

## Information Technology -- Asset or Liability?

In working with small business owners, they often express difficulty establishing a proper perspective of their Information Technology (I.T.) expenditures. Some owners view spending money on I.T., as good money going out the door - longing for the days of simple cash registers and a pad of paper.

Fact 1: The complexity of I.T. is rapidly outpacing the ability of most business owners to keep pace. A real simple test of this fact is to ask a business owner how many emails they haven't read or responded to -- that are clogging up their Inbox.

Fact 2: Small businesses struggle with I.T. on a daily – sometimes hourly basis. Often the owners are required to resolve I.T. issues for their employees and it's not uncommon for everything to come to a screeching halt when the owner is busy or not available. You can imagine the perspective of the employees and/or owners on these “special” days.

From my perspective, I.T. hardware and software is a Liability - period. (Imagine that – someone on the inside of I.T. telling businesses the cold hard truth.) Right about now some of my peers are probably ready to shoot the messenger – so be it. The reality is I.T. software and hardware simply wear down and will eventually wear out. Don't believe me?

Fact 3: Desktop drives have a life expectancy of 1 to 3 years.

Fact 4: Operating Systems should be freshly installed (format/reload) on an annual basis. These dirty little facts/secrets of the I.T. world are not talked about much – however they are facts of life when trying to keep your I.T. infrastructure running at optimum performance levels.

When you start thinking of your I.T. hardware and software as a Liability – then you can start planning to address the various maintenance and replacements aspects, much like you would for a vehicle used on a daily basis. How many of us could run our cars or trucks 24 hours a day, 7 days a week -- without a solid plan for doing so? Yet, we do just that with our I.T. operating systems, applications, computers, printers, and networking equipment.

With our newly gained perspective of I.T. Liabilities – *Where's The Assets?*

Fact 5: The real Asset of I.T. is the “knowledge or documents” created by your business. This could be something as simple as the birthday of your best client's spouse or as complex as a set of plans to build the Saturn V Rocket (and no they have not been lost as some urban legends would lead us to believe.) It might even be an email or fax with a simple change that could make (or cost) your company big \$\$\$.

Fact 6: The average cost for a business to replace a single lost, missing, or destroyed document is \$120. (How many documents does your company create on a weekly basis?) Let's use a nice round number of 100/week or 5,000/year for Company XYZ.

With an average loss rate of 7.5% , XYZ will lose 375 documents. Factor in another 3% getting misfiled and the total lost documents on an annual basis is 525. The cost to Company XYZ -- \$63,000/year.

Fact 7: Many businesses have closed their doors because of a catastrophic incident resulting in the loss of all their documents. Company XYZ gets hit by a fire and their file cabinets and I.T. systems are destroyed - 5,000 documents up-in-smoke. Cost to recreate - \$600,000.00 or 3/5ths of a \$Million green backs.

I trust these seven simple facts will help you gain a better perspective of your I.T. Assets & Liabilities, making the management of them slightly easier to plan & allocate for as the “documents” keep piling up. If you would like to discuss this in more detail - here’s a toll free number to call: 877-IT-HELP1.