

# Your Guide To Uncovering Pitfalls in Your IT Budget



**It is vital to your business to accurately forecast your annual IT spend. Consider the following:**

## **Cloud:**

- Migrating IT services to the cloud is not a simple flick of the switch
- Planning and understanding the costs of the migration and ongoing operations should be considered
- The costs do not go away when you move to the cloud – they just shift in your budget (generally CapEx to OpEx)

## **Sourcing Options:**

- Understand your sourcing options and employ them as appropriate (e.g., insourcing, outsourcing, multi-sourcing)
- Understand the 'true' costs to each option - each has its cost advantages and disadvantages
- Work with sourcing specialists to get the right blend/model for your business

## **Information Security:**

- Information security should be considered as a key component in your IT budget
- Information security has seen the single biggest increase in budget of any component over the last 3 years
- There are costs to neglecting Information Security that often impact the business well after a breach

## **Vendor Cost Management:**

- Understand contract implications to balance long-term costs with flexibility risks
- Understand the competitive players and their offerings – look at the same functionality to compare costs apples to apples
- Look at contract review cycles and set appropriate cadence to review

## **Budget Cycle:**

- Always evaluate your progress against the current budget
- Multiple year commitments should be considered when cost savings can be realized
- Split longer-term projects into more manageable phases or segments (e.g., milestone payments)





### Cutting Costs:

- Discretionary items are always negotiable (i.e., can be delayed or removed), but ensure impacts are understood
- Get the business to decide on the items cut to ensure the budget aligns with business priorities
- Sometimes costs from other departments can be shifted into the IT budget based on who is driving the initiative

### Current Trends

Researching current IT trends is helpful to understand what might also impact your businesses IT budget:

#### Technology reaching end-of-life is a strong influence on budgets

- Migration of technologies from on-premise to hybrid and full cloud offerings are more prevalent
- Subscription models for Software as a Service (SaaS) and Platform as a Service (PaaS) options are gaining traction
- Leveraging utility Infrastructure as a Service (IaaS) is becoming more accepted

#### Application standardization and cost control influencing Commercial of the Shelf (COTS) shift

- Initial costs for open source may be very attractive, but ongoing support costs (e.g., bug fixes, patch cycles) provide challenges
- In-house developed applications are becoming more expensive to support
- Support costs on in-house developed applications are often unpredictable and at times uncontrolled

#### BYOD

- Understand the risks to your budget and IT operations
- Unplanned BYOD can end up costing a lot more than traditional IT asset provision
- BYOD can have impacts to other cost areas (e.g., security, business productivity, IT support)