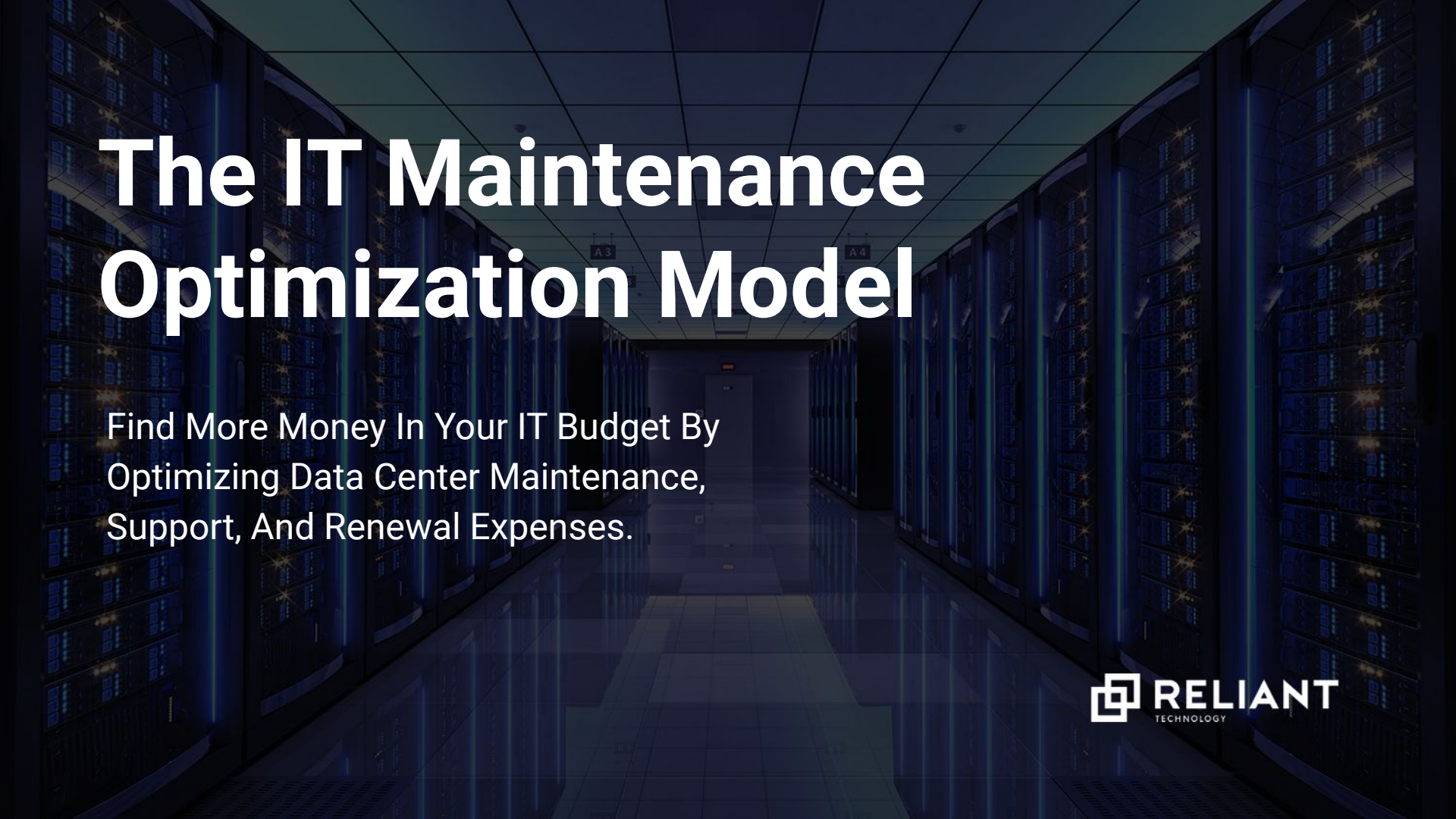

The IT Maintenance Optimization Model

Find More Money In Your IT Budget By Optimizing Data Center Maintenance, Support, And Renewal Expenses.

RELIANT TECHNOLOGY

EXECUTIVE SUMMARY

Are you frequently being asked to do more with less in your IT Budget? Have you ever thought, "How will I get this done without the funding?". Lack of resources is a primary concern for many business leaders.

We're going to teach you how to significantly lower the cost of data center maintenance so you can reallocate the funds to use elsewhere. Then we'll explain how you can become a more proactive and resourceful business leader by building a repeatable money-saving process.

First, let's look at some of the challenges many IT leaders face from a lack of adequate funding. We'll also review the budget basics and do a deep dive into ways our maintenance costs are eating into it. Then we'll unpack the solution to finding and recovering our hidden money. Sound good?

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4 THINGS IT LEADERS LACK WHEN FUNDING FALLS SHORT

Being asked to do more with less can cause anxiety, exhaustion, and burn-out for everyone on the team. There are numerous reasons for this, but here are four examples of how a lack of funding affects our ability to lead.

1. MORALE

It's our job to motivate the team. This challenge becomes increasingly difficult when budget cuts could lead to layoffs or an inability to provide adequate resources.

2. PROJECTS

Project delays due to anemic budgets or insufficient funding are common occurrences. Without adequate means, we can't approve every initiative, and some get shelved indefinitely.

3. STAFFING

Hiring, onboarding, and training new employees can be expensive. If we don't have enough money in the budget, we can't retain the right talent.

