

# THE DANGERS THAT LIE BENEATH



What Your C-Level Execs Need to  
Understand About IT Spending

**PIVOT**  
TECHNOLOGY SERVICES



# INTRODUCTION

On the surface, your IT environment may appear tame to non-technical on-lookers. But where they see servers that hum with life, you see unplanned connectivity issues lurking in the depths of your datacenter.

With your trained eyes, you spot increased downtime, potential holes in security structures, siloed systems, redundant application purchases, and other concerns that need to be addressed to keep business operations afloat and IT efficiency and budgets from sinking.

Sometimes translating the greater impact of these inefficiencies can be a challenge – especially when attempting to build cases that resonate with decision-makers. In this eBook, we help IT leaders clarify the true cost of technology stagnation. We translate your IT inefficiencies and needs into bottom-line costs.

Let the numbers tell your executive teams a different story that is bound to create waves that ripple all the way to your IT budget.

Jump in and discover the costs that lurk beneath the surface of your IT infrastructure.



# Chapter 1: DOWNTIME COSTS



One of the greatest threats to business is a silent killer: downtime. Although an occasional outage may seem insignificant, it can be a heavy weight that drags down team productivity and business profitability. Execs may see several blackouts that last a few minutes each week, but an IT head sees a collective loss that is more expensive and serious than what appears on the surface.

A study performed by Avaya found that 80% of organizations lose revenue due to a network outage. The typical cost of one outage totals around \$140,000 in losses.<sup>1</sup>

Outages are also more prevalent with aging infrastructures and legacy servers. On average, equipment failure rates spike up to 18% when hardware ages more than 3 years beyond its replacement lifecycle.<sup>2</sup>

Although lost workforce productivity and unplanned equipment replacement are two reasons to avoid downtime, they aren't the only ones. A CA Technologies study revealed that half of the 200 companies surveyed stated that IT outages damaged their reputations.<sup>3</sup> Between reduced workforce productivity and lost business, downtime carries more weight than many companies realize.

The lesson here: Downtime can take a giant bite out of your organization's profitability.

1. <http://www.avaya.com/usa/about-avaya/newsroom/news-releases/2014/pr-140305/>

2. <http://www.partnerinfo.lenovo.com/partners/weref/resources/downloads/checklist-10-reasons-why-windows-server-2012-upgrades-are-critical.pdf>

3. <http://www.ca.com/us/news/press-releases/na/2011/ca-technologies-survey-reveals-it-systems-failures-cost-businesses-127-million-lost-person.aspx>

An underwater scene looking up at the dark hull of a ship. Several sharks are swimming in the blue water, surrounded by many smaller fish. The scene is dimly lit, with light filtering down from the surface.

## Chapter 2:

# SHADOW IT BUDGETS

Lurking in the shadows of your IT spending are applications and programs that have been purchased to fulfill specific department needs – from finance to sales and beyond. Business heads may see a simple solution to a departmental need and a happy department that gets their own solution. An IT Director, however, sees budget-sucking costs, increased security threats, and more management strain.


This is because a varied patchwork of additional application purchasing often leads to a hodge-podge of separate technologies that – together – can easily corrode IT budgets and lead to more security issues through an increase in endpoint exposures.

In a PwC survey of IT personnel, 50% of managers stated that half of their budgets were wasted on the management of Shadow IT.<sup>4</sup> Overall, Shadow IT leads to siloed operations, security concerns, and dysfunction throughout a company.

To combat these high costs and inefficiencies, businesses should look to company-wide solutions and services that can fulfill everyone's needs. Not only will these solutions and services strengthen collaboration throughout all departments, they will also prevent IT budgets from being caught in the undertow of buying and managing too many applications.

4. <http://it-tna.com/2013/08/25/coming-out-of-the-it-shadow-is-it-a-threat-a-cure-or-both/>





## Chapter 3:

# SECURITY CONCERNS

Cyber threats are like a feeding frenzy of sharks. They relentlessly circle your network looking for vulnerabilities to attack. Even one weak endpoint will act as a beacon to malicious evil-doers.

The number of cyber-attacks is growing. In 2014, the hacks on Home Depot, J.P. Morgan, and Gmail compromised the identities of 282,000,000 people.<sup>5</sup> Today, businesses of all sizes are being targeted. No organization is safe, and many businesses know it.

In their 2014 Strategic Security Survey, InformationWeek polled 536 IT specialists regarding cyber threats. 56% responded that cyber-criminals posed the greatest threat to their business.<sup>6</sup> From malware to phishing attacks, companies need to prepare for the worst because losing data comes at a great cost.

A 2014 study performed by the Ponemon Institute found that companies lose an average of \$145 for every record that is lost or stolen.<sup>7</sup> The cost of suffering a major data loss is staggering.

Where high-level executives optimistically see a data center that is locked behind closed doors, IT Directors see virtual vulnerabilities that could cripple their businesses.

5. <http://www.informationisbeautiful.net/visualizations/worlds-biggest-data-breaches-hacks/>

6. <http://reports.informationweek.com/abstract/21/12509/Security/Research:-2014-Strategic-Security-Survey.html>

7. [http://www-935.ibm.com/services/multimedia/SEL03027USEN\\_Poneman\\_2014\\_Cost\\_of\\_Data\\_Breach\\_Study.pdf](http://www-935.ibm.com/services/multimedia/SEL03027USEN_Poneman_2014_Cost_of_Data_Breach_Study.pdf)

# CONCLUSION

Don't let inefficiencies sink your IT budgets. Instead, elevate the conversation of your tech needs and speak to concerns that easily catch the attention of decision makers.

Get your decision makers on board and get your IT costs and operations back to sea level.



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