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Accurate Asset Tracking Boosts Small Business Profits and Productivity

*Automated, Cost-Effective Solutions Directly Contribute
to the Bottom Line and Customer Satisfaction*





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Introduction

Going out of town for a series of sales meetings, a manager spends an hour tracking down who last used the company's most powerful notebook computer. Alerted to an impending audit, a business owner and accounting manager lose three days verifying and updating the firm's software license records. Asked to provide a report of all the organization's computers and office equipment, an IT manager spends a week scrambling to try and create an accurate accounting.

Combine the hours lost updating the inventory of office equipment and the days an audit can swallow, and it becomes all-too apparent that locating misplaced items quickly erodes a small business' productivity, resources and profitability.



Time wasted searching for company assets or inventory:

- *64% of business personnel search at least once per day*
- *27% searched more than ten times a day*

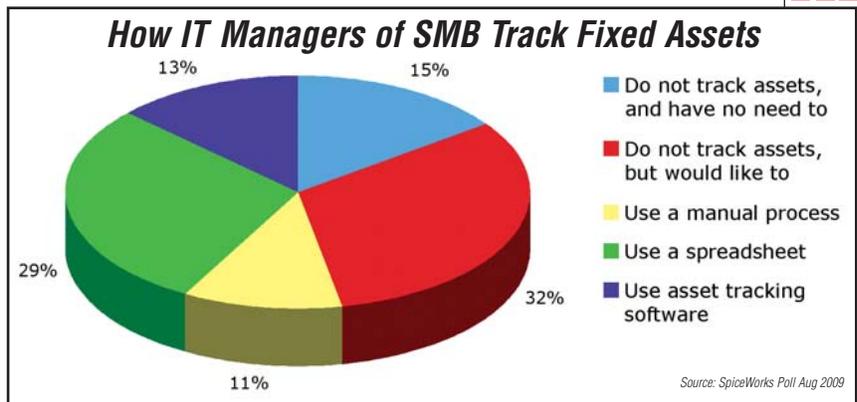
Consider, too, 64 percent of businesses claimed operations' personnel searched at least once a day for company assets or inventory, and 27 percent were forced to search more than 10 times a day, according to one published report.

These quests not only take up valuable time and prevent employees from concentrating on income-generating tasks; they also can erode and harm a company's overall reputation.

It is surprising, then, that many small and midsize businesses do not perform asset-tracking (sometimes known as fixed asset-tracking), an omission that could cost them dearly in both the short- and long-term. In a recent poll of IT managers at small and medium businesses, 15 percent of those polled do not track assets, claiming they have no need to do so, and 32 percent do not perform asset tracking but would like to. Eleven percent track assets in an ad hoc or manual way, 29 percent use a spreadsheet and only 13 percent use asset tracking software, the August 2009 SpiceWorks poll found.



Although the terms "asset" and "inventory" are frequently interchanged, assets or fixed assets are the items a business typically uses internally for an extended period of time. Assets include IT equipment





such as computers, servers and notebooks and fixed assets such as office equipment (copiers, phones and faxes), tools and vehicles. On the other hand, inventory refers to those items that a business buys and sells, distributes or consumes. Inventory, then, would include repair parts, components, finished goods, and office or medical supplies.

Why Do It?

No matter how large or small, most organizations face the threat of accidental loss or stolen equipment. More than \$94-million worth of equipment disappeared from NASA between 1997 and 2007. And in June 2007, a whistleblower notified the General Accounting Office that 1,180 pieces of IT equipment - representing more than \$1.8 million - could not be found at the Indian Health Services (IHS) headquarters. The GAO's resulting audit, beset by accusations of obstruction, determined that actually 5,000-plus pieces of equipment - ranging from Jaws of Life, tractors and pick-up trucks to computers, digital cameras and servers - worth almost \$16 million had disappeared from IHS' offices, the GAO stated.

In addition to fears of theft and mismanagement, IHS also wasted taxpayers' money by over-purchasing equipment. The result: More than 10 pieces of equipment per employee and the finding of 25 new computers, unassigned to anyone, collecting dust in a storage area.

It's unlikely to make headlines if your company cannot locate its new personal digital assistant (PDA) or is unable to determine how many Microsoft Office licenses are in use, but that doesn't mean the impact isn't equal to larger organizations' misfortunes. While the scale may be different, small businesses are not immune to making the same costly errors, mistakes that can pull unwarranted funds from a firm's bottom line, tarnish a company's reputation with customers and business partners, upset management or stakeholders, and frustrate employees.

69% of IT executives admitted they were not confident they were compliant with their software licensing agreements.