4. TOOLS

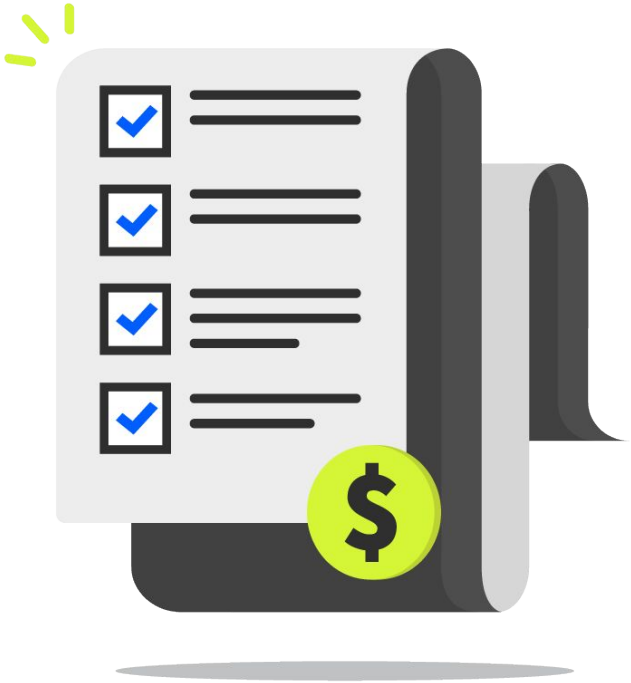
We want to provide our team with the tools they need to be most effective, yet it's deflating to be continually denied funding.

When there isn't enough money in the budget, our job gets more challenging, but that doesn't mean we're out of options. We still have to develop solutions, and sometimes necessity provides clarity. We can gain a new perspective for overcoming or circumventing the obstacles standing in our way. And maybe earn some brownie points with the finance department because of our fiscal responsibility. A little recognition goes a long way, and being seen as a proactive leader can be a game-changer.

KEY BUDGET TERMINOLOGY

Let's take a look at some familiar financial terms.

- **Soft Savings** come from an upcoming negotiation, a net new project, or an initiative that has not happened yet.
- **Hard Savings** are found in maintenance or support agreements that are up for renewal, which we can reallocate to fund other initiatives.
- **CAPEX**: *Capital Expenses are* purchases incurred for future benefits, like new buildings, business equipment, and upgrades to existing hardware.
- **OPEX**: *Operation Expenses* are incurred through normal business operations like rent, equipment, inventory, payroll, and marketing. These line-items are another excellent opportunity to leverage the waste to fund other things.



HOW TO ASK FOR MORE MONEY

Sometimes we don't have the freedom to reallocate funds. If we can't move money around, we can still ask pointed questions to those who can and perhaps become the force for change our department needs. The best way to manage our budget is to know how it's made, and these are a few questions to start that conversation.

- What is our budget, and how was it formed?
- What is the scope of the budget?
- What are the priority line items?
- How frequently has our budget increased in the past? By how much?
- How have the costs for future purchases increased since the budget revisal?
- If we can save money on a specific line item, can we re-deploy that money to other areas?

How we ask is equally important. Rather than creating dissonance by trying to manipulate the outcome, we can approach this dialogue as a business leader versus an IT leader. Business acumen helps build trust and boasts collaborative ways to move forward.

PRO TIP

Ask in person: Emails and texts don't give off the right vibe and can be easily dismissed or misunderstood. If the objective matters, we should express that with a proper yet respectful tone and body language.

Be realistic: If we ask for too much, we might not get anything. At the same time, it is good practice to have a little padding in the budget. But the more realistic our request, the better our chances of getting close to it.

Provide a solution: We like it when our teams offer solutions instead of just telling us about the problems. Everyone in charge of the budget feels the same way. By coming prepared with practical responses to anticipated challenges, we might earn the win.

Show ROI: We can strengthen our position by showing the budget bosses how our request will boost the bottom line through increased revenue or significant savings. - Example: If we are spending $1,500,000 a year on maintenance and invest $50,000 in a platform, $100,000 in initial services, and $25,000 in annual support, we can reduce that amount of spending by $400,000 per year.

50/50: Sometimes, we can get what we want and look like a rockstar by revealing how much money we'll save through optimizing an existing practice and then only asking for half back to fund other projects.

4 TYPES OF IT MAINTENANCE THAT CONSUME OUR BUDGET

Maintenance fees can consume a lot of our annual IT budget. The key is to look for savings within the activation and renewals lifecycle and then determine how best to manage them proactively.

1. DATA CENTER INFRASTRUCTURE MAINTENANCE

Datacenter maintenance refers to the support of our hardware and software within the data center. Most companies' data center assets are maintained by the OEMs that provide support such as:

- EMC Support
- Dell EMC Support
- HPE Support
- Cisco Smartnet
- NetApp Support
- IBM Support
- SuperMicro Support
- (and many others)

While OEMs are knowledgeable about their specific hardware and provide reliable support, their high premium cost is not always necessary.

2. SOFTWARE AND SAAS MAINTENANCE

As an alternative to buying software outright, many companies turn to Software as a Service (SaaS)- a subscription lease program. But they may include built-in premium support.

- Some businesses may use various on-premise software with conventional support agreements, such as Software Asset Management (SAM). This practice ensures compliance against using unauthorized software, which can lead to security issues and vulnerabilities. On the other hand, SAM can also help us determine how much of the licensed software we have on the books are unused. These are assets and support we're paying for but may not need.

- Other companies are moving their computer and storage capabilities to the cloud. Popular providers like AWS, Google Cloud, Microsoft Azure, and IBM have constantly changing pricing models, so we should be alert to potential overspending in this area.

