

Fixed Asset Accounting and IT Asset Management: A Vital Partnership for Healthcare Organizations

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OVERVIEW

Computer technology and its related assets have impacted the dynamics of traditional fixed asset accounting management. Information technology assets now constitute a significant percentage - if not the majority - of fixed assets and capital spend, for many institutions, particularly in capital-intensive fields such as healthcare. Organizations must now focus on tracking IT assets along with more traditional fixed assets. To address this change in focus, a new discipline, information technology asset management (ITAM), has emerged. ITAM utilizes network scanning and configuration management databases; coordinated IMAC (install, move, add, change) processes; attuned procurement and retirement and, like general fixed asset management, physical inventory.

Organizations can handle ITAM in a number of ways, including:

- Developing ITAM program offices independent of the fixed asset accounting group
- Unifying groups with ITAM under the direction of accounting
- Outsourcing (fully or partially) the ITAM program to third-party vendors
- Leaving the tracking of IT assets solely to accounting

No single best model exists, as each organization determines the optimal approach based on size, disposition, geography, vision and business model.

Integrating ITAM into overall fixed asset management can be challenging – particularly for healthcare organizations, which feature high volumes of IT assets located throughout complex medical facilities, on mobile carts or in common areas, and shared by multiple users instead of being linked to a single owner/user. In addition, network discoveries of key system assets are less reliable in such a distributed environment. Thus, collaboration between fixed asset accounting and IT asset tracking groups is critical in the healthcare environment. While these groups have separate goals and initiatives, they are also complementary and can offer each other valuable information. A good ITAM program provides detailed asset data for accounting, and a good accounting program offers the ITAM group in-depth financial data.

A comprehensive fixed asset and/or IT asset tracking system monitors the asset's financial elements, physical location, asset condition,

department allocated to and even the contact person or corporate owner responsible for the asset. The tracking system also records the asset type, manufacturer, model, serial number and date of manufacturer/purchase. Asset tagging is widely deployed to facilitate the identification and tracking of fixed and IT assets.

In addition to having the above solid processes in place for procuring, tracking, valuing and retiring fixed or IT assets over the life cycle, physical inventory is a still a key tool. Inventories can vary from simple to complex, and consist of:

- A full-enterprise inventory
- A cyclic inventory, with each cycle focused on specific areas/ departments, with the goal of encompassing the full enterprise over time
- A sampling with data trend analysis

Inventory services provide a valuable baseline of information to assess and contrast the effectiveness of asset management tracking systems. For a healthcare organization, a comprehensive and accurate physical inventory of IT assets is usually an essential first step in addressing a variety of IT asset management needs, and providing an integral component of larger organizational initiatives. The following three case studies demonstrate how traditional fixed asset accounting (specifically, physical inventory services) and ITAM worked together to manage critical asset management initiatives in the healthcare field.

IT INVENTORY TO SUPPORT ACCOUNTING, CORPORATE ACQUISITIONS AND ITAM

Organization: Large healthcare group located in the Midwest experiencing growth through major acquisitions

Goals: Streamline IT asset management across all company groups; conduct an enterprise-wide IT inventory to establish a singular baseline master database of all IT assets to improve strategic and tactical decision-making and enhance the ITAM program.

To illustrate the value to be gained from an inventory of IT assets, the ITAM team focused on the following:

- Inventory data would help assign the current fair market value of

the IT assets, help establish an estimated cost of replacement new for the next refresh and help resolve unfavorable IT asset leasing agreements.

- Inventory data might also uncover a sizable percentage of IT assets in good condition, which could then be repurposed, saving money on procurement and providing a tangible return on investment.

Results: The economies of scale demonstrated by the ITAM group to the accounting group helped build the business case and win project approval, and the inventory services resulted in a significant return on investment.

- The inventory captured data on nearly 70,000 IT assets and identified nearly 10,000 system assets that could be repurposed. The organization had calculated that each new system, desktop or laptop, averaged \$1,700 to procure, configure and deploy - translating into a savings of \$1.7 million.
- The inventory helped the organization better evaluate a poor leasing agreement with one business group and develop an exit plan from that agreement.
- Valuation services with the inventory provided the needed fair market value and cost of replacement new.

