Understanding the
Hidden Costs of ITSM

Presented by:

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When a salesperson quotes you a price on an ITSM solution, it's never the complete cost. There are always hidden costs that pop up during the course of an implementation project. The vendor can't always predict those expenses, either.

However, that doesn't mean those hidden costs have to catch you off guard. The question becomes, how do you know what those mystery expenses will be? This eBook gives you insight into the sorts of costs you should keep in mind: the cost of your current ITSM system, licensing, implementation time, how much you'll need to customize the solution, the expenditures for professional services or customizations, training, and ease of use.

What Are Your Current ITSM Costs?

To understand what you will spend on a new ITSM solution, you must have a strong grasp of what you're currently spending when responding to incidents.

The first step in determining your current ITSM costs is to look at what kind of ITSM solution you're using. Organizations utilizing on-premises systems will bear such costs as investing in hardware and maintaining it. While it might seem as though those expenses are the easiest to estimate because you know how much you'll be spending on a server, it's not that straightforward.

"New servers cost at least $5,000 and as much as $10,000"

Have you accounted for the money you'll be spending on installing the new server in a cooled room, and setting up a UPS to protect it from surges and power cuts? How about the licensing fees? Yes, they may also seem straightforward, but you might not be thinking about the cost you're incurring from all the other licensed software on the server.

Moreover, you might not consider the manpower costs of legacy software. Let's say you spend half an hour making sure the back-ups you ran last night are working this morning. You don't create a ticket for it, though it does represent time you spent working — time that could have been spent doing something else.

"The average cost of a help desk ticket is $15.56"

These factors go into your cost per ticket. Your cost per ticket is an important metric; it gives you insight into your service desk's efficiency. Part of what makes your service desk inefficient is using software that requires a lot of resources.

The Cost of Implementing a New Solution

While it might seem like anything will be cheaper than your current ITSM solution, you must be aware of all the hidden costs that will crop up along the way. One of those hidden costs can be implementation.

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"The average cost of downtime is $5,600 per minute"

Before the implementation process even begins, you must determine what your requirements are. Do you have the right software, including the right operating systems? Are all of your security settings up to date? Will there be downtime during implementation? If so, how much time can be expected? These are some of the considerations you have to think about when planning for an implementation.

"The use of internal and external resources can take up nearly half of your implementation costs"

Failure to consider all possible factors of an implementation increases the costs. It also makes the implementation take far longer than it should (which in and of itself stretches budgets perilously thin).
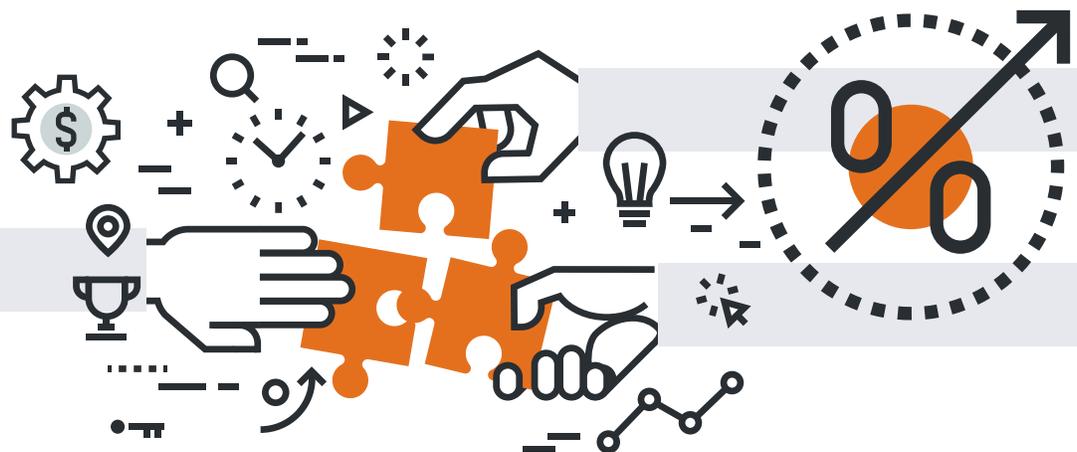
How Much Do You Need to Customize Your New Solution?

Wouldn't it be great if your ITSM solution did everything you need right out of the box? That isn't always the case, which is why there's a need for <u>customization</u>. While customization is crucial to obtain the functionality you need, it's also another hidden cost of an ITSM solution.

Customization often causes a case of sticker shock – you can spend anywhere from $10,000 to $250,000 on designing, developing, testing, and deploying your customizations. As with the case of implementations, a little planning goes a long way in saving money.

