

Upgrading Your IT Equipment

Reprinted with permission from the
Microsoft Small Business Center
By: Peter Alexander

At some point, your IT equipment will no longer meet your needs--either your business will outgrow the equipment, the equipment will become too slow, or the technology will become outdated. Something needs to happen.

But you're on a tight budget. You can't afford to replace your PCs and other electronic equipment with brand-new models...or can you? Here's how to decide when--and if--it's time to upgrade, and how to save money doing it.

1. When Is the Right Time to Upgrade?

Chances are, things have changed in your business since you acquired your IT equipment. Your business may be growing faster than expected (good for you), and your equipment just isn't keeping up. Or you're facing challenges that require doing more with fewer resources. Perhaps it's time to boost productivity--both yours and your employees--by automating some processes or improving collaboration with anytime, anywhere access to customer data. Or your business may now be required to comply with new regulations mandating additional security and storage. Maybe it's time to boost customer responsiveness, or reduce operating expenses.

I could go on, but you get the idea. In each of these scenarios, upgrading existing IT equipment could help solve the problem. So how do you know exactly when to upgrade? Here are a few questions to ask:

- **Are you or your employees spending more time trying to accomplish tasks?** For instance, does it seem to take longer to launch applications on a given PC? Has the network grown sluggish at handling routine traffic? If so, it's probably time to consider upgrading.
- **Is your business using powerful new applications?** If you're planning to install processor- and memory-intensive programs, it's likely your PCs will need to be upgraded. Digital video editing, for example, is extremely processor- and memory-intensive, and requires a large, fast hard drive for storage.
- **Have you added, or are you planning to add, more users to your network?** If so, it might be time to consider upgrading the storage capacity and/or memory of your shared office server, or upgrading other network-related equipment.

2. Is Upgrading the Best Financial Decision?

In many cases, upgrading may make financial sense. For instance, if your PCs are running slowly, simply upgrading the memory can help applications run more quickly and efficiently. Adding a larger--and faster--hard drive can help as well. (Some older computers have internal hard drives that read and write data at 4200 rpm. But you can upgrade to hard drives that operate at 7200 rpm, and you'll notice the difference.) Upgrading memory and hard drives is fairly easy to do. And for the cost of, say, \$400, you'll have extended the life of a PC and prolonged the need to buy a new one.

You may also consider adding newer technology to older machines to prolong their usefulness. For instance, are your business's laptops wireless enabled? If not, you can buy a Wi-Fi network adapter, in the form of a PC Card or USB adapter, for \$80 or less. Need to add Bluetooth or USB 2.0? Both technologies can be added via PC Cards or other external devices for far less than the cost of a new computer.

However, if the cost of upgrading a computer or other device is more than half the cost of a new model, the latter option might make better financial sense in the long run. For example, spending \$600 to upgrade a three-year-old laptop when a new model with the same specs as your upgraded computer costs \$900, the new laptop is probably the better value. The new machine will likely have features your older model lacks, such as a higher-capacity DVD burner.

3. Who's the Best Person to Perform the Upgrades?

Some upgrades are trickier to perform than others. For instance, in some cases the processors in desktop PCs can be upgraded. However, this is equivalent to a brain transplant for your PC and shouldn't be attempted by anyone but a skilled technician or super-savvy end user. Also, some upgrades, if not done by your computer vendor or reseller, may void your warranty. And the vendor/reseller may not provide support if something goes wrong.

4. Should You Repair or Replace?

What if a piece of IT equipment breaks? Is it better to repair or replace it?

To help you decide, get an estimate on total repair costs from your trusted IT advisor. Ask what the warranty on the repair is, then compare this estimate to the cost of buying an equivalent, brand-new replacement. In some cases, the cost of buying or leasing new equipment is the same, or even less than, repairing. Plus, as mentioned earlier, the replacement may have new features and abilities the older model lacks.

For instance, printers, like many office essentials, are often coming down in price. What cost \$300 two years ago may go for \$150 today, plus have lots of features the older model lacks. In cases like this, it's better to replace than repair.

Keep in mind that leasing new equipment may be an ideal alternative to outright purchase. Leasing requires little if any money up front and provides a predictable monthly expense, which helps small businesses better manage their cash flow. Some aggressive leasing options offer low residuals and allow you to upgrade your equipment once a year. As a result, your business can keep ahead of the technology curve and be more competitive, while maintaining a low monthly cost.

5. Set Your Sights On the Future

If you decide to purchase or lease, invest in equipment that'll minimize the need for future upgrades. For example, buy a PC with as much memory as you can afford to avoid having to upgrade it later. Also, buy or lease equipment that's flexible enough to handle future technologies you may need. If you're investing in new network equipment, for instance, make sure it's capable of supporting a VoIP system that you may want to add later.

The bottom line?

Any IT investment--whether it's an upgrade, a purchase or a lease--should support your long-term IT strategy. Otherwise, you're not spending your money wisely. Don't have a long-term IT strategy? Talk it over with a trusted IT advisor--a good friend, family member or associate with in-depth technology knowledge. In short: Make sure you have the big picture, no matter how small the cost of the IT investment.