



AN ESSENTIAL GUIDE FOR FUTURE-THINKING IT LEADERS

# Building the Business Case for ITAM

A practitioner's essential guide in  
three steps

ITAM investment is a critical enabler for recognized business priorities such as digital transformation, cost optimization, cyber security and operational efficiency. Despite this, when it comes to securing investment for ITAM, IT leaders often struggle to develop a convincing business case.

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Struggling to develop a compelling business case is frequently as a result of presenting ITAM as a standalone function concerned with cataloguing assets and how they are used. What's often missing is information about how ITAM impacts business initiatives that are already perceived as important.

In this guide, we explore the business case for ITAM as well as the reasons that many IT asset managers find it hard to make themselves heard. We outline three practical steps that will empower you to deliver an effective business case for setting up a new ITAM function or investing in existing capabilities – a business case that your stakeholders won't be able to ignore.



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## Step 1

### What is the business case for ITAM anyway?

Given the value we know ITAM can deliver, why is the business case so often difficult to make? At the root of this problem is the fact that many IT professionals confuse a business case with a justification for investing in technology. Business cases help senior stakeholders prioritize investment of finite resources in initiatives that support business objectives – a business case needs to articulate the risks, benefits and impacts of the proposed changes in terms that reflect business priorities. These three foundational pillars will help ensure your business case stands up to scrutiny:

#### PUT BUSINESS STRATEGY AT THE CORE

IT leaders need to know their organization's mission, objectives and strategy and understand their products and services.

#### KNOW YOUR NUMBERS

Benefits and financial impacts need to be clearly stated. Actual numbers should be assigned to each benefit along with a commitment to deliver those benefits.

#### BE CONCISE, BUT THOROUGH

While the business case needs to be concise, ensure that ITAM is positioned as supporting business decision-making throughout the organization as digital transformation permeates every aspect of its activities.



## Putting ITAM in context: aligning ITAM with the business

A successful ITAM program needs to be positioned in the context of business change. ITAM for ITAM's sake is rarely going to work – any successful ITAM solution will be aligned to key business initiatives and show how it is critical to the success of existing funded projects. Decision-makers need a compelling reason for immediate investment or inclusion in the next budget cycle.

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### ENGAGING STAKEHOLDERS

No business case will succeed without the support of key stakeholders to champion it, and these stakeholders also have a role to play in ensuring the benefits are fully realized by the wider business. In most cases the budget holders, system owners and process owners who will benefit from ITAM, sit across the organization. Crucially, these stakeholders must sign off on benefits that directly impact their budgets or business activities. This approach delivers three critical advantages:

1. It demonstrates the breadth of the potential impact of ITAM on the organization
2. It ensures all stakeholders are committed to helping ITAM succeed
3. It ensures the benefit owners will be held accountable for delivering the benefits

The result is widespread support for the project and the ITAM team that strengthens the overall business case.



## Step 2

### Articulating the benefits

Working closely with finance is an essential part of building a strong business case - they help you account for financial benefits. Being clear as to what qualifies as a cost saving (saving against budget) and what is cost avoidance (not spending money we hadn't planned on spending but might have to) and how the two should be assessed and weighted will add credibility to the business case. While budget holders (who will need to sign off on the benefits) are generally focused on savings against budget, finance professionals are often more concerned about cost avoidance and ensuring there is minimal unplanned expenditure.

While many business cases go straight into the detail of the financial benefits – generally focused on savings based on very specific use cases – it is important to look beyond this and demonstrate how your investment will support each business initiative. Here are some examples of where the benefit of ITAM should be articulated:

