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CONSULTING
Growing Business Potential

The top 10 mistakes smaller organisations make in I.T.

ICT Managed Services and Support at Zephyr Consulting (Wellington) Limited

Running a smaller organisation is a challenge when it comes to IT, regardless of whether you are a commercial company or non-profit. You need to have systems that work efficiently but often your budget is tight.

One of the main problems that we at Zephyr Consulting see is that smaller organisations don't have the staff with the knowledge about IT to be making the right decisions – what equipment to buy, cloud options, CRM, internet access - the list can go on and on. When your budget is limited, every dollar counts, and one wrong decision on that new IT system could end up costing tens of thousands of dollars.

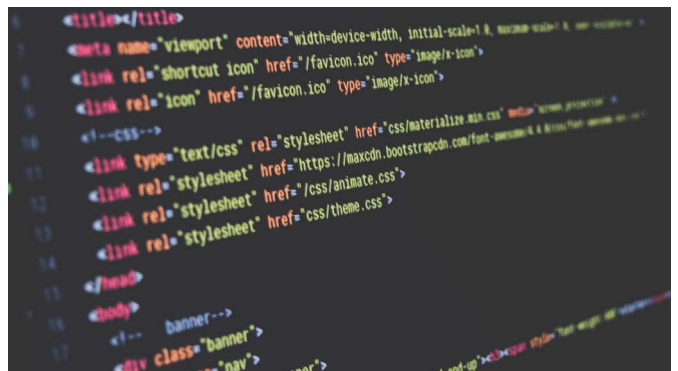
We are not trying to be all doom and gloom. By listing out the mistakes we've seen, we hope you will not make the same mistakes.

Here it is then, in no particular order:

1: Buying used equipment because it's cheaper.

Don't get me wrong – sometimes buying used can save a bucket load of money. However, many times it is money that's not well spent. Used equipment, depending on where you buy it from, carries multiple dangers.

- The Windows operating system may be unlicensed, and you may unknowingly be using a pirated version of Windows.
- Ditto for Microsoft Office. You may see a used computer on an online trading website which includes Microsoft Office. But you'll need to be careful here – it could just be a trial version (which is no good to you) or someone has loaded Microsoft Office on to it, and you do not receive the proper documents/keys to prove ownership. Just like Windows, this means you are running a pirated version of Office.
- The same goes for any other commercial software that may be loaded on – Adobe Photoshop, for example. If the computer does not come with the license keys and documents for commercial software that's loaded on it, then you don't own the licenses to use it.



- The hardware you've purchased may only have a useful life of perhaps one year, maybe two. Sure, there are stories of desktop computers just going on and on, but they don't get any faster – quite the opposite. If the motherboard on that used PC dies, then you may as well throw the whole computer away.
- Speed and productivity. Newer computers have faster memory, faster hard disks, faster processors. You may find that your staff using that used computer end up wasting time waiting for it to 'catch up' while they are working, and they get frustrated. That isn't money well spent.
- Guarantees are limited, if any. Some outlets may give you a 3-month warranty – keep in mind that's just 12 weeks. After that, you are up for repair costs.
- Leftover garbage from the last user. If the machine you buy isn't cleaned out properly, you may find you end up with documents and all sorts of rubbish from someone else still on the computer. This could include a virus as a worst case scenario. Is that worth the risk?
- Documentation is the life blood of any IT system. Good documentation means that anyone can come and service your IT equipment and knows straight away what is what and how everything connects. Using someone cheap or free often means that the task of creating and then maintaining documentation is ignored.
- They leave: Your cheap IT Guy gets a real job and can no longer help. Nothing is documented, so you are effectively left starting from scratch.
- You are a low priority: Because you are getting support for free/cheap, you are way down on the list and it may take weeks for your IT Guy to come and fix your issue.

