



MEEC Webinar

Refresh Your Technology Fleet

Presenters

Jim Rowland
Senior System Architect and Project
Manager
Daly Computers, Inc.

Jeff Di Bella
Sales Manager
Daly Computers, Inc.

Shannon Walker
Financial Area Manager
HP Financial Services

Daly and the New MEEC Contract

IDIQ Contract for Desktops / Portables, Storage, Servers, Network, Virtual Computing, Peripherals, and Related Service. Contract No.: UB-12-B-19-D1

Managing Agency - University of Baltimore on behalf of the Maryland Enterprise Educational Consortium (MEEC) and University System of Maryland (USM)

Daly was ranked #1 in all categories. As the top ranked contractor, Daly is designated as a Solutions Contractor specifically authorized to provide integrated solutions using technologies from across all categories of the contract. In this capacity, Maryland educational institutions can utilize Daly's engineering and architectural capabilities as well as a multitude of professional services to obtain the needed integrated systems.

Introduction

PC and laptop refresh projects are a major undertaking that involves numerous steps. Effective execution often requires adequate staffing, physical space and a significant time commitment, all posing potential drains on your organization's time and resources.

With a tested approach to our refresh process, the Daly team can develop a plan focused on assuring you get not only the best IT products for your needs but the entire process goes smoothly with limited interruption to your staff's duties.

Objective

- Establish a strategic approach to addressing both the immediate and long term computing needs
- Quickly replace aged inventory with current technology
- Fleet of computers will be on a scheduled refresh cycle to ensure technology is current
- Predictable model that is sustainable for the long term
- Consistent technology standards
- Financial cost will be clearly planned out and committed to

Economic implications

- *There has been a Fundamental Shift:* **From an Era of Plentiful Capital, to an Era of Constrained Capital***

All customers *

- **Micro-manage every capital expenditure: Higher hurdle rates, more reviews; hence, longer and tougher sales cycles**
- **Consider new vendors with cheaper or novel approaches to create pricing pressure on preferred or incumbent suppliers**
- **Explore creative means to finance costs or reduce their Immediate capital and cash Requirements**

*IDC HPFS Briefing Nov 09

Public Sector:

- Declining tax base, declining budgets
- Longer IT equipment lifecycles
- Education: Staff Reductions

Investment readiness review

Requires a **well-thought-out IT and financial strategy** that answers the following questions:

How do I migrate to new technology within my budget?

- Can I implement and sustain an ongoing technology refresh program?

What do I do with IT assets I no longer need?

- Can I recover value from them?
- How do I protect sensitive data that resides on hard drives?

How do I effectively track my assets?

- Can I be sure I know what we have... and where it is?

How do I effectively support legacy systems?

- Can I maintain older equipment running critical applications?

CIO/CFO questions

CIO / Technology Director

- In this unpredictable business environment, how can I estimate the lifecycle of PCs and notebooks?
- How can I avoid obsolescence?
- If I dispose of existing equipment, how can I ensure my data will be safe?
- What are the environmental concerns with disposing of equipment?

CFO / Business Manager

- How can I maximize value of existing equipment?
- How can I reduce TCO?

