



ITAM Best Practices Series

How ITAM Contributes to Clinger-Cohen Act Compliance

An Executive White Paper

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**Eracent, Inc.
www.eracent.com**

Executive Summary

IT asset management as a discipline includes managing the life cycle of IT assets from the financial perspective. The Clinger-Cohen Act directs U.S. government agencies to adopt a financial investment management strategy for IT. This article discusses the implications for IT asset management and the ways in which the business practices of IT asset management can contribute to compliance with the requirements of the Clinger-Cohen Act.

IT Asset Management and the Clinger-Cohen Act

IT asset management (ITAM), by definition, includes accepting responsibility for the financial, contractual and inventory characteristics of assets, and managing the life cycle of those assets to assure maximized return on investment. The scope of this discipline insures that ITAM develop iteratively; broadening the scope of business practices incorporated into the program, re-engineering the processes and with continual analysis to judge effectiveness. The actual steps that comprise the processes that govern the life cycle of an asset differ among organizations, but have the common ground of being policy-based and deeply associated with the overall goals of the organization. Financial goals are universal, with direct goals such as eliminating an unnecessary purchase and indirect goals such as reducing the need for support through a standardized, controlled environment.

IT asset management provides a foundation for fulfilling the requirements of the Clinger-Cohen Act (CCA). This law, formerly known as the Information Technology Management Reform Act of 1996, requires that federal agencies tightly link their IT strategic direction to the mission of the agency. The requirements of the act include maximizing the value of IT as well as assessing and managing the risks of the acquisition, use and disposal of information technology. The Act requires that each agency identify the individual responsible for the development, execution and evaluation of IT systems, with significant focus on IT systems that provide financial data.

The scope of CCA is clearly not limited to IT asset management. However, IT asset managers can lead compliance efforts and benefit from the raised profile that IT asset decisions receive because of the act. CCA is also not the only set of requirements impacting IT asset processes and decisions within the federal agencies. Other influences include the Paperwork Reduction Act (PRA), (Public Law 104-13), The Federal Acquisition Streamlining Act of 1994 (FASA), (P. L. 103-355) and Executive Order 13011, "Federal Information Technology."

Alignment with Corporate Goals for IT

One of the most significant results of the Act is that IT financial goals within the government now align with the IT financial goals that businesses have always had as part of their charter. The corporate IT experience is even more relevant to the federal IT environment with the increased pressure placed on public companies to insure financial accountability from as a result of the Sarbanes Oxley Act. As a set of financial and contractual best practices, IT asset management and the tools used to support those processes are now in the foreground in most organizations today.

The focus on IT best practices, including IT asset management, resonate throughout the CCA. For example, to show financial accountability IT acquisitions **must** be investment focused and policy-based in order. For the IT asset manager, the CCA legislation provides the opportunity to receive internal recognition and support for the adoption of financially-tuned practices. It is also easier to justify the acquisition and roll out of ITAM tools, such as the Eracent suite of products, as a part of CCA compliance because of the increased scope, depth and repeatability of success offered by such tools.

To some extent, IT asset managers participate in CCA compliance efforts with the normal execution of their jobs. The following areas are examples of specific ITAM business methodologies that are part of CCA compliance.

Policy management

The CCA provides a firm requirement for agencies to base processes and actions on policy, particularly regarding the procurement of IT assets and the evaluation of their use. IT asset management practices receive their authority from policy. Managing the life cycles of assets requires crossing all boundaries,

regardless of reporting structure, functions and locations. The power to say “do it this way, using this process” can only be derived from policy. IT asset managers must be communicators, educating the general employee base about the specific pathways each should take to acquire and maintain the assets necessary to do their jobs. For most people, adherence to process is greatly strengthened by understanding what to do and why it must be done that way. The “why” is established by the policy.

IT asset managers set the example for other IT professionals by reviewing the policies that impact their work, defining processes according to those policies and then obtaining adherence through frequent communication. Adherence is then measured to determine the success against the immediate goal of controlling the environment. Since the IT asset manager measures compliance, enforcement of policy is the expected conclusion when instances of non-compliance are uncovered. Enforcement is the visible and measurable element of policy management. The existence of policies is not sufficient to accomplish the CCA goal of increased accountability unless policy management includes enforcement.

Policy management can be viewed as the link between the mission of the organization and the implementation of processes to accomplish that mission. Evaluating compliance to meet the requirements of the CCA must include an assessment of how each process supports policy. The IT asset manager can prove that the life cycle management processes for assets insure financial accountability.