3: Bespoke systems

Let's say you have a friend's cousin who does your IT, or maybe you even have your own IT Guy – it maybe someone full-time, or someone who does IT as part of another role. You then have a requirement for a new Customer Relationship Management (CRM) system. Said IT person says, yes I can design something. And they do, and it's got bells and whistles and works really well. A year later they leave. You need to change something in that CRM, but you can't. It's a bespoke system that only one person knows about. You may as well start again. Stick to off-the-shelf applications wherever possible.

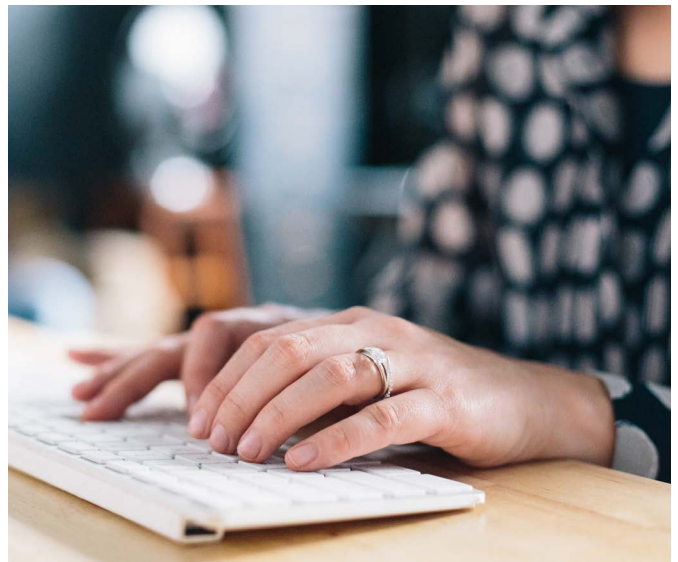
Unless this person knows enough about IT security and firewalls, you run the danger of allowing a hacker to break into your systems.

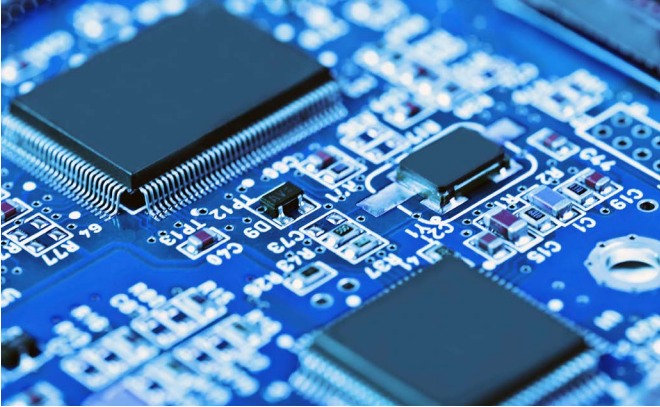
2: Using a son/daughter/cousin to do your IT work

We realise this is just so tempting, but it is oh so dangerous. This never ends well.

Your son or daughter, or perhaps a staff member's friend's son's mate knows a bit about computers and does your IT work for free/very little/market rates. Sometimes he has to do it after hours as he has a full-time job already.

- Security: Unless this person knows enough about IT security and firewalls, you run the danger of allowing a hacker to break into your systems.





4: Having heavily customized systems

Let's say you stick to an off-the-shelf CRM (for example – it could be any sort of application). Great! Your IT person customizes it to suit your requirements. Then an upgrade for the CRM comes along. Since you have a customized system, you pass on the upgrade as it would cost too much to test and then change your current system to work in the new version. Then another upgrade comes along, and you pass again for the same reasons. Eventually the CRM vendor says, "We are not going to support you anymore unless you upgrade to the latest version". This is much more common than you might think.

The key to saving money is using systems with as little customization as possible. Even if it does 90% of your requirements, if it's not customized then you will save bucket loads more money in the implementation and you will save a lot of money in future upgrades. Customisation=time=mega \$\$.

Avoid it whenever possible, or at least keep the changes minimal wherever you can.

