# Recovering Value Throughout the IT Life Cycle

IT TAKES THE WHEEL

More and more organizations worldwide now view technology investments as strategic competitive differentiators. And as the role of technology continues to gain more strategic importance, the teams that design, implement, and support technology infrastructures are now being tasked with greater responsibilities.

No longer are IT professionals expected to simply deliver the Internet to end users and make sure the systems stay up and running. These days they are required to understand the goals of the organization and how a smart technology investment strategy can deliver competitive advantages in their fields.

The IT team now has a seat at the strategic table, and that responsibility brings with it a new set of challenges.

It is, quite simply, no easy feat to accomplish IT goals in today's world.
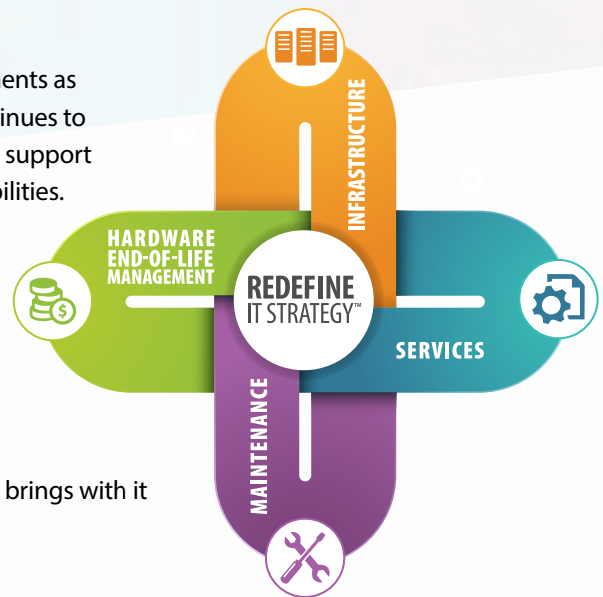
THE NEW NORMAL

The technology industry is complicated. You have enough on your plate trying to figure out how to properly plan your cloud migrations, how to deliver security solutions that keep your organization covered, and how to understand how every new offering that hits the market might affect your infrastructure. Plus, you have to accomplish all this while keeping the lights on in a seemingly neverending daily battle in the trenches.

It's enough to make your head spin – and that's not even taking into account how you have to balance all these considerations within a tightly-defined budget. This introduces a whole new level of challenges.

With so many hurdles standing in your path, sometimes it's hard to see the finish line for any given project or even imagine how you'll get there. It leads to doing the same things you've always done to get by. But that strategy never seems to accomplish anything new or different.

The good news is there are some simple tactics that can remove some of those hurdles you face and help you take your technology investments to another level.

All it requires is to redefine how you view the life cycle of your technology.

SEEING THE FULL PICTURE

The idea of redefining your view of the IT life cycle sounds like a big deal, doesn't it? It seems as though this new concept might require hours of studying and research in order to use it. But it's really not difficult at all.

Forget about needlessly complicating your job further. Forget about having to learn brand new concepts that only cloud your mind and confuse what you already have planned.

The great part about seeing the full picture of the IT life cycle is that it's actually simple to wrap your head around, and it can allow you to reap huge dividends almost immediately.

Plus, it's something you're probably already doing, even if you might not realize it. Now you can just give it a name – *life cycle management!*

THE IT VALUE LIFE CYCLE

Every technology investment's life cycle can be viewed in stages. You can then, in turn, focus on each of the stages within this life cycle and take a unique approach to maximizing value in that stage.

When observed from a high-level point of view, the IT life cycle consists of procuring your technology hardware, implementing it, supporting it, and then decommissioning it.

A huge mistake many organizations make, though, is not addressing these steps as part of a larger strategy for saving. When they do this, they fail to focus on opportunities to maximize value in each.

LIFE CYCLE MANAGEMENT

If you look closely at every step in the life cycle, you'll find that each contains opportunities to optimize value in your investments. This guide is designed to help you narrow your focus on each step, and discover incredible new opportunities for value recovery throughout the IT life cycle.

