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Maximizing The Resale Value Of Your Equipment

by Joseph Marion

In last issue's column we talked about the role that manufacturers play in making your technology equipment obsolete. When it becomes cheaper to replace your equipment than it is to keep it running, your equipment has become obsolete. The sooner your equipment becomes obsolete, the sooner the manufacturer can make another sale. The longer you keep your equipment from becoming obsolete, the longer you can keep that cash in your corporate pocketbook.

Eventually every piece of hardware becomes obsolete. You can, however, still squeeze a few more bucks out of that old computer if you do a few smart things during its useful lifetime.

Hardware Maintenance

Start with a maintenance contract. When your new equipment's warranty expires, make sure to place it under a maintenance contract. You can choose to put it under the manufacturer's maintenance or that of a third party. If you choose the manufacturer's maintenance, make sure that the contract requires the manufacturer to accept the equipment for maintenance at the next end user *without* any extra charges, as long as you keep it under maintenance with the manufacturer.

Some manufacturers charge end users a fee to upgrade the equipment to the latest hardware engineering levels (EC level) to place it under maintenance at a subsequent end user, *even though the equipment has always been under their maintenance*. Others, like IBM, will transfer the equipment anywhere and accept it for maintenance provided that it has always been under their maintenance coverage.

Should you choose a third-party maintainer, make sure your contract requires that the maintainer guarantees the equipment will be eligible for the manufacturer's maintenance when it comes time to sell it.

The obvious reason for putting your equipment under maintenance is that when it breaks you have someone to call to fix it. The not so obvious benefit of a maintenance contract will be realized when it comes time to sell your equipment. Many secondary market dealers and end users who buy used hardware will pay a higher price for equipment that is eligible for the manufacturer's maintenance.

System Software Maintenance

Keeping the operating system up-to-date will also increase the resale value of your equipment. Keep in mind that you must obtain your OS updates from the manufacturer as

they are usually NOT provided by your equipment maintainer. Most manufacturers these days have a policy that allows the OS to travel with the hardware from end user to end user. (Sun was a hold-out in this area until late last year when it announced that its OS, Solaris, would transfer with the system and not have to be repurchased by subsequent users.) If the OS is not at the latest level, manufacturers will charge a fee to upgrade the OS to the latest release. Therefore, end users and dealers will pay more for equipment that has the latest OS version.

OS Software Maintenance

You also need to make sure that the microcode is kept up-to-date. Microcode and microcode updates are only available from the manufacturer, but it is usually the function of the maintenance company to keep the microcode current. Believe it or not, if you place your equipment under the manufacturer's maintenance, you still have no guarantee that the microcode will be kept up-to-date. You have to constantly stay on top of your maintenance company to make sure they do that. **Most importantly, when you are getting ready to sell that old piece of iron, make sure that your maintenance company first updates the microcode *before* preparing the machine for shipping.**

Time To Sell

So you've kept your OS and your system software current and your hardware under maintenance, and now it's now time to sell your old friend. **Make sure to have your maintenance company perform a written audit of what features are installed before they packing the equipment for shipping.** And, be sure it is packed according to the manufacturer's specifications. Not packing it properly could affect the manufacturer's willingness to accept the equipment for maintenance at the next user's location. For example, IBM requires that the equipment is banded by IBM personnel.

Now where to sell it? Sometimes the best deal you can find is from the company you are buying your new hardware from. But you want to keep them honest, so shop around. One great place to start is at www.ascdi.com. There is a search on the Web site for dealers. Choose one that is local to you if possible. Many times a local dealer will give you the best deal in order to establish a working relationship with you.

Next time, we'll discuss things that you should negotiate when buying a new box.