

Mosaic IT Directors Series



The Case for Pre-owned and Refurbished Computer Hardware

The Case for Pre-owned and Refurbished Computer Hardware

Executive Overview

As IT demands increase and IT budgets remain static it's probably a good time to take a look at used computer equipment as an alternative to new, expensive products. Virtually any product you need today is available on the secondary equipment market.

The secondary computer equipment market is an established industry spanning well over a decade. Distribution channels are flush with high-quality, current generation as well as end-of-life equipment; much is unused and in the original box.

The case for used gear is straightforward: you can get tremendous value for your budget dollars when you invest in pre-owned or refurbished technology. Today the global market for used computer equipment is measured in the \$Billions. Companies of all sizes and industries are taking advantage of this robust and viable market.

Used equipment comes from a variety of sources – end of lease, product displacement, and OEM discontinuance among others.

There are a wide range of companies offering used computer equipment. You need to apply due diligence selecting a source company for used gear. Research and references are essential – as well as the ability of the company to deliver. If a deal appears to be too good to be true – it just might be –especially in an on-line auction with product offered “as is.”

A good way to ease your way into the used market is to engage with and test a company in a limited way – a cpu upgrade or additional storage for example. This will let you see how well the company performs and the quality of product and support.

In the end, the rules for success when buying new or used computer equipment are the same.

- Know your technology requirements to avoid paying for unnecessary upgrades.
- Take time to check out prospective vendors so you select a provider that can be counted on for quality equipment and responsive technical support.

For savvy buyers who find a way to cut their companies' computer equipment costs by more than half while maintaining performance and uptime, the rewards may be finally earning the recognition you deserve. As well as freeing up budget dollars to apply to other IT requirements and projects.

Pre-owned and refurbished gear offers savvy companies outstanding value, extended warranties, impressive responsiveness and stellar post-sale support.

When people buy anything used -- a car, golf clubs or electronics -- they typically are seeking a more affordable price tag on a high-ticket item.

It's no different if you are considering pre-owned computer equipment -- and the results deliver dramatic savings or substantially more for your dollars spent. If you and your company do not require the latest-generation equipment, you can expect cost savings of 50 to 95 percent.

IT professionals are finding that pre-owned and refurbished Sun equipment comes with other huge advantages, including access to a wide variety of current and past-generation products, expedited shipping, standard one-year advanced replacement warranties and responsive technical support—all rarities when using the traditional procurements channels of equipment manufactures or authorized resellers.

The proposition sounds quite intriguing, so why don't more companies buy pre-owned hardware?

One answer is that many companies, large and small, already do. And the word is spreading. A growing number of companies, including communications service providers, financial institutions and healthcare providers—all entities that truly know the importance of maintaining mission-critical networks—are among organizations installing pre-owned equipment in their production networks.

Despite this fact, IT managers remain cautious --as they should -- regarding any important purchase. Their key concerns center on:

1. trusting the procurement source
2. ensuring the quality of the equipment
3. On-going maintenance

So how can you be sure pre-owned or refurbished equipment is the right choice?

Isn't New Better?

Depending on your needs, for example, the newest Sun equipment on the market may be nothing more than the most expensive. Like selecting the hottest rookie in the draft, shiny, new servers or storage loaded with the latest features may carry a mind-blowing price tag. In contrast, many times a proven veteran with a solid track record is more economical and the surer fit.

Each year Sun brings its latest releases to market, but sometimes the new features aren't relevant to many businesses. If your environment won't benefit from these new bells and

whistles, then the increased investment will not generate an additional return on investment. With original equipment manufacturers' mark-up on new equipment typically in excess of 90 percent, buying pre-owned equipment can substantially reduce core IT infrastructure costs while freeing needed capital for other mission-critical technology deployments or strategic investments.

Although OEMs release product updates quite frequently, industry watchers agree that routing and switching equipment actually has quite a long lifespan. Pre-owned equipment, therefore, may not only be a cost-effective alternative in the short run, but also a viable part of most companies' long-term technology roadmaps.

Understand Your Options

When considering new hardware, discuss your needs with an expert in previous-generation equipment. A manufacturer will not always share options for less-expensive configurations. For example, a company considering the newest server on the market could instead purchase the previous model and notice very little if any performance differences. In terms of reliability, there also may be no discernable drop-off. What's most appealing is that opting for the previous generation could save as much as 90 percent off manufacturers' list price for brand-new gear.

Many companies take advantage of the huge savings available on the secondary market to stockpile "spares" for their networks, keeping onsite back-ups of critical equipment in case of emergency. As with any purchase, planning ahead allows shopping around for the best value.

Many companies report that sparing is a much more cost-effective strategy than buying extended manufacturer warranties, especially on previous-generation equipment. This approach also saves time and frustration by avoiding the endless series of tiered service requests. With spares "on the shelf," an increasing number of companies double their value by using them for testing and corporate training without having to affect the production network.

