

NOVEMBER 5, 2009

## Three Best Ways to Reduce Tech Costs

By [RAYMUND FLANDEZ](#)

It's impossible to run a company these days without an investment in technology, which can take your operations to another level. But how do you do it economically and without wasting extra cash on needless tech services or products?

That's a question many small businesses are asking, in a grim environment that's wreaked havoc on firms' financial stability. Done correctly, cutting your current tech spending may leave your company leaner, faster and bigger than before.



Here are three best ways to reduce technology costs:

**1. Do an audit of your technology inventory.** Now is a good time to re-evaluate your tech budget for next year. What's redundant? What needs to be replaced? What can keep for the next year or so? Don't assume you need to buy the latest version or newest iteration of a tech product. You probably don't need it, experts say, as your current applications may be adequate for your needs. If you've got too many operating systems or laptop platforms or overlapping software licenses, "clean up the smorgasbord," says John Stevenson, a tech consultant and past international president for the Society for Information Management. He once saved a client \$1,500 a month just with a streamlining plan. "That's a person's job that got saved," he says.

**2. Try Web-based software for specific tech tasks.** In industry parlance, it's called virtualization, cloud computing, software-as-a-service or software-on-demand. For many companies, it's cheaper to pay a monthly fee for a web-based service, such as data back-up or antivirus protection, than to make an upfront investment in the technology.

Innovations International Inc., a workplace consulting firm in Salt Lake City and San Francisco, began using so many online services that in April 2008, the 25-year-old firm went completely virtual. The company has reduced its operating expenses by 20% to 30% as it now uses RingCentral.com for phone, Egnyte.com for database servers, Skype for internal and international calls and [Google](#) Apps for email. The company no longer pays \$5,000 to \$6,000 per month on office space, as its five employees now work at home. Many of the online services were free or cost \$25 to \$90 a month, says Danny Guillory, its chief executive.

**3. Renegotiate vendor contracts.** It's time to remind your technology service providers that you've been hampered by the economy. Drive a hard bargain and ask about special discounts or freebies, something you might not receive in better times. If you're willing to say you're ready to jump ship to another competitor, that might prompt them to offer a better deal. "Due to the economic conditions out there, rules and contracts are flexible, and vendors want to keep their clients," says Richard Nathan, president of Tailored Technologies LLC, a tech consulting firm in New York. "They want to have something rather than nothing." He's used the tactic himself to save on telephone and Internet contracts (and been on the other end of it, too, as clients sometimes ask him for discounts). "It's key for small-business owners to ask," he says. "Some of them don't know they can ask."