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The hidden costs of unfit technology

Things change, and so must your tech. Clinging to outdated and/or legacy tech can be a significant drain on resources and efficiency and, while the systems may appear to function adequately on the surface, they often conceal a multitude of hidden costs that can hinder an organisation's growth and competitiveness.



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A recent government report has revealed that outdated technology is causing the UK public sector to miss out on £45 billion in annual savings—equivalent to funding every primary school in the country for a year. This staggering figure underscores the profound impact that legacy systems can have on efficiency, and that whilst these antiquated systems may appear functional, they often conceal numerous hidden costs that hinder organisational growth and competitiveness.

So where do some of these hidden costs come from?

Maintenance costs

Maintaining legacy systems often entails escalating expenses. These outdated technologies typically require more power, frequent repairs, and specialised support. The scarcity of professionals familiar with obsolete systems can drive up labour costs. Additionally, unplanned downtime due to system failures can lead to productivity losses and increased operational costs.

Maintaining legacy systems can create a 'technical debt', where developers need to spend time patching old code instead of focusing on new features and improvements.

Unnecessary costs

Sometimes it's as simple as you're paying for obsolete software and maintaining hardware that no longer serves a purpose. Perhaps it's just that you already have a different tool that could prevent you keeping something around for just one use, you just don't know it.

Inefficiencies

Legacy systems can necessitate manual processes and workarounds. Their incompatibility with modern tools can result in operational inefficiencies, leading to missed revenue opportunities and client dissatisfaction. For instance, employees may spend excessive time performing redundant tasks.

Lost opportunities and agility

Legacy systems can hinder innovation and slow down the ability to adapt to changing market needs.

Outdated technology can prevent organisations from adopting new innovations and efficiencies. Legacy systems may lack compatibility with modern applications, hindering integration and scalability.

Compliance risks and security concerns

Reliance on outdated systems can also pose compliance risks, preventing you getting a certification that's critical to a tender or contractual requirement. Losing you business, or meaning you just can't go for it in the first place.

Older systems often lack modern security features, making them more susceptible to cyberattacks and data breaches, leading to significant financial and reputational damage.

So, what should you do?

- Comprehensive asset review: Conduct a thorough inventory of existing technological assets to identify outdated or redundant systems.
- Applications reviews: Know what you have, and who's using it for what. Maybe you have some redundancy, maybe there's a chance to use what you already have to replace something legacy.
- Effective asset management: Implement robust asset management practices to monitor technology lifecycles and plan timely upgrades or replacements.
- Process evaluation: Analyse current workflows to detect inefficiencies and determine where modern technology can enhance operations.
- Strategic planning: Identify missed opportunities where technology could drive growth, and develop a roadmap for adopting innovative solutions.

By proactively addressing the hidden costs associated with legacy technology, organisations can unlock significant savings, boost productivity, and maintain a competitive edge in their respective industries.

Find out where to start uncovering the tech skeletons in your closet by getting in touch with our advisory services team .