

eSubnet Fragment Article

The Cost of not Spending Enough on IT

For most business, in-house Information Communication Technology (ICT) is part of doing business. Since email became a critical means of communication, online banking emerged, and the World Wide Web a source for B2B and B2C commerce; Internet access and the resources required have moved into the realm of business utility.

Many business people see IT as an almost necessary evil. Computers and the staff to support them are just other things which put them closer to the red and therefore they seek to minimize the financial impact. How can "doing it cheap" effect an organization?

Loss of Productivity: Plain and simple, things break. Mechanical components such as hard drives and fans are usually the first to go. Placing all of your mission critical data on a single hard drive can lead to disaster. Hard drives are increasingly cheap and the hardware / software to mirror drive space is less expensive than replacing the drive and restoring from tape backup; and far cheaper than the cost of having to employ someone to type it all in again - not to mention the cost of downtime.

Loss of Creditability: "Can you please call back, our system is down" or worse; how many times have you called someplace and they are doing an 'upgrade' during regular business hours; they are down yet unwilling to admit it. How many times do you think customers will call back if this becomes typical?

Loss of Goodwill: Security breaches have become top of mind for all businesses who deal with personal information. The main targets for this kind of malicious activity are those companies who deal in Payment Card Information (PCI). Companies who suffer a security breach face many challenges in the form of rebuilding client trust, law suits, fines, and other penalties.

Loss of profit: See every item above.

Doing IT right

Information Technology departments should be treated like any other facet of the company. There must be business controls applied to IT.

Each company has the same goal, generate profit, though they each go about it in a different fashion. No definitive answer exists on how much is the right amount to spend, but there is a simple answer: just enough. Working out that value is the challenge.

At a basic level, the factors which will contribute to the decision making process are pretty simple. All of them are based upon what is acceptable.

Acceptable downtime: Uptime can be very costly, and the closer the uptime is to 100% the greater the costs; this is not a linear calculation. Most businesses already have down time as they are not a 24x7x365 operation. Proper planning, scheduling and monitoring can provide for maximum uptime during regular business hours.

Ensuring Confidence: Your credibility is everything. Your customers depend on you, and if they can not, they will go someplace else. This applies across the board to all products or services. Delivering the right information at the right time (be it availability, pricing, or support) ensures repeat business.

Ensuring Goodwill: No matter what your business, your customers trust you with a lot. They trust you with their ideas and with their secrets. They trust that you will work hard to keep entrusted sensitive information safe. This is more than just a firewall / password issue. This is company culture. This is teaching staff, all staff, that they have become the custodians of your customer's sensitive data and their trust.

Ensuring Profit: All of the ideas presented above have some sort of cost involved. This, like any other business activity, is a matter of cost over gain. Top down, the entire company must be on board for this and it is up to management to ensure the results.

Where to spend: Staffing is the most common area where organizations pinch pennies in IT spending. This avenue towards savings is the starting point for a downward spiral as it typically leads to two conditions, an undermanned and / or under trained department. Each condition brings with it problems of its own, as shown below.

Undermanned: A short staffed department puts undue hardship on people. Vacation days are hard to take for a dedicated staff member; they will not feel they are able to get away and leave the company short. Personal burnout is a distinct possibility, resulting in sloppy work, and thus downtime.

Under trained: No one can know everything. Generalists are not well positioned to understand and deploy company wide

solutions. And specialists are not necessarily well equipped in all areas and are generally too expensive for day-to-day trouble shooting.

Conclusion

One approach, is to create well defined projects for the specialists and bring them in on an as needed basis. This will show how often specific talents are needed, allowing the company to continually gauge where best to spend IT staffing dollars.

IT staff are often responsible for ensuring the productivity of every other employee. And as such, should be compensated and supported accordingly. The balance of the IT budget should be directed in alignment with the organization's goals and needs.

About the Author

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