



ACHIEVING COST PREDICTABILITY IN ENTERPRISE IT OPERATIONS



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Is your enterprise IT budget nearly always in a state of expansion? Are you getting flak about cost control from business leaders — who also note that your organization doesn't always realize a strong return on those investments?

Or, perhaps worse: Are you just unable to meet your organization's long-term strategic IT needs because your resources are barely enough to keep your network running?

This situation, unfortunately, is common for IT leaders, who face real challenges when it comes to achieving cost predictability in IT operations, and in striking a good balance between IT spend and value delivered.

Is there a remedy? Yes, but IT leaders must first understand the sources of their difficulties. Many trends are contributing to unplanned growth in IT expenses, and learning where the problems lie should make it easier for leaders to take the right steps to address them.

In this eBook, we'll explore those trends and explain what you can do about them. You'll discover the value of pro-active, rather than re-active, administration to guide everyday infrastructure management; how to secure appropriate expertise to drive critical projects forward on time and on budget; why it's vital to optimize processes so that every strategic initiative is well-documented and can be supported in the future; and more.

Read on to learn how to finally achieve the level of cost predictability and containment that you have long sought.

WHAT'S UNDERMINING YOUR BUDGET?

There are many issues besetting IT leaders as they try to keep costs within expectations. Here are some of the most common:

- 1. The accelerating pace of change.** Technology has always moved fast, of course, but in the past, IT departments could adapt to new trends in stages, building up their resources as they went. Today, new technologies catch fire much more quickly. The hybrid cloud, for example, took off in response to business' immediate needs for more processing power for big data analytics and greater flexibility to support dynamic workloads. Budget plans can be easily upset when IT no longer has an extended timeframe to accommodate the latest technology requirements, whether it's cloud-based VDI or the Internet of Things. Instead, the department often finds itself in the position of having to implement new initiatives at light speed, with little time to incrementally build up the talent and resources necessary to move forward without overspending.
- 2. Unplanned delays in project starts.** Many enterprises built their infrastructure foundation back in the client-server days, and most of the staff responsible for its construction are long gone — as is the institutional knowledge of the intricacies of all the pieces and how they work together. When in-house knowledge has left the building, leaving behind little or no documentation of its work, IT departments spend more time and money than had been allotted for project starts, as staff try to unravel network and server designs and connections while juggling daily operational duties.
- 3. Compromised attempts to use old infrastructure for a new age of computing.** A lack of infrastructure documentation, combined with a lack of appropriate planning, often results in networking, performance, or other problems when today's IT staff tries to overlay new policies, tools, or software systems atop legacy infrastructure that's 10 years old or older. Or connect that legacy system to the cloud. Or otherwise significantly re-jigger operations. Trying to resolve such issues after the fact can lead to unexpected costs.
- 4. Failed implementations of new technology.** Every day, companies embrace huge enterprise system rollouts that don't perform as expected. The reasons are varied: Perhaps no one explored the existing IT foundation to identify potential issues or followed best practices to address them, such as implementing system upgrades in storage or networking capacity in advance, for example. Perhaps the implementation was poorly planned, or the organization fell victim to "shiny new object" syndrome, adopting whatever new technology comes along simply because it's new, without clarifying a business case or identifying the problem the technology is meant to solve.

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5. An increase in shadow IT. It's no secret that business leaders are more comfortable than ever in contracting for their own IaaS or SaaS solutions. It's not necessarily a bad thing that they do so. But it can be very bad, and expensive, if they don't make IT aware of their efforts upfront — assuming that the department will support the requirements to continue using the system going forward. CIOs may wind up with these unforeseen applications assigned to their budgets, and also have to swallow additional unplanned costs if they discover the solutions were not appropriately licensed or secured. Yet this phenomenon is another symptom of the communication breakdowns that are so common between IT departments and other parts of many organizations. When IT leaders struggle to speak the language of business, business leaders are more likely to act unilaterally.

TECH DEPARTMENTS BEDEVILED BY ROI DISSATISFACTION

As the size of the IT investment rises, so, too, does the challenge of achieving return on that investment in the eyes of business leaders.

