



Navigating the Complexity of Data Infrastructure Cost Analysis

An Executive Brief

This Executive Brief provides an overview on how outsourcing the cost analysis of your organization's IT infrastructure and data services can benefit your ever expanding role as a financial executive.



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As companies continue to emerge through a tentative economic recovery, new areas for controlling costs while managing revenue growth must be considered by financial executives to fund corporate innovations. As one of your organization's financial community liaisons, there is a continual need for you to create shareholder value, while demonstrating trust and integrity in your company's operations and numbers.

No area of a company straddles the worlds of operations and numbers like your IT/Data infrastructure. Digital technology is the lifeblood of all company processes, transactions, efficiencies and information; while having the potential to become outdated and costly almost overnight due to technological improvements. Several of the issues you currently face as your company's strategic financial leader spotlight the need to more thoroughly examine this component of your operations.

Complexity

Of the total financial executives surveyed, complexity was determined to be the most significant challenge they face. Internal growth is an organizational dynamic that contributes to this complexity. Some of the most common issues created by growth as a percentage of those surveyed were: dealing with legacy systems and environments (55%), managing new and complex business risks (46%) and supporting increasingly complex operating models (28%).

The FINANCIAL EXECUTIVE's Evolving Role



Accenture Consulting studies over the past 5 years involving finance executives have shown that the role of the financial executive continues to transform into that of "an architect of business value". Key areas of responsibility have emerged as critical to this role:

- 75% of financial executives say that their role in supporting **strategic decisions** has increased in the past two years.
- 43% state that of these strategic activities, **assessing technology investments** is a leading role.
- **Complexity** is the biggest challenge facing senior finance executives.
- The financial executive will need to assess the full scope of digital technology and how they impact business processes.



At times, nothing can be more complex, outdated and fragmented than a business' IT/Telecommunications systems. Keeping up with true technology opportunities that support your profit and cost optimization will require trusted partners supporting your business and its needs for long term growth. Having an outsourced, independent (no vendor affiliation) consultancy as your advocate will provide an objective opinion that is not aligned with the individual interests of your internal departments or the vendors that support these groups...giving you quality information for sound decision making.

Strategy

Strategy is all about how to deploy potentially scarce resources to be operationally nimble in a rapidly changing world. Nothing can impact this as powerfully as your technology. Flexibility is key, and having a data infrastructure that is not only sufficient for your current demands but fluid enough to allow for change is imperative.

According to a 2015 Gartner, Inc. five year study of financial executives, the top technology areas needing support within their organizations were: Facilitating analysis and decision making (60%), Quality of data used for business decisions (52%) and Reducing enterprise operating costs (43%).

Having an outsourced advocate that has years of data infrastructure industry knowledge and proven results to draw from helps fill these gaps in having quality data for better decision making and in turn reducing operating costs. In addition, having support to competitively negotiate contract terms and conditions that allow for you to take advantage of emerging technology, better cost structure and redundancy give you freedom to innovate and grow. Favorable agreements with your vendors need to be forged with your best interests in mind for current and future needs.

Cost Containment

Technology costs can spiral out of control in an environment of multiple business locations, rapid change and lack of continuity. The most comprehensive way of containing these costs is to begin with a thorough audit and analysis of your current services and associated costs to determine if they are accurate and required. It is not unusual for this process to reduce this component of your overhead costs by 5-20%. For example:

Annual Telecom/Data Costs	5% Reduction Realized Annual Savings	10% Reduction Realized Annual Savings	20% Reduction Realized Annual Savings
\$5,000,000	\$250,000	\$500,000	\$1,000,000
\$10,000,000	\$500,000	\$1,000,000	\$2,000,000
\$15,000,000	\$750,000	\$1,500,000	\$3,000,000
\$20,000,000	\$1,000,000	\$2,000,000	\$4,000,000
\$40,000,000	\$2,000,000	\$4,000,000	\$8,000,000



Many large organizations utilize software based telecommunications expense management (TEM) firms to track variances in their data infrastructure costs. Even though this approach can seem efficient and effective in containing costs, the software is often limited to how current the information is that has been programmed into the system. Additionally, software does not integrate all of the service records and associated costs into their offering. Having a human based analysis allows for optimization recommendations that software cannot detect, and gives organizations the ability to “audit the auditor” to determine how effective their current vendor actually is.

Conclusion

Your organization’s IT/Data infrastructure contributes to your biggest challenge of complexity and your greatest responsibility...strategic decision making. Aligning yourself with an independent, outsourced consultancy for cost analysis will give you the unbiased information you need to make better strategic decisions and cut overhead costs in the process.

Our Credentials

Founded in 2009, Espy Services is an independent telecommunications/IT infrastructure cost management consultancy that has added millions of dollars back to the budgets of companies, healthcare groups, city & county governments and educational institutions throughout the United States. Combining proprietary systems and client deliverables with industry expertise, Espy provides cost savings, service optimization and vendor accountability through solid partnerships with its clients.

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