4 TYPES OF IT MAINTENANCE THAT CONSUME OUR BUDGET

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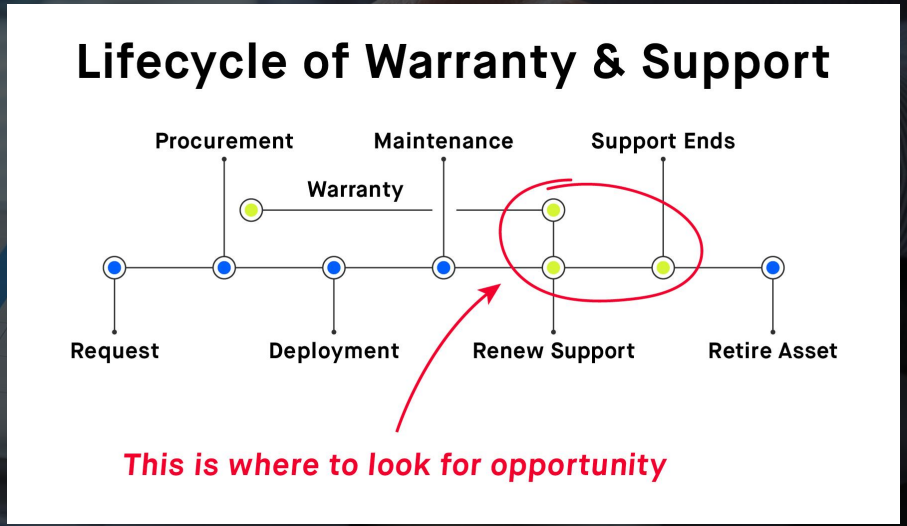
3. THIRD-PARTY MAINTENANCE

Comparable third-party maintenance typically costs about 50% of OEM support. It also covers various manufacturers and hardware families under a single contract which makes it easier to manage. But, third-party maintenance isn't for every business. For instance, OEM coverage might be better for supporting software upgrades or OS patches on particular assets. It's a good practice to verify if patches and updates are being applied because, in many cases, they're not, which could sway the decision.

4. PHYSICAL INFRASTRUCTURE MAINTENANCE

Phones, laptops, servers, network gear, and point of sale (POS) systems are physical infrastructure examples. Their maintenance can be expensive because as equipment ages and needs to be replaced, the new asset's warranty often converts to a support agreement when it expires. These automatic rollovers are usually forgotten and, therefore, generate unexpected costs.



3 REASONS WE BLOW THE BUDGET ON SUPPORT AND RENEWALS

We don’t know what we don’t know and our vendors are banking on it.
Money we could be using to fund other projects is being taken right out from under our noses.

THE RIGHT HAND DOESN’T ALWAYS KNOW WHAT THE LEFT IS DOING

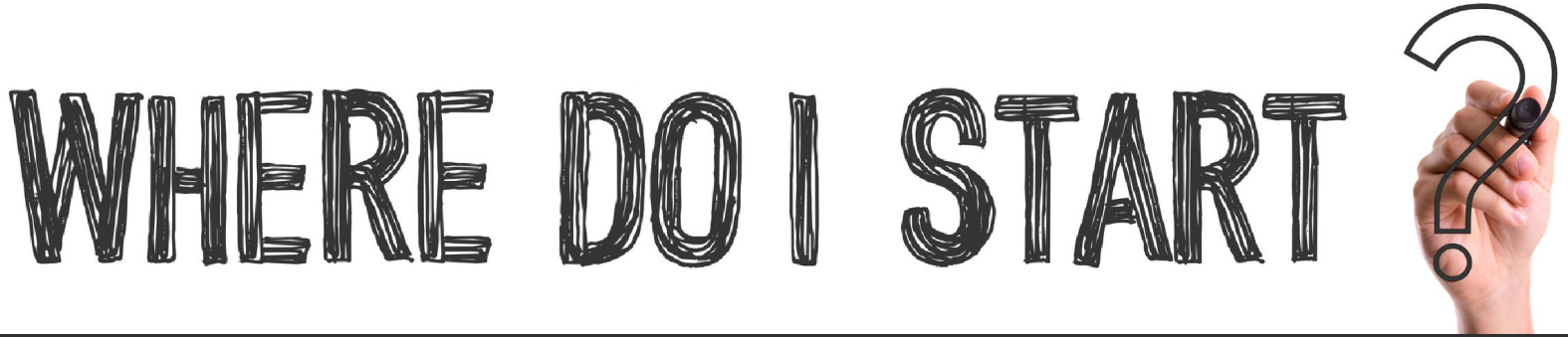
When our finance department exclusively manages recurring maintenance and renewal spending, or IT contracts are locked away with the lawyers, everyone loses relevant information critical to our IT planning. Compartmentalization is a HUGE waste of everyone's time and limits our ability to lead effectively.

