LET'S MAKE A DEAL:
EVALUATING IT PRICE and VALUE

RAMTech
We Make IT Simple.

Business decisions are often driven by the bottom line – It's easy to compare costs when considering different technical products or services. But value is harder to pin down. Still, it's important to weigh price against value (with an emphasis on value) to make the best choice. This eBook discusses how to balance both, especially when it comes to your IT and selecting a service provider.

Ours is a society that responds favorably to a product or service priced at $999 versus one priced at $1000: the impulse is to believe the lower number is the better number. Saving money in one area means more budget allocation somewhere else or increased profits overall. Yet focusing only on dollars spent isn't guaranteeing you are getting the best value.

Although weighing cost against value is more complicated, whether buying new laptops or upgrading office software, value makes a difference.

Keep in mind, as McKinsey puts it, "the real essence of value revolves around the trade-off between the benefits a customer receives from a product and the price he or she pays for it."

This eBook discusses why we focus first on price and why determining value is difficult. Then, we'll cover how this impacts your IT decisions and selecting a service provider.

Why We Focus First on Price

It's pretty universal: saving money is a badge of honor. Even a millionaire can get a buzz from getting a bargain! Why? Because money is a limited resource. Even the richest person recognizes their funds are finite.

Plus, we all understand money. Spending $10 on something that might have otherwise cost $20 is an easily calculated win. We often look at it as having $10 with which to buy something else.

But when it comes to business decisions, the focus on cost goes beyond human nature. This is not just taking money out of your wallet and possibly having to answer to a spouse for your spending. The mental calculations we do around dollars spent is part of a larger budget, a budget that impacts the entire business. If marketing overspends, sales may suffer.

Saving money can mean not having to fire somebody or being able to hire more employees.

Pressure to be fiscally responsible and the ease of comparing $1000 with $1200 leads to price-based decisions. Yet comparing tech or services based on price alone is an oversimplification, as you could end up paying less but getting inferior value that proves costly in the long run.

Why Determining Value is Difficult

A difficulty in determining value is that it comes down to perception. Unless you contract with service providers and compare them in action, you're guessing the value.

After all, value weighs the cost against the benefits offered. Take a business selecting desktop computers for a new office. The decision-makers are going to look at price and technological attributes. These might

include processing speed, compatibility, or quality of technical support.

Yet measuring value involves comparing precise, measurable features, as well as softer attributes. The price is a concrete number, whereas vendor reliability or ease of doing business are experiential.

It doesn't help that value is unique to the business. One company might see greater benefit in 24/7 tech support, while another is keen to have lighting-speed tech.

Value is also dynamic. A product that is the best price and value one day might be surpassed days later. A new product feature could change everything, or a fresh business goal could impact value perception.

So, how does a business better balance price against value when it comes to IT and service provider choices? We'll discuss that next.

Weighing Price against Value for Your IT Decisions

Balancing price and value for business decisions treats cost as only one consideration.

Yes, you'll look at different competitors to learn the price, but you'll also consider what product or services uniquely benefit your business.

Weigh risks against opportunities

What tradeoffs are you willing to make? Perhaps the latest, greatest software has all kinds of bells and whistles, but also a price to match. Are employees going to be as productive and effective if you save money with streamlined software? Consider your objectives and review existing capabilities before buying new.

Be smart about what attributes matter

Imagine you're comparing voice over internet protocol (VoIP) phone systems. A small business with no international customers and no intention of going global doesn't need international calling. But a business that wants to give

salespeople a start on outbound calling with a local number would want to pay for that particular feature.

Determine what's really changed

Technology is updated and upgraded often. Of course, when it comes to security you want to keep up, but when considering new software or hardware releases, first determine what's new. Is what's added worth the increase in price?

Sometimes the changes made are cosmetic and marketed to make you feel that you're missing out. Yet you may already have software doing what the new solution promises. Maybe you just haven't integrated it effectively.

Consider the competition

When making a purchasing decision, we're predisposed to staying with a provider we already know. You already did the legwork the first time, right? And you've been happy with your current product. So, why start from scratch? If you don't consider the alternatives – anew – you could be missing major shifts that make them more valuable.

Weigh long-term strategy and asset lifecycle

Some things meet a short-term need (break room snacks, sticky notes). But when it comes to IT, typically you're looking for long-term value. Even so, don't overvalue your five- and ten-year strategic planning.

You might buy a system you're not yet ready to use, because you are planning to get to that point in five years. But if the system needs a massive overhaul in year four, and you've been paying a premium for it already, that's misaligning price and value.

Buying a software package with 15 licenses when you need only 10 right now, is putting the cart ahead of the horse, even if the package price is discounted. That's one of the benefits you might consider for cloud computing, which allows you to scale up or down as needed.

A managed service provider (MSP) helps your business make smarter decisions. They can help weigh price against value in line with your particular needs.

Next, we'll examine the value of MSPs.

The Value of a Managed Service Provider

The break-fix model is a common approach to business IT. If something goes wrong, you calculate costs based on time spent fixing the product plus the cost of any new parts.

However, this is a reactive approach. You can't anticipate lost productivity costs while you wait for technology repair. A service vendor may be busy, which could mean downtime while you wait for them to reach your business.

Working with an MSP is a more proactive approach. You pay a set monthly fee for IT experts to prevent business operation disruptions. Your MSP partner also reviews your technology to optimize your processes.

When it comes to MSPs, though, you're back at the cost-versus-value decision. You might take a cost-cutting approach by contracting with an MSP to provide desktop support and manage and monitor your infrastructure. This would be a focused engagement to avoid hiring IT support in-house.

A value-added MSP has a greater scope. You can often select from bundled capabilities. For instance, the level of service above would be one option, but you might also add a remote IT help desk, disaster recovery, or other capabilities.

You may also derive more value from engaging IT professionals who know your industry. They can help you better manage the technology budget and reduce downtime risks. With knowledge of your business space, they offer insights into tech advances, and find competitive advantage.

CONCLUSION

Sticker price is a single factor in the buying decisions your business makes. When it comes to IT, understanding overall objectives can make all the difference. Working with a MSP, you can gain even greater value out of your IT budget. Our experts can help you achieve returns you may not have even thought possible. Contact us today!

Phone: **(678) 999-2172**

Email: **info@ramtechpcs.com**

Web: **ramtechpcs.com**

Facebook: **facebook.com/ramtechpcs**