

Revo 4me eGuide

The bigger picture

Discover how working with Revo4me reduces the total cost of ownership for your service management



Simon Martin

Managing Director, Revo 4me

Every service management solution comes with an initial purchase price (a subscription or license fee). But it's never felt right to me that systems are ranked and selected based on this figure alone. This number is the short-term cost of a system – it's not always a meaningful measure of long-term value. For me, this means it's not the figure you should allocate your IT budget based on.

I've worked in IT services for a long time, and I've seen many companies blindsided by an attractively priced starting package. What this often fails to consider are all the other costs of running the system – the cost of implementation, the expenses of training employees, what happens if you decide to scale back on users, add integrations or expand into more departments? How these additional longer-term factors are managed and integrated into pricing plans can make a huge difference to the long-term cost of a system – in other words, the total cost of ownership (TCO).

At Revo, we make the costs of running and scaling a system part of our conversations from day one. Adding integrations, fluctuations in user numbers, the likelihood of extending what starts as a niche ITSM platform to become a wide-ranging, bells and whistles ESM solution – we encourage you to look ahead and consider where you see your system going. By doing this you make a buying decision based on long term total cost of ownership rather than short term purchase price.

Our consultants can advise you on how to analyse total cost of ownership, but as a starting point, this eBook highlights some bigger picture factors you should consider when evaluating the value for money offered by a system.

A rise in IT spend doesn't mean budgets aren't under pressure

IT spending is predicted to hit \$4.6 trillion in 2023 according to Gartner research – that's an increase on 5.5% from 2022. This increase (despite a volatile economy) is down to several factors – the pressure on businesses to keep up with the pace of technological advancement, the drive to increase productivity and protect profit margins, demand for employees for more automation and less admin, and the expectation that everything nowadays should be available online.

Despite this increase in spending, budgets remain stretched due to inflationary increases on pricing. The rising cost of IT is presenting a huge challenge to budgets and is amplified by the drive for efficiency coming from the C-suite.

Price is inevitably a prime factor in any IT buying decision. But it's also the consideration that's most complicated due to the complexity of comparing the different charging approaches of service management providers. We suggest calculating total cost of ownership (incorporating purchase price and the costs of operation) as a more accurate measure than relying on price alone.

47.8%

When asked about the biggest challenge they encounter with IT purchases, 47.8% of respondents to the GoodFirms' 2023 IT Spend survey answered 'Increase in product/service costs'.

- GoodFirms Global IT Spend By Industry Survey 2023

The truth about total cost of ownership (TCO)

Total cost of ownership takes a more holistic approach to assessing the long-term cost of a service management solution. As well as providing a more meaningful value barometer, it also encourages a longer-term perspective on the relative advantages and disadvantages offered by shortlisted systems.

A fully deployed, well maintained, and fully developed service management system will deliver far more value than a neglected platform that falls out of date and fails to evolve with your business. Assessing the total cost of ownership takes into consideration all the direct and indirect expenses involved in running and advancing the system from day one – from how you will manage implementation and employee training, to ongoing support, upgrades, and the flexibility to add system extensions.

When the long term and indirect costs of running a system are factored in, this is when you get total cost of ownership. It's usually the solution with the lower total cost of ownership can be the better value in the long run.

Total cost of ownership (TCO) = the purchase price of a solution + the ongoing costs of operation and development

What to consider when you're estimating TCO

There are five main cost sources to consider:

1.

Purchase price

What's the pricing approach taken by the provider – is it based on users or usage? Does it offer the flexibility you'll need in the long term as well as right now?

2.

Development

What features are included in the purchase price and what will you need to add to deliver the functionality or service level you need?

3.

Implementation

What assistance will you need to develop and deploy your solution? If implementation is poorly managed, the time to value of your system increases. And so does your total cost of ownership.

4.

Servicing

Have you budgeted for system maintenance? Whether you allocate internal resource to oversee updates or hire in a third-party partner, servicing has an ongoing cost.

5.

Extension & evolution

Does a solution have the flexibility to evolve with your business? This can be important to avoid the cost of over subscription or underperformance in the future.

This eBook provides tips on what to consider in each of these areas when estimating the TCO of service management for your organisation.

TCO factor #1: Users vs usage?

The starting point for calculating TCO is the purchase price of the system. Most service management providers charge a license or subscription based on the number of case agents a business anticipates will be handling tickets and administering the system. Overestimate these users and you can end up paying for licenses you never use. Underestimate and it limits the rollout of your system and the outcomes you achieve.

