

The Potential ROI of Desktop Asset Management

Five features of an asset management program can provide healthcare organizations with rapid payback and cost justification.

Core Topic

Industry Applications: Healthcare IT Management

Key Issues

How will successful healthcare organizations align and deploy IT to realize value from increasing IT investments?

What must healthcare organizations do to successfully manage the increasingly complex IT infrastructure and environment?

Strategic Planning Assumption

By implementing widely available asset management software tools and adapting more efficient procedures around those tools, an HCO with 3,000 desktop PCs can achieve or exceed payback on its investment in the first 12 months (0.7 probability).

Note 1

Average Number of PCs in an IDS

As reported in GartnerGroup's 1999 IDS Spending and Staffing Survey, the average IDS has 3,241 PCs; we rounded that to 3,000 here to simplify estimating assumptions.

Note 2

Help Desk Call Time

Assume six support calls per year by each end user, totaling over \$500,000 total labor expenses and lost user productivity (5,100 hours times a conservative combined estimate of \$100 per hour) in a worst case scenario (lack of any AM tools or processes). The cost reduction assumes either FTE reduction or redeployment to more value-added tasks.

GartnerGroup recently introduced a simplified methodology for HCOs to implement desktop asset management (AM) (see *Research Note* TU-10-3303). In this *Research Note*, we highlight five areas in which AM programs can yield immediate, tangible and lucrative results. The anecdotal costs and savings cited here are based on conversations with clients who have invested in AM tools (see *Research Note* M-07-2410) and implemented procedural improvements around them. Each HCO's actual costs will vary based on vendor or products selected, the organization's size and complexity and its need for outside assistance. Individual benefits will primarily depend on the HCO's degree of success with re-engineering its desktop processes. However, the estimating assumptions described are widely considered norms, so the ROI of sound AM is apparent.

1. Reduced Help Desk Costs. Given the industry average of 17 minutes per help desk call for PC support (source: GartnerMeasurement), a technician's immediate knowledge of the configuration and location of a desktop could reduce diagnosis and response time by approximately 50 percent, to eight to nine minutes. Additionally, an accurate inventory will save the end user over 50 percent of the time needed per call. Extending those savings over 3,000 machines per year (see Note 1), HCOs can see *annual savings of \$250,000* (see Note 2). If an HCO utilized an external services provider (ESP) to perform the initial, exhaustive IT inventory, it likely invested between \$100,000 and \$200,000 for that project.

2. Optimized Software Deployment. Automating an application rollout to 3,000 users by electronic software distribution (ESD) could easily save 2,000 hours of technician and end-user support costs, representing a potential *\$100,000 in annual savings* (see Note 3). ESD tools in a typical HCO PC/LAN environment of about 20 servers represent a typical investment of \$100,000 to \$200,000.

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Note 3

Electronic Software Distribution

Assume cost of manual software distribution at two technical hours (approximately \$50/hour) per workstation per year. Research indicates that ESD tools can conservatively cut software installation labor time by 33 percent or more (thus, 2,000-hour savings off the 6,000-hour worst case). The cost savings does not count less user downtime and again assumes either FTE reduction or redeployment.

Note 4

PC Hardware Purchases

The average IDS purchases 691 new PCs per year (source: GartnerGroup's 1999 IDS Spending and Staffing Survey). Assuming an average PC cost of \$1,400, a conservative 10 percent cost reduction equates to \$97,000. The savings would result from an HCO's ability to better coordinate and increase the number of PC units in an order, thus gaining bulk discount leverage with vendors.

Note 5

PC Software Volume Purchases

Assume an HCO purchases 3,000 new packages in one year at an average of \$250 each (including such applications as Microsoft Office and individual modules).

Note 6

ESP Assistance for Process Re-engineering

Using an ESP to identify and help implement process improvements for all of these AM functions might represent a reasonable one-time project cost of about \$100,000. Ongoing refinements to AM processes should then become an internal IS organization responsibility. Continuous inventory updates and AM maintenance should represent nominal costs once the AM processes and tools are in place.

Acronym Key

FTE	Full-time equivalent
HCO	Healthcare organization
IDS	Integrated delivery system
ROI	Return on investment

3. Cost-Effective Hardware Acquisition Strategies. Simply stated, the more you buy, the more significant are the savings associated with consolidated buying. Better coordination and timing of PC purchases can save HCOs up to 10 percent annually just by consolidating multiple hardware buying centers. This procedural enhancement could yield *annual savings of approximately \$100,000* (see Note 4).

4. Software Volume Purchases. Volume agreements standardize the license model (e.g., enterprise, per workstation and per workstation with server fees) implemented across the HCO. More than discounting the price of software license fees, standardizing the license model reduces overall costs of distributing, supporting and maintaining software, thus reducing total cost of ownership. From the worst case of buying shrink-wrapped products for all end users, HCOs may realize potential discounts of 10 percent on consolidated purchases from one reseller (see Note 5). This AM process improvement would conservatively entail a *\$75,000 savings* for a typical HCO (see Note 6).

5. Maintenance Contracts. Many HCOs rely on ESPs to maintain PC workstations. HCOs are generally billed a flat rate for these services based on the number of desktops deployed. By having accurate information about the types of machines deployed in the enterprise and the types of users, HCOs can negotiate differentiated service levels (i.e., pay less for workstations that do not change or are only used for word processing) with ESPs. Of the five opportunities described here, this is the most difficult to quantify, but it certainly produces savings.

Bottom Line: Research indicates that 70 percent of the ROI of AM derives from process improvements rather than tools, highlighting the need for ESP assistance. These five AM features have been implemented, and the benefits realized, in many HCOs and enterprises in other industries. By implementing widely available AM software tools and adapting more efficient procedures around those tools, an HCO with 3,000 desktop PCs can achieve or exceed payback on its investment in the first 12 months (0.7 probability).

