



**THE IT LEADER'S
RECESSION GUIDE**

NAVIGATING THE SLOWDOWN AND
ECONOMIC REBOUND



CENTRICSIT

WE SEE IT DIFFERENTLY

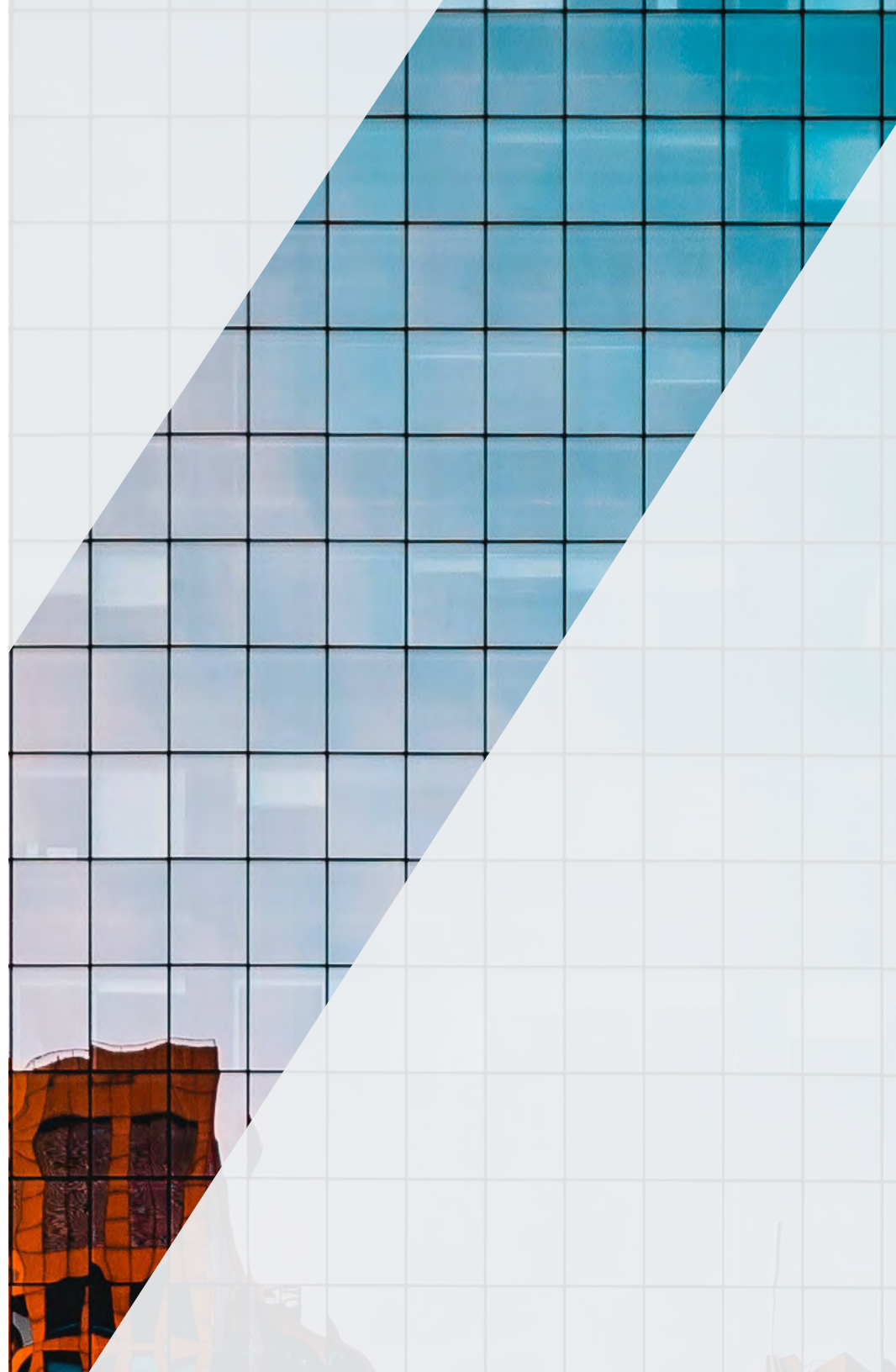
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The state of business has changed, and while there are multiple forecasts and projections out there, no one knows when the economy will return to a state of normalcy. Companies weren't prepared before—but they can be now.

With locations closed, and full teams operating remotely, IT leaders are facing decisions on what to cut to keep the company running and out of the red. The new goal for the year is to stay ahead of the coming recession. This playbook, utilizing the best advice from our top guides, helps you find new ways to cut unnecessary operational expenditure, recover investments from your data center, and more.