It's all about your usage (not users)

Seeing how the per-user subscription model often leaves businesses oversubscribed and paying full fees for licenses that are never or rarely used, 4me introduced a flexible, credit-based approach. As with anything that challenges convention, it demands a shift in mindset on pricing – away from paying for 'predicted users' and towards paying for 'actual usage'.

When you join the 4me platform, you can purchase a bank of credits (at a preferential rate). You can then use these credits to pay for what you use, as you use it. You can add and remove users from month to month, and you only ever pay for active users. This means you're never over-subscribed and you aren't penalised for under-use or over-use – there are no limitations. When the credits run out, you simply buy more and continue.

"4me's pricing and flexible licensing model was a big selling point as our previous provider was quite expensive. Effectively, we reduced the cost by 50%, and that includes the licensing and using Revo as a managed services partner. We've got a team there that we can call at all times and that can handle everything for us. That to me, is an absolute bargain. We absolutely get value for money."

- Dave Kelsall, SIAM Lead, Vitality

TCO factor #2: What's NOT included in the price?

Before you sign a contract, have you analysed the small print to see what's included in the baseline price? Do you get access to all updates? Are there custom features that come with additional costs? Choose the wrong package and you can find yourself paying less but not get access to the premium features that could really elevate your efficiency.

Be clear about what you're not paying for

If you need to add features or updates separately to get a solution to work the way you'd like it to, you will need to factor in these development costs. Even if you have an IT team, the development hours needed to customise and maintain a platform can be significant.

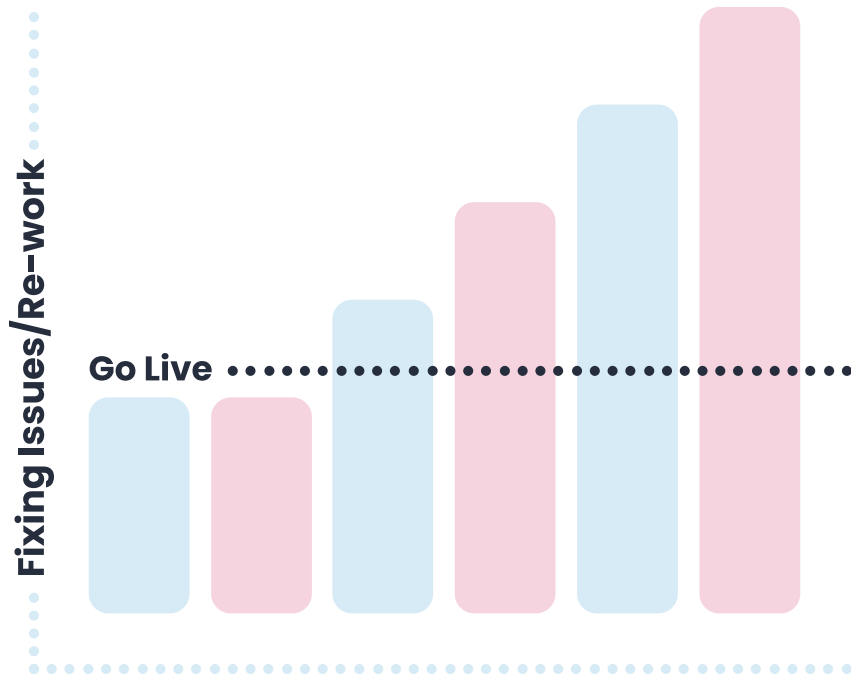
One of the reasons we adopted 4me as our service management technology partner is because it keeps things simple and transparent. All features are included and available as standard. And weekly updates and feature enhancements also are added automatically – there are no hidden update fees. This means we can give our customers cost certainty from the outset.

The 4me approach to pricing

- ✓ Pay for what you use, as you use it
- ✓ All features included and available
- ✓ Updates released and added weekly for no extra cost

TCO factor #3: The true cost of implementation

To achieve its full productivity potential, your system must be correctly set up for your needs, any data has to be transferred securely, and your staff need to feel comfortable using a new service management system as quickly as possible. When implementation is incorrectly or insufficiently managed the time to value of your system increases and it can be a drain on your resources. This has a rising impact on total cost of ownership.



Accelerating time to value

To optimise any service management system to work for your business, a certain amount of set-up and configuration will be needed. What internal resources or costs will be necessary to implement your system? How accessible is support from you service management provider or implementation partner during this period? If you're switching provider, what are the plans to minimise disruption to your service while the transfer happens? And keep in mind that your staff might need training and support as you transition to a new system.

