

# Purchasing enterprise computing technology assets



## Introduction

A previous white paper on enterprise computing described the general values behind enterprise computing as a strategy to control the total cost of ownership in a technology environment.<sup>1</sup> This paper expands on those concepts and their application specifically to the purchase of end-user devices such as workstations, printers, etc.

Several critical findings identified in our first enterprise computing white paper should govern an enterprise's approach to purchasing end-user devices:

1. "information environments that are well managed and tightly controlled reduce the cost of enterprise computing by 38%"
2. "optimizing technology spending calls for reducing unanticipated labor and service expense."

These findings suggest a key strategy for acquisition of end-user devices, which was also stated in the former study: "end-user devices are based on purchase standards and tightly architected configuration standards."

## Detailed standards

The goal of purchasing end-user devices based on architected standards is supported by several more detailed strategies:

- A limited number of devices are available, which map to specific end-user requirements. These requirements may distinguish between more mobile staff (equipped with a standard laptop) versus a non-mobile professional (equipped with a desktop).
- Because end-user device variance drives up labor cost—and unanticipated labor costs are the greatest driver of excess cost in networks that are not tightly managed—purchasing processes will optimize control while accepting de-optimization of acquisition price.
- Finally, because end-user device acquisition costs reflect less than 10% of the total cost of technology, purchasing process will optimize reduction in likelihood of future labor costs while accepting de-optimization of acquisition price.

A corollary to these standards is that reducing choice—which, in turn, is a way to reduce variance—is a requirement for managing total cost of technology ownership.

## Comparison of enterprise and consumer standards

Information technology professionals are well aware of this research, and typically have everyday experience that confirms these findings. At the same time, many end-users not familiar with the complexities of network design and management have personal experience acquiring technology that may challenge these standards. Their experience suggests that end-user devices can be purchases more opportunistically and at lower cost.

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<sup>1</sup> All quotations in this document are from MACC Commonwealth's 2010 white paper, "Enterprise Computing for Small and Mid-sized Organizations."

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While in any individual case, it is possible to lower the acquisition cost of a specific asset, the unintended labor costs associated with those acquisitions—particularly variances in either the assets purchased *or the process used to purchase technology assets*—will inevitably increase total cost of ownership.

The following chart compares some of the key differences between enterprise-oriented and consumer-oriented purchasing:

	Enterprise-based purchasing	Consumer-based purchasing
definition of economy	total cost of ownership, including management cost, over the life of the asset	acquisition price
key purchase criteria	fit with specific current standards and pre-identified products	apparent value, only needs to fit general standards
risk management	<ul style="list-style-type: none"> <li>• approach is conservative with regard to new products and technologies</li> <li>• rejects operating risk (for example: will only purchase from resellers guaranteeing access to parts and on-going warranty service)</li> </ul>	<ul style="list-style-type: none"> <li>• values product innovation and new technologies</li> <li>• accepts operating risk to secure lower acquisition cost</li> </ul>
degree of purchasing control	purchasing is highly controlled and centralized as a way to reduce total cost of ownership	purchasing is decentralized and opportunistic as a way to reduce acquisition cost
what matters most	reducing the risk of unanticipated future labor cost	acquisition price