

The Golden Rules for Profiting and Benefiting from Green Computing

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Articles about 'Green Computing' are just about everywhere these days, thanks to new and pending EU legislation, such as the Restrictions of the Use of Hazardous Substances Directive which prohibits the sale of electrical and electronic equipment that contain hazardous substances, and the Waste Electrical and Electronic Equipment Directive, which aims to reduce the waste arising from electrical and electronic equipment and improve the environmental performance of all those involved in the life cycle of electrical and electronic products.

But aside from the legalese and policy jargon, what exactly is Green Computing and how can the financial services community not only benefit, but financially profit from it? At the heart of Green Computing is reuse. IT refurbishment is the implementation of Green Computing in commercial practice. Now before you start thinking of dusty old servers that have fallen off the back of a lorry somewhere in the east end of London, think again.

IT refurbishment is essentially 'gently used' hardware and communications technology that has been cleaned, tested, repackaged, and in some cases had parts replaced, to restore it to a quality condition. The standard of refurbishment is so high that in most cases, manufacturers will recertify it. In short, IT refurbishment enables you to literally increase the yield and useful life of your company's IT investment and improve overall IT asset manageability.

Fulfillment of legal requirements and corporate social responsibility, combined with recognition of asset value and bottom line revenue is fuelling reuse and refurbishment. A recent survey by eMedia revealed that UK businesses are not only heading down the green computing path, but they're also becoming savvier buyers as refurbished IT equipment moves mainstream. And that's what I'd like to spell out for you in this article. How to buy smarter and how Green Computing can put money in your pocket.

How to Avoid Forced Upgrades and Extend the Life of Your Existing Systems

Every manufacturer will update their operating system or hardware at one point or another, often pushing upgrades long before the equipment has reached the end of its life, and in many cases long before you, the customer, are ready to migrate. In some instances, manufacturers can't or won't supply the required equipment in your existing infrastructure. For example, you may have six servers and require a seventh one, however, the manufacturer tells you it is only possible to get the latest version of that server with a new and different specification and a newer version of the operating system. This disrupts the homogeneity of your existing environment, forcing you to upgrade before you're ready.

Refurbished IT enables you to custom order quality refurbished equipment at price points that just aren't available elsewhere, as well as sell (yes, sell for money) your outgoing existing equipment for profit.

On the buy side, this could be equipment you want to purchase that is designated for tasks which don't require the very latest hardware, such as development, testing, maintenance, building resources such as a call centre or back up system, or simply to make an addition to

an existing homogenized infrastructure. Just because the manufacturer no longer supports a particular platform doesn't mean it's old. You might have purchased it just six months ago. Being 'lifecycle aware' enables you to break the cycle of vendor lock in, yet still access the best brands with full assurance and reliability.

Likewise, companies simply do not need to buy the brand new latest 64 bit system optimised for the most up-to-date processes. There are only a handful of mission critical applications that will require the very latest specification. The vast majority of applications do not. These include: 'Just in Case' and Near Line storage, databases that need to be maintained for compliance purposes, software development and proof of concept testing, data centres, enterprise applications and essentially anywhere the business doesn't require the absolute latest computing power.

FACT: On average, vendors promote upgrades every three years, when in reality, the true life of most hardware is closer to five years.

FACT: Refurbished IT equipment delivers up to 60% savings on initial hardware investment.

FACT: Refurbished IT equipment is custom configured to individual specifications.

FACT: Refurbished IT equipment is fully cleansed, tested and shipped with next day availability and in most instances is eligible for vendor or third party maintenance.

How to Cut Your Hardware Maintenance in Half

Most manufacturers sell you a standard maintenance support package of three years when you buy a new system. At the end of those three years, customers typically find their maintenance costs sky rocketing. This is because manufacturers want you to buy a brand new system and replace the old one.

Third party maintenance organisations can provide most or all of the services provided by vendor maintenance organisations, but at significantly lower cost. In multi-vendor installations they may actually be able to simplify support across a broader range of products. And because they do not depend on product sales for revenue, they are motivated to help customers maximise practical product life.

Furthermore, a refurbishment specialist, acting as your third party maintainer can also provide you with difficult to source parts or spares for your older equipment. In this way, organisations are able to effectively and affordably maintain their equipment and upgrade in their own time – not when manufacturers dictate that they do so.

FACT: Third Party Maintenance delivers up to 40% savings on maintenance with the options of 2, 4 or 24 hour response times and 24x7 or 9x5 onsite maintenance.

FACT: Affordable third party maintenance enables longer lifecycles, saving companies up to 20 percent on their hardware expenditures alone.

FACT: Forced upgrades and 'early retirement' of equipment has many hidden costs, such as training, downtime, and potential incompatibilities.

FACT: Unlike manufacturers, which encourage early obsolescence, third party maintainers keep maintenance costs at reasonable levels even as a system ages.

How to Profit by Selling Your End of Life IT Equipment

When IT equipment becomes redundant or reaches the end of its useful life inside an organisation, it still has commercial value. Rather than giving or throwing away valuable assets, many savvy organisations are realizing that they can profit from their unwanted equipment by selling it to refurbished IT equipment specialists. Just because a server is amortised over a three year financial accounting period, its associated utility value does not expire within that same period. On the contrary, even when its value has been amortised to zero within the organisation, it may still have a huge amount of utility left, and therefore by implication it has commercial value.

More importantly, with pending legislation now mandating that IT equipment must be disposed of responsibly, refurbished IT providers can take this headache away from you by giving you fair market value for your outgoing equipment.

One multi-billion pound organisation recently told us that they gain a seven to one asset recovery ratio to the top line through IT refurbishment. In other words, for every £1 they can recover through IT asset disposal and put back into the business, equates to £7 of turnover.

FACT: Selling excess server, storage and networking hardware to refurbished IT providers enables you to profit from your outgoing systems, directly contribute to bottom line revenue, and/or exchange for new or refurbished items.

FACT: Refurbished IT providers will pay fair market value on excess or end of life hardware and Equipment is purchased on an 'as is' basis.

FACT: Selling end of life or redundant equipment to refurbished IT specialists solves the problem of responsible disposal as per EU regulations.

FACT: Optional data erasure is available as per customer requirements.

The aftermath of IT bloat from the dot com boom has forced organisations to scrutinise IT spend more than ever. Historical overspending, commoditisation, changing industry dynamics and market liquidity have matured the IT industry enough to support an active secondary market in used and refurbished equipment. Installed bases are now large enough and systems are now reliable enough that an increasingly broad and deep supply of used equipment is available, fuelling the emergence of a new alternative market for quality products for most mainstream IT purchases.

Furthermore, Capex savings of 40-60% mean slower cash burn and extended useful lifecycles on IT equipment. Green Computing is not just about doing what's right for the environment. It's about smart business.

Neil Vill is CEO of World Data Products, the largest independent provider and global market leader for refurbished server, storage and networking hardware solutions with more than 4,000 customers worldwide. For a free estimate on current market value for selling your outgoing IT assets, or for a no obligation quote on purchasing quality refurbished hardware or maintenance, please contact World Data Products Ltd on Tel: 800.553.0592 or email info@wdpi.com.

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