Business Benefits of ITAM						
BUSINESS INITIATIVE	CYBER SECURITY & PRIVACY	DIGITAL TRANSFORMATION	DATA MONETIZATION	IT/OT INTEGRATION	IoT & AI PROJECTS	SOURCING DECISIONS
	<ul style="list-style-type: none"> <li>You can't secure what you don't know about</li> <li>Understand where data is held and how it is accessed to avoid leaks</li> <li>Identify and resolve or protect against vulnerabilities</li> <li>Avoid reputational damage and erosion of customer relationships</li> </ul>	<ul style="list-style-type: none"> <li>IT expected to enable innovation as a transforming part of the business (see TEKsystems link<sup>1</sup>)</li> <li>Insights to support options analysis and cost comparison – application rationalization, cloud migration, capacity management</li> <li>Measure migration targets and adoption rates</li> </ul>	<ul style="list-style-type: none"> <li>Identify where data resides and what software is used to make it meaningful</li> </ul>	<ul style="list-style-type: none"> <li>Identify EOL and unsupported HW &amp; software critical to OT systems to support cyber physical security</li> </ul>	<ul style="list-style-type: none"> <li>Locate, identify, classify IoT and edge devices</li> <li>Map data flows and the relationships and dependencies between individual assets</li> <li>IoT hardware and software data to support digital twin development</li> <li>Cross-silo/cross-organizational view of digital technology data</li> </ul>	<p>Insights into current state of digital technology and how it is used to support:</p> <ul style="list-style-type: none"> <li>Decisions on whether to in-source, outsource or multi-source</li> <li>Choice between product, service or hybrid solution</li> <li>Options analysis and clear business case for decision</li> <li>Support ongoing vendor performance management</li> </ul>
IT BENEFITS	MAINTENANCE & SUPPORT	SHELFWARE REDUCTION		SOFTWARE LICENCE COMPLIANCE AUDIT		
	<ul style="list-style-type: none"> <li>Single view of support and maintenance for each vendor across whole investment</li> <li>Improved process to minimise risk and reduce overhead</li> <li>Data to support vendor management activity</li> </ul>	<ul style="list-style-type: none"> <li>Shelfware (both on-premises and SaaS) estimated at 30-35%</li> <li>Reduce costs within contractual constraints</li> </ul>		<ul style="list-style-type: none"> <li>Liability provision made and adjusted according to risk level</li> <li>Single coordinated audit management process</li> <li>Improved control of audit management process</li> <li>Reduced administrative overhead and operational disruption</li> </ul>		
INTANGIBLE BENEFITS	FINANCIAL INSIGHTS	PROCESS IMPROVEMENT		PROVISIONING/DE-PROVISIONING		
	<ul style="list-style-type: none"> <li>Link technology costs to business processes/P&amp;L</li> <li>Demonstrate financial controls</li> </ul>	<ul style="list-style-type: none"> <li>Support and maintenance renewals</li> <li>Licence compliance audit management</li> <li>Service management</li> <li>Helpdesk</li> </ul>		<ul style="list-style-type: none"> <li>Reclaim unused technology for reuse</li> <li>Manage stock levels</li> <li>Enable user self-service and improve delivery times</li> </ul>		

1: <https://www.teksystems.com/-/media/teksystems/files/executive%20summaries/annual-it-forecast-2018.pdf>

Working out the impact of benefits can be hard. We've made some suggestions here as to how you might come up with a realistic explanation of the impact (both financial and operational) of the broad benefits of ITAM.

## Calculating the Financial Benefits

### MAINTENANCE AND SUPPORT

This area provides plenty of opportunities for quick wins. Most maintenance is paid annually and allows regular review of each support requirement in line with the payment schedule. Software maintenance and support typically make up half of an organization's software spending, with maintenance rates currently averaging around 22% of the license cost. Savings can be made by:

- Cancelling unnecessary maintenance (it is important to check the contract as in some cases partial cancellation can lead to recalculation of the remaining contract line items).
- Paying for the correct level of support based on an understanding of how it has been used (e.g. number or type of support calls raised).
- Co-termination of renewal dates to minimize the administrative overhead involved with renewal payment, and the potential to renegotiate the support contract based on a view of the organization's entire support spend with the vendor.
- Renewing or cancelling subscriptions on time to avoid late payment penalties or auto-renewal, as well as avoiding any downtime that may be caused by late renewal.

### SHELFWARE REDUCTION

Unused assets (whether hardware, software or cloud services) can be reassigned or retired to avoid costs associated with maintaining them unused.

