

# Priority Management in IT Spending

Getting Rid of My Technology Debt

by Thomas Douglas, CEO, JMARK



It is very common for an organization to find itself in a position with more to replace or upgrade in its IT environment than the organization can afford to spend. At JMARK, we describe this as having IT debt. Much like with a credit card, when spending builds up to a certain level, there must be a reconciliation. You cannot carry the debt around for long periods of time without it having a major financial impact on the organization. However, even the best-intentioned organizations can accrue IT debt if there is no plan (and accompanying processes) in place for IT spending. Below are seven proven steps that help manage IT spending and address technology debt:

## **1. GATHER ALL INFORMATION.**

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The worst thing to have happen when planning your IT spend is to believe all your information is up to date and make a spending decision, only to discover later that another major financial investment is required. So, begin the process by gathering all pertinent information, being sure to include things like upgrades to applications, infrastructure upgrades, increases to support agreements, and services or solutions that are going to be added (like additional security investments). Take into account equipment lifecycles and any software nearing its end-of-life, since either circumstance may mean replacement or the need to engage professional services to handle a migration to a new platform.

## **2. IDENTIFY CAPITAL REQUIREMENTS (CASH, ONE-TIME FEES) AND RECURRING FEES.**

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Start by evaluating what the new operating requirements may be for the organization. When you know if monthly or annual costs are going to increase, prioritizing becomes easier.

## **3. IDENTIFY RISKS.**

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Before making any decisions, assign a risk rating to each budget requirement. For example, you may have a significant security requirement, a critical application that

may soon no longer be supported, or license requirements that could result in fines or penalties if not followed. Other risks may be time-based: busy seasons, vendor deadlines, cash flow, etc. Identifying all risks will be a tremendous help as you prioritize spending.

## **4. CONSIDER LEASING OR FINANCING CAPABILITIES.**

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Once you have fully assessed your spending requirements and risks, you can consider leasing or financing options. Many vendors offer aggressive leasing programs with 0% or very low interest rates. These programs might help your organization navigate a challenging technology debt scenario and control costs over a few years.

## **5. WORK WITH YOUR PARTNERS.**

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With the right plans in place and clarity around the budget and timelines, you can work with your IT partner to ensure the right investments are made now, delaying less important ones until budget dollars are available. It is very common for JMARK to work with clients to manage risk while strategically pushing off projects to a later date so the organization can be successful. These conversations help set the proper expectations for upcoming projects by clarifying for all parties what the impact of doing a certain project at a given time will be. It will also clarify which projects can only be successful when done in the proper order (such as a server upgrade before a major application upgrade).

## **6. DON'T STOP.**

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Technology should have a five-year rolling budget that includes the lifecycle of all hardware and software. By making major leaps at once, an organization may feel like it is okay to wait a long time before making another large investment. However, doing a lot at one time causes major business disruption. It is much better to schedule an ongoing investment and upgrade cycle to ensure that the financial and productivity impacts are minimized.

## 7. PLAN FOR INCREASES.

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We anticipate that technology costs will continue to increase in the coming years. Security needs, cloud solutions, mobility requirements, inventory shortages, and more are causing technology to be more expensive. It's in your best interest to prepare now. [Here are best practices for deciding how much of your operating budget should be spent on technology.](#)

To help clients avoid carrying too much technology debt, JMARK has developed expertise in both the operations and business of IT.

If you'd like to discuss your organization's specific needs with us, click [here](#) to book a call. We'd love to help you prioritize your IT spending for maximum benefit.