

Guide from  
[insert your firm's name here]

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[Insert a line about your business here]

## Specifying and buying IT

Buying IT wisely makes your business more efficient and can reduce your costs. The key is to be clear about what you want it to achieve for your business, now and in the near future.

As well as specifying your requirements, you need to think about which suppliers to use and decide the most cost-effective and flexible way of getting the capabilities you want.

### 1. Your business needs

Focus first on your business aims

- For example, do you want to improve customer service or move into a new sector?

Think about what you will use your IT system for

Look at your existing systems, both those that use technology and those you do manually. For instance:

- managing your accounts, producing invoices and [running payroll](#);
- keeping track of customer contact details;
- communicating with customers, suppliers and other contacts;
- producing letters, leaflets and other printed material;
- processing sales and stock control;
- online marketing, via a website, [social media](#) or other channels;
- allowing your staff to work flexibly.

Are there are processes that could be improved with technology?

- For instance, you could use a [customer relationship management \(CRM\) system](#) to track every contact with customers and improve retention.
- Connecting to supplier systems could allow you to order stock automatically. Electronic invoicing could help you get paid faster.
- Ask employees what they would like to be able to do but find difficult or impossible.
- A [local IT supplier](#) or IT consultant may be able to provide suggestions and offer new ideas.

## Think about how people in your business communicate at the moment

- You could introduce instant messaging, online chat or collaborative workspaces.
- Modern business phone systems work over the internet, using a technology called VoIP (Voice over IP). You may be able to replace standard phones with a [VoIP system](#) for extra flexibility.

## Consider the potential for flexible and remote working

- Flexible cloud services and powerful [mobile devices](#) make it easier than ever for smaller business to implement flexible working.
- It may be possible for you and your staff to work from home, on the move or from client offices.
- Enabling staff to [work from home or remotely](#) can increase efficiency, reduce costs and improve morale.

## Identify any unusual requirements

- Do you need to run any non-standard software? For instance, some custom software that will only work with certain versions of Windows.
- Does a staff member with a disability need particular hardware or software?

## Think about what you might want to do 12-36 months into the future

- It's impossible to plan for all eventualities, but you can build in some flexibility. For example, you may need to add extra capacity as you recruit more employees.
- With some thought, you will be able to add to your system in future, rather than having to start again as your business develops.

## 2. Performance

Understanding how you want your system to perform will help you (and your supplier) to refine your requirements.

### Estimate the volume of work the system will need to handle

- For example, how much data you need to store now and how this might grow in future.

### Establish who will be using the system

- How many staff will need to access your IT system?
- Will they need to access it from home or while out and about?
- How computer literate are your employees and what systems are they already experienced with? They may need appropriate training in any case.
- Does your IT system have any other users? For instance, partners, suppliers or customers.

## Consider when speed will be most crucial

- Real-time systems, like those used in customer-facing activities, often need to respond quickly.
- Will you have to deal with any peaks in demand? For example, a relatively slow printer might be adequate for running off a short report, but not if you need ten copies of a 100-page proposal in a hurry.
- A key factor in performance is the speed of [your internet connection](#). Keep this in mind if the connection will be shared, or you need to transfer large amounts of data.

## Reliability and security are of overriding importance for business-critical systems

- Failures can cause huge disruption and even insolvency.
- It can be difficult or impossible to recover important records if they are lost.
- You may be legally required to ensure good security. For example, you must store and use all personal information in line with the [Data Protection Act](#).
- Consider the consequences if a problem temporarily put your system out of action.

## 3. The specification

### Set out what you want your IT to achieve

Include:

- a reminder of your overall business reasons for making the purchase;
- a list of things that you want to use your IT system for on a day-to-day basis;
- a list of capabilities that you might like to have if possible;
- an idea of how you expect your needs to change in future.

### Clarify what existing systems the solution should be compatible with

- Do you need to install new software on your existing devices?
- Must new equipment or services be compatible with parts of your IT system?
- Do you need to share data with existing applications?

### Do your own research

- Check IT websites for reviews and buying advice.
- Trade publications will often review specialist hardware and software for your sector.
- Ask around. Your suppliers' and customers' experience could be useful, particularly if your systems need to work with theirs.

### Take advice from existing or potential IT suppliers

- The right supplier should have experience helping businesses similar to yours.
- Building a long-term relationship with a supplier will help them better understand your business needs.
- Although the supplier will want to make a sale, it should also be in their interests to help you buy the best system for your business. They will be used to dealing with people who are not particularly technically minded.

## Take time to understand and question suppliers' recommendations

- It's important you fully understand what they are proposing. If the supplier cannot explain their solution in simple terms, consider whether they are the right supplier for you.
- Confirm the solution will meet your requirements and clarify all the costs. Ask why the recommended solution will be better than a cheaper alternative.
- Don't get bogged down in technical details. Always establish what benefits the proposed solution will deliver.

## Wherever possible, opt for simplicity

- Most companies can function using standard, off-the-shelf products and services.
- Try to use consistent hardware, software and services across the business. This makes it easier to manage maintenance, support and training. For example, a new computer should run the same operating system as your existing computers.

## Include your service and support requirements

- If you intend to outsource, include two or three options so you can compare value for money.

## 4. Budgeting

### Establish your budget

- Decide [how much you can afford](#) now and what you will spend in future.
- Be realistic. Don't underestimate ongoing costs and make sure you build in some contingency.
- When comparing the costs of different options, look at the total lifetime costs.