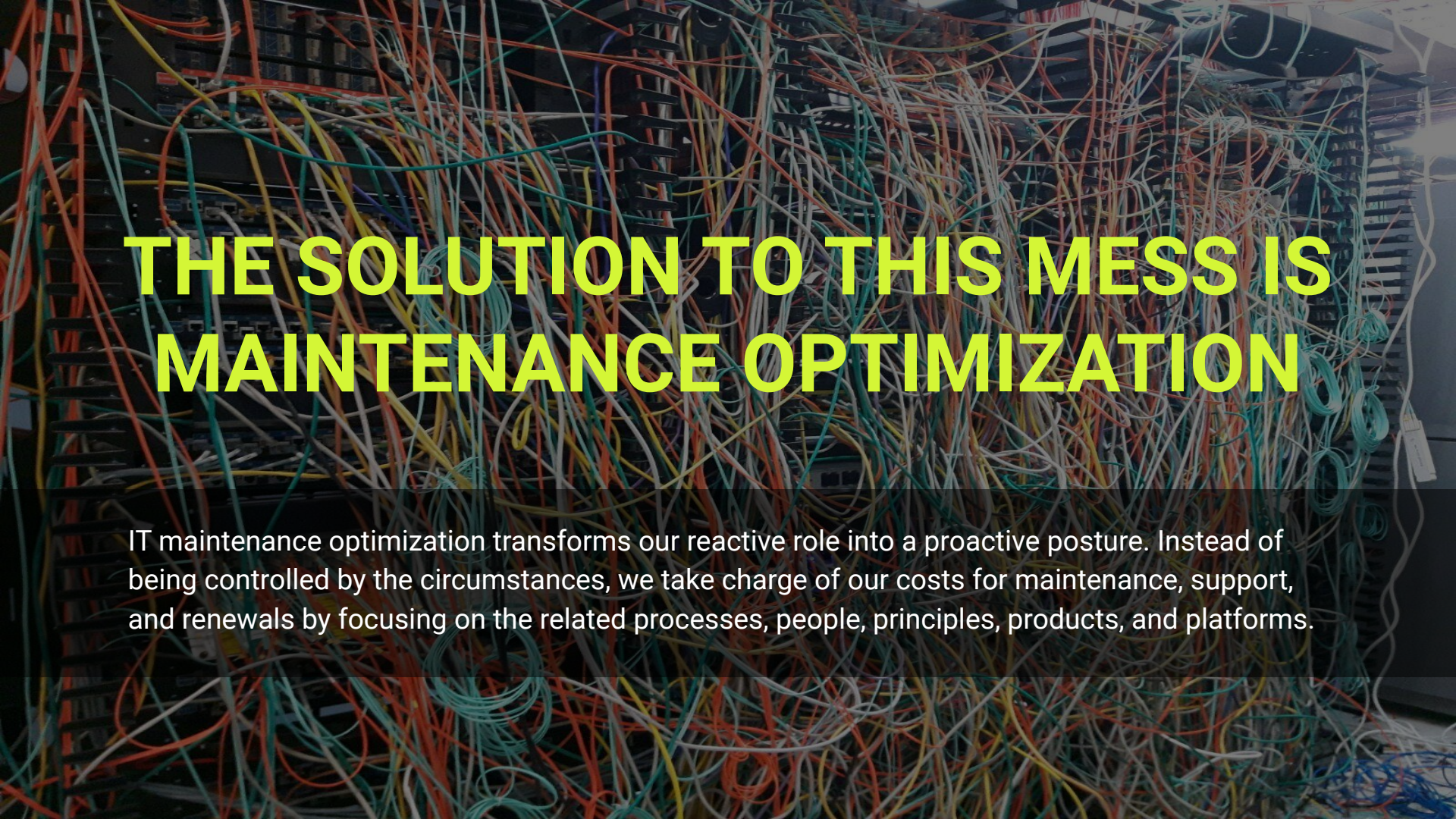
INACCURATE OR MISSING RECORDS ARE COSTLY

If we can't track it, we can't manage it. With maintenance and support, if we don't know which contracts are renewing when and if the vendor records accurately match our active (in-service) units, we'll get stuck paying high rates and possibly for equipment we no longer use.

PURCHASE DECISIONS LACK CONTEXT

Suppose the procurement people negotiate contract renewal terms without input from the network administrator, who knows each asset's health. Then our funds are wasted on unnecessary levels of support because of the limited context.





THE SOLUTION TO THIS MESS IS MAINTENANCE OPTIMIZATION

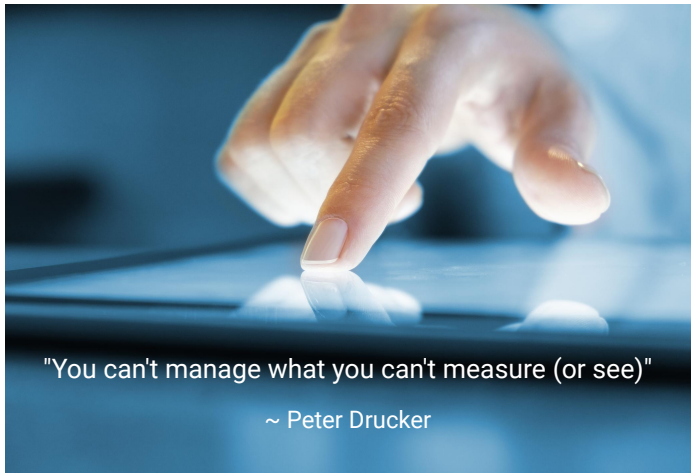
IT maintenance optimization transforms our reactive role into a proactive posture. Instead of being controlled by the circumstances, we take charge of our costs for maintenance, support, and renewals by focusing on the related processes, people, principles, products, and platforms.

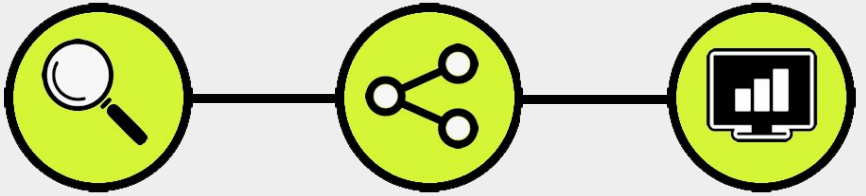
THE 3 PRINCIPLES OF MAINTENANCE OPTIMIZATION

We can finally create a realistically repeatable process to get ahead of our maintenance, renewals, and support needs by considering these three principles.

1. VISIBILITY

Our primary goal is to make better decisions by having detailed records filled with accurate data at our fingertips. Then we can develop smarter solutions about our maintenance spending and make more accurate projections about our budget needs, which will uncover hidden savings we didn't see before.





HOW TO IMPROVE VISIBILITY

1. Ensure your team is maintaining accurate records.
2. Coordinate with finance to see your expense data.
3. Get access to all IT service and maintenance contract terms.
4. Ask vendors for a detailed list of your supported assets.
5. Create a central repository for everyone to see everything.

THE 3 PRINCIPLES OF MAINTENANCE OPTIMIZATION

We can finally create a realistically repeatable process to get ahead of our maintenance, renewals, and support needs by considering these three principles.