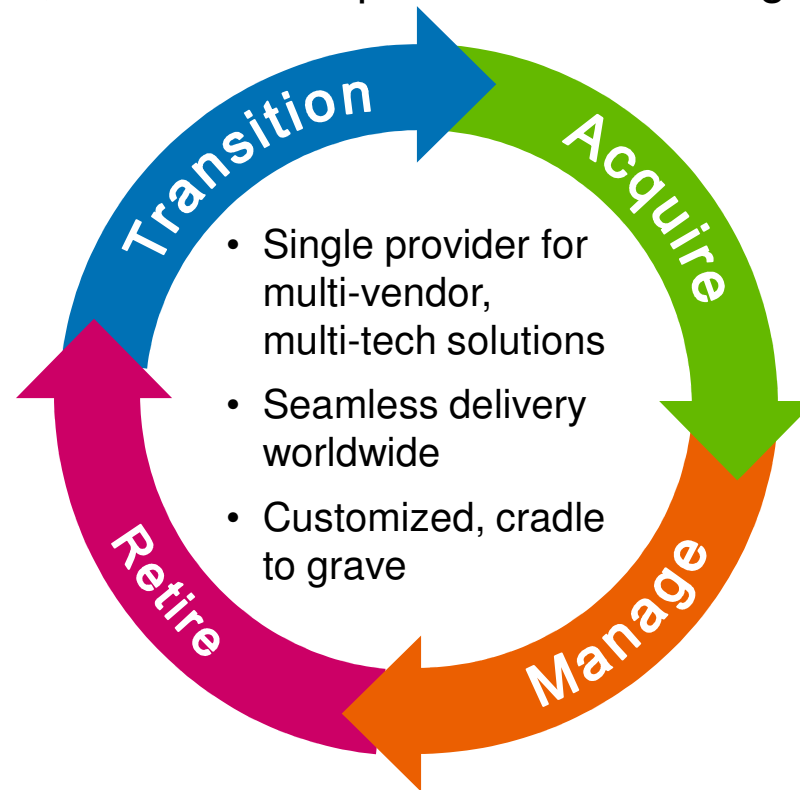


CIO/CFO Questions

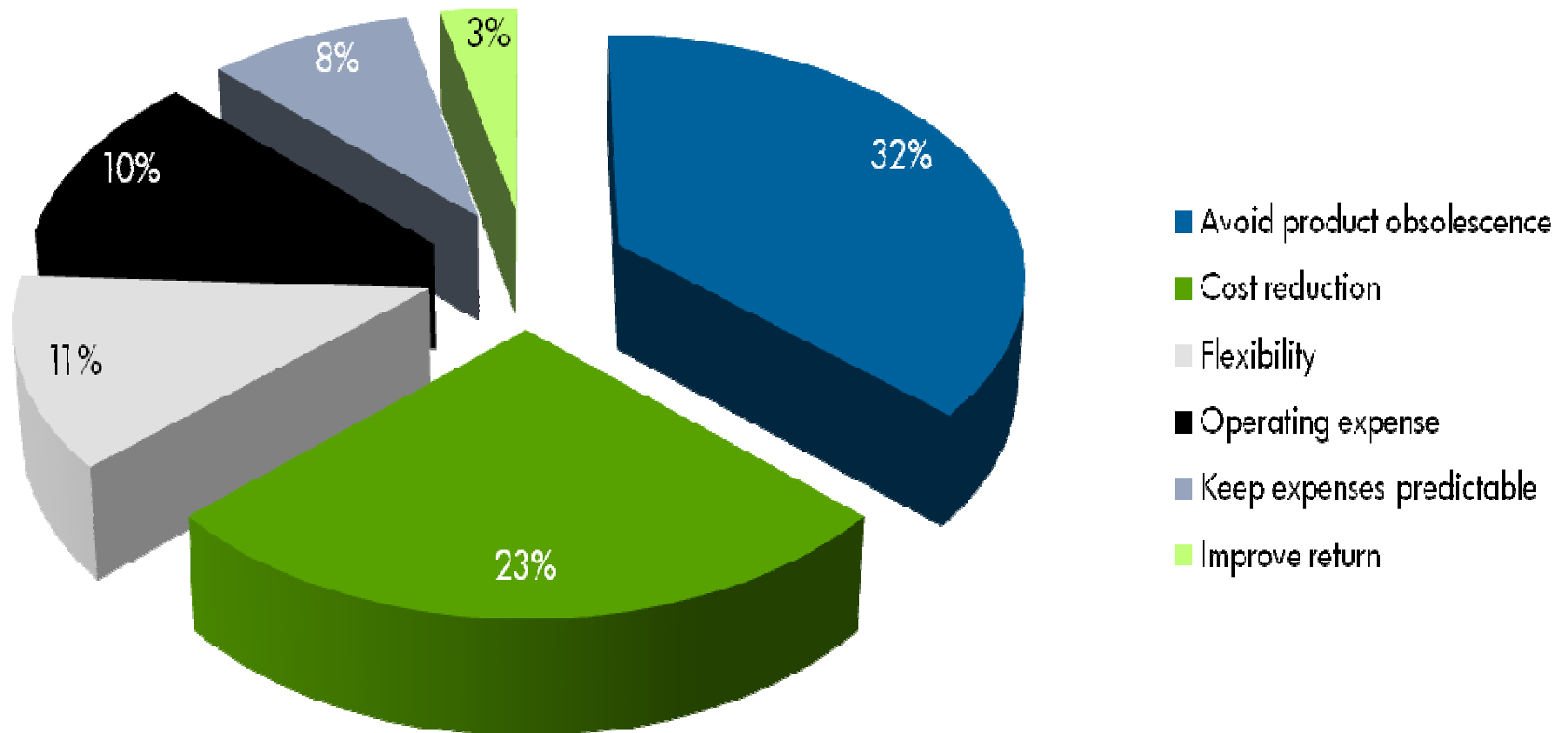


Taking a lifecycle approach

- World-class financial services to make the move to an Adaptive Enterprise a financial reality
- IT transition, acquisition, management and disposition services to help maximize return, minimize risk, and increase performance and agility



Why alternative financing?



Financial management at its best

Benefits:

- Reduce total cost of ownership
- Conserve capital
- Convert fixed assets into flexible assets
- Improve asset control
- Avoid IT disposal risk
- Manage equipment logistics

Types of Leases:

- ▶ Operating Lease (Fair Market Value Lease)
- ▶ Tax Exempt Installment Sale (\$1 buyout)
- ▶ Tax Exempt Installment Technology Refresh

Did you know ?