Implementation will always be quicker and run more smoothly (and therefore incur less costs) if it's led with experience. At Revo, we exclusively work with 4me for service management, which means we know the system inside out. Our consultants understand you still have a business to run and service levels to hit while the system is being introduced, so they will guide you on how to make the transition to 4me as swift and simple as possible. From advice on the switching process to delivering training, they'll apply their knowledge of 4me to ensure you're up and running quickly, with minimal hassle.



“When we first went live with 4me it was with a new customer who was potentially huge for us. Not only was it the debut of a new system, it was also potentially 2,000 people phoning us on that date if it didn’t go to plan – this didn’t transpire because everything worked, but potentially it could have happened. But Nick rang us and said I’m just going to work from your office on that day, and he just sat in the meeting rooms, and he was there for us in case we needed him, in case anything went wrong and we needed to configure or change something. If that’s not partnership, I don’t know what is.”

- Matthew Jones, Technical Director, Ctrl-S

Supporting your team's learning curve

Keep in mind that your staff might need training and support as you transition to a new system. When Fiskars Group switched to 4me its service desk provider (HCL) was unfamiliar with the new system. To support the implementation process, Revo delivered bespoke training sessions for key members of the service desk team.



"We have 150+ people on our team with us from HCL. Training key people from HCL so they could go back and train their colleagues worked out great for us. As their workforce turns over, they always have a trainer available to onboard their new team members'.

- Mike Rossi, Senior IT Manager, Fiskars Group

TCO factor #4: What about ongoing support?

Many businesses don't recognise the value of ongoing maintenance until it's too late – when a system starts showing bugs and errors or has become so out of date it's no longer fit for purpose. The reality is proactive and ongoing servicing and maintenance play an important role in whether a service management solution is a success or failure for your business. Technology isn't static. It should never be the case that you purchase, you implement, and then you're done. Your service management system needs ongoing maintenance to ensure it continues to run optimally and evolves with your business. Whether you allocate a staff member to do this or call on a third party, there are costs involved.

44%

Heavy reliance on IT to administer ITSM systems was rated as a top challenge by 44% of organisations.

- Information Week's 2022 State of ITSM and ESM survey

Budget for servicing from day one

While many organisations today have invested in service management solutions, only a small proportion have the inhouse expertise to develop them to the highest level of maturity. 40% of organisations in Information Week's 2022 State of ITSM and ESM survey reported that the last time they refreshed their ITSM technology was six years ago or longer. And only 8% felt their ITSM technology was fully optimised. This often happens when the cost of ongoing maintenance isn't budgeted for when a solution is first introduced.

4me operates from the Cloud. This allows feature enhancements, security updates and bug fixes to be uploaded seamlessly. In addition, Revo offers a managed service to help you continually optimise your service management system and minimise costs associated with routine servicing. This is ongoing support from that we tailor to your needs, delivered for a yearly fixed fee. It means, nurturing your system is budgeted for as part of the cost of the system, rather than treating it as a supplementary, ad hoc expense.

"The managed service is a big win for us. Revo's knowledge of 4me is fantastic and we like the fact that we know exactly what we are spending. I like that you can have conversations without thinking this is going to cost me more. I've actually gone back to Revo on three different occasions, and asked, 'is this included in the managed service? Or is there a cost?'"

- Mike Rossi, Senior IT Manager, Fiskars Group

The four elements of proactive maintenance

✓ **Adapt**

Proactive maintenance helps to improve performance now and increases a system's adaptability to changing business needs in the future.

✓ **Safeguard**

It means the security of your system is constantly monitored and adapted, so your data is always safeguarded as best possible.

✓ **Prevent**

It allows you to promptly pick up and manage any issues before they become troublesome, disruptive and costly to your business.

✓ **Perfect**

Regular proactive maintenance means development doesn't stop at launch. Instead, you can continually make tweaks to further elevate and enhance your system's performance.

TCO factor #5: Will it evolve with your business?

When looking into service management options at the lower end of the cost-scale, be wary of solutions that can't evolve and scale with your business. How will costs increase if you have to expand number of users? What will you do if you need to add a new integration? Or when your CEO asks, could 4me work for payroll too? When you factor this into your TCO analysis, you may find that the cheaper product becomes expensive compared to other options.

