

BRIEFS

Lucent Says Sales To Drop Off in Q3

Lucent Technologies Inc. said revenue for its third quarter, which ends this month, will likely drop 10% to 15% from the \$3.52 billion the struggling company reported for its second quarter. Murray Hill, N.J.-based Lucent previously had declined to issue a revenue forecast for the current quarter because of uncertainty in the telecommunications equipment market.

Head of California IT Spending Unit Quits

Elias Cortez, director of the California state government's IT spending oversight agency, resigned in connection with an ongoing controversy over a \$126 million Oracle Corp. database contract that was awarded last spring. The California Department of Information Technology is due to be dismantled July 1 after the state legislature declined to reauthorize its funding [QuickLink: 30502].

Cisco Adds Security Tools for Switches

Cisco Systems Inc. announced additional security features for its Catalyst 3550 and 2950 stackable Ethernet switches, which connect end users to LANs. Cisco said the software upgrades, which are available free of charge, include tools for securing network management traffic, controlling access to resources and establishing required user identifications and passwords.

Short Takes

New York-based PWC CONSULTING said it will change its name to MONDAY after being spun off from PRICEWATERHOUSECOOPERS in August. . . . Torrance, Calif.-based TOYOTA MOTOR SALES U.S.A INC. said its 24-worker e-business unit will be shut down this month and folded into its main operations.

Report: Asset-Tracking Troubles Cost Plenty

Poor tracking techniques can add 7% to 10% to firms' annual distributed hardware costs

BY THOMAS HOFFMAN

DESPITE increasing concerns about tight IT budgets, a report issued this month charges that large companies are wasting millions of dollars by doing a poor job of tracking their distributed hardware assets.

In the Gartner Inc. report "Good IT Asset Management Can Save You Money," analysts Bill Kirwin and Jack Heine point out that roughly 90% of Gartner clients who were audited use "marginal practices" for hardware asset management. In addition, less than 25% of all global organizations have a life cycle asset management program. These oversights, the Stamford, Conn.-based market researcher claims, can cost companies dearly.

For example, shoddy tracking techniques increase the risk of poor system management, complex change management and below-average service levels — all of which can increase the total cost of ownership of distributed computing by 7% to 10% each year, or \$560 to \$800 per user. For a company with 10,000 desktops, that can mean up to \$8 million in wasted spending.

Room for Improvement

One piece of advice that Heine offers to corporate IT managers: Look beyond the initial cost of a PC or server to a comprehensive view of other support costs such as maintenance, licensing, disposal, standardization, acquisition "and all of those issues which have a greater impact on the life cycle cost," he said.

Although large companies have become increasingly sophisticated in their approach to asset management over the past decade, there's still quite a

bit of room for improvement, particularly in how companies track their mobile assets, such as personal digital assistants and cell phones, said Heine (see story below).

Part of the problem is that effective asset management can also be "a huge resource drain," said Diane McLean, senior director of customer support at VHA Inc., an Irving, Texas-based hospital cooperative.

VHA conducts an audit at least once a year to tabulate its Intel Corp. servers and Micro-

ASSET PROTECTION

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Handheld Devices' Annual Costs Jump for Enterprises

BY MATT HAMBLÉN

The escalating expenses of managing handheld devices are starting to worry some IT managers.

The annual cost for equipment and support for a single handheld device could reach \$3,000, according to a report released last week by Gartner Inc. That's up from the \$2,500 per user the researcher reported in 1999.

Making that same device work wirelessly could bump up the per-user annual cost to more than \$4,300, according to the Stamford, Conn.-based market research firm.

That analysis doesn't sur-

prise Marc Rohde, IT manager at USFilter/Plymouth Products Inc. in Sheboygan, Wis. He said a \$3,000 price tag for handhelds without wireless connectivity "might be about right" when support and administration costs such as training are included. Total cost of ownership "is a major concern," he said.

Pricey Proposition

Although enterprises vary on how they use handhelds, most agree that supporting them isn't cheap. Forrester Research Inc. in Cambridge, Mass., calculated last year that an enterprise could spend \$2,000 per year on a user who has a new



handheld device with 300 minutes of wireless data access per month and two custom integrated applications.

Tracking Tips

ASSESS

CONDUCT

IMPLEMENT

ENSURE

soft Corp. enterprise licenses and compare those figures against its records.

Of course, some companies are extremely diligent about tracking their distributed assets. Asset management "is our bible. I can tell you where every monitor, mouse and keyboard is," said Ash Shehata, director of information systems at Antelope Valley Hospital in Lancaster, Calif.

Still, Shehata agrees with McLean that asset management is extremely time-consuming. That's why he's an advocate of services being offered by hardware makers such as Dell Computer Corp. that will track a customer's entire hardware portfolio for a flat fee. ▀

Handheld and wireless costs can be much higher than enterprise IT managers are prepared to pay, said Forrester analyst Frank Gillett.

"IT managers are in for a rude surprise when they start to do big deployments," he said. "It's not only the cost of the gear, but the support."

Gartner analyst Phillip Redman studied several devices (see chart). At the high end, a wireless handheld's hardware and software annual costs could be more than \$2,500, with administration, support and operations bringing the total to \$4,342. In comparison, a smart phone with wireless voice and data functions could cost \$1,369.

"Enterprises are looking at issues like return on investment but often overlook essential components" of cost, Redman said. ▀