

By Debra Littlejohn Shinder, MVP (Enterprise Security)

Back in the golden days of IT, when companies had plenty of money to throw around, it didn't matter so much if there was a little wastage here and there. Today, however, budgets are tight and there aren't many dollars to spare. That means IT departments need to take a good, hard look at where the money is going and where cuts can be made -- before someone higher up does it for you. In this article, we look at 10 ways you might be letting precious dollars slip right through your fingers. Some of these may seem to be just common sense, but there are organizations out there right now that are wasting money in all these ways.

1 Wasting energy

Despite some reduction in power costs over the last year, rates appear to be headed back up. The electric bill is still a large expense for most companies -- and the IT department is a big user of energy. You can save more money than you might suspect by adopting some energy-saving policies. Sure, most of the servers need to be accessible all the time. But IT personnel are often careless about leaving workstations running when they aren't doing anything and won't be accessed remotely or substituting the use of a screensaver for turning off the monitor (you should do both). With the power settings available in modern operating systems, there's really no excuse for it, but some IT pros turn off power-saving features in favor of higher performance.

How about the practice of leaving lights on in offices and server rooms when no one is there? Most people don't think about the cost, but it can add up. Using more energy-efficient lighting and buying Energy Star rated equipment can also save big bucks over the long run.

2 Spending too much on mobile technology

Mobile phones and devices are "fun toys" for IT pros, but company-provided equipment and plans may be costing more than necessary. A recent survey showed that only one out of four employees uses 75% or more of the voice minutes that their companies are paying for and almost half (48%) have services on the plan that they never use at all. As [this article explains](#), many companies don't have viable policies regarding mobile device use.

3 Not allowing employees to work from home

Company managers sometimes fail to recognize the significant cost benefits -- to both employer and employee -- of allowing employees to telecommute all or part of the time. One reason they oppose such an arrangement is that they won't have as much control over workers who aren't on site. IT departments sometimes support this position for fear that remote workers will present a security threat. However, with modern technologies such as NAP/NAC and DirectAccess, you can ensure that remote systems connecting to the company LAN are properly configured and protected and that the connections are secure.

Allowing more employees to work from home enables the company to save money on office/parking space and heating/air conditioning. Employees save money on clothes, lunches, and transportation. They also often enjoy work more, so they end up putting in extra hours that raise productivity and benefit the company. Many IT-related jobs, such as those of in-house developers and Web designers, can be done from home.

4 Using consultants when the job could be done by staff

It's a common scenario: Employees have been telling management for months or years that changes need to be made, but they've been ignored. Then the company hires a consultant, who charges tens or even hundreds of thousands of dollars to do a "study" and arrives at the same conclusion, providing the same advice staff members were trying to give away free.

If you have people on staff who have expertise in a particular area and have the time to do a job, it's generally more cost effective to allow them to do it than to bring in an outsider who has to spend many (billable) hours getting up to speed on how your company operates and what its specific needs are.

If you do find that you need to bring in a consultant, check credentials and references carefully. There are many good, hard-working IT consultants. The field is also a great target for rip-off artists who talk over your head about specialized technologies and try to push the latest and greatest on you -- whether you need it or not -- or attempt to sell you on specific products that you may not really need.

5 Hiring full-time employees when contractors would be more cost effective

The flip side of the previous item involves being afraid to use consultants or contractors when it's appropriate. Hiring full-time employees to handle a workload that's likely to be temporary leaves you with idle workers who end up costing you money because there's not enough for them to do to warrant their salaries -- or forcing you to go through the pains (to those employees as well as to the company) of layoffs. In these situations, when you don't have the current manpower or expertise on staff to get the job done, it's often more cost effective to hire independent contractors. Not only can you limit the duration of the commitment, but you don't generally have to pay for fringe benefits, such as insurance and vacation/sick time. You also don't have the administrative overhead of withholding taxes and filing the paperwork that's associated with regular employees.

6 Unnecessary upgrades

There are good reasons to upgrade your software and/or hardware. When new operating systems or applications provide functionality that your users need or that can help them get their jobs done more easily or more rapidly, it makes sense to upgrade. When existing hardware won't run those programs you need, it may be necessary to buy new computers.

However, some companies follow a set upgrade schedule whereby they replace old systems every X number of years. Or they migrate to the new operating system or major application version X number of months after it's released, or as soon as service pack 1 comes out, or in response to some other arbitrary trigger -- much like the old timer who "takes a bath every Saturday night, whether he needs one or not."