ACCORDING TO GARTNER

" Recommendation: Actively employ alternatives to traditional vendor-defined options to better manage costs by analyzing specific network support needs to identify opportunities, such as selfsparing and balancing coverage levels to align with business fluctuations. "

-Gartner, Employ These Four Best Practices to Reduce Network Maintenance Costs, April 2016 [ID G00292366]

ACCORDING TO GARTNER

" Purchasing used server, storage and network hardware – and related maintenance contracts – is a tactic to reduce IT costs. "

-Gartner, Used-Hardware Resellers Offer Hardware and Support Cost Savings, February 2015, Foundational October 2016 [ID G00270507]

When done correctly, IT life cycle management helps you become more agile, resourceful, and proactive at recovering value in your technology infrastructure. You will be able to:

- Gain greater choices on how to invest your technology budget.
- Customize the right blended solutions for your needs.
- Lower your technology hardware costs.
- Extend the useful life of your equipment.
- Reduce your recurring support expenses.
- Save budget money for other business and profit-driving investments.
- Focus your team on the most important organizational initiatives.
- Reduce your reliance on OEM offerings.
- Recover value for your used hardware.
- Protect your critical assets.
- Make your job simpler and free up time and budget.
- Free yourself from conventional industry thinking and models.

There are a number of advantages to the complete life cycle management approach, and it only makes sense to give the concept a chance.

It's a simple, straightforward way to find new ways to maximize value.

We'll review each stage in the IT life cycle, starting with how you procure your technology hardware.

Infrastructure

MAXIMIZE ROI WITH A BLEND OF NEW AND PRE-OWNED

There are many nuances to a hardware investment that some organizations don't take into account. The opportunity to reduce capital expenditure (CAPEX) spends exists, but it requires incorporating pre-owned hardware into the equation.

Using a blended solution of new and pre-owned hardware, where each makes the most sense in your infrastructure, creates a unique and potentially game-changing opportunity to maximize value in your investments. But too often, IT pros will fall into the familiar pattern of only buying new hardware feeling that it's a "safe" bet.

There is a prevailing concept around new hardware that it is highly reliable and features a low failure rate, much more dependable than pre-owned equipment.

This concept even led to the old adage: *No one ever got fired for buying new hardware.*

While this may be true, keep in mind that no one ever got promoted for it either. And in reality, this notion that new hardware is more reliable than pre-owned equipment is false. Actually, the opposite is true.

ACCORDING TO GARTNER

" Replacement of network equipment does not need to follow a timed schedule. Upgrades should follow a consistent policy set by IT and not by the vendor. "

- Gartner, Know When It's Time to Replace Enterprise Network Equipment, March 2015, Foundational June 2016 [ID G00273656]

HARDWARE FAILURE RATES
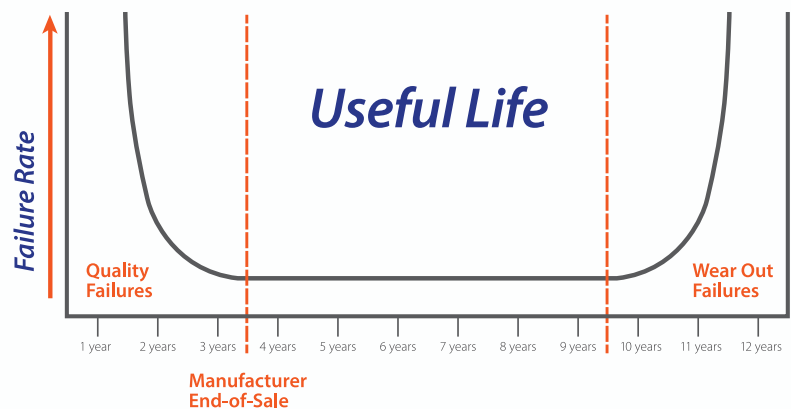
This graph shows the higher failure rate of new network hardware, and how that rate decreases once the hardware has been successfully in use for a while. The curved line of the graph shows the mean time between failures (MTBF) of the hardware.

