BOOST YOUR SUCCESS THROUGH INNOVATION – HOW YOU CAN BECOME AN IT PIONEER

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FIVE PITFALLS AND THE RIGHT SOLUTION

The challenges facing IT departments around the world today are bigger than ever. Decision-makers in every industry have to deal with continually growing demands, find answers to chronic underfunding, and make up for the shortage of skilled workers – and all this as quickly and effectively as possible.

Companies are very mindful of data protection and sustainability and are looking for flexible solutions to achieve the goals they have set themselves cost-effectively. Recurring purchases of the latest IT technology can become a financial trap.

67 %

of technology leaders say they are expected to do more with smaller budgets.

Source: KPMG global tech report (2023)

There is often a huge gap between expectations and reality when it comes to sourcing IT. But enhancing your IT landscape productively does not have to be complicated or expensive.

We will give you five specific examples of where common technology management problems frequently occur – and how you can solve them with the right usage model.

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#1

FRAGMENTATION: FOCUSING ON TOO MANY ISSUES AT ONCE

IT departments often try to take care of all technology-related matters themselves. The enormity of this task rapidly becomes a burden, however, as it costs a lot of time, money, and effort. Several factors play into this:

- Continually having to handle tasks inhouse places a strain on staff and takes up a huge amount of time
- The company ends up treading water instead of investing precious time in strategic issues that serve to advance the company
- Growing requirements in core areas such as data protection and sustainability require greater expertise and create new problems that cannot be mastered inhouse
- The plethora of requirements, technologies, and service providers makes management of IT fragmented and uncoordinated

"Around 45% of managers in large companies describe their IT landscape as no longer manageable in view of its complexity."

Source: **„The digital dilemma: Why companies struggle to master digital transformation"** research by Roland Berger (2022)

SOLUTION

Hybrid out-tasking can help! Companies are increasingly opting to outsource work-intensive tasks. Utilizing external know-how for such tasks allows them to stay competitive, concentrate on core tasks, and free up resources for strategic objectives.

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#2

DRAG: DISADVANTAGES OF LINEAR PROCUREMENT

For too long, the focus has only been on the use of IT, with technology continuing to be purchased at great cost. This linear procurement model prevents companies from unlocking their full potential – in terms of costs, carbon footprint, effort, and competitiveness. After all, innovation cycles are becoming ever shorter. The disadvantages of buying IT at a glance:

- Services such as installation, maintenance, and data erasure require a high level of inhouse effort
- Every switch to a different technology is resource-intensive and diverts efforts away from strategic initiatives
- Performance, data security, and the carbon footprint all suffer if IT is not regularly replaced
- If remarketing processes are inefficient, long storage times reduce residual values
- Linear procurement models tie up capital that could otherwise be invested profitably in the core business

SOLUTION

Switching to a lifecycle model offers companies a sustainable usage model that employs capital efficiently, cuts costs, and caters to the organization's need to keep up with technological progress. Companies benefit on an ongoing basis, with no risk of assets losing value, and achieve carbon savings of 30 percent to 50 percent.

