

Act swiftly or staff will pocket the money

IT hardware has an estimated residual value of around 10%, this means South Africa's largest companies could be receiving up to R4-million at the end of a 3-year depreciation cycle. If CIOs don't act swiftly to recover residual value from their redundant IT equipment, staff will pocket the money. This is according to Xperien CEO Wale Arewa.

He says the main reason why companies don't recover these funds on a regular basis is mainly due to lack of knowledge, poor inventory management or organised chaos designed for systematic misappropriation.

"If your company is not receiving this value from its depreciated IT hardware, you should ask the CIO how much you earn from depreciated IT equipment. In this day and age cost is a key driver of any business process and CIO's are expected to reduce the total cost of ownership (TCO) of the corporation's IT hardware infrastructure," he explains.

The CIO's main function is to deliver an effective IT infrastructure but at what cost. All companies are prone to suffer these unnecessary losses and they may be very difficult to prevent, unless the CIO has a specific policy to recover this value and puts the necessary procedures in place.

Procedures must be time limited to avoid pile up of stored and unprocessed IT assets. The processes should include for receiving to determine specific quantities, assessment to determine the inherent components in the equipment, tamper proof record keeping to prevent fraud and access control that is restricted to the responsible person.

"If these processes are not part of your managers KPI's you can be rest assured that redundant IT equipment placed in storerooms will disappear if not the inherent components - processors, memory and hard drive will disappear usually on the basis that they have been used for or replacing faulty parts or system upgrade," he warns.

Storerooms are usually out of sight and out of mind, so at no time should any item be awaiting instruction. IT equipment should rather be classified as reserved deployment, faulty awaiting repair or obsolete awaiting disposal. This will allow the appropriate action to be taken and avoid unnecessary storage and unnecessary shortages.

"Alternatively, you can outsource the three main functions of your storeroom to a professional that will help reduce cost and recover residual value from your redundant equipment. This is ideal for a CIO on a cost cutting mission, one that doesn't have the time to upskill his management team," he adds.

Xperien has developed an out-of-the-box solution called Compliance 325, an ISO certified management system that guarantees one will not incur end of lifecycle charges if IT equipment is disposed of within three to five years.

The service includes data protection, PoPI compliance, reverse logistics and more importantly, the end of life residual value will be anticipated rather than being allowed to be misappropriated.