Failures tend to occur very early in the life of hardware, or very late. These new hardware failures, many arriving DOA out of the box, can be concerning.

Most new hardware is only spot-checked to test functionality. Maybe one in 50, or even one in 100, new OEM devices is tested off the line to ensure they're working.

THE VALUE OF PRE-OWNED

On the other hand, a reputable vendor of pre-owned network hardware tests every unit it supplies. This fact actually allows quality pre-owned hardware offerings to boast lower failure rates than new.

Knowing this, it's easy to see the value of considering pre-owned equipment. The hardware OEMs recommend you refresh your technology regularly, but the longer you maintain your infrastructure, the more capital you save for your organization.

If the quality of your equipment can handle an extended life cycle, it makes sense to consider maintaining it for a longer period of time.

Using pre-owned hardware allows you to do just that. You can continue to upgrade to accommodate your needs and extend the useful life of the hardware investments you make, maximizing your ROI and lowering your total cost of ownership (TCO).

TECHNOLOGY AT YOUR PACE

Once you validate pre-owned hardware as a legitimate, reliable option for your technology infrastructure, it opens up a new set of opportunities for you. The potential to save CAPEX is huge, and you gain a new ability to choose how long to maintain your investment.

There are a myriad of benefits to a hybrid hardware solution.

You choose how to invest your technology budget, customize solutions specific to your needs, and add value to your bottom line. Extending the useful life of your hardware and upgrading at a pace that makes sense for your organization puts you in total control of your technology strategy.

You save money in two ways: both on the less expensive pre-owned hardware you do buy, and the expensive upgraded equipment you don't. And this money you save on hybrid hardware solutions can be used to improve other areas of your business. Smart investments like this allow you to strengthen not just your technology infrastructure, but your organization as a whole.

> **ACCORDING TO GARTNER**
>
> " Most network equipment is designed to have MTBF greater than 100,000 hours (roughly 11 years), with a general trend toward increasing MTBF due to simpler and standardized design elements. "

- Gartner, Know When It's Time to Replace Enterprise Network Equipment, March 2015, Foundational June 2016 [ID G00273656]

> **ACCORDING TO GARTNER**
>
> " The used-hardware market – commonly referred to as the 'secondary market' – can provide significant savings on hardware expenditures. "

- Gartner, Used-Hardware Resellers Offer Hardware and Support Cost Savings, February 2015, Foundational October 2016 [ID G00270507]

EXPERTISE FROM INSTALL TO RETIREMENT

Once you've made the smart decision to blend your hardware investment, the next step in maximizing value is to find a partner that offers expert services. There's no need for you and your team to have to figure out all the complexities of every technology you invest in.

A partner with expertise helps free up your team's time to focus on more critical, business-driving initiatives.

A team of highly trained, certified and field-tested technicians can help you configure, install, set up, and support your environment. Their expertise allows them to complete tasks in a fraction of the time it would take your team to accomplish the same job.

Your investment in services actually saves you in the long run. You save hours of your team's time and you can refocus their efforts on initiatives that have a greater impact on the organization's efficiency and profitability.

A WIDE VISION

A partner with a wide vision of best practices can provide insight from projects they've undertaken around the globe. They can suggest solutions you may not have known about or truly understood, providing deep insight and a path to expedited organizational success.

Whether you need an advanced, preconfigured solution ready to plug in right out of the box, or on-site assistance with integration, an expert partner enables you to get the best value from all of your projects.

With a partner's help, you can facilitate smooth data center transitions from physical to virtual infrastructure, and take the unknowns out of migrations to public or private cloud.

Ideally, all of these services can be agnostic and independent of OEM influence.

This allows you to get advice and strategies that benefit you, not just preconceived blueprints based on the agenda of the OEM. Your services strategy helps you reimagine the possibilities your technology can provide for your entire organization.

