



Asset Management for the Enterprise

Enterprise asset management systems exploit the Internet to help companies better manage their assets.

Every organisation typically has thousands, if not hundreds of thousands, of assets. These assets range from plant equipment to containers, from desktop PCs to field engineers' tools, and from photographic libraries to corporate literature.

The task of managing them and keeping track of their life cycles and depreciation for accounting and management purposes has moved over the years from a labor-intensive manual process to one aided and simplified by technology. Now, however, asset management is set to be transformed into a process that pundits call enterprise asset management.

Enterprise Asset Management can be a holistic activity involving all parts of the enterprise, possibly including finance managers, real estate managers, resource managers, risk and insurance managers, and individual managers looking after assets in their own care.

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By automating and adding intelligence to the process, accuracy is increased, and managers can make sound strategic decisions based on an accurate picture of the number, location and status of assets that the company holds.

There are commercial demands for greater efficiency, but pressure for better asset management also comes from new regulations, which have changed the way in which companies are required to manage their fixed assets.

Problems can arise from a lack of automated updating and intelligent reporting techniques. Profits may be cut by inefficiencies due to underutilisation and loss of assets. Audit and administration costs may increase. Financing may become inappropriate and inaccurate, with knock-on effects relating to taxation, insurance and recovery planning. However, it should be noted that automated asset tracking will not necessarily solve these problems unless it is implemented well and is designed with enough flexibility.

Enterprise Asset Management can automate reporting procedures and inform managers of important business trends. Better information about assets can therefore be obtained, perhaps including data on location of assets, storage costs, warranty status, availability, and time when assets are sitting idle. There are many possible benefits for example it could help firms replace items before the end of their useful life for the best prices.

Analysts predict that most assets will eventually be linked to the Internet. Enterprise Asset Management will not only be used for physical assets. Digital assets such as online text, music and other content will also benefit from automated monitoring systems. As IT departments are freed from routine tasks thanks to automated asset-management systems they are likely to have more time to analyse the resulting data and further improve efficiency.

Essentials Elements in an effective Asset Management System

Sustainability:

The concept and principles of sustainability are the foundation and motivation for an effective asset management system. From the perspective of an asset management sustainability should include the social well being of the community particularly issues of health and safety , the minimization of environmental impacts, and the financial sustainability of the infrastructure assets.

Assets do not last forever, they deteriorate in a predictable way. Therefore, even with good maintenance programs, at some point in time every asset element will demand rehabilitation or replacement if service is to be delivered. Sustainability requires that resources be available not only to address those demands but to do so at a time which optimises cost and minimises risk.

A defined and understood strategy and supporting policies

Policies should include all of the life cycle considerations including where appropriate the ultimate replacement of the asset.

Asset Inventory

The first stage of implementation of an asset management program relies on the essential element of inventory. For each element in each category of infrastructure it is fundamental to know what you have, where it is, approximately how old it is, how much of it you have, and the physical characteristics of each component in the inventory.

As a starting point and for the determination of the high level strategy and objectives of the program the inventory can consist of approximations of the quantity, size, materials, and age of each category of asset.

For the project level decisions more detail is necessary for condition and performance assessment. This level of inventory detail can require a commitment to a multi year program of data collection and field verification.

The high level inventory can define the scope and broad resources necessary to implement the more detailed program.

Valuation of Assets

In addition to the inventory information an asset management system should include the valuation of each category of assets, and the total value of all assets to be managed. It is fundamental to the program that infrastructure assets be recognized and documented as having real value and that they deteriorate in predictable ways to inevitably demand resources.

The methodology of asset valuation should be a matter for discussion and policy development. It is common practice to use current replacement values for assets, when the information is used to assess capital rehabilitation and replacement spending as a percentage of asset value.

This is the high level approach However, for reserve fund analysis to ensure funding for asset replacement, it becomes necessary to know the value of each of the assets at the specific stage of its life cycle. This information is more useful for the shorter term project level funding but is also essential in longer term reserve fund viability.

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Another issue that becomes important in asset valuation is the standard of performance, level of service and the accommodation of newer technologies that must apply when an old asset is ultimately replaced to current standards. Hence it is common practice to assess replacement value as the cost of replacement to current standards.