Overall, the accurate inventory data helped ITAM determine the asset baseline and jump-start efforts to consolidate management of assets for all business groups, to establish a more consistent asset platform across the enterprise and, especially, to help integrate the healthcare acquisitions. The inventory also provided a comparative check on the efficacy of the network discovery tools, which missed many of the assets, especially those in storage, repair or otherwise off the network.

IT INVENTORY TO SUPPORT ELECTRONIC MEDICAL RECORDS AND ITAM

Organization: Healthcare organization and its university affiliate, preparing to roll out electronic medical records (EMR) software and having additional asset management goals

Goals: The primary goal was to acquire the data needed to support the rollout of an electronic medical records (EMR) software utility. The rollout needed accurate data of the model types of assets to make sure they were compatible for the new software. The rollout also needed the precise location of PC systems and printers that would process the medical records. The inventory would gather this data and as a supplement provide updated .pdf floor plans of each facility with marked location of the PC systems and printers for a visual guide for routing and mapping the medical record software output.

The secondary goal was to validate the quality of data of the ITAM system and work to integrate the university affiliate with the private, corporate healthcare entity. That system was based on network discovery tools and links to other corporate database sources that fed a hosted configuration management database. The IT inventory was expected to be the key outside source of data for validation. To facilitate the inventory efficiency, the current configuration management database (CMDB) data from discovery was loaded to the inventory tools to allow for real-time, in-field validating and updating.

Results: As with the previous case study, the business case for the IT inventory was enhanced by positioning the inventory to support two distinct initiatives, increasing the value of the proposed services.

The inventory captured data on 102,000 IT assets with the necessary, precise and accurate model type and location data needed for EMR.

- Asset tagging was standardized.
- The inventory supplemental service updated this information to more than 400 .pdf floor plan maps also in support of EMR.
- The inventory verified that the ITAM system for the corporate entity was more than 90% accurate and set the stage for the integration of the university affiliate into the corporate ITAM system.
- The inventory also supported the ongoing EMR rollout activities to a successful conclusion.

IT INVENTORY TO SUPPORT OUTSOURCING IT SERVICES, IT SERVICE MANAGEMENT AND PLATFORM CONSOLIDATION

Organization: Healthcare group located in Canada composed of six ministries loosely operating under an umbrella alliance, with each ministry for the most part acting as an independent entity and making IT infrastructure decisions within its singular sphere.

Goals: To maximize economies of scale and to improve cost and efficiency, the healthcare group's leadership decided to outsource IT support to a leading technology value-added reseller. The goals of the outsource were to:

- Unite all six ministries under a single IT support system
- Consolidate the IT hardware platform
- Create a single asset management database and discovery system
- Establish a standardized IT service management and help desk approach globally within the more tightly merged ministries

Results: The IT outsource group decided that a critical first step in their implementation was performing an accurate baseline inventory of all targeted IT assets for the six ministries.

- The inventory targeted workstation, print and high-end monitor assets at more than 700 facilities across the province.
- The inventory deployed a new, consistent asset tagging scheme across the combined enterprise and eventually accomplished a dependable inventory of 68,000 IT assets, about 30% higher than the original and best estimates for 53,000 IT assets pulled from a variety of sources.
- The IT outsource group, in conjunction with its healthcare counterparts, proceeded with advanced initiatives more effectively, armed with quality data to guide the next steps in the process.

CONCLUSION

The above case studies demonstrate how a comprehensive IT inventory, derived from traditional fixed asset management, is still a valuable tool in this age of automated tools for ITAM. In each case, the limitations of relying solely on network-discovery based data or a combination of existing corporate data sources provided much less accurate information than enterprise-wide inventory results. This was especially so with the sheer size of the healthcare enterprises and the high volume of assets to manage. Solid IT inventories provided dependable data to support more effective decision-making for each organization's wider project goals.

In addition, the case studies illustrate how an IT inventory better serves healthcare organizations when it addresses more than one corporate requirement, creating economies of scale and gaining value for multiple groups. IT inventory assists with a wide spectrum of healthcare initiatives including:

- Fixed asset accounting
- IT asset management
- IT service management
- Mergers and acquisitions
- Leasing agreements
- Hardware/software deployments

Finally, though not discussed in this article, IT inventory is also helpful with other items in the healthcare arena such as HIPAA compliance, legal matters involving hardware, asset security protocol management and biomedical device inventory. Overall, a quality baseline inventory service should still be considered an integral part of any fixed asset management initiative or system.

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