SCALE YOUR TEAM FOR LABOR FLUCTUATIONS

With virtual environments becoming increasingly complex under the pressures of digital transformation, companies are struggling to support and advance their networks with their already-lean IT workforces. Hard decisions are being made, and IT departments are having to do more with fewer people.

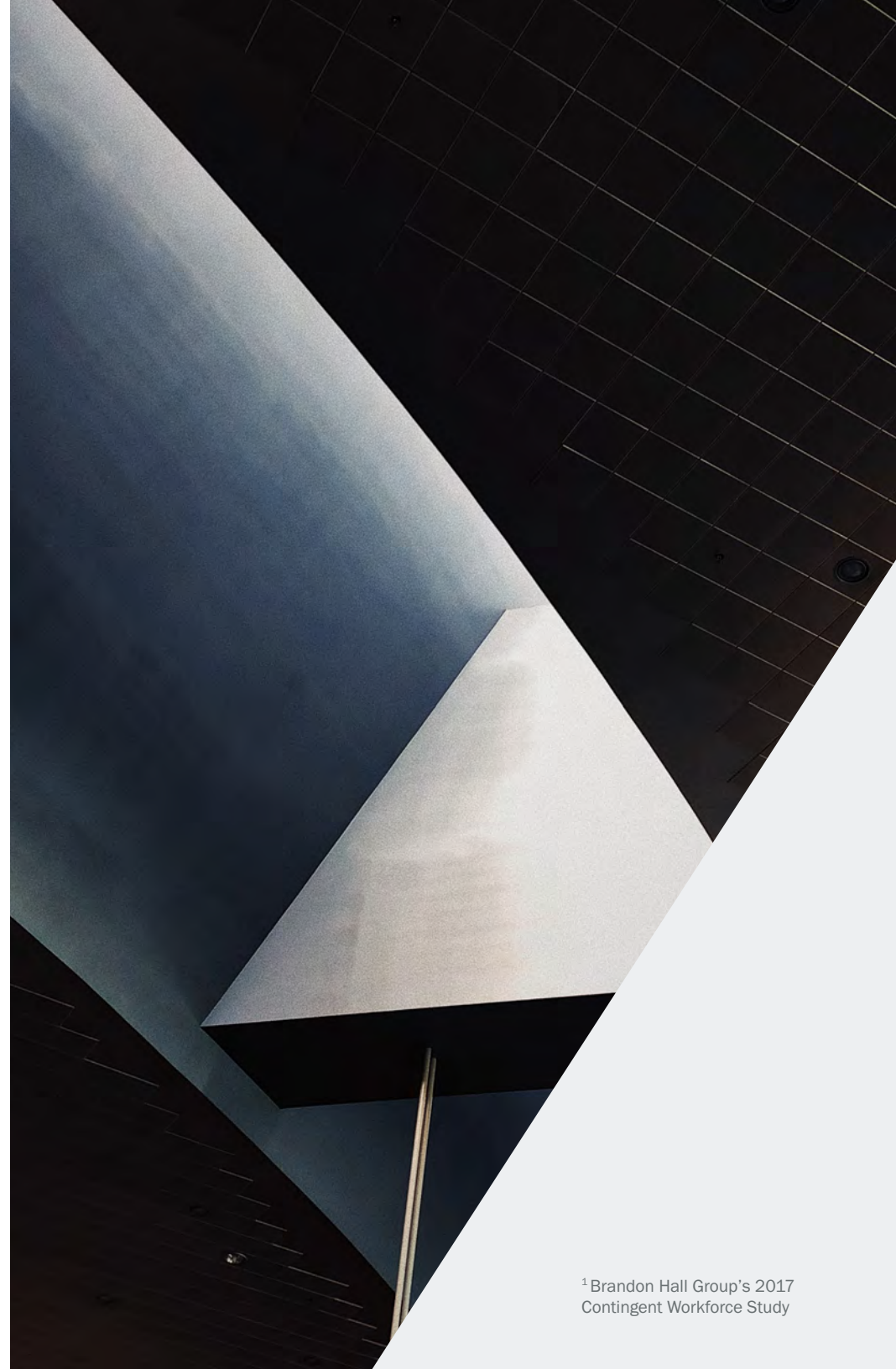
It's not a lack of expertise for many mid-range companies with a global footprint—it's an issue of coverage.

