



**Maintenance Perspectives**  
Ways to get more from your hardware agreements

## **Location, location, location - and cost.**

### **Where you are affects how much you pay for hardware support.**

March 8, 2011

#### **Keep an eye out for typos.**

Details at the bottom of this newsletter's content.

### **So many variables**

The value of a high-traffic storefront location can't be exaggerated for a candy store. In truth, location affects every business to some extent - not necessarily in potential revenues, but in costs and resource availability. If your business is in an isolated part of the country (or the world) then you have to accept higher travel costs and a smaller hiring pool. These are tradeoffs for lower cost of living pressures, less traffic, and lower turnover rates. Location is a major factor in determining service costs, including maintenance costs, but the issue isn't necessarily how urbanized or rural your location is. The core issue is logistics and service distribution.

A direct flight to a major airline hub city costs the airline less than a direct flight between two non-hub cities, and your ticket price reflect that - assuming you're flying that airline. In the same way, the closer your datacenter is to one of your provider's stocking locations, the less your service costs the provider if all other factors are equal. This may be less significant for support from an Original Equipment Manufacturer (OEM), but in general even they are subcontracting components like chips and power supplies rather than fabricating Just-In-Time parts for support. The tradeoff there is that the OEM has to support on a national or global scale, so costs are averaged out and standardized to be practical and manageable without the OEM risking too much. This is great for the company far away from a stocking location (assuming the OEM can still get a technician to the customer within Service Level Agreement parameters); their actual costs are being subsidized by the closer locations that are paying proportionally more.

Third Party Maintainers, on the other hand, are a mixed bag when it comes to logistics and the way they account for variations. In theory most of them can charge less to those who are closer and more to those who are further away. These tend to be the companies that can paradoxically seem difficult to get a price quote from, because sometimes the costs drill down all the way to the part number level with significant variations depending on what exactly you're covering. On the other hand, if you can get pricing information

at 3AM on a website without submitting location details, it's a safe bet the costs are standardized and averaged over the whole logistics network.

## **Maybe something good, maybe something bad**

OEMs and TPMs are understandably secretive about their stocking locations since they have a direct bearing on price, service availability and real costs in various markets. Be wary of the providers who will make a maintenance deal first and figure out how to manage it later; vendors who take all comers must be large and expensive to support that strategy. Oracle Sun took a less cordial approach to the same problem and simply turned off the hose for existing customers outside of an arbitrary distance determined by the accountants. Generally, the various approaches fall somewhere in between those two extremes. Another option is to work with the provider to stock replacements onsite at your datacenter itself. Ideally your support provider considers the cost of parts, the level of service, and the logistics expenses in preparing a proposal, and works with you so that you're paying a fair price.

It's worth mentioning that finding out about parts locations is certainly valid in a Request For Proposal or other negotiations where pricing is already being discussed with the potential provider. You may have less luck when asking about stocking locations early on in the process. Vendors who average out their prices are usually more open about the information because it's not really relevant except to those few businesses located very close to one of their stocking locations--the ones who are paying more so distant customers can pay less. If you simply must know from the beginning where the stocking location nearest you is located, suggest and be prepared to complete a non-disclosure agreement. In general, the locations mean less on their own than they do when combined with a price quote; with the two pieces of information in hand you can make more accurate comparisons to other providers with other stocking locations.

## **Free Maintenance Consultation**

TERiX prices out every customer based on parts, service levels and logistics, but not every service provider does. Talk with a TERiX sales consultant and let us know some [basic information](#) about your business and your datacenter locations, and we can get in touch quickly with relevant information so you can compare vendors and capabilities. Our logistics network spans the globe, servicing over a thousand datacenter locations in North America, the EU, Australia and the APAC region. We also can get around the logistics issue by stocking parts onsite where appropriate. [Click through](#) to find out more!

## **Did you spot a typo?**

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