One issue plaguing ROI perception and cost predictability: Investments are often made in system monitoring and network management tools to keep IT apprised of what goes on in the infrastructure. Yet often neglected is ensuring that the budget accounts for the cost of the labor that is needed to keep those tools up to date.

With IT staff already maxed out in many organizations, the tools aren't always updated to monitor new software or devices that come onto the network. Therefore, changes to these software and systems may go unaccounted for until an external vendor audit reveals that more software is being used than has been licensed, or until something happens that can introduce problems into the network and the applications that run across it. Not only can such events represent another ROI failure to the business, but the subsequent investigations into how the issues occurred and appointment of staff to support these tools in the future are an additional unexpected hit to the IT pocketbook.



HOW MANY CLOUD SERVICES DO YOU USE?

51

Number of cloud services IT departments estimate their companies use.

730

Number of cloud services actually being used.

SOURCE: Trend data garnered from *Cisco Cloud Consumption Service* engagements with large enterprise customers from January 2013 to July 2015.

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Achieving Cost Predictability in Enterprise IT Operations

Then there is the all-too common practice of adding complex and expensive enterprise IT, without planning, to a network that can't handle it. Imagine, for example, the IT department expounding the virtues of grand new software intended to, say, improve customer management, and business executives eagerly funding the effort — only for IT to discover *after the deployment* that the data pipes servicing some of the company's locations aren't fast enough to actually allow users to run it.

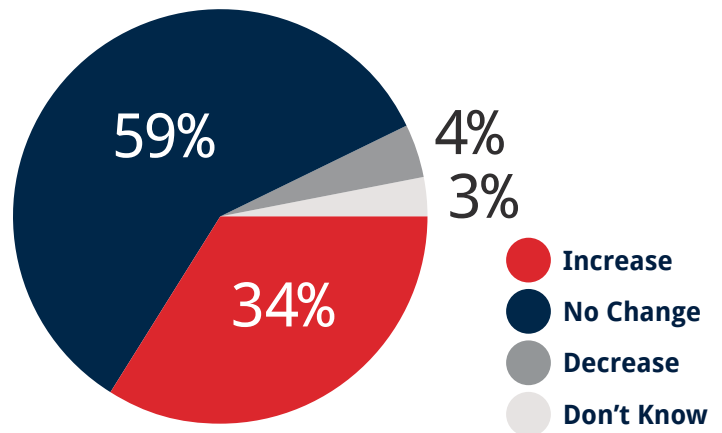
Unfortunately scenarios like this are routine because IT departments, busy maintaining operations, often don't have the bandwidth to perform the kind of pre-installation legwork that's crucial to ensure enterprise software delivers promised value. And when such circumstances arise, IT budgets are upended — and leaders' credibility is damaged.

How IT talent is spread throughout the organization also affects cost predictability. Cuts made during the economic downturn of 2009 left some organizations with significantly decreased operational staff. That led to greater difficulties staying abreast of responsibilities for the infrastructure's maintenance and repair cycle. At the same time, some businesses saw their most skilled network engineers, architects, and other infrastructure specialists leave for jobs with higher salaries, better perks, and greater perceived security when the chance came their way.

How IT talent is spread throughout the organization also affects cost predictability.

Unfortunately, most companies don't expect their IT staffing to expand anytime soon.

OVERALL EXPECTED CHANGE IN IT STAFF FOR 2016



Meanwhile, as senior technology staff move into project management positions, their core technology skills erode. For example, the expertise that a senior IT staff member may have had with wireless LAN technologies a couple of years ago would likely be insufficient to handle a big project that would be commonplace today, such as setting up, securing, and managing a new wireless-only branch office.

The result? Many enterprises have to turn to third-party consultants for the technology planning and work involved in their strategic network-dependent initiatives, such as fully embracing wireless, hybrid cloud computing, unified communications, or the Internet of Things. Depending on whom they source to, though, they may incur project expenses well beyond what such efforts would have cost if undertaken in-house — and well beyond what their original budgets call for.



