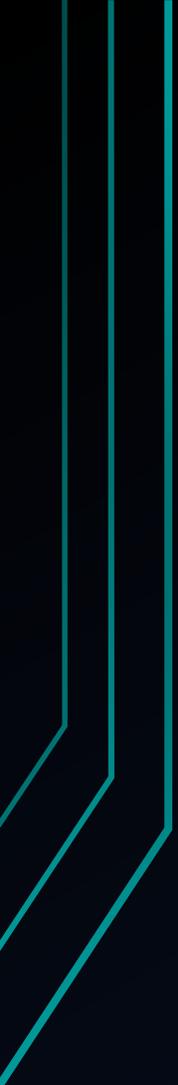# IT on a Shoestring
HOW NONPROFITS CAN MAXIMIZE IT PLANNING

John Hornbuckle, Florida State University College of Business
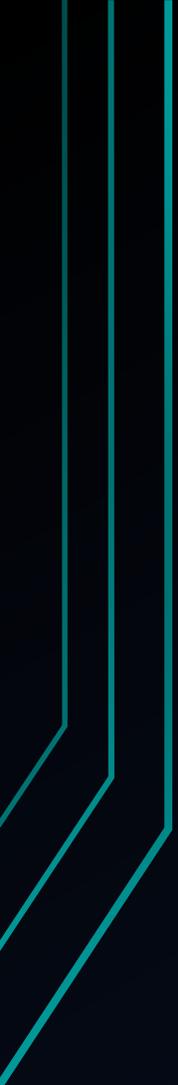
Keith Casebonne, Disability Rights Florida
Geri Forbes, Doctors' Memorial Hospital
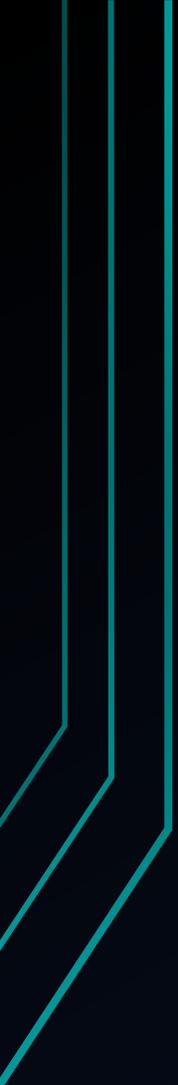**Travis Gordon**, Early Learning Coalition of the Big Bend
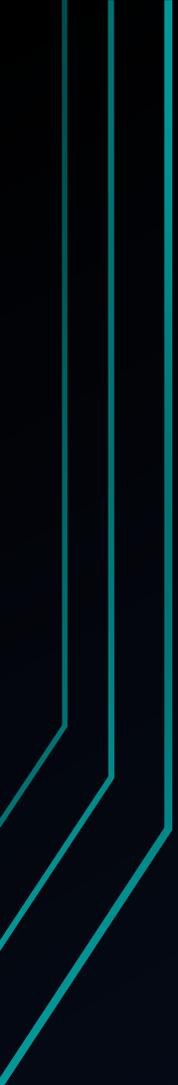
Session Format

Is IT on a Shoestring Possible?

Cost Containment and Budget Simplifying

- Large but mostly small and sort of random ways to reduce IT-related costs

- Shifting IT costs from CapEx to OpEx

- Individual stories

IT on a Shoestring

Cost Containment

Outsourcing IT Services

Outsourcing IT Services – Why?

- Reduced costs due to economies of scale

- Access to specialized expertise

- Access to larger pools of labor

- Access to robust datacenters

Outsourcing IT Services – When?

- Routinized work

- Acceptable risk to data security/privacy, intellectual property, or proprietary information

- Not idiosyncratic, uncertain, or overly critical/strategic

Outsourcing IT Services – When?

- Hidden costs don't exceed savings by an unacceptable margin*
  - Vendor search and contracting (3%)
  - Transition to the vendor (paying both internal and vendor, disruptions, slow service at start of outsourcing)
  - Managing the contract (8%)
  - Transitioning back in-house or to another vendor when the contract ends

Outsourcing IT Services – Common Examples

- Servers
  - E-mail
    - Gmail
    - Office 365
  - Web
    - HostGator
  - File
    - Amazon Web Services
- Network management
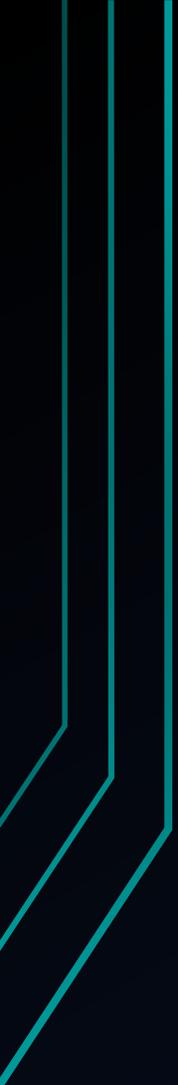
A Random Collection of IT Cost Containment Measures

Cost Containment

- Use enterprise-grade equipment, and standardize hardware/software

- If buying equipment rather than leasing, purchase a warranty that covers the lifecycle of the equipment

- Secure machines to minimize unintentional damage users can cause

- Secure infrastructure to minimize intentional damage

- Automate as much as possible

Cost Containment

- Watch printing costs
  - Print only what's necessary
  - Don't print in color unless necessary
  - Print duplex
  - Print draft mode
  - Purchase high-yield toner
  - Look at print costs per page, not total ink cost
- Use IT to reduce travel

