Ten Ways SMBs Can Get More from Their IT Budgets

Small and medium-sized businesses (SMBs) are always looking for new and innovative ways to cut costs, without affecting business output or future growth. There are the customary cost-cutting strategies – including canceling or postponing expensive projects or reducing headcount – but smart businesses are looking at other options that reduce costs today and in the future. The following list contains some well known cost savings opportunities – and a few you may not have explored yet!

#1. Consolidate and Virtualize Your Servers

Server consolidation and virtualization solutions present the most effective path to IT cost savings. Virtualization can help SMBs save a substantial amount of time and money while achieving more with the computing resources they already own. When servers are consolidated, organizations realize many benefits, including:

- **Increased infrastructure utilization:** Virtualization makes it possible to achieve significantly higher resource utilization by pooling common infrastructure resources and breaking the legacy "one application to one server" model. SMBs can achieve significant cost savings by reducing the need to purchase additional hardware.

- **Improved levels of security:** By separating the OS and applications from the server hardware and encapsulating and isolating it, viruses and other security threats that have an impact on one OS or application won't affect the others. The smaller overall footprint of the hypervisor reduces the surface area open to attack.

- **Increased the output of IT staff:** By simplifying server provisioning, IT staff spends less time building servers and more time building robust IT strategies that protect and optimize the business.

- **Affordable disaster recovery:** By consolidating the number of servers, SMBs can deploy excess capacity to build a replication site – an additional facility that leverages hardware freed by virtualizing the infrastructure– without incurring the costs of purchasing additional servers.

- **Increased application availability and improved business continuity**. Using VMware virtualization, SMBs can eliminate planned downtime and recover quickly from unplanned outages, and have the ability to securely backup and migrate entire virtual environments with no service interruption.

- **Reduced power, cooling and space costs:** By reducing the number of servers and related IT hardware in the data center, SMBs also benefit from reductions in real estate, power and cooling requirements, resulting in significantly lower IT costs – savings are estimated at $500-600 per server per year.

- **Facilitating the use of low-cost storage.** Native support for iSCSI SAN and NAS storage enables SMBs to virtualize infrastructure using low-cost storage solutions at branch offices and other distributed locations.

#2. Repurpose or Retire Old or Underutilized Hardware

Once an organization realizes the freedom of not being tied to one server for every application, the question then becomes what to do with all the servers that are freed up through consolidation. Cost savings result from retiring some of the servers, but the real upside comes when these underutilized servers are reallocated to drive activities that would have normally been crossed off the list for lack of budget. Examples include building out pre-production testing areas, hardware for replicated sites as part of a disaster recovery plan, or extra capacity for hosting data-intensive applications.

#3. Audit All Software Licenses

IT departments should keep a current inventory of all software assets. Audits will reveal any software that is no longer or seldom used. SMBs may find that they are paying licensing fees on applications they no longer need. By eliminating redundancy within the software portfolio, companies can consolidate their software applications to dramatically reduce development, support and maintenance outlays.

#4. Automate Labor-Intensive Processes

To contain labor costs, IT staff should automate all business processes wherever and whenever possible. For example, implementing a sales force or customer service automation solution can dramatically reduce help-desk calls. By employing tools that automate processes, SMBs can reduce hands-on labor costs and eliminate human error. Companies should attempt to minimize the number of IT personnel that must perform mundane tasks like server provisioning, and strive for a 24x7, always-on environment that is automatically monitored, run and controlled remotely.

#5. Consider Service Providers/Outsourcing

Another cost savings option for SMBs is outsourcing. Many technology solutions can be better and less expensively handled by a managed service provider. Service providers can design, implement and maintain the technology solution. They offer the option of hosting the equipment on their premises or supporting and maintaining the solution at the SMB's site. As with leasing, this arrangement enables SMBs to conserve precious cash reserves and provides a more predictable line-item expense.

#6. Align IT Infrastructure with Business Processes and Goals

IT staff can benefit from meeting with business executives and gaining an understanding of the needs of the organization. Then, they can better predict future requirements and demands on IT. With a better understanding of the business needs, the IT department can plan hardware and software purchases far in advance to coincide with company goals, both cutting costs and aligning hardware and software acquisitions with the SMB's long-term purchasing plans.

#7. Centralize the Management of IT Infrastructure

Managing virtualization on a single server is doable, but as your infrastructure grows in size or complexity, central management is preferable. IT staff can relieve labor costs associated with mundane tasks like provisioning or applying patches, reduce human error and ensure the infrastructure is serving business needs.

Centralized management of IT infrastructure decreases labor costs by simplifying and automating labor and resource-intensive IT operations across disparate hardware, operating system and software application environments. VMware Infrastructure provides centralized management of storage, virtual machine provisioning and migration, and system monitoring. With built-in management, resource optimization, application availability and operational automation capabilities, the solution delivers transformative cost savings as well as increased operational efficiency flexibility and improved IT service levels.

#8. Consider an iSCSI Solution for Storage

Many SMBs are delaying their move to centralized storage because of the hefty price tag it traditionally carried. iSCSI can provide SMBs with a relatively low cost alternative to Fibre Channel SANs and more robust capacity and performance than direct-attached storage (DAS).

Cost-effective iSCSI SAN solutions are currently available from several sources, including Dell, StoreVault, NetApp, EMC, LeftHand Networks and others. These solutions offer virtualized, highly available and completely scalable server and storage environments, helping SMBs reduce overall IT costs and implement robust server consolidation strategies. By combining VMware Infrastructure with these solutions, customers can significantly improve infrastructure scalability and management, availability reliability, and cost-efficiency.

#9. Keep the Workforce Happy – Invest in IT Employee Retention

Employee turnover can make a significant impact on a tight IT budget. Recruiting, interviewing, hiring and training new employees consumes a great amount of time and money. To keep employee turnover to a minimum, SMBs should provide IT staff with a wide range of opportunities to acquire new skills and take on different job responsibilities. This ultimately leads to increased job satisfaction. In addition, SMBs can more easily reassign cross-trained employees when new demands arise, rather than having to hire expensive consultants to complete the new tasks.

VMware Infrastructure provides intuitive built-in management and operational automation capabilities that free employees from performing repetitive, manual system setup and provisioning tasks. This increases the productivity and job satisfaction of IT operations and development teams, and frees them to focus on higher-value activities.

#10. Investigate All Financing Options When Acquiring Technology

To make the most of a limited IT budget, SMBs should investigate all of the financing options presented by their vendors and financial institutions. OEMs frequently offer lines of credit to make technology purchases easier, freeing up the company's cash for other strategic investments. Another option for cash-strapped small businesses is leasing. Leasing agreements often provide the option to pay nothing up front. They also guarantee a predictable monthly line-item expense, which can help SMBs budget more effectively.

Conclusion

Virtualization technology presents a number of opportunities for driving capital and operational efficiency for SMBs. VMware customers who have adopted virtual infrastructure solutions have reported dramatic results, including:

- 60-80% utilization rates for x86 servers (up from 5-15% in non-virtualized PCs).

- Cost savings of more than $3,000 annually for every workload virtualized.

- Ability to provision new applications in minutes instead of days or weeks.

- 85% improvement in recovery time from unplanned downtime.

Many of VMware SMB customers have already harnessed the power of virtualization to better manage IT capacity, provide better service levels and streamline IT processes. By carefully evaluating all cost-cutting possibilities, IT managers can operate within tight IT budgets, without sacrificing the growth potential of the business going forward.

To learn more about virtualization from the industry pioneer, VMware, visit www.vmware.com/smb and get your free Virtualization Information Kit for SMBs.

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