Lean times don't last forever, thankfully, and companies will scale up just as fast as they needed to scale down. A 2017 study¹ shows that 90% of companies use contingent labor to get work done, and 51% of companies use contractors “frequently or consistently.”

Utilizing On-Demand Engineering, you can:





- Re-badge your IT resources on a contractor basis
- Engage a monthly managed service for incremental labor
- Rescale quicker, and more affordably when the time comes
- Maintain a supply of IT engineering assistance
- Utilize local resources to limit travel

On-Demand Engineering solutions help protect against labor fluctuations and delivers the flexibility needed to manage uncertainty.



THE PAIN OF VENDOR SPRAWL

The purpose of contracting out for technology field services is to relieve the burden on your IT teams while mitigating OPEX drain. The goal is to avoid hiring redundant or underutilized W2 engineering talent. But if needs force you to contract with a multitude of vendors (because your TPM provider in the EU doesn't do maintenance in Hong Kong or Charlotte, NC), you are faced with the complications of varying:

-  Contract requirements
-  Procurement rates
-  Hourly rates
-  SLAs and responsiveness, etc.

Not only that, with each new vendor you partner with, you are paying for that initial markup fee—calculate that against the vendor sprawl you need to piecemeal support across the globe, and you might very well not be saving enough OPEX to justify the complication.

To see full cost-savings, companies need a single on-demand engineering solution that can be anywhere they are.





FACTORS TO CONSIDER WHEN EVALUATING ON-DEMAND SERVICES

You have one of three options for supporting your multi-location business: fully-staffed in-house, regionally outsourced, and globally outsourced. In order to determine which support methodology best suits your needs, you need answers to the following questions:








1. How many sites do you support?
2. What does it cost to transport your teams?
3. How many projects can you handle at one time?
4. How do you manage your internal and vendor logistics?

If you had the OPEX to fully staff each of your sites, then none of these concerns would be an issue. However, few companies have this kind of operational budget, causing many to resort to using a variety of vendors across your locations around the globe. This, unfortunately, can lead to vendor sprawl.

With vendor sprawl, you lack consistency across your contracted support. But with On-Demand Field Services, you receive the same level of support at the same price point at all locations. No matter what.

SUPPORT AND SUPPLY YOUR REMOTE WORKFORCE WITHOUT A HEFTY INVESTMENT

Investing in equipment during a recession is a hard argument to make to your CFO. Companies need a low-cost solution that solves these issues:

-  Overhead, procurement, distribution, and deployment
-  Local transport and international shipments
-  Installation and user setup
-  Customization and accountability of network and security protocols
-  Device maintenance
-  Proper hardware disposition and data security
-  Clearly outlined device retirement system

... and all without a high overhead.

Device-as-a-Service (DaaS) is an **end-to-end supply chain solution** that reduces cost for endpoint devices and data center equipment.



HOW DAAS WORKS

PROCUREMENT AND CONFIGURATION

DaaS vendors provide comprehensive asset tagging in addition to procuring, imaging, and prepping for distribution. Each device will receive a RFID tag and will be registered in an Asset Management Tool before being assigned to the corresponding user (tagging and the management tool can be used in congruence with the SCCM agent for remote management purposes). These tagging and management tools help you keep detailed accounts of in-use, pending, in-repair, and EOL devices.

CUSTOMIZED SHIPPING AND DISTRIBUTION

Of course, it's important to pay attention to compliance and security for device shipments and distribution initiatives, but keeping up with the minutiae can also distract you from important work supporting the needs of the business. And, most likely, you don't have the in-house resources or expertise to navigate the extensive red tape of shipping hardware [internationally](#). If you want to avoid the inconveniences of delays or penalties at the border, allow the DaaS shipping specialists and drivers^[2] to step in and focus on what they do best. [Secure chain of custody](#) (with legal documentation and time-stamped photo evidence) is guaranteed from procurement, to employee distribution, back to upgrade and trade-in purposes.

DATA SANITIZATION AND ITAD

If you were managing corporately-owned devices in-house, you would have to work out the logistics of R2-level disposition and recycling of your EOL devices. Most importantly, before you recycled or disposed of them, you would have to perform the complete sanitization of latent data from the hard drives. Again, you might not have the bandwidth to pull this off in-house, and you don't need to be using the "mom and pop" data-wipe shop down the road, or one-size-fits-all software to perform such critical procedures (because they can't ensure compliance or provide breach insurance).

