



WHAT IS

TECHNOLOGY AS A SERVICE

TECHNOLOGY-AS-A-SERVICE MUST CONTAIN THE FOLLOWING TWO ELEMENTS:

01. Access To & Use Of

Technology-as-a-Service means to have access to or use of some technology product, service, or solution. There is no ownership of the technology and no ownership responsibilities.

02. Monthly Payment

Technology-as-a-Service should have no significant, upfront expense. It is intended to be a service provided for a predictable, manageable, monthly payment.

WHY TECHNOLOGY-AS-A-SERVICE IS NEEDED

Three important factors to help understand how as-a-service became popular and why it makes the most sense in today's environment

1. ECONOMICS OF OWNERSHIP

- Technology solutions are non revenue generating assets because they rapidly depreciate the day after they are installed.
- Paying cash with after-tax dollars on non revenue generating assets defies basic economics.
- Importance vs. Economics: Technology solutions are essential use, but there's a big difference between the two.



Why do technology solutions rapidly depreciate the day after install?

In every bill of materials you have a high level of non-recoverable costs (i.e. -Manufacturer margin, distributor margin, integrator margin, licensing, installation and sometimes comprehensive with extensive labor, programming, software, design, warranty, training etc.). This can make up 30-50% of a solution. These costs are non-recoverable because after install none of it can be returned.

2. RAPID ADVANCEMENT OF TECHNOLOGY

- Technology continues to change rapidly, for the better, with no sign of it slowing down. Just look at these major manufacturer's R&D budgets:

 **Microsoft**
R&D = 12% of Rev

 **CISCO**
R&D = 13% of Rev

 **AXIS**
COMMUNICATIONS
R&D = 19% of Rev

 **BARGO**
R&D = 13% of Rev

* R&D spend based on most figures reported as of 12/31/2022.

- Customers are recognizing the challenges to staying at the forefront of technology and having to request higher CAPEX budgets. This is why they are embracing and giving more value to use/access versus ownership.

3. INSURING ESSENTIAL USE TECHNOLOGY

- Technology fuels nearly everything in a modern organization's daily operations; communications, logistics, education, security, etc.
- How can you NOT insure it with a complete service & maintenance plan beyond the warranty period? You can't! It's too much of a risk. Effective & efficiently operating technology is mission critical.

Technology-As-A-Service

The subscription payment program combines technology hardware, mission-critical support services, & exclusive value-added benefits customers need in today's unpredictable climate.

The exclusive technology-as-a-service payment program from TAMCO addresses 3 key components that customers want from today's as-a-service offerings:

1. **Creates Favorable Economics**
2. **Ability to Embrace Changing Technology**
3. **Operate With Peace of Mind**

Let's unpack these components further...

1. CREATE FAVORABLE ECONOMICS

TAMCO's expertise and understanding of the components that make up a total technology solution provide an avenue where system integrators can package and offer you relevant and real technology-as-a-service. This exclusive and specific technology-as-a-service solution offers customers a way to absorb the myriad of non-recoverable costs associated with acquiring new technology while maintaining the ability to keep your working capital, working!

Within this technology-as-a-service customers receive everything as one all-inclusive monthly subscription payment for 36 or 60 months. This includes the technology hardware equipment and multiyear support and maintenance services for the entire term of the agreement to insure your solution is serving you optimally.

2. EMBRACE TECHNOLOGY CHANGE

When considering the amount of money manufacturers are pouring into R&D how can the consumer manage the rapid advancement of technology and risk of obsolescence? A component of this specific technology-as-a-service is the proprietary feature, the Solution Replacement Guarantee (SRG). The SRG allows the customer to migrate or upgrade into new technology at any time during the subscription service term, without financial penalty or rolling over balances.

3. OPERATE WITH PEACE OF MIND

With essential use equipment like technology, customers need ongoing service and support. With this as-a-service solution your system integrator includes multiyear maintenance and support service agreements as a part of the one monthly subscription payment. These services are inclusive of almost all failure situations that remove any additional service expense throughout the subscription term. The one area that is most challenging for integrators to cover under any Service Level Agreement is in the event of a natural disaster. This specific technology-as-a-service solution includes natural disaster protection from unforeseen expenses should one occur; lightning, fire, hurricane, etc.

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Questions to Ask Any As-A-Service Provider

Not all as-a-service offerings are created equal. When considering an as-a-service solution for your technology it's important to do your research and be aware of what you are receiving. Below are suggested questions to inquire about with your solution provider when considering an as-a-service solution.

► What Is & What Is Not Included?

Ask about the different elements that are included in the solution. Will hardware and software be included or will you pay for the hardware separately? Will items like licensing, install, warranty, maintenance, etc. be a part of the as-a-service monthly payment price? A true as-a-service should be one simple monthly price with everything bundled in. There should be no need for large upfront à la carte costs.

► What Are You Responsible For?

Make sure you are fully aware of your responsibilities and what the solution provider will manage for you. What's the protocol if something malfunctions in one, two, three years time? Who is responsible for keeping the equipment in good repair? A true as-a-service solution will include things like support services for the entire term and the ability to scale or upgrade should your needs change or the technology becomes obsolete and it should be without major financial implications.

► What Are The Financial Implications & Ownership Outcomes?

A true as-a-service should be an operating expense not a capital expense. Ask & know which one your as-a-service offering is. Be clear about all expenses, know your monthly payment and understand upfront expenses. Small fees are possible, but true as-a-service solutions do not have large upfront capital expenses. Lastly, if the as-a-service solution results in ownership of the technology, this is not an as-a-service, it is a traditional capital expense lease in disguise.