"Organizations can save <u>30%</u> of their customization costs by reusing code"

When you don't prioritize the features you need, when you focus on the needs of a single department over the rest of the company, and when you don't have a clear vision of your requirements (let alone how they fit into the rest of your technology ecosystem), you'll spend more money.
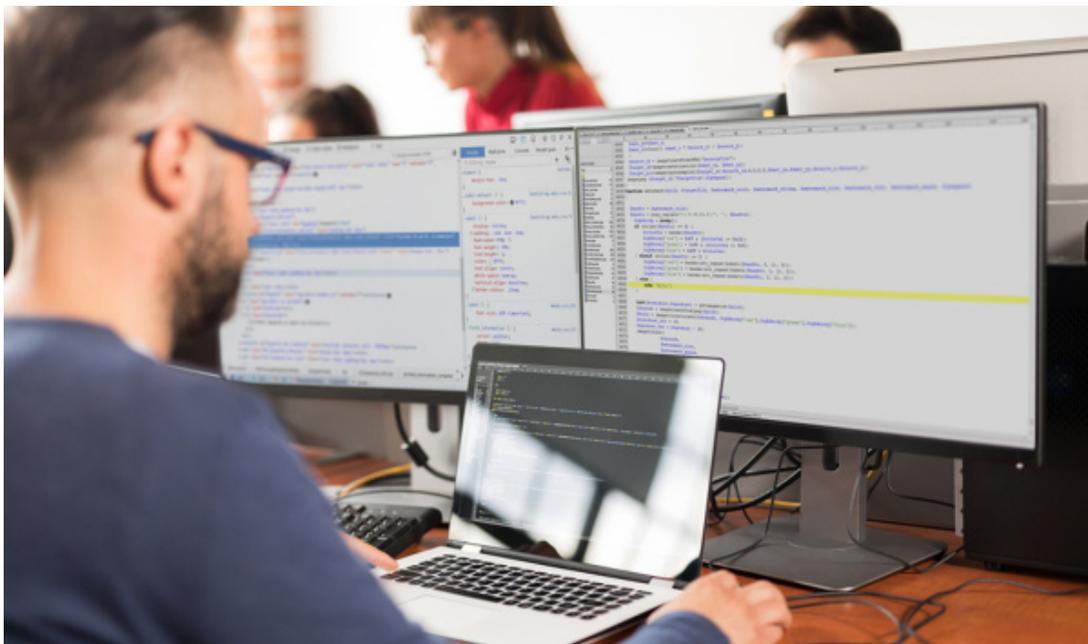
The Hidden Cost of Training

There are two ways of looking at this cost: the cost of paying for your employees to be trained to use your new ITSM solution, and the cost of not investing in training. Guess which is more expensive?

For some decision-makers, training seems like an unnecessary expenditure. They may reason that employees can learn on their own. But this mindset can cost more money in the long run.

"Training is, quite simply, one of the highest-leverage activities a manager can perform – Andy Grove, Intel"

For a start, when employees don't receive the training they need for an ITSM solution, they won't be as productive. Training makes it possible for users to learn about features that can help them solve problems faster. Without this training, employees will work more slowly and there will be a backlog of tickets.

Software training also plays a crucial role in employee retention. Employees feel frustrated when they don't understand how to use the tools available - tools that can make their jobs easier. Besides the frustration, this also means employees can't do their jobs as effectively as possible. When they're frustrated, two things can happen: employees become disengaged and don't work as hard, or, they start looking for a new job.

"Losing an employee can cost $15,000 to $25,000"

You might think you're saving money in the short term by not spending money on training your employees to use your software. That approach has very negative long-term effects, though – you're sacrificing employee productivity and morale.

Ease of Use:
The Hidden Cost You Haven't Considered

When decision makers think about a new ITSM solution, its ease of use doesn't always take center stage. Yet, one of the top priorities when considering a new solution should be how user-friendly it is.

Even if you decide to invest in training, you have to think about what happens after training ends. Will using this ITSM solution make the IT staff's job easier or more difficult? How long will it take to solve a simple help desk ticket?

The longer it takes to resolve an incident, regardless of the complexity, the more it will cost your company. Employees won't be able to do their jobs, which decreases their productivity and efficiency. When the IT staff can't solve those problems quickly and efficiently, it has a negative impact on the business' bottom line.

What happens when help desk employees have software that's easy to use? The service desk becomes a catalyst for efficiency. Instead of a problem taking hours or even days to resolve, an ITSM solution should allow IT staff to handle issues quickly and with minimal disruption. Moreover, the right ITSM solution has a knowledge base or a chatbot that can provide self-service options to users; self-service saves time for the IT department as well as for end users.

"It can take an average of over 23 minutes to return to a task after being interrupted"

Your new ITSM solution will undoubtedly have built-in costs that you haven't anticipated. Taking the time to become aware of some of those expenses from the outset makes it possible to find ways to reduce the costs and increase the ROI of your ITSM solution. To learn more, download 5 Ways to Improve IT Service Delivery While Reducing Cost.

Contact us today to discuss how you can shift enterprise services into the next generation.

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About SunView Software

Founded in 2003, SunView Software is a leading provider of IT Service Management (ITSM) software that helps companies to better deliver, manage and monitor IT services across the enterprise.

SunView is using innovations in Artificial Intelligence (AI) to drive smarter automation, predictive insights and customer satisfaction. By combining cutting-edge technologies and a best in-class platform, SunView provides cost-effective and efficient solutions that enable more responsive IT for the organization.

SunView Software delivers on this vision today. Make this a reality for your company by discussing with SunView Software how AI and Machine Learning can help drive your digital transformation and strategic value.