2. ACCESSIBILITY

Having a single database that the entire team can access and update means we all benefit from the same information. Not to mention how much easier it will be to maintain accuracy through a collaborative effort.

KEY TEAM MEMBERS:

IT MANAGERS & DIRECTORS

IT Managers and Directors should be involved in the maintenance optimization process because their decisions will affect support levels, uptime, and future planning for replacements or migration.

IT ADMINS & ENGINEER TEAM

Engineers thoroughly know the equipment they support and what concessions or upgrades were made during their lifecycle. This insight should impact decisions about which assets to keep and which to renew.

PROCUREMENT

Procurement specialists are tasked with bringing order to chaos. Not only do they ensure that savings are achieved, but they also reduce vendor, financial, and technology risk.

IT FINANCE

What better team to include than the one that helps set and approve the budget? Sharing our asset details with the finance team will help them make better decisions about how much to allocate toward purchases, replacements, upgrades, and maintenance.

THE 3 PRINCIPLES OF MAINTENANCE OPTIMIZATION

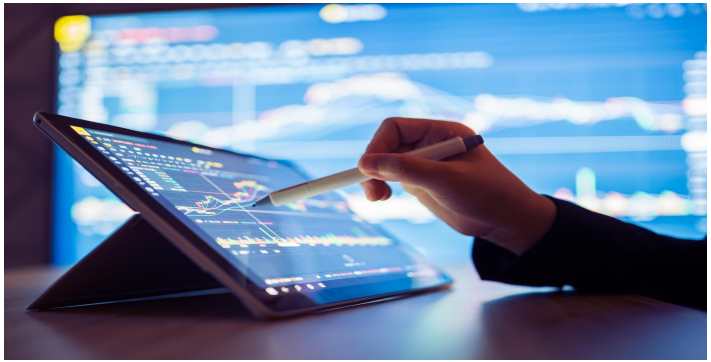
We can finally create a realistically repeatable process to get ahead of our maintenance, renewals, and support needs by considering these three principles.

3. MEASURABILITY

We need to measure the effect of our decisions to improve the way we manage our responsibilities. Good metrics help us hold ourselves and our teams accountable by giving us deeper insights into our assets, costs, and performance.

KEY PERFORMANCE INDICATORS (KPIs) TO CONSIDER

A KPI is any variable that predicts a change or movement in another data point, number, or process before it occurs. Here are three examples:



1. PERCENTAGE OF ASSETS TRACKED

If we have 2000 physical switches but only 636 are recorded, there's a problem. This KPI gives us a good benchmark to start an initial inventory and cleanup.

Assets / Total Estimate Assets = Percentage of Assets Tracked.

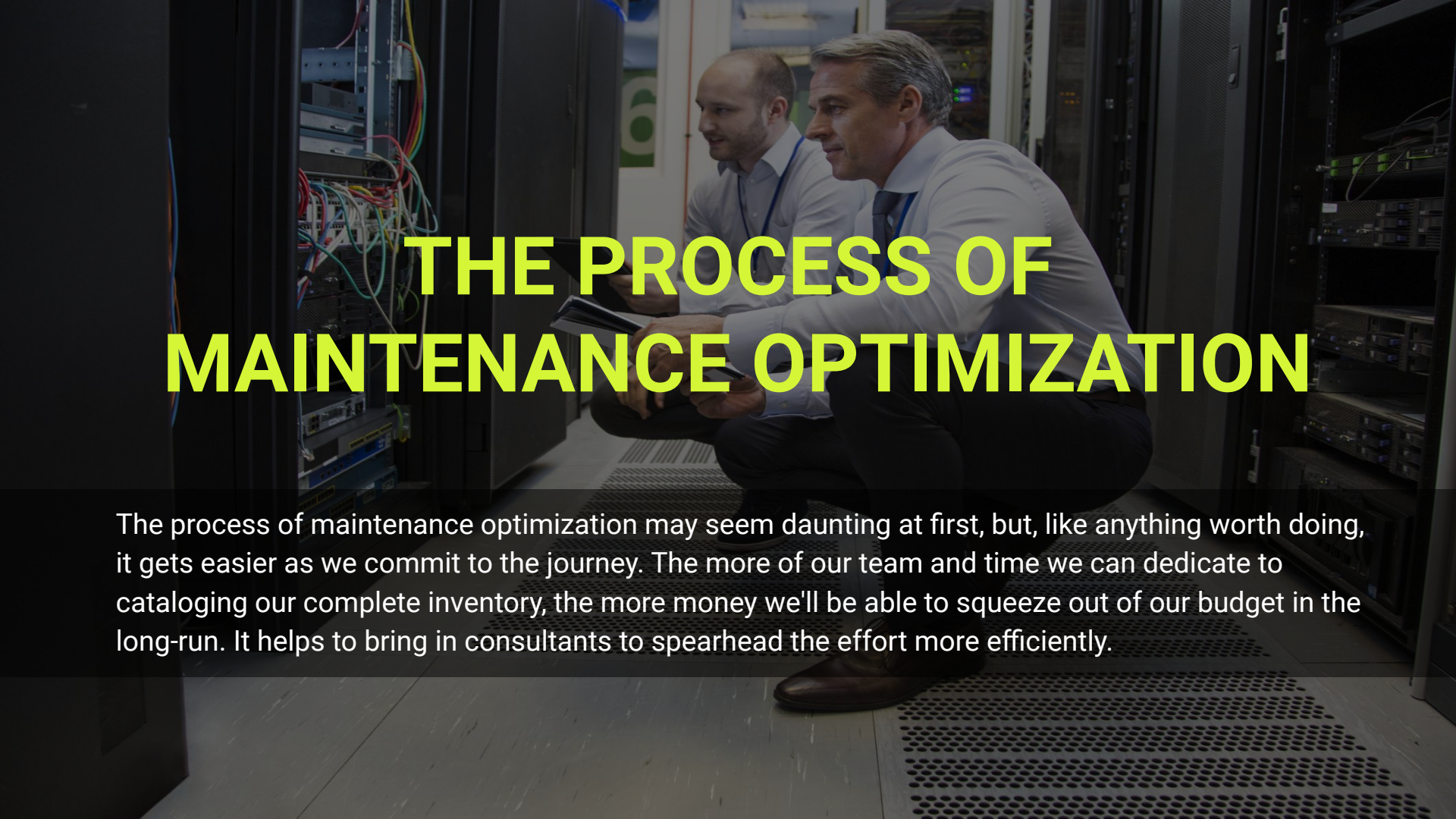
2. PERCENTAGE OF MAINTENANCE CONTRACTS TRACKED

