



## **Top 4 Reasons to Consider a Technology Upgrade for Your Business**

Business White Paper

## Top 4 Reasons to Consider a Technology Upgrade for Your Business

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During difficult economic periods companies typically reduce budget, reduce staff, and postpone technology upgrades. While such cost cutting measures are often prudent and necessary in the short term, technology experts warn that managing for the short term can become costly long term. Erik Eckel, IT consultant, writes, "Suspending hardware investments can prove short sighted. Eliminating system replacements and PC upgrades may well worsen an organization's predicament." Executives have taken Eckel's cautionary advice to heart as companies continue to upgrade technology even in these tough economic times. This white paper explores the Top 4 issues to consider when contemplating upgrading your business technology.

### 1. IT Alignment with Organizational Goals

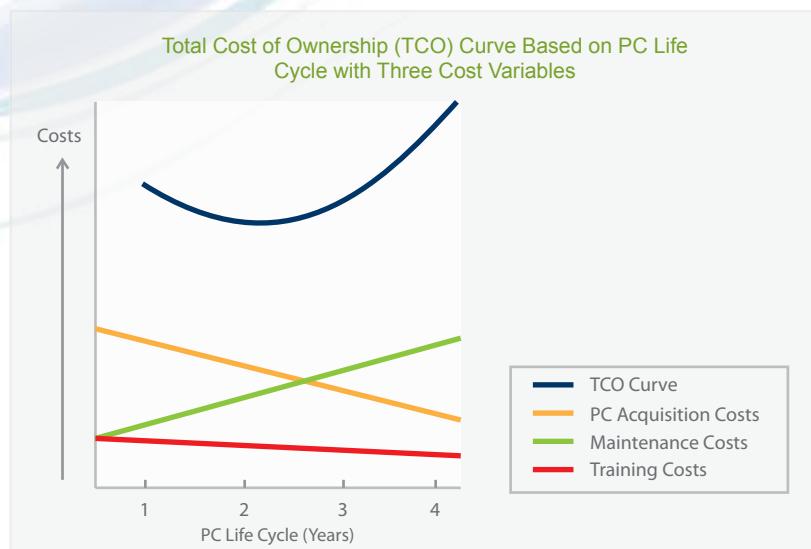
Before initiating any technology upgrade, IT and business managers should first determine if IT goals and organizational goals are aligned. Potentially, opportunities can be found within existing resources or processes to defer the need for immediate technology investment. However, the lack of clear communication between organization and IT typically impedes the discovery of such no-cost solutions.

A study conducted by the Economic Intelligence Unit (EIU) and sponsored by Cisco Systems in 2008, revealed that companies who aligned their IT operations with business goals not only increased a sense of agility, but most importantly realized costs reductions. 57% of companies surveyed stated that aligning IT activities with business goals was an important objective. Of those companies who actually aligned IT goals with business goals 43% said they recognized cost savings. In addition, only 2% of total companies surveyed replied that they did not see a significant tangible benefit in aligning IT goals with organizational goals.

## 2. Hard Costs

Dozens of studies over the years have been conducted on evaluating the costs and effects of businesses using outdated equipment. Recent research on this topic consistently agrees with findings from studies across the past decade. The research agrees that outdated technology is burdensome and costly for companies. In 2004, Intel conducted one of the most thorough studies on this subject, the *2004 Intel Business Center Case Study*. Intel concluded that computers older than four years create twice the number of help desk calls and twice as much down time as computers three years old or less. The study also showed that adhering to a three-year technology refresh cycle provides the best cost savings overall. Three-year refresh cycles leverage economies of scale while maximizing the efficiencies of current environments.

