

Compute Systems Cost Analyzer

Visibility into the True Costs of PC Hardware Acquisitions

By Matthew Wilkins, Principal Analyst

Why Should You Use This Solution?

- To leverage your power to achieve cost transparency and avoid fixed price contracts.
- To better understand Replacement Cycles for IT equipment changes and determine when you need to act.
- To improve upon cost efficiencies and get better value-for-money from your IT Outsourcing contracts.
- To reduce the dependency upon your Outsourced Service Partner so that you can challenge their sourcing decisions, if needed.
- To be aware of PC developments and any factors that you might otherwise miss in the evolution of IT platforms and costs.
- To improve upon Total Cost of Ownership, including inventory holding and asset management.
- To better position and differentiate your products in the marketplace.

Who Should Use This Solution?

- Users
 - Strategic Product Marketing Managers
 - Strategic Design / Technical Managers
 - Purchasing Managers & Procurement Professionals
 - Financial Controllers
- IT Distributors / Resellers & System Integrators
 - Strategic Product Marketing Managers
 - Market Research Managers
 - Purchasing Managers
- Outsourcer
 - Technical Infrastructure Services Managers
 - Business and Commercial Managers

Rapid changes in computing technology have created a need for tools that provide visibility into the true costs of hardware acquisitions. Procurement professionals must understand how these costs relate to the actual purchase price. Furthermore, they must try and “see the future” on what costs might be in the later years of a contract and extrapolate those costs. Factors further complicating this process are:

- Technological jargon leading to “apples-to-oranges” comparisons
- Solutions-based systems proposals that hide true costs
- The lack of tools for the “Buy/Outsource” decision, especially tools that would optimize price-versus-performance tradeoffs
- The complex global market supply chain (Supplier, EMS, ODM, OEM, Distribution) creates a lack of visibility into true costs

Purchasing Pitfalls

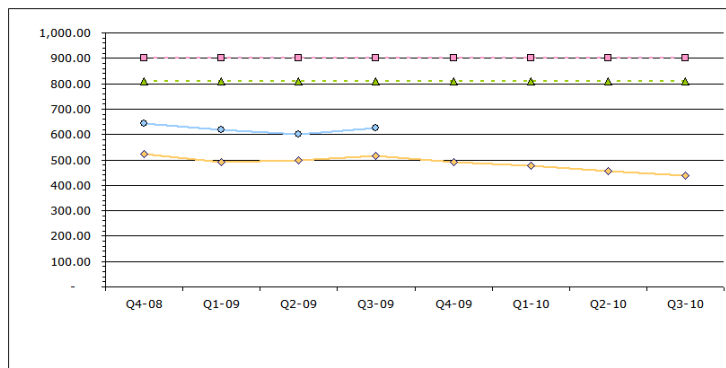
With technology transitions driving specifications, it is increasingly difficult for commodity managers to make sense of supplier roadmaps and technical specifications, which leaves their organization with limited visibility into the optimal time for a buying decision. Furthermore:

- Proposals lock clients into specific hardware vendors and do not identify costs of individual elements
- There is no independent point of reference that can examine true costs vs. price
- There is no way to look at different pricing scenarios (i.e., fixed pricing, yearly vs. quarterly pricing, volume price breaks, real-time pricing, e-auctions, etc.)

Compute Systems Cost Analyzer
Cost Summary
iSuppli Corporation

Q4-08

Notebook / Value								
	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10
Rolling Costs	522.69	491.21	497.21	514.61	490.41	478.08	456.68	439.28
Fixed Costs	642.59	616.71	601.61	624.11				
Vendor Quoted Price	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00
Target Price Savings	810.00	810.00	810.00	810.00	810.00	810.00	810.00	810.00



The iSuppli Advantage

The Compute Systems Cost Analyzer can shed light on these complexities by allowing the user to determine the “right configuration at the right time.” iSuppli’s 60+ industry analysts and commodity experts are dedicated to making sense of the electronics supply chain from “the bottom up and the top down.” Supported by an extensive teardown business and tools that track everything from global component pricing to the manufacturing costs of sophisticated custom semiconductors, iSuppli alone can, for the first time, offer a truly unique total cost of ownership model.

Lead Analyst

Matthew Wilkins, Principal Analyst

Matt is a principal analyst for iSuppli covering compute platforms in the application markets practice. In addition to managing iSuppli's compute platforms research, Matt manages iSuppli's Computer Systems Cost Analyzer (CSCA) - a cost modeling tool for the PC platform. Prior to iSuppli, Matt was a research analyst at Gartner in the product research division, where he covered the compute platform application markets. Most recently he managed tactical research focusing on the desktop and notebook PC markets, and was one of the lead analysts covering the technical workstation market. Prior to Gartner, Matt was responsible for custom research projects at the IT market research division of McGraw-Hill.

Matt holds a BSc Degree in Design Technology and Business, from the University of Plymouth, Devon, England.

Deliverables

Compute Systems Cost Analyzer

- Quarterly updated database
- Market price of the components and the added value elements that comprise the manufacturing cost of Desktop PCs, Laptop PCs and Servers
- Processor, motherboard, storage (HDD, ODD), memory, display, etc.
- Other costs included in the factory price (labor, transport, packaging, etc.)
- Forward cost visibility for eight quarters
- Three major geographic regions (Americas, Europe, and Asia)
- Enables clients to analyze their own needs
 - Regular updates highlight the current industry environment and any pricing and technology developments
 - Create cost profiles at a total cost and component level for a fixed or rolling SKU
 - Create graphical cost trends for a specific PC configuration
 - Review cost trends for a fixed SKU vs. rolling SKU

Analyst Inquiry Time (4 hours per annual contract)

- Access the specialists behind this service for insights specific to your needs.