DaaS vendors, however, provide on-and-off premise, [NIST-800](#) level data sanitization services for upgrades and employee turnover. When an employee needs to upgrade their device, L2 engineers will facilitate a local-to-local migration of necessary data to the new golden-imaged device before completing compliance-necessitated data sanitization processes (either shredding or [Blancco](#) certified wiping). On top of using highly-vetted technicians, the Blancco software is purely "write-only," it does not have a read functionality, meaning that, even while it is being sanitized, your data is completely inaccessible during the process.



SAVE MONEY IN YOUR DATA CENTER

Companies are still moving forward with purchasing initiatives, but they now have less capital to work with. That doesn't mean anything, however, to your servers and other hardware that need sparing and/or replacing.

As experts at continually being pushed to do more with less, IT leaders are turning to other avenues to save on expenses.

SAVE ON HARDWARE USING THE SECONDARY MARKET

Global companies of all sizes, and organizations in every vertical seek out used servers, storage, and networking equipment in an effort to cut costs in the data center. For decades, this market has grown from businesses run out of home garages to multi-billion-dollar enterprises. When you choose to buy used IT equipment, your choices are numerous — so how do you select your secondary IT provider? Price is an obvious factor, but there are other signs you should look for when picking your used IT provider.

Things to Look for in a Secondary IT Provider

- The reseller issues a warranty on all hardware purchases
- Your used IT equipment is certified for OEM maintenance upon request
- The reseller operates out of a secure office and warehouse facility
- Your sales rep returns your calls in a timely manner and answers all of your questions and addresses your concerns professionally and with product expertise
- The reseller can provide account references and [customer testimonials](#)
- The reseller employs trained technicians who methodically test and inspect the equipment, using guidelines such as [CentricsIT's 101 Point Inspection](#)
- The reseller has a comprehensive company website

Warning Signs – What to Avoid When Buying Used IT Hardware

- Deals that seem “too good to be true.” You can save 50-90% buying used, depending on the product and manufacturer. But if you see a deal that is significantly less than your other used options, proceed with caution
- Online auction websites – you don’t know if this is a reputable company
- Equipment listed “as is,” without a warranty

Think of buying used servers, storage, and networking equipment like you would any other secondary-market purchase (a pre-owned car, for instance). If you educate yourself, ask the right questions, and buy from a reputable company, you will see a much more flexible IT budget and cost-efficient data center.

COMMON MISCONCEPTIONS ABOUT BUYING SECONDARY EQUIPMENT

Used IT Hardware is junk – it won't work as well or last.

The truth is that any reseller worth your time will only sell you certified refurbished equipment with a warranty. No reputable provider will ever sell used IT equipment “as is.”

It's called the “Gray Market” for a reason.

Qualified used IT resellers can usually tell if equipment is counterfeit just by looking at it, but strict testing procedures are in place to guarantee the legitimacy of all equipment. With guaranteed authenticity and our warranty, you can rest easy knowing your purchase is secure.

There will be warranty issues.

If there is time remaining on the manufacturer's original warranty, it remains unaffected when the equipment changes hands. Furthermore, all equipment we sell falls under our warranty. You're protected, whether the machine is still under the manufacturer's warranty or not.

The hardware won't qualify for OEM maintenance.

A reseller can have a certified engineer for the OEM “reband” (recertify) used and refurbished equipment, keeping it eligible for OEM maintenance.

Used equipment is all older, EOL hardware.

You might be surprised by how much “latest and greatest” used IT hardware there is on the warehouse shelves of trusted resellers. There is more available now than ever before, as the word keeps spreading about the value of buying on the secondary market.

Global supply chains in IT are majorly backed up and can't support

current demand. The OEM lead times are so far out, some don't even have dates for shipments. But the secondary market isn't disrupted—it's thriving. Utilizing materials and goods already in markets enables a faster delivery time. Since this hardware has already been on the market, expertise to support it is more abundant.



SAVE 40-70% FROM THE OEM
SUPPORT BY SWITCHING TO
THIRD-PARTY MAINTENANCE (TPM)

Quality maintenance contracts are essential to keeping your business up and running smoothly, but, if you're like most companies, you spend 70-80% of your IT budget on maintenance and "keeping the lights on."

Logic dictates that an expensive traditional maintenance contract is no longer a viable option for the current economic climate—but you also face the reality that you can't operate with an appropriate amount of risk if you choose to go without one. After all, when your enterprise equipment fails, you need a plan to repair or replace it before an outage impacts your business. You need a maintenance strategy.

But what if you could just change the price tag?

