

Stretching IT Budget Dollars, Part I

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In today's economic climate the challenge faced by many IT professionals/departments, to support business initiatives, is enhanced by the increased competition business units face from competitors competing for the same customers and market share. Even in light of the economic downturn today, a remarkable resiliency is being exemplified by creative companies in "doing more with less."



The Challenges of IT Departments

CIOs and development managers have to manage to restricted budgets to support initiatives. Developers tend to desire the latest and greatest technology, yet the priorities are to assign leading edge processing power to production systems. In the past, in better economic times, both development groups and production segments would be afforded the latest technology. Today, in some industries, this cannot be done.

The challenge is further enhanced where test validation to what will be deployed in production is required. In contrast to this, budgets often do not support developers having the same systems or model sets as production. This is where creative financing must be employed.

Conquering those Challenges

In scenarios where a production environment supporting an initiative requires a 400,000 TPM server and the development group requires the same accommodation, inadequate budgets must be countered with a short term rental. Million dollar servers are typically not available from the manufacturer in monthly terms. When they are, costs are prohibitive in that the monthly payments are very high. The solution is to align with a third party that can take a substantial enough residual risk position, to bring the short term rental payments down to a meaningful level. If a manufacturer has an incentive to sell a high dollar server for production, they often (when encouraged) will work with a third party for the second system. In such cases, everyone wins.

On the other hand, certain initiatives do not require the absolute latest and greatest technology. Eighty percent of the horsepower (of latest models) can be acquired at 40% or 50% of the cost in many instances. Furthermore, application of leveraged leases can further bring costs into line with budget restrictions.

Today, more than in recent times, end user customers should feel comfortable in pushing the envelope with their given vendor. Deals are out there waiting to be constructed. In many cases, these bargains can be negotiated between the manufacturer and the retailer developing a relationship that benefits the consumer above all.

This corner of the quarterly Datatrend Trendsetter will provide a continuing series of articles geared toward providing information supportive of stretching the IT budget. In our next issue, we will explore short term rentals with real world examples. In the meantime know that you have more negotiation power today during these particularly competitive times and you have access to professionals that can get very creative.

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