Today, companies are expected to do more with less. Capital budgets are being scrutinized like never before. Prior to IT projects being approved, companies must assess the total cost of ownership of a project. It’s no longer good enough to look at just the upfront cost of an IT project—companies must look at the entire cost over the life of the project.

In the most basic sense, Total Cost of Ownership (TCO) is designed to help IT managers assess both direct and indirect costs as well as the benefits related to the acquisition of any IT solution. The intention is to arrive at a final figure that will reflect the effective cost, all things considered.

Quantifying the Costs
Industry analysts agree that only 30% of companies’ IT expenses are hardware-related. The other 70% are costs that are a bit harder to quantify—things like support, maintenance, and disposal fees. Only when companies take a comprehensive look at all the components of an IT solution can they begin to understand their total costs and make decisions that reduce the impact to their bottom lines.

Many companies make the mistake of thinking that when they retain older equipment, they are saving the company money. Most often this is not the case; in fact, holding on to IT assets for too long can lead to many hidden costs. Retaining older equipment increases the number of configurations supported by the IT organization, which increases complexity and drives up support costs. Alternatively, replacing equipment on a more frequent schedule can improve overall utilization of resources as well as lower secondary costs such as energy consumption.

Leasing Provides an Answer
Companies that take a total cost of ownership approach to IT acquisition often turn to leasing as a means of refreshing equipment and reducing costs. HP Financial Services specializes in helping customers take such an approach to equipment acquisition. A lifecycle approach helps organizations impose discipline for maintaining regular technology refresh cycles.

HP Financial Services can work with you to evaluate ways to improve your TCO for your next IT solution. We’re part of HP, one of the world’s leading IT companies, and we understand IT. We offer financial solutions that help customers manage to the lowest TCO—from planning and acquiring technology all the way to replacing and retiring it. And we can help you manage the risk of dealing with older or surplus IT equipment.
Lease financing is available through Hewlett-Packard Financial Services Company (HP Financial Services) to qualified commercial customers in the U.S. and is subject to credit approval and execution of standard HP Financial Services documentation. Other restrictions may apply.

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