When you pay OEM pricing for maintenance on your existing hardware, you're paying a premium for the simple brand equity. The problem from a business standpoint is simple: your data center hardware can be expensive to purchase, but it doesn't have to be as expensive to maintain. If you're paying a premium for maintenance through the OEM—you're paying into its brand equity. Why not invest those dollars in your own company instead?



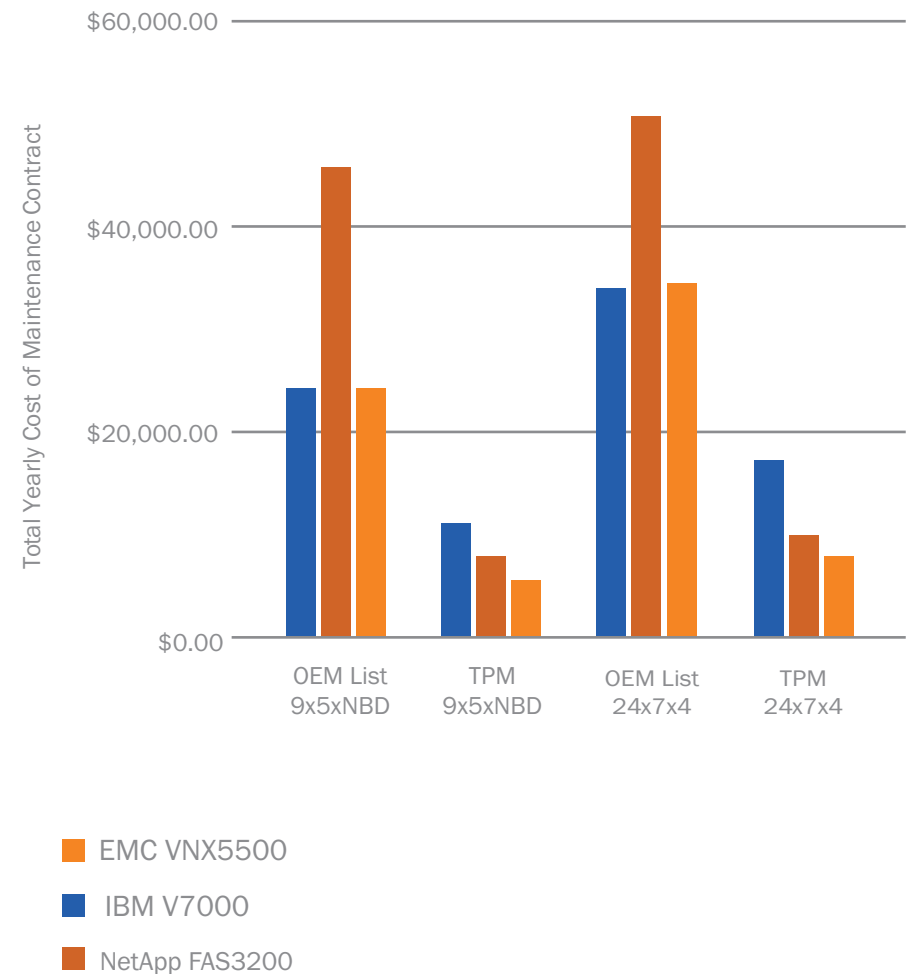
WE DID THE MATH

We researched the OEM maintenance cost for three comparable storage configurations across EMC, NetApp, and IBM. We then compared third-party maintenance (TPM) through CentricsIT for those same configurations. While the OEM costs ranged (and you can see that EMC is not the only manufacturer that struggles with brand inflation), the TPM costs were consistently less across the board.

This is because third-party maintenance is a solution that is cost-effective across manufacturers. No matter how premium the brand, spare parts are still spare parts, and their values on the secondary market are unaffected by brand equity—they're affected by the simple concept of supply and demand. The longer a model has been on the market, the more abundant the supply of spares becomes. It's that simple.

When it comes to engineering, the principle remains the same. The longer a product line has been around, the more talented engineers become familiar with the line and know how to work on it. And even in cases where an extremely high-level engineer, or team of engineers, is required to address a support issue, the OEM will often sub-contract the exact same engineers that a third-party maintenance provider would—especially for support contracts on equipment outside the United States.

TPM COST SAVINGS



SEE IT DIFFERENTLY: THIRD PARTY MAINTENANCE IS THE SMART CHOICE

You should always consider the primary driver of the OEMs' financials—new hardware sales. That's the dirty secret. Driving up support costs has the net effect of pushing you toward new hardware, which will start the cycle all over again. But it does not always make sense to keep your equipment on a three-year refresh cycle, especially during lean times, and you deserve the right to decide that timeline based on your own needs—not the OEM's.