At the same time, when complex network and system problems arise that are beyond the expertise of internal technology staff, IT leaders may have to call upon third parties to solve the issue. Some outsourcers may charge a premium for such emergency support, so, once again, IT cost predictability may suffer.

Is it possible to change the equation around unpredictable costs, unrealized ROI, and dissatisfied users? Yes

Cost predictability suffers, too, when IT leaders can't integrate their IT administrative silos. Assimilating networking, server, storage, and other personnel so that they work together as a single team should improve the IT organization's ability to meet service-level requirements, and more effectively address problems. Failing that, organizations wind up with teams that don't talk to each other — and sometimes even work against each other by making changes to their own piece of the infrastructure, unaware of how they're affecting another group's systems. Trying to untangle these problems can introduce additional unexpected expense to IT budgets, perhaps small individually but costly when added together.

THE WAY FORWARD

Is it possible to change the equation around unpredictable costs, unrealized ROI, and dissatisfied users? Yes, but finding the right partner can be a critical component to getting there.

A managed services provider — one that includes network engineering expertise as a key part of its portfolio — can be that partner, bringing the expertise to both craft strategic plans for infrastructure and to intensively monitor and manage it. It can help businesses achieve cost predictability by performing management and monitoring services for a defined fee, but also by ensuring that strategic IT efforts are entered into with a full understanding of where their infrastructure is and an equally informed understanding of where it is headed.

In that way, infrastructure operations are proactively updated to head off the unexpected costs that can accompany problems, and critical projects will be planned to proceed on time and on budget. Providing this laser focus on design and development streamlines deployment, which keeps costs in line and also paves the path to providing the business with clear ROI.

To that end, IT leaders should question how service providers under consideration fare on issues such as:

- 1. Industry certifications.** A managed service provider's commitment to keeping its consultants' skills up to date may be measured, at least in part, by the certifications its staff possesses. Industry certifications speak to the extent of staffers' expertise with network installation, operations, troubleshooting, design, and architecture, as well as technologies such as cloud computing and unified communications.
- 2. Industry partnerships.** To whom does a managed service provider turn to assist it with technology projects? How well-equipped are these partners for the job? When it comes to cloud-related initiatives in regulated industries such as government and healthcare, for example, how do those partners demonstrate that they can be trusted to help map out what data is appropriate to include in such environments to avoid costly risks and to provide security in a cost-effective way? Do those partners themselves offer appropriate certifications, like FEDRAMP, to provide such assurance?



3. Client relationships. How deep a relationship does the provider forge with its customers? Are consultants trained to work across the various infrastructure silos to bring together a business' in-house IT personnel so that they can collaborate on addressing issues relevant to business drivers and challenges? Are they taught to step a customer through projects such as building a storage system or network, ensuring that the client understands and approves the effort as a high-level design before proceeding further? When crafting a design, do consultants pay careful attention to every detail, right down to noting information about part numbers, configurations, and maintenance packs?

4. Knowledge transfer assurance. A services provider offering network development and lifecycle expertise should never leave a project engagement without ensuring that the customer is equipped to effectively support the system going forward. That starts with completely assessing and fully documenting its customers' network environments. Clear and thorough documentation of what was done, when, and why, including detailed designs, are crucial elements of effective knowledge transfer. It is only with that information in hand that customers are able to understand all the components of their infrastructure and how the pieces interact with each other, so that their own IT departments won't waste time and dollars trying to figure this all out again for future project starts.

5. Ongoing technology operations management. Is a managed services provider as adept at helping businesses stay on top of an evolving IT infrastructure as it is at designing and implementing big-picture initiatives? If businesses require such ongoing operations and optimization services, IT leaders should inquire about whether the provider features capabilities such as 24/7, proactive network and infrastructure monitoring to smooth regular administration duties and decrease firefighting. Contracting for these capabilities at a fixed fee provides IT leaders with the upfront knowledge they need to appropriately budget IT support costs.

Many IT leaders have spent far too long struggling to keep budgets in order while also attempting to deliver effective management services and drive strategic efforts, only to find themselves facing unexpected expenses and being unable to deliver expected ROI. The situation can change for the better, though, with the help of a trusted partner.

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