

# Steering Clear of Surprise IT Capital Expenditures

How to Manage IT Spend in Growing Organizations

## 6 Steps to Managing IT Spend

Total IT spend is on the rise and pressure is likely mounting to increase the IT investment at your portfolio companies.

Many Private Equity firms are caught off guard by a larger than anticipated increase in IT annual operating budget and Capex. Some of the increase may come from IT expenditures which were deferred the prior year. Offset unexpected IT investments with improved budget management.

- 1 Budget Alignment**  
Instruct the CFO to scrutinize the IT budget and ensure IT aligns with business objectives.
- 2 ROI Driven initiatives**  
Confirm that new IT initiatives are ROI driven.
- 3 Fractional Expertise**  
Look for opportunities to outsource IT fractional expertise.
- 4 Review Invoices**  
Review invoices to verify that you are only paying for what is in the contract.
- 5 Flatten the Orgnaization**  
Flatten the IT organization where possible.
- 6 3 Nines**  
If your business allows, reduce business continuity tolerances on IT availability and settle for 3 nines for uptime of your critical systems. Each "9" can add 20% to 30% to your cost.

**69 %**

Percentage of companies that forecast an increase in IT spend in 2016.



## Top Areas for IT Spend

- Cloud Applications
- Business Applications
- Cloud Infrastructure
- Mobile Devices