- King Research, 2008

Asset tracking gives an organization a complete picture of the assets it owns - from mobile phones, PDAs and laptops, to vehicles, copy machines, tools and medical equipment. The location of each asset is instantly accessible, eliminating time-consuming searches for missing items and unnecessary purchases of duplicate products. An asset tracking solution also permits a business to manage warranty and maintenance contracts, and generate in-depth reports on asset history, depreciation and cost.



Tracking software licenses alone can provide a significant benefit. By knowing precisely how many licenses are owned and how many are currently in use, a company can ensure compliance with licensing agreements, and save money by not purchasing redundant software licenses. The number of businesses that may be inadvertently breaking software contracts is staggering: Sixty-nine percent of IT executives admitted they were not confident they were compliant with their software licensing agreements, according to a 2008 report by King Research.

Making a Choice

Having decided to implement an asset tracking solution, the next step is to select the most appropriate, cost-effective tool for your business. Over time, four approaches have evolved, each with their own advantages and disadvantages. Some businesses already have taken steps, although 19.4 percent of those polled did not track assets at all, a Wasp Mobile Asset study found. Twenty-seven percent of respondents used pen and paper and 44 percent used an application such as Microsoft Excel or Access, the study showed. On the other hand, just 7.5 percent used asset tracking software, according to the report.

Pen and Paper: The most inexpensive way to track assets is the old-fashioned combination of pen and paper. This approach requires no training or upfront costs, but does not really deliver the benefits of true asset tracking. After all, this extremely manual, time-consuming process easily creates errors, may be illegible, is difficult to update and hard to manage. Bulky paper documents are frequently lost or destroyed and must be correctly re-filed each time someone removes the paperwork from a space-hogging filing cabinet.



East Hill Church, a not-for-profit, had relied on pen and paper to track its IT assets. Despite developing an elaborate and time-consuming methodology, the church's information was often misfiled or, simply, lost altogether. As a result, the organization found it almost impossible to generate the detailed reports about expenditures and capital depreciation that the governing board requested. And staff spent wasted hours seeking equipment that already had been deployed.

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*Non-profit saves 240 man hours
per year using a barcode solution
in lieu of pen and paper*

The non-profit needed an affordable yet effective tool to address its asset-management challenges. After researching its options, the church opted for a barcode solution, then printed and affixed barcodes to each piece of equipment. The church mandated that all new items first were delivered to a central location for tagging



and data entry. As a result, within one year the church saved the equivalent of 240 man hours and generates requested reports at the touch of a button.

Likewise, Highland Brewing Company's manual system meant the rapidly growing brewer was losing track of its valuable kegs. While the firm only charged distributors a \$10 deposit per keg, it cost the brewer \$95 to replace missing kegs. Errors in tracking and a lack of accountability meant that all-too-often, kegs were not returned at all. By investing in a barcode solution, Highland Brewing had a precise method to track inbound and outbound kegs, leading to a rapid improvement in keg returns - and an almost immediate return on its barcode investment.

Adopting barcode technology also enhanced distributors' perception of the small brewer. The solution generated credibility and eliminated paper errors, said Oscar Wong, owner and founder of Highland Brewing.



Database or Spreadsheet: Since most businesses already own these applications, typically there are no upfront costs associated with using a database such as Microsoft Access or a spreadsheet like Microsoft Excel for asset tracking. These tools, although powerful, were not specifically designed to manage the complexities of tracking and managing assets. Just like pen and paper, using general office software is time-consuming and manual, easily creating errors or omissions.

When the City of Dallas used \$30 million in Homeland Security grants to buy equipment for divisions such as Fire and Rescue, the departments were responsible for inventorying and auditing the federally-funded equipment. With this mandate in place, the Dallas Fire and Rescue Department realized its existing Excel-based approach to asset-tracking was too time-consuming and employee-intensive.

The department selected a barcode solution that enabled its logistics officer for special operations to print a barcode that included the owner's name, the name of the grant, a brief description of the equipment and its serial number. The officer scans labels to update records; pulls reports based on a menu of criteria, and runs reports for auditors.

In another part of Texas, Fort Hood also used a combination of paper-based notes and manual data-entry into an Access database to track its approximately 1,000 IT assets spread over eight on-base buildings and three off-site locations. When audit time arrived, contractor Terry French, who acts as property manager for the base's IT equipment, grabbed a flashlight and delved into the bowels of the



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base to physically locate each item. Dissatisfied with the time-consuming, error-prone and back-breaking manual approach, French looked into his options and determined barcodes were the best-suited and most cost-effective solution for his needs.



Military base transitions from spreadsheet to asset tracking software, saving \$30,000 per year

Since most IT equipment arrives with a barcode sticker firmly affixed, French scans the barcode into the asset tracking software, which automatically transfers the data. French then prints an asset tag which he firmly fixes to an easy-to-locate spot on the equipment. In the past, it took

up to one hour to manually record each item's information; it now takes less than 15 minutes per product. Fort Hood also undergoes several audits each year and the barcode solution saves the military base the equivalent of \$30,000 in time on field auditing alone, according to French.

