

What's NOT New in the Secondary Market
By Joseph Marion

Processor's headline article on January 27, 2006, "What's New in the Used & Refurbished Market" by Elizabeth Millard captured my attention. The secondary equipment market rarely gets the kind of positive exposure that the headline story in Processor gave it. The story, which attempted to tell about what was new in the secondary market, needs some further clarification.

I started reselling used NCR, Burroughs and IBM equipment in the 1970's and have been in that business in one form or another ever since. Today, I am President of the world's largest organization devoted to resellers, maintenance providers, and lessors of used (and new) computer hardware. This organization is the Association of Service and Computer Dealers, International (www.ascdi.com)

What is there to "Flinch About?"

The January 27th article starts off by saying "Although buying used equipment still makes some in the IT world flinch, the market is thriving, many vendors have noted." An IT Manager should have no reason to "flinch" if he buys "smart" and that means choosing a reputable secondary market company.

So how do you go about finding the right company? You want to start with a company that has been in the secondary market for many years and has proven themselves. And since this market is 75 years old, you can find a number of proven companies. When an IT Manager purchases equipment from the secondary market, they have a right to expect that the transaction will be consummated as promised. But what if the deal goes bad?

One way to eliminate that concern is to choose one of the hundreds of companies that belong to the ASCDI. In the unlikely event that a dispute arises with a member company, the ASCDI has an established forum for hearing and resolving such disputes. This free service is a benefit not offered by other organizations or online shopping networks. Beware of the "too good to be true" cost benefits these online shopping networks appear to offer.

The article went on to say that many "small to mid-sized enterprises are choosing refurbished machines for less critical tasks...." The implication of that statement is that refurbished equipment is not up to performing critical tasks, and that large corporations opt out of the used equipment alternative altogether. Nothing could be further from the truth. Companies such as Ford, GM, and Boeing--just to name a few-- all buy equipment from the secondary market to perform critical applications.

More than putting chips in place

The article states that "some used equipment vendors" (by the way, dealers in that market like to be referred to as "secondary market dealers") "have recognized in the last few

years that they need to do more than clean out disks and make sure that all the chips are in place.” Actually, for many years now most reputable dealers have FULLY refurbished their hardware.

All dealers either own or are affiliated with a “refurb center” where equipment is stripped down to its frame and built back up again, with parts being replaced and upgraded. Prior to equipment resale the manufacturer or an independent maintainer is often called in to inspect the equipment and certify it eligible for a maintenance program. When an end user buys equipment that has been refurbished and subsequently recertified in this manner, they can be certain that it will be accepted for maintenance by the manufacturer or independent maintainer.

Service is the name of the game

The article is correct when it states that many secondary market dealers offer services other than “affordable pricing.” For years now secondary market dealers have offered service and support on the products they sell. As the article mentions, dealers offer fast deliveries, consulting, product upgrades, leasing and rental options, training, and warranties. But in addition to that they offer a choice of the manufacturer’s service program and/or independent service company programs on the equipment they sell. And they offer multiple vendor support, for customers with a mixed bag of equipment.

Bottom Line

The secondary equipment market started in the 1940’s. (I’ll save that story for another column.) Today, it is an organized market where companies large and small can safely obtain their IT equipment. There are hundreds of good secondary market companies that make up this \$50 Billion market, and they are not so hard to find. Choose a company that offers you an independent place to turn to resolved disputes. Ask to see their refurbishment center to see how they recondition equipment. And ask them what services they provide that you can’t get anywhere else. Remember, the secondary market is not just a place to look for “good deals” on hardware. It is a place to look for great services, flexibility and support.

Over the last 75 years the secondary IT equipment market has evolved into a very professional enterprise. Those who deal in this market have added and perfected the services they provide to a level that rivals most manufacturers. They take good products manufactured by the likes of IBM, SUN, HP and CISCO and make them better than new.

Choose the secondary market, because the service and support you get is nothing new. For many years now, secondary market service has made the difference.