

Cummins Inc. revs up savings in worldwide rollout with Asset Recovery Solutions by IBM Global Financing



Overview

■ **An international manufacturer simplified a potentially enormous disposal challenge by counting on IBM Asset Recovery Solutions for disposition and value recovery when it chose to standardize more than 20,000 desktop and notebook computers in a worldwide initiative spanning 212 locations, 12 languages and 24 different countries.**

■ **Asset Recovery Solutions provided seamless support to the standardization initiative with everything from packaging and shipping through data destruction through resale and environmentally compliant disposal, all via a single point of contact.**

• **Business Benefits**

- The entire disposal process was handled with minimal impact on users and the IT organization.
- Management had the assurance of compliance with local and international environmental regulations.
- Management received financial benefits of selling their existing computers, without getting involved with the logistics of equipment preparation or complexities of the secondary market.
- All data was destroyed in a 3-pass overwrite process, providing assurance that proprietary and customer data would not appear on a resold machine.

• **Financial Benefits**

- The cost of the new deployment was significantly reduced by the value recovered from the existing machines.

• **Technology Benefits**

- By reducing complexity and cost of disposal while generating cash, Asset Recovery Services made it more cost-effective to upgrade and standardize the worldwide computing platform.
- New technology provided better support for business.
- Standardized platform reduced IT support costs.

More affordable.

More manageable.

More flexible.

The Problem

Cummins Inc. makes power systems from reciprocating engines to fuel cells. It is a worldwide business with hundreds of offices and more than 24,000 employees. And like many companies with IT assets widely dispersed, it found itself supporting too many different computing platforms.

“The last thing we wanted was for Cummins data to show up in a flea market somewhere.”

Fred Vehling, Cummins Director, IT Procurement Hardware and Services

Hardware configurations and applications varied from location to location and often even from desk to desk, demanding an increasing skill set and physical inventory from the IT organization. This made consistency almost impossible to maintain, and caused higher costs in at least two significant ways: 1) IT support cost more, as already noted and 2) Cummins couldn't consistently reap the competitive, productivity or cost-controlling benefits of specific applications or machines.

And so, “Power Sweep” (a name created by Cummins for this program) was born: a coordinated effort to standardize hardware and software for every Cummins user in every location everywhere in the world that Cummins does business. A careful analysis projected that with a single massive upgrade to standardize configurations, the adoption of a leasing model for financing, and a scheduled technology refresh cycle, Cummins could reduce its annual computer costs by up to 20 percent.

But this was no trivial proposition. To make Power Sweep a success required installing about 20,000 computers over a 17-week period.

As if installing that many systems that fast weren't challenge enough, there was one more problem: what to do with all those computers already there?

“People had computer equipment squirreled away everywhere,” explains Fred Vehling, Cummins Director—IT Procurement Hardware and Services. The challenge was to find it, find a value for it and dispose of it properly—either selling it for cash if possible, or disposing of it in full compliance with local and international regulations.

But that wasn't the only concern. Data security was important as well. So important, the security organization at Cummins got directly involved in the discussion of hard drive sanitization and destruction. “The last thing we wanted,” says Vehling, “was for Cummins data to show up in a flea market somewhere.”

The solution

IBM Asset Recovery Solutions had the skills and infrastructure to support this large-scale effort in an efficient and secure manner while offering Cummins the benefit of simplicity from their point of view. “We wanted a single point of contact for getting rid of obsolete and unwanted assets,” says Vehling when asked about asset disposal and IBM's contribution to Power Sweep, “one place to resolve issues, one place to look for milestones in the process.”

But the real key to the solution was the resale model. After all, IT assets are assets and often have value in the secondary market. Cummins wanted to capture that value and apply it to the cost of the new deployment.

To that end, IBM Asset Recovery Solutions offers a couple of basic options, including a fixed-price buyout of all existing assets and a split-revenue model in which IBM collects, refurbishes and sells the assets, sharing the proceeds with the customer.

At Cummins, each location had worked with a local vendor and made its own choice about disposal. As part of Power Sweep, Cummins took central control of the process through IBM Asset Recovery Solutions and chose the shared-revenue model for most locations. While the truly obsolete equipment in the inventory was scrapped at a fixed price per unit, equipment with value was sold and the profits applied as credits against IBM costs. Documentation included disposition reports, certificates of destruction and accounting statements showing disposal costs and value recovered.

It was simple, reliable, fully documented and economical with IBM Asset Recovery Solutions to manage the entire operation. Because of the single point of contact management model, Vehling found he could count on the process without having to run it himself.

As for data security, Cummins chose the 3x overwrite option. Under this option, all functional hard disk drives were cleansed of Cummins data through overwrites of the entire disk—not just the file allocation table—placing any residual data beyond the reach of operating system tools.



The Benefits

Today, thanks to Power Sweep and IBM's help in getting it done, Cummins enjoys the benefits of a stable, controlled worldwide computing environment with a finite number of machine types and a single Cummins Global Desktop image customized for local languages but otherwise equivalent. Still early in first cycle, Cummins expects to save worldwide as the benefits of leasing, with a built-in technology refresh cycle, start adding up.

Because users' desks had to be cleared of existing equipment before new computers could be installed, the global Power Sweep initiative was fundamentally enabled by efficient disposal of existing owned assets through IBM Asset Recovery Solutions. To put it another way, the IBM Asset Recovery Solutions infrastructure and network of logistical support for packaging and shipping gave Cummins the ability to fast track their worldwide deployment in what surely must be record time.

Assurances of corporate safety were also important. Disk drives were either destroyed with an industrial hammer or overwritten. As Vehling says, "The overwrite process eliminated the possibility that Cummins data would end up in a flea market someplace." Obsolete equipment to be scrapped was disposed of in a fully documented, environmentally responsible way, eliminating the need to develop such capabilities in-house or separately contract and supervise a network of disposal vendors.

Perhaps best of all, IBM Asset Recovery Solutions lived up to its name, recovering value for economically viable assets. This revenue helped fund Power Sweep.

IBM Asset Recovery Solutions

Vehling says there are four things he especially likes about IBM Asset Recovery Solutions:

Simplicity. With a standard revenue-sharing model or a fixed-price buyback model, Vehling had the ability to either share the profits (and risk) of selling existing assets on the secondary market or simply turn the assets over to IBM for a negotiated price.

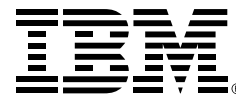
Flexibility. IBM Asset Recovery Solutions was able to offer disposition options that made the most sense locally. For example, Cummins used fixed-price buyback in the UK, while using revenue sharing in the US. Additionally, Cummins required some of the assets to be given to charities and schools as part of the disposal effort. This requirement was supported through the Power Sweep project.

Experience in world markets. Cummins locations are found all over the world—including places where there may not even be a secondary market. As a truly global entity, IBM Asset Recovery Solutions has knowledge of world markets and the ability to deal effectively with them.

Central management. IBM Asset Recovery Solutions handles the entire process, seamlessly integrating with other IBM organizations as necessary. This gave Vehling a true single point of contact for the Power Sweep project and greatly streamlined his job.

According to Vehling, “IBM Asset Recovery Solutions helped us realize huge savings” and will always be welcome in his shop.

This customer story is based on information provided by Cummins Inc., and illustrates how one organization uses IBM products and services. Many factors may have contributed to the results and benefits described; IBM does not guarantee comparable results elsewhere.



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