



If it's fine... why is it costing you?

The dangerous myth of “If it ain’t broke, don’t fix it”

Outdated tools and IT systems cause the average Australian worker to lose nearly one working day per month, resulting in an annual cost of **\$13.7 billion¹**.

Despite this, many businesses hold the belief that if a system is functional, it does not need to be updated. Such a mindset may be more costly than anticipated. Retaining outdated systems is not only inconvenient but also detrimental to profits, increases security risks, and impedes business growth.

This guide uncovers the hidden costs of sticking with the status quo—and why modernising your business systems isn’t just a nice-to-have, but a critical move for your long-term success.

 **Microsoft**
Solutions Partner
Business Applications

Specialist
Small and Midsize Business
Management

The hidden costs of doing nothing

1. Decreased productivity – the silent profit killer



Outdated systems slow your team and reduce profitability. Manual workarounds waste time on repetitive tasks, which are often prone to data entry errors. Limited access to real-time information can halt operations, delaying projects and hitting revenue. Incompatibility with modern tools slows decision-making and hampers collaboration.

A Forrester research study² showed that unified data access, streamlined processes, and automated workflows could boost productivity by \$8.9 million over three years for a composite organisation. Businesses that don't optimise operations may fall behind competitors using automation and AI.

Without an updated system, businesses risk operating in the dark when it comes to financial visibility. For example, lacking a consolidated view of project costs and revenue—including purchase commitments—can lead to inaccurate forecasting. This absence of clarity extends to inventory and materials control, leaving organisations vulnerable to overstocking, stockouts, or inefficiencies in procurement, especially when automated approvals are unavailable. These gaps can result in unforeseen delays and escalating costs.

In the case of specialised production processes involving third-party contributors, outdated systems may fail to provide real-time tracking of status and expenses. This lack of oversight can mask a loss-making position until it's too late to take corrective action, severely impacting profitability and decision-making.



2. Increased maintenance costs – a hidden financial drain



Many businesses mistakenly believe maintaining outdated systems is more cost-effective than implementing a new, cloud-based solution. In reality, the ongoing costs for maintenance, patching, and emergency repairs often prove to be higher. A Deloitte survey shows the average enterprise spends 57% of its IT budget on operations and only 16% on innovation, highlighting how outdated systems stifle progress.

Unpredictable IT expenses reduce budgets for growth, while aging infrastructure can cause costly downtime and failures. Legacy systems nearing the end of their lifecycle, combined with limited resources and expertise to maintain such unique, purpose-built solutions, create significant technology risks.

Furthermore, these highly customisable (or purpose-built) systems often lack cutting-edge innovations and best practices derived from industry changes, leading to increased risks in areas like compliance with local regulations.

For example, a mining services company sticks to manual work order execution processes due to their legacy system constraints and lack of mobility apps. Without an integrated, cloud-based solution, workers waste valuable time waiting for paper-based approvals and/or emailed authorisation, especially if the organisation operates across multiple time zones. Manual processes lack clear audit trails for spend approvals, heightening risk around cost and accountability.

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3. Security vulnerabilities – a cyberattack waiting to happen



Cybercrime is on the rise, with three out of five mid-sized businesses experiencing cyber-attacks³. Outdated business systems are particularly vulnerable to hackers, putting businesses at significant risk of costly and damaging data breaches. The consequence of data breaches can extend far beyond financial loss – they can result in regulatory fines, legal liabilities, and severe damage to your reputation.

Old systems with outdated security protocols make it easier for hackers to penetrate your systems, while non-compliance with evolving industry regulations can lead to substantial penalties and loss of business opportunities. Ignoring security risks is no longer a viable option, as businesses running outdated software are effectively leaving themselves exposed to potential threats. The financial and legal consequences of a data breach can be devastating.

Mid-sized organisations face heightened risk because attackers often perceive them as soft targets compared to larger corporations with more robust cybersecurity defenses. For example, if a cyberattack compromises an engineering firm's system, exposing sensitive data and client information, the breach can trigger regulatory penalties, legal action, financial losses, and significant operational disruption. In such a scenario, the business may be forced to divert key resources to contain the breach and rapidly implement new security measures, furthering straining budgets and operations.

Outdated security protocols make it easier for hackers to penetrate your systems

4. Operating in silos – a misalignment of business goals



When teams rely on separate line-of-business systems and fail to work from a unified data source, achieving business goals becomes increasingly difficult. A heavy reliance on manual sharing and updating spreadsheets (or offline files) not only hinders efficiency and accuracy but also creates significant security risks due to insufficient safeguards around shared data sources.

Without a single, cloud-based business system integrated with collaborative tools, teams often operate in isolation, leading to outdated information and multiple document versions. This lack of alignment can result in misinformed decisions, duplicated efforts, and missed opportunities. Furthermore, delays in accessing accurate data leave organisations unable to respond promptly to market changes, negatively impacting agility and customer satisfaction.

