any remaining owned assets were to be disposed of to avoid excessive support costs.

"Working with our PC management partner, I set out to improve both our internal and outsourced best practices," explains Lisotta. "Attending our weekly asset management meetings, it became apparent that a major barrier was a lack of receptivity to new ideas. If our partner team members made suggestions, they were often shut down. When we started letting go of control, the partner was able to offer us their industry experience with asset management. Today, they takes the lead for all processes. They propose the best practice, and we work together to implement their suggestions. We are truly outsourcing, and are no longer telling our partners how to do their jobs. We let the experts run our show and both our numbers and user satisfaction have improved. Empowering our vendor was a major contributor to the success of the program."

Empowering an outsourced vendor did not mean compromising on internal requirements. An effective asset-tracking tool was still needed. Cisco IT and department managers wanted access to real-time information about assets, their locations, usage, and other important data for effectively managing operations. "We looked at some asset management software products, but they couldn't provide the capabilities we wanted," says Lisotta. "During our weekly meetings, we found out that the groups supporting our Europe, Middle East, and Africa (EMEA) and Asia-Pacific operations were using the Cisco Global Desktop Manager for tracking PCs. We were able to adopt this tool for our U.S. program, and eventually tailored it to track PC assets worldwide. It gave us the capabilities we needed, and also provided our partner with a tool for their role in managing the overall program."

The Cisco Global Desktop Manager provides the flexibility required for country-to-country differences in PC asset management. For example, in the EMEA and Asia/Pacific arenas, end users perform their own system refreshes. In the United States, technicians are scheduled to perform the refreshes. The Global Desktop Manager has been modified to support technician scheduling and other aspects of the U.S. process. The new-hire and termination processes have also been expanded to include the required information and approvals from managers, and to track details about all of the systems that employees use. These improvements help ensure that logins are set up on or removed from all affected systems.

The intrinsic security features built into the Cisco network allowed the IT team to protect sensitive company data while putting access controls in place, allowing the partner PC management team to accomplish its job. Granting access to the information and tools that they needed was accomplished without opening up the entire network to outside users.

RESULTS

The PC asset management program has forced Cisco employees to adjust to new rules, but has streamlined a challenging process. User satisfaction levels continue to rise, especially for sensitive issues such as the handling of system refreshes. Happier users are more cooperative users, which in turn improves the effectiveness of asset

management. “Change is hard for most people,” says Lisotta. “Getting users to turn in their PCs was a real challenge. With our new PC asset management program in place, our on-time returns have increased from 60 to 80 percent. Over the last two years in particular, on-time returns have been improving by about 15 percent a month. We expect that our new program will yield further improvements as we continue to enhance our best practices and extend our program and tools to new groups and locations.”

With our partner now empowered to continually introduce best practices and offload Cisco IT from the daily tracking and managing of PC assets, Cisco enjoys reduced overhead for many PC-related functions. The program has enabled global standardization, and efficiencies have been introduced by unifying user-facing information and processes. One toolset supports all PC asset management groups and teams, and improved coordination and communication among the teams has enabled our PC management partner to provide superior service and cost savings to the company. “By establishing a process for managing PC assets, we have cut our hardware costs in half,” says Mark Edmondson, manager of IT services expenses for Cisco Finance. “Some of the savings come from the decreasing prices within the PC industry, but most are a direct result of our asset management program. By centralizing control and working with an experienced partner, we can negotiate better prices from the supplying vendors. A smaller number of hardware platforms drastically simplifies our tracking tools and makes it much easier and more cost-effective to support and upgrade the software on these platforms. The PC asset management program promises to deliver even more savings in the future, and we are optimistic that we can achieve best-in-class levels for tracking and managing this crucial resource.”

LESSONS LEARNED

The two most valuable lessons learned from the PC asset management program relate to company culture:

- Don’t let employees develop bad purchasing habits. When starting out, the managers of a small business may not see the need to establish management processes for assets such as PCs. By waiting until the company was spending hundreds of millions of dollars on PC assets, Cisco faced the difficult task of taking away choices from company employees.
- Rely on advice from the experts. By trying to maintain total control of the asset management process, Cisco failed to garner the maximize benefits possible from our partner’s expertise. Once the partner was invited to take control of the leasing program, they were able to introduce many cost-saving best practices learned from their own in-house experience and from other clients that they supported.

NEXT STEPS

The improved PC asset management process will enable many more changes at Cisco. For example, U.S. users will be introduced to self-service system refreshes. Today, technicians perform all U.S. upgrades and system replacements, but EMEA and Asia/Pacific users have performed their own for some time. A self-serve refresh program is being piloted, using the Global Desktop Manager tool and a new partner-managed process. This change will allow the Cisco team to shift resources from system refreshes to more operation-critical tasks. By removing the previous limitations on the partner asset management team and having solid tools in place globally, Cisco IT expects a smooth transition, not a painful change. “As we get this process under control and allow our partner to offload our team, we can keep our staff focused on the problems and needs that deliver the most value to our company,” explains Edmondson. “Over the long-term, the PC asset management program won’t drain our IT resources. The program required an investment of time and people to understand the inefficiencies, introduce best practices, and provide the right tools to our vendors, but now we can sit back and watch our costs come down while our partner keeps the program working.”

The Global Desktop Manager toolset will be continually enhanced to keep pace with user and vendor needs, as well as the rapid evolution of PC-related technology that must be tracked. Commercially offered tools will be evaluated

periodically; the Global Desktop Manager may be replaced if the required capabilities can be obtained from and supported by a software vendor.

FOR MORE INFORMATION

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