

NOW THESE ARE SOME OF THE REASONS FOR THE RETRAINING ON ASSET MANAGEMENT SOFTWARE CALLED AEGES

Now you must agree with me that “Asset management remains to be one of the primary concerns, of organization all over the world because, Assets drive businesses”.

- All Modern business relies heavily on physical assets to sustain effectively.
- It also helps business derive more value from an asset and helps businesses achieve their business goals.

What is an Asset? An asset is anything that has current or future economic value to a business.

What is the act of Asset Management? Asset management is a systematic process of acquiring, maintaining, enhancing, and disposing of assets in the most cost-efficient manner. It is the whole asset life circle (History) from purchase, maintenance or repairs, Auditing to disposal of the asset.

Now every company or organization needs to keep track of its assets, that way its stock holders will know, what assets are available to be deployed to provide optimum returns.

So, the essence of this program or the entire Asset Management System is to enhance decision making.

TOPICS FOR DISCUSSION

- What is Asset Management
- Types of Asset Management
- Development of a strategic Asset Management Plan
- The Importance of Asset Management
- The Benefits of Automating Asset Management
- AEGES Asset Management System

ASSET CAN BE CLASSIFIED INTO

Convertibility: Classifying assets based on how easy it is to convert them into cash.

Physical Existence: Classifying assets based on their physical existence (in other words, tangible vs. intangible assets)

Usage: Classifying assets based on their business operation usage/purpose

Now we are going to take a very critical look at every one of this classification, this would give use an indebt understanding of the assets we are to tag and record.

- Under **Convertibility**, Assets owned by any business or organization falls into two categories:
 - Fixed Assets
 - Current Assets.

Fixed Asset Definition: These are assets which are purchased for long-term use and are not likely to be converted quickly into cash, such as land, buildings, and equipment. Samples (cars, Buildings, Furniture e.t.c)

Current Assets Definition: These are short-term asset that a company expects to use up, convert into cash, or sell within one fiscal year or operating cycle. Samples (Cash, cash equivalents, Stationaries, short-term investments e.t.c)

So now you have an idea of fixed and current assets. Don't go and stick on current assetsooo! (A4 papers, Toilet Roll paper, printer cartage) anything that has one life cycle and cannot be reused by the organization.

- Under **Physical Existence**, Assets owned by any business or organization falls into two categories:
 - Tangible Assets.
 - Intangible Assets.

Tangible Assets Definition: Tangible assets are typically physical assets or property owned by a company, such as equipment, buildings, and inventory.

Intangible Assets Definition: Intangible assets are non-physical assets that have a monetary value since they represent potential revenue e.g. computer software, licenses, trademarks, patents, films, copyrights

- Under **Usage**, Assets owned by any business or organization falls into two categories:
- Operating Assets.
 - Non-operating Assets.

Operating Assets Definition: Operating assets are assets that are required in the daily operation of a business. In other words, operating assets are used to generate revenue from a company's core business activities.

Non-operating Assets Definition: Assets that aren't used to make money are called non-operating assets and could include things like land that isn't being used, vacant buildings, unused or outdated machinery and idle equipment

Now that we now have a good idea of, the types of assets and how to classify them. We need to know the types of asset management and systems that are in the market.

TYPES OF ASSET MANAGEMENT

We can vastly classify it in to three types:

- Physical Asset Management
- Financial Asset Management
- Contractual Asset Management

Physical Asset Management: is a strategy for implementing effective and efficient upkeep of an item or property throughout its entire lifecycle. Types of Physical Asset managers are:

- Fix Asset
- Inventory Asset
- Infrastructure Asset
- Public Asset

Financial Asset Management: Financial asset management refers to the process of managing procurement, developing an investment strategy, controlling budget and costs, handling cash, bonds, and stocks.

Contractual Asset Management: Stream lines processes like

- Digital Asset Management
- Contractual Maintenance
- Management of Intangible Assets

DEVELOPMENT OF A STRATEGIC ASSET MANAGEMENT PLAN

To manage the assets effectively, the asset owner needs to develop a strategic plan.