For example, a mid-sized consulting firm has grown rapidly in the past few years, yet each department continues to operate disparate line-of-business systems. The sales team use a CRM system to manage client interactions, the project management team relies on a different tool to track project progress, and the finance team uses yet another system for billing and invoicing. Without an integrated solution, client details can be updated in one system but not reflected in another—affecting key contacts, invoices, and sales commitments. Additionally, the siloed approach creates frustration among employees who have to navigate multiple systems and manually reconcile data. Delays in accessing accurate data hinder the company's agility and ability to meet client expectations.



5. Stagnant innovation – stalling your business growth



Persisting with outdated systems not only hinders your progress but also enables your competitors to gain an advantage. According to a report by Panorama Consulting Solutions⁴, 95% of companies that implement an enterprise resource planning (ERP) system experience a significant improvement in operational efficiency.

- Lack of automation inhibits businesses from scaling efficiently.
- Inadequate data analytics leads to missed revenue opportunities.
- The inability to integrate with AI-driven tools compromises competitiveness in an increasingly digital economy.
- Fragmented processes risk local regulations compliance or adhere to governance protocols.
- Disparate systems isolate teams and stalls company-wide transparency.

Consider an architecture firm that ignores AI-driven insights and automation across their business operations. Competitors are using generative AI to automate routine tasks, such as data entry and invoicing processing, freeing up employees to focus on more strategic activities across the business. AI tools can also analyse historical payment data and predict invoices that are likely to be paid late, allowing the more tech-savvy firm to take proactive measure to manage their cash flow and stay profitable.

In a recent Microsoft study, 80% of business leaders recognised agility, customer experience, and technology as pivotal competitive differentiators in an unpredictable market landscape.

Modernisation is imperative for survival. Businesses that do not adapt will lose market share and face increased costs compared to those that embrace innovation. The critical question is not whether you can afford to upgrade, but whether you can afford not to.

Calculate the cost of doing nothing



How much is your business losing by sticking with legacy systems?

Use this quick formula to estimate your potential hidden costs:



Lost Productivity

(Hours wasted per employee) x (Number of employees) x (Hourly wage)



Maintenance Costs

Annual IT support, patching fees, unexpected repair costs



Security Risks

Potential breach costs, including fines and recovery expenses



Lost Revenue

Deals lost due to slow project execution or poor decision-making

Totalling these costs can give you a clearer picture of how much inaction is truly costing your business.



Case study

Success Scenario

A leading steel manufacturing company in Western Australia, renowned for its high-quality building products and over three decades of operational excellence, recognised the need for digital transformation. With a growing demand for streamlined processes, precise job tracking, and robust financial visibility, the organisation aimed to replace its fragmented systems, including outdated platforms such as Greentree, BMS, ProWorkflow, and Timestation.

Challenges and Vision

The business sought an integrated enterprise resource planning (ERP) solution that could scale alongside its operations while enabling future innovation. The goal was to reduce inefficiencies tied to outdated vendor support, improve transparency in financial performance at a granular project level, and optimise supply chain processes for better inventory management and forecasting. Additionally, they aspired to adopt best practices in procurement and production, enhance job profitability visibility, and lay the groundwork for advanced integrations such as AI and machine learning.

Modernisation Objectives

Through digital transformation, the company sought to:

Capture labour data down to task level for both production and non-production jobs.

Mitigate risks linked to fluctuating material costs while improving lead times and production cycles.

Ensure accurate pricing, quoting, and real-time visibility into job status.

Leverage Microsoft's continuous investments in cutting-edge technologies such as AI and machine learning.

Solution and Implementation

To address its operational challenges and achieve the transformation objectives, the company engaged iCatalyst, a leading Microsoft Solutions Partner, to deliver their preferred enterprise resource planning (ERP) solution, Microsoft Dynamics 365 Business Central.

Leveraging iCatalyst's extensive experience delivering Microsoft Business Applications, the organisation was able to move their finance, logistics and delivery management operations to the cloud; ultimately improving transparency, enabling automated workflows, and optimising the supply chain processes. Furthermore, the flexibility and agility of Business Central has positioned the company for future growth and the ability to introduce advanced technologies.

What's the next step?

Now that you see the hidden costs of doing nothing, it's time to take action. Here's how:

- 1 Create your business system requirements: Identify inefficiencies, vulnerabilities, and areas for improvement.
- 2 Investigate modern, cloud ERP solutions that meet your business requirements, scale and future growth aspirations.
- 3 Consult with ERP experts: Engage a proven ERP partner to undertake a high-level scoping engagement which will provide certainty over solution fit, timeline and cost.
- 4 Invest in a scalable solution: Consider cloud computing, wider platform capability, functionality, automation, research and development for futureproofing, and cybersecurity.

Conclusion

The cost of doing nothing is often far greater than the investment in modernisation. Don't let the illusion of "it's fine" hold your business back. Take the first step today and future-proof your company for long-term success.

Ready to move forward?

Book a free transformation consultation with iCatalyst to explore the best solutions for your business.

[Book now](#)



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icatalyst.com.au

info@icatalyst.com.au

Sources

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³ Cyber attacks impact 60% of mid-sized Australian businesses

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⁴ <https://www.panorama-consulting.com/panorama-consulting-group-releases-latest-study-of-erp-implementation-outcomes-across-the-globe/>

