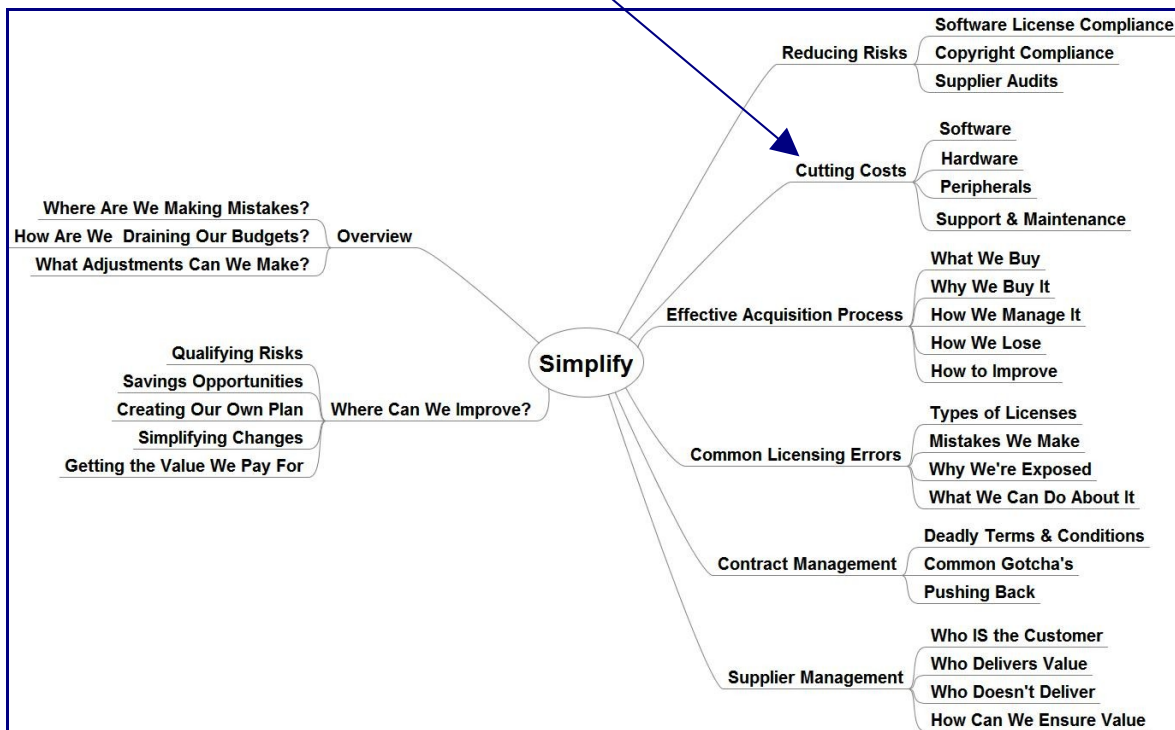


Session Two:

Cutting Costs through Technology Asset Management

The costs of business technologies – even for small enterprises – can represent as much as 7.5% of your annual gross revenue – frequently as much as 70% of capital spending – every year. The competitive stakes are high and none of us can afford to throw away money on ineffective tech goods or services. Here are some basic, common sense ideas for getting what you pay for and for only acquiring what your enterprise genuinely needs. No new software to buy. No new hardware needed. No new consultants wandering around the shop.

You Are Here!



Hey, Plastow! Why should I bother with ITAM - IT asset management?

- Effective ITAM has been proven to deliver up to 30% in cost reductions with no negative impact on operations.
- We currently gain as little as \$1 in value for every \$14 spent on tech initiatives. Using effective ITAM, those numbers can be converted to \$5 in value for every \$1 invested.
- ITAM enables the enterprise to very closely establish and maintain budgets – no more guesswork.
- ITAM frequently pays for itself in months – freeing up scarce resources to apply to initiatives previously considered out of reach.
- **And the most critical reason: Because smart competitors are doing it...**

It's about becoming aware and establishing control...

If executive management isn't behind the initiative – don't start!

How can we encourage management to become involved?

Who controls your tech environment? No... Really...

Realistically, who controls your tech environment?

***Are You Locked-in to Predatory Suppliers
or Gaining Mutual Benefit with the Trusted Partners?***

What are some of the ways that we become locked in?

How many products in your systems are proprietary?

In what ways is this a problem?

Cloud Computing & SAAS?

What will be the impacts?

Perpetual Licensing?

Do you establish your OWN criteria?

Have we established clear business criteria for a given acquisition?

Do you have the spare cash to initiate costly purchases based on whim?

How is compatibility influenced with each upgrade or change in product?

Hardware

Software

What are your actual ongoing costs related to constant upgrades?

What is the level of onerous terms and conditions in your various licenses and agreements?

Is the product not warranted to be fit for use?

Are you left holding an empty bag?

Does the supplier refuse to negotiate terms?

What are the keys to effective negotiations?

Do you negotiate every major agreement?

Does the supplier ensure that its training programs are exclusive?

If you can only obtain training from a single source, how much more costly will it be?

Are the products overly complex and costly to implement?

How much is feature bloat REALLY costing your enterprise?

Are you limited to specialized implementation consulting teams?

If you can't implement it, how will you administrate it?

Are product upgrades and updates disguised as "new" products?

Is this a realistic business model from your perspective?

Additional ways to reduce the costs of business technologies?

Consider the follow additional common sense methods you can use to get results:

Do you follow up on deliverables?

Do you reconcile invoices?

Do you require that all IT acquisitions be supported by a business analysis – ANY analysis?

Begin – immediately – tracking your use and the costs relating to the following:

How much does it cost you to patch & fix defective products?

How many proprietary products do you have on systems that could be replaced by open source?

What are your actual costs relating to printers?

Do you specific quality of internal components when you purchase hardware?

Example: One of our members purchased two notebook computers at the local office supply store at a seemingly deep discount. Within a year, both systems needed new batteries. Within eighteen months, they both needed new power supplies. Both systems experienced repeated hard drive outages that required them to be benched for a total of close to six weeks across the eighteen month ownership period. Were they a good deal?

What is the actual value of the support and/or maintenance contracts that you have in place?

[Are your technical personnel delivering advice based upon genuine business needs or is that advice based upon their narrow range of training/expertise?](#)

This is a tough one. Let's face it... Our technical personnel can easily make or break our efficiency. These folks are constantly training to keep ahead of the rapid growth of technology hardware and software.

Unfortunately, that same training can force the enterprise into product lock in when alternative resources are available. If a given technical team is fully qualified in a specific product line, they are highly unlikely to recommend an alternative. After all, they've invested an enormous amount of time and effort becoming qualified to support the first product. So, frankly, there is no incentive for them to recommend a change. Result: You are locked in.

Another key issue: If the technical personnel of your key support supplier are certified through a specific hardware or software provider, what are the chances that they will recommend a competitive product line? (*Or is a significant portion of their income derived from the supplier they recommend?*)

In the vast majority of cases this level of lock in is not a problem. However, both executive management AND the technical team need to become aware of the potential costs of this type of lock in and take steps to minimize its impact should the need for change arise.

Example: About 60% of the enterprises considering a switch to OpenOffice have halted to initiative because their technicians have not "bought in" to the change.

[Are your projects being managed as projects, or activities?](#)