



Eight Ways to Reduce IT Maintenance Costs

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Executive Summary

This report has been commissioned by IT Maintenance specialist, Esteem, to help organisations ensure they get the best value out of their IT maintenance contract. It provides unique industry insights into ways of cutting maintenance costs.

Introduction

For organisations that rely on IT to keep their day-to-day operations running smoothly, having effective hardware maintenance in place is paramount to reducing risk. While IT maintenance is a necessary outgoing, organisations are always looking to keep overheads to a minimum.

This report outlines eight methods which can support businesses in reducing outgoings on IT maintenance support.

Eight Ways to Reduce IT Maintenance Costs

1. Review your Current Provider

Many organisations do not review their maintenance costs on a regular basis to ensure that they are getting the best value. The maintenance market is highly competitive and reviewing your current service provider can lead to cost reductions. Just like insurance providers, many IT maintenance providers will offer competitive rates at the beginning of a relationship to attract new customers. It's important therefore to make sure that you review your service each year to make sure that you are continuing to get the best value.

A good 3rd Party Maintenance provider will build an annual service review into your contract, which should include an evaluation of trends in your call rates (see section 2 for further details of this aspect). It's worth reviewing your current maintenance costs before renewing your existing contract, and if you're using a 3rd party Maintenance Service provider, look for one that includes an annual service review as standard as part of the contract.

2. Reduce your Call Rate

If your IT Maintenance Provider is doing a good job and has a long term view of their relationship with you, they should be able to help you to reduce your call rates. By taking the time to understand your estate and your priorities, they should be able to help you pro-actively predict where issues may arise, and advise you on preventative actions. This approach should in turn help lead to fewer calls.

Fewer calls can lead to a lower cost for the provider, so it's important to make sure that these savings are being passed onto you as the customer, or that you're receiving additional services as part of the contract.

Organisations should opt for a service provider that has a strategic, long-term approach and pro-actively works with customers to reduce call rates and costs.

3. Invest in Longer Term Contracts

The length of Maintenance Contracts entered into with a service provider can significantly impact the long term costs of your maintenance. Most organisations take out annual contracts and simply renew each year. However, organisations can make significant cost savings, often up to 25%, by taking out longer term, multi-year contracts.

The reason for this is that service providers make significant up-front investments for spare parts and set up costs. If the provider knows that the contract is for longer than 12 months, 2-5 years say, these costs can be spread over the contract period, and the annual cost can be reduced.

Some organisations may be concerned about being tied into a long term multi-year contract, however this can be negated by including a cancellation clause within the contract based on performance of the service provider.

If you currently renew your contract annually, ensure you get a quote for a longer contract period before renewing next time (and make sure there's an annual service review and cancellation clause built into the contract).

4. Evaluate your Current Levels of Cover

Many organisations are paying for more than they actually need when it comes to IT Maintenance. There can be a number of reasons for this, for example the level of cover might have been appropriate when the contract was initially taken out, but circumstances may have changed to make the level of cover unnecessary. Equally, sometimes organisations are paying for a premium level of cover, but will never be able to properly use it. If you're paying for a 24x7 service for example, you need to ensure that you have the procedures in place to utilise this service. Can you access the building that houses the equipment 24x7? If not, then investing in a premium 24x7 service could be an unnecessary cost.

Organisations may also decide to pay a higher premium for accelerated response times, which can be worthwhile. However it's important to consider the true value of that premium service. For example, a 4 hour response contract will normally cost between 25-40% more than an 8 hour response service. By re-evaluating the urgency of response times on specific items, organisations can make significant cost savings.

As well as the hours of cover and the level of cover, organisations should also evaluate the individual items currently under contract - not all of items will require support. This is entirely down to the individual organisation, but it's worth considering that a low-cost printer, for example, may be cheaper to replace than have on support.

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5. Adopt a Modern Service Delivery Approach

Some Maintenance providers have a single service delivery approach for all support scenarios, however this can mean that their approach isn't always the most efficient or effective. It can result in using highly qualified, expensive support staff to undertake relatively simple support tasks such as replacing keyboards.

A more sophisticated service provider will have different approaches at hand to suit different types of support tasks. A keyboard for example, might simply be shipped to a customer site for them to plug in, achieving a significant saving in terms of labour costs.

Over the course of a contract, this type of modern service approach should help to reduce the overall service delivery costs and in turn the cost of the contract.

6. Switch Manufacturers' Warranties to a 3rd Party Service Provider

Organisations often spend a lot of time managing manufacturers' warranties. As well as being time consuming to manage, manufacturers typically charge for add-ons and each individual item is charged for separately. So, if you purchased a server with warranty and decided to add a back-up device, you'd have to set up an additional contract for the back-up device and pay an additional premium. In addition, manufacturer warranties can also be quite basic in terms of what they cover.

It is possible however to strip out manufacturer's warranty at the time of purchase (reducing the purchase cost), and place the item under contract with a 3rd party Maintenance Service provider instead. As well as improving the level of service, this approach should mean that you can have all of your equipment supported under one contract, with one renewal date for a lower cost.

For instances where you specifically want to take advantage of a certain manufacturers' warranty, a forward thinking Maintenance Service provider will also manage those warranties on your behalf as part of wider contract.

7. Transformation, Consolidation and Virtualisation

Although many organisations have already performed some virtualisation and consolidation, there is typically more that can be achieved.

The advances in the latest servers, storage and virtualisation technologies mean that it is now possible to do even more with even less. The more that you can consolidate and virtualise your estate, the less you'll need to pay to maintain it.

A virtualised server environment also enables you to add expand and more virtual servers to your estate without increasing your Maintenance bill.

This approach can also be applied to the desktop environment. Thin client terminals are considerably cheaper to maintain than PCs, so an organisation with a large desktop estate can make a significant maintenance cost reduction by re-considering its approach to desktop delivery.

8. Outsource First Line Support

Many organisations use in-house resources to provide first line Support to their users. This approach can be expensive as it requires contingency to be built in to cover holiday, sickness and training. Organisations with an internal first line Helpdesk resource also incur management, training and recruitment costs associated with running and maintaining this function in-house.

Many of these issues can be addressed by outsourcing your end user Service Desk to a 3rd party provider. Economies of scale mean that a specialist Maintenance provider should be able to spread the cost of management, training, recruitment etc. across many customers, and deliver service at a lower cost.

Outsourcing first line support should also provide a cost effective way to meet fluctuating demands. At peak periods, IT support needs may be increased, but this can be difficult to resource via an in-house team, on a temporary basis. A 3rd party Help Desk provider should be able to expand the service at busy times to meet temporary peaks in requirements.



Conclusion

In today's economic climate it is more important than ever for organisations to consider ways of saving money. Even with unavoidable costs such as IT maintenance, there are always ways to reduce what you're paying by thinking more strategically about your approach.

This report has demonstrated that there are, in fact, many ways to reduce IT maintenance costs, improve levels of service and keep your organisation operating efficiently and effectively.

About Esteem

Esteem, a leading IT Managed Services provider, strongly encourages organisations to re-evaluate their expenditure on maintenance costs. As a specialised IT maintenance services provider offering the complete profile of relevant IT services, Esteem Systems is ideally placed to help companies keep maintenance costs to a minimum.

Managed Services from Esteem

Esteem provides flexible IT Managed Services and Maintenance Services aimed at providing a smarter way to manage and maintain IT, reducing costs and providing the reliability and performance required by modern-day organisations. From fully outsourced IT services to selective IT management and maintenance across the entire IT estate, Esteem provides services to meet every need.

To find out more, visit the Esteem website
or call **01937 861000**.

