



The business case for Managed IT Procurement

*"The key to leveraging
IT procurement is to
think strategically."*

This white paper for enterprise buyers explains how to:

- ***Achieve The Best Possible Price***
- ***Reduce And Control Support Costs***
- ***Reduce Complexity Of Your IT Environment***
- ***Reduce Capital Expenditure***
- ***Reduce Business Risk***
- ***Improve Asset Management***
- ***Consistently Deliver Better Value***
- ***Reduce End User Downtime***
- ***Use IT Strategically In Your Organisation***
- ***How IT Can Deliver Environmental Benefits***

Investment in IT is a given in today's business world. When leveraged strategically and managed effectively IT can add significant benefit to a business and can even provide competitive advantages.

As businesses spend more and more money on IT infrastructure, their environments become increasingly complex to manage. The journey to overcoming this challenge begins with procurement.

At RTV we understand the challenge of procuring, deploying, and managing IT infrastructure, and we have designed our business to address the needs of large scale enterprises.

This paper explains how you can take control of IT procurement in your organisation in an organised, cost effective, and timely manner.

The key to leveraging IT procurement is to think strategically. That's what we do.

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“The efficiencies gained in time and effort alone will reduce internal costs of deploying new systems considerably.”

Standardisation is a high leverage strategy

For large companies the first vital action of best practice IT fleet management is to standardise on a corporate range of desktops and/or notebooks.

These ranges typically maintain a consistent main board chipset for 18 months at a time, allowing for a Standard Operating Environment (SOE) to be deployed across the fleet. Managed Procurement facilitates this by preloading your own SOE onto your systems prior to delivery. This service costs a nominal fee which is a fraction of the cost of doing it internally to your organisation. The efficiencies gained in time and effort alone will reduce internal costs of deploying new systems considerably. Deploying an SOE also reduces complexity and cost of supporting IT across the organisation — a most critical benefit for enterprise buyers.

Regarding notebooks, corporate ranges are physically more robust, designed with enterprise IT systems management in mind, and offer corporate-friendly accessories such as docking stations.

The next vital action is to decide upon standard specifications for high, medium, and low power user configurations. This facilitates clarity of the start up costs in advance for new employees, as well as being able to accurately project the cost of equipment refreshes.

Improve Asset Management

The goal of IT Asset Management is to maximise the value of your IT assets. Managing assets, especially technology assets, is a major concern for businesses. Organisations can spend millions on equipment and without asset management, literally lose track of them.

It is imperative for an organisation to take a pro-active approach in managing these assets to gain greater understanding of exactly what they own, where it is located, what its value is, and if it is being used in the most efficient way.

Another benefit of Managed Procurement is the opportunity to capture asset information on the way into your organisation.

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“Organisations that don’t aggregate their purchasing volumes, underplay their own negotiation leverage.”

How To Achieve The Best Possible Price

The third vital action is to aggregate your purchasing volumes across companies, departments, and projects operating under the same parent organisation.

When organisations don’t aggregate their purchases, they underplay their negotiation leverage. Often they will buy on the open market, shop for the best price, and will usually buy different models and brands for each purchase.

The result of this is that they end up with a mixed fleet, cannot accurately know the cost of the acquisition in advance, and may not end up with the best solution for the long term.

Due to supporting many different models and/or brands, IT support is made more complicated, more costly and more time consuming. This is the result and difference between *purchasing tactically* versus *purchasing strategically*.

If you are in a group of organisations or departments that is each handling its own procurement, chances are that you will reap significant benefits from the switch to procuring in collaboration.

Streamlining technology purchasing activities can circumvent unnecessary or duplicate acquisitions. Companies can leverage economies of scale by performing more accurate evaluations of vendor performance, fostering stronger relationships, and taking advantage of bulk and volume discounts.

Price wise, vendors look at overall volumes when factoring a pricing offer, so the greater the total volume the better the chances of achieving the best possible price.

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“Leasing allows for the ability to do an upgrade of equipment during the lease period, built into the initial cost.”

Reduce Capital Expenditure By Operating Leasing

For businesses that measure the efficiency of their operation by *return on assets* operating leases are considered advantageous. The benefit is that operating leases provide a way to acquire IT assets **Off Balance Sheet**.

Leasing can also reduce business risk by building a technology refresh into the leasing cost. This effectively allows for the ability to do an upgrade of equipment during the lease period.

Leasing also provides 100 per cent financing, and no equity or initial deposit is normally required from the lessee, providing **cash flow benefits**. A lease permits retention of working capital which can be utilised elsewhere for other investment opportunities.

Leasing permits **more accurate profit and cash flow planning** because they are usually written on a fixed interest rate basis, with the rentals being predetermined and fixed for the term of the lease.