5: IT Guy gets bored

Perhaps you are big enough to have your own fulltime IT Guy (or IT Girl, but let's stick with Guy for now). He goes through the motions day by day, but ends up getting pretty bored of the whole "I can't print" or "My email isn't working" drudgery. So he creates some IT projects to spice things up. You may not even need this IT project, but since you don't know anything about IT, you can't question it. Or perhaps you do have an IT project, but your IT Guy over-specs it to make it more interesting for him to work with, and it costs loads more money. Again, you don't know, so you can't ask. Not all IT Guys are like this – far from it – but we've seen this time and again. Many IT Guys are like Border Collies – you need to keep them working hard on varied projects to stop them getting bored.

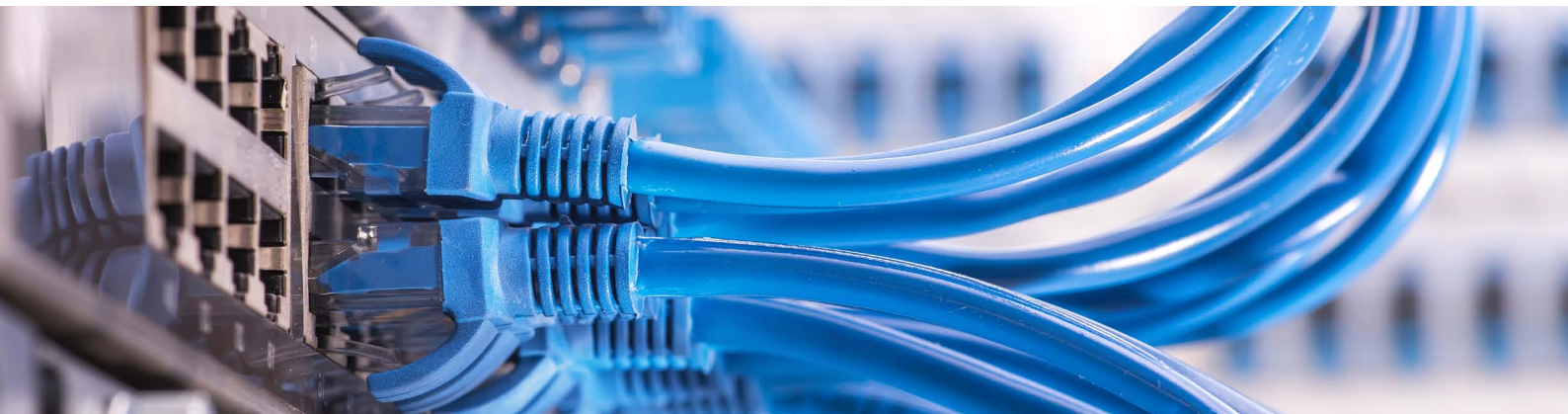


Don't get coerced into signing up for a 5-year lease on anything.



6: Signing up for a long lease/contract

When you are setting up a lease for a photocopier/cell phones/landlines/PABX etc, you have the power. You are the one paying the bill each month. Don't get coerced into signing up for a 5-year lease on anything. You would not believe how often this happens. Lots changes in a 5-year period, including costs. Stick to 3-years maximum.





7: Not negotiating

This goes a bit hand in hand with the above. Let's say you are due to renew your cellphone contracts.

Telecoms companies are desperate to keep your business. Feel free to engage with other providers to get a sense of what you should be paying, and if the contract renewal is not sharp enough, go back to your telco and suggest they do better. On the flip side, other telcos are desperate to get new business.



They will sharpen their pencils very quickly to get new business. It may not be the Kiwi way, but you are allowed to negotiate. Your dollars are important. Keep in mind you want the other company to make a profit and stay in business - and no doubt you still want support, but mainly make sure that you are paying what appears to be market rates, and no more.

Make sure you start this process early - say three months before your renewal is up. If you leave it too late then you may find yourself under pressure, and end up just keeping status quo as you haven't got the time to look at other options or to check you are paying market rates. Start negotiating early.