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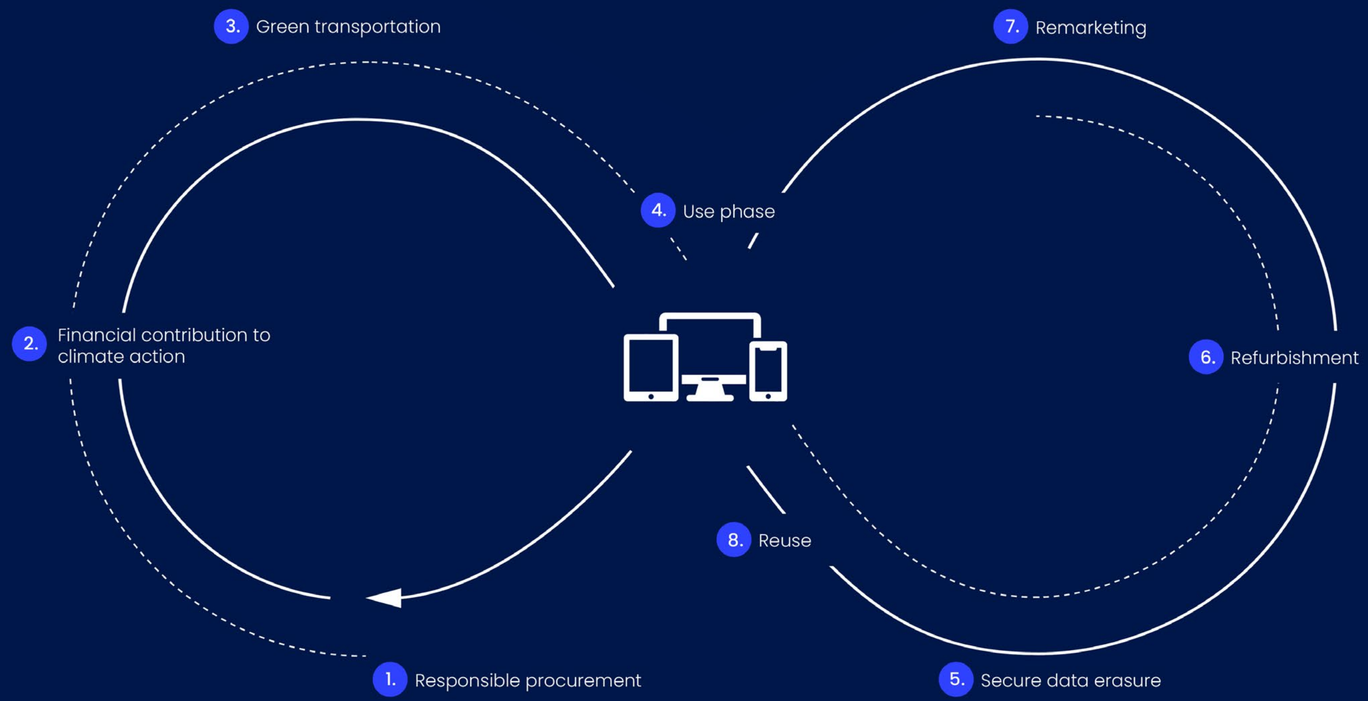
#2

LIFECYCLE MODEL



Following the transparent procurement of your devices, you can work rapidly and efficiently with your IT during the use phase. After that, the data is securely erased and the devices are professionally refurbished, enabling them to be reused via the secondary market. This circular model ensures that companies always have high-performance technology available to them. It also reduces electronic waste.

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#3

„In many organizations, IT infrastructure has grown from multiple directions at once, resulting in a complex structure of hardware, software, services, and providers. It’s time to redesign and rethink this structure.“

Source: David Cappuccio, analyst at IT market research company Gartner (2022)

SOLUTION

IT decision-makers are increasingly turning to customized usage models to keep their device landscape homogeneous and up to date. Transparent and digital management provides the best possible overview – including at international level. All IT procurement is flexibly aligned with the company’s individual needs.

FLYING BLIND: LACK OF TRANSPARENCY AND FLEXIBILITY

Functioning workflows, transparency, and ability to adapt are essential for a productive IT landscape. But IT decision-makers are often faced with entrenched process management, which makes it harder to act quickly.

- The number of different devices, service providers, processes, and countries makes it harder to maintain an overview in IT
- The fact that technical data and commercial data are not linked makes reporting time-consuming and slows down decision-making
- Rigid purchase agreements make it impossible to lexibly adopt the latest innovations
- A mixed equipment leet means it takes longer to train up new staff and creates additional work when employees move to a different department

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#4

„A digital team is the ticket to a fully realized digital transformation. By creating a shared strategy between the business, digital, and IT teams, companies ensure a uniform set of initiatives among stakeholders.“

Source: **„The digital dilemma: Why companies struggle to master digital transformation“** research by Roland Berger (2022)

IDLING: STRATEGY WITH NO FOCUS ON ADDING VALUE

Ambitious companies aim not only to maintain their enterprise value but also to grow it profitably. An inefficient IT department can thwart these efforts since solving pressing problems as quickly as possible frequently takes precedence over focusing on real value creation. This leads to businesses reacting instead of acting.

- Dealing with continual organizational hurdles ultimately shifts attention away from strategic projects with high ROI
- Given the large amount of time involved in troubleshooting, IT departments fail to sell themselves well internally and are thus perceived as ineffective
- The lack of attention to transparent processes makes it hard to allocate budgets exactly and perform TCO analysis, both of which are essential for maintaining a financial overview
- Corporate values are not clearly defined and communicated, which can adversely affect development and staff retention

SOLUTION

In order to establish a value-based IT strategy, objectives such as innovation, transparency, and sustainability need to be set out in clear guidelines. Predictable IT leasing integrates automated processes into day-to-day operations, thereby freeing up time for core issues and financial growth. This is why many companies use this example of best practice to move themselves forward effectively.

