

planetmaggie

7 Ways You Can Save On Your IT Costs Right Now

How Smart Companies Maximize Value and Control Risk
in the High-Stakes Game of IT

7 Ways You Can Save On Your IT Costs Right Now

Aim for Short-Term and Long-Term Savings when Reviewing IT Costs

Every business has costs. But no business can grow without one of those costs—Information Technology, or IT.

This doesn't mean IT has to burn a hole in your budget every month. In fact, you can find cost savings in IT if you know where to look. We'll talk about 7 such cost savings in this guide.

Why an IT Support Company Wants to Lower Your IT Costs

Yes, IT is our business, but we want you to save money on your IT!

IT is a means to do your best work and support your company's goals. However, if you overspend on IT, then that takes resources away from other equally-important parts of your business.

When it comes to IT, our best advice is this: **DON'T focus entirely on price.** It's the surest way to spend more money. **DO** make sure the money you spend is necessary, security conscious, and strategic.



7 Ways You Can Save On Your IT Costs Right Now

Here are the 7 ways to save on your IT costs right now.

Some of these tips give you immediate savings; some build long-term savings into your budgets. These work for all industries, and businesses of all sizes. Use one, two, or all of them!



Initiate Cloud Backups
for Critical Servers



Review Your Software
Licensing



Migrate off Legacy
Servers Before They Die



Review Your Internet
Contract Renewals



Hire for Quality over
Cost for Dev Work



Outsource IT Support
& Special Projects



Hire a Virtual CIO to
Guide Your IT

7 Ways You Can Save On Your IT Costs Right Now



IT Savings #1 Initiate Cloud Backups for Critical Servers

You might think, “Wait a minute...you're telling me to start paying for a new service? Isn't this a piece about saving money?”

It is. Cloud backups are a long-term savings strategy.

When you run a Cloud Backup of an important server's data, you've created an insurance policy against an upcoming cyberattack.

A cloud backup is a predictable monthly expense. Just like your business insurance payments. In the same vein, they safeguard you from a much higher expense.

When cyberattacks hit, they can destroy data, freeze networks, and even shut you down permanently. Recovering from one involves downtime for the entire company, sometimes for weeks, rebuilding computers and/or servers, and spending dozens of hours trying to restore data, which may or may not succeed.

Unless you have cloud backups, carefully managed, regularly tested, and ready to go. Then you can restore your data and get back to work.

Cloud Backups are the best IT insurance policy you can find!

When setting up Cloud Backups, include all mission-critical servers and key company workstations. That includes executive laptops. With laptop theft at an all-time high, you'll want to make sure you have their data “insured” as well.



IT Savings #2 Review Your Software Licensing

Are you paying for software licenses not everyone needs?

For example, you may have twenty employees saying they all need Adobe Pro, but only three actually need the Pro license. The rest just read and comment on PDFs, which means they can use the free Reader app with no trouble.

Same goes for Office 365 licensing levels. Does everyone need an E3 when half only use E1-level apps? No. Make a few quick checks and you can determine the correct licensing level for each team member and adjust your subscriptions accordingly.

Another “software saver” involves checking software versions. Does your team use the latest (or near-latest) versions of their essential software apps? The longer you sit on old software, the more likely you'll spend extra money dealing with crashes, security holes, and slow performance.

Finally, schedule a quarterly software review to make sure you're only paying for active employees.

Cancel any unused licenses or transfer them to new team members who don't have proper licensing yet. Either way, you save money on your licensing.

(Side Note: Adobe and Microsoft do regular licensing audits with their customers. They will require you to “true up” your licenses, if needed.)

7 Ways You Can Save On Your IT Costs Right Now



IT Savings #3 Migrate off Legacy Servers Before They Die

“End of Life” refers to the point where a server no longer has software support, and its hardware has become unreliable.

When your server approaches its End of Life, you have two options:

1. Buy and build a new server
2. Migrate that server’s data & functions to the cloud

To figure out which solution works best, talk to your IT consultant. In some cases, data privacy or large files and databases may require you to build a new server. Some data does not belong in the cloud! However, the cloud offers many secure, viable services that are appropriate for other server needs.

Moving from your legacy server to the cloud saves money in two ways:

- No costs to buy & develop a new physical server
- No server maintenance costs, beyond the cloud service's monthly fee

Don't sit on an old server or network hardware until you start running into issues. It can get expensive fast. On average, a server lasts 3-5 years, and network hardware lasts 5-6 years.

When did you buy your hardware? From there, estimate the rough “End of Life” point in the future. Then go 1 year back from that date, and mark your calendar to ask your IT consultant about migrating to the cloud.



IT Savings #4 Review Your Internet Contract Renewals

When does your Internet contract come up for renewal?

These days, every company needs Internet access. Prices continue to drop, as our bandwidth needs rise. Carefully managing these contracts can lead to big savings and a better performing network.