**Research by Gartner shows that through 2022 in any given month, over 30% of the growing expenditure on software and cloud services will be unused\*.**

### AUDIT

Software license compliance audits can have significant disruptive impacts on the organization including:

- Cost of carrying out the audit (FTE days x standardized FTE cost calculation + cost of third-party assistance).
- Cost of business disruption (impact of any project delays or effect on delivery of BAU services).
- Cost of remediation over and above what it would have been if dealt with proactively.

- True-up for total shortfall rather than licenses needed.
- Paying list price rather than contractual price.
- Any interest payments or back maintenance.
- Any penalty fees or payment for the vendor's cost of auditing.

Use details from previous audits and any data as to the frequency with which the organization has been audited, to come up with the estimated annual impact of being audit-ready.

### INTANGIBLE BENEFITS

Intangible benefits such as improved process efficiency and productivity improvements, reduced business disruption, minimizing reputational damage and improved vendor relationships may not have a direct financial value but should still be considered when assessing the investment opportunity.

\*Gartner, Software Asset Management for the Cloud: Consumption Management and Optimization Take Center Stage, Published 28th November 2018, Authors: Stephen White & Ryan Stefani, ID G00366656



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## Step 3

### Presentation

The way content is presented and articulated is key to a successful business case. It needs to be relevant, clear and easy to understand, focusing only on what decision-makers need to know in order to decide how investment in ITAM should be prioritized.

#### MAKING USE OF STANDARDIZED TEMPLATES

Use your organization's standardized template, as this ensures you will provide the information that the people reviewing your business case want. Failure to use this template is likely to result in missing information and rejection of the business case and may also suggest that the person completing the paperwork doesn't understand business priorities.

Most organizations have an existing process for obtaining approval for investment, and often have set templates to use. While these templates might be restrictive, they have been developed by key people in your organization to allow them to prioritize investment.

Before getting started and gathering your material, go through the template carefully and work out where you are likely to struggle. These are the areas to focus on.

#### CONSIDERING FORMATS

The financial data showing return on investment and the time taken to achieve it is usually a key factor in prioritization. While much of the content will be descriptive text (problem, possible solutions, preferred option, plans etc.), there is usually a tabular section for headline financial information. Consider appending or embedding more detailed spreadsheets showing how costs and benefits are calculated as well as the comparison of the different options for those who may want to dig into the detail.

# Content

Review the template carefully to see what information you need to provide and ensure that you have it Included. If you're just setting out on your ITAM journey, it can be difficult to answer many of the questions. Focus on what you do know, where you can get information and how you can use this to support your business case. Even if you have no ITAM tools to provide data, you may find that existing discovery, deployment, security and management tools, contract management and purchase-to-pay systems can provide useful information.



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## OPTIONS

Make clear that you have considered several options and explain why the proposed solution is the best one. Broadly your options should be positioned as:

- Do nothing – carry on with the current level of capability and ask the audit committee to accept the associated risks.
- Do too little too late – wait until you have a major audit and then rush round and do your best.
- Do too much – there's always an option to do all the 'nice to haves' that aren't necessary to address your current requirements. But there's a cost involved with including unnecessary extras, so looking at this option makes clear that you considered the scope of your proposal carefully.
- Do the right thing (i.e. what we're proposing). Spend a sensible amount for a realistic solution that delivers to your requirements based on current and future business needs.



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## COSTS

Most ITAM business cases are built solely around the cost of the tool or service that a third-party has quoted for and fail to account for the additional resources needed to carry out the processes, analysis, investigation and tracking of remediation and optimization activity, as well as recording and reporting on the success of the ITAM function in meeting business objectives and KPIs.

