

SEVENCORE IT STRATEGY GROUP

Executive Brief

WHERE IS YOUR TECHNOLOGY BUDGET BEING WASTED?

The 12 Hidden IT Cost Leaks Most Businesses Never Identify

SevenCore Technology Waste Report

Most organizations know how much they spend on technology.

Far fewer know whether they are getting full value from that investment.

Technology waste rarely appears on a financial statement labeled "**waste.**" Instead, it is distributed across software subscriptions, cloud services, telecom bills, vendor agreements, maintenance contracts, aging infrastructure, departmental purchases, and systems the organization continues paying for long after their business value has declined.

A \$500 monthly subscription may not attract executive attention.

Neither will an unnecessary telecom circuit, 25 unused software licenses, or a slightly overpriced vendor agreement.

But when those costs accumulate across an organization, technology waste can quietly consume a meaningful portion of the IT budget.

For executive leadership, the question shouldn't simply be:

"How much are we spending on technology?"

The better question is:

"Do we know whether every significant technology dollar is producing business value?"

Here are 12 areas where organizations should look.

1. DUPLICATE SOFTWARE

Are different departments paying for applications that perform essentially the same function?

Software purchasing often becomes decentralized as organizations grow.

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One department purchases one project management platform. Another chooses a different one. Teams independently acquire collaboration, analytics, file-sharing, security, or productivity tools.

Eventually, the organization may be funding multiple platforms that solve substantially the same business problem.

Potential business impact:

- Duplicate subscription costs
- Fragmented data
- Additional support requirements
- More vendor relationships
- Increased cybersecurity exposure
- Poor enterprise standardization

Executive question: Do we have an enterprise-wide view of our software portfolio and overlapping capabilities?

2. UNUSED SOFTWARE LICENSES

Are you paying for licenses employees no longer use?

Organizations routinely accumulate licenses as employees join, leave, change roles, or stop using applications.

The individual amounts may seem insignificant until multiplied across dozens of applications and hundreds of employees.

Look for:

- Licenses assigned to former employees
- Premium licenses assigned to users who only need basic functionality
- Applications with very low adoption
- Automatically renewed subscriptions
- Licenses purchased for projects that have ended

Potential business impact: Recurring expenses that provide little or no business value.

Executive question: When was the last organization-wide software license utilization review?

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3. POOR VENDOR CONTRACTS

Are your technology contracts still competitive?

Long-term vendor relationships can create stability—but they can also create complacency.

Contracts may automatically renew while pricing, business requirements, service levels, and market alternatives change.

Organizations should periodically evaluate:

- Pricing
- Contract terms
- Service levels
- Renewal dates
- Escalation clauses
- Minimum commitments
- Performance requirements
- Termination provisions

Potential business impact: Paying above-market rates or remaining locked into services the organization no longer needs.

Executive question: Which major technology contracts have not been competitively reviewed in the last 24–36 months?

4. LEGACY HARDWARE

Are you spending money maintaining technology that should have been replaced?

Keeping older equipment may appear less expensive than replacement.

Eventually, however, aging infrastructure can create hidden costs through increased maintenance, support contracts, energy consumption, downtime, replacement parts, and employee time.

The cheapest decision today isn't always the lowest-cost decision over three years.

Potential business impact: Higher operating costs, reliability problems, security exposure, and emergency capital expenditures.

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Executive question: Do we understand the total cost of maintaining our aging technology compared with modernization?

5. TELECOM WASTE

Do you know exactly what your organization is paying for across voice, mobile, internet, circuits, and communications services?

Telecommunications environments are particularly susceptible to cost leakage.

Organizations may continue paying for:

- Old telephone lines
- Unused mobile devices
- Excessive data plans
- Legacy circuits
- Services associated with closed locations
- Redundant internet connections that no longer serve a business purpose
- Features employees don't use

Invoices can become complicated enough that charges simply continue from year to year.

Potential business impact: Years of recurring unnecessary expenditure.