Procurement teams often admit that a large percentage of maintenance and renewal expenses are not logged. We can determine what's missing by comparing tour records against those recorded by the finance team.

Maintenance Contracts in System / Maintenance Contracts in Financial System = Percentage of Maintenance Contracts Tracked

3. ASSETS AND CONTRACTS UP FOR RENEWAL IN 180 DAYS

The more advanced notice we have to update our vendor's records with our accurate data, the better our leverage will be when negotiating renewal contracts. Renewing a contract doesn't mean we have to include the same assets as last year. It's also a good practice to allow 180-day lead time to consider which assets should be renewed, replaced, or have extended contracts.



THE PROCESS OF MAINTENANCE OPTIMIZATION

The process of maintenance optimization may seem daunting at first, but, like anything worth doing, it gets easier as we commit to the journey. The more of our team and time we can dedicate to cataloging our complete inventory, the more money we'll be able to squeeze out of our budget in the long-run. It helps to bring in consultants to spearhead the effort more efficiently.

5 PROCESSES TO JUMPSTART PROGRESS

1. SET GOALS

Every plan needs a goal and milestones to achieve. Defining these in advance ensures our team will move in the same direction and have confidence about their assignments. We also need to consider how we will measure time, money, and productivity. Here are some goal examples:

- Reduce maintenance costs.
- Improve Service Level Agreements (SLAs).
- Save time to focus on other things, such as planning, training, or key projects.
- Eliminate risks, such as vendor, financial, compliance, or coverage.
- Improve maintenance strategy by executing strategic projects.
- Fund underfunded projects with savings from overhauling IT maintenance strategy.

DEPARTMENT-SPECIFIC GOALS TO HELP YOUR TEAMS GET WHAT THEY NEED.

PROCUREMENT

- Hard savings
- Lowering vendor risk
- Financial risk
- Coverage risk
- Building repeatable efficient procurement processes

FINANCE

- At or under budget
- Increased profitability
- Reduced expenses

IT

- More money to buy the tools, technology, and resources needed to keep systems up, running, and optimized effectively.

BUSINESS UNITS

- Sales (Sales),
- Marketing (Leads)
- Manufacturing (Efficient Output),
- Logistics (On Time Delivery),
- Executive Team (Execution, Culture, Profitability)

5 PROCESSES TO JUMPSTART PROGRESS

2. PERFORM DISCOVERY

Every asset should be accurately logged in a single repository like a spreadsheet, Configuration Management Database (CMDB), or IT Asset Management (ITAM) solution. Since we want to know everything we can about each piece of equipment, we'll need to ensure all of their specifications, maintenance terms, and annual cost are recorded and updated. Unfortunately, it's not as simple as physically inspecting service tags or remoting in to verify missing data. Here are a few other places to look.

SPREADSHEETS

We all use these handy tools to manage and track many things, including our IT assets. Engineers are also known to keep detailed records and store an abundance of useful data in spreadsheets.

While these are great resources to gain insight throughout the discovery process, they aren't a reliable long-term solution because they don't scale. Spreadsheets are often manually populated, or the data comes from static exports of management tools. All of which tend to generate stale or outdated information if not routinely updated.

IT ASSET MANAGEMENT, IT SERVICE MANAGEMENT

ITAMs or IT Asset Management platforms like ServiceNow, Cherwell, Ivanti, or Samanage are a great way to stay organized. Reliant's IT Maintenance optimization platform, **Owlytica,** works in concert with ITAM's to help bring the big picture (inventory data + contract data) into view. Alternatively, we can also export and manually review the data to help optimize our maintenance contracts.

MONITORING TOOLS

A common misconception is that we should have an accurate list of assets in our monitoring tools like Solarwinds or Logic Monitor, but that isn't always the case. They can help identify some data about our in-service equipment. However, unless correctly integrated with an ITAM to add service history, serial number, and contract management data, we'll be unable to access information about contract costs, start date, end date, etc. Monitoring tools are only as effective as their accountability measures. They, too, should be monitored to ensure they are accurately receiving and correctly classifying data from installed agents on the endpoints.

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TEAM'S WORKSPACE

It's surprising how much of our valuable information is collected and forgotten in filing cabinets, emails, or task management platforms like SharePoint or Asana. Asking our team to find and consolidate the data into our discovery tracking tool can save us time looking elsewhere.

VENDORS

Our vendors like EMC, HPE, Cisco, VAR partners, and others maintain specific details about our equipment under contract with them. Auditing their data will help us see what they have on file and perhaps what we might be missing. It will also help us locate the inconsistencies and outdated information, which we can later leverage to reconcile our records and pursue better pricing.

One large bank cited over 30% of their contracted Cisco network had been decommissioned, yet because no one informed the vendor, this bank was still being charged for retired assets.