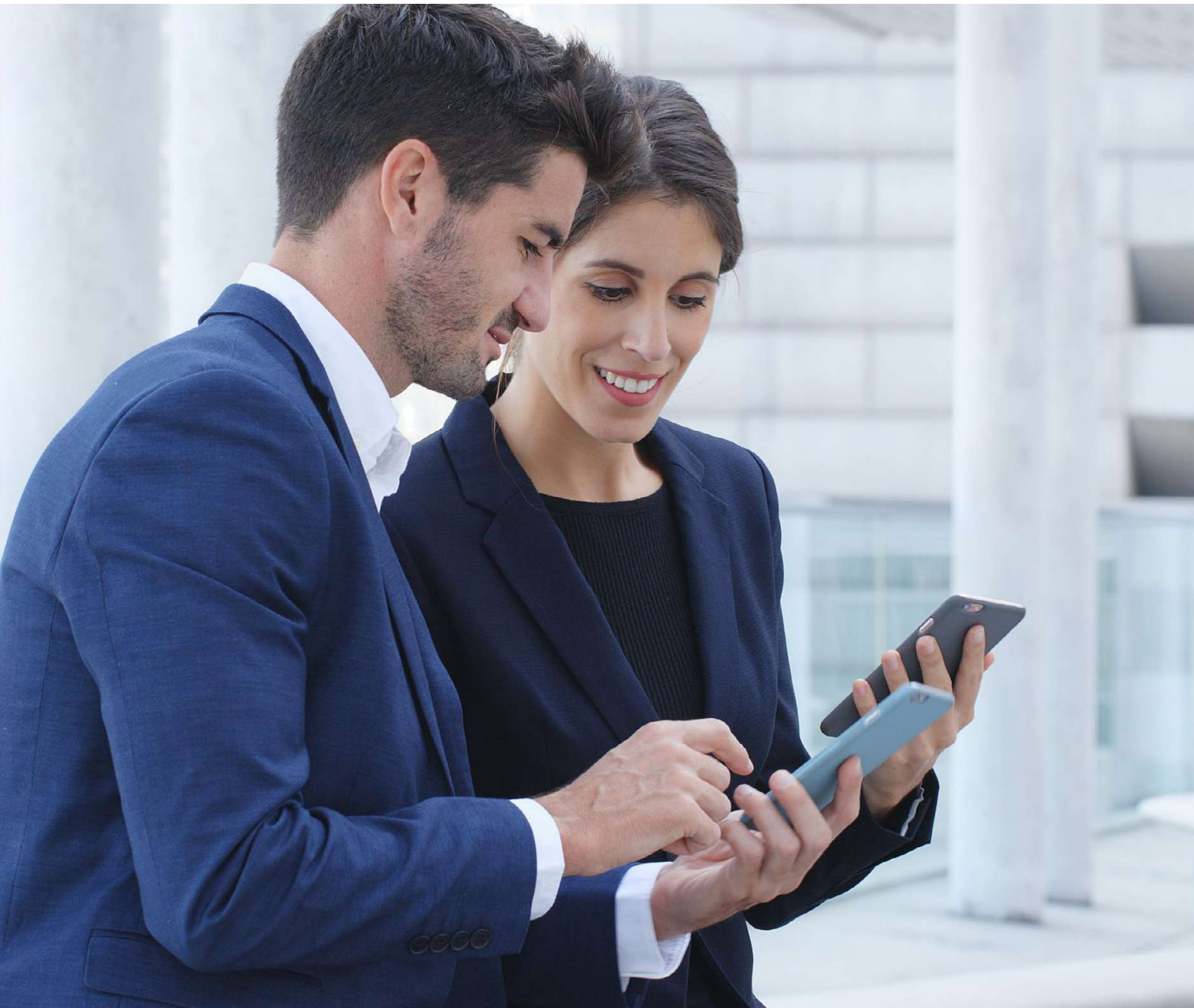
### THESE INCLUDE:

- **PEOPLE** – Whether provided in house or via managed services, ITAM requires skilled people to ensure that it is carried out effectively. While the use of a managed service helps to reduce internal headcount and the overhead involved in sourcing and retaining experienced ITAM, SAM and licensing professionals, there is a limit to the responsibilities that can be assigned to a service provider. Any organization will need at least one individual responsible for ensuring that the service is delivered, and recommendations are either rejected or acted upon.

- **PROCESS** – ITAM is driven by the processes that provide the data and ensure the accuracy of its outputs and there will be costs involved in process redesign, integration, implementation and training, and continuous improvement.
- **TECHNOLOGY** – this is not just about specialist ITAM and SAM tools, but about all the data sources and tools needed to help manage all the different types of technology assets within your organization.

