



# CONTROL YOUR Annual Operating Costs

**THIRDWARE SOLUTION INC.**

Cost compression is one of the key focus areas for the CIO's office. In an IT budget close to 70% is spent towards ongoing maintenance, leaving very little spend for deployment and new & innovative solutions.

The objective of this document is to focus on this very aspect in the QAD context. Gartner & Aberdeen have published reports in the past of how QAD has one of the lowest Total Cost of Ownership (TCO) when compared to the likes of Lawson, Oracle Apps etc. In this document instead of looking at the top level number of TCO, which is more relevant at the point of product choice or implementation, we would like to focus on Annual Operating Cost (ACO) and indicate how the same can be controlled.

The ACO comprises of 3 main components

**Software Costs:** About 30-35% of the ACO is spent towards software cost, this includes AMC Charges for the base product and for add-on products purchased.

**Service Costs:** Service Costs are usually incurred in two forms, external agencies & internal staff. The cost relating to internal staff, due to its inherent nature, is more difficult to identify and allocate. All costs related to the application support are incurred here.

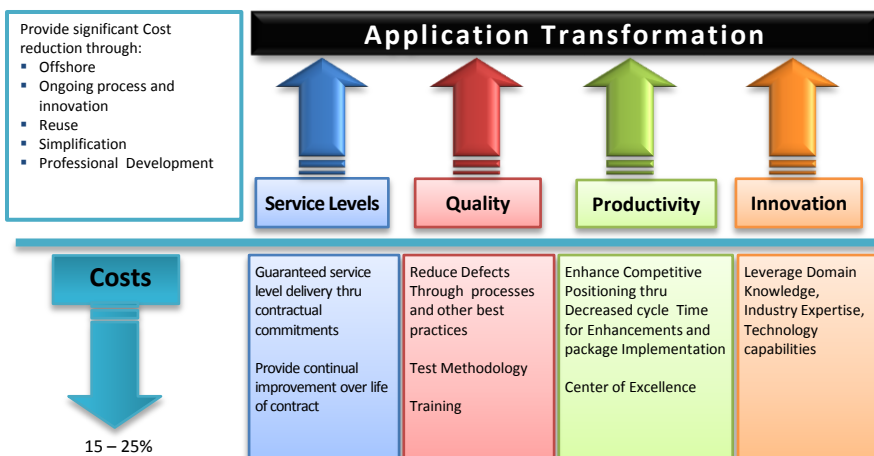
**Infrastructure Costs:** The third and the largest annual operating costs item is infrastructure which typically include hardware /data center/DRP etc.

On an analysis of these cost components at large enterprises with over 500 users, we found that they spend between USD 6000-8000 per user per annum.

## Can the ACO be reduced?

Operating Cost Reduction requires an organic approach to the entire QAD environment. A planned approach and execution not only reduces operating cost but more importantly, allows IT to concentrate on solutions that business requires.

The answers for improving application performance through improved service levels, often comes with Application Management Services. Critical to IT's success is the management, development and deployment of the business applications. Typically the Application management services addresses four organizational issues described below:





**THIRDWARE  
SOLUTION INC.**

## How to achieve cost reduction?

Overview of the key stages

### Stage 1 - Movement to Central Support:

Central L2 Support and Development brings consolidation of support resources. This enables unified SLA for consistent support across a large group of users. Enhancements are governed through Micro Charters which can be used to check the business value of development. Central Support largely encourages reuse of codes.

### Stage 2 - Infrastructure Consolidation:

Move application from distributed hosting to Centralized hosting.

### Stage 3 - Application Consolidation:

Application Consolidation leading to

1. Migration to common version and
2. Consolidation of business practices.

Planned consolidation reduces indirect costs on account of disparate business processes. These costs relate to islands of customization, higher interfaces and poor master data management.

### The Thirdware Advantage

Thirdware has been offering Application Management Services to customers for over ten years now and almost all customers choose to renew the contract.

Thirdware, with more than a decade of QAD experience, has helped companies, around the World; maximize value on their IT investments in QAD.

Thirdware provides

- Adaptable Service and Delivery Models for Application Management
- Large implementation, Migration and Consolidation Services
- Extended Functionalities leveraging base MFG/PRO

We want to actively participate in your QAD Value Realization journey.

Thirdware working with IT & CIO's has helped achieve cost reduction through overall framework and regimented execution of the plan.

If ACO of your organization is higher than \$3500 per user per annum and you would like to know how Thirdware can optimize, you can email – [bhavesh@tspl.com](mailto:bhavesh@tspl.com) or call Toll Free - 888 278 TSPL (888 278 8775)



ON TIME. WITHIN BUDGET.

### Thirdware QAD practice

*Fast Facts*

- » An Experienced team of 200+ QAD Consultants
- » Over 250 QAD engagements successfully completed
- » 1000+ person years of QAD Experience

### Thirdware Solution Inc

Crystal Glen Centre, Office # 46,  
39555, Orchard Hill Place – Suite 600,  
Novi, MI, 48375  
Toll Free: 888.278.TSPL  
[mfgpro@tspl.com](mailto:mfgpro@tspl.com)

[www.tspl.com](http://www.tspl.com)