So what should companies look for when they consider the pre-owned market? Here are five tips for getting the best deals on used equipment.

Do your research

As in any industry, capabilities and levels of service can vary widely. Investing time to research the various secondary market players upfront can help avoid headaches down the road. Visit the company's website, check with the Better Business Bureau (www.bbb.org), glean recommendations or cautionary tales from various IT message

Useful Product Categories

NIB – New in Box – this is a product that is still in the manufacturer's original sealed packaging.

NOB –New Open Box – This is a product that is unused, however the original packaging has been opened

Refurbished – This is a used product that has been tested and rebuilt with replacement parts where necessary

Used As Is – Used product with little or no testing before shipment

boards or blogs, search Dunn & Bradstreet (www.dnb.com) to check financial stability and contact the company's references.

If anything doesn't feel right, try another source. There are many reputable companies in the secondary market, so don't be discouraged if one prospect does not meet your needs. The good news is a reputable source of alternate procurement should be able to fulfill 99 percent of your product requests.

Beware of the “unbelievable” deal

One of the biggest benefits of pre-owned equipment certainly is low price. Equipment prices typically are 50 percent to 90 percent below manufacturers' list prices. But be sure to shop around as prices can vary on each piece of equipment based on supply and market demand.

You may find dirt-cheap deals, but beware of the “unbelievable” bargain, especially from an online auction site. If the equipment is offered “as-is,” approach with extreme caution. Consider why most carmakers now offer “certified, pre-owned” models as a better bet over purchasing from a private party. Paying a little more, but getting top quality from a reputable company, guarantees authenticity, a one-year warranty and technical support services that help avoid a lot of the frustration and disappointment.

In the end, do your due diligence and buying from the secondary market can deliver the same peace of mind with heightened post-sale support and lengthier warranties than purchases directly from a manufacturer.

Expect rapid delivery

As equipment manufacturers often build to order, it's not unusual for buyers to experience weeks of delay in receiving equipment. This can be a precarious predicament for any company that urgently needs infrastructure hardware, because every hour counts. A trustworthy pre-owned equipment supplier should have a substantial inventory of popular products available and usually be able to deliver that equipment the next day. Even hard-to-find products are obtainable in a few days from an established, well-connected source.

Quiz your vendor on quality

Don't hesitate to ask a potential secondary market source about quality assurance procedures. If there are good processes in place, they'll be happy to answer your questions. Ask how serial numbers are validated to prove legitimacy. Is all equipment tested prior to shipment? Check the credentials of the technical staff performing testing and providing support. Secondary market vendors with in-house technical expertise also should be able to ship equipment configured to your specifications—a big bonus over manufacturers.

Demand a warranty to mitigate risk

Buying used hardware shouldn't feel like a risky proposition. Secondary market companies that have expert purchasing, testing and shipping procedures will back all purchases with a warranty and offer extended coverage, including lifetime warranties. In many cases these warranties exceed those offered by the original manufacturer. If a provider doesn't include a warranty, consider a larger or more established secondary-market vendor.

On-Going Maintenance

Many manufacturers will not offer maintenance on used products not purchased through them. You can always get maintenance from a third-party provider. There are a number of global service providers who will offer comprehensive long term maintenance – often at a cost significantly less than the manufacturer. In some cases companies can reap substantial savings by transitioning OEM maintenance to third party.

Smart buying

In the end, whether buying new or used computer hardware, the rules for achieving the highest rate of success are the same. Know your technology requirements to avoid falling prey to a smooth sales pitch and paying for unnecessary upgrades. Take time to check out prospective vendors so you select a provider that can be counted on for quality equipment and responsive technical support. For savvy buyers who find a way to cut their companies' hardware costs by more than half while maintaining performance and uptime, the rewards may be finally earning the recognition you deserve.

About Mosaic Technology

For over 20 years Mosaic has been providing new, pre-owned and refurbished computer solutions around the world. Our multi-million dollar inventory lets us meet the immediate demands of our customers. We thoroughly test all our products when we get them and before we ship in our state of the art 50,000 sq. ft. facility in Salem NH. Importantly, all equipment sold by Mosaic is guaranteed to be in excellent working and physical condition.

Whether you're extending storage capacity, adding servers, configuring your network for next generation services, planning for disaster recovery, or "sparing" your network, most of the equipment you need is readily found on the secondary network equipment market at significant savings.

Mosaic Technology offers you the highest quality equipment available and savings between 50 to 90% off manufacturer's list price. Our experienced sales and technical team will work with you to help you determine the right product to meet your needs and even identify additional cost savings. And we offer comprehensive on-going maintenance for all our products – at substantial savings.