



heart of the south west  
**Growth Hub**



# BUSINESS GUIDE

## How to Cut Your Costs

Every business wants to cut costs. How can you harness technology to reduce expenses while still delivering the same - or better - quality to your customers, and empowering your team to do their best work?



## How to Cut Your Costs

Every business wants to cut costs. How can you harness technology to reduce expenses while still delivering the same - or better - quality to your customers, and empowering your team to do their best work?

### Key Activities

#### 1. Get free voice calls with VoIP

You're already paying for broadband, so why not use it to make telephone calls too? Voice over Internet protocol technology, better known as VoIP, employs your Internet connection to carry voice calls - and many businesses cut their telecoms costs significantly by using this technology, because calls are either free or much lower-cost than on a landline. The quality is significantly better than it used to be, you can access your VoIP phone number from anywhere that there's an Internet connection, and you can make your calls through a PC, a normal handset, or a mobile. Larger businesses can get virtual, VoIP-based switchboards too, and it's particularly good for internal communications, because calls to other VoIP numbers don't cost a penny.

#### 2. Pay only for the IT horsepower you need by using the cloud

If you run an in-house PC network and your own servers, the chances are high that you've paid for computing power which is sitting idle much of the time. Plus, there's the constant chore of maintaining, updating and troubleshooting equipment. But moving to cloud computing can substantially reduce the costs and the hassle. With the cloud you save money because you're billed only for the resources that you actually use, on a pay-as-you-go basis, and you can increase or decrease your requirement instantly. It's like having unlimited computer power, on tap, but only paying for it when you need it. Plus, the cloud provider handles all the routine tasks of managing the kit. And it doesn't stop with hardware - you can also eliminate the up-front cost of software licenses by subscribing to cloud-based applications, known as software as a service (SaaS). Remember, though, there's no need to move your whole business to the cloud in one go - try it for a few tasks and see what the savings are like.

#### 3. Exploit your IT investment to the maximum with virtualisation

Virtualisation is another way to save money by ensuring that IT resources aren't wasted. Many servers are vastly over-specified for the majority of duties that they perform, because they need to have enough computing muscle to cope with the toughest tasks. But they may only be performing those power-hungry jobs for 10% of the time or less...and for the other 90%, that capability is wasted. The solution is virtualisation, which allows one server to 'pretend' to be many servers, and perform all their work simultaneously, ensuring that its capabilities are fully exploited. Processing power, memory, disk space and so on are all shared among these multiple virtual servers. You save money with virtualisation because you need to buy far fewer physical servers - typically, one virtualised unit might replace ten to 20 standalone ones. You're also likely to save on software and networking infrastructure, and even electricity.



#### 4. Replace leased lines with cheaper virtual private networks

Just as VoIP replaces your telephone lines with a cheaper Internet link, a virtual private network (VPN) eliminates the hefty expense of leased lines and uses the Internet to connect multiple work sites. Those could be different offices, or simply your headquarters and your remote workers' homes. Savings become especially worthwhile with large numbers of connected locations. There are many different ways to implement a VPN, and the option you choose may well include VoIP and/or cloud computing as well as a data network.

#### 5. Reduce overheads by adopting remote working.

Advocates of flexible working are right to point to increased productivity and a happier team as its prime benefits. But there are significant cost savings to be made when staff work from home, too. Office space, and associated overheads such as utilities, are the most obvious areas for cost reductions. As a rule of thumb, you can remove one desk from your office space requirement for every three employees who work from home (assuming they will still come into the office occasionally and share desk space - hot-desking, as it's known). Utility costs will also fall, although you may need to subsidise some of your teleworkers' home bills such as telephone and electricity. Car parking is somewhere else to seek economies.

#### 6. Don't travel, use technology

It's not just home workers who can benefit from staying put and letting digital communication take the place of physical travel. You can use technologies such as videoconferencing to eliminate travel expenses for meetings, presentations, and training sessions, for example. As with so many cost reduction opportunities, it's the Internet that enables this - all you need is a fast broadband connection for every participant, conferencing software, and some basic video and audio hardware. Start small and don't bother investing in top-of-the-range cameras and microphones - they're really not necessary until you're conducting major conferences or high-value sales presentations online.

#### 7. Consider free alternatives to 'big brand name' software

Free software no longer means inferior software: thanks to the success of the open source movement, there are now thousands of applications available at no charge and of equal quality to, or even better than, paid-for packages. A variety of business models exist to make the task worthwhile for their developers, but for you the key thing is that they're free (though sometimes there's a charge for optional extras). Open source software is particularly common in specialised and technical fields - it hasn't replaced the likes of Word and Excel on everyone's desktop yet - but some well-known products are already widely used in business, for example the Linux operating system, MySQL database management system, Firefox Web browser, Apache Web server, and Drupal content management system. So a policy of always checking open source alternatives before committing to any software purchase is likely to pay off rapidly.

#### 8. Think digital

The paperless office may not be here for a long time, and sometimes there's still no substitute for face-to-face meetings. But more often than not, whether you're looking at your business's internal processes or external communications, there's a cost-effective (and probably more flexible) digital alternative. We've already considered options like VoIP, videoconferencing and remote working, but it doesn't stop there. For example, could you use social media instead of a customer support



hotline? What about trying open source wiki software to replace some of your meetings? Joining a few online forums instead of stalking the aisles at yet another trade show? Sending out email invites to a specially-designed Web page, rather than hundreds of company Christmas cards? Producing product manuals as e-books? While it's a dangerous mistake to limit yourself to what's totally free, you can cut unnecessary costs in countless ways by always considering digital alternatives, and save your budget for those real-world calls and trips that really matter.

## Summary

The latest broadband links and other digital technologies enable businesses to update many of the ways they work, increasing flexibility and saving money at the same time. Everything from telephone calls, to office space, to software licenses can be more cost-effective using tried and tested alternatives.

## The Heart of the South West Growth Hub Service



The Heart of the South West Growth Hub provides the key access point for business support in the Heart of the South West LEP area; Devon, Somerset, Plymouth and Torbay. We deliver independent diagnosis and referrals to existing business support services.





The Growth Hub service is the first point of contact for both new and established businesses seeking business support; the Growth Hub team is on hand to answer questions or make referrals to experts in specialist areas such as funding opportunities, tax advice, exporting or innovation.

The Growth Hub provides access to all local and national business support services and is offered completely free at point of access for all businesses seeking advice. The Growth Hub can help any business sector and any business size.

The Growth Hub is the Heart of the South West Local Enterprise Partnership's main mechanism of engaging with businesses across the area.

### Service Components



**Online Business Advisers** – our experienced team will talk through your business goals with you and put you in touch with the best support to help you achieve them

**Outreach Events** – we will be running events and workshops across the Heart of the South West LEP area where you can speak to our Online Business Advisers

**Website** – our web portal will provide access to information about all the business support currently available in your local area as well as links to national programs. You will also find full listings of local business support events.

**Information Provision** – our monthly e-newsletters provide updates on support services available to businesses such as advice, grants, funding, events and workshops and key business topics such as sales, marketing or public procurement opportunities.

**General enquiries** [info@heartofswgrowthhub.co.uk](mailto:info@heartofswgrowthhub.co.uk)

**Telephone** **03456 047 047**

**Website (interim)** [www.heartofswgrowthhub.co.uk](http://www.heartofswgrowthhub.co.uk)

**Sign up for e-news** [www.heartofswgrowthhub.co.uk/newsletter-subscription](http://www.heartofswgrowthhub.co.uk/newsletter-subscription)