FINANCIAL TOOLS

Oracle financials, Great Plains, Sage, Apptio, and many other financial management tools will store lots of essential contract data. However, they don't maintain the most updated information about changes or addendums made throughout an asset's life-cycle. Tracking the End-Of-Life (EOL) dates and End-Of-Service-Life (EOSL) dates to compare against ITAM records is how we can best determine if a renewal is warranted or if OEM support vs. Third-Party support would be a better option.

CONTRACT MANAGEMENT SOFTWARE

Many companies use contract management software to track all of the critical data necessary for maintaining annual agreements. However, access is usually limited. Our IT team needs this crucial information when dissecting a contract for renewing specific assets instead of settling for the more costly blanket coverage alternative.

5 PROCESSES TO JUMPSTART PROGRESS

3. ANALYZE THE DATA

Once all of our inventory has been meticulously identified and cataloged, updated and verified, then double-checked for accuracy and completeness, we can begin to organize the data into manageable categories. Then we can analyze what we have against what we need and focus on renewals from a per asset perspective instead of per manufacturer, class, or family.

Categorizing asset data also helps our team prioritize VIP contracts and delegate the rest, like data center maintenance, to other partners.

ORGANIZE THE DATA BY

- A Contracts: Strategic & Large
- B Contracts: Medium
- C Contracts: Small

OR BREAK UP DATA CENTER MAINTENANCE AGREEMENTS

- By type of equipment.
- By the numbers of equipment types in the environment.
- By business criticality
- By location.
- By age and stage of equipment (EOL and EOSL).
- By upcoming renewal date.
- By estimated or actual maintenance expense (to find the low-hanging fruit).

5 PROCESSES TO JUMPSTART PROGRESS

4. OPTIMIZE THE AGREEMENTS

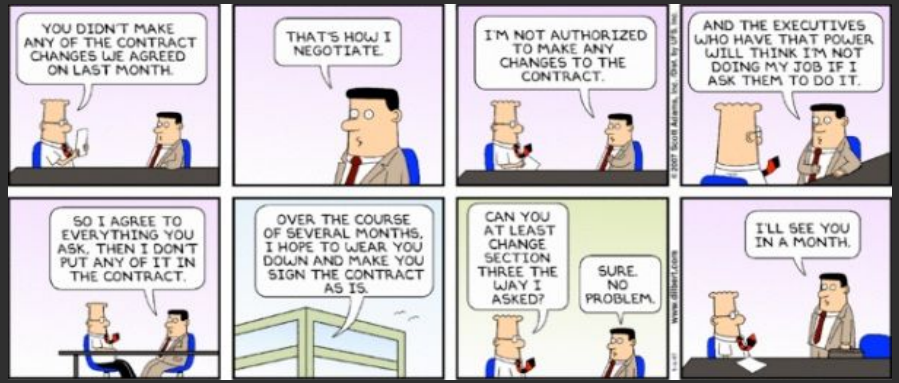
We've been collecting, consolidating, and categorizing our IT asset inventory data to find the hidden money in our maintenance contracts, and now it's time to do something about it. By scrutinizing every contract, renewal, or support agreement, we can determine what is necessary for each asset and reduce the wasteful spending from what isn't.