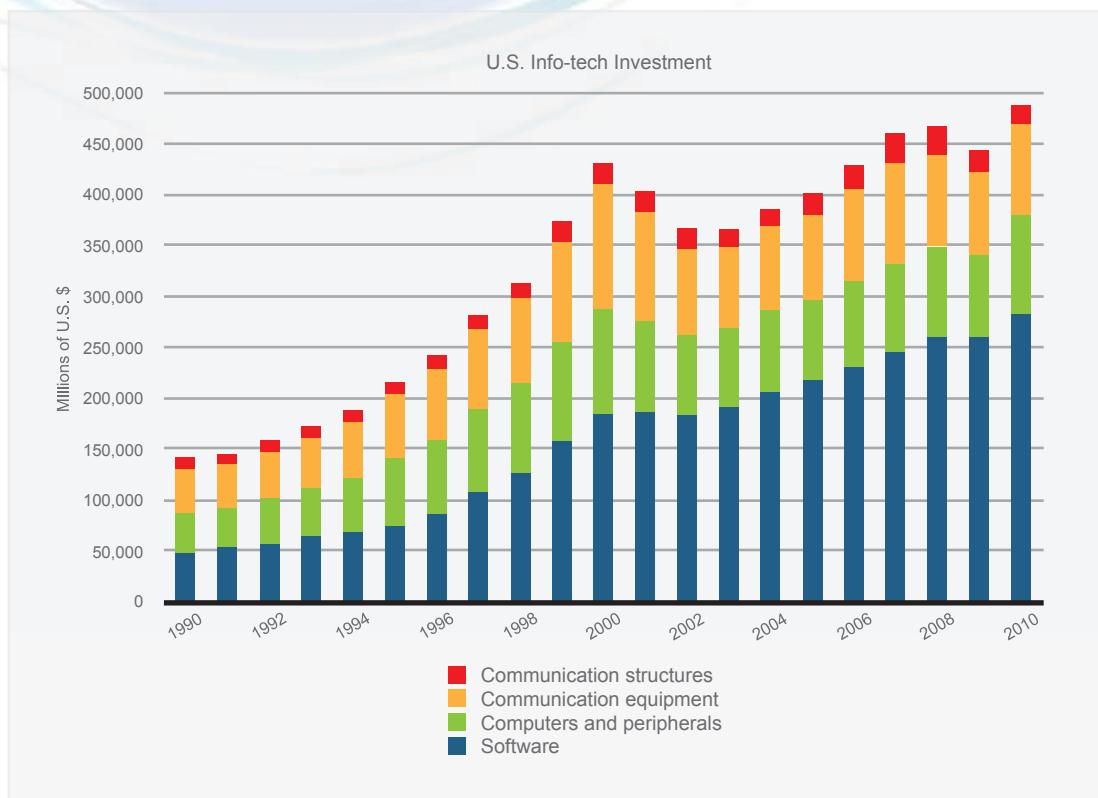
Many companies delay purchasing new technology because acquisition costs tend to decrease overtime. The aforementioned Intel case study, examined acquisition costs, maintenance costs and training costs with their relation to the total technology cost curve (see graph). The cost to maintain and repair outdated hardware more than outweighs any cost savings of postponing the purchase of new hardware. Not keeping up to date on current technology can end up costing companies more in the long run. One fact doesn't change; PC's, servers, network components and other business-critical items will fail, eventually, if not maintained properly. As Eckel's states, the overall picture is that equipment must be replaced.



Source: 2004 Intel Business Center Case Study

Maintenance costs tend to skyrocket as technology gets older. As technology and equipment gets older companies often experience equipment breakage and downtime cause by inefficient technology. Overall it ends up costing companies more money in the long run to maintain outdated equipment and inefficient technology rather than simply upgrading to more current technology and equipment.

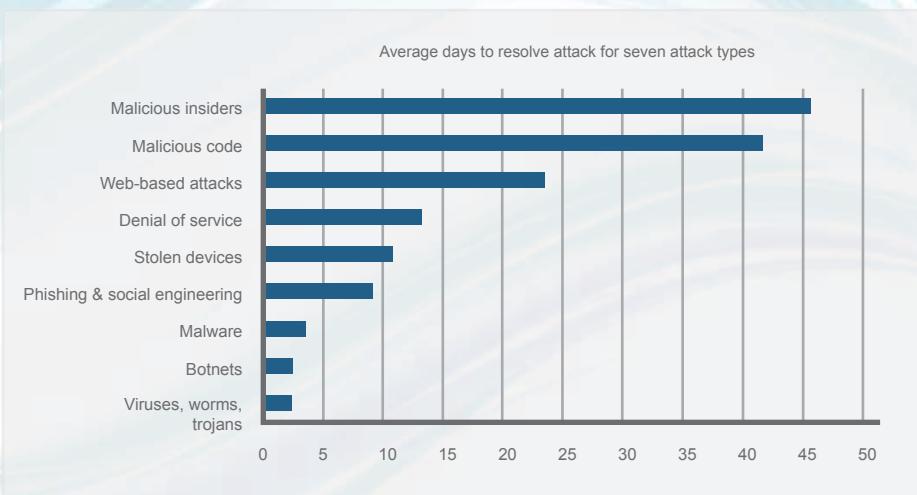
From 2000 IT software investment has seen an upward trend. Spending on IT software increased from \$200 million dollars in year 2000 to nearly \$300 million dollars in 2010. Investment spent on IT software has almost doubled. Newer software means organizations can operate efficiently and focus on their core competencies. This basic concept applies not only to corporations in the private sector, but also to government entities, education institutions, and not for profit organizations.



Source: 2011 *The Fiscal Times*

### 3. Security

Threats to operational continuity and protection of customer and company data all increase with the number of vulnerabilities inherent in legacy technology. Delaying technology upgrades means security patches are less likely to be implemented on devices and network elements.



Symantec's 2010 study found the average days to resolve an attack was 14 with a range of 1 to 42 days. This produced an average cost of \$17,696 per day or \$247,744 over the 14 day resolutions period.