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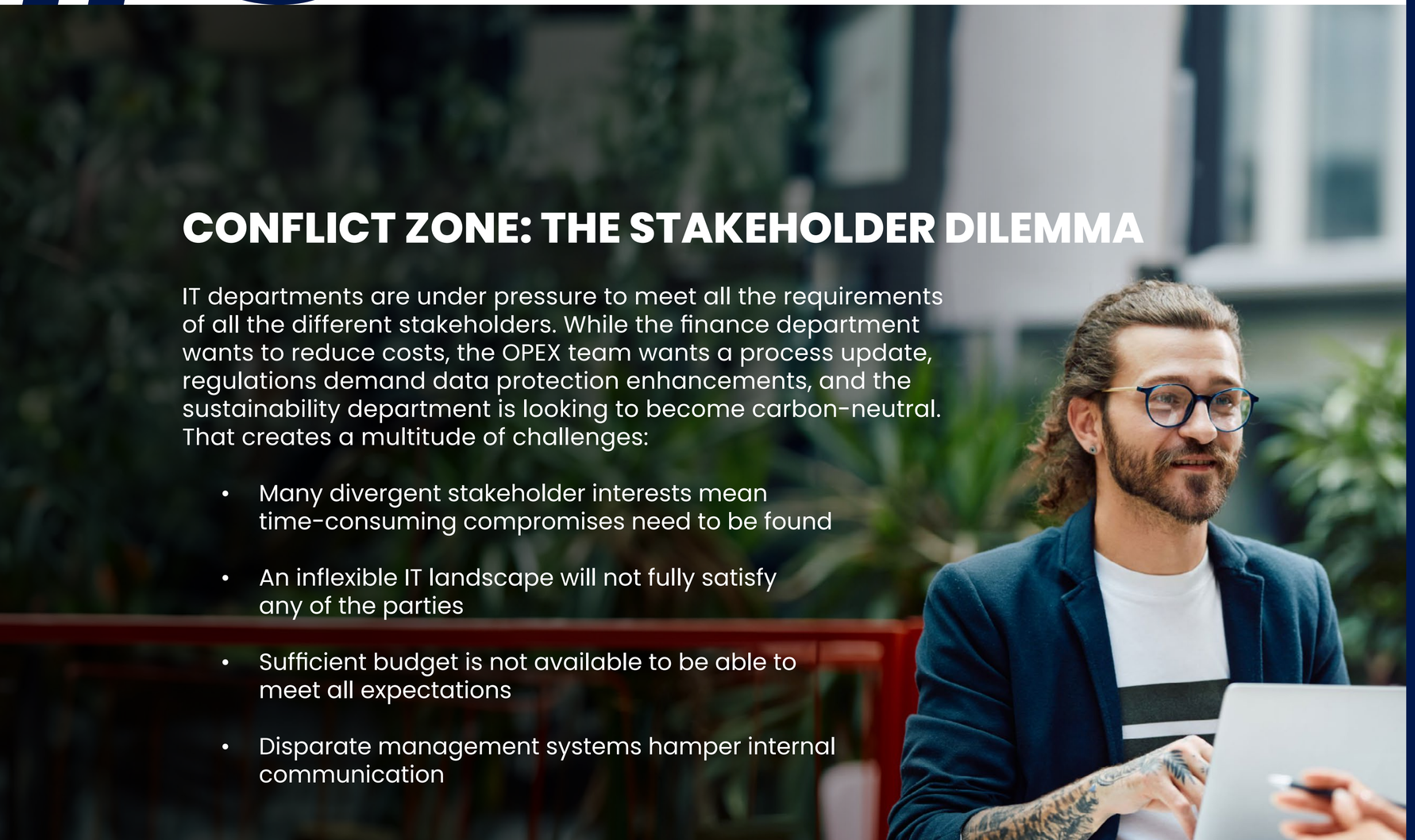
#5

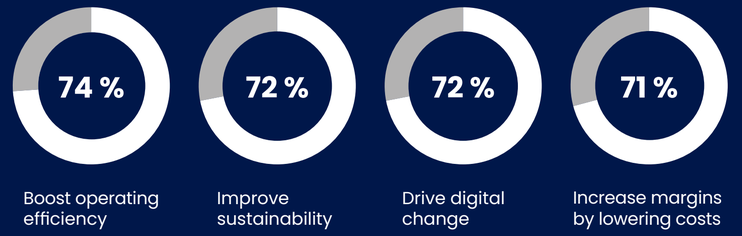


CONFLICT ZONE: THE STAKEHOLDER DILEMMA

IT departments are under pressure to meet all the requirements of all the different stakeholders. While the finance department wants to reduce costs, the OPEX team wants a process update, regulations demand data protection enhancements, and the sustainability department is looking to become carbon-neutral. That creates a multitude of challenges:

- Many divergent stakeholder interests mean time-consuming compromises need to be found
- An inflexible IT landscape will not fully satisfy any of the parties
- Sufficient budget is not available to be able to meet all expectations
- Disparate management systems hamper internal communication

For a Deloitte survey, around 350 firms from more than 40 countries were asked about their business priorities:



This example highlights just how different the expectations of different stakeholders are.