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8: Signing contracts for IT services, that you don't understand.

Yes, more on contracts. You are signing up to a contract for years, you've got to make sure it's right for you. We've seen contracts for IT services, whether it's managed services (like looking after your network and computers as Zephyr Consulting does) or photocopiers, where the company representative really has no idea about all the jargon contained in the contract. They sign it anyway just to keep things moving, or so people don't think he/she is not capable. It is worth investing in external help to make sure that contract is what you expect it to be. Don't end up on Fair Go.

9: Not getting the right discounts

This is aimed specially at not-for-profit organisations. You get massive discounts on software from many companies, including Microsoft. Zephyr has come across non-profits that are leasing software that is almost given to them. One non-profit had paid the retail price many times over by being charged a rental cost each month for a server operating system, when they could have purchased the software for under \$100. Crazy, but true. The IT company that managed the non-profit should not have been charging retail, or even been renting them

the software. They should have recommended purchasing the software outright at the almost 90% discount rate that Microsoft gives to eligible non-profits.

Notice the word, 'eligible' in the above paragraph. Microsoft is fairly specific about who can and can't access the discounted rates. Just give Zephyr a call (or email - hello@zephyr.co.nz) and we will do this on your behalf at no charge. Companies other than Microsoft also have non-profit pricing.

If you are looking at purchasing software from anyone, always ring to ask about non-profit or charity pricing. If you are a bit shy, just email them and ask. Often companies will have discounts for you, even though they may not advertise it on their website. You may find it saves you 50-70% (sometimes more) or more over the retail price.

As an example of this, Zephyr's wholesale price for one particular software license is \$489.22 each. The non-profit price for this is \$23. Do you need any more convincing?

10: Buying the wrong equipment

Here are the top 3 common mistakes we see organisations make when buying computers

1. We've discussed the first one, buying used. That can be a false economy.



2. The second one is buying an under-specified computer. You may have heard of 'Celeron' computers. This is a computer with a slower/cheaper processor than a 'normal' computer. They are not fast, and while they look shiny and new when you get them, it won't take long before your staff member is screaming out in frustration. You won't understand this as they have a brand new computer, so why would they be complaining about its speed? Buying an under-specified computer is like buying a four-cylinder car when you really needed a 6-cylinder. Buy the computer to suit the work it's going to do - and please, don't buy a Celeron.
3. The third mistake we've seen is smaller organisations buying home-line computers. There are two lines of computer - home and business. If you buy one that's intended for home use, you may find it just doesn't perform as well or last as long as a business model.



Often companies will have discounts for you, even though they may not advertise it on their website.





Yes, the business range costs more, but there's a reason for that. They have better quality components and (often) longer warranties. Also, you may find that if you have a user who is out of town and they have a hardware issue, they may be able to take it somewhere local to where they are for repairs – and sometimes those repairs can be carried out within a day. If you buy a home computer for business use, and it has an issue – it gets sent off and you may not see it for weeks, or longer.

While it's nice to cut costs, don't throw good money after bad. Make a policy of only buying from the business range of computers.

So there you have it, 10 key mistakes that smaller organisations make in IT. But wait! Here is another one:

11: Not taking good advice

While it may take some initial pain to move that service or ask why you are being charged too much for a product, it's the best thing to do.

Zephyr has provided advice to clients where it is so obvious to us that they are spending far too much money on a certain item/service.

If a company says to you something is obviously wrong with what you are being charged for, then follow it up. It may just buy another 10 new computers over a year.

Zephyr ICT Managed Services and Support

provides high-quality managed ICT services ranging from ad-hoc/on-call services to a fully managed in-house ICT service where Zephyr Support essentially becomes the ICT department of your business. Our team of certified engineers are equipped with the skills and expertise across a wide range of products, and because Zephyr invests in the skills - you only pay for our services when required.

Our support services are available either on an hourly basis or via a contracted set of support modules known as SiteCare.

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