Executive question: When was the last line-by-line audit of our telecom environment?

6. CLOUD OVERSPENDING

Is cloud spending growing faster than the business value it provides?

Cloud platforms make technology easier to deploy—but also easier to overconsume.

Waste can develop through:

- Idle resources
- Oversized environments
- Unused storage
- Forgotten development systems

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- Poor resource management
- Unnecessary premium services
- Lack of cost ownership

Cloud spending should be managed as an operating investment, not simply treated as an IT bill.

Potential business impact: Rapidly increasing operating expenses without proportional business benefit.

Executive question: Can we explain what is driving our cloud spending and which business functions are generating that cost?

7. MULTIPLE TOOLS DOING THE SAME JOB

Has your technology environment become unnecessarily complex?

This issue goes beyond duplicate software purchases.

Organizations often accumulate multiple technologies because new systems are added without retiring older capabilities.

For example, an organization might maintain multiple:

- Collaboration platforms
- File-sharing systems
- Communications tools
- Reporting solutions
- Security products
- Project management platforms

Every additional platform creates another cost, vendor, integration, security requirement, and support obligation.

Potential business impact: Higher costs and greater operational complexity.

Executive question: Which technology capabilities could be standardized or consolidated?

8. UNDERUSED BUSINESS SYSTEMS

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Did you purchase powerful systems but implement only a fraction of their capabilities?

Organizations sometimes invest heavily in ERP, CRM, HR, financial, collaboration, or analytics platforms but continue performing work manually.

Employees may still rely on spreadsheets, email, duplicate data entry, and manual processes because the organization's existing systems were never fully implemented or adopted.

The problem may not require another technology purchase.

The organization may simply need to get more value from what it already owns.

Potential business impact: Low return on technology investment and unnecessary future purchases.

Executive question: Are we fully utilizing the major platforms we're already paying for?

9. AUTOMATIC RENEWALS

How many technology contracts renew without an intentional business decision?

Automatic renewals are convenient.

They can also allow unnecessary spending to continue indefinitely.

A subscription originally purchased for 50 employees may renew for 50 even though only 30 still use it. A service purchased three years ago may renew despite another platform now providing the same capability.

Potential business impact: Spending decisions effectively made by contract dates rather than business strategy.

Executive question: Does leadership have visibility into upcoming technology renewals before commitments are made?

10. DECENTRALIZED TECHNOLOGY PURCHASING

Can departments purchase technology without enterprise-level review?

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Individual purchases may make sense from a departmental perspective while creating unnecessary expense at the enterprise level.

Decentralized purchasing can lead to:

- Duplicate subscriptions
- Missed volume discounts
- Unapproved applications
- Fragmented vendor relationships
- Integration problems
- Increased cybersecurity exposure

Potential business impact: The organization loses purchasing leverage and visibility into total technology spend.

Executive question: Who has authority to purchase technology, and what review occurs before the purchase?

11. REACTIVE TECHNOLOGY SPENDING

Are technology investments planned—or triggered by emergencies?

Reactive environments often spend more.

A failed server needs immediate replacement.

An unsupported application suddenly requires modernization.

A cybersecurity issue requires emergency consulting.

A capacity problem forces an urgent infrastructure purchase.

When technology decisions are made under pressure, organizations have less time to evaluate alternatives, negotiate pricing, or align investments with long-term strategy.

Potential business impact: Higher costs, rushed decisions, and repeated short-term fixes.

Executive question: How much of our technology spending is planned versus unexpected?

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12. TECHNOLOGY WITHOUT A BUSINESS CASE

Are technology investments being approved without clearly defining the business outcome?

Not every technology improvement needs a sophisticated financial model.

But significant investments should answer basic business questions:

What problem are we solving?

What will this cost over its full lifecycle?

What business outcome should improve?

How will we know whether the investment succeeded?

Without those answers, organizations can accumulate technology without knowing whether the investment actually produced value.

Potential business impact: Technology spending becomes activity rather than investment.

