Time is Money:

The Effect of Downtime on a Business' Bottom Line

JUST CALL THE IT GUY

Most, if not all, business owners are at least vaguely aware of the fact that downtime negatively impacts their bottom line, but how many are aware of the magnitude of the effect? The phrase "time is money" has become something of a cliché, but that doesn't mean it isn't true. In fact, downtime—caused by network outages and hardware malfunctions, among other things—can cost your business dearly.

The Monetary Impact of Downtime: An Example

"**One effective way to solve the downtime problems that your business is experiencing is to contract with a managed services provider (MSP).**"

Consider a hypothetical business with three million dollars in annual revenues. If that business operates on a traditional forty hour per week schedule, it operates a total of 2080 hours per year. (In reality, the base annual total of hours is almost certainly less because this doesn't account for days lost to holidays.) By dividing three million dollars (total revenue for one year) by 2080 (total hours of operation in a year) we can calculate the per hour rate of revenue for the business: approximately $1442.31. That's what's at stake every hour this business is impacted by Information Technology downtime.

Let's assume that this business suffers from an average of one hour per week of downtime, or 52 hours per year. That would mean that it is leaving $75,000 on the table over the course of a single year, or 2.5% of its gross annual revenues. An average of two hours of downtime per week would mean a practical loss of $150,000, or 5% of gross revenues. Depending on the margins of a business, that

could be the difference between profitability and insolvency. Even if a business is able to remain profitable despite its downtime experiences, additional profits are being lost. Eliminate downtime and a money losing business might become profitable; a profitable business would be even more lucrative.

Managed Services Providers: A Solution to Downtime

One effective way to solve the downtime problems that your business is experiencing is to contract with a managed services provider (MSP). An MSP can assist your business with a variety of tasks that all lead to the prevention of downtime, including:

- 24/7/365 Network monitoring and management

- Network design, implementation and maintenance

- Software support

- Hardware maintenance, support and troubleshooting

- IT Security

An MSP can supplement an IT department, or, in the case of small and medium sized businesses with limited personnel, provide technical expertise that no one presently on staff is likely to have. Having a team of IT experts working on your network proactively makes it possible for a business' workers to focus on their own jobs and to minimize downtime by solving any problems that might crop up more quickly and efficiently than would otherwise be the case. Most importantly, it makes it far less likely that those problems will come

up in the first place. Either way, the end result is a dramatic reduction of downtime and that means greater profitability for the business.

Cost Savings Audit

A managed services provider can work with your business to perform a cost savings audit, which can help you decide exactly what needs to be done to reduce IT downtime and quantify just how much more productive your business can be as a result.

Contact us for a free no-obligation assessment.