

Reducing The Total Cost of Ownership

Widespread PC Deployment -

The success of the networked PC in displacing the mainframe as the preeminent corporate information tool has yielded enormous benefits for companies around the world. Widespread deployment of PCs has made organizations leaner, nimbler, and more efficient. Essentially, these powerful, flexible machines have moved mainframe power and connectivity down to the user.

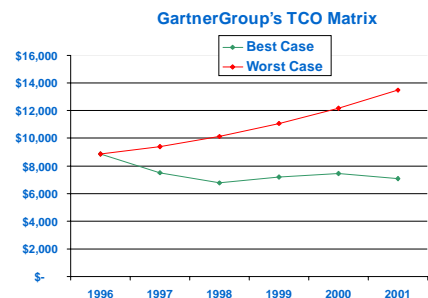
However, many of the same qualities that have ensured the PC's success in organizations has created a nightmare for IS departments whose job it is to manage the machines and systems. Supporting a nearly endless cycle of upgrades to desktop hardware and software is difficult and time-consuming. Implementing company-wide migrations to new operating systems and applications adds to job complexities. Most of all, **unmanaged PCs are expensive**: One research study has placed the total cost of operating a typical networked PC as high as **\$9,784** per year.

Total Cost of Ownership -

Total Cost of Ownership (TCO) is an operational method used by businesses seeking to understand and control their computing costs while preserving the productivity of PC-enabled workers. By accounting for all costs associated with a PC across its entire life span, TCO analysis seeks to make technology procurement, management, and use more efficient and cost effective.

TCO Trends-

Several years ago, the GartnerGroup formulated a matrix to illustrate two different estimations of costs per year for maintaining a PC over a five-year life span. The "best-case" system was a PC using Windows 95, management technology, plus best practices; the "worst-case" system was a PC using Windows 3.1 in an unmanaged environment.



GartnerGroup's TCO Matrix

1996 1997 1998 1999 2000 2001

Best Case

\$8,850 \$7,523 \$6,771 \$7,177 \$7,467 \$7,091

Worst Case

\$8,850 \$9,382 \$10,133 \$11,045 \$12,149 \$13,485

TCO Models-

Total Cost of Ownership is calculated by combining a PC's direct costs (hardware purchase or lease, and software licensing) with its indirect costs (administration, support, and other unbudgeted costs). The direct costs are easily determined by looking at an IT department's capital budget. The indirect costs, however, are harder to quantify.



M/C Service Solutions
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Estimates of annual TCO of a typical unmanaged Windows 95 desktop vary from the GartnerGroup's high of \$9,784 to Zona Research's estimate of \$2,859. Although research group numbers differ with their calculations, all agree on one important conclusion: **The soft or indirect costs of operating a PC far outweigh its hard or capital costs.**

Total Cost of Ownership for a PC -

The Total Cost of Ownership for a PC is high because it is a complex device whose highly configurable setups make big demands on an organization's service and support department. Research consistently estimates that 60% to 70% of a PC's Total Cost of Ownership is directly related to the time and effort it takes to support it.

Another crucial reason that PC support costs are high is that they were not designed to provide information about themselves nor enable remote management on networks. Usually, network administrators do not know what hardware and software reside on a given machine unless they conduct a walk-around or base-line inventory. Nor can they monitor a PC's operating condition to prevent hardware failures.

It Just Makes Good Business Sense: M/C Service Solutions Service Maintenance Agreement -

Critics of Service Maintenance Agreements often base their opinions on assumptions that internal IT support should be able to provide the same type of service and maintenance if the organization applied good management practices. In some cases this may be true, however, consider the ways an M/C Service Solutions (MCSS) Maintenance Agreement holds a leading edge:

1. Total Cost of Ownership Reduced: significantly reduce Total Cost of Ownership by designating a "fixed cost" to the time and effort associated with servicing and maintaining IT assets.

2. Experience: because of the variety of clients and circumstances, MCSS has a depth and range of experience that usually cannot be matched by individual organizations. MCSS performs the same repair tasks to like equipment in many enterprises and has gained an advantage over organizations who do them infrequently to your own equipment.

3. Scale: a large client base allows MCSS to operate at a scale unattainable by organizations with internal service infrastructures. MCSS can acquire and fully maintain a large parts inventory and more efficiently replace parts than clients who operate on a smaller scale. Additionally, MCSS maintains a roster of technical experts with a greater range and depth of manufacturer and model certifications than most OEM service providers; utilizing their expertise efficiently and effectively by spreading assignments over multiple clients on a flexible, as needed basis.

4. Specialization: MCSS has the ability to experience new technologies. MCSS personnel have multiple experiences with multiple clients, giving us a real advantage in knowledge, speed, and efficiency.

A MCSS Service Maintenance Agreement just makes good business sense. It will enable your organization to run "lean and mean" and while allowing you to reduce your Total Cost of Ownership.

M/C Service Solutions™

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Measure our productivity with a
clock....not a calendar.