REDUCE LOGISTICAL STRAIN WITH MAINTENANCE CONSOLIDATION

During a recession, companies need to be prepared for employee turnover, whether through furloughs or greener pastures. Over time, you might find that your operations team has too much to manage with too little information available to them, causing:

- Lack of knowledge transfer (after employee turnover)
- Confusion within employee hierarchy and chain of command
- No data identifying what is running where in your environments
- Lost access to global partners data, asset records, maintenance contracts, etc.
- P&L confusion between branches

Amid this chronic change, you can fall out of pace with the global marketplace. You need to reestablish a robust, scalable steady-state.

There's good news—you can make your operations more nimble with vendor consolidation.



CONSOLIDATION IN PRACTICE

One of the most effective ways to regain control of IT operations is by creating transparency with vendor contracts and expenditures. The first step is to sort out the current state of the contracts, determine what services and goods are necessary for the future, and then cut out the dross through vendor consolidation solutions. **This is not a downsizing;** it is a streamlining and conserving of resources for the greatest output.

To accomplish this with our clients, CentricsIT maintains an extensive global network of strategic partners and hardware resellers, enabling us to deploy the products and services your company needs anywhere at any time. As a result, we can step in and provide end-to-end IT lifecycle management solutions for our clients, from procurement to maintenance, from software to security, to ITAD and beyond.

CONTROL OF COSTS: STREAMLINED PROCESSES EQUALS MORE SAVED

A natural benefit of streamlining your vendors and unifying your support expertise is the added control of costs and the mitigation of wasted resources.

When you have a single vendor managing your IT lifecycle management needs, you and that vendor have a much better overview of and insight into the current state of your operations. It's much harder to forget about idling equipment; you are better able to scale your resource purchasing; and you can more efficiently assign people to the right jobs (even during operational fluctuations or crises).

By having access to the bigger picture, TPM experts can provide solutions holistically and proactively. Through providing extensive IT infrastructure audits, comprehensive Third-Party Maintenance support, and strategic IT Asset Disposition services, we have helped companies save 40-70% on their overall data center maintenance costs.

RECOVER VALUE USING YOUR CURRENT ASSETS

Data center hardware, even legacy equipment, yields greater profits in secondary markets than it does when it is simply sold at auction or for scrap. Even if you are planning to decommission most of your physical infrastructure, remember that your data centers still have considerable financial value hidden amongst the racks of servers.

Perhaps you're skeptical. How are you supposed to find this hidden value, much less take advantage of it in secondary markets?

The answer lies in the processes of Asset Recovery. In the simplest terms, companies with a deep understanding of your enterprise hardware and the secondary market can help you recapture the latent value in your unused or unwanted hardware and put that value back into your budget to use however you'd like. For a relevant example, it can be used to offset losses and setbacks during a recession.

Many companies forget or don't think to include all of the "little things" in their data centers when conducting value audits. And larger companies, especially global, multi-location companies, don't have the time or the extra hands to inventory every individual component. Add that to the fact that they probably don't have the necessary presence or experience within secondary markets to quickly and strategically sell their hardware for decent profit margins. But a certified ITAD provider, like CentricsIT, does.

CentricsIT is unique in its ability to maximize the value of your hardware investments in that it's just an ITAD services provider. We also offer our customers rental equipment, third-party maintenance support, and hardware procurement services. To support this spectrum of offerings, CentricsIT keeps a fully stocked warehouse of refurbished parts that would rival (and sometimes surpass) many OEM inventories. As such, CentricsIT can offer a variety of different channels to turn your decommissioned hardware into useable budget.



CENTRICSIT HELPS COMPANIES AROUND THE WORLD MAKE SMARTER DECISIONS ABOUT THEIR IT SPENDING.

We are a global IT lifecycle solutions company that provides strategic, cost-saving alternatives for hardware procurement, maintenance services, field services, and certified asset disposition. Recognized by Gartner as a leading solutions provider for cost optimization, we help clients around the world improve efficiency and reduce wasteful IT spending by strategically redistributing IT budgets and consolidating data center vendors.

Our expertise spans the entire IT lifecycle, and our commitment to innovation and efficiency is what sets us apart, because at **CentricsIT, we see IT differently.**

RISE ABOVE THE RECESSION

The more OPEX you save, the stronger your position will be during and after the recession. CentricsIT has helped hundreds of companies just like yours safely reduce their costs and maintain equipment on their own terms. Will you join them?

[GET STARTED](#)