Third Party Maintenance vs. OEM Hardware Service

What to Choose?

Challenging 10 Classic Myths That Cost You Money Every Day

Nordic Computer

Introduction

This white paper was written by Nordic Computer. We offer third party maintenance and sales of used IT equipment. Of course, that affects the conclusions of this white paper. Nevertheless, we have tried as objectively as possible to shed light on several classic myths about our industry's way of servicing and extending the life of existing IT equipment. And these myths particularly need to be viewed in light of the global hardware manufacturers' (OEMs') reason for being: to sell new IT equipment and minimise the period the equipment is in operation before it is replaced with new products.

As an IT manager, you probably already have experience with purchasing hardware from one or more global OEMs. Here, the classic setup is for manufacturers to sell new equipment that is typically in operation for three years, after which the company is recommended to invest in new equipment.

However, the third party maintenance industry takes a different approach to the operation and maintenance of your equipment. Instead of scrapping two- to three-year-old hardware, a third party maintenance partner will aim to extend the life of the hardware, which often has somewhere between one and four years of additional life in it. At least. If you choose to extend the life of existing equipment, you also avoid the downtime and expensive stoppages that inevitably accompany the commissioning of new hardware. In addition, there is the economic aspect: New equipment is expensive, and you can almost consistently add 30 per cent on top of the hardware price when the new equipment needs to be implemented.

In the UK, Germany and the US, third party maintenance partners are growing rapidly. According to research firm Gartner, the number of these partners will increase by 40 per cent by the end of 2022. Among other things, this growth is due to an ever-increasing demand for flexible and tailored support, broad knowledge rather than specialised knowledge of a single hardware brand, and not least a need for an economically attractive alternative to OEMs' expensive service agreements.

Scandinavia and many other markets are still relatively immature markets, where it is not so common to extend the life of existing hardware. On behalf of the hardware service industry, we, therefore, hope that the myth-busting we do in the following pages will inspire you to reflect on the maintenance of your data center. As always, the right decision can be worth a lot of money.

Happy reading.

10 Myths About TPM vs. OEM Hardware Service

1   *OEMs' service technicians are more skilled than third party maintenance technicians*

No, they are not. Third party maintenance technicians traditionally have much broader experience, and because they service data centres with varying IT equipment, they are trained at the highest level within several manufacturers. The Global Service Industry Association also helps ensure that ambitious third party maintenance partners can draw on an international team of specialists at any time. This combines local experience with global competence.

In comparison, OEM service technicians are naturally highly skilled when it comes to their own equipment. However, if you have equipment from various manufacturers, you are forced to navigate different maintenance partners instead of choosing one third party maintenance provider that covers the data centre in its entirety.

2   *OEMs have a faster response time than third party maintenance partners*

No, they do not. Both types of providers typically offer a four-hour service level agreement. The decisive factor, however, is that OEMs do not have a local spare parts warehouse. If you need a service technician, the OEM representative will, therefore, usually not bring spare parts on the first visit. A third party maintenance partner will, which is why you do not need to spend expensive time waiting on a spare part that first needs to be ordered from, e.g. the Netherlands or Ireland.

Furthermore, a local third party maintenance partner speaks your language. Consequently, the response time of the latter is almost always faster, and the service is more accurate.

3   *OEMs know your data center better than third party maintenance partners*

No, they do not. The major OEMs do not always have their own people locally, and many of their hardware service technicians are located in India, Malaysia etc. By using a third party maintenance partner, you, therefore, avoid time differences, language challenges and a lack of local knowledge.

4   *OEM service technicians are better at servicing their own equipment*

No, they are not. A third party maintenance partner focuses on equipment that is three years old or older. The large OEMs' business, on the other hand, is focused on developing new hardware. A third party maintenance supplier will often, therefore, have a much greater practical knowledge of old IT equipment. Another part of the equation is that OEMs' service prices are generally higher than when you deal with a third party maintenance partner.

The simple explanation for this is that they need to make enough money to keep the development business running. In addition, they have an interest in closing the gap between service life extension and the purchase of new equipment. If it is only marginally more expensive for you to buy new equipment instead of servicing the old, they will therefore try to sell new equipment, which is their core business.

In addition, third party maintenance partners have no development costs. They can therefore focus on offering service, support and used IT equipment at a significantly lower price.

5   *Third party maintenance partners add no strategic value to the business*

Yes, they do. Their only goal is to extend the life of your data centre. If things are lagging behind in certain places only, or just some of the IT equipment is worn or outdated, they only change what is needed. Thus, you have the prospect of a far more attractive depreciation horizon than if you follow the OEMs' advice to regularly purchase new equipment.

The strategic value of a third party maintenance partner, therefore, lies in the ability to keep your data centre running without costly and time-consuming downtime, whole days of business-critical hardware replacement or unexpected stoppages because new equipment is not compatible with the rest of the data centre.

6   *It causes problems if a third party maintenance partner updates your equipment's firmware*

No, it does not. A third party maintenance partner typically only supports equipment that is three years old or older. And once the equipment reaches that age, there will be no more firmware updates. You, therefore, waste money every day by subscribing to updates from the OEM. There are none.

The latest EU legislation in this area also ensures that large OEMs must offer an update to old equipment if the update helps to close a security weakness. You can, therefore, safely leave firmware updates to a third party maintenance partner.

7   *OEM's spare parts are better*

No, they are not. In the automotive industry, this is true. Here there are lots of non-original spare parts of dubious quality. In the IT industry, however, only original spare parts are available. In addition, third party maintenance partners purchase large consignments of original used spare parts so that they have access to spare parts that are three, four and five years old at all times.

And when it comes to life extension, it is not a good idea to combine new spare parts with used IT equipment. OEMs will not, therefore, be the right choice for the maintenance of used IT equipment, as they typically only have new spare parts that are not perfectly compatible with an older data centre. At the same time, a third party maintenance partner usually has access to a wide range of spare parts. This makes it possible to solve problems in a much more creative way than if, as an OEM, you are forced to use spare parts that come exclusively from the OEM itself.

8   *Used IT equipment affects the environment more than new*

No, it does not. Every year, tonnes of well-functioning data centre equipment are discarded, and this puts a strain on the environment. By extending the life of your equipment, you are helping to do your part to reduce the ever-increasing amounts of electronic waste. In addition, the used equipment that you choose to extend the life of had already emitted its CO_2 load when it was produced. Production of new equipment adds a new CO_2 footprint.

9   *End-of-life equipment cannot be serviced*

Yes, it can. Of course, it can. Even if the OEM has declared the equipment obsolete, you do not need to scrap it. Sure, end-of-life or end-of-service-life (EOL/EOSL) means that the OEM no longer sells or wants to service the equipment. If they do offer to service EOL equipment, it is significantly more expensive, so the cost approaches that of purchasing new equipment. That is no coincidence.

However, the equipment can easily continue to meet your business requirements, and a third party maintenance partner has easy access to the spare parts that allow continued operation. So there is no definite need to replace EOL and EOSL equipment.

10   *It is always a case of either – or*

No, it is not. Of course, from time to time, you will need to purchase new equipment, and you should, of course, apply common sense and use the OEMs where this seems the best approach. But you can easily choose a combination of OEM service and third-party maintenance because the market and the supply of IT equipment today are so hybrid that it makes perfect sense to put together a mix of new and lifetime-extended equipment – along with the best and cheapest servicing of both.

About the author of this white paper

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