Cost Containment

- Use free services when possible
  - YouTube
  - Skype
  - Eventbrite
  - TeamworkPM
  - Google Apps
  - Microsoft Office 365
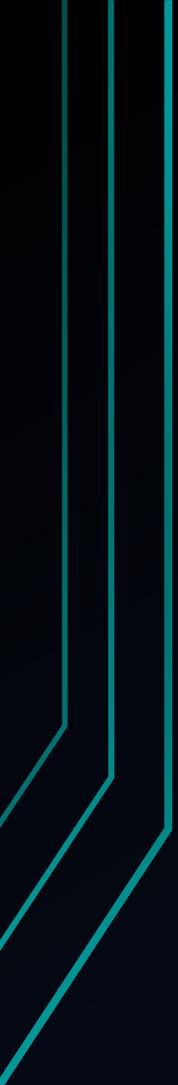
Budget Simplifying
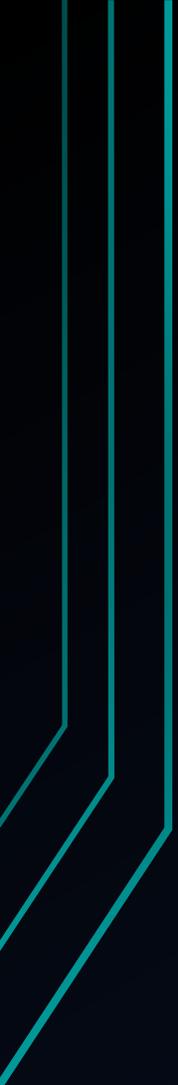
# Lifecycle Management

Lifecycle Management – What?

- Replacement of IT equipment on a regular schedule

- Equipment includes:
  - Desktop computers
  - Laptop computers
  - Servers
  - Network infrastructure

Lifecycle Management – Why?

- Ensures that IT remains reasonably up-to-date
  - Performance
  - Security (e.g., Windows XP)
  - Supported by vendors
- Simplifies budgeting by distributing costs more evenly

Lifecycle Management – How?

- Initially purchase higher-end models

- Desktops and servers - five years
  - Budget for 20% annually

- Laptops – three years
  - Budget for 33% annually

- Can replace six months before or after end-of-life, but won't have warranty coverage (not appropriate for servers)

- May start by replacing newer computers while cycle is developed
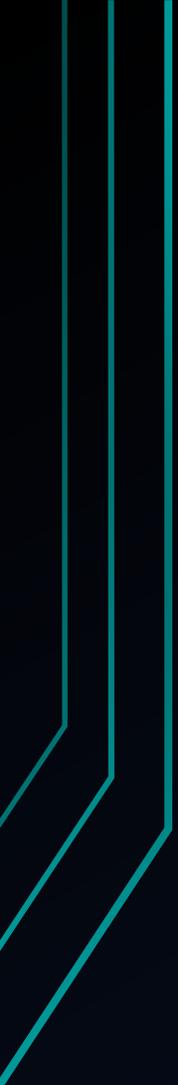
Shifting IT Costs from CapEx to OpEx

Shifting IT Costs from CapEx to OpEx – How?

- Outsource services that require a significant IT infrastructure
- Lease equipment rather than buy

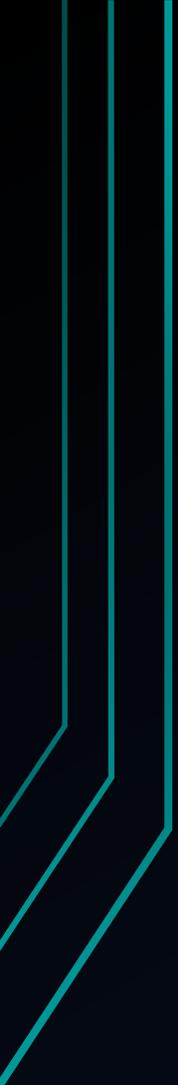# Shifting IT Costs from CapEx to OpEx – Why?

- Eases budgeting
  - Budgets are more level year to year
  - Doesn't require long-term predictions of IT needs
  - Typically results in fewer unexpected expenses
- Frees capital for more strategic investments
- Pay only for the capacity currently needed – no more, no less
- Avoid being stuck with outdated technology
- Shifts IT risks to vendor
- Depreciation is a pain

IT on a Shoestring – Budget Simplifying
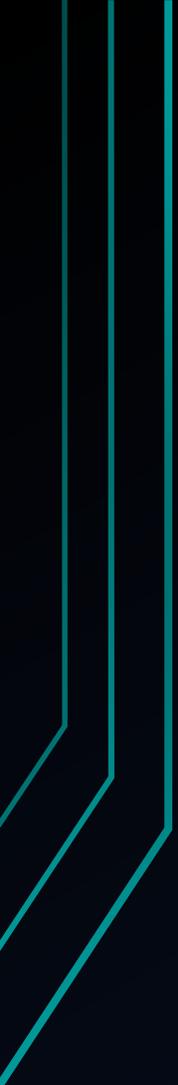
Caution:
Don't view IT solely as an expense!
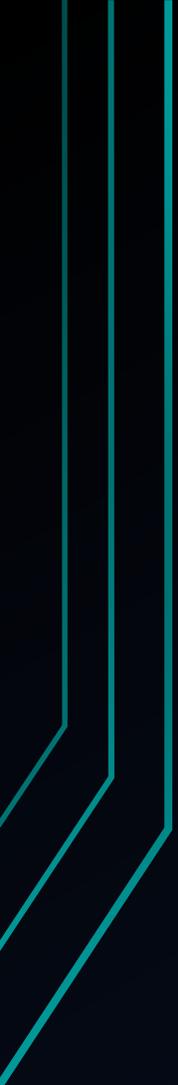
Roundtable Discussion

Questions?