### Identify your initial costs

- For around £300, you should be able to buy a suitable office computer. £400 - £600 should get you a faster system that will last longer.
- If you depend on processing speed, expect to spend £800-£1,200 for a computer with a high-speed processor and sufficient memory.
- Consider laptops to enable employees to work remotely. Costs are comparative with desktop computers. You may also want to buy a separate monitor, keyboard and mouse.
- Smartphones span a range of budgets, but can cost as much as a laptop.
- A dedicated server for a computer network costs from £500 upwards. You may also need other networking equipment such as a router, firewall and network cabling.
- A small laser printer for light use costs £50-£200, and up to £1,000-£1,500 for a heavy duty unit.
- You are likely to need to buy additional software, or, more likely, pay monthly for [cloud services](#).
- You may face significant installation and configuration costs. For example, setting up a network or customising more complex software.

### Consider ways to spread purchase costs

- You may be able to lease equipment rather than buying it outright.
- You can spread the cost of smartphones with a contract that covers your handsets and mobile service.
- Cloud services are sold on a subscription basis. The subscription usually includes future upgrades, so can be cost-effective.

## Budget for continuing costs

- Check what support and maintenance are included with any purchases, and whether that is sufficient. An appropriate maintenance contract will minimise downtime.
- Establish what training your employees will need to use your IT technology effectively and how it will be provided. The costs of errors by untrained employees can be high.
- Estimate additional monthly costs. For example, internet connection, mobile phone costs, cloud services, software subscriptions and consumables.

## Plan for future upgrade costs

- You may need to upgrade to handle new software or provide extra storage. Many computers can be upgraded but it is often more cost-effective to replace them.
- Software publishers may release new versions offering better performance or features. After a few years, they may stop supporting old versions of the software.
- Opting for cloud services usually means you don't have to worry about upgrading your software. This is handled by the cloud provider.

## Lease or buy?

### Leasing equipment has a number of advantages

- Initial costs are lower. You do not have to tie up so much capital.
- Leasing can make your IT expenditure more predictable and help you manage your cash flow more efficiently.
- Some leasing agreements allow you to upgrade your hardware when necessary during the term of the agreement, helping your system to keep up with improving technology or changes to your requirements.
- Leasing costs are usually 100% allowable as business expenditure for tax purposes.

### Be aware of the disadvantages of leasing

- Your business will not own the equipment and it will not be an asset on the balance sheet.
- A lease is a long-term commitment. If your circumstances change, it can be expensive to buy out the lease.
- Unlike purchasing outright, you do not have absolute control of your IT system. It may be more difficult to upgrade, replace or resell it during the lease.
- Upgrades may involve an extra cost or an extension of the lease term.
- If you buy outright instead, you can claim a capital allowance. The annual investment allowance allows you to deduct the full cost from your taxable profits on up to £200,000 of capital expenditure (£1 million from 1 January 2019).

## 5. Suppliers

### Most businesses purchase IT from local suppliers or larger resellers

- The quality of initial consultancy and advice varies, as does willingness to provide continuing support.
- A [good local supplier](#) should be willing to install and configure the system, and to take responsibility for transferring data from any existing system to the new one.
- Some suppliers offer equipment they assemble themselves, at a lower cost than branded systems. Check that the dealer uses quality, industry-standard components and that you are satisfied by the warranty.

### Other suppliers can be useful, particularly if you need little or no advice

- Retailers often keep a wide range of products. Many offer advice, and maintenance and support contracts, but attitudes vary.
- Some manufacturers supply direct and build equipment to your specification.

### You can purchase cloud services directly or via your IT supplier

- Some IT suppliers combine a selection of cloud services into a single package.
- This kind of 'fully managed' service can give you access to powerful technology without the headache of hiring IT staff and running it yourself.

### Look for a supplier who places a value on building a relationship with you

- Where appropriate, ask for references from customers with similar needs to you.
- If you buy from suppliers who treat each purchase as a one-off, you may need a consultant for continuing support.

### Negotiate hard – but try to build a relationship with your chosen supplier

- Your investment in an IT system will be an important one, so do not be afraid to push for the best value.
- Suppliers can often add value to deals through additional support and long-term discounts - but will usually only do so if they believe they can build a long-term relationship with your business.

## 6. Contracts

### Aim to make the supplier responsible for ensuring the system meets your needs

- Specify in writing how you intend to use the system and ask for written confirmation the system is suitable.
- Buying an entire system from one supplier will ensure compatible components.

### Be sure you are satisfied with warranties

- Standard hardware warranties provide 12 months of cover against faulty parts or workmanship. However, you will usually be responsible for returning faulty items for repair or replacement.
- Extended, on-site warranties are available at additional cost.

- Software warranties are generally limited. Licences typically exclude liability for damage to your system and limit any compensation to the purchase price.

## Get a written agreement covering services

- This should include the standard of service.
- Agree specific measures for the standard of service, so you can hold your supplier accountable. For instance, the service should be available for 99.99% of the time over a rolling monthly period.
- Ensure that the basis on which you will be charged is spelt out.

## Signpost

- Get details of [IT training](#) courses from learndirect.
- Find guidance on [cyber security](#) from Get Safe Online.
- Find out about [your data protection obligations](#) from the Information Commissioner's Office (0303 123 1113).
- Find out about [leasing](#) from the [Finance and Leasing Association](#).

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