

Four Ways to Maximize IT and Minimize Costs

By *lindsaytigar*

Created 04/19/2010 - 3:21pm

Distinguish between technology needs and wants to keep technology investments low and productive

By: Richard Nathan [1]

April 19, 2010

While IT is the lifeblood of our businesses, most of us know enough to be dangerous at best. Whether you have had the same vendor for years or you just “know a guy”, you need to know enough to make sure your IT is keeping your company productive and not costing more that it should.

Here are four ways to evaluate your IT systems:

Working with Vendors and Consultants

Almost all IT problems can be boiled down into three common problems: (1) outdated technology; (2) inefficient use of technology; and/or (3) overinvestment in technology. For example, in a recent technology assessment, a client had 180 users and had increased its number of production servers from 5 to 23 over the course of three years. After completing the assessment, it was determined that 12 of the servers were unnecessary and costing the company an additional \$60,000 per year, on average. This kind of misstep can seriously impact a business’ productivity and profitability. The problem is that many IT firms make money by selling you stuff, not taking it away. In the above example, the client should consider consolidation or hosting. However, vendors often will not look for this, so you will have to be proactive and ask them to review the server and LAN infrastructure and produce a report of their findings. All good IT companies should have monitoring tools that can report errors, storage capacity, back-up issues, and the like.

By being proactive and asking the following questions, business owners can avoid potential downtime and associated costs:

- What is my current storage capacity?
- How will you alert me when I am getting close to capacity?

- What are my options if and when I reach capacity?
- What is my data backup process?
- Are we checking that all required data is being backed up?
- What are my other options for data backup? Are the other options less expensive, less risky and more efficient?
- How do you know when there are systems errors?
- Can you produce a user-friendly report that reviews my network and other associated systems regarding capacities, speed issues, and other system issues?

Using the Right Software the Right Way

As for the company's financial, management, and/or operational software, it is important to consider whether or not the software applications are up-to-date and have all of the necessary features. Is there functionality missing that could automate redundant and inefficient processes? Do you currently use several different software programs for tasks that can be handled by one program's capabilities? Are key features being used optimally? Meet with your software vendor and review the features within the current software including any recent updates that are part of the annual maintenance fee (already being paid for). Alternatively, you could create a work-flow detailing your company's key processes in order to identify those that either could be eliminated or automated. Then see if your employees are using all the appropriate features or using the software in the most efficient manner.

As an example of how employee software use affects productivity and the bottom line, one client, we found a purchase order clerk printing multicolored purchase order forms for a number of internal managers on a daily basis. In

actuality, the managers already had system access to the information. Neither the purchase order clerk nor the managers knew this capability was available. In addition, companies often will go to their IT provider for all their "technology" needs. The problem is that most IT companies are only proficient in the network infrastructure and not application software. It is important that your IT company has strategic contacts so they can recommend subject matter experts in specific areas.

Businesses often keep old practices as a matter of habit. During a recent technology assessment, a client company had a receptionist who would open the bills when the mail arrived and reproduce hardcopies to circulate for approvals. If the receptionist scanned the bills instead, they could be digitally sent, signed for and paid with an electronic check, never generating a single piece of paper. It's efficient and eco-friendly.

IT companies are not ideally positioned to complete this assessment. There are two pieces to this puzzle: what is automated and what is manual. If you are examining only the automated processes, the application provider often can be of assistance. However, if you seek a comprehensive view, which covers both manual and automated processes, a business process consultant will understand what the client's requirements are and identify any gaps in such processes to optimize workflow.

Upgrading May Not be the Answer

Businesses often hemorrhage money on IT because they continue to upgrade applications when their existing systems are sufficient. Analyze which functions you use daily and as long as

the version you are using suits your needs and is still supported, hold tight. However, you will want to leave some time (three to four months) to update before support on your current software support ceases.

Review and Renegotiate Vendor Contracts

The current economic climate represents a tremendous opportunity for businesses to reduce their expenses by doing something as basic as renegotiating their vendor contracts. Consider renegotiating existing contracts and seeking flat-fee, all-inclusive contracts for IT support. One negotiating point to put to your current or potential

providers is providing support remotely. In many cases remote support is adequate and can reduce the vendor expenses.

It also is crucial to review invoices from current vendors and assess recent charges. For example, some IT support vendors charge their clients in minimum time increments. This means that a task that only took ten minutes may be billed as taking one hour, if that is their smallest billable increment. This helps businesses to better understand their IT needs and evaluate the associated expenses to see if they need to switch to a vendor that bills in smaller increments.

IT is an integral part of a company structure and day-to-day operations. By examining the current IT structure, future needs and user experience, businesses can save money, become more efficient and allocate an increased percentage of its resources to reaching business goals. Thoroughly examining these components and making necessary changes can position the organization for future growth and success.

Author Information:



Richard Nathan is president of Tailored Technologies, a management and technology consulting firm headquartered in New York City. He can be reached at RNathan@tailtech.com.