This plan can be divided in three;

- Complete An Asset Inventory
- Compute Life-Cycle Cost
- Set Levels of Service

Complete An Asset Inventory: This is the way an organization lists and provides details of the assets it owns.

First the asset owner needs to take a count of all the assets that he owns. If he is not aware of the number of assets in his inventory, he would definitely not manage them effectively.

When preparing an inventory of company assets, the following should be included.

- Total number of assets
- The value of each asset
- When each asset was bought
- And the expected life cycle of each asset.

Compute Life-Cycle Cost: This is the maintenance of all the physical asset cost records over entire asset lives.

If a business owner wants his asset management plan to be correct, then he should calculate the entire life cycle cost of each asset.

Many companies make the mistake of calculating only the initial purchase cost.

During the asset life cycle additional cost are likely to come up such as:

- Maintenance expenses
- Condition and performance modelling
- Disposal Cost

For example, think of a car. The car's price tag is only part of the car's overall life cycle cost. You also need to consider expenses for car insurance, vehicle annual licensing, gas, oil changes, and any other necessary maintenance to keep the car running. Not planning for these additional costs can set an establishment back.

After computing the life Cycle cost the next step is to set Levels of Service.

Set Levels of Service: This is the type and amount of service the business wants their assets to provide to their customers relative to the capabilities and limitations of the assets. It means describing the Overall Quality, Capacity and Role of the different services that the assets provide. In doing so the asset owner will be able to determine the operating, Maintenance and Renewal activities needed to keep the asset in a healthy condition.

For example: what type of service do I expect from an All-in-one leaser jet printer?

IMPORTANCE OF ASST MANAGEMENT

1. Enables a firm to account for all of its assets.

The process makes it easy for organizations to keep track of all their assets weather liquid (current) or fix assets. Asset's owners will know where assets are located, how they are been put to use and whether there have been changes made to them.

2. Helps Identify and manage risks.

Asset management involves the identification and management of Risks that arises from the utilization and ownership of certain assets. It means that a firm will all was be prepared to manage any risk that comes its way.

3. Remove ghost assets in the organization inventory

with a strategic asset management plan, the organization will be aware of assets that have been Lost, Damaged or Stolen and eliminate it from the book.

4. Improving Compliance

Government agencies, Non-profit organizations and companies are required to provide comprehensive reports on how they Acquire, Utilize and Dispose of assets. To simplify the reporting process, we will be centralizing all our information in a centralized database management system.

BENEFITS OF AUTOMATING ASSET MANAGEMENT

- **SAVE TIME**

You will agree with me that Performing your inventory manually can be a difficult task, regardless of you're the organizational size. Not only does manual entry demand hours of company time, but it can also require the help of many employees.

- **SAVE MONEY**

Managing inventory manually is time-intensive, and may demand the help of a large staff. These things cost a lot of money, and the costs add up quickly.

- **INCREASE ACCURACY**

If your organization is managing its inventory by hand, it's likely that mistakes are made occasionally, like typos, accidental omissions, or mathematical errors.

Mistakenly adding an extra '0' to an asset's acquisition cost, can lead to serious accounting issues, and can result in countless hours trying to locate and reconcile the mistake.

- **IMPROVE ACCOUNTABILITY**

Automating the management of fixed assets also has the ability to deter theft and misuse.

- **MAINTAIN CONSISTENCY**

When an organization's inventory process is performed manually, mistakes made by human error are not the only concern to be wary of. Manual inventory systems can also result in inconsistencies. Without a routine system in place, the procedure can vary from year to year. To complicate matters more, different departments may follow different procedures for managing inventory control.

- Asset management is a system that helps companies to keep a record of all their assets, such as instruments, machinery, and expenses.
- The process also reduces the possibility of recording ghost assets, since all the assets are well accounted for.

Questions

1. What is an Asset?
2. Who can tell me anything on asset classification?
3. What are some of the benefits of an asset management system?
4. What are the types of asset management?