Research by Symantec Corporation, in their 2010 annual reporting of information security, found 71% of organizations saw cyber-attacks in the past 12 months, in which 92% of these report losses from such incidents (see figure above). The top three losses reported from the research were:

- *Downtime*
- *Theft of Employee's Identity Information*
- *Theft of Intellectual Property*

For example, 20% both SMBs and Large Enterprises incurred expenses as a result of security breaches. Small and Medium Businesses (SMBs) incurred at least \$100,000 in expenses as a yearly average compared to larger enterprises who incurred \$271,000 in damages. The time that it takes for companies to resolve security threats and attacks can be costly. On average it takes an organization 2.3 days to resolve attacks associated with viruses, worms, and trojans, and 23.5 days to resolve web based attacks. Overall the average time spent to resolve an attack is 14 days with a range of 1-42 days. The downtime experienced by organizations in relation to security threats is disruptive to operations and often falls to the bottom line.

## 4. Soft Costs

While equipment, network services, and software comprise the “hard costs” of technology upgrade companies need to consider the associated “soft” costs. Soft costs fall into three main categories:

- *Training*
- *Operational*
- *Downtime*

**Training** - Simply put, new technology requires employee training. Training facilitates employee adoption of the new technology and also facilitates the realization of the technology benefits. *Mobile Demand LC 2012*, reported the critical need for training in order to achieve the expected productivity gains from new technology. For the past thirty years the implementation of new business technology has contributed the annual increase in employee productivity. According to the Bureau of Labor Statistics, American worker productivity has grown 4 percent annually since 1979. This productivity growth directly correlates to the annual improvements in office and business technology.

### Soft Costs

#### Training

- Initial user training
- On-going user training

#### Operational

- System maintenance
- 3rd party technical support
- Internal technical support
- Upgrades
- Application management

#### Downtime

- Lost manpower / wages
- Lost revenues
- Hardware replacement

*Source: Mobile Demand LC 2012*

**Operational** - While the expected benefits of implementing technology upgrades are attractive, technology upgrade may not always be the answer. For example, implementing new technology or upgrading outdated equipment may not resolve a process bottleneck. Before implementing new technology network infrastructure and human processes must be evaluated. "Too many companies run around installing fancy new systems that don't address any specific needs." (Ben Schorr CEO Roland Schorr & Tower Consultancy 2010). Analyzing the current environment and developing solutions that fix specific dilemmas may be sufficient. Following such an operational evaluation the real value of installing new technology can be determined.

*"Too many companies run around installing fancy new systems that don't address any specific needs."*

*- Ben Schorr, CEO Roland Schorr, & Tower Consultancy 2010*

**Downtime** - Some executives tend to focus solely on the acquisition costs of technology and fail to recognize the significant costs associated with maintaining outdated technology. Downtime caused by inefficient technology can prove costly for companies. Major effects caused by outdated technology downtime include; lost manpower and wages, lost revenues and hardware replacement costs. Pepperdine Review, 2010, reported that the majority of companies estimate the average cost of computer network downtime to exceed \$50,000 an hour, and for some companies that figure rises to over \$1,000,000 per hour.

## Why SA IT Services?

SA IT recognizes that technology upgrade is a major undertaking for organizations. As an industry leader with over 25 years of experience, SA IT has helped hundreds of companies with their technology upgrade needs. We provide a broad range of Information Technology services to small, medium and large businesses across North America and possess a well-earned reputation for exceptional services, efficiency, and flexibility.

We begin any technology upgrade project by first analyzing our client's current situation. We then document the environment, issues, and submit specific recommendations as to where technology upgrades are needed and where it is not needed. SA IT first strives to solve business productivity issues by most intelligently deploying the technology resources currently available.

SA IT Technology Refresh Services include developing architecture and solution design, transition services, and Information Technology (IT) Project Management. We can provide Installs/Moves/Adds/Changes/ Disposal (IMAC-D) services for desktop, server, and print devices of all types and brands for companies of all sizes.

We possess the expertise of Certified Six Sigma Black Belts, CCNAs, CCIEs, and Microsoft professionals. SA IT, Solution Architects analyze the current environment for our clients and we develop solutions which optimize their IT investment to generate higher operating capabilities at economical costs. Whether that means new hardware and software or new network architecture, our service professionals ensure the highest service levels at any price range. SA IT can handle sudden issues without causing delays for our customers. Having these failover capabilities within your company prevents service outages and downtime.

In addition, SA IT developed industry leading proprietary software, SMrT MOVr, which dramatically expedites the technology refresh process minimizing downtime and costs. Heavy upload download network activity is reduced by 2-5 hours per instance with secure hardware and software encryption.

Technology upgrades can involve a significant number of people, costs and time. This however, should not deter companies from updating their current technology. Managing this process effectively is essential to keeping companies productive and competitive in today's economy.

TO LEARN MORE, VISIT [WWW.SAITSERVICES.COM](http://WWW.SAITSERVICES.COM)  
Contact us today at (770)569-2828.

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