

A Business Leader's Perspective: The Benefits of Contract Management and Asset/Inventory Control

The effects of the economic downswing have pushed many companies to think outside-the-box and examine their options for better efficiency through new innovations. For companies with extensive hardware and machinery, contract management through centralized software is gaining steam because it offers unprecedented asset and inventory control that can save businesses as much as 20 percent annually. These savings can be found in the reduction of both contract costs and time efficiencies allowing employees to focus on more strategic projects and operations.

There are additional demands that are driving the need to evaluate their current service contract management practices. Demands such as increased regulatory requirements, efforts to meet compliancy standards and the never-more-important need to apply hardened security measures throughout all parts of a business, especially one's IT investments. All of these factors are important on their own, but together they present an undeniable need for a more solid contract management strategy.

The key advantage of a strong contract management strategy is consolidation. For IT teams, this means consolidating all of your machines and warranties into one primary contract, where you quickly gain a comprehensive view of your inventory; manage warranty exit dates, additions and removals; and monitor service levels. This will also give you the ability to perform a quarterly review of your contracts—offering the added benefit of maintaining software and operating systems support.

When you invest in a contract management solution your business benefits from a 24-hour web-enabled inventory management system. Simply upload contracts into the system, and you'll have access to them through the web portal. Typical features of such a system allow you to access all of your IT equipment through the web portal, and will give you the ability to pull up your contract information and fax or email it to the vendor in the case of a service call. Custom reporting capabilities make analysis simple and will allow for better budgeting and allocation of resources. Web-based platforms should also provide automated alerts let you know when equipment is coming off warranty or contracts are expiring.

To illustrate the importance of finding exposed hardware, take a look at an example. You have a production server that you bought a three-year pre-paid contract for through a technology reseller. If no one is managing the contract, no one extends it when it comes up from renewal. Say that same server needs service. When you contact the vendor, service automatically goes to the bottom of the queue because the machine isn't covered under warranty. Between the cost of a service blackout, the \$350/hr

service charge and the cost of parts, you've already put a huge dent in your budget. Conversely, often companies find that they are paying for a contract on a machine that has long since been removed from operation. With a contract management tool, you will have a clear insight into what is and isn't under warranty.

The primary benefits of adding a contract management strategy, complete with a support team and web platform, are as follows:

Reduce Administrative Overhead – With a centralized log of your hardware assets and contracts, time spent sifting through contracts by internal IT teams is heavily reduced, in turn giving management the opportunity to allocate resources elsewhere.

Long-Term Discounts – Companies in good standing with hardware vendors can earn additional discounts.

Immediate Cost Savings – By taking decommissioned machines off of outdated contracts and warranties and placing exposed machines on contract, businesses see an immediate savings on monthly and annual fees, as well as service fees and productivity losses associated with “naked” hardware.

Central Visibility – Know exactly what is happening with your hardware contracts at all times, monitor timely machine and contractual data and gain an accurate picture of your hardware assets, all via a centralized dashboard.

Direct Vendor Communication – Asset/contract management professionals can serve as a middleman between your company and the vendor, saving time internally and ensuring that communication is efficient and accurate.

The five benefits above clearly show how important proper management of your service contracts will increase efficiencies, improve your relationships with the service provider and drive cost savings throughout your IT environment. An added benefit is that you now have a greater vision into spending trends which allows you to budget and forecast more accurately for future IT investments.

Whether you elect to build a strategy on your own or leverage an experienced advisor to implement a proven solution with you, an intelligent contract management tool, coupled with a time-tested methodology will dramatically increase your ability to leverage the benefits available to you and run a more cost-effective and efficient way to manage your inventory and service contracts.

Want to know more about Managed Maintenance?

See how we can help you effectively track, manage and protect your inventory and maintenance contracts.

Contact us at **561-869-4399** or visit **www.managedmaint.com**.

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