Source: **„Global Chief Procurement Officer (CPO) Survey“** by Deloitte (2023)

SOLUTION

In order to satisfy all the demands of their stakeholders, companies are increasingly moving away from purchasing new IT devices. Thanks to flexible leasing models, IT departments can respond in no time to new requirements, with the latest technology helping to cut costs, optimize processes, and meet environmental goals.

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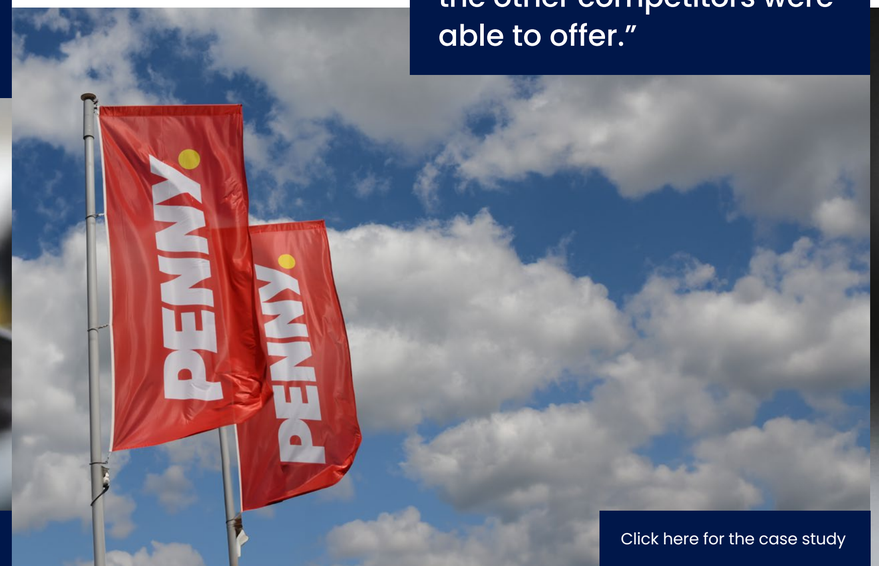
#SUCCESS STORIES

HOW OTHER IT DEPARTMENTS DO IT

Many firms have already recognized the potential offered by customized usage models. Read their success stories and find out how tailored high-tech leasing has benefited their financial and process management.

"CHG-MERIDIAN is a trusted advisor, helping us to find the right business concept, providing suitable solutions, and ensuring that devices become sustainable."

Click here for the case study



"CHG-MERIDIAN is the right choice for us because it can guarantee a degree of flexibility that none of the other competitors were able to offer."

Click here for the case study

"CHG-MERIDIAN gives us a truly complete package, from advice and procurement to end-of-lease and data erasure. This has enabled us to noticeably increase our productivity and profitability."

Click here for the case study

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#TO BUY OR TO LEASE

	TECHNOLOGY TO BUY	TECHNOLOGY TO LEASE
ACQUISITION COSTS	High acquisition costs that make other investments difficult, especially with a large workforce.	Low or non-existent. Costs for purchasing equipment are replaced by monthly lease payments, with less impact on budgets.
TOTAL COSTS	Typically higher than for leasing as costs for maintenance, disposal, and internal processes are incurred on top of the acquisition costs and the cost of capital.	Lower than for purchases as the anti-cipated residual value is factored into the lease payment. The lessor bears the cost of refurbishment or disposal.
LOSS OF VALUE	The value of devices decreases over time, affecting balance sheets.	No risk of assets losing value for your company as the lessor retains ownership.
AVERAGE AGE OF THE EQUIPMENT FLEET	Relatively high. Devices are replaced less frequently, diminishing performance and efficiency.	Low due to regular updates and regular replacement.
EFFORT	High level of internal effort involved in replacing technology, training new staff, offering services such as cybersecurity, etc.	Tasks can be passed on to an external service provider by way of hybrid out-tasking, with no impact on flexibility.
SUSTAINABILITY	Purchase models with no remarketing are generally more harmful to the environment than leasing.	Usage models reduce carbon footprints – often by more than 50 percent in the case of IT equipment.

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Leasing instead of buying.
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