RFID: Radio frequency identification, a favorite of big-box stores and the military for tracking inventory and supplies, is designed to enhance inventory management, reduce labor at the point-of-sale and cut warehousing costs. Furthermore, using RFID to track high value assets is receiving lots of attention in sectors such as healthcare.



The Greenville Hospital System University Medical Center of South Carolina, for example, implemented an RFID asset tracking solution to manage its costly medical and surgical instruments, many of which are small and easily mislaid. Newly installed RFID portals at each doorway ensure that tagged items are not inadvertently disposed of, eliminating the loss of expensive instruments. This automated solution saves time for nurses and hospital staff, and has improved productivity and physician satisfaction.

But these capabilities come with a price tag that removes this technology from the budgets of most small and midsize organizations. In addition to buying the RFID tags and readers, businesses also must invest in the technology's complex - and expensive - infrastructure, and rely on someone either internally or at a consultancy to support the RFID technology.

Barcodes: Well-established and with a proven track record in a diverse group of industries, barcodes are significantly more cost-effective and affordable than RFID. In fact, a business can expect a return on its barcode investment within three to four months, an online report shows.





In the case of Paladin Professional Security, the return on investment (ROI) for its barcode-based asset-tracking solution consisted of the price of a laptop. The firm, which provides private patrol cars, surveillance and security for clients, began to see minor thefts and inadvertent losses of assets such as laptops, a Taser weapon and pre-paid gasoline cards for company vehicles. The company had used Excel to track its assets, but the spreadsheet was time-consuming, difficult to manage and unable to generate the necessary reports. With Excel it could take days - or weeks - to realize a particular asset was missing; staff then spent countless hours trying, sometimes in vain, to locate each lost piece of equipment. In fact, employees sometimes wasted hours looking for a patrol car, only to later find it was at a mechanic's garage for repair or maintenance.

But when Matt Carroll, a Paladin vice president and co-founder, began reviewing his options, he encountered systems that cost \$15,000 or more, an unacceptably high cost-of-entry for the 135-person firm. Carroll then learned of a barcode asset-tracking solution that was equivalent in price to a laptop. In other words, locating just one lost mobile computer would immediately pay for the system. Paladin moved quickly and soon all employees began using the barcode technology to check equipment in and out for an estimated savings of \$36,000 a year, Carroll says.

*Using barcodes to check equipment
in and out saves private security
firm \$36,000 a year*

By knowing each asset's status, Paladin personnel no longer spend about three hours a day trying to find employees' equipment, he continues. The security firm even barcodes clients' keys, a step that has improved customer service and employee safety. Previously, when a client's alarm rang to signal a potential emergency, the company had no accurate way to determine which officers had keys, meaning some patrol staff arrived without the right keys and were forced to jump fences to gain access. Placing the address on each client's key was an obvious security risk. Now keys are identified securely and Paladin immediately knows the whereabouts of each key and officer. The barcode solution was so successful that Carroll plans to expand its solution to track the maintenance on patrol cars. In fact, Carroll has recommended the solution to some competitors in the area.

Although data-collection is automated, barcode solutions do require human intervention, in that a person must scan the barcode with a mobile computer or barcode scanner. And, unlike RFID, there must be a line-of-sight to use barcodes.

Mobile computers with barcode scanning capability provide the freedom to work away from the PC. Using asset tracking software on a mobile computer, audits can be quickly conducted, and assets can be transferred, received and disposed of rapidly. Mobile computers then synchronize



information with the asset tracking database by connecting to the PC via a USB cable (cradle), wireless network or Bluetooth®.

Barcode software generates barcodes and can easily integrate with asset tracking software, linking the barcode number with a description, location and other details of the asset you are tracking. The asset tracking software is designed to handle all the moves, updates and transactions that assets undergo, so it readily and speedily keeps information accurate and up-to-date.

Saving Time and Money

When it comes to asset tracking, a company needs a solution that inspires confidence that information is complete, current and accurate. Relying on incomplete information may be even more hazardous than having no system in place: If one key person is out on vacation, the person temporarily responsible for those duties could mistakenly order an item already in use, out for repair or no longer required.

Today's businesses are pressed to do more with less equipment, fewer people and tighter budgets. By accurately knowing what assets the company has and where they are located, companies large and small can dramatically cut overhead expenses, improve customer relations and make the most out of every business dollar spent.

After all, asset tracking technology has been proven to dramatically shave costs and eliminate the frustration and time wasted searching for things. Plus it can make that harried IT manager and frustrated accounting executive happier, more productive and more loyal to your business.

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