It makes more sense to carefully evaluate how the systems and software are being used and whether there's a real need to upgrade. You can save the cost of new licenses and administrative overhead costs -- and often, make users happier and avoid deployment headaches -- by sticking with what you have now if it's still working fine for your company's purposes.

This applies to servers, too. It's nice to have the latest and greatest running on the most powerful machines, but will it make a real difference in terms of productivity, security, and other important factors or do you just want it so you'll have a new toy to play with?

7 Failing to upgrade old, inefficient equipment

On the other hand, some companies are going overboard when it comes to squeezing every last drop of use out of their current systems. If the computers are getting so old that they regularly break down and require repairs, if your servers go down so often that users of the network can't get their work done or customers can't access your site, if you're putting sensitive data at risk because you're depending on old software that's full of vulnerabilities, if the hardware costs considerably more to operate than more modern machines because it's so energy inefficient, it may be time to think about investing some capital to lower operating costs and save money over the long run.

Remember that neither software nor hardware upgrades have to be an "all or nothing" proposition. Some departments or individuals may need to be upgraded while others can get along for a while longer with what they have. And when you're considering a major upgrade, such as a new OS, it's often smart to roll it out with a pilot group first so you can work out any unanticipated problems before deploying across the entire organization.

8 Overspending on hardware

While buying new hardware can save you money, too much of a good thing can waste it. Some companies are still not utilizing virtualization to the extent that they could to reduce both capital and operating expenditures. Instead of buying multiple mid-priced servers to run Web services, mail services, collaboration and communications services, etc., you may be able to save substantially by purchasing one or two more powerful machines and consolidating servers with virtualization technologies. Not only is the total capital outlay often less, but you reduce the cost of extended warranties and maintenance contracts since they apply to fewer machines, and operating costs are often lower because the total power usage is less.

Another way some companies waste money is by purchasing equipment for a project that requires very intensive computing resources -- but only for a limited time. When the project is over, you're stuck with the expensive equipment. An alternative is to use services such as Amazon's Elastic Compute Cloud (EC2) and similar cloud-based services that allow you to purchase capacity that can quickly scale up or down to fit your needs. Then, at any given time, you're paying only for the resources you actually use.

9 Not using the training budget effectively

Technology is always changing and it's important for IT personnel to stay current, but some departments waste money on training that could be done as effectively for much less. Do employees really need to travel to a distant site for training or can it be done on-site less expensively? Perhaps instead of sending several employees, one can attend and then come back and share what he/she learned with the others. Or the same training may be available on DVD or through live online instruction at a fraction of the cost.

Is the department paying for certifications that may not be necessary? Certification provides assurance of a certain level of knowledge and in some cases, having certified employees on staff enhances the company's reputation or allows it to participate in vendor partner programs. But some IT professionals collect multiple certifications -- at company expense -- that may not benefit the company at all (although they may benefit the employee in looking for a new job).

Ongoing training is important, and having well-trained personnel can save a company money in the long run. But when budgets are tight, it's also important to get the most for every training dollar and cut out the waste.

10 Wasting money on travel expenses

Training isn't the only reason employees travel on the company dime. Members of the IT department may be called upon to attend meetings at company headquarters or give presentations at another branch office or go to a different location to help set up equipment or troubleshoot software problems. In a tight economy, it's smart to examine whether these things can be done via online meetings or through remote control software.

Sometimes, though, travel can't be avoided. In those cases, you can still save money by staying in more reasonably priced hotels, putting a cap on meals reimbursements or instituting a per diem, and even taking shuttles instead of cabs for small savings that add up.

When traveling only a few hundred miles, consider driving instead of flying. Given the hassle factor at airports today, it may not take much longer and can be a more pleasant experience, and the savings really accrue when two or more people travel together by car instead of plane.

Additional resources

- TechRepublic's [Downloads RSS Feed](#) **XML**
- Sign up for the [Downloads at TechRepublic](#) newsletter
- Sign up for our [IT Leadership Newsletter](#)
- Check out all of TechRepublic's [free newsletters](#)
- [10 ways to trim your IT budget](#)
- [Cutting costs in IT the creative way](#)
- [10 ways SMBs can cut costs \(relatively painlessly\) in a slow economy](#)

Version history

Version: 1.0

Published: June 9, 2009

Tell us what you think

TechRepublic downloads are designed to help you get your job done as painlessly and effectively as possible. Because we're continually looking for ways to improve the usefulness of these tools, we need your feedback. Please take a minute to [drop us a line](#) and tell us how well this download worked for you and offer your suggestions for improvement.

Thanks!

—The TechRepublic Content Team