Think ahead to future-proof your investment

What you need in five or 10 years might be very different to now. To avoid future disruption and the cost of finding and implementing a new system, you want to make sure the

solution you select can scale (up and down) as your business changes. A key factor to think about is whether your service management system can be extended into other areas of the business. With the rise of enterprise service management (ESM), we often see a 4me system that's first implemented as an ITSM solution gradually being rolled out into facilities, HR and other service departments.

One of the key benefits of the Revo managed service is it enables a more proactive, forward-looking approach to managing your 4me system. As your technology partner, we'll encourage you to think strategically about your system, helping you to identify improvement areas and developing your 4me development roadmap in the context of supporting your wider strategic goals and ambitions.

"I would recommend 4me and Revo to other companies looking to future-proof ESM. We are 100% satisfied. And we only see it growing as a partnership."

- Dave Kelsall, SIAM Lead, Vitality



Are you prepared for unplanned costs of ownership?

Regardless of how many focus groups and consultations you undertake, you won't be able to plan for every eventuality that will crop up in the lifetime of your service management system. Situations change and this can demand tweaks to your system. For example, if you start to expand your service management into other business areas, you may find it opens up the floodgates for more ideas and suggestions. These seemingly minor modifications can often add up to significant efficiency savings and service enhancements over time. They can be hugely beneficial. But implementing them initially can incur unplanned costs of ownership if maintenance isn't something you've planned for. In contrast, when these unforeseen adaptations are implemented under the Revo managed service, your TCO is unaffected. So, rather than unplanned changes turning into unplanned costs, instead they become unplanned value.

Your TCO Checklist:

What to consider when you're calculating cost

When you're choosing a service management system, the upfront cost is instinctively the primary consideration. But what we often see is that with all focus channelled into minimising the initial price, total cost of ownership (and the costs that occur after launch day) are easily overlooked.

Price shouldn't be the only cost factor in decision-making. Instead consider...

✓ **Does a solution's purchase price correlate with its value?**

When businesses are comparing service management solutions, some will falsely appear to offer better value for money because of a keenly priced license or subscription fee. But this isn't always – or even usually – true.

✓ **How transparent is the pricing?**

Providers use different pricing structures, so to make any meaningful comparison, you need to look beyond the first number you see and calculate what you're actually likely to pay once you've added all the features, support and users you need.

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Your TCO Checklist Continued:

✓ Have you considered time to value?

The speed and accuracy of implementation have big impacts on time to value (the time it takes for a system to start delivering full productivity benefits to your team). What internal or third-party resources will be necessary to make this happen?

✓ Is it flexible enough to expand (or contract) to meet your future needs?

An apparently low-priced system can quickly become costly if you find yourself over-subscribed or adding new users. Or even worse having to switch to a new solution because it can't meet your changing needs.

✓ Have you budgeted for updates and maintenance?

The best service management providers are continually updating their product. But you'll need to check how these are delivered and what comes with add-on costs further down the line.

✓ Have you considered more proactive maintenance through a managed service?

There are fewer chances of serious malfunction and service disruption with your service management system if it's maintained under professional guidance.

Any comparison between the pricing of solutions must consider the bigger picture – from how well its features meet the unique needs of a business to flexibility to add extensions, integrations and ongoing support.

Why analysing TCO is worth your time

There's a lot to think about when you're weighing up all the various costs to calculate the TCO of a system. So, I'd like to close by saying this – your future self (and perhaps more importantly your C-suite) will thank you for taking the time to make these considerations. What's often learnt too late is the costs of a system don't suddenly stop once it's live – there are running and development costs that should be budgeted for from day one.

Many businesses ultimately choose to work with us because of the flexibility of the 4me pricing and the convenience and cost-effectiveness of the Revo managed service. Every business is different. But for many organisations, 4me when combined with the Revo managed service will deliver a lower TCO (as well as better performance outcomes) than other service management options.

When researching potential products, I hope the tips we've shared here will help you view the price you pay with a broader sense of perspective, so you choose the solution that will deliver the best value for your business.



Simon Martin

Managing Director, Revo 4me

About Revo 4me

We're service management experts with a 100% focus on optimising the 4me solution for our clients. For us, delivering a solution is more than handing over a license – it's about designing workflows that perform for you today but also evolve and continue to deliver optimal performance and value as your business evolves.



WEBSITE

revo4me.com



CONTACT

+44 (0)1564 330 680



LINKEDIN

linkedin.com/company/revo4me/