When putting the business case together, all these costs must be identified, considered and explained, to ensure that the solution stands up to scrutiny and the true cost of both the project and the ongoing support for ITAM is understood.





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## ASSUMPTIONS

When planning any project there will be assumptions made, whether about the availability of data or resources, stakeholder buy in, or specific technologies that are already (or should be) in place. This section should include any assumptions by other projects that ITAM data will be available to support their work and highlight the associated timescales.

## RISKS & DEPENDENCIES

Your business case needs to include details of all risks and dependencies on other parts of the organization that may impact on the success of your project. These may be dependencies on other tools and technology such as financial, ERP, P2P or HCM systems; on other projects being completed; or on specific resources being available to support the project. Dependencies should be carefully mapped so the impact of any delay or failure in one place can be tracked through the entire project. This section should also call out all dependencies that other projects have on the ITAM implementation and the associated risks of not being able to support them.

## Build your ITAM Business Case – Checklist

You've read the guide. Now use our handy checklist to ensure you cover all the aspects required to build your ITAM Business Case.

Check each completed task:

<p>Create the context. A successful ITAM initiative needs to be positioned in the context of business change and your ITAM investment needs to be aligned with your business strategy. You must understand your organization's:</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> <b>MISSION STATEMENT</b></li> <li><input type="checkbox"/> <b>OBJECTIVES</b></li> <li><input type="checkbox"/> <b>STRATEGY</b></li> </ul>
<p>Identify relevant business change and strategic initiatives. No business case will succeed without the support of key stakeholders to champion it. It is these stakeholders who have a role to play in ensuring that the benefits of ITAM are fully realized by the business. You must engage with key stakeholders to:</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> <b>GET AGREEMENT ON BUSINESS NEED</b></li> <li><input type="checkbox"/> <b>ASSIGN BUSINESS BENEFITS TO OWNERS</b></li> <li><input type="checkbox"/> <b>ASSIGN FINANCIAL BENEFITS TO BUDGET HOLDERS</b></li> </ul>
<p>Know your numbers! Working out the full impact of benefits can be challenging but remember to align benefits with specific business initiatives. Consider these suggestions as to how you would create the financial and operational impact of implementing ITAM in your business:</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> <b>WORK WITH FINANCE TO CALCULATE AND VALIDATE NUMBERS</b></li> <li><input type="checkbox"/> <b>USE HISTORIC DATA TO DEVELOP ESTIMATED BENEFITS. LOOK AT:</b> <ul style="list-style-type: none"> <li>• Maintenance and Support</li> <li>• Shelfware Reduction</li> <li>• Potential Audits (both fees and disruption to the business)</li> </ul> </li> <li><input type="checkbox"/> <b>DOCUMENT INTANGIBLE BENEFITS – CONSIDER IMPROVEMENTS TO PROCESSES, PRODUCTIVITY AND VENDOR RELATIONSHIPS, AS WELL AS REDUCED DISRUPTION AND REPUTATIONAL DAMAGE.</b></li> </ul>
<p>Present your business case – be sure to comply with organizational standards and include all information and data available to support.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> <b>USE STANDARDIZED FORMATS AND TEMPLATES FOR DOCUMENTATION</b></li> <li><input type="checkbox"/> <b>ENSURE CONTENT INCLUDES ALL:</b> <ul style="list-style-type: none"> <li>• Costs (remember People, Processes and Technology)</li> <li>• Assumptions</li> <li>• Risks and Dependencies</li> </ul> </li> <li><input type="checkbox"/> <b>OPTIONS – MAKE CLEAR YOU HAVE CONSIDERED SEVERAL OPTIONS AND EXPLAIN WHY YOUR PROPOSED SOLUTION IS THE BEST ONE!</b></li> </ul>

## Contact us

To learn more about how to articulate the benefits of implementing an ITAM function to the business and gain executive support, contact our experienced team who will equip you with additional step-by-step advice on how to identify and engage critical stakeholders and construct a compelling case for ITAM in your business.

[TIME TO ACT](#)



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