Successful Technology acquisition during economic times

Granted there is a recession at the moment but the silver lining is the opportunity it holds for business. In many ways the smartest and most prudent organisations typically run their operations as if they were in a recession anyway. The fact that finances are tightening is a compelling reason to revisit the proven fundamentals and excellent business controls that can enable an organisation to grow its business regardless of the state of the economy.

It's always smart business to scrutinise every area of your cash flow and expenditure and to ask just how hard it's working for you. One area in which many organisations can make their expenditure more productive is technology.

HOW TO BUY

Key to the smaller enterprise market is the question of how to acquire IT infrastructure more efficiently. For the micro-business, by which we mean a buyer for a home-based business or others with only a handful of staff, a simple purchase by calling or mailing your usual supplier can often seem the easiest method.

It might not be the most business-efficient, though. Consider, for example, the possibility that a business wants to acquire 10 PCs and network them together. The bill for the hardware could easily be around £5000-£6000 assuming you don't go for the most basic computers.

At first glance, it would seem easy enough to buy using a few credit cards. However, if you look at the interest on a corporate credit card might want to rethink whether this is a desirable means of financing a key purchase. A bank loan is another option but given the current credit crunch, it's not likely that banks will be willing to issue loans, even to their best customers.

STRATEGIC SPENDING

Often a better way of funding technology purchases is to view them as an investment rather than a cost. Automatically you're thinking of getting some sort of return, which wouldn't be the case if you were planning a straight purchase and borrowing or saving the cash to do it.

Things need to happen before an acquisition can be truly part of a company strategy, though:

- You need to define an aim – what exactly is the new technology supposed to deliver that wasn't happening before?
- Your staff needs to buy into the idea of change;
- You need to select the right technology
- You need to deploy it correctly and upgrade when further business related enhancements become available.

By this stage, many business managers' heads may be spinning at the thought of the possible complexities.

A PARTNERSHIP APPROACH

Clearly one approach is to get in touch with a trusted partner who can help navigate the complexity of acquiring technology. One way of doing this is by going through a reseller who has been trained and accredited, preferably someone who understands your industry. Do you run an independent cinema? Talk to someone who really understands ticketing. Do you operate a holiday company? Talk to someone who really understands linking the different elements of flight, hotel and leisure experience together.

The other partner that can help a great deal is a financial partner. A business that understands leasing and financial arrangements for all sizes of enterprise and which has insight into the nature of integrating the elements of a technology installation together can be indispensable for many customers.

This is why a financial arrangement not only branded by a major IT and communications supplier but managed by people with expertise in both camps will benefit a business.

Leasing rather than owning systems has benefits beyond financial flexibility. It can offer technical help as well; secure a leasing agreement written so that it includes a technology refresh option and offers an easier path to upgrades when they become available rather than when you have saved up or negotiated a fresh loan.

All of this is open to you when you adopt a partnership approach in this way; standing on the experts' shoulders is a lot simpler than running the whole thing yourself armed only with cash.

NON-FINANCIAL BENEFITS

A lot of this is about money. In these days of quantitative easing and revaluation of previously accepted business models, getting hold of hard cash can be difficult and financing a major purchase is not a trivial issue. As important as obtaining money, though, is the structure of any financing that arrives and the extras – flexibility, upgrades, support – that can be made to go with it. These are tough times, but if they prompt businesses to take a rigorous attitude to all of its elements and force them to work harder there's every chance of emerging leaner, more competitive, and most importantly, profitable.

Key points:

1. Look at the problem your new IT purchase is trying to solve for you. Ask not just "do we need to refresh our IT" but rather put the matter into a value proposition: "we need to refresh our IT because it needs to do something specific." You can now tailor your order to your business needs.
2. Find a partner who truly understands your business, your technical requirements, and your goals. If you're a travel agent get someone who understands the complexity of matching flights with hotels. If you're an independent cinema find someone who understands ticket-driven businesses.
3. Buy on value rather than on price. A cheap system that replicates your current business practice might be less useful to you than something apparently more costly but which might allow you to become more productive.

4. Focus on your desired business outcome and be ruthless – make your supplying partner work for your order!

5. Be prepared to shop around – the credit crunch means this is a buyer's market, and you're allowed to turn that to your advantage!

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