A Methodology for Condition and Performance Assessment

At the inception of an asset management program it is appropriate to carry out a high level assessment based simply on the age and life expectancy of the infrastructure elements. Based on logically reached assumptions of life span and knowing the approximate age of blocks of infrastructure within each category, it is possible to derive reasonable long term capital needs, and identify the scheduling of resources.

As detailed information is collected on inventory it is appropriate to collect detailed information on the condition of specific assets.

Detailed condition assessment must be integrated across all categories of assets to allow consistent evaluation of options for rehabilitation.

Performance evaluation is only necessary at the detailed, project level of analysis and the data analysis and methodology is discussed elsewhere in this report.

An Established Strategy for Rehabilitation or Replacement

When level of service and performance standards are understood decisions regarding rehabilitation actions become easier. The detailed condition assessment traditionally produces condition indices that trigger various rehabilitation options.

A Methodology for Risk Management

From the known condition and performance assessment the decisions on rehabilitation options have traditionally been based on cost / benefit analysis. The benefit analysis sometimes indirectly assesses risk.

The Risk assessment needs to focus on the consequences of inaction, whether the consequences are financial, environmental, or related to health and safety.

A Business Plan

The Business plan is the most essential element in any system. All of the other elements drive the business plan which will ensure the timely availability of resources to sustain the assets in an acceptable condition to reliably deliver the level of service established by policy.

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Appropriate Linkages to Other Business Processes

The System must communicate with other strategically important business processes including Financial systems, Inventory, Purchase and initiatives for managing growth.

OFSY Asset Management suite empowers you to take control of hardware and software inventory, fixed assets, and determine the true Total Cost of Ownership of all your Organisation's assets. Fully customisable features provide unlimited flexibility. And with built in Web Reports, Executive staff can analyze asset data from the convenience of a Web Browser. OFSY Asset Management suite enables electronic tracking of the assets of your enterprise by maintaining and providing asset details.

Category

The Category to which an asset belongs is identified and the method of depreciation is selected for that particular category. The method of depreciation can be

- i) SLM (Straight Line Method)
- ii) WDV (Written Down Value)

Depending on the shifts, depreciation for accounts and depreciation for tax calculations are calculated.

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Location

The location determines the exact location where the asset maintained is stored or in place. For each element in each category of infrastructure it is fundamental to know what you have, where it is and how much of it you have .

Quality parameters

The Quality parameters is used for defining the parameter value, unit of measurement and the description for any category of asset.

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Job function

The job function of an asset is defined here. e.g. Suppose the asset in hand is thermometer. Then the job function for thermometer entered as temperature and also for the description for it is entered.

New Assets

Category defined are available here. For a particular category, an asset is created. It is placed in a location and its specific shifts are assigned. Its job function and properties are defined and all other relevant details are collected.

Annual Maintenance Contract

For each asset Annual Maintenance Contract is agreed upon with its value and period for which it is created. The Annual Maintenance Contract will have the name and address details of the party which maintains the asset.

Maintenance

Once the asset breaks down, it is scheduled for maintenance and won't be available for that period of time. Its maintenance cost will also be set.

Sale of asset

Records the sale of the asset. The log of events would help estimate the selling price of the asset. Depreciation could be customised based on the depreciation method implemented by your company.

Request

Other departments of the company can request for a specific asset. This request can be viewed by the asset department and can be approved or rejected according to the availability. If it is approved, then an issue notice is sent to a particular concerned department with the asset details. This is received by the concerned department and a receipt is issued in favor of the asset department.

Transfer

If an item is found in one department and is rendered useless, but is requested by another department. Then it can be transferred from the first department to the second department.

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Insurance

All assets of the company are insured and track of them is made for paying premium and also knowing the insurance type.

Reports

Usually an administrator tool is not the best tool for managers or non-other technical staff who need access to asset management information . To meet this needs, OFSY Asset Management suite includes powerful web publishing features to turn any browser into an executive information system. Numerous pre-packaged web reports are available from any Web Browser support presentations, quality graphs and tables. Use the drill down feature to offer multiple levels of detail in each report.

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