“Effective leasing strategies can reduce the direct cost of equipment by 12% . . . Total cost of ownership can be further reduced by 15% when the leasing strategy is integrated into a broad initiative to manage the computing environment.”

The Equipment Leasing
Association

Technology Refresh Lease

Taking a lifecycle approach to asset acquisition

- HP Financial Services removes existing owned hardware and either refurbishes it or disposes of it in accordance with environmental law
 - Includes packing and shipping services
- You lease new hardware for three/four year term with option to extend one or two years more
 - We establish lease rates for extension at lease inception so you know what you'll pay at end-of-term
 - Packing and shipping services for end-of-term can be billed separately or included in lease
- Simplified leasing administration (Advanced pricing agreement and consolidated lease schedule)

Total cost of ownership

The cost of owning, operating and maintaining a computer system. TCO includes the up-front costs of hardware and software, plus the costs of installation, training, support, upgrades and repairs.

(Bill Gates)

TCO is defined as the total cost of acquiring, using and supporting an information technology asset throughout its lifecycle, including all people, process, and technology costs associated with the use of that asset.

(HP)

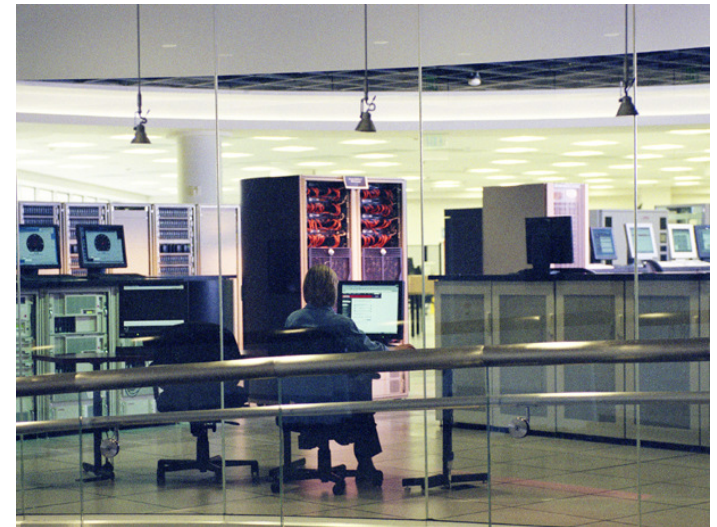
How much is TCO? For PCs, this is about \$5,000/year. Approximately 60% of these costs are direct costs related to hardware, software, tools, IT operations and administration, and facilities.

Make the most of your assets

- transition strategy



- Benefits
 - Accelerated migration to new technology
 - Uninterrupted access to your equipment
 - Eliminate risks and costs of disposal
 - Minimize risk of technology obsolescence
 - Immediate cash infusion
 - HP Financial Services buys your existing, owned equipment and leases it back to you



Convert fixed assets
into flexible assets.



Asset Recovery

- Asset recovery (remarketing and recycling) has huge legal and financial risks
- Poorly understood and undervalued
 - Out of sight, out of mind
 - Cheapest option is the best option
- Industry filled with thinly capitalized vendors
- Just about all of our customers are struggling with this problem
 - More importantly, customers need to get rid of their old equipment before they can buy new equipment
- Environmental sensitivity and concerns are rapidly increasing



Do you have an end-of-use strategy?

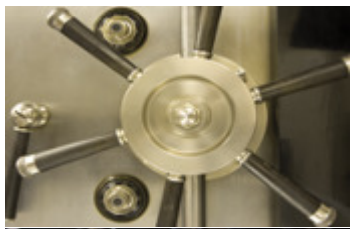
Older IT equipment removed from service presents major environmental and data security compliance challenges



Disposition compliance

Key environmental legislation

- U.S. RCRA Act
- U.S. California 5820/50
- EU RoHS
- China RoHS
- Japan RoHS



Data security compliance

Key data security legislation

- U.S. Sarbanes-Oxley
- U.S. Gramm-Leach-Bliley Act
- U.S. HIPPA
- U.S. FACT Act
- Canada PIPEDA Act
- EU Privacy Directives



Business cost

Customers & Governments have low tolerance for data security breaches and environmental pollution



Corporate reputation

Customers choose vendors that they can trust to act responsibly – damage to corporate reputations can be irreversible

Lifecycle demand lease success story



Maryland County School System

- Lifecycle approach to leasing
- Flexibility in structuring lease
- Ability to remarket equipment

Business needs



- 30+ thousand monitors and desktops County Wide
- Burdening cost of upgrading and disposing of existing assets
- Pressure to decrease maintenance costs, reduce IT downtime