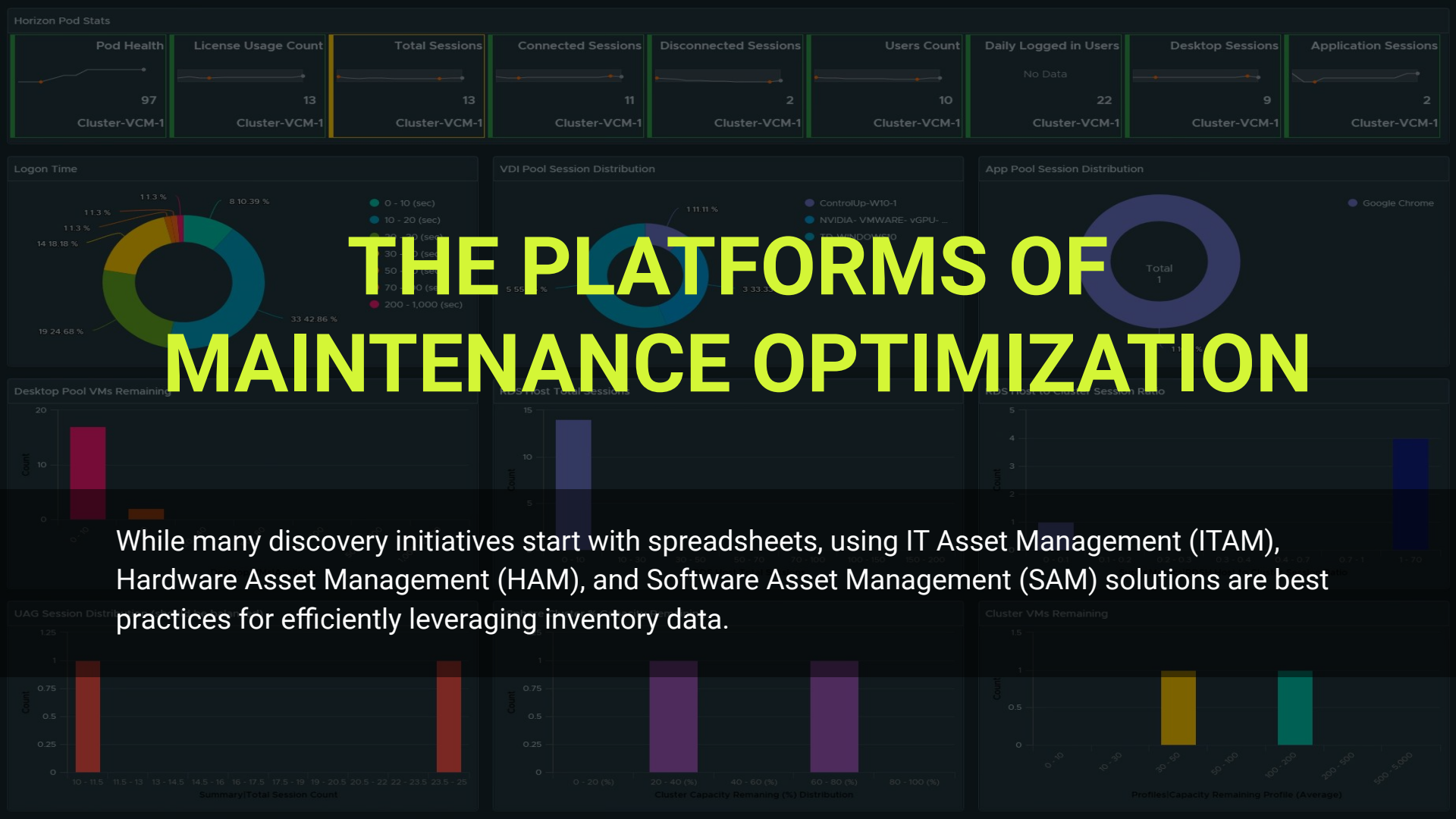
5. REPEAT THE PROCESS

Optimizing our maintenance portfolio should be a continuous process of tweaking and improving. The more comfortable we become with the optimization cycle, the more ways we'll discover to be more efficient. We should also track our progress and make IT maintenance optimization practices a standard for our teams.

HERE ARE SOME OPTIMIZATION ACTIONS TO CONSIDER

- Cancel the current vendor agreement.
- Shorten the support term.
- Reduce service level expectations:
  We often pay for support we don't need, such as a 4-hour response time.
- Upgrade to new hardware and cancel the old support contract.
- Renegotiate with the vendors to get better terms pricing.
- Buy third-party maintenance:
  Third-party Maintenance can cover multiple OEMs and various equipment types and classes through one contract for up to 50% less than OEM contracts.





THE PLATFORMS OF MAINTENANCE OPTIMIZATION

While many discovery initiatives start with spreadsheets, using IT Asset Management (ITAM), Hardware Asset Management (HAM), and Software Asset Management (SAM) solutions are best practices for efficiently leveraging inventory data.

5 PLATFORMS OF MAINTENANCE OPTIMIZATION

Let’s review some of our options.

1. SPREADSHEETS

Spreadsheets are a great tool, but they often have numerous challenges such as:

- **Collaboration:** how many employees can access in real-time?
- **Updates:** Will this be a manual process or through automation?
- **Security:** How easy is it to copy sensitive company data and distribute it through unauthorized channels?
- **Ease:** Complex formulas and reports require a specialist to maintain and manually update the data.
- **Bandwidth:** Large, automated spreadsheets use more system resources than should be necessary for the task and can be sluggish to operate.
- **Integration:** They are only a data end-point, but no action can be taken, such as opening a ticket against an asset.

2. IT ASSET MANAGEMENT SOFTWARE

ITAMs are often the cornerstone of an IT maintenance initiative, and there are several scenarios to consider when using them:

- **Discovery:** Does the tool offer all-inclusive discovery, or is it limited to specific assets?
- **Contract Management:** Are the necessary fields to manage contracts beyond just support end dates available?
- **Additional Fields:** End of Service (EOS), End of Service Life (EOSL), and End of Life (EOL) data are essential. Reliant's IT Maintenance Optimization Platform, **Owlytica**, allows us to upload data center assets and track support renewals, EOL and EOSL dates, create reports, get proactive pricing for third-party support, and develop customized life cycle plans.
- **IT Infrastructure Planning:** Adding our infrastructure planning component to the ITAM platform helps us make better-informed maintenance decisions.

5 PLATFORMS OF MAINTENANCE OPTIMIZATION

Let’s review some of our options.

3. SOFTWARE ASSET MANAGEMENT

Flexera, ServiceNow, Snow, and Cherwell (recently purchased by Ivanti) all have options for software asset management (SAM) but at enterprise price points. However, since SAM is a discipline unto itself, we may find it more effective as a stand-alone solution.

4. FINANCIAL SYSTEMS

Although financial systems are not an adequate tool for daily IT Asset Management or IT Maintenance needs, they are an excellent resource for hunting down IT contract information.

Here's why:

- They track contract spending.
- It's where the purchase order (PO) is entered.

But:

- They may not have configuration data or terms.
- They may not integrate with discovery or monitoring tools.

5. CONTRACT MANAGEMENT SOFTWARE

We often try to use our general contract management software to solve niche challenges, like managing IT maintenance. While we can integrate via Rest-APIs, it's still not an accurate solution for IT because:

- Contract management systems are often not designed for IT use cases or fields.
- We may not be able to link assets to their contract for contextual decision-making.
- They are an excellent tool for contracts and contact data, but it lacks the necessary fields, and other integration capabilities for IT use.
- Access to contract management systems is usually off-limits to IT and procurement teams, and while customized access may be an option, the data being tracked is still limited.

GETTING A QUICK WIN WITH DATA CENTER MAINTENANCE

Rather than trying to optimize everything, one way to get a quick win and build some momentum is by focusing on data center maintenance contracts.

Want to find the hidden money in your IT Budget?

Click here to learn more

Large enterprises can start with a data center or a technology type (servers or storage or networking devices) in a data center and expand from there. Smaller organizations might be able to optimize their entire infrastructure in a week or two.

We want to help make this process a bit less painful, so we developed this **IT Maintenance Optimization template** which you can download for free. It will help you know which key fields to capture in your discovery process and which fields are mandatory for uploading your data into an ITAM or IT Maintenance Optimization tool like **Owlytica** It may also trigger additional ideas to get other assets and contracts in order.