ACCORDING TO GARTNER

" A global manufacturer of durable goods (electronics) invested in used hardware and related maintenance services for 1,600 devices to be used in 119 offices across 25 countries. The hardware and maintenance cost savings came to a combined total of more than $4 million. "
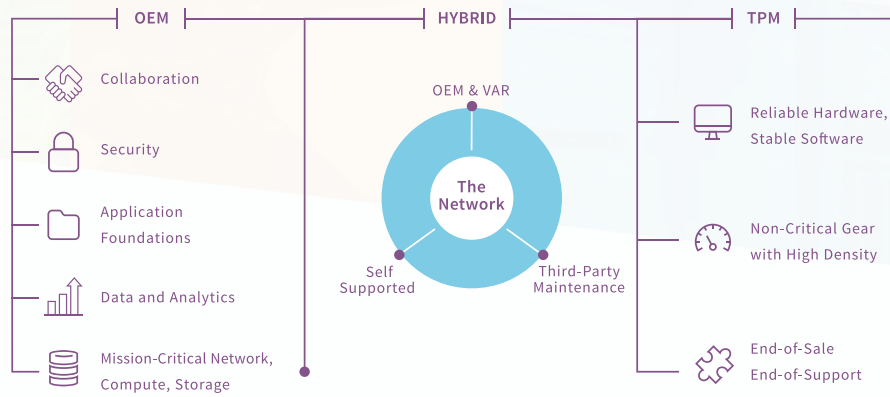
-Gartner, Used-Hardware Resellers Offer Hardware and Support Cost Savings, February 2015, Foundational October 2016 [ID G00270507]

Maintenance

FLEXIBLE, LOW-COST ALTERNATIVES

Once you have your equipment in place, the next step in the life cycle journey is to find the ideal support offerings to back it. A common mistake many organizations make is to fixate on OEM support, not realizing they have options at their disposal.

The key is finding a way to right-size your support solution for your organization's unique needs. Employing a hybrid support model can allow you to do just that.

Building a hybrid support model means using a combination of OEM support, third-party maintenance (TPM) offerings, and a spares program to provide coverage for your technology infrastructure.

Understanding each of these elements and what its role should be in your support strategy is imperative – especially when your job is evaluated largely on your ability to minimize downtime, keep costs low, and use technology investments to support business growth.

A well-designed hybrid support strategy allows you to choose which options provide the best coverage for your technology infrastructure, while making the most of your operating expense (OPEX) budget.

ACCORDING TO GARTNER

" Hardware maintenance is increasingly being considered as a 'nonstrategic IT' spending and procurement, with the result being that IT professionals are seeking low-cost alternatives to expensive OEM contracts and pricing. "

-Gartner, Competitive Landscape: Partnering With Third-Party Maintenance Providers for Data Center and Network Maintenance Cost Optimization, July 2017 [ID G00327262]

THE HYBRID APPROACH

OEM
- Collaboration
- Security
- Application Foundations
- Data and Analytics
- Mission-Critical Network, Compute, Storage

HYBRID
- OEM & VAR
- The Network
- Self Supported
- Third-Party Maintenance

TPM
- Reliable Hardware, Stable Software
- Non-Critical Gear with High Density
- End-of-Sale End-of-Support

As you can see in this table, both OEM support and TPM have their ideal technology focuses. The chart provides some guidelines around the types of technology that can be supported by each.

For your more mission-critical areas, featuring high-end compute systems, such as collaboration, security, application foundations, and data and analysis, OEM support may be the best option.

For non-critical areas, such as high-density gear at the edge, devices with reliable software, and end-of-sale/end-of-support gear, TPM can be a much more sensible economic option.

ACCORDING TO GARTNER

" Interest in hybrid-hardware support models, between an OEM and a TPM, has increased, with the OEM supporting newer, software-patchable hardware, and the TPM servicing aging equipment. "

- Gartner, Competitive Landscape: Partnering With Third-Party Maintenance Providers for Data Center and Network Maintenance Cost Optimization, July 2017 [ID G00327262]

WHY USE THIRD-PARTY MAINTENANCE?