HPFS solution



- 4-year lifecycle lease that includes
 - De-installation, packing and shipping of old equipment
 - Data wipe and disposal of old equipment
 - Lease for new equipment
 - Return shipping for new equipment at end of lease

Business benefits

Simplicity

- Fewer IT procurement spikes
- Elimination of risk in disposition process

Agility

- Regular technology refresh
- Reduced risk of obsolescence

Value

- Manageable and predictable costs
- Reduced maintenance costs and downtime

Other considerations

- When is the end of Microsoft OS introductions
- The greening of IT will lead to introduction of new designs to better control power usage
- Hardware is only 15-20% of TCO – procurement departments have done a good job of negotiating hardware deals
- Hardware costs will go down more slowly as costs get closer to \$0
- The single highest cost component is people cost associated with support

The objective must be to minimize personnel involvement, such as:

- service desk
- deskside support
- virus/patch management
- maintenance
- redeployment

Summary of Benefits of Having a Strategic Technology Refresh Program

- Quite often, after a technology refresh program has been implemented successfully for 12 to 24 months, the anxiety associated with annual budget set aside for technology is reduced substantially
- A level set of expectations on budget requirements and technology acquisition is achieved

Configuration, Integration, Asset Tag, and Inventory

- All desktop computers and laptops delivered are configured and installed to the customers exact specifications
- Daly works with a customer to create an image including the operating system and all customer supplied applications and software images
- The Daly Project Team works closely with the customer to ensure that all equipment (desktop computers, laptops and any peripheral equipment) delivered are properly imaged and asset tagged
- The asset information is provided to the customer in electronic format

Production and Integration Capacity

- Daly maintains an integration facility in Clarksburg, Maryland
- This integration site covers an area of approximately 20,000 square feet in our 43,500 square feet facility
- Daly's production team can configure, integrate and fully test over 1,000 computer systems a day
- Customers are welcome to visit Daly's integration facility



Delivery and Installation Services

- All equipment are delivered to the designated locations according to the customers directions and specifications
- The Daly Project Manager (PM) works closely with customer to develop a delivery schedule
- All installation sites are cleaned upon completion of the work day

Removal and Disposal of Obsolete Equipment

- Daly has extensive experience in the removal and disposal of obsolete equipment within the NIST environmental guidelines
- Disposed systems' asset information will be provided to the customer for its inventory updates
- Hard drives from the removed systems will either be wiped as specified or physically shredded as needed in Daly's "terminator"

Delivery and Installation Methodology

- Prior to any product deliveries and installations, the Daly Project Team works very closely with customers to develop a detailed delivery and installation schedule
- Daly has a proven track record of complying with all customers installation requirements
- The Daly Project Team understands that a successful roll out plan hinges around a clearly laid out plan developed jointly with the customer

Implementation Schedule and Resources

- The pace of the implementation schedule is dependent on how quickly the customer can absorb new equipment at each school
- Daly can deliver and install as many as 500 systems or more a day
- Daly's Project Manager works closely with the customer to map out an agreeable deployment schedule
- Based on this schedule, Daly will allocate the right amount of resources for the project

Daly's Maintenance and Support Services

- Provide the resources to maintain the equipment and respond to service calls
- Provide warranty coverage for designated and approved equipment
- Provide on-site remedial hardware service during normal business hours: 8AM – 5 PM, Monday through Friday or as designated by the customer
- Image management services - repaired systems will have the proper image loaded
- Provide optional mission critical response and services

Help Desk and Online Call Tracking System

- Daly's Help Desk uses a robust online enterprise call tracking system (Autotask) to service and support its government and education customers nationwide
- Customers can initiate service calls and request services in the following ways:
 - Call Daly's Help Desk toll free number at (888) DALY-TEC
 - Email service requests to Daly's Help Desk at HelpDesk@daly.com
 - Initiate a service request online via Daly's service web portal at <https://www.autotask.net/ClientPortal/Login.aspx?ci=8411>

Education Lease Experience

- Within the past 11 years, Daly Computers has executed numerous leasing contracts and technology refresh programs
- One prominent example is Daly Computers' technology refresh program with Anne Arundel County Public Schools
- For Anne Arundel County Public Schools, Daly has been delivering and installing 5,000 to 7,000 plus customized computer systems every year for the past 11 years under a comprehensive leasing program that covers hardware, software, and services
- This particular lease program has a 4 year base lease with the option of technology refresh using the residual value of the equipment
- All the equipment delivered has upgraded warranty and services

Daly Contact Information

Jeff Di Bella
Sales Manager
Daly Computers, Inc.
(301) 670-0381 ext 455
jeff.dibella@daly.com

Or, contact our sales team at:
(301) 670-0381 option 2
solutions@daly.com