Executive question: Can leadership connect major technology investments to measurable business priorities?

THE TECHNOLOGY WASTE QUICK ASSESSMENT

Ask your leadership team whether your organization can confidently answer **YES** to the following:

- ☐ We maintain an accurate inventory of software and subscriptions.
- ☐ Software license utilization is reviewed regularly.
- ☐ Major technology contracts are periodically benchmarked or renegotiated.
- ☐ Aging infrastructure is evaluated based on total cost of ownership.
- ☐ Telecom services and invoices are periodically audited.

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- Cloud spending has defined ownership and cost controls.
 - Redundant technology platforms are actively identified and consolidated.
 - Major business applications are being used effectively.
 - Technology renewals are reviewed before automatic renewal.
 - Technology purchasing follows an enterprise governance process.
 - Major technology expenditures are planned through a multi-year roadmap.
 - Significant technology investments have defined business outcomes.
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PAY ATTENTION TO "WE DON'T KNOW"

Technology waste isn't always caused by poor decisions.

Often, it develops because no one has a complete view of the environment.

Finance sees invoices.

IT sees infrastructure.

Procurement sees contracts.

Department leaders see the applications their teams use.

Vendors see the products they provide.

But who sees the **entire technology cost structure**?

When ownership is fragmented, unnecessary spending can remain hidden for years.

That makes technology cost visibility an executive governance issue—not simply an IT budgeting exercise.

THE GOAL IS NOT TO SPEND LESS ON TECHNOLOGY

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Technology cost optimization should not become indiscriminate cost cutting.

Reducing the wrong technology investment can increase operational risk, weaken cybersecurity, reduce employee productivity, or restrict growth.

The objective is different:

Eliminate spending that does not create sufficient value so resources can be redirected toward technology that does.

An organization might discover \$50,000 in unnecessary annual technology expense and decide not to reduce its overall technology budget at all.

Instead, those dollars could be redirected toward:

- Infrastructure modernization
- Cybersecurity
- Business continuity
- Automation
- Employee productivity
- Data capabilities
- Strategic growth initiatives

That is the difference between **cutting IT costs** and **optimizing technology investment**.

WHAT WOULD 5–10% MORE TECHNOLOGY CAPACITY MEAN FOR YOUR BUSINESS?

Consider a hypothetical organization with a **\$1 million annual technology budget**.

Identifying even **5% in unnecessary or low-value spending** represents:

\$50,000 annually

At 10%:

\$100,000 annually

The opportunity isn't simply the savings.

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The strategic question becomes:

What could the organization accomplish if those dollars were redirected toward higher-value priorities?

FROM TECHNOLOGY SPENDING TO TECHNOLOGY INVESTMENT

Executive leadership should be able to answer five fundamental questions:

- 1. Where are our technology dollars going?**
- 2. Which investments directly support business priorities?**
- 3. Where are we paying for redundant or unnecessary technology?**
- 4. What technology costs are likely to increase over the next three years?**
- 5. Where could existing spending be redirected to create greater business value?**

If leadership cannot confidently answer those questions, the organization may have a technology visibility problem before it has a technology budget problem.

IDENTIFY THE COST LEAKS YOU CAN'T SEE

SevenCore IT Strategy Group helps organizations evaluate technology spending through an independent business and executive lens.

A **SevenCore Technology Waste Assessment** examines the technology environment to identify potential cost leakage, redundant services, underutilized investments, vendor inefficiencies, and opportunities for consolidation or optimization.

Our objective isn't simply to recommend that you spend less.

It is to help leadership understand:

What you're paying for.

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What you're actually using.

Where unnecessary cost or complexity exists.

What should be optimized.

Where technology dollars could create greater business value.

Schedule a SevenCore Technology Waste Assessment

If your leadership team cannot confidently explain where technology dollars are going and what business value those investments are producing, it may be time for an independent review.

SevenCore IT Strategy Group, LLC

Removing Technology Chaos. Creating Strategic Clarity Through Executive IT Leadership.

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