

# 3 Reasons Why **TECHNOLOGY-AS-A-SERVICE**

Makes Logical Business & Financial Sense in Today's Environment

## 01. ECONOMICS OF OWNERSHIP

Technology solutions are nonrevenue-generating assets because they rapidly depreciate the day after they are installed. Therefore, using after-tax capital dollars to own nonrevenue-generating assets defies basic economics. Technology today is essential, but there's a big difference between being essential and making good economic choices for your organization.



### WHY DOES TECHNOLOGY DEPRECIATE SO RAPIDLY THE DAY AFTER INSTALL?

In every bill of materials, you have a high level of non-recoverable costs (i.e. –Manufacturer margin, distributor margin, integrator margin, licensing, installation, and sometimes comprehensive with extensive labor, programming, software, design, warranty, training etc.). This can make up 30-50% of a solution. These costs are non-recoverable because after install none of it can be returned.

## Technology-as-a-Service Creates Favorable Economics

Technology-as-a-service solutions provide a way to absorb the myriad of non-recoverable costs associated with acquiring new technology while maintaining the ability to keep your working capital, working! With technology-as-a-service, you are packaging everything into one all-inclusive monthly subscription payment for 36 or 60 months. This includes the hardware equipment and support services to ensure your solution is serving you optimally.



## 02. RAPID ADVANCEMENT OF TECHNOLOGY

Customers are realizing that outcomes, experiences, use, and access are more important than ownership due to technology rapidly changing, for the better, with no sign of it slowing down. Just look at major manufacturers and their recent R&D budgets:



R&D = 12.4% of Rev



R&D = 13.1% of Rev



R&D = 19.9% of Rev



R&D = 12.6% of Rev

\* R&D spend based on figures reported in 12/31/2022

## True Technology-as-a-Service Embraces Technology Change

When considering the amount of money manufacturers are pouring into R&D how are you as the consumer supposed to manage the rapid advancement of technology and risk of obsolescence? A component of a true and real technology-as-a-

service solution should make scaling and changing technology simple, allowing the customer to migrate to new technology, at any time during the subscription term without financial penalties, rollover balances, or making large upfront capital expenses.



## 03. INSURING ESSENTIAL USE TECHNOLOGY

Technology fuels nearly everything in a modern organization's daily operations; communications, logistics, education, security, etc. No doubt it has become essential use. So how can you NOT insure & protect it with complete support and maintenance service plans? You simply can't! It's not smart and it is too much of a risk. Keeping your technology operating effectively and efficiently at all times is mission-critical.

## Technology-as-a-Service Provides Peace of Mind

With essential-use technology customers need ongoing service and support. True technology-as-a-service includes a system integrator's maintenance and support service agreements as a part of the one proposed monthly subscription payment. These services are inclusive and remove most additional service expenses throughout the subscription term. A well-built technology-as-a-service solution should even protect you from unforeseen natural disaster occurrences.