Project Management

In general, a project approach to all IT activities is a successful method to align activities with the overall mission of the federal agency. Project methodology provides a common structure and ties effort and resources to specific goals and costs. CCA compliance requires documentation of why any project was undertaken and how it accomplishes the goal of the agency. The law also requires that rigor be applied to assure that the best possible choices were made and evaluations were completed that keep the mission and financial concerns at the forefront of the criteria. Examples of project management documents that are valuable include:

- Statement of the objectives
- Roadmap for accomplishing those objectives
- Benefits of the project
- Risks surrounding the project
- Resources necessary to accomplish the project
- Milestones
- Deliverables
- Cost of each step

Project management is directly relevant to IT asset management because iterative process improvement is essential to successful life cycle management. Maximizing the value of asset investment requires gradually maturing the asset management capabilities through improving data quality, systems and integration. Project management methodology provides the structure for these changes. Process improvements can be as simple as reacting to a change in supplier and realigning a data source, or as involved as implementing IT configuration standardization across all agency offices regardless of location. The purchase of IT asset management tools creates the opportunity to increase the scope and accuracy of asset management. A project approach is essential for the implementation and the integration with existing systems so that maximum value is received and documented.

As IT asset management evolves, the IT asset manager is continually working on projects and naturally practices project management methodology. A review of completed ITAM projects and the documentation created is a good starting point for determining compliance with CCA requirements. To strengthen CCA compliance, managers can compare other projects to the model set by ITAM projects. Reviewing the project objectives can insure that the objectives reflect the relationship of the project to the mission of the agency and clearly identify the financial aspects of the project. Financial measurements developed as part of a project become an indicator of the degree of compliance to the CCA requirement for agencies to maximize the value for IT investments.

Specific IT Asset Management practices delivering compliance

IT asset management business practices directly qualify as components of CCA compliance efforts. The act focuses on accountability for selecting, managing, controlling, and evaluating investments in information systems. Accountability in these areas depends on an IT architecture that is well defined with the data, processes and documentation to prove it.

The following chart identifies asset management activities against the CCA goal to which that activity can be applied.

Select	Vendor consolidation	Negotiation of agreements	Contract management	Vendor scorecard	Risk assessment
Manage	Redeployment	Software license management	Audit preparation	Invoice reconciliation	Coordinated IMAC
Control	Metering and usage monitoring of SW	Disposal management	Inventory and asset tracking	Patch management	Standards development
Evaluate	Return on investment	Budget preparation	Strategic planning	Compliance management	Reporting

These practices only deliver value and compliance with CCA requirements if they are accurate, repeatable and well documented. With the breadth of opportunity that can be seen through IT asset management, investment of time and resources into these building blocks of IT accountability are key to a successful IT program within a federal agency.

In order to build a compliance program, managers should examine how IT asset management practices are conducted within the agency. Delivery of value is enhanced through the strategic use of systems and integration between systems. An accurate inventory is not attainable without implementation of discovery technology such as EnterpriseAM™, Eracent's IT Discovery and Inventory Manager. This tool provides IT professionals with the accuracy, dependability and scope needed to effectively manage even the most complex infrastructures.

Managing the life cycle requires extensive functionality available in tools like Eracent's EnterpriseLM™, the Lifecycle Manager that centralizes management of an asset's life cycle including procurement, financials, contracts, asset ownership, licensing, vendor information, disposal and audit trails.

Software management as a financial business practice requires extending beyond an inventory into the management of licenses and reconciliation between purchases and use. Eracent's EnterpriseEM™, is the Software Entitlement Management System that plugs in to the organization's information sources to manage the software entitlements, licenses and reconciliation, eliminate time lost in manual manipulation and reconciliation.

World class software like Eracent's suite does not require re-inventing the entire IT landscape, but instead supports the gradual maturation of processes and results required by the Clinger-Cohen Act.

About Eracent

Eracent, Inc. is a world-wide provider of technology for life cycle management of IT assets, uniquely balancing the inventory tracking, financial and contractual aspects for today's IT environments. For more information, go to www.Eracent.com.

For product literature requests or more information on products

Phone: 908-537-6520

Email: sales.gov@eracent.com

Corporate Headquarters:

Eracent, Inc.

8133 Easton Road

Ottsville, PA 18942

Phone: 908-537-6520

Email: info@eracent.com