

Active Supply Chain Management

Customer's worldwide trust Prorizon's
Procurement and Warehousing Operations



Taking A Global View

Asset Control

This white paper offers a brief overview of **Asset Management challenges and Budgeting considerations.**

Asset Management Defined

According to the British Standards Institute, Asset Management is the systematic and coordinated activities and practices through which an organization can optimally manage its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan. In essence, Asset Management is way for organizations to make appropriate decisions on existing assets and prudent decisions on the need for new assets. Clearly, what a company feels is appropriate and prudent is based in part on the industry and concerns of that organization.

For the purposes of this discussion, we will focus on two primary areas of Asset Management which include the management of the individual asset and the other is the budget considerations of SCM systems or Asset Control. It is a continuous process for organizations to manage each individual asset as cost effectively as possible. How an organization chooses to address budget constraints each year for the management of business assets is critical to the execution of the company's long term growth strategy.

Management of the Individual Asset

In the world of Asset Management, many of the systems used by the Fortune 500 companies in the last decade were designed for the "traditional" Fixed Assets. These systems managed the large, immobile assets and were never designed to manage high value, electronic assets that companies use today. The idea of a PC or cell phone was not even a consideration when these systems were deployed. Yet with the expansion and reach of technology, businesses rely on laptops, cell phones, web-conferencing tools, etc that make up the "utility belt" employees wear today.

All of the aforementioned devices as well as a myriad of other business tools are purchased, inventoried, moved or eliminated everyday. However, it is important to recognize that individual asset



accounting is not limited to just one area or silo within an organization. Specifically, assets are accounted for within an accounting or GAAP policy as well as within the business asset tracking arena. Unfortunately, most organizations are segmented and the information does not flow from one area to another. Hence the value of "real-time" information is lost.

The information below is general in nature and is designed to provide only a framework.

Business Asset Accounting:

- GAAP Rules – Capitalize and depreciate/amortize, stock & issue, one-time or recurring expense, etc.
- Lifecycle Accounting – Create life cycle events for individual assets that generally included acquisition, transfer and disposal.
- Depreciation / Amortization – Set up depreciation parameters by asset type, e.g.: Useful life, depreciation methods or posting conventions. Post depreciation expenses and manage accumulated depreciation.

Business Asset Tracking:

- Management & Tracking of Business Asset – Create a product inventory/catalog to allow for all management activities necessary to stock, issue, return of assets, asset disposal, etc.

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- Parameters for Custody & Responsibility – Ensure the policies for the receipt of property and standard custody of the asset is followed. Create a visible reporting link between individual receiving the item and the physical asset.
- Business Asset Status – Eliminate security and cost leak risks through asset tracking reporting that follows the asset from original request to disposal.

Budget Considerations

What an organization is willing to pay in order to gain the advantages of what an Asset Management system can provide is fundamental to the discussion. Due to limited capital budgets, existing platforms & agreements, on-going projects, etc the ability of an organization to pivot is limited in part by those issues and what value is given up if the decision to address Asset Management challenges is delayed. Increasing the profitability of departments through improved Asset Management strategies will be measured in large part against their contributions to the organization as a whole.

As such, there are several questions that should be considered when the budget of an Asset Management solution is discussed.

- Ability to meet the needs of the organization? Global capabilities?
- Expertise in SCM space?
- Ability to be integrated into existing systems & impact?
- Physical space & internal IT support and requirements for on-going support?
- Ease at which the collecting, storing & retrieving information, remote access, etc is handled?
- Can the solution offer a reporting component to display asset information?
- Is the system flexible in its setup or does it require software coding to be expanded?

Budget discussions often revolve only around monetary issues or the "cost" of a new system or solution. And these pricing concerns are not without merit. However, the most important question that should be answered is whether or not the solution can address the Asset Management issues of the company? The solution provider must have both the IT and personnel support in place to minimize unforeseen challenges.

It goes without saying that system improvements require a commitment by the corporation and significant internal resources. Managers and engineers must be committed to the design of the system and its adoption. More importantly, the financial worth and value must come from the most senior management in the company. Once these requirements are met, the concerns around budget constraints are eliminated.

Conclusions

Prorizon offers a fully integrated, customized asset management, procurement and warehousing solution that fit the needs of your business—no matter the size or scope. With our unique blend of proprietary software, industry expertise, and human resources, we resolve the common supply chain frustrations that can dramatically hinder productivity and profitability. We do this by simplifying and consolidating operations, allowing different business units and countries to maintain centralized control and standardized procedures.

Using our proven methodology and best-in-class technology, we're able to bring control, accountability, visibility and standardization to all aspects of the supply chain system. Our clients experience elevated employee effectiveness and increased operational throughput in a fraction of the time and at a fraction of the cost required for alternative solutions.

Whether you're looking for a standalone, plug n' play technical solution or a comprehensive 3PL option, we'll build the customized solution that's right for you. Whatever your needs, you can rest comfortably knowing your team always has the support of our industry experts online, over the phone and in-person.