Fixed lease payments also provide a **hedge against inflation** as the asset cost and rentals are fixed in today's prices.

Lessors generally use standardised procedures to simplify the approval processes, which **minimises the administrative cost** and simplifies tax and accounting procedures for the lessee.

Leasing offers flexibility. Most lessors are in a position to structure the rentals to suit the lessee's particular cash flow requirements.

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“As IT became commoditised margins in the IT industry came under pressure, but prices were not the only things to change.”

The Downside of Price Pressure

In business today more so than ever before, time is money. Delays caused by late deliveries are costly, so having a supplier that is local, reliable, and responsive is crucial.

As IT became commoditised, margins in the IT industry came under pressure, but prices were not the only things to change.

Many resellers across the country (especially those with high overheads) closed their own warehouses and shifted the burden to distributors.

This really only lowered the price by lowering the level of service offered. So whilst it appears that prices came down, what actually happened is a pay-less-get-less scenario. Resellers retained the same margin and shifted costs to the customer.

Does the customer really win in this scenario...?

Not All Resellers Are the Same

Not all resellers responded in this way however. Those who are truly procurement focussed maintained their own warehouses, creating a divide in the market, and a significant difference in the quality of service offered between typical resellers and specialised procurement focussed resellers.

Project Procurement and Staged Project Delivery

Projects are a critical area affected by procurement practices.

When projects run behind schedule, the implications can be both expensive and significant. Project Procurement is by nature a high risk requirement for organisations. It is out of their direct control, and yet plays a critical role in successful project delivery.

Keeping procurement on time and making sure that delivery timeframes do not negatively impact the critical path of your projects is a mandatory requirement for providers of Managed IT Procurement.

Few IT resellers truly understand project procurement. RTV is project-savvy in its approach to procurement and understands the expensive and significant implications for projects caused by procurement delays. Our business has been designed and is equipped to mitigate these risks.

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“IT asset lifecycle management empowers businesses to measure the impact of their technology systems on their core business activities and their bottom line results.”

How Does IT Asset Lifecycle Management Benefit Organisations?

Green Disposal of IT Assets

Every year the expectation to reduce the environmental footprint of business increases. A tangible way that IT departments can support the corporation’s green initiatives is by utilising a licensed and accredited agent with a zero landfill policy for disposal.

Go Carbon Neutral

Carbon Neutral provides tools to measure, reduce, offset and manage greenhouse gas emissions and contribute to tree planting projects. This is one tangible and easily accessible way to reduce your carbon footprint, not to mention the high visibility that lends itself to maintaining a positive corporate image.

Enhanced strategic technology planning

IT asset lifecycle management empowers businesses to measure the impact of their technology systems on their core business activities and their bottom line results. Insight into technology assets is critical to running IT departments as a business. This helps companies to identify the metrics that need to be employed to decide if IT is providing value, and then linking these metrics and their associated business services to IT infrastructure components.

Better infrastructure performance

IT Asset Lifecycle Management facilitates easier tracking of when assets are due for upgrades. This way, upgrades can be performed in a timely fashion, ensuring that users are reaping the full potential of their technology assets.

Increased cost efficiency

Maximising IT expense control and ensuring that funds are utilised as efficiently as possible is one of the greatest challenges for today’s organisations. IT asset lifecycle management reduces technology-related expenses in numerous ways, including:

- Boosting the productivity of IT staff
- Streamlining and improving system maintenance and administration
- Improving the management of IT budgets
- Maximising asset utilisation and eliminating waste
- Simplified IT inventory management and auditing

IT asset lifecycle management allows IT departments to better capture, store, manage, and audit their financial data so they can ensure that it is consistent, accurate, up-to-date, and easily accessible at all times.



Our Mission

We Make Life Easier

RTV Computers is an IT procurement provider which exists to make life easy for people. We believe in our philosophy of continually providing value through old fashioned extra mile service, reliable and efficient-yet-personal interactions, and always going for the win-win.

We Care

Our mission in every action is to demonstrate that we genuinely care about our people, customers, and suppliers, and want them to succeed as individuals and as business people.

We Are Accountable

We measure our success by the satisfaction level of the people with whom we deal, and the tangible and intangible value we have added to their lives through our service.

Our Vision

Our Vision is to build an organisation that is a tribute to the belief that business is about more than money.

By the way we conduct business, we aim to be the example of, and set the benchmark for:

- efficiency of operation
- collaboration with our customers and suppliers, and
- responsibility and accountability in business conduct

The legacy that we aim to leave is that through our existence, we helped people grow, earned the respect and recognition of our peers, customers, and suppliers, and built an organisation that is greater than the individuals who were involved.

Our Values

- Accountability
- Service
- Responsiveness
- Trustworthiness
- Reliability
- Efficiency
- Human Growth and Development