TPM programs are hardware support solutions provided by vendors independent of the OEM. While OEMs will advocate that you should use their support offerings on every piece of hardware in your network, how cost-effective can that be in the long run?

At what point does an OEM maintenance program reach its point of diminishing returns?

OEMs provide great replacement programs with numerous options, but you might be paying a premium price for features you don't really use or need – especially if the hardware you're supporting is end-of-life or end-of-sale. In fact, some OEM support pricing strategies are designed to force a hardware upgrade.

OEM MAINTENANCE COSTS

Legend: Maintenance | Capital Expense | Depreciated Value

Y-axis: $0, $10,000, $20,000, $30,000, $40,000, $50,000, $60,000
X-axis: Year 1, Year 2, Year 3, Year 4, Year 5, Year 6, Year 7, Year 8

ACCORDING TO GARTNER

" TPM contracts will offer customers an average of 60% savings off of OEM support list prices. However, depending on equipment type, location and product density, Gartner has seen that the range of savings with TPM contracts is 50% off OEM list up to 95% off OEM list. "
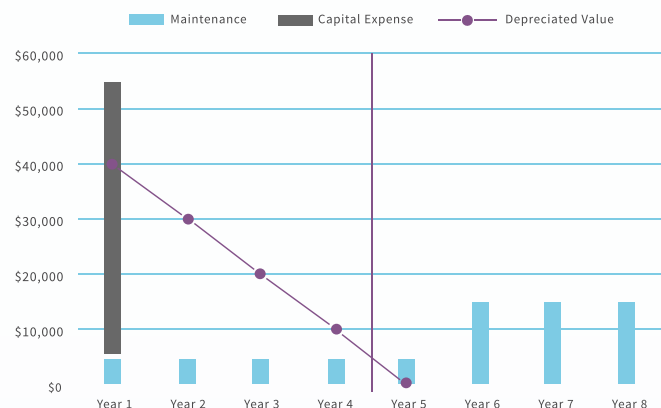
-Gartner, Competitive Landscape: Partnering With Third-Party Maintenance Providers for Data Center and Network Maintenance Cost Optimization, July 2017 [ID G00327262]

This graph shows the depreciating value of the hardware over its lifetime, compared to the cost of OEM maintenance. As the OEM's planned obsolescence of the gear approaches, the price of support increases. At this point, many times the maintenance plan costs more than the hardware it's supporting.

THE VALUE OF TPM

Once you've reached the point of planned obsolescence, TPM programs are a smart alternative that feature a number of benefits.

Don't pay for what you don't need. Don't pay for what's not coming. Don't pay for what's free.

The great thing about TPM is that no matter what kind of equipment you're using, new or preowned, TPM is a strategic and well-established way to get the quality coverage you need while saving money that can be used on other high-priority needs in your infrastructure.

ACCORDING TO GARTNER

" Enterprises seek hardware support services from used-hardware resellers and third-party maintenance (TPM) providers for benefits such as cost savings, requiring IT procurement professionals to assess where these services will be most effective. "

-Gartner, Used-Hardware Resellers Offer Hardware and Support Cost Savings, February 2015, Foundational October 2016 [ID G00270507]

Third-party maintenance offerings feature a number of advantages:

- Get 50-60% cost savings over OEM.
- Enjoy flexible contract terms with month-to-month and one-year contracts and the ability to terminate without penalty.
- Accelerate the mean time to repair.
- Customize and right-size your support model.

- Get a quicker, easier experience from a partner focused on your success.
- Extend the useful life of your equipment and maintain your hardware investments longer.
- Upgrade at your pace, not the OEM's.
- Save OPEX and avoid CAPEX spends.

AN INVESTMENT IN TPM IS AN INVESTMENT IN YOUR OWN INDEPENDENCE.

You free yourself from solely relying on expensive OEM support plans, and you get a solution that best fits your needs.