Some Internet Service Provider (ISP) contracts automatically renew at their term for another 1, 2, or 3 years. If your contract is set to auto-renew, you will be locked into the same rate (or higher) for another contract term, even though prices may have gone down for the same level of service.

Trying to break internet contracts is a losing battle. Instead, here's an easy way to save on these contracts. **Put a notice on your calendar six months prior to each contract’s renewal date, to renegotiate your ISP contract.**

This is when an IT Consultant can come in handy. A half day of an IT Consultant’s time can be invaluable in taking care of this process for you. They can estimate your current and future bandwidth needs, contact the major providers in your area for quotes, and use their relationships to get you the best rates.

Most ISP providers will work with you to retain your business. Either you work out a contract that saves you money, or you switch to a new provider at a better rate.

Either way, you can save thousands every year on an essential business expense.

7 Ways You Can Save On Your IT Costs Right Now



IT Savings #5 Hire for Quality over Cost for Dev Work

Never is the old adage, “you get what you pay for,” truer than when hiring cheap developers to build your company’s new app or website!

Developing new products and websites is hard enough. Even the best process faces delays and technical snags along the way to “Finished.”

The least expensive developers are found offshore. Being offshore adds layers to the project’s complexity. You could face:

- Team scheduling problems from time zone differences
- Errors due to language issues
- Revolving-door workers and missed deadlines
- Hidden costs popping up
- Poorly-built product that becomes a nightmare to maintain afterward
- Risk of IP theft

Not every offshore project will experience all of these issues, but all will experience some of them.

Finally, consider the revenue lost from your new website/app going to market late. If you planned to go live in April, but the developers can’t deliver until October, that’s six months of lost revenue growth you’ll never get back. Six months more of internal team expense. Your savings is quickly gone.

If you want a solid product, **pay market price to an American company with a solid track record.** Vet them by reviewing their past projects & talking to their customers.

We documented The Argument for Reshoring American IT in a White Paper here: planetmagpie.com/reshoreyourit



IT Savings #6 Outsource IT Support & Special Projects

If you could drop your IT labor costs by 30-50% in one move, wouldn't you do it?

Of course you would. This is how. Outsource IT support or special IT projects (i.e., software upgrades, network expansion, computer refreshes) to a local IT company.

Outsourcing your IT support comes with a lot of benefits. You get access to a consulting firm's entire brain trust from support techs up to senior IT consultants. Not to mention, their IT procurement staff who can get you better pricing on IT equipment.

There are generally two cost models for outsourcing your IT.

With **Hourly** IT contracts (aka T&M), you only pay for the time engineers and techs work on your support tickets and projects. This model requires results and closed tickets serve as a measure of success. Many Hourly models offer reduced rates for pre-paid hours.

With **Fixed Rate** contracts, you pay per computer/server on a monthly basis. This model has a predictable monthly expense, but can also exclude older hardware and evening/weekend support.

In our experience, the Hourly T&M model will get you the best customer service.

Look for an IT company that preaches “Proactive Maintenance.” Things like Windows updates, cloud backups, network monitoring, AV scans. These firms want to save you money.

7 Ways You Can Save On Your IT Costs Right Now



IT Savings #7 Hire a Virtual CIO to Guide Your IT

We said earlier that no business can grow without Information Technology costs. The decisions governing those costs usually land on the desk of a Chief Information Officer, or CIO.

Many companies don't "need" the full-time services (or the expense) of a CIO. After all, CIO salaries start at around \$300K/year.

However, since the wrong IT decision can trip up an entire company and cost thousands, having access to CIO-level insight makes a big difference!

How do you square that circle? Take advantage of CIO-level insight without hiring one? **Use a Virtual CIO.**

A Virtual CIO is an on-call expert who learns the inner workings of your company and consults on an hourly or project basis.

What can a Virtual CIO handle for you?

- Company IT & cybersecurity strategy
- Planned network/branch expansions
- Overseeing system upgrades/replacements
- Regulatory compliance, such as SOX or HIPAA
- IT budgeting and cross-department IT planning
- C-level advising on IT decisions and operations
- Business Continuity planning (more important than ever)

With a Virtual CIO bringing decades of experience to bear, you're more likely to make better IT decisions and position your company for success.

We documented The Case for the Virtual CIO in a White Paper here: planetmagpie.com/virtualcio

Start Saving on Your IT Costs Right Now

Want an outside firm to do a full review? Contact us to help. Our team can audit your company's IT and make sure your IT costs are both necessary and strategic.

info@planetmagpie.com
(817) 806-3520 (TX) or (510) 344-1200 (CA)

About PlanetMagpie

PlanetMagpie is your complete IT partner. An IT consulting firm and award-winning digital marketing agency in one. Operating in Silicon Valley and the Dallas-Fort Worth Metroplex, we provide the essential IT services your business needs to thrive.

Everything in this guide came from our own experience working with customers for 20 years. Find out why customers love working with us at planetmagpie.com.

