

Technology and Your Bottom Line

Vertex Consulting Group, Billings' premier technology managed services provider, is pleased to present this four part series designed to help Billings Chamber of Commerce member businesses maximize their existing technology, and plan for the future.

Part Two: The Costs of Doing Business

Every successful business owner or manager knows that the way you maximize profits on a day-to-day basis is really a simple, two-step process – increase revenue and decrease expenses. These two sides of a business ledger are where most successful business folks spend the bulk of their time, and where they lose the most sleep. Technology advances can play a significant role in each.

On the expense side, most business owners can identify what they spend on their technology support by evaluating the hard cost of computer support. These expenses are typically incurred when a piece of technology equipment stops working, and a support technician is called in to provide repair. This is what's known as the "break/fix" model. However, there are additional costs - often hidden - that occur during these outages as well.

For the purpose of this discussion, let's say your business is a law firm with five employees. You know what you're billed when you call in technical support, so that cost is easily definable. These costs typically range from \$100-\$125 per hour. But what does it cost your firm when a paralegal or an administrative assistant is unable to send or receive emails because his/her computer is down? What does it cost your firm if the whole office is down because a server won't reboot? There's a very simplified method of knowing these hidden costs (which can ultimately be prevented – but we'll get to that next time).

Simply identify your total annual revenue, and divide by your number of employees. In this example, let's say that number is a nice round \$750,000. If we divide that amount by our five employees, we know that each employee generates approximately \$150,000 a year in gross revenue. Now let's divide that number by 2,080 (the average number of hours for a full time employee annually). Now we know that each employee generates, on average, approximately \$72 per hour.

Now let's use the example above. Your administrative assistant can't send or receive email. After you call Fred, your technical support guy, your assistant waits an hour for him to arrive. Fred then sits at her desk for another hour or so trying to diagnose the problem. Once he decides what's wrong, he'll spend another hour applying the solution and testing. Fred sends you a bill for two hours at \$100 an hour, or \$200. So your technology expense for today is \$200, right? Wrong! You need to also add the three hours at \$72.00 in lost revenue. Your actual technology cost for today is more like \$416.

So what's the solution to these hidden costs? These issues can be prevented by using a proactive technology model that monitors, identifies, and resolves these issues before they cause your employee's revenue production to come to a standstill. Commonly called "managed services", a trusted technology partner will monitor the health of your technology; identify pending issues; and resolve those issues

before your staff even knows they're out there. In the event that the issue can't be resolved, or a new issue pops up, your technology partner can remotely access the computer and resolve the problem without walking in your door and disrupting your workday.

Typically based on an affordable, flat, monthly fee, managed services give your business a reliable technology platform, and a trusted support system that gets your staff back to doing their most important job...generating revenue for your business.

Next time we'll take a look at how technological advances can create ways to streamline your business, and create efficiencies that impact your bottom line.



For more information about the managed services offered by Vertex Consulting Group, please visit our website at www.vertexcg.com, or call us at 406.545.7303.