OEM support plans are not your only choice. Consider TPM to customize your support, lower OPEX, and create a new avenue of savings for your organization's bottom line.

Hardware End-of-Life Management

PROTECT PEACE OF MIND, RECOVER MAXIMUM VALUE

Your value life cycle journey comes full circle when you maximize ROI on the technology you already have. But it's not enough to just sell your gear to any random buyer and assume it all worked out well for you.

When decommissioning and selling back your used technology, you must find a partner that not only provides maximum value, but also protects your critical assets.

In order to accomplish successful life cycle management, you require safe, secure hardware end-of-life management (HELM) services. It's imperative to find an ITAD provider who offers data sanitization and destruction services that protect your data's integrity and privacy, and handles your gear in an environmentally-responsible way.

It's about selling back your used hardware at maximum value, protecting your data's integrity while you do it, and using that money to fund future investments.

ACCORDING TO GARTNER

" Infrastructure and operations leaders who manage IT asset disposition (ITAD) continue to struggle with the two big categories of ITAD risk: data security (thorough data sanitization of all data-bearing assets) and proper environmental recycling. "

-Gartner, Market Guide for IT Asset Disposition, November 2016 [ID G00299482]

DON'T BECOME A STATISTIC

The legal repercussions, the threat to your brand reputation, and the financial impact of a security breach are too big to ignore. Finding a HELM partner who can handle your needs, at scale, anywhere you are in the world is critical.

You require someone who can handle any project, at any scale, worldwide.

They must provide data wiping and data destruction services to ensure your sensitive info is protected. And they need to provide maximum value for your assets. Proper hardware end-of-life management practices are no longer a luxury, they're a necessity.

When done correctly, your data integrity is safe, your budget gets the much-needed boost it needs, and you get peace of mind.

Redefine the IT Value Life Cycle

MAXIMIZE VALUE EVERY STEP OF THE WAY

Life cycle management is the commitment you make to maximizing value at every stage of your technology investment. It's the way you rethink how you build, maintain, support and upgrade your technology infrastructure.

When you view your technology investments as a life cycle, with each step containing strategies to maximize value, it's much easier to create a blueprint for success every time.

The goal is discovering creative ways for you to recover value at every step of your journey – without sacrificing quality or your peace of mind. Complete life cycle management is a smart way to become more agile, resourceful and proactive at recovering value throughout the life of your technology infrastructure.

You will:

ACCORDING TO GARTNER

" ITAD service providers have become an important link in the overall life cycle management of IT equipment. "

- Gartner, Market Guide for IT Asset Disposition, November 2016 [ID G00299482]

- **Lower your hardware costs** – Sell back your used assets to offset cost and purchase blended solutions of new and pre-owned hardware to further lower capital expenditures.
- **Reduce your support costs** – Lessen your dependence on higher-priced OEM support and customize a solution that fits your infrastructure and lowers your operational expenditures.
- **Create the right solution for your needs** – Use hybrid solutions of hardware and support to achieve your ideal infrastructure.

- **Extend the useful life of your technology** – Maintain your investment longer and upgrade at a pace that makes sense for you.
- **Save budget money for other business- and profit-driving investments** – Use the capital you save on your technology to create competitive advantages in other areas of your organization.
- **Focus your team on the most important initiatives** – Maximize your internal resources and facilitate easier projects, from install to retirement.

Seeing the big picture of life cycle management allows you to become more strategic with your technology investments. You reap benefits at each stage of your technology's life, and truly use your infrastructure as a competitive differentiator.

With a true life cycle management strategy, you rethink how you approach every technology project. You reimagine the possibilities your technology can have. And you redefine the expectations of what your technology can do for you.

ACCORDING TO GARTNER

" Despite concerns related to OEMs' objections to the acquisition of used hardware, the used hardware resale market is an established and growing market. "

-Gartner, Used-Hardware Resellers Offer Hardware and Support Cost Savings, February 2015, Foundational October 2016 [ID G00270507]

Then you'll see the impact your vision can have on driving value for your organization.

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